

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

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BoardRoomRadio.com ROUND TABLE DISCUSSION

EDEN ENERGY LIMITED (ASX: EDE) provides the opportunity to listen to a round table discussion with Mr Greg Solomon, Executive Chairman and Boardroomradio.

The presentation details are as follows:

- *Eden Energy on the Boardroom Radio Roundtable - Mr Gregory H Solomon*
- *Presented by Mr Greg Solomon, Executive Chairman*
- *Mon, 22 Mar 2010 12:00PM AEST*

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Transcript

MODERATOR: In a couple of minutes, could you just explain to us exactly what Eden Energy does?

MR SOLOMON: Sure. Eden Energy is a diversified clean energy Company. The primary projects that it has are hydrogen-related technology which comes out of the United States, and we're largely marketing into United States and India. There's development of hydrogen technology and hydrogen production, which is technology we've been developing with the University of Queensland that we've been marketing, and we've also developed, in conjunction with that, a dual-fuel application where you can run diesel engines on a combination of either natural gas or a hydrogen-enriched natural gas.

The second part of the Company's projects are – we've got three energy projects. A range of geothermal projects in South Australia – there's 14 licences there, one of which we joint ventured with Origin Energy that adjoins Geodynamics' in the Cooper Basin. We've got 13 other licences there. We've got a natural gas target about 60 kilometres north of Olympic Dam that's totally untested. And, interestingly, we've got a very large shale gas and coalbed methane project in the United Kingdom and Wales, covering approximately 1800 square ks, which has got a lot of potential.

MODERATOR: Okay. So you're a technology business and you're essentially an exploration business?

MR SOLOMON: Yes. We have looked at the idea of vertically integration from production right through to the usage of the technology. The Company originally started life as a geothermal company in South Australia. The hydrogen technology came along. It - - -

MODERATOR: How did that come along? I think that's one of the things the listeners would be really fascinated with – these, you know, enterprising smaller companies. How did you come about – you mentioned some of the technology came from America, some of it came from the University of Queensland; how did it come to Eden Energy?

MR SOLOMON: The US hydrogen technology came to us in the first place where I was invited – my background as a lawyer and as a company director – was invited to look at some US hydrogen technology back in 2003 with a view to perhaps commercialising it. And I saw it and I had never seen technology that had the technical pedigree that came with this in terms of the competence and experience of the people involved and what I perceived as the potential future market for it.

The geothermal in South Australia came about simply because the parent company of Eden Energy – it's actually a company called Tasman Resources which was exploring in South Australia – holds mineral licences just immediately north of Olympic Dam. And the Australian government had done a seismic survey over the area. We saw a natural gas target and the South Australian government also developed a regime for geothermal licences. And we had a bit database and we saw a lot of opportunity for geothermal energy as well.

MODERATOR: My last question before I feed you to the panel: obviously, one of the big issues with these companies is they burn cash. How much cash have you got and when are you hoping to start generating some revenue?

MR SOLOMON: We are already generating some revenue at this stage and that is increasing. We've got around about 2.5 million in the bank at the moment. We have significantly reduced our burn rate, but we were hopeful of being somewhere close to revenue neutral by about the end of this year or some time into the first half of next year.

MODERATOR: And is that still on target?

MR SOLOMON: Yes, it is. The energy revenue largely is coming from the dual-fuel technology that we have developed. We've already started commercially marketing that in India. We've just sold and installed our first three units into the biggest tea plantation in north-east India in Assam. It's actually the world's largest tea plantation. And we've also installed our first one into the United States.

We are also deriving some revenue from the development of the hydrogen-enriched natural gas. The Hythane technology that we've been marketing in India, we earned \$1 million building the first Hythane station in Delhi for Indian Oil about a year ago. So there is emerging revenue coming at this stage. We don't have a large burn rate at this stage. We're bringing it down, I think to somewhere in the order of about maybe 120 or 140,000 a month.

MODERATOR: Okay. David Allingham, you work for a company that has made its reputation on wisely investing in resource stocks, more at the smaller end. What questions have you got for our guest, Greg?

MR ALLINGHAM: Yeah, excellent. Thanks for your time, Greg. Look, I guess it's obviously a pretty exciting Company to do some reading on, and I must admit I'm quite new to it. I think your market cap's round 18 million, so it's a bit on the smaller side for our kind of investment at this stage, but I must say I was interested in the recent announcement regarding the bus trial over in Mumbai, and I guess I'd be fascinated to know exactly what you're looking to achieve

in the next six months and what exactly the milestones might be that the investors or potential investors could look to see as a source of, you know, evidence that the trial is working well and exactly how that might expand.

