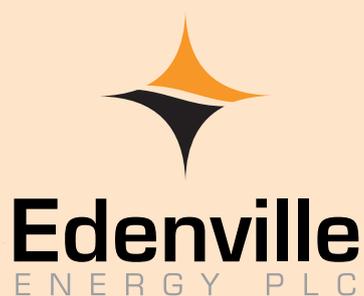




Annual Report & Accounts
For the year ended 31 December 2011



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Company Information

Directors

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

Company Secretary

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Registered Number

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Acre House
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Registrars

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Chairman's Statement

for the year ended 31 December 2011

I am pleased to present the annual financial statements for Edenville Energy plc for the period ending 31 December 2011, and report on the key developments of the Group in the past year.

The major focus of the past year has been the operations spent on the Rukwa Coalfield in Tanzania and, in particular, on the Mkomolo deposit. Exploration drilling commenced in July and 22 vertical diamond drill holes in total were completed up to October, with coal bearing strata identified over 6,500 metres lateral strike distance with a depth in excess of 230 metres. Wardell Armstrong International was employed to oversee the drilling programme and associated core handling procedures with all sample analysis completed by Inspectorate M and L (Pty) Ltd in Middleburg, South Africa.

In April 2012 the company announced its maiden in-situ resource estimate at the Mkomolo Basin of 39 million tonnes of thermal coal with a calorific value of 17 MJ/kg. This provided further confirmation that the coal is suitable, with appropriate processing, for coal fired power generation. The Phase 1 drilling covered a strike length of approximately 6km and the deposit remains open to the north, potentially for a further 3.5km and further remains open at depth to the southwest. The inferred JORC compliant resource of 39 million tonnes was in line with the Company's expectations and, given that Mkomolo represents just one of three deposits on the Rukwa coalfield and is in itself not drilled out, the upside potential for Edenville Energy looks very promising. Whilst 2011 saw the Company make outstanding progress at Mkomolo, it is important to underline that both the Namwele and Muze deposits remain part of the Group's core focus, and these deposits will be tested as part of the proposed 2012 drill programme.

Financial results

The Group reported an operating loss of £1,216,771 (2010: £304,348) for the year ending 31 December 2011 and had net assets at that date of £8,682,857 (2010: £8,026,289).

As at 31 December 2011, the Group had cash reserves of £511,538.

The Group has a strong balance sheet and following a placing in January 2012 which raised £2.5million, the Group is fully funded to undertake the proposed 2012 work programme.

Corporate

In April 2011, the Group announced the successful acquisition of 3 additional exploration licences in south-western Tanzania which the Group considers to have strong coal potential and which will form part of the Group's long term exploration strategy. The licences form a contiguous block covering 494.99km² and lie adjacent to the Kiwara-Songwe Coalfield. The total cash consideration paid to the private owners was US\$161,699. with the licences being held by Edenville's 99.5% owned Tanzanian subsidiary, Edenville International (Tanzania) Limited.

Outlook

The outlook for the Group is positive with the maiden JORC resource announcement the standout achievement of the past year. The 2012 drill programme will see the continuing delineation of the extensions to the Mkomolo coal seams whilst testing the Muze and Namwele deposits. Additionally the Group has signed geophysics and drill contracts, with field work set to commence at the deposits in May of this year. 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 where appropriate. The short to mid-term future for energy commodities remains positive especially for lower cost producers and Edenville is well placed to participate strongly in this sector in the region.

On behalf of shareholders, I would like to take this opportunity to thank my colleagues and employees for all their efforts throughout the period. We are excited about the proposed work programme for the coming year which will build on the hard work put in since the re-admission in 2010.

Simon Rollason
Executive Chairman

30 May 2012

Review of Operations

for the year ended 31 December 2011

It is with great pleasure that I can report that with the successful completion of last year's drilling and the publication of the Maiden Inferred Resource Statement at Mkomolo, we have successfully delineated a resource base of 39 million tonnes from which we shall be able to expand and add significant further resources at Rukwa this year. During 2011 the Company increased its interest in the Rukwa Coalfields from 70% to 80% as per the agreement signed with the vendor in August 2010. In 2012 the Company has the option to further increase its shareholding to 90% with an option payment of \$100,000 with the vendor maintaining a free-carried interest of 10% at that time.

Since our last Annual Report a 3,000m diamond drill program was completed at Mkomolo (22 drillholes) and Namwele (8 drillholes) coalfields within our Rukwa Coalfields Project. The results from this drilling has enabled us, together with our consultants, Wardell-Armstrong International ("WAI") to report the maiden resource at Mkomolo of 39 million tonnes within an overall package of coal measures sequences which total 187 million tonnes. Further mapping and pitting has outlined that these Karoo sediments hosting coal measures extend to the north of borehole MK11-18, our current most northerly drill hole, for at least a further 3.0 to 3.5km. The 2011 drilling covered a strike length of 6.5km, and a width of approximately 200m, two deep step out holes to trace the coal measures to the west were abandoned due to poor drilling conditions and these will be part of our focus for the 2012 drilling program.

At Namwele eight holes were drilled of which only 5 were completed, intersecting coal measures, due to poor ground conditions. These holes will be used to give an outline of the resource at Namwele but will not allow a JORC compliant resource to be completed due to the incomplete drillholes. The results from these holes are still awaited from the laboratory in South Africa.

With the positive results from the 2011 drilling program as well as the Tanzanian Government actively seeking new sources of power for the country, which is currently dependant on ageing diesel fuelled power stations and hydro-electricity, a second phase of diamond drilling will take place. The drilling machinery is due to begin mobilising to site in mid-May upon cessation of the rainy season. A contract has again been signed with Layne Drilling International. Their work at the project last year gives the experience at Rukwa and this we feel will give us the best chance to successfully complete the planned 7,000m drilling program. Layne will again be using experienced drilling personnel as well as a Foreman with over 10 years experience drilling in the Australian coalfields. All proposed diamond drilling will utilise triple-tube core barrels for maximum recovery, similar to the 2011 drilling where we averaged an excellent 95% recovery.

The planned drilling for 2012 will be focused into three phases:

- (1) Infill and expansion drilling at Mkomolo. This will in part be based on the recommendations made by WAI in their Resource Report of April 2012, with the aim of infilling, expanding and upgrading the current Inferred Resource to a JORC compliant Measure and Indicated Resource that will enable mine planning to commence.
- (2) Complete and in-fill the current drilling at Namwele to enable a Maiden JORC compliant Inferred Resource to be developed, thus enabling us to commence mine planning for a joint mining/plant operation at the Mkomolo/Namwele Deposits.
- (3) Initiate the drilling at Muze with the aim of allowing us to define a Maiden JORC Inferred Resource.

The ongoing drilling and resource evaluation work, costs of which are being capitalised, will be undertaken by Edenville's personnel and its qualified consultants, WAI. The aim being that the Measured and Indicated Resource will be available on Mkomolo towards the end of the First Quarter 2013, at Namwele an Inferred Resource during the Second Quarter and the Maiden Resource at Muze during the Third Quarter of 2013. This will therefore enable us to commence Mine Planning/Pre-Feasibility studies in the Second Half of 2013.

