ACN 109 200 900

ASX Quarterly Report

For the Period Ended 31 March 2014

HIGHLIGHTS

Optiblend™ Dual Fuel Project

- **Record US OptiBlend™ Sales for Q1 2014 – Orders received for 26 units having an aggregate value of US$823,000 (A$894,000).**
- **Aggregate value of orders for Financial Year (FY) 2013-14 to 31 March 2014 now exceeds US$1.475million (A$1.6million).**
- **Target markets – Oil and Gas Market, and Back-up Power (hospitals, essential services, data centres).**
- **Canadian and Latin American market interest growing.**
- **Heavy Duty Model Released- improved tolerance of extreme temperatures and vibration, suitable for use on gensets installed on drilling rigs and fracking trucks.**
- **Reduction in emissions shown with an OptiBlend™ unit used on a diesel genset in conjunction with a diesel oxidation catalyst.**
- **Further increases in sales during FY 2014-15 anticipated.**

UK Gas Assets

- **Eden terminated its conditional agreement with Shale Energy PLC ("Shale Energy") to sell its UK gas portfolio due to the failure of Shale Energy to complete a capital raising of £7million.**
- **Eden entered into a conditional Heads of Terms with its existing UK gas and petroleum Joint Venture partners to merge their respective interests.**

Pyrolysis Project - Carbon Nanotubes/ Carbon Nanofibres/ Hydrogen

- **Initial US tests of carbon nanotube enriched mortar paste have resulted in an encouraging increase of 23.3% in compressive strength and a 13.6% increase in flexural strength after 28 days. These trials will continue for the next several months.**

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DETAILS

OPTIBLEND™ DUAL FUEL SYSTEM (EDEN 100%)

US Optiblend™ Progress

Hythane Company, the wholly owned US subsidiary of Eden Energy, has seen record quarterly US sales for the quarter ended 31 March 2014 of the Optiblend™ dual fuel system which it developed for the diesel generator set ("genset") market.

Orders were received in the US during the quarter for twenty six units, having an aggregate value of US$823,000 (A$894,000approx). In comparison, during the previous six months ended 31 December 2013, orders for a total of 24 worth a total of US$653,000 (A$709,000approx) were received.

This brings the aggregate value of orders for Financial Year (FY) 2013-14 to 31 March 2014 to over US$1.475million (approx. A$1.6 million).

The rate of growth of the value of quarterly sales since 2012 is shown in Figure 1.

