Annual Report

for the Year Ended 30 June 2014

Eden Energy Ltd
& Controlled Entities

ABN 58 109 200 900

CONTENTS

HIGHLIGHTS

OptiBlend™ Dual Fuel Project

- **Aggregate value of orders received in Financial Year (FY) 2013-14 of US$1.796million (A$1.9million). This equates to an increase of 133% over FY 2012-13 orders received of US$0.77million.**
- **Cummins selected Eden's Optiblend™ dual fuel system to deliver an integrated retrofit solution for dual fuel drilling rig power.**
- **Target markets – Oil and Gas Market, and Back-up Power (hospitals, essential services, data centres).**
- **Heavy Duty Model Released- improved tolerance of extreme temperatures and vibration, suitable for use on gensets installed on drilling rigs and fracking trucks.**
- **Reduction in emissions shown with an OptiBlend™ unit used on a diesel genset in conjunction with a diesel oxidation catalyst.**
- **Further increases in sales during FY 2014-15 anticipated.**

Pyrolysis Project – Carbon Nanotubes / Carbon Nanofibres / Hydrogen

- **Eden's carbon nanotube project was selected from an initial field of 228 entries as one of 14 finalists in the prestigious 2014 Australian Technologies Competition business accelerator program.**
- **Initial US tests of carbon nanotube enriched mortar paste have resulted in an encouraging increase of 23.3% in compressive strength and a 13.6% increase in flexural strength after 28 days.**
- **Preliminary trial in USA during the next 3months of Eden's CNT enriched concrete on a suitable roadway or similar area is scheduled.**

United Kingdom Coal Bed Methane /Shale Gas/ Natural Gas

- **Eden entered into a conditional Heads of Terms with its existing UK gas and petroleum Joint Venture partners to merge their respective interests.**

Corporate

- **Eden completed a non-renounceable, pro-rata rights issue raising A$1.04 million.**
- **Eden settled its claim against Engenco Ltd resulting in Eden receiving $800,000 in full settlement of its claim for the balance of the purchase price under a sale in 2008 of certain US hydrogen assets.**
- **Eden settled the litigation with La Jolla Cove Investors ("LJCI") arising out of conduct by LJCI in June 2012 which Eden claimed was a repudiation by LJCI of a funding agreement pursuant to which LJCI was providing ongoing funding to Eden which was being repaid by Eden issuing shares to LJCI. Under terms of the settlement, Eden paid to LJCI the sum of US$325,000 in full and final settlement of all claims of LJCI, which were for US$566,156 plus costs and damages.**

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 ACSA**

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AUDITORS:
Nexia Perth Audit Services Pty Ltd
Level 3
88 William Street
Perth WA 6000

SHARE REGISTRY:
Advanced Share Registry Services
110 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.

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 the world, available natural gas is significantly cheaper than diesel fuel, and accordingly Eden has been targeting a diversified market for this technology, starting with stationary power generators and then potentially targeting locomotives.

The potential market for OptiBlend™ sales extends to all countries where diesel powered generators are used to produce electricity, and there is a supply of natural gas available at a lower price than diesel fuel. Many millions of diesel generators are installed throughout the world in industrial, commercial, and residential applications, to provide either base load power or backup power generation. As natural gas, which is both much cleaner and cheaper than diesel, becomes more widely available both through expansion of both conventional natural gas production and also shale gas and coal seam methane production in many parts of the world, a potentially very 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.

US Optiblend™ Sales

During the year, Hythane Company received orders in the USA for a total of twenty six OptiBlend™ systems, having an aggregate value of US$1,796,000. These orders represent 133% increase compared to the prior year orders received of $770,000. This provides a good indication of the increasing strength of the US natural gas market, where the availability of increasing quantities of natural gas produced from the numerous and large US shale deposits has seen both a dramatic increase in the availability of natural gas, accompanied by a significant reduction in its price.

Optiblend™ sales continue to be strong into the US shale gas industry where dual fuel units are increasingly being deployed on the numerous gensets that are used on both the drilling rigs and also the many fracking trucks that each use a large genset to power the hydraulic pumps. Based on feedback from multiple oilfield and drilling customers, the OptiBlend™ system regularly out performs competitors' dual fuel systems by providing faster engine response times. In fact, in recent dedicated performance tests, an OptiBlend™ system actually improved the engine response time over that of the engine running 100% diesel.

Engine performance is especially crucial in the oilfields because of the large variances in load demand, as well as the criticality of continuous drilling and pumping. Given the large revenue generated by these companies, high reliability and superior performance are essential from the drilling and pumping equipment. These requirements make oilfield drilling and hydraulic fracking an excellent application for the OptiBlend™ systems, which is underscored by recent demand. Most importantly, using dual fuel greatly reduces both operating expenses for drilling companies and emissions, adding to the appeal of the OptiBlend™ system.

The market acceptance of the Optiblend™ systems is reflected in the increasing number of sales into the shale gas exploration market where a number of sales for use both on drilling rigs and on the hydraulic fracking trucks.

Additionally, apart from the shale gas market sector, there is increasing interest in the Optiblend™ system in the US for use in the back-up power sector, particularly for government facilities such as military bases, hospitals and major government buildings which must carry emergency back-up power generating capability in case of a shortage of grid power for any reason. In addition to the sales in the US, Eden secured two sales of trial systems into two South American countries. These were arranged by Eden's US distributors, and are for use in the shale gas exploration industry.

Cummins chooses Optiblend™ Dual Fuel System

The OptiBlend™ system was chosen during the year by Cummins Inc in the USA as the system that it will use to deliver an integrated solution for retrofitting dual fuelled power on drilling rigs. The OptiBlend™ components will remain Hythane branded, and certain Cummins distributors will become certified Hythane service and warranty dealers, allowing Cummins to be the single point of contact for the rig owner. Cummins and Hythane Company have worked together to integrate the dual fuel components with the Drilling Power Module and the oil field skid structure on which the engine is mounted.