Due to the current worldwide interest in coal we along with all other clients are now having to accept a between 4 and 6 month turnaround time to obtain assay results. Management is thus currently attempting to find solutions to this by using other internationally recognised laboratories that may be less saturated and would enable us to have a shorter turn around for the results. This may or may not be successful but if positive then the time frames indicated above may be shortened.

Review of Operations

In April we announced the acquisition of three additional exploration licences in south-western Tanzania. The licences form a contiguous block covering 494.99km² and lie adjacent to the Kiwira-Songwe Coalfield which had past historical production and limited power generation. This additional ground covers an area with a favourable geological setting for additional coal discoveries which complements our existing portfolio of coal focused assets within Southern Tanzania.

Edenville's other coal and uranium licences in South-western Tanzania continue to progress slowly with mapping and sampling of the radiometric anomalies. Edenville, with its concentrated effort in the Rukwa District took the view to continue work and submit reports to the Tanzanian Ministry of Energy and Mines as the law requires. However, with the funding the Group secured in January 2012 a further three new geologists have now been added to the exploration team. This will therefore allow us to advance the evaluation of these Southern Licences. Work will commence initially, in June following the end of the rainy season, with the mapping and sampling of the licences surrounding the historic Kiwira Coalfields.

Management is actively evaluating other more advanced coal projects in the African continent in order to expand the Group's coal resource base.

M J Pryor

Chief Executive Officer

30 May 2012

Directors Biographies

Simon Rollason

BSc (Hons) Geology, MIMMM,
FGS, Aged 45

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 over 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, coal, copper, base metals, uranium and precious stone 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 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 52

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 48

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 executive director of The Niche Group plc and non-executive director of Deo Petroleum plc, both of which are quoted on AIM.

Directors Biographies

Sally Schofield

BEng (Hons) Industrial
Geology, ACSM, FGS,
MIMMM, Aged 40
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 opportunities. 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).

Directors' Report

for the year ended 31 December 2011

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2011.

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 policy targets. Further details of the Group's business and expected future developments are also set out in the Chairman's Statement on page 3 and the Review of Operations on pages 4 and 5.

Exploration approach

The Group 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 directors of Edenville International (Tanzania) Limited, who in return report directly to the Board of the Group. The Group also engages internationally recognised consultants to provide further guidance to the Board of the Group. 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 and risk management

The principal risks facing the Group are those relating to the volatility of the commodities markets, reliance on the expertise of key Group personnel, risks connected with uncertainties of Tanzanian political, fiscal and legal systems, including taxation and currency fluctuations, as well as those regimes in which the Group has direct or indirect interests.

The board and senior management regularly monitor and report on all areas of risk, through formal reports on a monthly basis as well as through ad hoc communications. Senior management regularly visits operations to understand site-specific risks as well as to assess local political, fiscal and legal risks. In this regard, the Group maintains a strict policy of compliance with local laws and regulations, and community issues (including health and safety, community development, and environmental responsibility) are at the forefront of strategic and operational decision-making.

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 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.

Directors' Report

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.

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.

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.

The operational risks are mitigated, where possible, as follows:

- the executive directors visit each operation regularly, when these key risks are reviewed and actions taken as necessary;
- control procedures have been communicated to operations' management who review local procedures for Group compliance;
- the in-country operations team submit monthly reports to head office which cover operational progress and analysis of technical data. Results obtained from testing of mineral samples by independent laboratories are sent to the operational team and copied directly to the UK head office. A strict quality assurance/quality control procedure, designed by a leading independent consultancy group, is in place covering all aspects of geological exploration and sample collection with local staff trained to standards set by the UK head office;
- the executive directors visit each operation regularly to review local operational and technical procedures and controls and compliance with Group procedures and report to the board; and
- the head office finance function visits each operation to review local financial controls and compliance with Group procedures and report to the board.

Human resources

The Group is reliant on a small team of experienced mining professionals for their success and is more than usually vulnerable to the adverse effects of losing key personnel. The Group has recently strengthened its team in Tanzania by the recruitment of three geologists.

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 held by the Group.

Directors' Report

The Group might not be able to retain its licence interests when they come up for renewal, despite a possibility of discovering ore bodies. Under the Mining Act 2010, at the end of the initial licence term and on renewal, a company must relinquish 50% of the land area held under licence. The dropped portion may be re-applied for, however, relinquishing 50% of the licence area does not necessarily devalue the licence. Mineral deposits may cover areas of only a few Km² and the process of relinquishment is such that a company will retain the part of the licence that is considered most prospective for a mineral discovery. If the original licence covers 40km² the retained ground after relinquishment is more than sufficient for the discovery of a world class deposit and does not detract from the value of the property.

While the Group has undertaken all the customary due diligence in the verification of title to its material mineral properties, this should not be construed as a guarantee of title. The Group's management team has been operating in Tanzania for a number of years and have experience in managing the title to its properties. It maintains professional relationships with the relevant government bodies responsible for the issue and renewal of licences but if there was an indication of an issue over the title to any of its properties it would seek advice from the Group's lawyers.

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 Group's financial position which is denominated and reported in sterling.

The Group 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.

The market price of commodities is volatile and is affected by numerous factors beyond the Group's control.

There is the risk that the price earned for minerals will fall to a point where it becomes uneconomic to extract them from the ground. The prices of these commodities are affected by a number of factors beyond Edenville's control. The principal commodities in Edenville's portfolio are uranium and coal. During 2011 the price of uranium dropped 11% over the year starting April 2011, post Fukushima. Over the past 6 months the price has stabilised. The price of coal has also fallen 14% (Australian Thermal Coal) over the past year starting April 2011. The impact of the price of uranium and coal on the economics of Edenville project is kept under close review.

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.

Edenville minimises political risk by operating in countries considered to have relatively stable political systems, established fiscal and mining codes and a respect for the rule of law.

Directors' Report

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.

Management is actively evaluating other coal projects in the African continent in order to expand the Group's coal resource base and reduce dependency on Tanzania.

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.

Edenville is aware that it operates in an area considered highly prospective to competitive companies. The management monitor the activities of other operators and monitor their development and future plans from information available in the public domain, which allows the company to evaluate whether these competitors pose a threat to our market position.

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.

The Group follows best international practice to ensure that all of its projects cause the minimum environmental impact, as well as complying with all local regulations and legislation. During the next year the Group will commission consultants to undertake Environmental Impact Assessments on all the Group's active projects.

Directors' Report

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.

The Group raised £2.5million at the end of January 2012 to fund the drilling programme for 2012 and early 2013.

Financial risks

The Group's multi-national operations expose it to a variety of financial risks:

(i) **Foreign exchange 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. The Group utilises exchange rate hedging where appropriate.

(ii) **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. The Group has a comprehensive system for financial reporting. The board approves the annual budget which is revised through the year as necessary with the board's approval. Monthly results are reported against budgets and variances analysed. Great importance is placed on the monitoring and control of cash flows, and cash forecasts are reported to the board.

(iii) **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.

Directors' Report

Results and dividends

The results of the Group for the year ended 31 December 2011 are set out on page 22.

The Directors do not recommend payment of a dividend for the year (2010: nil). The loss is transferred to reserves.

