



ASX Release

12 August 2011

Resignation of Independent Directors

Redbank Energy Limited (ASX: AEJ) today announces that the three Independent Directors of Redbank Energy - Leonard Gill, Peter Kinsey and Rodney Keller - have tendered their resignations from the Redbank Energy Board and all associated companies with immediate effect.

As announced on Monday, 8 August 2011, Coastal Capital International Ltd ("Coastal"), which holds approximately 17.97% of the company's share capital, has requisitioned an Extraordinary General Meeting to remove the three Independent Directors and to appoint their two nominees to the Board. The EGM would need to have taken place by 4 October 2011.

Following receipt of the requisition by Coastal, Messrs Simon Maher and Richard Butler who control 18.9% of the company's share capital, have advised that they intend to support the appointment of the two Coastal Capital nominees to the Board. The effect of this is that it is virtually certain that the major shareholders controlling approximately 36.9% of the company's share capital will control the Board from the date of their appointment. In these circumstances, the Independent Directors will not in their view be able to exercise any effective decision-making, even if they were to remain on the Board.

As announced on 31 March 2011, the company has entered into a Bank Support Agreement with its project lenders which requires the sale or refinancing of the company's only material asset, the Redbank Power Station.

The Independent Directors believe that their immediate resignation is in the best interests of shareholders for the following reasons:

- The Board is not able to function effectively in considering critical issues given the impending change.
- Removal of the ongoing uncertainty has the potential to be beneficial to the sale of the Redbank Power Station and thus improve the likelihood of a return to shareholders. It also enables the consideration of any pre-emptive offers for the asset or company, if these were to arise.
- It will avoid the unnecessary expense of the EGM, estimated to cost approximately \$50,000.

The Independent Directors have been assured that the change will not impose unnecessary cost on the business and note that the two Coastal Capital nominees, if appointed, have proposed to serve as Directors for a nominal amount of \$100 per annum.

The Independent Directors thank Redbank Energy shareholders for the opportunity to serve the company and wish the company every success in the sale process.

ENDS

Further Information:

John Remedios
Manager Corporate - Redbank
T + 61 2 9372 2600
