WASABI ENERGY LIMITED
ABN 24 000 090 997

NOTICE OF GENERAL MEETING

TIME: 10:00 am (WST)

DATE: Thursday, 2 August 2007

PLACE: The Celtic Club, 48 Ord Street, West Perth, Western Australia

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.

NOTE: Stanton Partners Corporate Pty Ltd has prepared the Independent Expert's Report and has provided an opinion that it believes the proposals as outlined in Resolution 2 are not fair but reasonable to the Shareholders of the Company not associated with Xtract. It is recommended that all Shareholders read the Independent Expert's Report in full.

Should you wish to discuss the matters in this Notice of Meeting please do not hesitate to contact the Company Secretary on (08) 9322 5050.

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TIME AND PLACE OF MEETING AND HOW TO VOTE

VENUE

The General Meeting of the Shareholders of Wasabi Energy Limited which this Notice of Meeting relates to will be held at **10:00 am (WST)** on **2 August 2007** at **the Celtic Club, 48 Ord Street, West Perth, Western Australia**.

YOUR VOTE IS IMPORTANT

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

VOTING IN PERSON

To vote in person, attend the 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 with this Notice of Meeting as soon as possible and either:

(a) send or deliver the proxy form to Level 2 Mezzanine, 28 Ord Street, West Perth or PO Box 2883, Perth, 6000, Western Australia; or

(b) send the proxy form by facsimile to the Company on facsimile number (08) 9322 5052,

so that it is received not later than 10:00 am (WST) on 31 July 2007.

Proxy forms received later than this time will be invalid.

NOTICE OF GENERAL MEETING

Notice is given that a General Meeting of Shareholders of Wasabi Energy Limited will be held at the Celtic Club, 48 Ord Street, West Perth, Western Australia at 10:00 am (WST) on 2 August 2007 (**General 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 on 31 July 2007 at 10:00 am (WST).

Terms and abbreviations used in this Notice of General Meeting and Explanatory Statement are defined in the glossary or in the Explanatory Statement.

AGENDA

The Explanatory Statement to this Notice of General Meeting describes the matters to be considered at the General Meeting.

ORDINARY BUSINESS

RESOLUTION 1 – RE-ELECTION OF MR STEPHEN MORRIS

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

> *"That, Mr Stephen Morris, being a director of the Company retires in accordance with article 71.2 of the Constitution and, being eligible, is hereby re-elected as a director of the Company."*

SPECIAL BUSINESS

RESOLUTION 2 – SHARE PURCHASE AGREEMENT – ACQUISITION OF SHARES IN AVIVA CORPORATION LIMITED AND ISSUE OF SHARES TO XTRACT ENERGY PLC

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 Rules 10.1 and 10.11 of the ASX Listing Rules and Sections 208 and 611 Item 7 of the Corporations Act, and for all other purposes, Shareholders approve:*
>
> *(a) the acquisition by the Company from Xtract (a substantial holder of shares in the Company) of 12,300,000 fully paid ordinary shares in the capital of Aviva Corporation Limited and Xtract's rights and obligations under the DC Technology Co-Op Agreement in consideration for the issue to Xtract of 175 million fully paid ordinary Shares in the capital of the Company and the grant to Xtract of 25 million Options to subscribe for ordinary shares in the capital of the Company (and the acquisition of 25 million fully paid ordinary Shares on the exercise of these Options), on the terms and conditions set out in the Explanatory Statement; and*
>
> *(b) the subsequent increase in Xtract's voting power in the Company from 18.91% to 40.02% and Cambrian's voting power in the Company (as Xtract's holding company), from 18.91% to 40.02%."*

Expert's Report: Shareholders should carefully consider the Independent Expert's Report prepared by Stanton Partners Corporate Pty Ltd (**Stanton Partners**) for the purposes of the

Shareholder approval required under Listing Rule 10.1 of the ASX Listing Rules and Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transaction to the non-associated Shareholders in the Company.

Voting Exclusion: The Company will disregard any votes cast on a resolution by Xtract and any associate of Xtract. However, the Company need not disregard a vote if it is cast by a person as 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.

RESOLUTION 3 – 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, pursuant to and in accordance with Listing Rule 7.4 and for all other purposes, Shareholders ratify the allotment and issue of 15 million Shares at an issue price of 2.5 cents each to raise $375,000 and the grant of 15 million free attaching Options at an exercise price of 2.5 cents each to raise a further $375,000 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 issue and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as 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.

RESOLUTION 4 – RELATED PARTY ISSUE – GRANT OF OPTIONS TO MR STEPHEN MORRIS

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

> *"That, subject to the passing of Resolution 1, for the purposes of Listing Rule 10.11 and Section 208 of the Corporations Act and for all other purposes, approval is given for the Directors to grant 5 million Options exercisable at 3 cents each and 5 million Options exercisable at 3.5 cents each to Mr Stephen Morris (an Executive Director of the Company) or nominee and otherwise on the terms of the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Stephen Morris and any of his associates. However, the Company need not disregard a vote if it is cast by a person as 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.

RESOLUTION 5 – RELATED PARTY ISSUE – GRANT OF OPTIONS TO MR TIM WISE

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 10.11 and Section 208 of the Corporations Act and for all other purposes, approval is given for the Directors to grant 5 million Options exercisable at 3 cents each and 5 million Options exercisable at 3.5 cents*

each to Mr Tim Wise (the Managing Director of the Company) or nominee and otherwise on the terms of the Explanatory Statement."

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Tim Wise and any of his associates. However, the Company need not disregard a vote if it is cast by a person as 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.

RESOLUTION 6 – DISPOSAL OF MAJOR ASSET

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 11.4 and for all other purposes, approval is given for Rum Jungle Uranium Ltd (**Rum Jungle Uranium**), a child entity of the Company, to offer securities in Rum Jungle Uranium, except those retained by the Company, for the purpose of the listing of Rum Jungle Uranium on the Australian Securities Exchange, with a priority right only to the Shareholders of the Company, and not a pro rata offer as referred to in Listing Rule 11.4.1(a), and otherwise on the terms of the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by a party to the transaction to acquire shares in Rum Jungle and any associate of that person. However, the Company need not disregard a vote if it is cast by a person as 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.

RESOLUTION 7 – RELATED PARTY ISSUE OF SHARES IN RUM JUNGLE URANIUM

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 and for all other purposes, approval is given for Mr Robert Reynolds and Mr Stephen Morris (Directors of the Company) or their nominees to subscribe for 160,000 shares and 1,080,000 shares respectively at a price of 12.5 cents each in the capital of Rum Jungle Uranium , a subsidiary entity of the Company and otherwise on the terms of the Explanatory Statement."*

Voting Exclusion: The Company will disregard any votes cast on this Resolution by Mr Stephen Morris or Mr Robert Reynolds and any associates of those persons. However, the Company need not disregard a vote if it is cast by a person as 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.

DATED: 28 June 2007

BY ORDER OF THE BOARD

TIM WISE
DIRECTOR AND 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 General Meeting.

The 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.

ORDINARY BUSINESS OF THE MEETING – RESOLUTION 1

1. RE-ELECTION OF A DIRECTOR – MR STEPHEN MORRIS

Generally, the Constitution requires that new Directors are re-appointed by a resolution of Shareholders passed at a general meeting.

Article 71.2 of the Constitution provides that a Director appointed by the Directors to fill a casual vacancy or as an addition to the existing Directors, only holds office until the next annual general meeting of the Company and is then eligible for re-election.

Mr Stephen Morris was appointed by the Directors on 13 November 2006 as an addition to the existing Directors. He retires pursuant to Article 71.2 and seeks re-election.

Set out below is a summary of Mr Morris's qualifications and experience:

Mr Morris has more than 20 years' experience in International investment and management in a range of industries including telecommunications, marketing, manufacture and venture capital. He has been an early investor and advisor to a number of other companies, including Medeva Plc, SkyePharma Plc, Eidos Plc, Britannic Timber, Simpsons of Cornhill Plc, Regina Health and Beauty PLC and Australian Platinum (prior to the formation of Fifth Avenue Capita Inc.).

More recently, Mr Morris has been a founder and acted as chief executive of Fifth Avenue Capital Inc (a venture capital company) and a founder and director of FAC Smaller Strategic Opportunities Inc as an early stage resources investor.

SPECIAL BUSINESS OF THE MEETING – RESOLUTIONS 2, 3, 4, 5, 6 AND 7

2. RESOLUTION 2 – SHARE PURCHASE AGREEMENT – ACQUISITION OF SHARES IN AVIVA CORPORATION LIMITED AND ISSUE OF SHARES TO XTRACT ENERGY PLC

2.1 Overview

The Company entered into an agreement with Xtract Energy plc (**Xtract**) on 13 November 2006 whereby Xtract agreed to sell and the Company agreed to buy, a number of shares in the capital of Aviva and Xtract's rights and liabilities under the DC Technology Co-Op Agreement. Xtract is a substantial shareholder in the Company and is controlled by Cambrian.

Subsequently, on 14 June 2007, the Company and Xtract executed a written Agreement confirming the terms and conditions of the agreement reached on 13 November 2006 (**Share Purchase Agreement**). Pursuant to the Share Purchase Agreement, Xtract agreed to sell and the Company agreed to purchase 12,300,000 fully paid ordinary shares in the capital of Aviva (**Sale Shares**) and Xtract's rights and liabilities under the DC Technology Co-Op Agreement.

The Share Purchase Agreement is subject to and conditional upon the Company obtaining all necessary Shareholder approvals required to enable the Company to purchase the Sale Shares. The purpose of Resolution 2 is to obtain all relevant Shareholder approvals.

On completion of the Share Purchase Agreement, the Company must issue 175 million Shares and grant 25 million Options to Xtract as consideration for the purchase of the Sale Shares and the interest in the DC Technology Co-Op Agreement (**Securities**).

If Shareholders approve Resolution 2, the Company will acquire an interest in Aviva of approximately 18.6% and Xtract's rights and liabilities under the DC Technology Co-Op Agreement.

The Board considers the acquisition of the interest in Aviva and Xtract's rights and liabilities under the DC Technology Co-Op Agreement to be a strategic investment which provides the Company with excellent exposure to a potential provider of coal and power generation to the Western Australian economy as well as an interest in an exciting technology that is being evaluated for production of char utilising an environmentally benign pyrolysis process.

(a) Aviva

Aviva listed on the Australian Securities Exchange on 21 April 1994 and is growing a portfolio of energy assets. Aviva's most advanced asset is the Central West Coal Project (**CWC Project**) near Eneabba, Western Australia.

The CWC Project is ideally located in the northern half of the South West Interconnected System (**SWIS**) power grid to take advantage of growth, both in the SWIS and from new resource projects in the Mid West, Western Australia. The location has the advantage of low cost fuel, available water, adjacent infrastructure, an existing mining lease and freehold land.

Aviva's most recent quarterly report included the following description of its key projects:

Central West Coal Project

During the quarter the CWC resource model was updated to incorporate information obtained from the drill program and coal quality program completed in the December 2006 quarter. The updated resource model is being used to calculate mining reserves for the Central West Coal Project. The reserve statement will be completed in May. It will not include any coal from the area covered by the recently completed seismic survey.

An internal screening study of new power generation options in the South West Interconnected System (SWIS) was completed during the quarter. The study confirmed the CWC project will underpin a very competitive power generation option for the SWIS network and industrial customers. A shortage of fuel for power generation and a recently announced 18% increase in the price of electricity in WA continues to strengthen the case for a power station in the Mid West.

In October 2006 Aviva entered into a two-month standstill agreement with ERM Power to enable the negotiation of an agreement for the co-development of a base load power station in the Mid-West. Aviva agreed to extend the standstill until the end of February 2007. Aviva elected not to *extend the standstill again to enable other development options to be considered. Negotiations with a number of parties, including ERM Power are continuing.*

Economic factors favouring a power station in the Mid West include:

(i) Limited gas supply at competitive prices, commercial quantities and contractual durations.

(ii) Verve Energy (previously Western Power Generation Division) is precluded from adding new generating capacity for seven years under the Western Power disaggregation process.

(iii) Eneabba is 300-600km closer to new and existing projects in the Mid West than competing base load generation in Kwinana and Collie.

Mmamantswe Project Botswana

During the quarter Aviva Corporation Limited signed a letter of agreement with Mawana Minerals (Pty) Ltd (Mawana) of Botswana to enter into a Joint Venture over the Mmamantswe Coal Project, located 70km north of the capital, Gaborone.

The Mmamantswe Coal Project tenement area is positioned between the major infrastructure corridor of Botswana and the South African border. Rail, power and highway links to Garbarone and South Africa pass within 30km of the coal deposit.

Aviva and Mawana have entered into an agreement whereby Aviva will spend US$0.5M over 18 months upon which Mawana will grant it an option to earn a 90% Joint Venture interest in the project by completing a Bankable Feasibility Study. Mawana will be free carried to production on its 10% interest and will have the right to take up a further 15% on a fully funded basis.

Aviva expects to finalise the appointment of a supervising geologist and drilling contractor in the coming weeks. A 2000 metre drill program is being planned to commence in May.

Mmamantswe is ideally located to meet the growing demand for energy, being close to the main Eskom interconnectors which travel through a major industrial corridor en route to Johannesburg only 300km away. The project has many similarities to the company's Central West Coal Project in WA but with the potential to host significantly more coal at a better stripping ratio. It is anticipated that the Mmamantswe deposit will yield both metallurgical and thermal products.

(b) Danieli Corus

Danieli Corus is an engineering and contracting consultancy company providing services internationally to the iron and steel and primary metals industry. Danieli Corus is a 50/50 joint venture between Corus HO London, one of Europe's foremost steel making entities, and Danieli, Italy, manufacturer of steelmaking plants and equipment worldwide.

Corus has iron and steelmaking facilities at Ijmuiden, The Netherlands, which is considered to be one of Europe's most efficient integrated iron and steelworks.

In April 2007, Corus was acquired by Tata Steel, HO Mumbai, India.

With the combined group's growth over the next 5 years, it is expected to become the second largest steel entity in world. The current output of 24,000,000 tonnes in 2006 is projected to increase to 40,000,000 tonnes p.a. in 2012. Total revenues in 2006 were Euro 20 billion.

In June 2005, Danieli Corus and Cambrian entered into a mutually exclusive co-operation agreement to bring the CCP (Continuous Charmaking Process) technology to commercial application. Under the agreement, Cambrian owns the technology and Danieli Corus provides the development, engineering and plant construction know how.

In November 2006, Cambrian and Xtract reached an agreement whereby Cambrian agreed to transfer to Xtract all of Cambrian's rights and liabilities under the DC Technology Co-Op Agreement. Cambrian and Xtract subsequently confirmed that agreement in writing in June 2007.

The CCP technology consists of a process to convert low-grade carbon resources into valuable char or, in a later stage, coke by pyrolisation. A double screw pyrolyser is designed to overcome the plastic phase that is reached during the heating of the carbon material. The volatiles of the carbon are captured fully in the form of by-products and gas. The benefits of the technology are believed to include:

(i) Small scale facilities are possible, from 50,000 tons per year

(ii) Modular build-up to larger units

(iii) Use of cheaper low-grade carbon resources

(iv) Use of waste coal resources (waste pond fines) is possible

(v) No limitation in grain size of input materials

(vi) Twin screw technology allows the use of any coal type even swelling and caking coals

Much work was done in the USA in the 1990's under Department of Energy contracts with an estimated cost of around $10 million.

Cambrian has spent the following in relation to the DC Technology Co-Op Agreement:

Phase 1, quick scan	€ 55,000
Phase 2, pyrolyser design study	€ 250,000
Phase 3, risk mitigation	€ 420,000
Total	€ 725,000

Phase 4 consists of material testing for oil shale and Australian lignite and revision of the feasibility study specifically for these materials, which are believed to generate robust financial results. New ideas to increase heat transfer by infrared and by larger heat exchange surface will be incorporated. The Pyrolyser design needs to be amended for oil shale and for lignite.

As with the evaluation and development of any new technology, there are a number of risks that include issues with patents and rights to the technology, the technology not being commercially viable or production facilities not performing as expected from test facilities.

2.2 General

Resolution 2 seeks Shareholder approval:

(a) in accordance with Listing Rule 10.1 of the ASX Listing Rules, for the acquisition of the Sale Shares (being the interest in Aviva) and the interest in the DC Technology Co-Op Agreement by the Company from Xtract;

(b) in accordance with section 208 of the Corporations Act and Listing Rule 10.1 of the ASX Listing Rules, for the issue of 175 million fully paid ordinary Shares in the capital of the Company and 25 million Options to Xtract in consideration for the acquisition set out in paragraph (a) above; and

(c) in accordance with Section 611 Item 7 of the Corporations Act, for the acquisition of a relevant interest in voting shares of the Company by Xtract and Cambrian, as Xtract's holding company, by virtue of the issue to Xtract of 175 million Shares in the capital of the Company and 25 million Options (and the acquisition of 25 million Shares in the capital of the Company or the exercise of these Options) in circumstances which would otherwise contravene Chapter 6 of the Corporations Act.

2.3 ASX Listing Rule 10.1

ASX Listing Rule 10.1 provides that an entity (or any of its subsidiaries) must not acquire a "substantial asset" from, or dispose of a substantial asset to, a substantial holder (if the person and the person's associates have a "relevant interest", or had a relevant interest at any time in the 6 months before the transaction, in at least 10% of the total votes attached to the voting securities).

An asset is substantial if its value or the value of the consideration for it is, or in ASX's opinion is, 5% or more of the equity interests of the company as set out in the latest accounts given to ASX under the Listing Rules. For the purposes of ASX Listing Rule 10.1, Xtract and Cambrian, as Xtract's holding company, are substantial shareholders in the Company. The Transaction therefore requires shareholder approval for the purpose of ASX Listing Rule 10.1.

ASX Listing Rule 10.1 provides that shareholder approval sought for the purpose of ASX Listing Rule 10.1 must include a report on the proposed acquisition from an independent expert.