India Optiblend™ Sales

During the year, Eden Energy India received two new orders for Optiblend™ systems in India. This is largely due to the high price of natural gas in India and its relative short supply. However Eden India has received interest from potential customers in a number of other countries, which are all being pursued. Since the change of government in India in May 2014, the previous government's policy of capping the price of diesel fuel is finally being reversed with the new government allowing the price of diesel to increase by 50 paise (Rs0.5) per month. If this continues it is estimated that diesel prices will be at parity with the global market by December 2014. If the natural gas supply increases as anticipated, this change in policy could result in significant change to the economics of operating an Optiblend™ dual fuel system for back-up power, which would be likely to increase Indian Optiblend™ sales.

India has many hundreds of thousands of generators that are used for back-up or prime power generation. Further, Cummins is a major supplier of these generators into the Indian market. If the gas is available and the economics are favourable, India could become a major market for Optiblend™.

5th Generation, Heavy Duty OptiBlend™ Model Released

During the year Hythane Company released its fifth generation, heavy duty (HD) Optiblend™ dual fuel system (see Figures 1 and 2). This has been further enhanced for harsh operating conditions, to enable it to operate under a wider range of extreme operating conditions, such as are experienced on drilling rigs and fracking trucks, which frequently operate in either extreme heat or Arctic conditions and are constantly subject to extreme vibration.

The Optiblend™ dual fuel technology is continually being enhanced to improve both the control system and the system's operating capabilities, enabling it to retain its place as a market leader in this rapidly growing market sector.

The Optiblend™ system has always led the industry with its real time dynamic control, but with our latest software release in January 2014, our system now offers:

- The ability to adjust for variances in gas quality
- The ability to monitor and record catalyst health
- The ability to display real time diesel displacement
- The ability to balance gas delivery to each cylinder bank
- Remote monitoring capability
- Fast turnaround on custom engineering
- Standard Duty and Heavy Duty options custom sized per application.

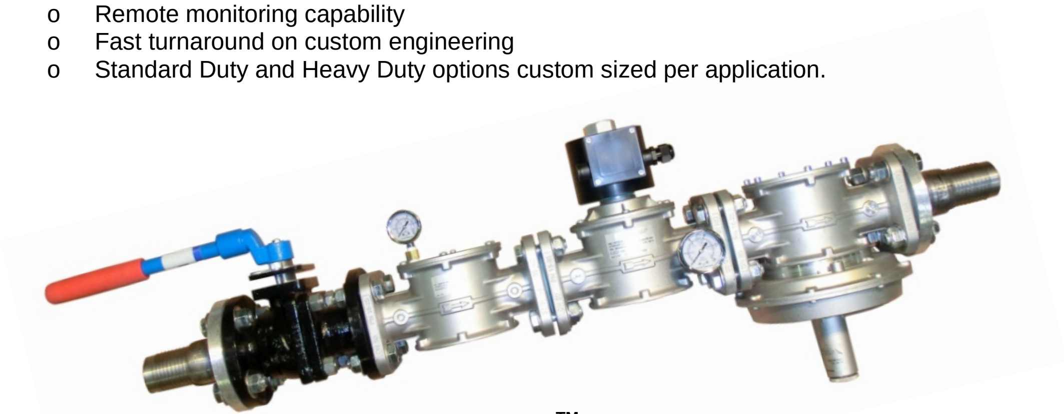

Figure 1. Typical OptiBlend™ Heavy Duty Gas Train

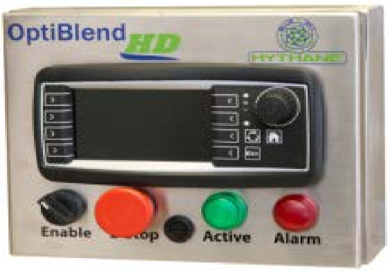

Figure 2. New Heavy Duty OptiBlend™ Control Panel

These improved features, which have been added with only a modest increase in price, place the Optiblend™ system in a very competitive position that is anticipated to translate into increasing sales for the foreseeable future.

Certified Third Party Emissions Testing Results

During the year, Hythane Company collaborated in having the exhaust emissions tested from one of its heavy duty OptiBlend™ systems that had been installed on a large, modern diesel genset that was also fitted with a diesel oxidation catalyst.

The results showed that various emissions from the engine, when it was operating in dual fuel mode (ie whilst consuming both methane (natural gas) and diesel fuel), including oxides of nitrogen (NOx), particulate matter, carbon dioxide (CO_2), unburnt non-methane hydrocarbons, and carbon monoxide (CO) were all lowered compared with the level of emissions from the same engine whilst running on diesel fuel alone.

These are the first independent tests of the comparative emissions that have been obtained from an engine using an OptiBlend™ dual fuel system and will provide a further competitive advantage as growing global concern over the effects of the level of these emissions translates into stricter emissions regulations in the future.

Optiblend™ Summary

With increasing sales of the OptiBlend™ systems that are achieving reasonable commercial margins, Eden is increasing its cash flow and as a result the directors believe that there is a reasonable prospect that the company could become cash flow positive within the next 6-12 months if sales, particularly in the USA, continue as currently projected.

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 nanotubes ("CNT") that have a tensile strength of up to several hundred times greater than that of steel and are both electrically and thermally highly conductive, or carbon nanofibres ("CNF").

The new process was developed by Eden with the University of Queensland (UQ) and Eden now owns 100% of the technology.

CNT Enriched Polymers and Plastics Project in Australia

During the year, a further development agreement with the University of Queensland ("UQ") was negotiated for the joint development of a methodology for the mixing of carbon nanotubes / carbon nanofibres in polymers and plastics with the aim of producing high strength composites suitable for use in car bodies for the automobile industry.

Preliminary encouraging results had been received for adding Eden's carbon nanotubes into polypropylene.

