

WASABI ENERGY LIMITED

ACN 000 090 997

OFFER DOCUMENT

for

a non-renounceable Rights Issue of new fully paid Ordinary Shares to Eligible Shareholders at a price of 1.7 cents per Ordinary Share on the basis of 1 new Ordinary Share for every 10 Ordinary Shares held.

THE OFFER CLOSSES AT 5.00 pm MELBOURNE TIME ON

26 July 2012

IMPORTANT NOTICE

This document is important and should be read in its entirety. If, after reading this Offer Document, you have any questions about the Offer, then you should consult your stockbroker, accountant or other financial adviser without delay. This Offer is underwritten by two directors to a maximum of \$2.6 million less the amount taken up under their Entitlements. The Underwriting Agreement contains terms and conditions which may affect the obligations of the Underwriters, the details of which are set out in Section 6 of this Offer Document. Certain capitalised terms and abbreviations used in this document have defined meanings which are set out in the Glossary.

The Ordinary Shares offered by this Offer Document are a speculative investment.

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Wasabi Energy Limited

Corporate Directory

Directors:

John Byrne

(Chairman)

Stephen Morris

Malcolm Jacques

Robert Vallender

Robert Reynolds

Secretary:

Alwyn Davey

Registered and Principal Office:

Level 9, 175 Collins Street

Melbourne, Vic, 3000

Tel: (03) 9663 7132

Fax: (03) 9650 0066

Share Registry:

Computershare Investor Services Pty Limited

GPO Box 505, Melbourne Victoria 3001

Tel: 1300 787 272

UK Depositary

Computershare Company Nominees Limited

The Pavilions, Bridgwater Road, Bristol BS99 6ZZ

Stock Exchange Listing:

Australian Securities Exchange (ASX)

Code: WAS

OTCQX

Code: WSBL Y

AIM Market of London Stock Exchange (AIM)

Code: WAS

For more information regarding this Offer please contact:

Alwyn Davey, Company Secretary on (03) 9663 7132

Timetable

Date of publication of this document	28 June 2012
Offer Document and Appendix 3B lodged with ASX	28 June 2012
Dispatch of notices to Option holders advising of the Offer	28 June 2012
Dispatch of notices to Shareholders containing information required by Appendix 3B	29 June 2012
Ex Date	2 July 2012
Record date for determining entitlements under Rights Issue	7pm (Melbourne time) 6 July 2012
Offer Document and Entitlement and Acceptance Form sent to Eligible Shareholders	10 July 2012
Closing date for receipt of acceptances and payment	5pm (Melbourne time) 26 July 2012
Shares quoted on ASX on deferred settlement basis	27 July 2012
Shortfall notification date	30 July 2012
Issue of Offer Shares	1 August 2012
Issue of Depositary Interests in respect of the Offer Shares issued to UK Eligible Shareholders pursuant to the Offer and to be capable of being traded in CREST no later than	2 August 2012
Dispatch of Statements and Holdings, Deferred settlement trading ends	2 August 2012
AIM Admission of the Offer Shares issued pursuant to the Offer and commencement of dealings on AIM	2 August 2012
Closing date by which the Shortfall Shares, remaining after the underwriting has completed may be placed by the Directors	26 October 2012

The Company reserves the right to extend the Closing Date, in which case subsequent dates will alter accordingly. The ASX Listing Rules require at least 6 Business Days notice to be given of any extension to the Closing Date.

1 LETTER TO SHAREHOLDERS

Dear Shareholder

The Directors are pleased to issue this Offer Document in respect of a partially underwritten non-renounceable rights issue to raise gross proceeds of up to \$4.7 million. This Offer Document contains details of the Offer. You should read this Offer Document carefully.

Key terms of the Offer

- a 1 for 10 non-renounceable rights issue to raise up to approximately \$4.7 million (gross)
- shareholders with a registered address in Australia, New Zealand, Switzerland or the UK may participate
- the Offer price is 1.7cents per new Offer Share
- The Offer is underwritten by John Byrne (Chairman) and Robert Vallender (director) to the extent of \$2,600,000 less the amount taken up under their Entitlements
- UK Shareholders are able to apply for their entitlement in British Pounds. For them, the price per Offer Share is 1.1 pence using the exchange rate of \$1:£0.647
- the Offer record date is 6 July 2012 and the Offer closes at 5:00pm (Melbourne time) on 26 July 2012.
- the deadline for applications from holders of Depository Interests in the UK is 5pm (London time) on 26 July 2012

Use of proceeds

As discussed above, the Offer will raise up to \$4.7 million (gross). The Company will use these funds, alongside the \$4.7 million (net) which was raised in the recent Placing by the Company (details of which are set out below), (i) to complete the purchase by Imparator of the option to acquire a 50% interest in the Tuzla geothermal project in Turkey (details of which are set out in the Company's ASX announcements on 4 April 2012 and 23 May 2012), (ii) to make the final payment in relation to the purchase of its 25% stake in AAP Carbon Holdings, (iii) to pre-pay an outstanding Director's loan and (iv) to increase working capital for use in its emerging independent power operations, including the ongoing refurbishment of its 100% owned power plant in Husavick, Iceland. The Company also intends to provide ongoing support to Aqua Guardian Group, its water business, as it develops its overseas markets alongside the growing number of deployments in Australia.

