

ASX

Announcement

3 January 2013

Wasabi New Energy Asia Update

Wasabi Energy Limited (ASX:WAS, AIM: WAS, OTCQX: WSPLY) ("Wasabi"), an emerging power producer, announces that it has paid approximately US\$5.6 million, on behalf of Wasabi New Energy Asia (WNEA) for the first payment to purchase 50.5% of Shanghai Shenghe New Energy Resources Science & Technology Co Ltd (SSNE), the Kalina Cycle® licensee for China, Macau, Taiwan and Hong Kong. This payment was partly settled by the issue of 39,767,756 Wasabi shares at 1.8c per share.

As announced on 13 November 2012, WNEA is being established to advance the use of the Kalina Cycle® and SSNE's patented Enhanced Rankine Cycle power technology throughout the Asian region. Following the establishment of WNEA, Wasabi will hold over 50% of WNEA and will have the right to appoint a majority of the Board.

On 13 November 2012, Wasabi announced that it intended to list WNEA on the TSX and that it had identified a suitable listed vehicle to do so. Wasabi has now entered into a Letter of Intent with Lions Bay Capital Inc, a company listed on the TSX-V for it to become WNEA. The regulatory process for this transformation is currently being undertaken and is expected to be completed in Q1 of 2013. Wasabi also intends to list WNEA subsequently on an Asian stock exchange.

WNEA Project Portfolio and Pipeline

WNEA is being established to address energy efficiency and power needs of the Asian market. SSNE has been operating within the market in China since 2007 and has already completed a number of projects including the successful powering of the Shanghai Corporate Pavilion at the World EXPO held in Shanghai in 2010 with a 50 kW Kalina Cycle® power plant using a solar thermal array as the heat source.

Within its current project portfolio, SSNE has a three year operating contract for a 2 MW Enhanced Rankine power plant at the Yaohua Pilkington Float Glass Plant near Shanghai. The power plant utilises the heat from the glass kiln and turns it into power that is sold back to the glass plant. The power plant was designed and constructed by SSNE and was commissioned in late July 2012. Based on current market data there are another 50 float glass plants in China with production lines of similar or greater capacity.

In addition, SSNE has an EPC contract with the China Building Materials Group (CBMG) at its Guizhou Taian cement plant for a 7.5 MW Enhanced Rankine Cycle power plant. This plant is currently under construction and is scheduled for commissioning in mid 2013. CBMG operates 35 other cement plants in South Western China.

As announced on the 2 August 2012, SSNE has a design and technical services agreement with Sinopec for a 4 MW Kalina Cycle® power plant at its Hainan Refinery. Sinopec is China's largest integrated energy and chemical company with a market capitalisation of over US\$78 billion. The design for the Kalina Cycle® power plant has been reviewed and approved by Sinopec Engineering Co. Ltd., which is one of the authorised petrochemical design institutes in China that could utilise Kalina Cycle® power plants for waste heat recovery and improved energy efficiency and environmental impact.

SSNE is also in discussions with the Chinese authorities on the development of an oilfield in China that has potential for geothermal power using the hot water within the field. The estimated power from this heat source is in excess of 1,000 MW using the Kalina Cycle® technology.

SSNE is also in discussions with the Taiwanese Government on a geothermal power plant in the Yilan field following a successful test there in 2011. The National Science Council has reported the geothermal potential for Taiwan at over 25,000 MW and in China, the Ministry of Land and Resources estimate that geothermal power could be equal to 260,000 times their current energy consumption of over 1,000,000 MW.

Under the current 12th Five Year Plan the Chinese Government is mandating energy efficiency across a range of industries and renewable power. The transformational phase in China presents a unique opportunity for SSNE to pursue opportunities for power generation within China and Taiwan.

In other parts of Asia the focus on non-nuclear power is resulting in positive government policies to drive energy efficiency and accelerate renewable power development. Japan will be a key focus area for WNEA given the high feed-in tariffs that are in excess of US\$0.50 per kilowatt hour. In addition opportunities for the Kalina Cycle® and other power generation technologies are numerous in other parts of Asia.

The Directors of Wasabi believe that, following the pace of adoption of the Kalina Cycle® technology through out the Asian region to date, there is significant opportunity to accelerate this development programme through the establishment of a specialist focused subsidiary. WNEA will have a dedicated management team based in Asia that will leverage its existing large network of industrial partnerships and contacts alongside those of Wasabi in the Asian region.

The vendors of Newmont, through which SSNE is being acquired have exercised their option to receive approximately one third of their WNEA consideration in new shares in Wasabi at \$0.018 each, following which, Wasabi will receive the additional shares in WNEA. These new Wasabi shares will be issued at completion of the regulatory process for the TSX-V listing in Canada.

John Byrne, Executive Chairman of Wasabi commented on the progress of WNEA:

“Wasabi Energy is entering into a new phase of its evolution as a leading power producer utilising our proprietary Kalina Cycle® technology with the establishment of Wasabi New Energy Asia (WNEA). The Asian market offers significant opportunities especially within China. WNEA commences operations with a strong, capable proven management team at SSNE and will be enhanced by an experienced management team in Asia.

For the shareholders of Wasabi Energy, WNEA offers an opportunity for leveraging our proprietary Kalina Cycle® technology into an Asian based company that will be separately listed on the TSX-V and subsequently on an Asian stock exchange. By having a separate listing WNEA will be responsible for its own fund raisings and not be dilutive to Wasabi Energy. The value created within WNEA should be reflected back into Wasabi Energy.

We are very excited by the commencement of WNEA and look forward to its growth as a power company within Asia.”

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About Wasabi Energy

Wasabi Energy Limited is listed on both the Australian Securities Exchange (ASX: *WAS*) and the AIM market in London (AIM: *WAS*) as well as American Depository Receipts trading on OTCQX Market (OTCQX: *WSBLY*). Wasabi Energy is an emerging power producer that also invests in sustainable technologies. Its power business is based on the proprietary Kalina Cycle® power generation technology which utilises low grade, waste heat from industrial facilities or geothermal sources to produce electricity. In a typical industrial application of the Kalina Cycle® technology can increase energy efficiency in an industrial plant by up to 20%. Through its strategic investments Wasabi Energy owns a 79.2% interest in Aqua Guardian Group, the developer of the AquaArmour™ a water management, conservation and algal control product. Aqua Guardian Group also has a 22.7% interest in the air, water and minerals ASX listed company CleanTeq (ASX: *CLQ*). Wasabi Energy also owns a 19.2% interest in Lignol Energy Corporation (TSXV: *LEC*) an advanced bio-refinery group who recently purchased an 11% interest in Australian Renewable Fuels, a separately ASX listed company (ASX: *ARW*) which produces liquid biofuels from a variety of non-food grade feedstocks, from Wasabi Energy.

Additional information:

www.wasabienergy.com