Edenville

ENERGY PLC

Annual Report & Accounts

For the year ended 31 December 2010

Edenville
ENERGY PLC

Contents

Company Information

Directors

Simon Rollason (Executive Chairman)
Mark Jonathan Pryor (Chief Executive Officer)
Rakesh Ramesh Patel (Executive Director)
Sally Joy Schofield (Non Executive Director)

Company Secretary

David Venus and Company LLP

Registered Office

Aston House
Cornwall Avenue
London N3 1LF

Registered Number

05292528

Nominated Adviser and Broker

ZAI Corporate Finance Limited
177 Regent Street
London W1B 4JN

Bankers

Barclays Bank plc
9 High Street
Stony Stratford
Milton Keynes MK11 1HR

Auditors

HW Fisher & Company
Acre House
11-15 William Road
London NW1 3ER

Solicitors

Harbottle & Lewis
Hanover House
14 Hanover Square
London W1S 1HP

Registrars

Capita Registrars Limited
The Registry
34 Beckenham Road
Beckenham
Kent BR3 4TU

Edenville ENERGY PLC

Chairman's Statement

for the year ended 31 December 2010

I am pleased to report on the Group's accounts for the year ended 31 December 2010.

Chairman's Statement

I am pleased to present the first annual financial statements for Edenville Energy plc for the period ending 31 December 2010, and report on developments of the group since re-admission of the company to trading on the AIM market of the London Stock Exchange on 29 March 2010.

In March 2010, the Company acquired Edenville International Limited ("Edenville"), and, through its 99.5 per cent owned subsidiary, Edenville Tanzania, owned six prospecting licences in Tanzania with a particular focus on coal and uranium.

The principal reason for the acquisition was to allow for the implementation of the Company's strategy which is to focus on working with local partners actively engaged in the process of exploration to develop mineral assets while maintaining a disciplined asset and cost base. The acquisition provided access to a region displaying very viable prospects in coal and uranium, supported by a Government that actively encourages active coal and uranium exploration. The shift towards coal and uranium exploration and development is based on the steady global growth in demand for energy in the foreseeable future, particularly with increasing demand from China and India, and reflects a move away from the more niche gemstone markets to the broader appeal of energy commodities

Financial results

The financial results cover a period which included the re-admission to AIM in March 2010. The Group reported an operating loss of £304,348 (2009: £182,483) for the year ending 31 December 2010 and had net assets at that date of £8,026,289 (2009: £751,191).

The Group has a strong balance sheet and has sufficient cash reserves to advance its resources towards production and away from grass roots exploration.

Financing

In March 2010, at the time of the re-admission to market, the Company raised £1,000,000 (before expenses) by way of a Placing. In January 2011, the Company successfully raised an additional £1,500,000 through a subscription of 83,333,334 new ordinary shares in the Company.

In mid 2011, at the cessation of the heavy seasonal rains in Tanzania, the funds raised will be used to commence drilling programmes at key coal targets such as the Rukwa coalfield project. The funds will also provide working capital to the Company.

Corporate

In August 2010, the Group announced the successful completion of an agreement to acquire the majority interest in multiple licences covering the Namwele, Mkomolo and Muze coal deposits of the Rukwa Coalfield in southern Tanzania. Edenville has entered into an Acquisition and Option Agreement with Upendo Group Ltd, a Tanzanian registered company, whereby Edenville has acquired an initial 70% interest in 2 Prospecting Licences (PL), and 66 Primary Mining Licences (PML). Edenville additionally acquired an undivided 100% interest in a Prospecting Licence-Reconnaissance (PLR) which surrounds the Namwele and Mkomolo PML's.

In March 2011, the Group announced the acquisition of three additional exploration licences in south-western Tanzania adjacent to the Kiwira-Songwe Coalfield.

Chairman's Statement

Board and management

The board structure was strengthened during the year by the appointment of Mark Pryor as Chief Executive Officer and Sally Schofield as a Non-Executive Director.

Outlook

The outlook for the Group is positive. Drilling planned at the Rukwa Coalfield will allow us to continue with our objectives to defining a mineral resource and advancing this project to the next stage of development. We continue to evaluate our portfolio of assets in Tanzania and will continue to seek new opportunities for company growth through joint participation, partnerships or ownership. The short to mid-term future for energy commodities remains positive especially for lower cost producers and Edenville is well placed to participate in this sector.

Conclusions

On behalf of shareholders I would like to take this opportunity to thank my colleagues and employees for all their efforts throughout the period, particularly completing the successful re-admission to the AIM and the acquisition of the coalfields projects and we look forward to a much more rewarding 2011.

Simon Rollason
Executive Chairman

3 June 2011

Edenville
ENERGY PLC

Review of Operations

for the year ended 31 December 2010

With the continued interest in coal and coal products and the steady increase in global prices, we are greatly encouraged that the licence base on listing in March 2010 has been augmented with additional quality licences. These include an area around the now dormant Kiwira Coal Mine and the Rukwa Coalfields, the focus of our current exploration activity.

Initial exploration activity concentrated on the Matiri block of licences where historic airborne radiometric data indicated elevated values of radioactive elements. Geological mapping and radiometric ground surveys were completed that indicated elevated values of uranium over several distinct zones within the licence. Follow up work with continued mapping and sampling of the Matiri South licence was then instigated. This work was suspended following our acquisition of the Rukwa Coalfields and this subsequently became the focus of our operations in South-Western Tanzania.

Following the acquisition of the Rukwa Coalfields in August 2010, exploration attention was concentrated on the three coalfields at Namwele, Mkomolo and Muze, that have an historic resource of 17.5 Million tonnes (Tanzanian Geological Survey, 1937). Over the last 6 month period exploration in the form of historic database evaluation, follow-up geological mapping and sampling together with the initiation of a pitting and trenching program was completed.

The historic open pit at Namwele, operated by the previous owner, had produced some 11,000 tonnes of coal for local consumption and was the starting point for the exploration. Although 10 million tonnes of the resource had been, historically, established at the Muze portion of the coalfield, this area was prioritised for later exploration with efforts concentrating initially on the Namwele and Mkomolo areas where more recent mining had taken place. Pitting commenced in October and very quickly it became evident that the coal measures were more extensive than had previously been documented, with two further areas of coal outcrops identified and sampled approximately 3km to the west of the known occurrences.

A scout RAB (Rotary Air Blast) drilling program was planned and initiated in early December. Following the completion of the first nine holes it became apparent that the RAB drill machine was unable to penetrate to the planned target depths; the maximum depth achieved 34.20m and sample recoveries were unacceptable. The RAB program was therefore terminated and a larger diamond drilling program planned.

Drilling is now planned for Q3 2011 with an emphasis on the Mkomolo area of the Rukwa coal field. To facilitate effective targeted drill planning the Company has undertaken a programme of geological mapping which is supported by a total of seventy eight hand dug pits, to a maximum depth of 3metres, which were completed over a total strike length of 3kms at Namwele and 7kms at Mkomolo.

During the year the company pursued other coal opportunities, and resulting from this was the acquisition, in 2011, of a group of 3 licences in the Kiwira area, as well as a consolidation of the Rukwa coalfields with the surrounding prospecting licences.

Management is currently evaluating other more advanced coal projects in Africa, Eurasia and South-East Asia.

M J Pryor
Chief Executive Officer

3 June 2011

Directors and Senior Management Biographies

Simon Rollason

BSc (Hons) Geology, MIMMM, FGS, Aged 44
Executive Chairman

Simon graduated from the University of the Witwatersrand, South Africa in 1990 with a B.Sc(Hons) degree in Geology. He has gained 20 years international experience working in both mining and geological exploration. During this time, Simon has worked in Africa, the Middle East, Central Asia and the Far East with both multi-nationals and junior resources companies. Simon has worked on gold, nickel, copper, base metals, uranium and gemstone projects, ranging from grassroots to producing assets. He has been involved with and managed operations that have varied from exploration and evaluation projects to successful feasibility studies. Simon moved back to the UK in 2008 to take up the role of Managing Director of Obtala Resources Plc, and was appointed to the Board of the Company in June 2009. Simon is a Fellow of the Geological Society and a member of the Institute of Materials, Minerals and Mining, the Society of Economic Geologists and the Society of Mining, Metallurgy and Exploration.

Mark Pryor

BSc (Hons) Geology & Mineralogy, FGS, FSEG, Pr.Sci.Nat, Aged 51
Chief Executive Officer

Mark Pryor is an Independent Geological Consultant working with private mining and exploration groups, based out of the United Kingdom and holds a B.Sc (Hons) degree from the University of Aberdeen. He has 25 years of management experience in advanced stage exploration and mine development projects worldwide. He is a 'Qualified Person' as defined by the Securities Commission and regularly submits Independent Technical Reports for companies wishing to list on the Stock Exchange as well as Independent Technical Reports and press releases for quoted companies. Mark has worked for major and mid-tier mining companies and has many contacts within the venture capital sector of the mining industry. Mark has extensive global experience having worked in Mexico, EurAsia, China, Southern Africa and South America, holding management positions in recognised companies in the industry including Placer Dome, Minefinders, Monarch Resources and Anglo American. Mark is an associate of SRK (UK) Ltd and is a Fellow of the Geological Society, Society of Economic Geologists and is a registered Natural Scientist (Pr. Sci. Nat).

Rakesh Patel

BA (Hons) Economics, FCCA, CF, Aged 47
Finance Director

Rakesh Patel qualified as a chartered certified accountant in 1991. From 1992, he led the corporate finance division of Gerald Edelman, chartered accountants, dealing with acquisitions, disposals, mergers, private placings and stock market flotations. Rakesh was involved in the acquisition of Ryman the Stationer and left the firm in 1996 to become group financial controller of Chancerealm Limited, a group including Ryman Limited where he was involved in the acquisition and integration of Contessa Ladieswear Limited. Rakesh returned to Gerald Edelman in 1997 until leaving in March 2003 to join Adler Shine LLP, chartered accountants, where he heads the firm's corporate finance division. Rakesh has acted in over 35 AIM transactions as Reporting Accountant and has also acted as interim or part-time director to a number of private and public companies. He is currently chief executive officer of The Niche Group plc and non-executive director of Deo Petroleum plc, both of which are quoted on AIM.

Directors and Senior Management Biographies

Sally Schofield
BEng (Hons) Industrial Geology, ACSM, FGS, MIMMM, Aged 39
Non Executive Director

Sally's career has seen her work in commercial, technical and operational capacities in geographically and politically diverse regions including Kazakhstan, Albania, Central America, Brazil and Chile. She gained early exposure to the technical, corporate and investor relations functions of the mining business before crossing sectors to work with RMC, now part of CEMEX, the global building materials giant. Sally returned to mining in 2003 and became a Director of AIM-listed Latitude Resources plc, a company with copper and gold assets in Chile. As Chief Operating Officer of that company she relocated to Santiago, Chile, in 2006 with direct responsibility for an exploration program that developed a portfolio of exploration projects into a saleable asset. Sally then worked for a natural resource focused fund identifying potential investment opoortunities. Her business skills have been recognised by several external parties, including Management Today, Courvoisier Future 500 and HM The Queen. Sally graduated from the Camborne School of Mines with a First Class B. Eng (Hons) Industrial Geology in 1995, is a Fellow of the Geological Society (FGS) and a professional member of IOM3 (MIMMM).

