



Dear Unitholder,



Welcome to the latest edition of *In the Pipeline*. In this newsletter, we felt it was important to keep you up to date with a decision taken at the Trust with respect to the Annual Report, as well as events in the broader environment.

Since the last time I wrote to you, the board has appointed me managing director of Australian Pipeline Limited, the responsible entity of your Trust. I look forward to contributing to your Board.

Full Annual Report

Last year we asked you whether you would like a copy of the full annual financial report, the concise financial report, or no report. We know from your response, that many of you preferred a concise annual report in preference to a full version, while others were happy with the full version or no report.

In reviewing last year's annual report process and planning for the current year, we determined that we had not been able to achieve the savings which we sought from a reduced printing of full annual reports. After consideration of the cost and time involved in producing and printing a concise and a full annual report for unitholders, we have decided to produce only a full annual report. This year, all unitholders who elected to receive a report, whether a concise or full annual report, will receive the same document. We are aiming to send out the annual report at the end of September. No report will be sent to those unitholders who elected not to receive a report.

Queensland power decision

You may have seen reports in the media that the Queensland government has made a decision about the provision of fuel to a Townsville power station.

CH4, an entity which holds production leases over coal seam methane tenements in the Bowen Basin together with Queensland State owned Enertrade have won the contract to deliver the fuel. Proponents of the Papua New Guinea (PNG) gas project were unsuccessful in their bid.

The decision is a vote, by the Queensland government, in favour of the development of coal seam methane as the next source of natural gas in Queensland rather than the traditional source of natural gas from conventional natural gas or gas/oil reservoirs.

This is a major long-term commitment to the production and delivery of coal seam methane and as such CH4 now have the task of proving up the deliverability and contractibility, as a precursor to financial close of the arrangements.

It is however a significant sign of faith by the Queensland Government. For the natural gas industry in Eastern Australia it is certainly to be hoped that coal seam methane can deliver on its promise.

Although the Townsville power station was an important market for PNG gas, the PNG developers have stated that it is not fatal to the project. We remain cautiously optimistic that the opportunity will yet exist for PNG gas in the Australian market place.

J K McDonald
Managing Director



**Questions or feedback please email to:
feedback@pipelinetrust.com.au**