

ASX Announcement

6 December 2011

Wasabi Energy Increases Ownership of Aqua Guardian Group (AGG) and Provides AquaArmour™ Update.



- Wasabi Energy agrees to increase ownership of Aqua Guardian Group to 79%
- Appointment of new CEO with proven technology commercialisation experience
- Expanded deployment of AquaArmour™ in South Australia and Victoria
- Implementation of global market penetration strategy for AquaArmour™ accelerated

Wasabi Energy (ASX: WAS, AIM: WAS, ADR: WSPLY) is pleased to announce it has agreed to increase its ownership interest in Aqua Guardian Group from 47.5% to 79% through the conversion of \$4.2 million of intercompany loans, into equity in the investee company. The consolidated ownership position provides Aqua Guardian Group with a clean balance sheet and increased flexibility to pursue and secure business growth and expansion opportunities. In addition to its flagship water conservation product AquaArmour™, the Aqua Guardian Group also owns approximately 26% of ASX listed clean technology company Clean TeQ (ASX: CLQ), a provider of innovative clean technology solutions for the air and water treatment markets.

Building on the success of recent AquaArmour™ deployments in Australia, earlier this month Mr. Tim Grogan was appointed CEO of Aqua Guardian Group to oversee the large scale deployment of AquaArmour™ in key markets and lead the company to the next stage of its development. Tim brings to the role extensive business development experience, especially in technology-based markets. As a CEO and Executive Director, Tim has effectively implemented a range of international business development strategies and led a number of companies through to successful commercialisation of technologies. Tim's extensive experience with intellectual property management will also be an important asset for the Aqua Guardian Group.

AquaArmour™ Modules² - Recent Deployment in Victoria (Aust.)



Additional information on the continued deployment of AquaArmour™ and corporate details have been provided in the following sections:

- >> AquaArmour™ & Corporate Update ... page 2.
- >> Key Benefits of AquaArmour™ page 2.
- >> About Tim Grogan - CEO of AGG page 3.
- >> Comment from the Chairman page 3.

¹ - Aqua Guardian Group Limited (AGG) is an unlisted Australian public company, 79% owned by Australian Securities Exchange & AIM listed, Wasabi Energy Limited (ASX: WAS).

² - AquaArmour™ is a trademark of Aqua Guardian Group Limited describing the patented water conservation technology owned by the company.

AquaArmour™ & Corporate Update

The Aqua Guardian Group owns the innovative evaporation and algae control product, AquaArmour™ - a self ballasting module designed for large-scale deployment on water storages and dams. Key markets for the AquaArmour™ product include water utilities, mining companies, aquaculture and a range of other industries.

AquaArmour™ is designed for long product life and reduces evaporation by up to 88% and has been demonstrated to inhibit algal growth by reducing up to 95% of the UV and visual light from penetrating water surfaces, thereby reducing water temperatures. The AquaArmour™ product can be quickly and safely deployed in a wide range of applications including environments in populated and remote areas.

Water losses from water storages due to evaporation in many cases exceed the rate of water consumption and may be the equivalent of more than 40% of total water storage capacity each year, depending on the location and environment of respective water storages. Algal outbreaks can also severely compromise water storage and usage, with the increased energy requirements associated with water treatment, often contributing to higher water costs.

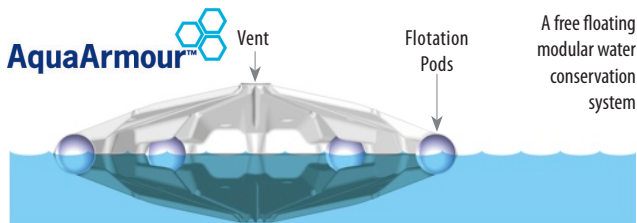
AquaArmour™ is currently deployed at 4 sites across South Australia and Victoria for both evaporation and algae control applications. The product has also been recently recognized

by a number of prestigious industry awards including the Australian Water Association's award for Infrastructure Project Innovation in Victoria and the Mines and Money Mining Excellence Award for Technology. The AquaArmour™ product was also one of three finalists in the savewater! Awards, which received over 1,000 entries from over 40 countries.

On the global front, Aqua Guardian Group continues to make progress with the rollout of AquaArmour™ in key international markets. Earlier this year Aqua Guardian Group announced the signing of a Letter of Intent for a Joint Venture with Srithai Superware targeting major Southeast Asian markets. Aqua Guardian Group's plans to position AquaArmour™ in other global markets including North America, South America and Africa, are also well advanced. Aqua Guardian Group's immediate focus is on the North American water conservation market where initial market studies have confirmed the significant market potential for deployment of AquaArmour™ - Aqua Guardian Group is currently in advanced discussions with potential partners for this region.

