

18 December 2009



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## Extraordinary General Meeting of Shareholders

### Introduction

An Extraordinary General Meeting (EGM) of Shareholders will be held on Wednesday 20 January 2010 at 9.00am AEDST at the offices of CBD Energy Limited (CBD), Suite 2, Level 2, 53 Cross Street, Double Bay, New South Wales.

Accompanying this letter is a Notice of EGM and Explanatory Memorandum including an Investor Presentation as Annexure 1.

### Purpose of the EGM

The principal purpose of the EGM is to seek shareholder approval for the issuance of new shares under the share placements announced on 17 December 2009. Further information in relation to the resolutions for shareholder approval is contained in the Notice of EGM and Explanatory Memorandum.

### Overview of the capital raising

On 17 December 2009 CBD announced a capital raising to raise between \$18.0m and \$27.5m consisting of:

- an initial share placement to institutional investors;
- a further share placement to institutional and sophisticated investors, which is subject to shareholder approval in accordance with Listing Rule 7.1 (Conditional Placement); and
- a share purchase plan for existing shareholders (SPP).

The Conditional Placement and the SPP are conditional upon the Company raising a minimum of \$18.0m under the announced capital raising initiatives. In the event that the Company receives subscriptions amounting to less than \$18.0m under the three components, the Conditional Placement and the SPP will not proceed.

Funds raised through the share placements and the SPP will further strengthen CBD's balance sheet and allow it to pursue its growth initiatives. In particular, funds raised will be used to:

- facilitate CBD's purchase of, and meet the 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;
- fund project development at King Island, Chatham Island, Adjungbilly and Shannon's Flat; and
- meet working capital requirements.

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

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The Directors of CBD recommend that you vote in favour of each of the resolutions to be considered by shareholders at the EGM. Approval of these resolutions will facilitate the successful completion of the proposed acquisition of eco-Kinetics Pty Ltd, the continued development of CBD's growing list of renewable energy projects and ensure that CBD retains maximum flexibility in relation to its capital raising activities.

If you are unable to attend the meeting, I encourage you to participate by completing and returning the enclosed proxy form.

On behalf of the board of CBD, I look forward to seeing you at the EGM.

Yours sincerely



**Honourable Mark Vaile**

Chairman

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