Senior Management

Javan Enock Bidogo
PG Dip. (MRM); Wits, BSc (Geology – Hons), UDSM

Javan is a Tanzania-based geologist and the founder and Managing Director of Javan Investment Company Limited, a private consultancy based in Dar es Salaam. Javan has proven experience in successfully exploring, developing and operating Mines in Tanzania, South Africa and Oman. He is mainly focused on uranium, gold, copper and diamond projects, with exposure to diverse geological terrains, from archaean greenstones through to kimberlitic and alluvial gravel deposits. Javan's expertise includes management of exploration, mine teams and programs, risk analysis in exploration and development, and extensive knowledge of global mineral deposits. He has a wide exposure in mineral resources management, exploration targeting and evaluation, ore extraction methods, quality control practices and mine planning.

Directors' Report

for the year ended 31 December 2010

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2010.

Principal activity

The principal activity of the Group is the exploration and development of energy commodities predominantly coal and uranium in Africa.

Business review and future developments

The purpose of this review is to show how the Group assesses and manages risk and uncertainty and adopts appropriate policies and targets. Further details of the Group's business and expected future developments are also set out in the Chairman's Statement on pages 3 and 4 and the Review of Operations on page 5.

Exploration approach

The Company actively manages geological exploration on its licences by implementing a phased strategy that progressively increases the level of geological understanding for each licence to facilitate more focused exploration and resource development in the longer term. All field work is conducted by citizens of Tanzania under the direct supervision of the Edenville International (Tanzania) Limited, who in return report directly to the Board of the Company. Initial work consists of a desk-top review involving the collection, collation and re-interpretation of all available historical data, supplemented by regional-scale geological reconnaissance mapping and sampling. This will define the host geological units for mineralisation and allow for progressively more focused and detailed exploration that will potentially lead into a drilling campaign and ultimately ore body delineation and subsequent mineral resource estimations.

Principal risks and uncertainties

The Group operates in an uncertain environment that may result in increased risk, cost pressure, and schedule delays. The following are some of the key risks that face the Group:

Exploration and development risk

The exploration for and development of mineral deposits involves significant risks which no combination of careful evaluation, experience and knowledge can entirely eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. There is no certainty that the exploration programmes described in this document will result in the discovery of ore in commercial quantity and quality, or result in profitable commercial mining operations. Significant capital investment is required to achieve commercial production from successful exploration efforts.

The Group may carry out some of its exploration activities through joint ventures with others to spread the exploration risk and to decrease the Group's financial exposure to individual projects. There can be no guarantee that these partners will not withdraw for their own reasons.

The commercial viability of a mineral deposit is dependent upon a number of factors. These include the attributes of the deposit such as size, grade and proximity to infrastructures; current and future mineral prices which can be cyclical; and government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors, either alone or in combination, cannot be entirely predicted and their impact may result in the Group not receiving an adequate return on invested capital.

Conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

Directors' Report

Operational risks

Mineral exploration operations generally involve a degree of physical risk. The Group's operations are and will be subject to all the hazards and risks normally encountered in the exploration of minerals. These include climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and security and health risks associated with work in developing countries.

The exploration activities of the Group are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Group's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail future production or development. Amendments to current laws and regulations governing operations and activities of exploration, or future mining and milling, or more stringent implementation thereof, could have a material adverse effect on the value of the Group's assets.

Licences

While the Directors have no reason to believe that the existence and extent of any of the Group's properties are in doubt, title to mining properties is subject to potential litigation by third parties claiming an interest in them.

The failure to comply with all applicable laws and regulations, including failures to pay taxes, meet minimum expenditure requirements, or carry out and report assessment work, may invalidate title to portions of the properties where the mineral rights are not held by the Group.

The Group might not be able to retain its licence interests when they come up for renewal, despite a possibility of discovering ore bodies.

Economic risks

The value of the Group's properties may be affected by changes in the market price of minerals which fluctuate according to numerous factors beyond the Group's control. Changes in interest rates and exchange rates, the rate of inflation and world supply of and demand for mineral commodities all cause fluctuations in such prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political conditions. Future mineral price declines could have an adverse effect on the value of the Group's assets and its ability to raise further funds.

Certain of the Group's payments, in order to earn or maintain property interests, are to be made in the local currency in the jurisdiction where the applicable property is located. As a result, fluctuations in the US dollar against the pound and each of those currencies against local currencies in jurisdictions where properties of the Group are located could have an adverse effect on the Enlarged Group's financial position which is denominated and reported in sterling.

The Company has not insured against any risks. Risks not insured against and for which the Group may become subject to liability include environmental pollution, political risk and other hazards against which the Group cannot insure or which it may elect not to insure. The payment of such liabilities may have a material adverse effect on Group's results of operation and financial condition.

Political risks

A substantial portion of the assets of the Group are located in non-UK jurisdictions. As a result, it may be difficult for investors to enforce judgments obtained against the Company if the damages awarded exceed the realisable value of the Company's UK assets. The political situations in African countries may introduce a degree of risk with respect to the Group's activities. In the countries where the Group has exploration activities, governments exercise control over such matters as exploration and mining licensing, permitting, exporting and taxation. Changes of policy by such governments may adversely impact the Group's ability to carry out exploration activities.

Impact of law and Governmental regulations

The Group's investments may be subject to the foreign exchange and other laws of various countries that may prevent, materially delay or at least require governmental approval for, the full or partial repatriation of the Group's investments. Foreign investment in companies in emerging countries may be restricted or controlled to varying degrees. These restrictions may, at times, limit or preclude foreign investment and increase the costs and expenses of the Group. Additionally, under certain circumstances a country may impose restrictions on capital remittances abroad. The Group could be adversely affected by delays in, or refusal to grant any required governmental approval for, repatriation of capital or dividends held by the Group or their conversion into foreign currency. In addition, gains from the disposal of such securities may be subject to withholding taxes, income tax and capital gains tax.

The Group must comply with, inter alia, the current and future Tanzanian regulations relating to mineral exploration and production. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Group's assets.

Dependency on a single country

The Group's current exploration activities are situated entirely in Tanzania. The political situations in Africa may introduce a degree of risk with respect to the Group's activities. Risks may include, among others, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and terrorist actions, arbitrary changes in laws or policies, foreign taxation and exchange controls, opposition to mining from environmental or other non-governmental organisations, limitations on foreign ownership, limitations on the repatriation of earnings, infrastructure limitations and increased financing costs. In Tanzania, the government exercises control over exploration and mining licensing, permitting, exporting and taxation. The Board believes that the Government of Tanzania supports the development of natural resources. However, there is no assurance that future political and economic conditions in Tanzania will not result in the Government of Tanzania changing its political attitude towards mining and adopting different policies respecting the exploration, development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, land tenure and mineral licences, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect the Group's ability to undertake exploration and future mining operations in the properties in respect of which it has obtained exploration and mining rights to date and may adversely impact the Group's ability to carry out its activities.

Competition risks

The mineral exploration and mining business is competitive in all of its phases. The Group competes and will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for, and the acquisition of, attractive mineral properties. The Group's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire promising properties or prospects for mineral exploration. There is no assurance that the Group will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Environmental risks

Environmental legislation is evolving in a manner that will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Group's operations or the value of its assets. Environmental hazards may exist on the properties in which the Group holds interests that have been caused by previous or existing owners or operators. The Group cannot guarantee that compliance with environmental reclamation, closure and other requirements may not involve costs and other liabilities in the future.

Financing

The further development and exploration of the various mineral properties in which the Group holds interests is dependent upon the Group's ability to obtain financing through joint venturing projects, debt financing, equity financing or other means. There is no assurance that the Group will be successful in obtaining the required financing. If the Group is unable to obtain additional financing as needed some interests may be relinquished and/or the scope of the operations reduced.

Financial risk management

The Group's multi-national operations expose it to a variety of financial risks: market risk (foreign currency exchange rates and interest rates), liquidity risk, and credit risk.

(i) **Market risk**
The market price of commodities is volatile and is affected by numerous factors beyond Edenville's control.

(ii) **Foreign exchange and interest rate risk**
The majority of exploration costs are in United States dollars or Tanzanian schillings. Accordingly, foreign exchange fluctuations may adversely affect the Group's financial position and operating results.

(iii) **Liquidity risk**
Prudent liquidity risk management in the context of the Group implies maintaining sufficient cash in the necessary currencies to be able to pay creditors as and when they fall due.

(iv) **Credit risk**
Cash balances are deposited with banks with a high credit rating.

Key performance indicators

The Company is currently a resource exploration and development entity, and consequently its assets comprise predominantly early phase projects that are not yet at the production stage. As a result, no revenue would be generated from these projects in the short-term and therefore the key performance indicators for the Company are linked to the achievements of project milestones and the increase in overall enterprise value.

The Board monitors relevant KPIs which are focused on managing the exploration and appraisal operations. The KPIs monitored by the Group on a monthly basis are as follows:

Financial KPIs

- Shareholder return – the performance of the share price versus peer group companies.
- Exploration expenditure – by type and by project.
- Total expenditure burn rates.
- Corporate overheads as a percentage of total expenditure.
- Cash flow forecasts for the next 12 months.

Non financial KPIs

- Health and safety – number of reported incidents.
- Liquidity of our shares on AIM versus our peer group.
- Operational success.
- The movements in the price of coal and uranium.

Results and dividends

The results of the Group for the year ended 31 December 2010 are set out on page 21.

The Directors do not recommend payment of a dividend for the year (2009: nil). The loss is transferred to reserves.

