

Australian Securities Exchange Announcement

29 May 2008

ENCOURAGING PROGRESS ON INDIAN HYTHANE® GENERATOR PROJECT

Highlights

- **The cost of production of electricity is reduced from 10.97 Rupees per kilowatt hour to 6.50 Rupees per kilowatt hour by using a dual fuel mixture of Hythane® and diesel**

Eden Energy Limited (“Eden”) is pleased to announce encouraging results that it is achieving in the development of the Hythane®/diesel dual fuel powered generators for the Indian electricity market.

Hythane Dual Fuel Generator Project Development Nearing Completion

The development work is being undertaken on a 400kW Cummins diesel generator. The Indian manufactured generator was sent to Hythane Company’s test facility in Colorado USA, and a dual fuel kit has been developed to enable the generator to run on a combination mixture of diesel fuel and either natural gas or Hythane®. Hythane® is a high efficiency, ultra low emission mixture of 93% natural gas and 7% hydrogen (by energy) that Eden is marketing in various countries including India.

The development program has involved the development of the dual fuel kit itself, and then the optimisation of the performance of the generator when operating on a combination of either diesel fuel and natural gas or diesel fuel and Hythane®.

The preliminary results, from the development work as detailed in figure 1, are extremely encouraging. At 75% load it was possible to run the generator with a maximum of 60% natural gas and 40% diesel, but with Hythane®/diesel dual fuel, it was possible to reduce the percentage of diesel required to 22.75%. It is hoped to further reduce this figure.

Major Reduction in Electricity Production Cost

The generator in question that is being modified uses approximately 100 litres of diesel fuel per hour when operated on diesel fuel alone. Based on recent prices for diesel and natural gas in India, the fuel cost for operating the generator on dual fuel is reduced from 10.97 Rupees per kilowatt hour for pure diesel application, to 8.77 rupees per kilowatt hour for an operation on a dual fuel mixture of diesel and natural gas, and further reduced to only 6.5 rupees per kilowatt hour for operation on a dual fuel mixture of diesel and Hythane®.

These preliminary results are extremely encouraging and exceed the expectation of Hythane Company in relation to the reduction in cost of the electricity production resulting from the introduction of the Hythane® dual fuel generators into the Indian market.

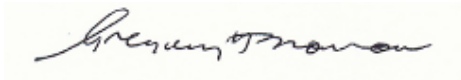
The Potential Market for Hythane® Dual Fuel Generators in India

Hundreds of thousands of diesel powered generators operate throughout India in most major commercial industrial and residential complexes. Many tens of thousands of these generators are large units (more than 400kW), many of which are operated for in excess of 6000 hours per year to produce base load power for the facilities. With the Indian price of natural gas being up to 60% cheaper than diesel fuel, very significant annual savings will be able to be obtained as these generators are converted to dual fuel operation as natural gas becomes more widely available throughout India. Natural gas availability is anticipated to rise from 5 million tonnes per annum to 25 million tonnes per annum during the next five years, and at the same time many thousands of kilometres of transnational pipelines and many city gas distribution networks which, are under construction or planned, are scheduled for completion during the same period to facilitate distribution of the natural gas to more than 500 million people.

It is not anticipated that private power production in India will be displaced, as it has been estimated that to meet projected growth, India will require more than 800 megawatts per week of additional electricity production capacity for the next 15 years, and it is most unlikely that it will be able to meet even a large part of this demand.

Hythane Company anticipates that it will complete the development work on the dual fuel generators during the next 1 to 2 months. Upon completion of the first 5 Indian manufactured HyRadix hydrogen reformers, starting in October 2008, the first pilot project for trialling the Hythane® dual fuel kit on a diesel powered generator will be undertaken.

Eden will supply both the dual fuel kits and the Hythane® production equipment and proposes to market the Hythane® dual fuel systems in conjunction with the generator manufacturers to their existing customers, and, with the substantial saving in the cost of producing electricity, Eden anticipates that its' sales of these products will increase rapidly as natural gas becomes more widely available over the next few years.



Gregory H Solomon
Executive Chairman

Preliminary Dual Fuel Test Data

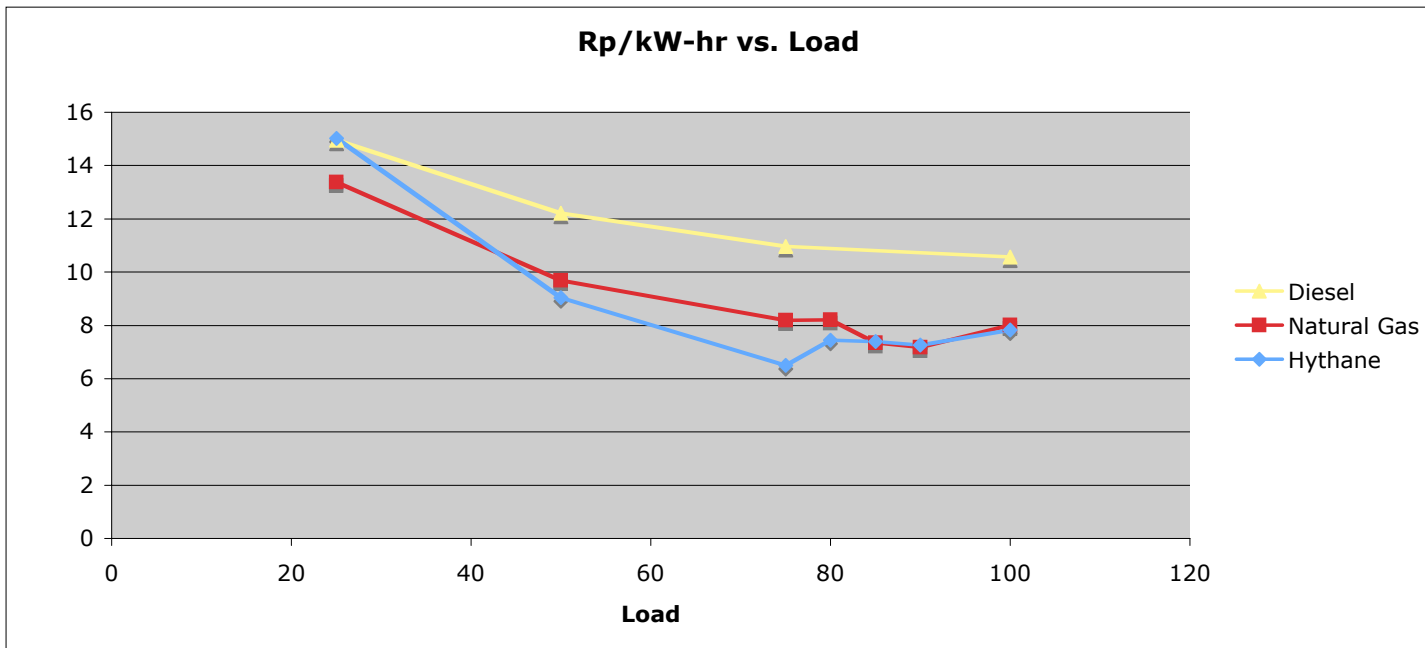


Figure 1