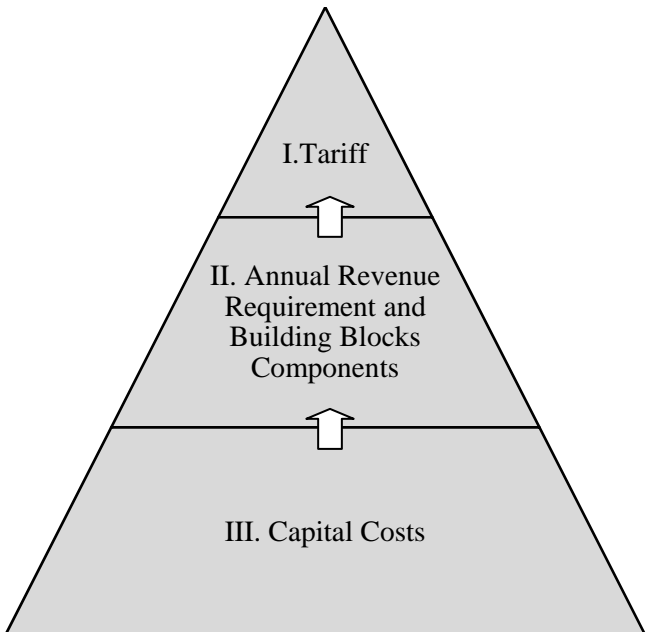


SUMMARY OF GAPE DAAU KEY ELEMENTS

General Framework

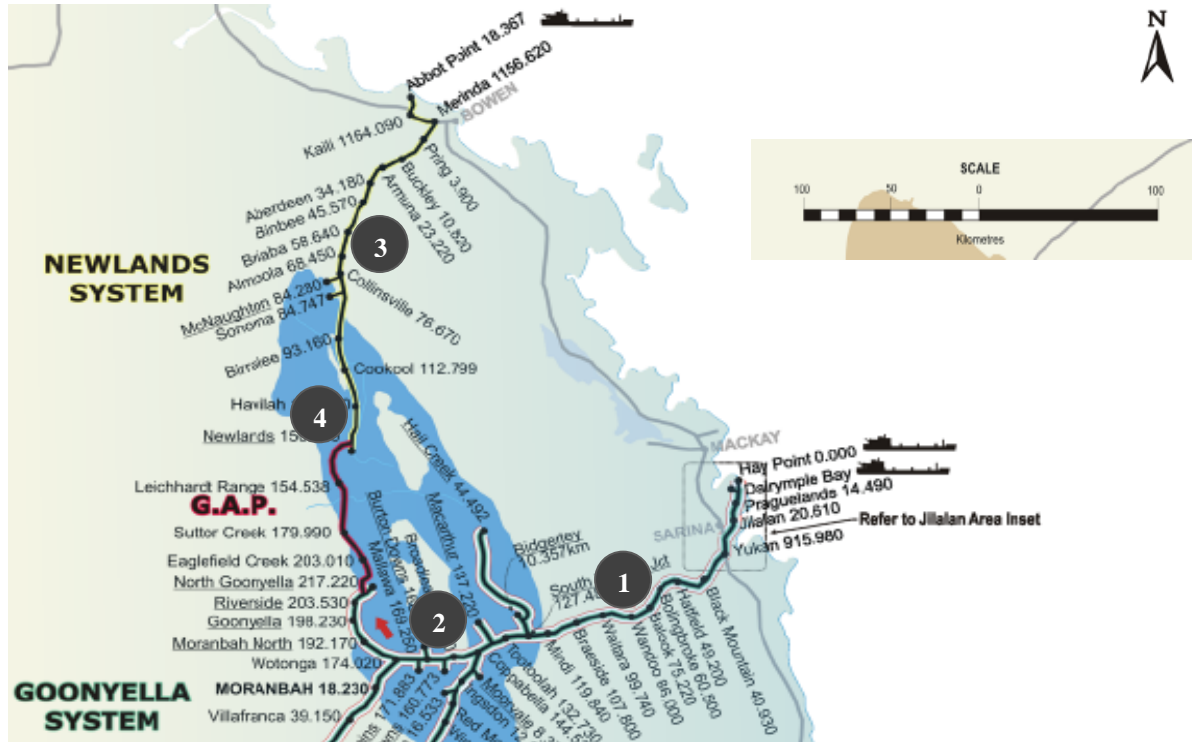
DAAU Framework	<ul style="list-style-type: none"> • Creates an independent Goonyella to Abbot Point Extension (GAPE) coal rail system, which includes the ‘Northern Missing Link’ (NML) and associated infrastructure enhancements in the Goonyella and Newlands systems (reflected in GAPE reference tariff). • Other enhancements in Newlands system as part of the GAPE project (may be reflected in revision of Newlands tariff in new regulatory period (UT4)).
Timeframe	<ul style="list-style-type: none"> • Aurizon Network’s proposal applies to a period from 1 January 2012 to 30 June 2013 (i.e., from commencement of the first Contracted Train Services Entitlements in GAPE system till the expiration date of the Aurizon Network’s 2010 Access Undertaking (UT3)).
Customers	<ul style="list-style-type: none"> • Five foundation customers entered into commercial arrangements with Aurizon: QCoal, Rio Tinto Coal, BMC, Middlemount Coal, Lake Vermont Resources. • Three pricing arrangements dependant on customer type: <ul style="list-style-type: none"> ○ customers located in the Goonyella system and utilising NML; ○ one customer utilising Newlands upgrades and subsequently NML; ○ customers located in the Newlands system.

