



**ASX Release**

9 February 2012

**REDBANK ENERGY MARKET UPDATE**

As previously announced, Redbank Energy Limited (“REL”) (ASX:AEJ) has been conducting investigations into the cause and impact of the outage at the Redbank Power Station in the Hunter Valley, New South Wales. An electrical fault has been identified within the Power Station’s generation unit. An assessment is currently being made as to whether repair or replacement of the relevant parts is necessary in order to restore the unit to service. This process is ongoing and incomplete. Until such time as it is determined whether the appropriate course of action is repair or replacement, it is not possible to determine the duration of the outage and the costs associated with returning the unit to service. Investigations are expected to continue over the next two weeks.

As previously announced to the market, Redbank Project has entered into a Bank Support Agreement with its lenders, whereby the lenders have conditionally agreed not to enforce their rights under the Redbank Project Finance Facility. The Bank Support Agreement contemplates either a sale or refinance of the Redbank Power Station taking place by 31 March 2012, being the date of expiry of the Bank Support Agreement. Redbank Energy is currently in constructive discussions with the Redbank Project lenders, and continues to enjoy their support.

**RESPONSE TO AUSTRALIAN FINANCIAL REVIEW ARTICLE DATED 7 FEBRUARY 2012**

Separately, Redbank Energy wishes to respond to a statement made in an article published by the Australian Financial Review on 7 February 2012 so as to correct any misunderstanding that may have arisen as a result of it. Paragraph 10 of the article stated the following:

“The power station (*Redbank Power Station*) is said to be one of the most polluting in Australia but it was not among the five that applied to participate in the government’s cash-for-closure scheme to accelerate cuts in greenhouse gas emissions”.

It is important to note that Redbank Energy could not make an application for the closure of Redbank Power Station under the Federal Government’s Contract for Closure Program because the power station did not satisfy the necessary criteria. The power station’s carbon intensity was below the eligibility threshold prescribed by the regulations.

**ENDS**

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**Further Information:**

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