Edenville ENERGY PLC

Directors' Report

Directors and Directors' interests

The Directors at the date of these financial statements who served during the year and their interests in the Ordinary Shares in the Company are as follows:

	Ordinary shares of 0.02p held at 31 December 2010	Ordinary shares of 0.02p held at 31 December 2009
Simon Rollason	Nil	Nil
Mark Pryor	Nil	Nil
Rakesh Patel	Nil	Nil
Sally Schofield	Nil	Nil

The Directors' interests in share options as at 31 December 2010 are as follows:

	Options at 31 December 2010	Exercise price	Date of grant	First date of exercise	Final date of exercise
Simon Rollason	7,471,265	0.87p	29.03.10	29.03.11	29.03.20
Mark Pryor	7,471,265	0.87p	29.03.10	29.03.11	29.03.20
Rakesh Patel	7,471,265	0.87p	29.03.10	29.03.11	29.03.20
Simon Rollason	7,471,265	0.87p	29.03.10	29.03.12	29.03.20
Mark Pryor	7,471,265	0.87p	29.03.10	29.03.12	29.03.20
Rakesh Patel	7,471,265	0.87p	29.03.10	29.03.12	29.03.20
Sally Schofield	nil	n/a	n/a	n/a	n/a

On 21 February 2011, further options were granted as follows:

	Number of options	Exercise price	First date of exercise	Final date of exercise
Simon Rollason	10,000,000	1.8p	08.02.2012	21.02.21
Mark Pryor	5,000,000	1.8p	08.02.2012	21.02.21
Rakesh Patel	10,000,000	1.8p	08.02.2012	21.02.21
Sally Schofield	5,000,000	1.8p	08.02.2012	21.02.21

Share capital

Details of issues of Ordinary Share capital during the year are set out in note 20.

Policy and practice on payment of creditors

The Group's policy for all suppliers is to fix terms of payment when agreeing the terms of each business transaction, to ensure the supplier is aware of those terms and to abide by the agreed terms of payment. The creditor payment days outstanding for the Group at 31 December 2010 were 49 days (2009: 51 days).

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 22 of the financial statements.

Donations

There were no charitable or political donations during the current or prior year.

Directors' Report

Provision of information to auditors

So far as each Director at the date of approval of this report is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

H.W. Fisher & Company have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the next Annual General meeting.

This report was approved by the board on 3 June 2011 and signed on its behalf.

M J Pryor
Chief Executive Officer

Edenville
ENERGY PLC

Statement of Directors' Responsibilities

for the year ended 31 December 2010

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the Alternative Investment Market.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Company's transactions and disclose with reasonable accuracy at any time the financial position of the Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the ongoing integrity of the financial statements contained therein.

Remuneration Report

for the year ended 31 December 2010

The remuneration committee comprises the Company's non-executive director, Sally Schofield, who is the sole member of the committee. The Board intend appointing another non-executive director who will join Sally Schofield on this committee. The committee is, within agreed terms of reference, responsible for making recommendations to the directors on matters relating to the Group's remuneration structure, including pension rights, the policy on compensation of executive directors and their terms of employment, with the objective of attracting, motivating and retaining high quality individuals who will contribute fully to the success of the Group's businesses.

During the year, the Remuneration Committee did not operate and all relevant matters were dealt with by the full Board.

Remuneration policy

Salaries are reviewed annually on the basis of market comparisons with positions of similar responsibility and scope in comparable industries. The committee takes into account both Group and personal performance in reviewing directors' salaries.

Non-executive directors' remuneration

Fees for non-executive directors are determined by the board on the basis of market comparisons with positions of similar responsibility and scope in companies of a similar size in comparable industries. Non-executive directors do not have service contracts, are not eligible for pension scheme membership and do not participate in any of the Group's bonus schemes. They have letters of engagement with the Company and their appointments are terminable on one month's or three months' written notice on either side.

Service agreements

The Committee has adopted current best practice in respect of service agreements issued on all new appointments. Executive Directors are employed under six month rolling service contracts.

Share options

Details of share options granted to directors are included in the Directors' Report.

Directors' remuneration

Details of remuneration of the directors of the Company who served in the year ended 31 December 2010 are set out below:

Name	Fees and other remuneration £	Taxable benefits £	Pension contributions £	2010 Total £	2009 Total £
Executive					
Simon Rollason	34,583	–	–	34,583	–
Rakesh Patel	35,000	–	–	35,000	35,000
Mark Pryor (appointed 26 March 2010)	26,250	–	–	26,250	–
David Hargreaves (resigned 21 July 2009)	–	–	–	–	27,500
Nick Eastwood (resigned 21 July 2009)	–	–	–	–	10,833
Non-Executive					
Sally Joy Schofield (appointed 26 March 2010)	15,000	–	–	15,000	–
	110,833	–	–	110,833	73,333

Edenville
ENERGY PLC

Corporate Governance Report

for the year ended 31 December 2010

Compliance with the UK Corporate Governance code

Under the AIM Rules, the Company is not formally required to comply with the UK Corporate Governance Code. Nevertheless the Company has taken steps to comply with the Code in so far as it can be applied practically, given the size of the Company and the nature of its operations.

The Company has complied with the provisions set out in Section 1 of the FRC code as annexed to the listing rules of the Financial Services Authority since its original admission to the Alternative Investment Market of the London Stock Exchange in August 2003, to the extent that they are practical for a Group of its size and resources. The directors consider that the Group is not of a size to warrant the need for a separate nominations committee or internal audit function.

Board of directors

The Board currently comprises an Executive Chairman (Simon Rollason), two further Executive Directors (Mark Pryor and Rakesh Patel) and one Non-Executive Director (Sally Schofield). The Board considers that Sally Schofield meets the criteria for independence included in the ASX Best Practice Recommendations and that she is independent of management and free from any business or other relationships which could materially interfere with the exercise of her independent judgement.

An agreed procedure exists for Directors in the furtherance of their duties to take independent professional advice. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient. Newly appointed Directors are made aware of their responsibilities through the Company Secretary. The Company does not make any provision for formal training of new Directors.

Conflicts of interest

Following the changes arising under the Companies Act 2006, the Board confirms that it has instituted a process for reporting and managing any conflicts of interest held by Directors. Under the Company's Articles of Association, the Board has the authority to approve such conflicts.

Company materiality threshold

The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change. As well as the applicable laws and recommendations, the Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of Directors.

Ethical standards

As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders
- compliance with laws and regulations
- relations with customers and suppliers
- ethical responsibilities
- employment practices
- responsibility to the environment and the community

Corporate Governance Report

Board meetings

The Board meets on average every two months. Decisions concerning the direction and control of the business are made by the Board, and a formal schedule of matters specifically reserved for the Board is in place.

Generally, the powers and obligations of the Board are governed by the UK Companies Act 2006, and the other laws of the jurisdictions in which it operates. The Board is responsible, inter alia, for setting and monitoring Group strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders. These areas are set out in more detail in a formal Schedule of Matters Reserved for the Board.

Board committees

There are two board committees, namely the Audit and Remuneration committees consisting of Sally Schofield, the Non-Executive Director, who is the sole member. The Board are seeking an additional non-executive director who will join these committees. During the year, the audit committee and the remuneration committee did not operate and all relevant matters were dealt with by the full Board.

Audit committee

The Committee provides a forum for reporting by the Group's external auditors. Meetings are held on average once a year and are also attended, by invitation, by the executive Directors.

The Audit Committee is responsible for reviewing a wide range of financial matters including the annual and half year results, financial statements and accompanying reports before their submission to the Board and monitoring the controls which ensure the integrity of the financial information reported to the shareholders.

Remuneration committee

The Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Remuneration Committee determines the contract terms, remuneration and other benefits for the Executive Directors, including performance related bonus schemes, compensation payments and option schemes. The Board itself determines the remuneration of the Non-Executive Directors.

Relations with shareholders

Investors are encouraged to participate in the Annual General Meeting and are regularly advised of any significant developments in the Company. The Company expects to widen its investor base and then meet regularly with any significant institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long term issues and obtain feedback.

Internal financial control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group concerned and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors are conscious of the need to keep effective internal financial control, particularly in view of the cash resources of the Group. Due to the relatively small size of the Group's operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate to the nature and scale of the operations of the Group.

Corporate Governance Report

Managing business risk

The Board constantly monitors the operational and financial aspects of the company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Directors include but are not limited to:

- Initiate action to prevent or reduce the adverse effects of risk
- Control further treatment of risks until the level of risk becomes acceptable
- Identify and record any problems relating to the management of risk
- Initiate, recommend or provide solutions through designated channels
- Verify the implementation of solutions
- Communicate and consult internally and externally as appropriate
- Inform investors of material changes to the company's risk profile

Ongoing review of the overall risk management program (inclusive of the review of adequacy of treatment plans) is conducted by external parties where appropriate. The Board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

Going concern

During the year the Company raised approximately £850,000 net of expenses and, at 31 December 2010, the Company had cash balances totalling approximately £626,000. In January 2011, the Company raised a further £1.5million.

These funds are sufficient for the Group to operate without the requirement to raise further capital in the foreseeable future.

Accordingly the financial statements have been prepared on a going concern basis. The Group intends to operate within its cash resources.

Independent Auditors' Report – Group

to the members of Edenville Energy plc

We have audited the group financial statements of Edenville Energy plc for the year ended 31 December 2010 which comprise the Group Statement of Financial Position, the Group Statement of Comprehensive Income, the Group Statement of Changes in Equity, the Group Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the Directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2010 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Edenville ENERGY PLC

Independent Auditors' Report – Group

to the members of Edenville Energy plc

Opinion on other matters prescribed by the Companies Act 2006

In our opinion the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the group financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the group financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matters

We have reported separately on the company financial statements of Edenville Energy plc for the year ended 31 December 2010.

Gary Miller (Senior Statutory Auditor)
For and on behalf of H W Fisher & Company
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London NW1 3ER
United Kingdom

Date: 3 June 2011

Edenville ENERGY PLC

Group Statement of Comprehensive Income

for the year ended 31 December 2010

	Note	2010 £	2009 £
Administration expenses	6	(304,348)	(182,481)
Group operating loss		(304,348)	(182,481)
Finance income	10	–	–
Finance costs	10	–	(2)
Finance income – net	10	–	(2)
Loss on operations before taxation		(304,348)	(182,483)
Corporation tax expense	11	–	–
Loss for the year		(304,348)	(182,483)
Other comprehensive loss			
Loss on translation of overseas subsidiary		(265,273)	–
Total comprehensive loss for the year		(569,621)	(182,483)
Attributable to:			
Equity holders of the Company		(569,632)	(182,483)
Non controlling Interest		11	–
Loss per Share (pence)			
Basic and Diluted	12	(0.01p)	(0.01p)

Edenville
ENERGY PLC

Group Statement of Financial Position

as at 31 December 2010

	Note	2010 £	2009 £
Non-current assets			
Tangible fixed assets	13	23,683	–
Intangible assets	14	7,098,182	19,082
Equity investments – available for sale	15	446,428	446,428
		7,568,293	465,510
Current assets			
Trade and other receivables	17	11,590	66,134
Cash and cash equivalents	18	625,639	241,061
		637,229	307,195
Current liabilities			
Trade and other payables	19	179,233	21,514
Current assets less current liabilities		457,996	285,681
Total assets less current liabilities and net assets		8,026,289	751,191
Equity			
Called-up share capital	20	658,922	330,133
Share premium account		8,224,353	730,969
Share option reserve		52,616	33,441
Foreign currency translation reserve		(265,273)	–
Retained earnings		(644,367)	(343,352)
Issued capital and reserves attributable to owners of the parent company		8,026,251	751,191
Non-controlling interest		38	–
Total equity		8,026,289	751,191

