Eden Energy Ltd

(ABN 58 109 200 900)

and Controlled Entities

Annual Report
for the
Year Ended 30 June 2011

CONTENTS

HIGHLIGHTS

Pyrolysis Project – University of Queensland

- **Eden acquired the 50% interest in the pyrolysis project and the gas to liquids project held by the University of Queensland (thereby moving Eden to 100% ownership) in consideration of the issue of 3.75 million Eden shares.**
- **Scale-up process is underway at Eden's US subsidiary, Hythane Company, where a catalyst production facility has been built and is operating. Two scaled-up reactors, one small unit for batch production and the other a much larger unit for continuous production have been designed, built and commissioned for producing carbon nano-materials and hydrogen from natural gas. A third unit, significantly larger than the first two, has also been built and is awaiting commissioning. These units are modular and can be assembled in multiple numbers to produce flexible, large scale commercial production sized reactors.**
- **Encouraging production results of both carbon nanofibres, multi walled carbon nanotubes and hydrogen received from first large scale production unit using catalyst produced by Eden in US.**
- **Continuous production equipment has been designed for the latest two reactors, and will be built and commissioned after the units are fully commissioned and functional.**
- **Planning underway for designing and building in US a full scale commercial scale production unit in 2012 .**

OptiBlend® Dual Fuel Project

- **Eden appointed by Woodward Governor as a recognised engine retrofitter ("RER") for dual fuel engines in India.**
- **Eden India sold 5 Optiblend® kits during the year across the country on a range of different generators.**
- **Hythane Co, continued marketing the Optiblend® kit in the US and received orders for three units and has a growing number of encouraging enquiries for the kit. Sales representatives have been appointed in most US states, and also in several South American countries.**

Hythane® Project

- **Collaboration agreement signed with the Automotive Research Association of India ("ARAI").**
- **On-going discussions with various parties in India for initial Hythane® bus trials in late 2011/first half of 2012.**

United Kingdom Coal Bed Methane / Natural Gas

- **Independent experts identify significant risked and unrisked prospective resources of shale gas and coal bed methane on UK licences.**

Geothermal Energy / Australian Natural Gas Target

- **Eden sold its remaining 30% interest in GEL 185 to Origin Energy for a further $700,000.**

Corporate

- **Eden successfully completed a share purchase plan raising $1.3 million, a placement raising $0.55 million and a rights issue raising $2.4 million.**

CORPORATE DIRECTORY

DIRECTORS:
Gregory H Solomon **LLB** (Executive)
Douglas H Solomon **BJuris LLB (Hons)** (Non-Executive)
Guy T Le Page **B.A., B.Sc. (Hons).,M.B.A., F.FIN., MAusIMM** (Non-Executive)
Richard J Beresford **FAICD FAIE** (Non-Executive)

COMPANY SECRETARY:
Aaron P Gates **BCom CA**

REGISTERED OFFICE:
Level 40, Exchange Plaza
2 The Esplanade
Perth
Western Australia 6000
Tel +61 8 9282 5889
Fax +61 8 9282 5866
Email: mailroom@edenenergy.com.au
Website: www.edenenergy.com.au

SOLICITORS:
Solomon Brothers
Level 40, Exchange Plaza
2 The Esplanade
Perth WA 6000

AUDITORS:
Grant Thornton Audit Pty Ltd
Chartered Accountants
Level 1
10 Kings Park Road
West Perth WA 6005

SHARE REGISTRY:
Advanced Share Registry Services
150 Stirling Highway
Nedlands WA 6009

STOCK EXCHANGE LISTING:
ASX Code: EDE (ordinary shares)

Quotation has been granted for all the ordinary shares and all issued options of the company on all Member Exchanges of the Australian Securities Exchange Limited.

REVIEW OF OPERATIONS

NANO-CARBON / HYDROGEN PYROLYSIS PROJECT (EDEN 100%)

Through this technology, methane (natural gas) is broken down into its atomic constituents of hydrogen gas and solid carbon, without the production of carbon dioxide. The solid carbon is produced as carbon fibres and nanotubes that have a tensile strength of up to several hundred times greater than that of steel.

The new process, developed by Eden with the University of Queensland (UQ) and which Eden now owns 100%:

- appears from the results to date to be relatively efficient when compared with other methods of production of carbon nanotubes and fibres and uses only a relatively low level of energy and lower cost capital equipment compared with most other published methods;
- employs relatively low cost catalysts (no precious metals are used in the catalysts);
- has a low carbon footprint; and
- produces only hydrogen, carbon nanotubes and solid carbon fibres from natural gas, all of which have significant commercial market potential opening up the possibility of:
    i. low-cost, super strong, ultra light carbon nanotubes that can possibly be used in a wide range of composite materials suitable for many types of commercial applications including the domestic automobile industry and construction industries in concrete strengthening and in carbon composite materials ;
    ii. low-cost, high volume production of carbon nanofibres that are highly conductive and possess significant electrical capacity opening up potential for use in a wide range of applications including in batteries and electrical storage, and for electrical conductivity in composite materials due to their electrical conduction capability and ability to hold an electrical charge; and
    iii. low-cost hydrogen production without the production of carbon dioxide as a by-product that could help facilitate the more rapid spread of both hydrogen as a vehicle fuel and also Eden's Hythane® technology as an ultra-clean, highly efficient premium blend of hydrogen and natural gas that it is marketing in India and USA.

If successfully piloted on a commercial scale, the process could have important implications for the widespread commercialisation of these forms of carbon whilst also producing relatively low cost hydrogen with an extremely low carbon footprint as the only by-product.

Scale-up in USA

Since July 2010 when staff from Eden's wholly owned subsidiary, Hythane Company visited the University of Queensland (UQ) to complete the procurement of the technology from UQ, Hythane Company has built and successfully operated the first scaled up equipment. It also built a catalyst production laboratory in the US for production of multi-walled carbon nanotubes (MWCNT) and carbon nanofibres (CNF).

This first unit, although still small, had an output capacity approximately 25 times larger than the original laboratory scale unit that was used at UQ. This was successfully trialed and produced hydrogen and either MWCNT or CNF on a batch basis, with stable, production levels for both forms of carbon being achieved.

The quality and quantity of the MWCNT and CNF were measured and tested using high technology techniques including TEM (Transmission Electron Microscope) photography and Raman Spectroscopy and the results to date of both the quality and the quantity of all carbon products, are very encouraging.

Following the initial scale up in US, Hythane Company then completed late in 2010, the design and manufacture of its first, larger prototype production unit with a capacity to produce up to 10 tonnes of carbon fibre per annum or up to 3 tonnes per annum of MWCNT. This unit has been successfully operating utilizing catalysts produced by Hythane Company. The carbon nanofibres and the carbon nanotubes that have been produced have been analysed, samples sent for commercial assessment and testing, and initial sales of both the carbon nanofibres and nanotubes have been made.

Eden's present scale up, to a prototype commercial scale production unit as referred to below, has been installed and began operation in mid-August 2011, which will potentially allow up to a further ten fold increase in both carbon and hydrogen production compared with the initial scale up unit that was built in USA.

First Commercial Scale Prototype Production Unit to be Installed by August 2011

The Company's pyrolysis process capability is currently being scaled-up to a modest sized commercial scale production level of up to a maximum of 100 tonnes of carbon nanofibers per year together with up to 33 tonnes of hydrogen at full production. The first up-scaled reactor was commissioned in August 2011 and the second larger reactor, which has been built, will be commissioned during the last quarter of 2011. This will help determine the optimum size for future reactors.

REVIEW OF OPERATIONS

Optimisation of Catalyst Production and Carbon and Hydrogen Production

During the year, the pilot-scale catalyst production system was updated with automated controls and other improvements for collecting the product, and a scaled-up catalyst production system to meet expected future carbon production requirements is nearing completion.

Eden also continued optimization of the carbon nanomaterial production process. Current carbon catalyst yields being achieved are 35:1 for carbon nanotubes and approximately 300:1 for carbon nanofibres, both of which will deliver the purity of carbon required by the marketplace.

Eden is also continuing to optimize for both carbon material quality as well as maximum hydrogen production.

Carbon Production Facility

During the June quarter, a fully self-contained carbon clean room with an industrial air handling system was constructed in Denver to ensure a safe working environment in which all carbon production is carried out in a specially constructed clean room.

Full Scale Commercial Production Unit Targeted for mid-2012

After the two prototype commercial scale production reactors have been fully commissioned and successfully trialed, and subject to Eden having been able to develop a market capable of utilising the quantity of carbon that it will be able to produce, a full scale commercial production unit, which will be a scaled up version of the prototypes currently being installed, will be built for trialing. The actual size of this unit has not yet been determined. Hythane Company plans to be able to complete the manufacture of this unit by approximately mid-2012, after which time it is planned to commence commercial deployment provided a suitable market for the carbon that will be produced, is available.

Growth of Carbon Nanotube and Carbon Fibre Market

There is a new but rapidly growing commercial market for these forms of solid carbon, particularly for carbon nanotubes, with current wholesale prices ranging from between US$300- $700 per kilogram and up to $4,000 per kilogram depending primarily upon the type of carbon nanotubes but also on the size of the order. As an indication of anticipated market growth, one major international chemical manufacturer, Bayer Material Science, reports on its website that in 2009 it was designing a pilot scale unit with capacity to produce 200 tonnes per year of carbon nanotubes and its vision is to build a 3,000 tonnes per annum capacity, production scale unit, possibly in 2011. They also state that tests have shown that when 1% of their carbon nanotubes are mixed with concrete it increases its compressive strength by up to 45%.

Eden is working with a number of academic and industrial groups to test the suitability of its carbon nanomaterials in a wide range of commercial applications, including as an additive to concrete, rubber, plastics, epoxies, resins, and coatings, and is confident that large bulk markets for these carbon nanomaterials will emerge.

Additionally, the only other major by-product from Eden’s pyrolysis process is hydrogen, the real cost of which will be dependent upon the value of the carbon produced. The quantity of hydrogen produced will be 33.33% (by weight) of the quantity of carbon produced and this can be captured fed into the various hydrogen/Hythane® applications that Eden has been developing around the world, with the intention of accelerating the commercial rollout of these downstream hydrogen applications based on the prospect of relatively low cost hydrogen. The current cost of hydrogen is one of the major factors holding back a broader rollout of hydrogen technology. Of further interest, the hydrogen produced using the Eden pyrolysis process will generate only a relatively small amount of greenhouse gas as a by-product of the production process compared with most other currently available methods of hydrogen production, and in consequence it is projected that the hydrogen will be both commercially competitive and extremely environmentally acceptable.

