



11 November 2009

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

Dear Sir/Madam

AGG launches product roll out

Wasabi Energy advises that the following update has been provided by Aqua Guardian Group Ltd (AGG), 43% owned by Wasabi, on the progress AGG has made in commercialising AquaArmour™, the first water conservation product developed by AGG.

Highlights

- Manufacturing agreements entered into with two Global plastics manufacturers for future production of the AquaArmour™ modules
- Contract entered into with a world-leading toolmaker for the supply of an injection moulding tool to facilitate production of the modules
- AGG awarded \$500,000 Federal Government Climate Grant for its first project at Ouyen, western Victoria
- Module test results are positive
- In addition to Australia, Republic of South Africa and Singapore, the China Patent is now issued
- Marketing plans for AquaArmour™ significantly advanced

Manufacturing

Long term manufacturing licenses have been entered into with Venture Industries, covering Australia and New Zealand, and with Srithai Superware, covering South East Asia.

In return for the manufacturing rights, Venture will provide a considerable financial contribution toward AGG's execution of its first contract (with Goulburn Wimmera Mallee Water to cover 50% of a 4ha water storage dam with AquaArmour™ modules at Ouyen). The agreement incorporates a longer term pricing structure that meets the requirements of both AGG and Venture.

Venture is a large Global plastics manufacturer, tool maker and distributor with operations in Australia, the USA, South Africa, India and China. Discussions are continuing with Venture on a full product sub-licence to manufacture and distribute AquaArmour™ in South Africa and neighbouring countries.

In return for its manufacturing rights, Srithai will provide a demonstration site to deploy AquaArmour™ modules to demonstrate the benefits of the product and to create market awareness of its existence and efficiency in conserving water.

Srithai is one of the world's largest melamine producer and a high volume plastics manufacturer, distributing product in 98 countries. The agreement has the support of PTT, a large Government-owned oil and gas producer, that will provide the polymer for the AquaArmour™ modules to be deployed on the demonstration site.

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AquaArmour™ is an hexagonal-shaped module made of high quality plastic that when launched on a reservoir or water storage dam takes in water for ballast. In a semi-submerged state, the modules reduce the amount of light and heat entering that water and provide wind protection to reduce evaporation by up to 88%. It is the only anti-evaporation system world wide that is suitable in large scale applications.

AGG has also reached agreements with Zimmerman Formenbeau of Germany for the full design development of the AquaArmour™ module and to produce injection moulding tools for production of the modules. The agreement include a guaranteed money back arrangement.

Product development

Over the past year, AGG has completed an upgraded product design and on-site assembly and logistical plans. This work has led to some developments that are now the subject of patent applications.

Successful independent test results were obtained from the University of Southern Queensland's National Centre for Engineering and Agriculture. These results proved the AquaArmour™ covering saved 88% of evaporation losses from the test tank without any detrimental effect on water quality.

Material weatherometer testing conducted by Cytec in the US and by Comco in Bahrain on the life and quality of the plastic to be used in the modules have been running for over two years and have proven successful. The tests are continuing.

Marketing

The agreements that have been reached with manufacturers will enable AGG to commence deployment of AquaArmour™ modules for GWM Water's Ouyen project in the first half of 2010. It is anticipated the establishment of this facility will further demonstrate the benefits of minimising water losses through evaporation and lead to a greater level of commitment by metropolitan and regional water authorities, agribusiness and the mining industry to AquaArmour™.

In addition to the GWM site a separate site is to be established with Srithai in SE Asia to enable AGG to market the product into this region.

AGG's initial marketing approach will be to apply jointly with water authorities for the Federal Government's newly-introduced measures for the National Water Security Plan for Cities and Towns Grants plan.

This provides funding for up to 50% of project costs to a maximum of \$10 million for any one project that improves water security initiatives that reduce demand on potable water supplies. Negotiations are well advanced with a number of local water storage authorities.

In anticipation of the Ouyen project's commencement, an experienced operator has been appointed to head up AGG's marketing division. It is expected other members of the marketing division will be in place early in 2010. The team will be tasked with converting the many expressions and letters of interest in AquaArmour™ to product orders.

Wasabi's executive chairman, John Byrne, commented "We are most encouraged by the rapid progress AGG has made with its commercialisation of the AquaArmour™ product particularly in light of financial constraints that have reduced the availability of capital for new ventures."

"Wasabi will continue to support AGG's ambitions of becoming a participant in a changing market for water and its innovative first product, which has the potential to save vast quantities of water in Australian storages and is applicable internationally."

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