The Company has an outstanding Director's loan of \$2.5 million which is repayable before June 2013 (the "**Director's Loan**"). If only the underwritten element of the Rights Issue is taken up, only \$1.5 million of the outstanding Director's Loan will be repaid and approximately \$1 million will remain outstanding. The Director's Loan is an unsecured one year loan and carries a 10 percent annual interest which is capitalised and payable at the end of the 12 months. This loan has been utilised for the initial payments for the purchase of the option over the Tuzla Geothermal Project, for the initial payments for the purchase of shares in AAP Carbon Holdings and for working capital in Aqua Guardian Group Limited ("**AGG**") and the Company.

Placing to UK Institutional Investors

On 27 June 2012 the Company announced that it had raised £3,300,000 (\$5,100,000) (gross) by way of a placing of 300,000,000 Ordinary Shares to UK institutional investors. Each Placing Share was issued at a price of 1.1p (1.7 cents) per share, the same price as each Offer Share is being offered.

Commercial update

Wasabi Energy continues to work on a number of projects with major industry participants around the world. Our engineering team currently has 18 active projects globally.

Furthermore, our Kalina Cycle[®] licensees have been very active and a number of engineering studies are underway with major international firms. Wasabi Energy expects that a number of these opportunities will convert to projects in the coming months.

Within our investment portfolio AGG has successfully completed deployment of AquaArmour[™] modules on a site in Western Australia, the first for that State. This follows 5 other deployments in Victoria and South Australia that have been completed.

Directors Participation and Underwriting

The Directors and their related parties intend to take up their entitlements in full under the Offer.

In addition, one of my fellow directors Robert Vallender will underwrite the first \$100,000 less his Entitlement of \$8700, of any Shortfall, and I will underwrite the remaining balance of any Shortfall to the extent of \$2.5 million, less my Entitlement of \$370,000. A summary of the terms and conditions of this Underwriting is set out in Section 6 of this document.

The Directors reserve the right in the period of three months following the close of the Offer to issue the Shortfall Shares remaining after the Underwriting has completed to persons (other than any Director) as they shall decide.

On behalf of all at Wasabi Energy, I thank you for your continued support and I recommend this investment opportunity for your consideration.

Yours faithfully

John Byrne
Chairman

2 COMPANY UPDATE

Wasabi Energy continues to make progress on its strategy of becoming an independent power producer through the establishment of Kalina Cycle[®] power plants globally. A Corporate Update was provided to the market on 15 May 2012 outlining progress on key projects within the Company.

On 23 May 2012 Wasabi Energy provided more detail on the acquisition of an option by its Turkish subsidiary, Imparator Enerji. As announced, Imparator Enerji has entered into an option purchase agreement to acquire a 50% interest in an advanced geothermal project which has an existing 7.5 MW geothermal power plant. Historical studies suggest that there is 80 MW of geothermal power potential in the area. Imparator Enerji continues to develop a portfolio of significant power generation (Build Own Operate) and Kalina Cycle[®] project licensing (Engineering Procurement Construction) opportunities in Turkey.

Wasabi Energy is progressing its business in South Africa with a number of projects under discussion across a range of industries. In November 2011, Wasabi Energy announced a term sheet agreement with ArcelorMittal South Africa at its Vanderbijlpark Steel Works to conduct a feasibility study for a potential build, own, operate Kalina Cycle[®] power plant within their steel works. The final feasibility study and power purchase agreement are expected to be completed in the second half of this year. In addition in South Africa we own 25% of AAP Carbon Holdings which engineers, builds, accredits and invests in clean energy projects that generate carbon credits under the Clean Development Mechanism of the Kyoto Protocol. AAP works extensively in the ferrochrome industry that is highly energy intensive.

On 8 June 2012 Wasabi Energy announced the second Kalina Cycle[®] power plant for FLSmidth in the cement industry. FLSmidth are a Kalina Cycle[®] licensee and this is their first project under the license agreement. The plant will have the capacity to generate 4.75 MW of power which will be used onsite by Star Cement in the United Arab Emirates.

The Kalina Cycle[®] licensees have been very active and a number of engineering studies are underway with major international firms. Wasabi Energy expects that a number of these opportunities will convert to projects in the coming months.

