



## **NON RENOUNCEABLE RIGHTS ISSUE TRANSACTION-SPECIFIC PROSPECTUS**

For a non-renounceable pro-rata Rights Issue of approximately 21,900,274 Shares on the basis of one (1) new Share for every ten (10) Shares held by Qualifying Shareholders as at 5:00pm WST on the Record Date, at an issue price of \$0.11 per Share together with 1 Option for every Share acquired free of charge (each to acquire 1 fully paid ordinary Share at an exercise price of \$0.20 per Share, exercisable at any time up to and including 30 June 2014). This Rights Issue if fully subscribed will raise \$2,409,030.18 (before expenses of the Offer).

### **IMPORTANT INFORMATION**

This Prospectus is a transaction-specific prospectus issued under section 713 of the Corporations Act. This Prospectus is not required to, and does not, contain all of the information that is generally required to be set out in a prospectus, including general information in relation to the assets and liabilities, financial position, profits and losses or prospects of the Company. This Prospectus generally only contains information in relation to the effect of the Rights Issue on the Company and the rights and liabilities attaching to the Shares and Options offered to Qualifying Shareholders under this Prospectus.

This is an important document that should be read in its entirety. If you do not understand it you should consult your professional advisers.

This Offer is fully Underwritten.

**THE SHARES AND OPTIONS OFFERED UNDER THIS PROSPECTUS ARE OF A SPECULATIVE NATURE.**

## **IMPORTANT STATEMENT**

This Prospectus is dated 14 April 2011.

A copy of this Prospectus was lodged with ASIC on 14 April 2011. Neither ASIC nor ASX take any responsibility for the contents of this Prospectus.

This Prospectus contains an offer to Qualifying Shareholders whose registered addresses are in Australia and New Zealand, and has been prepared to comply with the requirements of the securities laws of Australia and New Zealand. Distribution of this Prospectus in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus should seek advice and observe any such restrictions. Any failure to comply with such restrictions may constitute a violation of applicable securities laws. This Prospectus does not constitute an offer in any place in which, or to any person to whom, it would not be lawful to make an offer. No action has been taken to register this Prospectus, the New Shares or New Options or the Rights, or otherwise permit an offering of the New Shares or New Options or the Rights, in any jurisdiction outside of Australia or New Zealand.

No New Shares or New Options will be issued on the basis of this Prospectus later than 13 months after the date of this Prospectus.

Application has been made for permission for the New Shares and New Options offered by this Prospectus to be admitted to Quotation on the ASX. However, although the Company has applied for Quotation of the New Options, this Offer is not conditional upon Quotation of the New Options, and no representation is made that this will occur.

The New Shares and New Options offered under this Prospectus are of a speculative nature. Qualifying Shareholders should read this Prospectus in its entirety and, if in any doubt, consult with their professional advisors before deciding whether to apply for New Shares and accompanying New Options. In particular, it is important that Qualifying Shareholders consider the risk factors set out in section 5 of this Prospectus. The New Shares and New Options offered under this Prospectus carry no guarantee in respect of return of capital, return on capital investment, payment of dividends or the future value of the Shares or Options.

### **DISCLAIMER**

No person is authorised to give any information or to make any representation in connection with the Rights Issue which is not contained in this Prospectus. Any information or representation not contained in this Prospectus may not be relied on as having been authorised by Eden (or its Directors or advisers) in connection with this Rights Issue.

### **PROSPECTUS AVAILABILITY**

This Prospectus is only available in a paper version. Qualifying Shareholders with registered addresses in Australia and New Zealand will be sent a copy of this Prospectus on 6 May 2011. In addition, Qualifying Shareholders can obtain a copy of this Prospectus during the Rights Issue on the Eden website at [www.edenenergy.com.au](http://www.edenenergy.com.au) or by calling Mr Aaron Gates, Company Secretary, Eden, by telephone on (+618) 9282 5816. A personalised Acceptance Form will accompany the paper copy of the Prospectus which will be mailed to Qualifying Shareholders on 6 May 2011.

Neither this Prospectus nor the accompanying Acceptance Form may be sent to Qualifying Shareholders outside of Australia and New Zealand or otherwise distributed outside of Australia and New Zealand.

## **TRANSACTION-SPECIFIC PROSPECTUS**

This Prospectus is a transaction-specific prospectus issued in accordance with section 713 of the Corporations Act. This Prospectus is not required to, and does not, contain all the information that is generally required to be set out in a prospectus, including general information in relation to the assets and liabilities, financial position, profits and losses or prospects of the Company. This Prospectus generally only contains information in relation to the effect of the Rights Issue on the Company and the rights and liabilities attaching to the New Shares and New Options offered to Qualifying Shareholders under this Prospectus.

Section 7 of this Prospectus sets out further information in relation to the nature and contents of this Prospectus.

## **DEFINITIONS AND ABBREVIATIONS**

Throughout this Prospectus abbreviations and defined terms are used. Defined terms are generally identified by the use of an uppercase first letter. Details of the definitions and abbreviations used are set out in section 8 of this Prospectus.

## SUMMARY OF OFFER

This information is intended as a summary only and should be read in conjunction with the more detailed information appearing elsewhere in this Prospectus. Applicants should read this entire Prospectus, including the risks in section 5, in order to make an informed decision about acquiring New Shares and New Options.

### 1. INVESTMENT HIGHLIGHTS

The funds to be raised under this Rights Issue are to be used to progress the Company's primary projects which are its:

- New pyrolysis project, which produces hydrogen and either carbon nanotubes or carbon nanofibres from natural gas, and from which the first modest commercial sale of carbon has been achieved;
- Hythane® technology, predominately in India, which is anticipated to benefit greatly from the low cost hydrogen supply that will also be produced in the pyrolysis process;
- Optiblend® dual fuel technology in India and US that enables diesel generators to operate on a mixture of diesel and natural gas and which technology is already generating sales revenue; and
- UK coal bed methane, natural gas and shale gas project that is anticipated to contain a significant sized gas resource, and which the Company is considering spinning off into a new listed vehicle in which the Company will hold a significant shareholding.

### 2. KEYPOINTS<sup>1</sup>

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New Share Issue Price	\$0.11 per New Share
Qualifying Shareholder Entitlement	1 New Share for every 10 Existing Shares held on the Record Date (together with 1 free accompanying New Option for every New Share acquired under this Prospectus)
Approximate number of New Shares to be issued under this Rights Issue	Up to 21,900,274
Approximate number of New Options to be issued under this Rights Issue	Up to 21,900,274
Approximate amount to be raised under this Rights Issue (before expenses of the Offer)	Up to \$2,409,030.18

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<sup>1</sup> These figures assume that none of the existing Options are converted to Shares prior to the Record Date. If this occurs, the number of New Shares and New Options, and the amount raised, under this Rights Issue may increase.

### 3. SUMMARY OF IMPORTANT DATES

Lodgement of Prospectus at ASIC	14 April 2011
Lodgement of Prospectus and Appendix 3B with ASX	15 April 2011
Notice sent to Shareholders	18 April 2011
Ex date	29 April 2011
Record Date to determine Entitlements	5 May 2011
Prospectus with Acceptance Form despatched to Qualifying Shareholders	6 May 2011
Closing Date of the Offer	20 May 2011
New Shares and New Options quoted on a deferred settlement basis	23 May 2011
ASX notified of under subscriptions	25 May 2011
Despatch of holding statements	27 May 2011

This timetable is indicative only and subject to change. The Company reserves the right, subject to the Corporations Act and the Listing Rules, to vary the above dates (including, without limitation, to extend the Closing Date or to close this Rights Issue early), or to withdraw this Rights Issue and Prospectus at any time, without prior notice. Any extension of the Closing Date will have a consequential effect on subsequent milestones set out above.

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## 1. CHAIRMAN'S LETTER

Dear Shareholder

During the past two and a half years since the global financial crisis, at which time the Company was forced to sell a portion of its UK gas assets and some of its US hydrogen / cryogenic assets to raise more than \$7.5 million in working capital, the Company has been able to rationalise, restructure and consolidate its operations in the US, India, Australia and UK and the Directors believe that the future prospects for the Company look very promising.

Our primary focus over the next twelve to eighteen months is now limited to four areas, being the:

- exciting new pyrolysis project, which produces hydrogen and either carbon nanotubes or carbon nanofibres from natural gas, and from which the Company has already achieved its first modest commercial sale of carbon;
- Hythane® technology, predominately in India, which is anticipated to benefit greatly from the hydrogen that will also be produced in the pyrolysis process;
- Optiblend® dual fuel technology in India and US that is already generating sales revenue; and
- UK coal bed methane, natural gas and shale gas project, which the Company is considering spinning off into a new listed vehicle in which the Company will hold a significant shareholding.

As part of this rationalisation, the Company also sold its interest in a geothermal licence in South Australia to Origin Energy for \$1.7 million, and has secured a suspension of its remaining geothermal exploration licences and a petroleum exploration in South Australia whilst it looks for a potential buyer (failing which it will relinquish these licences).

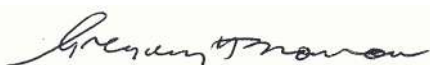
The Company's cash reserves are, however, at a low level and in order to fund the next phase of the Company's development which will see the completion of the up-scaling of the pyrolysis project to a small scale commercial level, it has been decided to undertake this fully underwritten, non-renounceable, pro-rata rights issue, to both raise the necessary funds and to also give Shareholders who wish to do so, the opportunity to increase their Shareholding knowing that their contribution is going towards funding the Company.

I urge Shareholders to read this Prospectus carefully.

I would point out that Noble Energy Pty Ltd (a subsidiary of Tasman Resources, of which I am also a director), the largest Shareholder in the Company, is not only planning to take up its Entitlement, but has also agreed to sub-underwrite up to a further \$550,000.00 worth of the Issue.

I commend this Rights Issue to you.

Yours sincerely



Gregory H Solomon  
Chairman

## **2. DETAILS OF THE OFFER**

### **2.1 Shares and Options offered for subscription**

A non-renounceable pro rata rights issue to Qualifying Shareholders of approximately 21,900,274 New Shares and 21,900,274 New Options (assuming that none of the existing Options of the Company are converted to Shares prior to the Record Date) on the basis of 1 New Share for every 10 Existing Shares held as at the Record Date at an issue price of \$0.11 each, together with 1 New Option free of charge for every New Share acquired (each New Option to acquire 1 Share at an exercise price of \$0.20 exercisable at any time up to and including 30 June 2014), to raise approximately \$2,409,030.18 before expenses of the Offer.

All New Shares issued pursuant to this Prospectus will be issued as fully paid ordinary shares and will rank equally in all respects with the Existing Shares (see section 7.4 of this Prospectus).

The New Options to be issued under this Prospectus will be issued on the terms and conditions set out in section 7.5 of this Prospectus. Each New Option is to acquire 1 fully paid ordinary Share at an exercise price of \$0.20 per Share exercisable at any time up to and including 30 June 2014.

As this Rights Issue is non-renounceable, Qualifying Shareholders who do not wish to exercise their Rights to subscribe for some or all of the New Shares (and accompanying New Options) being offered to them under this Prospectus may not sell or otherwise transfer those Rights, and those Rights will lapse upon the expiry of the Offer Period.

### **2.2 Entitlement to participate in the Rights Issue**

Shareholders who are registered on the Company's Share Register and whose registered addresses are in Australia or New Zealand (Qualifying Shareholders) at the close of business on the Record Date, being 5.00 pm WST on 5 May 2011, are eligible to participate in the Offer.

Fractional Entitlements will be rounded up to the nearest whole number of New Shares and accompanying New Options. For this purpose, holdings in the same name are aggregated for calculation of Entitlements. If Eden considers that holdings have been split to take advantage of rounding, the Company reserves the right to aggregate holdings held by associated Qualifying Shareholders for the purpose of calculating Entitlements.

An Acceptance Form setting out Qualifying Shareholders' Entitlements to New Shares and New Options accompanies this Prospectus.

### **2.3 Applications**

This Offer may be accepted by Qualifying Shareholders in whole or in part prior to the Closing Date, subject to the right of the Company to extend the Offer Period or close the Offer early.

Instructions for accepting an Entitlement are set out in section 3 of this Prospectus and on the Acceptance Form which accompanies this Prospectus.



## 2.4 Application money

All Qualifying Shareholders who accept the Offer made to them in its entirety will receive their Entitlement in full.