Accompanying this Explanatory Statement is an Independent Expert's Report prepared by Stanton Partners concluding that the proposed Transaction is **not fair but reasonable** to the non-associated Shareholders.

2.4 Section 208 of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to the section apply or shareholders have in general meeting approved the giving of that financial benefit to the related party.

In the current circumstances, the issue of Shares to Xtract constitutes a "financial benefit" as defined in the Corporations Act. Further, Xtract could be considered to be a "related party" of the Company as defined under the Corporations Act by virtue of being a major Shareholder of the Company. Accordingly, the proposed issue of Shares to Xtract could constitute the provision of a financial benefit to a related party of the Company.

The Directors are of the view that the exceptions under the Corporations Act to the provision of a financial benefit to a related party may not apply in the current circumstances.

The Directors have determined to seek Shareholder approval under Section 208 of the Corporations Act to permit the issue of the Shares to Xtract.

Sections 217 to 227 of the Corporations Act

Pursuant to Sections 217 to 227 of the Corporations Act, the Company provides the following information to Shareholders in respect of the proposed financial benefit to be given to Xtract:

(a) the related party to whom the financial benefit will be given is Xtract, a substantial holder in the Company;

(b) the maximum number of Securities (being the nature of the financial benefit to be provided) to be issued is:

  (i) 175 million Shares; and

  (ii) 25 million Options;

(c) no funds will be raised from the issue of the Securities;

(d) Xtract currently has an interest in the following Securities in the Company:

	Shares	**Options**
Direct interest[1]	81,511,422	Nil
Indirect interest[2]	25,916,667	Nil
TOTAL RELEVANT INTEREST[3]	107,428,089	Nil

Note 1: Xtract is the registered holder of these shares.

Note 2: Cambrian is the registered holder of these shares so Xtract has an indirect interest in them through Cambrian.

Note 3: Xtract's total relevant interest = the direct interest + the indirect interest.

(e) in the 12 months before the date of this Notice the highest, lowest and latest trading price of Shares on ASX are as set out below:

	Date	**Price**
Highest	5 January 2007	6.4 cents
Lowest	6 October 2006	2.1 cents
Last	26 June 2007	4.0 cents

(f) if Shareholders approve the issue of Shares and Options to Xtract, the effect will be to dilute the shareholding of non associated Shareholders by approximately 21.11%. The market price for Shares during the term of the Options would normally determine whether or not the Options are exercised. If, at any time the Shares are trading on ASX at a price that is higher than the exercise price of the Options, there may be a perceived cost to the Company;

(g) if the Options are exercised, a total of 200 million Shares would be allotted and issued in the Company. This will increase the number of fully paid ordinary Shares on issue from 568,140,445 to 768,140,445 Shares with the effect that the shareholding of existing Shareholders (prior to the issue of the fully paid ordinary Shares the subject of Resolution 3 and the issue of Shares upon the conversion of the Options pursuant to Resolution 3 and the conversion of the A and B Options pursuant to Resolutions 4 and 5) would be diluted as follows:

Security Holder	No. of Issued Shares Currently Held	Current % of Co's Issued Capital	No. of Options Granted by Resolution 2	No. of Shares Issued by Resolution 2	No of Shares Held if Resolution 2 Shares issued and no Options exercised	% of Co's Issued Capital if only 175 million Shares issued to Xtract (i.e. no Options exercised)	No of Shares Held if Resolution 2 Shares issued and all Options exercised	% of Co's Issued Capital if Xtract exercises all Options issued by Resolution 2
Xtract[1]	81,511,422	14.35%	25,000,000	175,000,000	256,511,422	34.52%	281,511,422	36.65%
Cambrian[2]	25,916,667	4.56%	0	0	25,916,667	3.49%	25,916,667	3.37%
Total Relevant Interest[3]	107,428,089	18.91%	25,000,000	175,000,000	282,428,089	38.00%	307,428,089	40.02%
Non associated	460,712,356	81.09%	0	0	460,712,356	62.00%	460,712,356	59.98%
Total	**568,140,445**	**100%**	**25,000,000**	**175,000,000**	**743,140,445**	**100%**	**768,140,445**	**100%**

Note 1: Xtract is the registered holder of these shares.

Note 2: Cambrian is the registered holder of these shares so Xtract has an indirect interest in them through Cambrian.

Note 3: Xtract's total relevant interest in Wasabi = Xtract's interest + Cambrian's interest.

(h) the Directors recommend that Shareholders vote in favour of Resolution 2 as they are of the view that the issue of 175 million Shares and 25 million Options to Xtract is appropriate consideration for the acquisition of the Sale Shares by the Company. The Board considers the acquisition of the interest in Aviva and the DC Technology Co-Op Agreement to be a strategic investment which will strengthen the Company's energy asset base; and

(i) the ASIC in reviewing documents lodged under section 218 relating to the giving of a financial benefit to a related party of a public company requires explanatory information regarding the value of the financial benefit and the value of the asset being acquired. Shareholders should refer to the valuation in the Independent Expert's Report prepared by Stanton Partners which forms part of this Explanatory Statement.

2.5 ASX Listing Rule 10.11

ASX Listing Rule 10.11 requires a listed company to obtain shareholder approval by ordinary resolution prior to the issue of securities to a related party of the Company.

If Resolution 2 is passed, Securities will be issued to Xtract, which is a related party of the Company.

Accordingly, approval for the issue of Securities to Xtract is required pursuant to ASX Listing Rule 10.11.

Approval pursuant to ASX Listing Rule 7.1 is not required in order to issue the Shares to Xtract as approval is being obtained under ASX Listing Rule 10.11. Shareholders should note that the issue of Securities to Xtract will not be included in the 15% calculation for the purposes of ASX Listing Rule 7.1.

ASX Listing Rule 10.13 sets out a number of matters which must be included in a notice of meeting proposing an approval under ASX Listing Rule 10.11. For the purposes of ASX Listing Rule 10.13, the following information is provided in relation to Resolution 2:

(a) the maximum number of Shares to be issued by the Company is 175 million and the maximum number of Options to be issued by the Company is 25 million;

(b) the allottee of the Securities will be Xtract;

(c) the Securities will be issued no later than one month after the date of the General Meeting (or such later date as permitted by any ASX waiver or modification of the ASX Listing Rules) and it is anticipated that allotment will occur on one date;

(d) Xtract is a substantial Shareholder of the Company;

(e) the deemed issue price of the Securities is 3 cents each;

(f) the Securities will rank equally with existing Securities on issue; and

(g) no funds will be raised from the issue of the Securities as they are being issued in consideration for the acquisition of the Sale Shares.

2.6 Section 611 Item 7 of the Corporations Act

(a) Section 606 of the Corporations Act – Statutory Prohibition

Pursuant to Section 606(1) of the Corporations Act, a person must not acquire a relevant interest in issued voting shares in a listed company if the person acquiring the interest does so through a transaction in relation to securities entered into by or on behalf of the person and because of the transaction, that person's or someone else's voting power in the company increases:

(i) from 20% or below to more than 20%; or

(ii) from a starting point above 20% and below 90%.

(b) Voting Power and Relevant Interests

(i) Voting Power

The voting power of a person in a body corporate is determined in accordance with Section 610 of the Corporations Act. The calculation of a person's voting power in a company involves determining the voting shares in the company in which the person and the person's associates have a relevant interest.

A person (**second person**) will be an "associate" of the other person (**first person**) if:

(A) the first person is a body corporate and the second person is:

(I) a body corporate the first person controls;

(II) a body corporate that controls the first person; or

(III) a body corporate that is controlled by an entity that controls the first person;

(B) the second person has entered or proposes to enter into a relevant agreement with the first person for the purpose of controlling or influencing the composition of the Company's board or the conduct of the Company's affairs; or

(C) the second person is a person with whom the first person is acting or proposed to act, in concert in relation to the Company's affairs.

(i) Relevant Interest

Section 608(1) of the Corporations Act provides that a person has a relevant interest in securities if they:

(A) are the holder of the securities;

(B) have the power to exercise, or control the exercise of, a right to vote attached to the securities; or

(C) have power to dispose of, or control the exercise of a power to dispose of, the securities.

It does not matter how remote the relevant interest is or how it arises. If two or more people can jointly exercise one of these powers, each of them is taken to have that power.

Section 608(3) of the Corporations Act provides that a person has the relevant interests in any securities held by a body corporate in which the person's voting power is above 20%.

As Xtract is the holder of the Securities, it has a relevant interest in the Company.

In the event that the Securities the subject of Resolution 2 are issued (and upon conversion of the 25 million Options into Shares), Xtract's and Cambrian's shareholding and voting power will increase as follows:

Name	Current Holding	Current Voting Power	Holding following the issue and exercise of the Resolution 2 Securities	Voting Power following the issue and exercise of the Resolution 2 Securities
Xtract[1]	81,511,422 Shares	14.35%	281,511,422 Shares	36.65%
Cambrian[2]	25,916,667 Shares	4.56%	25,916,667 Shares	3.37%
Total Relevant Interest[3]	**107,428,089**	**18.91%**	**307,428,089**	**40.02%**

Note 1: Xtract is the registered holder of these shares.

Note 2: Cambrian is the registered holder of these shares so Xtract has an indirect interest in them through Cambrian.

Note 3: Xtract's total relevant interest in Wasabi = Xtract's interest + Cambrian's interest.

(c) Section 611 Item 7 of the Corporations Act – Exemption from Section 606

Section 611 of the Corporations Act provides that certain acquisitions of relevant interests in a company's voting shares are exempt from the prohibition in Section 606(1), including acquisitions approved previously by a resolution passed at a general meeting of the company in which the acquisition is made (Section 611 Item 7).

For the exemption in Section 611 Item 7 to apply, Shareholders must be given all information known to the person proposing to make the acquisition or their associates, or known to the Company, that was material to the decision on how to vote on the resolution. The ASIC has indicated what additional information should be provided to shareholders in these circumstances.

For the purposes of the Corporations Act and Policy Statement 74 the following information is disclosed in relation to the acquisition of a relevant interest in the Company by Xtract and Cambrian. Shareholders are also referred to the Independent Expert's Report prepared by Stanton Partners which forms part of this Explanatory Statement.

The figures in the following section assume that:

(i) all of the Securities the subject of Resolution 2 have been issued and no additional Securities are issued; and

(ii) Xtract does not acquire any Securities other than those referred to in Resolution 2.

Prescribed Information:

(i) The identity of the person proposing to make the acquisition and their associates:

Xtract

Xtract and its holding company, Cambrian, are proposing to acquire a relevant interest in the Company's voting shares.

Xtract was formed in October 2004 (previously Resmex plc) to invest in energy and mineral resources in Europe, North America and Australia. Cambrian owns 53% of the issued capital of Xtract.

Xtract has built up a significant portfolio of oil shale resource tenements in Australia and has applied for exploration permits in New Zealand. Xtract, in conjunction with Australia's CSIRO, aims to develop commercially effective technology to unlock oil reserves in oil shale deposits in Queensland, Australia. The Queensland deposits, known as Julia Creek, contain substantial quantities of oil. In one particular part of the deposit, called Area C, there are 415 million barrels of *in situ* resources.

Details in respect of Xtract can be obtained from reviewing its website at www.xtractenergy.co.uk.

Cambrian

Cambrian is a diversified mining house that manages and supports operations in coal mining and gold/antimony. It also has extensive exposure to energy projects and related technologies, from oil shale assets through to alternative energy projects, as well as exposure to traditional oil and gas exploration and development.

Cambrian has been instrumental in the past 3 years in developing a number of mines and moving them into production. These include: the Augusta Gold Antimony Mine in Victoria, Australia; the 2.4 million tonnes per annum Wolverine Hard Coking Coal Mine in Western Canada; the Dillion and Brule PCI Mines in Western Canada as well as the underground and surface thermal coal mines in West Virginia, USA.

Cambrian's most recent quarterly report included the following description of its activities:

*"**COAL***

Cambrian's coal interests are held through Western Canadian Coal Corp (47.5%) and Coal International plc (34.4%).

1) WESTERN CANADIAN COAL CORPORATION (AIM/TSX:WTN)

WTN has two operating metallurgical coal mines (Wolverine and Brule) and a 50% interest in a joint venture with additional coal properties (Belcourt Saxon). This quarter has been a progressive period for WTN as the company had to deal with a number of tough, operational issues which have delayed production. Cambrian has confidence that WTN's management has now overcome each of these issues and it is very encouraging that from1 April clean-coal production at Wolverine has been at a rate of 200,000 tonnes per month. WTN's second mine, Brule (which replaced production from the Dillon Mine within the Burnt River coal property), has also proceeded well.

2) COAL INTERNATIONAL PLC (AIM:CLN)

The first quarter period has seen record production from CLN's Gauley Eagle property and the company will now look to sustain these levels over the longer term. The next quarter will be very important to CLN as production is due to commence at the Powellton property. The Eagle No. 1 mine (at Powellton) will produce premium metallurgical coal, which sells at a significantly higher price than thermal coal. The consistent development of CLN's assets is establishing the company as a reliable supplier of quality coal.

BASE AND PRECIOUS METALS

Cambrian's wholly owned subsidiary, AGD Mining, owns the Augusta gold and antimony mine and the Costerfield ore treatment plant in central Victoria, Australia. Costerfield commenced production last year and the mine is now ramping up production capacity. Cambrian is also very encouraged by the exploration potential of the asset, further to the high grade drill results announced in the quarter which management believes will likely increase the life of the mine and the overall economics of the project.

AGD also holds nickel interests through investments in Vulcan Resources Ltd (17%) and Asian Mineral Resources (20%), providing Cambrian with good exposure to one of the strongest commodity markets.

ENERGY

The Group's non-coal energy interests in Cambrian Oil & Gas plc ("COIL"), Wasabi Energy Limited (ASX: WAS) ("Wasabi") and Aviva Corporation Limited (ASX: AVA) are held by Xtract Energy Plc.

COIL holds 22% of ASX listed Methanol Australia Ltd ("MEO"), which holds a 12,070 square kilometre petroleum exploration permit off the east coast of Australia's Northern Territory and is planning a three well exploration programme later this year. The interpretation of newly acquired 3D seismic over the Epenarra structure is ongoing and MEO expects to have results in the near future. An independent study conducted by CSIRO in Australia has confirmed high (~100 bbls/Mmscf) condensate gas ratios within the Epenarra Structure intersected by Heron-1."

Cambrian's primary listing is on the Alternative Investment Market of the London Stock Exchange. Cambrian sought an ASX listing for chess depositary interests (**CDI**) over its shares to facilitate trading in Cambrian shares by its Australian based shareholders. At the time of the listing, Cambrian anticipated that most of the Australian based shareholders would hold their Cambrian shares in the form of CDI's and that trading on ASX would be active. This has not occurred and accordingly Cambrian has written to ASX advising that it wishes to be removed from the official list. ASX has advised Cambrian that it will be removed from the official list of ASX if it complies with certain conditions. On the basis of that compliance, Cambrian will be removed from the official list of ASX on 7 September 2007.

Details in respect of Cambrian can be obtained from reviewing its website at www.cambrianmining.com.

(ii) *The maximum extent of the increase in the person's voting power in the Company that would result from the acquisition:*

The maximum extent of the increase in Xtract's voting power that would result from the acquisition is 21.11%.

(iii) *The voting power that person would have as a result of the acquisition:*

The voting power that Xtract would have as a result of the acquisition is 40.02%.

(iv) *The maximum extent of the increase in the voting power of each of that person's associates that would result from the acquisition:*

The maximum extent of the increase in the voting power that Cambrian would have as a result of the acquisition is 21.11%.

(v) *The voting power that each of that person's associates would have as a result of the acquisition.*

The voting power that Cambrian would have as a result of the acquisition is 40.02%.

2.7 Terms of Securities

(a) The Securities proposed to be issued in accordance with Resolution 2 will rank equally in all respects with the Company's existing issued Securities.

(b) Each Option will entitle the holder to subscribe for one fully paid ordinary Share in the Company on the following terms:

(i) the Options shall expire at 5:00 pm (WST) on 30 June 2008 (**Expiry Date**);

(ii) the amount payable on the exercise of the Options will be 3 cents each for each Option exercised;

(iii) an Option does not confer the right to a change in exercise price or a change in the number of underlying Securities over which the Option can be exercised;

(iv) the Options may be exercised wholly, or in part, by notice in writing to the Directors of the Company given prior to or on the Expiry Date. Any notice of exercise of an Option will be deemed to be dated as at the last day of the month on which the Company receives the notice;

(v) an Option may be transferred at any time prior to the expiry date;

(vi) there are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new Shares of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of the proposed issue notice of the new issue will be given to Optionholders at least seven (7) Business Days before the record date. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue;

(vii) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of the Optionholder will be varied in accordance with the Listing Rules; and

(viii) Options not exercised by the Expiry Date will automatically expire.

2.8 Intentions of Xtract and Cambrian in relation to the Company

The Company has been informed that Xtract and Cambrian:

(a) have no intention of making any changes to the business of the Company;

(c) do not presently intend to inject further capital into the Company;

(d) do not propose to change the employment arrangements of the Company;

(e) do not intend to transfer any property between the Company and them nor any person associated with them other than as set out in this Notice;

(f) do not intend to redeploy any fixed assets of the Company; and

(g) have no current intention to change the Company's existing policies in relation to financial matters or dividends.

2.9 Directors' Recommendation

The Directors recommend that Shareholders vote in favour of Resolution 2 as they are of the view that the issue of 175 million Shares and 25 million Options to Xtract is appropriate consideration for the acquisition of the Sale Shares by the Company. The Board considers the acquisition of the interest in Aviva and the DC Technology Co-Op Agreement to be a strategic investment which provides the Company with excellent exposure to a potential provider of coal and power generation to the booming Western Australian economy as well as an interest in technology that is being evaluated for production of char utilising an environmentally benign pyrolysis process.

