

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

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EDEN ENERGY LIMITED (ASX: EDE) provides the opportunity to listen to an audio broadcast with Mr Greg Solomon, Executive Chairman and Boardroomradio.

The presentation details are as follows:

- *Eden Energy Quarterly Update - Mr Greg Solomon, Executive Chairman*
- *Presented by Mr Greg Solomon, Executive Chairman*
- *Friday, 22 July 2011 11:00AM AEST*

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Transcript

RADIO INTERVIEW WITH GREG SOLOMON, EXECUTIVE CHAIRMAN, EDEN ENERGY LIMITED, CONDUCTED ON THURSDAY, 21 JULY 2011

Q1 Today on BRR I'm joined by the executive chairman of Eden Energy, Mr Greg Solomon. Greg, great to have you back.

A1 Thanks very much, Tom.

Q2 Now, Greg, I understand that construction is nearing completion in Denver, Colorado, of your production unit. How is everything going with the pyrolysis project?

A2 The pyrolysis project is going extremely well, Tom. Since we took this technology to the United States from Queensland in July last year, we have completed the initial upscaling of the equipment. We put in our catalyst production facility. We have improved all of that, and we have shown that we can produce the right quality of product. We have done our next scale-up to a small prototype, and we achieved very good production rates with that, and we are now in the process of just completing the construction of the first commercial-sized unit. This will be a unit that is capable of producing up to about 100 tonnes a year of carbon. It's actually in the form of two separate units. Each of them operate in exactly the same manner. Both are of different dimensions, and we are trying to test to see which dimension produces the most efficient outcome and result. Once we have proven that- it should be up and running by the beginning of August- we will then be able

to test it and trial it and, based upon that, we can then simply take multiple numbers of these particular units or these components from this unit and bolt them together to make a large-scale commercial production unit.

The real key to this is finding a market for the carbon. The carbon industry that has been developing has largely been developing around exotic applications, and for smaller quantities, rather than for large quantities, and what we're looking at producing is producing huge quantities of carbon as a part of the hydrogen-carbon production from natural gas. So the real key is to find a home for very big quantities of carbon at commercial prices. So we have been focussing on the concrete, the rubber and the plastics industries, and we have got very good and encouraging results in the concrete industry, which, if that works and we can get it to a repeatable situation, would possibly absorb just about all of the carbon.

We have also got very good results with plastics. We have had – on epoxy resins, we have actually achieved a commercial grade product where we mix it with epoxy. Every electronic item that is marketed just about is coated with one of these anti-static coatings, and that's what they would use this carbon in. Similarly with rubber, we have got a group about to undertake a test in relation to adding the carbon to rubber in place of the carbon black that's already used in tyres. All in all, I think we're confident that we can find a big market. The production looks fantastic. The catalyst production is extremely good. We have got a new clean room that has been developed. We have got state of the art facilities, and we will be producing by the end of August potentially a very large quantity of carbon we are looking for a market for.

Q3 **During the quarter you have sold a further six OptiBlend kits. Can you update us on the sale progress there?**

A3 Yes, on OptiBlend, things are looking also very encouraging. We have sold a further three kits in both India and in the United States. In the United States we have appointed sales representatives in just about all the states of the US, and also in several South American countries. The Indian market and also the US markets and South American markets are looking very interesting for this. The real key to all of us is how much gas is available and also what the price differential between natural gas and diesel is.

In India that's proving to be the one major thing that has been slowing down the sales progress, and that is that the gas is taking longer to become available, as the demand is virtually insatiable over there. Also, the price of gas is unregulated, so it has been rising because of supply and demand, whereas the price of diesel is very much regulated and has been kept low, so the differential between the gas price and the diesel price has been diminishing.

In the United States, however, that's exactly the opposite, and natural gas is becoming very widely available, and there's actually a glut of gas, particularly from shale gas. As a result, gas prices are going down, so the markets in both places are very different.