MR SOLOMON: Sure. The bus trial: for those who haven't heard, it's a hydrogen-enriched natural gas that we market under the trademark of Hythane. It's US technology. We've taken it to India and, for the last three years, we've been working with the Indian government. They have actually adopted this technology as the transitional fuel under their hydrogen roadmap in their plan to move towards 20 per cent of all vehicle running on a hydrogen-based fuel by 2020. And this project that we're doing is with the Gas Authority of India, which is the national authority for distributing gas, and also one of their subsidiary companies – or it's a jointly-owned subsidiary company, jointly owned with BG, which is pretty well known in Australia now; it was formerly British Gas – in Mumbai, which distributes the gas there. What we're looking to do is build, over the next six to nine months, to install a station that is going to be capable of operating somewhere between 70 and 90 of these Hythane Hythane. Hythane is a well-proven and tested fuel. It's been trialled in the United States and Canada for many years. But the real factors are can we make it work economically? By using the hydrogen-enriched natural gas, as a premium blend of natural gas you can halve the emissions that are coming out of the fuel. And that's why the government is pushing it, because emissions are very, very significant in India and they're getting worse by the day, mainly coming from motor vehicles. And the particular - - -

MODERATOR: Okay. So just to stop you there – sorry, Greg, to interrupt - - -

MR SOLOMON: Yes.

MODERATOR: The milestone that the investors should be looking for in the next six months would be an announcement that you've completed 70 of these or - - -

MR SOLOMON: No, the announcement in the next six months – well, it's actually going to be about eight or nine – is that we have completed the installation of the station, and the initial stage will be between two and four buses, and then it will be expanded over the following four or five months to the 70 or 80 buses.

MR ALLINGHAM: And, Greg, your plan is to generate revenue by dispensing of Hythane? Is that the actual revenue model or - - -

MR SOLOMON: There are various models for generating the revenue. One is to build, own and maintain the equipment and then sell the fuel, and that is certainly the model that we have been talking about with Gas Authority of India. With one of the other gas providers – state gas providers – we've been actually talking about a joint venture, of jointly owning the equipment and then jointly marketing the equipment. With third parties, we've actually been looking at simply selling the equipment and installing the stations.

MR ALLINGHAM: Right. Excellent.

MR SOLOMON: There's also a revenue stream that comes from the engine conversions. We've worked with Ashok Leyland and we actually derive a revenue for every Hythane bus. That's somewhere in the order of \$50 US per - - -

MR ALLINGHAM: Steve, I might just ask one more question before it passes to the other panel members. You're obviously working on this in India. Is there any reason why there hasn't been anything done in Australia, given you're based here?

MR SOLOMON: Two factors: predominantly, one is that the Indian market is rapidly moving to adopt natural gas as a primary fuel, and the Hythane product is really just a premium blend of natural gas. So if you don't have natural gas as a primary fuel, it's not really appropriately. Secondly, the market size – India has got 1.1 billion people, we've got 22 million people, and there's more buses in Delhi than there are in about 60 or 70 per cent of the whole of Australia. It's market size, predominantly.

MR ALLINGHAM: Okay.

MODERATOR: Terrific. Gerard Paynter from Ords, what about you? Have you got a question for Greg?

MR PAYNTER: Yeah, I had two questions, if I could just group them together, Greg. MR

SOLOMON: Sure, Gerard.

MR PAYNTER: The first is – you mentioned then just about how to modify a vehicle to use Hythane, and I was just wondering what was required. I see you've got one station in the US and I'm thinking, you know, can a car that uses normal natural gas use Hythane, or can a car modified for Hythane use normal natural gas? My second question is, just looking at it, do you think you've too much on; there's just too much in the story? I mean, you've got a really varied list of different projects or facets to the business. Is it right to think that maybe there's too much on, or should I be looking at you more like you're a Hythane company – like, this is your focus; this is what you're trying to get to work?

MR SOLOMON: Yes. Look, if I can deal with the second question first, yes, we are endeavouring to narrow down our range of projects and, in fact, if you look at our literature, you will see that we are looking for joint venture partners and we're going to spin the geothermal energy off. We are going to joint venture or spin off the Australian natural gas. And we're looking to form a separate float jointly with our joint venture partner in Wales to spin off the UK gas projects and then focus essentially as the lead project for the Company on the hydrogen-based fuels.

The United States market is a market that is actually developing only in specific locations where there is tremendous air quality issues, and the particular project in the United States is actually to build a Hythane station at San Francisco airport, which is what they call "a non-attainment area" where the air quality is such that they won't allow an increase in the number of flights coming into the airport, simply because of the local air quality. So they're looking, in that instance, to do a conversion of 27 shuttle buses that are used to bring people from the car rental companies into the airport, to put them across onto Hythane to start reducing the emissions from the ancillary vehicles rather than from the aircraft itself.

MODERATOR: And the first part of the question?

MR PAYNTER: What level of modification is required? I think you answered it really well.

