
WASABI ENERGY LIMITED

ACN 000 090 997

NOTICE OF ANNUAL GENERAL MEETING

TIME: 2:15 pm (EDST)

DATE: 25 November 2009

PLACE: Level 25, Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000

This Notice of Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their professional advisers prior to voting.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Managing Director or Company Secretary on (03) 9663 7132.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The Annual General Meeting of the Shareholders of Wasabi Energy Limited to which this Notice of Meeting relates will be held at 2:15 pm (EDST) on 25 November 2009 at:

Level 25, Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000

YOUR VOTE IS IMPORTANT

The business of the Annual General Meeting affects your shareholding and your vote is important.

VOTING IN PERSON

To vote in person, attend the Annual General Meeting on the date and at the place set out above.

VOTING BY PROXY

To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form:

(b) by post to Wasabi Energy Limited, Level 9, 175 Collins Street, Melbourne, VIC 3000;
or

(c) by facsimile to the Company on facsimile number +61 3 9650 0082,

so that it is received not later than 2:15 pm (EDST) on 23 November 2009.

Proxy forms received later than this time will be invalid.

NOTICE OF ANNUAL GENERAL MEETING

Notice is given that the Annual General Meeting of Shareholders of Wasabi Energy Limited will be held at Level 25, Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000, at 2:15 pm (EDST) on 25 November 2009.

The Explanatory Statement to this Notice of Meeting provides additional information on matters to be considered at the Annual General Meeting. The Explanatory Statement and the proxy form are part of this Notice of Meeting.

The Directors have determined pursuant to Regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the General Meeting are those who are registered Shareholders of the Company at the close of business on 23 November 2009.

Terms and abbreviations used in this Notice of Meeting and Explanatory Statement are defined in the Glossary.

AGENDA

BUSINESS

ADOPTION OF THE ANNUAL FINANCIAL REPORT

To receive the Annual Financial Report, including Directors' declarations and accompanying reports of the Directors and auditors for the financial year ended 30 June 2009.

1. RESOLUTION 1- ADOPTION OF THE REMUNERATION REPORT

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for the purposes of Section 250R(2) of the Corporations Act and for all other purposes, approval is given to the adoption of the Remuneration Report as contained in the Company's financial report for the year ended 30 June 2009."

Short Explanation: The vote on this resolution is advisory only and does not bind the Directors or the Company.

2. RESOLUTION 2- RE_ELECTION OF A DIRECTOR – MR JOHN BYRNE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for all purposes, Mr Byrne, a director of the Company appointed to fill a casual vacancy who retires in accordance with clause 71.2 of the Constitution and, being eligible, is re-elected as a Director of the Company."

3. RESOLUTION 3- RE_ELECTION OF A DIRECTOR – MR ROBERT REYNOLDS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That, for all purposes, Mr Reynolds, a director of the Company who retires by rotation in accordance with clause 75.1 of the Constitution and, being eligible, is re-elected as a Director of the Company."

4. RESOLUTION 4 - RATIFICATION OF PRIOR ISSUE OF SECURITIES

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of Listing Rule 7.1, subsequent approval is given under Listing Rule 7.4 to the issue on 6 May 2009 of 75 million shares at an issue price of 1 cent each and 37.5 million options expiring on 4 May 2011 with an exercise price of 1 cent per share and otherwise on the terms and conditions set out in the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this resolution by a person who participated in the prior issue and any associate of those persons. However, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the Proxy Form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

GRANT OF OPTIONS TO DIRECTORS

5. Resolution 5 – GRANT OF OPTIONS TO JOHN BYRNE

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of section 208 of the Corporations Act 2001 and for the purposes of ASX Listing Rule 10.11, approval is given to the grant to Mr John Byrne of 20,000,000 Options exercisable at 1.6 cents per share on or before 30 September 2012, and otherwise on the terms and conditions set out in the Explanatory Statement"

Voting Exclusion: A vote must not be cast (in any capacity) on Resolution 5 by or on behalf of:

- (a) John Byrne; or
- (b) an associate of John Byrne.

However a vote may be cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution, and if it is not cast on behalf of John Byrne or an associate of John Byrne.