Wasabi Energy continues to work on a number of projects with major industry participants around the world. Our engineering team currently has 18 active projects globally. As these projects develop we will continue to inform the market of our progress.

Within our investment portfolio AGG has successfully completed deployment of AquaArmour[™] modules on a site in Western Australia, the first for that State. This follows 5 other deployments in Victoria and South Australia that have been completed.

The Board and management are confident that the current market opportunities offer the Company a solid basis for growth, and hence are seeking the further capital to be able to achieve this.

3 DETAILS OF THE ISSUE

3.1 The Offer

Through this Offer Document, the Company is inviting existing registered holders of ordinary shares to subscribe for new fully paid ordinary shares via a non-renounceable *pro rata* entitlement offer on the basis of one new ordinary share at an issue price of 1.7 cents for every ten fully paid ordinary shares held in the capital of the Company as at the 6 July 2012. Fractional entitlements will be rounded up to the next whole share. If fully subscribed, the Offer will raise \$4.7 million (gross). The Offer is partially underwritten. Details of the Underwriting are set out in Section 3.13 and Section 6 below.

3.2 No Trading of Rights

The Offer is non-renounceable which means there will be no trading in Entitlements to the Offer. As the price at which the Shares are being offered under this Offer and the Placing is likely to be at a small discount to the trading price of the Ordinary Shares, and given the low trading price of Ordinary Shares, the rights granted under this Offer are unlikely to have any significant value. In the circumstances, the Company has chosen to make the Offer non-renounceable rather than renounceable.-

3.3 Offer period

Applications for Offer Shares may be lodged at any time after the receipt of this Offer Document. The Closing Date for Applications is 5.00pm Melbourne time on 26 July 2012.

The Company reserves the right to extend the Closing Date.

3.4 Use of Funds

As noted in the Chairman's letter the funds raised under the Offer will be applied as follows:

\$2.8m	Purchase of 50% option in Tuzla Geothermal Power Project
\$1.5m	Refurbishment of Husavik power plant
\$0.4m	Final payment of 25% stake in AAP Carbon Holdings
\$1.5m	Partial repayment of Director's Loan
\$0.2m	Working capital for Aqua Guardian Group
\$3.4m*	Wasabi Energy working capital and costs of the Offer and Placement
\$9.8m*	Total

*Assuming the Offer is fully subscribed.

3.5 Payment for Offer Shares

Australian and other non UK Eligible Shareholders

The issue price of each Offer Shares is 1.7 cents, payable in full on acceptance. Payment from Eligible Shareholders other than those with registered addresses in the UK will only be accepted in Australian currency as follows:

- (a) cheque or money order drawn on and payable at any Australian bank,
- (b) bank draft drawn on and payable at any Australian bank, or
- (c) by Bpay. If you pay by Bpay you do not need to lodge the Entitlement and Acceptance Form. Payment by Bpay should be made in accordance with the instructions set out in the Entitlement and Acceptance Form.

If paying via Bpay, Shareholders should note that their own financial institution may implement earlier cut off times with regard to electronic payment. You should take this into consideration to ensure that your Application is received before the close of the Offer.

Make sure you use the specific Biller Code and unique Customer Reference Number (CRN) on your personalised Entitlement and Acceptance Form.

If you have more than one shareholding of Ordinary Shares and consequently receive more than one Entitlement and Acceptance Form, use the CRN specific to that shareholding as set out in the applicable Entitlement and Acceptance Form. DO NOT use the same CRN for more than one of your shareholdings. This can result in your application monies being applied to your entitlement in respect of only one of your shareholdings (with the result that any application in respect of your remaining shareholdings will not be recognised as valid).

Your cheque, money order, bank draft must be made in Australian currency and where applicable drawn on an Australian branch of a financial institution. Such payment must be made payable to Wasabi Energy Limited – Offer A/C and crossed “Not Negotiable”.

Please ensure that you make arrangements so that your cheque, money order or bank draft is received at the below address by the end of the offer period.

Computershare Investor Services Pty Limited
GPO Box 505
Melbourne Victoria 3001
Australia

Please do not forward cash. Receipts for payment will not be issued. Post dated cheques will not be accepted. Entitlement and Acceptance Forms will not be accepted at any other address other than that outlined above.

Application monies received in excess of your maximum entitlement (and greater than A\$1) will be refunded as soon as practicable after the close of the offer. The refund method will be at the discretion of the Company.

UK Eligible Shareholders

UK Shareholders will receive an Application and Entitlement Form with details for accepting their entitlements in British Pounds.

The issue price of 1.7 cents per Offer Share equals 1.1pence based on an exchange rate of A\$1:£0.647:

Payment will only be accepted in British Currency as follows:

- (a) cheque or money order drawn on and payable at any United Kingdom bank,
- (b) bank draft drawn on and payable at any United Kingdom bank.