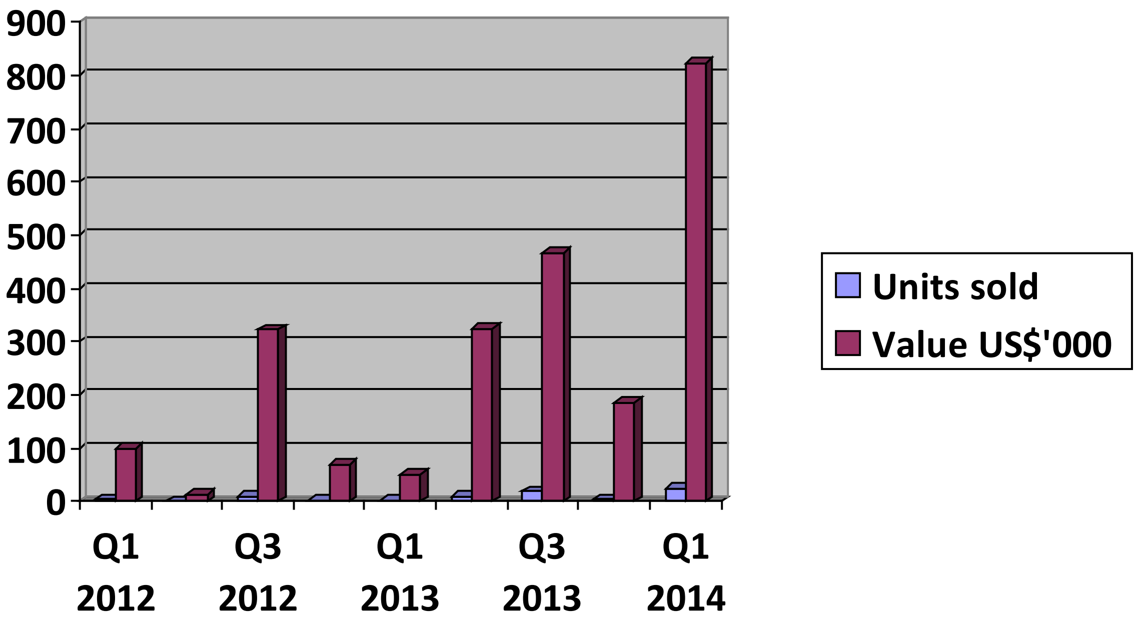


Figure 1. Quarterly US Optiblend™ Sales Volume

Interest in Canada and South America for the Optiblend™ dual fuel system is emerging, and these new markets are expected over the next 12-24 months to generate a growing proportion of future sales.

The target markets continue to be the oil and gas exploration and production sectors, and back-up power where existing diesel powered gensets are converted to a lower cost dual fuel configuration. This latter market sector includes hospitals, essential services, and data centres which all maintain full electricity generating capacity to supply their power needs if the grid power should fail for any reason.

It is anticipated, based on growing market interest and an increasing number of distributors who have been appointed in USA by Hythane company to market and service the Optiblend™ system, that sales will continue to experience strong growth during 2014-2015.

5th Generation, Heavy Duty OptiBlend™ Model Released

During the quarter Hythane Company released its fifth generation, heavy duty (HD) Optiblend™ dual fuel system (see Figures 2 and 3). This has been further enhanced for harsh operating conditions, to enable it to operate under a wider range of extreme operating conditions, such as are experienced on drilling rigs and fracking trucks, which frequently operate in either extreme heat or Arctic conditions and are constantly subject to extreme vibration.

The Optiblend™ dual fuel technology is continually being enhanced to improve both the control system and the system's operating capabilities, enabling it to retain its place as a market leader in this rapidly growing market sector.

The Optiblend™ system has always led the industry with its real time dynamic control, but with our latest software release in January 2014, our system now offers:

- The ability to adjust for variances in gas quality
- The ability to monitor and record catalyst health
- The ability to display real time diesel displacement
- The ability to balance gas delivery to each cylinder bank
- Remote monitoring capability
- Fast turnaround on custom engineering
- Standard Duty and Heavy Duty options custom sized per application.

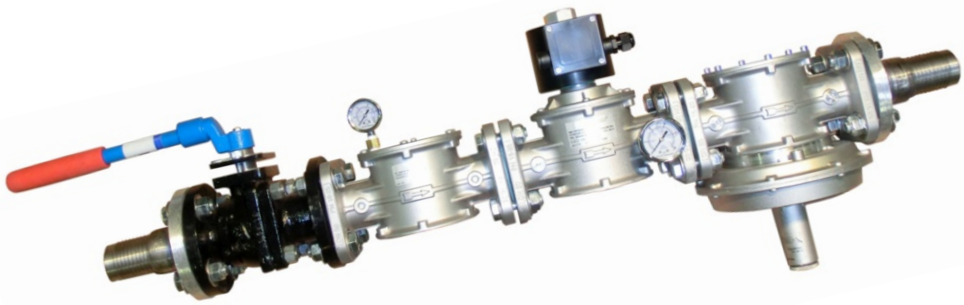


Figure 2. Typical OptiBlend™ Heavy Duty Gas Train

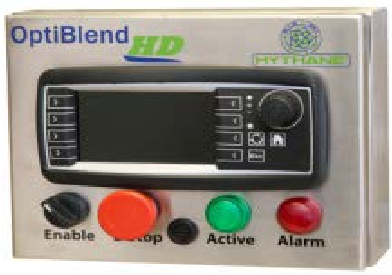


Figure 3. New Heavy Duty OptiBlend™ Control Panel

These improved features, which have been added with only a modest increase in price, place the Optiblend™ system in a very competitive position that is anticipated to translate into increasing sales for the foreseeable future.