3. RESOLUTION 3 – RATIFICATION OF PRIOR ISSUE OF SECURITIES

3.1 General

On 16 February 2007, the Company announced the completion of a placement of 15 million Shares at 2.5 cents each with 15 million free attaching Options exercisable at 2.5 cents each on or before 14 January 2008.

None of the subscribers pursuant to this issue were related parties of the Company.

Resolution 3 seeks Shareholder ratification pursuant to Listing Rule 7.4 for the issue of those Shares (**Ratification**).

By ratifying this issue, the Company will retain the flexibility to issue equity Securities in the future up to the 15% threshold set out in Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

3.2 Technical information required by Listing Rule 7.4

Pursuant to and in accordance with Listing Rule 7.5, the following information is provided in relation to the Ratification:

(a) 15 million Shares were allotted and issued and 15 million free attaching Options were granted to ML&C Two Hundred and Four Pty Ltd.

(b) the Shares were allotted and issued on 23 February 2007;

(c) the issue price of each of the Shares was 2.5 cents each and the Options were granted for free;

(d) the Shares issued were all fully paid ordinary shares in the capital of the Company; and

(e) the funds raised were used for working capital purposes.

3.3 Terms of Securities

(a) The Securities issued in accordance with Resolution 3 rank equally in all respects with the Company's existing issued Securities.

(b) Each Option entitles the holder to subscribe for one fully paid ordinary Share in the Company on the following terms:

  (i) the Options shall expire at 5p.m. (Western Standard Time) on 14 January 2008 (**Expiry Date**);

  (ii) the amount payable on the exercise of the Options will be 2.5 cents each for each Option exercised;

  (iii) an Option does not confer the right to a change in exercise price or a change in the number of underlying Securities over which the Option can be exercised;

  (iv) the Options may be exercised wholly, or in part, by notice in writing to the Directors of the Company given prior to or on the Expiry Date. Any notice of exercise of an Option will be deemed to be dated as at the last day of the month on which the Company receives the notice;

  (v) an Option may be transferred at any time prior to the expiry date;

  (vi) there are no participating rights or entitlements inherent in the Options and Optionholders will not be entitled to participate in new Shares of capital offered to Shareholders during the currency of the Options. However, the Company will ensure that for the purposes of the proposed issue notice of the new issue will be given to Optionholders at least seven (7) Business Days before the record date. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue;

  (vii) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of the Optionholder will be varied in accordance with the Listing Rules; and

(viii) Options not exercised by the Expiry Date will automatically expire.

4. RESOLUTIONS 4 AND 5 – RELATED PARTY ISSUE – GRANT OF OPTIONS TO MESSRS STEPHEN MORRIS AND TIMOTHY WISE

4.1 General

The Company has agreed to grant 5 million Options at an exercise price of 3 cents each (**A Options**) and 5 million Options at an exercise price of 3.5 cents each (**B Options**) (collectively the **A and B Options**), exercisable on or before 30 November 2009, to Mr Stephen Morris (**Morris**) and Mr Timothy Wise (**Wise**) or their nominees respectively (**Related Party Placement**). The grant of the A and B Options to Morris is conditional upon Shareholders passing Resolution 1.

Shareholder approval is required pursuant to Chapter 2E of the Corporations Act and Listing Rule 10.11.

4.2 Valuation of the A and B Options

The A and B Options have been valued by Stanton Partners using the Black Scholes pricing model and based upon the following assumptions:

(a) the A Options have a 30.5 month life from their date of issue and are exercisable at 3.5 cents each;

(b) the B Options have a 30.5 month life from their date of issue and are exercisable at 3 cents each;

(c) a price per Share of 3.4 cents;

(d) a common volatility factor of 100%;

(e) an interest rate of 5.90% (being the risk free interest rate on three year government bonds);

(f) a discount of 25% on the value to take into account that the A and B Options will not to be listed on ASX and therefore are not freely tradable.

(g) the valuations ascribed to the A and B Options may not necessarily represent the market price of the A and B Options at the date of the valuation; and

(h) the valuation date for the A and B Options is 20 March 2007.

Based on the above, the A Options have been valued at 2.04 cents each and the B Options at 1.61 cents each.

4.3 Listing Rule 10.11

If Resolutions 4 and 5 are passed, Options will be granted to Morris and Wise or their nominees. Morris and Wise are related parties of the Company by virtue of the fact that they are Directors of the Company. For this reason, Shareholder approval under Listing Rule 10.11 is required prior to issuing the A and B Options to Morris and Wise.

Approval pursuant to Listing Rule 7.1 is not required in order to issue the A and B Options as approval is being obtained under Listing Rule 10.11. Shareholders should note that the issue of Securities to Morris and Wise or their nominees will not be included in the 15% calculation for the purposes of Listing Rule 7.1.

For the purposes of Listing Rule 10.13, the following information is provided in relation to the related party placement:

(a) the maximum number of A and B Options to be issued by the Company is 20 million Options;

(b) the allottees of the A and B Options are Morris and Wise or their nominees (10 million for each of Morris and Wise or their nominees respectively);

(c) the terms of the A and B Options are set out in Section 4.6 of this Explanatory Statement;

(d) the A and B Options will be issued for free as consideration for performance of work, both previously and into the future, by Morris and Wise for the Company and, to secure the ongoing commitment of Morris and Wise to the continued growth of the Company. The Board considers that the issue of A and B Options to Morris and Wise or their nominees constitutes valid consideration for work performed (or to be performed) for the Company. The total value of the A and B Options is $365,000 (**Consideration Amount**) based on the valuation outlined in this Notice. The Board considers the grant of the A and B Options to be reasonable in the circumstances, given the necessity to attract the highest calibre of professionals to the Company, whilst maintaining the Company's cash reserves;

(e) the A and B Options will be issued not later than 1 month after the date of this meeting (or such later date as permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated that the A and B Options will be issued on one date; and

(f) no funds will be raised from the issue of the A and B Options, however, if all the Options are exercised, the capital raised will be $650,000.

4.4 Chapter 2E of the Corporations Act

Under Chapter 2E of the Corporations Act, a public company cannot give a "financial benefit" to a "related party" unless one of the exceptions to the section apply or Shareholders have in a general meeting approved the giving of that financial benefit to the related party.

Morris and Wise are each a "related party" of the Company as defined under the Corporations Act because they are Directors of the Company. Furthermore, the issue of the A and B Options constitutes "giving a financial benefit".

The Directors are of the view that the exceptions under the Corporations Act to the provision of financial benefits to related parties may not apply in the current circumstances.

Accordingly, the issue of the A and B Options to Morris and Wise or their nominees requires Shareholder approval.

4.5 Technical Information Required by Sections 217 to 227 of the Corporations Act

In accordance with the requirements of Chapter 2E of the Corporations Act and in particular, Sections 217 to 227 of the Corporations Act, the following information is provided to allow Shareholders to assess the proposed issue of the A and B Options:

(a) the related parties to whom the financial benefit will be given are Morris and Wise or their nominees;

(b) the maximum number of A and B Options (being the nature of the financial benefit being provided) to be issued is 20 million Options;

(c) no funds will be raised from the issue of the A and B Options, however, if all the Options are exercised, the capital raised will be $650,000;

(d) Morris and Wise currently have an interest in the following Securities in the Company:

	Shares	**Options**
Morris Direct interest	7,500,000	Nil
Morris Indirect interest	Nil	Nil
Wise Direct interest	5,055,338	Nil
Wise Indirect interest	15,843,091	Nil

(e) the total current emoluments for Morris and Wise for a 12 month period are as follows:

Name of Director	**Current Emoluments**
Wise	$152,600
Morris	$152,600

(f) in the 12 months before the date of this Notice the highest, lowest and latest trading price of Shares on ASX are as set out below:

	Date	**Price**
Highest	5 January 2007	6.4 cents
Lowest	6 October 2006	2.1 cents
Last	26 June 2007	4.0 cents

(g) if Shareholders approve the issue of the A and B Options to Morris and Wise or their nominees, the effect will be to dilute the shareholding of existing Shareholders by approximately 3.33% (without taking into account any dilution occurring as a result of the issue of the fully paid ordinary Shares the subject of Resolution 2 and the issue of Shares upon the conversion of the Options pursuant to Resolution 2). The market price for Shares during the term of the Options would normally determine whether or not the A and B Options are exercised. If, at any time the Shares are trading on ASX at a price that is higher than the exercise price of the A and B Options, there may be a perceived cost to the Company;

(h) if the A and B Options are exercised, a total of 20 million Shares would be allotted and issued to the Directors or their nominees. This will increase the number of fully paid ordinary Shares on issue from 568,140,445 to 588,140,445 Shares with the effect that the shareholding of existing Shareholders (prior to the issue of the fully paid ordinary Shares the subject of Resolution 2 and the issue of Shares upon the conversion of the Options pursuant to Resolution 2) would be diluted as follows:

Security Holder	**No. of Issued Shares Currently Held**	**Current % of Company's Issued Capital**	**No. of Options Granted by Resolutions 4 and 5**	**% of Company's Issued Capital if Morris and Wise exercise all Options granted to them by Resolutions 4 and 5**
Morris	7,500,000	1.32%	10,000,000	2.98%
Wise	5,055,338	0.89%	10,000,000	2.56%
Non associated	555,585,107	97.79%	0	94.46%
Total	**568,140,445**	**100%**	**20,000,000**	**100%**

(i) the value of the Options and the pricing methodology is set out in Section 4.2 of this Explanatory Statement;

(j) the primary purpose of the issue of the A and B Options is to allow the Company to provide cost effective consideration to Morris and Wise in recognition of work done in identifying projects for the Company and managing the integration of those projects to maximise the return to shareholders. Given this purpose and bearing in mind the exercise terms of the Options, the Directors (other than Morris and Wise, who decline to comment) do not consider that there are any significant opportunity costs to the Company or benefits forgone by the Company in issuing the A and B Options upon the terms proposed;

(k) Morris declines to make a recommendation to Shareholders in relation to Resolution 4 due to his material personal interest in the outcome of the Resolution. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution. The other Directors, who do not have a material interest in the outcomes of Resolution 4, recommend that Shareholders grant approval to Resolution 4; and

(l) Wise declines to make a recommendation to Shareholders in relation to Resolution 5 due to his material personal interest in the outcome of the Resolution. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution. The other Directors, who do not have a material interest in the outcomes of Resolution 5, recommend that Shareholders grant approval to Resolution 5.

4.6 Terms of A and B Options

The A and B Options proposed to be issued in accordance with Resolutions 4 and 5 will rank equally in all respects with the Company's existing issued Options

Each Option will entitle the holder to subscribe for one fully paid ordinary Share in the Company on the following terms:

(a) the A and B Options shall expire at 5:00 pm (WST) on 30 November 2009(**Expiry Date**);

(b) the amount payable on the exercise of the A Options will be 3 cents each for each A Option exercised;

(c) the amount payable on the exercise of the B Options will be 3.5 cents each for each B Option exercised;

(d) an A or B Option does not confer the right to a change in exercise price or a change in the number of underlying Securities over which the A or B Option can be exercised;

(e) the A and B Options may be exercised wholly, or in part, by notice in writing to the Directors of the Company given prior to or on the Expiry Date. Any notice of exercise of an A or B Option will be deemed to be dated as at the last day of the month on which the Company receives the notice;

(f) an A or B Option may be transferred at any time prior to the expiry date;

(g) there are no participating rights or entitlements inherent in the A and B Options and Optionholders will not be entitled to participate in new Shares of capital offered to Shareholders during the currency of the A and B Options. However, the Company will ensure that for the purposes of the proposed issue notice of the new issue will be given to Optionholders at least seven (7) Business Days before the record date. This will give Optionholders the opportunity to exercise their options prior to the date for determining entitlements to participate in any such issue;

(h) in the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Expiry Date, all rights of the Optionholder will be varied in accordance with the Listing Rules; and

(i) A and B Options not exercised by the Expiry Date will automatically expire.

4.7 Directors' Recommendations

Mr Wise and Mr Morris who each have a material personal interest in the grant of the Options do not make a recommendation however the other Directors recommend that Shareholders vote in favour of Resolutions 4 and 5. The Board considers the issue of the A and B Options will allow the Company to provide cost effective consideration to Morris and Wise for work done and proposed to be done by them.

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5. RESOLUTION 6 – DISPOSAL OF MAJOR ASSET – RUM JUNGLE URANIUM LIMITED

5.1 General

Resolution 6 seeks Shareholder approval for Rum Jungle Uranium, a child entity of the Company, to offer securities in Rum Jungle Uranium (except those retained by the Company – being 44 million fully paid ordinary shares and 10 million options), for the purpose of the listing of Rum Jungle Uranium on the official list of ASX (**Initial Public Offer**).

Under the Initial Public Offer, Rum Jungle Uranium will offer 48 million Rum Jungle Uranium shares at 25 cents each to raise $12 million, and out of this offer, Shareholders in the Company will receive a priority right to subscribe for Rum Jungle Uranium Shares in an amount of $3 million on the terms set out below, and not a pro rata offer as referred to in Listing Rule 11.4.1(a).

5.2 Listing Rule 11.4

Pursuant to ASX Listing Rule 11.4, a listed entity must not, without shareholder approval, dispose of a major asset if, at the time of the disposal, it is aware that the person acquiring the asset intends to issue or offer securities with a view to becoming listed.

Listing Rule 11.4.1 provides the following two exceptions to the above rule:

(a) where the securities, except those to be retained by the entity or child entity, are offered pro rata to holders of ordinary securities in the listed entity, or in another way that, in ASX's opinion, is fair in all the circumstances (Listing Rule 11.4.1(a)); or

(b) where holders of ordinary securities in the listed entity approve of the disposal without the pro rata offer referred to above being made (Listing Rule 11.4.1(b)).

Rum Jungle Uranium is currently a child entity of the Company but proposes to issue shares to the public pursuant to the Initial Public Offer. The effect of the Initial Public Offer will be that Rum Jungle Uranium will no longer be a child entity of the Company and this will constitute the disposal of a major asset by the Company.

Rum Jungle Uranium intends to offer a priority right to Shareholders, rather than making a pro rata offer of its shares to Shareholders (as contemplated by Listing Rule 11.4.1(a)), and for this reason the disposal requires Shareholder approval.

5.3 Effect of the proposed Initial Public Offer on the Company

Balance Sheet and Capital Structure

There is no material effect on the consolidated balance sheet or the capital structure of the Company as a result of the proposed transaction.

Nature of Asset being "Disposed"

The proposed Initial Public Offer is not being structured as a sale of the existing shares or options held by the Company in Rum Jungle Uranium nor a distribution in specie of the shares or options (as occurs in some demergers), rather, Rum Jungle Uranium is seeking funding for the purposes of an Initial Public Offer.

The shareholding in Rum Jungle Uranium arose as a result of the transfer of the exploration assets by the Company to Rum Jungle Uranium. As reported in the Company's half yearly report as at 31 December 2006, in the prior half year the Company acquired the exploration tenements for a value of $575,432, and this brought the carrying value of the exploration assets to $644,432.

These exploration assets have not made any contribution to earnings.

The 44 million shares (and 10 million options) in Rum Jungle Uranium issued to the Company in consideration for the transfer of the exploration assets were issued at a deemed price of $600,000.

In the event the listing of Rum Jungle proceeds, at the issue price for the Initial Public Offer, these shares will have a market value of $11 million. These shares and options will be subject to a 2 year escrow restriction and accordingly this is not the value at which these shares and options will or could be disposed of by the Company in the future if it was able to do so.

Existing Activities

Following the Initial Public Offer, the company will continue with its existing assets. These remaining assets relate to the following:

Biodiesel Investment

The Company holds a 50% equity stake in Evolution Energy Pty Ltd (**Evolution Energy**), formed to specialise in developing biodiesel production plants and in marketing the fuel. The commitment of the Company is a contribution of a total of $400,000.

The purpose of Evolution Energy is to evaluate several opportunities in the ethanol and biodiesel industries. Evaluation of those opportunities is continuing.

Evolution Energy has advanced $325,000 to KE Engineering with the objective of having direct access to the engineering know-how of an operating Australian biodiesel plant. The plant is located at Laverton, Victoria. Biodiesel is anticipated to be produced in 2007. For its contribution to the investment, the Company is to be paid a royalty on the first 20 million litres of production. The total royalty payable is $896,000.

Lilyburt Coal

The Company has a joint venture with Western Canadian Coal Corp. to earn up to a 50% interest in the Lilyburt Coal Project located in British Columbia, Canada, by the expenditure of CAD$2.5 million by December 2008 on the exploration and the development of the project.

Approvals are being sought for an initial drill programme to assist in determining the quality and quantity of the Lilyburt Project.

Renewable Energy Technology

Exergy Inc.

The Company currently owns 46% of the common stock and 100% of the preferential stock in Exergy Inc. (**Exergy**). The Company also holds outstanding promissory notes in Exergy of US$682,924 and a loan of A$1,739,880. Exergy is a Californian based energy technology corporation that owns the Kalina cycle technology, a patented process that significantly reduces the efficiency of conversion of heat to power for the generation of electricity from low temperature geothermal and waste heat.

The Company had been negotiating the sale of its interest in Exergy to a third party. The sale and negotiations have been terminated and it should be noted that although the Company seeks to realise a return on this investment, the full carrying value of the notes and the loan was recently provided for in full.

Kalex Licence

The Company has entered into a licensing agreement with the US based Kalex Llc (**Kalex**) that will significantly enhance the Company's capability to develop zero and low greenhouse gas emission power generation projects.

Under the terms of the agreement, the Company has acquired a global licence to develop power projects utilising the Kalex system technology.

The acquisition of the Kalex licence complements the Company's existing technology investments and provides it with access to other project development opportunities in the area of power production from waste heat.

Danieli Corus and Aviva

The description in respect of each of these matters is set out further in this Explanatory Statement.

Investment in Rum Jungle

Details in respect of this investment are set out in this section.

