

ASX Release

11 February 2010

MARKET UPDATE PRIOR TO EXTRAORDINARY GENERAL MEETING

Alinta Energy Group (ASX:AEJ) today provides a market update prior to the Extraordinary General Meeting (“EGM”) which will take place on 22 February 2010.

Since 12 January 2010, being the date of the Notice of Meeting and Explanatory Memorandum (“EM”), which have been dispatched to Securityholders in relation to the EGM, a number of matters foreshadowed in the EM have now occurred. Accordingly, AEJ is taking the opportunity to provide an update to the market on those matters, together with certain other developments relevant to the subject matter of the EGM.

1. Completion of Alinta Finance Syndicated Facility Restructure

As already announced to the market, the restructure of the senior secured debt with the 11 senior lenders (referred to in the EM as the “Alinta Finance Syndicated Facility Restructure” and the “Alinta Finance Syndicate” respectively) was completed on 22 January 2010. Completion of this facility provides the AEJ business with a stable debt structure maturing on 30 September 2012.

Prior to the EGM, the Babcock & Brown International Group (“BBIG”) will be asked to confirm that the relevant condition precedent to the completion of the BBIG settlement has now been satisfied.

2. North West Shelf (“NWS”) Price Dispute Resolved

On 22 January 2010, documents were executed to resolve matters arising from the NWS Price Dispute with the NWS joint venture partners. On 28 January 2010, the first payment as part of that resolution was made to the NWS joint venture partners, and the second payment is due towards the end of this month.

The negotiated outcomes arising from the NWS Price Dispute with the NWS joint venture partners, the Alinta Finance Syndicate and certain downstream customers have now been implemented (other than in respect of one downstream customer contract which has certain conditions precedent to operation that are in the process of being satisfied).

BBIG has been asked to confirm that the condition precedent to the completion of the BBIG settlement relating to the NSW Price Dispute has now been satisfied.

3. Redbank Power Station Update

Over the last few years, Redbank Power Station has suffered from a range of technical issues that have led to unreliable plant performance. A major independent engineering review has now been approved, with the aim of determining the most appropriate measures to rectify plant performance. In anticipation of some of those outcomes, capital expenditure has been identified in an amount of \$4.7 million which is expected to be implemented over the coming year.

As noted in the EM, Redbank Power Station has \$3.7 million drawn on its working capital facility. In accordance with the terms of the Redbank Credit Facility, the working capital facility (still drawn to \$3.7m) and liquidity facility (which remains undrawn) are reviewed after five years. This review has recently been concluded and it is expected that both the working capital and liquidity facilities will be extended for 12 months and be reviewed annually going forward. The next review is likely to be scheduled for November 2010.

4. BBIG Settlement Update

Cash Payment

The Umbrella Deed executed with BBIG to settle all the outstanding debt and fees to BBIG (as described in the EM) indicated that the cash part of consideration payable to BBIG could vary by up to \$4.7 million (this is referred to as the "Cash Payment" in the EM - see section 2.2). As noted above, the full \$4.7 million will be required to be expended on capital works at Redbank Power Station, and accordingly, the amount of the Cash Payment to be made to BBIG (assuming approval of the BBIG settlement by the Securityholders on 22 February 2010), will be \$33 million.

Oakey Power Station - amendments

As set out in the EM, if Securityholders approve the BBIG settlement at the EGM, BBIG would be appointed as the sales agent for the sale of the Oakey Power Station for the period from financial close of the BBIG settlement to 31 December 2010 (see section 2.4.2). The EM also explains that if the Oakey Power Station is not sold during the sales agency period, then from 1 January 2011 until 31 December 2011, BBIG has certain rights to purchase the Oakey Power Station, subject to existing contractual limitations.

AEJ has agreed with BBIG that the sales agency period can be extended to 31 October 2011. The agreed changes do not extend the expiry date of BBIG's right to acquire the Oakey Power Station nor do they alter any other terms of the BBIG settlement as set out in the EM.

As a result, the Directors do not believe this is a material change and the change is intended merely to allow BBIG to attempt to sell the Oakey Power Station to a third party for the entire period from financial close until 31 October 2011, rather than losing the ability to do so if a third party buyer is not found by 31 December 2010.

Status of conditions precedent

The EM indicated that, in addition to Securityholder approval, there were a number of conditions precedent which needed to be completed in order for the BBIG settlement to be implemented (see section 2.5.1).

AEJ advises that apart from the condition precedent relating to Securityholder approval, it believes these conditions precedent have now been satisfied and has requested confirmation from BBIG that they agree that the conditions have been satisfied.

5. Braemar Power Station Tolling Agreement

AEJ announces that it has entered into a tolling agreement with Queensland Gas Corporation ("**QGC**") (owned by the BG Group) under which QGC will provide gas and pay a fee for utilising the Braemar Power Station. Under the terms of this agreement, QGC will provide up to 60TJ/day of gas and through its receipt of pool revenue will be entitled to an equivalent of c.220MW of output from the plant. QGC will be responsible for any emissions liability associated with their gas.



The agreement will become operational immediately and run through until December 2013, with QGC having a right to extend for up to a further 12 months.

The entry into the tolling agreement is a further step in the earnings stabilisation program which has been underway for some months within AEJ.

6. Change of Subsidiary Company Names

As noted in the EM, a number of AEJ's subsidiary companies had not yet changed their name to reflect the change of name to Alinta Energy (see section 1.4). As the Alinta Finance Syndicated Facility Restructure is now complete, the subsidiary name change process has now begun.

The Alinta Energy brand is now in use across all businesses, and the company has changed its website to www.alintaenergy.com

7 Extraordinary General Meeting

AEJ reminds Securityholders that the EGM regarding the BBIG settlement, amongst other matters, will be held on 22 February 2010, at 10.00am at Customs House in Sydney.

ENDS

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About Alinta Energy Group

Alinta Energy Group (ASX: AEJ) is an integrated energy company, operating power generation businesses as well as providing gas and electricity to commercial, industrial and retail customers across Australia.