

Appendix 4C

Quarterly report for entities admitted on the basis of commitments

Introduced 31/3/2000. Amended 30/9/2001

Name of entity

WASABI ENERGY LIMITED

ABN

24 000 090 997

Quarter ended ("current quarter")

31 December 2005

Consolidated statement of cash flows

Cash flows related to operating activities	Current quarter	Year to date (6 months)
	\$A	\$A
1.1 Receipts from customers	330	660
1.2 Payments for		
(a) staff costs	(42,332)	(86,382)
(b) advertising and marketing	-	-
(c) research and development	-	-
(d) leased assets	-	-
(e) other working capital	(107,169)	(166,534)
1.3 Dividends received	-	-
1.4 Interest and other items of a similar nature received	24,668	51,046
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes paid	-	-
1.7 Other (provide details if material)	-	-
Net operating cash flows	(124,503)	(201,210)

+ See chapter 19 for defined terms.

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	Current quarter \$A	Year to date (6 months) \$A
1.8 Net operating cash flows (carried forward)	(124,503)	(201,210)
Cash flows related to investing activities		
1.9 Payment for acquisition of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.10 Proceeds from disposal of:		
(a) businesses (item 5)	-	-
(b) equity investments	-	-
(c) intellectual property	-	-
(d) physical non-current assets	-	-
(e) other non-current assets	-	-
1.11 Loans to other entities	-	-
1.12 Loans repaid by other entities	-	-
1.13 Other (provide details if material)	-	-
Net investing cash flows	-	-
1.14 Total operating and investing cash flows	(124,503)	(201,210)
Cash flows related to financing activities		
1.15 Proceeds from issues of shares, options, etc.	-	-
1.16 Proceeds from sale of forfeited shares	-	-
1.17 Proceeds from borrowings	-	-
1.18 Repayment of borrowings	-	-
1.19 Dividends paid	-	-
1.20 Other (capital raising costs)	-	-
Net financing cash flows	-	-
Net increase (decrease) in cash held	(124,503)	(201,210)
1.21 Cash at beginning of month/year to date	2,225,959	2,302,666
1.22 Exchange rate adjustments to item 1.20	-	-
1.23 Cash at end of month	2,101,456	2,101,456

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Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$A
1.24	Aggregate amount of payments to the parties included in item 1.2	42,331
1.25	Aggregate amount of loans to the parties included in item 1.11	-

1.26 Explanation necessary for an understanding of the transactions

Directors' fees and salaries and related costs on normal commercial terms.
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Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in businesses in which the reporting entity has an interest

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Financing facilities available

Add notes as necessary for an understanding of the position. (See AASB 1026 paragraph 12.2).

		Amount available \$A	Amount used \$A
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

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Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.	Current quarter \$A	Previous quarter \$A
4.1 Cash on hand and at bank	2,101,456	2,225,959
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.22)	2,101,456	2,225,959

Acquisitions and disposals of business entities

	Acquisitions (Item 1.9(a))	Disposals (Item 1.10(a))
5.1 Name of entity	-	-
5.2 Place of incorporation or registration	-	-
5.3 Consideration for acquisition or disposal	-	-
5.4 Total net assets	-	-
5.5 Nature of business	-	-

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act (except to the extent that information is not required because of note 2) or other standards acceptable to ASX.
- 2 This statement does give a true and fair view of the matters disclosed.

Sign here: *Phillip MacLeod*
Secretary

Date: 30 January 2006

Print name: Phillip MacLeod

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Notes

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
2. The definitions in, and provisions of, *AASB 1026: Statement of Cash Flows* apply to this report except for the paragraphs of the Standard set out below.
 - 6.2 - reconciliation of cash flows arising from operating activities to operating profit or loss
 - 9.2 - itemised disclosure relating to acquisitions
 - 9.4 - itemised disclosure relating to disposals
 - 12.1(a) - policy for classification of cash items
 - 12.3 - disclosure of restrictions on use of cash
 - 13.1 - comparative information
3. **Accounting Standards.** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

Quarterly Activities Report

Lillyburt Coal Project

Review Study

The joint venture involving Wasabi Energy Limited and Western Canadian Coal Corp. are directing an economic evaluation of the Lillyburt Coal Project.

This scoping study to determine the economic potential of the Lillyburt Coal Project in Canada involves a detailed review and reassessment of the geological database utilizing modern computer modelling in order to determine the resources and their classification. A 3D geological model, digital topographic model and mining review will assist this process, with a final report expected by April 2006. This summary below provides an update of progress to date.

Geology review, exploration permit application.

The geology review is generally complete; the exploration permit will be completed by the end of January 2006.

Data verification

All of the geophysical logs have been procured and coal and sandstone intervals and intercepts have been identified.

Topography, digital model

The 1:5,000 scale topographic from 1980 has been processed and we have a digital model (digitized from an existing Shell Canada map). We have a 1:50,000 scale topographical map for the area of interest.

Geology Model

We have a digital structure contour map (for Seam C, the main coal seam) created that will form the main part of the model.

The study is on schedule to be completed by April 2006.

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 of US\$682,924. Exergy is a California-based energy technology corporation that owns the Kalina Cycle technology, a patented process that significantly improves the efficiency of conversion of heat to power for generation of electricity from low temperature geothermal and waste heat.

A proposed merger between Exergy and AMP Resources LLC, which would have resulted in a substantial return to Wasabi, was terminated during the last quarter. Wasabi is continuing to work with these parties and others to realise a suitable return on the Exergy investment.

The Siemens Industrial Solutions and Services Group based in Erlangen, Germany has recently announced the construction of two separate geothermal power stations utilizing the Kalina Cycle technology. Exergy is due royalty payments from Siemens for the use of the technology. This development, along with the progress of other licensees of the Exergy technology including AMP Resources LLC, Geodynamics Ltd, X-Orka and Ebara of Japan, provides Wasabi with assurance of Exergy's inherent value.

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