



# FROM THE CAB

Moving Ahead!



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Director and CEO

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***This last quarter has been a very busy and productive one in all ATEC's business interests.***

*Of significance is ATEC's agreement to enter into a 60-day period of exclusivity with a view to entering into definitive agreements with a major US-based financier. They are undertaking due diligence to become a key partner and shareholder in ATEC.*

*The definitive agreements to be entered into include:*

- Assisting ATEC grow its rail investments;*
- Providing sufficient funds to ATEC to financially close ATEC's proportionate share investment in Surat Basin Rail; and*
- Providing work capital at the group level.*

*Subject to satisfactory completion of due diligence by November 22, 2010, it is anticipated the US-based investor will also appoint two members to the ATEC group respective boards.*

*If this deal is consummated, this will be a key milestone as it will underwrite ATEC's funding and growth opportunities. We continue to see increasing interest in ATEC's business model, particularly from the Western Australian market.*

*Historically, ATEC has been unable to pursue these opportunities simply due to a limit on the resources it had available, but if this process is successful, it provides a great opportunity to pursue these opportunities. I hope to be able to announce further details in the next 'From The Cab' edition.*

*This quarter has also seen a major milestone be met by the Surat Basin Rail project, with the State Government of Queensland confirming that*

*SBRJV has met all of its milestones to now allow the Queensland Co-ordinator-General to favourably consider declaration of the State Development Area (SDA), such that the land acquisitions of the rail corridor can start. This should send a strong signal to the other service providers in the region and the miners that SBR is moving steadily to achieve financial close.*

*Your Board and I continue to work diligently in seeking to bring both greater shareholder value and liquidity to your investment in the ATEC group.*

Kind regards

**JOHN BALASSIS**

*Director and CEO*

## Rail Services

**Intermodal Terminal Services (ITS)** has had a good first operating quarter. Having acquired Samcon Engineering in June, 2010, the July to September quarter was the first full quarter of consolidated results.

Sales are holding to budget, with first quarter revenue being \$3.39m. This places the business on track to meet its approximate \$11m full-year revenue target. Net profit is also in line to hit our budget expectations.

During the quarter, the business was fortunate to have employed Jade Pratt, formerly of Momentum Rail. Jade is heading up ITS's push into the Newcastle rail market. The early signs are positive.

In addition, ITS has won some new contracts during the quarter, the most significant being a small win to assist BHP Rail in the Pilbara region. This is a small contract win, but it further reinforces in our view the appropriateness and need of the business model we have created together with James Wilson.

## Rail Developments

**As I wrote** in my introduction, the SBRJV has moved significantly in the past quarter in achieving a key milestone in the project. In addition, the project is positively progressing discussions with potential customers, particularly as the timetable for Wiggins Island Stage 2 expansion is becoming clearer.

The forward activities of SBR are now focussed on closing the bankability case, as well as preparing the documentation for the construction tender process.

One pleasing aspect is that, to date, the original base case business parameters set by the ATEC board (as contained in ATEC's 2006 Business Case which yielded the SBR Mandate) continue to hold, even after the global financial issues of the past few years.

ATEC continues to push forward steadily with the Border Rail project. The level of potential customer interest in the project is improving. Your board is committed to pursuing this project so long as it can achieve the financial parameters set within the extensive Business Case prepared. ATEC is continuing its discussions with potential joint venture partners for this rail infrastructure project.

## Terminals Management

**ATEC Freight Terminals Trust (AFT)** continues to progress its activities on its Charlton site so as to have the land connected to the existing Western Rail Corridor in Queensland.

A process is being established to allow AFT to submit a connection agreement request with Queensland Rail. The Western Line is classed a regional rail line, and is not part of the soon-to-be-floated QR National Limited entity.

The Trust is also continuing to be on the lookout for strategic land that represents good value, which is connected to rail infrastructure. There are some good opportunities emerging.