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The Manager  
ASX Limited ("ASX")  
Company Announcements Office

Dear Sir

### **Rights Issue and Distribution of Xtract Shares to Note Holders**

The directors of Wasabi Energy Limited wish to advise they have resolved to raise a total of approximately \$4,500,000 through a pro-rata rights issue of convertible preference shares.

Funds from the issue will be used to discharge \$2.36m of the convertible notes and to provide additional working capital. The balance of \$1.15m of the outstanding notes has been repaid by the distribution of 35,000,000 Xtract Energy Plc shares to the note holders.

The Company intends to undertake a one for two non-renounceable rights issue priced at 1 cent. The rights issue will be by way of 7% preference shares with the dividend to be satisfied by the issue of shares and which will be convertible for 3 years. Upon conversion from a preference share, the Company will issue one ordinary share and one free attaching option to convert into an ordinary share at 1c for each preference share. The completion of the rights issue will be conditional on shareholders passing the necessary resolutions to allow the Company to issue the preference shares. Further details of the terms of the preference share will be set out in the documents to be sent to shareholders.

Should the ordinary shares trade above 1.5 cents for more than 14 days consecutively in the first 12 months, above 2 cents for more than 14 days consecutively in the second 12 months or above 2.5 cents for more than 14 days consecutively in the third 12 months then the preference shares will automatically convert to ordinary shares. The attached options will only be issued when the preference shares are converted to ordinary shares.

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The directors are pleased to announce an intention from the note holders to underwrite the rights issue up to the balance of the loan notes subject to a customary underwriting agreement. The Company will give existing major shareholders the opportunity to underwrite a proportion of the shortfall equal to their holding in the Company before seeking an underwriter for the balance of the rights issue.

Full details of the rights issue including a notice to shareholders with regard to creation of the preference share, a timetable and Appendix 3B will be released to the market as soon as they are finalised.

The Company expects to dispatch documentation in relation to the rights issue to shareholders in early May 2009.

Mr Tim Wise  
Managing Director