MR SOLOMON: The level of modification on a normal natural gas engine is simply a software change on the engine controller. It's a blend of natural gas. Hythane has now been tested and has now been accepted by the Indian authorities as simply being natural gas and they're, in fact, amending their regulations currently for both vehicles and stations to allow for up to 20 per cent hydrogen to be included in natural gas and it still to be natural gas. What the hydrogen does – it's a strong combustion stimulant, like a premium blend of petrol, and you need to just simply change the timing and the tuning of your engine in order to optimise the performance.

MR PAYNTER: Thank you. That's an excellent answer.

MR SOLOMON: Thanks.

MODERATOR: Terrific. Michael Heffernan, last but not least, have you got any questions for Greg Solomon?

MR HEFFERNAN: Oh, just very briefly, John. It sounds very good. It sounds like a really good idea, let me tell you. But I might say a lot of my clients, when they're looking at stocks, are looking for stocks that are actually making a profit as opposed to ones that are going to, and I think that's an issue here. But the question that I had on a more fundamental basis is how does it compare, say, with the hybrid cars that we already have here, like the electric and petrol cars? I mean, this is an LNG-modified thing. What's the relativities between the hybrid electric cars and what you've got here? I mean, what's the cost differential, for example, and would not, say, India be more prepared to go to the electric hybrid car as opposed to the premium gas business that you've got here?

MR SOLOMON: Well, the Indian market is certainly different from the Australian market. In the Indian market, I don't believe that the electric market is actually any option at all. They really haven't got enough electricity currently to serve their industrial and domestic needs let alone to supply their automotive market which is growing at an enormous rate. So they have actually decided and they have embraced natural gas as a primary vehicle fuel, and that is really what we're targeting. And, in that case, the cost of a Hythane vehicle is essentially no more than the cost of a natural gas vehicle, and that's essentially no more than the cost of any normal vehicle. It's just – once you've got enough volume.

It's just a normal internal combustion engine. There's no new technology required to be developed. It doesn't require new exotic materials. There's no development required for batteries or new storage devices. It is just dead-simple technology that normal, every-day mechanics can operate and service, which is obviously important in a country like India, as opposed to, say, electric vehicles which open up a whole new range of technical skills required for deploying and servicing and maintaining. So I think there's a big potential cost differential. They're really entirely different markets. If you wanted to compare properly a hydrogen engine and an electric engine, you would need to look at a pure hydrogen engine, and that's not really what we're targeting at this stage. We do have an internal combustion hydrogen engine patent, which we reckon will be about 50 per cent efficient, but there are limitations and restrictions on hydrogen being a viable product in the marketplace because of (a) the cost of producing the hydrogen and (b) the storage issues with it.

MR HEFFERNAN: Okay. Thank you, Greg.

MODERATOR: So the competitive advantage there, Greg, in summary, is it's just very cheap to change the car over and it's quite simple?

MR SOLOMON: Yes, it will cost somewhere in the order of about 10 per cent more for the fuel. We're anticipating an efficiency gain of between 10 and 15 per cent. It may actually be cheaper to run than natural gas. And, at the same time, we're anticipating emissions reductions, particularly of things like oxides of nitrogen – what they call NOx – by between about 30 and 50 per cent, and that's really what the main driver in India is.

MODERATOR: Right. Terrific. Greg, just for what it's worth, I'd like to take the opportunity to applaud you for trying to simplify the Company. I think Gerard made the point very politely that often when you look at these smaller companies – there's a project in Papua New Guinea, one in China and, you know, some great prospects in Borneo, and the Company's based in

Perth and it makes it very difficult as an investor to try and assess how they can completely achieve all the three goals they're trying to achieve. So I think by unwinding some of the more disparate parts of your business, it's going to be a lot easier for people to analyse and follow the Company.

MR SOLOMON: We are also actually in discussions with possible joint venture partners in India as well in terms of really moving the thing along and simplifying that structure further, or taking the cash burn rate off. MODERATOR: Good on you. Well, thank you very much, Greg Solomon from Eden Energy, for joining us today. I really appreciate that.

MR SOLOMON: Thank you very much, John, and the others.

MR PAYNTER: Thank you, Greg.

MR ALLINGHAM: Thanks for your time, Greg.

MODERATOR: What's the best email address there, Greg?

MR SOLOMON: Just gsolomon – S-o-l-o-m-o-n – just as one word @ edenenergy as one word .com.au.

MODERATOR: And I'm sure there's a website.

MR SOLOMON: Yes, just as edenenergy.com.au.

MODERATOR: Terrific. Thanks once again, Greg, and all the very best of luck with your projects.

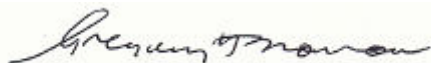
MR SOLOMON: Thanks very much, chaps.

INTERVIEW CONCLUDED

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