Certified Third Party Emissions Testing Results

During the quarter, Hythane Company collaborated in having the exhaust emissions tested from one of its heavy duty OptiBlend™ systems that had been installed on a large, modern diesel genset that was also fitted with a diesel oxidation catalyst.

The results showed that various emissions from the engine, when it was operating in dual fuel mode (ie whilst consuming both methane (natural gas) and diesel fuel), including oxides of nitrogen (NOx), particulate matter, carbon dioxide (CO2), unburnt non-methane hydrocarbons, and carbon monoxide (CO) were all lowered compared with the level of emissions from the same engine whilst running on diesel fuel alone.

These are the first independent tests of the comparative emissions that have been obtained from an engine using an OptiBlend™ dual fuel system and will provide a further competitive advantage as growing global concern over the effects of the level of these emissions, translates into stricter emissions regulations in the future.

India Optiblend™ Progress

During the quarter, Eden Energy India received no new orders for Optiblend™ systems in India. This is largely due to the high price of natural gas in India and its relative short supply. However Eden India has received interest from potential customers in a number of other countries, which are all being pursued. Depending on the outcome of the current general election in India (which will be completed early in May 2014) there could potentially be a change in existing policy of capping the price of diesel fuel whilst allowing natural gas prices to rise, and such a change in policy should it occur could result in significant change to the economics of buying an Optiblend™ kit which could help to increase Indian sales.

Optiblend™ Background

Eden has developed an efficient dual fuel system that is capable of operating on diesel engines and displacing up to 70% of the diesel fuel with natural gas. If Hythane™ (hydrogen enriched natural gas) is used in place of natural gas, the displacement of diesel fuel could be as high as 80%. The use of the natural gas will greatly reduce greenhouse gas emissions and, in places where natural gas is cheaper than diesel, will also reduce fuel costs. It has significant market potential particularly in the diesel powered generator set ("genset") market.

As a result of the increase in shale gas recovery in USA, the lower priced natural gas has resulted in a large market in USA for the conversion of these diesel engines to operate on a dual-fuel system of both natural gas and diesel is anticipated. Depending upon the size of the engine and the number of hours per day that it operates, payback times for the conversions are mostly a lot less than 12 months, so the cost is minimal compared to the replacement cost of a natural gas generator.

UK GAS PROJECT

Following the failure of Shale Energy to satisfy the condition that it complete a capital raising of £7million by 13 December 2013 or since that date, Eden has terminated the conditional contract with Shale Energy to sell its entire UK gas and petroleum interests.

Upon that termination being affected, Eden entered into a conditional Heads of Terms with UKOG (the parent company of Eden's two existing UK gas joint venture partners - Coastal Oil and Gas Limited and UK Methane Limited) and its shareholders to sell all of the shares in Adamo UK to UKOG on the following terms:

1. The total consideration payable by UKOG will be:
   1.1. The issuance to Eden of shares in UKOG representing 33.33% of the total issued share capital of UKOG on a fully diluted basis (the "Consideration Shares") before any further capital is raised and before any loans owed by UKOG that are to be capitalised have been converted; and
   1.2. A deferred cash payment of £1million (approx. A$1.87m) documented by way of an interest free, unsecured loan note issued by UKOG to Eden, repayable out of the proceeds of a proposed capital raising by UKOG or a its purchaser as the case may of not less than £10million be on or before 30 September 2014.
   1.3. If the £1million has not been paid to Eden by 30 September 2014, or such later date as the parties may agree, Eden may elect to increase its shareholding in UKOG by 6.67% from 33.33% to 40% and forego the payment of the £1million.
2. The other major terms of the heads of Terms are:
   2.1. It is the intention that UKOG will either:
      - list on AIM (expected to be by way of reversal into an existing listed company) after the listed company has completed or contemporaneously with it completing a public fundraising of not less than £10million; or
      - complete an off-market capital raising into UKOF of not less than £10million.
   2.2. Eden must consent to any such capital raising or takeover transaction that places a value of less than £36million on the total issued capital of UKOG before such capital raising.
   2.3. The major shareholder in UKOG, Gerwyn Williams, will advance funds to UKOG by way of loan to fund all operating expenses, transactional expenses and listing expenses.
   2.4. Eden will appoint a director to the board of directors of UKOG.
   2.5. All parties have agreed that all applications for any licence interests in the forthcoming 14^{th} Round of UK Onshore Licence Applications will be made by UKOG.
   2.6. A shareholders agreement will be executed by the parties to provide reasonable minority shareholder protections for Eden.
   2.7. The Heads of Terms is conditional upon a formal agreement being executed by 30 April 2014 and also to approval by the shareholders of Eden. Eden shareholder approval for the now terminated Shale Energy transaction was obtained.
3. Subject to completion of this transaction, UKOG (or its ultimate AIM listed parent as the case may be) will own 100% of the combined petroleum and gas licences of Adamo UK and UKOG that until now have been held in 50/50 joint venture between Adamo UK and the subsidiaries of UKOG. This is thought to be a far better structure both from an operational perspective and for capital raising purposes as it would eliminate a major potential source of conflict between the joint venture partners, and as such is anticipated to be more favourably viewed by the financial market than the joint venture structure.