In India, a lot of people use generators in most industrial complexes: big buildings, residential, commercial, government buildings. Virtually every major building in the country has its own power generation because of the unreliability because of the power supply, whereas in the United States, that's very much the opposite.

They've got a very reliable power supply and it's only used for back-up power. They're very different markets, but they're both developing extremely well and I think we've got a very good product, it's competitively priced, and I think the market performance has certainly shown that we've got a good future ahead. We're hoping to generate sufficient cash flow out of these projects to ultimately make the companies profitable. The Indian subsidiary, in fact, has been cash flow positive since the beginning of this year as a result of the Optiblend sales.

Q4 In terms of your Hythane project, I understand there's been a little bit of slow progress there.

A4 Yes, the Hythane project has been slow. The main projects that we've been focussed on are in India in both Gujarat and also in Mumbai. Part of the difficulty has been there have been changes of personnel in the various companies that we're dealing with – that's the gas companies and the bus companies and the engine manufacturing companies – but over the period there has also been the economic downturn and things have slowed down. However, I can say, in an unqualified way, that all of these projects are still on track. They have been reaffirmed during the last quarter, and we are still hopeful that we will get one of them up and running, if not by the end of this year, but certainly by early on next year.

And hopefully we will get both of them up and going. The interesting thing about this is that they're both starting off as small projects with a couple of buses to start off with, and we would use bottled hydrogen, but when it comes to the scale up, which would be after maybe a three to six month operational trial, we would then look to produce the Hythane using hydrogen from the reformer, which is what the one that we're actually trying to commercialise in the United States at the moment. And at that stage we would be able to produce the hydrogen from the reformer and have the carbon as the by-product. And the real key to this is being able to produce the hydrogen and the carbon at the same time, sell the carbon for a reasonable price into a commercial application and then have very low cost hydrogen. If we can achieve that outcome, and we're certainly hopeful that we can, we will have a huge market for Hythane in India.

Q5 Okay. Good. And you have had some independent experts taking a look at your UK gas project, and what have they identified?

A5 The UK gas project is a joint venture that we have been working on since 2004, and we have had reports done in relation to both the coal bed methane and also the shale gas potential, and in short, the reports have identified enormous potential unrisks resources of both shale gas and also large resources of coal bed methane. The quantities of this gas that have been identified- the shale gas – are truly huge. We're talking something in the order of 50 TCF of gas, which is a colossal quantity of gas when you consider the United Kingdom currently uses about three and a half TCF per year. So the potential gas is huge. What we have to do is show that we can get the gas out of the ground and recover it.

There are obviously issues associated with shale gas at the moment and the controversy around the planet about fracking, and that's an issue that we will have to deal with. The UK government has been positive so far. They issued a report in May where they concluded that they were in favour of it, or supportive of the industry, subject to proper controls, and I think that's certainly the way the United States seems to be going. So subject to that being achieved, I think we have got a

potentially very, very large resource. And if you look at the relative prices of some of the other companies in this sector in Europe and the UK that are trading, you will see that they have actually got large market capitalisations.

A company called 3 Legs, a company called IGas, Dart – all with UK or European coal bed methane and/or shale gas plays of either similar or slightly larger or slightly smaller quantities or potential quantities than what we have got, but they're trading at very large premiums to what we currently are trading at. Their projects, to be fair, in most cases are further advanced than ours, so we obviously have to get in and produce gas from it and then be able to sell the gas or produce electricity and sell the electricity. We have got a program to move this forward. We're looking at various alternatives of funding the upscaling and the development, and it may well involve the spinning out into a separate subsidiary or some form of joint venture, and we're working on that at the moment.

Q6 All right. Good. Well, we will watch that one with interest. It is certainly a very large resource there. Greg, thank you very much for updating us on all of your projects today. We really appreciate your time.

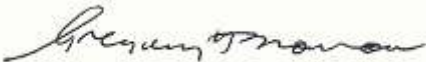
A6 Thanks very much, Tom.

INTERVIEW CONCLUDED

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Gregory H. Solomon
Executive Chairman