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Media/ASX Announcement

Project Runway Update #2*

- **Cable EOI formally released to interested parties**
- **Pre-commit customers to receive substantial discount and pricing protection**
- **ANZ Investment Bank appointed financial advisors**
- **Initial marine survey already completed**
- **PIPE Networks Board 'upgrades' the likelihood of the project proceeding**

Project Runway is the name of PIPE International's \$200M Sydney to Guam submarine cable project designed to increase Australia's international cable capacity. For further information on the project, please refer to previous market releases.

In response to strong indicative interest from domestic and international parties for capacity an Expression Of Interest (EOI) to solicit firm commitments has today been released for potential customers. The EOI outlines the project to customers and the market and is designed to clearly articulate the need for additional competitive international capacity into Australia.

Of particular interest to pre-commitment customers are:

- significant discount to current pricing for international capacity
- pricing protection mechanisms to ensure capacity investments are protected by way of capacity credits

PIPE International has already commenced negotiations and received intentions to proceed with numerous 'cornerstone' parties and is now engaged in contract negotiations with these parties.

"I think it is fair to say that the level of confidence the Board has in this project proceeding is significantly higher than as recent as a month ago. The interest expressed thus far has been to the higher end of our expectations and includes a diverse spectrum of parties including domestic carriers to international carriers and government entities," said PIPE International CEO Bevan Slattery.

One of the key drivers in demand has been Australia's rapid growth in broadband with the latest OECD report listing Australia as the second fastest growing country in the OECD.

Mr Slattery also noted that, “with all the talk about FTTN I find it surprising that little to no thought appears to be given to how providers are going to ‘feed’ those pipes with content.”

“Research shows it currently costs Australian providers over \$3,500 per month to provide 12mb/s of internet capacity in Australia which is over 1000% more than in the US. Only then will people get a grasp of the real problem with broadband in Australia. Unless we can get the price for international connectivity significantly lower, then the current debate surrounding access technologies for consumers is pointless. It’s no use upgrading to a Ferrari if you can only afford to buy one litre of petrol per month”.

PIPE International recently announced it has engaged ANZ Investment Bank (ANZIB) to act as financial adviser to provide advice and implement the debt and equity structure for the project. The Board of Directors were particularly impressed with the submission, capabilities and relationship which ANZIB brings to the project. Of note, ANZIB were intimately involved with existing cable systems servicing Australia.

Potential construction plans have progressed such that internal resources have been dedicated to coordinating the regulatory and construction requirements for the project with our consultants and government agencies in several countries. A key factor in the progression of the system into regulatory planning has been the expedient completion of the initial marine survey ahead of schedule.

“The initial survey works has provided us with confirmation that our route planning and pricing methodology is indeed accurate and is allowing us to push forward with vendor discussions and our RFP process. So far our timetable is on-track and we expect to have a decision on the project by May.” said Mr Slattery

Regular updates on the project will be provided as appropriate or when market sensitive information becomes available and is able to be released.

ENDS

For more information: Bevan Slattery
Managing Director
PIPE Networks Ltd
T: 07 3233 9800
media@pipenetworks.com

***This update is to provide information on the progress of the Company’s undersea cable project. In accordance with our continuous disclosure obligations, we will release further updates as information becomes available that can be released to the market.**