

WASABI ENERGY LIMITED
AND ITS CONTROLLED ENTITIES
ABN 24 000 090 997
APPENDIX 4E
PRELIMINARY FINAL REPORT
FINANCIAL YEAR ENDED 30 JUNE 2007

Results For Announcement To The Market

Results				A\$
Revenues from ordinary activities	down	75%	to	14,647
Loss from ordinary activities after tax attributable to members	up	709%	to	4,331,765
Net loss for the period attributable to members	up	709%	to	4,331,765

Dividends	Amount per security	Franked amount per security
Final dividend – no dividend is proposed	n/a	n/a
Previous corresponding period – no dividend declared	n/a	n/a
⁺ Record date for determining entitlements to the dividend, (in the case of a trust, distribution) (<i>see item 15.2</i>)	n/a	

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**Wasabi Energy Limited
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COMMENTARY ON RESULTS

The net loss after income tax attributable to members of the consolidated entity for the year ended 30 June 2007 was \$4,331,765 (2006: \$535,470). This equates to a basic loss per share of 0.88 cents (2006: basic loss per share of 0.14 cents).

Capital Raising

During the year, Wasabi raised \$375,000 through the placement of 15,000,000 fully paid shares at an issue price of 2.5 cents and \$2,986,479 through the underwritten exercise of options exercisable at 2 cents per option expiring 31 December 2006 and 10 February 2007. Rum Jungle Uranium Limited, a subsidiary of the Company raised \$1,500,000 with the intention of securing a public listing on the ASX Limited.

Uranium Assets

Wasabi transferred its interests in the Woolner Dome, Alice Springs and Mount Bundy leases to its subsidiary Rum Jungle Uranium Limited for 44million shares and 10million options at a deemed consideration of \$600,000.

Rum Jungle is seeking a public listing on the ASX Limited. The effect of the IPO will be that Wasabi will retain its existing interest in Rum Jungle Uranium and that shareholders in Wasabi will be given the right to subscribe pursuant to the offer. Wasabi shareholders will need to hold a minimum number of shares which has yet to be determined in order to be eligible for a priority entitlement in the IPO. \$3million in issued capital of Rum Jungle is to be offered to Wasabi shareholders with the balance of the IPO capital to be raised through other sources.

Global Geothermal/Exergy Inc. Investment

Wasabi currently owns approximately 46% of the common stock and 100% of the preferential stock in Exergy Inc. ("Exergy"). Wasabi also holds outstanding promissory notes in Exergy with a principal value of US\$702,924 and a loan facility with a balance of AUD\$2,171,874. Exergy is a California-based energy technology corporation that owns the patents for the Kalina Cycle technology, a process that significantly improves the efficiency of conversion of heat to power for generation of electricity from low temperature geothermal and waste heat.

During the financial period the directors of the company elected to write down to nil the remaining balance of the investment in convertible notes and the revolving loan facility to Exergy Inc due to the uncertainty surrounding realisable value on the eventual disposal of the investment.

Subsequent to the end of the financial period Wasabi formed a new company, Global Geothermal Limited ('GGL') into which Wasabi has transferred the loans and convertible notes with Exergy Inc. It has also assigned to GGL an option to purchase its 46% Exergy share holding for \$1.

Wasabi currently owns 70% of GGL with the remaining 30% held by AMP Resources LLC, who have vended their subsidiary, Recurrent Engineering, a company which specializes in Geothermal and waste power stations, into GGL.

GGL will have a particular interest in the patented Kalina cycle technology for which Recurrent Engineering is a world wide licensee. Wasabi has a 46% interest in the licensing company, Exergy Inc.

Exergy's licensees and sub-licensees include Siemens, Geodynamics, Ebara and ExOrka who have an operational Kalina cycle power station in Iceland. There are also several operating Kalina cycle plants in Japan, one of which is owned by Sumitomo Steel.

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COMMENTARY ON RESULTS (cont')

Kalex Licence

Wasabi has entered into a licensing agreement with the US based Kalex LLC (KALEX) that will significantly enhance Wasabi's capability to develop zero and low greenhouse gas emission power generation projects. This opportunity is particularly exciting for the Company given the opportunities that are rapidly emerging with global recognition of climate change problems and the need to reduce greenhouse gases.