Eden, in collaboration with the chemical engineering department of the UQ, was awarded a $255,000 grant by the Australian Research Council ("ARC") in the recent round of competitive ARC grants, to fund research into development of methods for production of super high strength, low weight carbon nanotube ("CNT") reinforced polymer composites for potential automotive and aerospace applications. A well-qualified post-doctoral candidate from the US has been appointed to run the collaboration research program with Eden and UQ and the three year programme will commence in October 2015.

CNT Enriched Concrete and Cement Projects

The Faculty of Engineering at Monash University in Victoria ("Monash") and Eden have been collaborating for the past three years, with Eden supplying Monash with the carbon nanotubes that were used by Monash in developing as part of its highly regarded Engineering Faculty research programmes ways to mix CNT into cement paste and concrete. To date Monash has achieved an impressive increase in compressive strength with carbon nanotube-enriched cement paste of up to 30%, with the addition of Eden's carbon nanotubes having a total weight of less than 1% of the weight of the cement used in the paste.

Encouragingly, Monash observed that the CNT not only provide nano scale reinforcement in the cement paste but also act as nucleation points for the cement hydration, resulting in denser, stronger cement paste which is anticipated to translate into stronger, more durable concrete.

As a result, during the year Eden entered into an exclusive, world-wide, perpetual licence to utilise technology and know-how developed by Monashthat enables carbon nanotubes produced by Eden to be effectively mixed into cement in order to produce stronger concrete ("the Technology").

The main terms of the licence are:

- Eden proposes to produce a product, using the Technology, which will contain both carbon nanotubes that Eden currently produces, and a liquid identified by Monash ("the Product") that can be added with the cement during production of the concrete to produce a stronger, carbon nanotube enriched concrete.
- Eden will pay to Monash a modest up-front fee which shall be credited against the royalties payable by Eden to Monash;
- Eden will pay a royalty based on net sales of the Product.
- Provided that Eden achieves commercial sales of the Product within 5 years the licence will be an exclusive, world-wide, perpetual and otherwise non-revocable licence. If commercial sales are not achieved within 5 years, the licence will revert to a non-exclusive, world-wide, perpetual and otherwise non-revocable licence.

Eden and Monash intend to collaborate on further joint research into carbon nanotube enriched concrete and the use of any new technology developed under such research will automatically be added to this present licence and be subject to the same royalty arrangements and other obligations.

Eden also completed preliminary testing in the US on the technology and know-how over which Eden acquired the exclusive, world-wide, perpetual licence from Monash and also trialled several other products to enable carbon nanotubes produced by Eden to be effectively mixed into cement in order to produce stronger concrete.

The best results to date of these initial US tests of carbon nanotube enriched mortar paste resulted in an encouraging increase of 23.3% in compressive strength and a 13.6% increase in flexural strength after 28 days. Eden has identified a possible immediate application for the stronger concrete in the USA for hardening the surface of concrete floors, roadways and paving on concrete bridges that are subject to heavy wear due to vehicle usage, and in particular for concrete roadways that are subject to heavy snowfall and are regularly cleared using snow-ploughs, that often cause considerable abrasion and damage to the concrete surface, necessitating frequent repairs.

A suitable trial in the USA on a surface that is exposed to heavy vehicle and/or fork-lift activity, which could take six months, or more, to complete, is planned to commence during the last quarter of 2014 Subject to satisfactory results from this trial, it is hoped that a commercial scale trial on a suitable roadway, ideally being one that is exposed to frequent clearing by snow-plough, can then be arranged in the US, as a forerunner to a projected full commercial rollout in 2016.

Background to Pyrolysis Project

The 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 nano-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.*

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.

2011 Scale-up in USA- First Commercial Scale Prototype Production Unit

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 a number of scaled up versions of the equipment. It also built a catalyst production laboratory at its US facility for production of multi-walled carbon nanotubes (MWCNT) and carbon nanofibres (CNF).

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

Following the initial scale ups in the US in 2011, Hythane Company commissioned and successfully trialled two prototype commercial scale production units which can produce up to a maximum of 100 tonnes of carbon nanofibers per year together with up to 33 tonnes of hydrogen at full production, or up to 40 tonnes of carbon nanotubes and 13 tonnes of hydrogen. The first up-scaled reactor was commissioned in August 2011 and the second larger reactor was commissioned during the last quarter of 2011. This led Eden to explore various possible applications where it could sell large quantities of carbon nanotubes and carbon nanofibres. Nano-carbon enriched polymers and plastics, and concrete and cement have emerged as potentially suitable applications.

UK UNCONVENTIONAL/ CONVENTIONAL GAS PROJECT

During the year, Eden entered into a conditional Heads of Terms with UKOG (the parent company of Eden's two existing UK gas joint venture partners - Coastal Oil and Gas Limited and UK Methane Limited) and its shareholders to sell all of the shares in Adamo UK to UKOG on the following terms:

1. The total consideration payable by UKOG will be:
   - 1.1. The issuance to Eden of shares in UKOG representing 33.33% of the total issued share capital of UKOG on a fully diluted basis (the "Consideration Shares") before any further capital is raised and before any loans owed by UKOG that are to be capitalised have been converted; and
   - 1.2. A deferred cash payment of £1million (approx. A$1.87m) documented by way of an interest free, unsecured loan note issued by UKOG to Eden, repayable out of the proceeds of a proposed capital raising by UKOG or its purchaser as the case may of not less than £10million be on or before 30 September 2014.
   - 1.3. If the £1million has not been paid to Eden by 31 March, or such later date as the parties may agree, Eden may elect to increase its shareholding in UKOG by 6.67% from 33.33% to 40% and forego the payment of the £1million.
2. The other major terms of the heads of Terms are:
   - 2.1. It is the intention that UKOG will either:
     - 2.1.1. list on AIM (expected to be by way of reversal into an existing listed company) after the listed company has completed or contemporaneously with it completing a public fundraising of not less than £10million; or
     - 2.1.2. complete an off-market capital raising into UKOG of not less than £10million.
   - 2.2. Eden must consent to any such capital raising or takeover transaction that places a value of less than £36million on the total issued capital of UKOG before such capital raising.

