



10 June 2008

The Manager
ASX Limited
Company Announcements Office

Dear Sir,

**Investment in Australian Renewable Fuels Limited
and
Agreement for Issue of Convertible Notes**

Wasabi Energy Limited (ASX: WAS) has acquired 30.35 million shares in Australian Renewable Fuels Limited (ARFuels) (ASX: ARW) at a price of 2.5 cents per share. Wasabi Energy took up its entitlement to purchase the shares following the acquisition of rights in ARFuels' recent renounceable rights issue.

Wasabi Energy has borrowed \$750,000 from a UK company in order to take up the ARFuels shares. Wasabi Energy has agreed, subject to shareholder approval, to borrow up to \$4 million from a number of entities through the issue of convertible notes. The terms agreed for the convertible notes provide for the conversion of the note at a price of 3.5 cents. The notes can be redeemed by the Company if Wasabi's shares trade above 4.5 cents for more than 30 consecutive days. The notes are unsecured and mature 12 months from the date of issue.

Yours faithfully

Tim Wise
Managing Director

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