Annual Report & Accounts

For the year ended 31 December 2018

Edenville
ENERGY PLC

Contents

Page	
2	Company Information
3	Chairman's Report
4	Chief Executive Officer's Report
8	Strategic Report
14	Directors' Report
16	Statement of Directors' Responsibilities
17	Remuneration Report
18	Corporate Governance Report
24	Independent Auditor's Report – Group
28	Group Statement of Comprehensive Income
29	Group Statement of Financial Position
30	Group Statement of Changes in Equity
31	Group Cash Flow Statement
32	Notes to the Group Financial Statements
58	Independent Auditor's Report – Company Only
62	Company Statement of Financial Position
63	Company Statement of Changes in Equity
64	Company Cash Flow Statement
65	Notes to the Company's Financial Statements
82	Notice of Annual General Meeting

Edenville
ENERGY PLC

Company Information

Directors

Rufus Victor Short – Chief Executive Officer
Arun Srivastava – Non- Executive Director
Jeffrey Malaihollo – Non-Executive Chairman

Company Secretary

David Venus and Company LLP

Registered Office

Aston House
Cornwall Avenue
London
N3 1LF

Nominated Adviser & Joint Broker

SP Angel Corporate Finance LLP
Prince Frederick House
35-39 Maddox Street
London
W1S 2PP

Joint Broker

Brandon Hill Capital Limited
1 Tudor Street
London
EC4Y 0AH

Bankers

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

Auditor

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

Solicitors

Womble Bond Dickinson (UK) LLP
4 More London Riverside
London
SE1 2AU

Registrars

Link Asset Services
The Registry
34 Beckenham Road
Beckenham
Kent
BR3 4TU

Chairman's Report

for the year ended 31 December 2018

Dear Shareholder,

2018 was a significant but very challenging year for the Company. The year started with the Company fulfilling test orders for washed coal and during the year we managed to increase our production, widened our customer base and signed several long-term supply contracts. We also overcame some challenges related to an unusually heavy rainy period, lack of available transportation and a high percentage of fine coal arising from our production. We had to make modifications to increase the plant capacity and bought additional mining equipment to enable production to go up to 10,000 tonnes per month of washed coal, further details of which are outlined in the CEO's report.

During the year 2018 we also had to raise capital both through equity and convertible loan means to execute our plans. This was done against a background of a very tough market worldwide for junior mining companies. In early 2019 we also invited all Shareholders to support the Company through an Open Offer and subsequently undertook a placing to provide the additional capital required.

Having gone through the operational and financial challenges in 2018 and early 2019, I believe the Company is now in the best position for many years. It is now a coal producing company, with a wide range of customers and monthly income. We have all the equipment and manpower to bring our production to the maximum capacity of the current plant. In addition the Company now has supportive institutional shareholders.

Looking ahead in 2019, our short-term goal is to open the Northern Mining Area, increase our production to reach break-even point in Q3 2019 and be cash flow positive within the next 10 months.

In the medium term we are looking at ways to monetise the large amount of fine coal by-product being produced, which could make a significant difference to the profitability of the Company. We will also look further into the economics of having our own transportation fleet to supply selected customers.

In the longer term we are still pursuing the coal to power project and will always look for opportunities for additional cash-flow positive projects.

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 overcome the significant challenges of 2018. This gives me confidence that we will be able to face up to any difficulties ahead of us and make the Company as success.

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

Yours sincerely

Dr Jeffrey Malaihollo
Chairman

20 June 2019

Chief Executive Officer's Report

for the year ended 31 December 2018

2018 was a year of significant progress for the Company's Rukwa coal project in southwest Tanzania (the "Project"). Following commissioning of the wash plant in late 2017, the Company started 2018 supplying test orders to several customers. This period coincided with the wet season rains and whilst access to site was sometimes challenging, deliveries continued to be dispatched. Further development of site infrastructure was carried out in January, in particular with the completion of the coal test laboratory facilities.

As the upper levels of the coal were mined we were greatly encouraged by the often high calorific values present, test results from washed coal as high as 6,700GCV were obtained, whilst fine coal reported over 4,700GCV in certain batches.

Early in the year the plant was running at a throughput of approximately 30 tonnes per hour. Challenges with water supply, operating in the wet season and a high proportion of fines in the feed contributed to this lower than modelled throughput.

On 23 February 2018 the Tanzanian Deputy Minister of Minerals, Mr Doto Biteko visited the Project site along with other Regional government officials. The Deputy Minister was shown the mine and the plant and it was explained how the coal could be for both third party commercial use and any future power plant development in the region. Mr Biteko was also very interested in how the Project was benefiting the local community through employment and business opportunities.

Early in the Project life there were challenges for customers to source transport for the collection of their product. By the second half of 2018 this was largely solved as reliable transport became more readily available. The Company has also considered having its own base fleet of trucks to make deliveries where needed but has not yet considered this needs to be implemented.

In April 2018 the Company raised £740,000 (before expenses) to continue the development of the Project and provide working capital.

As the year progressed and the dry season arrived, coal production continued to increase and the customer base was strengthened. However, customers were keen to have extended trials before entering into long term contracts and this resulted in the first supply contract not being signed until late August 2018. This was for 5,000 tonnes of coal per month and was followed in October by two further contracts for up to 500 and 3,500 tonnes respectively. In parallel we had been looking at ways to increase throughput in the plant and had commissioned a water treatment plant to be built (the "Lamella Plant"). The Lamella Plant was completed and operational in December 2018. Several options for a pre-screening plant to take out the fine coal had been reviewed and whilst a planned initial plant purchase was not completed, construction was started on a suitable facility in country. We had planned to have this operational in Q4 2018, but substandard contractor performance meant the Company had to take over construction. The unit was subsequently completed in December 2018 and was operational from January 2019.

The Company's mining consultants, Sound Mining Systems (SMS) of Johannesburg completed an updated mine plan in September 2018, focused on the area to the north of the current mining operations. We have targeted significantly larger coal measures that in places have thicknesses of over 40m. It is planned the Northern Mining Area, as we refer to it, will provide feed for the Project for at least the next 10 years at a very low strip ratio of below 1:1.

In November due to the requirements to expand production and meet customers' requirements the Company took out a convertible facility for US$750,000 before expenses. This was used primarily for capital purchases, including a second loader, a second excavator, completion of the pre-screen plant, in pit lighting for night shift operations and land compensation measurements and payments in the Northern Mining Area.

During 2018 the Project produced approximately 75,000 tonnes of Run of Mine (ROM) coal, 15,000 tonnes of washed coal and 32,000 tonnes of fine coal.

Coal to Power

During the early part of 2018 we had several productive meetings with senior management of Tanzania Electric Supply Company ("Tanesco") and were greatly encouraged by their willingness to move forward to look at solutions for coal to power implementation.

Chief Executive Officer's Report

A very positive development occurred in June 2018 when the World Bank announced it had approved US$455 million of funding for power transmission line construction in Tanzania. This included the transmission line from Sumbawanga to Tunduma in the south, along with the associated Sumbawanga substation near to the Company's Rukwa Project area. This step forward in the development of the infrastructure needed to realise the construction of Edenville's Coal to Power Project is very significant. It is understood that the construction procurement plan is currently being implemented and we hope to have further positive news on the development of power line infrastructure to Sumbawanga in 2019.

In parallel with this news the Company decided to extend its Memorandum of Understanding with Sinohydro Corporation of China for a further 18 months in June 2018. Whilst a feasibility study on a 120MW plant has already been carried out, the potential for a significantly larger plant of up to 300MW is now being considered and much of Sinohydro's work will continue to be focused towards this option.

In September 2018 Tanesco came forward with a Request for Qualification ("RFQ") for coal fired generation projects in Tanzania. The RFQ was considered the first step in a formal tender process to move forward to an eventual Power Purchase Agreement and subsequently construction and operation of a coal fired power plant. There was a very compact time schedule in which to prepare the necessary submission, this being one month from notification. The Company successfully submitted the necessary documents in October 2018 and Tanesco officially accepted these as being complete and complying with Tanesco's requirements.

However, two weeks later, for reasons not given by Tanesco, the RFQ was cancelled and subsequently reinstated for a resubmission date in December 2018. Edenville resubmitted their RFQ documents in line with the criteria set forward by Tanesco, which appeared identical to the previous criteria.

Post Period

January 2019 got off to a good start with the second excavator being utilised in the mine along with our original machine. The Lamella Plant was operational and the newly constructed pre-screen plant started processing test material in January 2019 and became fully operational in February.

In January 2019 the Company decided to carry out an Open Offer to existing shareholders in order to raise the remaining capital needed to open up the Northern Mining Area and subsequently increase production. The Open Offer however was poorly subscribed and only approximately 10% of the planned £619,099 was eventually raised. This left the Company in a challenging situation on how to meet customers' orders and expand the operation.

At the time of the closing of the Open Offer on 14 February 2019 Tanesco informed the Company that it had been unsuccessful in moving through the RFQ process to supply power to Tanesco. No clear explanation has been given for this decision. As far as the Company is aware no other privately held coal projects in Tanzania progressed successfully through the process. The Company remains confident that if and when the transmission line infrastructure is built to Sumbawanga the opportunity for a power plant development at the Rukwa Coal Project will continue to move forward.

From February 2019, with limited funds available, the Company took measures to conserve capital and continue supply to key customers whilst seeking alternative funding arrangements. The resulting lack of working capital to complete the mine upgrade meant that production was adversely impacted in H1 2019 with approximately 19,000 tonnes of ROM coal processed to produce 3,900 washed tonnes and 9,700 fine coal tonnes between 1 January 2019 and 31 May 2019. On 29 April 2019 the Company announced a successful conditional fundraising of £510,000 and started to make preparations to apply some of this funding to the Project development. The main areas to be targeted are opening up the pit in the Northern Mining Area and small upgrades on the plant and infrastructure, such as an improved water pumping system and installation of a coal sizer prior to the plant. Following the completion of the funding the Project is now well placed to move forward in 2019 to increase production and provide a quality product to its customers.

The target is to firstly reach a steady state of 6,000 tonnes per month of washed coal product, which we consider will make the Tanzania operations break even. Following this the second target is to reach 10,000 tonnes of washed coal produced per month which will provide positive cash flow for the Company.

Chief Executive Officer's Report

The fine coal is effectively produced as a by-product and to that end we are continuing discussions with the previously outlined buyers of fine coal. Other opportunities available to the Company with regards to sales of fine coal are also being assessed. These include briquetting or the introduction of secondary processing to beneficiate the coal and improve the calorific value, thereby enhancing the desirability of the product. Although this would require additional capital expenditure, the Company believes this to be modest with a short payback period. The Company's Directors expect to be able to fund any upgrades to infrastructure from free cash flow from future mining operations. As an immediate measure we are targeting areas of stockpiled fine coal that may contain economically recoverable coal to feed through the pre-screen. We also expect the pre-screen to increase the available tonnage from newly mined coal for subsequent processing through the wash plant.

The AFR RI-3A Tanzania – Zambia Transmission Interconnector project, which is being part financed by the World Bank, is continuing to move forward which we continue to believe could have positive implications for our planned coal to power project. The financing agreement for credit is now in place and the procurement plan is continuing to progress. As previously stated the Company's long term plan is to provide electricity to this transmission grid once it is completed and we are continuing to work towards this goal. Currently completion is stated as being in 2024.

Financing

The Company raised equity of £740,000 (before expenses) in April 2018, primarily for working capital and additional enhancements to the operations.

A further £586,000 was raised in November 2018 in the form of a convertible loan with Lind Partners. This was used primarily for expansion of the operation and the completion of the new items for the wash plant. Several new items of equipment were purchased including a new loader and second excavator. Land compensation for the Northern Mining Area was largely completed in 2018 using this funding.

Post period end in February 2019, the Company raised gross proceeds of £62,418 through the Open Offer, together with a further £15,000 following the issue of Director Subscription Shares to Jeffrey Malaihollo, the Company's Chairman. In April and May 2019 the Company raised a total of £510,000, before expenses in a placing to new and existing shareholders.

