

ASX Quarterly Report for Period Ended 31st December 2007

HIGHLIGHTS

Hythane®

- **Hythane Co wins international tender to build the first public hydrogen dispensing station in India to supply fuel to motor vehicles running on either hydrogen or Hythane®**
- **Production to commence immediately in India by Larsen & Toubro of first five of HyRadix's APTUS 100 hydrogen reformers, for use in Indian Hythane® bus demonstration projects and for industrial gas applications.**
- **Two additional Hythane® bus demonstration projects, in Ahmedabad and Mumbai, are planned to commence in August 2008.**

South Wales – Coal Bed Methane (Eden earning 50%)

- **Second exploration well progressing, currently at 740m depth.**
- **No drilling problems encountered.**
- **Significant coal seams intersected – gas tests completed, results due in next few weeks.**
- **Next drill site at Pencoed 1 ready for immediate start on completion of current hole.**

Geothermal Energy – South Australia

- **Eden's first geothermal exploration hole in South Australia's Riverland, north of Renmark commenced. Hole is currently at 470m, with total planned depth expected to be approximately 600m. The aim of the hole is to measure the geothermal gradient and measure thermal conductivity to allow a heatflow estimate for the area to be made.**
- **Geophysical (MT) surveys currently underway in GELs 169 and 185. The surveys are designed to identify zones of hot salty water that could be developed as geothermal resources.**
- **New project area north of Roxby Downs, GELs 329 and 330, covering 994km² granted.**
- **New large project area applied for covering 5976km² between Port Wakefield and Port Augusta in South Australia.**

Hydrogen and Hythane® (Eden 100%)

Hythane® Marketing

During the quarter ended 31st December 2007 ("the Quarter") continuing progress was made in the marketing of Hythane®, with further milestones achieved in India.

Hythane® is a premium blend of 93% Natural Gas and 7% hydrogen. It increases engine efficiency by up to 10% and reduces emissions of oxides of nitrogen (NO_x) and carbon monoxide (CO) by up to 50% compared with pure Natural Gas. NO_x is the primary cause of photochemical smog and is a major contributor to lung cancer and respiratory ailments. CO is a highly poisonous gas.

1. India

Hythane Company selected to build first Hythane® refuelling station in India

Indian Oil Corporation, a Fortune 500 company, which is one of India's largest petroleum marketing groups, has selected Hythane Company LLC, the wholly owned subsidiary of Eden Energy to supply and install the first public hydrogen dispensing station in India to supply fuel to motor vehicles running on either hydrogen or Hythane®.

Indian Oil has awarded Hythane Company the international tender ahead of American and European bidders to build the US\$1.0 million hydrogen/ Hythane® retail fuel outlet in the heart of Delhi, the capital of India, at one of its busy petrol/ Natural Gas refuelling stations.

The hydrogen dispensing station comprising hydrogen production (5m³ of hydrogen per hour), compression, storage, blending (to make Hythane®) and dispensing equipment will be used to refuel a number of trial vehicles including buses, cars, trucks and three-wheel auto-rickshaws with either hydrogen or Hythane®. Currently approximately 2500 vehicles per day refuel at the existing site with petrol, diesel and Natural Gas. The new dispensing equipment is scheduled for completion in the third quarter of 2008.

Success with the hydrogen dispensing station will be a springboard for the progressive commercial rollout across India, commencing in 2009, of what Eden anticipates will be thousands of hydrogen/Hythane® refuelling stations.

Agreement to commence manufacturing in India of Aptus 100 hydrogen reformer.

The Aptus 100 hydrogen reformer unit (which can produce 100m³ of hydrogen per hour(at standard conditions)) has been developed by Eden's US subsidiary, HyRadix Inc.

Following completion by world renowned Larsen & Toubro – India's largest engineering group – of the design work necessary to enable Indian manufacturing of HyRadix's Aptus 100 hydrogen reformer unit, Eden and Larsen & Toubro have agreed to the terms and timetable for Larsen & Toubro to commence building the five Aptus 100 units in India.