Summary

Eden is well on the way to developing an efficient, commercially competitive process that will enable Eden to produce and market a range of high quality carbon nanomaterials, or else licence others to use its technology, thereby at the same time opening up the potential to produce large amounts of hydrogen that can be used for the Hythane® and other hydrogen related applications and technologies on which Eden has been working in USA and India for the past seven years.

OPTIBLEND® DUAL FUEL TECHNOLOGY (EDEN 100%)

Background

Eden has completed the development of an efficient dual fuel kit that is capable of operating on diesel engines and displacing up to 70% of the diesel fuel with natural gas. If Hythane® fuel (hydrogen enriched natural gas) is used in place of natural gas, the displacement of diesel fuel could be as high as 80%. The use of the natural gas will greatly reduce greenhouse gas emissions and, in places where natural gas is cheaper than diesel, will also reduce fuel costs. In various parts of India and other parts of the world, available natural gas is already significantly cheaper than diesel, and accordingly Eden has been targeting a diversified market for this technology, starting with stationary power generators and then potentially targeting locomotives.

Many millions of diesel generators are installed throughout India in industrial, commercial, and residential applications, to provide either base load power or backup power generation, largely due to the unreliability of the Indian power grid in many parts of the country. As natural gas, which is both much cleaner and cheaper than diesel, becomes more widely available, a large market is emerging for the conversion of these diesel engines to operate on a dual-fuel system of both natural gas and diesel. Depending upon the size of the engine and the number of hours per day that it operates, payback times for the conversions are often less than 12 months, so the cost is minimal compared to the replacement cost of a natural gas generator.

Indian Optiblend® Sales

During the year Eden India sold 5 Optiblend® kits during the year across the country on a range of different generators.

Eden Energy India has now found suitable Indian manufacturers for many of the dual fuel kit components, which will help reduce the cost of the production of future units.

The major limiting factors in India for OptiBlend® are the limited availability of natural gas in many parts of India due to both a limited gas grid and also limited supply, and also the increasing price of natural gas, compared to the price of diesel fuel that is Government regulated and heavily subsidised in the Indian market. However, as the natural gas production from existing fields, and future fields grows and the rapidly expanding gas grid spreads across the country, these problems are expected to progressively reduce, opening up a potentially very significant market throughout much of India.

Eden continues to receive a significant number of strong enquiries for the Optiblend® kits in India and these are awaiting the rollout of natural gas pipelines over the next few years. It was planned that this rollout occur at a rate of about 1 new city per month, on top of the more than 20 cities that already have a natural gas distribution network, but that timetable has now slipped due to an inability of current gas supply to meet the huge growing demand.

US Optiblend® Sales

During the year Eden, through its US subsidiary, Hythane Co, continued marketing the Optiblend® kit in the US and Europe and received orders for three units and has a growing number of encouraging enquiries for the kit. Sales representatives have been appointed in most US states, and also in several South American countries.

HYTHANE® (EDEN 100%)

Background- Hythane® in India

In 2006, India adopted a Hydrogen Roadmap that proposes to have 20% of all vehicles running on a hydrogen based fuel by 2020, and plans to use hydrogen enriched natural gas (Hythane®) as the transitional fuel. At present there are more than 20 Indian cities that have established natural gas distribution networks, in which expanding numbers of natural gas fueled vehicles, particularly buses, are operating. The Indian Government has announced a new target to expand such networks to 200 cities by 2015 – opening up a potentially huge Hythane® market across the country.

Additionally, commercial production of natural gas from the large offshore KG basin commenced in April 2009, which is expected to significantly increase the amount of available natural gas in the coming years. These factors together other exploration success and a possible emerging domestic shale gas market in India make India the primary target market for Eden’s hydrogen and Hythane® technology.

Mumbai Hythane® Bus Demonstration Project

During the year, discussions in relation to this project (with GAIL, MGL and BEST, the Mumbai government bus operator) have re-started this project, now hoped to be operational late in 2011 or in the first half of 2012.

GAIL (Gas Authority of India) is the largest distributor of Natural Gas in India. MGL is a joint venture company jointly owned by GAIL (49.75%), BG Group (49.75%) and the Government of Maharashtra (0.5%), which owns and operates pipelines and markets Natural Gas in and around the Mumbai area to a broad commercial, domestic and industrial customer base of more than 25 million people and is keen for the planned Hythane® demonstration project to proceed.

The demonstration project in Mumbai will involve Eden establishing a Hythane® refuelling station at a suitable bus depot to fuel buses, progressively increasing to 50-70 buses. The proposed bus depot in Mumbai is operated by BEST, the state owned Mumbai bus operator that operates more than 4,000 buses, half of which are already using natural gas and all of which are planned to be operating on natural gas within the next three years. MGL supplies BEST with all its natural gas requirements. However, although agreement had been reached and the project was underway, following recent changes in management personnel at BEST, renewed negotiations with BEST on the project details were required and are still underway, slowing this project whilst new management become comfortable with the details and embraces the project. As a result, the project has been delayed and it is now hoped that subject to resolution of this delay, it will be operating sometime in late 2011 or first half of 2012, but further details will be announced as they become clearer.

If the project proceeds, then upon successful completion of the demonstration project the parties will endeavour to negotiate a commercial agreement for the ongoing promotion and marketing of Hythane® by MGL in its area of operation. If commercial scale hydrogen production, using Eden's new pyrolysis process were available by that time, it may well increase the chances of developing a very large Hythane® market in India if the hydrogen were effectively produced as a by-product to the production of higher value carbon fibres and nanotubes and with a very low carbon footprint.

Gujurat Hythane® Bus Demonstration Project

Discussions with GSPC Gas in relation to this project (and which is similar in scale and timetable to the Mumbai demonstration) during the quarter have also re-started this project. While it had slowed down considerably, it is hoped to be underway late in 2011 or early in 2012.

San Francisco International Airport (SFO)

During the year, Eden was advised that the final funding required for this project had been awarded, following of which negotiations on lease agreements for the site commenced. However, the airport authority has been insisting on terms that Eden's lawyers consider unreasonable and far more onerous than some of those being applied to other similar lessees in the area. As a result, this project is now likely to be terminated by Eden unless reasonable lease terms can be negotiated.

SOUTH WALES COAL BED METHANE PROJECT (EDEN 100%)

Eden and its UK joint venture partner have 17 PEDLs in South Wales, Bristol/Somerset and Kent in which Eden either holds or is earning an interest, which are prospective coal bed methane, shale gas and/or natural gas.

During the year, Eden received two independent expert reports in respect to the prospectivity to some of its UK gas assets, which comprise in total, joint venture interests in 17 PEDLs in South Wales, Kent and Bristol/Somerset covering a total area of more than 1,800 square kilometres (approximately 500,000 acres) and taking in very large portions of the coal fields and surrounding basins in these three areas of the UK.

UK Shale Gas Report

Independent expert, RPS, reports the Unrisked (P90) Resource Volumes of Shale Gas in the Numurian Measures on 7 Petroleum Exploration and Development Licences (PEDLs) in South Wales in which Eden holds a 50% interest (covering a prospective area of 806 square kilometres) are:

- Volume of Gas Initially in Place (GIIP) – 34.198 TCF (Eden's share -17.099 TCF)
- Recoverable Volume – 12.799 TCF of gas (Eden's share – 6.349 TCF)

The total area of the 17 UK exploration licences in which Eden holds or is earning an interest is approximately 1800km2 or 500,000 acres, all of which is considered prospective for coal bed methane, conventional natural gas and/or shale gas.

UK Coal bed Methane Report

Independent expert, RISC, reports that estimated Gross Contingent Resources of Coal Bed Methane contained in the 10 PEDLs in South Wales (covering a prospective area of 247 square kilometres) in which Eden holds an interest, are:

- A 1C to 3C range of 687-1,363 BCF with a 2C estimate of 980 BCF

RISC reports that the estimated Gross Unrisked Prospective Resource of Coal Bed Methane contained in the 17 PEDLs in South Wales, Kent and Bristol Somerset (covering a prospective area of 1,068 square kilometres) in which Eden holds an interest are:

- A low to high estimate of 1,903-4,990 BCF with a best estimate of 3,088 BCF

Eden's interest in these resources will now increase to 50% of the total relevant resource. This is due to Eden UK having agreed to buy back the 45% interest in the coal seam methane rights in two licences that it sold in 2008 and completing its remaining farm-in obligations in the original joint ventures. In addition to the above agreement, Eden UK will also be acquiring a 100% interest in three additional licences in south Wales

Since the end of the financial year, Eden has announced a proposed ASX spinout of its UK gas assets when market conditions are suitable, into a new company called Adamo Energy Ltd, the key details of which are as follows:

- Capital Raising **–** it is proposed to raise at least A$10.0 million
- Eden Energy Ltd shareholders - To be offered a priority entitlement via a Prospectus
- Large UK landholding – South Wales, Bristol and Kent
  - 50% interest in 17 licences
  - 100% in 3 Licences
  - 2,100km^2 (510,000 acres) approximate total area
- Large Prospective Gas Resource

AUSTRALIAN NATURAL GAS AND GEOTHERMAL PROJECTS (EDEN 100%)

During the year, Eden sold its remaining 30% interest in GEL 185 to Origin Energy for a further $700,000. Eden received a total of $1.7million from the sale of its entire interest in GEL 185.

Eden has secured a voluntary suspension on its work commitments on all of its geothermal licences. This is given Eden time to find a suitable partner / cornerstone investor to progress this project. Eden also secured a suspension of licence on its South Australian Natural Gas licence.

CORPORATE

During the year, Eden completed a share purchase plan raising $1.3 million, a share placement to sophisticated and professional investors raising A$0.55 million and completed a fully underwritten pro-rata non-renounceable rights issue on the same terms raising A$2.4 million.

Eden's proceedings against Engenco Ltd are continuing for the recovery of the balance of the monies owed (A$0.9 million) in relation to the sale of HyRadix, Eden Cryogenics and CTS that occurred in 2009. The Directors remain confident the proceedings will be successful.

A claim has been made against Eden by Ticora Geosciences Inc ("Ticora"), the company that carried out permeability and desorption testing for Eden in 2007-8 in UK, for the unpaid portion of its bill (US$786,191) for this testing. Eden disputes the claim and in turn has counterclaimed against Ticora for damages resulting from the alleged negligence of Ticora in carrying out the permeability testing on the second well, and claims a right of setoff. This dispute is scheduled to be determined by the UK courts in November 2011 if not previously settled.

CORPORATE GOVERNANCE STATEMENT

The Board of Directors

The Company's constitution provides that the number of directors shall not be less than three and not more than ten. There is no requirement for any share holding qualification.

As and if the Company's activities increase in size, nature and scope the size of the board will be reviewed periodically, and as circumstances demand.