Proposed Structure of Offer and dilution of interest in Rum Jungle Uranium

The proposed structure of the Initial Public Offer by Rum Jungle Uranium and the dilution for the Shareholders as a result of the Initial Public Offer (based on the assumptions set out below) is set out in the table below:

Security Holder	**Issued shares in Rum Jungle Uranium prior to issue of seed capital**	**% of Rum Jungle Uranium's issued capital (assuming no Options exercised)**	**No of shares held if Resolution passed and Initial Public Offer shares are subscribed (assuming no Options exercised)**	**% of Rum Jungle Uranium's issued capital (assuming no Options exercised)**	**Capital Raised**
Company	44,000,000	100%	44,000,000	38.26%	nil
Seed capitalists	nil	nil	12,000,000	10.43%	$1,500,000
Vendors and Promoters	nil	nil	11,000,000	9.56%	nil
Wasabi Shareholders with priority rights	nil	nil	12,000,000	10.43%	$3,000,000
Public	nil	0%	36,000,000	31.32%	$9,000,000
TOTAL	**44,000,000**	**100%**	**115,000,000**	**100%**	**$13,500,000**

Notes:

1. The above table assumes that no options are exercised. It is noted that the Company holds 10 million options at an exercise price of 25 cents each and it is proposed to grant 5 million options at an exercise price of 25 cents each to a vendor and 16 million options at an exercise price of 30 cents each to Directors of Rum Jungle.

2. The priority right to the Shareholders is 12 million shares and this table assumes that the Shareholders subscribe for the total entitlement.

3. The capital structure is subject to change and this table assumes that there are no other changes, either through the grant of further options, the issue of new shares to vendors and no further capital raising pursuant to the Initial Public Offer. This may alter depending on market conditions and other factors.

4. The above table in terms of the capital raised does not include costs of the issue.

5.4 Effect of the proposed Initial Public Offer on Shareholders of the Company

The effect of the proposed Initial Public Offer is that the Company will retain its existing interest in Rum Jungle Uranium and that Shareholders in the Company will be given a priority right to subscribe for shares pursuant to the offer.

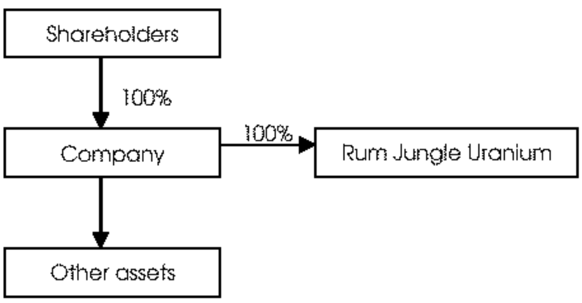
The Shareholders will be offered in priority to the public a total of 12 million shares in Rum Jungle Uranium (**Priority Shares**). Those Shareholders who hold on a record date (to be announced on or about the date the Rum Jungle Uranium prospectus is lodged with the ASIC) a minimum number of Shares in the Company in an amount to be determined (**Qualifying Shareholders**) will then be offered the Priority Shares on a pro rata basis (that is, based on their shareholding in the Company as between all Qualifying Shareholders).

The effect is that small Shareholders who do not hold sufficient Shares to be Qualifying Shareholders will not receive a priority entitlement, but they retain an indirect interest in Rum Jungle Uranium through their interest in the Company.

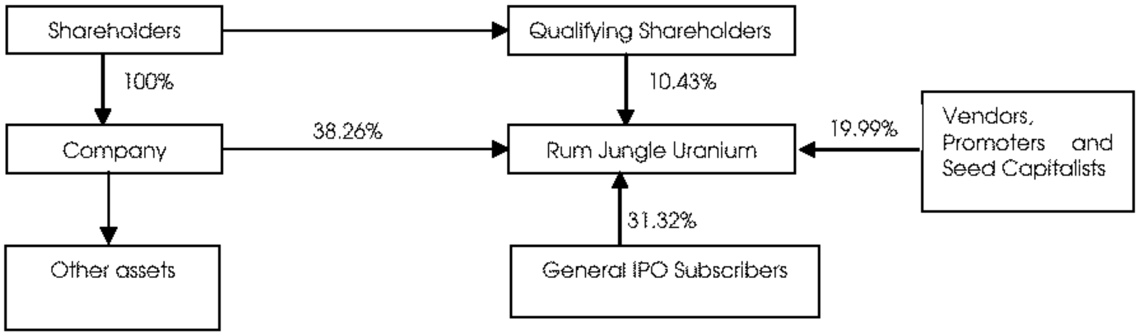
The Qualifying Shareholders who choose to exercise their priority right to subscribe for shares in Rum Jungle Uranium, will hold a direct interest in Rum Jungle Uranium, and will also have an indirect interest by virtue of the Company's interest in Rum Jungle Uranium.

For those Shareholders who are not Qualifying Shareholders, or who are Qualifying Shareholders but do not exercise their priority right to subscribe for shares in Rum Jungle Uranium, the effect of the proposed Initial Public Offer is that their indirect interest in Rum Jungle Uranium via the Company's interest in Rum Jungle Uranium will be diluted. The rate of dilution for the Company, subject to various assumptions is set out in the table above.

The structure of the Company and Rum Jungle Uranium prior to any capital raising in Rum Jungle is as follows:



Subject to the successful completion of the Initial Public Offer (assuming $12 million is raised and subject to the assumptions noted in the above table) and listing on ASX, the structure of the Company and Rum Jungle Uranium will be as follows:



5.5 Advantages and Disadvantages of the Initial Public Offer

The principal advantages and disadvantages to Shareholders of the proposed IPO are as follows:

Advantages

(a) The Company will retain its existing interest in Rum Jungle Uranium as the Company does not currently intend to sell its existing Rum Jungle Uranium securities. The Company retains the flexibility to make an in specie distribution of the Shares in Rum Jungle Uranium in the future or to otherwise deal with that interest (subject to any ASX restrictions).

(b) All Qualifying Shareholders will be given a priority right to subscribe for shares in Rum Jungle Uranium as part of Rum Jungle Uranium undertaking the Initial Public Offer and listing on ASX. Details relating to Rum Jungle Uranium and its Directors are outlined below.

(c) All Shareholders will retain their then percentage ownership in the capital of the Company.

(d) The separation of the uranium assets allows the Company to specifically focus on its existing activities and Rum Jungle Uranium to specifically focus on uranium exploration activities.

(e) Future capital raisings should be more achievable by each individual entity as the focus on the funding will be on either the existing activities of the Company or uranium for Rum Jungle Uranium, as the case may be.

Disadvantages

(a) There is no guarantee that the shares Rum Jungle Uranium will increase in value following the IPO.

(b) If a Shareholder chooses to exercise the priority right to subscribe for Rum Jungle Uranium shares, Shareholders may incur additional transaction costs if they wish to dispose of their new investment in Rum Jungle Uranium (i.e. brokerage).

(c) The Company will no longer have a controlling interest in the uranium assets held by Rum Jungle Uranium. A Shareholder who is not a Qualifying

Shareholder will NOT receive a right to participate in the priority entitlement.

5.6 Information on Rum Jungle Uranium

Background

Rum Jungle Uranium is child entity of the Company incorporated on 10 October 2006. It is an unlisted public company.

The Listing Rules define 'child entity' as, among other things, an entity which is controlled by the body corporate within the meaning of section 50AA of the Corporations Act, or an entity which is a subsidiary of the body corporate. Rum Jungle Uranium is controlled by the Company and has the capacity to determine the outcome of decisions about Rum Jungle Uranium's financial and operating policies. This will change f the IPO proceeds.

Rum Jungle Uranium presently has no business operations other than by virtue of the acquisition of the Company's uranium assets, and the other projects as described below.

The listing of Rum Jungle Uranium on ASX is subject to Rum Jungle Uranium raising sufficient capital pursuant to the IPO and receiving conditional approval from ASX to list on ASX. Rum Jungle Uranium will then continue with the exploration and production of its uranium assets.

Project Description

Rum Jungle Uranium has acquired all its tenement holdings exclusively in the Northern Territory. The Company has provided two of the projects described below to earn its vendor position.

Rum Jungle Uranium has also acquired other projects by farm-in joint ventures, by acquisition in its own right and by distribution of shares to other parties.

The Company has provided the following two projects:

Woolner Dome

This is an Archean aged granite dome which is located 65 km east of Darwin and is covered by 50 metres of recent clays and sands. It remains relatively unexplored due to its difficult access. It has similar geological characteristics to the Archean granite domes associated with the Rum Jungle mineralisation and the Nananbu Complex associated with the Ranger/Jabiluka uranium deposits.

Alice Springs

This is an exploration licence situated 60 km east of Alice Springs and covers lower Proterozoic aged basement rocks which contain a higher than normal level of background uranium.

Little uranium exploration has been carried out on the exploration licence. Some uranium enrichment has been encountered in a small basin of tertiary aged sediments covering the basement rocks.

Rum Jungle Uranium's other projects acquired independent of the Company include:

Tennant Creek

This is a farm-in with Crescent Gold Limited subsidiary, Uranium West Pty Ltd. The area includes a strong radiometric uranium anomaly which has been extensively drilled by other explorers.

Uranium geochemistry in the area is extremely high and the area will now be subjected to a more regional exploration approach searching for different styles of uranium mineralisation. Rum Jungle Uranium has acquired its own tenements in the area.

Rum Jungle

This is a farm-in with Crescent Gold Limited subsidiary, Uranium West Pty Ltd. Rum Jungle Uranium has also acquired a larger exploration licence to the north of the Uranium West Pty Ltd tenement. The area covers the eastern margin of the Rum Jungle Archean granite complex and is located nearby the Mt Fitch and Mt Fitch North Uranium deposits being developed by Compass Resources NL.

Mt Bundy

Rum Jungle Uranium is seeking to enter into a strategic alliance with a Canadian company, which has significant tenement holdings in the Pine Creek Geosyncline. The tenements sought to be acquired by Rum Jungle Uranium include only the uranium rights.

At the time of writing, Rum Jungle Uranium is also holding talks with unrelated parties relating to further acquisitions which may alter the capital structure and tenement portfolio and accordingly the above summary is the present position only and Shareholders should be aware that this may alter. The Company will make updates to the ASX as and when required in order to keep Shareholders informed.

Pro Forma Balance Sheet and Capital Structure

Set out below is a pro forma balance sheet of Rum Jungle Uranium as at 28 June 2007 (based on the assumptions set out in the notes):

	Pro-forma 28 June 2007 $'s
Current Assets	
Cash	12,621,990
Receivables	15,410
	12,637,400
Non Current Assets	
Plant & Equipment	82,000
Mineral Tenements	1,516,667
	1,598,667
Total Assets	14,236,067
Current Liabilities	
Payables	4,400
Borrowings	200,000
Total Liabilities	204,400
Net Assets	14,031,667
Equity	
Issued capital	14,216,667
Accumulated losses	185,000
Net Equity	14,031,667

Notes:

The following assumptions are made in the preparation of the pro forma balance sheet:

1. The issue of 11 million shares and 5 million options to vendors and promoters is at a deemed price of $916,667.
2. There is no value ascribed to the options.
3. The costs of the issue are estimated at $800,000.
4. The seed capital offer and the IPO offer are fully subscribed.

Set out below is a pro forma capital structure of Rum Jungle Uranium assuming the listing is successful:

Shares	Number
Shares issued to the Company	44,000,000
Seed Capital Shares	12,000,000
Shares to be issued to Vendors and Promoters	11,000,000
Shares to be offered – Shareholders – Priority Right	12,000,000
Shares to be offered to the Public	36,000,000
Total Shares on issue at completion of the Offer[1]	**115,000,000**

Options	
Options granted to the Company	10,000,000
Options to be granted to Vendors and Promoters	5,000,000
Options to be granted to Directors	16,000,000
Total Options on issue at completion of the Offer	**31,000,000**

Notes:

1. Assumes that the Offer is fully subscribed.

Subject to the Company being admitted to the Official List, certain of the Shares and Options on issue prior to the Offer and certain of the Shares issued on the exercise of the Options on issue prior to the Offer, are likely to be classified by ASX as restricted securities and will be required to be held in escrow.

The pro forma balance sheet and pro forma capital structure are both subject to change.

Rum Jungle Uranium Board

The board of Rum Jungle Uranium will comprise the following (after listing on ASX):

John B Roberts - Chairman

Mr Roberts, 72, has 50 years experience in the mineral exploration and mining industries in Australia and the United States.

He first worked for Broken Hill South Limited during the period 1956 to 1969 and was Chief Geologist, Metallics and Administration when he left that company. The company undertook extensive and successful, Australia-wide exploration during that period.

During 1970 to mid-1977, Mr Roberts served as Director of Exploration Samin Limited and then as Chief Geologist and Associate Director of Poseidon Limited (which had acquired Samin). This period saw him actively involved in the evaluation and development of remote underground and open-pit nickel discoveries in Western Australia, an open-pit oxide copper operation in South Australia, and Poseidon's entry into the gold mining industry in Western Australia.

Mr Roberts joined Homestake Gold of Australia Limited (then Homestake Australia Limited) in 1977 as Manager and became Vice President and Manager in 1987. Mr Roberts transferred to the United States in 1982 as Manager, Joint Venture Exploration and Development for Homestake Mining Company (the parent company of Homestake Australia) in addition to holding the position of Vice President and General Manager of Homestake Gold of Australia. He returned to Australia in 1984. He directed the company's expanding gold exploration and development programmes from 1977 including the public float of the company in 1987 and its' involvement in the formation of Kalgoorlie Consolidated Gold Mines Pty Ltd in 1989. He served as Managing Director of Homestake Gold of Australia from 1987 and stepped down in July 1993 after 16 years with the Homestake group during which time Homestake Gold of Australia's gold during which time Homestake Gold of Australia's gold production increased from less than 40,000 to over 360,000 ounces per year.

Mr Roberts was Chairman of Ballarat Gold Fields NL, an Australian publicly listed gold exploration and development company, from mid-1997 to October 2002. He also served as Director of Nord Pacific Limited from 1994 to early 2004 and as Chairman of that company for just over the last two years of his term as director. Nord Pacific was involved in copper production in Australia and held an advanced gold exploration project in PNG as well as exploration interest in Australia, Mexico and Canada. Nord Pacific was headquartered in New Mexico, USA with an office in Sydney, Australia. John was also Chairman of Directors of Australian Resources Limited from 1993 to 1997 and a Director until early 1999. Australian Resources was an Australian listed gold and copper producer and explorer.

John is currently Chairman of Directors of Mithril Resources Limited, an Adelaide based, publicly listed, nickel exploration company. He is also Chairman of Directors of Australasian Gold Limited, an Adelaide based, publicly listed gold and copper-gold exploration company.

Mr Roberts is a native of Adelaide, South Australia, and holds a Bachelor of Science degree in Geology from the University of Adelaide. He is a Fellow of the Australasian Institute of Mining and Metallurgy. John is currently President of the South Australian Chamber of Mines and Energy and previously held that position from 1981 to 1982. He is also Chairman of the Discipline of Geology and Geophysics Industry Liaison Committee, University of Adelaide. Mr Roberts is also an ex-officio Member of the South Australian Minerals and Petroleum Expert Group whose members act as ambassadors to accelerate investment in South Australia's resources sector. He also serves on other University and education orientated committees.

David Muller – Managing Director

Mr Muller has 40 years experience in the Australian mining and exploration industries. He graduated in 1965 with a B.Sc in geology from the University of Melbourne and commenced work as a geologist with the Electrolytic Zinc Co of A'asia Ltd. He was the project leader in the discovery of the Beltana Zinc deposit in South Australia from 1967 to 1969 and was awarded a Master of Science degree by the University of Melbourne for his work on this project. During this period EZ was also involved in the discovery of the Ranger Uranium deposit in the Northern Territory. David was a senior geologist with EZ in charge of the Western Australian operation when he left the company in 1972 to undertake the Master of Business Administration course at the University of Melbourne from 1972 to 1974. During this period he worked as a mining adviser to share brokers May and Mellor.

Whilst with May and Mellor he was involved in financing and mergers of listed junior mining companies. He worked closely with the Pancontinental Mining Ltd Board and assisted that company to restructure in the early days of the Jabiluka uranium discovery.

In 1975 David returned to Perth and spent the next four years in private exploration and eventually listed his endeavours as Samantha Mines NL of which he was Chairman. He then listed associated companies Samson Exploration NL and Cape Range Oil NL. These companies were involved in successful gold exploration and development of mining operations. Cape Range Oil was the original partner in the discovery of the Tubridgi Gas Field at Onslow, WA. David lost control of these companies in a take-over battle in 1985.

In 1985 he once again set out on his own and created Julia Mines NL in the same year. Julia went on to develop wholly owned gold operations at Goongarrie, Menzies and Kambalda.(Paris Gold Mine). David held the position of Executive Chairman and subsequently Managing Director. He resigned in 2003.

Since 2003 David has been working privately in mineral exploration in the Northern Territory. He selected and acquired all the areas that form the basis of the Rum Jungle Uranium Project.

Robert J Annells, CPA, ASIA

Mr Annells is the chairman of Lakes Oil NL and Minotaur Resources Limited, and a director of Gippsland Offshore Petroleum Limited (all of which are listed on ASX), and a director of Petro Tech Pty Ltd. He is a qualified accountant and former member of the ASX with over 40 years experience in the securities industry. His experience includes provision of corporate and investment advice to the business and resource industries.

John Newton

John Newton has a background in international stock broking, accounting and corporate finance and has been a director of a number of quoted companies in Australia and Canada. He has maintained a continued involvement in the Australian and international financial sector as an investment adviser and consultant. Mr Newton is currently a Director of Xtract Energy Plc, which is listed on the Alternative Investment Market of the London Stock Exchange.

Information concerning Rum Jungle Uranium Shares

Rum Jungle Uranium shares are not currently listed for quotation on any stock exchange. As detailed throughout this Explanatory Statement, it is the intention of the Board of Rum Jungle Uranium to apply for quotation of Rum Jungle Uranium shares on ASX at the appropriate time.