GAPE Reference Tariff calculation logic

Calculation logic	Comments
	<ul style="list-style-type: none"> • Separate reference tariff calculated according to the UT3 approved approach; • AT1-AT4 structure. • UT3 approved ‘building blocks’ methodology: annual revenue requirement includes allowance for return on and of capital, tax and OPEX less inflationary gain. • Share of total GAPE project capital expenditure allocated to independent GAPE system based on the contracted tonnages as per GAPE and NAPE Deeds (see p.4 for details).

I. Tariff

Figure 1: Goonyella and Newlands system map



- 1 Usual Goonyella system reference tariff applies to customers located in the Goonyella system and not utilising NML. GAPE project does not affect these customers as far as price is concerned.
- 2 The GAPE reference tariff applies to customers, who will use the NML. This will be:
 - existing Goonyella customers who use the NML to transport coal north to Abbot Point coal terminal; and
 - other potential customers in the future who may connect to the NML to transport coal north to Abbot Point (whether they are in the Goonyella system or not).
 These customers (will) pay the GAPE tariff only (no Goonyella or Newlands systems tariffs).
- 3 A system premium will apply to all the Newlands customers starting from UT4. 19% of the Newlands system capital expenditure are proposed for “socialisation” (see p.4 for details). According to Aurizon Network a proportion of this expenditure would have been required in the Newlands system in the event that the GAPE project did not proceed.
- 4 A system premium on top of the Newlands tariff applies to one customer who entered both NAPE and GAPE Deeds, but not until the commencement of the UT4 (due to low volumes during UT3).

Aurizon Network’s DAAU only provides information on GAPE reference tariffs. It does not provide information on tariffs for the upgrades to the Newlands system.

Table 1: Reference tariffs comparison based on AT2-AT4 Revenues

<i>Tariff (\$/nt)</i>	<i>2011-12</i>	<i>2012-13</i>
GAPE System	\$9.90	\$10.08
Goonyella System	\$2.34	\$2.73
Newlands System	\$1.75	\$2.00

Table 2: GAPE system reference tariffs (before revenue cap adjustments)

<i>Tariff (\$/nt)</i>	<i>2011-12</i>	<i>2012-13</i>
AT1 (\$/000 gtk)	\$1.29	\$1.33
AT2 (\$/ rtp)	\$11,949.82	\$12,248.57
AT3 (\$/000 ntk)	\$3.18	\$3.26
AT4 (\$/ nt)	\$5.12	\$5.24

Table 3: GAPE system forecasted volumes

<i>Volumes</i>	<i>2011-12</i>	<i>2012-13</i>
GTK '000	1,294,098	6,288,019
NTK '000	808,663	3,929,290
NT	2,019,600	10,383,600

II. Annual revenue requirement and building blocks components**Table 4: GAPE System Annual Revenue Requirement (\$ million)**

<i>Building Blocks Component</i>	<i>2011-12</i>	<i>2012-13</i>
Return on capital	\$46.9	\$97.1
Inflationary gain	\$11.7	\$24.4
Return of capital	\$0.0	\$0.0
OPEX	\$8.6	\$21.5
Tax	\$0.0	\$0.0
Annual Revenue Requirement	\$43.8	\$94.2
Smoothed Revenue Requirement¹	\$21.7	\$113.0
Capital Expenditure ²	\$942.0	\$41.8

¹ Tariffs based on the smoothed revenue profile, which is linked to the volume profile.

² Capex data presented here for information: basis for the calculation of the building blocks components.

