



ASX Release

22 November 2013

REDBANK ENERGY LIMITED 2013 ANNUAL GENERAL MEETING CHAIRMAN'S ADDRESS & PRESENTATION

Attached is the Chairman's Address and slide presentation (including the results of the proxy voting) to be delivered at today's Annual General Meeting of the shareholders of Redbank Energy Limited (ASX:AEJ).

The General Meeting is being held at 11.00am at The Boardroom, Arnold Bloch Leibler, Level 24, Chifley Tower, 2 Chifley Square, Sydney.

ENDS

Further Information:

Richard Butler
Chairman & Company Secretary - Redbank Energy Limited
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**ANNUAL GENERAL MEETING OF SHAREHOLDERS
REDBANK ENERGY LIMITED
11.00AM, FRIDAY, 22 NOVEMBER 2013**



REDBANK ENERGY

Greeting:

Good morning ladies and gentlemen, welcome to the meeting.

My name is Richard Butler and I'm the Redbank Energy Chairman.

Open the AGM:

Today we are holding the Annual General Meeting for Redbank Energy Limited.

We have a quorum of shareholders present, so I declare the meeting open.

The Notice of Meeting was distributed to all of you, so with your consent, I'll take the Notice as read.

Additional copies are available from our registry staff if any shareholders would like a copy.

Introductions:

I would like to introduce:

- Simon Maher, my fellow Director of Redbank Energy.
- Link Market Services, our Share Registry.
- John Remedios, who is assisting Redbank Energy as a consultant.
- Andrew Silberberg and Daniel Bragg from ABL.
- Robert Baker & Gary Doree from PricewaterhouseCoopers.

Business of the Meeting

Agenda:

The agenda is:

- I will review some of last year's events; and
- then we will deal with the formal items of business.

Questions:

- If you have questions please direct them to me.
- If I am not the best person to answer them, I will direct them to the person who I think is.
- If your questions relate specifically to your own Redbank Energy shares, could I ask you to raise those matters with our registry staff after the meeting, and they will be happy to assist you.

Chairman's Address

Ladies and gentlemen, it has been and continues to be a challenging time for our company, Redbank Energy.

A lot has happened since the last AGM, and even since the EGM.

I think it is best that I focus on some of the major events that have occurred since the last AGM, with the understanding that everyone present here is free to ask questions on other areas of interest and concern to them.

I am not going to be able to cover every issue today and the issues I do discuss I will not be able to go into as much detail as I would like to – but I will do my best – and it may be useful at some later date for me to consider writing a more detailed and comprehensive explanation of the facts and circumstances of the last year – so that those shareholders who are interested can read it.

Carbon Arbitration Success

In the current circumstances, I think it is important to remember that the company has had some success in the past year, and in particular, we received a great award in the arbitration against Ausgrid.

The dispute between the parties was one of contractual interpretation: namely the interpretation of the Power Purchase and Hedge Agreement - being the long term contract between Redbank Project and Ausgrid which underwrites the revenue stream of the Power Station – to determine whether or not Redbank Project could pass on the carbon tax to Ausgrid. By reason of agreements between Ausgrid and EnergyAustralia, EnergyAustralia had an indirect financial interest in the PPHA and consequently the dispute.

Our victory in the arbitration resulted in the value of the PPHA being increased in the 30 June accounts – you will see at p.18 of the annual report under non-current assets, that “Derivative, financial instruments is the largest asset category – and note 6 at page 40 of the Annual Report, the PPHA (electricity derivative) increased by \$31 M – a major reason for this increase – was the removal of the uncertainty around the carbon tax.

In this regard, I would like to thank again our:

- Solicitors who acted for us in the arbitration:
 - Robert McGregor and Paul O’Donnell from HWL Ebsworths; and
 - Mike Daniel from Resolve;
- Barristers:
 - Ian Jackman SC, Justin Hewitt & Joseph Carney
- Andrew McIntosh – Redbank Project’s commercial manager;
- Daren Castle, our commercial adviser at the time; and
- Simon Maher – my co-director of Redbank Project at the time

It was a tremendous team effort.

Negotiations with Ausgrid and EnergyAustralia prior to the hearing were complex, stressful and very time consuming – having begun a long time before 30 June 2012. It is worth noting that during the whole process we kept the lenders and their lawyers and advisors fully informed about negotiations, settlement offers, strategy and legal advice. This was very time consuming, at times stressful, and included a large number of lengthy conference calls and meetings.

Appointment of Receivers KordaMentha

- I don’t propose to go into a large amount of detail about the receivership process and the associated legal concepts.

- However, in summary, on 5 October 2013, the lenders appointed Martin Madden and Janna Robertson as receivers and managers of Redbank Project which is the company in the Redbank Energy Group that owns and runs the power station.
- Martin and Janna work for KordaMentha. For those that don't know, Martin and Janna have been involved as corporate advisors to the lender group in relation to Redbank Project for a number of years – “333” being the name of KordaMentha's advisory business. Indeed, they were retained prior to Simon and I being appointed to the Redbank Boards.