The membership of the Board, its activities and composition, is subject to periodic review. The criteria for determining the identification and appointment of a suitable candidate for the board shall include quality of the individual, background of experience and achievement, compatibility with other board members, credibility within the Company's scope of activities, intellectual ability to contribute to board's duties and physical ability to undertake board's duties and responsibilities.

Directors are initially appointed by the full board subject to election by shareholders at the next general meeting. Under the Company's constitution the tenure of a director (other than managing director, and only one managing director where the position is jointly held) is subject to reappointment by shareholders not later than the third anniversary following his or her last appointment. Subject to the requirements of the Corporation Act 2001, the Board does not subscribe to the principle of retirement age and there is no maximum period of service as a director. A managing director may be appointed for any period and on any terms the directors think fit and, subject to the terms of any agreement entered into, may revoke the appointment.

The Board considers that the Company is not currently of a size, nor are its affairs of such complexity to justify the formation of separate or special committees at this time. The board as a whole is able to address the governance aspects of the full scope of the Company's activities and to ensure that it adheres to appropriate ethical standards.

Role of the Board

The Board's primary role is the protection and enhancement of long-term shareholder value.

To fulfil this role, the Board is responsible for oversight of management and the overall corporate governance statement of the Company including its strategic direction, establishing goals for management and monitoring the achievement of these goals.

Appointments to Other Boards

Directors are required to take into consideration any potential conflicts of interest when accepting appointments to other boards.

Independent Professional Advice

The board has determined that individual directors have the right in connection with their duties and responsibilities as directors, to seek independent professional advice at the Company's expense. With the exception of expenses for legal advice in relation to director's rights and duties, the engagement of an outside adviser is subject to prior approval of the Chairman and this will not be withheld unreasonably.

Continuous Review of Corporate Governance

Directors consider, on an ongoing basis, how management information is presented to them and whether such information is sufficient to enable them to discharge their duties as directors of the Company. Such information must be sufficient to enable the directors to determine appropriate operating and financial strategies for time to time in light of changing circumstances and economic conditions. The directors recognise that mineral exploration is an inherently risky business and that operational strategies adopted should, notwithstanding, be directed towards improving or maintaining the net worth of the Company.

ASX Principles of Good Corporate Governance

The board has reviewed its current practices in light of the ASX Principles of Good Corporate Governance and Best Practice Guidelines with a view to making amendments where applicable after considering the Company's size and the resources it has available.

As the Company's activities develop in size, nature and scope, the size of the board and the implementation of any additional formal corporate governance committees will be given further consideration.

The following table sets out the Company's present position with regard to adoption of these Principles.

	ASX Principle	Reference/comment

Principle 1: Lay solid foundations for management and oversight

1.1	Companies should establish the functions reserved to the board and those delegated to senior executives and disclose those functions.	The Company has not adopted this recommendation to formalise and disclose the functions reserved to the board and those delegated to management. The roles and functions within the Company must remain flexible in order for it to best function within its level of available resources.
1.2	Companies should disclose the process for evaluating the performance of senior executives.	The performance of senior executives is regularly reviewed and this has occurred during the year.
1.3	Companies should provide the information indicated in the Guide to Reporting on Principle 1.	See above.

Principle 2: Structure the board to add value

2.1	A majority of board should be independent directors.	Due to the Company's size, nature and extent of operations, the company has departed from this principle.
2.2	The chair should be an independent director.	Due to the Company's size, nature and extent of operations, the company has departed from this principle.
2.3	The roles of chair and chief executive officer should not be exercised by the same individual.	The Company does not have a Chief Executive Officer.
2.4	The board should establish a nomination committee.	Acting in its ordinary capacity as required, the Board carries out the process of determining the need for screening and appointing new directors. In view of the size and resources available to the Company, it is not considered that a nomination committee is warranted.
2.5	Companies should disclose the process for evaluating the performance of the board, its committees and individual directors.	Acting in its ordinary capacity, the Board from time to time carries out the process of considering and determining performance issues. Whenever relevant, any such matters are reported to the ASX.
2.6	Companies should provide the information indicated in Guide to Reporting on Principle 2.	The skills and experience of directors are set out in the Company's Annual Report and on its website.

Principle 3: Promote ethical and responsible decision-making

3.1	Companies should establish a code of conduct and disclose the code or summary of the code as to: • the practices necessary to maintain confidence in the Company's integrity • the practices necessary to take into account their legal obligations and the responsible expectations of their stakeholders • the responsibility and accountability of individuals reporting or investigating reports of unethical practices.	The Company has a Code of Conduct which can be viewed on the Company's website.
3.2	Companies should establish a policy concerning diversity and disclose the policy or a summary of that policy. The policy should include requirements for the board to establish measurable objectives for achieving gender diversity and for the board to assess annually both the objectives and progress in achieving them.	Due to the Company's size, nature and extent of operations, the company has departed from this principle.

3.3	Companies should disclose in each annual report the measurable objectives for achieving gender diversity set by the board in accordance with the diversity policy and progress towards achieving them.	Due to the Company's size, nature and extent of operations, the company has departed from this principle.
3.4	Companies should disclose in each annual report the proportion of women employees in the whole organisation, women in senior executive positions and women on the board.	Eden has two women employees in the organisation, but does not have any women in senior executive positions or women on the board.
3.5	Companies should provide the information indicated in Guide to Reporting on Principle 3.	The Code of Conduct can be viewed on the Company's website.

Principle 4: Safeguard integrity in financial reporting

4.1	The board should establish an audit committee.	Due to the Company's size, nature and extent of operations, the company has departed from this principle. The Board itself is the forum that deals with this function.
4.2	The audit committee should be structured so that it: • consists only non-executive directors • consists of a majority of independent directors • is chaired by an independent chair, who is not the chair of the board • At least three members	See 4.1
4.3	The audit committee should have a formal charter.	See 4.1
4.4	Companies should provide the information indicated in Guide to Reporting on Principle 4.	See 4.1

Principle 5: Make timely and balanced disclosure

5.1	Companies should establish written policies designed to ensure compliance with ASX Listing Rule disclosure requirements and to ensure accountability at a senior management level for that compliance and disclose those policies or a summary of those policies.	The Company has a Continuous Disclosure Policy which can be viewed on the Company's website.
5.2	Companies should provide the information indicated in Guide to Reporting on Principle 5	See above.

Principle 6: Respect the rights of shareholders

6.1	Companies should design and disclose a communications policy for promoting effective communication with shareholders and encourage their participation at general meetings and disclose their policy or a summary of that policy.	The Company has a Communications Policy which can be viewed on the Company's website.
6.2	Companies should provide the information indicated in Guide to Reporting on Principle 6.	See above

Principle 7: Recognise and manage risk

7.1	Companies should establish policies for the oversight and management of material business risks and disclose a summary of those policies.	Due to the size and nature of the Company, the Company does not have formalised policies on risk management. The Board recognises its responsibility for identifying areas of material business risk and for ensuring that arrangements are in place for adequately managing these risks. This issue is regularly reviewed at board meetings and risk management culture is encouraged amongst employees and contractors.
7.2	The board should require management to design and implement the risk management and internal control system to manage the company's material business risks and report to it on whether those risks are being managed effectively. The board should disclose that management has reported to it as to the effectiveness of the company's management of its material business risks.	See 7.1
7.3	The board should disclose whether it has received assurance from the chief executive officer (or equivalent) and the chief financial officer (or equivalent) that the declaration provided in accordance with section 295A of the Corporations Act is founded on a sound system of risk management and internal control and that the system is operating effectively in all material respects in relation to financial reporting risks.	The Executive Chairman and the Chief Financial Officer make this assurance to the Board.
7.4	Provide information indicated in Guide to Reporting on Principle 7.	See above.

Principle 8: Remunerate fairly and responsibly

8.1	The board should establish a remuneration committee.	Due to the size and nature of the Company, the Company does not have a remuneration committee. The Company's Constitution allows for a maximum amount per annum to be paid to non-executive directors, to be allocated at the discretion of the directors. Any changes to the annual amount must be approved at a General Meeting of members of the Company.
8.2	The remuneration committee should be structured so that it: • consists of a majority of independent directors • is chaired by an independent chair has at least three members.	See 8.1
8.3	Companies should clearly distinguish the structure of non-executive directors remuneration from that of executives.	See 8.1
8.4	Companies should provide information indicated in ASX Guide to Reporting on Principle 8.	No schemes exist for retirement benefits for non-executive directors other than statutory superannuation.

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2011.

Directors

The names of directors in office at any time during or since the end of the year are:

Gregory H Solomon	**Guy T Le Page**
Douglas H Solomon	**Richard J Beresford**

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr Aaron P Gates has worked for Eden Energy Ltd for the past 3 years. He is a Chartered Accountant and Chartered Secretary. He has completed a Bachelor of Commerce (Curtin University) with majors in accounting and business law and completed a Diploma of Corporate Governance. Prior to joining Eden he worked in public practice in audit and corporate finance roles.

Principal Activities

Eden Energy Ltd ("Eden") is a diversified energy company created to provide access to range of exciting new, clean green energy opportunities. Eden holds or is acquiring interests in:

- hydrogen fuels;
- coal bed/coal mine methane;
- a conventional gas play; and
- geothermal (deep heat mining) energy.

There were no other significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results

The consolidated loss of the group after providing for income tax amounted to $8,521,504 (2010: $2,659,530)

Dividends Paid or Recommended

No dividends were paid or declared for payment during the year.

Review of Operations

A review of the operations of the Group during the year ended 30 June 2011 is set out in the Review of Operations on Page 5.

Financial Position

The net assets of the consolidated group have decreased by $4,559,134 from 30 June 2010 to $8,045,519 in 2011. This decrease has largely resulted from the loss recorded for the year:

The group's working capital, being current assets less current liabilities, has decreased from $1,277,454 in 2010 to $1,302,645 in 2011.

Significant Changes in State of Affairs

There have been no significant changes in the state of affairs occurred during the financial year:

After Balance Date Events

On 16 September 2011 Eden announced that it has agreed to place up to 6,250,000 fully paid ordinary shares at $0.064 to professional and sophisticated investors raising up to $400,000.

On 11 August 2011 a new company, Adamo Energy Ltd was formed in Australia as a 100% subsidiary of Eden Energy Ltd.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Future Developments, Prospects and Business Strategies

The Group proposes to continue with its exploration programme on the South Wales, Geothermal and natural gas projects and continue the marketing of Hythane® and hydrogen technologies as detailed in the Review of Operations.

Environmental Issues

The company is the subject of environmental regulation with respect to mining exploration and will comply fully with all requirements with respect to rehabilitation of exploration sites.