2.3. The major shareholder in UKOG, Gerwyn Williams, will advance funds to UKOG by way of loan to fund all operating expenses, transactional expenses and listing expenses.

2.4. Eden will appoint a director to the board of directors of UKOG.

2.5. All parties have agreed that all applications for any licence interests in the forthcoming 14th Round of UK Onshore Licence Applications will be made by UKOG.

2.6. A shareholders agreement will be executed by the parties to provide reasonable minority shareholder protections for Eden.

2.7. The Heads of Terms is conditional upon a formal agreement being executed and, inter alia, also to approval by the shareholders of Eden. Eden shareholder approval for the now terminated Shale Energy transaction was obtained.

3. Subject to completion of this transaction, UKOG (or its ultimate AIM listed parent as the case may be) will own 100% of the combined petroleum and gas licences of Adamo UK and UKOG that until now have been held in 50/50 joint venture between Adamo UK and the subsidiaries of UKOG. This is thought to be a far better structure both from an operational perspective and for capital raising purposes as it would eliminate a major potential source of conflict between the joint venture partners, and as such is anticipated to be more favourably viewed by the financial market than the joint venture structure.

Eden and UKOG have both been completing their respective due diligence reviews on each other and negotiating the terms of the formal agreements. However as at the date of this report, this process is not yet fully completed although the parties are currently moving close to finalization of the formal merger agreements. C

If the formal agreements are executed, subject to the conditions having been satisfied, completion will occur within 40 days of execution.

HYTHANE™ (EDEN 100%)

Background - Hythane™ in India

In 2006, India adopted a Hydrogen Roadmap that proposed to have 20% of all vehicles running on a hydrogen-based fuel by 2020, with plans to use hydrogen enriched natural gas (Hythane™) as the transitional fuel. Only limited progress has been made but at present there are more than 20 Indian cities that have established natural gas distribution networks, supplying a growing number of natural gas fueled vehicles. The Indian Government targets expanding these networks to 200 cities by 2015 – opening up a large potential Hythane™ market across the country.

Although commercial production of natural gas from the offshore KG basin commenced in April 2009, to date there is still a shortage of gas. However with anticipated increased supplies from imports of gas and future exploration, India remains the primary target market for Eden's hydrogen and Hythane™ technology. If commercial hydrogen production using Eden's new pyrolysis process is available and the nano-carbon can be sold, it would greatly increase the chances of developing a large Hythane™ market in India as the cost of the hydrogen can be underpinned by the value of the carbon that is produced.

Despite no significant progress having been made during the past three years, there remain signs of an increased level of interest both from ongoing Hythane engine development programmes and also activities by the Indian Government affirming its intention to proceed with its hydrogen projects. Eden remains hopeful that these projects will ultimately proceed particularly if Eden can utilise low cost hydrogen produced as a by-product from its pyrolysis project to produce carbon nanotubes and nanofibres, and Eden will continue to follow up on these projects.

CORPORATE

Rights issue

During the year, Eden completed a non-renounceable, pro-rata rights issue raising a further A$1.041 million.

La Jolla Cove Investors Inc

Eden has settled the litigation with La Jolla Cove Investors ("LJCI") arising out of conduct by LJCI in June 2012 which Eden claimed was a repudiation by LJCI of a funding agreement pursuant to which LJCI was providing ongoing funding to Eden which was being repaid by Eden issuing shares to LJCI.

Under the terms of the settlement Eden paid to LJCI the sum of US$325,000 (A$347,519 at the prevailing USD/AUD exchange rate on 7 October 2013) in full and final settlement of all claims of LJCI, which were for US$566,156 (A$608,592) (comprising a principal sum of US$536,071 plus interest since June 2012 of US$30,085) plus costs and damages.

Eden had provided in its annual accounts for the year ended 30 June 2013 that were published on 26 September 2013 a liability of A$527,545 in respect of this claim.

This finally brings to an end the various disputes in which Eden became engaged in the period following the global financial crisis in September 2008 and will enable all of Eden's resources to now be focused on progressing its various projects.

Settlement of Claim against Engenco Ltd

In July 2013 Eden settled all its claims against Engenco Ltd ('Engenco") (formerly named "Coote Industrial Ltd") and its subsidiary Drivetrain USA Inc and also the counterclaim by Engenco against Eden, arising out of the sale in 2008 of certain hydrogen assets of Eden in USA.

Under the terms of the settlement Engenco paid to Eden $800,000 in full satisfaction of all claims by Eden, and Engenco has in turn abandoned all counterclaims against Eden.

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 shareholding 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 the 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 2014.

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 6 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 a range of exciting new, clean green energy opportunities. Eden holds interests in:

- carbon nano-tube / fibre production;
- hydrogen fuels;
- coal bed/coal mine methane; and
- a conventional gas play.

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 $1,390,514 (2013: $1,546,076).

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 2014 is set out in the Review of Operations on Page 5.

Financial Position

The net assets of the consolidated group have increased by $184,635 from 30 June 2013 to $5,383,740 in 2014. This increase has largely resulted from the capital raising during the year. The group's working capital, being current assets less current liabilities, has increased from $3,730,443 in 2013 to $3,862,762 in 2014.

