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Tasman Resources announces Chinese agreement to convert 10,000 Beijing buses to hydrogen

Perth-based Tasman Resources NL (ASX : TAS) today announced that Brehon Energy plc had entered into a Memorandum of Understanding (MOU) with four leading Chinese groups to establish a project in China to replace 10,000 diesel buses in Beijing with very low emission Hythane® powered buses.

Tasman - through its subsidiary Eden Energy Ltd - is currently acquiring a 20% interest in Brehon and a 49% interest in Brehon Far East Pty Ltd, through which the China bus conversion project will be undertaken.

The Beijing buses will burn Hythane®, a US patented mixture of hydrogen in natural gas, which Brehon acquired from Hydrogen Components Inc. in April 2004.

The project targets the conversion of the 10,000 buses prior to the start of the 2008 Olympic Games in Beijing.

Other parties to the MOU announced by Brehon today are the **China Association for Hydrogen Energy (CAHE)**, **China Electronic Engineering Design Institute (CEEDI)**, **Tsinghua University** - a leading Chinese university (Tsinghua) - and **Shougang Technology Research Institute (STRI)**.

STRI is part of the giant Shougang Group of companies which includes Capital Steel Company, a major Chinese steel manufacturer that produces 8 million tonnes of steel per year and has available as a by-product a large quantity of hydrogen. It is proposed that this hydrogen will be used in the blending of Hythane® for the bus Project.

The first stage of the bus conversion project, which is targeted to commence in three months, will be a pilot project to develop and test 25 buses using a variety of engines and developing the necessary infrastructure for the Project.

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Upon successful completion of the first stage, which is expected to take approximately six months, the remainder of the Project will be progressively undertaken on a timetable to be completed before the 2008 Olympic Games in Beijing, commencing with the second stage of 2000 buses.

The Project has the preliminary approval of the Energy and Transportation Division of the Chinese Ministry of Science and Technology and will seek certification under the Clean Development Mechanism (CDM) under the Kyoto Protocol.

It is expected to generate substantial tradeable carbon credits from the huge reduction in greenhouse gas emissions by replacing 10,000 diesel buses with Hythane® buses operating seven days per week in Beijing.

These carbon credits are anticipated to form a significant part of the funding package for the project which is aimed to be secured within the next three months.

During this time the parties intend to finalize the full details of the Project and execute a formal contract.

The Hythane® technology was developed by Frank Lynch, owner of Hydrogen Components Inc, starting in the 1980s. Since then it has been successfully demonstrated in Denver (Colorado) in 1991, Erie (Pennsylvania) in 1993, in Montreal (Quebec) in 1995, and Coachella Valley California in 2003. Hythane® involves the addition of a small percentage of hydrogen (usually about 7% by energy) to natural gas to create a highly efficient very low emission vehicle fuel. Hythane® reduces NOx emissions by 95%, relative to diesel and significantly reduces CO2. Hythane® technology builds upon existing Natural Gas (CNG) infrastructure and equipment, is fully developed, and available for immediate rollout.

The Project, which anticipates to be the first in a series to be undertaken in many major cities in China, will dramatically reduce atmospheric pollution and greenhouse gas emissions in Beijing.

It will be the world's first rollout of hydrogen as a vehicle fuel on a major scale.

For further information and comment, please contact:-

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