

OZEQUITIES NEWSLETTER

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FEATURE

Week's Special

EDE: HUGE UPSIDE WITH ITS PATENTED HYTHANE- THE CHOSEN ALTERNATIVE FUEL IN INDIA, SOON TO BE FUELLING M/VS IN INDIA AND THE US

By Jenny Prabhu and Gerald Stanley

Eden Energy Ltd, incorporated in 2004 and listed on June 6 2006 as an offshoot from Tasman Resources NL, is a clean energy company whose patented Hythane, a mixture of hydrogen and natural gas, with lower emissions than natural gas, already has major projects underway in the US and India. "Hythane" is a trademark owned by Eden Energy.

Hydrogen, which can be extracted from water or Natural Gas, is a more efficient fuel than gasoline and is likely to be the salvation of the global motor vehicle industry - eliminating the need for gasoline or diesel - nor would running on a hydrogen mix mean a sacrifice of speed or efficiency.

For example, Honda's hydrogen powered fuel cell car the FCX averages 57 miles per kilogram of hydrogen, roughly equivalent to 57 miles per gallon of gas. And the FCX's tail pipe emits zero pollutants or greenhouse gases, only a small stream of water vapor. (The Toyota Prius is a hybrid that requires a gas powered engine).

Hythane is a cost effective solution to significantly lowering greenhouse gases

Hythane is a patented, premium blend of natural gas (80 pct) and hydrogen (20 pct) that decreases emissions of nitrous oxides by 56 pct, non methane hydrocarbons by 30 pct and carbon dioxide by 40 pct over gasoline and diesel powered vehicles.

It is also expected to outperform natural gas by emitting 30 pct less hydrocarbons and 20 pct less carbon dioxide.

The expense of the hydrogen refueling infrastructure cost associated with changing natural gas engine calibration and pre blending the Hythane fuel is relatively low. Natural gas refueling compressors, storage tanks and fuel dispensers can be utilised, while the vehicle engine and fuel system do not require any hardware changes. The hydrogen will be produced on efficient, low cost US designed HyRadix reformers, which are currently being manufactured in India by Larsen & Toubro, a world leading engineering group.

Suited to all forms of vehicles including commuter buses, school buses, refuse trucks, delivery trucks, power generators and locomotives, global interest in Hythane is great as governments seek to slash carbon emissions in the most cost effective manner possible.

Headed by Greg Solomon, a lawyer with a long track record and well respected in the mining community, Eden Energy has three wholly owned subsidiaries, based in the US that together offer a turnkey solution on the use of Hythane - from pipes and storage tanks to manufacture of hydrogen and the production of Hythane.

Eden Energy is owned 21 pct by Tasman Resources, which listed at the end of 2001, with Greg Solomon exec chair, and with Fission Energy also part of the group.

All the directors are long serving and committed and include Greg Egan, associated with the development of Hythane from its beginnings and who has developed a range of cryogenic metal, hybrid alloys and other storage systems. He has also participated in the development of hydrogen liquefiers, storage systems and other devices for NASA .

Eden Energy also has a significant portfolio of clean energy projects it is expected to float off or joint venture in the not too distant future - its Wales, UK gassy coal bed methane project which is more than half way through its maiden drilling programme to test the likely quantity of gas which is may be recoverable, its abandoned mine methane project in South Wales, UK and its geothermal projects in South Australia - an added attraction to investment in EDE.

In our quest to find companies with great futures in the new industrial revolution that is now underway, focussed on transitioning to a world where carbon emissions are dramatically reduced in the shortest possible time span if life as we know it is to survive, Eden Energy is hard to overlook.

EDEN ENERGY - A SNAPSHOT

Eden Energy Ltd was incorporated in 2004 and was spun out of Tasman Resources on June 6, 2006.

The Eden Energy subsidiaries:

1/Eden Innovations Ltd, originally called Brehon Energy, based in Ireland, (acquired by Eden Energy in 2006 after an initial 20 pct stake acquired earlier) that holds patents, trademarks and know-how for Hythane (a mixture of natural gas and hydrogen which dramatically reduces emissions) and to NASA-developed cryogenic storage for hydrogen. Brehon changed its name to **Eden Innovations** when it became wholly owned by Eden Energy to avoid confusion.