New Shares and accompanying New Options will be issued only after all Application Money has been received and ASX has granted permission for the New Shares to be quoted. It is expected that the New Shares and New Options will be issued on 27 May 2011 and Quotation on ASX is expected to commence on 30 May 2011.

All Application Money received before New Shares and accompanying New Options are issued will be held in a special purpose trust account. After the New Shares and New Options are issued to Qualifying Shareholders, the funds in the account, plus accrued interest, will be received by the Company. All Application Moneys will be returned (without interest) if this Rights Issue is withdrawn or otherwise does not proceed.

If the New Shares are not admitted to Quotation by ASX within 3 months after the date of this Prospectus (or any longer period permitted by ASIC), the Company will refund all Application Money in full. Although the Company has applied for Quotation of the New Options, this Offer is not conditional upon Quotation of the New Options, and no representation is made that this will occur.

## 2.5 Issue outside Australia and New Zealand

This Prospectus does not constitute an offer of Securities in any place outside Australia and New Zealand in which, or to any person to whom, it would not be lawful to make such an offer or to issue the Prospectus. The distribution of this Prospectus and the accompanying Acceptance Form in jurisdictions outside Australia and New Zealand may be restricted by law and persons who come into possession of this Prospectus and the accompanying Acceptance Form (including nominees, trustees or custodians) should seek advice on and observe those restrictions. Any failure to comply with those restrictions may constitute a violation of applicable securities laws.

No action has been taken to register the Rights, the New Shares or New Options or this Prospectus or otherwise permit an offering of the New Shares or New Options or the Rights in any jurisdiction outside of Australia or New Zealand. Without limitation, the Rights and the New Shares and New Options have not been, and will not be, registered under the *US Securities Act 1993* (as amended) or the securities laws of any State of the United States of America and may not be offered in the United States of America or to, or for the account of or benefit of, US persons.

## 2.6 Treatment of Non-Qualifying Foreign Shareholders

The Offer in this Prospectus is not being extended to any Shareholder, as at the Record Date, whose registered address is not situated in Australia or New Zealand (Non-Qualifying Foreign Shareholders) because of the small number of such Shareholders, the small number and value of the Securities which would be offered to Non-Qualifying Foreign Shareholders and the cost of complying with applicable regulations in jurisdictions outside Australia and New Zealand. The Prospectus is sent to those Shareholders for their information only.

The Offer contained in this Prospectus to Qualifying Shareholders with registered addresses in New Zealand is made in reliance on the *Securities Act (Overseas Companies) Exemption Notice 2002* (New Zealand) (as amended). Members of the public in New Zealand who are not existing Shareholders on the Record Date are not entitled to apply for any New Shares or accompanying New Options.

Recipients may not send or otherwise distribute this Prospectus or the accompanying Acceptance Form to any person outside Australia or New Zealand (other than to Qualifying Shareholders).

## **2.7 ASX Quotation of New Shares and New Options**

The Company has applied to the ASX for the New Shares and New Options offered under this Prospectus to be granted Quotation.

If approval for Quotation of the New Shares is not granted within 3 months after the date of this Prospectus (or any longer period permitted by ASIC), the Company will not allot or issue any New Shares or New Options pursuant to this Rights Issue and will repay all Application Moneys without interest as soon as practicable.

Although the Company has applied for Quotation of the New Options, this Offer is not conditional upon Quotation of the New Options, and the New Options may not be quoted on the ASX. Quotation of the New Options may not be granted by ASX if, among other things, there are less than 100,000 New Options on issue or the New Options issued are held by less than 50 Optionholders with a marketable parcel (within the meaning of that term in the ASX Listing Rules) of New Options.

Subject to approval being granted by ASX, it is expected that Quotation of the New Shares and New Options issued under this Rights Issue will commence on ASX on a normal basis on 30 May 2011.

It is the responsibility of all Qualifying Shareholders to determine their allocation prior to trading in New Shares or New Options. Qualifying Shareholders who trade or otherwise deal with New Shares or New Options before they receive holding statements will do so at their own risk. The Company disclaims all liability in tort (including negligence), statute or otherwise to persons who trade or otherwise deal with New Shares or New Options before receiving holding statements.

ASX takes no responsibility for the contents of this Prospectus. The fact that the ASX may approve Quotation of the New Shares or New Options is not to be taken in any way as an indication of the merits of the Company or the New Shares or New Options offered under this Prospectus.

## **2.8 Allotment of New Shares and New Options**

Subject to ASX granting approval for Quotation of the New Shares, the allotment of the New Shares and New Options to Qualifying Shareholders will occur as soon as possible after this Rights Issue is closed, following which holding statements of New Share and New Option holdings will be despatched.

## **2.9 Minimum subscriptions and oversubscriptions**

There is no minimum subscription to this Rights Issue, and no oversubscriptions will be accepted.

## **2.10 Underwriting**

This Rights Issue is fully underwritten by RM Corporate Finance Pty Ltd A.C.N. 108 084 386 ("RMCF"). A summary of the terms and conditions of the underwriting agreement is set out in section 7.7 of this Prospectus.

Tasman Resources, through its subsidiary Noble Energy Pty Ltd (the largest Shareholder of the Company), has agreed with RMCF to sub-underwrite up to 5,000,000 New Shares for a total amount of \$550,000.00. A summary of this sub-underwriting agreement is set out in section 7.8 of this Prospectus.

## 2.11 Purpose of the Issue

The purpose of this Rights Issue is to raise up to \$2,409,030.18 (before expenses of the Offer) for general working capital purposes to fund the on-going operations of the Company, including the commercial scale-up of the Company's pyrolysis hydrogen/carbon project in the USA and India, planned Indian Hythane bus demonstration projects, litigation and a possible spin-off into a new listed vehicle of the Company's interest in the UK coal bed methane and shale gas project (announced in the Company's ASX quarterly report for the period ended 30 September 2010).

## 2.12 Market prices of Existing Shares on ASX

The highest and lowest market sale price of the Existing Shares during the 3 months immediately preceding the lodgement of this Prospectus with ASIC, and the last market sale price on the date before the lodgement date of this Prospectus, are set out below.

	3-Month High (on 15 March 2011)	3-Month Low (on 17 February 2011)	Last Market Price (on 13 April 2011)
Existing Shares	\$0.19	\$0.084	\$0.11

## 2.13 Opening and Closing Dates

Subscription lists will open on 6 May 2011 and will remain open until 5.00pm WST on 20 May 2011. Subject to the requirements of the Corporations Act and the Listing Rules, the Company may either close this Rights Issue at an earlier time and date or extend the closing time and date without prior notice. Qualifying Shareholders are encouraged to submit their Applications as early as possible.

No New Shares or New Options will be issued under this Prospectus later than 13 months after the date of this Prospectus.

## 2.14 Indicative timetable

Refer to the "Summary of Offer" at the beginning of this Prospectus for an indicative Offer timetable.

## 2.15 Existing Shares

There are currently 219,002,744 Shares on issue in the Company. If this Rights Issue is fully subscribed, and assuming that none of the existing Options are converted to Shares before the Record Date, a total of 240,903,018 Shares will be on issue in the Company at the conclusion of this Rights Issue.

## 2.16 Existing Options

There are currently 18,671,854 unlisted Options on issue in the Company. If this Rights Issue is fully subscribed, and assuming that none of the existing Options are converted to Shares before the Record Date, a further 21,900,274 Options exercisable at \$0.20 each on or before 30 June 2014 will then be on issue in the Company, each of which will entitle the holder to subscribe for 1 Share, on the terms and conditions detailed in section 7.5 of this Prospectus. Application has been made to ASX for the New Options offered under this Prospectus to be granted Quotation. However, although the Company has applied for Quotation of the New Options, this Offer is not conditional upon Quotation of the New Options, and no representation is made that this will occur.

The terms and conditions of the Options currently on issue in the Company are set out in section 7.6 of this Prospectus.

## **2.17 No commission payable on New Shares and New Options**

Except for the fees payable under the underwriting agreement referred to in sections 2.10 and 7.7 of this Prospectus, no commission will be payable by the Company in connection with any New Shares and New Options which are issued under this Prospectus.

Please see section 7.7 of this Prospectus for details of the fees payable under the underwriting agreement.

## **2.18 Effect on existing Shareholders and Optionholders**

As at the date of this Prospectus the Company has on issue 219,002,744 Shares and 18,671,854 Options. Details of the Options on issue are set out in sections 2.16 and 7.6 of this Prospectus.

For the effect this Rights Issue will have on Shareholders' and Optionholders' existing interests, please see section 6.3 of this Prospectus.

## **2.19 Existing Optionholders**

Holders of existing Options may participate in this Rights Issue by exercising any or all of their Options prior to the Record Date. As at the date of this Prospectus there are 18,671,854 Options on issue in the Company.

Each Option entitles the holder to acquire 1 Share. A summary of the terms and conditions of the Options currently on issue in the Company is contained in section 7.6 of this Prospectus. All of the Options (except 200,000) are capable of being exercised. If all of the Options capable of exercise (18,471,854) were exercised before the Record Date, an additional 18,471,854 Shares would then be issued. In addition, in the event that all of the Rights in respect of these additional Shares were subscribed for, an additional 1,847,185 New Shares (together with 1,847,185 accompanying New Options) would be issued under this Rights Issue, and a further \$203,190.39 would be raised under this Rights Issue.

## **2.20 CHESS**

The Company participates in the Clearing House Electronic Sub-register System (CHESS), operated by ASTC (a wholly owned subsidiary of ASX), in accordance with the Listing Rules and SCH Business Rules. The Company operates an electronic issuer-sponsored sub-register and an electronic CHESS sub-register. The two sub-registers together make up the Company's principal register of securities.

Under CHESS, the Company does not issue certificates to investors. The Company will provide Qualifying Shareholders with holding statements setting out the number of New Shares and New Options allotted to that Qualifying Shareholder under this Prospectus.

## **2.21 No valuation**

No formal valuation has been completed of any of the assets, or the New Shares or New Options, of the Company.

## 2.22 Risk factors

In addition to the general risks applicable to all investments in listed companies, there are specific risks associated with an investment in the Company. Please see section 5 of this Prospectus for further information.

## 2.23 Acknowledgment and privacy Statement

By returning an Acceptance Form, each Qualifying Shareholder acknowledges that they have received and read this Prospectus.

As Qualifying Shareholders are already shareholders of the Company, the Company and its share registry (Advanced Share Registry Services) have already collected certain personal information from Qualifying Shareholders. However, if Qualifying Shareholders apply for New Shares and New Options pursuant to this Prospectus, they will be supplying new, additional, or updated personal information (by its inclusion on the Acceptance Form) to the Company.

The information included on an Acceptance Form is used for the purposes of processing the Acceptance Form and to administer the Qualifying Shareholder's holding of Shares and Options. By submitting an Acceptance Form, each Qualifying Shareholder agrees that the Company may use the information provided by a Qualifying Shareholder on the Acceptance Form for the purposes set out in this privacy statement and may disclose it for those purposes to Advanced Share Registry Services and the Company's related bodies corporate, agents and contractors and third party service providers, including mailing houses, professional advisers (eg auditors, lawyers and accountants), technology support providers and to ASX and other regulatory authorities.

The Corporations Act requires the Company to include information about each Shareholder (including name, address and details of the Shares and Options held) in its public register. The information contained in the Company's public register must remain there even if that person ceases to be a Shareholder. Information contained in the Company's register is also used to facilitate payments and corporate communications (including the Company's financial results, annual reports and other information that the Company wishes to communicate to its Shareholders) and compliance by the Company with legal and regulatory requirements.

Under the *Privacy Act 1998* (Cth), Shareholders have a right to gain access to personal information that the Company holds about that person, subject to certain exemptions under law. A fee may be charged for access. Access requests must be made in writing to the Company's registered office.

If you do not provide the information required on the Acceptance Form, the Company may not be able to accept or process your Acceptance Form.

## 2.24 Enquiries In Relation to this Issue

This Prospectus provides information for Qualifying Shareholders and should be read in its entirety. Enquiries concerning the Acceptance Form or about subscribing for New Shares and accompanying New Options under this Rights Issue should be directed to the Company by telephone on (+618) 9282 5889 or facsimile on (+618) 9282 5866.

If after reading this Prospectus or contacting the Company you have any questions about any aspect of an investment in the Company, please consult your stockbroker, accountant or independent financial advisor.