6. Resolution 6 – GRANT OF OPTIONS TO STEPHEN MORRIS

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

"That for the purposes of section 208 of the Corporations Act 2001 and for the purposes of ASX Listing Rule 10.11, approval is given to the grant to Mr Stephen Morris of 10,000,000 Options exercisable at 1.6 cents per share on or before 30 September 2012, and otherwise on the terms and conditions set out in the Explanatory Statement"

Voting Exclusion: A vote must not be cast (in any capacity) on Resolution 6 by or on behalf of:

- (a) Stephen Morris; or
- (b) an associate of Stephen Morris.

However a vote may be cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution, and if it is not cast on behalf of Stephen Morris or an associate of Stephen Morris.

7. Resolution 7 – GRANT OF OPTIONS TO Robert Vallender

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of section 208 of the Corporations Act 2001 and for the purposes of ASX Listing Rule 10.11, approval is given to the grant to Mr Robert Vallender of 10,000,000 Options exercisable at 1.6 cents per share on or before 30 September 2012, and otherwise on the terms and conditions set out in the Explanatory Statement”

Voting Exclusion: A vote must not be cast (in any capacity) on Resolution 7 by or on behalf of :

- (a) Robert Vallender; or
- (b) an associate of Robert Vallender.

However a vote may be cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution, and if it is not cast on behalf of Robert Vallender or an associate of Robert Vallender.

8. Resolution 8 – GRANT OF OPTIONS TO Robert Reynolds

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

“That for the purposes of section 208 of the Corporations Act 2001 and for the purposes of ASX Listing Rule 10.11, approval is given to the grant to Mr Robert Reynolds of 10,000,000 Options exercisable at 1.6 cents per share on or before 30 September 2012, and otherwise on the terms and conditions set out in the Explanatory Statement”

Voting Exclusion: A vote must not be cast (in any capacity) on Resolution 8 by or on behalf of :

- (a) Robert Reynolds; or
- (b) an associate of Robert Reynolds.

However a vote may be cast by a person as a proxy appointed by writing that specifies how the proxy is to vote on the proposed resolution, and if it is not cast on behalf of Robert Reynolds or an associate of Robert Reynolds.

DATED: 19 October 2009

BY ORDER OF THE BOARD



WASABI ENERGY LIMITED

ALWYN DAVEY

COMPANY SECRETARY

Voting Exclusion Note:

Where a voting exclusion applies, the Company need not disregard a vote if it is cast by a person as a proxy for a person who is entitled to vote in accordance with the directions on the proxy form or it is cast by the person chairing the meeting as proxy for a person who is entitled to vote, in accordance with a direction on the proxy form to vote as the proxy decides.

EXPLANATORY STATEMENT

This Explanatory Statement has been prepared for the information of the Shareholders of the Company in connection with the business to be conducted at the Annual General Meeting to be held at Level 25, Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000 on 25 November 2009 at 2:15 pm (EDST).

This purpose of this Explanatory Statement is to provide information which the Directors believe to be material to Shareholders in deciding whether or not to pass the Resolutions in the Notice of Meeting.

1. FINANCIAL STATEMENTS AND DIRECTORS' REPORTS

In accordance with the Company's Constitution, the business of the meeting will include receipt and consideration of the Company's Financial Report and reports of Directors and Auditors for the year ended 30 June 2008.

2. RESOLUTION 1 – ADOPTION OF REMUNERATION REPORT

At a listed company's annual general meeting, a resolution that the Remuneration Report be adopted must be put to the Shareholders.

The Remuneration Report sets out the Company's remuneration arrangements for the Directors and senior management of the Company. The vote on this Resolution is advisory only and does not bind the Directors or the Company.

3. RESOLUTION 2 – RE-ELECTION OF DIRECTOR – MR JOHN BYRNE

Clause 71.2 of the Constitution requires that a Director who is appointed to fill a casual vacancy in accordance with Clause 71.1 of the Constitution is required to retire at the next annual general meeting of the Company and is eligible to be re-elected at that meeting.

Mr Byrne will retire and seeks re-election.

Information about Mr Byrne is available in the Annual Report

4. RESOLUTION 3 – RE-ELECTION OF DIRECTOR – MR ROBERT REYNOLDS

Clause 75.1 of the Constitution requires that one third of the Company's Directors must retire at each annual general meeting. Clause 75.4 of the Constitution provides that a retiring Director is eligible for re-election.

