



13 January 2010

The Manager  
Australian Stock Exchange Limited (ASX)  
Company Announcements Office

Dear Sir/Madam

The directors wish to inform shareholders of Wasabi that they are commencing negotiations with Australian Renewable Fuels Limited ("ARW") with regard to a potential merger of the two companies. These negotiations are at an early stage and any merger will be dependent on the negotiation of mutually acceptable terms, the completion of an Independent Experts Report and satisfactory due diligence by each party. The current indicative ratio for the merger is an exchange of 1 new Wasabi share for each existing ARW share and a new Wasabi Option for each ARW option.

If a transaction was to proceed, it would be by way of Scheme of Arrangement under Part 5.1 of the Corporations Act 2001. The parties expect negotiations, preparation of an experts report and due diligence to be completed before the end of February and relevant documentation to be sent to shareholders shortly thereafter.

In addition, the Company has agreed to provide ARW with a working capital/feed stock facility. The provision of this additional capital will allow the ramp up profile of the ARW business to continue and allow it the flexibility to achieve its targets both in the short term and over the longer term model.

Yours Faithfully

A handwritten signature in black ink, appearing to read 'John Byrne', written in a cursive style.

John Byrne  
Chairman