

Energy Developments Limited (ASX: ENE)

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For Immediate Release

ASX Release

MARKET UPDATE

Renewable Energy Target

Energy Developments Limited (ASX: **ENE** or the "**Company**") welcomes the passing of the Renewable Energy (Electricity) Amendment Bill 2009 (the "**Bill**") by the Senate on 20 August 2009, subject to Royal Assent.

The Bill provides transitional assistance for the Waste Coal Mine Gas ("**WCMG**") sector through the inclusion of certain eligible WCMG projects in the Renewable Energy Target ("**RET**"). Passage of the Bill honours the Federal Government's election commitment to expand the RET to 20% by 2020 and is expected to provide valuable support to the growing clean energy industry in Australia.

The environmental benefits of using WCMG to generate electricity are recognised internationally, including under the Kyoto Protocol. Power generation from WCMG results in the abatement of methane, a potent greenhouse gas, and displaces generation from fossil fuels. The Australian WCMG sector (approximately 215MW) currently abates up to 6.5 million tonnes CO₂-e per annum, and displaces the need for coal fired power generation up to an additional 1.6 million tonnes CO₂-e per annum.

The Company has been involved in extensive discussions with the Federal Government, the Coalition, minor parties and Independents as well as State Governments, and extends its appreciation to all parties for their recognition of the environmental benefits of carbon abatement delivered by the WCMG sector.

This is a positive step towards protecting the significant greenhouse gas abatement currently being delivered by the WCMG generation sector. This amendment also removes a substantial degree of market uncertainty about the potential adverse impact of the draft Carbon Pollution Reduction Scheme ("**CPRS**") legislation on existing carbon abatement companies such as ENE.

ENE understands that, subject to the impending regulations under the RET, the Company will be eligible to create Renewable Energy Certificates ("**RECs**") at its 32MW German Creek and 45MW Moranbah North WCMG power projects from 1 July 2011, as part of an 850GWh per annum cap to 2020.

The RET legislation entitles eligible power generators to create 1 REC per MWh. Subject to the regulations under the RET, gas supply and other operating assumptions, ENE's German Creek and Moranbah North projects are expected to generate in excess of 500,000 MWh combined in the first full year of coverage under the RET being the year ending 30 June 2012.

ENE acknowledges the Amendment Bill will provide transitional assistance to the existing WCMG sector following the introduction of the CPRS legislation and the cessation of the NSW Greenhouse Gas Abatement Scheme – currently scheduled from 1 July 2011.

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However, ENE notes that the RET currently provides no incentive for industry to invest in expanding existing WCMG projects or in new 'greenfield' sites. This places Australia at odds with regulatory precedents in Europe and current proposals in the United States, which provide for both recognition of existing WCMG generation and incentives for industry to expand.

ENE will continue to work constructively with both Federal and State Governments and other political parties to develop the full potential of the WCMG generation sector and deliver more clean energy and greater abatement of greenhouse gases for Australia. The Company will continue to address other aspects of the proposed CPRS legislation that may adversely affect the Company's business.

Archer Capital Proposal

In June, 2009, ENE received a non-binding, incomplete and conditional proposal to acquire 100% of ENE from the private equity firm Archer Capital ("**Archer**") at an indicative price range of \$2.40 to \$2.80 per share.

In July, 2009 following discussions with the Company, Archer revised its indicative price to \$2.80 per share. After consultation with ENE's major shareholders, the Company agreed to invite Archer and other interested parties into the first phase of due diligence.

The Company has now ceased discussions with Archer. In reaching this decision, consideration was given to a range of matters, including the potential financial upside to ENE following the positive RET developments this week, and the nature of the unresolved conditionality inherent in Archer's proposal.

The Company also advises that it is in ongoing discussions with another party in relation to a potential transaction for 100% of ENE. However, there is no assurance that these discussions will result in an offer that is capable of being put to shareholders for consideration.

Potential UK/France Landfill Gas Power Generation Divestment

The Company continues to advance discussions with an international infrastructure investor in relation to the potential divestment of ENE's UK and French landfill gas power generation assets. There can be no assurances the Company will reach agreement on terms acceptable to the Board.

Australian Syndicated Debt Facility

As outlined in earlier ASX announcements, the Company's \$300 million Australian Syndicated Facility ("**ASF**") includes provisions for a pre-agreed facility review event following the enactment of an Emissions Trading scheme including all regulations (ie CPRS). The RET legislative amendment does not trigger the "review event" under the terms of the ASF.

The final impact of the debt review event can only be determined at the time of enactment of the CPRS legislation and all regulations, the timing of which is uncertain at this stage. The positive impact of the RET amendment on the Company and the ASF facility will be taken into account in this determination.

The Company does not have any material debt refinancing requirements before June 2013.

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For additional information contact:

Greg Pritchard, Managing Director on +61 7 3275 5650

John Frey, Cosway Australia on +61 411 361 361

ABOUT ENE

ENE is an international provider of renewable energy and low greenhouse gas emission energy. The Company currently owns and operates a diversified international portfolio of power stations in Australia, the United States, Europe and the United Kingdom with a total capacity of approximately 600 MW from a range of fuel sources including landfill gas, coal mine methane, natural gas and liquefied natural gas.

In the year ended 30 June 2009, in its worldwide operations, the Company produced approximately 2,800 GWh of clean energy, and captured and utilised greenhouse gases estimated at 9.7 million tonnes of carbon dioxide equivalent, akin to removing 2.8 million cars from the road. In Australia, the Company captured and utilised waste methane to produce approximately 2,000 GWh of clean energy, and abated over 6.2 million tonnes of carbon dioxide equivalent, comparable to removing approximately 1.6 million cars from the roads.

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