Wasabi Energy will continue to support the development of Aqua Guardian Group with funding of up to \$500,000 of expansion capital to enable the company to pursue its global growth ambitions. Aqua Guardian Group continues to achieve key milestones and now with a simpler balance sheet the company is on track to be potentially listed in the new year.

AquaArmour™ Modules - Submerged and exterior views



Key Benefits - AquaArmour™

- Prevents up to 88% evaporation loss (based on independent tests conducted by NCEA)
- Inhibiting algae growth through reduction in UV penetration and water temperature
- Ballasted to resist lift generated in high wind and storm conditions
- Double sided design allowing module to be flipped without loss of effectiveness
- Ideally suited for large deployments and exposed conditions
- Manufactured with UV stabilised, food grade HDPE, ensuring strong product with long life (20+ years)
- Environmentally safe, simple application, minimal maintenance, fully recyclable
- Extremely cost competitive, cheaper and cleaner than alternative methods for producing or conserving water
- Only global evaporation control system capable of efficiently covering large dams and major water storages

Tim Grogan B.Sc, LL.B - CEO of Aqua Guardian Group

Tim Grogan is an experienced growth-oriented senior commercial executive with a 15-year track record of successful corporate management, international business development and investee management across a range of high-growth industries, including life sciences, agriculture and contract manufacturing.

Tim brings a multi-disciplinary range of skills and experience in both deal origination and implementation to Aqua Guardian Group Ltd.

Prior to joining AGG in November 2011, Tim was CEO of privately held Dimerix Bioscience Pty Ltd and was a co-founder and Executive Director of Fusion Life Sciences, undertaking corporate and business development activities with a range of life sciences organizations in the Asia-Pacific region. Tim spent seven years with Starpharma Pty Limited, an ASX listed product development company based in Melbourne in the role of VP, Commercial Development and Licensing.

Tim was a founding director of Dendritic Nanotechnologies Limited based in Michigan and prior to joining Starpharma, he was a member of the senior management team and responsible for Business Development & New Technologies with Monsanto Australia's agriculture business and was a Director of Ag-seed Research Pty Ltd.

Comment from the Chairman

Executive Chairman of Wasabi Energy, Mr. John Byrne commented:

"We are excited about the future of the Aqua Guardian Group and the global potential of AquaArmour™. Wasabi Energy now has a focused strategy on power and water. We see water as a scarce resource and one that we need to conserve. In Australia alone, water losses due to evaporation are estimated to be the equivalent of approximately 4 times total national rainfall. The continued harvest of water through water treatment facilities or desalination means that the cost of water can be expected to continue to increase substantially. By using the AquaArmour™ product, utilities can conserve as much water as they consume in a year simply by reducing evaporation losses."

"In building our water business, the global rollout of AquaArmour™ is a key priority and we see great potential across North America, South America, Asia and Africa. We welcome Tim Grogan as the new CEO of Aqua Guardian Group and look forward to his leadership and stewardship as we take the company and the AquaArmour™ product global. In addition, Tim's experience in taking companies to listings will also be invaluable as we look to publicly list the business in the new year."

"In addition to developments in our water business, Wasabi Energy recently announced the signing of a term sheet to build a 30 Megawatt Kalina Cycle® power plant for ArcelorMittal in South Africa. This build, own, operate plant will further enhance Wasabi Energy's portfolio of power generation plants which also include Husavik in Iceland and Taufkirchen in Germany. In a carbon constrained economy, energy efficiency and renewable power supply from efficient generation technologies such as the Kalina Cycle®, is of increasing importance."

"Wasabi Energy is focused on delivering sustainable solutions to environmental issues and with a growing population and increasing demand we believe that power and water will be two key sectors which will continue to experience substantial growth."

Yours Sincerely,



Mr. John Byrne
Executive Chairman

For further information contact



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Corporate Information

General corporate information regarding Wasabi Energy and the companies Wasabi Energy holds a strategic investment in can be found in this section. Announcements regarding Wasabi Energy corporate developments are made to the Australian Securities Exchange (ASX) and the London Stock Exchange's, Alternative Investment Market (AIM), are also available on the Wasabi Energy website. Additional information regarding the investee companies can be found at their respective web sites, details below.



About Wasabi Energy

Wasabi Energy Limited is listed on both the Australian Securities Exchange (ASX: WAS) and the AIM market in London (AIM: WAS). Wasabi Energy has major investments in three key strategic assets. It owns 100% of the Kalina Cycle® power generation technology which utilises low grade, waste heat from industrial facilities or geothermal sources to produce electricity. In a typical industrial application of the Kalina Cycle® technology can increase energy efficiency in an industrial plant by up to 20%. Wasabi Energy owns a 79% interest in Aqua Guardian Group, the developer of the AquaArmour™ water conservation and algal control product. It also owns a 16.39% interest in Australian Renewable Fuels, a separately ASX listed company (ASX: ARW) which produces liquid biofuels from a variety of non-food grade feedstocks.

