Edenville

ENERGY PLC

Annual Report & Accounts

For the year ended 31 December 2012

Edenville
ENERGY PLC

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Company Information

Directors

Sally Joy Schofield (Executive Chairman (w.e.f. 5 March 2013))
Mark Jonathan Pryor (Chief Executive Officer)
Rakesh Ramesh Patel (Finance Director)
Rufus Victor Short (Non-Executive Director (appointed 18 February 2013))
Simon Rollason (Non-Executive Director (w.e.f. 5 March 2013))

Company Secretary

David Venus and Company LLP

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London N3 1LF

Nominated Adviser and Broker

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London EC2M 1JJ

Bankers

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9 High Street
Stony Stratford
Milton Keynes MK11 1HR

Auditors

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

Solicitors

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

Registrars

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

Chairman's Statement

for the year ended 31 December 2012

2012 was a year in which Edenville Energy made significant advances towards our goal of developing a coal-based energy business in and for Tanzania. A vision jointly shared by the government of Tanzania to support the country's rapid industrialisation and increasing demand for energy.

The Edenville team has added substantial value to the Company's assets since the virtually unexplored Rukwa Coalfield projects were acquired in August 2010. Just two drill seasons on, we have a very respectable Measured and Indicated resource tonnage across three coal projects which are favourably located within the government Mtwara Development Corridor in southern Tanzania. We are now able to begin evaluation of a near-term production scenario with the future possibility of supplying a coal fired power station as part of the Tanzanian Government's commitment to the North-South Electrification project.

In April 2012, we published a maiden inferred resource estimate for Mkomolo of 39 million tonnes of sub-bituminous thermal coal with a calorific value of 17Mj/kg. This was in line with our expectations and confirmed that, after processing, the coal could be suitable for power generation. This then provided us with the solid platform we needed to initiate a second round of intensive drilling which was completed in November 2012.

As part of the second round we drilled an additional 3,139 metres at Mkomolo bringing the total metres drilled to 5,726 metres over 41 holes. These additional drilling results upgraded the resource from the Inferred to Measured and Indicated categories increasing the overall tonnage from 39 million tonnes (Inferred) to 45 million tonnes (Measured and Indicated).

In parallel we revisited Namwele, a deposit which had seen previous production from a small open pit, providing lump coal to industries located at Mbeya, 275km to the south by road. Three holes were drilled during 2012 which supplemented the seven holes we drilled in the second half of 2011.

In August 2012, Edenville exercised its second and final option on the Rukwa Coalfield project, covering Mkomolo, Namwele and Muze, taking the Company's interest to 90% with the remaining 10% held by the local partner.

The final project to be drilled by Edenville as part of the 2012 programme was Muze. Due to operational problems and the arrival of the rainy season, just five holes (832 metres in total) were drilled. However, these five holes added 5 million tonnes (Measured and Indicated) to the Company's asset base and remain a viable target and pipeline for additional tonnage in the future.

Edenville's projects in context

The coal found in the Rukwa Coalfield projects is typical of that found across Tanzania. The deposits are of a medium size relative to larger deposits found in the major coal producing countries such as South Africa and the USA. The coal often requires washing to reduce ash and sulphur content, depending on the intended end use. However, intense pressure on Tanzania's energy supply means that coal is in short supply and as a result the price of coal in-country tends to be higher than elsewhere. As industrialisation of Tanzania increases, so does demand for energy.

Edenville Energy sees an opportunity to use this growing demand for lower-quality coal to position itself as a supplier to the Tanzanian domestic markets.

At present, most of Tanzania's power is generated by four hydroelectric stations. In recent years, the country has been experiencing an increase in the frequency and intensity of droughts, which has had a major impact on its ability to generate sufficient electricity. Load shedding (power cuts) has become extensive and frequent across the country. Coal fired power stations represent proven technology, generating reliable power at relatively low unit costs, pitched perfectly for base load power production.

Tanzania offers exceptional growth potential in mining, energy, agriculture and industrial development with GDP forecast to double by 2020. Rapidly increasing levels of industrialisation and development of natural resources will place additional demand on Tanzania's domestic power supply. Development is already hindered by lack of reliable base-load energy production and new sources of power must be brought on line.

A combination of good in-country relationships and geographical location means Edenville is well positioned to contribute towards Tanzania's expansion in domestic energy production, should the quantity and quality of coal at its Rukwa projects prove commercially viable.

Chairman's Statement

Financial results

The Group reported an operating loss of £643,852 (2011: £1,216,771) for the year ending 31 December 2012 and had net assets at that date of £10,094,602 (2011: £8,682,857).

As at 31 December 2012, the Group had cash reserves of £784,072 (2011: £511,538).

Corporate

In addition to advancing the Company's coal assets, the past year has seen significant changes on a corporate level. In October 2012, Edenville was pleased to announce the engagement of finnCap as Nomad and Broker, a relationship which will help position Edenville in the market as a late stage exploration company gearing up for the transition to early stage developer. The appointment of Rufus Short as Non Executive Director in February 2013 was another positive addition to the Company. Rufus' background in coal, project development and investment banking brings significant strength to the Edenville Board and we will look to draw on his skills and experience over the course of 2013.

March 2013 also saw Simon Rollason step into a Non Executive position after holding the role of Chairman since the Company listed on AIM in 2010. Simon has been key in transforming Edenville's assets from a variety of early stage development projects into a solid portfolio of assets with real commercial potential. The Board would like to thank Simon for his hard work and dedication over the past 3 years and are delighted with his decision to remain on board as a Non Executive Director.

Outlook

Edenville Energy's business model encompasses both near-term and long-term development of the Rukwa Coalfields. The initial focus of activities during the coming year will be assessing the commerciality of mining near-surface coal at Rukwa and/or Mkomolo, beginning with the commissioning of a Scoping Study by Sound Mining Consultants (SMS) of South Africa which commenced April 2013. Should the outcome of the Scoping Study be positive, Edenville will review the options to develop a Phase I mining operation to supply coal into the local market.