The financial statements were approved by the board of directors and authorised for issue on 3 June 2011 and signed on its behalf by:

S. Rollason
Director

Company registration number: 05292528

Edenville
ENERGY PLC

Group Statement of Changes in Equity

for the year ended 31 December 2010

	Share capital £	Share premium £	Retained earnings account £	Share option reserve £	Foreign currency reserve £	Non-controlling interest £	Total £
At 1 January 2009	315,847	301,327	(160,869)	33,441	–	–	489,746
Issue of share capital	14,286	432,142	–	–	–	–	446,428
Cost of shares issued	–	(2,500)	–	–	–	–	(2,500)
Total comprehensive loss for the year	–	–	(182,483)	–	–	–	(182,483)
At 1 January 2010	330,133	730,969	(343,352)	33,441	–	–	751,191
Issue of share capital	328,789	7,650,919	–	–	–	–	7,979,708
Cost of shares issued	–	(157,535)	–	–	–	–	(157,535)
Transfer on exercise of options and warrants	–	–	3,344	(3,344)	–	–	–
Share based payment charge	–	–	–	22,519	–	–	22,519
Foreign currency translation	–	–	–	–	(265,273)	–	(265,273)
Other reserves	–	–	–	–	–	27	27
Total comprehensive loss for the year	–	–	(304,359)	–	–	11	(304,348)
At 31 December 2010	658,922	8,224,353	(644,367)	52,616	(265,273)	38	8,026,289

Edenville
ENERGY PLC

Group Cash Flow Statement

for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Cash flows from operating activities			
Operating loss		(304,348)	(182,481)
Loss on disposal of fixed assets		5,849	–
Depreciation		5,468	–
Share based payments		22,519	–
Decrease/(Increase) in trade and other receivables		54,544	(49,744)
Increase in trade and other payables		92,103	3,449
Foreign exchange differences		(5,517)	–
Net cash outflow from operating activities		(129,382)	(228,776)
Cash flows from investing activities			
Purchase of subsidiary, net of cash acquired with subsidiary		(12,846)	–
Purchase of licences		(290,659)	(19,082)
Purchase of fixed assets		(35,000)	–
Finance income		–	–
Finance costs		–	(2)
Net cash used in investing activities		(338,505)	(19,084)
Cash flows from financing activities			
Proceeds from issue of shares		1,010,000	–
Share issue costs		(157,535)	(2,500)
Net cast inflow/(outflow) from financing activities		852,465	(2,500)
Net increase/(decrease) in cash and cash equivalents		384,578	(250,360)
Cash and cash equivalents at beginning of year		241,061	491,421
Cash and cash equivalents at end of year	18	625,639	241,061

Major non cash transactions

During the year, the company purchased 100% of the ordinary share capital for Edenville International Limited for £7,033,458 by issuing shares valued at £6,969,708. The balance of the purchase consideration was in cash.

Notes to the Group Financial Statements

for the year ended 31 December 2010

1 General information

Edenville Energy plc is a public limited company incorporated in the United Kingdom under the Companies Act 1985. The address of the registered office is Aston House, Cornwall Avenue, London, N3 1LF. The company's shares are listed on AIM, a market operated by the London Stock Exchange.

The principal activity of the Group is the exploration and mining of energy commodities predominantly coal and uranium in Africa.

2 Group accounting policies

Basis of preparation of group financial statements

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group's financial statements have also been prepared under the historical cost convention.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements are disclosed in Note 4.

The Company's financial statements continue to be prepared under IFRS. Therefore the Company's financial statements and the associated notes, together with the auditors' report on these financial statements, are presented separately from the Group, starting on page 43.

Standards and interpretations in issue but not yet effective or not yet relevant

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effective date (period beginning on or after)
IFRS 1	First time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010
IFRS 1	First time Adoption of International Financial Reporting Standards – Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'	1 July 2011
IFRS 1	First time Adoption of International Financial Reporting Standards – Additional exemption for entities ceasing to suffer from severe hyperinflation	1 July 2011
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets	1 July 2011
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2013
IAS 12	Income taxed – Limited scope amendment (recovery of underlying assets)	1 January 2012
1AS 24	Related Party Disclosures – Revised definition of related parties	1 January 2011
IAS 32	Financial Instruments: Presentation – Amendments relating to classification of rights issues	1 February 2010
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Group's financial statements.

2 Group accounting policies continued

Share based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement of employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Basis of consolidation

The Group's financial statements consolidate the financial statements of Edenville Energy plc and all its subsidiary undertakings made up to 31 December 2010. Profits and losses on intra-group transactions and balances are eliminated on consolidation. A separate profit and loss for the parent company, Edenville Energy plc, has been omitted under the provisions of s408 of the Companies Act 2006.

Business combinations

The Group adopts the acquisition method in accounting for the acquisition of subsidiaries. On acquisition the cost is measured at the fair value of the assets given, plus equity instruments issued and liabilities incurred or assumed at the date of exchange plus any costs directly attributable to the acquisition. The assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the fair value of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill.

Any deficiency of the fair value of the consideration below the fair value of identifiable net assets acquired is credited to the income statement in the period of the acquisition.

The results of subsidiary undertakings acquired or disposed of during the year are included in the group statement of comprehensive income statement from the effective date of acquisition or up to the effective date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. Inter-company transactions and balances between group companies are eliminated.

Revenue recognition

Revenue from the sale of energy commodities is recognised upon delivery of goods to the customers. Interest income is recognised on a proportional basis taking into account the effective interest rates applicable to the financial assets.

All revenue is stated net of the amount of sales tax.

Currently the group does not generate any revenue.

2 Group accounting policies continued

Presentational and functional currency

This financial information is presented in pounds sterling, which is the Group's functional currency.

In preparing the financial statements of individual entities, transaction in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in pounds sterling using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's translation reserve. Such translation differences are recognised in the income statement in the period in which the foreign operation is disposed of.

Financial assets

Financial assets comprise investments, cash and cash equivalents and receivables. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Recognition and measurement

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when rights to receive cash flows from investments have expired or the group has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost.

Equity investments available for sale

Equity investments available for sale are non-derivatives that are either designated in this category or not classified in any of the other categories. Equity investments available for sale do not have a quoted market price in an active market and as their fair value cannot be reliably mesured, they are stated at cost. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Trade and other receivables

Provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is the difference between the receivables carrying amount and the present value of the estimated future cash flows.

An assessment for impairment is undertaken at least annually.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Notes to the Group Financial Statements

2 Group accounting policies continued

Property, plant and equipment

Property, plant and equipment are stated at cost on acquisition less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all property, plant and equipment categories at rates calculated to write off the cost, less estimated residual value on a reducing balance basis over their expected useful economic life. The depreciation rates are as follows:

	Basis of depreciation
Fixtures and fittings	25% reducing balance
Office equipment	25% reducing balance

Costs capitalised include the purchase price of an asset and any costs directly attributable to bringing it into working condition for its intended use.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities comprise only trade and other payables.

All financial liabilities are recorded at amortised cost, using the effective interest method, with interest-related charges being recognised as an expense under finance costs in the Income Statement.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, is cancelled, or expires.

Finance costs

Finance costs of debt, including premiums payable on settlement and direct issue costs are charged to the income statement on an accruals basis over the term of the instrument, using the effective interest method.

Income taxation

The taxation charge represents the sum of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised. Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

2 Group accounting policies continued

Exploration and evaluation assets

Capitalisation

Certain costs (other than payments to acquire the legal right to explore and costs which are directly attributable to those payments) incurred prior to acquiring the rights to explore are charged directly to the income statement. All costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs and other direct costs of exploration and appraisal are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas or where activities in the areas have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

E&E costs are not amortised prior to the conclusion of appraisal activities.

At completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then, following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production ("D&P") asset, but only after the carrying value of the relevant E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted. If after completion of appraisal activities in the area, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Company decides not to continue exploration and evaluation activity, then the costs of such unsuccessful exploration and evaluation are written off to the income statement in the period the relevant events occur.

Impairment

If and when facts and circumstances indicate that the carrying value of an E&E asset may exceed its recoverable amount an impairment review is performed.

For E&E assets when there are such indications, an impairment test is carried out by grouping the E&E assets with the D&P assets belonging to the same geographic segment to form the Cash Generating Unit ("CGU") for impairment testing. The equivalent combined carrying value of the CGU is compared against the CGU's recoverable amount and any resulting impairment loss is written off to the income statement. The recoverable amount of the CGU is determined as the higher of its fair value less costs to sell and its value in use.

Going concern

After making enquiries, the directors have a reasonable expectation that the group has adequate resources to continue in operational existence for the foreseeable future. The group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

3 Financial risk management

Fair value estimation

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values, due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

Notes to the Group Financial Statements

4 Critical accounting estimates and areas judgements

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are those in relation to:

- the impairment of intangible exploration and evaluation assets; and
- the fair value of intangible assets acquired on the acquisition of Edenville International Limited.

The Group is required to perform an impairment review, for each CGU to which the asset relates, when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is based upon the Directors' judgements and are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposal until the technical feasibility and commercial viability of extracting a mineral resource becomes demonstrable, at which point the value is estimated based upon the present value of the discounted future cash flows.

During the year, the Company acquired six Tanzanian prospecting licences through the acquisition of Edenville International (Tanzania) Limited. The value of these intangible exploration assets acquired represents the fair value of the consideration paid by Edenville Energy plc at the time of the acquisition of Edenville International Limited, the details of which are provided in note 16 below.

The outcome of ongoing exploration and evaluation, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain. The directors have assessed the value of exploration and evaluation expenditure carried as intangible assets. In their opinion there has been no impairment loss to intangible exploration and evaluation assets in the period.

5 Segmental information

The Directors are of the opinion that the Group operates in one primary business segment, being the exploitation of mineral exploration licences in energy commodities such as coal and uranium predominately in Africa.

The secondary segment is geographic and the Group's results by geographical segment are shown below. The Group's geographical segments are determined by the location of its operations.

Segmental information about the two geographical locations is disclosed below for 2010. The only geographical location in 2009 was the United Kingdom.

