



ASX Release

2 January 2013

UPDATE ON REDBANK PROJECT BANK SUPPORT AGREEMENT

Redbank Energy Limited (ASX:AEJ) advises that its wholly owned subsidiary, Redbank Project Pty Ltd, is continuing its discussions with its lending syndicate with the intention of entering into a five month extension of the Bank Support Agreement. The purpose of the five month extension is for the parties to agree a permanent restructure of the current facility.

During the course of the recent discussions regarding the five month extension, an issue has arisen regarding the potential impact of the arbitration award due to be handed down in mid-February 2013 regarding the carbon dispute with Ausgrid / TRUenergy. One lender, Syncora Guarantee Inc., regards this issue as being critically important.

While the most recent extension to the Bank Support Agreement expired on 31 December 2012, for the purposes of resolving this issue the lending syndicate has agreed to provide forbearance until the close of business on Friday, 4 January 2013. This means that the lending syndicate will not exercise any of its rights to recall its loans prior to that time while the discussions continue. If Redbank Project and its lenders are unable to reach an agreement by that time, then the lenders will be entitled to recall their loans and take whatever action they see fit in accordance with their rights under the finance documents. This will require the directors of Redbank Project Pty Ltd to respond accordingly in light of their duties and obligations as directors. In these circumstances, a potential consequence will be the destruction of value in Redbank Project Pty Ltd's business.

ENDS

Further Information:

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