

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

19 August 2010

Pyrolysis Project Update

Eden elects to increase its interest to 100% and to complete the purchase of the 50% interest of University of Queensland and to undertake up-scaling of the technology on its own.

In June 2010, Eden Energy Ltd (Eden) announced that Indian Oil Corporation Limited (IOCL) had delayed coming to Australia to complete the due diligence review as required under the terms of a detailed non-binding terms sheet that IOCL signed with Eden in February 2010, to farm-in to the new pyrolysis technology developed jointly by Eden and the University of Queensland (UQ).

Through this technology, methane (natural gas) is broken down into its atomic constituents of hydrogen gas and solid carbon, without the production of carbon dioxide. The solid carbon is produced as carbon fibres and nanotubes that have a tensile strength of up to several hundred times greater than that of steel.

If successfully piloted on a commercial scale, the process could have important implications for the widespread commercialisation of these ultra-strong forms of carbon that can be used in composite materials for the construction, electronics, aerospace and vehicle building industries.

After a detailed review of the project and the options, Eden has:

- 1 elected to terminate the discussions with IOCL;
- 2 decided to complete the previously announced purchase by Eden of the 50% interest in the technology owned by the UQ (for a consideration of 3,500,000 shares in Eden, escrowed for 24 months) thereby taking Eden's interest to 100%; and
- 3 decided that the quickest and cheapest way to progress this exciting technology is to undertake, the initial up-scaling in-house at the Hythane Company's laboratory in Denver, Colorado, USA, with the on-going support and involvement of the engineers from the UQ.

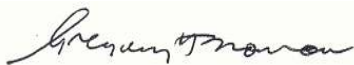
Eden has signed the agreement with the UQ to complete the acquisition of UQ's interest and is currently awaiting finalisation by the UQ.

Work in US on acquisition of the necessary equipment and the up-scaling has commenced and it is hoped that significant progress will be made on this over the next 6-12 months.

Public interest and awareness of the huge emerging potential for carbon fibres and carbon nanotubes in many structural and electrical applications has greatly increased with the recent maiden flights of the new Boeing 787 Dreamliner, the body and frame of which is almost entirely made of carbon composite materials, thereby greatly reducing the weight of the aircraft and making it extremely fuel efficient.

This new technology developed with UQ has the potential to:

- greatly reduce the cost and complexity of carbon fibre and carbon nanotube production;
- open the potential for use of this valuable material on a widespread commercial basis particularly in:
 - the building construction industry (where it can be used for a huge range of uses including to reinforce concrete),
 - the automobile industry (where it can be used to create the entire chassis and body panels and greatly reduce the weight and increase fuel efficiency) as it is currently with Formula 1 racing cars; and
- at the same time produce hydrogen as a by-product opening up the possibility of extremely low cost hydrogen for the Hythane® and hydrogen fuel markets.



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