Edenville
ENERGY PLC

Annual Report & Accounts

For the year ended 31 December 2017

Edenville
ENERGY PLC

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Edenville
ENERGY PLC

Company Information

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Arun Srivastava – Non-Executive Director
Jeffrey Malaihollo – Non-Executive Chairman

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Chairman's Report

for the year ended 31 December 2017

Dear Shareholder,

During 2017 Edenville evolved from an exploration company through to producing coal for trial orders. This is in line with the strategy we set out last year to generate cash flow from mining operations whilst pursuing our longer-term Coal-to-Power Project. We believe that this is the best route to creating a profitable mining company around our coal deposit at the Rukwa site.

In February 2017 we raised £2,000,000, before expenses, to acquire a wash plant, critical mining equipment and commence construction at Rukwa. This was followed by another capital raise of £1,250,000, before expenses, in October to progress the project into production following construction and to develop the mining operation and infrastructure. By early October the Company had started mining coal on a trial basis and the wash plant entered the commissioning phase, with the first shipments of its trial coal being sent to East African customers in November and December.

It is a significant achievement to construct and operate a modern coal mine within approximately eight months. Quotations from contractors to supply equipment and construct the mine were significantly higher than the development route we chose, with some quoted capital costs such as the wash plant more than twice as high. Similarly quotations for operating costs from contract miners were much higher than what we are able to achieve.

Following the commissioning of the plant, the operation is now producing and selling coal. The majority of orders have, up to now, been for trial coal and the Company is working with these companies with the intention of securing long-term supply contracts. The intention is to break even and achieve a cash flow positive position on the receipt of additional orders. Our target is a regularised 8,000 to 10,000 tonnes of production per month by the end of 2018 and although no guarantees can be given that our intended production target will be met in the desired timeframe, with the implementation of the plant upgrade, the Company's Directors believe this is achievable.

High-level discussions conducted with Tanzania Electric Supply Company ("Tanesco") and our partner Sinohydro Corporation of China, regarding the Power Plant Project, continue to shape our longer-term strategy. Additionally, the mining operation has given the Company valuable input on the character of the coal which will be critical in putting together a Definitive Feasibility Study for the Power Plant Project. Edenville and Sinohydro continue to work together under the terms of their MoU with the intention of progressing the development of the power project within the guidelines given by the Tanzanian authorities.

During the year we have had visits to the mine from various high-level officials and we anticipate that the Power Plant Project will advance more swiftly in the coming months now that the mine is operational. Amongst these visits was a recent inspection in February 2018 by the Deputy Minister of Minerals who also talked with the local community on the impact of the project to date. As one of the larger employers in the region we are very conscious of our role in the local community.

Post Period

By January 2018, coal mining was underway and the wash plant was operational, as the Company continued to adjust and optimise production and quality control procedures. As is typical in any start-up operation, the Company faced operational challenges during this period including:

- Unusually heavy rainy season – affecting both the access and regional roads;
- Dependence on third party trucks to transport the coal to customers – affecting the timing of sales of coal and the supply of large-scale commercial samples to customers for long-term contracts; and
- Larger percentage of fine coal – affecting the efficiency of the wash plant.

All of these challenges have either been or are in the process of being resolved, however they did impact the Company's ability to enter full production in line with its initial timetable.

Chairman's Report

Customers are taking trial orders of differing quantities, some of several thousand tonnes. As announced on 27 February 2018, one group has entered into a one year contract for 2,000 tonnes of coal per month. Other potential customers are showing interest, so to ensure that current and potential orders can be fulfilled and to provide some additional working capital, the Company took the decision to raise £740,000 (before expenses) from the market in April 2018.

From 1 January 2018 to 24 May 2018 approximate numbers show we have processed 20,634 tonnes of Run of Mine ("ROM coal"), producing 5,665 tonnes of washed coal and 9,285 tonnes of fine coal. Of the 5,665 tonnes of washed coal, 3,101 tonnes has been shipped and we are in receipt of orders that in aggregate total more than the currently stockpiled washed coal. The wet season was a challenging time to start operations, but throughput is now increasing as dry conditions become more prevalent.

In closing I would like to thank all our stakeholders including you the Shareholders, our partners, the local authorities and local communities, my fellow Directors, our employees and contractors who have collectively enabled the Company to transition from exploration to production.

We look forward to increasing the production from our Rukwa Mine and reporting further sales and contracts in the coming months.

Yours sincerely

Dr Jeffrey Malaihollo
Chairman

4 June 2018

Chief Executive Officer's Report

for the year ended 31 December 2017

I would first like to thank our shareholders and employees for their commitment over the previous year that has enabled the Company to evolve from an exploration project to a mine over the course of 2017.

We finished 2017 with an operating mine producing coal, established in under one year with several trial orders for coal and the prospect of additional long-term orders as production continued to ramp up.

In February 2017 £2,000,000, before expenses, was raised to fund the purchase of critical items for production and the construction of the project. Items included the coal washing plant, sourced from the UK, along with essential mobile equipment such as an excavator for the mine and a wheel loader for the plant stockpile area.

The wash plant was shipped to Tanzania in April and May. The customs formalities and in country transport took longer than we had anticipated, but the plant started to arrive on site in August and construction then proceeded swiftly thereafter, taking advantage of the dry season.

In parallel with the plant assembly we started to open up the mining area, stripping overburden from September onwards. After reviewing several different options for mining we decided to owner manage the project, hiring in relevant equipment as necessary to supplement our own loading units. So far this has proved to be an efficient and cost effective way to mine and we have been able to open up the mine with a minimal fleet of one excavator and three trucks, supported by ancillary equipment such as a hired bulldozer and grader.

In April 2017 the mining licence enlargement was completed to include the previous Primary Mining Licences (PML) in the Mkomolo area. This enabled a smooth transition to mining, with all areas of Mkomolo being held in the one licence, ML562/2016.

We constructed a new road over a length of 16km from the main public road to the west to allow access to site. Where possible existing tracks were utilised and upgraded but over 10km of brand new road was also constructed during the road building process. This road, although primarily for access to the site and use by trucks taking delivery of coal, also serves as a valuable resource for local villages and communities, which is part of our ongoing commitment to corporate social responsibility (CSR).

Once the remaining components were delivered to site in late September the construction was completed with the plant switched on in October. First collections of coal for trail orders were collected by customers in November.

Earlier in the year we had made the decision to expedite the construction process in the Tanzania dry season with the aim of completing the project by November. Whilst this enabled construction to take place in the dry months, it did mean we would be commissioning the new mining and processing operations during the wet season. Heavy rains, particularly in December and running into 2018, provided challenges to site access at times but the mining operation was able to keep pace with demand and plant capacity.

The site infrastructure installed included a weighbridge and a laboratory to analyse the coal for quality before and during shipment.

In parallel with the mine, it was clear the progression of the planned power plant depended to a great extent on the new energy policy and commercial metrics being developed by the Tanzanian Government throughout 2017. During 2017 we held discussions with the Senior Management of Tanesco to move our power project along according to the wishes of the Tanzanian Government. In May 2017 the Company received a formal request from the Ministry of Energy and Minerals (MEM) to proceed with development of the Power Project. This was a very positive step by the Government and we are expecting clarity in 2018 from the newly formed Ministry of Energy on the timing of the necessary transmission infrastructure and commercial terms for operation.

Undoubtedly the commissioning of the coal mine and the availability of the coal has contributed to the Project's ability to move to the next stage of the power plant development process. It should be emphasised that prior mine development is crucial to any future power development. Without a clear understanding of the coal and its characteristics as a fuel for the power plant it would be extremely difficult to finance the construction of a power plant that relied exclusively on the coal deposit as a fuel source. Only by opening up the coal and through a significant trial burn of the planned fuel, can an efficient design for the plant be determined.

Chief Executive Officer's Report

Along with our EPC (Engineering, Procurement and Construction) partner, Sinohydro, we are now waiting for the power scenario to be clearly mapped out by the newly formed Ministry of Energy and the Tanzanian authorities. The Company continues to work with Sinohydro to progress the power project in line with the Tanzanian Government timeline and policy.

Post Period

Going into 2018 the operation of the mine and wash plant developed following the construction phase. Multiple short-term orders for coal have been fulfilled and there are ongoing orders for approximately 7,000 tonnes of coal. From January to May 2018, the Project had processed approximately 20,000 tonnes of ROM coal. Throughput has now started to increase as the wet season comes to an end and this along with the modifications being carried out on the plant should result in increased production in the coming months ahead.

Mining has proved efficient with our fleet of one excavator and three hired in pit haul trucks achieving mining rates of approximately 40,000 cubic metres (60,000 tonnes) of raw material per month. As production increases we plan to use some of the funds raised in April 2018 to supplement this fleet. A likely scenario being an additional excavator (most likely Company owned) and a further 3 locally hired in pit trucks to open up new mining areas. At this stage the overburden can be excavated without drilling and blasting, keeping mining costs to a minimum.

The wash plant is operating well and can produce a consistent clean, sized product. A variety of sized products are being produced, the majority of these in a range between 10mm to 70mm. The average product quality is currently coming out at approximately 5800kcal/kg on a gross calorific value basis. As the mine has developed we have identified some modifications and improvements that can be made to optimise throughput and treatment of the raw coal to reach our target production levels. A filtration system has been constructed that cleans the fines from the waste water and this is improving water usage and treatment overall. We are also planning on installing a pre-screening module to take out the majority of fines before it reaches the washing circuit and this should greatly improve general throughput rates in the plant.

There is currently around 70% of the ROM coal that is converting to either sized washed coal or fines coal, both of which have an economic value. If this scenario continues, it would be positive in terms of the amounts of coal available for the power plant.

Financing

The Company raised a total of £3,250,000 (before expenses) in 2017, the majority of this being committed to the construction and development of the Rukwa Coal Project. £2,000,000 (before expenses) was raised in February 2017 on the decision to progress to commercial mining which secured various capital items and enabled the construction to be completed by October 2017. This capital also enabled the construction of the access road, compensation for the Stage 1 mining area and the opening up of accessible coal in the mine. A further £1,250,000 (before expenses) was raised in October 2017 predominantly for working capital for the mine to enter the commissioning and production phase. Throughout the process we have continued to be conscious of keeping both operational and construction costs to a minimum and developing the mine in the most cost effective way without debt. The Company now has a fully functioning mining project that can provide a variety of products to our existing customers. The majority of production costs are calculated in the local currency of Tanzanian Shillings, as are the majority of our sales. A small quantity of trial coal sales did occur earlier in 2017 with approximately 200 tonnes being shipped to customers. Sales of trial coal are netted-off against development expenditure, rather than recognised in the income statement.

Corporate Social Responsibility

The Company has continued to take its corporate social responsibility (CSR) very seriously and understands it social licence to operate in Tanzania is an essential part of making its projects viable in the long term. The construction of the mining project provided several opportunities to improve infrastructure for the local community, the most visible being the construction of the road from Kipandi, past Mkomolo village and beyond, to the mine. This has opened up a major artery in the area which services farmers, the local population and communications as well as the mine itself.