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 2011	Ordinary shares of 0.02p held at 31 December 2010
Simon Rollason	2,660,603	Nil
Mark Pryor	Nil	Nil
Rakesh Patel	Nil	Nil
Sally Schofield	1,319,261	Nil

The Directors' interests in share options as at 31 December 2011 are as follows:

	Options at 31 December 2011	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
	7,471,265	0.87p	29.03.10	29.03.12	29.03.20
	10,000,000	1.8p	21.02.11	08.02.12	21.02.21
Mark Pryor	7,471,265	0.87p	29.03.10	29.03.11	29.03.20
	7,471,265	0.87p	29.03.10	29.03.12	29.03.20
	5,000,000	1.8p	21.02.11	08.02.12	21.02.21
Rakesh Patel	7,471,265	0.87p	29.03.10	29.03.11	29.03.20
	7,471,265	0.87p	29.03.10	29.03.12	29.03.20
	10,000,000	1.8p	21.02.11	08.02.12	21.02.21
Sally Schofield	5,000,000	1.8p	21.02.11	08.02.12	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 2011 were 13 days (2010: 35 days).

Financial instruments

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 23 of the financial statements.

Directors' Report

Donations

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

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 30 May 2012 and signed on its behalf.

M J Pryor
Chief Executive Officer

Statement of Directors' Responsibilities

for the year ended 31 December 2011

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 on-going integrity of the financial statements contained therein.

Remuneration Report

for the year ended 31 December 2011

The remuneration committee comprises the Company's non-executive director, Sally Schofield, who is the sole member of the committee. The Board intends 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 2011 are set out below:

Name	Fees and other remuneration £	Taxable benefits £	Pension contributions £	2011 Total £	2010 Total £
Executive					
Simon Rollason	35,000	–	–	35,000	34,583
Rakesh Patel	35,000	–	–	35,000	35,000
Mark Pryor	35,000	–	–	35,000	26,250
Non-Executive					
Sally Joy Schofield	20,000	–	–	20,000	15,000
	125,000	–	–	125,000	110,833

Share based payments in respect of share options granted to directors amounted to £226,293 (2010: £22,519).

Corporate Governance Report

for the year ended 31 December 2011

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 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 is independent of management and free from any business or other relationships which could materially interfere with the exercise of her independent judgement, notwithstanding that she has been granted share options.

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

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 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 £1,564,999 net of expenses and, at 31 December 2011, the Company had cash balances totalling £511,538. In January 2012, the Company raised a further £2.5million, by way of a placing of its shares.

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 2011 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, 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 Financial 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 Statement of Directors' Responsibilities set out on page 15, 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. In addition, we have read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

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 2011 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 prepared in accordance with the requirements of the Companies Act 2006.

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 group 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:

- 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 parent company financial statements of Edenville Energy plc for the year ended 31 December 2011.

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: 30 May 2012

Group Statement of Comprehensive Income

for the year ended 31 December 2011

	Note	2011 £	2010 £
Administration expenses	6	(511,315)	(281,829)
Share based payments	24	(259,028)	(22,519)
Impairment of available for sale financial asset	15	(446,428)	–
Group operating loss		(1,216,771)	(304,348)
Finance income	10	4	–
Loss on operations before taxation		(1,216,767)	(304,348)
Income tax expense	11	–	–
Loss for the year		(1,216,767)	(304,348)
Other comprehensive income/(loss)			
Profit/(loss) on translation of overseas subsidiary		27,839	(265,273)
Total comprehensive loss for the year		(1,188,928)	(569,621)
Attributable to:			
Equity holders of the Company		(1,188,476)	(569,632)
Non-controlling interest		(452)	11
Loss per Share (pence)			
Basic and diluted loss per share	12	(0.04p)	(0.01p)

All operating income and operating gains and losses relate to continuing activities.

No separate statement of comprehensive income is provided as all income and expenditure is disclosed above.

Group Statement of Financial Position

as at 31 December 2011

	Note	2011 £	2010 £ (as restated)
Non-current assets			
Property, plant and equipment	13	17,762	23,683
Intangible assets	14	9,454,607	8,385,072
Equity investments – available for sale	15	–	446,428
		9,472,369	8,855,183
Current assets			
Trade and other receivables	16	104,324	11,590
Cash and cash equivalents	17	511,538	625,639
		615,862	637,229
Current liabilities			
Trade and other payables	18	(117,212)	(179,233)
Current assets less current liabilities		498,650	457,996
Total assets less current liabilities		9,971,019	9,313,179
Non-current liabilities			
Provision for deferred tax	19	(1,288,162)	(1,286,890)
		8,682,857	8,026,289
Equity			
Called-up share capital	20	740,588	658,922
Share premium account		9,707,686	8,224,353
Share option reserve		289,907	52,616
Foreign currency translation reserve		(237,434)	(265,273)
Retained earnings		(1,838,945)	(644,367)
Issued capital and reserves attributable to owners of the parent company		8,661,802	8,026,251
Non-controlling interests		21,055	38
Total equity		8,682,857	8,026,289

The financial statements were approved by the board of directors and authorised for issue on 30 May 2012 and signed on its behalf by:

S. Rollason
Director

Company registration number: 05292528

Group Statement of Changes in Equity

for the year ended 31 December 2011

	Equity interests					Total £	Non- controlling interest £	Total £
	Share capital £	Share premium £	Retained earnings account £	Share option reserve £	Foreign currency reserve £			
At 1 January 2010	330,133	730,969	(343,352)	33,441	–	751,191	–	751,191
Issue of share capital	328,789	7,650,919	–	–	–	7,979,708	–	7,979,708
Cost of shares issued	–	(157,535)	–	–	–	(157,535)	–	(157,535)
Transfer on exercise of warrants	–	–	3,344	(3,344)	–	–	–	–
Share based payment charge	–	–	–	22,519	–	22,519	–	22,519
Foreign currency translation	–	–	–	–	(265,273)	(265,273)	–	(265,273)
Other reserves	–	–	–	–	–	–	27	27
Total comprehensive loss for the year	–	–	(304,359)	–	–	(304,359)	11	(304,348)
At 1 January 2011	658,922	8,224,353	(644,367)	52,616	(265,273)	8,026,251	38	8,026,289
Issue of share capital	81,666	1,483,333	–	–	–	1,564,999	–	1,564,999
Transfer on exercise of warrants	–	–	21,737	(21,737)	–	–	–	–
Minority interest on fair value adjustment	–	–	–	–	–	–	21,469	21,469
Share based payment charge	–	–	–	259,028	–	259,028	–	259,028
Foreign currency translation	–	–	–	–	27,839	27,839	–	27,839
Total comprehensive loss for the year	–	–	(1,216,315)	–	–	(1,216,315)	(452)	(1,216,767)
At 31 December 2011	740,588	9,707,686	(1,838,945)	289,907	(237,434)	8,661,802	21,055	8,682,857

Group Cash Flow Statement

for the year ended 31 December 2011

	Note	Year ended 31 December 2011 £	Year ended 31 December 2010 £
Cash flows from operating activities			
Operating loss		(1,216,771)	(304,348)
Loss on disposal of fixed assets		–	5,849
Impairment of tangible & intangible non-current assets		482,964	–
Depreciation		5,921	5,468
Share based payments		259,028	22,519
(Increase)/decrease in trade and other receivables		(89,245)	54,544
(Decrease)/increase in trade and other payables		(50,445)	92,103
Foreign exchange differences		(35,344)	(5,537)
Net cash outflow from operating activities		(643,892)	(129,402)
Cash flows from investing activities			
Purchase of subsidiary, net of cash acquired with subsidiary		–	(12,846)
Purchase of exploration and evaluation assets		(1,034,890)	(290,659)
Purchase of fixed assets		–	(35,000)
Finance income		4	–
Finance costs		–	–
Net cash used in investing activities		(1,034,886)	(338,505)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		1,564,999	1,010,000
Share issue costs		–	(157,515)
Net cash inflow from financing activities		1,564,999	852,485
Net (decrease)/increase in cash and cash equivalents		(113,779)	384,578
Cash and cash equivalents at beginning of year		625,639	241,061
Effect of foreign exchange rate changes on cash and cash equivalents		(322)	–
Cash and cash equivalents at end of year	17	511,538	625,639

Notes to the Group Financial Statements

for the year ended 31 December 2011

1 General information

Edenville Energy plc is a public limited company incorporated in the United Kingdom. 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, as modified by the revaluation of available for sale investments.

