

# FROM THE CAB

Welcome to the inaugural 'From the Cab' Newsletter.

Each quarter, I will write to ATEC's ever-growing list of Shareholders, Unitholders and Noteholders to keep you up-to-date on ATEC's activities.

This quarter, the ATEC Board held its first ever strategy day, where we set out ATEC's strategy over the short-to-medium term. The key aspects of this are set-out further into this newsletter.

ATEC also welcomed for the first time Noteholders, who recently subscribed to ATEC Redeemable Convertible Notes. ATEC has raised \$3.35-million to date from the recent Notes offer. The Notes offer closes on April 30, 2010. The Notes December 2009 and March 2010 interest payments have already been distributed successfully.

I also provide a quick summary of the Group's three key divisions — Rail Development, Freight Terminals Development and Specialist Rail Services. In particular, with the Surat Basin Rail project continuing to move forward positively, all three business interests of the ATEC group stand to be benefit.

I look forward to keeping you informed each quarter and I hope, as a key stakeholder of the ATEC Group, you find this Newsletter informative.

Kind regards, JOHN BALASSIS, Director and CEO



**JOHN BALASSIS**  
Director and CEO

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## **Key Strategic Objectives**

The ATEC Group is determined to:

- Achieve revenue and profits from all three divisions within two years;
- Reduce the involvement of Government in ATEC's business; and
- Grow Shareholder wealth and start paying dividends.

These three objectives are the prime focus of ATEC over the short to medium term. To do this, ATEC is seeking to be less visionary and more delivery focussed, with the prime strategy of developing a specialist rail infrastructure and services business, principally based in the inland of Australia.

Nationally, ATEC is seeking to grow beyond a vision, into three business areas that support its vision of a national inland rail corridor. ATEC is seeking to expand its services so that it can benefit both from development activity as well as services activities.

The ATEC Board will track the three objectives above and I will endeavour to report regularly how ATEC is going against meeting these objectives.

# Three Core Interests

Australian Transport and Energy Corridor Ltd (ATEC) now has three core interests on which I will report each quarter, being:

## • **Rail Development:**

This is ATEC's interest in developing a pipeline of commercially viable inland rail corridors. The first such corridor is the Surat Basin Rail (SBR) project.

ATEC has some additional projects, which are not as well advanced as SBR, which I will report on as ATEC progresses them.

In relation to SBR, the project is reaching a critical phase, with financial close being targeted within less than 12 months.

It has met all its initial milestones. The project is in the final stage of Phase Three (of a four stage process) and is seeking to complete its bankability assessment with a view to moving to financial close by the middle of this year (2010).

The current signs that SBR will proceed to financial close are encouraging. ATEC is currently a 33.3 per cent equity holder in this project, having initially obtained the mandate from the Queensland Government to develop this project.

In January, 2010, ATEC entered into an exclusive agreement with Liberty Resources Limited to assess the bankability of the Border Rail corridor, the missing rail link connecting Toowoomba (Qld) to Moree (NSW).

Liberty Resources Limited has substantial mineral and energy interests almost halfway along this proposed corridor, which may provide a good long term source of volume to the rail corridor.

## • **Freight Terminals:**

The ATEC Freight Terminals Trust has started the process of developing a rail siding at its Toowoomba (Charlton) property. This will then directly connect the property to the eventual SBR rail corridor, and hence stands to benefit from activity associated with SBR. In addition, the development of a rail siding at Charlton will also provide an opportunity to attract business to the site whilst SBR is being developed.

This quarter, the Trust entered into exclusive discussion with a party to assess the viability of acquiring or partnering in the development of additional land with a current direct access to rail. The land parcels under assessment are connected to rail in the New South Wales Hunter Valley Coal region, Western New South Wales and in Victoria. This has the potential to significantly increase the Trust's land holding size.

## • **Specialist Rail Services:**

ATEC Freight Terminals has, in partnership with Mr James Wilson, established Intermodal Terminal Services (ITS), which has been developed as a specialist rail infrastructure services company. ITS acquired its first business in Perth in September 2009, and is operating profitably for the first nine months of the financial year.

Additionally, on April 1, 2010, ITS entered into a binding Sale and Purchase Agreement to acquire Samcon Engineering Pty Ltd. Samcon has been in operations for over 30 years and is a leading service company to Sydney's metropolitan trains. Subject to final due diligence and conditions being satisfied, the acquisition of Samcon will expand ITS with service capability in Sydney.