Fabrication of the first five hydrogen reformers to commence immediately.

Production of the first Aptus reformers by Larsen & Toubro is planned to commence immediately, with each unit taking approximately six-eight months to complete.

Following testing and trials, it is planned to install two of the units in bus refuelling stations in Ahmedabad and Mumbai to provide the necessary hydrogen for the first two Hythane® bus demonstration projects in India which are scheduled to start in the third quarter of 2008.

Two Indian Hythane® Bus demonstration project planned for Third quarter in 2008

Two bus demonstration projects that will take four-six months to complete are planned for the third quarter of 2008. The first stage of each demonstration will involve the installation of an Aptus unit with two buses being trialled using Hythane®. The number of Hythane® buses will then be progressively increased in the second stage to approximately 50 buses. This is the approximate number that can operate on Hythane® with the quantity of hydrogen available from each Aptus 100 reformer.

The demonstration projects are to take place in cities that have Natural Gas powered buses already in operation, and will be conducted in conjunction with the leading Natural Gas suppliers in Ahmedabad and Mumbai. Each demonstration will be targeted at obtaining a full environmental, operational and economic assessment of using Hythane®, produced on an Indian manufactured reformer, on Indian buses in Indian operating conditions.

At the end of each demonstration project, it is planned to continue the operation of the demonstration units on an on-going commercial basis, and progressively rollout Hythane® on a broad commercial basis by increasing the number of Hythane® refuelling stations and the number of buses operating on Hythane®.

Hythane Company is nearing the end of the engine recalibration programme with the Ashok Leyland bus engine which will be used in the bus demonstrations and it is planned to return the engine to India during the next two-to-three months for official testing and certification, in anticipation of using the engine in the bus demonstration project. A proposal to convert a second model bus engine to Hythane® is also currently under consideration.

Design of second hydrogen reformer (Agilon 25) commences, with fabrication planned for the first half of 2008.

Design work has also commenced in India by Larsen & Toubro for the HyRadix designed Agilon 25 hydrogen reformer. It is proposed to use this reformer to produce the necessary hydrogen to operate a 400kw generator on a dual fuel mixture of diesel and Hythane®. Diesel fuel is approximately 40% more expensive than Natural Gas and a very significant cost saving is anticipated from the substitution of up to 90% of the diesel fuel with Hythane®.

First Indian Hythane® Dual Fuel generator demonstration planned for mid-2008

Following completion of the design work on the Agilon 25 reformer, Larsen & Toubro will commence manufacturing this unit in India in the first quarter of 2008 for use in the first Hythane® dual fuel generator demonstration project which is planned for the third quarter of 2008.

This will involve the demonstration of a Cummins 400kW generator operating on a diesel/ Hythane® dual fuel mixture in a commercial location. This demonstration project is planned to continue on a commercial basis after the demonstration is successfully completed, and result in the immediate commencement of the commercial rollout of Hythane® dual fuel generators in India.

South Wales – Coalbed Methane/Coalmine Methane/Natural Gas (Eden earning 50%)

Llangeinor 1 – Cwmcedfyw area

Drilling of the second well in Eden Energy's South Wales CBM farm-in project, Llangeinor 1, recommenced on 7th January 2008 following a break over Christmas and New Year.

The well is centrally located in PEDL100 at Cwmcedfyw farm; about 10km east of the first well drilled at Port Talbot.

Eden is earning a 50% interest through farming into three of Eden Petroleum Exploration and Development licenses (PEDL100, PEDL148, and PEDL149) which have a total area of 430km².

Llangeinor 1 is currently at 740m depth, with a planned depth final depth of 800-1000m, depending on ground conditions and the geology encountered. Time taken to drill the hole is longer than previously advised, due to only a single drilling crew being available despite the contractor's best endeavours to supply a second shift, and due to mudstones in the hole limiting the drilling rate.