In parallel we aim to leverage the opportunities which arise due to our strategic geographical location with respect to the Tanzanian Government's proposed North South Electrification Project. Edenville's coal projects lie in close proximity to the east of the government approved power line which will link the north of the country to the south. The power line will service the western and north-western parts of Tanzania, with Edenville's Rukwa project being ideally located to provide power to this new line. Whilst the timetable for construction of the power line has not been determined, Edenville's March 2013 Resource Statement clearly defines a quantity of coal suitable for coal fired power generation. We will continue exploring opportunities for potential business partnerships over the coming year.

The vast majority of monies raised to date have been spent on advancing Edenville's assets in the Rukwa Coalfields and, unless actively drilling out the projects, our cash burn per month continues to be low, with the Company operating from the offices of its Finance Director in London and maintaining small, low-cost offices in Tanzania.

In summary, 2013 will be a time of transition for Edenville. The resource statement gives us the clarity and confidence to embark on a new phase of activity, with the focus firmly on evaluating the commercial potential of our projects. Should the outcomes be positive then we have the opportunity to realise significant value for shareholders and southern Tanzania alike.

Thank you for all your support.

Sally Schofield
Executive Chairman

7 May 2013

Edenville
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Review of Operations

for the year ended 31 December 2012

Another positive year for Edenville ended with the completion of the Resource drilling programme within the Rukwa Coalfields region. Drilling took place at the Mkomolo and Namwele deposits along with first phase drilling at the Muze Project.

The JORC compliant Resource now stands at 173 million tonnes (Total Tonnes In Situ – TTIS) in all categories of which 90% lies within the Mkomolo and Namwele deposits. Of this 173 million total tonnes in-situ, 61.5 million tonnes are in the Measured category whilst 109.6 million tonnes are in the Indicated category; 99% of the total tonnes in-situ is now categorised as Measured and Indicated.

The previous Maiden Inferred Resource Statement was completed by Wardell-Armstrong International (WAI) and published in April 2012. Recommendations made in this report enabled Edenville to plan a drill programme of approximately 4,500m to upgrade the Resource. The programme resulted in the Inferred Resource at Mkomolo being upgraded to a Measured and Indicated Resource as well as completing a Measured and Indicated Resource at Namwele and the western portion of the Muze deposit, the Central and Eastern zones still to be drilled.

Sound Mining Solutions (SMS) of South Africa was engaged in June 2012 to provide services for borehole logging; database management; geological modelling and coal resource estimation reporting. SMS oversaw all the logging and assaying of core and assisted in the training of Edenville's Tanzanian field team in coal geology and coal logging/database entry.

During 2012 a total of 19 boreholes were drilled within the Mkomolo Block, with four completed on the Namwele Block and five within the Muze Block, for a combined total meterage of 4,528.84m. For the purpose of the resource estimate, SMS used 41 diamond drillholes totalling 5,726.26m at the Mkomolo project, 12 drillholes totalling 1426.9m at Namwele and 5 drillholes totalling 831.84m at Muze.

As a result of the additional drilling conducted in 2012 SMS was able to construct a more detailed geological model than previously developed. The previous geological model considered the full coal measure interval thickness per borehole, and calculated the average sample yield, weighted on the sampled thickness against the barren interval thickness, and applied this average yield to the coal measure in order to obtain a washed tonnage for the coal measures. The new model, completed by SMS, identified individual coal zones within the coal measures, generating a detailed structural model. A block model was constructed and the qualities interpolated using average washed qualities (with yield equal to zero for the unsampled waste intervals) effectively excluding the waste interburden from the washed product resource estimate. Edenville now has an accurate three dimensional structural model which defines coal quality and tonnage.

The use of an internationally recognised coal assay Laboratory (A H Knight of Glasgow, UK) enabled a much faster turnaround time on sample analysis and reporting of results. The laboratory was able to analyse and report the results within a month of receiving them, a great improvement from the 6 month turnaround time of the labs used in 2011 drilling programme.

This drilling campaign and Resource statement now completes the work at both the Mkomolo and Namwele deposits. At Muze more drilling is required to expand the resource to the east over areas already mapped as having historic coal outcrops.

With the positive results from this 2012 drilling programme and updated JORC Resource of 173 million total tonnes in-situ, Edenville will explore long-term options regarding a partnership with an Independent Power Plant operator to purchase the coal outlined for thermal power production.

Review of Operations

Given the results of the Resource Statement, management has now decided to commence a scoping study on the Namwele deposit to explore the viability of commencing a small open pit mining operation. SMS have been engaged to complete this work which is due to be completed during the 3rd Quarter 2013. The parameters for the scoping study are to look at producing in the region of 25,000 tonnes of saleable coal monthly for shipping to Mbeya and/or the rail terminal at Tunduma on the Tanzanian/Zambian border some 225kms from site.

Edenville has concentrated its effort in the Rukwa District but will continue to hold and maintain its uranium or secondary coal licenses, submitting reports to the Tanzanian Ministry of Energy and Mines in compliance with Tanzanian law. None of these licences are sufficiently advanced to warrant a drilling programme at the present time.

As part of our commitment to Community Social Responsibility (CSR), we have supplied the local football team with uniforms and boots as well as roofing for the three local communities for their on-going school and clinic construction programmes.

M J Pryor
Chief Executive Officer

7 May 2013

Directors' Biographies

Sally Schofield
BEng (Hons) Industrial Geology, ACSM, FGS, MIMMM, Aged 41
Executive Chairman

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).

Mark Pryor
BSc (Hons) Geology & Mineralogy, FGS, FSEG, Pr.Sci.Nat, Aged 53
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 49
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.

Directors' Biographies

Simon Rollason
BSc (Hons) Geology, MIMMM, FGS, Aged 46
Non Executive Director

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.

Rufus Victor Short
Aged 49
Non Executive Director

Rufus is a qualified surveyor and also holds an MSc in Mineral Economics from Curtin University Western Australia. He has 25 years experience in the resources industry having worked in engineering and management positions in Australia, South East Asia and the FSU with companies such as PanAust, Newcrest and Aurora Gold.

