

**WASABI ENERGY LIMITED
ACN 000 090 997
and its Controlled Entities**

INTERIM FINANCIAL REPORT

31 DECEMBER 2008

WASABI ENERGY LIMITED

and its Controlled Entities

CORPORATE DIRECTORY

Directors:	J J Byrne Executive Chairman T N Wise Managing Director S Morris Executive Director R J Reynolds Non-Executive Director R Vallender Non-Executive Director
Company Secretary:	T Wise P MacLeod
Registered Office:	Level 2 Mezzanine 28 Ord Street West Perth WA 6005
Principal Place of Business:	Level 2 Mezzanine 28 Ord Street West Perth WA 6005 Telephone: + 61 8 9322 5050 Facsimile: + 61 8 9322 5052 Web: www.wasabienergy.com
Share Registry:	Computershare Registry Services Pty Limited Level 2, Reserve Bank Building 45 St Georges Terrace Perth WA 6000 Telephone: + 61 8 9323 2000 Facsimile: + 61 8 9323 2033
Bankers:	Westpac Banking Corporation Limited 109 St George's Terrace Perth WA 6000
Auditors:	KPMG 235 St George's Terrace Perth WA 6000
Solicitors:	Steinepreis Paganin Level 4, Next Building 16 Milligan Street Perth WA 6000
Stock Exchange	The Company is listed on the Australian Stock Exchange. The Home Exchange is Perth.
Other Information:	Wasabi Energy Limited, incorporated and domiciled in Australia, is a publicly listed company limited by shares. ASX code: WAS

WASABI ENERGY LIMITED

and its Controlled Entities

DIRECTORS' REPORT - REISSUED

The directors present their reissued report together with the consolidated financial report for the six months ended 31 December 2008 and the review report thereon.

The financial report has been re-stated for 31 December 2008 and 31 December 2007 and replaces the original report for 31 December 2008 signed by the Directors on 27 February 2009.

DIRECTORS

The directors of the Company at any time during or since the end of the interim period are:

Mr John Byrne Executive Chairman	Director since 8 May 2009
Mr Timothy Wise Managing Director	Director since 4 January 2000
Mr Stephen Morris Executive Director	Director since 13 November 2006
Mr Robert Reynolds Non-executive Director	Director since 10 August 2005
Mr Robert Vallender Non-executive Director	Director since 10 August 2005

REVIEW OF OPERATIONS

The net loss after income tax attributable to members of the Group for the half year ended 31 December 2008 was \$14,576,387 (2007: net profit of \$1,167,034). This equates to a basic loss per share of 1.80 cents (2007: basic earnings per share of 0.16 cents).

Wasabi is invested in a broad range of resource and energy related projects which now include, geothermal and waste power, clean coal processing, uranium exploration, direct coal investment, coal exploration in Canada, water technologies, renewable and energy efficient technology and biodiesel production.

Our investments in public companies have been radically affected by the prevailing market conditions. Share prices of investments held have fallen substantially from their highs (see table below for current market values).

We are fortunate that most of our public company investments have strong cash reserves and are in a good position to weather the volatility in financial markets. We are confident that a number of our investments are undervalued and look forward to a re rating of those stocks as the market stabilises.

Overall it has been a good half-year for Wasabi despite the market volatility and disappointing share price. As we move forward we will see changes at all levels of the company and look forward to capitalising on what we view as significant upside potential in our core businesses and share portfolio.

WASABI ENERGY LIMITED and its Controlled Entities

DIRECTORS' REPORT - REISSUED

REVIEW OF OPERATIONS (continued)

The following table details the closing price of Wasabi's investments in marketable securities shown in Australian dollars as at 22 May 2009:

Company	Number of shares	Number of listed options	Market value (i) AUD\$
Australia			
Aviva Corporation Limited	10,100,000	-	1,262,500
Rum Jungle Uranium Limited (ii)	44,000,000	-	3,300,000
Greenearth Energy Limited (iii)	8,103,334	-	1,256,017
Greenearth Energy Limited (iii)	-	2,777,778	16,667
Australian Renewable Fuels Limited	47,193,065	-	660,703
United Kingdom			
Xtract Energy Plc	1,500,000	-	77,312
Canada			
Lysander Minerals Corporation	1,500,000	-	222,795
Total			6,795,994

(i) based on closing prices on 22 May 2009

(ii) escrowed until 14 November 2009

(iii) 4,166,667 shares and 2,777,778 options are escrowed until 4 February 2010

Over the last 6 months Wasabi has made good progress within its two core businesses as follows:

Global Geothermal Limited (GGL) – 92% interest

- Increased its provision of engineering services world wide and generated revenue
- Signed a major Licensing agreement with Shanghai Shenghe New Energy Resources and Science Co. for an exclusive licensing deal in China which includes training, technical information and engineering assistance for the initial 4 waste heat plants in China to be installed in the near to mid-term. Initial payment of US\$1million has been received to cover training and the transfer of licensed technical information
- Raised substantial new share capital at a premium and attracted interest from a range of investment funds
- Taken control of Kalina Cycle Pate
- Received Licence Royalties from Siemens

The Group is very excited about the future potential of GGL and we look forward to developing a world class company in the area of waste heat and geothermal power production using the Kalina cycle technology. This technology is recognised by many as one of the most efficient processes for turning low temperature heat into power.

WASABI ENERGY LIMITED

and its Controlled Entities

DIRECTORS' REPORT - REISSUED

REVIEW OF OPERATIONS (continued)

Aqua Guardian Group Limited (AGG) – 35% interest

The initial product Aqua Armour is a new product used to prevent water evaporation on large scale dams by applying a long life semi floating cover across water storage surfaces.

The key points relating to the Aqua Armour product and its potential are:

- Patented in Australia and Singapore with patents pending in 12 world territories including the USA, China, Europe and India.
- Completed independent testing which proved an 89% reduction in evaporation.
- Environmentally safe, price competitive, simple application, minimum maintenance.
- Only global evaporation control system suitable for major dams and large water storages.
- Product design, manufacturing and delivery logistics in place.
- Demonstration contract in place with Grampians Wimmera Mallee Water (GWM)

This product and its development are a key factor for Wasabi's involvement in this sector which offers limited opportunities to invest. The cost savings associated with this form of water preservation\production are significant and will be impossible to ignore as climate change continues to take grip in Australia and around the world.

Wasabi has now invested \$1.55 million and looks forward to continuing its support of AGG.

Corporate

At the Annual General Meeting held on 28 November 2008 Wasabi shareholders approved the issue of convertible notes raising an amount of \$3,000,000. The notes were issued with a term of 12 months and an interest rate of 10%. The notes are convertible to ordinary shares at an issue price of 3.50 cents. A further \$225,000 investment in convertible notes with the same terms and conditions was received before the end of the reporting period.

Exercise of Options

There were no options issued or exercised during the half year. No options lapsed during the half year.

EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date Global Geothermal Ltd secured a deal with Shanghai Shenghe New Energy Resources Science and Technology Co Ltd for the licensing of the Kalina Cycle technology in China. This represents a major step forward in the commercialisation of the Kalina Cycle Technology. The licensing deal will generate initial revenue of US2 million followed by subsequent royalties for the life of the licence which is due to expire on 2024.

The directors of the Company have resolved to raise a total of \$4.5million through the pro rata issue of convertible preference shares.. The Company intends to undertake a one for two non-renounceable rights issue priced at 1 cent. The rights issue will be by way of 7% preference shares with the dividend to be satisfied by the issue of shares which will be convertible for 3 years. Upon conversion from a preference share the Company will issue one ordinary share and one free attaching option to convert into an ordinary share at 1cent for each preference share. The completion of the rights issue will be conditional on shareholders passing the necessary resolutions to allow the Company to issue the preference shares. The purpose of the rights issue is to allow the repayment of \$2.36 million held in Convertible Notes and provide additional working capital.

The balance of Convertible Notes debt of \$1.15 million will be repaid by the transfer of 35million Xtract Energy shares by the Company to note holders.

**WASABI ENERGY LIMITED
and its Controlled Entities**

DIRECTORS' REPORT - REISSUED

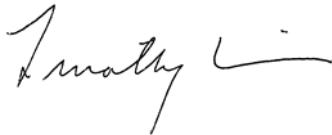
EVENTS SUBSEQUENT TO REPORTING DATE (continued)

Wasabi has announced the acquisition of an additional 27.6% equity stake in its subsidiary Global Geothermal Limited (GGL) taking its total stake to 92.3%. The equity has been acquired for a consideration of US\$2million with an initial payment made of US\$100,000 to be followed by a payment of US\$900,000 within 90 days and the balance by means of a 5% loan note due for repayment on 1 January 2014. The GGL shares acquired will be held as security for the loan note and held in escrow until repaid.

LEAD AUDITOR'S INDEPENDENCE DECLARATION UNDER SECTION 307C OF THE CORPORATIONS ACT 2001

The lead auditor's independence declaration is set on page 19 and forms part of the directors' report for the half year ended 31 December 2008.