__The UK Gas Project Sale Assets__

The sale assets comprise Eden's 50% joint venture interests in 17 Petroleum and Development Licences (PEDLs) in England and South Wales and its 100% interest in one further PEDL in South Wales ("Eden's UK Licence Interests")

As announced by Eden to the ASX on 30 May 2011, independent experts (RPS in relation to shale gas and RISC in relation to coal seam methane) had reported that these licences have the potential to contain significant quantities of hydrocarbons. More specifically, that announcement reported that:

- **RPS in relation to the shale gas had reported:**
  - 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) of:
    - 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); and
- **RISC in relation to coal seam methane had reported that**:
  - the 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 , and
    - 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.

NANO-CARBON, HYDROGEN and HYTHANE™

Pyrolysis Project (Eden 100%)

__Market progress__

During the quarter, Eden and its US subsidiary continued its efforts to develop suitable large scale commercial markets for its nano-carbon products. Eden continued to focus on developing a number of collaborations with groups and universities with the requisite skills to assist in developing commercial applications of the CNTs.

__CNT Enriched Concrete and Cement Project in the USA__

During the quarter Eden has been continuing preliminary testing in the US on the technology and know-how that Eden acquired the exclusive, world-wide, perpetual licence from Monash University ("Monash") and also trialled several other products to enable carbon nanotubes produced by Eden to be effectively mixed into cement in order to produce stronger concrete.

The best results to date of these initial US tests of carbon nanotube enriched mortar paste have resulted in an encouraging increase of 23.3% in compressive strength and a 13.6% increase in flexural strength after 28 days. These trials will continue for the next several months.

Eden has identified a possible immediate application for the stronger concrete in the USA for hardening the surface of concrete floors, roadways and paving on concrete bridges that are subject to heavy wear due to vehicle usage, and in particular for concrete roadways that are subject to heavy snowfall and are regularly cleared using snow-ploughs, that often cause considerable abrasion and damage to the concrete surface, necessitating frequent repairs. Subject to the preliminary US testing being successful, a trial in a US warehouse that is exposed to heavy vehicle and fork-lift activity, which could take six months, or more, to complete, is planned. Subject to satisfactory results from this trial, it is hoped that a commercial trial on a suitable roadway that is exposed to frequent clearing by snow-plough can then be arranged in the US.

CNT Enriched Concrete and Cement Projects in Australia

Eden and Monash await the outcome within the next two months of an application for an ARC grant for the joint development of a process to combine carbon nanotubes / carbon nanofibres with cement and concrete to produce a high strength concrete suitable for high rise building applications. If this application is successful and the project proceeds, it is anticipated it will take 30-36 months to complete.

CNT Enriched Polymers and Plastics Project in Australia

During the quarter chemical engineering department of the University of Queensland ("UQ") advertised for suitable candidates to run the collaboration research programme with Eden for development of a method for production of super high strength, low weight carbon nanotube ("CNT") reinforced polymer composites for potential automotive and aerospace applications. UQ was awarded a $255,000 grant by the Australian Research Council ("ARC") to partially fund this project. This collaboration project follows preliminary encouraging results from the addition of carbon nanotubes into polypropylene.

