Rule 4.7B

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	Quarter ended ("current quarter")
24 000 090 997	30 June 2006

Consolidated statement of cash flows

	Cash flows related to operating activities		Current quarter $A	Year to date (12 months) $A
1.1	Receipts from customers		-	660
1.2	Payments for	(a) staff costs	(66,677)	(190,371)
		(b) advertising and marketing	-	-
		(c) research and development	-	-
		(d) leased assets	-	-
		(e) other working capital	(66,039)	(281,605)
1.3	Dividends received		-	-
1.4	Interest and other items of a similar nature received		3,255	70,204
1.5	Interest and other costs of finance paid		-	-
1.6	GST refunded		4,735	4,735
1.7	Exploration		(40,015)	(65,118)
	Net operating cash flows		(164,741)	(461,495)

+ See chapter 19 for defined terms.

		Current quarter $A	Year to date (12 months) $A
1.8	Net operating cash flows (carried forward)	**(164,741)**	**(461,495)**
	Cash flows related to investing activities		
1.9	Payment for acquisition of:		
	(a) businesses (item 5)	-	-
	(b) equity investments	(200,000)	(200,000)
	(c) intellectual property	-	-
	(d) physical non-current assets	-	(1,704)
	(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	(70,306)	(1,695,295)
1.12	Loans repaid by other entities	-	-
1.13	Purchase of prospects	(75,000)	(75,000)
	Net investing cash flows	(345,306)	(1,971,999)
1.14	**Total operating and investing cash flows**	(510,047)	(2,433,494)
	Cash flows related to financing activities		
1.15	Proceeds from issues of shares, options, etc.	400,818	400,818
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	400,818	400,818
	Net increase (decrease) in cash held	(109,229)	(2,032,676)
1.21	Cash at beginning of quarter/year to date	379,219	2,302,666
1.22	Exchange rate adjustments to item 1.20	-	-
1.23	**Cash at end of month**	269,990	269,990

+ See chapter 19 for defined terms.

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	66,677
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.

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

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

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	-	-

+ See chapter 19 for defined terms.

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	269,990	379,219
4.2 Deposits at call	-	-
4.3 Bank overdraft	-	-
4.4 Other	-	-
Total: cash at end of quarter (item 1.22)	269,990	379,219

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* Date: 31 July 2006
Company Secretary

Print name: Phillip MacLeod

+ See chapter 19 for defined terms.

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.

+ See chapter 19 for defined terms.

Quarterly Activities Report

Bio Diesel Investment

Wasabi acquired a 50% stake in a new company formed to specialise in developing bio diesel production plants and in marketing the fuel. Wasabi will initially contribute $400,000 to the new company.

The new company's initial venture will be to advance $325,000 to K.E. Engineering Pty Ltd ("KE") to enable KE to complete construction of its bio diesel plant that is presently being built at Laverton, near Melbourne, Victoria. It is anticipated that the bio diesel plant will be producing high grade fuel by September of this year.

Wasabi will receive a fee for the initial contribution to the new company by a royalty from KE on the first 20 million litres of fuel, at a rate of approximately 4.5 cents per litre. The final amount that Wasabi should receive from KE is approximately $900,000.

Woolner Dome and Alice Springs Uranium Option

Wasabi secured and exercised an option over two prospective tenements for Uranium and Gold in the Northern Territory covering in excess of 2,000 square kilometres.

The first is the Woolner Dome EL 24939, one of three known Archaean granite domes in an area with significant uranium deposits to the south (Rum Jungle) and east (Jabiluka and Ranger). The Archaean granites are closely related to mineralization in the other two domes. The second is the Alice Springs EL 24917 to the northeast of the Angela and Pamela uranium project areas.

During the option period Wasabi conducted due diligence on the Woolner Dome tenement, including reprocessing geophysical images obtained from data acquired after the most recent uranium exploration carried out in a joint venture between E.Z./Peko and CRA in the late 1970's. The images presented by Wasabi's consulting geophysicists suggest a hitherto unrecognized structural complexity around the Woolner Dome in addition to radiometric anomalies existing within the Woolner tenement.

It is planned to fly more detailed low level aero magnetics around the Dome during the September quarter and to follow up ground inspection of radiometric anomalies. Reconnaissance wildcat drilling is planned to test these features in September/October. Reprocessing of all available Alice Springs data is also planned for this period.

Lillyburt Coal Project

An initial study has been undertaken reviewing and reassessing the existing geological database to determine the project resources and their classification. Although the available data is sufficient to estimate of the size of the deposit, it is lacking adequate coal quality information to provide a resource estimation. A concise four borehole exploration programme has been designed targeting the main seam to assess the coal quality. Application has been made for exploration permits.

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.

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.

Wasabi is continuing to work to realise a suitable return on the Exergy investment.