Signed in accordance with a resolution of the directors:

A handwritten signature in black ink, appearing to read 'T. Wise', followed by a horizontal line.

T Wise
Director

Perth
Dated 30 May 2009

WASABI ENERGY LIMITED and its Controlled Entities

CONSOLIDATED INTERIM INCOME STATEMENT

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

In AUD	Note	Consolidated	
		Restated 31 Dec 2008 \$	Restated 31 Dec 2007 \$
Gain on dilution of investment		544,975	4,289,018
Engineering services		130,940	-
Other income		11,268	9,850
		<u>687,183</u>	<u>4,298,868</u>
Administration costs		(175,755)	(342,403)
Depreciation		(355)	(2,997)
Employee and directors costs		(706,896)	(1,046,713)
Impairment of investments	9	(14,972,495)	(1,074,707)
Legal and professional fees		(372,775)	(390,155)
Patent costs		(225,423)	-
Research and development		-	(300,971)
Travel		(178,436)	(106,574)
Operating Profit/(loss) before financing		<u>(15,944,952)</u>	<u>1,034,348</u>
Fair value loss on options		(537,000)	-
Finance income		279,723	14,343
Finance costs		(269,637)	(280)
Net finance income/(expense)		<u>(526,914)</u>	<u>14,063</u>
Share of profit/(loss) from equity accounted investees		(12,389)	-
Profit/(loss) before tax		<u>(16,484,255)</u>	<u>1,048,411</u>
Income tax credit/(expense)		1,576,296	(798,198)
Profit/(loss) for the period		<u>(14,907,959)</u>	<u>250,213</u>
Attributable to:			
Equity holders of the company		(14,576,387)	1,167,034
Minority interest		(331,572)	(916,821)
Profit/(loss) for the period		<u>(14,907,959)</u>	<u>250,213</u>
Basic and diluted earnings/(loss) per share (cents)		<u>(1.80)</u>	<u>0.16</u>

Potential ordinary shares are not considered dilutive, therefore diluted earnings per share is the same as basic earnings per share

The notes on pages 10 to 16 are an integral part of these consolidated interim financial statements.

WASABI ENERGY LIMITED
and its Controlled Entities

**CONSOLIDATED STATEMENT OF CHANGES IN EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE PARENT FOR
THE HALF-YEAR ENDED 31 DECEMBER 2008**

	Issued Capital	Accumulated losses Restated	Reserves Restated	Total Restated	Minority Interest Restated	Total Restated
	\$	\$	\$	\$	\$	\$
At 1 July 2007	15,924,524	(12,946,273)	427,561	3,405,812	393,499	3,799,311
Acquisition of subsidiary – minority interest	-	-	-	-	855,261	855,261
Movement in foreign exchange values	-	-	(13,276)	(13,276)	-	(13,276)
Associate investment transactions through equity	-	-	988,605	988,605	-	988,605
Change in fair value of available for sale financial assets	-	-	(272,000)	(272,000)	-	(272,000)
Total income and expense for the period directly recognised in equity	-	-	703,329	703,329	855,261	1,558,590
Profit for the period	-	1,167,034	-	1,167,034	(916,821)	250,213
Total income and expense for the period	-	1,167,034	703,329	1,870,363	(61,560)	1,808,803
Issue of director options	-	-	586,460	586,460	61,560	648,020
Issue of shares/options as consideration for acquisition of investment	9,770,311	-	438,689	10,209,000	-	10,209,000
Placement of shares	822,515	-	-	822,515	-	822,515
Shares issued on exercise of options	750,000	-	-	750,000	-	750,000
At 31 December 2007	27,267,350	(11,779,239)	2,156,039	17,644,150	393,499	18,037,649
At 1 July 2008	28,081,038	(12,434,847)	3,523,232	19,169,423	136,557	19,305,980
Movement in foreign exchange values	-	-	106,745	106,745	42,089	148,834
Change in fair value of available for sale financial assets	-	-	(1,589,418)	(1,589,418)	-	(1,589,418)
Loss for the period	-	(14,576,387)	-	(14,576,387)	(331,572)	(14,907,959)
Total expense for the period	-	(14,576,387)	(1,482,673)	(16,059,060)	(289,483)	(16,348,543)
Issue of shares in subsidiary	-	-	-	-	190,893	190,893
At 31 December 2008	28,081,038	(27,011,234)	2,040,559	3,110,363	37,967	3,148,330

The notes on pages 10 to 16 are an integral part of these consolidated interim financial statements.