Background

Eden remains optimistic that it will develop suitable markets for the nano-carbon products that it can produce in an efficient, commercially competitive production process. Eden currently has established production capabilities at its subsidiary in Colorado that enable it to produce up to 40 tonnes of nan-carbon per year from a feedstock of natural gas (methane).

Additionally, the only other major by-product from Eden's pyrolysis process is hydrogen, the real cost of which will be dependent upon the value of the carbon produced. The quantity of hydrogen produced will be 33.33% (by weight) of the quantity of carbon produced.

This hydrogen can be used either to help fuel the pyrolysis reactor or captured and fed into the various hydrogen/Hythane™ applications that Eden has been developing, to try and accelerate the commercial rollout of these hydrogen applications based on the relatively low cost hydrogen. The current cost of hydrogen is one of the major limiting factors holding back a broader rollout of hydrogen and Hythane™. Encouragingly, the hydrogen produced using the Eden pyrolysis process will generate only a relatively very small amount of greenhouse gas as a by-product compared with most other currently available methods of hydrogen production, and in consequence it is projected that the hydrogen is likely to be both commercially competitive and environmentally preferable.

Hythane™

Indian Hythane™ Bus Demonstration Projects

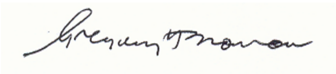
During the quarter, no progress on either of these projects was achieved.

If commercial hydrogen production, using Eden's new pyrolysis process is available and the nano-carbon can be sold, it would greatly increase the chances of developing a large Hythane™ market in India as the cost of the hydrogen can be underpinned by the value of the carbon that is produced.

Despite no significant progress having been made on any of these Indian Hythane™ projects, there remain a reasonable level of interest both from ongoing Hythane engine development programmes and also activities by the Indian Government affirming its intention to proceed with its hydrogen projects. Eden remains hopeful that these projects will ultimately proceed particularly if Eden can utilise low cost hydrogen produced as a by-product from its pyrolysis project to produce carbon nanotubes and nanofibres, and Eden will continue to follow up on these projects as they emerge.

SOUTH AUSTRALIA NATURAL GAS LICENCE

Following years of unsuccessfully attempting to secure a farm-in partner for Eden's South Australian natural gas licence and licence application, Eden has elected to relinquish PEL 183 and withdraw the PELA 240 licence application. As part of the relinquishment of PEL 183 a $50,000 environmental bond will be released to Eden.



Gregory H Solomon

Executive Chairman

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

Interests in Tenements

Tenements	Location	Interest held at end of quarter	Acquired during the quarter	Disposed during the quarter
PEL 183	South Australia	-		100%
PELA 240	South Australia	-		100%
PEDL100	UK	50%		
PEDL148	UK	50%		
PEDL149	UK	50%		
PEDL212	UK	100%		
PEDL214	UK	50%		
PEDL215	UK	50%		
PEDL216	UK	50%		
PEDL217	UK	50%		
PEDL218	UK	50%		
PEDL219	UK	50%		
PEDL220	UK	50%		
PEDL226	UK	50%		
PEDL227	UK	50%		
PEDL228	UK	50%		
PEDL249	UK	50%		
PEDL250	UK	50%		
PEDL251	UK	50%		
PEDL252	UK	50%		

Rule 5.3

Appendix 5B

Mining exploration entity quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10

Name of entity

EDEN ENERGY LTD

ABN	Quarter ended ("current quarter")
58 109 200 900	31 March 2014

Consolidated statement of cash flows

	Cash flows related to operating activities	Curent quarter $A'000	Year to March (9 months) $A'000
1.1	Receipts from product sales and related debtors	404	955
1.2	Payments for (a) exploration & evaluation	-	(153)
	(b) development	-	-
	(c) production	-	-
	(d) administration	(176)	(642)
	(e) other	(835)	(2,005)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	14
1.5	Interest and other costs of finance paid	-	-
1.6	Income taxes paid	-	-
1.7	Other (provide details if material)	267	1,161
	Net Operating Cash Flows	(337)	(670)
	Cash flows related to investing activities		
1.8	Payment for purchases of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(2)	(9)
1.9	Proceeds from sale of: (a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other (provide details if material)	-	-
	Net investing cash flows	(2)	(9)
1.13	Total operating and investing cash flows (carried forward)	(339)	(679)

Notes

1.2e Other – Payments to suppliers and employees by Eden's wholly owned subsidiaries; Eden Energy India Pvt Ltd and Hythane Co LLC which are trading companies and these payments mainly consist of payments for cost of goods sold, research & development, inventory and overheads.