A summary of the more significant rights attaching to the Rum Jungle Uranium shares is set out below. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of the Rum Jungle Uranium shareholders.

Full details of the rights attaching to the Rum Jungle Uranium shares are set out in Rum Jungle Uranium's constitution, a copy of which is available on request.

(a) General Meetings

Subject to any rights or restrictions affecting any shares, shareholders are entitled to be present in person, or by proxy, attorney or representative to attend and vote at general meetings of Rum Jungle Uranium.

Shareholders may requisition meetings in accordance with Section 249D of the Corporations Act and the constitution of Rum Jungle Uranium.

(b) Voting Rights

Subject to any rights or restrictions for the time being attached to any class or classes of shares, at general meetings of shareholders or classes of shareholders:

(i) each shareholder entitled to vote may vote in person or by proxy, attorney or representative;

(ii) on a show of hands, every person present who is a shareholder or a proxy, attorney or representative of a shareholder has one vote; and

(iii) on a poll, every person present who is a shareholder or a proxy, attorney or representative of a shareholder shall, in respect of each fully paid share held by them, or in respect of which they are appointed a proxy, attorney or representative, have one vote for the share, but in respect of partly paid shares shall have such number of votes as bears the same proportion to the total of such shares registered in the shareholder's name as the amount paid (not credited) bears to the total amounts paid and payable (excluding amounts credited).

(c) Dividend Rights

Subject to the rights of persons (if any) entitled to shares with special rights to dividend, the directors of Rum Jungle Uranium may declare a final dividend out of profits in accordance with the Corporations Act and may authorise the payment or crediting by Rum Jungle Uranium to the shareholders of such a dividend. The directors may authorise the payment or crediting by Rum Jungle Uranium to the shareholders of such interim dividends as appear to the directors to be justified by the profits of the Rum Jungle Uranium. Subject to the rights of persons (if any) entitled to shares with special rights as to dividend all dividends are to be declared and paid according to the proportions that the amounts paid (not credited) is of the total amounts paid and payable (excluding amounts credited) in respect of the shares in respect of which the dividend is paid. Interest may not be paid by Rum Jungle Uranium in respect of any dividend, whether final or interim.

(d) Winding-Up

If Rum Jungle Uranium is wound up, the liquidator may, with the authority of a special resolution of Rum Jungle Uranium, divide among the shareholders in kind the whole or any part of the property of Rum Jungle Uranium, and may for that purpose set such value as he considers fair upon any property to be so divided, and may determine how the division is to be carried out as between the shareholders or different classes of shareholders. The liquidator may, with the authority of a special resolution of Rum Jungle Uranium, vest the whole or any part of any such property in trustees upon such trusts for the benefit of the contributories as the liquidator thinks fit, but so that no shareholder is compelled to accept any shares or other securities in respect of which there is any liability. Where an order is made for the winding up of Rum Jungle Uranium or it is resolved by special resolution to wind up Rum Jungle Uranium, then on a distribution of assets to members, shares classified by ASX as restricted securities at the time of the commencement of the winding up shall rank in priority after all other shares.

(e) Transfer of Shares

Generally, shares in Rum Jungle Uranium are freely transferable, subject to formal requirements, the registration of the transfer not resulting in a contravention of or failure to observe the provisions of a law of Australia and the transfer not being in breach of the Corporations Act or the Listing Rules.

(f) Variation of Rights

Pursuant to Section 246B of the Corporations Act, Rum Jungle Uranium may, with the sanction of a special resolution passed at a meeting of shareholders vary or abrogate the rights attaching to shares.

If at any time the share capital is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of issue of the shares of that class), whether or not Rum Jungle Uranium is being wound up may be varied or abrogated with the consent in writing of the holders of three-quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

Risk factors

Shareholders who exercise their priority right to Rum Jungle Uranium shares will become shareholders in Rum Jungle Uranium and should be aware of the general and specific risk factors which may affect Rum Jungle Uranium and the value of its securities. These risk factors are outlined below.

Shareholders should be aware that the Rum Jungle Uranium shares are considered to be speculative because of the nature of the business of Rum Jungle Uranium. The value of Rum Jungle Uranium's securities may increase or decrease based on Rum Jungle Uranium's exploration and development activities.

The Directors have considered and identified in this section of the Notice the critical areas of risk associated with investing in the Rum Jungle Uranium shares. The risks identified are not exhaustive and for further clarification of the risks involved, Shareholders should seek advice from their stockbroker, accountant or other professional adviser. A reference below to Company is to Rum Jungle Uranium.

General Risks

Due to the inherently uncertain nature of mineral exploration, an investment in Rum Jungle Uranium should be considered speculative. You should realise that the value of the investment may fluctuate and that a dividend is not expected to be declared by Rum Jungle Uranium in the absence of exploration success. Whilst the Company attempts to minimise the following risk factors, the majority of them are beyond its control:

Uranium Specific Risks

The current and future operations of the Company in relation to uranium, including exploration, appraisal and production activities, may be affected by a range of factors, including:

Government Regulation and Policy

Uranium mining in Australia is subject to extensive regulation by local and federal governments in relation to exploration, development, production, exports, taxes and royalties, labour standards, occupational health, waste disposal, protection and rehabilitation of the environment, mine reclamation, mine safety, toxic and radioactive substances, native title and other matters. Compliance with such laws and regulations will increase the costs of exploring, drilling, developing, constructing, operating and closing mines and other production facilities.

The Federal Government currently permits the mining and export of uranium under strict international agreements designed to prevent nuclear proliferation. The export of uranium is tightly controlled by the Federal Government through its licensing process and Australian uranium can only be exported to those countries who undertake to use it for peaceful purposes.

The Laws Regulations and Policies of the Northern Territory Government and Commonwealth Government of Australia

Exploration for and, the mining of, uranium are permitted in the Northern Territory. The Mining Act 1980 (NT) provides a legislative framework which governs such activities. While, the Mining Act (NT) sets out the requirements and conditions of granting of mineral leases, exploration licence, exploration retention licences, mineral leases and mineral claims, generally, the Act requires the Northern Territory Minister to act of the advice of the Commonwealth Minister in relation to uranium (except with respect to decisions made about the granting of exploration licences). The Mining Management Act 2001 (NT) contains regulations pertaining to health and safety, the environment, authorisations, and the management of mining sites. Under this Act, the Northern Territory Minister is required to consult with, and act in accordance with the advice of the Commonwealth Minister in relation to decisions about 'mining activities' (which include exploration) in relation to uranium.

The Commonwealth, therefore, has the power to make decisions with respect to the granting of mining authorisations, without which mining activates cannot take place.

The Northern Territory Government has in the past supported the Federal Labor Party Policy opposing new uranium mines being developed. However, on 28 April 2007 at the Labor Party's National Conference in Sydney, the Labor Party announced that it would lift its ban on new uranium mine development. The new Labor policy is not clear at this stage and is not binding on state governments but, as stated above, the Northern Territory Government must, to a significant extent, act on the advice of the Commonwealth in relation to uranium, which would include Labor's policy should there be a change of government.

Federal Coalition policy has favoured uranium mining in Australia since the Coalition came to power in 1996, at which time the Labor Party's three mines policy was abandoned. It was then decided that new uranium mines could operate, albeit under strict environmental, heritage and nuclear safeguards. The existing Federal Coalition policy and the revised Labor policy on uranium mining both offer improved prospects for the development of new uranium mines in the Northern Territory.

Uranium Policy of the Commonwealth Government

Mining Policy

As set out above, the Commonwealth Government, the policy of which as been to favour uranium mining since the Coalition came to power in 1996, effectively controls uranium mining in the Northern Territory. If the Labor Party wins the next federal election, it will control uranium mining in the Northern Territory. The consequences of this are uncertain, as the Federal Labor Party's policy with respect to uranium mining is not clear at this time. It is possible that Labor's policies may have an adverse effect of the Company's ability to exploit any uranium resources located.

Export policy

The Commonwealth Government maintains control over the export of uranium through its licensing process. Uranium may only be sold and exported in accordance with the Customs (Prohibited Exports)Regulations (Cth) and the Nuclear Non-Proliferation (Safeguards) Act (Cth). Australian uranium can only be exported to countries that undertake to use it for peaceful purposes. Uranium mining itself is also extensively regulated. Complying with these laws and regulations increases the cost of exploring, drilling, developing, construction, operating and closing mines and other production facilities. The approvals required are more rigorous than those for the mining of other metals. There is a risk that should economic deposits of uranium be discovered, the requisite government approvals may not be granted or may be significantly delayed, thereby rendering exploration of the deposits uncertain.

Competition from Alternative Energy and Public Perception

Nuclear energy is in direct competition with other, more conventional sources of energy which include oil, gas, coal and hydro-electricity. These conventional energy sources may be provided at lower cost resulting in a decrease in demand for uranium. Furthermore, the growth of the nuclear power industry (and resulting increase in the demand for uranium) beyond its current level will depend upon continued and increased acceptance of nuclear technology as a means of generating electricity. The nuclear industry is currently subject to negative public opinion due to political, technological and environmental factors. This may have an adverse impact on the demand for uranium and increase the regulation of uranium mining.

One of the arguments for nuclear energy is its substantially reduced level of carbon emissions. Alternative energy systems such as wind or solar also have no, or very low levels, of carbon emissions. However, to date these have not been efficient enough to be relied upon. Technology changes may occur that make alternative energy systems more efficient and reliable.

Exploration Risks

Mineral exploration activity by its nature is risky. Exploration may be unsuccessful. Exploration may prove to be more costly than expected or the proposed timing of exploration may not be achieved, thus potentially putting strains on the company's financial position. Where exploration is successful, drilling operations can be affected by break downs, adverse weather conditions, site and geographical conditions, operational risks, industrial disputes, government regulations, environmental issues and unanticipated costs. The calculation of any possible deposit of mineralisation in a prospect may be proved incorrect by future exploration/production, mapping and/or drilling. Contractual disputes with operators and contractors can arise from time to time.

Shareholders should consider the impacts of supply and demand for commodities (especially uranium), fluctuations in the prices of those commodities, exchange rates, Australia's inflation rates, taxation laws and interest rates. All of these factors have a bearing on operation costs, potential revenue and share prices. In particular, the price of uranium is currently at historic highs, but if the price falls significantly this could affect the financial viability of any reserves discovered.

As the Company is an exploration company, the market's perception of the value of its shares can alter significantly from time to time which can cause fluctuations in price. Fluctuations may also occur as a result of factors influencing the price of shares in exploration companies or share prices generally, as well as drilling activities by other parties in the same general region.

In relation to the exploration permits of Rum Jungle Uranium, issues can arise from time to time with respect to abandonment costs, consequential clean up costs and environmental concerns. The Company could become subject to liability if, for example, there is environmental pollution and consequential clean up costs at a later point in time. It is not possible to quantify any such contingent liability. Whilst no guarantee can be given, the Company is not aware of any advices which would suggest that there is any particular exposure in relation to any of its present interests.

Whilst no guarantee can be given as to the absence of environmental difficulties, the Company is not aware of any particular concern with respect to its planned exploration activities in relation to its existing permits.

The impact of actions by governments within and outside Australia may affect the Company's operations including matters such as necessary approvals, land access, sovereign risk, taxation and royalties which are payable on the proceeds of the sale of any successful exploration. Further, the approval of contractual arrangements in relation to exploration permits as well as the renewal of exploration permits are each a matter of governmental discretion and no guarantee can be given in this regard.

The Company's future capital requirements will depend on numerous factors including the level of exploration and operating success. If the Company requires additional funding, there is no guarantee that it will be able to secure further funding or that the terms will not be dilutive to investors.

There can be no assurance that the Company will achieve production as this will depend on a wide range of factors.

Native Title and Land Access

The Company's operations will be subject to the Native Title Act and other legislation dealing with native title, which may impact of the Company's ability to undertake proposed activities.

Aboriginal Sites of Significance

Territory and Federal legislation requires the company to identify and protect sites of significance to Aboriginal custom and tradition. If sites of significance are identified within prospective areas of the Company's tenements, the obligation to protect those sites may restrict the Company's ability to conduct operations on those areas.

6. RESOLUTION 7 – RELATED PARTY ISSUE OF SHARES IN RUM JUNGLE URANIUM LTD

6.1 General

As set out in the discussion relation to Resolution 6, Rum Jungle Uranium proposes to issue an additional 12 million shares for seed capital to exempt investors to raise $1.5 million (the issue price being 12.5 cents per share). These shares are to be issued to fund its operations and seek a listing of its shares on ASX.

Mr Robert Reynolds and Mr Stephen Morris wish to subscribe for shares at 12.5 cents in Rum Jungle Uranium in the amount of 160,000 shares for Mr Reynolds and 1,080,000 shares for Mr Morris.

6.2 Chapter 2E of the Corporations Act

As set out in Section 4.4, the giving of a "financial benefit" to a director requires the approval of Shareholders unless one of the exceptions to that section applies.

The Directors are of the view that the exceptions under the Corporations Act to the provisions of financial benefits to related parties may not apply to the proposed issue of shares in Rum Jungle Uranium to Mr Reynolds and Mr Morris and accordingly, it is deemed appropriate to seek Shareholder approval.

In accordance with the requirements of Chapter 2E of the Corporations Act and, in particular, Sections 217 to 227 of the Corporations Act, the following information is provided to allow Shareholders to assess the proposed issue of the Rum Jungle Uranium shares:

(a) the related parties to whom the financial benefit will be given are Mr Reynolds and Mr Morris or their nominees;

(b) the maximum number of Rum Jungle Uranium shares (being the nature of the financial benefit being provided) to be issued is 160,000 Rum Jungle Uranium shares in respect of Mr Reynolds and 1,080,000 in respect of Mr Morris;

(c) the amount of $20,000 shall be subscribed by Mr Reynolds and the amount of $135,000 shall be subscribed by Mr Morris, if this Resolution is approved;

(d) Mr Morris and Mr Reynolds do not have any current interest in shares in Rum Jungle Uranium and the interest of Mr Morris in the Company is set out in Section 4.5(d). Mr Reynolds currently has an interest in 600,000 Shares in the Company and 10,000,000 unlisted options expiring on 29 November 2009;

(e) the value of the Rum Jungle Uranium shares is deemed to be 12.5 cents each. This is on the basis that this is the amount being subscribed by other exempt investors for the purpose of raising $1.5 million. This value has been determined by the Board of Rum Jungle Uranium, which is independent of the Board of the Company;

(f) the total current emoluments for Mr Morris and Mr Reynolds for a 12 month period are as follows:

Name of Director	Current Emoluments
Reynolds	$27,250
Morris	$152,600

(g) Mr Reynolds and Mr Morris decline to make a recommendation to Shareholders in relation to Resolution 7 due to their respective material personal interests in the outcome of that Resolution. The Directors are not aware of any other information that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass the Resolution other than the information set out in section 5 and the following:

  (i) in the event that Rum Jungle Uranium is in a position to proceed with a proposed listing on ASX, and as set out in section 5, the present proposal is for that company to raise a total of $12 million at a price of 25 cents per share. In respect of that offering, it is further proposed that the Shareholders of the Company will be offered a priority right to subscribe for a total of $3 million of Rum Jungle Uranium shares. There is no certainty that the proposed listing will proceed, that the amount to be raised or the price of the offer will be in those amounts and that the offer will be successful; and

(ii) accordingly, the proposal to invest seed capital in Rum Jungle Uranium is a speculative investment. If the listing does not occur, for whatever reason, it is likely that Mr Reynolds and Mr Morris would not recoup their investment. Further, if the listing of Rum Jungle Uranium does occur, the shares to be issued to each of Mr Reynolds and Mr Morris will be subject to restrictions on trading in respect of a proportion of the shares. Those restrictions will depend on the final offer price to the public under the listing. However, if the listing is at 25 cents per share, one half of the shares will be subject to restrictions for a minimum of 12 months; and

(h) the Directors who do not have a material personal interest in the outcome of Resolution 7 recommend that Shareholders vote in favour of the Resolution on the basis that they consider it reasonable that Mr Morris and Mr Reynolds be invited to participate in the seed capital raising because they are sophisticated investors who are willing to assume the risk of such an investment.

RESPONSIBILITY FOR INFORMATION

The information concerning the Company contained in this Explanatory Statement, including information as to the views and recommendations of the Directors has been prepared by the Company and is the responsibility of the Company.

Stanton Partners has prepared the Independent Expert's Report in relation to Resolutions 2, 4 and 5 and takes responsibility for that report and has consented to the inclusion of that report in this Explanatory Statement. Stanton Partners is not responsible for any other information contained within this Explanatory Statement.

Shareholders are urged to read carefully the Independent Expert's Report to understand the scope of the report, the methodology of the assessment, the sources of information and the assumptions made.

Certain statements in the Explanatory Statement relate to the future. Those statements involve known and unknown risks, uncertainties and other important factors that could cause the actual results, performance or achievements of the Company to be materially different from future results, performance or achievements expressed or implied by those statements. These statements reflect views only as of the date of the Explanatory Statement. Neither the Company nor any other person gives any representation, assurance or guarantee that the occurrence of the events expressed or implied in any forward looking statements in the Explanatory Statement will actually occur and you are cautioned not to place undue reliance on those forward looking statements.

The Explanatory Statement does not take into account the individual investment objectives, financial situation and particular needs of individual Shareholders. If you are in doubt as to what you should do you should consult your legal, financial or professional adviser prior to voting.

GLOSSARY

ASIC means the Australian Securities and Investments Commission.

Associate has the meaning given to that term in the Corporations Act.

ASIC means the Australian Securities and Investments Commission.

ASX means ASX Limited.

ASX Listing Rules or **Listing Rules** means the Listing Rules of ASX.

Aviva means Aviva Corporation Limited (ACN 009 235 956), a company limited by shares incorporated and registered in Australia whose registered office is at Suite 4, Level 3, South Shore Centre, 83-85 The Esplanade, South Perth, Western Australia, 6151.

Board means the current board of Directors of the Company.