WASABI ENERGY LIMITED
and its Controlled Entities

CONSOLIDATED INTERIM BALANCE SHEET

AS AT 31 DECEMBER 2008

In AUD	Note	Consolidated	
		Restated 31 Dec 2008 \$	Restated 30 June 2008 \$
CURRENT ASSETS			
Cash and cash equivalents		279,991	783,339
Trade and other receivables		282,677	65,816
Assets classified as held-for-sale	10	442,498	-
Other assets		18,135	7,200
TOTAL CURRENT ASSETS		<u>1,023,301</u>	<u>856,355</u>
NON-CURRENT ASSETS			
Assets classified as available-for-sale	10	3,197,776	13,259,910
Other investments		216,242	1,231,000
Investments in equity accounted investees		2,640,000	6,591,754
Plant and equipment		2,408	2,763
TOTAL NON-CURRENT ASSETS		<u>6,056,426</u>	<u>21,085,427</u>
TOTAL ASSETS		<u>7,079,727</u>	<u>21,941,782</u>
CURRENT LIABILITIES			
Trade and other payables		706,397	309,506
Convertible notes	11	3,225,000	-
Loans		-	750,000
TOTAL CURRENT LIABILITIES		<u>3,931,397</u>	<u>1,059,506</u>
NON-CURRENT LIABILITIES			
Deferred tax liability		-	1,576,296
TOTAL NON-CURRENT LIABILITIES		<u>-</u>	<u>1,576,296</u>
TOTAL LIABILITIES		<u>3,931,397</u>	<u>2,635,802</u>
NET ASSETS		<u>3,148,330</u>	<u>19,305,980</u>
EQUITY			
Share capital		28,081,038	28,081,038
Reserves	12	2,040,559	3,523,232
Accumulated losses		(27,011,234)	(12,434,847)
TOTAL EQUITY ATTRIBUTABLE TO EQUITY HOLDERS OF THE COMPANY		<u>3,110,363</u>	<u>19,169,423</u>
Minority Interest		37,967	136,557
TOTAL EQUITY		<u>3,148,330</u>	<u>19,305,980</u>

The notes on pages 10 to 16 are an integral part of these consolidated interim financial statements

WASABI ENERGY LIMITED
and its Controlled Entities

CONSOLIDATED INTERIM STATEMENT OF CASH FLOWS

FOR THE SIX MONTHS ENDED 31 DECEMBER 2008

In AUD	Note	Consolidated	
		31 Dec 2008	31 Dec 2007
		\$	\$
Cash flows from operating activities			
Cash receipts from customers		145,624	7,531
Cash paid to suppliers and employees		(1,815,022)	(1,391,620)
Cash used in operations		(1,669,398)	(1,384,089)
Interest received		17,052	14,343
Interest paid		(6,843)	(280)
Net cash used in operating activities		(1,659,189)	(1,370,026)
Cash flows from investing activities			
Payments for equity investments		(2,814,086)	(1,100,000)
Proceeds from sale of equity investments		565,142	-
Research & development		-	(300,965)
Cash movement on deconsolidation of subsidiary		-	(1,419,855)
Net cash used in investing activities		(2,248,944)	(2,820,820)
Cash flows from financing activities			
Proceeds from loan repayment		-	200,000
Proceeds from loan to subsidiary		-	235,676
Proceeds from issue of convertible notes		2,475,000	-
Proceeds from share placement		-	822,515
Proceeds from issue of shares in subsidiary		735,867	171,050
Proceeds from exercise of options		-	750,000
Net cash provided by financing activities		3,210,867	2,179,241
Net decrease in cash and cash equivalents		(697,266)	(2,011,605)
Cash and cash equivalents at 1 July		783,339	2,912,600
Effect of movement in exchange rates on cash balances		193,918	-
Cash and cash equivalents at 31 December		279,991	900,995

The notes on pages 10 to 16 are an integral part of these consolidated financial statements.

WASABI ENERGY LIMITED

and its Controlled Entities

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

1. REPORTING ENTITY

Wasabi Energy Limited (the “Company”) is a company domiciled in Australia. The consolidated interim financial report of the Company as at and for the six months ended 31 December 2008 comprises the Company and its subsidiaries (together referred to as the “Group”) and the Group’s interests in associates and jointly controlled entities.

The consolidated annual financial report of the Group as at and for the year ended 30 June 2008 is available upon request from the Company’s registered office at Level 2 Mezzanine, 28 Ord Street, West Perth WA 6005 or at www.wasabienergy.com.

2. STATEMENT OF COMPLIANCE

The consolidated interim financial report is a general purpose financial report which has been prepared in accordance with AASB 134: Interim Financial Reporting and the Corporations Act 2001.

