

CASE STUDY

BLUE ENERGY

In 2007, CVC took a 19.9% cornerstone investment in Blue Energy Limited, an emerging conventional gas and coal seam methane gas explorer and developer in the Eastern Australian Gas Market. The investment was part of an equity funding package of \$34.7 million. CVC acted as Lead Manager of the \$30 million equity placement and participated directly with an investment of \$21.5 million.

CVC had been excited about the Eastern Australian Gas market for some time. We had taken a long term view of the supply and demand dynamics of the energy market and believed that coal seam methane would play an increasingly important role in meeting Australia's energy needs, in a more environmentally friendly way, for the future. We believed that Blue Energy had an excellent portfolio of these assets and the potential to be a key player in this market with appropriate support.

This landmark relationship provided Blue Energy with the financial resources to vigorously develop its gas projects in the Bowen, Surat and Cooper Basins in North Eastern Australia, as well as other opportunities.

The transaction significantly strengthened Blue Energy's financial position and allowed it to meet its development obligations and fast track the further appraisal and development of its Queensland coal seam methane gas portfolio.

Blue Energy also benefitted from the new relationship with CVC in several significant ways. CVC extended to Blue Energy access to in-house management and technical expertise in building early stage and fast emerging energy companies. We provided personnel, infrastructure and resources to assist Blue Energy in driving its strategic development forward. Board representation allowed CVC to work closely with management in the initial phase to expedite the development of Blue Energy's plans.

In 2008, CVC sold its entire shareholding for just under \$35 million, representing a 35.59% premium to the closing share price at the time, garnering CVC a profit of \$12 million.



CVC Limited ABN 34 002 700 361

Level 6, Gold Fields House
1 Alfred Street, T +612 9087 8000
Sydney NSW 2000 F +612 9087 8088
W www.cvc.com.au E lmacklin@cvc.com.au

CVC Limited is advised by CVC Managers Pty Ltd
ABN 12 108 360 372 AFSL 277740

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