Knowledge about the Receivership and the Power Station

A couple of days after the appointment of the receivers, Simon Maher and I were removed as Directors of Redbank Project and as a result we have no control over the company.

However, Simon and I continue to be directors of Redbank Energy Limited.

Redbank Energy Limited remains vitally interested in what the receivers plan to do with the power station and have concerns about the effects of the receivership on Redbank Project and what that entails for Redbank Energy shareholders.

In this regard, I note that Redbank Energy and its subsidiaries continue to have economic interests in the power station:

- Redbank Energy is the ultimate holding company and an unsecured creditor of Redbank Project; and
- two of Redbank Energy's subsidiaries are unsecured creditors of Redbank Project.

Requests for Information to the Lenders / Receivers

Given our continuing interest, the Board has sought to engage with both the receivers and the lenders and we have formally sought a response on a number of key matters, including:

- the implications of the receivership on the Redbank Project Power Purchase and Hedge Agreement;
- the conduct of the receivership;
- the likely approach and timeframe regarding any debt restructuring and/or sale process for the Power Station; and
- the extent to which the interests of other stakeholders, including shareholders and unsecured creditors, will be taken into account.

Unfortunately, we have not yet received a detailed response to our questions.

Disappointingly, what I have received instead is two threatening letters from their lawyers, addressed to me personally, which, seem to me to be based upon their fear about what I / Redbank Energy may say about the PPHA. I note that the second letter was sent at 5 pm last night – and specifically references the AGM today.

Nonetheless, it is important that Redbank Energy continue to seek to have a constructive dialogue with the receivers, lenders and agent.

Public Statements concerning the Receivership

Although the receivers and the lender group have not provided Redbank Energy with the information we have asked for, there have been a number of articles published in the press, closely following the appointment of the receivers.

One of the key themes in these articles is that:

- The receivers intend to enter into a restructuring deal with the creditors in a short period of time and that a sale is not being contemplated at the present time.

It is worth noting that we have always been of the view that the credit facilities had to be restructured. However, on a number of occasions during the negotiation process, the lenders said that they were only interested in a sale – despite the Board repeatedly saying that this was not appropriate in the circumstances.

The Redbank Project and Redbank Energy Boards at all times during the negotiations had the best interests of their stakeholders in mind while conducting these negotiations, and up until the appointment of receivers held the belief that an acceptable compromise between the parties could be reached.

Again, I reiterate that we are very interested in any further detail the receivers can give us on these matters, and we will update the market to the extent we can once we receive a response to our inquiries.

Operating Performance of Redbank Power Station and Impairment

I'll just make some brief comments about the operating performance of the Redbank power station and asset impairment.

In terms of operating performance, the Redbank power station contributed \$26.4 million of Management EBITDA to 30 June 2013.

Generation earnings were largely in accordance with expectations, with plant management and the Board working in close conjunction throughout the year to deliver more consistent plant performance.

The Redbank Energy Group's property, plant and equipment and intangible assets in the 2013 financial year were valued in accordance with a "value-in-use" calculation. On this basis, the Redbank Energy Group has recognised a non-cash impairment charge of \$47.1 million for the 2013 financial year.

As I mentioned earlier, the value of the PPHA as shown in the accounts as at 30 June 2013, was increased – which offset the reduction in value of the property, plant and equipment.

Dispute with Ausgrid concerning the Contract Amount

As I mentioned earlier, the Redbank PPHA underwrites the revenue received from the operation of the Redbank power station.

Subsequent to the close of the financial year, Redbank Project received a summons filed by Ausgrid in the Supreme Court of New South Wales seeking preliminary discovery of documents in Redbank Project's possession relating to the energy generation outage that occurred at the Redbank Power Station between 29 January 2012 and 23 March 2012.

The request for discovery relates to a dispute between Redbank Project and Ausgrid as to the cause of the outage and its impact on the quantum of payments which Ausgrid is obliged to make to Redbank Project under the PPHA for the 2013 calendar year.

Ausgrid stated that the discovery process would assist in its evaluation of the merits of its case, and thereby determine whether or not Ausgrid will commence proceedings against Redbank Project.

The hearing of the preliminary application took place a couple of weeks ago, that is to say, after the appointment of the receivers and the receivers now have the carriage of the matter.

The receivers have not advised us on how this application went.

However, from what I understand, the receivers retained the same solicitor Mike Daniel and counsel Justin Hewitt and Ian Jackman SC who have been involved from the start with this issue and that Ausgrid was successful in its application for preliminary discovery.

Thanks

Finally, I wish to thank once again: John Remedios; Andrew Silberberg, Daniel Bragg and Nathan Briner from Arnold Bloch Leibler; Robert McGregor and Paul O'Donnell from HWL Ebsworths; Mike Daniel from Resolve Legal; Mark Robinson, Daniel Walley, and Stephen Edds from PPB Advisory; Daren Castle; Robert Baker and Gary Doree from PWC; and the men and women at the plant for the work that you have done over the past year. We truly appreciate it.

I will now turn to the formal business of the meeting.