### **3. ACTION REQUIRED BY QUALIFYING SHAREHOLDERS**

#### **3.1 What you may do - choices available**

If you are a Qualifying Shareholder, you may take any of the following actions:

- take up all of your Rights (refer to section 3.2);
- take up part of your Rights and allow the balance to lapse (refer to section 3.3); or
- do nothing (refer to section 3.4).

However, you may not sell or otherwise transfer all or part of your Rights to another person.

#### **3.2 Taking up all of your Rights**

If you are a Qualifying Shareholder and you wish to take up all of your Rights, you must complete the personalised Acceptance Form accompanying this Prospectus in accordance with the instructions set out on that form.

You should then forward the completed Acceptance Form, together with your cheque, money order or bank draft for the Application Moneys, to reach one of the following addresses by no later than 5.00 pm WST on 20 May 2011:

**By mail:**           **Eden Energy Limited**  
                          **c/- Advanced Share Registry Services**  
                          **PO Box 1156**  
                          **Nedlands, Western Australia, 6909**

**By delivery:**    **Eden Energy Limited**  
                          **c/- Advanced Share Registry Services**  
                          **150 Stirling Highway**  
                          **Nedlands, Western Australia, 6009**

#### **3.3 Taking up part of your Rights and allowing the balance to lapse**

If you are a Qualifying Shareholder and wish to take up part of your Rights and allow the balance of your Rights to lapse, complete the accompanying Acceptance Form in accordance with the instructions set out in that form and forward that form, together with your cheque, money order or bank draft for the Application Moneys for the New Shares and accompanying New Options you wish to subscribe for, to reach one of the following addresses by no later than 5.00 pm WST on 20 May 2011:

**By mail:**           **Eden Energy Limited**  
                          **c/- Advanced Share Registry Services**  
                          **PO Box 1156**  
                          **Nedlands, Western Australia, 6909**

**By delivery:**    **Eden Energy Limited**  
                          **c/- Advanced Share Registry Services**  
                          **150 Stirling Highway**  
                          **Nedlands, Western Australia, 6009**

### 3.4 Consequences of doing nothing – rights not taken up

If you decide not to take up all or part of your Rights, any Rights not taken up will lapse at the expiration of the Offer Period.

You will receive no benefit if you do not take up your Rights.

### 3.5 Acceptance Forms

**New Shares and accompanying New Options will only be issued on receipt of an Acceptance Form which was issued together with this Prospectus.**

A completed and lodged Acceptance Form, together with payment for the number of New Shares and accompanying New Options accepted, cannot be withdrawn and constitutes a binding application for, and acceptance of, the number of New Shares and New Options specified in the Acceptance Form on the terms set out in this Prospectus. The Acceptance Form does not need to be signed to be binding.

Acceptance Forms which do not specify an Australian or New Zealand address for service (or which are accompanied by payment drawn on a foreign bank account) will be rejected and returned unless Qualifying Shareholders provide evidence which satisfies the Company that the issue of the New Shares and accompanying New Options will not contravene the laws of any other jurisdiction.

No brokerage or duty is payable by Qualifying Shareholders on the issue of New Shares and accompanying New Options.

**If the Acceptance Form is not completed correctly the Company may reject it or treat it as valid. The Company's decision as to whether to reject the Acceptance Form or treat it as valid and how to construe, amend or complete it is final.**

### 3.6 Payment upon taking up your Entitlement

The Issue Price for the New Shares and accompanying New Options is payable in full on acceptance and must be made by cheque, money order or bank draft in Australian currency drawn on an Australian branch of a financial institution for the amount of the Application Money. Cheques, money orders or bank drafts must be payable to: "Eden Energy Ltd Rights Issue" and crossed "Not Negotiable". No brokerage or duty is payable by Qualifying Shareholders. Do not forward cash. Receipts for payments will not be issued.

### 3.7 Overseas Shareholders (Non-Qualifying Foreign Shareholders)

Shareholders with registered addresses outside Australia and New Zealand should refer to sections 2.5 and 2.6 of this Prospectus.

## **4. COMPANY OVERVIEW**

### **4.1 Background**

Eden was incorporated in Australia in May 2004 as a wholly owned subsidiary of Tasman Resources.

Eden undertook an initial public offering pursuant to a prospectus in March 2006 and was admitted to Quotation on the Official List of the ASX on 6 June 2006.

### **4.2 Directors**

The current Directors of the Company are:

- Gregory Howard Solomon, LLB (Executive Chairman)
- Douglas Howard Solomon, B. Juris (Hons), LLB (Non-Executive Director)
- Guy Touzeau Le Page, B.A., B.Sc. (Hons), M.B.A., ASIA, MAusIMM (Non-Executive Director)
- Richard Jonathan Beresford FAICD FAIE (Non-Executive Director)

### **4.3 Pyrolysis Project**

Through this technology, methane (natural gas) is broken down into its atomic constituents of hydrogen gas and solid carbon, without the production of carbon dioxide. The solid carbon is produced as either carbon nano-fibres ("CNF") or carbon nanotubes ("CNT"), depending upon the particular catalyst that is used, and each has both high strength and electrical and thermal capabilities.

If successfully piloted on a commercial scale, the process may have important implications for the widespread commercialisation of these ultra-strong and highly conductive forms of carbon that can be used in various electrical applications including batteries, and as an additive to various materials such as concrete, rubber and plastics. Additionally it may produce low cost hydrogen.

The Company now owns 100% of this technology having purchased the 50% interest of the University of Queensland ("UQ") in 2010 (for a consideration of 3,7500,000 shares in the Company, escrowed for 24 months).

#### **4.3.1 Scale-up in USA**

Since August 2010, the Company has made progress in the initial up-scaling of the technology in-house at Hythane Company's laboratory in Denver, Colorado, USA, with the ongoing support and involvement of the engineers from UQ. The up-scaling process has involved the building of both in-house catalyst production capability and the required reformer in which the methane is separated into carbon and hydrogen.

The Company's pyrolysis process and catalyst production capability is currently being scaled-up to a small scale commercial production level of up to 100 tonnes of carbon per year, and is planned to be completed by the end of 2011, which, if successful, will open the way to a commercial rollout in 2012, with initial deployment being planned for India.



In India, where the Company is planning to demonstrate its hydrogen enriched Hythane® fuel in two bus trials later in 2011, establishing a market for a significant quantity of the nano-carbon products will not only enable production of significant quantities of low cost hydrogen but also a significant amount of valuable carbon nano-products.

#### 4.3.2 **Market progress**

Initial progress has been made in establishing markets for the carbon products.

##### **Batteries**

The Company has made its first commercial sale of its CNT and CNF to an industrial battery manufacturer. Whilst the first sale was of only a relatively small quantity of carbon, it is nevertheless understood to be sufficient for possibly up to 1000 batteries, but most importantly is confirmation from the market of the commercial acceptability of the Company's carbon nano-products for electrical applications.

##### **Concrete**

The Company has achieved encouraging results in trials in US, where initial trials have shown that the addition of CNF equal to 0.1% (by weight) of the amount of the cement in concrete can increase compressive strength by up to 19% without affecting the flexural strength of the concrete. This potential improvement in compressive strength is relevant to all grades of concrete.

Several leading Indian concrete manufacturers have expressed interest in testing the Company's CNF as an additive to concrete to increase its performance, particularly the compressive strength. This is hoped to open up a significant market for CNF in the enormous Indian concrete market.

The Company is also conducting a range of further tests of the CNF-enhanced concrete to further optimise the compressive strength benefits and to also test the effect on a number of other properties of the concrete, that are relevant to specific applications such as high strength concrete used in the construction of bridges, flyovers and high rise buildings, and ultra-hard concrete for use in high impact applications.

##### **Rubber and plastics**

The Company intends to commence testing, at the Hythane Company's laboratory in Colorado, USA, the effects of mixing CNT and CNF with rubber and plastic, with a view to testing the effect that the substitution of CNT for carbon black will have on the tensile strength and strain density of the rubber (and its potential to result in lighter, longer life tyres), and the effect of the addition of CNT and CNF to plastic on the strength, and electrical and thermal conductivity of plastic.

#### 4.4 **Hydrogen / Hythane® projects**

##### 4.4.1 **Indian Hythane projects**

The Company has been actively promoting in India since 2005, the use of Hythane®, a patented blend of natural gas and hydrogen (approximately 15-20% by volume) as a high efficiency, ultra-low emission premium blend of natural gas.

During that time the Company has, both directly and through both its US subsidiary, Hythane Company and its Indian subsidiary, Eden Energy India, achieved the following:

- assisted in providing the necessary information that led to the adoption by the Indian Government of its 2006 Hydrogen Roadmap that identifies hydrogen enriched natural gas (or HCNG as it is generically known) as the transitional fuel on the path to a full hydrogen economy. This Roadmap envisages 20% of all vehicles operating on a hydrogen-based fuel by 2020, and 100% operating on a hydrogen-based fuel by 2050;
- assisted in providing the necessary information that led to the development of the draft Indian standards for Hythane® vehicles and refueling stations and the Indian standard for HCNG (18% hydrogen in natural gas);
- developed between 2007 and 2010 the first Indian Hythane bus engines with Ashok Leyland, the largest Indian bus manufacturer;
- built in 2009 for Indian Oil Corporation ("IOC"), the nodal agency charged with arranging for the promotion of hydrogen on behalf of the Indian Ministry of New and Renewable Energy (MNRE), the first public Hythane® station at IOC's natural gas station at Dwarka, near the Indira Gandhi International Airport near New Delhi; and
- entered into preliminary agreements, firstly with the Gas Authority of India ("GAIL") and Mahanagar Gas Ltd ("MGL") (the Mumbai city gas distribution company) to conduct a trial of Hythane® fueled buses in Mumbai, and secondly with Gujarat State Petroleum to conduct a similar trial in Gujarat. However, partly due to changes in senior management in these companies, and in the bus companies where these trials were to be undertaken, and the new personnel wanting to review these commitments and the financial aspects, these projects have not been actively proceeding now for more than six months. However, recent discussions in relation to both the project in the Mumbai (with GAIL, MGL and BEST, the Mumbai government bus operator) and the Gujarat project (with GSPC Gas) have re-started both of these projects, each of which is still hoped to be operational during 2011. These projects, provided that they proceed, are now planned to involve firstly a two bus trial of Hythane® fuel, with the hydrogen planned to be supplied from bottled hydrogen, followed by a second stage, planned for the second half of 2012, of up to 35 buses in each project, with the hydrogen being supplied by the Company from its new pyrolysis reformers. These reformers are planned to be installed on site, and will produce both the required hydrogen, and also carbon products that the Company hopes to be able to sell into the Indian market.

During the past two years, various vehicle manufacturers, with funding from the MNRE and assistance from the Society of Indian Automobile Manufacturers ("SIAM") and IOC, have developed the following seven types of vehicles to run on HCNG fuel:

- two models of three-wheel autorickshaws;
- one SUV;
- one passenger car; and
- three models of mini-buses.

The MNRE is now funding an extended field trial of these seven HCNG vehicles in Delhi, with refueling at either the Dwarka public Hythane station and at IOC's research and design facility near Delhi. SIAM will also participate by testing the vehicles' emissions and efficiency at regular intervals.

This field trial will add significant national momentum to the overall Indian HCNG programme and the Company is encouraged that its considerable efforts to date to develop Hythane® fuelled buses and to build HCNG refueling stations will be rewarded in due course as a significant Hythane® vehicle market develops in India as the supply of natural gas spreads from the 30 cities where it is currently available to the more than 300 cities where it is planned over the next 5-10 years.

As part of this development, the Company plans to promote its pyrolysis technology, by which hydrogen and CNT and CNF are produced from natural gas, as a cost effective means to produce the hydrogen necessary for the rollout of HCNG across India.

### ***Collaboration agreement with ARAI***

The Company also entered into an agreement with the Automotive Research Association of India (“ARAI”) to collaborate to promote in India the use of hydrogen and hydrogen enriched natural gas (HCNG or Hythane®) as a premium blend of natural gas for internal combustion engines.

This agreement, with a leading Indian automotive industry body, is an important step in the promotion in India of the use of both hydrogen and hydrogen enriched natural gas as vehicle fuels in India.

ARAI, which was established in 1996 in Pune, India by the Indian automotive industry and affiliated with the Indian Government’s Ministry of Heavy Industries and Public Enterprises, is one of the leading research and design, testing and certification organisations in India.

