



EDEN ENERGY LTD

ACN 109 200 900

Level 40, Exchange Plaza
2 The Esplanade, Perth, Western Australia, 6000
Telephone: (08) 9282 5889 Facsimile: (08) 9282 5866

Website: www.edenenergy.com.au

AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

27 November 2006

HYTHANE PROJECT – INDIA

HIGHLIGHTS:

- **First Indian Engine despatched to US for Hythane® conversion.**
 - **Four major Hythane® bus demonstration projects planned in India for the first half of 2007.**
 - **Huge market potential anticipated for Hythane® in the motor vehicle, locomotive and power generating sectors as the supply of Natural Gas is expanded to cover more than 50% of the Indian population over the next five years.**
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Eden Energy Ltd (“Eden”) is pleased to announce that the first Indian Natural Gas engine, which is to be converted for Hythane® operation, has been despatched from India to the Hythane Company’s facility in Colorado. Hythane Company is a wholly owned subsidiary of Eden. Hythane® is a patented blend of hydrogen and Natural Gas.

The engine, which is a leading Natural Gas bus engine, will be converted to Hythane® operation during the next two to three months and then returned to India for use in demonstration projects. Eden is also negotiating a formal marketing agreement with the engine manufacturer in relation to these engines, and has ongoing discussions with various other parties in relation to other engine conversions, and for supplying Hythane® technology to various sectors of the Indian vehicle and power generating markets.

Four major Hythane® bus demonstration projects are planned in Delhi, Mumbai, Ahmedabad and Kanpur.

Significant interest in participating in these demonstration projects has been expressed by many of the major players within the Indian market sector, including oil and gas companies, gas distribution outlets, transport authorities, testing and regulatory authorities and government agencies.

As a result of a Supreme Court ruling in 2001, the entire public transport fleet in Delhi operates on Natural Gas. This comprises approximately 15,000 buses, 40,000 taxis and 100,000 auto rickshaws. Similarly, in Mumbai many of the 100,000 auto rickshaws are now operating on Natural Gas and it is planned to convert the very large bus and taxi fleets (estimated at approximately 20,000 buses and 60,000 taxis) to operate on Natural Gas. Similarly, in Gujarat and Kanpur, where Natural Gas is also currently available, significant numbers of Natural Gas buses also currently operate and expansion of these fleets is planned. In all of these cities, photochemical smog is already a serious issue, and becoming worse as the number of motor vehicles rises. NOx is the major constituent of photochemical smog and more than 70% is

estimated to come from motor vehicles. NOx is halved when Hythane® is used in lieu of Natural Gas, and this provides a great opportunity for Eden to develop a very large market for its Hythane® related technology in these cities.

At present, India has only a very limited Natural Gas distribution network. Over the next five years the Indian Government plans to extend the gas pipeline network to cover more than 50% of the population (of 1.1 billion people) and more than 60% of its entire vehicle market. The Indian Government also plans to expand the Natural Gas supply from approximately 5million tonnes per annum to 25million tonnes per annum over the same period.

This opens up a huge market for Natural Gas and Hythane® as an ultra-low emission vehicle fuel for a potential market of more than 500,000 buses and many millions of trucks, minibuses, taxis, cars and auto rickshaws.

Additionally, many tens of thousands of large businesses and buildings in India have their own diesel powered generators, due to the unreliable electricity supply. As Natural Gas is less than 50% of the cost of diesel, it is anticipated that as Natural Gas becomes more widely available, many of these generators will be converted to operate on a dual fuel mixture of diesel and Natural Gas. By using Hythane® in place of Natural Gas, the percentage of diesel in this dual fuel mix may be reduced to only 10-15% compared with approximately 40% if Natural Gas alone is used. This use of Hythane® has similar potential in the large diesel electric locomotive market in India.

The dual fuel application will open up a very lucrative carbon credit potential pursuant to the Clean Development Mechanism (CDM) under the Kyoto protocol, which is available to India as a developing nation.

Eden, through a proposed Indian joint venture, aims to supply Hythane® engine conversions, and supply and service hydrogen production equipment, and Hythane® blending equipment, for all these markets utilising its various patents and extensive know-how. The total potential market for Hythane® in India is extremely large and Eden is well placed to capture a significant share of this exciting and potentially very rewarding market.

Gregory H. Solomon
Chairman

For further information contact Greg Solomon.
Telephone: +61-8-9282 5889
Email: gsolomon@edenenergy.com.au