

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

17 September 2013

Eden Signs Conditional Reinstatement Agreement to Sell UK Gas and Petroleum Assets to Shale Energy PLC for up to £11.467million (approx. A\$19.3million)

SUMMARY

Perth based Eden Energy Ltd (“Eden”) (ASX Code: EDE) has executed a conditional agreement with UK unlisted public company Shale Energy PLC (“Shale Energy”) to reinstate, on revised and improved terms, an earlier agreement (which was terminated in August 2013 due to failure of a condition to be satisfied) to sell its entire UK coal seam methane and shale gas portfolio to Shale Energy at a price of up to £11.467million (approx. A\$19.3million).

Shale Energy has also taken a placement of 37,349,416 shares in Eden for the AUD equivalent of £244,000 (A\$410,843) at an issue price of 1.1 cents per share.

DETAILS

The Key Terms of the Reinstated Sale Agreement

1. The total consideration of up to £11.467million payable by Shale Energy will be satisfied as follows:
 - 1.1 A non-refundable deposit of £56,000 (approx. A\$94,300) has been paid to Eden. This deposit will not be refundable even if the new agreement fails to Complete.
 - 1.2 At Completion of the sale, Shale Energy will:
 - (i) pay a further cash payment of £1.1million (approx. A\$1.879m), and
 - (ii) issue to Eden such number of fully paid ordinary shares in Shale Energy having an approximate value of £7,061,000 as will represent 29.85472% of the total issued capital of Shale Energy (after the acquisition of Eden’s UK gas assets and the completion of a capital raising of £7million), and

1.3 **Eden is also entitled to receive a further £3.25m worth of ordinary shares in Shale Energy** in two equal tranches of £1,625,000 to be issued on achievement of the following milestones:

- (i) firstly, when the independently verified best estimate of recoverable gas (2C) in Eden's UK Licence Interests reaches 1.5 trillion cubic feet (TCF); and
- (ii) secondly when the independently verified best estimate of recoverable gas (2C) in Eden's UK Licence Interests reaches 2 trillion cubic feet (TCF).

On each occasion these payments shall so far as possible be satisfied by the issuance to Eden of additional shares in Shale Energy at the moving average market share price of the Shale Energy shares over the previous 30 days.

If Shale Energy shares are not listed on AIM, the price will be determined by Shale Energy's auditors.

If either such issue would result in Eden's shareholding exceeding 29.9% of the then total issued capital of Shale Energy, the number of shares to be issued on such occasion shall be restricted to maintain Eden's shareholding at 29.9% and the balance of the consideration shall be paid in cash.

These additional shares shall on each occasion be subject to a lock in period of 3 months or such other period as AIM may require.

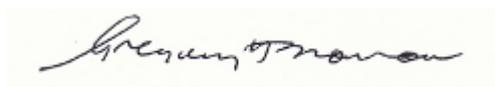
2. Shale Energy shall pay any value added tax (VAT) payable on the transaction.
3. **The new agreement is subject to a number of Conditions Precedent (most of which were included in the original agreement and were satisfied at that time) including:**
 - 3.1 the completion by Shale Energy of the £7m capital raising; and
 - 3.2 Eden shareholder approval being obtained, if required by the ASX. Shareholder approval for the original agreement was obtained.
4. **Subject to satisfaction of the Conditions Precedent, Completion shall take place:**
 - 14 days after the Purchase Agreement is executed by all parties; or
 - 30 days after satisfaction of all of the conditions precedent,whichever is the later, with the **latest date for Completion being 22 November 2013.**
5. The remainder of the terms of the reinstated agreement shall be the same as in the original agreement as announced to ASX by Eden on 29 May 2013.
6. The purchasing entity will be Shale Acquisition Ltd ("Shale Acquisition"), a wholly owned subsidiary of Shale Energy.
7. **Shale Energy also agreed to subscribe the sum of £244,000 for the issue of new ordinary shares in Eden (for additional working capital) to be issued at A\$0.011 (1.1 cents) per share.** The actual amount in Australian dollars received by Eden in Australian dollars was A\$410,843.58, which resulted in Shale Energy being issued with 37,349,416 shares in Eden. **These shares will be subject to a voluntary 12 months escrow period** to be implemented in accordance with the ASX listing rules.

The Sale Assets

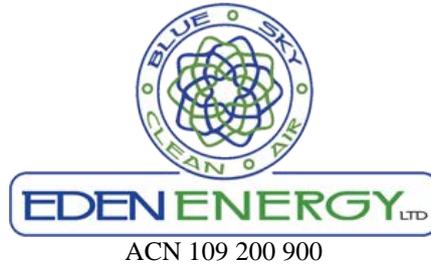
The sale assets comprise Eden's 50% joint venture interests in 17 Petroleum and Development Licences (PEDLs) in England and South Wales and its 100% interest in one further PEDL in South Wales ("Eden's UK Licence Interests")

As announced by Eden to the ASX on 30 May 2011 (see copy attached for full details), independent experts (RPS in relation to shale gas and RISC in relation to coal seam methane) had reported that these licences have the potential to contain significant quantities of hydrocarbons. More specifically, that announcement reported that:

- **RPS in relation to the shale gas had reported:**
 - unrisks P90 Resource Volumes of Shale Gas in the Numurian Measures on 7 Petroleum Exploration and Development Licences (PEDLs) in South Wales in which Eden holds a 50% interest (covering a prospective area of 806 square kilometres) of:
 - Volume of Gas Initially in Place (GIIP) – 34.198 TCF (Eden's share -17.099 TCF)
 - Recoverable Volume – 12.799 TCF of gas (Eden's share – 6.349 TCF); and
 - **RISC in relation to coal seam methane had reported that:**
 - the estimated Gross Contingent Resources of Coal Bed Methane contained in the 10 PEDLs in South Wales (covering a prospective area of 247 square kilometres) in which Eden holds an interest are:
 - A 1C to 3C range of 687-1,363 BCF with a 2C estimate of 980 BCF , and
 -
 - that the estimated Gross unrisks Prospective Resource of Coal Bed Methane contained in the 17 PEDLs in South Wales, Kent and Bristol Somerset (covering a prospective area of 1068 square kilometres) in which Eden holds an interest are:
 - A low to high estimate of 1,903-4,990 BCF with a best estimate of 3,088 BCF



Gregory H. Solomon
Executive Chairman



17 September 2013

MEDIA RELEASE

NEW HIGHER VALUE A\$19.3M U.K GAS SALE**

DEAL CASHES UP AUSTRALIA'S EDEN

A new A\$19.3 million (£11.467 million)** deal to sell all of its United Kingdom coal seam methane and shale gas portfolio to a London company has been announced by Australian energy developer, Eden Energy Limited (ASX: "EDE").

The deal has been struck with the previous intended buyer, London-based unlisted public company, Shale Energy plc – but on more favourable and significantly higher terms than the original May sale transaction which collapsed in August.

The new agreement, which includes a non-refundable A\$94,291 deposit, a further cash payment at settlement of A\$1.88 million and a separate A\$410,843 placement by Shale for 12-month escrowed shares in the Australian company, will see Perth-based Eden by November add more than A\$2.39 million to its cash in bank.

This will swell its coffers to just under A\$3.4 million.

The placement was at an effective strike price of 1.1 cents per Eden share.

In addition, the sale terms will see the Australian company emerge with a 29.9% direct stake in Shale Energy – giving it exposure to any future discoveries and gas developments by Shale in the England and Wales-based assets acquired from Eden.

Eden terminated the original arrangement last month, to allow it to pursue alternative sales options with its UK joint venture partner, after Shale was unable to meet on time a condition precedent.

Eden Executive Chairman, Mr Greg Solomon, said today Shale Energy, which is securing a strong management team, had remained keen to be the ultimate buyer of the assets and this had allowed Eden to negotiate new and higher value sale terms.

"We have re-instated our relationship with Shale Energy but on revised terms that will inject approximately an additional A\$683,000 cash into Eden plus a further A\$1.7 million worth of shares in Shale compared to the original May deal," Mr Solomon said.

The sale assets comprise Eden's 50% joint venture interests in 17 Petroleum and Development Licences (PEDLs) in England and South Wales and its 100% interest in one further PEDL in South Wales.

The deal remains conditional on Shale Energy completing its capital raising by November 2013.

Terms of the Agreement

The terms of the sale agreement include that as well as the A\$94,291 deposit, Shale Energy will pay a further cash payment of A\$1.85 million to Eden on settlement, and issue to Eden such number of fully paid ordinary shares in Shale to an approximate value of \$12.06 million, representing 29.85% of the total issued capital of Shale after the acquisition of Eden's assets and the completion of the capital raising of £7 million.

Eden will also be entitled to receive a further \$5.47 million worth of ordinary shares in Shale in two equal tranches of A\$2.735 million on achievement of two project milestones.

These will be firstly, when the independently verified best estimate of recoverable gas (2C) in Eden's UK Licence Interests reaches 1.5 trillion cubic feet (TCF); and secondly, when the recoverable gas estimate reaches 2TCF.

UK assets

Previously announced independent reports on Eden's UK gas assets found that the licences have the potential to contain significant quantities of hydrocarbons.

These included for the shale gas tenements, unrisks P90 Resource Volumes in the Numurian Measures on 7 PEDLs in South Wales over a prospective area of 806 square kilometres. Volumes of Gas Initially in Place (GIIP) were estimated at 34.198 TCF (Eden's share -17.099 TCF) with recoverable volume estimates of 12.799 TCF of gas (Eden's share – 6.349 TCF).

Gross Contingent Resources of Coal Bed Methane contained in the 10 PEDLs in South Wales (covering a prospective area of 247 square kilometres) were estimated in the 1C to 3C range of 687-1,363 BCF with a 2C estimate of 980 BCF.

The estimated Gross unrisks Prospective Resource of Coal Bed Methane contained in the 17 PEDLs in South Wales, Kent and Bristol Somerset (covering a prospective area of 1068 square kilometres) was a low to high estimate of 1,903-4,990 BCF with a best estimate of 3,088 BCF.

"These estimates are of world class dimensions," Mr Solomon said.

"To put them in some sort of context, Australia's offshore Gorgon gas field in Western Australia is reported to contain approximately 40TCF of gas and is planned to produce 15 million tonnes of LNG per year for between 40-60 years so, although it is very early days and is very much dependent upon how gas is actually there and how much is recoverable, that's the sort of potential these UK assets could perhaps offer."

"The UK is now an importer of natural gas and on a total country consumption basis, the aggregate of the potential of our UK assets makes them a very significant amount of gas in the context of the UK gas market."

****** All amounts payable by Shale Energy and the value of the shares to be issued by Shale Energy to Eden under the agreement are denominated in Pounds Sterling, but for the purpose of this release have been converted to Australian Dollars at the prevailing exchange rate of the National Australia Bank on 16 September 2013 (AUD / GBP 0.5939)

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