The consolidated interim financial report does not include all of the information required for a full annual financial report, and should be read in conjunction with the consolidated annual financial report of the Group as at and for the year ended 30 June 2008.

This consolidated interim financial report was approved by the Board of Directors on 30th May 2009.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Group in this consolidated interim financial report are the same as those applied by the Group in its consolidated financial report as at and for the year ended 30 June 2008.

4. ESTIMATES

The preparation of the interim financial report requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amount of assets and liabilities, income and expense. Actual results may differ from these estimates.

In preparing this consolidated interim financial report, the significant judgements made by management in applying the Group’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the consolidated financial report as at and for the year ended 30 June 2008.

5. FINANCIAL RISK MANAGEMENT

The Group’s financial risk management objectives and policies are consistent with that disclosed in the consolidated financial report as at and for the year ended 30 June 2008.

WASABI ENERGY LIMITED and its Controlled Entities

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

6. SEGMENT REPORTING	Australia	Holland	UK	Canada	USA	Total
	\$	\$	\$	\$	\$	\$
For the six months ended 31 December 2007						
Segment revenue	4,298,868	-	-	-	-	4,298,868
Segment result	2,568,512	(300,971)	(417,979)	-	(637,328)	1,212,234
Unallocated revenue/(expenses)						(962,021)
Profit/(loss)						<u>250,213</u>
For the six months ended 31 December 2008						
Segment revenue	556,243	-	-	-	130,940	687,183
Segment result	(9,363,274)	-	(1,182,277)	(582,061)	(790,433)	(12,463,020)
Unallocated revenue/(expenses)						10,086
Profit/(loss)						<u>(14,907,959)</u>

The Group comprises the following geographic segments:

Australia:	Bio diesel, Aviva Corporation, Greenearth Energy, Aqua Guardian, Australian Renewable Fuels, Equatorial Coal and Rum Jungle Uranium
Holland	Danieli-Corus joint venture
UK	Global Geothermal Limited, Xtract Energy Plc
Canada:	Lillyburt coal project, Lysander Coal Corporation
USA:	Recurrent Engineering Llc

7. GAIN ON DILUTION OF INVESTMENT

During the reporting period GGL, a UK-based subsidiary of the company, received an equity investment of GBP350,000 by issuing shares equivalent to 3.50% of the total share capital. The Company's share of the capital received in the amount of \$544,975 has been recorded as a gain on dilution of investment.

During the 31 December 2007 six month period the Company diluted its interest in Rum Jungle from 80% to 36% resulting in a \$4,289,018 gain on dilution.

WASABI ENERGY LIMITED and its Controlled Entities

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

8. FORMATION OF GLOBAL GEOTHERMAL LIMITED

On 31 July 2007 the Company entered into a contractual arrangement with AMP Capital Partners LLC (AMP). To execute this contract a UK subsidiary, Global Geothermal Limited (GGL) was established. Wasabi transferred to GGL the rights to certain patents, licences and intellectual property. AMP transferred to GGL ownership of the assets of Recurrent Engineering LLC, a company which owned certain patents, licences and intellectual property. The consideration paid for the investments acquired was the issue of shares of GGL where Wasabi and AMP respectively owned 70% and 30% of the share capital of GGL.

On acquisition the carrying value of the assets transferred from Wasabi to GGL was nil and since GGL is a controlled entity and consolidated there is no impact on the consolidated financial statements. The acquisition of the assets of Recurrent in July 2007 resulted in a value of \$1,074,707 attributable to patents, licences and intellectual property. As at 31 December 2007 the directors of the Company were unable to reliably measure the value of the patents or the future benefits which may arise and therefore wrote off the carrying value to nil in the prior reporting period (refer to note 9).

9. IMPAIRMENT OF ASSETS	31 Dec 2008 Restated \$	31 Dec 2007 \$
Other investments:		
Aqua Guardian Group impairment (i)	(1,377,758)	-
Assets classified as held-for-sale impairment (ii)	(13,594,737)	-
Impairment of patents (refer note 8)	-	(1,074,707)
	<u>(14,972,495)</u>	<u>(1,074,707)</u>

(i) Pursuant to a subscription agreement during the half-year Wasabi has acquired an equity investment of \$1.55 million for a 35.44% share of Aqua Guardian Group. The Directors of the company have valued the investment at an amount equivalent to the company's share of the net tangible assets of Aqua Guardian Group since they are unable to reliably measure the value of any goodwill on acquisition resulting in a provision for impairment of \$1,377,758 during the reporting period.

(ii) As a result of the significant decline in the investment portfolio of the Company the assets classified as available-for-sale are investments in listed securities and have been written down to market value as at 31 December 2008.