The Company also undertook certain cost saving measures, including the Directors only taking part of their salary entitlements in 2018 and the subsequent reduced salary arrangements and conversion of certain outstanding salaries to shares in the Company in May 2019 along with the waiving of portions of their outstanding salaries.

Corporate Social Responsibility

The Company has continued to take its corporate social responsibility 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.

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.

Now that the Project is more established we plan to carry out projects for the local population, including establishment of water wells subject to the appropriate hydrological conditions.

Chief Executive Officer's Report

Relinquishments

Following the completion of mapping work carried out over the area of exploration licence PL6098/2009 at Muze, the Company decided to relinquish this licence. After geological interpretation it was concluded that all the likely economic coal measures in the Muze area are contained within the Company's primary mining licences which lie approximately 2km to the south of PL6098/2009. Relinquishment of this licence will result in an annual saving to the Company of approximately US$30,000 for licence fees and work requirements.

Renewals

PL7799 expired in April 2019 but an application had been made and fees paid, prior to the expiry date, to renew the licence. Although there is some paperwork from the Tanzanian authorities outstanding the Company understands that the licence has been renewed. The Directors do not foresee any reason why the renewal process will not be completed. Should renewal not be granted it would not affect the coal resources available to the Group which are all contained within its current mining licence. The area of PL 7799 would be used to put in place mining infrastructure at a later date. The loss of PL7799 may lead to a revision of infrastructure plans.

Summary

2018 was the Rukwa Coal Project's first year of full production following construction in 2017. During the year the Company built up a number of regular orders that resulted in three long term contracts for coal supply being signed. The mine was fully opened up and supplied approximately 75,000 tonnes of raw coal during the year. The Project faced challenges, amongst them the sizing of the raw coal which contained an excess of fine material. This resulted in lower than planned throughput in the plant with consequently lower volumes of washed coal products. The plant has since been modified to deal with any fine coal and this along with the opening up of the Northern Mining Area will underpin the planned increase in production to turn the project cash flow positive within the next 10 months.

The coal to power project has faced challenges to its progress in the decision by Tanesco to reject it in the RFQ process. However, the Company considers the opportunity still exists to develop a power plant at the Project site as the catalyst for development, the AFR RI-3A Tanzania – Zambia Transmission Interconnector, is proceeding through its pre-construction stages with finance in place and the procurement plan moving forward. When this transmission line, which will run from Sumbawanga to Tunduma in the south, is operational it will enable power from a project at the Rukwa coal deposit to be distributed not only throughout Tanzania but also the region as a whole.

Rufus Short
Chief Executive Officer

Strategic Report

for the year ended 31 December 2018

The directors present their strategic report for the year ended 31 December 2018.

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 4 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 of the northern mining area over the coming months will be used to analyse and refine the understanding of the deposit and its economic potential. Information and findings will be continuously incorporated into the mining and development plan to maximise the project return.

Financial and performance review

The results of the Group for the year ended 31 December 2018 are set out on page 28.

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.

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.

Currently the Group is undertaking limited exploration, this being primarily focused on development within the existing mining area and surrounding prospecting licences.

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; and
- the head office finance function visits each operation to review local financial controls and compliance with Group procedures and report to the board.

Production risks

The Project is now in production supplying coal to various customers in Tanzania and the region as a whole. Any mining operation which is producing has production risks associated with it and Rukwa is no different.

Key considerations include geological risk, mining risk, processing risk and also employee risk and governance risk. Customer risk also exists in relation to the ability of the customer to collect the product and to pay for it. All these areas are managed on a daily basis where possible by qualified professionals experienced in their particular fields. In broad terms geological risk is covered by having a well drilled out and professionally reviewed coal resource, mining risk is covered by having mine plan and appropriate equipment available to mine it supervised by mining engineers, processing risk is covered by having a proven method of processing the coal through a system that is controlled and monitored by process plant professionals, employee risk is managed by having an adequately trained staff whilst governance risk is managed by following government procedures and rules on all aspects of the operation.

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 Km2 and the process of relinquishment is such that a company will retain the part of the licence that is considered most prospective for a mineral discovery. If the original licence covers 40km2 the retained ground after relinquishment is more than sufficient for the discovery of a world class deposit and does not detract from the value of the property.

While the Group has undertaken all the customary due diligence in the verification of title to its material mineral properties, this should not be construed as a guarantee of title. Changes or modifications to the Mining Act 2010 in 2017 and 2019 have had no adverse effect on the operation up to now. 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. In July 2018 South African export coal reached a peak of US$106/tonne. From that point on the price has declined to just below US$70/tonne at the time of this report. Although this does not affect our sales into the Tanzanian market because of the continuing Tanzanian ban on coal imports, it can affect our competiveness in neighbouring countries markets. The impact of the price of coal on the economics of the Edenville project is kept under close review although local and regional 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 and 2019 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 sector is competitive at each phase of a company's development. The Group competes with and will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for, and the acquisition of, attractive mineral properties. The Group's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire promising properties or prospects for mineral exploration. There is no assurance that the Group will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

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

Financing

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

Financial risks

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

(i) **Foreign exchange risk**
The majority of exploration 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 at the development stage in early 2018 and subsequently at the production stage in April 2018. The company has made test sales during the year, up to the production stage, which are included within development costs and then actual sales from thereon. Now that the project is in production KPI's relating to production targets and milestones are being implemented in addition to any increase in overall enterprise value and cash position.

Strategic Report

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

Financial KPIs

- Exploration and development expenditure.
- Total expenditure burn rates have reduced by 11% from £3,173,958 to £2,834,892.
- Production targets and milestones. – The company has 192 tonnes of washed coal in stock having produced 13,938 tonnes in the year to 31 December 2018. Pre-processed ROM stocks of coal are 1,600 tonnees.
- Corporate overheads as a percentage of total expenditure has increased from 33% in 2017 to 34% in 2018.

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 page 4.

Rufus V Short
Chief Executive Officer

20 June 2019

Directors' Report

for the year ended 31 December 2018

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2018.

Dividends

The Directors do not recommend payment of a dividend for the year (2017 – 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 2018	Deferred shares of 0.001p held at 31 December 2018	Ordinary shares of 0.02p held at 31 December 2017	Deferred shares of 0.001p held at 31 December 2017
Arun Srivastava	Nil	Nil	Nil	Nil
Rufus Short	3,333,428	844,480,460	3,333,428	844,480,460
J Malaihollo	Nil	Nil	Nil	Nil

On 15 February 2019 Rufus Short and Jeffrey Malaihollo subscribed for 8,333,333 and 12,500,000 ordinary shares respectively, in the company, at 0.12p per share.

On 20 May 2019 Rufus Short and Jeffrey Malaihollo were issued 73,355,200 and 140,625,000 ordinary shares respectively, in lieu of unpaid salary, at 0.02p per share, respectively.

The Directors' interests in share options as at 31 December 2018 are as follows:

	Options at 31 December18	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 21.

Directors' Report

Substantial shareholdings

The company has been notified of the following voting rights of shareholders of the company as at 18 June 2019.

	No of Ordinary Shares	% of issued share capital
Visacos Nominees Limited	781,336,895	17.71%
BNY(ICS) Nominees Limited	662,500,000	15.02%
JIM Nominees Limited	483,371,744	10.96%
Global Prime Partners Limited	351,000,000	7.96%
Spreadex Limited	280,000,000	6.35%
Interactive Investor Services Nominees Limited	262,712,252	5.95%
Barclays Direct Investing Nominees Limited	245,943,512	5.57%
Jeffrey Malaihollo	153,125,000	3.47%
HSDL Nominees Limited	140,691,187	3.19%

* Nominee shareholders represent a number of investors shareholdings.

Financial instruments and other risks

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 24 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

HW 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 20 June 2019 and signed on its behalf.

Rufus V. Short
Chief Executive Officer

Statement of Directors' Responsibilities

for the year ended 31 December 2018

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.

Remuneration Report

for the year ended 31 December 2018

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 2018 are set out below:

Name	Fees and other remuneration £	Pension £	2018 Total £	2017 Total £
Executive				
Rufus Short	130,000	702	130,702	197,261
Non-Executive				
J Malaihollo	45,000	458	45,458	80,945
Arun Srivastava	36,000	–	36,000	57,316
	211,000	1,160	212,160	335,522

Included within directors' remuneration is a share-based payment expense of £Nil (2017: £113,685) 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 2018 only one third of the options granted to the directors in March 2017 have vested.

Included in the above are accrued salaries of £51,042 (2017: £Nil).

Corporate Governance Report

for the year ended 31 December 2018

Compliance with the UK Corporate Governance code

The Quoted Companies Alliance has published a corporate governance code for small and mid-sized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters (the "QCA Code"). The QCA Code sets out 10 principles of Corporate Governance which should be applied in order to deliver long-term shareholder value through good communication and an efficient, effective and dynamic management framework.

The Directors of Edenville Group Plc ('Edenville', the 'Group' or the 'Company') have adopted the QCA Code. The 10 principles of the QCA Code are listed below together with a short explanation of how the Group applies each of the principles and where the Group does not fully comply with each principle an explanation is provided as to why it does not currently do so.

Delivering growth

1. Establish a strategy and business model which promote long-term value for shareholders

Edenville's growth strategy is focused on the continued development of its mining operations in Tanzania and the planned development of a mine mouth power plant at the project site which will sell electricity to Tanesco and the East Africa Power Pool.

The near-term objectives as set out on the Company's website (https://edenville-energy.com/) are:

- to initiate commercial mining and washing operations at the Rukwa coal field. Construction of the mine and associated services has been completed and the Company has been in commercial production since Q4 2017, seeking to produce 6,000 tonnes per month of coal for sale which is considered by the Company as the break even point with the target to increase production up to 10,000 tonnes per month in the short to medium term. The wash plant is owned and operated by Edenville resulting in a considerable saving on plant processing costs, compared with using a contract washing facility.
- to advance the Rukwa Coal to Power Project through its pre-development phase and subsequently to a point where a decision on construction can be made – Tanzanian Ministry of Energy and Minerals (MEM) have previously requested the Project move ahead to development in parallel with its transmission development, the transmission development is currently in the procurement stage as the time of writing this report.

The Group's longer-term objective is to fully monetise the Rukwa coal deposit via development of a mine mouth coal-to-power project providing electricity to the Tanzanian grid system. Edenville is continuing in discussions with Tanesco on all options available to develop a coal-to-power project at the Rukwa mine site.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders on a regular basis.

All shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company's Annual General Meeting and any other General Meetings that are held throughout the year.

Investors have access to current information on the Company though its website, https://edenville-energy.com/, and the Company's financial PR advisers, IFC Advisory Limited, are also available to liaise with shareholders.

The Company intends to widen its investor base over time and already meets or talks 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.

The Company also has held and intends to periodically hold Investor Evenings to meet with shareholders and provide updates on corporate developments; and at appropriate points in the future the Company will host analyst site visits.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long-term success of Edenville is reliant upon the relationship and good communications with the Tanzanian authorities (the Ministries of Energy and Minerals, Tanesco, the national power company and other government authorities such as NEMC the environmental management council), our Joint Venture partner in Tanzania, the local community and the efforts of the employees of the Group and its contractors, suppliers and regulators.

Frequent and regular communications with the authorities and our Joint Venture partner is ongoing. A designated employee and a local Tanzanian consultant is engaged to conduct regular communication with the local community.

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.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Principal risks

The principal risks facing the Group are those relating to the volatility of commodity prices, reliance on the expertise of key Group personnel, risks connected with uncertainties of Tanzanian political, fiscal and legal systems, including taxation and currency fluctuations, and meeting its financing requirements.

Risk Management

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.

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.

Duties in relation to risk management that are conducted by the Directors include, but are not limited, to:

- Initiating action to prevent or reduce the adverse effects of key risks;
- Controlling further treatment of risks until the level of risk becomes acceptable;
- Identifying and recording any problems relating to the management of risk;
- Initiating, recommending or providing solutions through designated channels;
- Verifying the implementation of solutions;
- Communicating and consulting internally and externally as appropriate; and
- Informing investors of material changes to the Group's risk profile.