2/The Hythane Company LLC headquartered in Colorado, headed by founding director Roger Marmaro, is responsible for integrating hythane technology with existing natural gas fueling stations.

3/HyRadix Inc is a Chicago based company acquired by Eden in April 2007. The Chicago based company specialises in on site production of hydrogen from Natural Gas using an auto thermal chemical process. Prior to Eden's purchase, HyRadix had fully developed and brought to commercial production an on-site hydrogen reformer. It is also in commercial use in Malaysia where it produces hydrogen for use in the processing of palm oil and in China, where the hydrogen is used in the heat treatment of steel. There are more than 70 potential sales opportunities being pursued by the HyRadix sales team in the USA, Europe and Asia. It sold its first hydrogen reformer to a US float glass manufacturer in 2007. HyRadix provides Eden the opportunity to have, in house, one of the world's leading hydrogen reformer technologies, giving Eden the opportunity when marketing Hythane to provide a total turnkey solution to any customer, supplying not only their Hythane requirements produced from natural gas but also their storage and engine conversion requirements.

4/Eden Cryogenics LLC was established in Ohio in 2006 to manufacture and market a range of high quality pipes, valves and fittings for use in the cryogenic industry. Eden Cryogenics is projecting a significant increase in turnover during the net 12 months from a range of cryogenic equipment being marketed to a variety of aerospace and other industries. Eden Cryogenics will also provide support to Hythane Co with cryogenic storage of liquid hydrogen. The hydrogen technologies developed and marketed by Eden apart from Hythane also include a range of technologies related to hydrogen production, storage, transport and usage, many of which were developed as part of or arose out of the US NASA space program.

Joint venture:

University of Queensland Pyrolysis Project (EDE 50 pct).

The project involves a new catalytic process for production of hydrogen and solid carbon from methane, avoiding the production of CO₂. Very encouraging laboratory scale results were achieved and a patent has been applied for. A full prototype is expected to be developed within the next 12/18 months.

Other projects - expected to be spun out of Eden - include:

1/South Wales Coal Bed Methane project (EDE earning 50 pct). The licenses cover 430 sq km or approximately 20 pct of the total area of the South Wales coalfields. Historically these coal fields were amongst the gassiest in the UK but no work has previously been done on the permeability and very little previous testing of the gas content.

Eden Energy is half way through a program of drill testing, with numbers expected to be available by April. If these are successful, Eden will have a major share in a potentially significant gas resource located very close to infrastructure, where the price of gas over the last 12 months has seen the price of gas rise to as much as 10/20 times the price in Australia.

2/Abandoned Mine Methane (AMM) South Wales (EDE earning 50 pct).

No substantive work was undertaken on the significant AMM targets associated with the South Wales coalfields. It is hoped to drill test a number of AMM targets in the first quarter of 2008.

3/South Australian Geothermal Projects (EDE 100 pct)

Eden Energy holds and has applied for a large portfolio of geothermal tenements in South Australia, including a large group of geothermal licenses, from Port Augusta nearly down to Adelaide with its projects seen as having advanced second only to Geodynamics Habanero project. The license areas held include 500 sq km adjoining the Geodynamic licenses in the Cooper Basin near Innamincka and 1000 sq km near Renmark in South Australia, approximately 30/40km from national power grid transmission lines in SA and NSW.

HYTHANE - THE STORY SO FAR

Hythane is a patented blend of natural gas (80 pct) and hydrogen (20 pct) (patented in 1988) which decreases emissions of nitrous oxides by 56 pct, non methane hydrocarbons by 30 pct and carbon dioxide by 40 pct over gasoline and diesel powered vehicles. Additionally, it can increase engine efficiency by up to 10-15 pct compared with Natural Gas.

It is also expected to outperform natural gas by emitting 30 pct less hydrocarbons and 20 pct less carbon dioxide.

Another advantage is the low cost of conversion of vehicles to hythane compared to the purchase of new vehicles that run on alternative fuels.

Natural gas, which is mainly methane (CH₄), already is predominantly made up with hydrogen atoms.