Under the terms of the agreement Wasabi Energy has acquired a global licence to develop power projects utilizing KALEX system technology.

The acquisition of the KALEX licence complements Wasabi's existing technology investments and provides Wasabi Energy with access to a raft of other project development opportunities especially in the area of power production from waste heat.

Bio Diesel Investment

Wasabi has a 50% interest in a new company, Evolution Energy Pty Ltd. The purpose of the company is to evaluate several opportunities in the ethanol and bio diesel industry. Evaluation of opportunities is continuing.

The new company's initial venture was to advance \$325,000 to K E Engineering Pty Ltd ("KE") to enable KE to complete construction of its bio diesel plant at Laverton, near Melbourne, Victoria. Wasabi will receive a fee for the initial contribution to the new company by a royalty from KE on the first 20 million litres of fuel, at a rate of approximately 4.5 cents per litre. The final amount that Wasabi should receive from KE is approximately \$896,000.

As at the date of this report production at the plant has yet to commence. Wasabi has incurred a loss for the year from its equity accounted investment of \$387,665.

Lillyburt Coal Project

Wasabi entered into a joint venture agreement with Western Canadian Coal Corp to earn up to a 50% interest in the Lillyburt coal property located in British Columbia, Canada. The company can earn up to a 50% interest in the property with expenditure of CAD\$2.5 million by December 2008 on the exploration and development of the project.

An initial study has been undertaken reviewing and reassessing the existing geological database to determine the project resources and their classification. Although the available data is sufficient to estimate the size of the deposit, it is lacking adequate coal deposit information to provide a resource estimation. A concise four borehole exploration programme has been designed targeting the main seam to assess the coal quality. As at the date of this report approvals are still being sought for an initial drill programme to assist in determining the quality and quantity of the Lillyburt project.

Dividends

There have been no dividends paid or declared since the end of the previous financial year.

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**INCOME STATEMENTS
FOR THE YEAR ENDED 30 JUNE 2007**

	Notes	Consolidated	
		2007 \$	2006 \$
Other operating income			
Other		14,647	58,183
Depreciation		(5,527)	(3,320)
Employee and directors costs		(556,032)	(169,825)
Foreign exchange costs		(41,451)	-
Legal & professional fees		(173,052)	(201,966)
Other costs		(275,393)	(156,789)
Impairment of loans		(2,873,046)	(200,663)
Exploration costs		(315,087)	(80,260)
		<u>(4,224,939)</u>	<u>(754,640)</u>
Financial income		272,003	219,211
Financial expenses		(5,461)	(41)
Net financing income	3	<u>266,542</u>	<u>219,170</u>
Share of loss from equity accounted investee		(387,665)	-
Loss before tax		(4,346,062)	(535,470)
Income tax expense		-	-
Loss for the period attributable to:			
Equity holders of the company		(4,331,765)	(535,470)
Minority interest		(14,297)	-
		<u>(4,346,062)</u>	<u>(535,470)</u>
Loss for the period		<u>(4,346,062)</u>	<u>(535,470)</u>
Basic loss per share		<u>(0.88) cents</u>	<u>(0.14) cents</u>

As the Company incurred a loss for the year ended 30 June 2007 the options on issue have an antidilutive effect therefore the diluted loss per share is equal to the basic loss per share.

**Wasabi Energy Limited
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**BALANCE SHEETS
AS AT 30 JUNE 2007**

	Notes	Consolidated	
		2007 \$	2006 \$
CURRENT ASSETS			
Cash and cash equivalents		2,912,602	274,750
Trade and other receivables	6	<u>47,635</u>	<u>2,249,599</u>
TOTAL CURRENT ASSETS		<u>2,960,237</u>	<u>2,524,349</u>
NON-CURRENT ASSETS			
Other investments	7	288,000	-
Investment in equity accounted investee	8	12,335	200,000
Acquisition cost of tenements		600,000	69,431
Plant and Equipment	9	<u>87,599</u>	<u>3,801</u>
TOTAL NON-CURRENT ASSETS		<u>987,934</u>	<u>273,232</u>
TOTAL ASSETS		<u>3,948,171</u>	<u>2,797,581</u>
CURRENT LIABILITIES			
Trade and other payables	10	<u>193,292</u>	<u>152,558</u>
TOTAL CURRENT LIABILITIES		<u>193,292</u>	<u>152,558</u>
TOTAL LIABILITIES		<u>193,292</u>	<u>152,558</u>
NET ASSETS		<u>3,754,879</u>	<u>2,645,023</u>
EQUITY			
Issued capital	11	17,288,402	12,116,532
Reserves	11	420,170	136,122
Accumulated losses	12	<u>(13,939,396)</u>	<u>(9,607,631)</u>
Total equity attributable to equity holders Of the Company		3,769,176	2,645,023
Minority interest		<u>(14,297)</u>	<u>-</u>
TOTAL EQUITY		<u>3,754,879</u>	<u>2,645,023</u>