REDBANK POWER

ANNUAL GENERAL MEETING: REDBANK ENERGY LIMITED

22 November 2013



Agenda



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1. Opening & Introductions
2. Outline of the Business of the Meeting
3. Chairman's Address
4. Formal Business of the Meeting
5. Conduct of the Poll – Remuneration Report Resolution
6. Final Questions & Answers / Closing

Carbon Arbitration Success



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- The dispute over the entitlement of Redbank Project to pass through the cost of the carbon tax to Ausgrid was successfully arbitrated in favour of Redbank Project.
- An issue of contractual interpretation under the Redbank Project Power Purchase & Hedge Agreement.
- Positive impact on the value of the Power Purchase & Hedge Agreement.
- Acknowledgments for team effort.

The Appointment of a Receiver



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- On 5 October 2013, the Redbank Project lenders appointed KordaMentha as receivers and managers of the assets associated with the Redbank Power Station.
- The officers of the receiver have been providing the Redbank Project lenders with corporate advisory services for a number of years.
- Richard Butler and Simon Maher removed as Directors of Redbank Project.
- The Directors no longer possess any control over the operations of the Redbank Power Station.

Stakeholder Interests in Redbank Project



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- Ongoing stakeholder interests in Redbank Project / Redbank Power Station by virtue of:
 - Directorships in Redbank Energy Limited
 - Shareholders of Redbank Energy Limited
 - Redbank Energy group companies are unsecured creditors of Redbank Project

Ongoing Engagement with Receiver and Lenders



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- The Directors are continuing to seek a constructive engagement with the receiver and the lenders to understand the implications of the receivership for these stakeholder interests.
- A detailed response to the issues raised by the Directors has not yet been provided by the receiver and lenders.

Public Statements Concerning The Receivership



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- Various statements attributed to the receiver and reported in the financial press.
- Restructuring of the Redbank Project Credit Facility v Sale of the Redbank Power Station.
- The Redbank Energy Boards at all times have had the best interests of its various stakeholders in mind while conducting its negotiations with the lenders.
- Significant interest in eliciting further details from the receiver.

Operating Performance – Redbank Power Station



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- \$26.4 million of Management EBITDA to 30 June 2013.
- Generation earnings broadly in line with expectations.
- Board and plant management focus on delivering more consistent plant performance.
- Recognition of non-cash impairment charge of \$47.1 million for the Redbank Energy Group in FY2013.
- Positive impact on the value of the Power Purchase & Hedge Agreement had an off-setting effect on the reduction in value of property, plant and equipment.

Further Dispute with Ausgrid



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- A discovery process has been initiated by Ausgrid to ascertain the cause and consequences of the generation outage at the Redbank Power Station in early 2012.
- Ausgrid has stated that the purpose of the process is to assist in its evaluation of whether or not to commence legal proceedings against Redbank Project.
- A preliminary hearing has taken place.
- The conduct of this discovery process is now being managed by the receiver.

Acknowledgments



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- Advisers
- Plant management and employees

Presentation of the Financial Report



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To receive and consider, for the year ended 30 June 2013:

- The consolidated financial report of Redbank Energy Limited; and
 - The reports of the Directors and Auditor.
-
- Questions and answers on the financial report, audit and/or management of Redbank Energy

Resolution 1



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Remuneration Report

That the Remuneration Report for the year ended 30 June 2013 be adopted.

Proxy Summary – Resolution 1



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Remuneration Report

For	Against	Discretionary	Abstain
70,098	23,115	10,420	245

Percentage Vote FOR	67.64%
Percentage Vote AGAINST	22.30%
Percentage Vote DISCRETIONARY	10.05%



Director Re-Election – Richard Butler

That Richard Butler, being a Director of REL who retires as a Director by rotation in accordance with rule 7.1(d) of the REL Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of REL.

Proxy Summary – Resolution 2



REDBANK ENERGY

Director Re-Election – Richard Butler

For	Against	Discretionary	Abstain
303,590	1,473	10,426	19,468

Percentage Vote FOR	96.23%
Percentage Vote AGAINST	0.47%
Percentage Vote DISCRETIONARY	3.30%

Resolution 3



REDBANK ENERGY

Director Re-Election – Vlad Artamonov

That Vlad Artamonov, being a Director of REL who retires as a Director by rotation in accordance with rule 7.1(d) of the REL Constitution and, being eligible, offers himself for re-election, is re-elected as a Director of REL.

Proxy Summary – Resolution 3



REDBANK ENERGY

Director Re-Election – Vlad Artamonov

For	Against	Discretionary	Abstain
273,542	31,520	10,426	19,469

Percentage Vote FOR	86.70%
Percentage Vote AGAINST	9.99%
Percentage Vote DISCRETIONARY	3.30%

Conduct of Poll – Remuneration Report Resolution



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- Conduct of Poll in relation to Resolution 1 – Remuneration Report
- Appointment of PricewaterhouseCoopers as Scrutineers
- Poll Instructions
- Later announcement of the poll result to the ASX and published on Redbank Energy's website

Final Questions & Answers / Closing



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- Final Questions & Comments from Shareholders
- Closure of Meeting

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