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MEDIA RELEASE

REX LAUNCHES NEW ROUTE IN QUEENSLAND FOLLOWING AWARD OF 5 REGULATED ROUTES BY QUEENSLAND STATE GOVERNMENT

Regional Express (Rex) today announced that it intends to launch a new competitive Regular Passenger Transport (RPT) air service between Cairns and Townsville on the back of the recent award of five regulated routes by the Queensland State Government. The new Cairns to Townsville service will commence from 3 January 2015 and is subject to regulatory approval.

Rex General Manager of Network Strategy and Sales, Mr Warrick Lodge said, "The award of the five regulated routes has provided sufficient economies of scale for Rex to contemplate new services in Far North Queensland in the first stage."

"Ever since Virgin Australia exited the Cairns to Townsville route, we have been solicited to commence a competitive air service on the route to end the monopoly."

"We were not able to respond earlier as we did not have sufficient economies of scale, however the award of the Gulf route has given us the natural impetus to be able to service the Cairns to Townsville route since the Gulf routes originate from Cairns and the Northern routes, also awarded to Rex, originate from Townsville."

"The Rex Board has decided to increase focus on Queensland and to gradually build up our resources and investments in Queensland as our way of recognising the tremendous trust placed on us by the Queensland State Government through the award all five regulated routes we applied for."

"We will commence with a modest service on 3 January 2015 but once we have bedded in the new regulated routes we will look to ramp up services as well as look at other opportunities to service Far North Queensland."

Regional Express (Rex) is Australia's largest independent regional airline operating a fleet of more than 40 Saab 340 aircraft on some 1,300 weekly flights to 52 destinations throughout New South Wales, Victoria, Tasmania, South Australia and Queensland. The Rex Group comprises Regional Express, air freight and charter operator Pel-Air Aviation and Dubbo-based regional airline Air Link, as well as the pilot academy Australian Airline Pilot Academy.

From 1 January 2015, the Rex Group will have 11 Saab 340 aircraft deployed in Queensland to service the regulated routes, other commercial RPT routes, charter and freight activities.

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