Chief Executive Officer's Report

Wherever possible we have sought to employ local people from surrounding villages. Many of the operators and management are local and are proving to be highly competent and skilled employees. The positive social benefits also overflow into the general community where enterprising individuals are providing services such as food supply for workers.

Relinquishments

In February 2017 the Company's remaining exploration prospecting licence for uranium was relinquished. This Matiri South licence (PL6147/2009) covered 28.5km^2 and was originally acquired for shares at the time of the Company's admission to AIM in 2010. After initial investigation the licence area appeared to contain little indication of economic mineralisation.

Summary

2017 was an important year for the Company where it took its coal resource in Tanzania from pre-development stage to a functioning mining operation in less than 12 months. The project is currently fulfilling orders for various companies with the intention of securing further long-term commitments for offtake of coal. In parallel the Tanzanian Government is firming up its policy and direction on the implementation of coal fired power generation in the country and we expect to integrate our project into this structure as it is finalised by the various government departments and Tanesco. Importantly the Company now has an accessible fuel resource for coal fired power generation and is ready to move forward in parallel with the Tanzanian Government.

Rufus Short
Chief Executive Officer

Edenville ENERGY PLC

Strategic Report

for the year ended 31 December 2017

The directors present their strategic report for the year ended 31 December 2017.

Principal activity

The principal activity of the Group is the exploration and development of energy commodities predominantly coal 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 and a review of operations are also set out in the Chief Executive Officer's Report on pages 5 to 7.

Exploration and Development 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.

The opening up of the coal seams for mining on a commercial scale has enabled a significant amount of detail to be gathered on the characteristics and quality of the deposit. This information along with subsequent knowledge gathered over the coming months will be used to analyse and refine the understanding of the deposit and its economic potential.

Financial and performance review

The results of the Group for the year ended 31 December 2017 are set out on page 24.

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 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 and there can be no certainty that the Company will be able to obtain the financing required to continue operations and meet its commitments for the exploration and development programme.

Strategic Report

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

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

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 and mining 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. We should note that to date, no substantial adverse changes to our operations, legal, or financial status has materialised due to recent documented changes in Tanzanian mining legislation. We continue to have regular dialogue with the authorities on how the law is applied and will report any material areas as they occur.

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

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

The Group might not be able to retain its licence interests when they come up for renewal, despite a possibility of discovering ore bodies. Under the Mining Act 2010, at the end of the initial licence term and on renewal, a company must relinquish 50% of the land area held under licence. The dropped portion may be re-applied for; however, relinquishing 50% of the licence area does not necessarily devalue the licence. Mineral deposits may cover areas of only a few Km^2 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 $40km^2$ 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.

Over time prices of all commodities rise and fall. 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 which include available supply and demand along with government policy. The principal commodity in Edenville's portfolio is coal. During 2017, the price of coal continued to strengthen with prices rising some 25% over the course of the year (Australian Thermal Coal). In 2018, the price has now retreated somewhat from its highs of 2017 but still remains strong with prices some $10/tonne higher than they were a year ago in mid-2017. The impact of the price coal on the economics of the Edenville project is kept under close review although local factors play an important part in determining the coals economic viability.

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.

It is noted that there were changes and amendments in 2017 to the Mining Act 2010. To date, no significant adverse changes to our operations, legal, or financial status has materialised due to recent documented changes in Tanzanian mining legislation. We are aware that we may in the future receive requests from the Tanzanian Government connected to legislation. We continue to have regular dialogue with the authorities and will report any material points as they occur.

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.

Strategic Report

Financing

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

Financial risks

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

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

(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 was an exploration company at the start of the year evolving to the development stage later in 2017 and subsequently to the production stage in 2018. The company has made test sales during the year which are included within development costs, actual sales are anticipated to be made in 2018. As a result, no revenue would be generated from these projects until 2018 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

- Exploration and development expenditure.
- Total expenditure burn rates.
- Corporate overheads as a percentage of total expenditure.

Non financial KPIs

- Health and safety –There were no reported health and safety incidents during the year.
- Operational success – Relevant information is reported in the 'Chief Executive Officer's Report' on pages 5 to 7.

Rufus Short
Chief Executive Officer

4 June 2018

Edenville
ENERGY PLC

Directors' Biographies

Rufus Victor Short
Aged 54
Chief Executive Officer

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 and a Member of the Insitute of Directors (MIoD).

Arun Srivastava
Aged 70
Non-Executive Director

Arun has a rich and varied work experience of more than 40 years in the power industry, spread across turnkey development and operation of power plants, acquisition of fuel sources and liaison with regulators and representing industry and completing management of large size coal and gas based power projects.

Arun served as Managing Director and CEO of Essar Power Limited for 10 years until 2009 during a 19 year career with the company. At the time of his leaving, Essar Power, the power generation arm of Essar Group, operated five power plants with a combined capacity of 1,200 MW across three locations in India and was expanding its generation capacity to 6,000 MW. With in-house mining operations and licenses for power transmission and trading, the company was a fully integrated, end-to-end player within the power sector.

Prior to his role at Essar, Arun spent 13 years (1977-1990) at NTPC Limited, India's largest power generation company with a current installed capacity of 45,000 MW plus coal-based and gas-based plants located across the country. Arun was responsible for preparing detailed project reports and implementation of various engineering aspects of these power projects. Key responsibilities included analysing coal properties for suitable selection of technology, including various types of boilers and coal and ash handling systems.

Arun currently acts as an independent consultant in the power sector and has advised companies both in India and abroad, as an Independent Director on the Board of Prolec-GE, Promoted Indo Tech Transformer Ltd (a publicly listed company in India), Evonik Energy Services(I) Pvt Ltd (Indian Consultancy subsidiary of Evonik Group, Germany), Smart Power Group, a US based group engaged in renewable energy technologies and Enam Holdings Pvt Ltd, the investment arm of Enam Group with large proprietary capital invested across companies/sectors.

Dr Jeffrey Malaihollo
Aged 51
Non-Executive Chairman

Jeffrey has a PhD in Geology and over 22 years' experience in varied roles within resource and finance having worked for Newcrest Mining and Loeb Aron Financial Advisors, following several years of Chief Executive Officer and Managing Director roles with Central China Goldfields and Bullabulling Gold and Arc Exploration.and Managing Director roles with Central China Goldfields and Bullabulling Gold and Arc Exploration.

Directors' Report
for the year ended 31 December 2017

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2017.

Dividends

The Directors do not recommend payment of a dividend for the year (2016 – 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 2017	Deferred shares of 0.001p held at 31 December 2017	Ordinary shares of 0.02p held at 31 December 2016	Deferred shares of 0.001p held at 31 December 2016
Arun Srivastava	Nil	Nil	Nil	Nil
Rufus Short	3,333,428	844,480,460	2,222,002	844,480,460
J Malaihollo (appointed 1 September 2016)	Nil	Nil	Nil	Nil

The Directors' interests in share options as at 31 December 2017 are as follows:

	Options at 31 December 2017	Exercise Price	Date of grant	First date of exercise	Final date of exercise
Rufus Short	3,005,741	5.00p	21.10.13	21.10.14	20.10.23
Rufus Short	5,333,333	1.08p	28.03.17	28.03.17	27.03.22
Jeffrey Malaihollo	3,333,333	1.08p	28.03.17	28.03.17	27.03.22
Arun Srivastava	2,000,000	1.08p	28.03.17	28.03.17	27.03.22
Rufus Short	10,666,666*	1.08p	28.03.17	N/A	27.03.22
Jeffrey Malaihollo	6,666,666*	1.08p	28.03.17	N/A	27.03.22
Arun Srivastava	4,000,000*	1.08p	28.03.17	N/A	27.03.22

*The vesting date of these share options is dependent on performance conditions being met.

Share capital

Details of issues of Ordinary Share capital during the year are set out in note 19.

Financial instruments and other risks

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

Details of risks and uncertainties that affect the Group's business are given in the Strategic Report.

Provision of information to auditors

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

Auditors

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

This report was approved by the board on 4 June 2018 and signed on its behalf.

Rufus Short
Chief Executive Officer

Statement of Directors' Responsibilities

for the year ended 31 December 2017

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 and Company 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 Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and 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.

Edenville
ENERGY PLC

Remuneration Report

for the year ended 31 December 2017

The remuneration committee comprised of Jeffrey Malaihollo and Arun Srivastava. 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 has two non-Executive directors. 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 2017 are set out below:

Name	Fees and other remuneration £	Pension £	Share Based Payment £	2017 Total £	2016 Total £
Executive					
Mark Pryor (resigned 31 October 2016)	–	–	–	–	79,291
Rufus Short	140,000	418	56,843	197,261	130,124
Non-Executive					
J Malaihollo	45,000	418	35,527	80,945	15,031
Sally Joy Schofield (resigned 8 May 2016)	–	–	–	–	30,130
Arun Srivastava	36,000		21,316	57,316	36,000
	221,000	836	113,686	335,522	290,576

Included within directors' remuneration is a share based payment expense of £113,686 (2016: £Nil) in respect of performance related equity-settled share options granted in March 2017. This expense is a notional charge representing the value of the share options granted, it does not represent cash amounts paid to the directors.

At 31 December 2017 only one third of the options granted to the directors in March 2017 have vested.

Edenville
ENERGY PLC

Corporate Governance Report

for the year ended 31 December 2017

Compliance with the UK Corporate Governance code

Under the AIM Rules, the Company is not currently 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 Conduct 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.

The Company acknowledges the new AIM Rules regarding Corporate Governance which were announced in March 2018 and will ensure they are implemented on a timely basis before the 28 September 2018 deadline.

Board of directors

The Board currently comprises one Executive Director (Rufus Short) and two Non-Executive Directors (Arun Srivastava and Jeffrey Malaihollo).

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.

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.

Corporate Governance Report

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 Jeffrey Malaihollo and Arun Srivastava. 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

Corporate Governance Report

- 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

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

Based on the current working capital forecast which includes the recent placing, the Group has sufficient funds in order to allow it to move into production phase. However, if there are delays in the production, impacting revenue generation, or delays in procuring orders, then the Group may require additional funds within twelve months of the date of approval of these financial statements. The ability of the Group to raise additional funds is dependent upon investor appetite.

Expenditure on excavation is related to the level of orders and both head office costs and Tanzanian administration costs can be reduced if the additional funds cannot be raised and the Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Edenville
ENERGY PLC

Independent Auditors' Report – Group

to the members of Edenville Energy plc

Opinion

We have audited the group financial statements of Edenville Energy Plc for the year ended 31 December 2017 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 notes to the financial statements, including a summary of significant accounting policies. 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.

