



Amcom
Telecommunications

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AMCOM AND AUSDRILL SIGN HEADS FOR OUTSOURCING AND FACILITY AGREEMENT

Niche broadband solutions provider Amcom Telecommunications Ltd (ASX: AMM) and diversified contracting services group Ausdrill Ltd (ASX: ASL), have reached a Heads of Agreement pursuant to which Ausdrill will have the exclusive right to provide customer installation services for Amcom's expanding broadband network.

The Ausdrill installation services will be financed by a secured \$8 million working capital facility provided by Ausdrill at commercial rates. The facility was arranged by Perth based boutique investment bank Argonaut Capital.

The Agreement:

- Allows Amcom to accelerate the volume of customers connected to its broadband network by utilising Ausdrill's cable laying services
- Allows Amcom to expand its network via special capital project expenditure that also utilise Ausdrill's cable laying services
- Repays Amcom's existing debt facilities of around \$1.75 million.
- Amcom will pay to Ausdrill a fee for the provision of the facility consisting of Five million Amcom options exercisable at 15 cents.

The options have an expiry date of 31 December 2007. The agreement has an initial 3 year term.

In addition Ausdrill has agreed to subscribe for 5 million Amcom shares at \$0.10 each.

Amcom Chairman Tony Grist said that the working capital and services agreement with Ausdrill would allow Amcom to take advantage of the strong demand for broadband services in its niche markets and focus on delivering sales and earnings growth.

"A significant benefit for Amcom is that the arrangement will allow the company to retain its existing net operating cash flow to bolster treasury and strengthen Amcom's balance sheet, whilst using the Ausdrill facility to fund customer installations" Mr Grist said.

"Also, Amcom's business is providing broadband solutions. External plant works are best undertaken by a specialist, quality service provider such as Ausdrill," Mr Grist added.

Ausdrill Managing Director Ron Sayers added that the works contract and working capital facility provided each group with significant benefits.

"Ausdrill has a focus on building up its telecommunications infrastructure services business."

"We have identified the take up of broadband services in regional capitals as a major growth area in the next three years. Amcom provides us with ideal exposure to that market," Mr Sayers said.

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About Amcom Telecommunications Limited

Amcom Pty Ltd commenced its fibre rollout in 1999 and has since deployed over 450 km of high-speed metropolitan networks in Perth, Darwin Adelaide, and Hobart, accessing over 320 buildings. We have established extensive 'last mile' networks servicing other carriers', large blue chip corporates and government customers in strategic uncontested regional metropolitan centres. The Company's networks are maturing rapidly and this is being reflected in faster connection provisioning times, increased excellence in customer offerings and reductions in per customer connection costs. Network access agreements have also being implemented with East Coast carriers enabling Amcom to provide a national carriage service to its customers.

Through its subsidiary Rescue Technology, Amcom is able to deliver network management services across Local Area Networks ("LAN"), Wide Area Networks ("WAN") or Metropolitan Area Networks ("MAN") by either browser and/or WAP (Wireless Application Protocol) interfaces.

Amcom's major offering remains a service focused scalable broadband solution with an emphasis on the total broadband wholesale market and the local loop business. Amcom is also able to provide business grade DSL services through its partnership with NEC's Nextep Broadband and this product range enable it to target and service the SME market in areas where it can leverage its existing fibre networks.

More information about Amcom can be found at: <http://www.amcom.com.au/>.

The Ausdrill Group is a diversified contractor that provides a range of specialist services including:

- Drill and blast services in open pit mining
- Grade Control drilling
- Exploration drilling
- Earth moving services
- Horizontal drilling, trenching, cable and pipeline rollout services
- Supply and Logistics services

Ausdrill was founded in 1987 and floated on the Australian Stock Exchange in February 1994. The Group provides services predominantly in Australia and with Henry Walker Eltin jointly owns African Mining Services (AMS), a specialist contract mining company operating in Ghana.

The Group expanded its operations in late 1999 to perform work for Telecommunications Carriers and specialise in the rollout of new networks, the provision of new services and the maintenance of existing networks.

More information about Ausdrill can be found at: <http://www.ausdrill.com.au>