**Wasabi Energy Limited
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**STATEMENTS OF CASH FLOWS
FOR THE YEAR ENDED 30 JUNE 2007**

	Consolidated	
	2007	2006
	\$	\$
Cash flows from operating activities		
Cash receipts from customers	12,525	6,118
Cash paid to suppliers and employees	(704,181)	(459,987)
Interest received	71,267	70,204
Interest paid	(5,461)	(41)
	<u>(625,850)</u>	<u>(383,706)</u>
Net cash used in operating activities		
Cash flows from investing activities		
Acquisition of plant and equipment	(89,326)	(1,704)
Acquisition of investments	(240,000)	-
Acquisition of associate	(190,330)	(200,000)
Acquisition of exploration assets	(500,000)	(70,000)
Payment for convertible note	(120,000)	-
Payments for exploration evaluation and development	(336,911)	(65,118)
	<u>(1,476,567)</u>	<u>(336,822)</u>
Net cash used in investing activities		
Cash flows from financing activities		
Loans to associate entity	(371,210)	(1,708,206)
Proceeds from issue of shares	2,125,000	400,818
Proceeds from exercise of options	2,986,479	-
	<u>4,740,269</u>	<u>(1,307,388)</u>
Net cash (used in)/ from financing activities		
Net increase/(decrease) in cash held	2,637,852	(2,027,916)
Cash at the beginning of the financial year	274,750	2,302,666
Cash at the end of the financial year	<u>2,912,602</u>	<u>274,750</u>

Notes to the consolidated statement of cash flows

Reconciliation of cash

Cash at bank	<u>2,912,602</u>	<u>274,750</u>
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**Wasabi Energy Limited
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**STATEMENT OF CHANGES IN EQUITY
FOR THE YEAR ENDED 30 JUNE 2007**

Attributable to equity holders of the parent

CONSOLIDATED

	Issued capital \$	Accumulated losses \$	Other reserves \$	Total \$
At 1 July 2005	11,715,714	(9,072,161)	136,122	2,779,675
Total income and expense for the period recognised in equity	-	-	-	-
Loss for the period	-	(535,470)	-	(535,470)
Total income/expense for the period	11,715,714	(9,607,631)	136,122	2,244,205
Cost of share based payment	-	-	-	-
Exercise of options	818	-	-	818
Shares issued net of costs	400,000	-	-	400,000
At 30 June 2006	12,116,532	(9,607,631)	136,122	2,645,023

Attributable to equity holders of the parent

CONSOLIDATED

	Issued capital \$	Accumulated losses \$	Other reserves \$	Total \$
At 1 July 2006	12,116,532	(9,607,631)	136,122	2,645,023
Total income and expense for the period directly recognised in equity	-	-	48,000	48,000
Share of loss of equity accounted investee	-	(387,665)	-	(387,665)
Loss for the period	-	(3,944,100)	236,048	(3,708,052)
Total income/expense for the period	-	(4,331,765)	284,048	(4,047,717)
Proceeds from issue of shares	2,200,000	-	-	2,200,000
Exercise of options	2,986,479	-	-	2,986,479
Share issue costs	(14,609)	-	-	(14,609)
At 30 June 2007	17,288,402	(13,939,396)	420,170	3,769,176

**Wasabi Energy Limited
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NOTES TO THE PRELIMINARY FINAL REPORT

1. BASIS OF PREPARATION

This preliminary final report has been prepared in accordance with ASX Listing Rule 4.3A and the disclosure requirements of ASX Appendix 4E.