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

No 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 Group 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	13,303,303 Ordinary Shares
Directorships held in other listed entities	Tasman Resources Limited (ASX:TAS) Conico Limited (ASX:CNJ)
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	11,059,300 Ordinary Shares
Directorships held in other listed entities	Tasman Resources Limited (ASX:TAS) Conico Limited (ASX:CNJ)
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	Nil
Directorships held in other listed entities	Tasman Resources Limited (ASX:TAS) Conico Limited (ASX:CNJ) Red Sky Energy Limited (ASX:ROG) Palace Resources Limited (ASX:PXR) Soil Sub Technologies Ltd (ASX: SOI) AXG Mining Ltd (ASX: AXC)
Richard J Beresford	Non-Executive
Qualifications	**FAICD FAIE**
Experience	Board member since May 2007. Mr Beresford has an engineering background and has in excess of 30 years' experience in renewable energy and natural gas. This includes corporate experience with British Gas (now BG) in the UK and Indonesia, Woodside in Australia and China Light and Power (CLP) in Hong Kong. Mr Beresford has been a director and company chairman of several listed and unlisted companies.
Interest in Shares and Options	2,800,000 Ordinary Shares
Directorships held in other listed entities	Liquefied Natural Gas Limited (ASX:LNG) Green Rock Energy Limited (ASX:GRK)

DIRECTORS' REPORT

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 9.5%, 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 Group does not have a policy on directors hedging their shares.

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.

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	Termination Benefits	Share- based Payment		Total	Performance Related
	Salary and Fees	Cash profit share	Non-cash benefit	Superannuation	Other	Other	Equity	Options		
	$	$	$	$	$		$	$	$	%
2014										
Gregory H Solomon	172,500	-	-	15,956	-		-	-	188,456	-
Douglas H Solomon	36,000	-	-	3,330	-		-	-	39,330	-
Guy T Le Page	36,000	-	-	3,330	-		-	-	39,330	-
Richard J Beresford	36,000	-	-	3,330	-		-	-	39,330	-
Roger W Marmaro	301,955	-	23,669	14,664	-		-	-	340,288	-
Aaron P Gates	(a)	-	-	-	-		-	-	-	-
	582,455	-	23,669	40,610	-		-	-	646,734	-

DIRECTORS' REPORT

Key Management Personnel Remuneration continued

Key Management Person	Short-term Benefits			Post-Employment Benefits	Other Long Term Benefits	Termination Benefits	Share- based Payment		Total	Performance Related
	Salary and Fees	Cash profit share	Non-cash benefit	Superannuation	Other	Other	Equity	Options		
	$	$	$	$	$		$	$	$	%
2013										
Gregory H Solomon	172,500	-	-	15,525	-		-	-	188,025	-
Douglas H Solomon	36,000	-	-	3,240	-		-	-	39,240	-
Guy T Le Page	36,000	-	-	3,240	-		-	-	39,240	-
Richard J Beresford	36,000	-	-	3,240	-		-	-	39,240	-
Roger W Marmaro	239,735	-	19,596	13,142	-		-	850	273,323	-
Aaron P Gates	(a)	-	-	-	-		-	-	-	-
	520,235	-	19,596	38,387	-		-	850	579,068	-

(a) This officer is provided by Princebrook Pty Ltd (a company in which Mr Gregory H Solomon and Mr Douglas H Solomon have an interest) under the Management services Agreement with the Company. During the year the Company paid $194,670 (2013: $194,670) to Princebrook Pty Ltd for management services.

(b) The appointment of Roger Marmaro may be terminated by giving not less than two months' written notice to Hythane Co Llc.

Options issued as part of remuneration for the year ended 30 June 2014

No options were issued as part of remuneration during the year.

Shares Issued on Exercise of Compensation Options

No options were exercised during the year.

<End of Remuneration Report>

Meetings of Directors

During the financial year, 3 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Gregory H Solomon	3	3
Douglas H Solomon	3	3
Guy T Le Page	3	3
Richard J Beresford	3	3

Options

Options granted to directors and executives of the Group

No options were granted during or since the end of the financial year.

Unissued shares under 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
21 November 2012	20 November 2015	$0.025	3,375,000
			3,375,000

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 $22,000.

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.

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 2014.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2014 has been received and can be found on page 19.

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

Gregory H Solomon
Chairman

Dated this 25th day of September 2014

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

To the directors of Eden Energy Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2014 there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the audit; and

(ii) no contraventions of any applicable code of professional conduct in relation to the audit.

Nexia Perth Audit Services Pty Ltd

PTC Klopper
Director

Perth, 25 September 2014

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group	
		2014 **$**	**2013** **$**
Revenue	2a	1,823,480	1,151,381
Other income		110,666	15,087
Raw materials and consumables used		(689,470)	(391,653)
Accounting and audit expense		(91,619)	(71,966)
Advertising and marketing expense		(142,790)	(34,364)
Depreciation and amortisation expense		(82,238)	(99,853)
Employee benefits expense	3	(1,685,866)	(1,297,787)
Finance costs		(219)	(210)
Foreign exchange gain / (loss)		(113)	14,185
Impairment of intellectual property		(547)	(6,603)
Impairment of exploration costs		(28,673)	(2,267)
Impairment of receivables		(2,195)	(68,208)
Legal and other consultants expense		(71,076)	(75,327)
Management fees		(194,670)	(194,670)
Rent expense		(90,762)	(81,799)
Research expenditure		(35,000)	-
Settlement of debtor	4A	102,698	-
Settlement of provision	4B	165,330	-
Travel and accommodation expense		(186,830)	(139,847)
Other expenses		(290,620)	(292,937)
Loss before income tax		(1,390,514)	(1,576,838)
Income tax (expense)/benefit	7	-	30,762
Loss for the year		(1,390,514)	(1,546,076)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve		193,477	252,126
Income tax relating to comprehensive income		-	-
Total Other Comprehensive Income, net of tax		193,477	252,126
Total Comprehensive Income / (Loss) attributable to members of the parent		(1,197,037)	(1,293,950)
Basic/Diluted loss per share (cents per share)	6	(0.1872)	(0.2747)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2014