WASABI ENERGY LIMITED

and its Controlled Entities

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

10.	ASSETS CLASSIFIED AS AVAILABLE-FOR-SALE	31 Dec 2008	30 June 2008
		\$	\$
	Current:		
	Australian Renewable Fuels Limited	210,398	-
	Equatorial Coals Limited	232,100	-
		<u>442,498</u>	<u>-</u>
	Non-current:		
	Australian Renewable Fuels Limited	-	934,304
	Equatorial Coals Limited	-	1,642,500
	Aviva Corporation Limited	1,010,000	9,191,000
	Green Earth Energy Limited	975,000	750,000
	Xtract Energy plc, UK	1,052,733	-
	Lysander Corporation, Canada	160,043	742,105
		<u>3,197,776</u>	<u>13,259,910</u>
11.	CONVERTIBLE NOTES	31 Dec 2008	30 June 2008
		\$	\$
		<u>3,225,000</u>	<u>-</u>

At the Annual General Meeting held on 28 November 2008 Wasabi shareholders approved the issue of convertible notes raising an amount of \$3,000,000. The notes were issued with a term of either conversion or repayment within 12 months of the advancement of the funds. These funds were received by the Company in the way of advances between May 2008 and November 2008 and at an interest rate of 10%. At the option of the holder the notes are convertible to ordinary shares at an issue price of 3.50 cents. At the option of either the Company or the holder the convertible note can be settled by repayment. A further \$225,000 investment in convertible notes with the same terms and conditions was received before the end of the reporting period.

12.	RESERVES	31 Dec 2008	30 June 2008
		Restated	Restated
		\$	\$
	Fair value reserve	1,041,728	2,631,646
	Share option reserve	864,060	864,060
	Foreign exchange reserve	134,271	27,526
		<u>2,040,059</u>	<u>3,523,232</u>

WASABI ENERGY LIMITED

and its Controlled Entities

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

13. EVENTS SUBSEQUENT TO REPORTING DATE

Subsequent to the reporting date Global Geothermal Ltd secured a deal with Shanghai Shenghe New Energy Resources Science and Technology Co Ltd for the licensing of the Kalina Cycle technology in China. This represents a major step forward in the commercialisation of the Kalina Cycle Technology. The licensing deal will generate initial revenue of US2 million followed by subsequent royalties for the life of the licence which is due to expire on 2024.

Wasabi have announced the raising of \$4.5million through the pro rata issue of convertible preference shares. The Company intends to undertake a one for two non-renounceable rights issue priced at 1 cent. The rights issue will be by way of 7% preference shares with the dividend to be satisfied by the issue of shares and which will be convertible for 3 years. Upon conversion from a preference share the Company will issue one ordinary share and one free attaching option to convert into an ordinary share at 1cent for each preference share. The completion of the rights issue will be conditional on shareholders passing the necessary resolutions to allow the Company to issue the preference shares. The purpose of the rights issue is to allow the repayment of \$2.36 million held in Convertible Notes and provide additional working capital.

The balance of Convertible Notes debt will be repaid by the transfer of 35 million Xtract Energy shares by the Company to note holders.

The Company has announced the acquisition of an additional 27.6% equity stake in its subsidiary Global Geothermal Limited (GGL) taking its total stake to 92.3%. The equity has been acquired for a consideration of US\$2 million with an initial payment made of US\$100,000 to be followed by a payment of US\$900,000 within 90 days and the balance by means of a 5% loan note due for repayment on 1 January 2014. The GGL shares acquired will be held as security for the loan note and held in escrow until repaid.

14. RESTATED FINANCIAL STATEMENTS

The consolidated financial reports for the six months ended 31 December 2008 including comparatives for 31 December 2007 and 30 June 2008 were adopted by the Directors on 27 February 2009. Subsequent to this date the following restatement requirements were identified causing them to be reissued.

(i) As at 31 December 2007 the Company owned 36.3% of the share capital of Rum Jungle Uranium Ltd (Rum Jungle). The Company recorded the investment at cost and did not equity account in accordance with AASB 128 "Investments in Associates". In April 2007, the Company transferred its exploration assets with a cost of \$644,432 to Rum Jungle for 44 million shares and 10 million options (conditional upon an initial public offering) which represents 100% of the equity in Rum Jungle. In November 2007, as a result of new share issues the Company's interest in Rum Jungle was diluted to 36.3%. As the Company exercised significant influence over Rum Jungle, the consolidated entity should have accounted for the investment as an associate and recorded its share of the profits and losses and net assets of the investee, resulting in an increase in profit of \$3,490,820 for the six month period ended 31 December 2007 comprising a gain on dilution of \$4,289,018 and deferred tax expense of \$798,198.