	United Kingdom £	Africa £	Total £
Administrative expenses	(306,635)	2,287	(304,348)
Loss before taxation	(306,635)	2,287	(304,348)
Taxation	–	–	–
Loss for the year	(306,635)	2,287	(304,348)
Non-current assets			
Tangible fixed assets	23,683	–	23,683
Intangible assets	36,536	7,061,646	7,098,182
Equity investments – available for sale	446,428	–	446,428
	506,647	7,061,646	7,568,293
Current assets			
Trade and other receivables	10,544	1,046	11,590
Cash and cash equivalents	616,453	9,186	625,639
	626,997	10,232	637,229
Current liabilities			
Trade and other payables	60,507	118,726	179,233
Net assets	1,073,137	6,953,152	8,026,289

Notes to the Group Financial Statements

6 Expenses by nature

	2010 £	2009 £
Staff costs	110,833	73,333
Other expenses	193,515	109,148
Total administrative expenses on continuing operations	304,348	182,481

7 Auditors' remuneration

	2010 £	2009 £
Fees payable to the Company's auditor for the audit of the parent company and consolidated accounts	15,000	9,000
Fees payable to the Company's auditor and its associates for other services provided to the Company and its subsidiaries:		
Tax services	–	1,500

8 Employees

The Company had no employees during the year (2009: nil).

9 Directors' remuneration

	2010 £	2009 £
Emoluments	110,833	73,333

10 Finance income and costs

	2010 £	2009 £
Interest income on short-term bank deposits	–	–
Interest expense	–	(2)
	–	(2)

Notes to the Group Financial Statements

11 Taxation

No corporation tax charge arises in respect of the year due to the trading losses incurred. The Group has Corporation Tax losses available to be carried forward and used against trading profits arising in future periods of £891,627 (2009: £574,571).

A deferred tax asset of £193,343 (2009:£120,660) has not been recognised in respect of the tax losses carried forward due to the uncertainty that profits will arise against which the losses can be offset.

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

	2010 £	2009 £
Loss on ordinary activities before tax	(304,348)	(182,483)
Expected tax credit at standard rate of Corporation Tax 21% (2009: 21%)	(63,913)	(38,321)
Disallowable expenditure	4,013	–
Capital allowances in excess of depreciation	(6,202)	–
Tax losses carried forward	66,102	38,321
Tax charge for the year	–	–

12 Earnings per share

The basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue. As the Group is loss making, there was no dilutive effect from the share options outstanding during the year.

In order to calculate the diluted earnings per share, the weighted average number of ordinary shares in issue is adjusted to assume conversion of all dilutive potential ordinary shares according to IAS 33. Dilutive potential ordinary shares include share options granted to employees and Directors where the exercise price (adjusted according to IAS 33) is less than the average market price of the Company's ordinary shares during the year.

	2010 £	2009 £
Net loss for the year attributable to ordinary shareholders	(304,348)	(182,483)

The weighted average number of shares in the period were:

	2010	2009
Basic and dilutive ordinary shares	3,073,260,594	1,380,047,211
Basic and diluted loss per share	(0.01p)	(0.01p)

13 Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2010	–		–	–
Additions	7,471	4,153	23,376	35,000
Disposals	–	–	(6,685)	(6,685)
As at December 2010	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2010	–	–	–	–
On disposals	–	–	(836)	(836)
Charge for the year	1,245	692	3,531	5,468
As at December 2010	1,245	692	2,695	4,632
Net book value				
As at December 2010	6,226	3,461	13,996	23,683
As at December 2009	–	–	–	–

14 Intangible exploration and evaluation assets

	Javan Licenses £	Tanzanian Licenses £	Total £
Cost or valuation			
As at 1 January 2009	–	–	–
Purchase of mining licences	19,082	–	19,082
At 31 December 2009	19,082	–	19,082
Accumulated amortisation and impairment			
As at 1 January 2009	–	–	–
Impairment charge	–	–	–
As at 31 December 2009	–	–	–
Net book value			
As at December 2009	19,082	–	19,082
Cost or valuation			
As at 1 January 2010	19,082	–	19,082
On acquisition of subsidiary	–	7,044,399	7,044,399
Additions	17,454	276,983	294,437
Foreign exchange adjustment	–	(259,736)	(259,736)
As at 31 December 2010	36,536	7,061,646	7,098,182
Accumulated amortisation and impairment			
As at 1 January 2010	–	–	–
Impairment charge	–	–	–
As at 31 December 2010	–	–	–
Net book value			
As at December 2010	36,536	7,061,646	7,098,182

14 Intangible exploration and evaluation assets continued

Javan Licences

On 27 May 2009, the Company signed an option agreement with Javan Investments Company Limited, a private Tanzanian registered company for two prospecting licences in Tanzania. Under the terms of the option agreement, the Company acquired an initial 25% interest in both licences for a consideration of US$15,000 per licence. The above values of £19,082 in respect of the Javan Licences acquired represent the cash consideration paid by the Group at the time of their acquisition.

Tanzanian Licences

The Tanzanian licenses comprise six prospecting licences held by Edenville International (Tanzania) Limited. The Licenses cover 598km2 in Tanzania, located in a region displaying viable prospects for both uranium and coal and occur in a country where the government's policy for development of the mineral sector aims at attracting and enabling the private sector to take the lead in exploration mining, development, mineral beneficiation and marketing. The value of the assets obtained on acquisition represent the fair value of the consideration paid to Grandinex International Corp and David Richardson (the Vendors).

There were no triggers for carrying out an impairment review in the period. The Directors have considered the following factors:

(a) Geology and lithology on each licence as outlined in the last CPRs (independent Competent Person's Reports from the mining and earth resources consultancy company, Wardell Armstrong International Limited).

(b) The expected useful lives of the licences and the ability to retain the licence interests when they come up for renewal.

(c) Comparable information for large mining and exploration companies in the vicinity of each of the licences.

(d) History of exploration success in the regions being explored.

(e) Local infrastructure.

(f) Climatic and logistical issues.

(g) Geopolitical environment.

15 Equity investments – available for sale

	2010 £	2009 £
Fair value		
At 1 January	446,428	–
Additions	–	446,428
At 31 December	446,428	446,428

On 13 March 2009, the Company entered into a collaboration and option agreement on a group of emerald mining licences in Tanzania, Africa, with Obtala Resouces Plc ("Obtala") and Obtala's subsidiary Mindex Invest Limited ("Mindex").

Under the terms of this agreement, Mindex will transfer its 75 per cent interest in certain specified licences to Gemstones of Africa Limited. The Company has acquired 16.96 per cent of the share capital of Gemstones of Africa Limited in exchange for issuing ordinary shares the equivalent of five per cent of the Company's share capital to Obtala, totalling 71,428,571 shares. This equity, which equated to a fair value of £446,428 (based on the closing price on 12 March 2009 of 0.625p per Ordinary Shares), has been placed in Obtala treasury.

Notes to the Group Financial Statements

16 Acquisition of subsidiary

On 29 March 2010, Edenville Energy plc acquired 100% of the issued share capital of Edenville International Limited, a company incorporated in the Republic of the Seychelles. Edenville International Limited owns 99.5% of the issued share capital of Edenville International (Tanzania) Limited, a company incorporated in the United Republic of Tanzania.

Consideration for the acquisition was satisfied by the issue of 1,393,941,536 ordinary shares of 0.02p at a price of 0.5 pence per share.

The transaction has been accounted for by the purchase method of accounting. Using an exchange rate of 1.49 USD/GBP being the rate prevailing at the date of acquisition, the book values of the net assets acquired on acquisition amounted to £2,575,275 but the directors have revalued these assets to the estimated fair values set out below:

	Book value £	Fair value £
Intangible exploration and evaluation assets	2,589,959	7,044,399
Other receivables	28	28
Cash and cash equivalents	50,904	50,904
Other payables	(65,616)	(65,616)
Net assets acquired	2,575,275	7,029,715
Purchase consideration:		
Fair value of shares issued		6,969,708
Direct costs related to the acquisition		60,007
Total purchase consideration		7,029,715
Other indirect costs of acquisition		3,743

The estimated fair value of the net assets acquired is equal to the consideration paid and consequently there is no goodwill on acquisition.

17 Trade and other receivables

	2010 £	2009 £
Receivables	4,754	11,199
Prepayments	6,836	54,935
	11,590	66,134

There was no provision for impairment of receivables at 31 December 2010 (31 December 2009: £nil).

18 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2010 £	2009 £
Cash at bank and in hand	625,639	241,061

19 Trade and other payables

	2010 £	2009 £
Trade and other payables	39,538	12,514
Accruals and deferred income	139,695	9,000
	179,233	21,514

20 Called-up share capital

	2010 Number	2009 Number
Issued and fully paid		
Ordinary shares of 0.02p each	3,037,883,072	1,393,941,536
Deferred shares of 0.08p each	64,179,932	64,179,932
	3,102,063,004	1,458,121,468

	2010 £	2009 £
Ordinary shares of 0.02p each	607,578	278,789
Deferred shares of 0.08p each	51,344	51,344
	658,922	330,133

The rights attaching to the deferred shares are as follows:

(a) no dividend or other distribution shall be paid or made in respect of the deferred shares;

(b) the holders of deferred shares shall not be entitled to receive notice of, or to attend and vote at any general meeting of the Company;

(c) on a return of capital, whether on a winding-up or otherwise, the holders of deferred shares shall be entitled to receive only the amount credited as paid up on each share, but only after the holders of each ordinary share have received the amount paid up or credited as paid up on each share, together with a payment of £10,000 per share; and

(d) the Company may transfer the shares without making any payment to the holders thereof, to such persons as the Company may determine, and acquire the same in accordance with the provisions of the Companies Acts at a price of 0.08p each.

On 29 March 2010, the Company issued 1,393,941,536 ordinary shares of 0.02p each at 0.5p per share as consideration for the purchase of Edenville International Limited.

On 29 March 2010, the Company issued for cash 200,000,000 ordinary shares of 0.02p each at 0.5p per share.

On 15 November 2010, the Company issued 50,000,000 ordinary shares of 0.02p each at par on the exercise of 50,000,000 warrants.

On 7 January 2011, the Company issued 325,000,000 ordinary shares of 0.02p each at par on the exercise of 325,000,000 warrants.

On 31 January 2011, the Company issued for cash 83,333,334 ordinary shares of 0.02p each at 1.8p per share.

Notes to the Group Financial Statements

21 Capital management policy

The Group seeks further acquisition opportunities for exploration licences predominately in Africa and incurs costs in respect of the exploitation of its existing exploration licences.

22 Financial instruments

The Group manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Group comprises equity attributable to equity holders of the Company consisting of issued ordinary share capital, reserves and retained earnings as disclosed in the Group statement of changes in equity and cash and cash equivalents as disclosed in Note 18.

The Group maintains or adjusts its capital structure through the payment of dividends to shareholders, issue of new shares and buy-back of existing shares.

Categories of financial instruments	2010 £	2009 £
Financial assets		
Investments available for sale at fair value	446,428	446,428
Receivables at amortised cost including cash and cash equivalents:		
Cash and cash equivalents	625,639	241,061
Trade and other receivables	11,590	66,134
Total	1,083,657	753,623
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	179,233	21,514
Net	904,424	732,109

Cash and cash equivalents

This comprises cash held by the Group and short-term deposits. The carrying amount of these assets approximates to their fair value.