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 44.

Restatement of prior period comparatives

During the year, the Group concluded discussions with the Financial Reporting Review Panel (FRRP) with regards to an element of the accounting approach that was adopted for the acquisition by Edenville Energy plc of Edenville International Limited. An initial deferred tax liability of £1,336,332 arising on the acquisition was omitted from the 30 June 2010 interim accounts and 31 December 2010 annual accounts in error. This error has subsequently been corrected in the June 2011 interims and the 31 December 2011 annual accounts with the prior year comparatives restated. The impact of this adjustment has been to increase goodwill recognised on acquisition and to increase the deferred tax liability by the same amount. There has been no change to the value of the net assets of the Group or the reported results for either the previous year's interim accounts or the last annual accounts of the Group as a result of this adjustment. The restatement does not have an impact on the opening position as at 1 January 2010.

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 – 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 11	Joint Arrangements	1 January 2013
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 12	Income taxed – Limited scope amendment (recovery of underlying assets)	1 January 2012
IAS 19	Employee Benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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.

Notes to the Group 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).

Assumptions about the number of options that are expected to vest include consideration of non-market vesting conditions. 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-market 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 2011. Profits and losses on intra-group transactions 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. 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.

Notes to the Group Financial Statements

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 foreign currency 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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are initially classified at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in statement of comprehensive income, is removed from equity and recognised in the statement of comprehensive income.

Where the fair value cannot be reliably measured as a result of a lack of an active market and/or reliable estimates could not be made the equity investments are measured at cost.

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.

Notes to the Group Financial Statements

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.

Goodwill

At the date of acquisition of a subsidiary undertaking, fair value are attributed to the acquired identifiable assets, liabilities and contingent liabilities. Goodwill represents the difference between the fair value of the purchase consideration and the acquired interest in the fair value of those net assets.

Goodwill is initially recognised at fair value. Any negative goodwill is credited to the income statement in the year of acquisition. If an undertaking is subsequently sold, the amount of goodwill carried on the balance sheet at the date of disposal is charged to the income statement in the period of disposal as part of the gain or loss on disposal.

Goodwill is associated with exploration and evaluation assets, the impairment of which is discussed in the accounting policy note for exploration and evaluation assets.

Going concern

Subsequent to the year end the group raised £2.5m before expenses. The directors have reviewed the work programme for the mines and the estimated head office costs and consider 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.

Notes to the Group 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.

4 Critical accounting estimates and areas of judgement

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;
- the fair value of intangible assets acquired on the acquisition of Edenville International Limited; and
- Share based payments.

Impairment – intangible exploration and evaluation assets

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.

Fair value of intangible assets

The Company holds Tanzanian prospecting licences through its subsidiary, 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 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, other than the amounts charged to the income statement with regards to the Javan licences. The carrying value of these exploration and evaluation assets is £8,144,976 as at 31 December 2011.

Share based payments

The estimate of share based payments costs requires management to select an appropriate valuation model and make decisions about various inputs into the model including the volatility of its own share price, the probable life of the options and the risk free interest rate.

Deferred taxation

The deferred taxation liability is based on the fair value adjustment to the cost of the prospecting licences held by the Company's subsidiary, Edenville International (Tanzania) Limited on the date of acquisition.

The outcome of on going 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 change to the fair value of the prospecting licenses originally acquired. Any change in the value of these prospecting licences will result in a change in the deferred tax liability.

Notes to the Group Financial Statements

5 Segmental information

The Board considers the business to have three reportable segments being Coal, Uranium and Emerald exploration Projects.

Other represents unallocated expenses and assets held by the head office. Unallocated assets primarily consist of cash and cash equivalents.

	Exploration Projects				Total £
	Coal £	Uranium £	Emeralds £	Other £	
2011					
Consolidated Income Statement					
Impairment of exploration costs	36,536	–	–	–	36,536
Impairment of available for sale financial assets	–	–	446,428	–	446,428
Share based payments	–	–	–	259,028	259,028
Other expenses	29,524	61,896	–	383,359	474,779
Group operating loss	(66,060)	(61,896)	(446,428)	(642,387)	(1,216,771)
Finance income	–	–	–	4	4
Loss on operations before taxation	(66,060)	(61,896)	(446,428)	(642,383)	(1,216,767)
Income tax expense	–	–	–	–	–
Loss for the year	(66,060)	(61,896)	(446,428)	(642,383)	(1,216,767)

2010					
Consolidated Income Statement					
Share based payments	–	–	–	22,519	22,519
Other expenses	(529)	(1,756)	–	284,114	281,829
Group operating loss	529	1,756	–	(306,633)	(304,348)
Finance income	–	–	–	–	–
Loss on operations before taxation	529	1,756	–	(306,633)	(304,348)
Income tax expense	–	–	–	–	–
Loss for the year	529	1,756	–	(306,633)	(304,348)

By Business Segment	Carrying value of segment assets		Additions to non-current assets and intangibles		Total liabilities	
	2011 £	2010 £	2011 £	2010 £	2011 £	2010 £
Coal	2,948,103	1,930,430	1,027,556	1,914,777	298,159	299,636
Uranium	6,622,865	6,487,952	78,515	6,486,213	1,069,752	1,105,980
Emeralds	–	447,034	–	–	–	–
Other	517,263	626,996	–	–	37,463	60,507
	10,088,231	9,492,412	1,106,071	8,400,990	1,405,374	1,446,123

By Geographical Area	£	£	£	£	£	£
Africa (Tanzania)	9,570,968	8,865,416	1,106,071	8400,990	1,367,911	1,405,616
Europe	517,263	626,996	–	–	37,463	60,507
	10,088,231	9,492,412	1,106,071	8,400,990	1,405,374	1,446,123

Notes to the Group Financial Statements

6 Administrative expenses

	2011 £	2010 £
Staff costs	125,000	110,833
Other expenses	386,315	170,996
	511,315	281,829
Share based payment charge	259,028	22,519
Total administrative expenses on continuing operations	770,343	304,348

7 Auditors' remuneration

	2011 £	2010 £
Fees payable to the Company's auditor for the audit of the parent company and consolidated accounts	15,750	15,000
Fees payable to the Company's auditor for the audit related assurance services	4,150	–
	19,900	15,000

8 Employees

The average number of employees and directors during the year was as follows:

	2011 Number	2010 Number
Administration	11	11

9 Directors' remuneration

	2011 £	2010 £
Emoluments	125,000	110,833
Share based payments	226,293	22,519
	351,293	133,352

The highest paid director received remuneration of £35,000 (2010: £34,583).