DIRECTORS' REPORT

Information on Directors

Gregory H Solomon	Executive Chairman
Qualifications	**LLB**
Experience	Appointed chairman 2004. Board member since 2004. A solicitor with more than 30 years Australian and international experience in a wide range of areas including mining law, commercial negotiation (including numerous mining and exploration joint ventures) and corporate law. He is a partner in the Western Australian legal firm, Solomon Brothers and has previously held directorships of various public companies since 1984 including two mining/exploration companies.
Interest in Shares and Options	4,434,433 Ordinary Shares 1,383,131 Options
Directorships held in other listed entities	Tasman Resources Limited (ASX:TAS) Fission Energy Limited (ASX:FIS)

Douglas H Solomon	Non-Executive
Qualifications	**BJuris LLB (Hons)**
Experience	Board member since May 2004. A Barrister and Solicitor with more than 20 years experience in the areas of mining, corporate, commercial and property law. He is a partner in the legal firm, Solomon Brothers.
Interest in Shares and Options	3,686,433 Ordinary Shares 1,335,131 Options
Directorships held in other listed entities	Tasman Resources Limited (ASX:TAS) Fission Energy Limited (ASX:FIS)

Guy T Le Page	Non-Executive
Qualifications	**B.A., B.Sc. (Hons).,M.B.A., F.FIN., MAusIMM**
Experience	Board member since May 2004. Currently a corporate adviser specialising in resources. He is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting and corporate advisory roles. He previously spent 10 years as an exploration and mining geologist in Australia, Canada and the United States. His experience spans gold and base metal exploration and mining geology and he has acted as a consultant to private and public companies. This professional experience included the production of both technical and valuation reports for resource companies.
Interest in Shares and Options	1,000,000 Options
Directorships held in other listed entities	Tasman Resources Limited (ASX:TAS) Fission Energy Limited (ASX:FIS) Red Sky Energy Limited (ASX:ROG) Palace Resources Limited (ASX:PXR) Soil Sub Technologies Ltd (ASX: SOI)

DIRECTORS' REPORT

Richard J Beresford	Non-Executive
Qualifications	**FAICD FAIE**
Experience	Mr Beresford began his career in engineering and has since gained 25 years experience in the international energy business spanning research, technology commercialisation, strategic planning, operations, business development, capital raising, acquisitions, marketing and general management. He is currently Managing Director of ASX-listed geothermal developer Green Rock Energy Limited. He has led or played a key role in the development and commercialisation of energy technologies including fuel cells, natural gas vehicles and cryogenic natural gas sweetening processes and in several renewable energy businesses. From 1996 to 2001 he was with Woodside developing downstream gas business. He became Director of Downstream Business Development in 1999 and Managing Director of Metasource, Woodside's green energy subsidiary in 2001. From 1982 to 1992 he worked with British Gas in the UK. In 1990 he joined its Global Gas business with responsibility for Asia. This included negotiations in India leading to the formation of the Mahanagar Gas distribution joint venture with the Gas Authority of India Limited (GAIL).
Interest in Shares and Options	1,000,000 Ordinary Shares 1,000,000 Options
Directorships held in other listed entities	Liquefied Natural Gas Limited (ASX:LNG) Green Rock Energy Limited (ASX:GRK)

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Eden Energy Limited, and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of Eden Energy Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated group's financial results. The board of Eden Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the company and expensed. Shares given to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the company and are able to participate in the employee option plan.

Performance-based remuneration

No performance based remuneration was paid during the year.

DIRECTORS' REPORT

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of management for the group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the company. The contracts for service between the company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement. Any options not exercised before or on the date of termination lapse.

Key Management Personnel Remuneration

Key Management Person	Short-term Benefits				Post-Employment Benefits	Other Long Term Benefits	Share- based Payment		Total	Performance Related
	Salary and Fees	Cash profit share	Non-cash benefit	Other	Superannuation	Other	Equity	Options		
	$	$	$	$	$	$	$	$	$	%
2011										
Gregory H Solomon	150,000	-	-	-	13,500	-	-	-	163,500	-
Douglas H Solomon	24,000	-	-	-	2,160	-	-	-	26,160	-
Guy T Le Page	24,000	-	-	-	2,160	-	-	-	26,160	-
Richard J Beresford	24,000	-	-	-	2,160	-	-	-	26,160	-
Roger W Marmaro	257,157	-	32,631	-	14,702	-	-	-	304,490	-
Aaron P Gates	(a)	-	-	-	-	-	-	-	-	-
	479,157	-	32,631	-	34,682	-	-	-	546,470	-
2010										
Gregory H Solomon	150,000	-	-	-	13,500	-	45,600	-	209,100	-
Douglas H Solomon	24,000	-	-	-	2,160	-	45,600	-	71,760	-
Guy T Le Page	24,000	-	-	-	2,160	-	45,600	-	71,760	-
Richard J Beresford	24,000	-	-	-	2,160	-	45,600	-	71,760	-
Roger W Marmaro	288,059	-	34,964	-	13,432	-	45,826	6,165	388,446	-
Aaron P Gates	(a)	-	-	-	-	-	-	-	-	-
	510,059	-	34,964	-	33,412	-	228,226	6,165	812,826	-

(a) This officer is provided by Princebrook Pty Ltd under the Management services Agreement with the Company.

Options issued as part of remuneration for the year ended 30 June 20011

Options are issued to directors and employees as part of their remuneration. The options are not issued on performance criteria, but are issued to the majority of directors and employees of Eden Energy Ltd to increase goal congruence between executives, directors and shareholders.

Shares Issued on Exercise of Compensation Options

No options were exercised during the year that were granted as compensation in prior periods.

DIRECTORS' REPORT

Options Granted as Remuneration

No options were issued to directors or employees as part of their remuneration during the year.

Meetings of Directors

During the financial year, 2 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Gregory H Solomon	2	2
Douglas H Solomon	2	2
Guy T Le Page	2	2
Richard J Beresford	2	2

Options

At the date of this report, the unissued ordinary shares of Eden Energy Limited under option are as follows:

Grant Date	Date of Expiry	Exercise Price	Number under Option
19 March 2007	5 March 2012	$0.585	500,000
23 December 2008	26 May 2013	$0.385	500,000
17 March 2009	31 December 2011	$0.10	5,000,000
22 May 2009	14 May 2012	$0.20	285,000
20 November 2009	20 November 2012	$0.10625	4,000,000
14 May 2010	14 May 2013	$0.20	285,000
1 June 2010	30 November 2011	$0.20	886,764
Various	30 June 2014	$0.20	30,093,365
			41,550,129

No person entitled to exercise the option has any right by virtue of the option to participate in any share issue of any other body corporate.

Indemnifying Officers or Auditor

The Company has arranged for an insurance policy to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the company, other than conduct involving a wilful breach of duty in relation to the Company. The total premium payable was approximately $24,000.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the company or intervene in any proceedings to which the company is a party for the purpose of taking responsibility on behalf of the company for all or any part of those proceedings.

The company was not a party to any such proceedings during the year.

DIRECTORS' REPORT

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No fees for non-audit services were paid / payable to the external auditors during the year ended 30 June 2011.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2011 has been received and can be found on page 20.

Signed in accordance with a resolution of the Board of Directors.

Gregory H Solomon
Chairman

Dated this 21st day of September 2011

10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin.wa@au.gt.com
W www.grantthornton.com.au

Auditor's Independence Declaration
To the Directors of Eden Energy Limited

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the audit of Eden Energy Limited for the year ended 30 June 2011, I declare that, to the best of my knowledge and belief, there have been:

a no contraventions of the auditor independence requirements of the Corporations Act 2001 in relation to the audit; and

b no contraventions of any applicable code of professional conduct in relation to the audit.

Grant Thornton

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P. Warr.

P W Warr
Director – Audit & Assurance

Perth, 21 September 2011

STATEMENT OF COMPREHENSIVE INCOME FOR YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group	
		2011	**2010**
		$	**$**
Revenue	2a	291,993	278,296
Other income		295,849	173,060
Raw materials and consumables used		(106,202)	(122,122)
Accounting and audit expense		(112,176)	(78,537)
Advertising and marketing expense		(10,128)	(20,908)
Depreciation and amortisation expense		(50,095)	(56,643)
Employee benefits expense		(1,287,871)	(1,794,996)
Exploration expenditure written off		(204)	(120,077)
Finance costs		(62)	(71)
Foreign exchange gain / (loss)		(1,060)	61,935
Gain on sale of non -current assets		620,106	844,010
Impairment expense		(5,431,780)	(675,930)
Legal and other consultants expense		(1,374,201)	(484,168)
Litigation expense		(581,886)	-
Research and development expenditure		(87,250)	(97,250)
Rent expense		(92,788)	(94,558)
Travel and accommodation expense		(215,350)	(198,932)
Other expenses		(378,399)	(272,639)
Loss before income tax	3	(8,521,504)	(2,659,530)
Income tax (expense)/benefit	4	-	-
Loss for the year	3	(8,521,504)	(2,659,530)
Other Comprehensive Income			
Foreign currency translation reserve		(327,364)	(234,596)
Income tax relating to comprehensive income		-	-
Total Other Comprehensive Income, net of tax		(327,364)	(234,596)
Total Comprehensive Income / (Loss) attributable to members of the parent		(8,848,868)	(2,894,126)
Basic/Diluted earnings per share (cents per share)	6	(4.0821)	(1.4636)

The accompanying notes form part of these financial statements.

STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2011

	Note	Consolidated Group	
		2011	2010
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	9	2,024,427	1,050,288
Trade and other receivables	10	793,470	1,118,404
Inventories	11	348,259	369,913
Other current assets	12	60,334	74,696
TOTAL CURRENT ASSETS		3,226,490	2,613,301
NON-CURRENT ASSETS			
Trade and other receivables	10	100,500	718,878
Financial assets	13	1,278,562	701,521
Property, plant and equipment	15	90,967	178,786
Intangible assets	17	5,441,027	9,583,118
Exploration and evaluation	18	101,818	144,896
TOTAL NON-CURRENT ASSETS		7,012,874	11,327,199
TOTAL ASSETS		10,239,364	13,940,500
CURRENT LIABILITIES			
Trade and other payables	19	618,672	305,237
Provisions	20	1,575,173	1,030,610
TOTAL CURRENT LIABILITIES		2,193,845	1,335,847
TOTAL LIABILITIES		2,193,845	1,335,847
NET ASSETS		8,045,519	12,604,653
EQUITY			
Issued capital	21	46,635,488	42,345,754
Reserves	23	1,729,434	2,056,798
Retained earnings		(40,319,403)	(31,797,899)
TOTAL EQUITY		8,045,519	12,604,653

The accompanying notes form part of these financial statements.

STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2011

Consolidated Group

	Share Capital				
	Ordinary	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 30 June 2009	42,192,124	1,835,975	255,613	(29,138,369)	15,145,343
Shares issued during the year	153,630	-	-	-	153,630
Options issued during the year	-	199,806	-	-	199,806
Total other comprehensive income	-	-	(234,596)	(2,659,530)	(2,894,126)
Balance at 30 June 2010	42,345,754	2,035,781	21,017	(31,797,899)	12,604,653
Shares issued during the year, net of issue costs	4,289,734	-	-	-	4,289,734
Total other comprehensive income	-	-	(327,364)	(8,521,504)	(8,848,868)
Balance at 30 June 2011	46,635,488	2,035,781	(306,347)	(40,319,403)	8,045,519

The accompanying notes form part of these financial statements.

STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2011

	Note	Consolidated Group	
		2011	2010
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		427,494	298,265
Payments to suppliers and employees		(3,180,375)	(2,989,779)
Interest received		52,159	80,947
Net cash provided by (used in) operating activities	22	(2,700,722)	(2,610,567)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure		(3,836)	(135,312)
Purchase of property, plant and equipment		(15,461)	(11,975)
Development of intangible assets		(540,691)	(366,153)
Investment in joint venture		(664,232)	(223,217)
Proceeds from sale of investments		700,000	1,000,000
Proceeds from sale of subsidiary (net of cash disposed)		200,000	370,000
Net cash provided by (used in) investing activities		(324,220)	633,343
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of issue costs		4,046,506	-
Proceeds from borrowings		-	-
Repayment of borrowings		-	-
Net cash provided by (used in) financing activities		4,046,506	-
Net increase (decrease) in cash held		1,021,564	(1,977,224)
Net increase(decrease) due to foreign exchange movements		(47,425)	(32,116)
Cash at beginning of financial year		1,050,288	3,059,628
Cash at end of financial year	9	2,024,427	1,050,288

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, including Australian Accounting Interpretations, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*.

The financial report covers the consolidated group of Eden Energy Ltd and controlled entities, and Eden Energy Ltd as an individual parent entity. Eden Energy Ltd is a listed public company, incorporated and domiciled in Australia.

The financial report of Eden Energy Limited and controlled entities, and Eden Energy Ltd as an individual parent entity complies with all International Financial Reporting Standards (IFRS) in their entirety.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied.

Going Concern

These financial statements have been prepared on a going concern basis, which contemplates continuity of normal business activities the realisation of assets and extinguishment of liabilities in the ordinary course of business.

The consolidated entity has reported a net loss for the period of $8,521,504 and a cash outflow from operating activities of $2,700,722.

The directors are confident that the Group, subject to being able to raise further capital, will be able to continue its operations as a going concern, Without such capital, the net loss for the period and the cash outflow from operating activities indicate the existence of a material uncertainty which may cast significant doubt about the Group's ability to continue as a going concern. The directors also carefully manage discretionary expenditure in line with the Group's cash flow.

The continuing applicability of the going concern basis of accounting is dependent upon the Group's ability to source additional finance. Unless additional finance is received the Group may need to realise assets and settle liabilities other than in the normal course of business and at amounts, which could differ from the amounts at which they are stated in these financial statements.

The financial report was authorised for issue on 21 September 2011 by the Board of Directors.

Accounting Policies

a. **Principles of Consolidation**

A controlled entity is any entity Eden Energy Ltd has the power to control the financial and operating policies of so as to obtain benefits from its activities. A list of controlled entities is contained in Note 16 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

b. **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss.

Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

c. **Inventories**

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of weighted average costs.

d. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are measured on the cost basis.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

Depreciation

The depreciable amount of all fixed assets including building and capitalised lease assets, but excluding freehold land, is depreciated on a straight-line basis over their useful lives to the consolidated group commencing from the time the asset is held ready for use. Leasehold improvements are depreciated over the shorter of either the unexpired period of the lease or the estimated useful lives of the improvements.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15 – 50%

The assets' residual values and useful lives are reviewed, and adjusted if appropriate, at each year end.

An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount.

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

e. **Exploration and Evaluation Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

Accumulated costs in relation to an abandoned area are written off in full against profit in the year in which the decision to abandon the area is made.

When production commences, the accumulated costs for the relevant area of interest are amortised over the life of the area according to the rate of depletion of the economically recoverable reserves.

A regular review is undertaken of each area of interest to determine the appropriateness of continuing to carry forward costs in relation to that area of interest.

f. **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. **Financial Instruments continued**

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

Impairment

At each reporting date, the group assess whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an asset is impaired. Impairment losses are recognised in the income statement.

g. **Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

h. **Interests in Joint Ventures**

The consolidated group's share of the assets, liabilities, revenue and expenses of joint venture operations are included in the appropriate items of the consolidated financial statements. Details of the consolidated group's interests are shown at Note 14.

The consolidated group's interests in joint venture entities are brought to account using the equity method of accounting in the consolidated financial statements. The parent entity's interests in joint venture entities are brought to account using the cost method.

i. **Intangibles**

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Intellectual Property

Intellectual property, which includes trademarks and engineering knowledge, is included in the financial statements at cost, being their fair value on acquisition.

Intellectual property and trademarks are only amortised or written down where the useful lives are limited or impaired by specific circumstances, in such cases amortisation is charged on a straight line basis over their useful lives and write downs are charged fully when incurred. The directors have assessed the useful life of the intellectual property and have determined that it has a finite useful life. The intellectual property will be amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

j. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement, except where deferred in equity as a qualifying cash flow or net investment hedge.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

— income and expenses are translated at average exchange rates for the period; and

— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed. Intercompany loans are treated as investments for foreign currency translation purposes.

k. **Employee Benefits**

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

Equity-settled compensation

The group operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

l. **Cash and Cash Equivalents**

Cash and cash equivalents include cash on hand, deposits held at call with banks, other short-term highly liquid investments with original maturities of three months or less, and bank overdrafts. Bank overdrafts are shown within short-term borrowings in current liabilities on the balance sheet.

m. **Revenue**

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

All revenue is stated net of the amount of goods and services tax (GST).

n. **Borrowing Costs**

All borrowing costs are recognised as an expense in the income statement in the period in which they are incurred.

o. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

p. **New accounting standards and interpretations**

The directors have assessed the new accounting standards issued but not yet effective at 30 June 2011 and noted no impact on the entity's financial statements.

q. **Critical Accounting Estimates and Judgments**

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

The group assesses impairment at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. Where an impairment trigger exists, the recoverable amount of the asset is determined. Value-in-use calculations performed in assessing recoverable amounts incorporate a number of key estimates.

- Value-in-use is calculated based on the present value of cash flow projections.
- The forecast provides for the number of installed stations increasing in the first years until expected capacity is reached and there after remaining constant, based on projected market penetration.
- Costs have been based on historical amounts adjusted for CPI increase and improvements in margins based on internal efficiencies.
- A 30% discount rate was utilised to recognise inherent risk in the forecasts.
- That the Company will be able to secure suitable funding to complete the project as forecasted.

Based on the above value in use calculation an amount of $4,682,783 has been recognised as impairment in respect of intellectual property for the year ended 30 June 2011.

There is a significant risk of actual outcomes being different from those forecasted due to changes in economic or market conditions and events.

NOTE 2: REVENUE

	2011 $	2010 $
a. Operating activities		
— sale of goods or services	291,993	278,296
Total Revenue	291,993	278,296

NOTE 3: LOSS FOR THE YEAR

a. **Significant Revenue and Expenses**

Significant expense items relevant in explaining the financial performance:		
Gain on sale of non-current asset	620,106	844,009
Exploration expenditure written off	(204)	(120,077)
Impairment of IP	(4,682,782)	-
Impairment of exploration costs	(47,923)	(275,930)
Impairment of receivables	(701,075)	(400,000)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
NOTE 4: INCOME TAX EXPENSE			
a. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:			
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2010: 30%)		(2,556,451)	(797,859)
		(2,556,451)	(797,859)
Add tax effect of:			
— shares and options expensed during year		-	88,185
— deferred tax assets not brought to account		2,556,451	709,674
Income tax attributable to entity		-	-
The applicable weighted average effective tax rates are as follows:		Nil%	Nil%
b. Deferred tax assets not brought to account, the benefits of which will only be realised if conditions for deductibility occur:			
— Net deferred tax assets/(liabilities)		(371,275)	(1,242,142)
— tax losses		7,135,936	5,660,719
		6,764,661	4,418,577
NOTE 5: AUDITORS' REMUNERATION			
Remuneration of the auditor of the parent entity for:			
— auditing or reviewing the financial report		44,155	48,544
Remuneration of other auditors of subsidiaries for:			
— auditing or reviewing the financial report		23,665	25,810
— Other		1,776	-
NOTE 6: EARNINGS PER SHARE			
a. Reconciliation of earnings to profit or loss			
Profit/(loss)		(8,521,504)	(2,659,530)
Earnings used to calculate basic EPS		(8,521,504)	(2,659,530)
d. Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		208,751,399	181,714,373

The options on issue are not potentially dilutive shares.

NOTE 7: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

Transactions with related parties:

Key Management Personnel

	2011 $	2010 $
Management fees and administration fees paid to Princebrook Pty Ltd, a company in which Mr GH Solomon and Mr DH Solomon have an interest.	194,670	194,670
Legal fees paid to Solomon Brothers predominately to do with the Engenco and Ticora litigation, a firm of which Mr GH Solomon and Mr DH Solomon are partners.	259,581	32,217
Underwriting and capital raising fees paid to RM Corporate Finance, a firm of which Mr GT Le Page has an interest. RM Corporate Finance also received 3,180,000 20 cent options expiring 30 June 2014 as part of the underwriting fee.	172,288	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 8: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Gregory H Solomon	Executive Chairman
Douglas H Solomon	Non-Executive Director
Guy T Le Page	Non-Executive Director
Richard J Beresford	Non-Executive Director
Roger W Marmaro	President Hythane
Aaron P Gates	Company Secretary / Chief Financial Officer

Key management personnel remuneration is included in the Remuneration Report of the Directors Report

b. Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 30.6.2010	Granted as Compen-sation	Options Exer-cised	Net Change* Other	Balance 30.6.2011	Total Vested 30.6.2011	Total Exercisable 30.6.2011	Total Unexer-cisable 30.6.2011
Gregory H Solomon	1,000,000	-	-	383,131	1,383,131	1,383,131	1,383,131	-
Douglas H Solomon	1,000,000	-	-	335,131	1,335,131	1,335,131	1,335,131	-
Guy T Le Page	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
Richard J Beresford	1,000,000	-	-	-	1,000,000	1,000,000	1,000,000	-
Roger W Marmaro	532,058	-	-	-	532,058	532,058	532,058	-
Aaron Gates	500,000	-	-	128,856	628,856	528,856	528,856	100,000
Total	5,032,058	-	-	847,118	5,879,176	5,779,176	5,779,176	100,000

* Net Change Other refers to options that have been purchased, sold, lapsed or issued during the year.

c. Shareholdings

Number of Shares held by Key Management Personnel

	Balance 30.6.2010	Received as Compen-sation	Options Exercised	Net Change* Other	Balance 30.6.2011
Gregory H Solomon	3,231,302	-	-	1,203,131	4,434,433
Douglas H Solomon	3,051,302	-	-	635,131	3,686,433
Guy T Le Page	-	-	-	-	-
Richard J Beresford	1,000,000	-	-	-	1,000,000
Roger W Marmaro	3,013,051	-	-	(505,761)	2,507,290
Aaron P Gates	5,000	-	-	143,356	148,356
Total	10,300,655	-	-	1,475,857	11,776,512

* Net Change Other refers to shares purchased, acquired though rights issues and share purchase plans or sold during the financial year.

