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ASX & Media release

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CBD to raise up to \$27.5m for acquisition, projects

Diversified renewable energy company, CBD Energy Limited (ASX: CBD) is to raise between \$18.0m and \$27.5m in new capital to fund the strategic acquisition of eco-Kinetics Pty Ltd and its current project pipeline.

The capital raising will be by way of placement and share purchase plan (SPP).

CBD's acquisition of eco-Kinetics Pty Ltd broadens its business base and significantly adds to revenue, earnings and the geographic spread of the business. eco-Kinetics Pty Ltd forecasts to achieve revenue of \$40.0m for the year ending 30 June 2010 with the recent \$20.0m contract (estimated) in Shepparton to contribute to revenue in 2010 and 2011.

The acquisition of eco-Kinetics Pty Ltd also represents a significant step in CBD implementing its business model of being a diversified renewable energy company, covering projects in solar, wind and energy storage.

The placement will be made to institutional and sophisticated investors, while the SPP will be offered to existing eligible shareholders. Both the placement and the SPP will be undertaken at a price of \$0.13, representing a discount of approximately:

- 21.2% to the closing price on Friday 11 December 2009, being the last day of trading before the announcement of the capital raise; and
- 19.2% to the 5 day volume weighted average price up to and including the last day of trading on Friday 11 December 2009.

Funds raised through the placement and the SPP will further strengthen CBD's balance sheet and allow it to pursue its growth initiatives. Specifically, the capital raising is required in order to:

- facilitate the purchase of and meet working capital requirements of eco-Kinetics Pty Ltd;
 - the acquisition of eco-Kinetics Pty Ltd marks the end of CBD's restructuring phase and positions it as a company with revenue and earnings which will support a growing list of renewable energy projects in Australia, China and New Zealand; and
- fund development at King Island, Chatham Island, Adjungbilly and Shannon's Flat.

The funds raised will also deliver to CBD the flexibility to take advantage of new business opportunities as they arise.

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Managing Director of CBD, Gerry McGowan said the capital raising allowed CBD to complete the acquisition of eco-Kinetics as well as continue new projects in Australia, China and New Zealand.

"In launching this capital raising it has been gratifying to receive strong support from existing and new shareholders who share our confidence in the growth of the renewable energy sector, including cornerstone investors Washington H. Soul Pattinson and Hunter Hall," Mr McGowan said.

"The Company is hoping the expanded shareholder base combined with CBD's move to profitability and significant project pipeline, will see the true reflection of the Company's worth reflected in our share price..

"The level of interest from the government and the general public in supporting the use of renewable energy also creates a favourable business environment for CBD in Australia and internationally," Mr McGowan added.

A feature of CBD's business growth has been the way it has developed partnerships with groups which have contributed to current business momentum. Among these partnerships and initiatives are:

- a joint venture with Hydro Tasmania, Australia's largest renewable energy business, to make King Island in Bass Strait mostly reliant on renewable energy, with this project attracting a recent government grant of \$15.3 million
- a relationship with large Chinese utility, the Tianwei Group, which is to utilise CBD's energy storage technology on a \$US500 million solar farm in China, assist with the technology's further development and supply and fund wind turbines for the Adjungbilly (NSW) 50 MW wind farm
- a solar technology distribution partnership with German solar energy group, SOLON, which is also a major shareholder in CBD
- the expanded customer relationship with Planet Power, a retail renewable energy business, which buys CBD solar equipment, with CBD currently buying 20 per cent of Planet Power, with an option to increase this to 51 per cent, as Planet Power increases its store numbers Australia-wide
- an emerging relationship with GE Energy with which CBD has a non-binding agreement for development of the 70 MW wind farm at Shannons Flat, near Cooma (NSW)

CBD's placement is subject to shareholder approval at an extraordinary general meeting to be held on Wednesday 20 January 2010. The SPP is open to eligible CBD shareholders on the register at 5.00pm AEDST on 15 December 2009 with addresses in Australia and New Zealand.

Pitt Capital Partners acted as Lead Manager to the share placement and the SPP.

CCZ Statton Equities acted as Lead Broker to the issue.

FOR FURTHER INFORMATION:

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