

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

1 October 2014

Eden Executes Formal Agreement to Merge UK Gas and Petroleum Assets with Existing UK Joint Venture Partner

SUMMARY

- Eden has signed a conditional formal Merger Agreement with its existing UK gas and petroleum Joint Venture partners to merge their respective interests on the following terms:
 - Eden's wholly owned Australian subsidiary, Adamo Energy Ltd ("Adamo AU"), will transfer its wholly owned UK subsidiary, Adamo Energy (UK) Ltd ("Adamo UK") to UK Onshore Gas Limited ("UKOG") (the parent company of the two UK Joint Venture partners of Adamo UK).
 - UKOG will hold 100% of all the merged UK gas and petroleum licences.
 - At completion of the merger, UKOG will issue shares to Adamo AU so that it becomes the holder of 33.33% of the aggregate shares then on issue in UKOG (before it undertakes any capital raising) plus £1million (approx. A\$1.87m) unsecured non-interest bearing loan notes (the "Share Consideration Loan Notes").
 - Adamo AU will also receive a further £69,210 unsecured non-interest bearing loan notes in repayment of certain licence fees prepaid by Adamo AU (the "Licence Fee Loan Notes") and £75,000 unsecured non-interest bearing loan notes as compensation for a pre-existing liability of one of UKOG's subsidiaries which will not be discharged prior to completion of the merger (the "Uplift Loan Notes").
 - It is intended that UKOG will either:
 - list on AIM (either by listing itself or by way of reversal into an existing listed company) after or contemporaneously with it completing a raising of not less than £10million; or
 - complete one or more off-market capital raising into UKOG of not less than £10million in aggregate,(a "Liquidity Event").

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- If any proposed Liquidity Event would place a value of less than £36million on the total issued capital of UKOG before such Liquidity Event, such Liquidity Event can only proceed with the prior written consent of Adamo AU (which is not to be unreasonably withheld or delayed or granted subject to unreasonable conditions).
 - If by 31 March 2015, the Share Consideration Loan Notes have not been repaid to Adamo AU and a Liquidity Event has not occurred, Adamo AU may elect to convert them into shares in UKOG on that basis that its shareholding in UKOG will increase from 33.33% to 40.00% (assuming the total number of shares then on issue in UKOG is the same as the total number of shares which will be on issue in UKOG immediately after completion of the merger). Adamo AU also has rights to convert the Share Consideration Loan Notes into shares upon the occurrence of a Liquidity Event (at the price at which the Liquidity Event fundraising occurs).
 - The major shareholder in UKOG, Gerwyn Williams, will lend to UKOG up to £300,000 to meet all operating expenses, transactional expenses and listing expenses of UKOG.
 - Adamo AU will appoint a director to the board of directors of UKOG.
 - The Merger Agreement is conditional upon a number of conditions including approval by the shareholders of Eden.

DETAILS

Following the 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 major shareholder (for himself and on behalf of all of the other shareholders of UKOG) to sell all of the shares in Adamo UK to UKOG, Eden has signed the formal Merger Agreement in order to merge their combined interests in the 13 Petroleum and Development licences (with an aggregate area of 1,181 Km²) that they collectively hold in England and Wales (following recent rationalisation of the licenced area) on the following terms:

1. The total consideration payable by UKOG will be:
 - 1.1 The issuance to Adamo AU of shares in UKOG representing 33.33% of the total issued share capital of UKOG on a fully diluted basis before any further capital is raised and before any loans owed by UKOG that are to be capitalised have been converted; and
 - 1.2 The issuance to Adamo AU of the Share Consideration Loan Notes, the Uplift Loan Notes and the Licence Fee Loan Notes. The Uplift Loan Notes are subject to downward's adjustment in certain situations.
 - 1.3 All of the Loan Notes will be repayable upon the occurrence of a Liquidity Event (to the extent that this is possible given the financial dynamics of the Liquidity Event and the willingness of any investor to fund such repayment), upon a change of control of UKOG, upon an insolvency event happening to UKOG, if one or more licences are sold in one or more transactions and the net proceeds from such sale are in excess of agreed amounts or upon UKOG, based on its latest accounts and budgets, having sufficient funds to be able to pay the Loan Notes after having provided fully to meet

