



11 November 2009

Companies Announcement Office
NSX Limited

Dear Sir/Madam

SODA Brands Limited ACN 91 081 149 635 ("Company") – Notice of Issue of Shares

Background

The Company intends to make a partially underwritten non-renounceable pro-rata rights issue (**Rights Issue**) under which each shareholder of the Company (**Shareholder**) will be entitled to subscribe for 5.2 new shares (each an **Offer Share**) for every one 1 share in the Company (each a "**Share**") held by that Shareholder as at the relevant record date, at an issue price of \$0.02 per Offer Share. Under the Rights Issue, up to 242,976,282 Offer Shares may be issued, raising up to a maximum amount of \$4,859,526 for the Company (before costs and expenses associated with the Rights Issue).

The Company has entered into an Underwriting and Commitment Agreement with Soul Private Equity Limited ACN 111 196 420 ("**SPEL**") and Maximize Equity Pty Limited ACN 128 906 687 ("**Maximize**") pursuant to which each of the Company, SPEL and Maximize have each agreed that, subject to obtaining the prior and requisite consent of Shareholders, in accordance with the requirements of the Compliance Rules:

- (i) SPEL will subscribe for 89,960,950 Offer Shares under the Offer;
- (ii) Maximize will subscribe for 59,119,112 Offer Shares under the Offer; and
- (iii) Maximize will be:
 - (a) obliged to underwrite and subscribe for 30,682,862 Offer Shares that have not been subscribed for by Shareholders who failed to exercise their respective entitlements under the Offer (**Minimum Shortfall Offer Shares**); and
 - (b) entitled but not obliged to subscribe for up to an additional 11,990,649 Offer Shares that have not been subscribed for by Shareholders who failed to exercise their respective entitlements under the Offer (**Voluntary Shortfall Offer Shares**).

SODA BRANDS LTD ABN 91 081 149 635
(P) +61 2 8823 9200 (F) +61 2 9938 4508
PO Box 86 Brookvale NSW 2100
Suite 3 Building 1, 106 Old Pittwater Road Brookvale NSW 2100
www.sodabrands.com.au

SPEL is currently the registered holder of 23,200,733 Shares, representing 49.65% of the total number of Shares.

Maximize is currently the registered holder of 11,369,060 Shares, representing 24.33% of the total number of Shares.

The Rights Issue will be made without disclosure, pursuant to section 708AA of the Corporations Act 2001 (Cth) ("Act") and this notice is given for the purposes of that section. This notice is also given for the purposes of section 708A of the Act (as amended by ASIC Class Order [CO 08/35]) which permits a person to offer the Offer Shares for sale without disclosure, subject to and in accordance with the other provisions of the Act.

Notice under Section 708AA(7)

- (a) The Company will offer the Offer Shares for issue without disclosure to investors under Part 6D.2 of the Act.
- (b) This notice is being given under section 708AA(2)(f) of the Act.
- (c) As at the date of this notice, the Company has complied with:
 - (i) the provisions of Chapter 2M of the Act as they apply to the Company; and
 - (ii) section 674 of the Act;
- (d) There is no excluded information (as defined by sections 708(8) and 708(9) of the Act) as at the date of this notice.
- (e) Details of the potential effect the issue of the Offer Shares will have on the control of the Company are as follows:

Potential Scenario 1

Assuming that in the course of the Rights Issue:

- (A) SPEL subscribes for 89,960,950 Offer Shares;
- (B) Maximize subscribes for 89,801,974 Offer Shares only; and
- (C) no other Shareholder subscribes for any Offer Shares and no Offer Shares are otherwise issued to any person,

then immediately after completion of the Rights Issue:

- (D) there will be a total of 226,489,132 Shares on issue;
- (E) SPEL will hold 113,161,683 Shares, representing a voting power of 49.96%%;
- (F) Maximize will hold 101,171,034 Shares, representing a voting power of 44.67%; and

SODA BRANDS LTD ABN 91 081 149 635
(P) +61 2 8823 9200 (F) +61 2 9938 4508
PO Box 86 Brookvale NSW 2100
Suite 3 Building 1, 106 Old Pittwater Road Brookvale NSW 2100
www.sodabrands.com.au

- (G) all other shareholders of the Company will have their aggregate shareholding of 12,156,415 Shares, representing to an aggregate voting power of 5.37%.

Potential Scenario 2

Assuming that:

- (A) all the circumstances in Paragraphs A, B and C Potential Scenario 1 equally apply; and
- (B) Maximize subscribes for all of the Voluntary Shortfall Offer Shares, then immediately after completion of the Rights Issue:
- (C) there will be a total of 238,479,781 Shares on issue;
- (D) SPEL will hold 113,161,683 Shares, representing a voting power of 47.45%%;
- (E) Maximize will hold 113,161,683 Shares, representing a voting power of 47.45%; and
- (F) all other shareholders of the Company will have their aggregate shareholding of 12,156,415 Shares, representing to an aggregate voting power of 5.09%.

Assuming that all the circumstances in Paragraphs A and B of Potential Scenario 1 equally apply, then to the extent that any Shareholders other than SPEL and Maximize exercise any of their respective entitlements under the Rights Issue and thereby acquire additional Offer Shares, the consequences will be:

- (a) SPEL will continue to be the holder of 113,161,683 Shares but the percentage voting rights that those Shares represent will be reduced;
- (b) Maximize will continue to be the holder of 101,171,034 Shares but the percentage voting rights that those Shares represent will be reduced – although Maximize's shareholding and related level of voting rights could be increased to the extent that it elects to subscribe for any of the Voluntary Shortfall Offer Shares; and
- (c) all those other shareholders who exercise any of their respective entitlements under the Rights Issue and thereby acquire additional Offer Shares, will thereby increase the relative voting power that attaches to their respective shareholding, vis a vis all other shareholders.

The most likely consequence of both Potential Scenario 1 and Potential Scenario 2 above will be that, after the Rights Issue, SPEL's current voting power will have essentially been maintained but, Maximize's voting power will have been significantly increased. In particular:

- (a) SPEL and Maximize will, as a practical matter, control the Company and have the ability to determine or affect the outcome of resolutions at general meetings of the Company (if they are not excluded from voting) and will have a greater entitlement to dividends paid by the Company (if any are so declared and paid in the future);

SODA BRANDS LTD ABN 91 081 149 635

(P) +61 2 8823 9200 (F) +61 2 9938 4508

PO Box 86 Brookvale NSW 2100

Suite 3 Building 1, 106 Old Pittwater Road Brookvale NSW 2100

www.sodabrands.com.au

- (b) Maximize will have the ability to determine or affect the outcome of special resolutions at general meetings of the Company (if it is not excluded from voting) and will have a greater entitlement to dividends paid by the Company (if any are so declared and paid in the future); and
- (c) all shareholders in the Company other than SPEL and Maximize will have a only a relatively modest and reactive minority position in the affairs of the Company.

Given the potential change in the voting power of SPEL and Maximize that is likely to arise out of the Rights Issue, all other Shareholders will have their voting power significantly reduced.

Yours faithfully

A handwritten signature in black ink, appearing to be 'A11' followed by a horizontal line and a dot.

SODA Brands Limited