(ii) As at 31 December 2008 Rum Jungle continued to be an associate and therefore the consolidated entity should have accounted for its investment in accordance with AASB 128 "Investments in Associates" and not cost. The resulting impact was to increase the carrying value of equity accounted associate by \$1,999,484, which comprises of an increase in carrying value of investment of \$5,938,849 as of 30 June 2008, followed by an impairment charge of \$3,951,754 for the six month period ended 31 December 2008.

WASABI ENERGY LIMITED

and its Controlled Entities

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

14. RESTATED FINANCIAL STATEMENTS (continued)

(iii) As at 31 December 2008 the Rum Jungle options were an available-for-sale security and should have been accounted for at fair value through profit and loss and not at a cost of \$nil. The resulting impact was to increase the carrying value of the options by \$44,000, which comprises of an increase in carrying value of the options of \$581,000 as of 30 June 2008, followed by a decrease in fair value of \$537,000 for the six months ended 31 December 2008.

(iv) The restatements identified in (ii) and (iii) resulted in a deferred tax credit of \$1,576,296 for the six months ended 31 December 2008.

(v) As at 30 June 2008 shares and options in Rum Jungle owned by the Company were accounted for at cost and not equity accounted in accordance with AASB128 "Investments in Associates". In November 2007, additional shares were issued by Rum Jungle resulting in the Company's interest decreasing to 36.3% of the issued capital of Rum Jungle. As the Company exercised significant influence over Rum Jungle, the consolidated entity should have accounted for the investment as an associate and recorded its share of the profits and losses and net assets of the investee resulting in an increase in the carrying value of the equity accounted associate by \$5,938,849, an increase in reserves of \$988,605 and an increase in deferred tax liability of \$1,097,136 at 30 June 2008, and a decrease in accumulated losses of \$4,950,244 as of 30 June 2008.

(vi) As at 30 June 2008 the Company had an investment in Greenerth Energy Limited classified as an available for sale security which decreased in value from \$1,500,000 when acquired during the year to \$750,000 at 30 June 2008. The recorded value of the investment in the balance sheet was reduced to fair value with the decrement recorded in the fair value reserve within equity. As the decrease in fair value was considered an impairment loss it should have been recorded through the income statement resulting in an increase in reserves and an increase in accumulated losses for the year ended 30 June 2008 of \$750,000.

(vii) During the reporting period GGL, a UK based subsidiary of the Company, received an equity investment of GBP350,000 by issuing shares equivalent to 3.50% of the total share capital. The Company's share of the capital received of \$544,975 was credited to share premium reserve. To be consistent with the accounting for Rum Jungle referred to above the gain on dilution has been recorded as income in the re-issued financial reports.

The restatements resulted in a decrease in profits after tax of \$2,362,877 for the six months ended 31 December 2008 and an increase in profit after tax for the year ended 31 December 2007 of \$3,490,820. The impact on the 31 December 2008, 30 June 2008 and 30 June 2007 consolidated and Company financial statements of the Group is shown below:

WASABI ENERGY LIMITED
and its Controlled Entities

NOTES TO THE CONSOLIDATED INTERIM FINANCIAL REPORT

FOR THE HALF YEAR ENDED 31 DECEMBER 2008

14. RESTATED FINANCIAL STATEMENTS (continued)

<u>Balance Sheet</u>	CONSOLIDATED 31 December 2008			CONSOLIDATED 30 June 2008		
	<u>Original Financial Statements¹</u>	<u>Adjustment</u>	<u>Reissued Financial Statements</u>	<u>Original Financial Statements²</u>	<u>Adjustment</u>	<u>Reissued Financial Statements</u>
Current Assets	1,023,301	-	1,023,301	856,355	-	856,355
Non-Current Assets						
Assets classified as available for sale	3,197,776	-	3,197,776	13,259,910	-	13,259,910
Other investments	172,242	44,000	216,246	650,000	581,000	1,231,000
Investment in equity accounted investment	640,516	1,989,484	2,640,000	652,905	5,938,849	6,591,754
Property, plant & equipment	2,408	-	2,408	2,763	-	2,763
Current liabilities	3,931,397	-	3,931,397	1,059,506	-	1,059,506
Non current liabilities						
Deferred tax liability	-	-	-	479,160	1,097,136	1,576,296
Net Assets	1,104,846	2,043,484	3,148,330	13,883,267	5,422,713	19,305,980
Equity						
Share capital	28,081,038	-	28,081,038	28,081,038	-	28,081,038
Reserves	1,543,306	497,253	2,040,559	2,009,627	1,738,605	3,748,232
Accumulated losses	(28,557,465)	1,546,231	(27,011,234)	(16,343,955)	3,684,108	(12,659,847)
Minority interest	37,967	-	37,967	136,557	-	136,557
Total Equity	1,104,846	2,043,484	3,148,330	13,883,267	5,422,713	19,305,980