In our opinion, the financial statements:

- give a true and fair view of the state of the group's affairs as at 31 December 2017 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.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the group financial statements section of our report. We are independent of the group in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to the disclosure made in note 2 to the financial statements, under the heading 'Going Concern', concerning the ability of the Group to continue as a going concern. Based on current forecasts, the Group has sufficient funds to maintain its proposed work programme and levels of expenditure. However, if there are any delays in procuring orders, which would impact revenue generation, and delays in recovering revenues, the Group may require additional funds within twelve months of the date of approval of these financial statements. The ability of the Group to raise additional funds is dependent upon investor appetite.

These conditions, along with the other matters explained in that note, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern. Our opinion is not modified in this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the group financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the group financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters that we identified for the year ended 31 December 2017 are:

- Management override of controls;
- Valuation of the group's intangible mining assets;
- Going concern;
- Valuation of performance related share options granted to directors and key personnel during the year.

Independent Auditors' Report – Group

to the members of Edenville Energy plc

Our application of materiality

The materiality that we used for the consolidated financial statements was £74,000. We determine materiality using 1% of the gross assets of the Group.

An overview of the scope of our audit

Area of focus	How our audit addressed the area of focus
Management override of controls	We performed enhanced management override procedures, which included but were not limited to the following: • Understanding the overall governance and oversight process surrounding management's review of the financial statements. • Examining the significant accounting estimates and judgements relevant to the financial statements for evidence of bias by management. • Considering whether the accounting policies adopted by the group are appropriate and have been applied consistently. • Reviewing the general ledger for significant and unusual transactions and investigating them. • Completing analytical procedures to identify any apparent discrepancies and examining the justification for journal entries made during the period and in compiling the accounts.
Valuation of the group's intangible mining assets	In considering the valuation of the group's mining assets at the year-end our procedures included, but were not limited to, the following: • Reviewing the impairment review prepared by the directors. • Examining the assumptions made in the impairment review and supporting calculations. • Performing sensitivity analysis. • Reviewing the foreign exchange rates used to translate the group's mining assets and compared to a source such as XE.com to ensure the rates are reasonable.
Going concern	We considered the group's ability to continue as a going concern for at least the next twelve months. Our procedures included, but were not limited to, the following: • Reviewing the group's cash flow forecasts and budgeted expenditure to 30 June 2019. • Reviewing post year end test sales and confirmed orders. • Considering the impact of expenditure commitments on the group's cash flow. • Reviewing post year end coal prices. • Considering the share price of the company and its ability to raise finance if required. • Discussing the implications of amendments to Tanzanian mining laws with the directors. • Reviewing post year end announcements and board minutes.

Independent Auditors' Report – Group

to the members of Edenville Energy plc

Area of focus	How our audit addressed the area of focus
Valuation of share based payments	Our procedures included, but were not limited to, the following: • Considering the appropriateness of the method adopted for valuing the share based payments. • Considering the reasonableness of assumptions used in the Black Scholes Option Pricing Model. • Verifying arithmetic accuracy.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the group financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the group financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the group financial statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the group financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of group financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group financial statements, the directors are responsible for assessing the group's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group or to cease operations, or have no realistic alternative but to do so.

Independent Auditors' Report – Group

to the members of Edenville Energy plc

Auditor's responsibilities for the audit of the group financial statements

Our objectives are to obtain reasonable assurance about whether the group financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our audit report

This report is made solely to the parent 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 parent company's members those matters we are required to state to them in an auditor's 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Mott-Cowan (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

4 June 2018

Edenville ENERGY PLC

Group Statement of Comprehensive Income

for the year ended 31 December 2017

	Note	2017 £	2016 £
Administration expenses	6	(927,640)	(892,854)
Share based payments	23	(155,077)	–
Written off intangible assets	14	(104,211)	(2,271,560)
Group operating loss		(1,186,928)	(3,164,414)
Finance income	10	864	18
Loss on operations before taxation		(1,186,064)	(3,164,396)
Income tax	11	–	173,450
Loss for the year		(1,186,064)	(2,990,946)
Other comprehensive (loss)/income			
Loss/(gain) on translation of overseas subsidiary		(553,211)	1,088,078
Total comprehensive loss for the year		(1,739,275)	(1,902,868)
Attributable to:			
Equity holders of the Company		(1,738,557)	(1,900,371)
Non-controlling interest		(718)	(2,497)
Loss per Share (pence)			
Basic and diluted loss per share	12	(0.11p)	(0.50p)

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 2017

	Note	2017 £	2016 £
Non-current assets			
Property, plant and equipment	13	1,059,583	19,222
Intangible assets	14	5,071,318	4,705,760
		6,130,901	4,724,982
Current assets			
Trade and other receivables	15	299,666	170,341
Cash and cash equivalents	16	951,078	246,120
		1,250,744	416,461
Current liabilities			
Trade and other payables	17	(146,797)	(133,486)
Current assets less current liabilities		1,103,947	282,975
Total assets less current liabilities		7,234,848	5,007,957
Non-current liabilities			
Provision for deferred tax	18	–	–
		7,234,848	5,007,957
Equity			
Called-up share capital	19	2,679,750	2,563,325
Share premium account		17,910,928	14,250,401
Share option reserve		309,943	108,802
Foreign currency translation reserve		554,965	1,108,176
Retained earnings		(14,212,274)	(13,026,926)
Attributable to the equity shareholders of the company		7,243,312	5,003,778
Non-controlling interests		(8,464)	4,179
Total equity		7,234,848	5,007,957

The financial statements were approved by the board of directors and authorised for issue on 4 June 2018 and signed on its behalf by:

Rufus Short
Director

Company registration number: 05292528

Group Statement of Changes in Equity

for the year ended 31 December 2017

	Equity Interests							
	Share Capital £	Share Premium £	Retained Earnings Account £	Share Option Reserve £	Foreign Currency Reserve £	Total £	Non-controlling interest £	Total £
At 1 January 2016	1,872,978	13,623,545	(10,059,286)	129,610	20,098	5,586,945	5,618	5,592,563
Issue of share capital	690,347	697,806	–	–	–	1,388,153	–	1,388,153
Cost of issue	–	(70,950)	–	–	–	(70,950)	–	(70,950)
Exercise of warrants	–	–	–	–	–	–	–	–
Cancellation of share options	–	–	20,808	(20,808)	–	–	–	–
Foreign currency translation	–	–	–	–	1,088,078	1,088,078	1,059	1,089,137
Loss for the year	–	–	(2,988,448)	–	–	(2,988,448)	(2,498)	(2,990,946)
At 31 December 2016	2,563,325	14,250,401	(13,026,926)	108,802	1,108,176	5,003,778	4,179	5,007,957
Issue of share capital	116,425	3,869,091	–	–	–	3,985,516	–	3,985,516
Cost of share issue	–	(162,500)	–	–	–	(162,500)	–	(162,500)
Share options/warrants charge	–	(46,064)	–	201,141	–	155,077	–	155,077
Foreign currency translation	–	–	–	–	(553,211)	(553,211)	(9,327)	(562,538)
Loss for the year	–	–	(1,185,348)	–	–	(1,185,348)	(718)	(1,186,066)
Non-controlling interest share of goodwill	–	–	–	–	–	–	(2,598)	(2,598)
At 31 December 2017	2,679,750	17,910,928	(14,212,274)	309,943	554,965	7,243,312	(8,464)	7,234,848

Edenville ENERGY PLC

Group Cash Flow Statement

for the year ended 31 December 2017

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Cash flows from operating activities			
Operating loss		(1,186,928)	(3,164,414)
Impairment of tangible & intangible non-current assets		104,211	2,271,560
Depreciation		65,726	5,819
Share based payments		155,077	–
Increase in trade and other receivables		(149,109)	(7,219)
Increase in trade and other payables		21,905	46,776
Foreign exchange differences		(142,174)	–
Net cash outflow from operating activities		(1,131,292)	(847,478)
Cash flows from investing activities			
Purchase of exploration and evaluation assets		(882,649)	(541,455)
Purchase of property, plant and equipment		(1,104,381)	–
Finance income		864	18
Net cash used in investing activities		(1,986,166)	(541,437)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		3,985,515	1,388,153
Share issue costs		(162,500)	(70,950)
Net cash inflow from financing activities		3,823,015	1,317,203
Net increase/(decrease) in cash and cash equivalents		705,557	(71,712)
Cash and cash equivalents at beginning of year		246,120	316,652
Effect of foreign exchange rate changes on cash and cash equivalents		(599)	1,180
Cash and cash equivalents at end of year	16	951,078	246,120

Notes to the Group Financial Statements

for the year ended 31 December 2017

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, development and mining of energy commodities predominantly coal in Africa.

2 Group Accounting Policies

Basis of preparation and statement of compliance

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 52.

Going concern

At 31 December 2017 the Group had cash balances totalling £951,078.

On 27 April 2018 the company raised £740,000, before expenses, via the issue of 211,428,572 ordinary shares of 0.02p each at 0.35p per share.

Based on the current working capital forecast which includes the recent placing, the Group has sufficient funds in order to allow it to move into production phase. However, if there are delays in the production, impacting revenue generation, or delays in procuring orders, then the Group may require additional funds within twelve months of the date of approval of these financial statements. The ability of the Group to raise additional funds is dependent upon investor appetite.

Expenditure on excavation is related to the level of orders and both head office costs and Tanzanian administration costs can be reduced if the additional funds cannot be raised and the Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

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

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

		Effective date for accounting period beginning on or after
IFRS 2	Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 3, IFRS 11	Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)	1 January 2019

2 Group Accounting Policies continued

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

		Effective date for accounting period beginning on or after
IFRS 9	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	1 January 2018
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 15	Clarification of IFRS 15	1 January 2018
IFRS 16	Leases – new standard	1 January 2019
IAS 12	Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends)	1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or settlements	1 January 2019
IAS 23	Amendments resulting from Annual Improvements 2015–2017 Cycle (intended use or sale)	1 January 2019
IAS 28	Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)	1 January 2018
IAS 28	Long-term interests in associates and joint venture	1 January 2019
IAS 40	Amendments to clarify transfers or property to, or from, investment property.	1 January 2018
IFIC 22	Foreign currency transactions and advance consideration	1 January 2018

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.

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.

Notes to the Group Financial Statements

2 Group Accounting Policies continued

Basis of consolidation

The Group's financial statements consolidate the financial statements of Edenville Energy Plc and all its subsidiary undertakings (Edenville International (Seychelles) Limited, Edenville International (Tanzania) Limited and Edenville Power (TZ) Limited) made up to 31 December 2017. Profits and losses on intra-group transactions are eliminated on consolidation.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

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.

Whist the group is in the development stage revenue from test sales is capitalised within development costs within intangible assets.

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

Currently the group does not generate any revenue.

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.

2 Group Accounting Policies continued

Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, or financial liability or an equity instrument in accordance with the substance of contractual arrangement.

Financial instruments are recognised on the balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

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

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.

