



CRITERION

with TIM BOREHAM

Eden Energy (EDE) 73c

THE Perth-based explorer is the resources equivalent of the two-for-one deal with the steak knives thrown in: a punt on three parts of the sexy alternative fuels sector.

Eden is spreading its efforts across coal-bed methane (430sq km of acreage in South Wales) and geothermal hot-rock exploration in South Australia.

In India, Eden has sewed up collaborative deals to market its patented Hythane fuel, a low-emission mix of hydrogen and natural gas. The process was first developed by NASA rocket scientists, but unlike space shuttles this time they won't blow your car to bits.

Eden's hydrogen project is similar to BP and Rio Tinto's plans, unveiled this week, to build a hydrogen-powered generation plant in Perth. The only difference is that Eden would use gas as the feedstock, rather than coal.

Most of the recent interest in Eden centres on its passage to India, where the Government is keen on reducing the choking brown soup enveloping its cities.

While burning Hythane produces carbon dioxide, it doesn't produce nitrogen oxide, which is responsible for the photochemical smog.

"We are talking potentially about a project which can change the planet," says Eden chief Greg Solomon.

This noble quest has been moving along quickly. This month Eden entered into an agreement with global, Indian-based engineering group Larsen & Toubro to get Eden's technology to market.

The three-stage agreement is expected to lead to a joint venture next year. The first stage involves supplying hydrogen to the industrial gas market, followed by a demo plant to supply to public buses and for power generation.

Last month, Eden bought HyRadix, a Chicago-based hydrogen equipment maker, for a nominal payment of Eden shares and options. HyRadix was close to being shut down by its owner, which had its priorities elsewhere.

It was a case of the wisdom of Solomon on full show: given that \$US30 million already had been invested in the business, the deal was a steal.

The idea is that HyRadix becomes contracted supplier of the units for the Indian foray.

Eden has also signed a marketing tie-up with the giant Gujarat State Petroleum to market Hythane, as well as a deal with bus maker Ashok Leyland to develop a Hythane version of natural gas vehicles.

So in a word or three: busy, busy, busy.

As for Wales, it's more known for Bryn Terfel, Shirley Bassey and locals with short arms and deep pockets, but for Eden it's all about the coal-bed methane potential of known deposits.

Eden last week spudded its first CBM well, Port Talbot 1. Solomon reckons CBM has the potential to be "potentially a billion dollar project in its own right", but the share price accounts for none of this.

On the hot-rocks front, Eden plans to drill near Renmark in South Australia, with the help of a \$100,000 government grant.

Eden is one of a slew of companies on the hot-rocks hunt and there's a long and expensive gap between theorising and producing infinite clean power.

Put all three strands of Eden's business together and it's worth a look. Since raising \$8.4 million in its June 2006 listing, Eden has gone back for \$4 million more. "We will be requiring further capital and the company plans to raise further funds in the near future," Solomon says. Eden expects to be cash-flow positive by mid-to-late 2008 as its first Indian revenues emerge. We rate Eden a **SPECULATIVE BUY**.

One small Eden investor says: "Eden have really got a lot going for them but it is not going to be a quick one".