Cambrian means Cambrian Mining Plc (incorporated in England & Wales with Company Number 0401 0083).

Capital Raising means the proposed raising from the general public under the prospectus.

Company means Wasabi Energy Limited (ABN 24 000 090 997).

Constitution means the Company's constitution.

Corporations Act means the *Corporations Act* 2001 (Cth).

Danieli Corus means Danieli Corus B.V. (Dutch Company No. 34079535) of Rooswijkweg 291, 1951 ME Velsen–Noord, The Netherlands acting for and on behalf of any member of the "DC Group" (as that term is defined in the DC Technology Co-Op Agreement).

DC Technology Co-Op Agreement means a written agreement between Danieli Corus and Xtract relating to the continued development of technology to convert carbon resources into char and/or coke.

Directors mean the current Directors of the Company.

ERM Power means ERM Power Pty Ltd (ABN 28 122 259 223).

Explanatory Statement means this explanatory statement to the Notice of Meeting.

General Meeting or **Meeting** means the meeting convened by the Notice.

Independent Expert means Stanton Partners Corporate Pty Ltd (ABN 89 063 036 331).

Notice means the notice of meeting which forms part of this Explanatory Statement.

Official List means the official list of ASX.

Option means an option to acquire a Share on the terms set out in the Explanatory Statement.

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

Sale Shares means 12,300,000 shares in Aviva.

Securities means Shares and Options.

Share means a fully paid ordinary share in the capital of the Company.

Shareholder means a holder of a Share.

Transaction means the issue of Shares to Xtract pursuant to Resolution 2, in accordance with the details set out in the Explanatory Statement.

WST means Western Standard Time.

Xtract means Xtract Energy plc incorporated and registered in England and Wales with company number 05061163.

STANTON PARTNERS CORPORATE PTY LTD
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27 June 2007

The Directors
Wasabi Energy Limited
Level 2
28 Ord Street
WEST PERTH WA 6005

Dear Sirs

Re: WASABI ENERGY LIMITED ("WASABI" OR "THE COMPANY") (ACN 000 090 997) ON THE PROPOSAL TO ACQUIRE 12,300,000 SHARES IN AVIVA CORPORATION LIMITED FROM XTRACT ENERGY PLC ("XTRACT") AND XTRACT'S RIGHTS AND OBLIGATIONS UNDER THE DC TECHNOLOGY CO-OP AGREEMENT PURSUANT TO SECTION 611 (ITEM 7) OF THE CORPORATIONS ACT 2001 AND LISTING RULE 10.1 OF THE AUSTRALIAN SECURITIES EXCHANGE

1. Introduction

1.1 We have been requested by the Directors of Wasabi to prepare an Independent Expert's Report to determine the fairness and reasonableness relating to the proposal to issue 175,000,000 shares and 25,000,000 share options in Wasabi for Wasabi to acquire Xtract's rights and liabilities under a joint venture agreement between Danieli Corus and Xtract relating to the continued development of technology to convert carbon resources into char and/or coke ("DC Technology Co-Op Agreement") and 12,300,000 post consolidated shares (was equivalent to 61,500,000 pre consolidated shares) in Aviva Corporation Limited ('Aviva") as noted below and in resolution 2 in the Notice of Meeting of Shareholders and Explanatory Memorandum to Shareholders of Wasabi to be dated June 2007 ("the Notice"). The 175,000,000 shares and 25,000,000 share options are to be issued to Xtract, a 53% owned subsidiary of Cambrian Mining Plc ("Cambrian"). Xtract is an approximate 14.35% shareholder in Wasabi and Cambrian is an approximately 4.56% shareholder in Wasabi.

1.2 It is proposed that Wasabi will acquire Xtract's rights and obligations under the DC Technology Co-Op Agreement along with the 12,300,000 shares in Aviva currently held by Xtract. The remaining interest in the DC Technology Co-Op Agreement is held by Danieli Corus BV, a reputed world leader in steelmaking technology. The DC Technology Co-Op Agreement is reputed to relate to a research project into a method of producing char utilising an environmentally benign pyrolysis process.

The process may have application in the steel making industry, in the pre-treatment of coal for coal liquefaction, in upgrading low grade coal to metallurgical quality and for extracting oil from oil shales. Aviva is an Australian Securities Exchange ("ASX") listed company and is a prospective coal miner and power generator in the Central West region of Western Australia. On 13 November 2006, Wasabi announced the entering into agreements with Xtract to acquire an interest in the DC Technology Co-Op Agreement and 61,500,000 pre consolidated shares (now 12,300,000 post consolidated shares following a 1 for 5 consolidation of capital) in Aviva on the terms noted below.

The purchase consideration payable to Xtract by Wasabi is to be:

- 175,000,000 ordinary shares in Wasabi; and
- 25,000,000 share options in Wasabi, exercisable at 3 cents each on or before 30 June 2008.

The proposed acquisition of the interest in the DC Technology Co-Op Agreement and the proposed acquisition of 12,300,000 Aviva shares from Xtract for the purposes of this report are known as the Proposed Transactions. The interest in the DC Technology Co-Op Agreement and the 12,300,000 shares in Aviva are known as the Assets.

The acquisition of the Assets is inter-alia subject to shareholder approval. In conjunction with the above proposals, Wasabi has appointed Mr Stephen Morris ("Morris") as an Executive Director of the Company. Morris is to receive 10,000,000 share options (subject to shareholders approval) of which 5,000,000 will be exercisable at 3 cents each and 5,000,000 will be exercisable at 3.5 cents each, on or before 30 November 2009. It is also proposed that a similar package of share options will be issued to Mr Tim Wise ("Wise"), the current Managing Director of Wasabi. We are not reporting whatsoever on the merits or otherwise of the proposals to issue share options to Morris and Wise (resolutions 4 and 5).

1.3 Under Section 606 of the Corporations Act ("Act"), a person must not acquire a relevant interest in issued voting shares in a company if because of the transaction, that persons or someone else's voting power in the company increases:

(a) From 20% or below to more than 20%; or
(b) From a starting point that is above 20% and below 90%.

Under Section 611 (Item 7) of the Act, Section 606 does not apply in relation to any acquisition of shares in a company approved by resolution passed at a general meeting at which no votes were cast in favour of the resolution by the acquirer or the disposer or their respective associates. An independent expert is required to report on the fairness and reasonableness of the transaction pursuant to a Section 611 (Item 7) meeting.

If the Proposed Transactions proceed, Xtract will be issued 175,000,000 shares in Wasabi. If this was the case, Xtract could control approximately 34.52% before Xtract exercised 25,000,000 share options. Currently Xtract owns 81,511,422 shares in Wasabi representing approximately 14.35% of the issued capital of Wasabi as at 13 June 2007. Cambrian is an approximate 4.56% shareholder in

Wasabi (25,916,667 shares) and owns approximately 53% of Xtract. The combined interest of Xtract and Cambrian after the issue of 175,000,000 shares to Xtract would increase to approximately 38.00% (282,428,089 shares). If only Xtract exercised 25,000,000 share options, Xtract's shareholding interest may increase to approximately 36.79% in the absence of any further capital raisings and no other Wasabi share options being exercised. Including the shareholding interest of Cambrian, the combined Cambrian/Xtract shareholding interest if only the 25,000,000 share options were exercised by Xtract would be approximately 40.02% (307,428,089 shares out of 768,140,445 shares on issue). For the purposes of this report we have described Xtract and Cambrian as the Cambrian Group.

For the purposes of Listing Rule 10.1, a substantial shareholder is defined as a person and a person's associates who had a relevant interest prior to the Proposed Transaction of at least 10% of the voting shares of the Company. At the date of this report Xtract owns approximately 14.35% of the ordinary shares in Wasabi. Xtract is a company controlled by Cambrian as Xtract is 53% owned by Cambrian. The Cambrian Group combined owns 107,761,422 shares in Wasabi representing approximately 18.44% of the issued shares in Wasabi. We have been advised that Xtract and Cambrian are deemed related parties and act in concert with each other.

Therefore a notice prepared in relation to a meeting of shareholders convened for the purposes of Listing Rule 10.1 and Section 611 (Item 7) of TCA must be accompanied by an Independent Expert's Report stating whether the Proposed Transactions noted under resolution 2 are fair and reasonable. To assist shareholders in making a decision on the Proposed Transactions, the directors have requested that Stanton Partners Corporate Pty Ltd prepare an Independent Expert's Report, which must state whether, in the opinion of the Independent Expert, the Proposed Transactions are fair and reasonable to the non-associated shareholders of Wasabi (not associated with the Cambrian Group).

There are five other resolutions being put to the shareholders of Wasabi. Resolution 1 relates to the re-appointment of Stephen Morris as a Director of Wasabi, resolution 3 relates to the ratification of the issue of 15,000,000 shares at 2.5 cents each (along with the issue of 15,000,000 free attaching share options), resolution 4 relates to the proposal to issue up to 10,000,000 share options to Morris and resolution 5 relates to the proposal to issue 10,000,000 share options to Wise (refer paragraph 1.2 above). Resolutions 6 and 7 relate to dealings with Rum Jungle Uranium Limited. We are not reporting on the fairness and reasonableness of resolutions 1 and 3 to 7.

1.4 Apart from this introduction, this report considers the following:

- Summary of opinion
- Implications of the proposals
- Corporate history and nature of business of Wasabi
- Future direction of Wasabi
- Basis of valuation of Wasabi shares and options
- Value of consideration
- Basis of valuation of the Assets to be sold by Xtract to Wasabi
- Conclusion as to fairness
- Reasonableness of the offer

- Conclusion as to reasonableness
- Sources of information
- Appendix A and Financial Services Guide

1.5 In determining the fairness and reasonableness of the acquisition of Xtract's interest in the DC Technology Co-Op Agreement and the 12,300,000 Aviva shares ("the Assets") by way of the issue of 175,000,000 shares and 25,000,000 share options (and the right to exercise the share options), we have had regard for the definitions set out by the Australian Securities and Investments Commission ("ASIC") in its Policy Statements 75 and 74. Policy Statement 75 states that an opinion as to whether an offer is fair and/or reasonable shall entail a comparison between the offer price and the value that may be attributed to the securities under offer (fairness) and an examination to determine whether there is justification for the offer price on objective grounds after reference to that value (reasonableness). Policy Statement 74 states that, where an acquisition of shares by way of an allotment is to be approved by shareholders pursuant to Section 611 (Item 7) of the Act, it is desirable to commission a report by an independent expert stating whether or not the proposal is fair and reasonable, having regards to the proposed allottee (in this case Xtract as part of the Cambrian Group) and whether a premium for potential control is being paid by the allottee.

Accordingly, our report relating to the issue of shares and share options to Xtract as part of the Proposed Transactions is concerned with the fairness and reasonableness of the proposals with respect to the existing non-associated shareholders of Wasabi (not associated with the Cambrian Group) and whether the Cambrian Group is paying a premium for potential control.

1.6 **In our opinion, the proposals as outlined in paragraph 1.2 and resolution 2 are not fair but may be considered reasonable to the shareholders of Wasabi not associated with the Cambrian Group.**

As we cannot determine with any degree of accuracy as to whether the DC Technology Co-Op Agreement will lead to commercialisation and there are no forecasts on profitability relating to the DC Technology Co-Op Agreement, we have under ASX Listing Rules that require us to determine whether the proposals (resolution 2 in this instance) are fair or not fair, concluded that the proposals under resolution 2 are not fair. Notwithstanding that we have concluded that the Proposed Transactions are not fair, we are of the opinion that the advantages outweigh the disadvantages to the shareholders of Wasabi not associated with the Cambrian Group and have concluded that on balance the proposals under resolution 2 are reasonable.

The opinions expressed above must be read in conjunction with the more detailed analysis and comments made in this report.

2. Implications of the Proposals

2.1 As at 12 June 2007, there were 568,140,445 ordinary fully paid shares on issue in Wasabi. The significant shareholders as at 12 June 2007 were believed to be:

	No. of fully paid shares	% of issued fully paid shares
Xtract Energy PLC	81,511,422	14.35
Invia Custodian Pty Limited	50,300,000	8.85
ANZ Nominees Limited	42,009,922	7.39
Cambrian Mining PLC	25,916,667	4.56
Sassey Pty Ltd (Avago Superannuation)	19,334,113	3.40
	219,072,124	38.55

The top 30 shareholders as at 12 June 2007 own approximately 55.56% of the Company. There are various accounts in the name of Sassey Pty Limited and these total 31,504,113 (approximately 5.55% of the current issued shares on issue).

2.2 If the Proposed Transactions are completed, the number of shares that would be owned by the Cambrian Group is 282,428,089 (Xtract on its own, 256,511,422) and the Cambrian Group would own 25,000,000 share options exercisable at 3 cents each, on or before 30 June 2008. The possible percentage shareholding that may be owned by the Cambrian Group and Xtract on its own is outlined in paragraph 1.3 of this report.

2.3 The current Board of Directors is not proposed to change in the near future.

2.4 If the 25,000,000 share options are granted, the exercise price of the share options is 3 cents each and they must be exercised by 30 June 2008. As at 12 June 2007 the outstanding share options are 10,000,000 share options exercisable at 3 cents each, on or before 29 November 2009, 10,000,000 share options exercisable at 3.5 cents each on or before 29 November 2009 and 15,000,000 share options exercisable at 2.5 cents each, on or before 14 January 2008. If resolutions 4 and 5 are passed and consummated, a further 20,000,000 share options exercisable at 3 cents each on or before 30 November 2009 will also be outstanding.

2.5 The Company would own an interest in the DC Technology Co-Op Agreement and own 13,100,000 post consolidated shares in Aviva (it already owns 800,000 post consolidated shares in Aviva purchased in January 2007 at a cost of $240,000) that represents approximately an 18.73% interest in Aviva based on the number of ordinary shares on issue in Aviva as at 12 June 2007.

3. Corporate History and nature of Business of Wasabi

3.1 Wasabi is a company whose ordinary shares are listed on the ASX. Wasabi continues to focus on the development of its energy related business. Investments have been made to diversify the business from geothermal and waste heat power generating technology to possible renewable bio-fuel production, the evaluation of coal deposits and entry into the uranium exploration industry. Its main interests as at 12 June 2007 are as follows:

- 46% interest in Exergy Inc. This investment is on the market. Negotiations that were initiated late last year to sell its interest in Exergy to a third party have been shelved;
- Lillyburt Coal – Wasabi as part of a joint venture arrangement with Western Canadian Coal Corp has funded a desk top study of data relating to a potential coal deposit in Canada and make undertake drilling in 2007, although no decision has been made;
- Bio- Diesel Investment – Wasabi has entered into a joint venture with Cambrian and Swann Capital Group whereby Wasabi has a 50% stake in a newly formed company, Evolution Energy. The purpose of Evolution Energy is to evaluate several opportunities in the ethanol and bio-diesel industry. In addition Evolution Energy has invested $325,000 in KE Engineering on a loan basis with the objective of having direct access to the engineering know how of an operating Australian bio-diesel plant. Evolution Energy is entitled to be prepaid via a royalty on the first $20,000,000 litres of production from a plant currently under construction in Victoria;
- Uranium leases – Wasabi had three leases relating to uranium exploration in the Northern Territory. Two of the three leases have been granted. The third tenement has been applied for but not yet granted. The leases were transferred into Rum Jungle Limited ("RJ"), a wholly owned subsidiary. RJ has a joint venture with Crescent Gold Limited over tenements in Rum Jungle and near Tennant Creek in the Northern Territory. RJ has the right to earn up to a 75% interest in the properties by spending $1,100,000 by the middle of 2009 (25% by spending $200,000 by the end of 2007 increasing to a 50% interest by spending a further $400,000 by the end of 2008 and may increase to 75% (if Cresent elects not to contribute to exploration after the 50% interest is obtained) by spending a further $500,000 by the middle of 2009. RJ is planning an initial public offering in the latter half of 2007; and
- A licensing agreement from the US based Kalex LLC to develop power projects utilizing Kalex system technology.

4. Future Directions of Wasabi

4.1 We have been advised by the directors and management of Wasabi that:

- There are no proposals currently contemplated either whereby Wasabi will acquire any further properties or assets from Xtract or the Cambrian Group (however Wasabi will issue 175,000,000 shares and 25,000,000 share options to Xtract as outlined above to acquire the Assets) or where Wasabi would transfer any of its property or assets to the Cambrian Group;
- The composition of the Board is not expected to change in the short term, however new appointments may be considered in 2007;
- No dividend policy has been set and it is not proposed to be set until such time as the Company is profitable and has a positive cash flow; and
- The Company will endeavour to enhance the value of its energy interests and proceed with the IPO of RJ.

5. Basis of Valuation of Wasabi Shares and Options

5.1 Shares

5.1.1 In considering the proposals to acquire the interest in the DC Technology Co-Op Agreement and the 12,300,000 shares in Aviva (the Assets) from Xtract, we have sought to determine if the considerations payable by Wasabi to Xtract are fair and reasonable to the existing non-associated shareholders of Wasabi.

5.1.2 The offer would be fair to the existing non-associated shareholders if the values of the Assets being acquired by Wasabi are greater than the implicit value of the shares and options being offered as consideration. Accordingly, we have sought to determine a theoretical value that could reasonably be placed on Wasabi shares and options for the purposes of this report.

5.1.3 The valuation methodologies we have considered in determining a theoretical value of a Wasabi share are:

- Capitalise maintainable earnings/discounted cash flow;
- Takeover bid - the price at which an alternative acquirer might be willing to offer;
- Adjusted net backing and windup value; and
- The weighted average market price of Wasabi shares.

5.2 Capitalise maintainable earnings and discounted cash flows.

5.2.1 Due to Wasabi's operations, a lack of profit history arising from business undertakings and the lack of a reliable future cash flow from a current business activity, we have considered these methods of valuation not to be relevant for the purpose of this report.