<u>Income Statement for six month period</u>	CONSOLIDATED 31 December 2008			CONSOLIDATED 31 December 2007		
	<u>Original Financial Statements</u>	<u>Adjustment</u>	<u>Reissued Financial Statements</u>	<u>Original Financial Statement</u>	<u>Adjustment</u>	<u>Reissued Financial Statements</u>
Other income	142,208	544,975	687,183	9,850	4,289,018	4,298,868
Impairment of investments	(11,020,741)	(3,951,754)	(14,972,495)	(1,074,707)	-	(1,074,707)
Fair value loss on options	-	(537,000)	(537,000)	-	-	-
Profit/(loss) before income tax	(12,545,082)	(3,939,173)	(16,484,255)	(3,240,607)	4,289,018	1,048,411
Income tax credit/(expense)	-	1,576,396	1,576,396	-	(798,198)	(798,198)
Profit/(loss) for the year	(12,545,082)	(2,362,877)	(14,907,959)	(3,240,607)	3,490,820	250,213

1. Issued and signed by the Directors 27 February 2009

2. Issued and signed by the Directors 30 September 2008.

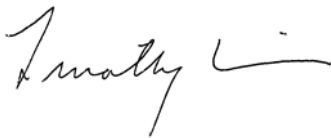
WASABI ENERGY LIMITED
And its Controlled Entities

DIRECTORS' DECLARATION

In the opinion of the directors of Wasabi Energy Limited ("the Company"):

1. the financial statements and notes, set out on pages 6 to 16, are in accordance with the Corporations Act 2001, including:
 - (i) giving a true and fair view of the financial position of the Group as at 31 December 2008 and of its performance, for the six month period ended on that date; and
 - (ii) complying with Australian Accounting Standard AASB 134 "Interim Financial Reporting" and the Corporations Regulations 2001; and
2. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

Signed in accordance with a resolution of the directors:



T Wise
Director

Perth

Dated 30 May 2009



Lead Auditor's Independence Declaration under Section 307C of the Corporations Act 2001

To: the directors of Wasabi Energy Ltd

I declare that, to the best of my knowledge and belief, in relation to the review for the half-year ended 31 December 2008 there have been:

- (i) no contraventions of the auditor independence requirements as set out in the Corporations Act 2001 in relation to the review and
- (ii) no contraventions of any applicable code of professional conduct in relation to the review.

Kpmg

KPMG

B + SA

B Steedman
Partner

Perth

Dated: *30 May 2009*



Independent auditor's review report to the members of Wasabi Energy Ltd

Report on the financial report

We have reviewed the accompanying half-year financial report of Wasabi Energy Ltd, which comprises the consolidated interim balance sheet as at 31 December 2008, income statement, statement of changes in equity and cash flow statement for the half-year ended on that date, a statement of accounting policies and other explanatory notes and the directors' declaration of the Group comprising the company and the entities it controlled at the half-year's end or from time to time during the half-year.

Directors' responsibility for the half-year financial report

The directors of the company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of Interim and Other Financial Reports Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the half-year financial report is not in accordance with the *Corporations Act 2001* including: giving a true and fair view of the Group's financial position as at 31 December 2008 and its performance for the half-year ended on that date; and complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*. As auditor of Wasabi Energy Ltd, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

In conducting our review, we have complied with the independence requirements of the *Corporations Act 2001*.



Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Wasabi Energy Ltd is not in accordance with the *Corporations Act 2001*, including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2008 and of its performance for the half-year ended on that date; and

(b) complying with Australian Accounting Standard AASB 134 *Interim Financial Reporting* and the *Corporations Regulations 2001*.

Re-issuance of Financial Report

Without qualification to the above conclusion, attention is drawn to the following matter. As indicated in note 14 of the Financial Report, the Financial Report for the half year ended 31 December 2008 has been reissued to disclose two accounting errors. As a result, the directors have determined it is appropriate to reissue the Financial Report for the half year ended 31 December 2008.

This audit report replaces our previous audit report to the members of Wasabi Energy Limited, dated 27 February 2009, on the Financial Report for the half year ended 31 December 2008, signed and approved by the directors on 27 February 2009.

KPMG

B Steedman
Partner

Perth

Dated: 30 mar 2009