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**AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT**  
**16<sup>th</sup> May 2007**

**INDIA - HYDROGEN/ HYTHANE®**  
**EDEN SIGNS MAJOR INDIAN MANUFACTURING AND**  
**MARKETING AGREEMENT**

**Highlights**

- **Eden enters into a three-stage agreement with Indian based Larsen & Toubro Ltd, a world ranked global engineering group, for manufacturing and marketing in India of Eden's entire range of hydrogen and Hythane® technologies.**
- **This is the third strategic agreement that Eden has secured in India during the past six months, and provides the key to the supply of the hydrogen and Hythane® equipment necessary for the rollout of clean hydrogen energy technologies in India.**
- **Stage 1 of the agreement, involving the up-scaling of two of HyRadix's hydrogen reformers and preparing for manufacturing in India of Eden's entire range of hydrogen and Hythane® equipment, to begin immediately.**

**Eden signs major Indian manufacturing and marketing agreement**

Eden Energy Ltd (Eden), through its wholly owned subsidiary, Eden Innovations Ltd, has entered into a three-stage agreement with the Indian based, world-ranked engineering group, Larsen & Toubro Ltd, for manufacturing and marketing in India of Eden's entire range of hydrogen and Hythane® technologies. The agreement covers the manufacturing and marketing in India of not only all the Hythane® equipment and technologies that Eden has been actively marketing in India during the past 30 months, but also the entire range of world-leading on-site hydrogen production equipment owned by HyRadix, the Chicago based company that Eden purchased two weeks ago.

**Larsen & Toubro Ltd**

Larsen & Toubro Ltd is a major diversified global engineering group that employs over 22,000 people, operates in more than 25 countries, and has 26 separate plants and offices throughout India. It is listed on the Bombay Stock Exchange, has a market capital of over AUD\$15 billion, and turns over more than AUD\$4 billion annually. It is globally recognised as being one of the leading engineering groups in the world, having the highest technical and professional standards, quality, reliability and integrity. As a result, its clients and customers include many of the world's largest and most successful companies.

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Its various divisions include engineering and construction, heavy engineering, electrical and electronics manufacturing, machinery and industrial products, and technology services including product and manufacturing design and software.

## **The Agreement**

The agreement, which will ultimately result in the establishment of a joint venture in which each of Larsen & Toubro and Eden will hold a 50% interest, will be in three stages.

The first stage, which commences immediately, includes the up-scaling by Larsen & Toubro of the HyRadix range of on-site hydrogen production equipment which is being marketed to supply hydrogen to the global industrial gas market and for use in the production of Hythane®, an ultra-low emission, high efficiency blend of Natural Gas and hydrogen, completion of a feasibility study and cashflow model and the finalisation of a formal contract which will incorporate the full terms of three stages. Eden has been marketing Hythane® in India for the past 30 months for use in both the public transport market (particularly Indian bus fleets) and the very large private power generation market.

The second stage, which is anticipated to commence in approximately three months, will involve the manufacturing by Larsen & Toubro of two hydrogen reformers for use in two Indian Hythane® demonstration projects which are to be undertaken by Eden involving both public buses and power generators.

The third stage, planned for late 2008, will result in the establishment of a 50/50 joint venture and will cover the on-going manufacturing by Larsen & Toubro of Eden's entire range of hydrogen and Hythane® equipment, together the marketing of this entire range of equipment into the Indian market.

## **The Indian Market**

India, with a population of more than 1.1 billion people and a current growth rate of more than 8% per annum, is arguably the best market in the world for Eden's expanded range of hydrogen and Hythane® products and technology.

India has a rapidly expanding industrial sector and many of these industries require hydrogen for various processes. These include glass production, food oil hydrogenation and metal annealing. For smaller users, at present the only source of hydrogen is by purchasing bottled hydrogen gas cylinders or tube trailers which are delivered by truck. However, this becomes very expensive if the source of the hydrogen is a long way from the customer, and the HyRadix skid-mounted on-site hydrogen reformers, which produce hydrogen from Natural Gas at the customer's plant, in many cases will be an effective way of securing a competitive, very reliable source of hydrogen. As Natural Gas becomes more widely available in India, this will open up a potentially large market for the HyRadix reformers.

