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MARKET UPDATE

CBD Energy advises the following recent developments:

Joint Venture with Hydro Tasmania

Further to the announcement on 8 September 2008 that the solar energy component of the King Island project has been completed and installed, CBD Energy is pleased to announce that it has executed a new Shareholders' Agreement with its joint venture partner Hydro Electric Corporation (*Hydro Tasmania*), Australia's largest renewable energy company.

Having now restructured their joint venture relationship, CBD Energy and Hydro Tasmania can focus on implementing the remaining components of the King Island project. The joint venture with Hydro Tasmania aims to progress four projects as part of its activity on King Island: the solar project (completed and installed), energy storage component, energy management / control system component and the wind farm expansion project.

Under the Power Purchase Agreement in place for the Solar Project, KI Solar Pty Ltd (a wholly owned subsidiary of CBD) has agreed to supply, and Hydro Tasmania has agreed to purchase, the electrical energy generated by the King Island Solar Project for a period of 20 years.

Chatham Island

CBD Energy is finalising contractual negotiations with the Chatham Island Electricity Ltd (*CIEL*). Under this contract CBD Energy will install two Vergnet 275 kW GEV-MP wind turbines on Chatham Island in addition to a control system developed by CBD Energy that will enable a much higher wind penetration to the grid. The Island is 800 kilometres east of Bank Peninsula N.Z. It has an area of around 92,000 hectares and is home to approximately 600 inhabitants.

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The Island's electricity network has approximately 75 kilometres of 11kV and low voltage reticulation, supplying 260 residential and commercial customers. Generation is supplied from a central diesel power station with a total of 1.1 MW installed capacity from 5 units.

Increases in the cost of diesel have driven electricity prices to a point where it is having a major impact on island economics and growth potential. This project will complement the existing diesel generation with wind generation as a more sustainable alternative, and minimise the cost of future electricity to the customers.

Chatham Island is a remote location requiring a reliable, robust and affordable electricity supply system, based on technologies that can be supported in that environment. The solution envisaged will be best practice for such a remote community, while building on the existing platform and within the financial capability of the community.

This project will cost around \$3,000,000 and is due for completion in the first quarter 2010. CIEL will commit to a 20 year power purchase agreement in support of this project. CBD is well advanced with three parties regarding this projects debt and equity funding and expects to complete these negotiations before the end of May.

For and on behalf of CBD Energy Limited



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