1.7 Other – Relates to proceeds from settlement of Engenco matter, the non-refundable deposit from Shale Energy Plc and a lage VAT refund resulting from the release of prior years VAT returns delayed by HMRC during their investigation.

+ See chapter 19 for defined terms.

1.13	Total operating and investing cash flows (brought forward)	(339)	(679)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	-	982
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	(348)
	Net financing cash flows	-	634
	Net increase (decrease) in cash held	(339)	(45)
1.20	Cash at beginning of quarter/year to date	790	499
1.21	Exchange rate adjustments to item 1.20	(6)	(9)
1.22	**Cash at end of quarter**	445	445

Notes
1.19 Other – Payment to La Jolla Cove Investors (LJCI) to settle litigation arising out of conduct by LJCI in relation to a funding agreement.

Payments to directors of the entity and associates of the directors Payments to related entities of the entity and associates of the related entities

		Current quarter $A'000
1.23	Aggregate amount of payments to the parties included in item 1.2	127
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

Management Fees, as per agreement, were paid during the quarter to a company of which Mr GH Solomon and Mr DH Solomon are directors.
Directors Fees paid during the period.
Legal Fees were paid during the quarter to a firm of which Mr GH Solomon and Mr DH Solomon are partners.

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

-

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

-

Financing facilities available

		Amount available $A'000	Amount used $A'000
3.1	Loan facilities	-	-
3.2	Credit standby arrangements	-	-

Estimated cash outflows for next quarter

		$A'000
4.1	Exploration and evaluation	-
4.2	Development	-
4.3	Production	-
4.4	Administration	175
4.5	Other	500
	Total	**675**

4.5 Other – Payments to suppliers and employees by Eden's wholly owned subsidiaries; Eden Energy India Pvt Ltd and Hythane Co LLC which are trading companies and these payments relate to payments for cost of goods sold, research & development, inventory and overheads. These estimated outflows will be partially offset by cash receipts from sales of goods and services.

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.		Current quarter $A'000	Previous quarter $A'000
5.1	Cash on hand and at bank	445	790
5.2	Deposits at call	-	-
5.3	Bank overdraft	-	-
5.4	Other (provide details)	-	-
	Total: cash at end of quarter (item 1.22)	445	790

Changes in interests in mining tenements

		Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	PEL 183 PELA 240	Direct Direct	100% 100%	- -
6.2	Interests in mining tenements acquired or increased				

Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	**Preference +securities** *(description)*				
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	**+Ordinary securities**	759,201,038	759,201,038		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs				
7.5	**+Convertible debt securities** *(description)*				
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				
7.7	**Options** *(description and conversion factor)*			Exercise price	Expiry date
		281,250	NIL	20 cents	14 May 2014
		69,640,963	69,640,963	20 cents	30 June 2014
		3,375,000	NIL	2.5 cents	20 November 2015
7.8	Issued during quarter				
7.9	Exercised during quarter				
7.10	Expired during quarter				
7.11	**Debentures** *(totals only)*				
7.12	**Unsecured notes** *(totals only)*				

+ See chapter 19 for defined terms.

Compliance statement

1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act.

2 This statement does give a true and fair view of the matters disclosed.

Sign here: (Company secretary) Date: 29 April 2014

Print name: Aaron Gates

Notes

1 The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

2 The "Nature of interest" (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.

3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.

4 The definitions in, and provisions of, *AASB 6: Exploration for and Evaluation of Mineral Resources* and *AASB 107: Statement of Cash Flows* apply to this report.

5 **Accounting Standards** ASX will accept, for example, the use of International Financial Reporting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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