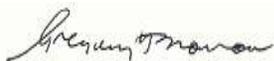
all of its other reasonable and foreseeable costs and expenses for the following 12 month period and taking into account all revenues that it is reasonable to expect UKOG to receive in that said period

- 1.4 Adamo AU also has rights to convert the Share Consideration Loan Notes, the Uplift Loan Notes and the Licence Fee Loan Notes into shares in UKOG upon the occurrence of a Liquidity Event (at the price at which the Liquidity Event fundraising occurs).
 - 1.5 In addition, if by 31 March 2015, or such later date as the parties may agree, the Share Consideration Loan Notes and the Uplift Loan Notes have not been repaid to Adamo AU and a Liquidity Event has not occurred, Adamo AU may elect to convert these loan notes into shares in UKOG on the basis that (assuming the total number of shares then on issue in UKOG are the same as the total number of shares which will be on issue in UKOG immediately after completion of the merger) its shareholding in UKOG will increase by, if all of the Share Consideration Loan Notes are converted into shares, 6.67% from 33.33% to 40.00% and, if all of the Uplift Loan Notes are converted into shares, by a further 0.5% to 40.50%.
2. The other major terms of the Merger Agreement are:
- 2.1 UKOG will use reasonable endeavours to achieve a Liquidity Event by 31 March 2015 (however there is no guarantee that this will occur).
 - 2.2 If any proposed Liquidity Event would place a value of less than £36 million on the total issued capital of UKOG before such capital raising, such Liquidity Event can only proceed with the prior written consent of Adamo AU (which is not to be unreasonably withheld or delayed or granted subject to unreasonable conditions).
 - 2.3 The major shareholder in UKOG, Gerwyn Williams, will advance up to £300,000 to UKOG by way of loan to fund all operating expenses, transactional expenses and listing expenses of UKOG.
 - 2.4 Adamo AU 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 14th Round of UK Onshore Licence Applications will be made by UKOG.
 - 2.6 A shareholders' agreement has also been agreed and will be executed by the parties at completion of the merger to provide, amongst other things, reasonable minority shareholder protections for Adamo AU.
 - 2.7 The Merger Agreement is conditional upon:
 - approval by the shareholders of Eden. The necessary meeting of shareholders will be convened as soon as approval of the ASX is obtained, and a detailed explanatory statement will accompany the notice of meeting; and
 - UKOG, Eden and Adamo (Aust) procuring from DECC a letter that DECC has no objections to the merger proceeding; and

- finalisation of unaudited consolidated annual accounts for UKOG and all of the UKOG Subsidiaries for the financial year ended 31 December 2013 and preparation of unaudited management accounts for UKOG and the UKOG Subsidiaries for the period 1 January 2014 to 30 June 2014, which are in a form reasonably satisfactory to Adamo AU; and
- in respect of four shallow bore holes previously drilled by Centrica at two sites on a licence acquired by Adamo UK from Centrica in 2011, and which have not been filled:-
 - if the results of tests of the quality of the water and soil in and around such bore holes and in appropriate downstream locations that have been taken, indicate that any contaminants are present in the water or soil at above acceptable background concentrations, a report as to environmental damage shall be commissioned by Adamo (Aust) at its own cost from a reputable environmental consultant approved by UKOG, and the results of such tests and (if required) report being satisfactory to UKOG (acting reasonably); and
 - if required by UKOG, completion to a standard satisfactory to UKOG (acting reasonably) of any and all works that may be required to repair the seals and permanently close the boreholes at such sites (at the sole cost of Adamo AU);

and subject to satisfaction or waiver of all conditions, completion of the merger shall take place on the tenth Business Day following the date of such satisfaction (or such earlier date as the parties may agree). This date is tentatively anticipated to occur during the first two-three weeks of November 2014.

3. As a result of this transaction, UKOG (or its ultimate AIM listed parent if UKOG is successful in achieving a Liquidity Event) 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 will be a far better structure both from an operational perspective and for capital raising purposes as it eliminates a major potential source of conflict between the joint venture partners, and as such is anticipated to be far more favourably viewed by the financial market than the joint venture structure.



Gregory H. Solomon
Executive Chairman