Payments must be made by cheque or banker's draft in pounds sterling drawn on a bank or building society or a branch of a bank or building society in the United Kingdom or Channel Islands which is either a settlement member of the Cheque and Credit Clearing Company Limited or the CHAPS Clearing Company Limited or which has arranged for its cheques or banker's drafts to be cleared through the facilities provided for members of any of these companies. Such cheques or banker's drafts must bear the appropriate sort code in the top right hand corner. Cheques, which must be drawn on the personal account of the individual investor where they have a sole or joint title to the funds, and banker's drafts should be made payable to "CIS PLC re Wasabi Energy —Offer 2012" and crossed "a/c payee only". Such payments will be held by Computershare on behalf of Wasabi Energy, which is acting as principal on receipt of such monies. Third party cheques will not be accepted with the exception of building society cheques or banker's drafts where the building society or bank has confirmed the name of the account holder by stamping or endorsing the cheque or banker's draft to such effect. The account name should be the same as that shown on the application. Post-dated cheques will not be accepted. Payments via CHAPS, BACS or electronic transfer will not be accepted.

3.6 Entitlement

The number of Offer Shares to which you are entitled ("**Entitlement**"), is shown on the enclosed Entitlement and Acceptance Form. Your acceptance of the Offer must be made on the Entitlement and Acceptance Form unless you pay by Bpay (see section 3.5(b)). Your acceptance must not exceed your Entitlement as shown on that form. If it does, your acceptance will be deemed to be for the maximum Entitlement.

3.7 What you may do

You may:

- take up all of your Entitlement;
- take up part of your Entitlement;
- allow whole or part of your Entitlement to lapse.

Details of how to apply for your Entitlement (in full or part) are set forth on the Entitlement and Acceptance Form.

3.8 Offer Shares Not Taken Up by Eligible Shareholders

The Offer has been partially underwritten by Robert Vallender and John Byrne, two of the Directors, up to in aggregate a maximum of \$2.6 million less their Entitlements of \$378,000 (which equates to 153 million Ordinary Shares at an issue price of 1.7 cents). In addition the Directors intend to take up their Entitlements. The Directors reserve the right to place any Shortfall Shares which are not issued pursuant to the Underwriting Agreement at their discretion during the 3 month period immediately subsequent to the Closing Date, at an issue price of not less than 1.7 cents per share. The Directors cannot participate in any such placement.

3.9 Non Eligible Shareholders

This Offer is being made only to Shareholders with a registered address in Australia, New Zealand, the United Kingdom and Switzerland.

In accordance with the requirements of the ASX Listing Rules and the AIM Rules, having regard to:

- (a) the number of holders resident outside Australia, New Zealand, the United Kingdom and Switzerland;
- (b) the number and value of Ordinary Shares that Shareholders resident outside Australia, New Zealand, the United Kingdom and Switzerland would be offered; and
- (c) the cost of complying with the legal requirements and the requirements of regulatory authorities in places other than Australia, New Zealand, the United Kingdom and Switzerland,

the Directors have decided that it is not reasonable to extend the Offer to Shareholders resident outside Australia or New Zealand, other than to those in the United Kingdom and Switzerland.

This Offer Document and the Entitlement and Acceptance Form do not constitute an offer of, or any invitation to subscribe for, any of the Ordinary Shares in any place in which, or to any person to whom, it would not be lawful to make such an offer or invitation. Where this Offer Document has been despatched to Shareholders resident outside Australia and New Zealand, the United Kingdom or Switzerland and where the relevant jurisdiction's laws prohibit or restrict in any way the making of the offer contemplated by this Offer Document, this Offer Document is provided for information purposes only.

Shareholders resident in Australia, New Zealand, the United Kingdom and Switzerland holding existing Ordinary Shares on behalf of persons who are resident overseas are responsible for ensuring that taking up their Entitlements does not breach the laws of the relevant overseas jurisdiction. The return of a duly completed Entitlement and Acceptance Form (or payment) will constitute a representation by the applicant that there has been no breach of any such laws.

3.10 Allotment

In accordance with the Corporations Act, all subscription monies, before the allotment and issue of Offer Shares, will be held by the Company in trust in a bank account established solely for the purpose of depositing application monies received. Any interest earned will be for the Company's account.

3.11 Applications for Listing on the ASX and AIM, Settlement and Dealings

Applications have been made to ASX by the Company for the Offer Shares to be quoted on ASX and to AIM for the Offer Shares to be admitted to trading on AIM.

The Company will not be issuing share certificates to non UK Eligible Shareholders. The Company participates in CHESS, the electronic transfer system operated by the ASX. Because the sub-registers are electronic, ownership of securities can be transferred without having to rely upon paper documentation. Electronic registers mean that the Company will not be issuing certificates to investors. Instead, investors will be provided with a statement (similar to a bank account statement) that sets out the number of Offer Shares allotted to them under this Offer Document. The notice will also advise holders of their Holder Identification Number (HIN) and explain, for future reference, the sale and purchase procedures under CHESS and issuer sponsorship.