	Note	Consolidated Group 2014 $	Consolidated Group 2013 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	164,891	499,030
Trade and other receivables	11	400,836	1,032,358
Inventories	12	428,448	453,510
Other current assets		5,148	16,393
Assets held for sale	13	3,854,309	3,027,663
TOTAL CURRENT ASSETS		4,853,632	5,028,954
NON-CURRENT ASSETS			
Trade and other receivables	11	-	50,000
Property, plant and equipment	14	170,386	210,955
Intangible assets	17	1,350,592	1,207,707
TOTAL NON-CURRENT ASSETS		1,520,978	1,468,662
TOTAL ASSETS		6,374,610	6,497,616
CURRENT LIABILITIES			
Trade and other payables	19	891,148	281,440
Non-interest bearing liabilities	20	-	400,000
Provisions	21	99,722	617,071
TOTAL CURRENT LIABILITIES		990,870	1,298,511
TOTAL LIABILITIES		990,870	1,298,511
NET ASSETS		5,383,740	5,199,105
EQUITY			
Issued capital	22	53,584,609	52,202,937
Reserves	24	2,205,004	2,011,527
Retained earnings		(50,405,873)	(49,015,359)
TOTAL EQUITY		5,383,740	5,199,105

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2014

	Share Capital				
	Ordinary	**Option Reserve**	**Foreign Currency Translation Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**	**$**
Balance at 30 June 2012	49,640,790	2,040,521	(286,857)	(47,469,283)	3,925,171
Shares issued during the year, net of issue costs	2,562,147	-	-	-	2,562,147
Options issued during the year	-	5,737	-	-	5,737
Loss for year	-	-		(1,546,076)	(1,546,076)
Other comprehensive loss	-	-	252,126	-	252,126
Total comprehensive loss	-	-	252,126	(1,546,074)	(1,293,948)
Balance at 30 June 2013	52,202,937	2,046,258	(34,731)	(49,015,359)	5,199,105
Shares issued during the year, net of issue costs	1,381,672	-	-	-	1,381,672
Loss for year	-	-	-	(1,390,514)	(1,390,514)
Other comprehensive loss	-	-	193,477	-	193,477
Total comprehensive loss	-	-	193,477	(1,390,514)	(1,197,037)
Balance at 30 June 2014	53,584,609	2,046,258	158,746	(50,405,873)	5,383,740

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2014

	Note	Consolidated Group	
		2014	**2013**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,589,987	1,112,945
Payments to suppliers and employees		(3,122,803)	(3,154,368)
Other receipts		144,212	30,762
Interest received		16,454	15,087
Net cash provided by (used in) operating activities	23	(1,372,150)	(1,995,574)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure		(152,878)	(610,160)
Purchase of property, plant and equipment	14	(10,890)	(3,342)
Payment for research and development	17	(214,333)	(87,913)
Proceeds on sale of subsidiary		800,000	-
Net cash provided by (used in) investing activities		421,899	(701,415)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of issue costs		981,672	2,562,147
Payment of monies to settle funding agreement		(347,519)	-
Proceeds from borrowings		-	400,000
Net cash provided by (used in) financing activities		634,153	2,962,147
Net increase (decrease) in cash held		(316,098)	265,158
Net increase(decrease) due to foreign exchange movements		(18,041)	30,803
Cash at beginning of financial year		499,030	203,069
Cash at end of financial year	10	164,891	499,030

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 of Eden Energy Ltd and controlled entities complies with all International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board in their entirety.

The financial report covers the consolidated group of Eden Energy Ltd and controlled entities as at and for the year ended 30 June 2014. Eden Energy Ltd is a listed public company, incorporated and domiciled in Australia. The Group is a for-profit entity and primarily is involved in green energy technology.

The financial report was authorised for issue on 25 September 2014 by the Board of Directors.

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. These consolidated financial statements are presented in Australian dollars, which is the Parent's functional currency. The subsidiaries' functional currency is USD, GBP and INR.

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 Group has reported a loss of $1,390,514 for the year (2013: $1,546,076) and a cash outflow from operating activities of $1,372,150 (2013: $1,995,574).

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.

Accounting Policies

a. **Principles of Consolidation**

A controlled entity is any entity Eden Energy Ltd is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. 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.

Eden Energy Ltd, Adamo Energy Ltd and Eden Energy Holdings Pty Ltd, its wholly-owned Australian subsidiaries, have formed an income tax consolidated group under the tax consolidation regime. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group. The R&D tax rebate is recognised upon receipt.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

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 first-in, first-out.

d. **Segment reporting**

Segment results that are reported to the Group's board of directors (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

e. **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.

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

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

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.

f. **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 where the right to tenure is current and 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.

g. **Assets held for sale**

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered through sale rather than continuing use.

Immediately before classification as held-for-sale, the assets are remeasured in accordance with the Group's other accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit or loss.

h. **Interests in Joint Operations**

The consolidated financial statements include the assets that the Group controls and the liabilities that it incurs in the course of pursuing the joint operation and the expenses that the Group incurs and its share of the income that it earns from the joint operation. Details of the consolidated group's interests are shown at Note 15.

i. **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.

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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. **Financial Instruments continued**

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.

j. **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.

k. **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 of 10 years. The intellectual property will be amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Intellectual property is amortised over 10 years in line with its useful life.

l. **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.

m. **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.

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. **Foreign Currency Transactions and Balances continued**

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.

n **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.

o. **Comparative Figures**

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

p. **Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

q. **New accounting standards and interpretations**

AASB 10 Consolidated Financial Statements, AASB 11 Joint Arrangements, AASB 12 Disclosure of Interests in Other Entities (2011), AASB 2011-4 Amendments to Australian Accounting Standards to Remove Individual Key Management Personnel Disclosure Requirements and AASB 13 Fair Value Measurement (2011).

These standards were adopted on 1 July 2013 and have been applied in preparing these consolidated financial statements. The adoption of these standards had no impact on the Group's financial assets and financial liabilities.

r. **New accounting standards and interpretations not yet adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2013, and have not been applied in preparing these consolidated financial statements. Those which may be relevant to the Group are set out below. The Group does not plan to adopt these standards early.

