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Wasabi Energy Ltd

27 June 2012

("Wasabi" or the "Company")

Placing to raise £3.3 million (\$5.1 million)

and

Rights Issue to raise up to \$4.7 millionⁱ (£3.03 million)

Wasabi Energy (ASX: WAS, AIM: WAS) is pleased to announce that it is raising up to \$9.8m through a placing for \$5.1m and a partially underwritten rights issue to raise up to \$4.7m.

The placing is with UK institutional investors for 300,000,000 new Ordinary Shares at a placing price of 1.1p per share (approximately 1.7 Australian centsⁱⁱ) ("Placing Price") to raise gross proceeds of approximately \$5.1 m (£3.3m) (\$4.7m (£3.03m) net of expenses) (the "Placing"). Application has been made for the Placing Shares to be admitted to AIM. It is expected that the Placing Shares will be Admitted to AIM and that trading will commence on 2 July.

In addition the Directors of the Company are pleased to offer shareholders the opportunity to participate in the funding of the Company at the Placing Price by way of a non-renounceable rights issue on the basis of one new ordinary share for every ten ordinary shares held (the "Rights Issue" or "Offer"). The Company will raise up to \$4.7 m (£3.03 m) gross proceeds from the Rights Issue including \$2.5m being underwritten by the Chairman, John Byrne (and his associates), (comprising an underwriting of \$2.13m and the take up in full of his entitlement of \$370,000) and \$100,000 by Robert Vallender, a Director of the Company. Further details of the Placing and the Rights Issue are presented below.

An Offer Document containing the terms and conditions of the Rights Issue and information on the Company will be sent to Shareholders and made available on the Company's website, www.wasabienergy.com, shortly. In the meantime, the Offer Document has been lodged with the ASX and is available on the ASX website at www.asx.com.au. (Capitalised terms in this announcement bear the same meaning as in the Offer Document.)

The Placing and underwritten element of the Rights Issue will raise \$7.7m in aggregate. If the Offer is fully subscribed then the aggregate amount raised by the Placing and Rights Issue will be \$9.8m

On 15 May 2012 the Company issued a corporate update on its major projects and investments and progress on its stated strategy to become an independent power producer through the establishment of Kalina Cycle plants. The Company made a further announcement on 23 May 2012 in relation to the purchase of an option to acquire 50% of the Tuzla Geothermal Power Project. Proceeds from the Placing and Rights Issue will be applied to fund further investment in its main projects as well as for working capital purposes and for the partial repayment of loans due to a Director. Further details are presented below.

Commenting, John Byrne, Executive Chairman said:

“We are very pleased by the strong support shown by our UK based institutional shareholders who have participated in the Placing. In a difficult market, their vision to support the growth of the Company as we strive towards being an independent power producer is encouraging. With the recent announcement of the second plant by FLSmidth in the cement sector, and the implementation of high renewable energy feed in tariffs in Japan, including between 32c and 55c per kWh for geothermal energy, there continues to be momentum for a new generation of power production. This momentum, when allied with our opportunities in Turkey, South Africa and elsewhere provide a solid outlook for the implementation of the Kalina Cycle® globally. “

Trading Update and Growth Strategy

Wasabi Energy continues to make good progress on its strategy of becoming an independent power producer through the establishment of Kalina Cycle® power plants. Progress is in line with management targets for Build, Own, Operate power plants (BOO) as well as targets for Engineering, Procurement and Construction (EPC) contracts and license partners.

Strong demand continues for increased energy efficiency in industry due to rising power costs and growing requirement for electricity, combined with pressure on industry to be efficient and reduce greenhouse gases. As a result, Wasabi Energy is in ongoing discussions with a number of major organisations across the world with a focus on energy intensive industry players. In addition the demand for renewable energy continues to grow as many countries strive to reach their renewable targets. Wasabi Energy is also focused on geothermal power in areas such as Turkey, Iceland and Germany.

The Company has a strong pipeline of power projects with 15MW under construction, 14.5MW at feasibility stage and approximately 45MW at pre-feasibility stage. This underpins the Company's goals to have 25 MW under construction/operation within 12 months, 50MW within 3 years and more than 100MW within 5 years. In addition the Company continues to develop its IP and expects to continue to lodge new patents for its technology.

