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ACN 109 200 900

AUSTRALIAN SECURITIES EXCHANGE ANNOUNCEMENT

28 July 2021

OptiBlend®- US Market Experiencing a Significant Upswing

Highlights

- **A\$1,061,005 (approximately) worth of US OptiBlend® Purchase Orders (actual value US\$781,640) received in the first 4 weeks of July 2021**
- **The aggregate value of the July Purchase Orders exceeds the total annual US OptiBlend sales (in AUD) for either FY2020 (A\$754,000) or FY2021 (A\$495,000).**
- **These Purchase Orders are for 13 units (plus parts and labour) and have been received from 6 customers from a range of market sectors including a large industrial company, a drilling company and a government facility.**
- **This recent increase in the number and value of Purchase Orders (and in the rate of enquiries) is thought to be driven by various factors including:**
 - **Post- COVID-19 market growth as US companies return to full operation;**
 - **The lower price of Natural Gas in the US compared to diesel fuel;**
 - **The need to extend available on-site back-up power generation capacity across all sectors (including hospitals, industrial and government facilities) where continuous power supply is essential, by reducing the consumption rate of on-site diesel fuel from 100%, to as low as to 30% of the fuel consumed (with the added Natural Gas providing up to 70%);**
 - **Concern about more frequent and longer power outages resulting from an increase in extreme weather and other related events; and**
 - **A significant upturn in oil and gas exploration and production drilling resulting from higher oil and Natural Gas prices.**

Details

Eden Innovations Ltd (ASX: EDE) is very pleased to report a significant upswing occurring since 1 July 2021 in purchase orders for OptiBlend®, Eden's proprietary dual fuel system that enables diesel generator sets to run on a combination of Natural Gas (up to approximately 70%) thereby reducing the diesel fuel consumption down to approximately 30% of the total fuel requirement.

The number of US OptiBlend® Purchase Orders received since 1 July 2021 has risen very sharply, with six Purchase Orders for 13 units plus parts and labour having been received, with a combined value of US \$781,640 (approximately A\$1,061,005) since the start of this month.

These Purchase Orders have come from a range of market sectors, including a large industrial company, a drilling company and a government facility. Further, a number of strong enquiries are also in the pipeline, which bodes well for a continuation in the current sharp market upswing.

Market Drivers

Drivers for the increase in purchase orders are thought to be a combination of factors including:

- Post- COVID market growth as companies return to full operation;
- The lower price of Natural Gas compared to diesel fuel;
- A push to extend the available on-site back-up power generation capacity by reducing the consumption rate of the stored diesel fuel down to as low as to 30% of the total fuel (with Natural Gas providing up to 70%).
- This issue has become a far more significant factor with companies, hospitals and other government and non-government facilities that cannot afford power outages, after the major power outages in Texas in February 2021, when it suffered a major power crisis, as a result of three severe winter storms sweeping across the United States in quick succession that resulted in a massive electricity generation failure and resultant shortages of water, food, and heat; and
- A growth in oil and gas drilling exploration and production resulting from higher oil and Natural Gas prices.

Summary

As a result of strong market drivers, and the recent significant increase in OptiBlend® purchase orders, Eden US anticipates that the rate of OptiBlend orders is likely to continue at a significantly higher rate than has been the case over the past two years.

When the current upturn in US OptiBlend® sales is coupled with the increase in Indian OptiBlend® sales over the past financial year, reaching an annual total for FY2021 of A\$1,033,239 (and including a Q4- FY21 sales total of A\$337,725), Eden is confident that the combined US and Indian OptiBlend® sales will generate a significant contribution towards Eden achieving its target of being cash flow positive by the end of FY 2022.

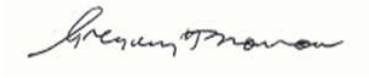
BACKGROUND

The OptiBlend® dual fuel system was designed and developed by Eden US more than 12 years ago, and is 100% owned by Eden. It is a custom fitted hardware technology designed and produced by Eden in the US and India that allows conventional diesel engines to run on Natural Gas as its primary fuel without modifying the engine or the diesel fuel system.

Key features and statistics of OptiBlend® are that it:

- Works by displacing up to 70% of diesel fuel with Natural Gas;
- Lowers fuel costs, lowers emissions and increases runtime;
- Is a highly efficient, cost effective system that reduces fuel cost and emissions;
- Is used by Cummins on its oil/gas drilling power module using 3 Tier II gensets;
- Is suitable for most makes of diesel engines; installed on most major global brands;
- Marketed in US and India for over 10 years – highly reliable, durable, long proven in the market;
- Over 200 systems sold over past 11 years in USA ,India, Middle East, Africa and East Asia;

- Significant potential markets exist in USA and also in India and Africa; and
- In India (and in particular in Delhi and the National Capital Region) natural gas is far cheaper than diesel fuel, and extreme air pollution has resulted in government restrictions on use of gensets running solely on diesel fuel.



Gregory H. Solomon

Executive Chairman

This announcement was authorised by the above signatory.

For any queries regarding this announcement please contact him on +618 9282 5889.