Ongoing review of the overall risk management programme (inclusive of the review of adequacy of treatment plans) is conducted by external parties, such as specialist consultancy groups or individuals, where appropriate. During the mine start-up phase, the Company has regularly used consultants in both the mining and processing areas. 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.

Conflicts of interest

The Board 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.

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.

The Strategic Report provides detailed analysis of the key risks that face the Group and how those risks are managed.

5. Maintain the board as a well-functioning, balanced team led by the chair

The Board recognises that the Company's objective of delivering growth in long-term shareholder value requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

The Board currently comprises one full-time Executive Director (Rufus Short) and two Non-Executive Directors (Jeffrey Malaihollo and Arun Srivastava). Details of the qualifications, background and responsibility of each director is provided on the Company's website https://edenville-energy.com/directors-and-management, with additional information in respect of directors' record of attendance at meetings and the operation of the Audit Committee and Remuneration Committee provided in the Company's annual report and accounts and below under Principle 9.

The Board is also supported by Rakesh Patel, a partner at Adler Shine LLP, Chartered Accountants, who acts as Group financial controller and who, together with his team at Adler Shine LLP, provide accounting, financial and reporting support to the directors.

Arun Srivastava is considered by the Board to be an independent director and holds no shares in the Company. Arun has share options in the Company, however, the Board does not consider that the grant of these options impairs his independence. Given the size of the Company, the present level of its development and the number of directors currently, the Board considers it may be necessary for there to be an additional director, either non-executive role or in a senior executive role. The Board therefore does recognise that as the Company develops, the number of directors, including independent directors, may increase.

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board comprises of directors considered to possess the appropriate experience, skills, personal qualities and capabilities necessary to deliver the Company's strategy for the benefit of its shareholders and is appropriate to its present size and stage of development.

Dr Jeffrey Malaihollo – Non-Executive Chairman (Aged 53)

Jeffrey has a PhD in Geology and over 22 years' experience in varied roles within resource and finance having worked and consulted for Newcrest Mining, Rio Tinto, Billiton and Loeb Aron Financial Advisors. This was followed by several years of Chief Executive Officer and Managing Director roles with AIM-listed Central China Goldfields and Bullabulling Gold and ASX-listed Arc Exploration. He is a non-executive director of TSXV-listed Copper Lake Resources Ltd as well as several other private companies in the resources sector.

He is a Fellow of the AusIMM, a Fellow of the Geological Society of London, a member of the Geological Society of America and a member of the Association of Mining Analysts.

As a Chairman Jeff is responsible to lead the Board and determine the strategic direction of the Company, review performance of the management and ensure that the Company complies with the relevant rules and regulations. In addition, he is responsible to ensure that the Company complies with the QCA Code for Corporate Governance.

Corporate Governance Report

Arun Srivastava- Non-Executive Director (Aged 71)

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.

As a non-executive director Arun is responsible to give input the strategic direction of the Company, review performance of the management and ensure that the Company complies with the relevant rules and regulations.

Rufus Victor Short – Chief Executive Officer (Aged 55)

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 Institute of Directors (MIoD).

Rufus is responsible for the daily operation and directing management of the Company.

In addition to Rufus Short, the Company's principal subsidiary in Tanzania, Edenville International (Tanzania) Limited ('EITL'), has two additional directors, Rajesh Lathigra and Cassiano Kaegele who are both based in-country. Rajesh Lathigra is the finance director of EITL and Cassiano Kaegele is a non-executive director who has a 10% interest in the Rukwa licences.

Prism Cosec Limited ('Prism') are the Company's outsourced company secretarial service provider. Prism provides the Company with one of its corporate officers, David Venus & Company LLP, as the named company secretary of the Company and is responsible for both legal and regulatory compliance.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Given the size of the Board and the stage of development, no formal assessment of the Board performance is taken. However, requests to attend seminars, courses, conferences to improve the effectiveness of the Board are encouraged.

A yearly internal review of the performance of the Board is planned with inputs from employees and advisors.

Board members are in frequent communication with each other and the Chairman and the Managing Director are in a daily communication such that Board members are aware of the present status of the Company.

The Board conduct weekly meetings either by telephone or in person to review their goals. The CEO gets regular feedback from operational employees on all issues.

There are periodic discussions on the future direction of the Company, augmentation of senior management team, potential Board members and succession planning.

8. Promote a corporate culture that is based on ethical values and behaviours

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 the Tanzanian and UK laws and regulations;
- Anti-corruption practices;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

Regular meetings and communications with management and employees are conducted throughout the year to ensure such corporate culture are instilled within the Company.

Details of these are outlined in the Annual Report under the Corporate Social Responsibility and Corporate Governance sections.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Board meetings

The Board formally meet on average every three months, however the Chairman and the Managing Director communicate daily and meet up on average at least once a month. Decisions concerning the direction and control of the business are made by the Board, and a formal schedule of matters specifically reserved for the Board is in place.

Generally, the powers and obligations of the Board are governed by the UK Companies Act 2006, and the other laws of the jurisdictions in which it operates. The Board is responsible, *inter alia*, for setting and monitoring Group strategy, reviewing trading performance, changes in the Board/senior management, 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 both consisting of Jeffrey Malaihollo and Arun Srivastava. During the year ended 31 December 2018 the Audit Committee and the Remuneration Committee met with the Managing Director and all relevant matters were dealt with by the full Board. The functions of these committees are as follows:

Audit committee

The Committee provide a forum for reporting by the Group's external auditors. Meetings will be held on average once a year and the executive Director(s) will also be invited to attend.

The Audit Committee will be 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 will be 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 will determine the contract terms, remuneration and other benefits for the Executive Directors, including performance related bonus schemes, compensation payments and option schemes. At present, the Board itself determines the remuneration of the Non-Executive Directors.

Nominations committee

The directors consider that the Group is not currently of a size to warrant the need for a separate Nominations Committee or internal audit function although the board has put in place internal financial control procedures as summarised below.

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.

10. Communicate how the company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

In addition to the Chairman's Statement and CEO report in the Company's Annual Report and Interim Results, Shareholders are regularly advised of any significant developments in the Company and are encouraged to participate in the Annual General Meeting and any other General Meetings that may take place throughout the year. The Company intends to widen its investor base over time 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.

Investors have access to current information on the Company though its website, https://edenville-energy.com/, and the Company's financial PR advisers, IFC Advisory Limited, are also available to liaise with shareholders.

The Company also intends to periodically hold Investor Evenings to meet with shareholders and provide updates on corporate developments; and at appropriate points in the future the Company will host analyst site visits.

The Company has a twitter account https://twitter.com/edenvilleenergy?lang=en which contains photos and videos of the Company's operation in Tanzania. The Managing Director also periodically promotes the Company's activities, following the publication of regulatory announcements, through various media platforms such as Directors Talk, VOX Markets and Proactive Investors.

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 continue in production and implement planned project development and any upgrades... However, if there are 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.

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 2018 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 2018 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. The Group's forecasts and projections indicate that the Group has sufficient cash reserves to operate within the level of its current facilities. However, if there are any material variances to the forecast which it is unable to manage with cashflow management to continue in operation, the Group would be obliged to raise 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 2018 are:

- Management override of controls;
- Valuation and classification of the Group's intangible mining assets;
- Going concern;
- Revenue Recognition; and
- Changes in mining laws.

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 Management could be in a position to override control which otherwise appear to operating effectively.	We performed management override procedures, which included but are 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. Based on our audit work detailed above, we have nothing material to report on, or draw attention to in respect of these matters.
Valuation and classification of the group's intangible mining assets Intangible assets relate to prospecting and mining licences. These licences are key to the future trade of the Group, therefore there is a risk that the assets are impaired.	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. • Considering the groups resources, coal processing capacity, and sales margins. • Consideration of whether treatment of mining assets are in accordance with IFRS. Based on our audit work detailed above, we have nothing material to report on, or draw attention to in respect of these matters.
Going concern The Group is currently loss making and the going concern assumption may rest on the Groups ability to meet is sales forecasts and/or raise funds.	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 2020. • Evaluating the assumptions used in cash flow forecasts. • Considering post year end sales levels. • Reviewing post year end coal prices. • Considering the share price of the company and its ability to raise finance if required. • Reviewing post year end announcements and board minutes. Based on our audit work detailed above, we refer you to our material uncertainty paragraph on page 24 of the 2018 Annual Report.

Independent Auditors' Report – Group

to the members of Edenville Energy plc

Area of focus	How our audit addressed the area of focus
Revenue Recognition The Group has started to earn revenues therefore there is a risk that revenue recognition is not in accordance with IFRS.	In considering revenue recognition, our procedures included, but were not limited to, the following: • Agreeing sales prices and quantities to key sales contracts • Considering the point of revenue recognition and whether sales had been recognised in accordance with the policy • Considering whether the cut off of sales was materially correct • Ensuring revenue has been recognised in accordance with IFRS15 • Considering the point at which the Group entered into production and the relevant treatment of test sales prior to this Based on our audit work detailed above, we have nothing material to report on, or draw attention to in respect of these matters.
Changes in Tanzanian Mining Laws There have been some changes to Tanzanian mining laws which could have an impact on the future trading of the Group.	In considering compliance with Tanzanian mining laws, our procedures included, but were not limited to, the following: • Discussing the implications of amendments to Tanzanian mining laws with the directors. • Reviewing post year end announcements and board minutes. • Evaluating management's assessment of the impact of these laws. • Research into further changes in Tanzanian Mining laws and how they may impact the Group. Based on our audit work detailed above, we have nothing material to report on, or draw attention to in respect of these matters.

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.

Independent Auditors' Report – Group

to the members of Edenville Energy plc

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 16 of the 2018 Annual Report, 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.

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.

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

20 June 2019

Edenville ENERGY PLC

Group Statement of Comprehensive Income

for the year ended 31 December 2018

	Note	2018 £	2017 £
Revenue		337,125	–
Cost of sales		(1,191,312)	–
Gross loss		(854,187)	–
Administration expenses	6	(839,515)	(927,640)
Share based payments	25	(76,319)	(155,077)
Written off intangible assets	15	–	(104,211)
Group operating loss		(1,770,021)	(1,186,928)
Finance income	10	529	864
Finance costs	11	(16,212)	–
Loss on operations before taxation		(1,785,704)	(1,186,064)
Income tax	12	–	–
Loss for the year		(1,785,704)	(1,186,064)
Other comprehensive (loss)/income			
Loss/(gain) on translation of overseas subsidiary		378,531	(553,211)
Total comprehensive loss for the year		(1,407,173)	(1,739,275)
Attributable to:			
Equity holders of the Company		(1,404,725)	(1,738,557)
Non-controlling interest		(2,448)	(718)
Loss per Share (pence)			
Basic and diluted loss per share	13	(0.12)	(0.11)

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 2018

	Note	2018 £	2017 £
Non-current assets			
Property, plant and equipment	14	1,139,031	1,059,583
Intangible assets	15	5,775,829	5,071,318
		6,914,860	6,130,901
Current assets			
Inventories	16	256,082	–
Trade and other receivables	17	396,671	299,666
Cash and cash equivalents	18	160,042	951,078
		812,795	1,250,744
Current liabilities			
Trade and other payables	19	(556,063)	(146,797)
Convertible loan notes	20	(288,118)	–
		(844,181)	(146,797)
Current assets less current liabilities		(31,386)	1,103,947
Total assets less current liabilities		6,883,474	7,234,848
Non-current liabilities			
Convertible loan notes	20	(282,076)	–
		6,601,398	7,234,848
Equity			
Called-up share capital	21	2,722,036	2,679,750
Share premium account		18,566,642	17,910,928
Share option reserve		275,463	309,943
Foreign currency translation reserve		933,496	554,965
Retained earnings		(15,884,731)	(14,212,274)
Attributable to the equity shareholders of the company		6,612,906	7,243,312
Non-controlling interests		(11,508)	(8,464)
Total equity		6,601,398	7,234,848