Under the terms of the agreement, the Company (and where appropriate its subsidiaries) and ARAI have agreed to collaborate on projects that may arise including in the areas of:

- engine and engine component development for hydrogen and HCNG applications;
- testing of hydrogen and HCNG engines developed by the Company for different regulations;
- development of standards and regulations; and
- demonstration projects, including the first Hythane® bus demonstration project planned by the Company in the near future in Mumbai in collaboration with GAIL and MGL, where ARAI would lend its general support such as assisting as required with vehicle layout evaluation for the Hythane® bus.

#### **4.4.2 US Hythane® Project**

##### ***San Francisco International Airport ("SFO")***

This proposed project, for which Hythane Company has received funding approval for station infrastructure as well as the conversion of 13 Ford E-450 airport shuttles to run on Hythane®, will demonstrate the practicality of Hythane® vehicles for large-scale projects across the US.

Hythane Company is currently negotiating the terms of the lease of the site, and it is hoped that the project will be able to commence in the second half of 2011.

## 4.5 **Dual fuel technology**

The Company, through its wholly owned US subsidiary Hythane Company and Indian subsidiary Eden Energy India, is expanding sales in US, India and also into new countries of its US developed OptiBlend® dual fuel kit.

The OptiBlend® system is an innovative retrofit technology, developed by Hythane Company, that enables diesel engines to be operated on a fuel mixture of diesel fuel and natural gas. Up to 70-75% of the diesel fuel can be displaced with natural gas. This produces increasingly cheaper fuel as the price of diesel fuel increases and price of natural gas falls, as is happening in US, Europe and many other countries as the supply of natural gas grows at a time of increasing oil prices. Additionally, the OptiBlend® system produces a far cleaner exhaust with much lower levels of particulates and greenhouse gases such as carbon dioxide and oxides of nitrogen (NOx).

Marketing of OptiBlend® to date has focused on large, stationary diesel powered generator sets in India and US, in each of which there are increasing sales and market opportunities.

### **India**

In India, the first three installations in 2009-2010 were in tea plantations in north eastern India, followed in 2010 by an installation in Mumbai on a Cummins 1250kva generator set at one of the largest engineering companies in India.

In January 2011, a successful installation at a large machinery manufacturer in near Delhi was undertaken on another Cummins 1250kva generator set and a further order has now been received from the same customer for a second similar installation. The displacement of diesel fuel in the first installation at this customer's site is more than 70% and the payback period to recover the total capital and installation costs will be less than 12 months, and could be as low as 4-6 months, depending on loading and the number of hours per day that the generator set operates. This customer alone has almost forty such generator sets at its various plants in India, and is anticipated to progressively convert these to dual fuel operation as natural gas becomes available across the country over the next few years.

Two other sales of OptiBlend® kits have since occurred in Kanpur, another Indian city.

Quotes have been provided to many other potential customers in various cities across northern and western India, and another new order has been received from a new industrial customer in a second northern city where natural gas has become available. The sales price of an installed OptiBlend® kit varies according to the configuration of the engine, but is often in the range of US\$25,000 - \$40,000.

### **USA**

In US, Hythane Company has installed its OptiBlend® kit on a generator set at one of the largest US gas utilities, on a 2561 hp engine, demonstrating the capability of the OptiBlend® on large, high-speed engines.

### **International Markets**

Whilst India and the United States have been mainstays for the technology to date, new advancements in the kit design allow for expansion into other regions of the world where the Company does not yet have a distributor or an operating subsidiary. The ease of installation and a new self-tuning feature of the kit make it simple to install for anybody familiar with generator sets.

The recent sale of an OptiBlend® kit to an Italian packager of generator sets in Milan, Italy, for installation on a Mitsubishi S12R-PTA generator set, is an example of this international expansion, where the

customer was able to install it without Hythane Company personnel.

The ability to market the product in countries that have less than ideal grid power will open many additional lucrative markets. With this new ease of the kit installation, the Company can now open many new sales opportunities without the added expense of local teams.

#### **Woodward Governor India Appointed Engine Retrofitter**

Eden Energy India (a wholly owned subsidiary of the Company) has signed an agreement with Woodward Governor India Ltd, the Indian subsidiary of US-based Woodward Governor Company (NASDAQ: WGOV), an independent designer, manufacturer, and service provider of energy control and optimisation solutions, accepting an appointment as a recognised engine retrofitter ("RER") for gas and dual-fuel engines (both single and multipoint injection), with emphasis on larger, medium-speed engines.

When added to the existing capability that the Company has developed for undertaking single- point injection dual fuel conversions on high-speed diesel engines, which largely covers diesel generators up to 2 megawatts, the appointment as an RER gives the Company the potential additional capability of undertaking dual-fuel conversions on the much larger medium-speed diesel generators, up to approximately 11 megawatts.

#### **4.6 UK coal bed methane, conventional natural gas and shale gas project**

The Company holds, in joint venture, (or in relation to four PEDLs, is acquiring, pursuant to a joint venture under which the Company has a residual obligation to expend approximately a further 700,000 pounds), a 50% interest in 17 UK Petroleum Exploration and Development Licences ("PEDLs") (provided that in respect of 4 of these PEDLs, in South Wales it only holds or is earning a 5% interest in the gas within the Westphalian coal measures) in South Wales, Bristol/Somerset and Kent. These 17 PEDLs, comprising an area of almost 1,800 km<sup>2</sup>, represent a large proportion of the total area of each of the South Wales, Bristol and Kent coalfields, and are prospective for gas deposits hosted in coal beds, conventional natural gas reservoirs and shale gas formations.

The Company funded the drilling and testing of 3 coal bed methane wells in 2007/2008 on one PEDL in South Wales, as part of its farm-in obligations under the joint venture, and in December 2008 sold to a major UK gas utility 45% of its 50% interest in the gas contained in the Westphalian coal measures in the 4 PEDLs in which the Company now only retains a 5% interest in the gas in these measures.

These 17 PEDLs have the potential to host significant quantities of gas, and the Company and its joint venture partner are currently having reports prepared by independent consultants on the prospectivity of these PEDLs to produce gas. The Company anticipates that these reports will identify a prospective and a contingent resource, but the amounts and categorisation of each is yet to be determined.

Upon completion of these reports, the Company will consider floating (subject to, among other things, market conditions) a listing of its entire interest in these PEDLs (which are held in a UK subsidiary company and in which the Company will retain its interest as a significant shareholder) and for this company to raise funds in an initial public offering ("IPO") to fund the ongoing exploration. This company may, if agreed with its joint venture partner, also acquire by purchase or farm-in agreement, all or part of the interests of the UK joint venture partner in these PEDLs. The value of the proposed retained shareholding interest of the Company in this subsidiary company will be a matter to be determined at the time of the preparation of the IPO, and will depend upon the gas resource that is identified, but in any case, the entire shareholding interest will, at least initially, be retained by the Company after the IPO as an asset of the Company.

## **5. RISK FACTORS**

There are a number of risk factors, both specific to the Company and of a general nature, which may affect the financial position, financial performance, cash flows, ability to pay dividends and growth prospects of the Company and the outcome of an investment in the Company. These risks are both specific to the Company and generally relate to an investment in the stock market. There can be no guarantee that the Company will achieve its stated objectives, or that forward looking statements will be realised.

### **5.1 Risks associated with the commercialisation of new technologies**

There is no guarantee that the Company's commercialisation of Hythane®, OptiBlend® or its pyrolysis technology or proposed commercialisation of any other new technologies will be successful. Commercialisation may be impeded by, for example, unforeseen technical issues or the failure of patent applications to be granted. In addition, commercialisation may be impeded due to competition from competing technologies or products.

### **5.2 Commodity price volatility and exchange rate risks**

The revenue the Company will derive through the sale of commodities, including hydrogen, carbon and, if the Company achieves success in its exploration activities which results in a commercially viable deposit being discovered, methane or gas from its tenements, exposes the potential income of the Company to commodity price and exchange rate risks. Commodity prices fluctuate and are affected by many factors beyond the control of the Company, including supply and demand fluctuations for those commodities, technological advancement, forward selling activities and other micro and macro economic factors. International prices of various commodities are largely denominated in United States dollars. As the Company is based in Australia, it will therefore be exposed to the fluctuations and volatility of the rate of exchange between the United States dollar and the Australian dollar.

### **5.3 Exploration success**

The gas projects in which the Company has an interest summarised in this Prospectus are at various stages of exploration (for the most part they are largely unexplored), and potential investors should understand that gas exploration and development are high risk undertakings. There can be no assurance that exploration of the project areas described in this Prospectus, or any other licences or projects that may be acquired in the future, will result in the discovery of an economic methane or gas deposit. Even if an apparently viable deposit is identified, there is no guarantee that it can be commercially exploited.

### **5.4 Operating risks**

The operations of the Company may be affected by various factors including failure to locate or identify methane or gas deposits, failure to achieve predicted resources in exploration and production, operational and technical difficulties encountered in exploration and production and commercialisation of its technologies, difficulties in obtaining planning and environmental approvals, difficulties in commissioning and operating plant and equipment, mechanical failure or plant breakdown, inadequate water supplies, unanticipated problems which may affect extraction costs, inability to obtain satisfactory joint venture partners, adverse weather conditions, industrial and environmental accidents, industrial disputes, unexpected shortages and increases in the cost of consumables, spare parts, plant and equipment. No assurances can be given that the Company will achieve commercial viability through

the successful exploration and/or mining of its tenement interests and/or commercialisation of its technologies. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.

## **5.5 Joint Ventures**

The Company is a party to a number of joint ventures. It is also possible that the Company may in the future enter into joint ventures with other third parties. Any future disputes or potential conflict with any such joint venture parties could have a material adverse effect on the Company's financial position, financial performance, cash flows, growth prospects, ability to pay dividends and Share price.

## **5.6 Title risks**

The interests which the Company holds in exploration projects are governed by legislation. Each interest is for a specific term and carries with it annual expenditure or work and/or reporting conditions as well as other conditions requiring compliance. These conditions include the requirement for compulsory reduction in the area held under the interest from time to time. The Company could also lose an interest it holds if it, or any of its joint venture parties, does not meet attaching conditions or if insufficient funds are available to meet expenditure or work commitments. The loss of interests or the inability to obtain new interests may have a material adverse effect on the Company's financial position, financial performance, cash flows, growth prospects, ability to pay dividends and Share price.

## **5.7 Environmental risks**

Although the Company is not aware of any endangered species of fauna or flora within its mining project areas, no definitive study has been carried out over the area, and if any were discovered this could prevent exploration or mining activities occurring.

## **5.8 Working capital**

The Company is only raising sufficient funds pursuant to this Rights Issue to cover approximately 12-18 months of working capital requirements and, subject to the amount of emerging revenue that the Company derives from the sale of its OptiBlend® kits and the hydrogen and carbon that it produces from its pyrolysis projects in US and India, the outcome of the litigation referred to in section 5.9, and the terms of any sale, or joint venture which may have been entered into, the Company may have to raise further capital or borrow funds prior to the capital being exhausted. There is no guarantee that such additional funds will be available to the Company, and the Company may be adversely affected in a material way if, for any reason, access to such funds is not available.

## **5.9 Litigation risks**

The Company is currently engaged in litigation with Omni Laboratories Inc ("Omni") in the Queens Bench Division of the High Court of Justice of England and Wales. Omni is seeking recovery for unpaid invoices in the amount of US\$786,191.35 plus interest and costs for testwork carried out in 2008. The Company is defending the claim, and has counterclaimed for damages, on the basis that Omni's work was performed both in breach of contract and negligently. Should Omni ultimately be wholly successful, the Company will be liable for the entire amount claimed by Omni plus interests and costs. The Company would also have to bear its own costs of the litigation in those circumstances. The costs of the action are likely to be significant. Conversely, if the Company were successful in whole or in part, then both its liability for damages and costs to Omni will be reduced and the Company may in fact recover both damages and costs from Omni.

The Company is engaged in litigation in the Supreme Court of Western Australia against Engenco Ltd in which the Company is seeking recovery of an amount of \$911,602.00 inclusive of interest, being the unpaid portion of the sale price for which the Company and Eden Innovations Ltd sold certain US assets to a subsidiary of Engenco Ltd in 2008. Engenco Ltd has not yet filed a defence but has made assertions to the effect that its board did not authorise its execution of the sale agreement or a subsequent variation to the agreement. If unsuccessful, the Company will have to pay not only its own costs but also the costs of Engenco Ltd.