Further monthly statements will be provided to holders in circumstances in which there have been any changes in their security holding in the Company during the preceding month.

UK Eligible Shareholders

To be traded on AIM, securities must be able to be transferred and settled through the "CREST" system, a UK computerised paperless share transfer and settlement system, which allows shares and other securities, including Depositary Interests, to be held in electronic form rather than in paper form.

For certain foreign securities, in this case the Offer Shares, to be issued and settled through CREST, they need to be in the form of "Depositary Interests".

The Company, through its UK Depositary, has a facility whereby Depositary Interests, representing Ordinary Shares, will be issued by the UK Depositary to persons who wish to hold the Ordinary Shares in electronic form within CREST. It is intended that the Company will apply for the Depositary Interests, representing Offer Shares to be issued to UK Eligible Shareholders, to be admitted to CREST with effect from AIM Admission. Accordingly, settlement of transactions in Depositary Interests representing the Ordinary Shares following AIM Admission may take place within CREST if the relevant Shareholders so wish.

The Ordinary Shares will remain listed and traded on the ASX, with trades settled electronically on the Australian registry through the CHESS system.

Subject to the CREST Regulations and the ASTC Settlement Rules, Ordinary Shares held through CHESS on the Australian registry may be transferred into Depositary Interests held through CREST on the UK Depositary register and vice versa. Shareholders wishing to transfer stock, from CHESS to a Depositary Interest on CREST can do so through an Australian broker on a same day basis. Movements from CREST to CHESS can be made on a next day basis. In such a way the Ordinary Shares can be traded on the ASX or AIM, irrespective as to which jurisdiction the investor is based.

If permission for official quotation of the Offer Shares is not granted by ASX within 3 months after the Closing Date, the Company, in accordance with the Corporations Act, will either:

- (a) repay all Application Moneys; or
- (b) issue a supplementary offer document advising that the Offer Shares will not be listed on ASX and give applicants one month to withdraw their application and be repaid in full.

No interest will be paid on any monies repaid.

3.12 Dividend Policy on Increased Capital

The Offer Shares offered by this document will be entitled to any dividend declared on Ordinary Shares in respect of the financial year in which the shares are issued. The Directors

do not anticipate declaring a dividend during the current financial year, nor in the next financial year, being the financial year in which the Offer Share will be issued.

3.13 Underwriting

The issue is partially underwritten by Robert Vallender and John Byrne to the extent of \$2,600,000 less their Entitlements of \$378,000 (in aggregate) which they will take up in full. Details of the Underwriting Agreement are set out in Section 6.

3.14 Taxation

The potential tax effects relating to the Offer will vary between each investor. Investors are advised to consider the possible tax consequences of participating in the Offer or to consult a professional tax adviser.

3.15 Speculative Investment

There are risks associated with an investment in the Company and the Ordinary Shares offered by this Offer Document must be regarded as a speculative investment. The Ordinary Shares offered under this Offer Document carry no guarantee in respect to the return on capital invested, payment of dividends, or future value of the Ordinary Shares.

In making representations in this Offer Document, regard has been given to the fact that Company is a disclosing entity under the Corporations Act and certain matters may reasonably be expected to be known to investors and the professional advisers whom potential investors may consult.

3.16 Privacy Act

If you complete an Application, you will be providing personal information to the Company (directly or by the Share Registry). The Company collects, holds and will use that information to assess your application, service your needs as a security holder, facilitate distribution payments and corporate communications to you as a security holder and carry out administration.

The information may also be used from time to time and disclosed to persons inspecting the register, bidders for your securities in the context of takeovers, regulatory bodies, including the Australian Taxation Office, authorised securities brokers, print service providers, mail houses and the Share Registry.

You can access, correct and update the personal information that we hold about you. Please contact the Company or its Share Registry if you wish to do so at the relevant contact numbers set out on page 3 of this Offer Document.

Collection, maintenance and disclosure of certain personal information is governed by legislation including the Privacy Act 1988 (Cth) (as amended), the Corporations Act and certain rules such as the ASX Settlement Operating Rules. You should note that if you do not provide the information required on the application for securities, the Company may not be able to accept or process your application.

4 CAPITAL STRUCTURE & EFFECT OF THE ISSUE

4.1 Capital Structure

Issued Capital as at date of Offer Document

Number of Shares	Class
2,753,273,052	Ordinary fully paid

Options (all unquoted)

52,128,929 exercisable at 1.6 cents each until 30 September 2012

8,000,000 exercisable at 2 cents each until 30 September 2012

30,000,000 exercisable at 2.8 cents each until 30 September 2012

6,500,000 exercisable at 2.8 cents each until 17 December 2013

48,150,000 exercisable at 3.9 cents each until 24 February 2013

10,000,000 exercisable at 3.4 cents each until 31 March 2014

Total: 154,778,929

Securities offered by this Offer Document

275,327,305 ordinary shares at 1.7 cents per share which represents 9.1% of the share capital of the Company post Offer and post Placing as set out below.