	2011 $	2010 $
NOTE 9: CASH AND CASH EQUIVALENTS		
Cash at bank and in hand	2,024,427	1,050,288
	2,024,427	1,050,288

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the statement of financial position as follows:

Cash and cash equivalents	2,024,427	1,050,288
	2,024,427	1,050,288

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
NOTE 10: TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade receivables		214,545	238,404
Less provision for impairment		(101,075)	-
Other un-secured receivables		680,000	880,000
		793,470	1,118,404
NON-CURRENT			
Other receivables	10(a)	1,100,500	1,118,878
Less provision for impairment		(1,000,000)	(400,000)
		100,500	718,878

(a) $1,000,000 relates to an Aptus 100 reformer owed to Eden Energy from the sale of HyRadix Inc in 2009. A provision for impairment has now been recognised for this balance and it is now being treated as a contingent asset.

NOTE 11: INVENTORIES

	2011	2010
CURRENT		
At cost	348,259	369,913
	348,259	369,913

NOTE 12: OTHER CURRENT ASSETS

	2011	2010
Prepayments	60,334	74,696
	60,334	74,696

NOTE 13: OTHER FINANCIAL ASSETS

a. **Available-for-sale Financial Assets Comprise**

	Note	2011	2010
Unlisted investments, at cost			
— interest in joint venture operations	14	1,278,562	701,521
Total available-for-sale financial assets		1,278,562	701,521

Available-for-sale financial assets comprise investments in the equity of various entities. There are no fixed returns or fixed maturity date attached to these investments.

The fair value of unlisted available-for-sale financial assets cannot be reliably measured as variability in the range of reasonable fair value estimates is significant. As a result, unlisted investments are reflected at cost.

NOTE 14: JOINT VENTURE

a. **Interest in Joint Venture Operations**

The Consolidated Group's share of costs incurred in respect of the joint venture is:

	2011	2010
NON-CURRENT ASSETS		
Exploration expenditure	1,278,562	701,521
Total non-current assets	1,278,562	701,521
Net interest in joint venture operations	1,278,562	701,521

Eden Energy (UK) Ltd has a 5% interest in a joint venture with two other parties in relation to four licences in South Wales in the Westphalian Measures, and is earning a 50% interest in three of those licences in the other measures (which it has almost completed, once completed Eden Energy (UK) Ltd will be a Joint Venture Participant). In addition, Eden has a 50% interest in 13 other licences. See page 46 for a list of all tenement interests.

The recoverability of the carrying amount of the exploration and evaluation assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 15: PROPERTY, PLANT AND EQUIPMENT

	Note	2011 $	2010 $
Plant and equipment:			
At cost		326,714	496,087
Accumulated depreciation		(235,747)	(317,301)
Total plant and equipment		90,967	178,786
Total property, plant & equipment		90,967	178,786

Movements in Carrying Amounts

Plant & Equipment		
Balance at the beginning of year	178,786	236,596
Additions	15,461	11,886
Disposals	(29,239)	(1,203)
Net foreign exchange differences on translation	(23,946)	(11,850)
Depreciation expense	(50,095)	(56,643)
Carrying amount at the end of year	90,967	178,786

NOTE 16: CONTROLLED ENTITIES

a. **Controlled Entities**

	Country of Incorporation	Percentage Owned (%)* 2011	2010
Parent Entity:			
Eden Energy Limited	Australia		
Subsidiaries of Eden Energy Limited:			
Eden Innovations Limited	Ireland	100	100
Eden Energy (UK) Limited	United Kingdom	100	100
Eden Energy (India) Pvt Ltd	India	100	100
Hythane Company LLC	United States of America	100	100
Terratherma Ltd	Australia	100	100

** Percentage of voting power is in proportion to ownership*

b. **Acquisition of Controlled Entities**

No entities were acquired during the year.

c. **Disposal of Controlled Entities**

No entities were disposed during the year.

	Note	2011 $	2010 $
NOTE 17: INTANGIBLE ASSETS			
Intellectual property		10,123,809	9,583,118
Accumulated impaired losses		(4,682,782)	-
Net carrying value		5,441,027	9,583,118
Balance at the beginning of the year		9,583,118	9,168,119
Additions		540,691	414,999
Impairment expense		(4,682,782)	-
Carrying amount at the end of the year		5,441,027	9,583,118

Intellectual property relates mainly to Hythane® trademarks and engineering knowledge. Hythane® is a registered trademark of Eden Innovations Ltd, a controlled entity of Eden Energy Ltd. Refer to Note 1(i) and Note 1(q) for further information on accounting policies and critical estimates / assumptions in relation to IP.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

	Note	2011 $	2010 $
NOTE 18: EXPLORATION AND EVALUATION			
Balance at the beginning of the year		144,896	536,453
Exploration expenditure incurred during the year		5,049	4,450
Exploration expenditure written-off during the year		(204)	(120,077)
Impairment		(47,923)	(275,930)
Balance at the end of the year		101,818	144,896

Recoverability of the carrying amount of exploration assets is dependent on the successful exploration and sale of geothermal energy. Capitalised costs amounting to $3,836 (2010: $135,312) have been included in cash flows from investing activities in the statement of cash flows for the Consolidated Group.

	Note	2011 $	2010 $
NOTE 19: TRADE AND OTHER PAYABLES			
Trade payables		618,672	305,237
		618,672	305,237

	Note	2011 $	2010 $
NOTE 20: PROVISIONS			
Other	20a	1,575,173	1,030,610
		1,575,173	1,030,610

20a A large proportion of this relates to a claim made against Eden by Ticora Geosciences Inc (“Ticora”), the company that carried out permeability and desorption testing for Eden in 2007-8 in the UK, for the unpaid portion of its bill (US$786,191) for this testing, is the subject of litigation in UK. Eden disputes the claim and in turn has counterclaimed against Ticora for damages resulting from the alleged negligence of Ticora in carrying out the permeability testing on the second well, and claims a right of setoff. This dispute is scheduled to be determined by the UK courts late in 2011 if not previously settled.

	2011 $	2010 $
NOTE 21: ISSUED CAPITAL		
240,903,019 (2010: 183,539,654) fully paid ordinary shares	46,635,488	42,345,754
	46,635,488	42,345,754

a. **Ordinary shares**	2011 No.	2010 No.
At the beginning of reporting period	183,539,654	181,458,422
Shares issued – prior year	-	2,081,232
Shares issued during the year		
— 24 August 2010	3,750,000	-
— 4 October 2010	25,930,000	-
— 21 December 2010	770,000	-
— 14 April 2011	5,013,090	-
— 25 May 2011	9,678,419	-
— 31 May 2011	12,221,856	-
At reporting date	240,903,019	183,539,654

i. The ordinary shares on issue have no par value and there is no limited amount of authorised share capital.

ii. On 24 August 2010 the company issued 3,750,000 ordinary shares to a Uniquest Pty Ltd to acquire the 50% interest in the Pyrolysis project and Gas to Liquids project held by Uniquest Pty Ltd.

iii. On 4 October 2010 the company issued 25,930,000 ordinary shares pursuant to a share purchase plan.

iv. On 21 December 2010 the company issued 770,000 ordinary shares to a consultant.

v. On 14 April 2011 the company issued 5,013,090 ordinary shares pursuant to a share placement.

vi. On 25 May 2011 and 31 May 2011 the company issued 21,900,275 ordinary shares pursuant to a rights issue and underwriting.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 21: ISSUED CAPITAL CONTINUED

vii. Ordinary shares participate in dividends and the proceeds on winding up of the parent entity in proportion to the number of shares held. At the shareholders meetings each ordinary share is entitled to one vote when a poll is called, otherwise each shareholder has one vote on a show of hands.

b. Options

At the beginning of reporting period	14,208,764	100,751,348
Options issued – prior year	-	5,196,764
Options lapsed – prior year	-	(91,739,348)
Options lapsed	(2,752,000)	-
Options issued during the year		
— 14 April 2011	5,013,090	-
— 25 May 2011	9,678,419	-
— 30 May 2011	3,180,000	-
— 31 May 2011	12,221,856	-
At reporting date	41,550,129	14,208,764

i. For information relating to the Eden Energy Limited employee option plan, including details of options issued, exercised and lapsed during the financial year and the options outstanding at year-end, refer to Note 28 Share-based Payments.

ii. For information relating to share options issued to key management personnel during the financial year, refer to Note 28 Share-based Payments.

c. Capital Management

Management controls the working capital of the Company in order to maximise the return to shareholders and ensure that the Company can fund its operations and continue as a going concern. Management effectively manages the Company's capital by assessing the Company's financial risks and adjusting its capital structure in responses to changes in these risks and in the market. These responses include the management of expenditure and debt levels, distributions to shareholders and share and option issues. There have been no changes in the strategy adopted by management to control the capital of the Company since the prior year.

NOTE 22: CASH FLOW INFORMATION

	Note	2011 $	2010 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax			
Loss after income tax		(8,521,504)	(2,659,930)
Cash flows excluded from loss attributable to operating activities			
Non-cash flows in loss			
Depreciation and amortisation		50,095	56,643
Impairment expense		5,431,780	675,930
Employee benefits		-	276,541
Foreign exchange loss		(1,060)	(61,935)
Gain on sale of non-current assets		(620,106)	(844,010)
Litigation expense		581,886	-
Shares/options expense		-	76,895
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries			
(Increase)/decrease in trade and other receivables*		124,934	(101,688)
(Increase)/decrease in inventories		21,654	84,487
Increase/(decrease) in trade payables and accruals*		231,599	(113,500)
Cash flow from operations		(2,700,722)	(2,610,567)

* - Net of non operating movements

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 23: RESERVES

a. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options.

b. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on the translation of foreign controlled subsidiaries.