III. Capital costs (and cost allocation)

Figure 2: Total GAPE Project cost allocation

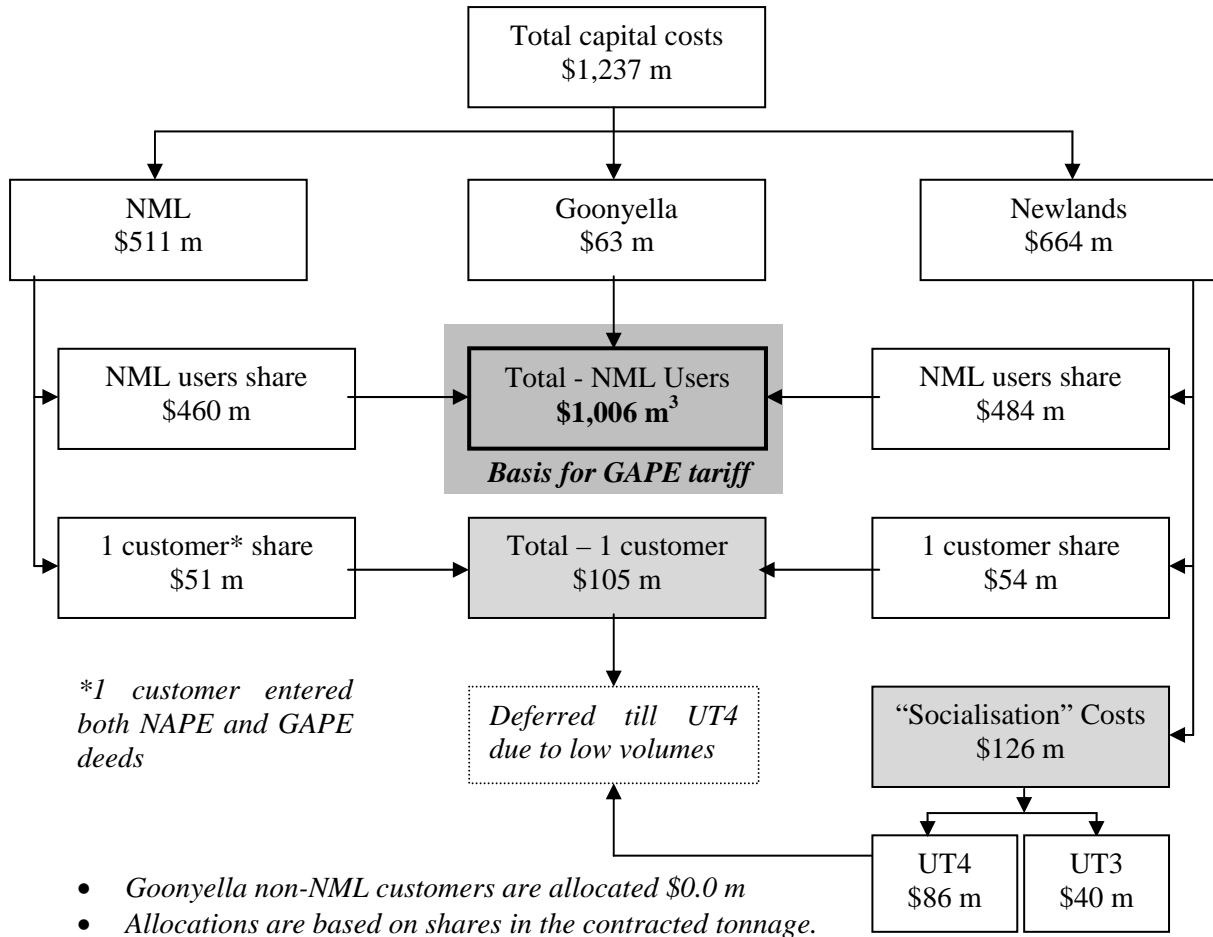


Table 5: GAPE capital expenditure used to calculate building blocks components and revenue requirement, 2011-2014

<i>Capital Costs (m)</i>	<i>2011-12</i>	<i>2012-13</i>	<i>2013-14</i>	<i>Total</i>
Annual GAPE capital expenditure	\$942	\$42	\$22	\$1,006
Relevant Undertaking	UT3		UT4	UT3, UT4

³ This number is total for 2011-2014, further split on a yearly basis is in the next table (Table 5).

Table 6: GAPE Project key assumptions on Annual Revenue Requirement

<i>Building Blocks Component</i>	<i>Inputs/Assumptions</i>
Return on capital	9.96% approved UT3 WACC is applied (Aurizon Network systematic risk profile is similar to that of other rail infrastructure).
Inflationary gain	2.5% CPI applied.
Return of capital	<ul style="list-style-type: none"> • 20 year asset lives for depreciation purposes (using the UT3 approved rolling life depreciation approach); • the depreciation of GAPE system capital expenditure deferred until the commencement of UT4 period due to low volumes.
O&M costs	<ul style="list-style-type: none"> • Costs estimated based on UT3 cost inputs used as benchmarks; • allowance for ballast undercutting and traction removed from fixed maintenance costs estimates; • no incremental operating costs allocated to Goonyella or Newlands system.
Tax	Zero tax for UT3 period due to negative taxable income.
Annual Revenue Requirement	The sum of the above except for inflationary gain, which is deducted.

Note: Maintenance cost is split between AT1 and AT2 – AT4. Actual maintenance cost revenue received will decline with actual volumes railed due to AT1 being outside of the revenue cap.