The Company is not involved in any other litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

### **5.10 No formal valuation of Shares, Options or tenements**

No formal valuation of any of the Shares or Options, or any of the assets in which the Company has an interest, has been carried out.

### **5.11 Share market conditions**

The price of the Shares when quoted on ASX will be influenced by international and domestic factors affecting market conditions in equity, financial and commodity markets. These factors may affect the share price for all listed companies, and the price of the New Shares may fall or rise, and the price of the New Shares may trade below or above the issue price of \$0.11.

In addition, these market conditions (particularly those affecting the market for initial public offerings) may adversely impact upon, or prevent, a possible listing of the Company's UK gas assets.

### **5.12 General investment risks**

In addition, there is a risk that the price of the Shares and returns to Shareholders may be affected by changes in many general factors including local and world economic conditions and outlook, general movements in local and international stock markets, investor sentiment, interest rates, the rate of inflation, exchange rates, levels of tax, taxation law and accounting practice, government legislation or intervention, inflation or inflationary expectations, natural disasters, social disorder or war in Australia or overseas, international hostilities and acts of terrorism, as well as many other factors which are beyond the control of the Company.

### **5.13 Other risks**

The above list of risk factors is not exhaustive of the risks faced by the Company and its Shareholders and investors. The above risks, and others not specifically referred to above, may in the future materially affect the financial performance of the Company and the value of the New Shares and New Options offered under this Prospectus. Therefore, no assurances or guarantees of future profitability, distributions, payment of dividend, return of capital or performance of the Company or its securities can be, or is, provided by the Company. Until the Company is able to realise value from its projects, it is likely to incur ongoing operating losses.



Before deciding to invest in the Company, potential investors should read this Prospectus in its entirety and, in particular, should consider the risk factors that could affect the financial performance of the Company. Qualifying Shareholders should carefully consider these factors in light of their personal circumstances and should consult their professional advisers (for example, their accountant, stockbroker, lawyer or other professional adviser) before deciding whether to invest.

Neither the Company nor its officers, employees, agents and advisers guarantee that any specific objectives of the Company will be achieved or that any particular performance of the Shares and Options, including the New Shares and New Options offered under this Prospectus, will be achieved. The price of the Shares and Options may fall or rise, and the price of the Company's Shares may trade below or above the issue price of \$0.11 per Share.

## 6. EFFECT OF THE ISSUE

### 6.1 Introduction

Assuming this Rights Issue is fully subscribed, the gross proceeds that will be raised by the Company under this Rights Issue (before expenses of the Offer) will amount to approximately \$2,409,030.18 (on the assumption that none of the current Options of the Company are converted to Shares prior to the Record Date).

### 6.2 Pro-forma capital structure on completion of the Rights Issue

The pro-forma capital structure of the Company is set out below and reflects the issued and paid up capital structure of the Company assuming this Rights Issue is fully subscribed and assuming that none of the existing Options are converted to Shares prior to the Record Date or before completion of this Rights Issue.

#### Capital Structure

	Shares	Percentage	Options	Percentage
Existing Shares and Options	219,002,744	90.91%	18,671,854	46.02%
Maximum number of New Shares and New Options (estimated)	21,900,274	9.09%	21,900,274	53.98%
Total Shares and Options upon Issue (estimated)	240,903,018	100.00%	40,572,128	100.00%

On the assumptions set out above, a total of up to approximately 21,900,274 New Shares and up to 21,900,274 New Options will have been issued by the Company upon the successful completion of this Rights Issue. The maximum number of New Shares and New Options which may be issued under this Rights Issue cannot be calculated precisely until Rights have been determined following the Record Date because of the rounding up of fractional Entitlements.

In addition, following completion of the Rights Issue, RM Corporate Finance Pty Ltd will be issued with 3,180,000 New Options under the terms of the underwriting agreement referred to in section 7.7 of this Prospectus.

The terms and conditions of the New Options and the Options currently on issue in the Company are detailed in sections 7.5 and 7.6 of this Prospectus respectively.

### **6.3 Effect on Existing Shareholders and Optionholders**

Qualifying Shareholders who hold Shares and who take up their Rights in full will not have their interest in the Company diluted.

Qualifying Shareholders who do not exercise their Rights will have their interest in the Company diluted.

Non-Qualifying Foreign Shareholders will have their interest in the Company diluted.

Existing Optionholders who do not exercise all or any of their Options before the Record Date will not be entitled to participate in this Rights Issue with respect to those Options (and, if those Options are subsequently exercised, the interest which the Shares issued consequent upon the exercise of the Options will confer in the Company will have been diluted by this Rights Issue).

### **6.4 Purpose of this Rights Issue and use of funds raised under this Rights Issue**

The gross proceeds to be raised by the Company under this Prospectus (ie before expenses of the Offer) amount to approximately \$2,409,030.18 (on the assumption that none of the existing Options are converted to Shares prior to the Record Date). The proceeds of the Rights Issue will be used by the Company for general working capital purposes to fund the on-going operations of the Company, including the commercial scale-up of the Company's pyrolysis hydrogen/carbon project in the USA and India, the planned Indian Hythane bus demonstration projects, existing litigation in which the Company is involved and a possible spin-off, into a new listed vehicle, of the Company's interest in the UK coal bed methane and shale gas project (announced in the Company's ASX quarterly report for the period ended 30 September 2010).

Given the speculative nature of the Company's business, the intended allocation of funds as set out above may change depending upon market conditions and the outcome of litigation in which the Company is involved.

Based on the information available to it, including but not limited to the opinion of senior counsel in UK as to the possible outcome of the UK litigation in which the Company is involved, and based on its current plans and budgets, the Directors believe that the Company will be able to pay its debts as and when they fall due and, and assuming the Issue is fully subscribed, fund ongoing working capital requirements for 12 to 18 months, during which time the Company is budgeting a significant increase in incoming cashflow from sales of its various products.

### **6.5 Effect on the Company's financial position**

Upon the successful completion of the Rights Issue, the Company's cash reserves will initially increase by approximately \$2,409,030.18 minus Offer expenses.

Set out below for illustrative purposes is the historical consolidated balance sheet as at 31 December 2010 and an unaudited pro forma consolidated balance sheet as at 31 December 2010 after the Rights Issue. The pro forma consolidated balance sheet has been prepared on the basis of the accounting policies normally adopted by the Company.

**CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**AS AT 31 DECEMBER 2010**

	31 Dec 2010	Adjustments	Adjustments	Proforma
	\$	Placement	Rights Issue	\$
<b>ASSETS</b>				
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	1,503,790	551,440	2,409,030	4,464,260
Trade and other receivables	734,486			734,486
Inventories	285,287			285,287
Other current assets	80,909			80,909
<b>TOTAL CURRENT ASSETS</b>	<b>2,604,472</b>	<b>551,440</b>	<b>2,409,030</b>	<b>5,564,942</b>
<b>NON-CURRENT ASSETS</b>				
Trade and other receivables	708,096			708,096
Financial assets	778,648			778,648
Property, plant and equipment	140,099			140,099
Intangible assets	5,264,424			5,264,424
Exploration and evaluation	100,002			100,002
<b>TOTAL NON-CURRENT ASSETS</b>	<b>6,991,269</b>	<b>-</b>	<b>-</b>	<b>6,991,269</b>
<b>TOTAL ASSETS</b>	<b>9,595,741</b>	<b>551,440</b>	<b>2,409,030</b>	<b>12,556,211</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	321,286	27,572	198,000	493,400
Provisions	672,290			672,290
<b>TOTAL CURRENT LIABILITIES</b>	<b>993,576</b>	<b>27,572</b>	<b>198,000</b>	<b>1,165,690</b>
<b>TOTAL LIABILITIES</b>	<b>993,576</b>	<b>27,572</b>	<b>198,000</b>	<b>1,165,690</b>
<b>NET ASSETS</b>	<b>8,602,165</b>	<b>523,868</b>	<b>2,211,030</b>	<b>11,390,521</b>
<b>EQUITY</b>				
Issued capital	43,847,307	523,868	2,169,690	46,635,663
Reserves	1,801,334		41,340	1,801,334
Retained earnings	(37,046,476)			(37,046,476)
<b>TOTAL EQUITY</b>	<b>8,602,165</b>	<b>523,868</b>	<b>2,211,030</b>	<b>11,390,521</b>

The unaudited pro forma consolidated balance sheet set out above has been prepared on the basis and assumption that there has been and will be no material movements in the assets and liabilities of the consolidated entity between 1 January 2011 and the Closing Date other than:

- the issue of 5,013,090 Shares and 5,013,090 Options through a placement completed on 14 April 2011 to raise a total of \$551,439.90 after issue expenses. The placements were made to sophisticated and professional investors, at a price of \$0.11 per Share, together with 1 free attaching Option for every Share taken up in the issue;
- the issue of approximately 21,900,274 New Shares and 21,900,274 New Options under this Prospectus raising \$2,409,030.18 before expenses of the Offer;
- payment of estimated expenses of the Offer of \$198,000.00, and the placement fee of \$27,572.00, are included in "Trade and Other Payables" and to be paid, net of GST; and
- the issue of 3,180,000 New Options under the underwriting agreement referred to in section 7.7 of this Prospectus, at a value of \$0.013 each (using the Black-Scholes option valuation model).

## **7. ADDITIONAL INFORMATION**

### **7.1 Nature of this Prospectus**

This Prospectus is issued under the special prospectus content rules for continuously quoted securities in section 713 of the Corporations Act. That section enables listed disclosing entities to issue a prospectus with less rigorous disclosure requirements if:

- the securities offered by the prospectus are in a class of securities that have been quoted enhanced disclosure securities at all times in the 3 months before the date of the prospectus or are options to acquire such securities; and
- the company is not subject to certain exemptions or declarations prescribed by the Corporations Act during the period during which the securities have been quoted or the 12 months before the date of the prospectus (whichever is the shorter period).

Securities are quoted enhanced disclosure securities if:

- the company is included in the official list of ASX; and
- the Listing Rules apply to those securities.

The information in this Prospectus principally concerns the terms and conditions of this Rights Issue and the information necessary to make an informed assessment of:

- the effect of this Rights Issue on the Company; and
- the rights and liabilities attaching to the New Shares and New Options offered under this Prospectus.

The Prospectus is intended to be read in conjunction with the publicly available information in relation to the Company which has been notified to ASX. This Prospectus does not include all of the information that would be included in a prospectus for an initial public offering of securities in an entity that was not already listed on a stock exchange. Qualifying Shareholders should therefore also have regard to the other publicly available information in relation to the Company before making a decision whether or not to subscribe for New Shares and accompanying New Options.

### **7.2 Regular reporting and disclosure obligations**

The Company is a disclosing entity under the Corporations Act. It is subject to regular reporting and disclosure obligations under the Corporations Act and the Listing Rules.

These obligations require the Company to notify ASX of information about specified events and matters as they arise for the purposes of ASX making that information available to the stock market conducted by ASX. In particular, the Company has an obligation under the Listing Rules (subject to certain limited exceptions) to notify ASX immediately of any information of which it becomes aware concerning the Company which a reasonable person would expect to have a material effect on the price or value of securities in the Company. The Company is required to lodge with ASX quarterly reports which include details about its production, development and exploration activities.

As the Company has been listed on ASX since 6 June 2006, a large amount of information concerning the Company has previously been notified to ASX and is therefore publicly available.

The Company is also required to prepare and lodge with ASIC both yearly and half yearly financial statements accompanied by a Directors' statement and report and an auditors report.

All announcements made by the Company are available from ASX.

A summary of the Company's current and recent activities, transactions and projects and the financial performance and position of the Company is set out in the quarterly activities statement lodged with ASX on 5 January 2011 and subsequent ASX releases.

