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8 January 2013

## **ASX RELEASE**

### **ISSUE OF CONVERTIBLE NOTES AT \$0.053, EXPIRY OF OPTIONS AND REPAYMENT OF \$10.8M DEBT FACILITY COMPLETED**

Diversified renewable energy company, CBD Energy Limited (ASX: CBD) announces that it has entered into an agreement with existing unsecured convertible note holders to re-issue US\$2,400,000 of convertible notes, plus accrued interest, previously due to mature on 30 December 2012 into unsecured convertible notes with a term of 36 months and a conversion price of AU\$0.053. An additional US\$100,000 of new convertible notes have also been issued to existing note holders on these terms. The total face value of the re-issued notes is US\$2,745,200.

The conversion price reflects a premium of more than 150% to CBDs current share price of around \$0.02.

Interest is payable on the notes at the rate of 9.75% per annum. The Convertible Notes have 12,949,057 attaching warrants with an exercise price of AU\$0.053 and a term of 60 months.

These notes and warrants have been issued under the shareholder approval given at the Company's EGM held on 26 September 2012.

This re-issue is a further step in CBDs program of reducing the level of current liabilities on its balance sheet and follows on from the recent repayment of a \$10.8m short term construction loan on completion of the sale of the 5MW Italian Solar project.

CBD Managing Director, Gerry McGowan, said 'We see the re-issue of these convertible notes to a US based party who is a significant investor in both CBD and Westinghouse Solar as a vote of confidence in our impending move to the NASDAQ exchange. The premium to the current share price at which the notes have been issued indicates a belief that we will see a re-rating of the stock in the future.'

Separately, the Company advises that 575,000 of options with an exercise price of AU\$0.20 expired on 30 December 2012.

An Appendix 3B reflecting these changes is attached.

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003, 24/10/2005.

Name of entity

**CBD Energy Limited**

ABN

**88 010 966 793**

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | <ul style="list-style-type: none"><li>• Convertible notes – unsecured</li><li>• Warrants</li></ul>   |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | <p>Convertible notes with a total face value of US\$2,745,200 – re-issued on amended terms following maturity of existing convertible notes. Maximum ordinary shares issuable on conversion are 51,796,226.</p> <p>12,949,057 warrants with an exercise price of AU\$0.053 – maximum ordinary shares issuable on exercise are 12,949,057.</p>  |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | <p>The Convertible Notes are unsecured and have a conversion price of AU\$0.053. Holders of the notes are entitled to convert notes into ordinary shares of CBD Energy at any time up to the Maturity Date of 30 December 2015. Interest payable on notes is 9.75% per annum. The notes have been issued under the shareholder approval obtained at the Company's EGM on 26 September 2012.</p> <p>Warrants have an exercise price of AU\$0.053 and expire on 30 December 2017. The warrants have been issued under the shareholder approval obtained at the Company's EGM on 26 September 2012.</p> |

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+ See chapter 19 for defined terms.

<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>No – there is no existing class of quoted Convertible Notes or Warrants.</p> <p>Upon conversion the Notes and Warrants will convert into ordinary shares and will rank equally with all other ordinary shares on issue.</p>				
<p>5 Issue price or consideration</p>	<p>Total face value of convertible notes issued US\$2,745,200.</p>				
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>The notes and warrants have been issued to replace exiting convertible notes which had an expiry date of 30 December 2012.</p>				
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>	<p>7 January 2013</p>				
<p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (including the securities in clause 2 if applicable)</p>	<table border="1" style="width: 100%; border-collapse: collapse;"> <thead> <tr> <th style="text-align: left; padding: 2px;">Number</th> <th style="text-align: left; padding: 2px;"><sup>+</sup>Class</th> </tr> </thead> <tbody> <tr> <td style="padding: 2px;">472,504,060</td> <td style="padding: 2px;">Fully paid ordinary shares</td> </tr> </tbody> </table>	Number	<sup>+</sup> Class	472,504,060	Fully paid ordinary shares
Number	<sup>+</sup> Class				
472,504,060	Fully paid ordinary shares				

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

	Number	+Class
9 Number and +class of all +securities not quoted on ASX (including the securities in clause 2 if applicable)	<b>Options &amp; Warrants</b>	
	9,200,000	Unlisted options (expire 27/11/2013 each exercisable at \$0.20)
	12,000,000	Unlisted options (expire 19/12/2013 each exercisable at \$0.20)
	350,000	Unlisted options (expire 31/12/2014 each exercisable at \$0.25)
	20,000,000	Unlisted options (expire 28/05/2015 each exercisable at \$0.053)
	30,016,604	Unlisted warrants – exercisable at AU\$0.053 – expiry 30 May 2017
	4,717,009	Unlisted warrants – exercisable at AU\$0.053 – expiry 12 December 2017
	12,949,057	Unlisted warrants – exercisable at AU\$0.053 – expiry 30 December 2017
	<b>Convertible Notes (maximum issuable on conversion)</b>	
	120,066,417	Convertible notes (maturity 30 May 2015, conversion price AU\$0.053)
4,716,981	Convertible notes (maturity 12 December 2015, conversion price AU\$0.053)	
51,796,226	Convertible notes (maturity 30 December 2015, conversion price AU\$0.053)	

+ See chapter 19 for defined terms.

10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)

## Part 2 - Bonus issue or pro rata issue

11 Is security holder approval required?

12 Is the issue renounceable or non-renounceable?

13 Ratio in which the <sup>+</sup>securities will be offered

14 <sup>+</sup>Class of <sup>+</sup>securities to which the offer relates

15 <sup>+</sup>Record date to determine entitlements

16 Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?

17 Policy for deciding entitlements in relation to fractions

18 Names of countries in which the entity has <sup>+</sup>security holders who will not be sent new issue documents  
Note: Security holders must be told how their entitlements are to be dealt with.  
Cross reference: rule 7.7.

19 Closing date for receipt of acceptances or renunciations

20 Names of any underwriters

21 Amount of any underwriting fee or commission

22 Names of any brokers to the issue

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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- 23 Fee or commission payable to the broker to the issue
- 24 Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders
- 25 If the issue is contingent on +security holders' approval, the date of the meeting
- 26 Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled
- 27 If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders
- 28 Date rights trading will begin (if applicable)
- 29 Date rights trading will end (if applicable)
- 30 How do +security holders sell their entitlements *in full* through a broker?
- 31 How do +security holders sell *part* of their entitlements through a broker and accept for the balance?
- 32 How do +security holders dispose of their entitlements (except by sale through a broker)?
- 33 +Despatch date

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+ See chapter 19 for defined terms.

### Part 3 - Quotation of securities

You need only complete this section if you are applying for quotation of securities

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

##### Additional securities forming a new class of securities

Tick to indicate you are providing the information or documents

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

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+ See chapter 19 for defined terms.

**Appendix 3B**  
**New issue announcement**

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40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

42 Number and +class of all +securities quoted on ASX (including the securities in clause 38)

Number	+Class

**Quotation agreement**

1 +Quotation of our additional +securities is in ASX’s absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and

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+ See chapter 19 for defined terms.



that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.

- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.



Sign here: ..... **Date: 8 January 2013**  
**Company Secretary**

Print name: **Richard Pillinger**

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+ See chapter 19 for defined terms.