5.3 Takeover Bid

5.3.1 It is possible that a potential bidder for Wasabi could purchase all or part of the existing shares, however no certainty can be attached to this occurrence. To our knowledge, there are no current bids in the market place and the directors of Wasabi have formed the view that there are unlikely to be any takeover bids made for Wasabi in the immediate future. However after the completion of the Proposed Transactions, the Cambrian Group's interest would exceed 38.00% and may increase to approximately 40.02% if only the 25,000,000 share options proposed to be issued to Xtract are exercised by Xtract.

5.4 Adjusted Net Asset Backing

5.4.1 We set out below an unaudited balance sheet of Wasabi as at 31 May 2007 along with a pro-forma balance sheet assuming the following:

- The acquisition of the interest in the DC Technology Co-Op Agreement and the 12,300,000 shares in Aviva from Xtract by way of an issue of 175,000,000 shares at 2.21 cents each ($3,867,500) and 25,000,000 share options with a deemed fair value of say $161,625;
- Assuming the incidental acquisition costs (including stamp duty, legal, expert reports etc) of the Proposed Transactions are $50,000 but are expensed; and
- The ascribing of say a total of $450,000 to the 20,000,000 share options to be granted to Morris and Wise (10,000,000 each).

	Wasabi 31 May 2007 $'000's	Pro-forma 31 May 2007 $000's
Current Assets		
Cash	1,877	1,827
Receivables and prepayments	85	85
Short term loans	1,757	1,757
	3,719	3,669
Non Current Assets		
Fixed assets	7	7
Loans	251	251
Investments	820	4,849
Capitalised exploration costs	500	500
	1,578	5,607
Total Assets	5,297	9,276
Current Liabilities		
Payables	98	98
Provisions	-	-
Total Liabilities	98	98
Net Assets	5,199	9,178
Equity		
Issued capital	15,492	19,359
Reserves	-	162
Accumulated losses	(10,293)	(13,343)
Net Equity	5,199	9,178

5.4.2 Based on the book values, this equates to a value per fully paid ordinary share post the Proposed Transactions (assumes 742,140,445 shares on issue) of approximately 1.2 cents (ignoring the value, if any, of non-booked tax benefits). The net book tangible asset backing as at 31 May 2007 equates to 0.91 cents (assume 568,140,445 shares on issue). No adjustment has been made in relation to the sale of the uranium leases to RJ and RJ issuing 44,000,000 shares at a deemed value of 10 cents each and RJ issuing 10,000,000 share options to Wasabi. These will be incorporated into the June 2007 statutory accounts of Wasabi. The non accounting of the RJ transactions does not effect our conclusions on resolution 2.

5.4.3 We have accepted the amounts for all current assets, current liabilities, fixed assets and investments.

5.4.4 No detailed review was made by us on the assets and liabilities disclosed in the unaudited adjusted balance sheet as at 31 May 2007. We have been assured by the management of Wasabi that they believe the carrying value of all current assets, fixed assets, investments and liabilities at 31 May 2007 are fair and not materially misstated. The value of the investment in RJ will be dependent op the successful listing of RJ on the ASX. There well may be significant value to the shares in Wasabi if the IPO for RJ is successful.

5.4.5 No independent valuations have been prepared on the energy and mineral prospects of Wasabi and we do not consider it necessary to obtain an independent valuation of the energy and mineral prospects for the purposes of this report. We note that the market has been informed of all of the current projects, joint ventures and farm in/farm out arrangements entered into between Wasabi and other parties. We also note it is not the present intention of the Directors of Wasabi to liquidate the Company and therefore any theoretical value based upon wind up value or even net book value (as adjusted), is just that, theoretical. The shareholders, existing and future, must acquire shares in Wasabi based on the market perceptions of what the market considers a Wasabi share to be worth.

The market has either generally valued the vast majority of energy venture companies at significant discounts or premiums to appraised technical values and this has been the case for a number of years although we also note that there is an orderly market (albeit on moderate turnover) for Wasabi shares and the market is kept fully informed of the activities of the Company. Under A-IFRS, the Share Based Compensation Standard that arguably applies to this transaction requires the value of the consideration to be the fair value of the Assets acquired at the time of the legal acquisition of the Assets and the issue of the 175,000,000 shares and 25,000,000 share options. Accordingly, for the reasons outlined above, we believe that for the purpose of this report, it is not appropriate to use any technical value of a Wasabi share in assessing whether the proposal to acquire the Assets from Xtract is fair and reasonable. We believe a pre-announcement market-based approach is a more suitable basis of assessing whether the proposals are fair and/or reasonable.

5.5 Weighted Average Market Price of Wasabi Fully Paid Shares

5.5.1 Since 1 January 2006 to the date of the announcement of the proposals with Xtract (13 November 2006), the shares in Wasabi have traded in the 1.7 cents to 4.2 cents range. In mid April 2006, the shares rose from the high 1's /low 2's to trade between 3.0 cents and up to 4.2 cents for a period of several months following an announcement of a proposal to farm in to a uranium prospect in the Northern Territory. The majority of the shares traded in the 2.4 cents to 2.6 cents range over the three months to 13 November 2006 although there were several sales from time to time at between 2.7 cents and 2.9 cents.

5.5.2 Generally, the market is a fair indicator of what a share is worth, however the theoretical technical value based on the underlying value of assets and liabilities may be lower or higher.

In the case of Wasabi, current liquidity is not high and the Company will need to:

- Undertake a capital raising of some significance (or a series of smaller capital raisings) and / or
- Sell or dilute its interest in existing energy interests.

The Company may need to arrange funding of a demonstration plant relating to the original arrangement between Danieli Corus and Cambrian (refer paragraph 7.5 below).

It is noted that over the past several years, the vast majority of mineral and energy related companies listed on the ASX are trading at significant discounts or premiums to appraised technical values and in some cases have traded at a discount to cash asset backing. In the case of Wasabi, the monthly volume of trades on the ASX is moderate but large enough to argue that an orderly market exists for the Company's shares. The "market" arguably is fully informed of the Company's activities and in view of the immediate and near future lack of a viable energy investment it is our opinion appropriate to use a range of recent pre-announcement trading market values as fair values to attribute to the ordinary shares (possibly restricted for 12 months) to be issued to Wasabi.

5.5.3 The future value of a Wasabi share will depend upon, inter alia:

- The future prospects of its existing energy and mineral prospects in Australia and the commercialisation of the DC Technology Co-Op Agreement and the future share price of the Aviva shares being acquired from Xtract;
- The state of the energy markets (and prices) in Australia and overseas;
- The state of Australian and overseas stock markets;
- Membership of the Board;
- General economic conditions; and
- Liquidity of shares in Wasabi.

5.5.4 In our view, taking into account the share price of a Wasabi share trading on the ASX in the three months to 13 November 2006, the value of a Wasabi share for the purposes of this report lies in the range of 2.4 cents and 2.8 cents with a mid range value of approximately 2.6 cents.

5.5.5 Arguably the shares to be issued to Wasabi have a lesser value, as they may be restricted from trading for a period of 12 months. A discount of 10% to 20% per annum is commonly applied to shares that have a restriction on trading and if this applied to the 175,000,000 shares to be issued to Xtract, the discounted market value would approximate $3,360,000 (1.92 cents using a 20% discount from 2.4 cents) to $4,410,000 (2.52 cents using a 10% discount from 2.8 cents). Using a 15% discount to the 2.6 cent fair value noted above results in an adjusted fair value for 175,000,000 shares in Wasabi of approximately $3,867,500 (2.21 cents per share).

5.5.6 It is noted that over the past four month or so (to 25 June 2007), the shares on Wasabi have traded in the 3.3 cents to 6.3 cents range and if this range of prices were applied to the 175,000,000 shares to be issued to Xtract, the undiscounted share consideration only would be between $5,775,000 and $11,025,000 and after a say 15% discount for escrow, the value of the share component of the consideration would be $4,908,750 to $9,371,250. Under A-IFRS, the Share Based Compensation Standard that arguably applies to this transaction requires the value of the consideration to be the fair value of the Assets acquired at the time of the legal acquisition of the Assets and the issue of the 175,000,000 shares and 25,000,000 share options. We were advised that Wasabi allocated a value of $3,690,000 to the 12,300,000 shares in Aviva (147,600,000 shares in Wasabi at 2.5 cents each) and the balance of 27,400,000 shares at 2.5 cents each and the 25,000,000 share options to the value of the interest in the DC technology Co-Op Agreement. Thus the value of the interest in the DC Technology Co-Op Agreement is the 27,400,000 shares at 2.5 cents totalling $685,000 plus any ascribed value for the 25,000,000 share options (the directors of Wasabi did not formally ascribe a value to the share options but probably as they were 30 June 2008 options with an exercise price of 3 cents when the share price was 2.5 cents they would have some technical value). Refer paragraph 5.6.1 below for comments on value of share options). Thus, ignoring any values for the share options, the Wasabi directors ascribed a value of approximately $4,375,000 to the Assets. This is probably less than the above noted post announcement range for the share consideration but less than the preferred discounted (for escrow) consideration for the 175,000,000 shares of $3,867,500.

5.6 Share Options

5.6.1 The Company will issue 25,000,000 share options to Xtract as part consideration to acquire the Assets from Xtract. Using a Black Scholes option pricing model, results in the value of one option to be issued of approximately 0.90 cents.

The basic assumptions used were:

▪ market share price (pre announcement)	3.0 cents
▪ interest rate	6.0%
▪ volatility factor	75%
▪ exercise price	3.0 cents
▪ option term (assumed issued late July 2007)	9 months

The 25,000,000 share options to be issued to Xtract will not be listed and may not be tradeable until expiry date. At 0.90 cents each, the value equates to $225,000. It may be that a discount will be applied to the valuation arrived at under Black Scholes or the Binomial option valuation methodologies as the share options will not be listed. It is not uncommon to apply a discount for non-listing of between 20% and 50%. If a discount of 35% was applied for non listed status of the proposed share options, the value would be $146,250 for all of the 25,000,000 share options. Under current Australian Accounting Standards applying for the year ended 30 June 2007, the share options need to be costed as part of the acquisition price. Using a Wasabi share price as at 5 February 2007 (5.4 cents) and a volatility of 50% results in a value per share option before any discount for non listed status of approximately 2.63 cents (1.71 cents after 35% non listed status discount). Thus using say the discounted share price, the share option consideration based on a 5.4 cent share price for Wasabi would approximate $427,500 (25,000,000 share options). If we used the 2.5 cent share price that Wasabi shares were trading at the time of negotiation with Cambrian, the technical value of a share options would approximate 0.59 cents. Thus the value for 25,000,000 share options may be approximately $147,500 (and $95,875 after non listed status discount).

6. Value of Consideration

6.1 The potential share and share option consideration for the acquisition of the Assets if acquired from Xtract in 2006/07 (now expected to be in late July 2007) after shareholders approval will be between $3,506,250 and $4,556,250 with a mid rang value of $4,013,750. In addition, there are further acquisition costs pertaining to the Proposed Transactions, estimated at around $50,000. Thus it is considered that the initial fair consideration may approximate $4,063,750 (mid value). Under A-IFRS, the Share Based Compensation Standard that arguably applies to this transaction requires the value of the consideration to be the fair value of the Assets acquired at the time of the legal acquisition of the Assets and the issue of the 175,000,000 shares and 25,000,000 share options. This could be less or more than the above noted range for the share and share option consideration (refer comments below on values for the Assets and the comments on Wasabi Directors valuations of the Assets as noted in paragraph 5.5.6 above).

7. Basis of Valuation of the Assets to be sold by Xtract to Wasabi

7.1 The usual approach to the valuation of an asset is to seek to determine what an informed, willing but not anxious buyer would pay to an informed, willing but not anxious seller in an open market.

7.2 In relation to the 12,300,000 shares in Aviva that represents an approximate 17.59% shareholding interest in Aviva as at 12 June 2007, we consider that the market based approach to value the shares in Aviva is the most appropriate. It is noted that Wasabi now has an 800,000 shareholding interest in Aviva and when combined with the 12,300,000 Aviva shares to be acquired, Wasabi's shareholding interest in Aviva will approximate 18.73% (13,100,000 shares out of 69,941,825 Aviva shares as at 12 June 2007). Aviva to our knowledge and from information noted on its web site has no businesses that are cash flow positive and that attempting to value the shares in Aviva on a discounted cash flow or maintainable earnings basis is not relevant at this point of time. Furthermore, we are not aware of any take over offers for Aviva as at the date of preparing this report. Aviva is listed on the ASX. Aviva has completed a Pre-Feasibility Study ("PFS") on its Central West Coal Project ("CWC") in Western Australia. Aviva has now commenced a Bankable Feasibility Study ("BFS") on CWC to study the merits of a 400MW power generation project in the Midwest. Aviva sees an opportunity to build a 2x200MW base load power station in the Mid West servicing South West Interconnected System customers and the Mid West region. It is proposed that Aviva will apply for preliminary capacity credits in 2007, followed by approvals and finance in 2008. It is envisaged that the CWC project would be commissioned in 2011. Future milestones for Aviva include:

- combustion test work in December 2006 that will form the basis of the preliminary power study;
- finalisation of Aviva's arrangements for the co-development of the power station in 2007; and
- completion of the preliminary power study in the first half of 2007.

The Board of Aviva commented in its 2006 Annual Report that they believed the CWC will become a cornerstone "company starter" and it has reinvigorated business development efforts seeking similar projects in Australia and overseas (Source: Announcements to ASX by Aviva).

7.3 The shares in Aviva over the period March 2006 to 30 April 2007 have traded in the range of 5.1 cents to 7.5 cents on a pre consolidated basis that is equivalent to 25.5 cents to 37.5 cents. Over the three months to 13 November 2006, (the date of the announcement of the Proposed Transactions), the Aviva shares traded in the range of 5.2 cents to 7.5 cents (post consolidated equivalent of 26.0 cents to 37.5 cents) and for most of the period 1 November 2006 to 10 November 2006 the Aviva shares traded between 6.0 cents and 6.4 cents (equivalent to 30.0 cents and 34.0 cents on a post consolidation basis). Since 13 November 2006 and to the date of a 1 for 5 consolidation of Aviva shares, the shares traded between 5.0 cents and 6.8 cents (25.0 cents to 34.0 cents post consolidated equivalent). Since the consolidation of capital, the shares in Aviva to 25 June 2007 have traded between 27.0 and 40.0 cents. It is our view that based on a market based approach the current fair value of an Aviva share lies in the range of 25.0 cents (low) to 37.5 cents (high) with a preferred market value of around 30.0 cents (last sale on 25 June 2007 was 35.5 cents). The share price on 9 November 2006 was 6.0 cents (equivalent to 30.0 cents post consolidation) and the day before the announcement of the Proposed Transactions, the Aviva shares were traded at 6.4 cents (32.0 cents post consolidated equivalent).

7.4 Thus the pre announcement value of 12,300,000 shares in Aviva ignoring any premium or discount for the transfer of such a large parcel of shares (refer comments below) lies in the range of $3,075,000 to $4,612,500 with a preferred pre announcement value of approximately $3,690,000. The turnover of shares traded on the ASX in Aviva is moderate and any attempt to sell 12,300,000 shares on the market would in our opinion cause a dramatic decrease in the share price. The sale of a large parcel of shares in Aviva would normally be undertaken off market as a private sale. It is difficult to determine whether a private buyer would seek a discount or be prepared to pay a premium for an approximate 18.73% interest in a possible emerging energy producer. We have not applied a discount or attached any premium to the prices used above. Discounts and premiums of 10% to 20% would not be uncommon (and sometimes more or less). Based on the closing price of an Aviva share as at 25 June 2007 (35.5 cents), the value of 12,300,000 shares was $4,366,500 and based on the range of prices (as adjusted for the 1 for 5 consolidation) in April and to 25 June 2007 the value of 12,300,000 shares lies in the range of $3,075,000 to $4,920,000.

7.5 The DC Technology Co-Op Agreement is a 50/50 joint venture co-operation agreement initially between Danieli Corus BV ("DC") and Cambrian however Cambrian has agreed to transfer its rights and liabilities under the agreement to Xtract prior to Xtract assigning the interest to Wasabi as part of the Asset sales to

Wasabi. The DC Technology Co-Op Agreement (not all in a legal signed agreement) relates primarily to cooperate to design, construct, test, evaluate and operate a demonstration plant relating to converting carbon resources into char and/or coke using what is described as CCP Technology and make improvements to the CCP Technology. The plan is for the first demonstration plant to be situated on Holland. DC is an engineering and contracting firm supplying world wide equipment and technology to the primary metal industry and is a subsidiary of the large Dutch metals company, Danieli Corus Technical services BV. DC has conducted extensive research into the development of the CCP Technology. DC has prepared a pre-feasibility study setting out the relative merits of CCP Technology and the likely costs of construction and operating a limited demonstration plant. If the demonstration plant is constructed and meets both parties' commercial expectations, the intent is for the parties to commercialise the CCP Technology. Under the agreement Cambrian was to arrange the funding from third party sources of the construction of the demonstration plant and shall make or procure the payments to DC at the times and in the manner of the Project Plan. Cambrian was also to fund the operation, testing, evaluation and demonstration of the demonstration plant once constructed. It is believed that the obligations of Cambrian will be transferred to Xtract and then to Wasabi if the Assets are sold to Wasabi as noted in resolution 2. We have been advised that over the past two years Cambrian or a subsidiary spent approximately $1,498,000 relating to the DC Technology Co-Op Agreement.

We have not conducted any due diligence on the DC Technology Co-Op Agreement and associated joint venture and thus disclaim whatsoever any claim that Cambrian and/or Xtract have rights under the arrangements/agreements with DC. We understand that Wasabi is conducting all necessary due diligence on the arrangement with DC. We cannot and do not guarantee that any legal arrangement is in place and do not warrant that the CCP Technology will be successfully developed and commercialised.

8. Conclusion as to Fairness

8.1 The proposal to acquire the Assets for the consideration noted in paragraph 1.2 is believed fair to Wasabi's non-associated shareholders if the value of the consideration offered is equal to or less than the value of the Assets being acquired.