General risk management principles

The Directors have an overall responsibility for the establishment of the Group's risk management framework. A formal risk assessment and management framework for assessing, monitoring and managing the strategic operational and financial risks of the Group is in place to ensure appropriate risk management of its operations.

The following represent the key financial risks that the Group faces:

Interest rate risk

The Group is not exposed to significant interest rate risks as it does not have any interest bearing liabilities and its only interest-bearing asset is cash invested on a short-term basis which attracts interest at the bank's variable interest rate.

22 Financial instruments continued

Credit risk

Credit risk arises principally from the Group's trade receivables and investments in cash deposits. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

The Group holds its cash balances with reputable financial institutions with strong credit ratings.

There were no amounts past due at the balance sheet date.

The maximum exposure to credit risk in respect of the above at 31 December 2010 is the carrying value of financial assets recorded in the financial statements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

Liquidity risk is managed through an assessment of short, medium and long-term cash flow forecasts to ensure the adequacy of working capital.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of one year.

Currency risk

The Group is exposed to currency risk as the assets of its subsidiaries are denominated in US Dollars. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (primarily US Dollars) with cash. The Company transfers amounts in sterling or US dollars to its subsidiaries to fund its operations. Where this is not possible the parent company settles the liability on behalf of its subsidiaries and will therefore be exposed to currency risk.

The Group has no formal policy is respect of foreign exchange risk; however, it reviews its currency exposure on a regular basis. Currency exposures relating to monetary assets held by foreign operations are included in the Group's income statement. The Group also manages its currency exposure by retaining the majority of its cash balances in sterling, being a relatively stable currency.

Fair value of financial assets and liabilities

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates and by applying year end exchange rates.

The directors consider that there is no significant difference between the book value and fair value of the Group's financial assets and liabilities.

23 Equity-settled share-based payments

The following options and warrants over ordinary shares have been granted by the Company:

Date	Exercise price	Exercise period	Number of options and warrants
30 September 2008	0.02p	5 Years	500,000,000
29 March 2010	0.87p	10 Years	44,827,587

At the date of grant, the options and warrants were valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation were as follows:

Date of grant	30 September 2008	29 March 2010
Expected volatility	54%	40%
Expected life	1 year	2 years
Risk-free interest rate	2.88%	4.00%
Expected dividend yield	–	–
Possibility of ceasing employment before vesting	–	–
Fair value per option	0.012p	0.133p

The charge to the income statement for share based payments for the year ended 31 December 2010 was £22,519 (2009: £nil).

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	2010		2009	
	Number of options and warrants	Weighted average exercise price per share pence	Number of options and warrants	Weighted average exercise price per share pence
At 1 January	500,000,000	0.02	500,000,000	0.02
Granted	44,827,587	0.87	–	–
Forfeited	–	–	–	–
Exercised	(50,000,000)	0.02	–	–
Expired	–	–	–	–
At 31 December	494,827,587	0.87	500,000,000	0.02

On 7 January 2011, 325 million warrants were exercised at an exercise price of 0.02p each.

24 Reserves

The following describes the nature and purpose of each reserve:

Share Capital	represents the nominal value of equity shares
Share Premium	amount subscribed for share capital in excess of the nominal value
Share Option Reserve	fair value of the employee equity settled share option scheme as accrued at the balance sheet date
Foreign currency translation reserve	Gains/losses arising on retranslating the net assets of overseas operations into pounds sterling
Retained earnings	Cumulative net gains and losses less distributions made

Notes to the Group Financial Statements

25 Related party transactions

During the year ended 31 December 2010, the Group paid £35,000 (2009: £35,000) to Adler Shine LLP for the services of Rakesh Patel, director. Rakesh Patel is a partner in Adler Shine LLP. The Group also paid £14,210 (2009: £8,250) to Adler Shine LLP for accounting services provided in the year.

During the year ended 31 December 2010, the Group paid the following amounts to Obtala Resources plc, a company of which Simon Rollason is a director:

	£
Purchase of field equipment and other equipment	35,000
Secretarial support	6,000
Loan of field equipment and machinery	10,000

The Group has an equity investment (note 15) in Mindex Invest Limited, a subsidiary of Obtala Resources Plc.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Group, and are all directors of the company. For details of their compensation please refer to the Remuneration report.

26 Events after the reporting date

Exercise of Warrants

On 7 January 2011, warrants in respect of 325 million ordinary shares were exercised at an exercise price of 0.02p per share.

£1.5 million placing

On 31 January 2011, the Company raised £1,500,000 through a subscription of 83,333,334 new ordinary shares of 0.02p each at a price of 1.8p each.

Issue of share options

On 21 February 2011, the following number of share options exercisable at 1.8p were granted to the directors:

Simon Rollason	10,000,000
Rakesh Patel	10,000,000
Mark Pryor	5,000,000
Sally Schofield	5,000,000

The vesting date for these options is 8 February 2012.

27 Ultimate controlling party

The Group considers that there is no ultimate controlling party.

Independent Auditors' Report – Company

to the members of Edenville Energy plc

We have audited the parent company financial statements of Edenville Energy plc for the year ended 31st December 2010 which comprise the Statement of Financial Position, Statement of Changes in Equity, Statement of Cash Flows and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 14, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2010;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Edenville
ENERGY PLC

Independent Auditors' Report – Company

to the members of Edenville Energy plc

Opinion on other matters prescribed by the Companies Act 2006

In our opinion:

- the information given in the Directors' Report for the financial year for which the financial statements are prepared is consistent with the financial statements.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matters

We have reported separately on the group financial statements of Edenville Energy plc for the year ended 31 December 2010.

Gary Miller (Senior Statutory Auditor)
For and on behalf of H W Fisher & Company
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London NW1 3ER
United Kingdom

Date: 3 June 2011

Company Statement of Financial Position

as at 31 December 2010

	Note	2010 £	2009 £
Non-current assets			
Intangible assets	4	36,536	19,082
Investment in subsidiaries	5	7,033,558	100
Equity investments – available for sale	7	446,428	446,428
Tangible fixed assets	8	23,683	–
		7,540,205	465,610
Current assets			
Trade and other receivables	9	193,199	66,234
Cash and cash equivalents	10	616,453	241,061
		809,652	307,295
Current liabilities			
Trade and other payables	11	60,507	21,614
Current assets less current liabilities		749,145	285,681
Total assets less current liabilities and net assets		8,289,350	751,291
Equity			
Called-up share capital	12	658,922	330,133
Share premium account		8,224,353	730,969
Share option reserve		52,616	33,441
Profit and loss account		(646,541)	(343,252)
Total equity		8,289,350	751,291

The financial statements were approved by the board of directors and authorised for issue on 3 June 2011 and signed on its behalf by:

S. Rollason
Director

Company Statement of Changes in Equity

for the year ended 31 December 2010

	Share capital £	Share premium £	Retained earnings account £	Share option reserve £	Total £
At 1 January 2009	315,847	301,327	(160,766)	33,441	489,849
Issue of share capital	14,286	432,142	–	–	446,428
Cost of shares issued	–	(2,500)	–	–	(2,500)
Total comprehensive loss for the year	–	–	(182,486)	–	(182,486)
At 31 December 2009	330,133	730,969	(343,252)	33,441	751,291
Issue of share capital	328,789	7,650,919	–	–	7,979,708
Cost of shares issued	–	(157,535)	–	–	(157,535)
Transfer on exercise of warrants	–	–	3,344	(3,344)	–
Share based payment charge	–	–	–	22,519	22,519
Total comprehensive loss for the year	–	–	(306,633)	–	(306,633)
At 31 December 2010	658,922	8,224,353	(646,541)	52,616	8,289,350

Edenville
ENERGY PLC

Company Cash Flow Statement

for the year ended 31 December 2010

	Note	Year ended 31 December 2010 £	Year ended 31 December 2009 £
Cash flows from operating activities			
Operating loss		(306,635)	(182,481)
Loss on disposal of fixed assets		5,849	–
Depreciation		5,468	–
Share based payments		22,519	–
Increase in trade and other receivables		(127,065)	(49,744)
Increase in trade and other payables		38,995	3,449
Net cash outflow from operating activities		(360,869)	(228,776)
Cash flows from investing activities			
Purchase of subsidiary		(63,750)	–
Purchase of licences		(17,454)	(19,082)
Purchase of fixed assets		(35,000)	–
Finance income		–	–
Finance costs		–	(2)
Net cash outflow from investing activities		(116,204)	(19,084)
Cash flows from financing activities			
Proceeds from issue of shares		1,010,000	–
Share issue costs		(157,535)	(2,500)
Net cast inflow from financing activities		852,465	(2,500)
Net increase/(decrease) in cash and cash equivalents		375,392	(250,360)
Cash and cash equivalents at beginning of year		241,061	491,421
Cash and cash equivalents at end of year	10	616,453	241,061

Major non cash transactions

During the year the company purchased 100% of the ordinary share capital for Edenville International Limited for £7,033,458 by issuing shares valued at £6,969,708. The balance of the purchase consideration was in cash.

Notes to the Company Financial Statements

for the year ended 31 December 2010

1 Accounting policies

Basic of preparation of company financial statements

The Company financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement. The loss after tax for the Parent Company for the year was £306,633 (2009: £182,486).

The following accounting policies have been applied consistently in dealing with items which are considered material in relation to the financial statements.

Standards and interpretations in issue but not yet effective or not yet relevant

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effective date (period beginning on or after)
IFRS 1	First time Adoption of International Financial Reporting Standards – Limited Exemption from Comparative IFRS 7 Disclosures for First-time Adopters	1 July 2010
IFRS 1	First time Adoption of International Financial Reporting Standards – Replacement of 'fixed dates' for certain exceptions with 'the date of transition to IFRSs'	1 July 2011
IFRS 1	First time Adoption of International Financial Reporting Standards – Additional exemption for entities ceasing to suffer from severe hyperinflation	1 July 2011
IFRS 7	Financial Instruments: Disclosures – Amendments enhancing disclosures about transfers of financial assets	1 July 2011
IFRS 9	Financial Instruments – Classification and Measurement	1 January 2013
IAS 12	Income taxed – Limited scope amendment (recovery of underlying assets)	1 January 2012
1AS 24	Related Party Disclosures – Revised definition of related parties	1 January 2011
IAS 32	Financial Instruments: Presentation – Amendments relating to classification of rights issues	1 February 2010
IFRIC 14	IAS 19 – The Limit on a Defined Benefit Asset, Minimum Funding Requirements and their Interaction	1 January 2011
IFRIC 19	Extinguishing Financial Liabilities with Equity Instruments	1 July 2010

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Company's financial statements.

Notes to the Company Financial Statements

1 Accounting policies continued

Share based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement of employees to save).