Whilst Eden's directors would have preferred more rapid progress of the hole, they are pleased that the ground conditions encountered in the hole and the core recovery have been excellent and high quality technical data has been collected, providing valuable new information of the CBM production potential of this central portion of the licence. The test results from Llangeinor 1 are of particular interest for the longer-term prospectivity of PEDL 100 since depths of the coal seams in this hole are similar to much of the area of the licence.

As predicted the main target coal measures began at around 530m depth. Five significant seams, totalling 10.48m aggregate thickness and with the thickest seams being 3m and 4m, plus four thinner seams have been intersected thus far in the hole with a total of over 18m of coal encountered in the borehole. A fault zone was encountered at 671m and the hole size was reduced to NQ to isolate the problem zone (and prevent problems such as were encountered at Port Talbot) and drilling continued.

Ongoing Programme

Drilling at Llangeinor 1 is expected to continue for another couple of weeks with another 10 days for testing (geophysical logging and permeability testing)

The next well in PEDL100 to be drilled following Llangeinor 1 is Pencoed 1. This well is located on the eastern side of PEDL100, adjacent to a major consumer of gas in the Rockwool insulation plant. This area is considered very prospective for a development of a conventional CBM field – due to a large area of relatively flat open fields and good coal thicknesses at appropriate depths.

Geothermal Exploration, South Australia (Eden 100%)

Eden holds ten geothermal exploration licences in South Australia: GELs 166, 167, 168, 169, 175, 176, 177, 185, 329 and 330. A contiguous application to GELs 175 and 176, ELA 3226, is located across the border in NSW. A new project area covering 5976km² has recently been applied for; details are given below.

Renmark Drilling Commenced

Eden's first geothermal prospecting well to establish whether the Riverland area of South Australia has the potential to host a new onshore province for Australia's rapidly emerging geothermal sector, started in December 2007. Hole Chowilla 1 will be used to acquire core and temperature measurements from within the Renmark Trough to confirm the anticipated high flow status of the region.

Chowilla 1 is currently at 470m depth. The base of unconsolidated sediments belonging to the Murray Basin was reached at 466m. Casing has been run to 465m and cemented in place. Coring of the older rocks beneath the Murray Basin to provide samples for thermal conductivity work is the next phase of drilling planned in Chowilla 1. The drilling of Chowilla 1 to a depth of approximately 600m is likely to take a further 2-3 weeks.

Following a wait of around 3 months, to allow temperatures in the hole to equilibrate and stabilise, a measure of the downhole temperatures, other geophysical logs and geothermal gradient will be undertaken. Thermal conductivity measurements will also be completed during this period. Key results are expected to be known towards early April 2008.

Eden Energy holds two licence areas in the Riverland - GEL175 and GEL176 - located 40km northeast of Renmark, with an additional licence application on the NSW side of the border. In total, these tenements cover 1943km² of the geological feature known as the Renmark-Tararra Trough.

On regional geothermal mapping there is a strongly anomalous predicted high temperature region near Renmark, lying within the Renmark-Tararra Trough – a 300km long geological feature running northeasterly to the north of Renmark.

The limited available data suggests that commercially attractive geothermal resources may be present, associated with deep fracture zones and aquifers, as well as within the basement rocks of the Trough - and may be enhanced by fluid circulation along the major fracture zones within and bounding the Trough.

Unlike many more remote geothermal prospects, the Renmark area is close to infrastructure and grid powerlines, (within 30-60km) including the main transmission lines running to Adelaide and to Broken Hill – enhancing the area's commercial potential for geothermal energy.

In addition to possible “clean” electricity production, the geothermal energy from the Riverland area, which adjoins the Murray River and the saline aquifers of the Murray basin, could be an ideal energy source for a large scale water desalination project.

