



**REDBANK ENERGY**

**ASX Release**

31 March 2011

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## **ENTRY INTO NEW LIQUIDITY FACILITIES AND EXECUTION OF BANK SUPPORT AGREEMENT**

Redbank Energy Limited (ASX:AEJDA), formerly known as Alinta Energy Group (ASX:AEJ), advises that it has entered into two new facilities and executed a Bank Support Agreement with the lenders to the Redbank Project.

As previously disclosed to the market, the Redbank Project has been required, under the terms of its financing documents, to replace a liquidity facility which was not extended by Bankwest with effect from 13 February 2011. In the absence of a replacement liquidity facility, the Redbank Project lending syndicate has the ability to call an event of default and accelerate all amounts owing to it by Redbank Project. The board and management of Redbank Energy have worked with the lending syndicate for some time to reach agreement to an orderly realisation of the asset, consistent with the broader wind down schedule.

The new facilities comprise a \$2.5 million liquidity facility and a \$3 million working capital facility, both provided by a subset of the existing lender group. The facilities are for a term of 12 months and are available to support the liquidity and working capital requirements of the Redbank Project.

The liquidity facility set out above does not constitute a “replacement” of the liquidity facility given differing terms and quantum to the previous facility. However, the achieved terms are substantially more preferable than any alternative facilities which could be achieved in the market, given the high leverage existing within the Redbank Project.

In conjunction with the above facilities, Redbank Project has entered into a Bank Support Agreement with the lenders. Subject to the occurrence of certain trigger events, including the occurrence of an event of default, in which event the Bank Support Agreement would terminate earlier, the Bank Support Agreement lasts until 31 March 2012 and provides for, among other things, the following:

- the Redbank Project lenders may not exercise any rights which accrue to them as the result of Redbank Project's inability to replace the liquidity facility;
- the calculation of the financial covenants has been amended so as to ensure these can be met under most foreseeable operating conditions; and
- management will work to either refinance or sell the Redbank Project during the term of the Bank Support Agreement, with an orderly sale process expected to commence in Q3 2011.

As previously foreshadowed, Redbank is continuing to investigate any potential opportunities which may result in any increase to the value of the project and lead to potential equity value. However, this work is still in the nascent phase.

**ENDS**

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### **Further Information:**

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### **Redbank Energy Group**

Redbank Energy Limited (ASX: AEJDA), previously known as Alinta Energy Group, is the holding company of Redbank Power Station, a 151MW base load power station situated in Hunter Valley, NSW.