### 7.3 Right to obtain copies of Company documents

Under section 713(4) of the Corporations Act, any person has the right to obtain from the Company, free of charge, a copy of any of the following documents during the Offer Period:

- the Company's annual financial report for the year ended 30 June 2010 as lodged with ASIC;
- the Company's half-year financial report for the 2010/2011 year as lodged with ASIC; and
- any continuous disclosure notices given by the Company after lodgement of the annual financial report for the year ended 30 June 2010 (ie on 30 September 2010) and before lodgement of this Prospectus with ASIC (ie on 14 April 2011). Headlines for such notices are as follows:

<b>Date</b>	<b>Headline</b>
13/04/2011	Placement and Pro-Rata Non-Renounceable Rights Issue
11/04/2011	Trading Halt
11/04/2011	Encouraging Progress on Pyrolysis Project
05/04/2011	Options Lapse
16/03/2011	Half Year Accounts
15/03/2011	Clarification of Concrete Benefits Announcement
14/03/2011	Release – Major Benefits to Concrete from adding Nanofibres
10/03/2011	BoardRoomRadio Interview – Catalyst Breakthrough
09/03/2011	Breakthrough on Carbon Catalyst Production
04/03/2011	New Patents Granted
25/02/2011	BoardRoomRadio Interview – OptiBlend Sales
24/02/2011	Press Release – OptiBlend® Sales Boost
18/02/2011	US Hythane – Hemstead Project
27/01/2011	Quarterly Cashflow Report
27/01/2011	Powerpoint for Broker Presentations – Jan 2011
19/01/2011	Change of Director's Interest Notice
17/01/2011	Pyrolysis Project Press Release
13/01/2011	BoardRoomRadio Interview – Greg Solomon – Pyrolysis Project
05/01/2011	Quarterly Activities Report
29/12/2010	Share Trading Policy
22/12/2010	Cleansing Notice
22/12/2010	Appendix 3B
19/11/2010	Results of Meeting
19/11/2010	AGM Presentation
27/10/2010	First Quarter Activities and Cashflow Report
25/10/2010	Sale to Remaining Interest in GEL 185
18/10/2010	Notice of Annual General Meeting / Proxy Form
05/10/2010	Change in substantial holding
05/10/2010	Change of Director's Interest Notice
05/10/2010	Change of Director's Interest Notice
05/10/2010	Cleansing Notice
05/10/2010	Appendix 3B
05/10/2010	Share Purchase Plan Completion

These documents can also be viewed and downloaded from ASX's website [www.asx.com.au](http://www.asx.com.au) under ASX Code: EDE.

## **7.4 Constitution and rights attaching to Shares**

Full details of the rights attaching to Shares are set out in the Company's constitution, a copy of which can be inspected, free of charge, at the Company's registered office during normal business hours.

The following is a broad summary of the rights, privileges and restrictions attaching to all Shares. This summary is not exhaustive and does not constitute a definitive statement of the rights and liabilities of Shareholders.

All Shares issued pursuant to this Prospectus will, from the time they are issued, rank equally with all the Company's Existing Shares.

### **Voting rights**

Subject to any rights or restrictions for the time being attached to any class or classes of shares (at present there are none), at meetings of Shareholders of the Company:

- (a) each Shareholder entitled to attend and vote may vote in person or by proxy, attorney or representative;
- (b) on a show of hands, every person present who is a Shareholder or a proxy, attorney or representative of a Shareholder has one vote (save that where a Shareholder has appointed more than one person as proxy, attorney or representative, none of the proxies, attorneys or representatives, is entitled to vote, and where a Shareholder is present in more than one capacity, that Shareholder is entitled only to one vote); and
- (c) on a poll, every person present who is a Shareholder shall, in respect of each Share held by him, or in respect of which he is appointed a proxy, attorney or representative, have one vote for the Share, but in respect of partly paid shares, shall have such number of votes as bears the same proportion of the amount paid up or agreed to be considered as paid up on the total issue price of that Share at the time the poll is taken bears to the total issue price of the Share.

### **Rights on winding up**

Subject to the rights of holders of shares with special rights in a winding up (at present there are none) and the constitution of the Company, on a winding up of the Company all assets that may be legally distributed among members will be distributed in proportion to the number of Shares held by them (and a partly paid share is counted as a fraction of a Share equal to the amount paid on it, divided by the total issue price of the share).

### **Transfer of shares**

Subject to the constitution of the Company, the Corporations Act, the Listing Rules and any other laws, Shares are freely transferable.

### **Future increases in capital**

The allotment and issue of any Shares is under the control of the Board. Subject to the requirements of the Listing Rules, the constitution of the Company and the Corporations Act, the Directors may allot or otherwise dispose of Shares on such terms and conditions as they see fit.

### **Variation of rights**

Under the Corporations Act, the Company may, with the sanction of a special resolution passed at a meeting of Shareholders, vary or abrogate the rights attaching to shares. If at any time the share capital of the Company is divided into different classes of shares, the rights attached to any class (unless otherwise provided by the terms of the issue of the shares of that class), whether or not the Company is being wound up, may be varied or abrogated with the sanction of a special resolution of the Company and with the consent in writing of the holders of three quarters of the issued shares of that class, or if authorised by a special resolution passed at a separate meeting of the holders of the shares of that class.

### **Dividend rights**

Subject to the rights of holders of shares issued with special, preferential or qualified rights (at present there are none), the profits of the Company that the Directors determine to distribute by way of dividend are divisible among the holders of Shares and is payable on each Share on the basis of the proportion which the amount paid is of the total amounts paid, agreed to be considered to be paid or payable on the Share. A dividend may be declared at a rate per annum in respect of a specified period but no amount paid on a Share in advance of calls is to be treated as paid on that Share.

## **7.5 Terms and conditions of New Options**

All of the New Options will be issued on the following terms and conditions:

- (1) The New Options are exercisable at any time prior to 5.00pm WST 30 June 2014 ("the Time of Expiry"). New Options not exercised on or before the Time of Expiry will automatically lapse.
- (2) The New Options may be exercised wholly or in part by completing a notice of exercise of options substantially in the form attached to the options certificate ("Notice of Exercise") to be delivered to the Company's registered office and received by it any time prior to the Time of Expiry.
- (3) The New Options entitle the holder to subscribe (in respect of each New Option held) for one Share at an exercise price per New Option of \$0.20.
- (4) Upon the exercise of the New Options and receipt of all relevant documents and payment, Shares will be issued ranking equally with the then issued Shares. If at the date of exercise of the Options the Shares of the Company are quoted on the ASX, the Company will apply to ASX to have the Shares so issued granted Quotation.
- (5) A summary of the terms and conditions of the New Options including the Notice of Exercise will be sent to all holders of New Options when they are issued.



- (6) Any Notice of Exercise received by the Company prior to the Time of Expiry will be deemed to be a Notice of Exercise as at the last Business Day of the month in which such notice is received.
- (7) There are no participating entitlements inherent in the New Options to participate in new issues of capital, which may be offered to Shareholders during the currency of the Options. Prior to any new pro rata issue of securities to Shareholders, holders of New Options will be notified by the Company and will be afforded 10 business days before the Record Date (as defined in the Listing Rules) (to determine entitlements to the issue), to exercise New Options.
- (8) In the event of any reconstruction (including consolidation, sub-division, reduction or return) of the issued capital of the Company prior to the Time of Expiry, the number of New Options or the exercise price of the New Options or both shall be reconstructed (as appropriate) in a manner which will not result in any benefits being conferred on holders of New Options which are not being conferred on Shareholders and (subject to the provisions with respect to rounding of entitlements as sanctioned by the meeting of Shareholders approving the reconstruction of capital), in all respects, the terms for the exercise of Options shall remain unchanged. For these purposes the rights of the New Option holder may be changed from time to time to comply with the Listing Rules applying to a reorganisation of capital at the time of reorganisation.
- (9) The New Options may be transferred at any time prior to the Time of Expiry.
- (10) Shares issued pursuant to the exercise of a New Option will be issued not more than 14 days after the Notice of Exercise.

## 7.6 Existing Options

There are currently 18,671,854 Options on issue in the Company.

### 7.6.1 ESOP Options

3,431,764 of the existing Options were issued under the Company's ESOP. The Company has adopted the ESOP as an incentive to employees of the Company or its associated bodies corporate. A summary of the terms and conditions of the ESOP is available on the ASX website at [www.asx.com.au](http://www.asx.com.au).

### 7.6.2 Non-ESOP Options

Of the existing non-ESOP Options, 5,013,090 have been issued on the same terms and conditions as the New Options (see section 7.5 above). Except for their exercise prices and expiry dates, all other existing non-ESOP Options have also been issued on the same terms and conditions as the New Options. A summary of the existing non-ESOP Options, and their respective exercise prices and expiry dates, is set out below.

#### Existing Options

Number	Exercise Price Per Option	Expiry Date
1,227,000	\$0.45	30 June 2011
5,000,000	\$0.10	31 December 2011
4,000,000	\$0.10625	20 November 2012
5,013,090	\$0.20	30 June 2014

## 7.7 Underwriting agreement

The Company has entered into an underwriting agreement dated 12 April 2011 with RM Corporate Finance Pty Ltd (“the RMC Underwriting Agreement”). Pursuant to the RMC Underwriting Agreement, RM Corporate Finance Pty Ltd ("RMCF" or the "Underwriter") will underwrite 100% of the New Shares (and accompanying New Options) which are being offered under this Rights Issue, representing a maximum underwriting (assuming no valid Applications are received under the Offer) of approximately 21,900,274 New Shares (and attaching New Options) for a total amount of \$2,409,030.18 (“the underwritten amount”). In consideration of its obligations under the RMC Underwriting Agreement, RMCF will be paid a management fee of 1% of the underwritten amount (being \$24,090.30 exclusive of GST) and a lodgement fee of five percent (5%) of the underwritten amount (being \$120,451.50 exclusive of GST). In addition, RMCF will be issued with 3,180,000 New Options.

RMCF has procured a number of persons to sub-underwrite a portion of the underwritten amount, including Tasman Resources. RMCF will pay all commissions it has agreed to pay to its sub-underwriters out of the fees payable to it under the RMC Underwriting Agreement.

If the Company has complied with its obligations under the RMC Underwriting Agreement and has not breached any of the representations, warranties and undertakings made by it therein and the RMC Underwriting Agreement has not been terminated, RMCF must lodge or cause to be lodged with the Company applications for 100% of the New Shares (and attaching New Options) for which successful valid Applications have not been received by the Closing Date ("Shortfall Securities"), accompanied by payment of the Application Monies for those Shortfall Securities.

RMCF may terminate its obligations under the RMC Underwriting Agreement if (in the reasonable opinion of RMCF reached in good faith), if any of the following events ("Events of Termination") has or is likely to have, or together have, or could reasonably be expected to have, a material adverse effect on this Offer, the subsequent market for the New Shares and New Options or on the condition, trading or financial position and performance, profits and losses, results, prospects, business or operations of the Company (or its subsidiaries) taken as a whole or could give rise to a liability of RMCF under the Corporations Act:

- (1) **Prospectus:** any of the following occurs in relation to this Prospectus:
  - (a) the Underwriter reasonably forms the view that there is a material omission, it contains a material statement which is misleading or deceptive, or a material statement has become misleading or deceptive;
  - (b) the Underwriter reasonably forms the view that any projection or forecast in this Prospectus becomes, to a material extent, incapable of being met or unlikely to be met in the projected time;
  - (c) ASIC gives notice of intention to hold a hearing under section 739(2) of the Corporations Act or makes an interim order under section 739(3) of the Corporations Act; or
  - (d) any person other than the Underwriter who consented to being named in this Prospectus withdraws that consent;

- (2) **Supplementary prospectus:** the Underwriter reasonably forms the view that a supplementary or replacement document (as appropriate) must be lodged with ASIC under section 719 or section 724 of the Corporations Act and the Company does not lodge a supplementary or replacement document (as the case may be) in the form and content and within the time reasonably required by the Underwriter;
- (3) **ASX listing:** ASX does not give approval for the Securities the subject of the Offer to be listed for official quotation, or if approval is granted, the approval is subsequently withdrawn, qualified or withheld;
- (4) **Index change:** the ASX All Ordinaries Index or the Dow Jones Industrial Average Index as determined at close of trading falls at least 10% below their respective levels at the close of trading on the date of the RMC Underwriting Agreement for a total of three consecutive trading days during the underwriting period;
- (5) **indictable offence:** a director of the Company or any related corporation is charged with an indictable offence;
- (6) **return of capital or financial assistance:** the Company or a related corporation takes any steps to undertake a proposal contemplated under section 257A or passes or takes any steps to pass a resolution under section 260B of the Corporations Act, without the prior written consent of the Underwriter;
- (7) **banking facilities:** the Company's bankers terminate or issue any demand or penalty notice or amend the terms of any existing facility or claim repayment or accelerated repayment of any facility or require additional security for any existing facility;
- (8) **change in laws:** any of the following changes of law occurs:
  - (a) the introduction of legislation into the Parliament of the Commonwealth of Australia or of any State or Territory of Australia; or
  - (b) the public announcement of prospective legislation or policy by the Federal Government, or the Government of any State or Territory; or
  - (c) the adoption by the ASIC, its delegates, ASX, the Reserve Bank of Australia or any other regulatory authority of any regulations or policy,

which does or is likely to prohibit, restrict or regulate the principal business of the Company, the Offer or the operation of stock markets generally;