MT Surveys

Magnetotelluric surveys are currently underway. Trial MT (magnetotelluric) geophysical surveys on GEL169 have been completed and a survey is currently underway on GEL185.

Geothermal systems contain hot saline fluids and can also alter the rocks containing them. In general, this salinity and alteration together with the high temperatures associated with geothermal fluids tends to result in lower overall resistivity in geothermal systems compared to the surrounding rocks.

The magnetotelluric (MT) surveying method maps changes in the earth's electrical properties related to changes in resistivity by measuring the earth's electrical response to a wide frequency band of natural electromagnetic signals generated by ionospheric pulsations driven by solar activity.

MT is commonly used in assessing geothermal systems elsewhere in the world. It offers the promise of directly identifying possible geothermal targets in a cost effective manner and assisting in targeting drill holes to test heatflow and ultimately the target zones themselves.

New Target Area – Pirie Project

The Pirie Project area, located between Port Wakefield and Port Augusta, was selected since it appears to exhibit several of the key model parameters required for a viable geothermal energy project.

The Pirie Project area is located on the western margin of the Adelaide Geosyncline, close to its junction with the eastern edge of the Gawler Craton, the area known as the Torrens Hinge Zone. In this position sediments in the Adelaide Geosyncline thicken rapidly to the east, and although there is a lack of drilling data, it is likely that a significant portion of this area is underlain, at least in part, by granitoids – including thermally anomalous granites of the Hiltaba Suite, intruding radiogenically enriched rocks of the Gawler Craton – based on analogy with the Torrens Hinge Zone geology further to the north.

Heat flow measurements from areas adjacent to the Pirie Project area are strongly anomalous, with values of 87-102mW/m² reported. Such heatflow values tend to suggest that the basement rocks beneath the Adelaide Geosyncline are mostly thermally anomalous Gawler Craton rocks as well as granites.

Coarse-grained sediments at the bottom of Adelaide Geosyncline provide a deeply buried aquifer-style geothermal target in the Pirie Project as well as the potential for engineered geothermal systems in granite or fractured basement.

The Pirie project area is strategically well located and serviced by infrastructure, including:

- the National Highway and other main roads,
- power transmission lines forming part of the National Grid,
- a natural gas transmission pipeline from the Cooper Basin, and
- parts of the National Rail Network.

In addition, the Project is located close to the coast and to port facilities at Port Pirie.

These strategic advantages of the area are considered particularly important. The very large potential geothermal energy resource provides, as well as potential for electricity generation, an ideal opportunity in this location for the production of hydrogen, which could be exported overseas.

New Target Area – Coorichina Project

The Coorichina GELs (329 and 330) cover the Mulgaria Sub-basin within the Torrens Hinge Zone. The sub-basin was identified by the Geoscience Australia seismic survey conducted along the borefield road in 2003. The Torrens Hinge Zone is a structurally complex region with predominantly fine grained sediments of the Adelaide Geosyncline overlying the Eastern edge of the Gawler Craton – basement rocks likely to be thermally anomalous. Additionally, the region is situated within a region of overall enhanced regional heatflow. The Project area is designed to cover different basement/basin morphologies along a significant proportion of the sub-basin with insulating cover depths greater than 4km. Interpretations of the geology from the seismic are preliminary, but the presence of basalts at the base of the sequence and possibly the existence of a salt pillow, raise the possibilities of enhanced permeabilities in fractured basalts or conduction and focussing of heat by the salt.

A final consideration in the application area is the proximity to infrastructure at Olympic Dam and Roxby Downs and the presence of the Borefield Road – a corridor with existing clearances that would facilitate rapid deployment of powerlines in the event of success.

The Coorichina Project area lies within Eden's PEL183 (see below). Drill tests of the gas target in PEL 183 will provide invaluable thermal data to assist in the evaluation of the geothermal potential of the Coorichina Project.