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, fittings and equipment	25% reducing balance
Plant and machinery	5 years straight line
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.

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

Management consider on a regular basis the geological resources and exploration and evaluation results of each licence and based on their analysis may relinquish or abandon a particular licence area. When this occurs the costs related to the relinquished area are written off to the income statement.

Where the licences will be retained an impairment review is performed when facts and circumstances indicate that the carrying value of E&E assets may exceed its recoverable amount.

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.

Development assets

When the technical feasibility and commercial viability of extracting a mineral resource are demonstrable, the Group:

- stops capitalising E&E costs for that area;
- tests recognised E&E assets for impairment; and
- ceases classifying any unimpaired E&E assets (tangible and intangible) as E&E.

For Evaluation and Exploration assets reclassified to development assets, the Group classifies such assets either as tangible or intangible development assets. Intangible E&E assets may be reclassified into tangible development assets or intangible development assets and vice versa. Identifiable tangible assets that cease to be classified as E&E assets are generally classified as tangible development assets. Any costs incurred in testing the assets to determine if they are functioning as intended, are capitalised, net of any proceeds received from selling any product produced while testing. Identifiable intangible E&E assets may continue to be classified as an intangible asset, or may be reclassified as a tangible asset if the intangible asset is considered to be integral to the tangible development asset and the tangible element of the asset is more significant.

Notes to the Group Financial Statements

2 Group Accounting Policies continued

Exploration and evaluation assets continued

Amortisation

On reclassification of E&E assets, an entity depreciates (amortises) the resulting tangible development assets. Intangible development assets are not depreciated until the production stage is reached at which point both tangible and intangible development assets, are depreciated using the units-of-production method is used.

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

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 assets;
- classification of exploration and evaluation assets; and
- share based payments.

Impairment – intangible assets

The Group is required to perform an impairment review, on reclassification of exploration and evaluation assets to development assets, for each CGU to which the asset relates. Impairment review is also required to be performed on goodwill annually and on other intangible assets 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.

The outcome of ongoing exploration and evaluation and development assets, and therefore whether the carrying value of exploration and evaluation and development assets will ultimately be recovered, is inherently uncertain.

4 Critical accounting estimates and areas of judgement continued

In assessing whether an impairment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is value in use.

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

- Production volumes
- Discount rates
- Coal prices
- Operating overheads

Estimated production volumes are based on the production capability of the plant and estimated customer demand.

The Group generally estimates value in use using a discounted cash flow model. The future cash flows are adjusted for risks specific to the asset and discounted using a pre-tax discount rate of 10%.

The directors have assessed the value of exploration and evaluation expenditure and development assets and goodwill carried as intangible assets. In their opinion there has been no impairment loss to these intangible assets in the period, other than the amounts charged to the income statement.

At the reporting date, the carrying value of evaluation expenditure and development assets is £4,757,087 (2016: £4,358,699) and the carrying value of goodwill is £314,231 (2016: £347,091).

Classification of exploration and evaluation assets

E&E assets are reclassified from Exploration and Evaluation, to development assets, when evaluation procedures have been completed and the Directors consider commercial viability has occurred. The Directors consider commercial viability occurs when the project development reaches a stage where the mining and processing of the mineral is at commissioning stage and the project has been successfully built or developed in such a way that cash flow can be received for the product in question. Critically this point shows the project has been able to be developed for a cost that can be both quantified and also sourced in some way to allow the project to reach this stage. Commissioning is generally defined in mineral exploitation as the point at which the project can deliver products in a regular and sustainable way, be that from the mine or a processing plant.

When the commissioning stage has completed, it is considered that the mine has moved into the production phase of its lifecycle.

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, the vesting date of options where non-market performance conditions have been set and the risk free interest rate.

Notes to the Group Financial Statements

5 Segmental information

The Board considers the business to have one reportable segments being Coal exploration and development projects, the Uranium exploration projects were fully written off in 2016.

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

	Exploration and Development Projects Coal £	Uranium £	Other £	Total £
2017				
Consolidated Income Statement				
Intangible assets written off	(104,210)	–	–	(104,210)
Share based payments	–		(155,077)	(155,077)
Other expenses	(191,586)	–	(736,055)	(927,641)
Group operating loss	(295,796)	–	(891,132)	(1,186,928)
Finance income	–	–	864	864
Loss on operations before taxation	(295,796)	–	(890,268)	(1,186,064)
Income tax	–	–	–	–
Loss for the year	(295,796)	–	(890,268)	(1,186,064)
2016				
Consolidated Income Statement				
Impairment of intangible assets	–	(2,271,560)	–	(2,271,560)
Share based payments	–	–	–	–
Other expenses	(111,095)	–	(781,759)	(892,854)
Group operating loss	(111,095)	(2,271,560)	(781,759)	(3,164,414)
Finance income	–	–	18	18
Loss on operations before taxation	(111,095)	(2,271,560)	(781,741)	(3,164,396)
Income tax	–	173,450	–	173,450
Loss for the year	(111,095)	(2,098,110)	(781,741)	(2,990,946)

By Business Segment	Carrying value of segment assets 2017 £	2016 £	Additions to non-current assets and intangibles 2017 £	2016 £	Total liabilities 2017 £	2016 £
Coal	6,421,089	4,872,249	1,987,031	541,455	92,898	95,265
Other	960,556	269,194	–	–	53,899	38,221
	7,381,645	5,141,443	1,987,031	541,455	146,797	133,486
By Geographical Area	£	£	£	£	£	£
Africa (Tanzania)	6,421,089	4,872,249	1,987,031	541,455	92,898	95,265
Europe	960,556	269,194	–	–	53,899	38,221
	7,381,645	5,141,443	1,987,031	541,455	146,797	133,486

Notes to the Group Financial Statements

6 Administration expenses

	2017 £	2016 £
Staff costs	356,805	337,919
Other expenses	570,835	554,935
	927,640	892,854

7 Auditors' remuneration

	2017 £	2016 £
Fees payable to the Company's auditor for the audit of the parent company and consolidated accounts	30,000	20,000

8 Employees

	2017 £	2016 £
Wages and salaries	221,552	308,874
Share based payments	113,686	–
Social security costs	20,732	28,766
Pensions	835	279
	356,805	337,919

Included with exploration and evaluation assets (note 14) are capitalised wages and salary costs of £212,572 (2016: £202,264).

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

	2017	2016
Administration	10	8

9 Directors' remuneration

	2017 £	2016 £
Emoluments	221,000	290,297
Shared based payments	113,686	–
Pensions	835	279
	335,521	290,576

The highest paid director received remuneration of £197,260 (2016: £130,124).

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

10 Finance income

	2017 £	2016 £
Interest income on short-term bank deposits	864	18
	864	18

Notes to the Group Financial Statements

11 Income tax

	2017 £	2016 £
Current tax:		
Current tax on loss for the year	–	–
Total current tax	–	–
Deferred tax		
On write off/impairment on intangible assets	–	173,450
Tax charge for the year	–	173,450

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 £5,550,871 (2016: £4,827,266).

A deferred tax asset of £943,110 (2016: £819,918) calculated at 17% (2016: 17%) 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:

	2017 £	2016 £
Loss on ordinary activities before tax	(1,186,064)	(3,164,396)
Expected tax credit at standard rate of UK Corporation Tax 19% (2016: 20%)	(225,352)	(632,879)
Disallowable expenditure	87,667	477,838
Depreciation in excess of capital allowances	200	281
Tax losses carried forward	137,485	154,760
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.

	2017 £	2016 £
Net loss for the year attributable to ordinary shareholders	(1,186,064)	(2,990,946)
Weighted average number of shares in issue	1,106,162,059	595,688,399
Basic and diluted loss per share	(0.11p)	(0.5p)

Notes to the Group Financial Statements

13 Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2016	7,471	6,919	83,327	97,717
Foreign exchange adjustment	–	554	13,356	13,910
As at 31 December 2016	7,471	7,473	96,683	111,627
Depreciation				
As at 1 January 2016	5,993	6,095	63,337	75,425
Charge for the year	369	205	5,245	5,819
Foreign exchange adjustment	–	554	10,607	11,161
As at 31 December 2016	6,362	6,854	79,189	92,405
Net book value				
As at 31 December 2016	1,109	619	17,494	19,222

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2017	7,471	7,473	96,683	111,627
Additions	1,104,381	–	–	1,104,381
Foreign exchange adjustment	–	(289)	(6,974)	(7,263)
As at 31 December 2017	1,111,852	7,184	89,709	1,208,745
Depreciation				
As at 1 January 2017	6,362	6,854	79,189	92,405
Charge for the year	61,358	154	4,214	65,726
Foreign exchange adjustment	(2,847)	(289)	(5,833)	(8,969)
As at 31 December 2017	64,873	6,719	77,570	149,162
Net book value				
As at 31 December 2017	1,046,979	465	12,139	1,059,583

14 Intangible assets

	Evaluation and Exploration Assets Tanzanian Licences £	Goodwill £	Total £
Cost or valuation			
As at 1 January 2016	3,993,976	1,367,301	5,361,277
Additions	541,455	–	541,455
Foreign exchange adjustment	800,538	274,050	1,074,588
Written off	(977,300)	–	(977,300)
At 31 December 2016	4,358,669	1,641,351	6,000,020
Accumulated amortisation and impairment			
As at 1 January 2016	–	–	–
Charge for the year	–	(1,294,260)	(1,294,260)
Foreign exchange adjustment	–	–	–
At 31 December 2016	–	(1,294,260)	(1,294,260)
Net book value			
As at 31 December 2016	4,358,669	347,091	4,705,760

	Evaluation and Exploration Assets Tanzanian Licences £	Development Expenditure £	Goodwill £	Total £
Cost or valuation				
As at 1 January 2017	4,358,669	–	1,641,351	6,000,020
Additions	882,649	–	–	882,649
Foreign exchange adjustment	(380,020)	–	(143,106)	(523,126)
Written off	(104,211)	–	–	(104,211)
Change in minority interest	–	–	(12,280)	(12,280)
Transfer to development expenditure	(4,757,087)	4,757,087	–	–
At 31 December 2017	–	4,757,087	1,485,965	6,243,052
Accumulated amortisation and impairment				
As at 1 January 2017	–	–	1,294,260	1,294,260
Charge for the year	–	–	–	–
Change in minority interest	–	–	(9,683)	(9,683)
Foreign exchange adjustment	–	–	(112,843)	(112,843)
At 31 December 2017	–	–	1,171,734	1,171,734
Net book value				
As at 31 December 2017	–	4,757,087	314,231	5,071,318

Notes to the Group Financial Statements

14 Intangible assets continued

Tanzanian Licences and Goodwill

The Tanzanian licences comprise a mining licence and various prospecting licences. The licences are 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.