Mr Reynolds will retire by rotation and seeks re-election.

Information about Mr Reynolds is available in the Annual Report.

5. RESOLUTION 4 – RATIFICATION OF PRIOR ISSUE

On 5 May 2009, the Company placed 75,000,000 ordinary shares at an issue price of 1 cent per share with a 1 for 2 free attaching option (37,500,000 options) to subscribe for new ordinary shares at any time up to 4 May 2011.

The shares and options were issued without shareholder approval and will therefore limit the Company's ability to place further shares, as Listing Rule 7.1 provides that a company may not issue more than 15% of its ordinary capital in a 12 month period without shareholder approval (except in certain exceptions, none of which applied in this case).

However, Listing Rule 7.4 provides that an issue of securities made without shareholder approval is treated as having been made with approval under Listing Rule 7.1 if shareholders subsequently approve it.

Resolution 4 seeks subsequent approval to the issue of the shares and options, to restore the Company's placing capacity to the full 15% to give it the flexibility to make issues up to that threshold as and when appropriate.

The shares issued were fully paid ordinary shares ranking equally with all other ordinary shares in the Company.

The funds raised (\$750,000) were used for general working capital and investment capital.

The shares and options were issued to professional and sophisticated investors to whom the securities could be issued without a disclosure document under the Corporations Act.

The options were issued on the following terms:

- a. Each Option entitles the holder to one (1) fully paid ordinary share in the capital of the Company.
- b. The Options are exercisable before 5.00pm (EST) on 4 May 2011 (Expiry Date).
- c. The Options are exercisable at a price of \$0.01 each.
- d. All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued shares. The Options will be unlisted. No quotation will be sought from ASX for the Options.
- e. There will be no participation rights inherent in the Options to participate in the new issues of capital by the Company offered to Shareholders during the currency of the Options.
- f. In the event of a reorganisation of the capital of the Company the rights of an Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

6. RESOLUTION 5,6,7 AND 8 – GRANT OF OPTIONS TO DIRECTORS

The Company proposes to grant options to its Directors in accordance with section 208 of the Corporations Act and ASX Listing Rule 10.11, partly as remuneration and also as a longer term incentive.

The Corporations Act prohibits a public company from giving a financial benefit to its directors without shareholder approval, unless the giving of the financial benefit falls under one of the exceptions specified in the Act. Financial benefit is defined to include the granting of options. As none of the exceptions in the Act apply in this case, shareholder approval is required to the grant of the options.

The ASX Listing Rules also prohibit the issue of securities to directors without shareholder approval (except in certain circumstances, again none of which apply here). In addition, if approval is given under Listing Rule 10.11, approval is not required under Listing Rule 7.1. .

The following information is given to shareholders as required by the Corporations Act and the Listing Rules:

- (a) The related parties to whom financial benefits will be given if the resolutions are approved are:

John Byrne (Chairman)

Stephen Morris (Executive Director)

Robert Reynolds (Non-Executive Director)

Robert Vallender (Non-Executive Director)

- (b) The financial benefit to be given is the grant of 20,000,000 Options to Mr John Byrne and 10,000,000 Options to each of the other Directors. There is no issue price for the options.

- (c) From an economic and commercial point of view, the true potential costs and detriments of or resulting from, the grant of the Options are;

(i) no funds will be raised from the issue of the Options. However, if all the Options are exercised, the Company will receive \$ 812,500.

(ii) if the Options are granted, and all are subsequently exercised, the Company will issue an additional 50,000,000 shares, which will dilute the holdings of existing shareholders by 5.15% (assuming no other change in the capital of the Company). If only some of the Directors exercise their Options, the holdings of existing shareholders will be diluted by 1.08% for each Director who exercises his Options other than Mr John Byrne for which the dilution would be 2.13% for existing shareholders ;

(iii) if at the time Options are exercised the ordinary shares of the Company are trading on ASX at a price higher than the exercise price, there may be a perceived cost to the Company;

(iv) In the 12 months before the date of this Notice, the highest, lowest and last trading price of the Company's ordinary shares on ASX was:

Highest: 2.5 cents

Lowest: 0.6 cents

Last: 1.5 cents

(v) the grant of the Options will form part of the Directors' remuneration as in the Boards opinion the financial, legal and other responsibilities

assumed by directors of public companies provide a risk that monetary fees alone do not adequately reward and do not provide adequate incentive to enable the Company to attract and keep board members and executive directors of the requisite level of experience and qualifications.