Non-market vesting conditions are included in assumptions about the number of options that are expected to vest. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-marketing vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Segmental reporting

The Company does not have separately identifiable business or geographical segments which are material to disclose.

Revenue recognition

Revenue from the sale of energy commodities is recognised upon delivery of goods to the customers. Interest income is recognised on a proportional basis taking into account the effective interest rates applicable to the financial assets.

All revenue is stated net of the amount of sales tax.

Currently the Company does not generate any revenue.

Presentational and functional currency

This financial information is presented in pounds sterling, which is the Company's functional currency.

Financial assets

Financial assets comprise investments, cash and cash equivalents and receivables. Unless otherwise indicated, the carrying amounts of the Company's financial assets are a reasonable approximation of their fair values.

Equity investments available for sale

Equity investments available for sale are non-derivatives that are either designated in this category or not classified in any of the other categories. Equity investments available for sale do not have a quoted market price in an active market and as their fair value cannot be reliably measured, they are stated at cost. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or group of financial assets is impaired.

Edenville ENERGY PLC

Notes to the Company Financial Statements

1 Accounting policies continued

Financial assets continued

Trade and other receivables

Provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is the difference between the receivables carrying amount and the present value of the estimated future cash flows.

An assessment for impairment is undertaken at least annually.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand. demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Property, plant and equipment

Property, plant and equipment are stated at cost on acquistion less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all property, plant and equipment categories at rates calculated to write off the cost, less estimated residual value on a reducing balance basis over their expected useful economic life. The depreciation rates are as follows:

	Basis of depreciation
Fixtures and fittings	25% reducing balance
Office equipment	25% reducing balance

Costs capitalised include the purchase price of an asset and any costs directly attributable to bringing it into working condition for its intended use.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities comprise only trade and other payables.

All financial liabilities are recorded at amortised cost, using the effective interest method, with interest-related charges being recognised as an expense under finance costs in the Income Statement.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, is cancelled, or expires.

Finance costs

Finance costs of debt, including premiums payable on settlement and direct issue costs are charged to the income statement on an accruals basis over the term of the instrument, using the effective interest method.

Income taxation

The taxation charge represents the sum of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Notes to the Company Financial Statements

1 Accounting policies continued

Deferred taxation

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised. Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

Exploration and evaluation assets

Capitalisation

Certain costs (other than payments to acquire the legal right to explore and costs which are directly attributable to those payments) incurred prior to acquiring the rights to explore are charged directly to the income statement. All costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs and other direct costs of exploration and appraisal are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas or where activities in the areas have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

E&E costs are not amortised prior to the conclusion of appraisal activities.

At completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then, following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production ("D&P") asset, but only after the carrying value of the relevant E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted. If after completion of appraisal activities in the area, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Company decides not to continue exploration and evaluation activity, then the costs of such unsuccessful exploration and evaluation are written off to the income statement in the period the relevant events occur.

Impairment

If and when facts and circumstances indicate that the carrying value of an E&E asset may exceed its recoverable amount an impairment review is performed.

For E&E assets when there are such indications, an impairment test is carried out by grouping the E&E assets with the D&P assets belonging to the same geographic segment to form the Cash Generating Unit ("CGU") for impairment testing. The equivalent combined carrying value of the CGU is compared against the CGU's recoverable amount and any resulting impairment loss is written off to the income statement. The recoverable amount of the CGU is determined as the higher of its fair value less costs to sell and its value in use.

Investment in subsidiaries

Fixed asset investments in subsidiary undertakings held by the company (see note 5) are shown at cost less provision for impairment. The cost of acquisition includes directly attributable professional fees and other expenses connected with the acquisition.

Notes to the Company Financial Statements

1 Accounting policies continued

Impairment

The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such a review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset or cash generating unit at the lower amount.

Going concern

After making enquiries, the directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future. The company therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

2 Critical accounting estimates and areas judgements

The Company makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are those in relation to:

- the impairment of intangible exploration and evaluation assets.

The Company is required to perform an impairment review, for each CGU to which the asset relates, when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is based upon the Directors' judgements and is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposal until the technical feasibility and commercial viability of extracting a mineral resource becomes demonstrable, at which point the value is estimated based upon the present value of the discounted future cash flows.

During the year, the Company acquired six Tanzanian prospecting licences through the acquisition of Edenville International (Tanzania) Limited. The value of these intangible exploration assets acquired represents the fair value of the consideration paid by Edenville Energy plc at the time of the acquisition of Edenville International Limited, the details of which are provided in note 16 to the group accounts.

The outcome of ongoing exploration and evaluation, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain. The directors have assessed the value of exploration and evaluation expenditure carried as intangible assets. In their opinion there has been no impairment loss to intangible exploration and evaluation assets in the period.

3 Staff costs

The Company had no employees during the year (2009: nil).

Directors' remuneration

The aggregate directors' emoluments, including compensation for loss of office, in the year were £110,833 (2009: £73,333).

Notes to the Company Financial Statements

4 Intangible exploration and evaluation assets

	Licenses £	Total £
Cost at 1 January 2010	19,082	19,082
Additions	17,454	17,454
Cost at 31 December 2010	36,536	36,536

Licences

On 27 May 2009, the Company signed an option agreement with Javan Investments Company Limited, a private Tanzanian registered company for two prospecting licences in Tanzania. Under the terms of the option agreement, the Company acquired an initial 25% interest in both licences for a consideration of US$15,000 per licence.

The above values of £19,082 represent the cash and non-cash consideration paid by the Group at the time of their acquisition.

There were no triggers for carrying out an impairment review in the period. The Directors have considered the following factors:

(a) Geology and lithology on each licence as outlined in the most recent CPR's (independent Competent Person's Reports from the mining and earth resources consultancy company, Wardell Armstrong International Limited).

(b) The expected useful lives of the licences and the ability to retain the licence interests when they come up for renewal.

(c) Comparable information for large mining and exploration companies in the vicinity of each of the licences.

(d) History of exploration success in the regions being explored.

(e) Local infrastructure.

(f) Climatic and logistical issues.

(g) Geopolitical environment.

The Directors consider that there has been no impairment loss to intangible exploration and evaluation assets in the period.

5 Investment in subsidiaries

	Investment in subsidiaries £
Fair value	
At 1 January	100
Additions	7,033,458
At 31 December	7,033,558

Holdings of more than 20%

The Company holds more than 20% of the share capital of the following companies:

Subsidiary undertaking	Country of incorporation	Class	Shares held
GOA Tanzania Limited	UK	Ordinary	100%
Edenville International (Seychelles) Limited	Seychelles	Ordinary	100%
Edenville International (Tanzania) Limited	Tanzania	Ordinary	99.5%*

*These shares are held by Edenville International (Seychelles) Limited

Notes to the Company Financial Statements

6 Acquisition of subsidiary

On 29 March 2010 Edenville Energy plc acquired 100% of the issued share capital of Edenville International Limited, a company incorporated in the Republic of the Seychelles. Edenville International Limited owns 99.5% of the issued share capital of Edenville International (Tanzania) Limited, a company incorporated in the United Republic of Tanzania.

Consideration for the acquisition was satisfied by the issue of 1,393,941,536 ordinary shares of 0.02p at a price of 0.5 pence per share.

The transaction has been accounted for by the purchase method of accounting. Using an exchange rate of 1.49 USD/GBP being the rate prevailing at the date of acquisition, the book values of the net assets acquired amounted to £2,575,275 but the directors have revalued these to the estimated fair values stated below:

	Book value £	Fair value £
Intangible exploration and evaluation assets	2,589,959	7,044,399
Other receivables	28	28
Cash and cash equivalents	50,904	50,904
Other payables	(65,616)	(65,616)
Net assets acquired	2,575,275	7,029,715
Purchase consideration:		
Fair value of shares issued		6,969,708
Direct costs related to the acquisition		60,007
Total purchase consideration		7,029,715
Other indirect costs of acquisition		3,743

7 Equity investments – available for sale

Company	2010 £	2009 £
Fair value		
At 1 January	446,428	–
Additions	–	446,428
At 31 December 2009	446,428	446,428

Under the terms of the collaboration and option agreement on a group of emerald mining licences in Tanzania, Africa, with Obtala Resources Plc ("Obtala") and Obtala's subsidiary Mindex Invest Limited ("Mindex"), Mindex agreed to transfer 75 per cent interest in certain specified licences to Gemstones of Africa Limited. The Company has acquired 16.96 per cent of the share capital of Gemstones of Africa Limited in exchange for issuing ordinary shares the equivalent of five per cent of the Company's share capital to Obtala, totalling 71,428,571 shares. This equity, which equated to a fair value of £446,428 (based on the closing price on 12 March 2009 of 0.625p per Ordinary Shares), has been placed in Obtala treasury.

Notes to the Company Financial Statements

8 Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2010	–	–	–	–
Additions	7,471	4,153	23,376	35,000
Disposals	–	–	(6,685)	(6,685)
As at December 2010	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2010	–	–	–	–
On disposals	–	–	(836)	(836)
Charge for the year	1,245	692	3,531	5,468
As at December 2010	1,245	692	2,695	4,632
Net book value				
As at December 2010	6,226	3,461	13,996	23,683
As at December 2009	–	–	–	–

9 Trade and other receivables

	2010 £	2009 £
Other receivables	4,753	11,199
Prepayments	5,790	55,035
Receivables from related parties	182,656	–
	193,199	66,234

10 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2010 £	2009 £
Cash at bank and in hand	616,453	241,061

11 Trade and other payables

	2010 £	2009 £
Trade and other payables	43,007	12,614
Accruals and deferred income	17,500	9,000
	60,507	21,614

Notes to the Company Financial Statements

12 Share capital

	2010 Number	2009 Number
Issued and fully paid		
Ordinary shares of 0.02p each (2009 0.02p each)	3,037,883,072	1,393,941,536
Deferred shares of 0.08p each (2009 0.08p each)	64,179,932	64,179,932
	3,102,063,004	1,458,121,468

	2010 £	2009 £
Ordinary shares of 0.02p each (2009 0.02p each)	607,578	278,789
Deferred shares of 0.08p each (2009 0.08p each)	51,344	51,344
	658,922	330,133

The only rights attached to the deferred shares are as follows:

(a) no dividend or other distribution shall be paid or made in respect of the Deferred Shares;

(b) the holders of deferred shares shall not be entitled to receive notice of, or to attend and vote at any general meeting of the Company;

(c) on a return of capital, whether on a winding-up or otherwise, the holders of deferred shares shall be entitled to receive only the amount credited as paid up on each share, but only after the holders of each ordinary share have received the amount paid up or credited as paid up on such share, together with a payment of £10,000 per share; and

(d) the Company may transfer the shares without making any payment to the holders thereof, to such persons as the Company may determine, and acquire the same in accordance with the provisions of the Companies Acts at a price of 0.08p each.