Goodwill arose as a result of the valuation placed on the original six Tanzanian licences acquired on the acquisition of Edenville (Tanzania) Limited. The allocation of the Goodwill was based on the valuation of the Group's licences and was been allocated between coal and uranium licences.

In 2015 as the Group focused firmly on the development of the Rukwa Coal to Power Project the directors have looked at rationalisation of other licences which will allow available funds to be focussed on the development of the Group's core asset at Rukwa.

During 2016 the group wrote off the last of its uranium licences and associated goodwill; the licence was subsequently relinquished in February 2017.

During 2017 the company evolved from an exploration company to a development company, as a result its exploration and evaluation assets were transferred to development expenditure.

The Directors carried out an impairment review on reclassification of exploration and evaluation assets to development assets. Further, IAS 36, requires that an annual impairment review is carried out goodwill. Following the impairment reviews the Directors did not consider the intangible assets to be impaired.

15 Trade and other receivables

	2017 £	2016 £
Trade Receivables	7,163	–
Receivables	70	5,347
VAT receivable	281,711	159,537
Prepayments	10,722	5,457
	299,666	170,341

There was no provision for impairment of receivables at 31 December 2017 (2016: £nil).

Included within VAT receivable is VAT owed to Edenville International (Tanzania) Limited which is only recoverable against future sales made by Edenville International (Tanzania) Limited. The Group expects to start producing commercial coal later in 2018, from which Vatable income would be generated against which the Directors expect to be able to commence recovery of the VAT receivable.

Notes to the Group Financial Statements

16 Cash and cash equivalents

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

	2017 £	2016 £
Cash at bank and in hand	951,078	246,120

17 Trade and other payables

	2017 £	2016 £
Trade and other payables	22,398	10,960
Social security costs and other taxes	7,002	11,865
Accruals and deferred income	117,397	110,661
	146,797	133,486

18 Deferred Taxation

A deferred tax liability of £Nil (2016: £Nil) calculated at 30% (2016: 30%) has been provided in respect of the potential tax liability arising on licences acquired on the acquisition of Edenville International (Tanzania) Limited. The deferred tax liability related to a fair value adjustment made to the original six Tanzanian prospecting licences. During 2016, one of these licences was written off, having already written off five previously, resulting in the fair value adjustment relating to this licence. As a consequence, the deferred tax liability was reduced by £173,450.

	2017 £	2016 £
Provision brought forward	–	144,490
Foreign exchange movement	–	28,960
Released in the year	–	(173,450)
Provision carried forward	–	–

19 Share capital

	2016 No Ordinary shares of 0.02p each	2016 £ Ordinary shares of 0.02p each	2016 No Ordinary shares of 0.01p each	2016 £ Ordinary shares of 0.01p each	2016 No Deferred shares of 0.08p each	2016 £ Deferred shares of 0.08p each	2016 No Deferred shares of 0.0001p each	2016 £ Deferred shares of 0.0001p each	2016 No Deferred shares of 0.019p each	2016 £ Deferred shares of 0.019p each	2016 £ Total share capital
Issued and fully paid											
At 1 January 2016	9,108,171,206	1,821,634	–	–	64,179,632	51,344	–	–	–	–	1,872,978
7 March 2016 (a)	1,333,333,333	266,667	–	–	–	–	–	–	–	–	266,667
1 June 2016 (b)	63,333,333	12,666	–	–	–	–	–	–	–	–	12,666
17 June 2016 (c)	1,922,222,222	384,444	–	–	–	–	–	–	–	–	384,444
	12,427,060,094	2,485,411	–	–	64,179,632	51,344	–	–	–	–	2,536,755
30 August 2016 (d) Subdivision of deferred shares (d) (i) and (ii)	–	–	–	–	(64,179,632)	(51,344)	5,134,370,560	51,344	–	–	–
Subdivision of ordinary shares	(12,427,060,094)	(2,485,411)	12,427,060,094	124,270	–	–	–	–	12,427,060,094	2,361,141	–
	–	–	12,427,060,094	124,270	–	–	5,134,370,560	51,344	12,427,060,094	2,361,140	–
Subdivision of ordinary shares	621,353,005	124,270	(12,427,060,094)	(124,270)	–	–	–	–	–	–	–
							236,114,141,786	2,361,141	(12,427,060,094)	(2,361,141)	–
	621,353,005	124,270	–	–	–	–	241,248,512,346	2,412,485	–	–	2,537,755
9 November 2016 (e)	1,602,563	320	–	–	–	–	–	–	–	–	320
4 October 2016 (f)	125,000,000	25,000	–	–	–	–	–	–	–	–	25,000
25 October 2016 (g)	6,247,330	1,250	–	–	–	–	–	–	–	–	1,250
As at 31 December 2016	754,202,898	150,840	–	–	–	–	241,248,512,346	2,412,485	–	–	2,563,325

a) On 7 March 2016 the Company issued 1,333,333,333 new ordinary shares of 0.02p each for a consideration of 0.03p per share. The Company also issued 666,666,666 warrants with an exercise price of 0.04p each.

b) On 1 June 2016 the Company issued 63,333,333 new ordinary shares of 0.02p each for consideration of 0.03p in satisfaction of creditors totalling £19,000.

c) On 17 June 2016 the Company issued 1,922,222,222 new ordinary shares of 0.02p each for a consideration of 0.0225p per share. The Company also issued 961,111,111 warrants with an exercise price of 0.03p each.

19 Share capital continued

d) On 30 August 2016 undertook a capital reorganisation comprising three subdivisions:

- The company subdivided of the 64,179,632 existing deferred shares of £0.0008 each in the capital of the Company into 5,134,370,560 deferred shares of £0.00001 each in the capital of the Company.
- Then, the 12,427,060,094 Existing Ordinary Shares were subdivided into two share classes:
  - (i) 12,427,060,094 ordinary shares of £0.00001 each in the capital of the Company (the "Subdivided Ordinary Shares"); and
  - (ii) 12,427,060,094 deferred shares of £0.00019 each in the capital of the Company (the "New Deferred Shares") (the "Second Subdivision").
- The 12,427,060,094 new deferred shares will then be subdivided into 236,114,141,786 deferred shares of 0.001p each.
- The subdivided Ordinary Shares were consolidated into 621,353,005 ordinary shares of £0.0002 each in the capital of the Company (the "Consolidated Shares") (the "Consolidation"), the Consolidated Shares have the same rights and are subject to the same restrictions as the Existing Ordinary Shares.

e) On 9 November 2016 the Company issued 1,602,563 Ordinary shares of 0.02p each for consideration of 0.54p each on exercise of warrants.

f) On 4 October 2016 the Company issued 125,000,000 Ordinary shares of 0.02p each for consideration of 0.40p each. The company also issued 62,500,000 warrants with an exercise price of 0.54p each.

g) On 25 October 2016 the Company issued 6,247,330 Ordinary shares of 0.02p in settlement of invoices totalling £28,000.

The deferred shares have no voting rights, dividend rights or any rights of redemption. On return of assets on winding up the holders are entitled to repayment of amounts paid up after repayment to ordinary share holders.

	No Ordinary shares of 0.02p each	£ Ordinary shares of 0.02p each	No Deferred shares of 0.001p each	£ Deferred shares of 0.001p each	£ Total share capital
Issued and fully paid					
At 1 January 2017	754,202,898	150,840	241,248,512,346	2,412,485	2,563,325
On 26 January 2017 the company issued the following ordinary shares:					
Ordinary shares issued at 0.83p in lieu of consultancy services	963,855	193			
Ordinary shares issued at 0.77p in lieu of consultancy services	1,948,051	390			
Ordinary shares issued on exercise of warrants at 0.80p	1,375,000	275			
Ordinary shares issued on exercise of warrants at 0.60p	5,555,555	1,111			
Ordinary shares issued on exercise of warrants at 0.54p	34,699,778	6,940			

Notes to the Group Financial Statements

19 Share capital continued

	No Ordinary shares of 0.02p each	£ Ordinary shares of 0.02p each	No Deferred shares of 0.001p each	£ Deferred shares of 0.001p each	£ Total share capital
On 31 January 2017 Ordinary shares issued on exercise of warrants at 0.80p	3,304,167	661			
On 6 February 2017Ordinary shares issued on exercise of warrants at 0.80p	612,500	122			
On 7 February 2017 Ordinary shares issued on exercise of warrants at 0.80p	6,625,002	1,325			
On 7 February 2017 Ordinary shares issued on exercise of warrants at 0.60p	14,999,780	3,000			
On 23 February 2017 the company issued shares at 0.80p each	22,781,732	4,557			
On 17 March 2017 the company issued shares at 0.80p each	227,218,268	45,443			
20 March 2017 Ordinary shares issued on exercise of warrants at 0.60p	10,000,000	2,000			
29 March 2017 Ordinary shares issued on exercise of warrants at 0.60p	2,777,778	556			
On 16 June 2017 Ordinary shares issued on exercise of warrants at 0.60p	14,722,442	2,945			
On 23 June 2017 Ordinary shares issued on exercise of warrants at 0.54p	4,273,505	855			
On 26 September 2017 Ordinary shares issued on exercise of warrants at 0.54p	21,924,153	4,385			
On 9 October 2017 Ordinary shares issued on exercise of warrants at 0.60p	208,333,333	41,667			
As at 31 December 2017	1,336,317,797	267,265	241,248,512,346	2,412,485	2,679,750

20 Capital and reserves attributable to shareholders

	2017 £	2016 £
Share capital	2,679,750	2,563,325
Share premium	17,910,928	14,250,401
Other reserves	864,908	1,216,978
Retained deficit	(14,212,274)	(13,026,926)
Total equity	7,243,312	5,003,778

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

21 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, development and production 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 considered:

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

22 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	2017 £	2016 £
Financial assets		
Receivables at amortised cost including cash and cash equivalents:		
Cash and cash equivalents	951,078	246,120
Trade and other receivables	288,944	170,341
Total	1,240,022	416,461
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	139,795	121,621
Net	1,100,227	294,840

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.

Notes to the Group Financial Statements

22 Financial instruments continued

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 2017 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 £632,503.

Fair value of financial assets and liabilities

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

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

23 Equity-settled share-based payments

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

Grant Date	Exercise price	Number of options outstanding at 31 December 2017
21 October 2013	5.00p	6,011,481
28 March 2017	1.08p	46,000,000

The options granted on 21 October 2013 are exercisable from 21 October 2014. The options are valid for a period of 10 years from the date of grant. There are no vesting conditions.

Of the 46,000,000 issued on 28 March 2017, 38,000,000 were issued to the Directors and a member of senior management and 8,000,000 to two engineers.

The 38,000,000 options issued to the Directors and a member of senior management will vest one third immediately, one third upon production of in excess of 5,000 tonnes of commercial coal per month over three consecutive months and one third upon completion of the Bankable Feasibility Study for the Rukwa Power Plant.

