



ASX Release

REDBANK ENERGY

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SALE OF REDBANK ENERGY'S 50% INTEREST IN THE OAKEY POWER STATION

Redbank Energy Limited (ASX: AEJ) today announces that its subsidiary Redbank Energy Holdings Pty Ltd ("REH") has entered into a share acquisition agreement with ERM Power Limited ("ERM Power") and Babcock & Brown International Pty Ltd ("BBIPL"), which operates to effect the sale of all of the issued shares in Redbank Oakey Pty Ltd ("Redbank Oakey") to ERM Power. Redbank Oakey owns a 50% equity interest in Oakey Power Holdings Pty Ltd, the company that owns the Oakey Power Station. Financial close of the transaction is expected to take place no later than early July 2011.

In accordance with the terms of the debt compromise arrangement with BBIPL which was approved by securityholders in February 2010, all proceeds from the sale of Oakey will be paid to BBIPL. This payment will fully and finally discharge all of Redbank Energy's outstanding debt to BBIPL.

ENDS

Further Information:

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