In relation to India, Hythane® is relevant to both transport and power generation markets, and there are several fundamental forces driving this.

Firstly, the Indian Government recently announced that during the next five years it plans to facilitate the expansion of the Natural Gas pipeline network to make Natural Gas available to up to 50% of the population which will cover 60% of all vehicles in India, and to increase the availability of Natural Gas supplied from 5,000,000 tonnes to 25,000,000 tonnes per annum.

Secondly, the Indian Supreme Court since 2001 has mandated that a growing number of cities where Natural Gas is available must convert their public transport fleets (buses, taxis and autorickshaws) to Natural Gas operation. This is aimed at reducing the very harmful levels of smog in these cities, up to 70% of which has been estimated to come from motor vehicles. Plans have been announced this year by the Indian Government to develop a mass rapid transit programme involving dedicated bus lanes for alternate fuel powered buses in more than 50 Indian cities, and it is anticipated that many of these will operate on Natural Gas as it becomes available.

Thirdly, Natural Gas currently sells at approximately 50%-60% of the cost of diesel and this provides a great incentive for bus fleet operators and power generator operators to use Natural Gas as a fuel wherever it is available.

Fourthly, as Hythane® is a high efficiency premium blend of Natural Gas which halves emissions of NO<sub>x</sub> ( which causes photochemical smog) and additionally reduces CO and CO<sub>2</sub> compared with Natural Gas, the Indian government, through Indian Oil, has embarked on a programme at developing hydrogen and Hythane® as a fuel for vehicles in the Indian market.

### **Eden's current Indian Marketing Progress**

Eden is working with Indian Oil to develop Indian Hythane® standards and regulations and is also actively marketing its technology throughout India.

Eden has already entered into a 10 year agreement with Ashok Leyland to develop Hythane® versions of its Natural Gas bus engines. Ashok Leyland currently manufactures more than 11,000 buses per year, and provides the major share of all metro state transport buses in India which carry approximately 60 million passengers per day. It is also a major manufacturer of trucks. Two Ashok Leyland engines have already been sent to Colorado and preliminary Hythane® conversion results have produced extremely low levels of emissions. Further work to these results is still underway, and it is hoped that the engines will be ready for return to India within the next 2-3 months. The engines will then be tested and used in various demonstration projects in India.

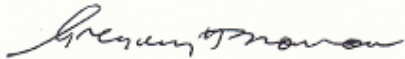
Eden has also entered into a second major agreement, with Gujarat State Petroleum Corporation (GSPC), to jointly demonstrate and promote Hythane® as a vehicle fuel. GSPC is a major state owned Indian Natural Gas producer, transporter and marketer, which distributes its gas in the state of Gujarat via its 2500 km pipeline network.

Eden has continuing negotiations with a number of other significant companies and bodies targeting not only the vehicle transport market, but also the generator, truck and locomotive markets.

Additionally, if the newly discovered process which is the subject of a recent joint patent application by Eden and the University of Queensland for low cost production of hydrogen and solid carbon from Natural Gas (without producing any CO<sub>2</sub>), can be successfully scaled up to an industrial scale, this could potentially add a very large revenue stream from both the value of the carbon produced and also the large number of carbon credits that would be generated. It is hoped that this process will be available to be tested within the next six months and, if successful, this will also form part of the technology which is the subject of the Larsen & Toubro agreement.

## **Importance of the Larsen & Toubro Agreement**

The directors of Eden consider that this agreement with Larsen & Toubro is of great significance to the future market success of Eden's world class suite of hydrogen and Hythane® patents, technology and know-how, as it will not only quickly produce a comprehensive range of low cost, high quality plant and equipment, but is also anticipated to greatly assist Eden in its marketing of both its hydrogen and Hythane® products and technology into the huge Indian market.



### **Gregory H Solomon**

Executive Chairman

For further information, please refer to the Eden Energy Ltd website:  
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