10 Finance income

	2011 £	2010 £
Interest income on short-term bank deposits	4	–

Notes to the Group Financial Statements

11 Income tax expense

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 £1,528,088 (2010: £891,627).

A deferred tax asset of £300,794 (2010:£193,343) 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:

	2011 £	2010 £
Loss on ordinary activities before tax	(1,216,767)	(304,348)
Expected tax credit at standard rate of Corporation Tax 20% (2010: 21%)	(243,353)	(63,913)
Losses utilised	–	(480)
Disallowable expenditure	96,593	4,013
Capital allowances in excess of depreciation	–	(6,202)
Depreciation in excess of capital allowances	2,285	–
Allowance on exercise of share options	–	–
Other adjustments	17,183	–
Tax losses carried forward	127,292	66,582
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.

The loss attributable to equity shareholders and weighted average number of ordinary shares for the purposes of calculating diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because the exercise of warrants would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

	2011 £	2010 £
Net loss for the year attributable to ordinary shareholders	(1,216,315)	(304,359)
Weighted average number of shares in issue	3,578,852,211	3,073,260,594
Basic and diluted loss per share	(0.04p)	(0.01p)

In January 2012, the company issued 1,000,000,000 ordinary shares pursuant to a placing of shares to raise £2.5million. If these ordinary shares were issued before the year end they would have impacted the weighted average number of shares in issue and hence altered earnings per share. More information on ordinary shares issued subsequent to the year end can be found in note 20.

Notes to the Group Financial Statements

13 Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
2010				
Cost				
As at 1 January 2010	–	–	–	–
Additions	7,471	4,153	23,376	35,000
Disposals	–	–	(6,685)	(6,685)
As at 31 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 31 December 2010	1,245	692	2,695	4,632
Net book value				
As at 31 December 2010	6,226	3,461	13,996	23,683
2011				
Cost				
As at 1 January 2011 and 31 December 2011	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2011	1,245	692	2,695	4,632
Charge for the year	1,556	866	3,499	5,921
As at 31 December 2011	2,801	1,558	6,194	10,553
Net book value				
As at 31 December 2011	4,670	2,595	10,497	17,762

14 Intangible assets

	Evaluation and Exploration Assets		Goodwill (as restated)	Total
	Javan Licenses £	Tanzanian Licenses £	£	£
2010				
Cost or valuation				
As at 1 January 2010	19,082	–	–	19,082
On acquisition	–	7,044,399	1,336,332	8,380,731
Additions	17,454	276,983	–	294,437
Foreign exchange adjustment	–	(259,736)	(49,442)	(309,178)
As at 31 December 2010	36,536	7,061,646	1,286,890	8,385,072
Accumulated amortisation and impairment				
As at 1 January 2010 and 31 December 2010	–	–	–	–
Net book value				
As at 31 December 2010	36,536	7,061,646	1,286,890	8,385,072

Notes to the Group Financial Statements

14 Intangible assets continued

2011	Evaluation and Exploration Assets		Goodwill (as restated)	Total
	Javan Licenses £	Tanzanian Licenses £		
Cost or valuation				
As at 1 January 2011	36,536	7,061,646	1,286,890	8,385,072
Additions	–	1,073,913	21,469	1,095,382
Foreign exchange adjustment	–	9,417	1,272	10,689
At 31 December 2011	36,536	8,144,976	1,309,631	9,491,143
Accumulated amortisation and impairment				
As at 1 January 2011	–	–	–	–
Impairment charge	36,536	–	–	36,536
As at 31 December 2011	36,536	–	–	36,536
Net book value				
As at 31 December 2011	–	8,144,976	1,309,631	9,454,607

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. In the opinion of the Directors these licences should be fully impaired in line with IAS 36 and IFRS 6 as at 31 December 2011. On the basis that no further exploration and evaluation expenditure is expected on these licences and there is no expectation of the Company applying for renewal of the licences in the future.

Tanzanian Licences and Goodwill

The Tanzanian licenses comprise six prospecting licences acquired on the acquisition of Edenville International (Tanzania) Limited in 2010. 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 the vendors.

This year a further three exploration licenses were acquired in south west Tanzania which the Group considers to have strong coal potential. The licences form a contiguous block covering 494.99 km² and lie adjacent to the Kiwara-Songwe Coalfield.

The group has two CGUs: coal and uranium, as disclosed in note 5 segmental information, which are relevant for the purposes of evaluation licences and goodwill. Goodwill arose as a result of the valuation placed on the 6 Tanzanian licences acquired on the acquisition of Edenville (Tanzania) Limited. As such the value of Goodwill is linked to the value of the licences.

Goodwill at the year end totalled £1,286,890. £272,135 has been allocated to coal licences and £1,014,755 to uranium licences. The allocation has been made based on the value of the licences on the date of acquisition.

The carrying value of exploration and evaluation assets including goodwill is reviewed annually to determine whether it is in excess of its recoverable amount. The Directors have determined the recoverable amounts using value in use. The value in use is determined at the cash generating unit level, in this case the coal and uranium exploration and evaluation assets.

Notes to the Group Financial Statements

14 Intangible assets continued

The group has so far undertaken limited exploration of its licences and as such it does not currently have any resources or reserves estimates on which to value its assets. In the absence of data specific to the group's licences, the Directors have determined the fair value of licences and hence goodwill based on comparable neighbouring coal and uranium exploration and development projects.

The Directors have used the following assumptions for its uranium licences in South-Western Tanzania, based on published information from a neighbouring deposit, last updated in November 2011:

- Average annual production of U₃O₈ Uranium : 4.2million lbs
- Initial life of mine :12 years
- Average cash operation costs: US\$22.20 per lb of U₃O₈ Uranium
- Total capital costs: US\$ 430million

The Directors have used the following assumptions for its uranium licences in Northern Tanzania based on published information from a neighbouring deposit, last updated in June 2010.

- Cash sales price US\$ 50 per lb
- Cash costs US\$ 20 per lb
- Recovery of 80% of 6.7m lbs
- Sales split evenly over a 10 year life of mine
- No potential additional resources were included

These assumptions were used to arrive at an estimated recoverable amount per square kilometre. A range of discount rates ranging from 10% to 20% was applied to reflect the early exploration stage of the group's projects. These discounted values were then applied to the licence area of the group's licences, as appropriate, and an average value was taken and compared against the initial value placed on the licences. There were no indications of impairment in the group's uranium licences and the associated goodwill.

For the coal licences the Directors have considered the success of a neighbouring deposit which covers an area of 61Km² and has a JORC compliant resource of 210 million tonnes. The neighbouring licence also estimates that the successful drilling programs undertaken in two newly acquired blocks have the potential to add a further 150-200m tonnes of coal.

The area has been earmarked for a proposed US\$1.2bn power station with estimated returns of US\$300m. This would result in high licence valuations and given that the group's licence covers three times the area of the neighbouring mine and if the group replicates the drilling success then the Directors consider that there has been no impairment in their coal licences.

Based on the above, the Directors do not consider the licences they hold and hence Goodwill to be impaired.

The calculation of value in use is most sensitive to the following assumptions:

- Recoverable resources and reserves
- Future price of coal and uranium

In the Directors' view no reasonable change in any of the key assumptions would trigger an impairment charge at 31 December 2011.