The accounting policies adopted in the preparation of the preliminary final report are consistent with those adopted and disclosed in the interim financial report at 31 December 2006.

2. FINANCIAL POSITION

Convertible Notes

The consolidated entity holds unsecured convertible notes in Exergy Inc. acquired in January 2002, May 2002 and June 2005. Exergy Inc. was incorporated in California on 1 March 1998 to license the Kalina Cycle Technology (“the Technology”) and to develop the Technology commercially through its own activities (including construction of a demonstration facility) and through licenses to other companies and government entities, and to provide engineering consulting services to users of the Technology.

Exergy Inc. has not had the financial capacity to repay the convertible notes.

A provision for diminution of the gross value of the two notes acquired in 2002 (including accrued interest) was established at 31 December 2002 and at 30 June 2007 is \$859,473 (2006: \$752,412). The directors have continued this treatment for the current period for these notes. On 2 June 2005, the consolidated entity acquired loans (convertible notes) and equity in Exergy Inc. from Unotec Holdings AG and QI-X Holdings LDC for US\$400,000. The directors have elected to fully provide for impairment of this investment (less any financial effects of changes in the exchange rates at balance date). The provision for impairment made at 30 June 2007 is \$477,982 (2006: \$nil). Subsequent to the end of the financial period the Company has assigned all assets including licences relating to the Kalina technology, for \$1 to a newly incorporated joint venture, Global Geothermal Technology (GGL), of which Wasabi will retain an initial 70% equity stake.

Going Concern

The consolidated entity has incurred a loss from ordinary activities of \$4,331,765 (2006: \$535,470). The consolidated entity had working capital of \$2,912,602 at 30 June 2007 (2006: \$274,750).

The financial statements have been prepared on a going concern basis that contemplates continuity of normal business activities and realisation of assets and settlement of liabilities in the ordinary course of business. The directors are confident that sufficient funding will be obtained to meet the consolidated entity’s ongoing commitments.

3. NET FINANCING INCOME

	Consolidated	
	2007	2006
	\$	\$
Interest income		
bank	71,267	70,204
loans and convertible notes to Exergy Inc.	200,736	149,007
Financial expenses		
Interest - bank	(27)	(41)
Interest on other payable	(5,434)	-
	266,542	219,170
	266,542	219,170

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NOTES TO THE PRELIMINARY FINAL REPORT (CONT'D)

6. TRADE AND OTHER RECEIVABLES (CONT'D)

Loan & Convertible notes – Exergy Inc.

During March 2006, the Company advanced US\$1.2 million to Amp Recurrent LLC on behalf of Exergy Inc. Wasabi has advanced the funds on behalf of Exergy pursuant to an existing revolving credit note agreement with Exergy. The balance of the advance accrues interest at the rate of 6% per annum. The revolving credit note is secured against certain patents held by Exergy. In the current period the Company has made a provision for impairment equal to the value of the capital advanced and the interest accrued on the loan to 30 June 2007, being \$2,171,874.

The consolidated entity loaned US\$250,000 and US\$82,924 on 9 January 2002 and 23 May 2002 respectively, to Exergy. The loans have been issued by way of convertible notes. The notes are convertible into common stock in Exergy Inc. The convertible notes carry interest at the rate of 12% per annum. The contracted repayment dates were 5 July 2002 for the initial loan and 30 September 2002 for the second loan. The loans are to be repaid in United States currency. Accrued interest has been included in this balance of \$765,500 (2006: \$695,765). The directors have in prior years provided for the diminution of the gross value of the loan amounts including accumulated interest. The directors have continued this treatment for the current period for these notes until the certain outcome of the Exergy Inc. investment is known.

On 2 June 2005, the consolidated entity acquired loans (convertible notes) and equity in Exergy Inc. from Unotec Holdings AG and QI-X Holdings LDC for US\$400,000. In the financial period ended 30 June 2007 the directors have elected to fully provide for impairment of this investment including accrued interest in the amount of \$571,865 (2006: \$56,647).

The financial effect of the change in exchange rates as at balance date have been brought to account, with any gain or loss included in the statements of financial performance for the year.

