



Australian Securities Exchange Announcement

7 January 2009

EDEN SECURES A\$7.6 MILLION CASH BOOST FROM SELECTED US AND UK ASSET SALES

Highlights;

- **Cash of A\$7.6m (plus other benefits) raised from sale of selected UK and UK assets**
- **Expected to relist Feb/March 09**
- **Retained part interest in UK coal seam assets / natural gas assets**
- **Upside for Indian hydrogen fuel project, with ongoing cash flow requirements significantly reduced**
- **No dilution of current shareholders with further capital raising**

SALE OF HYRADIX AND CRYOGENIC DIVISIONS

On 27 October 2008 Eden entered into a conditional agreement to sell the businesses of HyRadix, Eden Cryogenics and CTS to an Australian company. After some agreed changes, the contract was settled on 6 January 2009.

The final agreed terms are as follows:

1. **Assets Sold:** The assets sold were all the shares in Eden's two US subsidiary companies, Eden Cryogenics LLC, which has two operating businesses (Eden Cryogenics and Cyogenic Technical Services which manufacture cryogenic equipment and supply cryogenic design services) and Eden Hydrogen Inc which operates the business known as HyRadix which manufactures hydrogen reformers.

The Purchaser acquired the two companies including all assets (including intellectual property) of the three businesses of Eden Cryogenics, Cryogenic Technical Services and HyRadix, and assumed liability for the funding of these businesses from 27 October 2008, along with all then existing liabilities of these three businesses.

2. **Assets not Included in Sale:** The sale assets did not include:
 - (i) Any of the assets or liabilities of the Colorado based business known as Hythane Company, which Eden set up in 2004. All the assets and liabilities (including all existing contracts and intellectual property including patents and the Hythane® trademark) of this business have been transferred out of Eden Hydrogen Inc into a new US subsidiary company of Eden that is also called Hythane Company LLC, which Eden will retain.

- (ii) All shares in Eden's wholly owned Indian subsidiary, Eden Energy (India) Private Limited, together with all assets and liabilities of this subsidiary, are retained by Eden, and this company will continue to actively market the Hythane® and dual fuel technology in India.
- 3. **Price:** \$2 million (cash) to be paid by 6 monthly payments of \$150,000, the first of which payable 6 January 2009, with the balance of \$1.1 million to be paid by 31 July 2009.
- 4. **Other Benefits:**
 - (i) The Purchaser also agreed to supply to Eden and install in India, free of charge, the first HyRadix Aptus 100 hydrogen reformer which is currently being built in India and which is hoped to occur before the end of March 2009. This reformer is planned to be used by Hythane Company to supply hydrogen to the first Hythane® bus demonstration project in India which is now planned for some time around mid- 2009.
 - (ii) The Purchaser further agreed to supply to Eden any additional Aptus reformers required by Eden or its subsidiaries for a period of five (5) years (with a right to renew) commencing from Settlement at cost price plus 10%, provided that these reformers cannot be resold for production of hydrogen for industrial gas purposes.

Australian Hythane Licence: Hythane Company will grant to the Purchaser an exclusive non-assignable ten (10) year Australian licence (with a right to renew), on reasonable commercial terms (including reasonable periodic performance targets), to use the trade mark "Hythane" and Hythane Company's proprietary dual fuel and Hythane technology in Australia in consideration of Eden receiving a royalty of one percent (1%) of the gross revenues received by the Purchaser from the use of the technology.

SALE OF PORTION OF WELSH COAL BED METHANE ASSETS

As previously announced, on the 19 December 2008, Eden entered into a conditional contract to sell portion of its Welsh Coal Bed Methane and Abandoned Mine Methane assets to a large, publicly listed, UK energy utility.

The details of the transaction are:

- 1. **Assets Sold:** a 45% interest (out of Eden's original 50% farm in interest) in the Coal Bed Methane ("CBM") and Abandoned Mine Methane ("AMM") in the Westphalian Measures in South Wales on Petroleum Exploration and Development Licences ("PEDL") 100, 148, 149 and 218.
- 2. **Assets Retained:** This leaves Eden with a residual 5% interest in the CBM and the AMM on these four PEDLs, plus its full 50% interest all conventional oil, natural gas and shale gas in the older sequences on these four licences together with its full 50% interest in both all CBM and AMM plus all conventional oil, natural gas and shale gas on the remaining 14 other PEDLs in South Wales, Bristol and Kent.
- 3. **Price:** Approximately A\$5.623 million.
- 4. **Additional Benefit:** a free carried interest in respect to the next 500,000 pounds (Sterling) of expenditure to be spent on CBM and AMM exploration on PEDL 100 by the purchaser (being equivalent to 25,000 pounds value in relation to Eden's remaining 5% interest).
- 5. **Conditions:** The contract is conditional upon the following conditions precedent being satisfied by 28 February 2009:

- (i) Approval by relevant UK authority to sale and to creating a separate PEDL in respect to only CBM and AMM on PEDLs 100, 148, 149 and 218;
- (ii) The execution of Joint Operating Agreement and other associated agreements which have either been executed already or agreed in principle; and
- (iii) Approval by Eden shareholders in EGM. After reconsideration of the ASX listing rules, it is now considered that shareholder approval is not required because the sale asset is not Eden's main undertaking. Accordingly this condition is now likely to be waived.

Settlement Date: 7 days after the contract becomes unconditional. Eden will do what it reasonably can do to accelerate the settlement of this sale.

OVERALL OUTCOME OF THESE TRANSACTIONS

The outcome of these transactions is that Eden will retain a significant part of all of its core assets plus raise approximately \$7.623 million to fund its significantly reduced cash flow requirements, without shareholders suffering any dilution.

CORE ASSETS RETAINED

The remaining assets and projects of Eden are:

1. **Hythane® and Dual Fuel Technology:** Hythane Company is planning to focus its key attention on the US and Indian markets, with a heavy emphasis on achieving early positive cashflow from the sale of its proprietary dual fuel kit for power generation, and at the same time actively promote the use of Hythane® as the transitional fuel between the hydrocarbon and hydrogen economies as is planned in the Indian Governments Hydrogen Roadmap.

In December 2008, Hythane Company almost completed the building and installation for Indian Oil Corporation of the first public hydrogen/Hythane® station in Delhi, with all equipment having been installed and both hydrogen and Hythane® having been produced. Final testing and handover are scheduled for early January 2009.

2. **Welsh and UK Coal Bed Methane, Abandoned Mine Methane, Shale Gas and Conventional Oil and Natural Gas Play:** Eden's remaining interests as detailed above have all been transferred to a wholly owned UK subsidiary company which intends to actively progress the ongoing exploration on these targets, with the intended strategy of doing sufficient initial exploration to establish a significant resource and value and then seek a major joint venture partner.

3. **Pyrolysis Project – University of Queensland:** Eden has reached agreement in principle with the University of Queensland ("UQ") for Eden to take a licence from UQ over its 50% interest in the patents and intellectual property developed by this project, to enable Eden to progress its initial discussions with major overseas companies in relation to the up-scaling and commercialisation of this exciting technology.

The aim of this patented process is to crack the methane molecules into hydrogen molecules (which can be burnt as a fuel and produce no CO₂) and carbon nanotubes from the carbon (rather than producing CO₂), which have enormous strength and can be used to produce ultra-strong, extremely light weight composite materials as well as having very high electrical qualities.

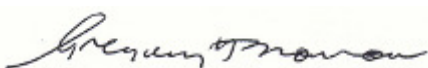
These carbon composite materials can be used in place of steel, aluminium and tungsten in many applications such as motor vehicles (such as is presently used in Formula 1 racing cars), aircraft (such as Boeing is using on its new high efficiency ultra low weight Dreamliner where 50% of its mass will be carbon composite materials) and building materials, and apart from the obvious benefit of greatly reducing CO2 (with the potential for significant carbon credits), the material has significant potential commercial value.

4. **New Gas to Liquids Research Project – University of Queensland:** Eden and UQ have taken out a provisional patent application on a new simplified method of producing liquid hydrocarbons and hydrogen from methane (natural gas), and have secured a \$500,000 Australian Research Council Grant to fund a significant portion of the 3year project. Preliminary indications are that the elegant new process has potential for production of both ethylene (which is used in the plastics industry as a major feedstock) and liquid motor vehicle fuel from natural gas, with highly encouraging economic potential particularly related to stranded natural gas fields in remote locations.

5. **Geothermal Energy – Australia:** Eden is seeking either a suitable major investor or joint venture partner to join in undertaking the planned exploration and development programme on the various geothermal licences held by Terratherma Ltd, Eden's wholly owned subsidiary company.

REQUOTATION OF EDEN'S SECURITIES ON ASX

Once the contract for the sale of the Welsh CSM/ AMM interests is settled and the financial future of Eden is resolved, the directors will immediately apply to ASX for re-quotation of the Eden securities and it is anticipated that this will occur some time during February or early in March 2009, depending upon when the settlement of the Welsh CSM/AMM interests takes place.



Gregory H Solomon

Executive Chairman