Notes to the Group Financial Statements

15 Equity investments – available for sale

	2011 £	2010 £
Fair value		
At 1 January 2011	446,428	446,428
Impairment in the year	(446,428)	–
At 31 December 2011	–	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").

The Company's focus is now on coal exploration and mining and the directors therefore consider it appropriate to impair the cost of these emerald mining licences, as the company does not intend to develop these assets. As at 31 December 2011, the Directors deemed this investment to be permanently impaired and have therefore written off the carrying amount in the statement of comprehensive income.

16 Trade and other receivables

	2011 £	2010 £
Receivables	100,271	4,754
Prepayments	4,053	6,836
	104,324	11,590

There was no provision for impairment of receivables at 31 December 2011 (2010: £nil).

17 Cash and cash equivalents

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

	2011 £	2010 £
Cash at bank and in hand	511,538	625,639

The major non-cash transactions in the year relate to the share based payment expense.

18 Trade and other payables

	2011 £	2010 £
Trade and other payables	52,992	39,538
Accruals and deferred income	64,220	139,695
	117,212	179,233

Notes to the Group Financial Statements

19 Deferred taxation

A deferred tax asset of £300,794 (2010: £193,343) 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. A deferred tax liability of £1,288,162 (2010: £1,286,890) has been provided in respect of the potential tax liability arising on licenses acquired on the acquisition of Edenville International (Tanzania) Limited.

	2011 £	2010 £ (as restated)
Brought forward	1,286,890	–
On acquisition	–	1,336,332
Foreign exchange movement	1,272	(49,442)
	1,288,162	1,286,890

20 Called-up share capital

	2011 Number	2010 Number
Issued and fully paid		
Ordinary shares of 0.02p each	3,446,216,405	3,037,883,072
Deferred shares of 0.08p each	64,179,932	64,179,932
	3,510,396,337	3,102,063,004

	2011 £	2010 £
Ordinary shares of 0.02p each	689,244	607,578
Deferred shares of 0.08p each	51,344	51,344
	740,588	658,922

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 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.

On 31 January 2012, the Company issued for cash 1,000,000,000 ordinary shares of 0.02p each at 0.25p per share.

Notes to the Group Financial Statements

21 Capital and reserves attributable to shareholders

	2011 £	2010 £
Share capital	740,588	658,922
Share premium	9,707,686	8,224,353
Other reserves	52,473	(212,657)
Retained deficit	(1,838,945)	(644,367)
Total equity	8,661,802	8,026,251

There have been no significant changes to the Group's capital management objectives or what is considered to be capital during the year.

22 Capital management policy

The Group's policy on capital management is to maintain a low level of gearing. The group funds its operation through equity funding.

The Group defines the capital it manages as equity shareholders' funds less cash and cash equivalents.

The Group objectives when managing its capital are:

- To safeguard the group's ability to continue as a going concern.
- To provide adequate resources to fund its exploration activities with a view to providing returns to its investors.
- To maintain sufficient financial resources to mitigate against risk and unforeseen events.

The group's cash reserves are reported to the board and closely monitored against the planned work program and annual budget. Where additional cash resources are required the following factors are taken into account:

- the size and nature of the requirement.
- preferred sources of finance.
- market conditions.
- opportunities to collaborate with third parties to reduce the cash requirement.

23 Financial instruments

The Board of Directors determine, as required, the degree to which it is appropriate to use financial instruments to mitigate risk with the main risk affecting such instruments being foreign exchange risk, which is discussed below.

Categories of financial instruments	2011 £	2010 £
Financial assets		
Investments available for sale at fair value	–	446,428
Receivables at amortised cost including cash and cash equivalents:		
Cash and cash equivalents	511,538	625,639
Trade and other receivables	104,324	11,590
Total	615,862	1,083,657
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	117,212	179,233
Net	498,650	904,424

Notes to the Group Financial Statements

23 Financial instruments *continued*

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.

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 2011 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 in 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.

The effect of a 10% rise or fall in the US dollar/Sterling exchange rate would result in an increase or decrease in the net assets of the group of £417,562.

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.

Notes to the Group Financial Statements

24 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/warrants
30 September 2008	0.02p	5 Years	500,000,000 (warrants)
29 March 2010	0.87p	10 Years	44,827,587
21 February 2011	1.80p	9 Years	35,000,000

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:

The warrants granted on 30 September 2008 are exercisable from the date the company was admitted onto the AIM, a market operated by the London Stock Exchange for a period of 5 years as a subscription price of 0.02p per warrant share.

Of the options granted on 29 March 2010, 50% are exercisable from 29 March 2011 and the balance from 29 March 2012. The options are valid for a period of 10 years from the date of grant. There are no vesting conditions.

The options granted on 21 February 2011 are exercisable from 8 February 2012. The options are valid for a period of 10 years from the date of grant. There are no vesting conditions.

	30 September 2008	29 March 2010	21 February 2011
Date of grant	30 September 2008	29 March 2010	21 February 2011
Expected volatility	54%	40%	122%
Expected life	1 year	2 year	3.5 years
Risk-free interest rate	2.88%	4.00%	1.99%
Expected dividend yield	–	–	–
Possibility of ceasing employment before vesting	–	–	–
Fair value per option	0.012p	0.133p	0.76p

The charge to the income statement for share based payments for the year ended 31 December 2011 was £259,028 (2010: £22,519).

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

	2011		2010	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	494,827,587	0.10	500,000,000	0.02
Granted	35,000,000	1.80	44,827,587	0.87
Forfeited	–	–	–	–
Exercised	(325,000,000)	(0.02)	(50,000,000)	0.02
Expired	–	–	–	–
At 31 December	204,827,587	0.51	494,827,587	0.10

The average volatility is used in determining the share based payment expense to be recognised in the year. This was calculated by reference to the standard deviation of the Company share price.

The weighted average remaining contractual life of options as at 31 December 2011 was 4.4 years (2010: 3.34 years).

Notes to the Group Financial Statements

25 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

26 Related party transactions

During the year ended 31 December 2011, the Group paid £35,000 (2010: £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 £18,975 (2010: £14,210) to Adler Shine LLP for accounting services provided in the year.

During the year ended 31 December 2011, 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	£Nil	(2010: £35,000)
Secretarial support	£8,000	(2010: £6,000)
Loan of field equipment and machinery	£Nil	(2010: £10,000)
Travel and subsistence	£5.332	(2010: £Nil)

The Group has a fully impaired equity investment (note 15) in Mindex Invest Limited, a subsidiary of Obtala Resources Plc. Simon Rollason is a director of Obtala Resources Plc.

At the year end the Group owed the director, Simon Rollason £2,587 (2010: £2,587).

During the year the company paid Mark Pryor and Sally Schofield £20,000 each for assisting with the reverse takeover and admission to AIM, prior to their appointment to the board.

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.

27 Operating leases

At the year end the group had annual commitments under non-cancellable operating leases as set out below:

	Land and Buildings	
	2011	2010
	£	£
Operating lease which expire:		
within one year	12,422	–

28 Events after the reporting date

£2.5 million placing

On 31 January 2012, the Company raised £2,500,000 through a placing of 1,000,000,000 new ordinary shares of 0.02p each at a price of 0.25p each.