South Australian Gas Project – Mulgaria Sub-basin (Eden 100%)

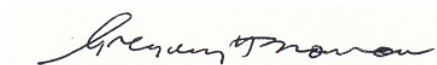
The project area is located 70km north of Roxby Downs and Olympic Dam, accessed using the Olympic Dam borefield pipeline road (the planned Moomba to OD pipeline route runs along same road).

It is hoped to drill the already identified Natural Gas target later in 2008, either in conjunction with a joint venture partner or alternatively as a wholly Eden-owned project.

PEL183 contains the Mulgaria Sub-basin, a geological feature newly recognised on Geoscience Australia (GA) seismic data collected in 2004. Review of gravity data by Eden suggests the sub-basin occupies an area of up to 120km long by up to 10km wide. Anticlinal structures highlighted by the seismic imaging correspond with magnetic units within the sediments, supporting the gravity interpretation – the largest has been named the “Arthur Hill Anticline”.

The GA Seismic data was re-processed by Eden. “Bright spot” and “flat spot” anomalies are identified in seismic reflection data at the crest of the anticline and its north-eastern limb. These seismic features at the crest of the anticline are interpreted to be caused by gas accumulations, with natural gas being the target of commercial interest. There is also the possibility that any gas on these structures may also contain attractive amounts of helium given the age and radiogenic character of the basement rocks in the region.

Petroleum Exploration Licence 183 is due for grant to Eden Energy for 5 years over 3982km² in early February 2008.



Gregory H Solomon

Executive Chairman

About Eden Energy Limited

Eden Energy Ltd is a diversified clean energy company that listed on the Australian Securities Exchange in June 2006. Eden has interests in hydrogen production, storage & transport fuel systems, including the low emission Hythane hydrogen-methane blend, coal seam & abandoned mine methane in the UK, conventional gas in SA, low temperature pyrolysis research into hydrogen production and geothermal energy production.

All these aspects of Eden's business are part of an integrated strategy to become a major global participant in the alternate energy market, particularly focussing on the clean energy transport market, producing hydrogen without any carbon emissions, transporting the hydrogen to markets & providing the engines to power hydrogen-based transport & energy solutions.

For further information please contact Greg Solomon (+61 8 9282 5889) or visit our website (www.edenenergy.com.au).