In determining the number of Options to be granted to each Director, consideration was given to the relevant experience and role of each of the Directors, their respective overall remuneration terms, the current market price of Shares and recent pricing of the Company's entitlement issue.

- (vi) As at the date of this Notice, the annual remuneration (inclusive of superannuation where applicable) payable to the Directors for the current and previous financial years is set out below:

| | Current Remuneration | Remuneration for 09 financial year |
|-------------------|-----------------------------|---|
| J Byrne | 27,250 | Nil |
| S Morris | 140,000 | 319,158 |
| S Morris from GGL | US\$120,000 | |
| R Vallender | 27,250 | 27,250 |
| R Reynolds | 27,250 | 27,250 |

- (vii) The issue of the Options will result in the Company recognising an estimated expense of \$474,050 in the year to 30 June 2010. The Company's recognition in equity for share based payments will be an estimated \$474,050.

The value of the Options has been calculated by management using the Black-Scholes pricing model, based upon the following assumptions:

- (a) The Options have a 35.5 month life from their expected date of issue and are exercisable at 1.6c each.
- (b) The price per share of 1.5cents
- (c) A common volatility factor of 100%
- (d) An interest rate of 6%
- (e) The Options are not transferrable
- (f) The Options will not be listed on ASX

- (viii) Based on the above assumptions, the value of the Options to be granted to Mr Byrne is \$189,620 and to each of the other Directors is \$94,810.

(ix) Terms of the Options:

- a. Each Option entitles the holder to one (1) fully paid ordinary share in the capital of the Company.
- b. The Options are exercisable before 5.00pm (EST) on 30 September 2012 (Expiry Date).
- c. The Options are exercisable at a price of \$0.016 each.
- d. If the holder is no longer a director of the Company for any reason, the Options must be exercised by the holder within 4 months, at which time they will automatically lapse.
- e. All shares issued upon exercise of the Options will rank pari passu in all respects with the Company's then issued shares. The Options will be unlisted. No quotation will be sought from ASX for the Options.
- f. The Options are not transferable
- g. There will be participation rights inherent in the Options to participate in the new issues of capital by the Company offered to Shareholders during the currency of the Options.
- h. In the event of a reorganisation of the capital of the Company the rights of an Option holder will be changed to the extent necessary to comply with the Listing Rules applying to a reorganisation of capital at the time of the reorganisation.

(x) on a fully diluted basis including conversion of all the Preference Shares on issue, the percentage interest of each Director in the Company will increase if the Options are granted as follows:

| | Current | After issue of Options |
|------------------|----------------|-------------------------------|
| John Byrne | 11.63% | 12.36% |
| Stephen Morris | 1.86% | 2.33% |
| Robert Reynolds | 1.43% | 1.91% |
| Robert Vallender | 1.06% | 1.56% |

(xi) each Director, because he has a material personal interest in the outcome of the Resolution relevant to him, declines to make a recommendation, in relation to that Resolution and because he has a commonality of interest in the outcome of the Resolutions relevant to his fellow Directors, feels good corporate governance requires him to decline to make a recommendation in relation to those Resolutions;

- (xii) the Directors are not aware of any other information that is reasonably required by members in order to decide whether or not it is in the Company's interests to pass the proposed Resolutions.
- (xiii) The Options will be issued within 1 month of approval by shareholders.

7. ENQUIRIES

Shareholders are required to contact the Managing Director or Company Secretary on +61 (3) 9663 7132 if they have any queries in respect of the matters set out in these documents.

GLOSSARY

\$ means Australian dollars.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited (ACN 008 624 691).

Board means the board of directors of the Company.

Business Day means Monday to Friday inclusive, except New Years Day, Good Friday, Easter Monday, Christmas Day, Boxing Day and any other day that ASX declares is not a business day.

Company means Wasabi Energy Limited (ACN 000 090 997).

Constitution means the Company's constitution.

Corporations Act means the Corporations Act 2001 (Cth).

Directors mean the current directors of the Company.

Explanatory Statement means the explanatory statement to the Notice.

Listing Rules means the Listing Rules of ASX.

Meeting means the meeting convened by the Notice.