The financial statements were approved by the board of directors and authorised for issue on 20 June 2019 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 2018

	Equity Interests							
	Share Capital £	Share Premium £	Retained Earnings Account £	Share Option Reserve £	Foreign Currency Reserve £	Total £	Non-controlling interest £	Total £
At 1 January 2017	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 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
Issue of share capital	42,286	697,714	–	–	–	740,000	–	740,000
Cost of share issue	–	(42,000)	–	–	–	(42,000)	–	(42,000)
Share options/warrants charge	–	–	–	76,319	–	76,319	–	76,319
Cancellation of share options	–	–	110,799	(110,799)	–	–	–	–
Foreign currency translation	–	–	–	–	378,531	378,531	(746)	377,785
Loss for the year	–	–	(1,783,256)	–	–	(1,783,256)	(2,448)	(1,785,704)
Non- controlling interest share of goodwill	–	–	–	–	–	–	150	150
At 31 December 2018	2,722,036	18,566,642	(15,884,731)	275,463	933,496	6,612,906	(11,508)	6,601,398

Group Cash Flow Statements

for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Cash flows from operating activities			
Operating loss		(1,770,021)	(1,186,928)
Impairment of tangible & intangible non-current assets		–	104,211
Depreciation		229,732	65,726
Amortisation		57,928	–
Share based payments		76,319	155,077
Increase in inventories		(256,082)	–
Increase in trade and other receivables		(77,196)	(149,109)
Increase in trade and other payables		390,069	21,905
Foreign exchange differences		37,584	(142,174)
Net cash outflow from operating activities		(1,311,667)	(1,131,292)
Cash flows from investing activities			
Purchase of exploration and evaluation assets		(468,145)	(882,649)
Purchase of property, plant and equipment		(259,601)	(1,104,381)
Finance income		529	864
Net cash used in investing activities		(727,217)	(1,986,166)
Cash flows from financing activities			
Proceeds from issue of convertible loan notes		548,853	–
Proceeds from issue of ordinary shares		740,000	3,985,515
Share issue costs		(42,000)	(162,500)
Net cash inflow from financing activities		1,246,853	3,823,015
Net increase/(decrease) in cash and cash equivalents		(792,031)	705,557
Cash and cash equivalents at beginning of year		951,078	246,120
Effect of foreign exchange rate changes on cash and cash equivalents		995	(599)
Cash and cash equivalents at end of year	18	160,042	951,078

Notes to the Group Financial Statements

for the year ended 31 December 2018

1 General Information

Edenville Energy Plc is a public limited company incorporated in England and Wales. 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 of the 2018 Annual Report.

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 58.

Going concern

At 31 December 2018 the Group had cash balances totalling £160,042.

The Group meets its day to day working capital requirements through the sale of its coal resource, and monies raised in follow-on offerings. The Group's forecasts and projections indicate that the Group has sufficient cash reserves to operate within the level of its current facilities. These forecasts are based upon expected saleable levels of production.

Expenditure on excavation is related to the level of orders and both head office costs and Tanzanian administration costs can be reduced if it is found that order levels together with available cash resources are insufficient to meet the Group's working capital needs.

Whilst it is the Group's intention to rely on the available cash reserves, future income generated and if required reductions in its cost base, a negative variance in the forecasts and projections would make the Group's ability to continue as a going concern dependent on an additional fund raise. If the Group's forecasts are not achieved, the Directors would seek to raise the additional funds through equity issues which would be dependent upon investor appetite. After making enquiries, the Directors have a reasonable expectation that the Group has adequate resources to continue in operational existence for the foreseeable future.

The Company therefore continues to adopt the going concern basis in preparing both its consolidated financial statements and for its own financial statements.

2 Group Accounting Policies continued

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 3, IFRS 11	Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)	1 January 2019*
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
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 1 January 2019
IAS 28	Long-term interests in associates and joint venture	1 January 2019

* Not yet endorsed by the European Union.

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.

The Group has applied IFRS 15 and IFRS 9 from 1 January 2018. As a result of the adoption of these standards, there has been a change to the significant accounting policies.

Due to the transition methods adopted by the Group in applying these standards, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standards.

Both of the standards did not have a significant impact on the Group's financial statements.

(i) IFRS 15 Revenue from Contracts with Customers

IFRS 15 establishes a comprehensive framework for determining how much and when revenue is recognised. Under IFRS 15, revenue is recognised when a customer obtains control of the goods or services. Determining the timing of the transfer of control at either a point in time or over a period of time requires judgement.

The Group has adopted IFRS 15 using the cumulative effect method (without practical expedients), with effect on initially applying this standard on 1 January 2018. Accordingly, the information presented in 2017 has not been restated.

Revenue is measured based on the consideration specified in a contract with a customer. The Group recognises revenue when it transfers control over goods to a customer.

2 Group Accounting Policies continued

The following table provides information about the nature and timing of the satisfaction of performance obligations in contracts with customers, including significant payment terms and related revenue recognition policies.

Type of product	Nature and timing of satisfaction of performance obligation including significant payment terms	Revenue recognition under IFRS 15	Revenue recognition under IAS 18
Sale of coal	Customers obtain control of coal when the goods leave the Group's premises after being checked at the weigh bridge for verification of coal tonnage (the Group does not arrange for transport). Invoices are generated at that point in time. For those specific contracts where the entity has an order to supply specific contracts, where the entity has an order to supply specific tonnage of coal per month, payments are made on account. For other one-off customers, payments are first made before coal is sold.	Revenue is recognised when coal has been loaded in the customer's truck and the delivery note has been signed by the customer's driver.	The Group started selling commercial washed coal during the year. Hence IAS 18 was not applicable in prior years.

(ii) IFRS 9 Financial Instruments

Classification and measurement of financial instruments

IFRS 9 contains three principal classification categories for financial assets measured at amortised costs, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying value under IAS 39 £	New carrying value under IFRS 9 £
Assets				
Trade receivables	Loans and receivables	Amortised cost	–	–
Other receivables	Loans and receivables	Amortised cost	288,944	288,944
Cash and cash equivalents	Loans and receivables	Amortised cost	951,078	951,078
Liabilities				
Trade and other payables	Other financial liabilities	Amortised cost	139,795	139,795

Impairment of financial assets

IFRS 9 replaces the "incurred loss" model is IAS 39 with the "expected credit loss" model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

There has not been a significant impact on the Group as at 1 January 2018 as a result of adopting IFRS 9.

2 Group Accounting Policies continued

Share based payments

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

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

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

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

Basis of consolidation

The Group's financial statements consolidate the financial statements of Edenville Energy Plc and all its subsidiary undertakings (Edenville International (Seychelles) Limited, Edenville International (Tanzania) Limited and Edenville Power (TZ) Limited) made up to 31 December 2018. 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.

2 Group Accounting Policies continued

Revenue recognition

Revenue from the sale of energy commodities is recognised upon delivery of goods to the customers.

The Group recognises sales revenue related to the transfer of goods when control of the goods passes to the customer. The amount of revenue recognised reflects the consideration to which the Group is or expects to be entitled in exchange of those goods.

Sales revenue is recognised on individual sales when control transfers to the customer. In most cases, control passes and sales revenue is recognised when goods leave the entity's premises after being checked at the weighbridge for verification of coal tonnage.

Interest income is recognised on a proportional basis taking into account the effective interest rates applicable to the financial assets.

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.

Financial instruments

The Group has elected to apply the limited exemption in IFRS 9 relating to classification, measurement and impairing requirements for financial instruments, and accordingly comparative periods have not been restated and remain in line with the previous standard IAS 39 "Financial Instruments: Recognition and Measurement"; For further understanding of the impact of the transition to IFRS 9, refer to note 2.

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.

Classification and measurement

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through the income statement (FVPL) and those to be held at amortised cost.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows.

Management determines the classification of financial assets at initial recognition. The Group's policy with regard to financial risk management is set out in note 3. Generally, the Group does not acquire financial assets for the purpose of selling in the short term.

The Group's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows). When the Group enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

2 Group Accounting Policies continued

Financial Assets held at amortised cost

The classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the "solely payments of principal and interest" (SPPI) criteria.

At initial recognition, trade receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs, they are subsequently measured at amortised costs using the effective interest method. Any gain or loss on derecognition or modification of a financial asset held at amortised cost is recognised in the income statement.

Financial Assets held at fair value through other comprehensive income (FVOCI)

The classification applies to the following financial assets:

- Debt instruments that are held under a business model where they are held for the collection of contractual cash flows and also for sale ("collect and sale") and which have cash flows that meet the SPPI criteria. An example would be where trade receivable invoices for certain customers were factored from time to time. All movements in the fair value of these financial assets are taken through comprehensive income , except for the recognition of impairment gains and losses, interest revenue (including transaction costs by applying the effective interest method), gains or losses arising on derecognition and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified to the income statement.
- Equity investments where the Group has irrevocably elected to present fair value gains and losses on revaluation of such equity investments, including any foreign exchange component, are recognised in other comprehensive income. When equity investment is derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income to the income statement. Dividends are recognised in the income statement when the right to receive payment is established.

Financial Assets held at fair value through profit or loss (FVPL)

The classification applies to the following financial assets. In all cases, transaction costs are immediately expensed to the income statement.

- Debt instruments that do not meet the criteria of amortised costs or fair value through other comprehensive income.
- Equity investments which are held for trading or where the FVOCI election has not been applied. All fair value gains or losses and related dividend income are recognised in the income statement.
- Derivatives which are not designated as a hedging instrument. All subsequent fair value gains or losses are recognised in the income statement.

Financial liabilities

Borrowings and other financial liabilities (including trade payables but excluding derivative liabilities) are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised costs.

Impairment of financial assets

A forward looking expected credit loss (ECL) review is required for: debt instruments measured at amortised costs are held at fair value through other comprehensive income: loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by IFRS9, the group applies the "simplified approach" to trade receivable balances and the "general approach" to all other financial assets. The general approach incorporates a review for any significant increase in counter party credit risk since inception. The ECL reviews including assumptions about the risk of default and expected loss rates. For trade receivables, the assessment takes into account the use of credit enhancements, for example, letters of credit. Impairments for undrawn loan commitments are reflected as a provision.

2 Group Accounting Policies continued

Inventories

Inventories are measured at the lower of costs and net realisable value. The cost of inventory is based on the average period over the relevant period of production and includes expenditure in accumulating the inventories, production costs and other costs incurred in bringing them to their existing location and condition. Stockpiles tonnages are verified by periodic surveys.

Cost is based on Average costing principle and includes expenditure incurred in acquiring the inventories and bringing them to their existing location and condition plus appropriate share of overheads based on normal operating capacity.

The Company performs inventory obsolescence at each reporting date. In determining whether inventories are obsolete, the Company assesses the age at which inventories held in the store in order to make an assessment of the inventory write down to net realisable value.

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.

Convertible loan notes

The component parts of convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined be deducting the amount of the liability component from the fair value of the convertible loan notes as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

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 or 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.

2 Group Accounting Policies continued

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.

Exploration and evaluation, Development and production 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.

2 Group Accounting Policies continued

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.

Depletion of Development and Production Assets

The net carrying amount of development and production assets is depleted using the unit of production method by reference to the ration of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. If the useful life of the asset is less than the reserve life, in which case the asset is depreciated over its estimate life using the straight-line method.

Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers. Changes in factors such as estimates of reserves that affect unit of production calculations are dealt with on a prospective basis. Capital costs for assets under construction included in development and production assets are excluded from depletion until the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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.

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.

2 Group Accounting Policies continued

The net carrying amount of development or production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related proven and probable reserves, taking into account estimated future development costs necessary to bring those reserves into production. If the useful life of the asset is less than the reserve life, in which case the asset is depreciated over its estimated useful life using the straight-line method.

Future development costs are estimated taking into account the level of development required to produce the reserves. These estimates are reviewed by independent reserve engineers. Changes in factors such as estimates of reserves that affect unit-of-production calculations are dealt with on a prospective basis. Capital costs for assets under construction included in development and production assets are excluded from depletion until the asset is available for use, that is, when it is in the location and condition necessary for it to be capable of operating in the manner intended by management.