Capital Structure Post Offer and Post Placing

Number of Shares	Class
3,028,600,357*	Ordinary fully paid

* For the purpose of calculating this figure the Company has not taken into account any Options that may be converted prior to the Record Date, that the Offer will be fully subscribed, and that any Shortfall Shares remaining after the Underwriting has completed will be issued by the Directors within 3 months of the Closing Date

4.2 Effect of the Offer

Assuming the Offer is fully taken up by Eligible Shareholders, \$4,680,564 less expenses of the Offer, which are estimated to be \$270,000, will be raised. The funds raised will be used as set out in the Use of Proceeds paragraph in Section 1 and Section 3.4 above.

4.3 Effect of the Offer on control of the Company

As the Offer is being made as a pro-rata rights issue on a 1 for 10 basis, the maximum number of new Shares which may be issued under the Offer represents only 10% of the share capital of the Company currently on issue. Accordingly, the Offer is not expected to have a material effect on the control of the Company.

By way of example, the most significant effect which the Offer could have on the control of the Company would occur through the underwriting and if the largest Shareholder takes up its

full entitlement under the Offer and with the exception of the Directors (all of whom intend to subscribe for their full entitlement) no other Eligible Shareholder subscribes to the Offer. In these circumstances the largest Shareholder's holding, after the Underwriters take up the underwritten Shares, would increase from 8.8% to 9.13%, and the shareholding interest of the Underwriters would increase, in the case of Robert Vallender from 5,106,438 Shares to 10,988,790 and in the case of John Byrne from 217,784,953 Shares to 364,843,776 Shares which would represent an increase for John Byrne from 7.9% to 12.45% of the enlarged issued capital.

As at least some other Eligible Shareholders are expected to take up their Entitlements, the proportional increase in the holdings of the largest Shareholder and the Underwriters is likely to be less than shown above. The Offer will therefore not have any material effect on the control of the Company.

5 RISKS OF INVESTING

An investment in Ordinary Shares is subject to investment and other known and unknown risks, including possible loss of income and principal invested. The Company has implemented strategies, actions, systems and safeguards for mitigating known risks, however, some risks are beyond its control. Consequently, the prevailing price or value of new Shares issued under the Offer may be more or less than the Offer price.

In any event, the Company does not guarantee any particular rate of return, the performance of its business, the payment of any dividends, the repayment of capital from the Company, any price for shares in the Company or any particular tax treatment.

Key risks

Potential investors should be aware that an investment in the Company under the Offer carries risks. Some of these risks are associated with share market investing generally and some risks relate to the specific financial and operating environment in which the Company operates.

Outlined below are some of the key risks that potential investors should be aware of, but this list does not represent all of the risks that the Company faces:

RISK	COMMENT
Future capital requirements	The Company's strategy of becoming an independent power operator will require significant amounts of funding in the future. The Company will seek to meet its funding requirements through a combination of equity and debt. There is a risk that the Company will not be able to secure the capital or to achieve attractive terms at the time.
Technology	Although the Company invested in a defined and proven technology, this does not reduce the risk that an alternate technology may come onto the market, and reduce the overall option for the Company to continue in its current business.

<p>Foreign exchange</p>	<p>Foreign exchange risk is relatively high due to the global nature of the Company's core business.. Foreign exchange risk arises as it is likely to receive payment for services in currencies other than the Company's functional currency.</p> <p>In addition the value of its investments, assets and liabilities in foreign jurisdictions will be affected by currency movements.</p>
<p>Global Geothermal Limited (GGL) and</p>	<p>Dependence on Proprietary Technology</p> <p>GGL's success and ability to compete is dependent upon its proprietary technology. GGL relies on a combination of patents, copyrights, trade secrets and non-disclosure agreements to protect its technology. GGL holds a number of US patents and US patent applications. GGL also has patents and applications pending in other countries that cover the same subject matter covered by US patents and pending applications. There can be no assurance that patents will be issued with respect to pending or future patent applications or that GGL's patents will be upheld as valid or that their granting will prevent the development of competitive technologies. GGL enters into confidentiality or licence agreements with its employees, licensees and others and limits access to its documentation, software and other proprietary information. There can be no assurance that steps taken by GGL in this regard will be adequate to prevent misappropriation of its technology or that GGL's competitors will not independently develop technologies that are substantially equivalent or superior to GGL's technology. In addition, the laws of some foreign countries may not protect GGL's proprietary rights against others.</p> <p>Third parties may assert infringement claims in the future with respect to GGL's current or future technologies. Such claims may require GGL to enter into licence arrangements or result in protracted and costly litigation, regardless of the merits of such claims. No assurance can be given that any necessary licence will be available or that, if available, such licenses could be obtained on commercially reasonable terms.</p> <p>GGL has agreed, in certain cases, to indemnify its licensees for liability incurred in connection with the infringement of a third party's intellectual property rights. There can be no assurance that such indemnification of alleged liability will not be required of GGL in the future.</p> <p>International Operations</p> <p>GGL expects to derive a portion of its revenues from non-recurring royalties earned from the construction of power plants internationally. Power plant projects entail political and financial risks (including uncertainties associated with first-time privatisation efforts in the countries involved, currency exchange rate fluctuations, currency repatriation restrictions, political instability, civil unrest and expropriation) and other structuring issues that have the potential to cause substantial delays in, or material impairment of, the value of the project being developed. The uncertainty of the legal environment in certain foreign countries could make it more difficult for GGL to enforce its intellectual property rights and other rights under agreements relating to projects located in those countries.</p>

