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AUSTRALIAN STOCK EXCHANGE ANNOUNCEMENT

21st December 2006

Hythane - US\$2 Million Department Of Energy Contract Awarded To Hythane Company

HYTHANE COMPANY LLC AWARDED CONTRACT

Hythane Company LLC ("Hythane Co"), Eden Energy's wholly owned US subsidiary, is delighted to announce that it has received confirmation that it has satisfied the US Department of Energy's audit requirements and been formally awarded the US\$2 million contract that was previously referred to in our ASX announcement of 26th September 2006.

The contract, which will operate over a 2-3 year period is to test the long-term effects of each of Hythane® and hydrogen as fuel for internal combustion engines.

CONTRACT TERMS

- The US's first long-term test of engines fuelled by hydrogen and a hydrogen-natural gas mixture called Hythane®, had been awarded to wholly owned Eden Energy subsidiary, Colorado-based Hythane Co, subject to the Company completing an audit and contract negotiations with DOE;
- Under the terms of the grant and test program, two identical, heavy-duty, spark-ignited natural gas engines will be acquired and modified - one to run on Hythane® and the other to run on hydrogen. Hythane Co. will undertake most of the work on the 2,500 hour test program that is expected to take two years, and
- The test program to deliver an ultra-clean hydrogen fuel would be supported by a US Energy Department grant of US\$2.1 million.

MARKET IMPLICATIONS

This new test work should aggressively simulate real-world, long-term operation of heavy-duty engines and provide sufficient opportunity to push durability and performance deterioration limits.

In addition to being both a prestigious and high profile contract which independently affirms the technical excellence and standing of the Hythane Co, this contract will also provide a significant cashflow for the Hythane Co, and also produce valuable data on the effects and benefits of each of Hythane® and hydrogen as a vehicle fuel.

HYTHANE® – LEADING EDGE TECHNOLOGY

Previous development by Hythane Co. has successfully demonstrated that Hythane® can achieve the following;

- Cut engine emissions of NOx and CO by 50% compared with natural gas
- Has major carbon credit potential
- Is immediately available because of existing low cost natural gas infrastructure in the key markets of the US, China and India, and
- Can use in its mix, low purity hydrogen as well as CNG and LNG.

Eden Energy considers that this contract, together with the recently announced Indian JV (20th December 2006) has given the Company an excellent platform to commercialise this ground breaking technology worldwide.

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