NOTE 24: CAPITAL AND LEASING COMMITMENTS

	2011 $	2010 $
a. Capital Expenditure Commitments		
Payable:		
— not later than 12 months	-	-
— greater than 12 months	-	-
	-	-

b. Exploration Commitments

Currently Eden Energy Ltd has no obligations to perform work on its Geothermal Licences.

c. Joint Ventures

Eden Energy Ltd is committed to fund exploration expenditure in South Wales pursuant to a joint venture agreement in respect of conventional hydrocarbons on Petroleum Exploration and Development Licences.

NOTE 25: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

Eden Energy Ltd is owed an Aptus 100 reformer from the sale of HyRadix Inc in 2009. Eden Energy Ltd has engaged solicitors on its behalf to commence actions on its behalf. The directors have estimated this contingent asset to have a value of $600,000. The Directors are not aware of any other contingent assets or contingent liabilities at 30 June 2011.

NOTE 26: PARENT COMPANY INFORMATION

	2011 $	2010 $
a. **Parent Entity**		
Assets		
Current assets	2,453,138	1,711,333
Non-current assets (include s intercompany receivables of $10,537,586)	12,741,117	11,716,891
Total Assets	15,194,255	13,428,224
Liabilities		
Current liabilities	1,788,917	1,022,608
Total liabilities	1,788,917	1,022,608
Equity		
Issued Capital	46,635,488	42,345,754
Retained Earnings	(35,265,931)	(31,975,919)
Reserves		
Option reserve	2,035,781	2,035,781
Total reserves	2,035,781	2,035,781
Financial performance		
Loss for the year	(3,408,813)	(1.376,897)
Other comprehensive income, net of tax	-	-
Total comprehensive income	(3,408,813)	(1,376,897)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 27: SEGMENT REPORTING

Accounting Policies

Segment revenues and expenses are those directly attributable to the segments and include any joint revenue and expenses where a reasonable basis of allocation exists. Segment assets include all assets used by a segment and consist principally of cash, receivables, inventories, intangibles and property, plant and equipment, net of allowances and accumulated depreciation and amortisation. While most such assets can be directly attributed to individual segments, the carrying amount of certain assets used jointly by two or more segments is allocated to the segments on a reasonable basis. Segment liabilities consist principally of payables, employee benefits, accrued expenses, provisions and borrowings. Segment assets and liabilities do not include deferred income taxes.

Intersegment Transfers

Segment revenues, expenses and results include transfers between segments. The prices charged on intersegment transactions are the same as those charged for similar goods to parties outside of the Consolidated Group at an arm's length. These transfers are eliminated on consolidation.

Business and Geographical Segments

Business segments

The consolidated group operates in the energy sector and does not have distinguishable business segments.

Geographical segments

The consolidated group's business segments are located in Australia, United States of America, Europe and India.

Primary reporting — Geographical segments

	Australia	United States	Europe	India	Eliminations	Economic Entity
	$	$	$	$	$	$
2011						
External sales	-	167,597	-	124,396	-	291,993
Other segments	-	577,667	-	-	(577,667)	-
Total segment revenue	-	745,264	-	124,396	(577,667)	291,993
Segment Result	(3,336,562)	527,812	(1,033,357)	(4,168)	(4,675,167)	(8,521,442)
Finance costs						(62)
Loss before income tax						(8,521,504)
Income tax expense						-
Loss after income tax						(8,521,504)
Segment Assets	15,195,730	1,003,092	4,974,683	115,035	(11,049,176)	10,239,364
Segment Liabilities	(2,249,860)	(9,453,190)	(20,853,146)	(355,728)	30,718,079	(2,193,845)
Net Assets	12,945,870	(8,450,098)	(15,878,463)	(240,693)	19,668,903	8,045,519
Purchase of non-current assets	-	12,860	-	2,601	-	15,461
Depreciation and amortisation	1,068	42,802	3,810	2,416	-	50,096
Impairment of investments and receivables	(71,858)	101,075	-	-	71,858	101,075
2010						
External sales	-	246,320	-	31,976	-	278,296
Other segments	-	338,513	-	-	(338,513)	-
Total segment revenue	-	584,833	-	31,976	(338,513)	278,296
Segment Result	(865,694)	(1,550,752)	(29,370)	(170,963)	(42,681)	(2,659,460)
Finance costs						(71)
Loss before income tax						(2,659,531)
Income tax expense						-
Loss after income tax						(2,659,531)
Segment Assets	13,429,305	949,494	9,188,040	47,605	(9,673,944)	13,940,500
Segment Liabilities	(1,022,608)	(9,808,602)	(24,033,147)	(292,466)	33,820,976	(1,335,847)
Net Assets	12,406,697	(8,859,108)	(14,845,107)	(244,861)	24,147,032	12,604,653
Purchase of non-current assets	1,001,597	7,391	-	2,898	-	1,011,886
Depreciation and amortisation	690	44,392	9,448	2,113	-	56,643
Impairment of investments and receivables	-	-	-	-	-	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 28: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2011:

On 19 March 2007, 500,000 share options were issued, exercisable at $0.585 at any time before 5 April 2012 were granted for nil consideration to employees under the Eden Employee Share Option Plan ("ESOP").

On 23 December 2008, 500,000 share options were issued, exercisable at $0.385 at any time before 26 May 2013 were granted for nil consideration to employees under the Eden Employee Share Option Plan ("ESOP").

On 22 May 2009, 335,000 share options were issued, exercisable at $0.20 at any time before 14 May 2012 were granted for nil consideration to employees under the Eden Employee Share Option Plan ("ESOP").

On 20 November 2009, 4,000,000 share options were issued, exercisable at $0.10625 at any time before 20 November 2012 were granted for nil consideration to directors pursuant to AGM approval.

On 14 May 2010, 310,000 share options were issued, exercisable at $0.20 at any time before 14 May 2013 were granted for nil consideration to employees under the Eden Employee Share Option Plan ("ESOP").

On 1 June 2010, 886,764 share options were issued, exercisable at $0.20 at any time before 20 November 2011 were granted for nil consideration to employees under the Eden Employee Share Option Plan ("ESOP").

All options granted to key management personnel are ordinary shares in Eden Energy Limited, which confer a right of one ordinary share for every option held. When issued, the shares carry full dividend and voting rights.

	2011		2010	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	7,981,764	0.28	10,398,953	0.45
Granted	-	-	5,196,764	0.13
Lapsed	(1,525,000)	0.66	(7,613,953)	0.41
Outstanding at year-end	6,456,764	0.19	7,981,764	0.28
Exercisable at year-end	6,356,764	0.18	7,781,764	0.27

The options outstanding at 30 June 2011 had a weighted average exercise price of $0.19, with exercise prices ranging from $0.11 to $0.58 and a weighted average remaining contractual life of 1.26 years.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indi future tender, which may not eventuate.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

No options were exercised during the year ended 30 June 2011. Included under employee benefits expense in the statement is $Nil (2010: $276,541) and relates, in full, to equity settled share-based payment transactions.

NOTE 29: EVENTS AFTER THE BALANCE SHEET DATE

On 11 August 2011 a new company, Adamo Energy Ltd was formed in Australia as a 100% subsidiary of Eden Energy Ltd.

On 16 September 2011 Eden announced that it has agreed to place up to 6,250,000 fully paid ordinary shares at $0.064 to professional and sophisticated investors raising up to $400,000.

There were no other material events occurring after the reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2011

NOTE 30: FINANCIAL INSTRUMENTS

a. Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are liquidity risk and credit risk.

i. Liquidity Risk

The company manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funding is maintained. The company's operations require it to raise capital on an on-going basis to fund its planned exploration program and to commercialise its tenement assets. If the company does not raise capital in the short term, it can continue as a going concern by reducing planned but not committed exploration expenditure until funding is available and/or entering into joint venture arrangements where exploration is funded by the joint venture partner.

The remaining contractual maturities of the Group financial liabilities are:

	2011 $	2010 $
12 months or less	618,672	305,237
1 year or more	-	-
Total	618,672	305,237

ii. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the company. The company has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

iii. Foreign currency risk

The group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. At 30 June 2011, the effect on the loss and equity as a result of a 10% increase in the exchange rates, with all other variables remaining constant would be a increase in loss by $138,800 (2010: $163,000) and an decrease in equity by $138,800 (2010: $163,000). The effect on the loss and equity as a result of a 10% decrease in the interest rate, with all other variables remaining constant would be a decrease in loss by $138,800 (2010: $163,000) and an decrease in equity by $138,800 (2010: $163,000).

iv. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's minimal exposure to interest rate risk, the only asset / liability affected by changes in market interest rates is Cash and cash equivalents.

b. Financial Instruments

i. **Net Fair Values**

The aggregate net fair values of:

— Financial assets and financial liabilities, at the balance date, are approximated by their carrying value.

NOTE 31: COMPANY DETAILS

The registered office of the company is:

Eden Energy Limited
Level 40, Exchange Plaza
2 The Esplanade
Perth Western Australia 6000

The principle places of business is:

Eden Energy Limited
Level 40, Exchange Plaza
2 The Esplanade
Perth Western Australia 6000

DIRECTORS' DECLARATION

DIRECTORS' DECLARATION

In the opinion of the directors of Eden Energy Ltd (the "Company"):

a. the financial statements and notes set out on pages 20 to 39, and the Remuneration disclosures that are contained in pages 15 to 17 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

    (i) giving a true and fair view of the Group's financial position as at 30 June 2011 and of its performance, for the financial year ended on that date; and

    (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

    (iii) complying with International Financial Reporting Standards as disclosed in Note 1.

b. the remuneration disclosures that are contained in page 15 to 17 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and

c. there are reasonable grounds to believe that the Company will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Executive Chairman and Chief Financial Officer for the financial year ended 30 June 2011.

This declaration is made in accordance with a resolution of the Board of Directors.

Gregory H Solomon
Chairman

Dated this 21st day of September 2011

10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

T +61 8 9480 2000
F +61 8 9322 7787
E admin.wa@au.gt.com
W www.grantthornton.com.au

Independent Auditor's Report
To the Members of Eden Energy Limited

Report on the financial report

We have audited the accompanying financial report of Eden Energy Limited (the "Company"), which comprises the consolidated statement of financial position as at 30 June 2011, the consolidated statement of comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the year then ended, notes comprising a summary of significant accounting policies and other explanatory information and the directors' declaration of the consolidated entity comprising the Company and the entities it controlled at the year's end or from time to time during the financial year.