Hythane makes the H₂ from the cheapest source, steam reformed natural gas.

In tests run by the Center for Transportation Technology Systems in China, the Hythane fueled engines reduced non methane hydrocarbons by 58 pct, methane by 16 pct, total hydrocarbons by 23 pct and CO₂ by 7 pct for approximately 10 million tons of NO_x emissions per year, reducing emissions by 95 pct relative to diesel and achieved with no significant change in fuel efficiency between the Hythane and CNG fueled engines.

(Advanced Engine Components is involved in a venture in China that could see up to 18,000 buses converted to CNG in time for the 2008 Olympics - our **Week's Special** on ACE dated April 28 2006).

India

The Indian Government has announced a target of having all Natural Gas powered vehicles estimated at 1 million vehicles or 20 pct of the whole Indian vehicle market running on Hythane by 2020.

Hythane Company LLC a wholly owned subsidiary of Eden Energy Ltd was selected by Indian Oil Corporation, a Fortune 500 company to supply and install the first public hydrogen dispensing station in India to supply fuel to motor vehicles running on either hydrogen or Hythane.

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Indian Oil awarded Hythane Company the international tender ahead of American and European bidders to build the \$US1 million hydrogen/Hythane retail fuel outlet in Delhi at one of its petrol/natural gas refuelling stations.

The hydrogen dispensing station comprises hydrogen production (5NM3 of hydrogen per hour), compression, storage, blending (to make Hythane) and dispensing equipment. It 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 2,500 vehicles per day refuel at the existing site with petrol, diesel and natural gas.

The hydrogen dispensing station in Delhi is planned to be installed and operating by the third quarter of 2008, at the same time as two other major Hythane bus demonstration projects that Eden plans to undertake in Gujarat and in Mumbai during 2008.

A commercial rollout across India, commencing in 2009 could see thousands of hydrogen/Hythane refuelling stations. In 2007 India adopted a plan to use the hydrogen/natural gas blend as its natural gas vehicle fuel standard as part of India's drive to have at least 20 pct of all vehicles in India operating on hydrogen based fuels by 2020.

*Eden Energy has entered into agreements with Larsen & Toubro, India's largest and a globally respected engineering company which will manufacture all of the Eden equipment requirements, both in India and overseas.

*Eden Energy has entered into an agreement with Ashok Leyland, the largest bus manufacturer in India that supplies some 80 pct of Indian Government owned bus fleets. Work is nearing completion on the Hythane conversion of Ashok Leyland's leading Natural Gas Engine.

*Eden Energy has also entered into an agreement with Gujarat Sate Petroleum, a major state owned oil and gas producer.

US

*San Francisco International Airport is using a grant worth almost \$US500,000 from Bay Area Air Quality Management District to convert 14 parking lot, hotel and airline crew shuttles to run on Hythane. The Hythane project was the most cost effective project of all the projects applied for under the grant based on dollars per ton of emissions reduced. This is the first project in the US using Hythane.

An MOU has also been signed with the City of Barstow, California.

Hythane Company LLC won the 2006 CSIA Apex award for Best Use of Technology for a Global Impact. The award is now in its sixth year and sponsored by Colorado's Technology Association. It is one of the largest annual technology award events in the US.

China

In 2004 Brehon Energy Plc entered 6 MOUs with various groups to convert to Hythane. To date little progress has been made, largely because of limited government support, but this situation is expected to change with the dramatic rise in Chinese air pollution, which resulted in a World Bank report concluding that over 750,000 people die in China each year from air pollution related causes. The projects will seek certification under the Kyoto Protocol expecting to receive substantial tradeable carbon credits which it will then use as part of the funding package for the project.

THE TASMAN RESOURCES/EDEN ENERGY/FISSION ENERGY COMPANIES

Parent **Tasman Resources** listed in December 2001 and currently owns 21 pct of Eden Energy. It is also headed and founded by Greg Solomon with other directors in common with Eden Energy. Tasman Resources is largely focussed on gold.

Fission Energy was spun out of Tasman Resources to contain its uranium interests listing on June 18 2007, also headed by Greg Solomon and with other directors in common.

A new company, to hold Eden Energy's geothermal and other alternative fuels is likely to be spun out in the not too distant future.