Notice means the notice of general meeting accompanying this Explanatory Statement.

Option means an option issued on the terms set out in section 6 of the Explanatory Statement.

Resolution means the resolutions set out in the Notice, or any one of them, as the context requires.

Share means a fully paid ordinary share in the Company.

Shareholder means a holder of a Share.

EDST means Eastern Daylight Savings Time.

PROXY FORM

**APPOINTMENT OF PROXY
WASABI ENERGY LIMITED
ACN 000 090 997**

ANNUAL GENERAL MEETING

I/We

being a Member of Wasabi Energy Limited entitled to attend and vote at the Meeting, hereby

Appoint

Name of proxy

OR

Mark this box if you wish to appoint the Chairman of the Meeting as your proxy

or failing the person so named or, if no person is named, the Chairman of the Meeting or the Chairman's nominee, to vote in accordance with the following directions or, if no directions have been given, as the proxy sees fit at the Annual General Meeting to be held at 2:15 pm (EDST), on 25 November 2009 at Level 25, Bourke Place, 600 Bourke Street, Melbourne, VIC, 3000 and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all the Resolutions.

Voting on Business of the General Meeting

| | FOR | AGAINST | ABSTAIN |
|--|--------------------------|--------------------------|--------------------------|
| Resolution 1 – Adoption of the Remuneration Report | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 2 – Re-election of Mr Byrne | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 3 – Re-election of Mr Reynolds | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 4 – Ratification of Prior Issue | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 5 – Grant of Options to Mr Byrne | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 6– Grant of Options to Mr Morris | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 7– Grant of Options to Mr Vallender | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
| Resolution 8– Grant of Options to Mr Reynolds | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

If you mark the abstain box for a particular item, you are directing your proxy not to vote on that item on a show of hands or on a poll and that your shares are not to be counted in computing the required majority on a poll.

If two proxies are being appointed, the proportion of voting rights this proxy represents is _____%

Signed this _____ day of _____ 2009

By:

Individuals and joint holders

Signature

Signature

Signature

Companies (affix common seal if appropriate)

Director

Director/Company Secretary

Sole Director and Sole Company Secretary

WASABI ENERGY LIMITED
ACN 000 090 997

Instructions for Completing 'Appointment of Proxy' Form

1. A member entitled to attend and vote at a Meeting is entitled to appoint not more than two proxies to attend and vote on their behalf. Where more than one proxy is appointed, such proxy must be allocated a proportion of the member's voting rights. If the shareholder appoints two proxies and the appointment does not specify this proportion, each proxy may exercise half the votes.
2. A duly appointed proxy need not be a member of the Company. In the case of joint holders, all must sign.
3. Corporate shareholders should comply with the execution requirements set out on the Proxy Form or otherwise with the provisions of Section 127 of the Corporations Act. Section 127 of the Corporations Act provides that a company may execute a document without using its common seal if the document is signed by:
 - 2 directors of the company;
 - a director and a company secretary of the company; or
 - for a proprietary company that has a sole director who is also the sole company secretary – that director.

For the Company to rely on the assumptions set out in Section 129(5) and (6) of the Corporations Act, a document must appear to have been executed in accordance with Section 127(1) or (2). This effectively means that the status of the persons signing the document or witnessing the affixing of the seal must be set out and conform to the requirements of Section 127(1) or (2) as applicable. In particular, a person who witnesses the affixing of a common seal and who is the sole director and sole company secretary of the company must state that next to his or her signature.

4. Completion of a Proxy Form will not prevent individual shareholders from attending the Meeting in person if they wish. Where a shareholder completes and lodges a valid proxy form and attends the Meeting in person, then the proxy's authority to speak and vote for that shareholder is suspended while the shareholder is present at the Meeting.
5. Where a Proxy Form or form of appointment of corporate representative is lodged and is executed under power of attorney, the power of attorney must be lodged in like manner as this proxy.
6. To vote by proxy, please complete and sign the proxy form enclosed and send the proxy form:
 - (a) by post to Wasabi Energy Limited, Level 9, 175 Collins Street, Melbourne, 3000 Victoria;
 - or
 - (b) by facsimile to the Company on facsimile number +61 3 96500082,

so that it is received not later than 2:15 pm (EDST) on 23 November 2009.

Proxy forms received later than this time will be invalid.