The Placing

The Placing has been made on a non-pre-emptive basis utilising the Company's existing authorities. The Placing Shares represent approximately 12.2 per cent. of the current issued ordinary share capital of the Company. After expenses, estimated net proceeds of the Placing are \$4.7 million (£3.1m).

The Company has applied for admission of the Placing Shares to trading on AIM and the ASX. It is expected that such admission will become effective and that dealings in the new shares on AIM and the ASX will commence on 29 June 2012.

Following completion of the Placing, the Company will have 2,753,273,052 ordinary shares in issue.

The Rights Issue

The non-renounceable entitlement issue will be made on the basis of one (1) share for every ten (10) Ordinary Shares held by Eligible Shareholders registered at 5.00pm (Melbourne time) on **6 July 2012** at an issue price of 1.7 cents per Share to raise up to approximately \$4.7m (£3.03m) gross (Rights Issue).

The Rights Issue will result in the issue of up to 275,327,305 ordinary shares in the Company.

Robert Vallender, Director, and John Byrne, Chairman, and his associates, have undertaken to underwrite up to \$2.6m (less the amount of their and their related parties entitlements which they will take up in full) of the maximum amount to be raised through the Offer.

In calculating entitlements under the Rights Issue, fractions will be rounded up to the nearest whole number.

The Offer is not being made, and no Shares will be issued to, any Shareholders whose registered address is in a country other than Australia, New Zealand, Switzerland or the United Kingdom for the reasons given in the Offer Document. The Offer Document will be sent to Foreign Security holders for information purposes only. No Entitlement and Acceptance Forms will be sent to Foreign Security holders. Shareholders who are eligible to participate should read the Offer Document carefully.

The Offer Document relating to this Rights Issue has been lodged with the ASX and is available on the ASX website at www.asx.com.au for inspection. The timetable and important dates of the Rights Issue are set out below:

Lodgement of Offer Document and Appendix 3B	28 June 2012
Notice sent to Option holders	28 June 2012
Notice sent to Shareholders	29 June 2012
Ex Date	2 July 2012
Record Date for determining entitlements	6 July 2012
Offer Document dispatched	10 July 2012
Closing Date of Offer	26 July 2012
Notify ASX of under-subscriptions	30 July 2012
Despatch date/Shares entered into shareholders security holdings	2 August 2012
Expected date of commencement of dealings on AIM	2 August 2012

Use of Proceeds

The Company will raise a minimum of \$7.7m and up to \$9.8m excluding expenses from the Placing and the Rights Issue which 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
\$1.3m	Wasabi Energy working capital
\$7.7m	Total

Any funds raised through take up of the rights issue in addition to the \$2.6m which is underwritten will be used to repay the remaining outstanding balance owed under the Director's Loan of approximately \$1m and for additional working capital.

The Director's Loan

The Company has an outstanding Director's loan of \$2.5m which is repayable before June 2013 (the "Director's Loan"). 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 and for working capital in Aqua Guardian Group and the Company.

Final Capital Structure

Following the Placing and assuming the Rights Issue is fully subscribed (and no outstanding options have been exercised) the capital structure on completion will be:

Number of existing Ordinary Shares as at the date of this announcement	2,453, 273,052
Number of Ordinary Shares being issued pursuant to the Placing	300,000,000
Number of Ordinary Shares in issue following the Placing*	2,753,273,052
Percentage of enlarged share capital being issued pursuant to the Placing*	10.9%
Maximum number of Ordinary Shares issued pursuant to the Rights Issue*	275,327,305
Number of Ordinary Shares in issue following the Placing and the Rights Issue assuming full subscription*	3,028,600,357

* For the purpose of calculating this figure the Company has assumed that no Options will be converted prior to the Record Date, that the Offer will be fully subscribed, and that all of the Shortfall Shares remaining after the Underwriting has completed will be issued by the Directors within 3 months of the Closing Date.

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ⁱ All references to \$ are references to Australian Dollars

ⁱⁱ An exchange rate of A\$1:£0.647 has been used throughout the announcement for conversion of Australian Dollars to British Pounds and vice versa.