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AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

18 December 2006

HYTHANE® - INDIA

AGREEMENT WITH LEADING BUS MANUFACTURER IN INDIA

Highlights

- Agreement with bus manufacturer in India to develop Hythane® bus engines;
- Four Indian Hythane® demonstration projects planned for 2007
- Indian Government plans substantial step up in Natural gas supplies for vehicles over the next five years

Brehon signs deal with Ashok Leyland

Brehon Energy Ltd, a wholly owned subsidiary of Eden Energy Ltd, has entered into an Agreement with Ashok Leyland, the flagship company of the trans national, Hinduja Group and leading manufacturer of buses in India, to develop Hythane® versions of its Natural Gas bus engines to enable these engines to achieve very low emission levels comparable with the best engines currently available in the world.

In 1997, Ashok Leyland pioneered CNG buses in the Indian metro cities of Mumbai and Delhi and spearheaded the large-scale induction of this eco-friendly technology in the bus fleet of Delhi. Ashok Leyland currently manufactures 11,000 to 14,000 buses per year, and has a lion's share in all metro state transport bus fleets in India. Its buses carry over 60 million passengers per day. With annual production capacity of 80,000 vehicles, it is also a major manufacturer of trucks and defence vehicles.

Two test engines have already been despatched to Colorado, USA, and it is hoped that they will be ready for return to India by the end of January or sometime during February 2007. The engines will then be tested and used in various demonstration projects in India. At present, there are four demonstrations planned for 2007 in major cities where Natural Gas is presently available

(Delhi, Mumbai, Ahmedabad and Kanpur). Eden is confident that completion of these demonstration projects will lead to a progressive rollout of Hythane buses in India.

Under the terms of the Agreement which will operate until the end of 2016, Brehon will carry out the Hythane® calibrations at its test facilities in Colorado, USA, and receive a royalty for providing the calibration to Ashok Leyland.

Indian Government expansion plans

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 a very large percentage of vehicles in metro cities and towns in India. A huge increase in Natural Gas supplies is planned to cater to the enhanced requirement. It is anticipated that the number of Natural Gas buses will increase dramatically during the next five years, and Brehon aims to have a large percentage of these buses operating on Hythane®. At present, Natural Gas sells at about 60% of the cost of diesel and this provides a great incentive for bus fleet operators to use Natural Gas as a vehicle fuel wherever it is available.

Enormous growth market for Brehon

This agreement provides Brehon with a tremendous base for its Indian operations, upon which it intends to expand into the generator market, truck market, locomotive market, cars (including taxi fleets) and three-wheeler (auto rickshaw) markets.

Brehon aims to establish Joint Venture

Brehon aims to establish a joint venture in India with a major Indian partner, and anticipates that the joint venture will derive revenue from various sources including royalties on Hythane® engine calibrations, from the sale of equipment for the production and blending of Hythane®, and the ongoing maintenance of such equipment, and from marketing of any consequential carbon credit benefits which may be derived from the conversion of engines to Hythane® operation, potentially leading to a significant revenue stream for the Indian joint venture should the Hythane® marketing program be successful.

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