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;
- 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.

4 Critical accounting estimates and areas of judgement continued

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.

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/or development assets is £5,443,363 (2017: £4,757,087) and the carrying value of goodwill is £332,466 (2017: £314,231).

Classification of exploration and evaluation, development and production 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. The Directors considered that this stage was reached in April 2018.

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.

Depletion of Development and Production Assets

The net carrying amount of development and production assets is depleted using the unit of production method by reference to the ratio of production in the year to the related measured and indicated resources. Measured and indicated resources are based on a JORC compliant resource estimate carried out in 2013.

Notes to the Group Financial Statements

5 Segmental information

The Board considers the business to have one reportable segment being Coal exploration and development projects.

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 £	Other £	Total £
2018			
Consolidated Income Statement			
Revenue – Tanzania	275,226	–	275,226
Revenue – other	61,899	–	61,889
Cost of sales (excluding depreciation and amortisation)	(868,549)	–	(868,549)
Impairment of stock	(8,492)	–	(8,492)
Depreciation	(226,343)	–	(226,343)
Depletion of development assets	(87,928)	–	(87,928)
Gross profit	(854,187)		(854,187)
Administrative expenses	(131,990)	(702,930)	(834,920)
Share based payment	–	(76,319)	(76,319)
Depreciation	(3,805)	(790)	(4,595)
Group operating loss	(989,982)	(780,039)	(1,770,021)
Finance income	–	529	529
Finance cost	–	(16,212)	(16,212)
Loss on operations before taxation	(989,982)	(795,722)	(1,785,704)
Income tax	–	–	–
Loss for the year	(989,982)	(795,722)	(1,785,704)
2017			
Consolidated Income Statement			
Intangible assets written off	(104,210)	–	(104,210)
Share based payments	–	(155,077)	(155,077)
Other expenses	(22,702)	(735,002)	(757,704)
Write off of evaluation and exploration assets	(104,211)	–	(104,211)
Depreciation	(64,673)	(1,053)	(65,726)
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)

Notes to the Group Financial Statements

5 Segmental information continued

By Business Segment

	Carrying value of segment assets		Additions to non-current assets and intangibles		Total liabilities	
	2018	2017	2018	2017	2018	2017
	£	£	£	£	£	£
Coal	7.568,618	6,421,089	727,746	1,987,031	414,289	92,898
Other	159,037	960,556	–	–	711,967	53,899
	7,727,655	7,381,645	727,746	1,987,031	1,126,256	146,797

By Geographical Area

	£	£	£	£	£	£
Africa (Tanzania)	7,568,618	6,421,089	727,746	1,987,031	414,289	92,898
Europe	159,037	960,556	–	–	711,967	53,899
	7,727,655	7,381,645	727,746	1,987,031	1,126,256	146,797

Information about major customers

Included in revenues arising from the sale of coal are revenues of £220,558 (2017: £Nil) which arose from sales to the Group's largest customer based in Tanzania. No other single customer contributed 10% or more to the Group's revenue in either 2018 or 2017.

6 Administration expenses

	2018 £	2017 £
Staff costs	232,858	356,805
Other expenses	606,657	570,835
	839,515	927,640

7 Auditors' remuneration

	2018 £	2017 £
Fees payable to the Company's auditor for the audit of the parent company and consolidated accounts	30,000	30,000

8 Employees

	2018 £	2017 £
Wages and salaries	212,873	221,552
Share based payments	–	113,686
Social security costs	18,825	20,732
Pensions	1,160	835
	232,858	356,805

Included within Development expenditure/Exploration and evaluation assets (note 15) are capitalised wages and salary costs of £241,458 (2017: £212,572).

Notes to the Group Financial Statements

8 Employees continued

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

	2018	2017
Administration and mining	7	5
Mining	31	5
	38	10

9 Directors' remuneration

	2018 £	2017 £
Emoluments	211,000	221,000
Shared based payments	–	113,686
Pensions	1,160	835
	212,160	335,521

The highest paid director received remuneration of £130,702 (2017: £197,260).

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

Remuneration of key management personnel

The remuneration of the directors and other key management personnel is set out below:

	2018 £	2017 £
Emoluments	255,935	267,583
Shared based payments	–	113,686
Pensions	1,160	835
	257,095	382,104

10 Finance income

	2018 £	2017 £
Interest income on short-term bank deposits	529	864
	529	864

11 Finance Costs

	2018 £	2017 £
Interest on convertible loan notes	11,496	–
Convertible loan finance costs	4,716	–
	16,212	–

12 Income tax

	2018 £	2017 £
Current tax:		
Current tax on loss for the year	–	–
Total current tax	–	–
Deferred tax		
On write off/impairment on intangible assets	–	–
Tax charge for the year	–	–

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 £6,256,070 (2017: £5,550,871).

A deferred tax asset of £1,063,129 (2017: £943,110) calculated at 17% (2017: 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:

	2018 £	2017 £
Loss on ordinary activities before tax	(1,785,704)	(1,186,064)
Expected tax credit at standard rate of UK Corporation Tax 19% (2017: 19%)	(339,284)	(225,352)
Disallowable expenditure	24,372	87,667
Movement in deferred tax not recognised	314,912	137,685
Tax charge for the year	–	–

13 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.

	2018 £	2017 £
Net loss for the year attributable to ordinary shareholders	(1,785,704)	(1,186,064)
Weighted average number of shares in issue	1,476,497,888	1,106,162,059
Basic and diluted loss per share	(0.12p)	(0.11p)

Notes to the Group Financial Statements

14 Property, plant and equipment

	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

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2018	1,111,852	7,184	89,709	1,208,745
Additions	259,601	–	–	259,601
Foreign exchange adjustment	64,088	176	4,237	68,501
As at 31 December 2018	1,435,541	7,360	93,946	1,536,847
Depreciation				
As at 1 January 2018	64,873	6,719	77,570	149,162
Charge for the year	226,551	115	3,066	229,732
Foreign exchange adjustment	14,986	176	3,760	18,922
As at 31 December 2018	306,410	7,010	84,396	397,816
Net book value				
As at 31 December 2018	1,129,131	350	9,550	1,139,031

Plant and machinery depreciation amounting to £226,343 is included within cost of sales as it relates to mining equipment.

Notes to the Group Financial Statements

15 Intangible assets

	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

	Development and Production Expenditure £	Goodwill £	Total £
Cost or valuation			
As at 1 January 2018	4,757,087	1,485,965	6,243,052
Additions	468,145	–	468,145
Foreign exchange adjustment	276,059	86,232	362,291
At 31 December 2018	5,501,291	1,572,197	7,073,488
Accumulated depletion, amortisation and impairment			
As at 1 January 2018	–	1,171,734	1,171,734
Depletion of development and production assets	57,928	–	57,928
Foreign exchange adjustment	–	67,997	67,997
At 31 December 2018	57,928	1,239,731	1,297,659
Net book value			
As at 31 December 2018	5,443,363	332,466	5,775,829

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.

Notes to the Group Financial Statements

15 Intangible assets continued

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 has 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.

During 2018 the company transitioned from development to production on its Mkomolo licence ML562/2016.

The Directors carried out an impairment review on reclassification of exploration and evaluation assets to development and production assets.

Development and production assets have a finite useful economic life. These assets are depleted on the unit of production method based on measured and indicated resources as described in note 2.

Goodwill has a finite life and is reviewed for impairment annually.

16 Inventories

	2018 £	2017 £
ROM stockpiles	11,493	–
Fines	238,881	–
Washed coal	5,708	–
	256,082	–

The cost of inventories recognised as an expense during the year in was £853,388 (2017: £Nil).

Inventory of washed coal has been reduced by £8,492 as a result of write-downs to net realisable value. This write down is recognised as an expense during the year.

17 Trade and other receivables

	2018 £	2017 £
Trade Receivables	53,941	7,163
Less: provision for impairment of trade receivables	(27,900)	–
Trade receivables – net	26,041	7,163
Other receivables	77	70
VAT receivable	368,579	281,711
Prepayments	1,974	10,722
	396,671	299,666

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 recover the above VAT from sales of commercial coal.

Notes to the Group Financial Statements

18 Cash and cash equivalents

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

	2018 £	2017 £
Cash at bank and in hand	160,042	951,078

19 Trade and other payables

	2018 £	2017 £
Trade and other payables	366,175	22,398
Social security costs and other taxes	6,980	7,002
Accruals and deferred income	182,908	117,397
	556,063	146,797

20 Convertible loan notes

	2018 £	2017 £
Current liabilities		
Convertible loan notes	288,118	–
Non-current liabilities		
Convertible loan notes	282,076	–
	570,194	–

In November 2018 $750,000 conditionally convertible loan notes were issued: the face value of these convertible securities is $900,000. A commitment fee of £37,500, which has been offset against the proceeds of issue of the convertible loan notes, was payable by the Company as well as issuing share options over 99,568,966 ordinary shares exercisable for 4 years at a conversion price on 0.29p per share. The company is required to make repayments of $45,000 over 20 months commencing in February 2019. If repayments are made in cash, then an additional 3% is payable on the $45,000. The company may elect to make the repayment in its shares priced at 90% of the average five day Volume Weighted Average Price (VWAP) chosen by the investor during the 20 days before issuance, or a combination of both.

The company has the option to buy back the entire outstanding face value at any time at a premium of 5%. If this right is exercised the investor has an option to convert 25% of the face value into shares at the lesser of the repayment price or 0.29p per share. The repayment price being 130% of the 10-day VWAP immediately prior to the company entering the Convertible Agreement.

In addition to the above the investor was offered 36,000,000 collateral shares which were issued by the company on 20 February 2019.

Notes to the Group Financial Statements

21 Share capital

	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	–	–	193
Ordinary shares issued at 0.77p in lieu of consultancy services	1,948,051	390	–	–	390
Ordinary shares issued on exercise of warrants at 0.80p	1,375,000	275	–	–	275
Ordinary shares issued on exercise of warrants at 0.60p	5,555,555	1,111	–	–	1,111
Ordinary shares issued on exercise of warrants at 0.54p	34,699,778	6,940	–	–	6,940
On 31 January 2017 Ordinary shares issued on exercise of warrants at 0.80p	3,304,167	661	–	–	661
On 6 February 2017Ordinary shares issued on exercise of warrants at 0.80p	612,500	122	–	–	122
On 7 February 2017 Ordinary shares issued on exercise of warrants at 0.80p	6,625,002	1,325	–	–	1,325
On 7 February 2017 Ordinary shares issued on exercise of warrants at 0.60p	14,999,780	3,000	–	–	3,000
On 23 February 2017 the company issued shares at 0.80p each	22,781,732	4,557	–	–	4,557
On 17 March 2017 the company issued shares at 0.80p each	227,218,268	45,443	–	–	45,443
20 March 2017 Ordinary shares issued on exercise of warrants at 0.60p	10,000,000	2,000	–	–	2,000
29 March 2017 Ordinary shares issued on exercise of warrants at 0.60p	2,777,778	556	–	–	556
On 16 June 2017 Ordinary shares issued on exercise of warrants at 0.60p	14,722,442	2,945	–	–	2,945
On 23 June 2017 Ordinary shares issued on exercise of warrants at 0.54p	4,273,505	855	–	–	855
On 26 September 2017 Ordinary shares issued on exercise of warrants at 0.54p	21,924,153	4,385	–	–	4,385
On 9 October 2017 Ordinary shares issued on exercise of warrants at 0.60p	208,333,333	41,667	–	–	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 Group Financial Statements

21 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
Issued and fully paid					
At 1 January 2018	1,336,317,797	267,265	241,248,512,346	2,412,485	2,679,750
On 3 May 2018 Ordinary shares issued at 0.35p	211,428,572	42,286	–	–	42,286
As at 31 December 2018	1,547,746,369	309,551	241,248,512,346	2,412,485	2,722,036

22 Capital and reserves attributable to shareholders

	2018 £	2017 £
Share capital	2,722,036	2,679,750
Share premium	18,566,642	17,910,928
Other reserves	1,208,959	864,908
Retained deficit	(15,884,876)	(14,212,274)
Total equity	6,612,761	7,243,312

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

23 Capital management policy

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

Notes to the Group Financial Statements

24 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

	2018 £	2017 £
Financial assets		
Receivables at amortised cost including cash and cash equivalents:		
Cash and cash equivalents	160,042	951,078
Trade and other receivables	394,697	288,944
Total	554,739	1,240,022
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	549,082	139,795
Convertible loan notes	570,194	–
	1,119,276	139,795
Net	(565,537)	1,100,227

Cash and cash equivalents

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

General risk management principles

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

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

Interest rate risk

The Group only interest-bearing asset is cash invested on a short-term basis which attracts interest at the bank's variable interest rate.

