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Australian Stock Exchange Announcement Project Update

6 June 2006

Eden Energy Ltd (“Eden”) directly and through its wholly owned subsidiaries, Brehon Energy plc (“Brehon”) and Hythane Company llc (“Hythane Co”), have assembled a world class collection of alternate energy projects. The completion of the IPO and the raising of \$8.4million enables Eden to now rapidly progress these.

A current summary of these projects is set out below.

Patents, Trademarks and Technology Development

Patents are held or patent applications have been lodged for a range of strategic and important inventions including the following:-

1. improved cryogenic storage containers with a secondary application as a superconducting energy storage device (worldwide application);
2. production and blending of cryogenic Hythane® (a mixture of hydrogen and liquefied Natural Gas (LNG)) (worldwide application);
3. a system patent for the Hythane® process (worldwide application);
4. a low cost, fluidics based blender which is suitable to mix hydrogen and Natural Gas (worldwide application);
5. a unit to produce Hythane® directly from Natural Gas (worldwide application);
6. the US patent and Canadian patent application for Hythane®; and
7. US, Australian and New Zealand trademark for Hythane® and trademark applications in China, India, Russia and Singapore.

Hythane®

Background

1. Hythane® is a US patented blend of hydrogen (7% by energy) and Natural Gas or methane (93% by energy). The addition of the hydrogen results in many of the emissions, and in particular NOx (which is a major contributor to photochemical smog) which is reduced by 50%. It has been fully trialled and the results independently verified and documented in several Government run trials in Canada and USA. Hythane® is able to be used as an ultra-low emission alternative to Natural Gas with very little infrastructure or operating cost differences. Hythane® has a potentially huge emerging market in cities where Natural Gas is or will be used for motor vehicle fuel, and especially where there exists problems with photochemical smog or low emission standards are introduced.

This applies in many large cities around the world, particularly in China, India, USA and Europe. In California for example, there is a significant smog problem, very tough new emission standards are planned for 2007 and there is a very large and ever growing Natural Gas vehicle fleet. As a result, significant government incentives have been introduced to provide credits of up to \$32,000.00 towards the cost of a heavy-duty alternative fuel vehicle, and up to \$30,000.00 towards the cost of alternative fuel infrastructure.

Market Developments

2. A worldwide collaboration agreement was signed with Advanced Engine Components Ltd ("AEC") to cooperate on a non-exclusive basis with each party promoting the products and services of the other party. AEC has its corporate and research headquarters in Perth and an office and assembly facility in Beijing, China. It undertakes research, development and supply of electronic fuel injection and engine management technologies to enable engines to be adapted to run on natural gas. Because AEC supplies system components including controllers to Iveco (France), two major Chinese engine manufacturers, and is negotiating with one Indian manufacturer, in addition to potentially generating revenue for Brehon, it is anticipated that it will accelerate penetration of Hythane® into the very large Chinese and Indian markets and also has significant potential benefit to Brehon in Europe and other parts of the world.
3. USA – California – a memorandum of understanding has been signed with the City of Barstow in relation to a major Hythane® demonstration project and it is hoped that the necessary funding will be procured within the next three to six months.
4. USA – negotiations are underway with several other cities in the Los Angeles and in the North East USA in relation to a range of possible Hythane® demonstration projects.
5. India – advanced negotiations are underway in relation to an initial Hythane® engine conversion for a leading Indian Natural Gas bus engine. It is hoped that this conversion will occur before the end of 2006, which will enable Hythane Co to undertake a major Indian Hythane® demonstration project as a forerunner to rolling Hythane® out on a broad-scale as a low emission fuel in Indian buses in many major cities which are converting to Natural Gas as a primary vehicle fuel and where significant smog problems exist.
6. China – In late 2005 Hythane Company completed a successful conversion of a leading Chinese Natural Gas engine and is now planning, in conjunction with AEC, the next phase of marketing Hythane® into the huge emerging Chinese Hythane® market.
7. Europe – negotiations are underway in Europe for a series of projects, including:-
 - 7.1 providing a Brehon Hythane® blender for use in the first multi-fuel (hydrogen/natural gas/Hythane®/petrol/diesel) integrated service station being developed in Italy by ENI/AGIP;
 - 7.2 carrying out a Hythane® engine conversion for a leading European Natural Gas engine manufacturer;
 - 7.3 supplying Hythane® technology (including blenders) for up to 100 proposed Hythane® outlets in Europe;
 - 7.4 arranging mutual distribution rights with a leading Italian hydrogen equipment manufacturer for Brehon to market their equipment including a unit to produce hydrogen through electrolysis of water and that company to market Brehon's equipment in Italy.

Cryogenic Storage

Cryogenic storage involves storage of substances at very low temperatures. It is a rapidly emerging market and has many applications in the fuel industry (for LNG, liquid hydrogen, cryogenic Hythane®), the food and drink industry (liquid nitrogen and carbon dioxide) and the semi conductor industry (liquid CO₂).

Eden's recently established wholly owned subsidiary, Brehon Cryogenics llc, was set up to service this market and has received its first orders from NASA and a major US soft drink manufacturer to supply important custom designed cryogenic equipment components.

This division is headed by Steve Hensley, who has more than 25 years experience in the cryogenic valve and system industry. It builds on know how developed on various NASA projects where cryogenic storage was used for liquid fuel storage in the space programme. Brehon has assembled a world class team of cryogenic consultants and employees and some of the patent applications it holds have very significant potential.

South Wales Coal Bed Methane / Coal Mine Methane and Natural Gas Farm-in

This project involves the acquisition by Eden of a 50% interest in a major coal gas / natural gas project in South Wales, in the United Kingdom.

Arrangements are currently being implemented to secure a suitable drill rig to drill test holes for both coal bed methane and coal mine methane gas on strategic locations in the 430km² South Wales farm-in area to test quantity and recoverability of gas from the South Wales coalfields.

It is hoped to drill these targets, most of which have been approved for drilling, during the next three to six months, as soon as a suitable drilling rig can be secured.

This is a very exciting project with the potential to produce large amounts of low cost, highly sought after methane which could be used to produce high value-added Hythane® for sale in the UK and European markets, or sold as high priced Natural Gas or used to produce high priced electricity for either the UK or European markets.

South Australian Natural Gas / Petroleum Target

This project is progressing with the application for the exploration licence being processed by the South Australian Government. It is hoped that the licence will be issued and able to be drilled in the next 6 – 12 months. This previously untested structure provides an existing potentially very large oil/natural gas target, which is only 60km north of BHP Billiton's giant Olympic Dam copper/gold/uranium mine which is undergoing major expansion and will require very significant quantities of energy.

South Australian Geothermal Licences

Eden holds eight strategic geothermal licences, and these are currently being reviewed and modelled. It is hoped that preliminary drilling on these will commence in the next six to nine months. These licences have the potential to deliver a vast amount of clean, non-polluting energy.

6 June 2006

Gregory H Solomon
Chairman

The interpretations and conclusions reached in this report are based on current geological theory and the best evidence available to the authors at the time of writing. It is the nature of all scientific conclusions that they are founded on an assessment of probabilities and, however high these probabilities might be, they make no claim for complete certainty. Any economic decisions that might be taken on the basis of interpretations or conclusions contained in this report will therefore carry an element of risk.