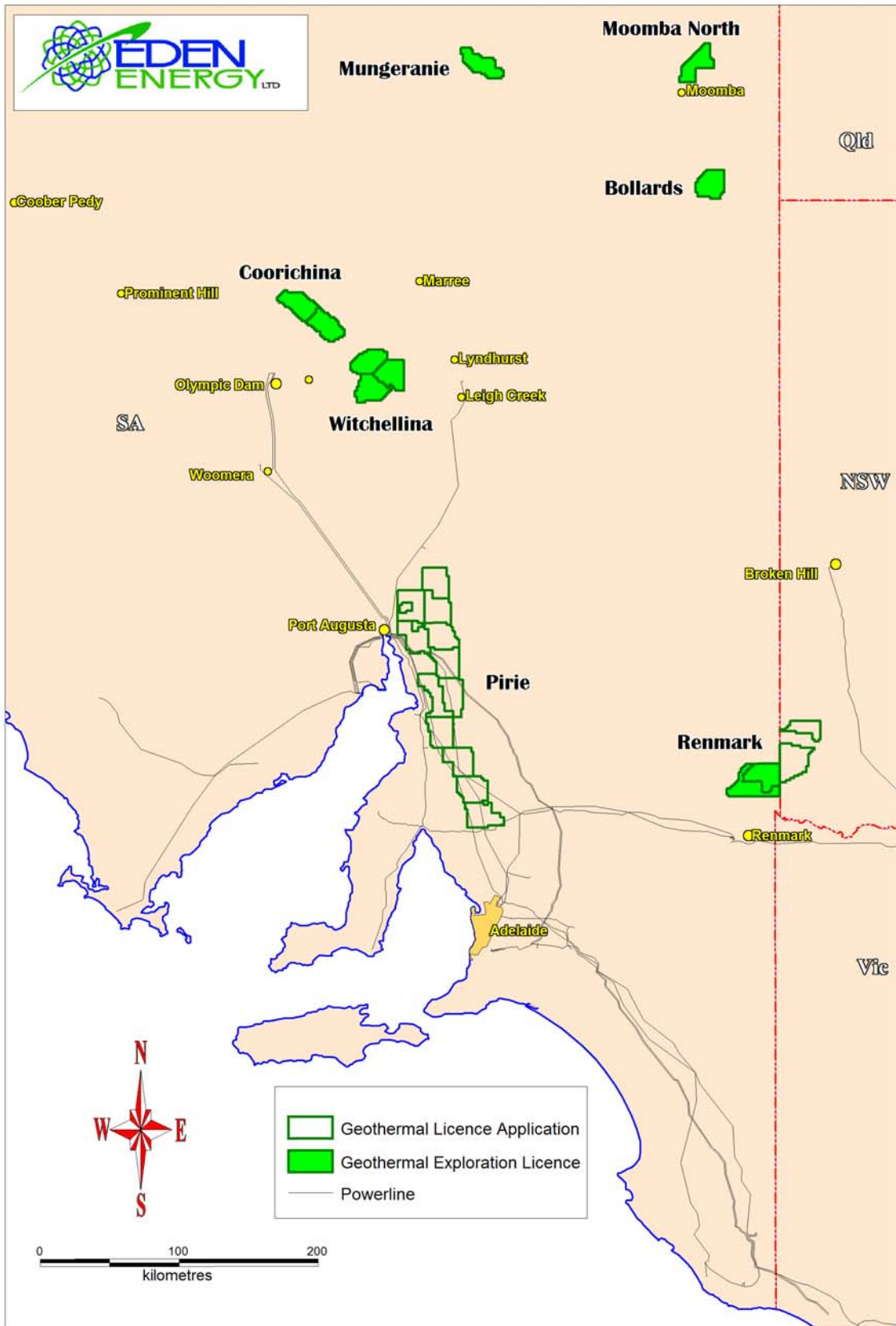


Figure 1: Geothermal Project Locations

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001.

Name of entity

EDEN ENERGY LIMITED

ABN

58 109 200 900

Quarter ended ("current quarter")

31 DECEMBER 2007

Consolidated statement of cash flows

		Current quarter \$A'000	Year to date (6 months) \$A'000
Cash flows related to operating activities			
1.1	Receipts from product sales and related debtors	623	948
1.2	Payments for (a) exploration and evaluation		
	Australia	(299)	(335)
	-Tenement Security Bond	(50)	(50)
	South Wales	(1,052)	(1,745)
	(b) development		
	(c) production		
	(d) administration	(4,150)	(7,803)
1.3	Dividends received		
1.4	Interest and other items of a similar nature received	177	251
1.5	Interest and other costs of finance paid	(1)	(2)
1.6	Income taxes paid – GST Paid	(49)	(99)
	Income Taxes – GST Refunds Received	69	91
1.7	Other (provide details if material)- Research & Development –Hydrogen production	(276)	(693)
Net Operating Cash Flows		(5,008)	(9,437)
Cash flows related to investing activities			
1.8	Payment for purchases of: (a)prospects	0	0
	(b)equity investments	63	(239)
	(c)other fixed assets	(236)	(280)
1.9	Proceeds from sale of: (a) prospects	0	0
	(b)equity investments	0	0
	(c) other fixed assets	0	0
1.10	Loans to other entities	0	0
1.11	Loans repaid by other entities	0	0
1.12	Other (provide details if material)	0	0
Net investing cash flows		(173)	(519)
1.13	Total operating and investing cash flows (carried forward)	(5,181)	(9,956)

