



17 June 2010

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

Dear Sir/Madam

**Wasabi and ARF end merger proposal**

Wasabi Energy Ltd (Wasabi) and Australian Renewable Fuels Ltd (ARF) advises that the directors of Wasabi and ARF have decided not to proceed with the proposed merger of the two companies.

The decision has been made taking into account the current market conditions and the need to progress funding alternatives for both groups.

The businesses are in their development phase, particularly the Kalina Power Cycle business of Wasabi's 96%-owned subsidiary, Global Geothermal Ltd (GGL). Wasabi expects GGL to grow strongly over the next 12 to 24 months as the Kalina Power Cycle attracts greater acceptance and interest worldwide.

The basic platform for increased sales of electric power generators utilizing the Kalina Cycle has been established through GGL's licensing agreement with Shanghai Shenghe New Energy Resources Science and Technology of China and GGL's co-operative arrangements with Geothermal Energy Research and Development Co in Japan.

GGL has other projects pending or under discussion, some of them for multiple units, in China, Europe, Japan, South Africa, India and the US. So far eight Kalina plants have been built in the US, Iceland, Germany, China and Japan. They have generated 450 million kWh of electricity from geothermal, solar and industrially generated heat and presently have an installed capacity of 11.6 Mw.

Despite the delay in the merger opportunity, there will continue to be a focused ownership in ARF, with WAS continuing to hold 24.6% of ARF. There is a clear alignment of the ARF shareholding with the Wasabi strategy to become a major energy and clean technology company.

John Byrne, Executive Chairman of Wasabi commented, "While it is disappointing the merger is not progressing at this stage, the process and preparation that has gone into the merger negotiations and planning will be of benefit to each organization moving forward. Significant work has been done on forward planning for the operations and in identifying strengths, opportunities and strategies of each group such that these can be rapidly implemented.

Wasabi remains firmly committed to the development of ARF and will remain an active and supportive shareholder as they progress their activities and funding initiatives. While the merger has not progressed at this stage, we still consider that the opportunities for the combined group are large and that revisiting the discussions in the future will make sense."

**John Byrne**  
**Executive Chairman**  
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