8,000,000 of the options, being granted to two recently appointed engineers, will vest one half upon production of in excess of 5,000 tonnes of commercial coal per month over three consecutive months and one half upon production of in excess of 10,000 tonnes of commercial coal per month over three consecutive months.

The options are exercisable for a 5 year period from 27 March 2017.

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

Date of grant	21 October 2013	28 March 2017
Expected volatility	85%	131%
Expected life	4 years	3 years
Risk-free interest rate	1.23%	0.37%
Expected dividend yield	–	–
Possibility of ceasing employment before vesting	–	–
Fair value per option	0.09p	0.56p/0.42p/0.28p

Volatility was determined by reference to the standard deviation of daily share prices for one year prior to the date of grant.

The charge to the income statement for share based payments for the year ended 31 December 2017 was £155,077 (2016: £nil).

23 Equity-settled share-based payments continued

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

	2017		2016	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	6,011,481	5.00	7,167,535	5.00
Granted	46,000,000	1.08	–	–
Exercised	–	–		–
Cancelled	–	–	(1,156,054)	(5.00)
At 31 December	52,011,481	1.53	6,011,481	5.00
Exercisable at year end	18,678,148		6,011,481	

The weighted average remaining contractual life of options as at 31 December 2017 was 4.42 years (2016: 6.81 years).

Warrants

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

Date granted	Expiry Date	Exercise price	Number of warrants outstanding at 31 December 2017
21 February 2017	20 August 2018	1.08p	137,500,000
03 October 2017	02 October 2018	0.80p	104,166,667
			241,666,667

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

Date of grant	21 February 2017
Expected volatility	145%
Expected life	1 years
Risk-free interest rate	0.01%
Expected dividend yield	–
Possibility of ceasing employment before vesting	–
Fair value per option	0.36p

Volatility was determined by reference to the standard deviation of daily share prices for one year prior to the date of grant.

The charge in respect of the 12,500,000 Broker warrants granted for the year ended 31 December 2017 was £46,064 (2016: £nil) and is included in share premium as cost of issuing shares.

125,000,000 and 104,116,667 warrants were issued on 21 February 2017 and 3 October 2017 respectively. No share-based payments were recognised in respect of these warrants as they fell outside of the scope of IFRS 2 – Share-based Payment.

Notes to the Group Financial Statements

23 Equity-settled share-based payments continued

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

	2017 Number of options	2017 Weighted average exercise price per share pence	2016 Number of options	2016 Weighted average exercise price per share pence
At 1 January	142,286,325	0.62	50,062,500	5.95
Granted	241,666,667	0.96	143,888,889	0.68
Exercised	(120,869,661)	0.59	(1,602,564)	(0.54)
Cancelled	(21,416,664)	0.80	(50,062,500)	(5.95)
At 31 December	241,666,667	0.96	142,286,325	0.68

The weighted average remaining contractual life of warrants as at 31 December 2017 was 0.69 years (2016: 0.55 years).

24 Reserves

The following describes the nature and purpose of each reserve:

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

25 Related Party Transactions

During 2016 the Company paid £15,000 for engineering services to Sunjem Consulting Limited, which is controlled by the former director, Mark Pryor.

During 2016 the former Director, Sally Schofield invoiced the Company £15,000 for her role as Interim Chairman.

During the year, Rufus Short, a Director, acquired 1,111,426 ordinary shares of 0.02p each at 0.60p per share, on exercise of warrants.

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

During the year the Company paid £2,413,192 (2016: £586,148) 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 £7,130,243 (2016: £4,717,050). This amount has been included within loans to subsidiaries.

Included in trade creditors at year end is an amount of £1,639 owed to Rufus Short, a director, in respect of expenses incurred on behalf of the company.

At the year end the Company was owed £3,712 (2016: £3,712) by its subsidiary Edenville International (Seychelles) Limited.

At the year end the Company was owed £6,340 (2016: £6,340) by its subsidiary Edenville Power Tz Limited.

Notes to the Group Financial Statements

26 Events after the reporting date

On 27 April 2018 the company raised £740,000, before expenses, via the issue of 211,428,572 ordinary shares of 0.02p each at 0.35p per share.

27 Financial commitments

The group has rental commitments of $35,257 (2016: $39,670) and required expenditure of $16,125 (2016: $78,530) in respect of its licences for the forthcoming year.

28 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

Opinion

We have audited the parent company financial statements of Edenville Energy Plc for the year ended 31 December 2017 which comprise the Company Statement of Financial Position, Company Statement of Changes in Equity, Company Cash Flow Statement, and notes to the financial statements, including a summary of significant accounting policies. 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 and as applied in accordance with the provisions of the Companies Act 2006.

In our opinion the parent company financial statements:

- give a true and fair view of the state of the parent company's affairs as at 31 December 2017;
- 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 prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the parent company in accordance with the ethical requirements that are relevant to our audit of the parent company financial statements in the UK, including the FRC's Ethical Standard as applied to SME listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty relating to going concern

We draw attention to the disclosure made in note 1 to the financial statements, under the heading 'Going concern', concerning the ability of the Group, and hence the parent company, to continue as a going concern. Based on current forecasts, the Group has sufficient funds to maintain its proposed work programme and levels of expenditure. However, if there are any delays in procuring orders, which would impact revenue generation, and delays in recovering revenues, the Group may require additional funds within twelve months of the date of approval of these financial statements. The ability of the Group to raise additional funds is dependent upon investor appetite.

These conditions, along with the other matters explained in that note, indicate the existence of a material uncertainty which may cast significant doubt over the parent company's ability to continue as a going concern. Our opinion is not modified in this matter.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the parent company financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the parent company financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

The key audit matters that we identified as relating to the parent company audit for the year ended 31 December 2017 are:

- Valuation of investments in, and loans to, subsidiaries;

Independent Auditors' Report – Company

to the members of Edenville Energy plc

In addition, issues concerned with the following are dealt with in our report on the group financial statements on pages 20 to 23:

- Management override;
- Going concern;
- Valuation of performance related share options granted to directors and key personnel during the year.

Our application of materiality

The materiality that we used for the parent company financial statements was £74,000. We determine materiality using 1% of the gross assets of the group.

An overview of the scope of our audit

Area of focus	How our audit addressed the area of focus
Valuation and recovery of the parent company's investments in, and loans to, subsidiaries	In considering the valuation of the company's investments in, and loans to subsidiaries, at the year-end our procedures included, but were not limited to, the following: • Reviewing the impairment review prepared by the directors. • Examining the assumptions made in the impairment review and supporting calculations. • Performing sensitivity analysis.
Management override of controls	Refer to our report on the group financial statements on pages 20 to 23.
Going concern	Refer to our report on the group financial statements on pages 20 to 23.
Valuation of share based payments	Refer to our report on the group financial statements on pages 20 to 23.

Other information

The directors are responsible for the other information. The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. Our opinion on the financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon.

In connection with our audit of the parent company financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the parent company financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement of the parent company financial statements or a material misstatement of the other information.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Edenville ENERGY PLC

Independent Auditors' Report – Company

to the members of Edenville Energy plc

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the audit:

- the information given in the strategic report and the directors' report for the financial year for which the parent company financial statements are prepared is consistent with the financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the parent company and its environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the directors' responsibilities statement set out on page 15, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the parent company financial statements, the directors are responsible for assessing the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

A further description of our responsibilities for the audit of the parent company financial statements is located on the Financial Reporting Council's website at: http://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Independent Auditors' Report – Company

to the members of Edenville Energy plc

Use of our audit report

This report is made solely to the parent 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 parent company's members those matters we are required to state to them in an auditor's 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 parent company and the parent company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Simon Mott-Cowan (Senior Statutory Auditor)
For and on behalf of HW Fisher & Company
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom

4 June 2018

Company Statement of Financial Position

as at 31 December 2017

	Note	2017 £	2016 £
Non current assets			
Investment in subsidiaries	4	14,173,752	11,760,560
Property, plant & equipment	5	3,161	4,215
		14,176,913	11,764,775
Current assets			
Trade and other receivables	6	21,650	23,196
Cash and cash equivalents	7	938,906	245,998
		960,556	269,194
Current liabilities			
Trade and other payables	8	60,235	44,560
Current assets less current liabilities		900,321	224,634
Total assets less current liabilities		15,077,234	11,989,409
Equity			
Called-up share capital	9	2,679,750	2,563,325
Share premium account		17,910,928	14,250,401
Share option reserve		309,943	108,802
Profit and loss account		(5,823,387)	(4,933,119)
Total equity		15,077,234	11,989,409

The financial statements were approved by the board of directors and authorised for issue on 4 June 2018 and signed on its behalf by:

Rufus Short
Director

Company registration number: 05292528

Edenville ENERGY PLC

Company Statement of Changes in Equity

for the year ended 31 December 2017

	Share Capital £	Share Premium £	Retained Earnings Account £	Share Option Reserve £	Total £
At 1 January 2016	1,872,978	13,623,545	(4,172,087)	129,610	11,454,046
Issue of share capital	690,347	697,806	–	–	1,388,153
Cost of issue	–	(70,950)	–	–	(70,950)
Cancellation of share options	–	–	20,808	(20,808)	–
Total comprehensive loss for the year	–	–	(781,840)	–	(781,840)
At 31 December 2016	2,563,325	14,250,401	(4,933,119)	108,802	11,989,409
Issue of share capital	116,425	3,869,091	–	–	3,985,516
Cost of issue	–	(162,500)	–	–	(162,500)
Share option/warrants charge		(46,064)		201,141	155,077
Cancellation of share options					
Total comprehensive loss for the year	–	–	(890,268)	–	(890,268)
At 31 December 2017	2,679,750	17,910,928	(5,823,387)	309,943	15,077,234

Edenville
ENERGY PLC

Company Cash Flow Statement

for the year ended 31 December 2017

	Note	Year ended 31 December 2017 £	Year ended 31 December 2016 £
Cash flows from operating activities			
Operating loss		(891,132)	(781,858)
Depreciation		1,054	1,405
Share based payments		155,077	–
Loss on disposal of investment		–	100
Decrease/(Increase) in trade and other receivables		1,546	(5,134)
Increase in trade and other payables		15,675	9,712
Net cash outflow from operating activities		(717,780)	(775,775)
Cash flows from investing activities			
Finance income		864	18
Purchase of subsidiary		–	(6,340)
Capital introduced to subsidiaries		(2,413,192)	(586,148)
Net cash outflow from investing activities		(2,412,328)	(592,470)
Cash flows from financing activities			
Proceeds from issue of ordinary shares		3,985,516	1,388,153
Share issue costs		(162,500)	(70,950)
Net cash inflow from financing activities		3,823,016	1,317,203
Net increase/(decrease) in cash equivalents		692,908	(51,042)
Cash and cash equivalents at beginning of year		245,998	297,040
Cash and cash equivalents at end of year	7	938,906	245,998

Notes to the Company's Financial Statements

for the year ended 31 December 2017

1 Accounting policies

Basic of preparation and statement of compliance

The Company financial statements are prepared under the historical cost convention, as modified by the revaluation of available for sale investments, and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement. The loss after tax for the Parent Company for the year was £890,268 (2016: £781,840).

