

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

30 May 2011

Independent Experts Identify Significant Risked and Unrisked Prospective Resources of Shale Gas and Coal Bed Methane on Eden's UK Licences

HIGHLIGHTS

Shale Gas

RPS reports the **unrisked P90 Resource Volumes of Shale Gas** in the Numurian Measures on 7 Petroleum Exploration and Development Licences (PEDLs) in South Wales in which Eden holds a 50% interest (covering a prospective area of 806 square kilometres) are:

- Volume of Gas Initially in Place (GIIP) – **34.198 TCF** (Eden's share -**17.099 TCF**)
- Recoverable Volume – **12.799 TCF** of gas (Eden's share – **6.349 TCF**)

Coal Bed Methane

RISC reports that estimated **Gross Contingent Resources of Coal Bed Methane** contained in the 10 PEDLs in South Wales (covering a prospective area of 247 square kilometres) in which Eden holds an interest are:

- A 1C to 3C range of **687-1,363 BCF** with a 2C estimate of **980 BCF**

RISC reports that the estimated **Gross unrisked Prospective Resource of Coal Bed Methane** contained in the 17 PEDLs in South Wales, Kent and Bristol Somerset (covering a prospective area of 1068 square kilometres) in which Eden holds an interest are:

- A low to high estimate of **1,903-4,990 BCF** with a best estimate of **3,088 BCF**

UK Gas Market

- The UK total demand for natural gas in 2009 was equivalent to approximately **3.6 TCF**.
- The UK is now a net importer of natural gas and the industrial price of natural gas in 2009 was 58% higher in the UK than in US.

OVERVIEW

Several months ago, Eden commissioned two independent expert reports in respect to the prospectivity to some of its UK gas assets, which comprise in total joint venture interests in 17 PEDLs in South Wales, Kent and Bristol/Somerset covering a total area of more than 1,800 square kilometres (approximately 500,000 acres) (Figure 1) and taking in very large portions of the coal fields and surrounding basins in these three areas of the UK.

