



## ASX Release

8 August 2013

### Redbank Energy Update - “Force Majeure” Dispute with Ausgrid

Redbank Energy Limited (ASX:AEJ) advises that its wholly owned subsidiary, Redbank Project Pty Ltd (“**Redbank Project**”), has 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 (“**January 2012 Outage**”).

As previously announced, the January 2012 Outage was caused by an electrical fault within the plant generator.

The request for discovery of documents relates to a dispute between Redbank Project and Ausgrid as to the cause of the January 2012 Outage and its impact on the quantum of payments which Ausgrid is obliged to make under the Power Purchase and Hedge Agreement (“**PPHA**”) for the 2013 calendar year. Redbank Project has been in correspondence with Ausgrid on this issue since the January 2012 Outage.

Redbank Project holds the view that:

1. Ausgrid has not issued a valid notice to reduce the contract amount for the 2013 contract year; and
2. the January 2012 Outage is correctly characterised as a “Force Majeure” event as defined in the PPHA.

The effect of the failure to issue a valid notice or this characterisation is that Ausgrid would be obliged to continue to pay the full contract amount under the PPHA for the 2013 contract year.

Ausgrid has not agreed that it failed to issue a valid notice or that the January 2012 Outage is correctly characterised as a “Force Majeure” event. Ausgrid has alleged in the papers filed in the preliminary discovery proceedings that if the January 2012 Outage was not a “Force Majeure” event then Ausgrid would be entitled to reduce the amount it pays to Redbank Project under the PPHA or seek restitution of the amounts alleged to be overpaid. Ausgrid says that this amount is likely to be approximately \$11.28 million over the 2013 calendar year.

Notwithstanding this dispute, throughout the course of 2013 to date Ausgrid has continued to pay Redbank Project based on the full contract amount under the PPHA.

Ausgrid has stated that the purpose of the summons is to seek to obtain documents to enable it to evaluate whether in its opinion the January 2012 Outage is covered by the Force Majeure provisions of the PPHA and

in turn whether or not it should commence proceedings against Redbank Project in respect of the dispute. Importantly, such proceedings have not been commenced and it is uncertain whether they will be commenced in the future. However, if such proceedings were commenced and Redbank Project was unsuccessful in its defence and ordered to make restitution, the impact on its financial performance is likely to be material.

## **ENDS**

---

### **Further Information:**

John Remedios

T + 61 2 9372 2620

or

Richard Butler

Chairman & Company Secretary - Redbank Energy Limited

T + 61 2 8405 6810

---