Going concern

At 31 December 2017 the Company had cash balances totalling £938,906.

On 27 April 2018 the company raised £740,000, before expenses, via the issue of 211,428,572 ordinary shares of 0.02p each at 0.35p per share.

Based on the current working capital forecast which includes the recent placing, the Group has sufficient funds in order to allow it to move into production phase. However, if there are delays in the production, impacting revenue generation, or delays in procuring orders, then the Group may require additional funds within twelve months of the date of approval of these financial statements. The ability of the Group to raise additional funds is dependent upon investor appetite.

Expenditure on excavation is related to the level of orders and both head office costs and Tanzanian administration costs can be reduced if the additional funds cannot be raised and the Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

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

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

		Effective date for accounting period beginning on or after
IFRS 2	Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 3, IFRS 11	Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)	1 January 2019
IFRS 9	Finalised version, incorporating requirements for classification and measurement, impairment, general hedge accounting and derecognition	1 January 2018
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
IFRS 15	Clarification of IFRS 15	1 January 2018
IFRS 16	Leases – new standard	1 January 2019
IAS 12	Amendments resulting from Annual Improvements 2015–2017 Cycle (income tax consequences of dividends)	1 January 2019
IAS 19	Amendments regarding plan amendments, curtailments or settlements	1 January 2019
IAS 23	Amendments resulting from Annual Improvements 2015–2017 Cycle (intended use or sale)	1 January 2019
IAS 28	Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying certain fair value measurements)	1 January 2018
IAS 28	Long-term interests in associates and joint venture	1 January 2019
IAS 40	Amendments to clarify transfers or property to, or from, investment property	1 January 2018
IFIC 22	Foreign currency transactions and advance consideration	1 January 2018

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.

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.

Presentational and functional currency

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

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, or financial liability or an equity instrument in accordance with the substance of contractual arrangement.

Financial instruments are recognised on the balance sheet at fair value when the Company becomes a party to the contractual provisions of the instrument.

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.

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 company 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.

Investment in subsidiaries

Fixed asset investments in subsidiary undertakings held by the Company (see note 4) 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 the loan is either considered to be recoverable in the long term, as the company's subsidiary Edenville Tanzania Limited generates sufficient revenue from its coal assets in order to repay the loan, or it is expected to be capitalised.

Notes to the Company's Financial Statements

1 Accounting policies continued

Financial assets continued

Investment in subsidiaries – 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.

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.

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.

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.

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.

Notes to the Company's Financial Statements

1 Accounting policies continued

Income taxation

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

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

Deferred taxation

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

Share capital

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

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:

- Investments
- Share based payments

Investments

The Company is required to perform an impairment review on its subsidiary undertakings as a group when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The Company's main subsidiary is Edenville (Tanzania) Limited who hold various mining licences in Tanzania. As such, the carrying amount of the investments 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.

At the reporting date, the carrying value of the company's investments in, and loans to, its subsidiary undertakings amounted to £14,173,752 (2016: £11,760,560).

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, the vesting date of options where non-market performance conditions have been set and the risk free interest rate.

Notes to the Company's Financial Statements

3 Staff Costs

	2017 £	2016 £
Wages and salaries	221,553	306,130
Social security costs	20,732	28,766
Pension costs	835	279
	243,120	335,175

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

	2017	2016
Administration	4	4

Directors' remuneration

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

	2017 £	2016 £
Emoluments	221,000	290,297
Share based payments	113,686	–
Pension costs	835	279
	335,521	290,576

The highest paid director received remuneration of £197,260 (2016: £130,124).

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

4 Investment in subsidiaries

Company	Shares in subsidiaries £	Loans to subsidiaries £	Total 2017 £	Total 2016 £
Fair value				
At 1 January 2017	7,039,798	4,720,762	11,760,560	11,168,172
Additions	3,514	2,409,678	2,413,192	592,488
Disposal	–	–	–	(100)
At 31 December 2017	7,043,312	7,130,440	14,173,752	11,760,560
Accumulated impairment				
As at 1 January 2017	–	–	–	–
Impairment	–	–	–	–
At 31 December 2017	–	–	–	–
Net Book Value				
As at 31 December 2017	7,043,312	7,130,440	14,173,752	11,760,560
As at 31 December 2016	7,039,798	4,720,762	11,760,560	11,168,172

Notes to the Company's Financial Statements

4 Investment in subsidiaries continued

The value of the company's investment and any indications of impairment is based on the prospecting and mining licences held by its subsidiaries.

The Tanzanian licences comprise a mining licence and various prospecting licences. The licences are, located in a region displaying viable prospects for 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.

During 2017 the activities of the company's subsidiary evolved from exploration and evaluation to development and as a result the exploration and evaluation assets held by the company's subsidiary were transferred to development expenditure. The Directors carried out an impairment review on reclassification of exploration and evaluation assets to development assets, which covered the company's investments in, and loans to, its subsidiaries. Following the impairment reviews the Directors did not consider the company's investments 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
Edenville International (Seychelles) Limited	Seychelles	Ordinary	100%
Edenville International (Tanzania) Limited	Tanzania	Ordinary	99.75%*
Edenville Power (Tz) Limited	Tanzania	Ordinary	99.9%

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

GOA Tanzania Limited was dissolved on 14 February 2017.

5 Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2016 and 31 December 2016	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2016	5,992	3,333	13,370	22,695
Charge for the year	370	205	830	1,405
As at 31 December 2016	6,362	3,538	14,200	24,100
Net book value				
As at 31 December 2016	1,109	615	2,491	4,215

Notes to the Company's Financial Statements

5 Property, plant and equipment continued

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2017 and 31 December 2017	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2017	6,362	3,538	14,200	24,100
Charge for the year	277	154	623	1,054
As at 31 December 2017	6,639	3,692	14,823	25,154
Net book value				
As at 31 December 2017	832	461	1,868	3,161

6 Trade and other receivables

	2017 £	2016 £
Current		
Other receivables	10,927	17,739
Prepayments	10,723	5,457
	21,650	23,196

7 Cash and cash equivalents

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

	2017 £	2016 £
Cash at bank and in hand	938,906	245,998

8 Trade and other payables

	2017 £	2016 £
Trade payables	12,393	–
Amounts owed to subsidiary undertakings	6,340	6,340
Social security costs and other taxes	7,002	11,865
Accruals and deferred income	34,500	26,355
	60,235	44,560

9 Share capital

	2016 No Ordinary shares of 0.02p each	2016 £ Ordinary shares of 0.02p each	2016 No Ordinary shares of 0.01p each	2016 £ Ordinary shares of 0.01p each	2016 No Deferred shares of 0.08p each	2016 £ Deferred shares of 0.08p each	2016 No Deferred shares of 0.0001p each	2016 £ Deferred shares of 0.0001p each	2016 No Deferred shares of 0.019p each	2016 £ Deferred shares of 0.019p each	2016 £ Total share capital
Issued and fully paid											
At 1 January 2016	9,108,171,206	1,821,634	–	–	64,179,632	51,344	–	–	–	–	1,872,978
7 March 2016 (a)	1,333,333,333	266,667	–	–	–	–	–	–	–	–	266,667
1 June 2016 (b)	63,333,333	12,666	–	–	–	–	–	–	–	–	12,666
17 June 2016 (c)	1,922,222,222	384,444	–	–	–	–	–	–	–	–	384,444
	12,427,060,094	2,485,411	–	–	64,179,632	51,344	–	–	–	–	2,536,755
30 August 2016 (d) Subdivision of deferred shares (d) (i) and (ii)	–	–	–	–	(64,179,632)	(51,344)	5,134,370,560	51,344	–	–	–
Subdivision of ordinary shares	(12,427,060,094)	(2,485,411)	12,427,060,094	124,270	–	–	–	–	12,427,060,094	2,361,141	–
	–	–	12,427,060,094	124,270	–	–	5,134,370,560	51,344	12,427,060,094	2,361,141	–
Subdivision of ordinary shares	621,353,005	124,270	(12,427,060,094)	(124,270)	–	–	–	–	–	–	–
	–	–	–	–	–	–	236,114,141,786	2,361,141	(12,427,060,094)	(2,361,141)	–
	621,353,005	124,270	–	–	–	–	241,248,512,346	2,412,485	–	–	2,536,755
9 November 2016 (e)	1,602,563	320	–	–	–	–	–	–	–	–	320
4 October 2016 (f)	125,000,000	25,000	–	–	–	–	–	–	–	–	25,000
25 October 2016 (g)	6,247,330	1,250	–	–	–	–	–	–	–	–	1,250
As at 31 December 2016	754,202,898	150,840	–	–	–	–	241,248,512,346	2,412,485	-	-	2,563,325

a) On 7 March 2016 the Company issued 1,333,333,333 new ordinary shares of 0.02p each for a consideration of 0.03p per share. The Company also issued 666,666,666 warrants with an exercise price of 0.04p each.

b) On 1 June 2016 the Company issued 63,333,333 new ordinary shares of 0.02p each for consideration of 0.03p in satisfaction of creditors totalling £19,000.

c) On 17 June 2016 the Company issued 1,922,222,222 new ordinary shares of 0.02p each for a consideration of 0.0225p per share. The Company also issued 961,111,111 warrants with an exercise price of 0.03p each.

9 Share capital continued

d) On 30 August 2016 undertook a capital reorganisation comprising three subdivisions:

- The company subdivided of the 64,179,632 existing deferred shares of £0.0008 each in the capital of the Company into 5,134,370,560 deferred shares of £0.00001 each in the capital of the Company.
- Then, the 12,427,060,094 Existing Ordinary Shares were subdivided into two share classes:
  - (i) 12,427,060,094 ordinary shares of £0.00001 each in the capital of the Company (the "Subdivided Ordinary Shares"); and
  - (ii) 12,427,060,094 deferred shares of £0.00019 each in the capital of the Company (the "New Deferred Shares") (the "Second Subdivision").
- The 12,427,060,094 new deferred shares will then be subdivided into 236,114,141,786 deferred shares of 0.001p each.
- The subdivided Ordinary Shares were consolidated into 621,353,005 ordinary shares of £0.0002 each in the capital of the Company (the "Consolidated Shares") (the "Consolidation"), the Consolidated Shares have the same rights and are subject to the same restrictions as the Existing Ordinary Shares.

e) On 9 November 2016 the Company issued 1,602,563 Ordinary shares of 0.02p each for consideration of 0.54p each on exercise of warrants.

f) On 4 October 2016 the Company issued 125,000,000 Ordinary shares of 0.02p each for consideration of 0.40p each. The company also issued 62,500,000 warrants with an exercise price of 0.54p each.

g) On 25 October 2016 the Company issued 6,247,330 Ordinary shares of 0.02p in settlement of invoices totaling £28,000.