8.2 Due to the nature of the business of Wasabi, valuations are dependent upon the value placed on the energy interests of Wasabi. The valuation of such interests and valuing future profitability and cash flows is extremely subjective as it involves assumptions regarding future events that are not capable of independent substantiation. However, we believe that for the purposes of this report using pre announcement (of the Proposed Transactions) share prices for Wasabi is more appropriate and thus the discounted share prices (for the shares being restricted securities for 12 months) have been used. As noted above, taking into account the fair value also attributable to the 25,000,000 share options, the fair value of the consideration may lie in the range of $3,556,250 to $4,606,250 with a preferred value of $4,063,750 (includes estimated indirect costs of $50,000).

8.3 We have examined below what the values attributable to the Assets proposed to be acquired and the value of the consideration offered by Wasabi to Xtract may be:

	Low $	Preferred $	High $
Fair value of 12,300,000 shares in Aviva	3,075,000	3,690,000	4,612,500
Fair value of the interest in the DC Technology Co-Op Agreement (refer below for comments)	unknown	unknown	unknown
Value of consideration being offered by Wasabi	3,517,625	4,013,750	4,567,625
Other incidental costs	50,000	50,000	50,000
	3,567,625	4,063,750	4,617,625

8.4 As we cannot determine with any degree of accuracy as to whether the DC Technology Co-Op Agreement will lead to commercialisation and there are no forecasts on profitability relating to the DC Technology Co-Op Agreement, we have under ASX Listing Rules that require us to determine whether the proposal (resolution 2 in this instance) are fair or not fair, concluded that the proposals under resolution 2 are not fair. It is our understanding that the Directors of Wasabi ascribed a value of approximately $700,000 (with a minimum of $685,000) to the interest in the DC Technology Co-Op Agreement although there are no cash flow forecasts or other financial information to support such a value. The $700,000 was approximately 50% of the amount purported to be spent pertaining to the Joint Venture the subject of the DC Technology Co-Op Agreement over the two years to 30 June 2006 but written off by Cambrian or a subsidiary of Cambrian. Arguably under A-IFRS accounting for Share Based Compensation, the fair value of the Assets is the value attributed to the purchase consideration (175,000,000 shares and 25,000,000 share options). Ascribing say $700,000 to Xtract's interest in the DC Technology Co-Op Agreement and say $3,690,000 to the 12,300,000 Aviva shares, the fair value attributable for accounting purposes to the equity consideration approximates $4,390,000 ($4,366,500 using 25 June 2007 Aviva share price). This equates to approximately 2.51 cents (or 2.49 cents) to the 175,000,000 shares to be issued (ignoring the 25,000,000 share options). This is not that far off from the preannouncement value ascribed by us to the 175,000,000 shares and 25,000,000 share options (value as noted above $4,063,750).

9. Reasonableness of the Offers

9.1 We set out below some of the advantages and disadvantages and other factors pertaining to the Proposed Transactions (acquisition of Assets from Xtract).

Advantages

9.2 The Company has very few remaining energy interests and requires new energy interests to augment its existing energy portfolio. The upside potential of the DC Technology Co-Op Agreement Joint venture is at this stage unquantifiable but if the technology of the DC Technology Co-Op Agreement can be commercialised than it may add significant value to the energy interests of Wasabi and lead to a re-rating upwards of the Company's shares. In addition, there appears to be potential for a rise in the share price of Aviva (although this cannot be guaranteed) if the Central West Coal Project is successfully commercialised.

9.3 On a book asset backing approach, the share consideration proposal is approximately $1,592,500 (0.91 cents per share for 175,000,000 shares) and far below a market value (pre announcement) approach.

9.4 If the 25,000,000 share options proposed to be issued to Xtract are exercised, the Company would receive $750,000 in new cash funds. The exercise price of 3 cents each approximates the pre announcement share price of the Proposed Transactions and in the main is in excess of prices for the majority of the year leading up to the 13 November 2006. If met, there is a good chance that the share price would be above 3 cents and thus the existing shareholders are benefiting from an increased share price.

9.5 The directors have outlined a number of perceived advantages of the proposed transaction, although we cannot be certain as to whether the advantages noted by them will eventuate. However, on the face of it they do not appear unreasonable.

Disadvantages and Other Factors

9.6 The issue of 175,000,000 shares to Xtract would dilute the non associated shareholders interest in Wasabi from 81.09% to approximately 62%. If the 25,000,000 share options proposed to be issued to Xtract are exercised, the percentage interests of the existing shareholders are diluted even further.

9.7 The number of fully paid shares on issue rises to 743,140,445 shares (before exercise of any share options).

9.8 The Joint Venture the subject of the DC Technology Co-Op Agreement may not turn out to be commercially viable and thus losses may be incurred. Furthermore, Aviva share price may fall and Aviva may not successfully commercialise its Central West Coal Project. It is noted however that Wasabi is currently an energy investment company and there is always risks in investing in such type of companies.

9.9 The Cambrian Group, if the Proposed Transactions proceed could control between 38.00% and 40.02% of the expanded issued capital of Wasabi, depending on how many proposed share options are exercised. There are also on issue 15,000,000 2.5 cent share options expiring 14 January 2008, 10,000,000 3.0 cent share options expiring 29 November 2009 and 10,000,000 3.5 cent share options expiring 29 November 2009. In addition it is proposed to grant share options to Messrs Morris and Wise as outlined in resolutions 4 and 5. The share holding of the Cambrian Group may increase or decrease, depending on whether some or all of the existing and potential share options are exercised. Some significant voting control is passing to the Cambrian Group. It is difficult to determine whether the Cambrian Group is in effect paying a premium for deemed control (greater than 20%) as we cannot with any degree of accuracy value all of the Assets being acquired by Wasabi from Xtract. As noted above, we cannot place a value on the Joint Venture the subject of the DC Technology Co-Op Agreement. If it was assumed that the Joint Venture the subject of the DC Technology Co-Op Agreement was worth $700,000 (refer paragraph 8.4) then the Cambrian Group may be paying a premium for control however all shareholders in theory benefit in that the Assets acquired are worth more than the consideration being given by Wasabi.

9.10 Wasabi may need to raise further working capital to spend on exploration and evaluation of the Company's existing energy assets/tenements and incur significant costs relating to the DC Technology Co-Op Agreement. The number of shares that may be issued to raise additional capital is not yet ascertained however any future capital raisings may further dilute the current non associated shareholders interests in Wasabi.

10. Conclusion as to Reasonableness

10.1 After taking into account the factors referred to in 9 above and elsewhere in this report, we are of the opinion that the Proposed Transactions as noted in paragraph 1.2 and resolution 2 in the Notice may be considered reasonable to the non-associated shareholders of Wasabi.

11. Sources of Information

11.1 In making our assessment as to whether the Proposed Transactions as noted in paragraph 1.2 and resolution 2 are fair and reasonable, we have reviewed relevant published available information and other unpublished information of the Company and the Assets that is relevant to the current circumstances. In addition, we have held discussions with the management of Wasabi about the present and future operations of the Company. Statements and opinions contained in this report are given in good faith but in the preparation of this report, we have relied in part on information provided by the directors and management of Wasabi.

11.2 Information we have received includes, but is not limited to:

- Draft Notice of General Meeting of Shareholders of Wasabi and draft Explanatory Memorandum To Shareholders prepared to March to 25 June 2007;
- Discussions with management and directors of Wasabi;
- Details of historical market trading of Wasabi ordinary fully paid shares recorded by ASX for the period 1 October 2005 to 12 June 2007;
- Shareholding details of Wasabi as supplied by the company's share registry at 12 June 2007;
- Annual report for Wasabi and Aviva for 2005/06 lodged with the ASX;
- Un-audited accounts of Wasabi and Aviva for the period 1 July 2006 to 31 December 2006 and for Wasabi from 1 July 2006 to 31 May 2007;
- Announcements made by Wasabi and Aviva to the ASX from 1 January 2006 to 25 June 2007;
- The Heads of Agreement between Wasabi and Xtract;
- The draft Heads of Agreement relating to the DC Technology Co-Op Agreement; and
- Information on the DC Technology Co-Op Agreement (including past expenditures on the Joint Venture the subject of the DC Technology Co-Op Agreement by the Cambrian group of companies) as supplied by Cambrian.

11.3 Our report includes Appendix A and our Financial Services Guide attached to this report.

Yours faithfully
STANTON PARTNERS CORPORATE PTY LTD

J P Van Dieren
Director

AUTHOR INDEPENDENCE AND INDEMNITY

This annexure forms part of and should be read in conjunction with the report of Stanton Partners Corporate Pty Ltd dated 27 June 2007, relating to the issue of shares and options as consideration for the Assets from Xtract as outlined in paragraph 1.2 of the report and resolution 2 in the Notice of Meeting to Shareholders to be dated June 2007.

At the date of this report, Stanton Partners Corporate Pty Ltd does not have any interest in the outcome of the proposal. There are no relationships with Wasabi or the Cambrian Group other than acting as an independent expert for the purposes of this report. There are no existing relationships between Stanton Partners Corporate Pty Ltd and the parties participating in the transaction detailed in this report which would affect our ability to provide an independent opinion. The fee to be received for the preparation of this report is based on the time spent at normal professional rates plus out of pocket expenses and is estimated at $16,000. The fee is payable regardless of the outcome. With the exception of the fee, neither Stanton Partners Corporate Pty Ltd nor John P Van Dieren have received, nor will, or may they receive, any pecuniary or other benefits, whether directly or indirectly, for or in connection with the making of this report.

Stanton Partners Corporate Pty Ltd does not hold any securities in Wasabi or the Cambrian Group of companies. There are no pecuniary or other interests of Stanton Partners Corporate Pty Ltd that could be reasonably argued as affecting its ability to give an unbiased and independent opinion in relation to the proposal. Stanton Partners Corporate Pty Ltd and Mr J Van Dieren have consented to the inclusion of this report in the form and context in which it is included as an annexure to the Notice.

QUALIFICATIONS

We advise Stanton Partners Corporate Pty Ltd is the holder of an Investment Advisers Licence (no 231201) under the Corporations Act 2001 relating to advice and reporting on mergers, takeovers and acquisitions that involve securities. A number of the partners of Stanton Partners and Stantons International Pty Ltd are the Directors' of Stanton Partners Corporate Pty Ltd. Stanton Partners, Stantons International Pty Ltd and Stanton Partners Corporate Pty Ltd have extensive experience in providing advice pertaining to mergers, acquisitions and strategic and financial planning for both listed and unlisted companies and businesses.

Mr John P Van Dieren, FCA, the person responsible for the preparation of this report, has extensive experience in the preparation of valuations for companies and in advising corporations on takeovers generally and in particular on the valuation and financial aspects thereof, including the fairness and reasonableness of the consideration offered. The professionals employed in the research, analysis and evaluation leading to the formulation of opinions contained in this report, have qualifications and experience appropriate to the task they have performed.

DECLARATION

This report has been prepared at the request of the Directors of Wasabi in order to assist them to assess the merits of the proposal to issue 175,000,000 shares and 25,000,000 share options for the Asset acquisitions (outlined in resolution 2) to which this report relates. This report has been prepared for the benefit of Wasabi's directors and shareholders and does not provide a general expression of Stanton Partners Corporate Pty Ltd's opinion as to the longer term value of Wasabi or the Assets to be acquired. Stanton Partners Corporate Pty Ltd does not imply, and it should not be construed, that is has carried out any form of audit on the accounting or other records of Wasabi, the Joint venture relating to the DC Technology Co-Op Agreement and Aviva. Neither the whole nor any part of this report, nor any reference thereto may be included in or with or attached to any document, circular, resolution, letter or statement, without the prior written consent of Stanton Partners Corporate Pty Ltd to the form and context in which it appears.

DISCLAIMER

This report has been prepared by Stanton Partners Corporate Pty Ltd with due care and diligence. However, except for those responsibilities, which by law cannot be excluded, no responsibility arising in any way whatsoever for errors or omission (including responsibility to any person for negligence) is assumed by Stanton Partners Corporate Pty Ltd, Stanton Partners, Stantons International Pty Ltd, its directors, partners, employees or consultants for the preparation of this report.

DECLARATION AND INDEMNITY

Recognising that Stanton Partners Corporate Pty Ltd may rely on information provided by Wasabi and its officers (save whether it would not be reasonable to rely on the information having regard to Stanton Partners Corporate Pty Ltd experience and qualifications), Wasabi has agreed:

a) To make no claim by it or its officers against Stanton Partners Corporate Pty Ltd (and Stanton Partners and Stantons International Pty Ltd) to recover any loss or damage which Wasabi may suffer as a result of reasonable reliance by Stanton Partners Corporate Pty Ltd on the information provided by Wasabi; and

(b) To indemnify Stanton Partners Corporate Pty Ltd (and Stanton Partners and Stantons International Pty Ltd) against any claim arising (wholly or in part) from Wasabi or any of its officers providing Stanton Partners Corporate Pty Ltd any false or misleading information or in the failure of Wasabi or its officers in providing material information, except where the claim has arisen as a result of wilful misconduct or negligence by Stanton Partners Corporate Pty Ltd.

A draft of this report was presented to Wasabi directors for a review of factual information contained in the report. Comments received relating to factual matters were taken into account, however the valuation methodologies and conclusions did not alter.

STANTON PARTNERS CORPORATE PTY LTD
A.C.N 063 036 331

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WESTERN AUSTRALIA

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FINANCIAL SERVICES GUIDE
Dated 27 June 2007

1. STANTON PARTNERS CORPORATE PTY LTD

Stanton Partners Corporate Pty Ltd ABN 89 063 036 331 (**"SPC"** or **"we"** or **"us"** or **"ours"** as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

2. FINANCIAL SERVICES GUIDE

In the above circumstances we are required to issue to you, as a retail client a Financial Services Guide (**"FSG"**). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our **Australian Financial Services Licence, Licence No: 231201**;
- remuneration that we and/or our staff and any associated receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

3. FINANCIAL SERVICES WE ARE LICENCED TO PROVIDE

We hold an Australian Financial Services Licence which authorises us to provide financial product advice in relation to:

- Securities (such as shares and options)

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

4. General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

5. Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither SPC, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

6. Remuneration or other benefits received by our employees

All our employees receive a salary. Our employees are eligible for bonuses based on overall productivity but not directly in connection with any engagement for the provision of a report.

7. Referrals

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

8. Associations and relationships

Through a variety of corporate and trust structures, SPC is ultimately wholly owned by and operates as part of Stanton Partners and Stantons International Pty Ltd professional advisory and accounting practices. Our directors may be partners in Stanton Partners and/or Stantons International Pty Ltd.

From time to time, SPC Stanton Partners and Stantons International Pty Ltd and/or their related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

9. Complaints resolution

9.1 Internal complaints resolution process

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to:

The Complaints Officer
Stanton Partners Corporate Pty Ltd
Level 1
1 Havelock Street
WEST PERTH WA 6005.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaints within 15 days and investigate the issues raised. As soon as practical, and not more than **45 days** after receiving the written complaint, we will advise the complainant in writing of our determination.

9.2 Referral to External Dispute Resolution Scheme

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Industry Complaints Service Limited (**"FICS"**). FICS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FICS are available at the FICS website www.fics.asn.au or by contacting them directly via the details set out below.

Financial Industry Complaints Service Limited
PO Box 579
Collins Street West
MELBOURNE VIC 8007

Toll Free: 1300 78 08 08
Facsimile: (03) 9621 2291

10. Contact details

You may contact us using the details set out at the top of our letterhead on page 1 of this FSG.

PROXY FORM

APPOINTMENT OF PROXY
WASABI ENERGY LIMITED
ACN 000 090 997

I/We

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

Appoint

Name of 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 General Meeting to be held at 10:00 am (WST) on 2 August 2007 at the Celtic Club, 48 Ord Street, West Perth, Western Australia and at any adjournment thereof. If no directions are given, the Chairman will vote in favour of all of the Resolutions.

Voting on Business of the General Meeting

		FOR	AGAINST	ABSTAIN
Resolution 1	Re-election of Mr Stephen Morris	☐	☐	☐
Resolution 2	Share Purchase Agreement	☐	☐	☐
Resolution 3	Ratification of Prior Issue of Securities	☐	☐	☐
Resolution 4	Related Party Issue – Grant of Options to Mr Stephen Morris	☐	☐	☐
Resolution 5	Related Party Issue – Grant of Options to Mr Tim Wise	☐	☐	☐
Resolution 6	Disposal of Major Asset	☐	☐	☐
Resolution 7	Related Party Issue – Rum Jungle Uranium	☐	☐	☐

If the Chair of the Meeting is appointed as your proxy, or may be appointed by default and you do not wish to direct your proxy how to vote as your proxy in respect of a Resolution, please place a mark in this box. ☐

By marking this box, you acknowledge that the Chairman of the meeting may exercise your proxy even though he has an interest in the outcome of the Resolution and votes cast by him other than as proxy holder will be disregarded because of that interest. The Chairman will vote in favour of all of the Resolutions if no directions are given.

YOU MUST EITHER MARK THE BOXES DIRECTING YOUR PROXY HOW TO VOTE OR MARK THE BOX INDICATING THAT YOU DO NOT WISH TO DIRECT YOUR PROXY HOW TO VOTE, OTHERWISE THIS APPOINTMENT OF PROXY FORM WILL BE DISREGARDED.

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.

Signed this day of 2007.

By:

Individuals and joint holders	**Companies (affix common seal if appropriate)**
Signature	Director
Signature	Director/Company Secretary
Signature	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:

   - 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 with this Notice of Meeting as soon as possible and either:

   (a) send or deliver the proxy form to Wasabi Energy Limited at Level 2, Mezzanine, 28 Ord Street, West Perth, or PO Box 2883, Perth, 6000, Western Australia; or

   (i) send the proxy form by facsimile to the Company on facsimile number (+618) 9322 5052,

   so that it is received not later than 10:00 am (WST) on 31 July 2007.

   Proxy forms received later than this time will be invalid.