



**For Immediate Release to the market**

**AIRLINE APPLIES FOR TRAFFIC RIGHTS TO ASIA**

Airlines of Papua New Guinea Limited (POMSoX Code: CGA) issued a press release overnight.

A copy is enclosed for the market.

Company Secretary  
**Airlines of Papua New Guinea Ltd**

25 August 2009

## **Airlines PNG applies for traffic rights to Asia.**

Airlines PNG announced today that it has applied to the PNG Department of Transport for traffic rights to a number of Asian cities.

Airlines PNG, as part of its vision for the next two years announced that it viewed continued expansion both domestically and internationally as integral to the Company's vision. Associated with this is a review of access to equity that would allow for a significant expansion of capacity to meet expected charter growth opportunities within the region, and for further domestic RPT expansion.

Airlines PNG's CEO, Mr. Gary Toomey stated "We have received great feedback from the PNG public on the impact our presence has had on both international and domestic markets in both driving airfares down, and delivering the levels of service the travelling public expect. We believe that all of PNG deserves the same". He also advised that "At a time where most of world aviation was under considerable stress, and where IATA had recently announced it expected increased losses from airlines in the Asia/Pacific region, many people see PNG as a significant growth opportunity"

These moves follow on from the Company's success over the last two months in being awarded three additional corporate contracts. Mr Toomey stated "These contracts are a testament to the great team we have at Airlines PNG. We have also identified additional opportunities in the very near future" He acknowledged that "whilst 2009 had been challenging, present forecasts indicated investors could expect a substantial improvement in 2010. Tied with a strong balance sheet and a gearing ratio well below the aviation industry average, he said Airlines PNG was well positioned to take advantage of the strong growth opportunities expected over the next 18 months"

The CEO was noted as saying "We will soon complete the assembly of a world class management team, which with the right vision is critical to any organisation's success. Both the talent we already have on board, and those we expect to join us soon, allow for a renewed focus on customer service and On-Time-Performance. Part of this has included a significant on-going engineering investment in both upgrading our DHC-8 fleet, and completing heavy maintenance well ahead of schedule so as to ensure reliability and to position ourselves for next year. As we own the fleet this work has a direct positive impact on the balance sheet. We also expect to

announce soon, some exciting new enhancements both to the Velocity Frequent Flier scheme, of which Airlines PNG is a partner and other offerings both for the corporate and frequent leisure traveller. These will especially be aimed at the PNG people, underwriting us as the airline owned directly by the people of PNG”

Mr Toomey stated that ‘the moves Airlines PNG were making were to ensure the long term sustainable future for the aviation sector in PNG and also to position PNG, as the largest of the Pacific nations , to be able to take advantages of the aviation opportunities that we expect to avail themselves across the region in the short term”