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18 October 2006

Mr Jeff Pollock
Chief Operating Officer - Transport Infrastructure
BBI (DBCT) Management Pty Ltd
Level 25, 1 Eagle St
Brisbane Qld 4000

Dear Mr Pollock

Capacity Expansion Application for the Dalrymple Bay Coal Terminal

On 5 October 2006, Babcock and Brown Infrastructure (BBI) submitted a capacity expansion application for the expansion of the Dalrymple Bay Coal Terminal (DBCT) pursuant to Clause 12.5(a) of the approved DBCT access undertaking.

The Authority's decision in respect of that application, and a summary of its reasons, are outlined below. The Authority's decision was based on information included in BBI's application of 5 October 2006 and related clarifying advice, advice from access seekers and access holders, independent technical advice and the Authority's own analysis.

Scope of the Proposed Works

In accordance with clause 12.5(f)(1) of the DBCT access undertaking, the Authority approved the scope of the phase 2/3 expansion works on the basis that the proposed works were consistent with the DBCT Master Plan 2005 and the related addendum of February 2006. The works included:

Stockyard:

- phase 2 — installing new bund 4A and stacker (ST4); additional yard conveyors R8 and S8; additional dust control measures; and modifying and rebuilding old stacker/reclaimer (SR3 as SR6) on bund 6;
- phase 3 – completing row 8 development;

Outloading:

- phase 2 — installing new outloading system (OL 3) to carry coal from stockyard to berths and installation of new surge bin 3 (SB3);
- phase 3 — constructing new berth 4 and extending conveyor L17;

Sitewide:

- phase 2 — upgrading the terminal's electrical power supply; extending the terminal operator's office space and warehousing; and providing control and automation software systems for the new and upgraded facilities for both phases 2 and 3;

In making this decision, the Authority noted that it will progressively review the expansion contract packages to ensure ongoing consistency with the approved Master Plan for DBCT as well as being of an appropriate standard and specification.

60/60 Requirement

In accordance with clause 12.5(h)(4) of the DBCT access undertaking, the Authority confirms the sufficiency of the evidence provided by BBI that it has met the 60/60 requirements of clauses 12.5(h)(1) and (2) of the DBCT access undertaking for the phase 2/3 expansion, on the basis that:

- BBI has secured from access seekers firm contracts of at least 10 years duration for at least 60% of the proposed terminal capacity increment (limb 1); and
- greater than 60% of access holders as determined by their annual contract tonnages do not oppose the capacity expansion (limb 2).

The Authority also confirmed that BBI provided access holders with the relevant material outlined in Clause 12.5(h)(2) of the DBCT access undertaking for the purposes of enabling access holders to determine whether or not to oppose the capacity expansion.

Yours sincerely,



EJ Hall
Chief Executive