Additional information:
wasabienergy.com

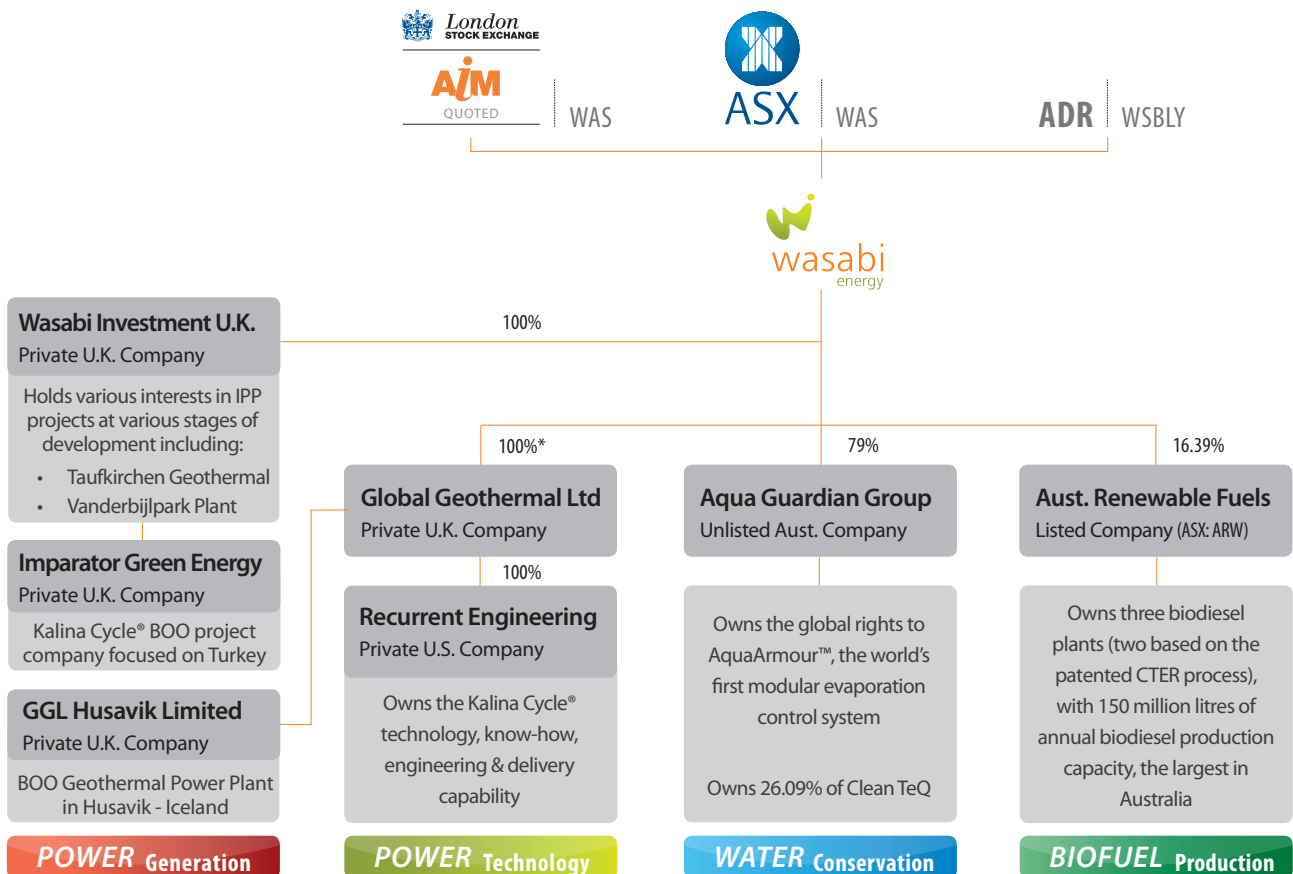


About Aqua Guardian Group

Aqua Guardian Group is an Australian-owned unlisted public company focused on the development and delivery of products and services into the water industry sectors both in Australia and internationally. The company specialises in water conservation and its AquaArmour™ product can manage and protect valuable water resources. Aqua Guardian Group is developing a diversified product and technology portfolio and is also exploring opportunities involving project management of water related ventures. Aqua Guardian's first product release is the AquaArmour™ product, an effective free floating evaporation control system capable of efficiently covering large dams and major water storages.

Additional information:
aquaguardiangroup.com

Group Structure



* - Subject to finalisation of 2.7% share purchase.