<p>Aqua Guardian Group Limited (AGG)</p>	<p>AGG is in a similar position to GGL in relation to its patents and other intellectual property being key to its business and there are no guarantees that it will be able to continue to patent improvements in its technology, nor that third parties will not infringe its rights in the future.</p> <p>AGG expects to derive a portion of its revenues from its water based operations and joint ventures internationally. Such operations may entail political and financial risks (including uncertainties associated with first-time efforts in the countries involved, currency exchange rate fluctuations, currency repatriation restrictions, political instability, civil unrest and expropriation) and other structuring issues that have the potential to cause substantial delays in, or material impairment of, the value of the project being developed. The uncertainty of the legal environment in certain foreign countries could make it more difficult for AGG to enforce its intellectual property rights and other rights under agreements relating to projects located in those countries.</p>
<p>Government Legislation Policy Changes</p>	<p>Government legislation and policies are subject to review and change from time to time. Such changes are likely to be beyond the control of the Company and may affect profitability.</p> <p>The operation of power plants is subject to extensive environmental laws and regulations and the Company may be required to obtain a licence to operate in a manner designed to promote safety and to prevent the release of hazardous substances from the plants. Violations of these requirements could result in liabilities that affect the Company's financial condition.</p> <p>Revenue and expenditure of the Company may be effected by change in international, federal, state or local government laws, regulations or policies, or in taxation legislation.</p>
<p>Lending facilities</p>	<p>The Company currently has a lending facility and which will be partially repaid with the proceeds of the Offer.</p> <p>In the future, the Company intends to enter into normal project finance arrangements with one or more major financial institutions. There is no guarantee that the Company will be able to secure these facilities.</p>
<p>Management Reliance on key personnel</p>	<p>– The Company's success depends largely on the core competencies of its directors and management, and the directors and management of the companies in which it has invested and their familiarisation with, and ability to operate in a renewable energy business such as is carried on by the relevant company and their ability to retain their key executives.</p> <p>While there is stable senior management in the Company it is possible that personnel changes could impact on the business of the Company. If required, identification of suitable candidates with skills in power production, technology development or other relevant areas may take longer than the Company would expect. This could place extra pressure on existing management to operate the Company effectively.</p>

Liquidation of Investments in Listed Companies

In order to fund its operations, the Company has in part relied on capital raised through the sale of some of its listed investments, all of which have relatively low liquidity. The Company may continue to fund its activities, in part, through the realisation of its investments but their market value may be affected by low liquidity and/or volatility in value, driven by shifts in underlying share prices or changes in accounting treatment. There is no guarantee that the Company will be able to sell its shares in listed companies when it may wish to do so or that it will be able to realise full market value for those investments

6. UNDERWRITING

Two of the Directors, being Robert Vallender and John Byrne (the “**Underwriters**”), have agreed to underwrite part of the Offer in accordance with the terms of the Underwriting Agreement dated 27 June 2012. Under the terms of the Underwriting Agreement Robert Vallender will subscribe for up to 5,371,708 Shares and John Byrne will subscribe for up to 125,280,328 Shares of any Shortfall.

The Underwriters will also take up their Entitlements in full in addition to the Shortfall set out above.

The Underwriters will not receive any fee or payment in consideration for them agreeing to underwrite part of the Offer.

The Underwriters may appoint sub-underwriters.

The Underwriters may only terminate the Underwriting Agreement if, prior to the Underwriters subscribing for any Shortfall Shares in accordance with the terms of the agreement, either of the following events occurs:

- (i) the Placing does not complete; or
- (ii) an insolvency event occurs in respect of Wasabi Energy.