The Group is exposed to interest rate risk through its convertible loan notes, its only interest-bearing liabilities. The level of interest payable will vary depending on whether the repayments are made with shares or in cash. The effective interest rate based on repayments of $45,000 per month is 17.93%. If repayments are made in cash then the monthly repayments increase by 3% giving an effective interest rate of 20.95%, excluding transaction costs.

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.

VAT receivable is owed to Edenville International (Tanzania) Limited which is only recoverable against future sales made by Edenville International (Tanzania) Limited. The Group expects to recover the above VAT from sales of commercial coal.

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 2018 is the carrying value of financial assets recorded in the financial statements.

24 Financial instruments continued

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 £715,195.

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.

The tables below summarise the maturity profit of the combined Group's non-derivative financial liabilities at each financial year end based on contractual undiscounted payments:

2017

	Less than 1 year	1-2 years	2-5 years
Borrowings (current and non – current)	–	–	–
Trade payables	12,394	–	–
Other payables	17,006	–	–
Accruals	117,397	–	–
	146,797		

2018

	Less than 1 year	1-2 years	2-5 years
Convertible loan notes (current and non – current)	288,118	282,076	–
Trade payables	333,940	–	–
Other payables	39,215	–	–
Accruals	182,908	–	–
	844,181	282,076	

25 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 2018
21 October 2013	5.00p	6,011,481
28 March 2017	1.08p	42,000,000
5 November 2018	0.29p	99,568,966

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, 32,000,000 were issued to the Directors and a member of senior management and 8,000,000 to two engineers, 4,000,000 of which lapsed during the year.

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 of which 4,000,000 have lapsed during the year were granted to two 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.

During the year on the issue of convertible loan notes (see note 20), 99,568,966 options were issued to the investor. These options are exercisable over a 4-year period at an exercise price of 0.29p

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	5 November 2018
Expected volatility	85%	131%	70%
Expected life	4 years	3 years	4
Risk-free interest rate	1.23%	0.37%	0.96%
Expected dividend yield	–	–	–
Possibility of ceasing employment before vesting	–	–	–
Fair value per option	0.09p	0.56p/0.42p/0.28p	0.08p

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 2018 was £76,319 (2017: £155,077).

25 Equity-settled share-based payments continued

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

	2018 Number of options	2018 Weighted average exercise price per share pence	2017 Number of options	2017 Weighted average exercise price per share pence
At 1 January	52,011,481	1.53	6,011,481	5.00
Granted	99,568,966	0.29	46,000,000	1.08
Exercised	–	–	–	–
Cancelled	(4,000,000)	1.08	–	–
At 31 December	147,580,447	0.71	52,011,481	1.53
Exercisable at year end	118,247,114		18,678,148	

The weighted average remaining contractual life of options as at 31 December 2018 was 3.42 years (2017: 4.42 years).

Warrants

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

	2018 Number of options	2018 Weighted average exercise price per share pence	2017 Number of options	2017 Weighted average exercise price per share
At 1 January	241,666,667	0.96	142,286,325	0.62
Granted	–	–	241,666,667	0.96
Exercised	–	–	(120,869,661)	0.59
Cancelled/expired	(241,666,667)	(0.96)	(21,416,664)	0.80
At 31 December	–	–	241,666,667	0.96

The weighted average remaining contractual life of warrants as at 31 December 2018 was Nil years (2017: 0.69 years).

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

26 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

Notes to the Group Financial Statements

27 Related Party Transactions

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 £1,435,463 (2017: £2,413,192) 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 £8,565,706 (2017: £7,130,243). This amount has been included within loans to subsidiaries.

Included in trade creditors at year end is an amount of £Nil (2017: £1,639) owed to Rufus Short, a director, in respect of expenses incurred on behalf of the company.

Also included in trade creditors is an amount of £13,500 (2017: £Nil) owed to Aaridhi Consultants in respect of Directors fees for Arun Srivastava.

At the year end the Company was owed £3,712 (2017: £3,712) by its subsidiary Edenville International (Seychelles) Limited.

At the year end the Company was owed £6,340 (2017: £6,340) by its subsidiary Edenville Power Tz Limited.

28 Events after the reporting date

On 20 February 2019 the company issued 36,000,000 ordinary shares of 0.02p each at par, being collateral shares issued to the investor for advancing funds (see note 20).

On 20 February 2019 the company issued 64,515,192 ordinary shares of 0.02p for 0.12p each. Of these shares 8,333,333 and 12,500,000 were issued to the Directors Rufus Short and Jeffrey Malaihollo respectively.

On 29 April 2019 the company raised £100,000 by issuing 500,000,000 new ordinary shares of 0.02p each and has conditionally raised a further £410,000 before expenses by conditionally placing 2,050,000,000 new ordinary shares at 0.02p each.

In April 2019, the company agreed a repayment holiday up to September 2019 in respect of the convertible loan notes disclosed in note 20 to the accounts. As a condition of granting the repayment holiday the repayment due at the time, $855,000, was increased by 15% to $983,250.

In May, the company issued 213,980,200 to the Directors at 0.02p each in lieu of unpaid salary.

29 Financial commitments

The Group has future aggregate minimum lease payments under non- cancellable operating leases of $43,472 (2017: $35,257) and required expenditure of $Nil (2017: $16,125) in respect of its licences for the forthcoming year.

30 Ultimate Controlling Party

The Group considers that there is no ultimate controlling party.

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 2018 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 2018;
- 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 Company to continue as a going concern. The Company's forecasts and projections indicate that the Group has sufficient cash reserves to operate within the level of its current facilities until such time as its subsidiary company is profitable from the sale of its coal resources thereby allowing it to fund the Company's operations. However, if there are any material variances to the forecast which it is unable to manage with cashflow management to continue in operation, the Company would be obliged to raise additional funds within twelve months of the date of approval of these financial statements. The ability of the Company 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 2018 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 page 24:

- Management override
- Going concern

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 company, capped at 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	Refer to our report on the Group financial statements on page 24.
Going concern	Refer to our report on the Group financial statements on page 24.
Valuation of the parent company's investments in, and loans to, subsidiaries There is a significant investment in Edenville International (Tanzania) Limited. The value of the investment is invariably linked to the value of the licences held in Tanzania. There is a risk that the value in use is below the book value of the investment.	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. • Considering the Groups resources, coal processing capacity, and sales margins. Based on our audit work detailed above, we draw your attention to the disclosure regarding the recoverable amount of investments on page 72.

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.

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 16, the directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view, 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.

Gary Miller (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

20 June 2019

Edenville
ENERGY PLC

Company Statement of Financial Position

as at 31 December 2018

	Note	2018 £	2017 £
Non-current assets			
Investment in subsidiaries	4	15,612,729	14,173,752
Property, plant & equipment	5	2,371	3,161
		15,615,100	14,176,913
Current assets			
Trade and other receivables	6	18,553	21,650
Cash and cash equivalents	7	140,483	938,906
		159,036	960,556
Current liabilities			
Trade and other payables	8	148,112	60,235
Convertible loan notes	9	288,118	–
		436,230	60,235
Current assets less current liabilities		(277,194)	900,321
Total assets less current liabilities		15,337,906	15,077,234
Non-Current liabilities			
Convertible loan notes	9	282,076	–
Net Assets		15,055,830	15,077,234
Equity			
Called-up share capital	10	2,722,036	2,679,750
Share premium account		18,566,642	17,910,928
Share option reserve		275,463	309,943
Profit and loss account		(6,508,311)	(5,823,387)
Total equity		15,055,830	15,077,234

The financial statements were approved by the board of directors and authorised for issue on 20 June 2019 and signed on its behalf by:

Rufus Short
Director

Company registration number: 05292528

Company Statement of Changes in Equity

for the year ended 31 December 2018

	Share Capital £	Share Premium £	Retained Earnings Account £	Share Option Reserve £	Total £
At 1 January 2017	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
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
Issue of share capital	42,286	697,714	–	–	740,000
Cost of issue	–	(42,000)	–	–	(42,000)
Share option/warrants charge	–	–	–	76,319	76,319
Cancellation of share options	–	–	110,799	(110,799)	–
Total comprehensive loss for the year	–	–	(795,723)	–	(795,723)
At 31 December 2018	2,722,036	18,566,642	(6,508,311)	275,463	15,055,830

Edenville
ENERGY PLC

Company Cash Flow Statement

for the year ended 31 December 2018

	Note	Year ended 31 December 2018 £	Year ended 31 December 2017 £
Cash flows from operating activities			
Operating loss		(796,250)	(891,132)
Depreciation		790	1,054
Share based payments		76,319	155,077
Finance costs		16,212	–
Foreign exchange losses		5,127	–
Decrease in trade and other receivables		3,097	1,546
Increase in trade and other payables		87,877	15,675
Net cash outflow from operating activities		(606,828)	(717,780)
Cash flows from investing activities			
Finance income		529	864
Capital introduced to subsidiaries		(1,438,977)	(2,413,192)
Net cash outflow from investing activities		(1,438,448)	(2,412,328)
Cash flows from financing activities			
Proceeds from the issue of convertible loan notes		548,853	–
Proceeds from issue of ordinary shares		740,000	3,985,516
Share issue costs		(42,000)	(162,500)
Net cash inflow from financing activities		1,246,853	3,823,016
Net (decrease)/increase in cash equivalents		(798,423)	692,908
Cash and cash equivalents at beginning of year		938,906	245,998
Cash and cash equivalents at end of year	7	140,483	938,906

Notes to the Company's Financial Statements

for the year ended 31 December 2018

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 £795,723 (2017: £890,268).

Going concern

At 31 December the Company had cash balances of £140,483.

The Company meets it's day to day working capital requirement from it's own cash reserves and monies raised in follow on offerings. The Company's forecast and projections indicate that the Company has sufficient cash reserves to operate within the level of its current facilities until such time as its subsidiary company is profitable from the sale of its coal resources thereby allowing it to fund the Company's operations.

The Company's costs can be reduced if it is found that the subsidiary company's levels of orders together with available cash resources are insufficient to meet its working capital needs.

Whilst it is the Company's intention to rely on it's available cash reserves, and future income generated from its subsidiary, and if required a reduction in its cost base, a negative variance in the Company and the Groups forecasts and projections would make the Company's ability to continue as a going concern dependent on an additional fund raise. If the Company's and Group's forecasts are not achieved, the Directors would seek to raise the additional funds through equity issues which would be dependent upon investor appetite. After making enquiries, the Directors have a reasonable expectation that the company has adequate resources to continue in operational existence for the foreseeable future.

The company therefore continues to adopt the going concern basis in preparing its own 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 3, IFRS 11	Amendments resulting from Annual Improvements 2015-2017 Cycle (remeasurement of previously held interest)	1 January 2019*
IFRS 9	Amendments regarding prepayment features with negative compensation and modifications of financial liabilities	1 January 2019
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	Long-term interests in associates and joint venture	1 January 2019

* Not yet endorsed by the European Union

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

The Company initially applied IFRS 9 from 1 January 2018. As a result of the adoption of this standard, there has been a change on the significant accounting policies.

Due to the transition methods chosen by the Company in applying this standard, comparative information throughout these financial statements has not been restated to reflect the requirements of the new standard.

The adoption of IFRS 9 did not have a significant impact on the Company's financial statements.