29 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 2011 which comprise the company Statement of Financial Position, company Statement of Changes in Equity, company 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 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 15, 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 parent company 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. In addition, we have read all the financial and non-financial information in the annual report to identify material inconsistencies with the audited financial statements. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

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 2011;
- 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.

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 parent 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 2011.

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: 30 May 2012

Company Statement of Financial Position

as at 31 December 2011

	Note	2011 £	2010 £
Non-current assets			
Intangible assets	4	–	36,536
Investment in subsidiary	5	7,033,558	7,033,558
Equity investments – available for sale	6	–	446,428
Property, plant & equipment	7	17,762	23,683
		7,051,320	7,540,205
Current assets			
Trade and other receivables	8	1,462,685	193,199
Cash and cash equivalents	9	511,490	616,453
		1,974,175	809,652
Current liabilities			
Trade and other payables	10	37,464	60,507
Current assets less current liabilities		1,936,711	749,145
Total assets less current liabilities and net assets		8,988,031	8,289,350
Equity			
Called-up share capital	11	740,588	658,922
Share premium account		9,707,686	8,224,353
Share option reserve		289,907	52,616
Profit and loss account		(1,750,150)	(646,541)
Total equity		8,988,031	8,289,350

The financial statements were approved by the board of directors and authorised for issue on 30 May 2012 and signed on its behalf by:

S. Rollason
Director

Company Statement of Changes in Equity

for the year ended 31 December 2011

	Share capital £	Share premium £	Retained earnings account £	Share option reserve £	Total £
At 1 January 2010	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
Issue of share capital	81,666	1,483,333	–	–	1,564,999
Transfer on exercise of warrants	–	–	21,737	(21,737)	–
Share based payment charge	–	–	–	259,028	259,028
Total comprehensive loss for the year	–	–	(1,125,346)	–	(1,125,346)
At 31 December 2011	740,588	9,707,686	(1,750,150)	289,907	8,988,031

Company Cash Flow Statement

for the year ended 31 December 2011

	Year ended 31 December 2011	Year ended 31 December 2010
Note	£	£
Cash flows from operating activities		
Operating loss	(1,125,351)	(306,635)
Loss on disposal of fixed assets	–	5,849
Impairment of tangible and intangible non-current assets	482,964	–
Depreciation	5,921	5,468
Share based payments	259,028	22,519
(Increase) in trade and other receivables	(1,269,484)	(127,065)
(Decrease)/Increase in trade and other payables	(23,044)	38,993
Net cash outflow from operating activities	(1,669,966)	(360,871)
Cash flows from investing activities		
Purchase of subsidiary	–	(63,750)
Purchase of licences	–	(17,454)
Purchase of fixed assets	–	(35,000)
Finance income	4	–
Finance costs	–	–
Net cash inflow/(outflow) from investing activities	4	(116,204)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	1,564,999	1,010,000
Share issue costs	–	(157,533)
Net cash inflow from financing activities	1,564,999	852,467
Net (decrease)/increase in cash and cash equivalents	(104,963)	375,392
Cash and cash equivalents at beginning of year	616,453	241,061
Cash and cash equivalents at end of year	9	511,490

Notes to the Company Financial Statements

for the year ended 31 December 2011

1 Accounting policies

Basic of preparation of company financial statements

The Company financial statements are prepared under the historical cost convention, as modified by the revaluation of available for sale investments, and 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 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 £1,125,346 (2010: £306,633).

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 – 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 11	Joint Arrangements	1 January 2013
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 12	Income taxed – Limited scope amendment (recovery of underlying assets)	1 January 2012
IAS 19	Employee Benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
IAS 32	Financial Instruments: Presentation – Amendments to application guidance on the offsetting of financial assets and financial liabilities	1 January 2014
IFRIC 20	Stripping Costs in the Production Phase of a Surface Mine	1 January 2013

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.

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).

Assumptions about the number of options that are expected to vest include consideration of non-market vesting conditions. 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-market 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.

Notes to the Company Financial Statements

1 Accounting policies *continued*

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. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are initially classified at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired. The Company assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in statement of comprehensive income, is removed from equity and recognised in the statement of comprehensive income.

Where the fair value cannot be reliably measured as a result of a lack of an active market and/or reliable estimates could not be made the equity investments are measured at cost.

Trade and other receivables

Provision for impairment of trade receivables is made when there is objective evidence that the Company 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 Company Financial Statements

1 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 Company 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 Company's assets and liabilities and their tax base. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity. 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 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.

Notes to the Company Financial Statements

1 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.

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.

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

Subsequent to the year end the group raised £2.5m before expenses. The directors have reviewed the work programme for the mines and the estimated head office costs and consider that the group 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.

Notes to the Company Financial Statements

2 Critical accounting estimates and areas of judgement

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;
- Share based payments

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.

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 other than the amounts charged to the income statement with regards to the Javan licences.

Share based payments

The estimate of share based payments costs requires management to select an appropriate valuation model and make decisions about various inputs into the model including the volatility of its own share price, the probable life of the options and the risk free interest rate.

3 Staff costs

The average number of employees and directors during the year was as follows:

	2011 Number	2010 Number
Administration	4	4

Directors' remuneration

The aggregate directors' emoluments, including compensation for loss of office, in the year were:

	2011 £	2010 £
Emoluments	125,000	110,833
Share based payments	226,293	22,519
	351,293	133,352

Notes to the Company Financial Statements

4 Intangible exploration and evaluation assets

	2011 £	2010 £
Cost		
At 1 January 2011	36,536	36,536
Impairment in the year	(36,536)	–
Net Book Value at 31 December 2011	–	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. In the opinion of the Directors these licences should be fully impaired in line with IAS 36 and IFRS 6 as at 31 December 2011. On the basis that no further exploration and evaluation expenditure is expected on these licences and there is no expectation of the Company applying for renewal of the licences in the future.

The Directors have considered the following factors when undertaking their impairment review of the intangible assets:

- (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.

5 Investment in subsidiary

Company	2011	2010 £
Fair value		
At 1 January 2011	7,033,538	100
Additions	–	7,033,458
At 31 December 2011	7,033,558	7,033,558

Investment in subsidiaries relates to the acquisition of Edenville International (Seychelles) Limited and its subsidiary Edenville International (Tanzania) Limited which holds prospecting licenses. The Tanzanian licenses initially comprised six prospecting licences acquired on the acquisition of Edenville International (Tanzania) Limited in 2010. 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 the vendors.

Notes to the Company Financial Statements

5 Investment in subsidiary *continued*

The Directors have considered the following factors when undertaking their impairment review of the subsidiaries:

- 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).
- The expected useful lives of the licences and the ability to retain the licence interests when they come up for renewal.
- Comparable information for large mining and exploration companies in the vicinity of each of the licences.
- History of exploration success in the regions being explored.
- Local infrastructure.
- Climatic and logistical issues.
- Geopolitical environment.

Based on the above the Directors do not consider any of the licenses held by Edenville International (Tanzania) Limited to be impaired and therefore to not consider the investment in its subsidiary to be impaired.

Holdings of more than 20%

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

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

6 Equity investments – available for sale

	2011 £	2010 £
Fair value		
At 1 January 2011	446,428	446,428
Impairment in the year	(446,428)	–
At 31 December 2011	–	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").

