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AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

31 May 2024

OPTIBLEND® MARKET UPDATE

Eden Innovations Ltd (“Eden”) (ASX: EDE) is pleased to provide the following update on developments in the markets for Eden’s OptiBlend® Dual Fuel systems.

HIGHLIGHTS

- Total OptiBlend® sales from January - May 2024 ~A\$469,000
- Total sales April & May 2024 ~A\$207,000
- Value of Recent Quotations since 1 April 2024 ~A\$1,900,000
- New quotations in last 7 days ~A\$696,000
- Anticipated sales revenue over next 4 -6 months based on current tenders/quotations in pipeline:
 - USA ~ A\$600,000
 - India ~ A\$300,000
- Market drivers are :
 - Demand from the shale oil and shale gas drilling and fracking market to use natural gas to:
 - extend prime power generation capacity;
 - reduce fuel costs; and
 - reduce carbon footprint.
 - Demand from large companies, government undertakings, hospitals, gaols, military bases, property owners, data centres, shopping malls etc to:
 - extend back-up power generation capacity due to increasing and extended power outages resulting from extreme weather events;
 - reduce fuel costs; and
 - reduce carbon footprint.

DETAILS

Market interest in OptiBlend® system for diesel generators in USA and India is rebounding rapidly after a slowdown during the past 9 months.

Drivers for Increased Market Interest

The main drivers of the increased interest in USA and India are not identical. In the US, oil and gas production is a major driver for the increased demand in OptiBlend®. This is not the case in India. However, both USA and India also have similar demand for back-up power generation.

Oil and Gas Industry - drilling & hydraulic fracking - shale oil & gas

In 2023, US shale oil and shale gas production reached record levels, but prices remained relatively low. As a result, there is need reduce production costs. The demand for US oil and gas remains high, in part due to the recent reduction in the strategic oil reserves.

OptiBlend® systems enable diesel-powered generators that power the drilling rigs and hydraulic fracking equipment, to run on up to 60% natural gas, sometimes drawing it straight out of the ground, or from on-site natural gas storage, thereby significantly reducing the overall costs of the drilling and fracking.

During the initial oil and shale gas boom in 2012, a drilling contractor advised that they recovered, in less than two months, the total cost of the buying and installing an OptiBlend® system in fuel cost savings through using natural gas drawn directly from an earlier well on site to replace approximately 60% of the diesel fuel that would otherwise have been required.

The main locations in the US for the increased interest in the oil and gas industries are:

- In the north-west USA, Alaska, and Canada – conventional oil fields -

- extending both prime power and back-up power generation capacity;
- reducing fuel costs; and
- reducing carbon footprint.

- In the Midwest (Texas and Oklahoma) – shale gas and shale oil drilling and fracking –

- extending prime power generation capacity;
- reducing fuel costs; and
- reducing carbon footprint.

Examples of this increasing interest in the last few weeks came from two drilling/ fracking companies, one in Oklahoma and the other in Texas. Each is considering acquiring OptiBlend® systems for their respective fleets of drilling rigs over the next 6-9 months (collectively approximately 30 rigs, which could potentially generate OptiBlend® revenue of up to US\$1.5m).

Back-up power generation

In both USA and India another driver of the increasing interest in OptiBlend® is the need to increase back-up power generating capacity, arising out of power outages, often resulting from an increasing number of extreme and often extended weather events in both India and the US.

In summer, in both countries, with hotter summer temperatures over longer periods, the power grids are increasingly under stress, partly due to an ever- increased demand for air conditioning.

In the US, other extreme weather events, such as tornados and extreme winter weather also interrupt power supplies to communities, sometimes for days often affecting wide areas. One such outage several years ago, that lasted approximately four days and affected many people in Texas, came from a freezing ice storm a few years ago.

India and USA

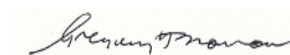
In both countries the market drivers are the same:

- extending back-up power generation capacity;
- reducing fuel costs; and
- reducing carbon footprint.

Examples of projects for which current quotations or tenders to supply OptiBlend Systems have been provided include firstly for a military base in Florida, USA and secondly for NHPC Limited, an Indian public sector hydropower company.

Key features and statistics of OptiBlend® are that it:

- *Works by displacing up to 60% of diesel fuel with Natural Gas;*
- *Lowers fuel costs, lowers emissions and increases runtime;*
- *Is a highly efficient, cost-effective system that reduces fuel cost and emissions;*
- *Is used by Cummins on its oil/gas drilling power module using 3 Tier II gensets;*
- *Is suitable for most makes of diesel engines; installed on most major global brands;*
- *Marketed in US and India for over 14 years – highly reliable, durable, long proven in the market;*
- *Over 300 systems sold over past 14 years in USA ,India, Middle East, Africa and East Asia;*
- *Significant potential markets exist in USA, India and Africa; and*
- *In India (and in particular in Delhi and the National Capital Region) natural gas is far cheaper than diesel fuel, and extreme air pollution has resulted in government restrictions on use of gensets running solely on diesel fuel.*



Gregory H. Solomon

Executive Chairman

This announcement was authorised by the above signatory.

For further information please contact Greg Solomon on +61 8 9282 5889.