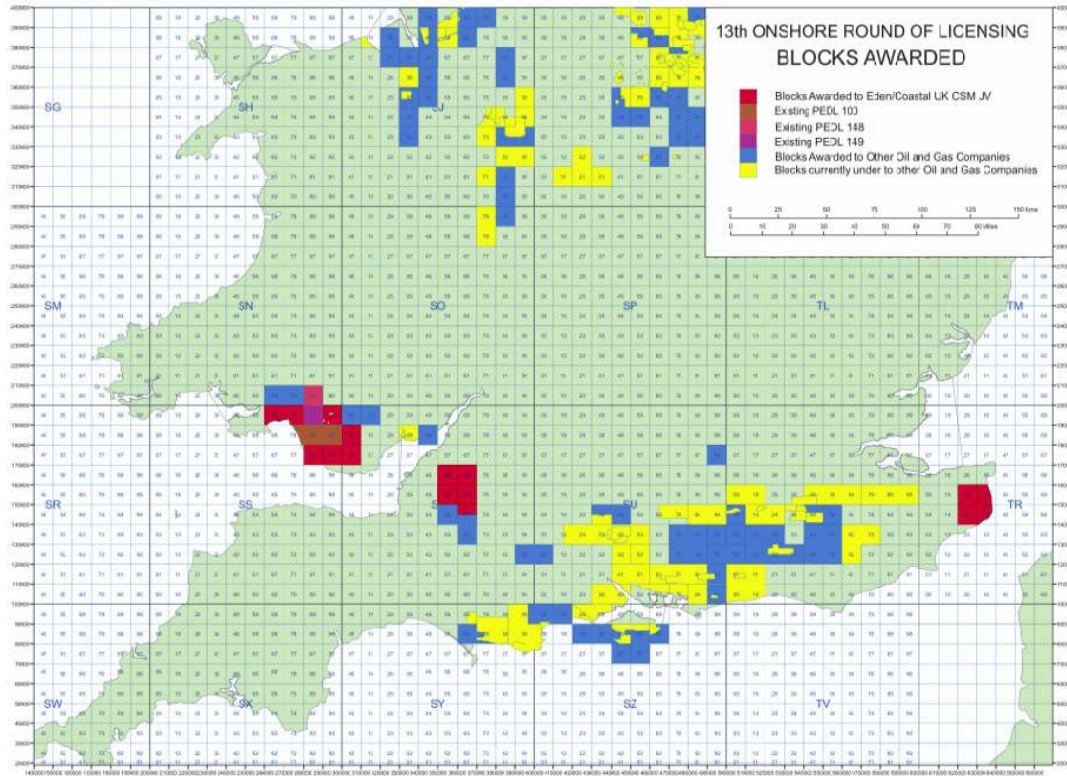


Figure 1: UK Petroleum Licenses in which Eden holds an interest

RPS Group Plc was commissioned to undertake a review of the prospectivity for shale gas of the Namurian Measures on the 7 Petroleum Exploration and Development Licences (PEDLs) in South Wales where the Namurian Measures occur (covering a prospective area of 806 square kilometres). The Namurian Measures are also present in Bristol/ Somerset but have not been included in this current report, but are not found in the other PEDLs in South Wales and Kent in which Eden holds an interest, although these other PEDLs are potentially prospective for gas in older formations, but on which no report has been prepared and very little information is known. Eden holds a 50% joint venture interest in the shale gas, conventional gas rights in 14 of these PEDLs and is acquiring a 50% interest in these measures in the remaining 3 PEDLs (in South Wales).

RISC Pty Ltd (RISC) was also commissioned to undertake a review of the prospectivity for coal bed methane of all 17 Petroleum Exploration and Development Licences (PEDLs) in South Wales, Kent and Bristol/Somerset in which Eden holds an interest (covering a total area of more than 1,800 square kilometres and of which approximately 1315 square kilometres are prospective for coal bed methane).

Eden holds a 50% joint venture interest in the coal bed methane rights (in the Westphalian Measures) in 15 of these PEDLs and a 5% interest in the coal bed methane rights in the remaining 2 PEDLs (in South Wales).

FINDINGS in REPORTS

Shale Gas- RPS

RPS has reported that the 806 square kilometres of the 7 PEDLs in South Wales where the Namurian Measures are interpreted as occurring (covering a prospective area of 806 square kilometres) contains the following estimated gas based on the Petroleum Resource Management System:

Unrisked P90 Resource Volume Estimates of Namurian Hosted Shale Gas:

- Volume of Gas Initially in Place (GIIP) – **34.198 TCF** (Eden's share -**17.099 TCF**)
- Recoverable Volume – **12.799 TCF** of gas (Eden's share – **6.349 TCF**)

These estimates were calculated by RPS:

- after reviewing the analysis of the available drill core (from a limited number of previous drillholes into the Namurian measures), and
- modelling across the relevant area :
 - the Formation Pressure and Fracture Gradient,
 - the Thermal Maturity Gradient,
 - the Geochemical Calculation of Porosity in Organic Matter,
 - the Calculation of Gas Content, and
 - the Gas Originally in Place and Recoverable.

Coal Bed Methane - RISC

RISC has reported that the 17 PEDLs in South Wales, Kent and Bristol/Somerset in which Eden holds an interest (covering a total area of more than 1,800 square kilometres and of which approximately 1315 square kilometres are prospective for coal bed methane) contain the following estimates:

Gross Contingent Resource of Coal Bed Methane in the 10 PEDLs in South Wales (covering a prospective area of 247 square kilometres) in which Eden holds an interest:

- A **1C to 3C range of 687-1,363 BCF with a 2C estimate of 980 BCF**

Gross Unrisked (P90) Prospective Resources of Coal Bed Methane contained in the 17 PEDLs in South Wales, Kent and Bristol Somerset (covering a prospective area of 1068 square kilometres) in which Eden holds an interest are:

- A **low to high estimate of 1903- 4,990 BCF with a best estimate of 3,088 BCF**

RISC compiled these resource estimates based on the SPE PRMS definitions and guidelines. In doing so:

- the coal resources in all areas were estimated after adjusting for urban, mined out and restricted access areas,