The Company's focus is now on coal exploration and mining and the directors therefore consider it appropriate to impair the cost of these emerald mining licences, as the company does not intend to develop these assets. As at 31 December 2011, the Directors deemed this investment to be permanently impaired and have therefore written off the carrying amount in the statement of comprehensive income.

Notes to the Company Financial Statements

7 Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
2010				
Cost				
As at 1 January 2010	–	–	–	–
Additions	7,471	4,153	23,376	35,000
Disposals	–	–	(6,685)	(6,685)
As at 31 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 31 December 2010	1,245	692	2,695	4,632
Net book value				
As at 31 December 2010	6,226	3,461	13,996	23,683
	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
2011				
Cost				
As at 1 January 2011 and 31 December 2011	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2011	1,245	692	2,695	4,632
Charge for the year	1,556	866	3,499	5,921
As at 31 December 2011	2,801	1,558	6,194	10,553
Net book value				
As at 31 December 2011	4,670	2,595	10,497	17,762

8 Trade and other receivables

	2011 £	2010 £
Other receivables	1,719	4,753
Prepayments	4,054	5,790
Receivables from related parties	1,456,912	182,656
	1,462,685	193,199

9 Cash and cash equivalents

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

	2011 £	2010 £
Cash at bank and in hand	511,490	616,453

Notes to the Company Financial Statements

10 Trade and other payables

	2011 £	2010 £
Trade and other payables	14,714	43,007
Accruals and deferred income	22,750	17,500
	37,464	60,507

11 Share capital

	2011 Number	2010 Number
Issued and fully paid		
Ordinary shares of 0.02p each	3,446,216,405	3,037,883,072
Deferred shares of 0.08p each	64,179,932	64,179,932
	3,510,396,337	3,102,063,004
	2011 £	2010 £
Ordinary shares of 0.02p each	689,244	607,578
Deferred shares of 0.08p each	51,344	51,344
	740,588	658,922

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 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.

On 31 January 2012, the company issued for cash 1,000,000,000 ordinary shares of 0.02p each at 0.25p per share.

12 Deferred taxation

A deferred tax asset of £302,065 (2010: £187,241) 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

13 Capital management policy

The Company's policy on capital management is to maintain a low level of gearing. The Company funds its operation through equity funding.

The Company defines the capital it manages as equity shareholders funds less cash and cash equivalents.

The Company objectives when managing its capital are:

- To safeguard the Company's ability to continue as a going concern.
- To provide adequate resources to fund its exploration activities with a view to providing returns to its investors.
- To maintain sufficient financial resources to mitigate against risk and unforeseen events.

The Company's cash reserves are reported to the board and closely monitored against the planned work program and annual budget. Where additional cash resources are required the following factors are taken into account.

- the size and nature of the requirement.
- preferred sources of finance.
- market conditions.
- opportunities to collaborate with third parties to reduce the cash requirement.

14 Financial instruments

The Board of Directors determine, as required, the degree to which it is appropriate to use financial instruments to mitigate risks with the main risk affecting such instruments being foreign exchange risk, which is discussed below.

Categories of financial instruments	2011 £	2010 £
Financial assets		
Investments available for sale at fair value	–	446,428
Receivables at amortised cost including cash and cash equivalents:		
Cash and cash equivalents	511,490	616,453
Other receivables	1,462,685	193,199
Total	1,974,175	1,256,080
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	37,464	60,507
Net	1,936,711	1,195,573

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.

Notes to the Company Financial Statements

14 Financial instruments *continued*

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 £1,456,912 (2010:£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 2011 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.

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

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/warrants
30 September 2008	0.02p	5 Years	500,000,000 (warrants)
29 March 2010	0.87p	10 Years	44,827,587
21 February 2011	1.80p	9 Years	35,000,000

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:

The warrants granted on 30 September 2008 are exercisable from the date the company was admitted onto the AIM, a market operated by the London Stock Exchange for a period of 5 years as a subscription price of 0.02p per warrant share.

Of the options granted on 29 March 2010, 50% are exercisable from 29 March 2011 and the balance from 29 March 2012. The options are valid for a period of 10 years from the date of grant. There are no vesting conditions.

The options granted on 21 February 2011 are exercisable from 8 February 2012. The options are valid for a period of 10 years from the date of grant. There are no vesting conditions.

	30 September 2008	29 March 2010	21 February 2011
Date of grant	30 September 2008	29 March 2010	21 February 2011
Expected volatility	54%	40%	122%
Expected life	1 year	2 year	3.5 years
Risk-free interest rate	2.88%	4.00%	1.99%
Expected dividend yield	–	–	–
Possibility of ceasing employment before vesting	–	–	–
Fair value per option	0.012p	0.133p	0.76p

The charge to the income statement for share based payments for the year ended 31 December 2011 was £259,028 (2010: £22,519).

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

	2011		2010	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	494,827,587	0.10	500,000,000	0.02
Granted	35,000,000	1.80	44,827,587	0.87
Forfeited	–	–	–	–
Exercised	(325,000,000)	(0.02)	(50,000,000)	0.02
Expired	–	–	–	–
At 31 December	204,827,587	0.51	494,827,587	0.10

The weighted average remaining contractual life of options as at 31 December 2011 was 4.4 years (2010: 3.34 years).

Notes to the Company Financial Statements

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 2011, the Company paid £35,000 (2010: £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 £18,975 (2010: £14,210) to Adler Shine LLP for accounting and payroll services provided in the year.

During the year the company paid Mark Pryor and Sally Schofield £20,000 each for assisting with the reverse takeover and admission to AIM, prior to their appointment to the board.

During the year ended 31 December 2011, 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	£Nil	(2010: £35,000)
Secretarial support	£8,000	(2010: £6,000)
Loan of field equipment and machinery	£Nil	(2010: £10,000)
Travel and Subsistence	£5.332	(2010: £Nil)

The Company has a fully impaired equity investment in Mindex Invest Limited, a subsidiary of Obtala Resources Plc which was deemed to be fully impaired at the year end. Simon Rollason is a director 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.

During the year the company loaned its Tanzanian subsidiary, Edenville International (Tanzania) £1,273,360 in order to meet its exploration and operating costs. At the year end Edenville International (Tanzania) Limited owed £1,453,200 (2010: £179,840) to the Company.

During the year the company paid legal fees totalling £897 on behalf of Edenville International (Seychelles) Limited, a subsidiary. At the year end Edenville International Limited (Seychelles) owed £3,712 (2010: £2,815) to the Company.

18 Events after the reporting date

£2.5 million placing

On 31 January 2012, the Company raised £2,500,000 through a subscription of 1,000,000,000 new ordinary shares of 0.02p each at a price of 0.25p each.

Notice of Annual General Meeting

Notice is hereby given that the 2012 Annual General Meeting of the Company will be held Acre House, 11-15 William Road, London NW1 3ER on 27 June 2012 at 9.30 a.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 2011 together with the reports thereon of the directors and the auditors of the Company.
2. To reappoint Sally Schofield 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 £400,000 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
 - (ii) (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 £400,000;

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: 30 May 2012

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 6.00p.m. on the 25 June 2012 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.

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 £400,000 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.

The image features a minimalist design with two large, abstract shapes. A bright orange shape is positioned in the upper right corner, pointing towards the center. A solid black shape is located in the lower half, extending from the left edge and curving upwards towards the center. The background is white.

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