- (9) **failure to comply:** the Company or any related corporation fails to comply with any of the following:
  - (a) a provision of its constitution;
  - (b) any statute;
  - (c) a requirement, order or request, made by or on behalf of the ASIC or any governmental agency; or
  - (d) any material agreement entered into by it,

which is likely to prohibit or materially restrict the business of the Company or the Offer;

- (10) **alteration of capital structure or constitution:** the Company alters its capital structure or its constitution without the prior written consent of the Underwriter;
- (11) **extended force majeure:** a force majeure, which prevents or delays an obligation under the RMC Underwriting Agreement, lasting in excess of 2 weeks occurs;
- (12) **default:** the Company is in default of any of the terms and conditions of the RMC Underwriting Agreement or breaches any warranty or covenant given or made by it under the RMC Underwriting Agreement;
- (13) **adverse change:** any adverse change occurs which materially impacts or is likely to materially impact the assets, operational or financial position of the Company or a related corporation (including but not limited to an administrator, receiver, receiver and manager, trustee or similar official being appointed over any of the assets or undertaking of the Company or a related corporation);
- (14) **investigation:** any person is appointed under any legislation in respect of companies to investigate the affairs of the Company or a related corporation;
- (15) **due diligence:** there is a material omission from the results of the due diligence investigation performed in respect of the Offer or the results of the investigation or the verification material are false or misleading in a material respect;
- (16) **prescribed occurrence:** a prescribed occurrence occurs;
- (17) **suspension of debt payments:** the Company suspends payment of its debts generally;
- (18) **event of insolvency:** an event of insolvency occurs in respect of the Company or a related corporation;
- (19) **judgment against a related corporation:** a judgment in an amount exceeding \$100,000 is obtained against the Company or a related corporation and is not set aside or satisfied within 7 days;
- (20) **market conditions:** any material adverse change or disruption occurs in the existing financial markets, political or economic conditions of Australia, Japan, the United Kingdom, the United States of America or the international financial markets or any material adverse change occurs in national or international political, financial, economic conditions, in each case the effect of which is that, in the reasonable opinion of the Underwriter, reached in good faith, it is impracticable to market the Offer or to enforce contracts to issue and allot or sub-underwrite the securities pursuant to this Prospectus or that the success of the Offer is likely to be adversely affected.

The Underwriting Agreement contains all representations, warranties, undertakings and indemnities on the part of the Company as are usually contained in agreements of this type.

## 7.8 Sub-underwriting

By a sub-underwriting agreement dated 12 April 2011, Tasman Resources, through its subsidiary Noble Energy Pty Ltd (the largest Shareholder in the Company) has agreed with RMCF to sub-underwrite approximately 22.83% of the Shortfall Securities under the RMC Underwriting Agreement, representing a maximum sub-underwriting (assuming no valid Applications are received under the Offer) of 5,000,000 New Shares for a total amount of \$550,000 (“the sub-underwritten amount). Pursuant to this sub-underwriting agreement, Tasman Resources is entitled to a fee equal to 5% of the sub-underwritten amount (being \$27,500.00 exclusive of GST), which will be paid out of the underwriting fees payable to RMCF under the RMC Underwriting Agreement, and to be issued with 550,000 New Options.

Tasman Resources has a right to terminate the sub-underwriting agreement, by notice in writing to RMCF given on or at any time before the issue of all of the New Shares and New Options being underwritten under the RMC Underwriting Agreement, without cost or liability to itself, upon the occurrence of any Events of Termination would give rise to a right of RMCF to terminate the RMC Underwriting Agreement.

Assuming Tasman Resources, through Noble Energy Pty Ltd, takes up its Entitlement (to 3,586,763 New Shares and 3,586,763 New Options) in full but no other valid Applications are received under this Rights Issue, Tasman Resources will acquire 4,181,115 New Shares and 4,181,115 attaching New Options (estimated) under this sub-underwriting agreement (together with, as part of its sub-underwriting fee, 550,000 New Options). On those assumptions, Tasman Resources, through Noble Energy Pty Ltd, would hold 43,635,499 Shares (representing 18.11% of the Shares on issue in the Company) and 8,317,878 Options at the conclusion of the Rights Issue. In addition, if Noble Energy Pty Ltd exercised all of these Options, and assuming no other Optionholders exercised their Options, its percentage Shareholding would then increase to 20.85%.

RMCF has also procured, and entered into sub-underwriting agreements with, a number of other persons to sub-underwrite a further portion of the underwritten amount.

## 7.9 Interests of Directors

Other than as set out below or as set out elsewhere in this Prospectus, no Director has, or had within two years before lodgement of this Prospectus with the ASIC, any interest in:

- (a) the promotion or formation of the Company;
- (b) property acquired or proposed to be acquired by the Company in connection with its promotion or formation or the offer of New Shares and New Options under this Prospectus; or
- (c) the offer of New Shares and New Options under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any Director other than as set out below:

- (a) to induce them to become, or to qualify them, as a Director; or
- (b) for services rendered by them in connection with the formation or promotion of the Company or the offer of New Shares and New Options under this Prospectus.

### 7.9.1 Shareholdings of Directors

As at the date of this Prospectus all of the directors (either personally, or through associated companies or trusts) hold Shares and Options in the Company. The Directors are all Qualifying Shareholders and will therefore receive Rights to subscribe for New Shares (and accompanying New Options) pursuant to this Rights Issue. All Directors intend to take up all or some of their Entitlements under the Offer.

The relevant interest of each of the Directors in the Shares and Options of the Company as at the date of this Prospectus, and assuming they take up their Rights in full by applying for all of the New Shares (and accompanying New Options) to which they are entitled under this Rights Issue, is as follows:

<b>Directors</b>				
	<b>Gregory Solomon</b>	<b>Douglas Solomon</b>	<b>Guy Le Page</b>	<b>Richard Beresford</b>
<b>Note</b>	<b>1</b>	<b>2</b>	<b>3</b>	<b>4</b>
<b>Shares held</b>	<b>4,031,302</b>	<b>3,351,302</b>	<b>-</b>	<b>1,000,000</b>
<b>New Shares offered under this Rights Issue (estimated)</b>	<b>403,130</b>	<b>335,130</b>	<b>-</b>	<b>100,000</b>
<b>Maximum Shares held on completion of this Rights Issue (estimated)</b>	<b>4,434,432</b>	<b>3,686,432</b>	<b>-</b>	<b>1,100,000</b>
<b>Existing Options held</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>	<b>1,000,000</b>
<b>New Options offered under this Rights Issue (estimated)</b>	<b>403,130</b>	<b>335,130</b>	<b>-</b>	<b>100,000</b>
<b>Maximum Options held on Issue on completion of this Rights Issue (estimated)</b>	<b>1,403,130</b>	<b>1,335,130</b>	<b>-</b>	<b>1,100,000</b>

Note 1 All Shares and Options are either held by a family trust associated with Gregory Solomon or by him personally.

Note 2 All Shares and Options are either held by a family trust associated with Douglas Solomon or by him personally.

Note 3 All Options are held by Guy Le Page personally.

Note 4 All Shares and Options are either held by a retirement fund associated with Richard Beresford or by him personally.

A company associated with Guy Le Page (RM Corporate Finance Pty Ltd) has agreed to fully underwrite this Rights Issue and it will receive, as part of its underwriting consideration, New Options. RM Corporate Finance has entered into a sub-underwriting agreement with Tasman Resources for 22.83% of any shortfall under this Rights Issue. See section 7.7 of this Prospectus for a summary of the fees payable and terms and conditions of the underwriting and sub-underwriting agreements.

Some of the Directors also hold a relevant interest in shares of Tasman Resources (which, as at the date of this Prospectus, holds, through its wholly-owned subsidiary Noble Energy Pty Ltd, 35,867,621 (16.761%) of the Shares of the Company), as follows:

<b>Director</b>	<b>Note</b>	<b>Shares Held</b>
Gregory Solomon	1	28,621,975
Douglas Solomon	2	28,301,500
Guy Le Page	3	1,784,821
Richard Beresford		Nil

Note 1 All shares are either held by a family trust or superannuation fund associated with Gregory Solomon or by him personally.

Note 2 All shares are either held by a family trust or superannuation fund associated with Douglas Solomon or by him personally.

Note 3 All shares are held by companies associated with Guy Le Page.

Tasman Resources, through its subsidiary Noble Energy Pty Ltd, has indicated that it will take up its Entitlement and also has agreed to sub-underwrite a portion of this Rights Issue – see section 7.8 of this Prospectus. Please also see section 7.8 of this Prospectus for a summary of the effect that these acquisitions could have on the Shareholding of Tasman Resources (through its subsidiary Noble Energy Pty Ltd) in the Company.

Nothing in this Prospectus will be taken to preclude any of the Directors, officers or employees of the Company or Tasman Resources or any of their subsidiary companies from applying for New Shares and accompanying New Options on the same terms as are offered pursuant to this Prospectus.

### 7.9.2 **Directors' remuneration**

Non-executive directors' fees not exceeding an aggregate of \$120,000.00 per annum have been approved by the Company in general meeting. Levels of these fees may be varied by the Company in general meeting according to its constitution at any time. The Company is currently paying non-executive directors' fees of \$24,000.00 per annum plus superannuation for each non-executive director.

The remuneration of any executive director will be fixed by the Directors and may be paid by way of fixed salary or based on agreed hourly rates according to time spent, up to an agreed maximum amount. At the date of this Prospectus, the Company has resolved to pay to Gregory Solomon an annual fee of \$150,000.00 plus superannuation for acting as executive chairman.

### 7.9.3 **Directors' and officers' indemnity**

In accordance with the Company's constitution and to the extent permitted by law, the Company must indemnify each Director and other officers of the Company out of the assets of the Company against any liability incurred by them in or arising out of the conduct of the business of the Company or in or arising out of the discharge of the duties of the officer, unless the liability was incurred by the officer through his or her own dishonesty, negligence, lack of good faith or breach of duty.

#### 7.9.4 **Other Interests of Directors**

Gregory Solomon and Douglas Solomon are partners in the legal firm Solomon Brothers that will receive legal fees of approximately \$20,000.00 (plus disbursements, plus GST) for services performed in relation to the preparation of this Prospectus.

Further, the Company has engaged the services of Princebrook Pty Ltd, a company of which Gregory Solomon and Douglas Solomon are shareholders and directors, to provide all office, accommodation, use of office equipment, accounting, secretarial and management services to the Company at a current cost of \$15,450.00 per month plus GST plus an administration fee of 5% plus GST. The term of the contract is for 5 years commencing on 1 August 2009 but is terminable if, among other things, either party gives notice of termination to the other at any time.

Guy Le Page is also a director of and beneficial shareholder in RM Capital Pty Ltd, an Australian Financial Services Licensee, which will receive normal professional fees for consultancy services provided to the Company. Guy Le Page is also a director of and beneficial shareholder in RM Corporate Finance Pty Ltd, who has agreed to underwrite this Rights Offer – see sections 7.7 and 7.9.1 of this Prospectus.

#### 7.10 **Interests of named persons**

Other than as set out below or elsewhere in this Prospectus, no person named in this Prospectus as performing a function in a professional, advisory or other capacity in connection with the preparation or distribution of this Prospectus, promoter or stockbroker to the Company has, or had within two years before lodgement of this Prospectus with ASIC, any interest in:

- (a) the formation or promotion of the Company;
- (b) any property acquired or proposed to be acquired by the Company in connection with its formation or promotion or in connection with the offer of New Shares and New Options under this Prospectus; or
- (c) the offer of New Shares and New Options under this Prospectus,

and no amounts have been paid or agreed to be paid and no benefits have been given or agreed to be given to any of those persons for services rendered by them in connection with the formation or promotion of the Company or the offer of New Shares and New Options under this Prospectus.

Solomon Brothers, a legal firm of which Gregory Solomon and Douglas Solomon are partners, will receive professional fees of approximately \$20,000.00 (plus disbursements, plus GST) for legal work undertaken by them in connection with this Prospectus and for work performed in relation to the due diligence process. In addition, Solomon Brothers received legal fees on account of professional services rendered to the Company of approximately \$30,626.26 (including disbursements and GST) for the financial year ended 30 June 2010 and approximately \$43,241.68 for the financial year ended 30 June 2009, primarily for acting as legal advisers and preparing the necessary documentation for various capital raisings during this period.