(i) IFRS 9 Financial Instruments

Classification and measurement of financial instruments

IFRS 9 contains 3 principal classification categories for financial assets measured at amortised costs, FVOCI and FVTPL. The classification of financial assets under IFRS 9 is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. IFRS 9 eliminates the previous IAS 39 categories of held to maturity, loans and receivables and available for sale.

The following table and the accompanying notes below explain the original measurement categories under IAS 39 and the new measurement categories under IFRS 9 for each class of the Group's financial assets and financial liabilities as at 1 January 2018.

	Original classification under IAS 39	New classification under IFRS 9	Original carrying value under IAS 39 £	New carrying value under IFRS 9 £
Assets				
Investments and loans to subsidiaries	Loans and receivables	Amortised cost	14,173,752	14,173,752
Other receivables	Loans and receivables	Amortised cost	938,906	938,906
Cash and cash equivalents	Loans and receivables	Amortised cost	21,650	21,650
Liabilities				
Trade and other payables	Other financial liabilities	Amortised cost	60,235	60,235

Impairment of financial assets

IFRS 9 replaces the "incurred loss" model is IAS 39 with the "expected credit loss" model. The new impairment model applies to financial assets measured at amortised cost, contract assets and debt investments at FVOCI, but not investments in equity instruments. Under IFRS 9, credit losses are recognised earlier than under IAS 39.

There has not been a significant impact on the Company as at 1 January 2018 as a result of adopting IFRS 9.

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).

1 Accounting policies continued

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 Group has elected to apply the limited exemption in IFRS 9 relating to classification, measurement and impairing requirements for financial instruments, and accordingly comparative periods have not been restated and remain in line with the previous standard IAS 39 "Financial Instruments: Recognition and Measurement"; For further understanding of the impact of the transition to IFRS 9, refer to note 2.

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.

Classification and measurement

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through the income statement (FVPL) and those to be held at amortised cost.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. The Group's policy with regard to financial risk management is set out in note 3. Generally, the Group does not acquire financial assets for the purpose of selling in the short term.

The Group's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows). When the Group enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

Financial Assets held at amortised cost

The classification applies to debt instruments which are held under a hold to collect business model and which have cash flows that meet the "solely payments of principal and interest" (SPPI) criteria.

At initial recognition, trade receivables that do not have a significant financing component, are recognised at their transaction price. Other financial assets are initially recognised at fair value plus related transaction costs, they are subsequently measured at amortised costs using the effective interest method. Any gain or loss on derecognition or modification of a financial asset held at amortised cost is recognised in the income statement.

1 Accounting policies continued

Financial Assets held at fair value through other comprehensive income (FVOCI)

The classification applies to the following financial assets:

- Debt instruments that are held under a business model where they are held for the collection of contractual cash flows and also for sale ("collect and sale") and which have cash flows that meet the SPPI criteria. An example would be where trade receivable invoices for certain customers were factored from time to time. All movements in the fair value of these financial assets are taken through comprehensive income , except for the recognition of impairment gains and losses, interest revenue (including transaction costs by applying the effective interest method), gains or losses arising on derecognition and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified to the income statement.
- Equity investments where the Group has irrevocably elected to present fair value gains and losses on revaluation of such equity investments, including any foreign exchange component, are recognised in other comprehensive income. When equity investment is derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income to the income statement. Dividends are recognised in the income statement when the right to receive payment is established.

Financial Assets held at fair value through profit or loss (FVPL)

The classification applies to the following financial assets. In all cases, transaction costs are immediately expensed to the income statement.

- Debt instruments that do not meet the criteria of amortised costs or fair value through other comprehensive income.
- Equity investments which are held for trading or where the FVOCI election has not been applied. All fair value gains or losses and related dividend income are recognised in the income statement.
- Derivatives which are not designated as a hedging instrument. All subsequent fair value gains or losses are recognised in the income statement.

Financial liabilities

Borrowings and other financial liabilities (including trade payables but excluding derivative liabilities) are recognised initially at fair value, net of transaction costs incurred, and are subsequently measured at amortised costs.

Impairment of financial assets

A forward looking expected credit loss (ECL) review is required for: debt instruments measured at amortised costs are held at fair value through other comprehensive income: loan commitments and financial guarantees not measured at fair value through profit or loss; lease receivables and trade receivables that give rise to an unconditional right to consideration.

As permitted by IFRS9, the Group applies the "simplified approach" to trade receivable balances and the "general approach" to all other financial assets. The general approach incorporates a review for any significant increase in counter party credit risk since inception. The ECL reviews including assumptions about the risk of default and expected loss rates. For trade receivables, the assessment takes into account the use of credit enhancements, for example, letters of credit. Impairments for undrawn loan commitments are reflected as a provision.

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 International (Tanzania) Limited generates sufficient revenue from its coal assets in order to repay the loan, or it is expected to be capitalised.

1 Accounting policies 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.

Convertible loan notes

The component parts of convertible loan notes issued by the Company are classified separately as financial liabilities and equity in accordance with the substance of contractual arrangements. At the date of issue, the fair value of the liability component is estimated using the prevailing market interest rate for a similar non-convertible instrument. This amount is recorded as a liability on an amortised cost basis using the effective interest method until extinguished upon conversion or at the instrument's maturity date. The equity component is determined be deducting the amount of the liability component from the fair value of the convertible loan notes as a whole. This is recognised and included in equity, net of income tax effects, and is not subsequently remeasured.

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 £15,612,729 (2017: £14,173,752).

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

	2018 £	2017 £
Wages and salaries	212,873	221,553
Social security costs	18,825	20,732
Pension costs	1,160	835
	232,858	243,120

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

	2018	2017
Administration	3	4

Directors' remuneration

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

	2018 £	2017 £
Emoluments	211,000	221,000
Share based payments	–	113,686
Pension costs	1,160	835
	212,160	335,521

The highest paid director received remuneration of £130,702 (2017: £197,260).

Included in the above are accrued Director's remuneration of £58,085. (2017: £Nil).

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 £
Cost			
At 1 January 2017	7,039,798	4,720,762	11,760,560
Additions	3,514	2,409,678	2,413,192
Disposal	–	–	–
At 31 December 2017	7,043,312	7,130,440	14,173,752
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

Notes to the Company's Financial Statements

4 Investment in subsidiaries continued

Company	Shares in subsidiaries £	Loans to subsidiaries £	Total £
Cost			
At 1 January 2018	7,043,312	7,130,440	14,173,752
Additions	–	1,438,977	1,438,977
Disposal	–	–	–
At 31 December 2018	7,043,312	8,569,417	15,612,729
Accumulated impairment			
As at 1 January 2018	–	–	–
Impairment	–	–	–
At 31 December 2018	–	–	–
Net Book Value			
As at 31 December 2018	7,043,312	8,569,417	15,612,729

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.

In April 2018, the subsidiary moved into the production phase.

The Directors have carried out an impairment review and consider the value in use to be greater than the book value in respect of The Company's investment in its subsidiary company Edenville International (Tanzania) Limited.

The Directors considered the recoverable amount by assessing the value in use by considering future cash flow projections of the revenue generated by its subsidiary through the sale of its coal resources.

Cash flows were based on the revenue generated to date plus expected growth from current production levels to 10,000 tons per month in the short to medium term.

In addition, the projections include future potential revenue generated from the Company's plans relating to the Rukwa Coal to Power Project. It is expected that the Project will move ahead in parallel with the transmission development which is currently in the procurement stage and the Directors understand should be completed sometime in 2024. There is no guarantee that the company will be chosen as the successful party to develop the Power Project, and therefore there is no guarantee that revenue will be generated from this Project. Should this be the case then the Company would need to review its cash flow projections, and review the carrying value of its investment in Edenville International Tanzania Limited.

Notes to the Company's Financial Statements

4 Investment in subsidiaries continued

However, based upon current know resources the subsidiary has significant coal resources which based upon current projections prepared by the Directors would be sufficient to support the book value in the financial statements subject to an impairment of approximately £1.5 million. The Directors are of the view that this amount is adequately supported by proposed returns generated by the Power Plant Project. The Directors have applied a 10% discount rate in their forecasts. Additional factors that may affect these projections include the following: –

A 10% reduction in the selling price per ton of coal would result in an impairment of the Edenville International (Tanzania) Limited investment by £5.275m

A 10% increase in the cost of sale per ton of coal would result in an impairment of the Edenville International (Tanzania) Limited investment by £3.866m

An increase in the discount factor to 13% would result in an impairment of the Edenville International (Tanzania) Limited investment by £4.769m

A decrease in the conversion rate in respect of washed coal as a percentage of total coal mined from 33% to 27% would result in an impairment of the Edenville International (Tanzania) Limited investment by £4.2m

The mining licence is due to expire in 2026. Should the mining licence not be renewed this would result in an impairment of £8.640m.

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.

5 Property, plant and equipment

	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

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 2018 and 31 December 2018	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2018	6,639	3,692	14,823	25,154
Charge for the year	208	115	467	790
As at 31 December 2018	6,847	3,807	15,290	25,944
Net book value				
As at 31 December 2018	624	346	1,401	2,371

6 Trade and other receivables

	2018 £	2017 £
Current		
Other receivables	16,578	10,927
Prepayments	1,975	10,723
	18,553	21,650

7 Cash and cash equivalents

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

	2018 £	2017 £
Cash at bank and in hand	140,483	938,906

8 Trade and other payables

	2018 £	2017 £
Trade payables	34,207	12,393
Amounts owed to subsidiary undertakings	6,340	6,340
Social security costs and other taxes	6,980	7,002
Accruals and deferred income	100,585	34,500
	148,112	60,235

9 Convertible loan notes

	2018 £	2017 £
Current liabilities		
Convertible loan notes	288,118	–
Non-current liabilities		
Convertible loan notes	282,076	–
	570,194	–

In November 2018 $750,000 conditionally convertible loan notes were issued: the face value of these convertible securities is $900,000. A commitment fee of £37,500 which has been offset against the proceeds of issue of the convertible loan notes, was payable by the Company as well as issuing share options over 99,568,966 ordinary shares exercisable for 4 years at a conversion price on 0.29p per share. The company is required to make repayments of $45,000 over 20 months commencing in February 2019. If repayments are made in cash then an additional 3% is payable on the $45,000. The company may elect to make the repayment in its shares priced at 90% of the average five day Volume Weighted Average Price (VWAP) chosen by the investor during the 20 days before issuance, or a combination of both.

The company has the option to buy back the entire outstanding face value at anytime at a premium of 5%. If this right is exercised the investor has an option to convert 25% of the face value into shares at the lesser of the repayment price or 0.29p per share. The repayment price being 130% of the 10 day VWAP immediately prior to the company entering the Convertible Agreement.

In addition to the above the investor was offered 36,000,000 collateral shares which were issued by the company on 20 February 2019.

10 Share capital

	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	–	–	193
Ordinary shares issued at 0.77p in lieu of consultancy services	1,948,051	390	–	–	390
Ordinary shares issued on exercise of warrants at 0.80p	1,375,000	275	–	–	275
Ordinary shares issued on exercise of warrants at 0.60p	5,555,555	1,111	–	–	1,111
Ordinary shares issued on exercise of warrants at 0.54p	34,699,778	6,940	–	–	6,940
On 31 January 2017 Ordinary shares issued on exercise of warrants at 0.80p	3,304,167	661	–	–	661
On 6 February 2017Ordinary shares issued on exercise of warrants at 0.80p	612,500	122	–	–	122
On 7 February 2017 Ordinary shares issued on exercise of warrants at 0.80p	6,625,002	1,325	–	–	1,325

Notes to the Company's Financial Statements

10 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
Issued and fully paid continued					
On 7 February 2017 Ordinary shares issued on exercise of warrants at 0.60p	14,999,780	3,000	–	–	3,000
On 23 February 2017 the company issued shares at 0.80p each	22,781,732	4,557	–	–	4,557
On 17 March 2017 the company issued shares at 0.80p each	227,218,268	45,443	–	–	45,443
20 March 2017 Ordinary shares issued on exercise of warrants at 0.60p	10,000,000	2,000	–	–	2,000
29 March 2017 Ordinary shares issued on exercise of warrants at 0.60p	2,777,778	556	–	–	556
On 16 June 2017 Ordinary shares issued on exercise of warrants at 0.60p	14,722,442	2,945	–	–	2,945
On 23 June 2017 Ordinary shares issued on exercise of warrants at 0.54p	4,273,505	855	–	–	855
On 26 September 2017 Ordinary shares issued on exercise of warrants at 0.54p	21,924,153	4,385	–	–	4,385
On 9 October 2017 Ordinary shares issued on exercise of warrants at 0.60p	208,333,333	41,667	–	–	41,667
As at 31 December 2017	1,336,317,797	267,265	241,248,512,346	2,412,485	2,679,750

	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 2018	1,336,317,797	267,265	241,248,512,346	2,412,485	2,679,750
On 3 May 2018 Ordinary shares issued at 0.35p	211,428,572	42,286	–	–	42,286
As at 31 December 2018	1,547,746,369	309,551	241,248,512,346	2,412,485	2,722,036

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.