AASB 9 Financial Instruments, AASB 1031 Materiality, and AASB 2013-9 Amendments to Australian Accounting Standards – Conceptual Framework, Materiality and Financial Instruments.

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.
- Costs have been based on historical amounts adjusted for CPI increase.
- A 30% discount rate was utilised to recognise inherent risk in the forecasts.

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

Key Estimates — Share-based payment transactions

The consolidated entity measures the cost of equity settled transactions with suppliers by reference to the fair value of the equity instruments as at the date at which they are granted. The fair value is determined using a Black-Scholes model. Refer to Note 28 for the inputs to the Black-Scholes model.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 2: REVENUE

	Note	2014 $	2013 $
a. Operating activities			
— sale of goods or services		1,823,480	1,151,381
Total Revenue		1,823,480	1,151,381

NOTE 3: EMPLOYEE BENEFITS

Short-term employee benefits	(1,606,345)	(1,222,340)
Post-employment benefits	(79,521)	(69,710)
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	-	(5,737)
Total	(1,685,866)	(1,297,787)

NOTE 4A: SETTLEMENT OF DEBTOR

Amount received from Drivetrain relating to sale of Hyradix, Eden Cryo & CTS in 2008	800,000	-
Carrying value of debtor	(680,000)	-
Associated legal fees	(17,302)	-
	102,698	-

NOTE 4B: SETTLEMENT OF PROVISION

Amount paid to La Jolla Cove Investors Inc	(347,519)	-
Associated legal fees	(14,696)	-
Reversal of provision	527,545	-
	165,330	-

NOTE 5: AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	41,760	38,000
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial report	33,292	24,340

NOTE 6: EARNINGS PER SHARE

		Note	2014 $	2013 $
a.	Reconciliation of earnings to profit or loss			
	Profit/(loss)		(1,390,514)	(1,546,076)
	Earnings used to calculate basic EPS		(1,390,514)	(1,546,076)
b.	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS		742,769,469	562,912,127

The options on issue are not potentially dilutive shares.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 7: INCOME TAX BENEFIT

	Note	2014 $	2013 $
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% (2013: 30%)		(417,154)	(463,823)
		(417,154)	(463,823)
Add tax effect of:			
— Non-deductible expenses		1,690	1,720
— Current year tax losses not recognised		728,116	648,400
— Current year temporary differences not recognised		-	-
Less tax effect of:			
— Current year temporary differences not recognised		(312,652)	(186,297)
— Prior year research and development benefit		-	(30,762)
Income tax expense / (benefit)		-	(30,762)
b. Components of deferred tax			
— Unrecognised deferred tax asset – losses		15,114,958	14,386,842
— Capital raising costs		41,229	66,079
— Provisions and accruals		29,917	26,858
— Exploration and evaluation		(1,156,293)	(908,298)
— Intangibles		(348,928)	(306,062)
Total unrecognised deferred tax asset		13,680,883	13,265,419

Deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. The benefit of the tax losses will only be obtained if the Group comply with conditions imposed by the tax legislation in Australia.

NOTE 8: 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:

	2014 $	2013 $
Key Management Personnel		
Management fees and administration fees paid/payabe 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/payable to Solomon Brothers, a firm in which Mr GH Solomon and Mr DH Solomon are partners.	58,564	14,402
Underwriting and capital raising fees paid to RM Corporate Finance, a firm in which Mr G T Le Page has an interest.	-	90,000
Associated Companies		
Noble Energy Pty Ltd, a company which has a 46% (2013: 47.9%) fully diluted interest in Eden, purchased 233,042,394 fully paid ordinary shares in Eden as a partial sub-underwriter and acceptance of a rights issue.	-	2,097,382
Noble Energy Pty Ltd, a company which has a 46% (2013: 47.9%) fully diluted interest in Eden, purchased 49,903,021 fully paid ordinary shares in Eden taking up its entitlement in a rights issue.	499,030	-
Noble Energy Pty Ltd, a company which has a 46% (2013: 47.9%) fully diluted interest in Eden, received a sub-underwriting fee from Eden for partially sub-underwriting a rights issue, see above.	-	75,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 9: 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 30.6.2013	Granted as Compen-sation	Options Exer-cised	Net Change* Other	Balance 30.6.2014	Total Vested 30.6.2014	Total Exercisable 30.6.2014	Total Unexer-cisable 30.6.2014
Gregory H Solomon	1,587,255	-	-	(1,587,255)	-	-	-	-
Douglas H Solomon	1,388,398	-	-	(1,388,398)	-	-	-	-
Guy T Le Page	-	-	-	-	-	-	-	-
Richard J Beresford	200,000	-	-	(200,000)	-	-	-	-
Roger W Marmaro	550,000	-	-	(50,000)	500,000	500,000	500,000	-
Aaron Gates	500	-	-	(500)	-	-	-	-
Total	3,726,153	-	-	(3,226,153)	500,000	500,000	500,000	-

	Balance 30.6.2012	Granted as Compen-sation	Options Exer-cised	Net Change* Other	Balance 30.6.2013	Total Vested 30.6.2013	Total Exercisable 30.6.2013	Total Unexer-cisable 30.6.2013
Gregory H Solomon	2,587,255	-	-	(1,000,000)	1,587,255	1,587,255	1,587,255	-
Douglas H Solomon	2,388,398	-	-	(1,000,000)	1,388,398	1,388,398	1,388,398	-
Guy T Le Page	1,000,000	-	-	(1,000,000)	-	-	-	-
Richard J Beresford	1,200,000	-	-	(1,000,000)	200,000	200,000	200,000	-
Roger W Marmaro	50,000	500,000	-	-	550,000	550,000	550,000	-
Aaron Gates	500,500	-	-	(500,000)	500	500	500	-
Total	7,726,153	500,000	-	(4,500,000)	3,726,153	3,726,153	3,726,153	-