1.13	Total operating and investing cash flows (brought forward)	(5,181)	(9,956)
Cash flows related to financing activities			
1.14	Proceeds from issues of shares, options, etc.	13	13,962
1.15	Proceeds from sale of forfeited shares	0	0
1.16	Proceeds from borrowings	0	0
1.17	Repayment of borrowings	(10)	(20)
1.18	Dividends paid	0	0
1.19	Other (provide details if material) Share Issue Costs	(7)	(520)
Net financing cash flows		(4)	13,422
Net increase (decrease) in cash held		(5,185)	3,466
1.20	Cash at beginning of quarter/year to date	12,119	3,468
1.21	Exchange rate adjustments to item 1.20	0	0
1.22	Cash at end of quarter	6,934	6,934

**Payments to directors of the entity and associates of the directors
Payments to related entities of the entity and associates of the related entities**

		Current quarter \$A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	220
1.24	Aggregate amount of loans to the parties included in item 1.10	0

1.25 Explanation necessary for an understanding of the transactions

Management Fees, as per agreement, were paid during the quarter to a company of which Mr GH Solomon and Mr DH Solomon are directors.
Bona-fide reimbursement of expenses paid during the quarter.
Directors Fees and Superannuation paid during the period.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

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2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest.

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$A'000	Amount used \$A'000
3.1 Loan facilities	Nil	Nil
3.2 Credit standby arrangements	Nil	Nil

Estimated cash outflows for next quarter

	\$A'000
4.1 Exploration and evaluation	1,000
4.2 Development	
Total	1,000

Subsequent to end of quarter additional capital has been raised to fund part of this expenditure.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$A'000	Previous quarter \$A'000
5.1 Cash on hand and at bank	2,934	4,119
5.2 Deposits at call	4,000	8,000
5.3 Bank overdraft	0	0
5.4 Other (provide details)	0	0
Total: cash at end of quarter (item 1.22)	6,934	12,119

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed			
Geothermal Licences held in the name of Eden Energy Ltd				
6.2	Interests in mining tenements acquired or increased			
	GEL 166	Licence granted	100%	100%
	GEL 167	Licence granted	100%	100%
	GEL 168	Licence granted	100%	100%
	GEL 169	Licence granted	100%	100%
	GEL 175	Licence granted	100%	100%
	GEL 176	Licence granted	100%	100%
	GEL 177	Licence granted	100%	100%
	GEL 185	Licence granted	100%	100%
Outstanding Petroleum Exploration Licence Application in the Name of Eden Energy Ltd PELA 183, PELA 240, GELA 329, GELA 330, ELA 3226				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

	Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1 Preference +securities (description)	NOT APPLICABLE			
7.2 Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3 *Ordinary securities	158,709,130	108,188,792		
7.4 Changes during quarter (a) Increases through issues Options exercised (b) Decreases through returns of capital, buy-backs	65,617			
7.5 *Convertible debt securities (description)	NOT APPLICABLE			
7.6 Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7 Options	86,510,791 950,000 4,000,000 500,000 1,500,000 1,300,000 650,000	36,077,235 NIL NIL NIL NIL NIL NIL	<i>Exercise price</i> 20 cents 25 cents 20 cents 58.5 cents 70 cents 68.5 cents 68.5 cents	<i>Expiry date</i> 30 Sep 2009 30 Aug 2009 5 Jun 2009 5 April 2012 7 May 2010 13 May 2010 15 May 2010
7.8 Issued during quarter	NIL	NIL		
7.9 Exercised during quarter	65,617	NIL	20 cents	30 Sep 2009
7.10 Expired during quarter	NIL	NIL		
7.11 Debentures (totals only)	NOT APPLICABLE			
7.12 Unsecured notes (totals only)	NOT APPLICABLE			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.

RAYMOND FRANCIS BUSCALL
COMPANY SECRETARY
Date: 31 January 2008

Notes

- 1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.
- 2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities.** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 **Accounting Standards** ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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