A large part of his experience has been on development of projects in remote locations such as Borneo and Laos and he has worked to build coal, gold, silver and copper mines in such locations. Rufus has also spent several years working for various Australian mining consultancies such as AMC. Rufus is currently an independent mining consultant having previously worked at Investec plc for 6 years as an Investment Banker in the resources space. He is a member of the Association of Mining Analysts.

Edenville ENERGY PLC

Directors' Report

for the year ended 31 December 2012

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2012.

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 pages 3 and 4 and the Review of Operations on pages 5 and 6.

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 regular 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.

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 Tanzanian 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 2012 the price of uranium dropped 18% over the year starting January 2012. The price of coal has also fallen 20% (Australian Thermal Coal) over the year starting January 2012. Subsequent to the year end the price of both commodities has increased. 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.

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.

Financing

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

Financial 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 will utilise exchange rate hedging in the future if 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, the increase in overall enterprise value and cash position.

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.
- The movements in the price of coal and uranium.

Non financial KPIs

- Health and safety –There were no reported health and safety incidents during the year.
- Liquidity of our shares on AIM – Between March 2012 and December 2012 the average value of shares traded on a monthly basis as a percentage of market capitalisation was 17.5%.
- Operational success – Relevant information is reported in the 'Review of Operations' on pages 5 and 6.

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Directors' Report

Results and dividends

The results of the Group for the year ended 31 December 2012 are set out on page 23.

The Directors do not recommend payment of a dividend for the year (2011: 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 2012	Ordinary shares of 0.02p held at 31 December 2011
Simon Rollason	2,660,603	2,660,603
Mark Pryor	Nil	Nil
Rakesh Patel	Nil	Nil
Sally Schofield	1,319,261	1,319,261

The Directors' interests in share options as at 31 December 2012 are as follows:

	Options at 31 December 2012	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 2012 were 18 days (2011: 13 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

The Group made charitable donations during the current year of £4,620 (2011: £nil).

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 7 May 2013 and signed on its behalf.

M J Pryor
Chief Executive Officer

Statement of Directors' Responsibilities

for the year ended 31 December 2012

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 AIM 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 2012

The remuneration committee comprised the Company's non-executive director, Sally Schofield, who was the sole member of the committee until 5 March 2013. Upon Sally Schofield's appointment to the Executive Board in the post year end period, Rufus Short was appointed to the remuneration committee. The committee is, within the 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.

As the scope of operations expands the Company intend to increase the number and scope of the non-executive directors. The Company now has two non-Executive directors up from one in the previous period. 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 full Board 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 full 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 full Board 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 2012 are set out below:

Name	Fees and other remuneration £	Taxable benefits £	2012 Total £	2011 Total £
Executive				
Simon Rollason (moved to Non-Executive 5 March 2013)	62,500	–	62,500	35,000
Rakesh Patel	62,500	–	62,500	35,000
Mark Pryor	62,500	–	62,500	35,000
Non-Executive				
Sally Joy Schofield (appointed Chairman 5 March 2013)	20,000	–	20,000	20,000
	207,500	–	207,500	125,000

Share based payment charge in respect of share options granted to directors amounted to £39,999 (2011: £226,293).

Edenville
ENERGY PLC

Corporate Governance Report

for the year ended 31 December 2012

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 AIM 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 (Sally Schofield), two further Executive Directors (Mark Pryor and Rakesh Patel) and two Non-Executive Directors (Simon Rollason and Rufus Short). The Board considers that Rufus Short is independent of management and free from any business or other relationships which could materially interfere with the exercise of his independent judgement.

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

Conflicts of interest

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 Simon Rollason and Rufus Short, the two Non-Executive Directors. The appointment of Rufus Short signified the first time that the Company had retained the services of two Non-Executive Directors. During the year the audit committee and the remuneration committee did not operate and all relevant matters were dealt with by the full Board. Moving forward, the intention is for these two committees to operate as follows:

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.

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 £2,206,000 net of expenses through a placing and, at 31 December 2012, the Group had cash balances totalling £784,072.

These funds along with the post year end equity financing facility as detailed in the subsequent events note are sufficient for the Group to meet its current working capital requirements other than to develop and commercialise the Company's licences which will necessitate a further capital raising.

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

Edenville
ENERGY PLC

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 2012 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 16, 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 2012 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.

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.

Edenville
ENERGY PLC

Independent Auditors' Report – Group

to the members of Edenville Energy plc

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 2012.

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: 7 May 2013

Group Statement of Comprehensive Income

for the year ended 31 December 2012

	Note	2012 £	2011 £
Administration expenses	6	(598,415)	(511,315)
Share based payments	24	(45,437)	(259,028)
Impairment of available for sale financial asset	15	–	(446,428)
Group operating loss		(643,852)	(1,216,771)
Finance income	10	10	4
Loss on operations before taxation		(643,842)	(1,216,767)
Income tax expense	11	–	–
Loss for the year		(643,842)	(1,216,767)
Other comprehensive income/(loss)			
(Loss)/profit on translation of overseas subsidiary		(419,893)	27,839
Total comprehensive loss for the year		(1,063,735)	(1,188,928)
Attributable to:			
Equity holders of the Company		(1,063,381)	(1,188,476)
Non-controlling interest		(354)	(452)
Loss per Share (pence)			
Basic and diluted loss per share	12	(0.01p)	(0.04p)

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.