Notes to the Company's Financial Statements

9 Share capital continued

The deferred shares have no voting rights, dividend rights or any rights of redemption. On return of assets on winding up the holders are entitled to repayment of amounts paid up after repayment to ordinary share holders.

	No Ordinary shares of 0.02p each	£ Ordinary shares of 0.02p each	No Deferred shares of 0.001p each	£ Deferred shares of 0.001p each	£ Total share capital
Issued and fully paid					
At 1 January 2017	754,202,898	150,840	241,248,512,346	2,412,485	2,563,325
On 26 January 2017 the company issued the following ordinary shares					
Ordinary shares issued at 0.83p in lieu of consultancy services	963,855	193			
Ordinary shares issued at 0.77p in lieu of consultancy services	1,948,051	390			
Ordinary shares issued on exercise of warrants at 0.80p	1,375,000	275			
Ordinary shares issued on exercise of warrants at 0.60p	5,555,555	1,111			
Ordinary shares issued on exercise of warrants at 0.54p	34,699,778	6,940			
On 31 January 2017 Ordinary shares issued on exercise of warrants at 0.80p	3,304,167	661			
On 6 February 2017Ordinary shares issued on exercise of warrants at 0.80p	612,500	122			
On 7 February 2017 Ordinary shares issued on exercise of warrants at 0.80p	6,625,002	1,325			
On 7 February 2017 Ordinary shares issued on exercise of warrants at 0.60p	14,999,780	3,000			
On 23 February 2017 the company issued shares at 0.80p each	22,781,732	4,557			
On 17 March 2017 the company issued shares at 0.80p each	227,218,268	45,443			
20 March 2017 Ordinary shares issued on exercise of warrants at 0.60p	10,000,000	2,000			
29 March 2017 Ordinary shares issued on exercise of warrants at 0.60p	2,777,778	556			
On 16 June 2017 Ordinary shares issued on exercise of warrants at 0.60p	14,722,442	2,945			
On 23 June 2017 Ordinary shares issued on exercise of warrants at 0.54p	4,273,505	855			
On 26 September 2017 Ordinary shares issued on exercise of warrants at 0.54p	21,924,153	4,385			
On 9 October 2017 Ordinary shares issued on exercise of warrants at 0.60p	208,333,333	41,667			
As at 31 December 2017	1,336,317,797	267,265	241,248,512,346	2,412,485	2,679,750

Notes to the Company's Financial Statements

10 Deferred Taxation

A deferred tax asset of £943,110 (2016: £819,918) calculated at 17% (2016: 17%) 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.

11 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, development and production 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 programme 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.

12 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	2017 £	2016 £
Financial assets		
Receivables at amortised cost including cash and cash equivalents:		
Investments and loans to subsidiaries	14,173,752	11,760,560
Cash and cash equivalents	938,906	245,998
Other receivables	21,650	23,196
Total	15,134,308	12,029,754
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	60,235	44,560
Net	15,074,073	11,985,194

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.

12 Financial instruments continued

General risk management principles

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

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

Interest rate risk

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

Credit risk

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

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

The maximum exposure to credit risk in respect of the above at 31 December 2017 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.

13 Equity-settled share-based payments

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

Grant Date	Exercise price	Number of options outstanding at 31 December 2017
21 October 2013	5.00p	6,011,481
28 March 2017	1.08p	46,000,000

The options granted on 21 October 2013 are exercisable from 21 October 2014. The options are valid for a period of 10 years from the date of grant. There are no vesting conditions.

Of the 46,000,000 issued on 28 March 2017, 38,000 were issued to the Directors and a member of senior management and 8,000,000 to two engineers.

The 38,000,000 options issued to the Directors and a member of senior management will vest one third immediately, one third upon production of in excess of 5,000 tonnes of commercial coal per month over three consecutive months and one third upon completion of the Bankable Feasibility Study for the Rukwa Power Plant.

Notes to the Company's Financial Statements

13 Equity-settled share-based payments continued

8,000,000 of the options, being granted to two recently appointed engineers, will vest one half upon production of in excess of 5,000 tonnes of commercial coal per month over three consecutive months and one half upon production of in excess of 10,000 tonnes of commercial coal per month over three consecutive months.

The options are exercisable for a 5 year period from 27 March 2017.

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

Date of grant	21 October 2013	28 March 2017
Expected volatility	85%	131%
Expected life	4 years	3 years
Risk-free interest rate	1.23%	0.37%
Expected dividend yield	–	–
Possibility of ceasing employment before vesting	–	–
Fair value per option	0.09p	0.56p/0.42p/0.28p

Volatility was determined by reference to the standard deviation of daily share prices for one year prior to the date of grant.

The charge to the income statement for share based payments for the year ended 31 December 2017 was £155,076 (2016: £nil).

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

	2017		2016	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	6,011,481	5.00	7,167,535	5.00
Granted	46,000,000	1.08	–	–
Exercised	–	–		–
Cancelled	–	–	(1,156,054)	(5.00)
At 31 December	52,011,481	1.53	6,011,481	5.00
Exercisable at year end	18,678,148		6,011,481	

The weighted average remaining contractual life of options as at 31 December 2017 was 4.42 years (2016: 6.81 years).

13 Equity-settled share-based payments continued

Warrants

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

Date granted	Expiry Date	Exercise price	Number of warrants outstanding at 31 December 2017
21 February 2017	20 August 2018	1.08p	137,500,000
03 October 2017	02 October 2018	0.80p	104,166,667
			241,666,667

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

Date of grant	21 February 2017
Expected volatility	145%
Expected life	1 years
Risk-free interest rate	0.01%
Expected dividend yield	–
Possibility of ceasing employment before vesting	–
Fair value per option	0.36p

Volatility was determined by reference to the standard deviation of daily share prices for one year prior to the date of grant.

The charge in respect of the 12,500,000 Broker warrants granted for the year ended 31 December 2017 was £46,064 (2016: £nil) and is included in share premium as cost of issuing shares.

125,000,000 and 104,116,667 warrants were issued on 21 February 2017 and 3 October 2017 respectively. No share-based payments were recognised in respect of these warrants as they fell outside of the scope of IFRS 2 – Share-based Payment.

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

	2017		2016	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	142,286,325	0.62	50,062,500	5.95
Granted	241,666,667	0.96	143,888,889	0.68
Exercised	(120,869,661)	0.59	(1,602,564)	(0.54)
Cancelled	(21,416,664)	0.80	(50,062,500)	(5.95)
At 31 December	241,666,667	0.96	142,286,325	0.68

The weighted average remaining contractual life of warrants as at 31 December 2017 was 0.69 years (2016: 0.55 years).

Notes to the Company's Financial Statements

14 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 and key personnel equity settled share option scheme and broker warrants as accrued at the balance sheet date
Retained Earnings	cumulative net gains and losses less distributions made

15 Related Party Transactions

During 2016 the Company paid £15,000 for engineering services to Sunjem Consulting Limited, which is controlled by the former director, Mark Pryor.

During 2016 the former Director, Sally Schofield invoiced the Company £15,000 for her role as Interim Chairman.

During the year, Rufus Short, a Director, acquired 1,111,426 ordinary shares at 0.60p per share, on exercise of warrants.

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

During the year the Company paid £2,413,192 (2016: £586,148) 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 £7,130,243 (2016: £4,717,050). This amount has been included within loans to subsidiaries.

Included in trade creditors at year end is an amount of £1,639 owed to Rufus Short, a director, in respect of expenses incurred on behalf of the company.

At the year end the Company was owed £3,712 (2016: £3,712) by its subsidiary Edenville International (Seychelles) Limited.

At the year end the Company was owed £6,340 (2016: £6,340) by its subsidiary Edenville Power Tz Limited.

16 Events after the reporting date

On 27 April 2018 the company raised £740,000, before expenses, via the issue of 211,428,572 ordinary shares of 0.02p each at 0.35p per share.

17 Ultimate controlling party

The Company considers that there is no ultimate controlling party.

Edenville
ENERGY PLC

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 2018 Annual General Meeting of the Members of the Company will be held at the offices of HW Fisher & Company, Acre House, 11-15 William Road, London, NW1 3ER on Thursday 28 June 2018 at 12.30 p.m. to consider and, if deemed fit, approve the following resolutions, of which resolutions 1 to 4 (inclusive) will be proposed as ordinary resolutions and resolutions 5 will be proposed as a special resolution:

Ordinary Business

1. To receive the accounts of the Company for the year ended 31 December 2017 together with the reports thereon of the directors and the auditors of the Company.

2. To re-elect Arun Srivastava as a director who is retiring in accordance with Article 91.2 of the Company's articles and, being eligible, offers himself for re-election.

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

Special Business

4. That the directors of the Company be and they are hereby authorised generally and unconditionally pursuant to and in accordance with section 551 of the Act to exercise all the powers of the Company to allot equity securities (as defined by section 560 of the Act), up to an aggregate nominal value of £133,333 provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may, pursuant to this authority, make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

5. That, subject to the passing of Resolution 4, the directors be generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) under the authority conferred by Resolution 4 for cash as if section 561 of the Act did not apply to such allotments, provided that this power shall be limited to the allotment of equity securities up to an aggregate nominal amount of £133,333 and shall expire on the conclusion of the next Annual General Meeting of the Company, but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to such an offer or agreement notwithstanding that the power conferred by this resolution has expired.

By order of the board

Reynolds Robertson
Authorised Signatory for and on behalf of
David Venus & Company LLP
Company Secretary

4 June 2018

Registered Office:

Aston House
Cornwall Avenue
London N3 1LF

Notice of Annual General Meeting

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 Link Asset Services at PXS 1, 34 Beckenham Road, Beckenham, BR3 4ZF not less than 48 hours before the time fixed for the meeting i.e. by 12.30 p.m. on Tuesday 26 June 2018. 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 close of business on the 26 June 2018 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.

Your attention is drawn to the Explanatory Notes of the Resolutions overleaf

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

Article 91.2 requires that one third of the directors rounded down to the nearest whole number shall retire at the annual general meeting in each year. As Arun Srivastava was last re-appointed to the Board of Directors at the 2015 Annual General Meeting he is the director due to retire by rotation at this meeting.

Resolution 3

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

Resolution 4

The Company's power to issue additional securities is exercised by the directors. The directors must be authorised by ordinary resolution of the shareholders to exercise that power. This authority shall subsist until the conclusion of the next Annual General Meeting.

Resolution 5

Under section 561 of the Companies Act 2006 any new shares to be issued for cash 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 a nominal amount of £133,333. This authority will lapse at the conclusion of the Company's next Annual General Meeting.

Voting Recommendation

The Board of Directors believes that all the proposed resolutions set out in the Annual General Meeting notice are in the best interests of shareholders as a whole and the Company and unanimously recommends that members vote in favour of all the resolutions.

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