Details of the current Shareholdings of the Underwriters is set out in section 4.3.

GLOSSARY

AGG means Aqua Guardian Group Limited (ABN 33 121 561 457)

AIM means AIM, the market of that name operated by London Stock Exchange Plc.

AIM Admission means admission of the Offer Shares issued pursuant to the Offer to trading on AIM in accordance with the AIM Rules.

AIM Rules means the 'AIM Rules for Companies', as published by London Stock Exchange plc, governing admission to and the operation of AIM dated February 2010.

Application means a duly completed application for Offer Shares which is:

- (a) made on the Entitlement and Acceptance Form;
- (b) accompanied by the appropriate Application Moneys;
- (c) received by the Company on or before the Closing Date; and
- (d) submitted by a person who is eligible to apply for Offer Shares.

Application Moneys means the moneys accompanying an Application, being payment in full for the Offer Shares subscribed for pursuant to that Application.

ASIC means the Australian Securities and Investments Commission.

ASX means, as the context requires, ASX Limited (ACN 008 624 691) or the Australian Securities Exchange.

ASX Listing Rules means the Official Listing Rules of ASX as amended, modified or replaced from time to time.

ASTC Settlement Rules means the operating rules of ASX Settlement and Transfer Corporation Pty Ltd (ABN 49 008 504 532), which is the settlement processing facility for the ASX's market and provides all settlement and asset registration services.

Business Day means a day on which trading takes place on the stock market of ASX.

CHESS means Clearing House Electronic Subregister System, an electronic book-entry register of holdings of approved securities, which is a subregister of the Company's securities register and is managed by ASX Settlement and Transfer Corporation Pty Limited.

Closing Date means the closing date of the Offer, being 5pm Melbourne time on 26 July 2012 (unless varied by the Directors).

Company or **Wasabi Energy** means Wasabi Energy Limited (ABN 24 000 090 997).

Constitution means the Company's Constitution as at the date of this document.

Corporations Act means the Corporations Act 2001 (Cth).

CREST means the relevant system (as defined in the CREST Regulations) operated by Euroclear UK & Ireland Limited in accordance with which securities may be held and transferred in uncertificated form.

CREST Regulations means the Uncertificated Securities Regulations 2001 (SI 2001 No. 3755), as amended.

Depository Interests means the depository interests representing Offer Shares to be electronically listed for trading on CREST in the UK for those UK Eligible Shareholder who are issued Offer Shares in accordance with their Entitlement.

Directors means the directors of the Company at the date of this document.

Dollar or “\$” means Australian dollars.

Entitlement means the entitlement of an Eligible Shareholder to participate in the Offer.

Entitlement and Acceptance Form means the entitlement and acceptance form accompanying this document.

GGL means Global Geothermal Limited.

Listing Rules or **ASX Listing Rules** means the Listing Rules of ASX.

MW means a megawatt which is equal to one million (1,000,000) watts, a unit of power.

Offer or **Rights Issue** means the partially underwritten non-renounceable entitlement offer of one (1) Ordinary Share for every ten (10) Ordinary Shares held to raise gross proceeds of up to \$4.7 million subject to and upon the terms of this document and the Entitlement and Acceptance Form.

Offer Document means this document.

Offer Period means the period commencing on the dispatch of the Offer Document and expiring at 5.00 pm on the Closing Date.

Offer Share means a new Ordinary Share issued pursuant to the Offer.

Option means an option to acquire an Ordinary Share.

Option holder means a holder of an Option.

Ordinary Share means a fully paid share in the capital of the Company.

Placing means the placing of 300 million Ordinary Shares pursuant to and in accordance with the Placing Agreement between the Company (1) and Cenkos Securities plc (2) dated 27 July 2012.

Placing Share means a new Ordinary Share issued pursuant to the Placing.

Record Date means the record date for determining an Eligible Shareholder’s entitlement to participate in the Offer, being 6 July 2012.

Share Registry means Computershare Registry Services Pty Ltd.

Shareholder means a shareholder of the Company.

Shortfall means the difference between the number of Offer Shares for which Applications are received by the Company before the end of the Offer Period (but excluding Applications received by the Company before the end of the Offer Period where the Application Moneys are paid by cheques which are not honoured on presentation and applications otherwise rejected by the Company in accordance with the Offer Document) and 275,327,305.

Shortfall Shares means the number of Ordinary Shares representing the Shortfall.

UK means United Kingdom of Great Britain and Northern Ireland.

UK Depositary means Computershare Investor Services PLC.

Underwriter means either Robert Vallender or John Byrne, two (2) of the Directors and **Underwriters** refers to both of them.

Underwriting means the partial underwriting of the Offer by the Underwriters pursuant to the Underwriting Agreement.

Underwriting Agreement means the underwriting agreement between the Company and the Underwriters dated on 27 June 2012.