



4 July 2006

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

Dear Sir

LILLYBURT COAL UPDATE

The Lillyburt Coal Project is situated in southeast British Columbia, Canada. A Joint Venture involving Wasabi Energy Limited (“Wasabi” or the “Company”) and Western Canadian Coal Corp. is directing the evaluation of the Lillyburt Coal Project. Initially reviewed in the 1980’s by a subsidiary of Shell Canada as a thermal coal deposit, current studies are seeking to review the potential for economic extraction of both coking and thermal coal by open pit methods.

An initial study has been undertaken involving a detailed review and reassessment of the existing geological database in an effort to determine the resources and their classification. The available data is sufficient to provide an estimate of the size of the deposit. However, the existing data is lacking adequate coal quality information to provide a resource estimation. A concise four borehole exploration programme has been designed targeting Seam “C” to assess the coal quality. Exploration permits have been applied for through the British Columbia Ministry of Energy and Mines.

The Lillyburt project evaluation is being carried out on staged basis with minimal expenditure commitments. Once coal quality is verified, additional studies can be carried out which would take to account the project economics against the medium/long term demand for thermal & PCI coal. The Company is monitoring other project opportunities in the same area.

Yours faithfully

Tim Wise
Managing Director