QUEENSLAND FLOOD IMPACT - UPDATE

On 11 January 2011 ERM Power (EPW), together with all other tenants in the Riverside Centre (123 Eagle Street, Brisbane) vacated the building, due to the impending Brisbane River floods. However, because of the existence of extensive back-up systems and contingency plans, ERM Power has been able to continue to operate largely on a "business as usual" basis, working from a variety of locations within Brisbane, and elsewhere around the country.

The floods have had no impact on profits derived from ERM's generation asset holdings. Further, ERM has continued to provide uninterrupted operations and trading services to all three operating power stations (Braemar 2, near Dalby, on the Darling Downs; as well as Kwinana and Neerabup, in Western Australia).

ERM Power's electricity sales business has also maintained its service to all existing customers, and has been able to ensure operational integrity, through IT systems located at sites other than Riverside. Further, ERM has continued to price and secure new customers.

"By having planned for any eventuality that may otherwise disrupt our business activities, ERM Power has been able to ensure continued uninterrupted service to our customer base across Australia," Mr Philip St Baker (ERM Power's Managing Director) said.

"Although the comprehensive half-yearly results and guidance towards full year forecast will be announced in late February, contracted volumes have been affected by the floods, and best estimates of the impact on EBITDAF for the month of January is expected to be in the order of $350,000 to $650,000," Mr St Baker said. "Our customers are progressively returning to full volumes, and ERM Power is working with them to ensure a seamless transition to normal operations."

Mr St Baker expressed his sympathy, on behalf of all ERM Power personnel, to all communities and people affected by the flooding across the nation.

ERM Power will reopen its Brisbane office at the Riverside Centre this morning.

For further information
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About ERM Power
ERM Power (ASX: EPW) is an integrated energy company operating in major gas and electricity markets across Australia with business activities spanning gas procurement and exploration, gas fired power generation development and operation and electricity sales exclusively to the large customer market.

www.ermpower.com.au