Directors responsibility for the financial report

The Directors of the Company are responsible for the preparation of the financial report that gives a true and fair view of the financial report in accordance with Australian Accounting Standards and the Corporations Act 2001. This responsibility includes such internal controls as the Directors determine are necessary to enable the preparation of the financial report to be free from material misstatement, whether due to fraud or error. The Directors also state, in the notes to the financial report, in accordance with Accounting Standard AASB 101 Presentation of Financial Statements, that compliance with the Australian equivalents to International Financial Reporting Standards ensures that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards which require us to comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the Directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Independence

In conducting our audit, we have complied with the independence requirements of the Corporations Act 2001.

Basis for Qualified Auditor's Opinion

As disclosed in Notes 17 and 26 to the financial statements, the consolidated entity and Company have, within non-current assets, intellectual property and receivables from subsidiaries with carrying values as at 30 June 2011 of $5,441,027 and $10,537,586 respectively.

The Directors have prepared value in use calculations in assessing the recoverable amounts of these assets on the basis of the key estimates as outlined in Note 1(q) to the financial statements. One of the key estimates is that the Company and consolidated entity will be able to source additional capital injections in the near future to enable the further development of the intellectual property. We have not been provided with adequate documentation as to the availability of these funds at this date. Without these funds, it will not be possible for the consolidated entity and Company to continue with the development or commercialise the intellectual property and achieve the projected cash flows and recover receivables from subsidiaries.

We are therefore unable to satisfy ourselves as to the carrying value of intellectual property and receivables from subsidiaries of $5,441,027 and $10,537,586 respectively.

Qualified Auditor's opinion

In our opinion except for the effects of such adjustments, if any, as might have been determined to be necessary had we been able to satisfy ourselves as to the recoverable amounts of intellectual property and receivables from subsidiaries:

a the financial report of Eden Energy Limited is in accordance with the Corporations Act 2001, including:

   i giving a true and fair view of the consolidated entity's financial position as at 30 June 2011 and of its performance for the year ended on that date; and

   ii complying with Australian Accounting Standards and the Corporations Regulations 2001; and b the financial report also complies with International Financial Reporting Standards as disclosed in the notes to the financial statements.

Material uncertainty regarding continuation as a going concern

Without further qualification to our opinion above, we draw attention to Note 1 in the financial report. The consolidated entity incurred a net loss of $8,521,504 and net cash outflows from operations of $2,700,722 of during the year ended 30 June 2011. The ability of the consolidated entity to continue as a going concern is dependent upon sourcing additional funding and managing discretionary expenditure as required. These conditions indicate the existence of a material uncertainty which may cast significant doubt about the consolidated entity's ability to continue as a going concern and therefore, the consolidated entity may be unable to realise its assets and discharge its liabilities in the normal course of business, and at the amounts stated in the financial report.

Report on the remuneration report

We have audited the remuneration report included in pages 16 to 18 of the directors' report for the year ended 30 June 2011. The Directors of the Company are responsible for the preparation and presentation of the remuneration report in accordance with section 300A of the Corporations Act 2001. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Auditor's opinion on the remuneration report

In our opinion, the remuneration report of Eden Energy Limited for the year ended 30 June 2011, complies with section 300A of the Corporations Act 2001.

GRANT THORNTON AUDIT PTY LTD
Chartered Accountants

P W Warr
Director - Audit & Assurance

Perth, 21 September 2011

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange Ltd.

1. **Shareholding as at 31 August 2011**

a. **Distribution of Shareholders**

Category (size of holding)	Number Ordinary
1 – 1,000	87
1,001 – 5,000	354
5,001 – 10,000	427
10,001 – 100,000	1,315
100,001 – and over	358
	2,541

b. The number of shareholdings held in less than marketable parcels is 442.

c. The names of the substantial shareholders listed in the holding company's register as at 15 September 2010 are:

Shareholder	Number Ordinary
Tasman Resources Ltd	35,421,988

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares

— Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders — Ordinary Shares**

	Name	Number of Shares	% Issued Capital
1.	Noble Energy Limited	36,705,510	15.237%
2.	Citicorp Nominees Pty Ltd	8,740,624	3.628%
3.	Mr & Mrs Rogerson & Miss C Rogerson <The Rogerson Super Fund A/c>	6,028,691	2.503%
4.	Noble Energy Limited	5,811,776	2.412%
5.	Top Energy Pty Ltd	4,352,846	1.807%
6.	Mr Wayne Kearney & Mrs Robyn Kearney <Kearney Super A/c>	4,246,824	1.763%
7.	Arkenstone Pty Ltd <G H Solomon Family Inv A/c>	4,104,429	1.704%
8.	Uniquest Pty Ltd	3,750,000	1.557%
9.	March Bells Pty Ltd	3,301,433	1.370%
10.	Mr Roger Marmaro	2,507,290	1.041%
11.	Mr Kwong Yee Wong	2,437,750	1.012%
12.	Mr K Vogel & Mr S Fairley <Hoo Haa Ventures A/c>	2,211,000	0.918%
13.	Coote Investments Pty Ltd	2,000,000	0.830%
14.	Yelrif Investments Pty Limited <Pension Fund A/c>	1,850,000	0.768%
15.	Harbour Views No 1 Pty Ltd	1,832,401	0.761%
16.	Mr Marat Basyrov	1,563,691	0.649%
17.	Mr Justin Fulton	1,300,000	0.540%
18.	Mr Peter Hurcombe	1,264,636	0.525%
19.	Mr Hermann Hamburger	1,100,000	0.458%
20.	Mr Skye Ackling	1,100,000	0.458%
		96,208,901	39.937%

2. **Optionholding as at 31 August 2011 (EDEO: $0.20 Expiring 30 June 2014)**

a. **Distribution of Optionholders**

Category (size of holding)	Number of Optionholders
1 – 1,000	159
1,001 – 5,000	208
5,001 – 10,000	100
10,001 – 100,000	133
100,001 – and over	53
	653

b. **20 Largest Optionholders — EDEO**

	Name	Number Options Held	% of Issued Capital
1.	Noble Energy Limited	3,590,241	11.930
2.	Noble Energy Limited	3,336,865	11.088
3.	Taycol Nominees Pty Ltd	1,468,778	4.811
4.	Tadea Pty Ltd	1,379,472	4.584
5.	Mr Skye Ackling	1,100,000	3.655
6.	Mr Craig Ball & Mrs Suzanne Ball <CPB Super Fund A/c>	590,911	1.964
7.	Taycol Nominees Pty Ltd <211 A/c>	550,000	1.828
8.	Wobbly Investments Pty Ltd	507,335	1.686
9.	Mr Wilfred Kubisch	500,000	1.661
10.	HNC Pty Ltd <The Saggers Super Fund A/c>	486,082	1.615
11.	Almesh Pty Ltd <Symba Retirement Fund A/c>	454,545	1.510
12.	Bayrain Holdings Pty Ltd < Mitchell Property Fam A/c >	454,545	1.510
13.	BTK Holdings (WA) Pty Ltd <BTK A/c>	422,600	1.404
14.	Mr Peter Turcovsky	400,000	1.329
15.	Mrs Suzanne Speirs & Mr John Speirs <JBR Speirs Family A/c>	400,000	1.329
16.	Mr Wayne Kearney & Mrs Robyn Kearney <Kearney Super A/c>	386,075	1.283
17.	Arkenstone Pty Ltd <G H Solomon Family Inv A/c>	373,130	1.240
18.	Mr Julian Merse	368,260	1.224
19.	Mr Michael Whiting & Mrs Tracey Whiting <Whiting Family S/F A/c>	357,335	1.187
20.	Mr Boris Duka & Mrs Elizabeth Duka	350,790	1.166
		17,476,964	58.004

3. **Unquoted Securities – Options as at 31 August 2011**

Holder Name	Date of Expiry	Exercise Price	Number on issue	Number of holders
Employee Share Options	30 November 2011	$0.20	886,764	2
Fission Energy Limited	31 December 2011	$0.10	5,000,000	1
Employee Share Options	5 March 2012	$0.585	500,000	1
Employee Share Options	14 May 2012	$0.20	285,000	11
Directors	20 November 2012	$0.10625	4,000,000	4
Employee Share Options	14 May 2013	$0.20	285,000	11
Employee Share Options	26 May 2013	$0.385	500,000	1
			11,456,764	31

Tenement Schedule as at 31 August 2011

Country/State	Licence Type	Number	% Interest	Holder	Locality
SA	GEL	169[4]	100	Eden Energy Ltd	Bollards Lagoon
SA	GEL	329[4]	100	Terratherma Ltd	Corichina
SA	GEL	330[4]	100	Terratherma Ltd	Corichina
SA	GEL	411-422[4]	100	Terratherma Ltd	Port Wakefield to Quorn
SA	PEL	183[4]	100	Eden Energy Ltd	Marree
SA	PELA	240	100	Eden Energy Ltd	Marree
Wales, UK	PEDL	100	5[1], 50[3]	Eden Energy (UK) Ltd	Pencoed - Port Talbot
Wales, UK	PEDL	148	5, 50[2]	Eden Energy (UK) Ltd	Upper Neath Valley
Wales, UK	PEDL	149	5, 50[2]	Eden Energy (UK) Ltd	Lower Neath Valley
Wales, UK	PEDL	214	50	Eden Energy (UK) Ltd	Swansea
Wales, UK	PEDL	215	50	Eden Energy (UK) Ltd	Neath
Wales, UK	PEDL	216	50	Eden Energy (UK) Ltd	Cowbridge
Wales, UK	PEDL	217	50	Eden Energy (UK) Ltd	Cowbridge
Wales, UK	PEDL	218	5[1], 50[3]	Eden Energy (UK) Ltd	Pontypridd
Wales, UK	PEDL	219	50	Eden Energy (UK) Ltd	Cowbridge
Wales, UK	PEDL	220	50	Eden Energy (UK) Ltd	Pontypridd
England, UK	PEDL	226	50	Eden Energy (UK) Ltd	Bristol
England, UK	PEDL	227	50	Eden Energy (UK) Ltd	Bristol
England, UK	PEDL	228	50	Eden Energy (UK) Ltd	Bristol
England, UK	PEDL	249	50	Eden Energy (UK) Ltd	Ayleshan
England, UK	PEDL	250	50	Eden Energy (UK) Ltd	Ayleshan
England, UK	PEDL	251	50	Eden Energy (UK) Ltd	Deal
England, UK	PEDL	252	50	Eden Energy (UK) Ltd	Deal

[1] - 5% interest in the Westphalian Measures

[2] - Right to earn a 50% interest in any other measures below the Westphalian Measures

[3] - 50% interest in any other measures below the Westphalian Measures

[4] - The financial commitments on these tenements have been suspended at Eden's request