Edenville
ENERGY PLC

Group Statement of Financial Position

as at 31 December 2012

	Note	2012 £	2011 £
Non-current assets			
Property, plant and equipment	13	68,047	17,762
Intangible assets	14	10,379,827	9,454,607
Equity investments – available for sale	15	–	–
		10,447,874	9,472,369
Current assets			
Trade and other receivables	16	258,623	104,324
Cash and cash equivalents	17	784,072	511,538
		1,042,695	615,862
Current liabilities			
Trade and other payables	18	(164,567)	(117,212)
Current assets less current liabilities		878,128	498,650
Total assets less current liabilities		11,326,002	9,971,019
Non-current liabilities			
Provision for deferred tax	19	(1,231,400)	(1,288,162)
		10,094,602	8,682,857
Equity			
Called-up share capital	20	965,588	740,588
Share premium account		11,913,686	9,707,686
Share option reserve		326,984	289,907
Foreign currency translation reserve		(657,327)	(237,434)
Retained earnings		(2,474,073)	(1,838,945)
Attributable to the equity shareholders of the company		10,074,858	8,661,802
Non-controlling interests		19,744	21,055
Total equity		10,094,602	8,682,857

The financial statements were approved by the board of directors and authorised for issue on 7 May 2013 and signed on its behalf by:

S. Schofield
Director

Company registration number: 05292528

Edenville ENERGY PLC

Group Statement of Changes in Equity

for the year ended 31 December 2012

	Equity interests							
	Share capital £	Share premium £	Retained earnings account £	Share option reserve £	Foreign currency reserve £	Total £	Non-controlling interest £	Total £
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
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
Issue of share capital	200,000	2,300,000	–	–	–	2,500,000	–	2,500,000
Cost of issue	–	(94,000)	–	–	–	(94,000)	–	(94,000)
Exercise of warrants	25,000	–	8,360	(8,360)	–	25,000	–	25,000
Share based payment charge	–	–	–	45,437	–	45,437	–	45,437
Foreign currency translation	–	–	–	–	(419,893)	(419,893)	(957)	(420,850)
Loss for the year	–	–	(643,488)	–	–	(643,488)	(354)	(643,842)
At 31 December 2012	965,588	11,913,686	(2,474,073)	326,984	(657,327)	10,074,858	19,744	10,094,602

Edenville
ENERGY PLC

Group Cash Flow Statement

for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Cash flows from operating activities			
Operating loss		(643,852)	(1,216,771)
Impairment of tangible & intangible non-current assets		–	482,964
Depreciation		13,812	5,921
Share based payments		45,437	259,028
Increase in trade and other receivables		(153,537)	(89,245)
Increase/(decrease) in trade and other payables		48,292	(50,445)
Foreign exchange differences		(34,803)	(35,344)
Net cash outflow from operating activities		(724,651)	(643,892)
Cash flows from investing activities			
Purchase of exploration and evaluation assets		(1,370,377)	(1,034,890)
Purchase of fixed assets		(64,288)	–
Finance income		10	4
Net cash used in investing activities		(1,434,655)	(1,034,886)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		2,525,000	1,564,999
Share issue costs		(94,000)	–
Net cash inflow from financing activities		2,431,000	1,564,999
Net increase/(decrease) in cash and cash equivalents		271,694	(113,779)
Cash and cash equivalents at beginning of year		511,538	625,639
Effect of foreign exchange rate changes on cash and cash equivalents		840	(322)
Cash and cash equivalents at end of year	17	784,072	511,538

Notes to the Group Financial Statements

for the year ended 31 December 2012

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 46.

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, IAS 1, 16, 32, 34	Amendments resulting from Annual Improvements 2009-2011 Cycle	1 January 2013
IFRS 1	Amendments for government loan with a below-market rate of interest when transitioning to IFRSs	1 January 2013
IFRS 7	Amendments related to the offsetting of assets and liabilities	1 January 2015
IFRS 10	Original issue	1 January 2013
	Amendments to transitional guidance	1 January 2013
	Amendments for investment entities	1 January 2014
IFRS 11	Joint Arrangements	1 January 2013
	Amendments to transitional guidance	
IFRS 12	Disclosure of interests in other entities	1 January 2013
	Amendments to transitional guidance	1 January 2013
	Amendments for investment entities	1 January 2014
IFRS 13	Fair value measurement	1 January 2013
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 19	Employee Benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
IAS 27	Separate financial statements	1 January 2013
	Amendments for investment entities	1 January 2014
IAS 28	Investments in associates and joint ventures	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 (GOA Tanzania Limited, Edenville International (Seychelles) Limited, Edenville International (Tanzania) Limited and Muze Coal (Tz) Limited) made up to 31 December 2012. 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.

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
Motor vehicles	25% reducing balance

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

Financial liabilities

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

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

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

Finance costs

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

Income taxation

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

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

Deferred taxation

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

Share capital

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

2 Group accounting policies continued

Exploration and evaluation assets

Capitalisation

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

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

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

Impairment

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

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

Goodwill

At the date of acquisition of a subsidiary undertaking, fair values 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

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.

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 £9,126,958 as at 31 December 2012.

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.

Edenville ENERGY PLC

Notes to the Group Financial Statements

5 Segmental information

The Board considers the business to have two reportable segments being Coal and Uranium exploration projects.

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

	Exploration Projects				
	Coal £	Uranium £	Emeralds £	Other £	Total £
2012					
Consolidated Income Statement					
Share based payments	–	–	–	45,437	45,437
Other expenses	29,691	41,083	–	527,641	598,415
Group operating loss	(29,691)	(41,083)	–	(573,078)	(643,852)
Finance income	–	–	–	10	10
Loss on operations before taxation	(29,691)	(41,083)	–	(573,068)	(643,842)
Income tax expense	–	–	–	–	–
Loss for the year	(29,691)	(41,083)	–	(573,068)	(643,842)
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)

By Business Segment	Carrying value of segment assets		Additions to non-current assets and intangibles		Total liabilities	
	2012 £	2011 £	2012 £	2011 £	2012 £	2011 £
Coal	4,251,645	2,948,103	1,348,908	1,027,556	315,026	298,159
Uranium	6,491,399	6,622,865	58,610	78,515	1,046,587	1,069,752
Other	747,525	517,263	–	–	34,354	37,463
	11,490,569	10,088,231	1,407,518	1,106,071	1,395,967	1,405,374
By Geographical Area	£	£	£	£	£	£
Africa (Tanzania)	10,743,044	9,570,968	1,407,518	1,106,071	1,361,613	1,367,911
Europe	747,525	517,263	–	–	34,354	37,463
	11,490,569	10,088,231	1,407,518	1,106,071	1,395,967	1,405,374