11 Deferred Taxation

A deferred tax asset of £1,063,129 (2017: £943,110) calculated at 17% (2017: 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.

12 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.

12 Capital management policy continued

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

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

13 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

	2018 £	2017 £
Financial assets		
Receivables at amortised cost including cash and cash equivalents:		
Investments and loans to subsidiaries	15,612,729	14,173,752
Cash and cash equivalents	140,480	938,906
Other receivables	16,578	21,650
Total	15,769,787	15,134,308
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	141,132	60,235
Convertible loan notes	570,194	–
Net	711,326	60,235
	15,058,461	15,074,073

Cash and cash equivalents

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

General risk management principles

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

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

Interest rate risk

The Company only interest-bearing asset is cash invested on a short-term basis which attracts interest at the bank's variable interest rate.

The Company is exposed to interest rate risk through its convertible loan notes, its only interest-bearing liabilities. The level of interest payable will vary depending on whether the repayments are made with shares or in cash. The effective interest rate based on repayments of $45,000 per month is 17.93%. If repayments are made in cash then the monthly repayments increase by 3% giving an effective interest rate of 20.95%, excluding transaction costs.

Notes to the Company's Financial Statements

13 Financial instruments continued

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 2018 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.

The tables below summarise the maturity profit of the combined Group's non-derivative financial liabilities at each financial year end based on contractual undiscounted payments:

2017

	Less than 1 year	2-2 years	2-5 years
Borrowings (current and non – current)	–	–	–
Trade payables	12,393	–	–
Other payables	13,342	–	–
Accruals	34,500	–	–
	60,235		

2018

	Less than 1 year	2-2 years	2-5 years
Convertible loan notes (current and non – current)	288,118	282,076	–
Trade payables	34,207	–	–
Other payables	13,320	–	–
Accruals	100,585	–	–
	436,230	282,076	

14 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 2018
21 October 2013	5.00p	6,011,481
28 March 2017	1.08p	42,000,000
5 November 2018	0.29p	99,568,966

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, 4,000,000 of which lapsed during the year.

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 of which 4,000,000 lapsed during the year were granted to two engineers and 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.

During the year on the issue of contingently convertible loan notes (see note 19), 99,568,966 options were issued to the investor. These options are exercisable over a 4-year period at an exercise price of 0.29p.

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	5 November 2018
Expected volatility	85%	131%	70%
Expected life	4 years	3 years	4
Risk-free interest rate	1.23%	0.37%	0.96%
Expected dividend yield	–	–	–
Possibility of ceasing employment before vesting	–	–	–
Fair value per option	0.09p	0.56p/0.42p/0.28p	0.08p

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 2018 was £76,319 (2017: £155,076).

14 Equity-settled share-based payments continued

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

	2018		2017	
	Number of options	Weighted average exercise price per share	Number of options	Weighted average exercise price per share
At 1 January	52,011,481	1.53	6,011,481	5.00
Granted	99,568,966	0.29	46,000,000	1.08
Exercised	–	–	–	–
Cancelled	(4,000,000)	1.08	–	–
At 31 December	147,580,447	0.71	52,011,481	1.53
Exercisable at year end	118,247,114		18,678,148	

The weighted average remaining contractual life of options as at 31 December 2018 was 3.42 years (2017: 4.42 years).

The weighted average remaining contractual life of exercisable options as at 31 December 2018 was 3.85 years (2017: 4.74 years).

Warrants

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

	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	241,666,667	0.96	142,286,325	0.62
Granted	–	–	241,666,667	0.96
Exercised	–	–	(120,869,661)	0.59
Cancelled/expired	(241,666,667)	(0.96)	(21,416,664)	0.80
At 31 December	–	–	241,666,667	0.96

The weighted average remaining contractual life of warrants as at 31 December 2018 was Nil years (2017: 0.69 years).

The charge in respect of the 12,500,000 Broker warrants granted for the year ended 31 December 2018 was £nil (2017: £46,064) and is included in share premium as cost of issuing shares.

15 Reserved

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

Notes to the Company's Financial Statements

16 Related Party Transactions

During 2017, 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 £1,438,977 (2017: £2,413,192) 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 £8,565,706 (2017: £7,130,243). This amount has been included within loans to subsidiaries.

Included in trade creditors at year end is an amount of £Nil (2017: £1,639) owed to Rufus Short, a director, in respect of expenses incurred on behalf of the company.

Also included in trade creditors is an amount of £13,500 (2017: £Nil) owed to Aaridhi Consultants in respect of Directors fees for Arun Srivastava.

At the year end the Company was owed £3,712 (2017: £3,712) by its subsidiary Edenville International (Seychelles) Limited.

At the year end the Company was owed £6,340 (2017: £6,340) by its subsidiary Edenville Power Tz Limited.

17 Events after the reporting date

On 20 February 2019 the company issued 36,000,000 ordinary shares of 0.02p each at par, being collateral shares issued to the investor for advancing funds (see note 9).

On 20 February 2019 the company issued 64,515,192 ordinary shares of 0.02p for 0.12p each. Of these shares 8,333,333 and 12,500,000 were issued to the Directors Rufus Short and Jeffrey Malaihollo respectively.

On 29 April 2019 the company raised £100,000 by issuing 500,000,000 new ordinary shares of 0.02p each and has conditionally raised a further £410,000 before expenses by conditionally placing 2,050,000,000 new ordinary shares at 0.02p each.

In April 2019, the company agreed a repayment holiday up to September 2019 in respect of the convertible loan notes disclosed in note 9 to the accounts. As a condition of granting the repayment holiday the repayment due at the time, $855,000, was increased by 15% to $983,250.

In May, the company issued 213,980,200 to the Directors at 0.02p each in lieu of unpaid salary.

18 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 2019 Annual General Meeting of the Members of the Company will be held at the offices of Womble Bond Dickinson (UK) LLP, 4 More London Riverside, London, SE1 2AU at 11.00 a.m. on Tuesday 23 July 2019 to propose and, if thought fit, to pass the following Resolutions, of which resolutions 1 to 4 (inclusive) will be proposed as Ordinary Resolutions and Resolution 5 will be proposed as a Special Resolution:

Ordinary Business

1. Receipt of audited accounts for the year ended 31 December 2018

To receive the accounts of the Company for the year ended 31 December 2018 together with the reports thereon of the directors and the auditors of the Company.

2. Re-election of director retiring by rotation

To re-elect Rufus Short 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. Re-appointment of auditors

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 Annual 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. Allotment authorities

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 £200,000 provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may, pursuant to this authority, make offers or agreements before the expiry of this authority which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.

5. Disapplication of pre-emption rights

That the Directors are empowered pursuant to section 570 of the Act to allot equity securities (as defined by section 560 of the Act pursuant to the authority conferred by Resolution 4 so that section 561 of the Act shall not apply to any such allotment, provided that such power shall, subject to the continuance of the authority conferred by Resolution No 4, expire on the date of the Company's next Annual General Meeting, but may be previously revoked or varied from time to time by special resolution but so that the Company may before such expiry, revocation or variation make an offer or agreement which would or might require equity securities to be allotted after such expiry, revocation or variation and the Directors may allot equity securities in pursuance of such offer or agreement as if such power had not expired or been revoked or varied and provided further that such power shall be limited to the allotment of equity securities of up to an aggregate nominal amount of £200,000.

Date: 24 June 2019

By order of the board

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

Registered Office:
Aston House
Cornwall Avenue
London N3 1LF

Edenville
ENERGY PLC

Notice of Annual General Meeting

Notes:

1. Members entitled to attend and vote at the Annual General Meeting are also entitled to appoint one or more proxies to exercise all or any of their rights to attend and speak and vote on their behalf at the meeting. A shareholder may appoint more than one proxy in relation to the Annual General Meeting provided that each proxy is appointed to exercise the rights attached to a different share or shares held by that shareholder which must be identified when submitting your vote at www.signalshares.com. A proxy does not need to be a shareholder of the Company. You may vote online at www.signalshares.com, log in or register using your investor code and click on the 'Vote Now' button. If you wish your proxy to speak at the meeting, you should appoint a proxy other than the chairman of the meeting and give your instructions to that proxy.
2. We will not be providing a paper proxy. Those Members entitled to attend, speak and vote at the Annual General Meeting are now able to vote online by logging on to www.signalshares.com and following the instructions provided or in the case of CREST members, by utilising the CREST electronic proxy appointment service in accordance with the procedures set out below, in each case, by 11.00 a.m. GMT on 19 July 2019. Should you not have access to vote by these methods a paper proxy may be obtained from the Registrar.
3. An abstention option has been included in the voting options. The legal effect of choosing the abstention option on any resolution is that the shareholder concerned will be treated as not having voted on the relevant resolution. The number of votes in respect of which there are abstentions will however be counted and recorded, but disregarded in calculating the number of votes for or against the Resolutions.
4. CREST members who wish to appoint a proxy or proxies for the meeting (or any adjournment of it) through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf. In order for a proxy appointment or instructions made using the CREST service to be valid, the appropriate CREST message (a "CREST Proxy Instruction") must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications and must contain the information required for such instructions, as described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy, must, in order to be valid, be transmitted so as to be received by Link Asset Services (ID RA10) no later than 11.00 a.m. on 19 July 2019 (or, if the meeting is adjourned, no later than 48 hours before the time of any adjourned meeting). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which Link Asset Services is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time, any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means. CREST members and, where applicable, their CREST sponsors or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his or her CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings. The Company may treat a CREST Proxy Instruction as invalid in the circumstances set out in the Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.
5. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company gives notice that only those shareholders entered on the register of members of the Company at the close of business on 19 July 2019 will be entitled to attend or vote (whether in person or by proxy) at the Annual General Meeting in respect of the number of shares registered in their name at that time. Changes to entries on the register after the close of business on 19 July 2019 will be disregarded in determining the rights of any person to attend or vote at the meeting or any adjourned meeting (as the case may be).
6. You may request a hard copy form of proxy directly from the registrars, Link Asset Services (previously called Capita) on Tel: 0371 664 0300. Calls cost 12 pence per minute plus your phone company's access charge. Calls from outside the United Kingdom will be charged at the applicable international rate. Lines are open between 9.00 a.m. – 5.30 p.m. GMT, Monday to Friday excluding public holidays in England and Wales.
7. The form of proxy and any power of attorney or other authority under which the form of proxy is signed (or a notarially certified copy or other copy certified in some other way approved by the Directors) under which it is executed must be received by Link at PXS, 34 Beckenham Road, Beckenham BR3 4TU, United Kingdom at 11.00 a.m. GMT on 19 July 2019 in respect of the Annual General Meeting. Any forms of proxy received before such time will be deemed to have been received at such time.

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 Rufus Short was last re-appointed to the Board of Directors at the 2016 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 Annual 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 equity 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 dis-apply 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 £200,000. 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.

Aston House
Cornwall Avenue
London N3 1LF
United Kingdom
www.edenville-energy.com