7. OTHER INVESTMENTS

Shares in Aviva Corporation Limited at current market value

Consolidated	
2007	2006
\$	\$

	288,000	-
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8. EQUITY ACCOUNTED INVESTEEES

Investment in Evolution Energy
Loss for equity accounted investee

	400,000	200,000
	(387,665)	-
	12,335	200,000

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NOTES TO THE PRELIMINARY FINAL REPORT (CONT'D)

11. ISSUED CAPITAL & RESERVES (CONT'D)

Listed Options

The options were issued at no cost to existing shareholders. The listed options were exercisable at \$0.02 per share expiring 31 December 2006 and carried no voting rights until converted to fully paid ordinary shares.

During the year, 139,292,001 (2006: 40,900) options were exercised. As at 30 June 2007 there were no listed options on issue (2006: 142,376,038). Of the 13,084,037 options that remained unexercised at the expiry date, 10 million options had been underwritten to raise a further \$200,000.

Unlisted Director Options

During the period 20,000,000 options were issued at no cost to directors R Vallender and R Reynolds. 10,000,000 of the options have an exercise price of 3 cents and 10,000,000 of the options have an exercise price of 3.5 cents. The options have an expiry date of 29 November 2009. The Director options carry no voting rights until converted to fully paid ordinary shares.

10,000,000 options exercisable at 2 cents each were exercised during the period by T Wise, a director of the company.

	Consolidated	
	2007	2006
	\$	\$
SHARE OPTION RESERVE		
Opening share option reserve	136,122	136,122
Issue of options to director	236,048	-
	372,170	136,122
Revaluation reserve	48,000	-
	420,170	136,122

12. ACCUMULATED LOSSES

Accumulated losses at beginning of year	(9,607,631)	(9,072,161)
Net loss for the year attributable to members of the parent entity	(4,331,765)	(535,470)
Accumulated losses at end of year	(13,939,396)	(9,607,631)

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NOTES TO THE PRELIMINARY FINAL REPORT (CONT'D)

13. EVENTS SUBSEQUENT TO REPORTING DATE

In July 2007 the Company formed a new joint venture with AMP Capital Partners LLC, a US based private equity fund ("AMP"). On completion of the transaction Wasabi will own 70% of the issued share capital of a newly incorporated English subsidiary of the Company, Global Geothermal Limited ("GGL") which will acquire from AMP the entire issued share capital of Recurrent Engineering LLC, a Delaware corporation focused on the delivery of highly efficient Geothermal and Waste heat power stations and technology. GGL will also acquire the benefit of certain debts owing to Wasabi by Exergy Inc. and the associated security. In addition, GGL will be granted an option over Wasabi's shareholding in Exergy, for the sum of \$1 as part of the agreement. AMP will own the remaining 30% of share capital in GGL.

In July 2007 the Company took up a placement of 1 million fully paid ordinary shares in Aviva Corporation Limited at a price of 35 cents per share. The placement was part of a \$2.8million capital raising by Aviva. The Company has previously announced the purchase of 12.3million fully paid ordinary shares in Aviva Corporation from Xtract Energy Plc subject to shareholder approval by the issue of 175 million Wasabi shares and 25 million options. The options are exercisable at 3 cents per share on or before 30 June 2008. The purchase was approved by shareholders at a meeting held on 2 August 2007 and the interest in Aviva acquired for the issue of the shares and options in Wasabi.

Shareholders also approved the issue of 10 million options exercisable at 3 cents each and 10 million options exercisable at 3.5 cents each to both Mr Stephen Morris and Mr Tim Wise, executive directors of the Company.

The Company also gained shareholder approval for the disposal of Rum Jungle Uranium Limited, a child entity of the Company, through the issue of shares for the purpose of listing on the ASX Limited. At the same meeting shareholder approval was given for Mr Robert Reynolds and Mr Stephen Morris to subscribe for 160,000 shares and 1,080,000 shares respectively at a price of 12.5 cents each per share in the capital of Rum Jungle Uranium.

14. NTA BACKING

	2007	Consolidated	2006
Net tangible asset backing per ordinary security	0.66 cents		0.72 cents

15. COMPLIANCE STATEMENT

This report is based on accounts that are in the process of being audited.

TIMOTHY WISE
DIRECTOR
31 August 2007