- in South Wales:
 - Data from numerous wells and coal mining activities were used
 - Contingent Resources were assigned to areas with demonstrated gas content and data to support significant quantities of potentially moveable hydrocarbons from wells, mining and gas production from former coal mine activities
 - Prospective Resources were assigned to the other areas
 - Coal depth ranges from near surface to 1200m averaging about 600m
 - The coals sub-crop towards the south and are absent in three PEDLs (216,217 and 218)
 - Data shows gas contents averaging 11.9m³/t DAF over the permits, increasing to over 20m³/t towards the north
 - Total coal thickness from well data averages 20m
 - Ash and moisture average 7% and 1% respectively
- in Kent:
 - Prospective Resources were assigned based on data from 22 wells that were used to estimate the coal resource
 - 10 wells have wireline data
 - Coal thickness seen in the wells averages 10m and the depth ranges from 280 to 1200m with an average of about 800m
 - Ash and moisture content average 6% and 1% respectively
 - The gas content based on analogue data expected to be 9-12m³/t DAF
- in Bristol:
 - Prospective Resources were assigned based on more sparse data
 - Observed coal thickness averages 5m and the depth ranges from near surface to about 800m
 - Ash and moisture content average 6% and 1% respectively
 - The gas content based on analogue data expected to average 11.9m³/t DAF

Eden's calculation of its share, based on percentage interests in each PEDL, in the total Coal Bed Methane resources detailed in the RISC report is:

- Gross Contingent Resource, with a 2C estimate **-332 BCF**
- Gross Unrisked (P90) Prospective Resources - a low to high estimate of **848 -2,271 BCF** with a best estimate of **1,382 BCF**

UK GAS MARKET

The reports from RPS and RISC follow the previously announced (Eden's ASX announcement 26 May 2011) public release on 23 May 2011 of a UK Government report that supported on-going shale gas drilling in UK.

The UK Government report states that in 2009, the UK total demand for natural gas was equivalent to approximately 100bcm, or **3.6 TCF**. In this context, the estimated unrisked P90 Resource Volume of Shale Gas Initially in Place (GIIP) – **34.198 TCF**, and estimated unrisked P90 Recoverable Volume – **12.799 TCF** are very significant numbers.

The UK is now a net importer of natural gas and the price of natural gas in the UK is relatively high, and in 2009 the average industrial price of natural gas was 58% higher than in US. According to figures published by the UK Government (www.decc.gov.uk), the 2009 average industrial price of natural gas including taxes in the UK (in pence per kWh) was 1.78 whilst in US for the same quantity of gas the equivalent price was 1.12.

GLOBAL SHALE GAS ACTIVITY

Shale gas exploration and development has been increasing rapidly in many parts of the world, particularly in US. In Europe most activity has been in Poland to date.

Many of the major energy and resource companies have during the past five years acquired significant positions in shale gas exploration and production around the world and a number of multi-billion US dollar acquisitions have occurred over the past two or three years for large producing or advanced stage shale gas projects.

Most recently, BHP Billiton reported (bhpbilliton.com/bb/investorsMedia/news/2011) in February 2011 having acquired 100% of Chesapeake Energy Corporation's upstream and midstream Fayetteville shale gas interests in the US for US\$4.75 billion. This included:

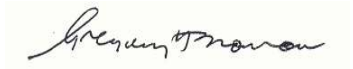
- US\$0.5billion for midstream interests;
- 487,000 net acres, 415 MMCF/d (million cubic feet per day) current production, 2.4 TCF proved reserves, and 10 TCF total risked resources.

This represented a purchase price of US\$1.77 per MCF (thousand cubic feet) for proved reserves or US\$0.43 per MCF for total risked resources.

Whilst the Eden shale gas project is still in its very early stages, nevertheless the level of global interest in this sector is encouraging.

FUTURE ACTIVITIES

In light of these reports, Eden will now re-assess the best way to develop and exploit this potentially very significant asset, and further information will be released as it becomes available.



Gregory H Solomon

Executive Chairman

For further information please contact Greg Solomon (+61 8 9282 5889) or visit our website (www.edenenergy.com.au)

Consents

RPS consents to the inclusion of its estimates of Prospective Resources in this announcement. The estimates are subject to uncertainty because they involve judgments on many variables that cannot be precisely assessed including resources, future production rates, the costs associated with producing these volumes, access to product markets, market prices and the potential impact of fiscal/regulatory changes. RPS believes that its estimates and conclusions are sound but no warranty of accuracy or reliability is given. The estimates may increase or decrease and RPS's opinions may change as further information becomes available.

RISC consents to the inclusion of its estimates of Contingent and Prospective Resources in this announcement. The estimates are subject to uncertainty because they involve judgments on many variables that cannot be precisely assessed including resources, future production rates, the costs associated with producing these volumes, access to product markets, market prices and the potential impact of fiscal/regulatory changes. RISC believes that its estimates and conclusions are sound but no warranty of accuracy or reliability is given. The estimates may increase or decrease and RISC's opinions may change as further information becomes available.