EDEN ENERGY LTD FINANCIALS

Last Traded price 39 cents

Shares Issued 163.1 mln

Market Cap \$63.6 mln

Year ended June 30, Values in Millions\$

INCOME	2008 Int	2007	2006
Op Revenue		0.8	0.2
Op Profit (loss)		(7.2)	(1,7)
Net profit (loss)		(7.2)	(1.7)
EPS (Cents)		(5.632)	(1.9737)

BALANCE SHEET	2008 Int	2007	2006
Current Assets		5.7	7.1
Non Current Assets..		10.0	8.6
Current Liabilities		2.2	0.7
Non Current Liabilities		-	0.2
Net Assets & Shareholders' Funds		13.5	14.8
Intangibles		7.5	7.5
Net Tangible Assets		6.0	7.3
Gearing (Net of Cash) %		Nil	Nil
NTA per share (cents)		4.4	6.0
Shares Issued (Millions)		135.2	122.3
Options Issued		95.5	86.9

Cash Flows:	2008 1st Qtr	2007	2006
Cash on hand (at open)	3.5	6.9	2.3
Operating Activities	(4.4)	(6.5)	(1.8)
Investing	(0.4)	(0.6)	(1.8)
Financing Activates	13.4	3.7	8.2
Cash on hand at Year end	12.1	3.5	6.9

Issued 8.16 mln shares on January 11, 2008 to raise \$3.1 mln.

Directors:

Gregory Howard Solomon, executive chairman. Greg is a lawyer with more than 30 years experience in mining law, commercial negotiation and corporate law. He is a partner in the Western Australian legal firm Solomon Brothers and has held directorships in various public companies since 1984.

He has been a director of Tasman Resources NL since 1987 and of Fission Energy Ltd since March 2006.

Douglas H Solomon, non exec, a barrister and solicitor with more than 25 years experience in mining, corporate, commercial and property law and finance. He is a partner in Solomon Brothers and a director of Tasman Resources and Eden Energy Ltd.

Guy T LePage, non exec, a board member since May 2004. He is currently a corporate adviser at RM Capital Pty Ltd, specialising in resources. He was Head of Research at Morgan Stockbroking Ltd (Perth) prior to joining Tolhurst Noall as a Corporate Adviser in July 1998. Prior to entering the stockbroking industry he spent 10 years as an exploration and mining geologist in Australia, Canada and the US. He is also a director of Tasman Resources and Eden Energy Ltd.

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Gregory Joseph Egan, non exec. Appointed February 10 2006. A graduate of the Graduate School of Applied Science and Business at New York University following completion of a Bachelor of Arts degree, Mr Egan has over 25 years experience in all aspects of hydrogen program development, marketing and sales at various companies including Ergenics (INCO) and Supercritical Thermal Systems and 10 years experience as marketing manager of Hydrogen Consulting Inc where Hythane was developed and patented. During his career he has developed a range of cryogenic metals, hybrid alloys and other storage systems. He has also participated in the development of hydrogen liquefiers, storage systems and other devices for NASA. Mr Egan is also CEO of Brehon Energy Plc (now Hythane Innovations).

Andrew Leibovitch, non exec. A Chartered Accountant from the UK with more than 20 years experience in corporate finance and the resources industry including senior positions with Woodside. From 1986 to 1993 Andrew worked as a Chartered Accountant in London before emigrating to Australia where he worked for Coopers & Lybrand in Perth.

Richard Beresford, non exec. Mr Beresford began his career in engineering and has 25 years experience in the international energy business spanning all aspects from research to marketing and general management. Most recently he has been advising the leading Hong Kong power utility on a planned LNG import project, including the potential for LNG to be made available as a replacement for diesel in heavy vehicles. From 1996 to 2001 he was with Woodside, developing downstream gas business including investments in technology innovators such as Ceramic Fuel Cells Ltd.

Raymond F Buscall, company secretary, who has been part of the team since the 1990's, when together with Greg Solomon, he was joint company secretary of Kingstream Resources (now Midwest).

Major shareholders:

Tasman Resources, 21.10 pct

Macquarie Group, 7.74 pct

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