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Notes to the Group Financial Statements

6 Administrative expenses

	2012 £	2011 £
Staff costs	224,410	125,000
Other expenses	374,005	386,315
	598,415	511,315
Share based payment charge	45,437	259,028
Total administrative expenses on continuing operations	643,852	770,343

7 Auditors' remuneration

	2012 £	2011 £
Fees payable to the Company's auditor for the audit of the parent company and consolidated accounts	20,000	15,750
Fees payable to the Company's auditor for the audit related assurance services	–	4,150
	20,000	19,900

8 Employees

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

	2012 Number	2011 Number
Administration	11	11

9 Directors' remuneration

	2012 £	2011 £
Emoluments	207,500	125,000
Share based payment charge	39,999	226,293
	247,499	351,293

The highest paid director received remuneration of £62,500 (2011: £35,000).

Remuneration interest in outstanding share options per director is disclosed in the directors' report.

10 Finance income

	2012 £	2011 £
Interest income on short-term bank deposits	10	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 £2,050,009 (2011: £1,528,088).

A deferred tax asset of £406,096 (2011: £300,794) calculated at 20% (2011: 20%) 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:

	2012 £	2011 £
Loss on ordinary activities before tax	(643,842)	(1,216,767)
Expected tax credit at standard rate of Corporation Tax 20% (2011: 20%)	(128,768)	(243,353)
Disallowable expenditure	9,341	96,593
Depreciation in excess of capital allowances	888	2,285
Other adjustments	–	17,183
Tax losses carried forward	118,539	127,292
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.

	2012 £	2011 £
Net loss for the year attributable to ordinary shareholders	(643,488)	(1,216,315)
Weighted average number of shares in issue	4,380,642,635	3,578,852,211
Basic and diluted loss per share	(0.01p)	(0.04p)

13 Property, plant and equipment

2011	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
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

2012	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2012	7,471	4,153	16,691	28,315
Additions	–	2,042	62,246	64,288
As at 31 December 2012	7,471	6,195	78,937	92,603
Depreciation				
As at 1 January 2012	2,801	1,558	6,194	10,553
Charge for the year	1,168	1,020	11,624	13,812
Foreign exchange adjustment	–	10	181	191
As at 31 December 2012	3,969	2,588	17,999	24,556
Net book value				
As at 31 December 2012	3,502	3,607	60,938	68,047

14 Intangible assets

	Evaluation and Exploration Assets			
2011	Javan Licenses £	Tanzanian Licenses £	Goodwill (as restated) £	Total £
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

Notes to the Group Financial Statements

14 Intangible assets continued

2012	Evaluation and Exploration Assets Javan Licenses £	Tanzanian Licenses £	Goodwill £	Total £
Cost or valuation				
As at 1 January 2012	36,536	8,144,976	1,309,631	9,491,143
Additions	–	1,370,387	–	1,370,387
Foreign exchange adjustment	–	(388,405)	(56,762)	(445,167)
At 31 December 2012	36,536	9,126,958	1,252,869	10,416,363
Accumulated amortisation and impairment				
As at 1 January 2012 and 31 December 2012	36,536	–	–	36,536
Net book value				
As at 31 December 2012	–	9,126,958	1,252,869	10,379,827

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 2012 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 covered 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 represents the fair value of the consideration paid to the vendors. The area covered by these original 6 licences has since decreased as the licence renewal process has focused on smaller areas with the best drill results.

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 £1,252,869. £264,940 has been allocated to coal licences and £987,929 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.

The group has so far focused on the exploration of specific licences and as such it currently has a resource estimate on which to value only some of its coal assets. In the absence of data specific to the group's other licences, the Directors have determined the fair value of licences and hence goodwill based on comparable neighbouring coal and uranium exploration and development projects.

14 Intangible assets continued

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 U_3O_8 Uranium : 4.2 million lbs
- Initial life of mine :12 years
- Average cash operation costs: US$22.20 per lb of U_3O_8 Uranium
- Total capital costs: US$430 million

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% were 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 61Km 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.

In addition, based on the most recent resource report, a discounted cash flow model was created for the more recent coal licences. This model supports the conclusion that the coal licences are not impaired and the key assumptions are as follows:

- Discount rate of 11%
- Coal price of $100 per tonne
- Production of 300,000 tonnes a year
- Cash flows considered over a 5 year period

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

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

- Recoverable resources and reserves and 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 2012.

Notes to the Group Financial Statements

15 Equity investments – available for sale

	2012 £	2011 £
Fair value		
As at 1 January 2012 and 31 December 2012	446,428	446,428
Impairment		
As at 1 January 2012	(446,428)	–
Impairment in the year	–	(446,428)
As at 31 December 2012	(446,428)	(446,428)
Net book value		
As at 31 December	–	–

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 2012, 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

	2012 £	2011 £
VAT receivable	253,847	99,236
Prepayments	3,666	4,053
Other receivables	1,110	1,035
	258,623	104,324

There was no provision for impairment of receivables at 31 December 2012 (2011: £nil).

17 Cash and cash equivalents

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

	2012 £	2011 £
Cash at bank and in hand	784,072	511,538

The major non-cash transactions in the year relate to the share based payment expense detailed in note 24.

18 Trade and other payables

	2012 £	2011 £
Trade and other payables	97,020	52,992
Accruals and deferred income	67,547	64,220
	164,567	117,212

19 Deferred taxation

A deferred tax asset of £406,096 (2011: £300,794) 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 £1,231,400 (2011: £1,288,162) calculated at 30% (2011: 30%) has been provided in respect of the potential tax liability arising on licenses acquired on the acquisition of Edenville International (Tanzania) Limited.

