

FROM THE CAB



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ARG grows its team

WELCOME to the August 2011 edition of *From the Cab*. The last quarter has been a positive start to the new financial year for ARG. With the assistance of the Chairman of the Audit Committee, John Dornbusch, and Peter Barda, we welcome two new staff members to our team.

Our inaugural EGM Finance and Risk is John Dinan, who will join ARG in mid-October 2011. John was previously Chief Finance Officer of DKN Financial. He has held senior management positions in CFO and Risk and Compliance roles with companies such as Orchard Funds Management, Trust Company and Retire Invest Group.

We also took the opportunity— with some strong candidates applying for the role of EGM Finance and Risk — to establish ARG's inaugural EGM Commercial. This is a key role going forward as more commercial deals and potential acquisitions are assessed, as we seek to grow the group.

ARG's EGM Commercial is Stephen Walsh, formerly Treasury Manager at CS Energy Limited, a Queensland Government-owned Electricity Generators Company. Stephen has led and been involved in many facets of CS Energy's operations, including managing the trading derivatives desk supporting the development projects such as Kogan Creek Power Station and the QGC and Arrows Gas field developments.

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The development of ARG's Executive Management team, with John Dinan and Stephen Walsh joining Warren McReight, EGM Rail Development (currently on full-time secondment as the Project Director of Surat Basin Rail JV) is, in my view, a great step forward for ARG as we seek to grow into a leading rail infrastructure owner and service provider.

In other developments, briefly, ARG has been invited to consider greenfield rail projects in Western Australia and northern Queensland. These developments are in early stages (pre-pre-feasibility), but are promising.

Also, positive news emerged recently that Wiggins Island (Port of Gladstone) stage 1, of approximately 27mtpa, is close to reaching financial close for the approximately \$3.2bn project.

This is a firm step forward, as the closing of WICET stage 1 now allows WICET to attend to the requirements to close further stages of WICET, which are necessary for Surat Basin Rail to reach financial close.

There is more change again this month as we welcome Karyn Mealey into ATEC Rail Group as its new Company Secretary and in-house legal counsel.

Karyn is well known to many of our shareholders and has been a key legal adviser to ARG for many years.

This change has been brought about by the increasing volume of work on SBR and, in particular, Peter Barda's expertise in construction. This will allow him to focus on the construction procurement process, which is so critical to the ultimate success of SBR.

I welcome Karyn to ARG and look forward to working with her.

I would also like to sincerely thank Peter for his efforts and hard work as our Company Secretary. His assistance in closing the recent EMG deal in itself required many hours of effort.

In addition, he has set-up internally our core governance structure which holds the company in good stead as it seeks to monetise its various business interests.

Kind regards,
JOHN BALASSIS,
Managing Director

Rail Developments

The **Surat Basin Rail (SBR)** continues to meet its milestones as the project seeks to finalise its bankability assessment. Milestones reached this quarter include the presentation for a draft access policy to the State of Queensland, submission of the SBR land acquisition plans to the State and the approval of the request for construction proposal documentation, ready for release to the construction market (targeted for early September 2011).

In addition, SBR is ready now to interact with the construction market. SBR appointed Mr Allan Miller as its Chief Operations Officer. Allan was previously the General Manager of major projects at Laing O'Rourke, and has had an extensive career in the rail infrastructure, civil engineering and building sectors. ARG welcome Allan to the team.

Terminals Management

A TEC Freight Terminals (AFT) activity at Charlton is progressing, with AFT moving forward on the project to connect a rail siding to the existing Western rail corridor.

Ross Miller, CEO of the Trust, continues to play a vital role ensuring the correct zoning conditions are achieved for the Charlton site to be developed into a facility to service rail activity.

During the quarter, AFT also received recommendations for progressing the optioned land at Forbes/Parkes (NSW) as a rail terminal and provisioning facility. AFT is now considering those recommendations for this project.

Rail Services

Intermodal Terminal Services (ITS) had a great first full operating year. It has established its business in Perth, Sydney and Newcastle, and during this last quarter won its first Queensland work, which provides an opportunity for ITS establishing a Queensland presence in due course.

ITS' unaudited consolidated annual result was:

	\$'000
Revenue.....	14,817
EBIT.....	772

The full year unaudited result was encouraging, taking account of the level of activity in the business and the integrating of the Samcon Engineering business.

Office News

Our new website established with Halogen Branding is up and running.

Check it out at www.ateclimited.com.au. I would welcome your suggestions for improvement or additions.

We are pleased to welcome a new ARG team member, Yvette Geldenhuys, who has joined as John's Personal Assistant. Yvette is based in John's office in Sydney. If you need to contact John, please give Yvette a call on 02 9251 6144.

Margaret Hickson continues to run all administration matters, and all general enquiries should continue to be directed to ARG's Brisbane office.