## 7.11 Consents

The following persons have consented to being named in the Prospectus but have not made any statements that are included in the Prospectus or statements identified in this Prospectus as being based on any statements made by those persons and take no responsibility for any part of the Prospectus other than their consent to be named in the Prospectus, and have not withdrawn their consent before the lodgement of this Prospectus with ASIC:

- (1) Solomon Brothers as solicitors to the Company;
- (2) Advanced Share Registry Services as Share Registry; and
- (3) RM Corporate Finance Pty Ltd as underwriter.

## 7.12 Expenses of the Issue

It is estimated that approximately \$198,000.00 will be payable by the Company in respect of legal, printing, postage and other costs arising from this Prospectus and this Rights Issue if the Offer is fully subscribed (excluding GST), as follows:

ASIC prospectus lodgement fee	\$ 2,068.00
ASX quotation fee	\$ 16,936.70
Legal fees and expenses	\$ 20,000.00
Underwriting fees	\$144,541.80
Other expenses (including printing)	<u>\$ 14,453.50</u>
Total	\$198,000.00

## 7.13 Dividends

The Board is not able to indicate when and if dividends will be paid in the future, as payment of any dividend will depend on the future profitability, financial position and cash requirements of the Company.

## 7.14 Australian and New Zealand taxation implications

The acquisition and disposal of New Shares and New Options in Tasman will have tax consequences in both Australia and New Zealand that will differ depending upon the individual financial affairs of each Qualifying Shareholder. The Directors consider that it is not appropriate to give Qualifying Shareholders advice regarding the taxation consequences of subscribing for New Shares and New Options under this Prospectus. All Qualifying Shareholders applying for New Shares and New Options are therefore first urged to obtain independent financial advice about the consequences of acquiring the New Shares and New Options from a taxation viewpoint and generally. Qualifying Shareholders should consult their own professional tax advisers in connection with subscribing for New Shares and New Options under this Prospectus.

## 7.15 **Litigation**

The Company is currently engaged in litigation with Omni Laboratories Inc in the Queens Bench Division of the High Court of Justice of England and Wales and with Engenco Ltd in the Supreme Court of Western Australia. Further information in relation to this litigation is set out in section 5.9 of this Prospectus.

Otherwise, the Company is not involved in any litigation or arbitration proceedings, nor, so far as the Directors are aware, are any such proceedings pending or threatened against the Company.

## 8. GLOSSARY NAMES AND TERMS

**Applicant** means a person who submits an Application;

**Application** means a valid application to subscribe for New Shares and accompanying New Options;

**Acceptance Form** means the personalised entitlement and acceptance form attached to and forming part of this Prospectus.

**Application Moneys** means the sum of \$0.11 per New Share payable on submission of an Application pursuant to this Prospectus;

**ASIC** means Australian Securities and Investments Commission;

**ASTC** means ASX Settlement and Transfer Corporation Pty Ltd (A.C.N 008 504 532);

**ASX** means ASX Limited (A.C.N 008 624 691) or the Australian Securities Exchange, as the context requires;

**Board** means the board of Directors unless the context indicates otherwise;

**Business Day** means a day other than a Saturday or Sunday on which banks are open for business in Perth, Western Australia;

**CHESS** means ASX Clearing House Electronic Subregistry System;

**Closing Date** means the date on which the Offer closes;

**Company** means Eden;

**Corporations Act** and **Act** means the *Corporations Act 2001* (Cth);

**Directors** means the directors of the Company from time to time;

**Dollars** or **\$** means Australian dollars unless otherwise stated;

**Eden** or **Eden Energy** means Eden Energy Ltd A.C.N. 109 200 900;

**Entitlement** means a Qualifying Shareholder's entitlement to subscribe for New Shares (and accompanying New Options) under the Offer;

**ESOP** means the Eden Energy Employee Share Option Scheme;

**Existing Shares** means Shares held by Qualifying Shareholders as at the Record Date;

**Glossary** means this glossary;

**Issue** means the issue of New Shares and New Options pursuant to this Prospectus;

**Listing Rules** means the Listing Rules of ASX;

**New Option** means an Option to subscribe for 1 Share in the Company at \$0.20 on or before 30 June 2014 and otherwise on the terms and conditions set out in section 7.5 of this Prospectus to be issued under this Prospectus;

**New Share** means a Share to be issued under this Prospectus;

**Non-Qualifying Foreign Shareholder** means a Shareholder whose registered address at the Record Date is not in Australia or New Zealand;

**Offer** means the offer contained in this Prospectus of 1 New Share for every 10 Existing Shares held by a Qualifying Shareholder at the Record Date at an issue price of \$0.11 per New Share, together with 1 free attaching New Option for every New Share issued under this Prospectus;

**Offer Period** means the period commencing on the Opening Date and ending on the Closing Date;

**Official List** means the Official List of the ASX;

**Opening Date** means the date on which the Offer opens;

**Option** means a right to acquire a Share in the Company;

**Optionholder** means a holder of Options;

**Prospectus** means this Prospectus dated 14 April 2011 for the issue of up to approximately 21,900,274 New Shares and 21,900,274 New Options;

**Qualifying Shareholder** means a holder of Shares registered at 5:00pm WST on the Record Date and whose registered address is in Australia or New Zealand;

**Quotation** means quotation of the New Shares or New Options on ASX (as the case may be);

**Record Date** means 5.00pm WST on 5 May 2011;

**Rights** means the right to subscribe for New Shares (with attaching New Options) under this Prospectus;

**Rights Issue** has the same meaning as Offer;

**SCH Business Rules** means the business rules of the securities clearing house which operates CHES;

**Securities** means the New Shares and New Options to be issued under this Prospectus;

**Share** means one fully paid ordinary share in the Company;

**Shareholder** means the holder of Shares;

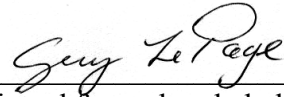
**Tasman and Tasman Resources** means Tasman Resources Limited A.C.N 009 253 187;

**WST** means Western Standard Time, Perth, Western Australia.

## 9. CONSENT BY DIRECTORS

Each of the Directors of Eden Energy Ltd has consented to the lodgement of this Prospectus in accordance with section 720 of the Corporations Act.

Dated the 14<sup>th</sup> day of April 2011



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Signed for and on behalf of  
Eden Energy Ltd  
By Guy Le Page (Director)

## 10. CORPORATE DIRECTORY

<b>Directors:</b>	Gregory H. Solomon, LLB (Executive Chairman) Douglas H. Solomon, B.Juris LLB (Hons) (Non-executive) Guy T. LePage, B.A, B.Sc. (Hons), M.B.A, ASIA, MAusIMM (Non-executive) Richard J. Beresford FAICD FAIE (Non-Executive)
<b>Company Secretary:</b>	Aaron Gates
<b>Registered Office:</b>	Level 40 Exchange Plaza 2 The Esplanade Perth Western Australia  Tel: (+618) 9282 5889 Fax: (+618) 9282 5966 e-mail: <a href="mailto:mailroom@edenenergy.com.au">mailroom@edenenergy.com.au</a> website: <a href="http://www.edenenergy.com.au">www.edenenergy.com.au</a>
<b>Share Registry:</b>	Advanced Share Registry Services 150 Stirling Highway Nedlands Western Australia  Tel: (+618) 9389 8033 Fax: (+618) 9389 7871
<b>Solicitors to the Company:</b>	Solomon Brothers Level 40 Exchange Plaza 2 The Esplanade Perth Western Australia  Tel: (+618) 9282 5888 Fax: (+618) 9282 5855
<b>Underwriter</b>	RM Corporate Finance Pty Ltd

# ACCEPTANCE FORM

**THIS DOCUMENT IS IMPORTANT. IF YOU ARE IN DOUBT AS TO HOW TO DEAL WITH IT, PLEASE CONTACT YOUR STOCKBROKER OR LICENSED PROFESSIONAL ADVISER.**

## EDEN ENERGY LTD

ACN 109 200 900

**REGISTERED OFFICE:**

Level 40  
2 The Esplanade  
Perth WA 6000

**SHARE REGISTRY:**

Advanced Share Registry Services

*All Corro to:* 150 Stirling Highway, Nedlands WA 6009  
Telephone: (+618) 9389 8033]  
Facsimile: (+618) 9389 7871]  
Email: [\*].com.au

«NAME» Holder Number: «HOLD\_NO»  
«ADD1» Entitlement No: «ENT\_NO»  
«ADD2» «SUB\_REG»  
«ADD3»  
«ADD4»  
«ADD5»

Shareholding at 5.00pm WST on 5 May 2011	Entitlement to New Shares [1]:[10]	Total amount payable on acceptance @ \$0.11 per New Share
«NO_SHRS»	«ENTMNT»	«AMOUNT»

**A NON-RENOUNCEABLE ISSUE OF APPROXIMATELY 21,900,274 FULLY PAID ORDINARY SHARES (AND 21,900,274 ACCOMPANYING OPTIONS) AT A PRICE OF ELEVEN CENTS (\$0.11) EACH ON THE BASIS OF 1 NEW SHARE FOR EVERY 10 FULLY PAID ORDINARY SHARES HELD AS AT THE RECORD DATE PLUS 1 FREE ACCOMPANYING OPTION FOR EVERY NEW SHARE TAKEN UP UNDER THE ISSUE.**

**To the Directors,  
EDEN ENERGY LTD**

- (1) I/We the abovenamed being registered on **5 May 2011** (at 5.00pm WST) as the holder(s) of ordinary shares in your Company hereby accept and apply for the undermentioned New Shares and New Options, to be issued in accordance with the terms of the Prospectus accompanying this form.

ENTITLEMENT TO NEW SHARES (OR PART THEREOF)	ENTITLEMENT TO NEW OPTIONS (OR PART THEREOF)	@ \$0.11 PER SHARE	AMOUNT ENCLOSED
		X \$[*]	AUD\$

- (2) I/We enclose my/our cheque made payable to **EDEN ENERGY LTD – RIGHTS ISSUE**, for the amount shown being payment at the rate of \$0.11 per New Share applied for.
- (3) I/We hereby authorise you to place my/our name(s) on the register of members in respect of the number of New Shares (and accompanying New Options) allotted to me/us.
- (4) I/We agree to be bound by the Constitution of the Company.
- (5) If any information on this form is not completed correctly, or if the accompanying payment is for the wrong amount, it may still be accepted. Any decision of the directors as to whether to accept this form, and how to construe, amend or complete it, shall be final.
- (6) My/Our contact numbers in case of enquiries are:

<b>Telephone</b>	<b>Facsimile</b>		
Area Code	Area Code		

**NOTE:** Only cheques and/or bank drafts in **Australian currency** and drawn or payable on a bank within Australia should be sent, made payable to "EDEN ENERGY LTD – RIGHTS ISSUE" crossed Not Negotiable and forwarded to Advanced Share Registry Services together with this Acceptance Form in the enclosed return addressed envelope to arrive **NO LATER THAN 5.00PM WST ON 20 MAY 2011**

THIS FORM DOES NOT REQUIRE SIGNING

RETURN OF THIS DOCUMENT WITH THE REQUIRED REMITTANCE WILL CONSTITUTE YOUR ACCEPTANCE OF THE  
SECURITIES BEING OFFERED

**THIS ISSUE CLOSES 5.00PM WST ON 20 MAY 2011**

**A To Accept all New Shares and accompanying New Options offered**

Return this Acceptance Form with your cheque for the full amount of your Entitlement, to Advanced Share Registry Services, PO Box 1156, Nedlands, WA, 6909 or 150 Stirling Highway, Nedlands, WA, 6009 by 5pm on **20 May** 2011. No signature is required.

**B To accept some of the New Shares and accompanying New Options offered and allow the remaining Rights to lapse**

Insert in the boxes on the front of this Form:  
the number of New Shares accepted; and  
the amount of the cheque for those New Shares.

**IMPORTANT NOTE:** This Offer is not being made in any jurisdiction other than Australia and New Zealand. In accepting your Entitlement you represent and warrant that (unless otherwise agreed with the Company) you are not in any jurisdiction other than Australia or New Zealand and are not acting on a non-discretionary basis for the account or benefit of any person in a jurisdiction other than Australia or New Zealand.