	2012 £	2011 £
Provision brought forward	1,288,162	1,286,890
Foreign exchange movement	(56,762)	1,272
Provision carried forward	1,231,400	1,288,162

20 Called-up share capital

	2012 Number	2011 Number
Issued and fully paid		
Ordinary shares of 0.02p each	4,571,216,405	3,446,216,405
Deferred shares of 0.08p each	64,179,932	64,179,932
	4,635,396,337	3,510,396,337

	2012 £	2011 £
Ordinary shares of 0.02p each	914,244	689,244
Deferred shares of 0.08p each	51,344	51,344
	965,588	740,588

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;

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

On 14 November 2012, 125,000,000 warrants were exercised at an exercise price of 0.02p per share.

Notes to the Group Financial Statements

21 Capital and reserves attributable to shareholders

	2012 £	2011 £
Share capital	965,588	740,588
Share premium	11,913,686	9,707,686
Other reserves	(330,343)	52,473
Retained deficit	(2,474,073)	(1,838,945)
Total equity	10,074,858	8,661,802

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

	2012 £	2011 £
Financial assets		
Receivables at amortised cost including cash and cash equivalents:		
Cash and cash equivalents	784,072	511,538
Trade and other receivables	258,623	104,324
Total	1,042,695	615,862
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	164,567	117,212
Net	878,128	498,650

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 2012 is the carrying value of financial assets recorded in the financial statements.

Liquidity risk

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

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

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

Currency risk

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

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

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 £826,000.

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 were 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. All of the warrants had been exercised at 31 December 2012.

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.

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%
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 2012 was £45,437 (2011: £259,028).

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

	2012		2011	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	204,827,587	0.51	494,827,587	0.10
Granted	–	–	35,000,000	1.80
Exercised	(125,000,000)	0.02	(325,000,000)	(0.02)
At 31 December	79,827,587	1.28	204,827,587	0.51

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. All of the above options are equity settled.

The weighted average remaining contractual life of options as at 31 December 2012 was 7.6 years (2011: 4.4 years).

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 2012, the Group paid £62,500 (2011: £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 £23,354 (2011: £18,975) to Adler Shine LLP for accounting services provided in the year and £20,000 (2011: £nil) for assistance in the share placing in January 2012.

During the year ended 31 December 2012, the Group paid the following amounts to Obtala Resources plc, a company of which Simon Rollason is a director:

	£	
Secretarial support	£4,900	(2011: £8,000)
Travel and subsistence	£50,810	(2011: £5,332)

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 £2,523 (2011; £2,587). During the year the Group paid £20,000 (2011: £nil) to Simon Rollason for assistance in the share placing in January 2012.

During the year the company paid Mark Pryor and Sally Schofield £nil (2011: £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	
	2012	2011
	£	£
Operating lease which expire:		
within one year	–	12,422

Notes to the Group Financial Statements

28 Events after the reporting date

Subsequent to the year end, Edenville Plc entered into an equity financing facility ("EFF") agreement with Darwin and Henderson Volantis, an existing shareholder. It provides Edenville with a facility of up to £5 million which (subject to certain limited restrictions) can be drawn down at any time over the next three years. The timing and minimum subscription price of any draw down is always at the complete control and sole discretion of the Company. There are no penalty fees payable for not using the facility.

Edenville is under no obligation to make a draw down and may make draw downs at its discretion, up to the total value of the EFF, by way of issuing subscription notices to Darwin. Following delivery of a subscription notice, Darwin will subscribe and the Company will allot to Darwin new ordinary shares of 0.02 pence each in Edenville ('Ordinary Shares').

As part of the EFF arrangements, Edenville has entered into a warrant arrangement with Darwin dated 26 March 2013 to subscribe for up to 47,500,000 Ordinary Shares, such warrants to be exercisable at 0.4p any time prior to the expiry of 36 months from the date of the warrant agreement.

29 Ultimate controlling party

The Group considers that there is no ultimate controlling party.

Edenville
ENERGY PLC

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 31 December 2012 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 16, 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 2012;
- 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.

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.

Independent Auditors' Report – Company

to the members of Edenville Energy plc

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 2012.

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: 7 May 2013

Edenville
ENERGY PLC

Company Statement of Financial Position

as at 31 December 2012

	Note	2012 £	2011 £ (as restated)
Non-current assets			
Intangible assets	4	–	–
Investment in subsidiaries	5	10,164,907	8,490,470
Equity investments – available for sale	6	–	–
Property, plant & equipment	7	13,321	17,762
		10,178,228	8,508,232
Current assets			
Trade and other receivables	8	5,985	5,773
Cash and cash equivalents	9	741,541	511,490
		747,526	517,263
Current liabilities			
Trade and other payables	10	34,354	37,464
Current assets less current liabilities		713,172	479,799
Total assets less current liabilities and net assets		10,891,400	8,988,031
Equity			
Called-up share capital	11	965,588	740,588
Share premium account		11,913,686	9,707,686
Share option reserve		326,984	289,907
Profit and loss account		(2,314,858)	(1,750,150)
Total equity		10,891,400	8,988,031

The financial statements were approved by the board of directors and authorised for issue on 7 May 2013 and signed on its behalf by:

S. Schofield
Director

Company Statement of Changes in Equity

for the year ended 31 December 2012

	Share capital £	Share premium £	Retained earnings account £	Share option reserve £	Total £
At 1 January 2011	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
Issue of share capital	200,000	2,300,000	–	–	2,500,000
Cost of issue	–	(94,000)	–	–	(94,000)
Exercise of warrants	25,000	–	8,360	(8,360)	25,000
Share based payment charge	–	–	–	45,437	45,437
Total comprehensive loss for the year	–	–	(573,068)	–	(573,068)
At 31 December 2012	965,588	11,913,686	(2,314,858)	326,984	10,891,400