On 29 March 2010, the Company issued 1,393,941,536 ordinary shares of 0.02p each at 0.5p per share as consideration for the purchase of Edenville International Limited.

On 29 March 2010, the Company issued for cash 200,000,000 ordinary shares of 0.02p each at 0.5p per share.

On 15 November 2010, the Company issued 50,000,000 ordinary shares of 0.02p each at par on the exercise of 50,000,000 warrants.

On 7 January 2011, the Company issued 325,000,000 ordinary shares of 0.02p each at par on the exercise of 325,000,000 warrants.

On 31 January 2011, the Company issued for cash 83,333,334 ordinary shares of 0.02p each at 1.8p per share.

13 Deferred taxation

A deferred tax asset of £187,241 (2009: £120,659) has not been recognised in respect of the tax losses carried forward due to the uncertainty that profits will arise against which the losses can be offset.

Notes to the Company Financial Statements

14 Financial instruments

The Company manages its capital to ensure its ability to continue as a going concern and to maintain an optimal capital structure to reduce the cost of capital. The capital structure of the Company comprises equity attributable to equity holders of the Company consisting of issued ordinary share capital, reserves and retained earnings.

The Company maintains or adjusts its capital structure through the payment of dividends to shareholders, issue of new shares and buy-back of existing shares.

Categories of financial instruments	**2010** £	**2009** £
Financial assets		
Investments available for sale at fair value	446,428	446,428
Receivables at amortised cost including cash and cash equivalents:		
Cash and cash equivalents	616,453	241,061
Other receivables	193,199	66,134
Total	1,256,080	753,623
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	60,507	21,514
Net	1,195,573	732,109

Cash and cash equivalents

This comprises cash held by the Company and short-term deposits. The carrying amount of these assets approximates to their fair value.

General risk management principles

The Directors have an overall responsibility for the establishment of the Company's risk management framework. A formal risk assessment and management framework for assessing, monitoring and managing the strategic operational and financial risks of the Company's is in place to ensure appropriate risk management of its operations.

The following represent the key financial risks that the Company faces:

Interest rate risk

The Company is not exposed to significant interest rate risks as it does not have any interest bearing liabilities and its only interest-bearing asset is cash invested on a short-term basis which attract interest at the banks variable rate.

Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations, resulting in financial loss. Credit risk arises from cash and cash equivalents and credit exposures on outstanding receivables and committed transactions.

There were no amounts past due at the balance sheet date.

The company has loaned its subsidiaries an amount of £182,656 which was outstanding at the year end. The directors will keep this exposure under review and provide against it if they believe the amount will not be recovered.

The maximum exposure to credit risk in respect of the above at 31 December 2010 is the carrying value of financial assets recorded in the financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due.

Liquidity risk is managed through an assessment of short, medium and long-term cash flow forecasts to ensure the adequacy of working capital.

Fair value of financial assets and liabilities

The directors consider that there is no significant difference between the book value and fair value of the Company's financial assets and liabilities.

Notes to the Company Financial Statements

15 Equity-settled share-based payments

The following options and warrants over ordinary shares have been granted by the Company:

Date	Exercise price	Exercise period	Number of options and warrants
30 September 2008	0.02p	5 Years	500,000,000
29 March 2010	0.87p	10 Years	44,827,587

At the date of grant, the options and warrants were valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation were as follows:

Date of grant	30 September 2008	29 March 2010
Expected volatility	54%	40%
Expected life	1 year	2 year
Risk-free interest rate	2.88%	4.00%
Expected dividend yield	–	–
Possibility of ceasing employment before vesting	–	–
Fair value per option	0.012p	0.133p

The charge to the income statement for share based payments for the year ended 31 December 2010 was £22,519 (2009: £nil).

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	2010		2009	
	Number of options and warrants	Weighted average exercise price per share pence	Number of options and warrants	Weighted average exercise price per share pence
At 1 January	500,000,000	0.02	500,000,000	0.02
Granted	44,827,587	0.87	–	–
Forfeited	–	–	–	–
Exercised	(50,000,000)	0.02	–	–
Expired	–	–	–	–
At 31 December	494,827,587	0.87	500,000,000	0.02

On 7 January 2011, 325 million warrants were exercised at an exercise price of 0.02p each.

16 Reserves

The following describes the nature and purpose of each reserve:

Share Capital	represents the nominal value of equity shares
Share Premium	amount subscribed for share capital in excess of the nominal value
Share Option Reserve	fair value of the employee equity settled share option scheme as accrued at the balance sheet date
Retained earnings	Cumulative net gains and losses less distributions made

17 Related party transactions

During the year ended 31 December 2010, the Company paid £35,000 (2009: £35,000) to Adler Shine LLP for the services of Rakesh Patel, director. Rakesh Patel is a partner in Adler Shine LLP. The Company also paid £14,210 (2009: £8,250) to Adler Shine LLP for accounting services provided in the year.

During the year ended 31 December 2010, the Company paid the following amounts to Obtala Resources plc, a company of which Simon Rollason is a director:

	£
Purchase of field equipment and other equipment	35,000
Secretarial support	6,000
Loan of field equipment and machinery	10,000

The Group has an equity investment in Mindex Invest Limited, a subsidiary of Obtala Resources Plc.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, and are all directors of the company. For details of their compensation please refer to the Remuneration report.

Edenville International (Tanzania) Limited owed £179,840 to the Company as at 31st December 2010. This amount represents loans made by the Company in order to meet the exploration and operating costs of its Tanzanian subsidiary.

Edenville International Limited (Seychelles) owed £2,816 to the Company as at 31st December 2010. This amount represented payments made by the Company in respect of various legal fees paid throughout the year on behalf of its subsidiary.

18 Events after the reporting date

Exercise of Warrants

On 7 January 2011, warrants in respect of 325 million ordinary shares were exercised at an exercise price of 0.02p per share.

£1.5 million placing

On 31 January 2011, the Company raised £1,500,000 through a subscription of 83,333,334 new ordinary shares of 0.02p each at a price of 1.8p each.

Issue of share options

On 21 February 2011, the following number of share options exercisable at 1.8p were granted to the directors:

Simon Rollason	10,000,000
Rakesh Patel	10,000,000
Mark Pryor	5,000,000
Sally Schofield	5,000,000

The vesting date for these options is 8 February 2012.

Edenville
ENERGY PLC

Notice of Annual General Meeting

Notice is hereby given that the 2011 Annual General Meeting of the Company will be held at Acre House, 11-15 William Road, London, NW1 3ER on Thursday 30 June 2011 at 5.00 p.m. to consider and, if deemed fit, to approve the following resolutions, of which 1 to 4 (inclusive) will be proposed as ordinary resolutions and 5 will be proposed as a special resolution:

Ordinary Business

1. To receive the accounts of the Company for the year ended 31 December 2010 together with the reports thereon of the directors and the auditors of the Company.

2. To reappoint Simon Rollason as a director who is retiring in accordance with article 91.2 of the Company's articles of association (the 'articles') and, being eligible, offers himself for re-appointment.

3. To reappoint HW Fisher & Company as auditors of the Company in accordance with Section 489 of the Companies Act 2006, until the conclusion of the next general meeting of the Company at which audited accounts are laid before members and to authorise the directors to determine their remuneration.

Special Business

4. That the directors of the Company be and they are hereby authorised generally and unconditionally pursuant to and in accordance with section 551 of the Companies Act 2006 ("the Act") to exercise all the powers of the Company to allot equity securities (as defined by section 560 of the Act) other than the issue of Warrants pursuant to the Subscription Warrant Instrument dated 10 September 2008, up to an aggregate nominal amount of £200,000 provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may, pursuant to this authority, make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

5. That:

   (a) the directors be and they are hereby empowered pursuant to section 570 of the Act to allot equity securities (within the meaning of section 560 of the Act) for cash pursuant to the authority conferred by resolution 4 above as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:

      (i) in connection with an offer of equity securities by way of rights to the holders of ordinary shares in proportion (as nearly as may be) to their respective holdings of ordinary shares on a record date fixed by the directors but subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with problems under the laws of any territory or the requirements of any regulatory body or any stock exchange in any territory or in connection with fractional entitlements or otherwise howsoever; or

      (ii) the issue of Warrants pursuant to the Subscription Warrant Instrument dated 10 September 2008; or

      (iii) (other than pursuant to paragraph (i) and (ii) above) having (in the case of equity securities (as defined in section 560 Act)) a nominal amount or (in the case of any other equity securities) giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £200,000;

Notice of Annual General Meeting

The power conferred by paragraph (a) above shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may, before the expiry of such power, make offers or agreements which would or might require equity securities to be allotted in pursuance of such offers or agreements as if the power conferred hereby had not expired.

By order of the board

David Venus & Company LLP
Secretary

Date: 3 June 2011

Registered Office
Aston House
Cornwall Avenue
London N3 1LF

Notes

1. A member entitled to attend and vote at the meeting is entitled to appoint more than one proxy, to exercise all or any of his rights to attend, speak and vote in his place on a show of hands or on a poll provided that each proxy is appointed to a different share or shares. Such proxy need not be a member of the Company.
2. To be valid, the completed and signed form of proxy must be returned to the Company's registrars Capita Registrars at PXS, 34 Beckenham Road, Beckenham, BR3 4TU not less than 48 hours before the time fixed for the meeting. Lodging a form of proxy does not preclude a member from attending and voting at the meeting.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders of the Company on the register at 6.00 p.m. on the 28 June 2011 be entitled to attend or vote at the meeting in respect of shares registered in their name at the time. Changes to the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

Edenville
ENERGY PLC

Notice of Annual General Meeting

Explanatory notes on the resolutions

Resolution 1
The directors must present to members the accounts and the reports of the directors and auditors in respect of each financial year.

Resolution 2
In accordance with Article 91.2 of the Company's articles of association at the annual general meeting in every year one third of the directors retire by rotation. If the number to retire is not a multiple of three the number will be rounded down to the nearest whole number.

Resolution 3
HW Fisher & Company are being proposed as the auditors of the Company until the conclusion the next general meeting at which accounts are presented. The directors are to be given authority to fix their remuneration.

Resolution 4
The Company's power to issue additional securities is exercised by the directors. The directors must be authorised by ordinary resolution of the shareholders to exercise that power.

Resolution 5
Under the Company's articles of association any new shares to be issued must first be offered to existing shareholders in proportion to the number of shares already held by them. The shareholders may by special resolution waive this right and permit the directors to issue additional shares without first offering them to existing shareholders. Authority is being sought to allow the directors to issue up to an additional nominal amount of £200,000 and is in addition to the authority granted in respect of the issue of Warrants pursuant to the Subscription Warrant Agreement dated 10 September 2008. This authority will lapse at the conclusion of the Company's next Annual General Meeting.

Printed by Michael Searle & Son Limited

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