Edenville
ENERGY PLC

Company Cash Flow Statement

for the year ended 31 December 2012

	Note	Year ended 31 December 2012 £	Year ended 31 December 2011 £
Cash flows from operating activities			
Operating loss		(573,078)	(1,125,351)
Impairment of tangible and intangible non-current assets		–	482,964
Depreciation		4,441	5,921
Share based payments		45,437	259,028
Increase in trade and other receivables		(212)	4,772
Increase/(decrease) in trade and other payables		(3,110)	(23,044)
Net cash outflow from operating activities		(526,522)	(395,710)
Cash flows from investing activities			
Finance income		10	4
Net cash inflow from investing activities		10	4
Cash flows from financing activities			
Proceeds from issue of ordinary shares		2,525,000	1,564,999
Investment in subsidiary		(1,674,437)	(1,274,256)
Share issue costs		(94,000)	–
Net cash inflow from financing activities		756.563	290,743
Net increase/(decrease) in cash and cash equivalents		230,051	(104,963)
Cash and cash equivalents at beginning of year		511,490	616,453
Cash and cash equivalents at end of year	9	741,541	511,490

Notes to the Company Financial Statements

for the year ended 31 December 2012

1 Accounting policies

Basis 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, IFRC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement. The loss after tax for the Parent Company for the year was £573,068 (2011: £1,125,346).

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, IAS 1, 16, 32, 34	Amendments resulting from Annual Improvements 2009-2011 Cycle	1 January 2013
IFRS 1	Amendments for government loan with a below-market rate of interest when transitioning to IFRSs	1 January 2013
IFRS 7	Amendments related to the offsetting of assets and liabilities	1 January 2015
IFRS 10	Original issue	1 January 2013
	Amendments to transitional guidance	1 January 2013
	Amendments for investment entities	1 January 2014
IFRS 11	Joint Arrangements	1 January 2013
	Amendments to transitional guidance	
IFRS 12	Disclosure of interests in other entities	1 January 2013
	Amendments to transitional guidance	1 January 2013
	Amendments for investment entities	1 January 2014
IFRS 13	Fair value measurement	1 January 2013
IAS 1	Presentation of Financial Statements – Amendments to revise the way other comprehensive income is presented	1 July 2012
IAS 19	Employee Benefits – Amended Standard resulting from the Post-Employment Benefits and Termination Benefits projects	1 January 2013
IAS 27	Separate financial statements	1 January 2013
	Amendments for investment entities	1 January 2014
IAS 28	Investments in associates and joint ventures	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.

Reclassification of prior period comparative

During the year, the company reclassified the 2011 inter-company receivable from Edenville International (Tanzania) of £1,456,912 from current assets to investment in subsidiaries. The company concluded that this amount represents long term funding that will be recoverable upon the commercialisation or sale of their interest in Edenville International (Tanzania) Limited and as such, should be presented within non-current assets.

Notes to the Company Financial Statements

1 Accounting policies continued

Share based payments

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

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

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.

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 reliable 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.

Notes to the Company Financial Statements

1 Accounting policies continued

Financial assets continued

Trade and other receivables

Provision for impairment of trade receivables is made when there is objective evidence that the 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.

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.

Notes to the Company Financial Statements

1 Accounting policies continued

Deferred taxation

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the 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.

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. In addition, investment in subsidiaries includes long term loans made to the subsidiaries where recovery of the loan is not probable. The 2011 figure has been reclassified from current assets to investment in subsidiaries.

Notes to the Company Financial Statements

1 Accounting policies continued

Impairment

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

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

Going concern

During the year the Company raised approximately £2,206,000 net of expenses through a placing and, at 31 December 2012, the Group had cash balances totalling £784,072.

These funds along with the post year end equity financing facility as detailed in the subsequent events note 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 Company intends to operate within its cash resources.

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.

Notes to the Company Financial Statements

3 Staff costs

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

	2012 Number	2011 Number
Administration	4	4

Directors' remuneration

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

	2012 £	2011 £
Emoluments	207,500	125,000
Share based payments	39,999	226,293
	247,499	351,293

4 Intangible exploration and evaluation assets

	2012 £	2011 £
Cost		
As at 1 January 2012 and 31 December 2012	36,536	36,536
Impairment		
As at 1 January 2012	(36,536)	–
Impairment in the year	–	(36,536)
As at 31 December 2012	(36,536)	(36,536)
Net book value		
As at 31 December 2012 and 31 December 2011	–	–

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 2012. 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, climatic and logistical issues.

(f) Geopolitical environment.

Notes to the Company Financial Statements

5 Investment in subsidiaries

Company	Shares in subsidiaries	Loans to subsidiaries £	Total 2012 £	Total 2011 £ (as restated)
Fair value				
At 1 January	7,033,558	1,456,912	8,490,470	7,213,398
Additions	–	1,674,437	1,674,437	1,277,072
At 31 December	7,033,558	3,131,349	10,164,907	8,490,470

Investment in subsidiaries includes £7,033,558 relating 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 covered 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.

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

(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.

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 companies:

Subsidiary undertaking	Country of incorporation	Class	Shares held
GOA Tanzania Limited	UK	Ordinary	100%
Edenville International (Seychelles) Limited	Seychelles	Ordinary	100%
Edenville International (Tanzania) Limited	Tanzania	Ordinary	99.5%*
Muze Coal (Tz) Limited	Tanzania	Ordinary	65%**

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

**These shares are held by Edenville International (Tanzania) Limited.

Notes to the Company Financial Statements

6 Equity investments – available for sale

	2012 £	2011 £
Fair value		
As at 1 January 2012 and 31 December 2012	446,428	446,428
Impairment		
As at 1 January 2012	(446,428)	–
Impairment in the year	–	(446,428)
As at 31 December 2012	(446,428)	(446,428)
Net book value		
As at 31 December 2011 and 31 December 2012	–	–

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 2012, the Directors deemed this investment to be permanently impaired.

7 Property, plant and equipment

2011	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
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

2012	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2012 and 31 December 2012	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2012	2,801	1,558	6,194	10,553
Charge for the year	1,168	649	2,624	4,441
As at 31 December 2012	3,969	2,207	8,818	14,994
Net book value				
As at 31 December 2012	3,502	1,946	7,873	13,321

Notes to the Company Financial Statements

8 Trade and other receivables

	2012 £	2011 £
Current		
Other receivables	2,319	1,719
Prepayments	3,666	4,054
	5,985	5,773

9 Cash and cash equivalents

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

	2012 £	2011 £
Cash at bank and in hand	741,541	511,490

10 Trade and other payables

	2012 £	2011 £
Trade and other payables	–	14,714
Accruals and deferred income	34,354	22,750
	34,354	37,464

11 Share capital

	2012 Number	2011 Number
Issued and fully paid		
Ordinary shares of 0.02p each	4,571,216,405	3,446,216,405
Deferred shares of 0.08p each	64,179,932	64,179,932
	4,635,396,337	3,510,396,337

	2012 £	2011 £
Ordinary shares of 0.02p each	914,244	689,244
Deferred shares of 0.08p each	51,344	51,344
	965,588	740,588

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;

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

On 14 November 2012, 125,000,000 warrants were exercised at an exercise price of 0.02p per share.

12 Deferred taxation

A deferred tax asset of £410,002 (2011: £302,065) calculated at 20% (2011: 20%) 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.

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's 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	2012 £	2011 £
Financial assets		
Receivables at amortised cost including cash and cash equivalents:		
Cash and cash equivalents	741,541	511,490
Other receivables	5,985	5,773
Total	747,526	517,263
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	34,354	37,464
Net	713,172	479,799

14 Financial instruments continued

Cash and cash equivalents

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

General risk management principles

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

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

Interest rate risk

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

Credit risk

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

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

The maximum exposure to credit risk in respect of the above at 31 December 2012 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.

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. All of the warrants had been exercised at 31 December 2012.

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.

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 2012 was £45,437 (2011: £259,028).

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

	2012		2011	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	204,827,587	0.51	494,827,587	0.10
Granted	–	–	35,000,000	1.80
Exercised	(125,000,000)	(0.02)	(325,000,000)	(0.02)
At 31 December	79,827,587	1.28	204,827,587	0.51

The weighted average remaining contractual life of options as at 31 December 2012 was 7.6 years (2011: 4.4 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 2012, the Company paid £62,500 (2011: £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 £23,354 (2011: £18,975) to Adler Shine LLP for accounting services provided in the year.

During the year ended 31 December 2012, the Company paid the following amounts to Obtala Resources plc, a company of which Simon Rollason is a director:

	£	
Secretarial support	£4,900	(2011: £8,000)
Travel and Subsistence	£50,810	(2011: £5,332)

The Company 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 Company owed the director, Simon Rollason £2,523 (2011; £2,587).

During the year the Company paid Mark Pryor and Sally Schofield £nil (2011: £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.

During the year the Company paid £1,674,437 to or on behalf of its wholly owned subsidiary, Edenville International (Tanzania) Limited. The amount due from Edenville International (Tanzania) Limited at year end was £3,131,349 (2011: £1,456,912). This amount has been included within investment in subsidiaries.

18 Events after the reporting date

Subsequent to the year end, Edenville Plc entered into an equity financing facility agreement ("EFF") with Darwin and Henderson Volantis, an existing shareholder. It provides Edenville with a facility of up to £5 million which (subject to certain limited restrictions) can be drawn down at any time over the next three years. The timing and minimum subscription price of any draw down is always at the complete control and sole discretion of the Company. There are no penalty fees payable for not using the facility.

Edenville is under no obligation to make a draw down and may make draw downs at its discretion, up to the total value of the EFF, by way of issuing subscription notices to Darwin. Following delivery of a subscription notice, Darwin will subscribe and the Company will allot to Darwin new ordinary shares of 0.02 pence each in Edenville.

As part of the EFF arrangements, Edenville has entered into a warrant arrangement with Darwin dated 26 March 2013 to subscribe for up to 47,500,000 Ordinary Shares, such warrants to be exercisable at 0.4p any time prior to the expiry of 36 months from the date of the warrant agreement.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 2013 Annual General Meeting of the Company will be held at 60 New Broad Street, London EC2M 1JJ at on 30 May 2013 at 11:00 a.m. to consider and, if deemed fit, to approve the following resolutions, of which 1 to 6 (inclusive) will be proposed as ordinary resolutions and 7 will be proposed as a special resolution:

Ordinary Business

1. To receive the accounts of the Company for the year ended 31 December 2012 together with the reports thereon of the directors and the auditors of the Company.

2. To appoint Rufus Short as a director who is retiring in accordance with article 96 of the Company's articles of association (the 'articles') and, being eligible, offers himself for re-appointment.

3. To reappoint Rakesh Patel as a director who is retiring in accordance with article 91.1 of the Company's articles and, being eligible, offers himself for re-appointment.

4. To reappoint Mark Pryor as a director who is retiring in accordance with article 91.1 of the Company's articles and, being eligible, offers himself for re-appointment.

5. 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

6. 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 £600,000 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.

7. 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 6 above as if section 561(1) of the Act did not apply to such allotment, provided that this power shall be limited to the allotment of equity securities:

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

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

      (iii) (other than pursuant to paragraph (i) and (ii) above) having (in the case of equity securities (as defined in section 560 Act)) a nominal amount or (in the case of any other equity securities) giving the right to subscribe for or convert into relevant shares having a nominal amount, not exceeding in aggregate £600,000;

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

For and on behalf of
David Venus & Company LLP
Secretary

Date: 3 May 2013

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 28 May 2013 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 96 of the Company's articles of association, any director appointed by the directors during the year, either to fill a vacancy or as an additional director, shall hold office only until the next following annual general meeting, where they will stand for re-appointment. Accordingly, Rufus Short, appointed by the directors on 18 February 2013, is standing for re-appointment.

Resolutions 3 and 4

In accordance with Article 91.1 of the Company's articles of association, any director who is still in office at the start of the annual general meeting which falls nearest to the third anniversary of the annual general meeting at which he was appointed or last re-appointed shall retire by rotation. Accordingly, Rakesh Patel and Mark Pryor, having last been re-appointed as directors at the 2010 AGM, are retiring by rotation and standing for re-appointment.

Resolution 5

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 6

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 7

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 £600,000 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.

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