* 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 30.6.2013	Received as Compen-sation	Options Exercised	Net Change* Other	Balance 30.6.2014
Gregory H Solomon	11,402,830	-	-	1,900,473	13,303,303
Douglas H Solomon	9,479,400	-	-	1,579,900	11,059,300
Guy T Le Page	-	-	-	-	-
Richard J Beresford	2,400,000	-	-	400,000	2,800,000
Roger W Marmaro	2,497,490	-	-	(11,517)	2,485,973
Aaron P Gates	25,000	-	-	-	25,000
Total	25,804,720	-	-	3,868,856	29,673,576

* Net Change Other refers to shares purchased or sold during the financial year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 9: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

c. Shareholdings (continued)

Number of Shares held by Key Management Personnel

	Balance 30.6.2012	Received as Compen-sation	Options Exercised	Net Change* Other	Balance 30.6.2013
Gregory H Solomon	5,701,415	-	-	5,701,415	11,402,830
Douglas H Solomon	4,739,700	-	-	4,739,700	9,479,400
Guy T Le Page	-	-	-	-	-
Richard J Beresford	1,200,000	-	-	1,200,000	2,400,000
Roger W Marmaro	1,841,824	-	-	655,666	2,497,490
Aaron P Gates	25,000	-	-	-	25,000
Total	13,507,939	-	-	12,296,781	25,804,720

* Net Change Other refers to shares purchased or sold during the financial year.

d. Remuneration

Refer to disclosures contained in the Remuneration Report section of the Directors' Report. The totals of remuneration paid to key management personnel of the Group during the year are as follows:

	2014 $	2013 $
Short-term employee benefits	606,124	539,831
Post-employment benefits	40,610	38,387
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	-	850
Total	646,734	579,068

NOTE 10: CASH AND CASH EQUIVALENTS

	Note	2014 $	2013 $
Cash at bank and in hand		164,891	499,030
		164,891	499,030

Reconciliation of cash

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

Cash and cash equivalents	164,891	499,030
	164,891	499,030

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

	Note	2014 $	2013 $
NOTE 11: TRADE AND OTHER RECEIVABLES			
CURRENT			
Trade receivables		475,460	460,337
Less provision for impairment		(74,624)	(76,538)
Less provision for returns		-	(31,441)
Other unsecured receivables	4A	-	1,680,000
Less provision for impairment	4A	-	(1,000,000)
		400,836	1,032,358
NON-CURRENT			
Other unsecured receivables		-	50,000
		-	50,000
NOTE 12: INVENTORIES			
At cost		428,448	453,510
		428,448	453,510
NOTE 13: ASSETS HELD FOR SALE			
Exploration and evaluation		3,854,309	3,027,663
		3,854,309	3,027,663

At 30 June 2014 Eden had entered a conditional heads of terms agreement to sell all of its shares in its subsidiary Adamo Energy (UK) Ltd, the vehicle Eden used for its UK Gas project. Adamo Energy (UK) Ltd recorded a loss of $37,436 (2013: $14,747) due to administrational costs.

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	Note	2014 $	2013 $
Plant and equipment:			
At cost		619,780	655,001
Accumulated depreciation		(449,394)	(444,046)
Total plant and equipment		170,386	210,955
Total property, plant & equipment		170,386	210,955
Movements in Carrying Amounts			
Balance at the beginning of year		210,955	265,907
Additions		10,890	3,342
Net foreign exchange differences on translation		(5,133)	19,861
Depreciation expense		(46,326)	(78,155)
Carrying amount at the end of year		170,386	210,955

Capitalised costs amounting to $10,890 (2013: $3,342) have been included in cash flows from investing activities in the statement of cash flows for the Consolidated Group.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 15: JOINT VENTURE

A controlled entity, Adamo Energy (UK) Ltd, has a 50% interest in 14 UK gas licences through a Joint Operating Agreement, the principal activity is the exploration and the development of these licences. The interests in joint venture entities are accounted for using the proportionate consolidation method of accounting.

a. Share of joint venture entity's results and financial position

At present activities conducted by the joint venture mainly consist of exploration and development of these licences. The assets mainly consist of capitalised exploration costs of $3,854,309 (2013: $3,027,663) and results of a small loss of $51,957 (2013: $14,747) mainly due to some exploration costs written off by the joint venture.

NOTE 16: CONTROLLED ENTITIES

a. Controlled Entities

	Country of Incorporation	Percentage Owned (%)*	
		2014	**2013**
Adamo Energy Ltd	Australia	100	100
Adamo Energy (UK) Limited	United Kingdom	100	100
Eden Energy (India) Pvt Ltd	India	100	100
Eden Energy Holdings Pty Ltd	Australia	100	100
Eden Innovations Limited	Ireland	100	100
Hythane Company LLC	USA	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	2014 $	2013 $
NOTE 17: INTANGIBLE ASSETS			
Intellectual property		10,806,799	10,627,455
Accumulated amortisation		(57,610)	(21,698)
Accumulated impaired losses		(9,398,597)	(9,398,050)
Net carrying value		1,350,592	1,207,707
Balance at the beginning of the year		1,207,707	1,020,700
Additions		179,344	215,308
Amortisation expense		(35,912)	(21,698)
Impairment expense		(547)	(6,603)
Carrying amount at the end of the year		1,350,592	1,207,707

Intellectual property relates mainly to pyrolysis technology developed by Eden with the University of Queensland (UQ) and which Eden now owns 100%. Capitalised costs amounting to $179,344 (2013: $87,913) have been included in cash flows from investing activities in the statement of cash flows for the Consolidated Group.

NOTE 18: EXPLORATION AND EVALUATION

Balance at the beginning of the year		-	2,560,170
Exploration expenditure incurred during the year		-	469,760
Impairment		-	(2,267)
Transfer to assets held for sale		-	(3,027,663)
Balance at the end of the year		-	-

	Note	2014 $	2013 $
NOTE 19: TRADE AND OTHER PAYABLES			
Trade payables		891,148	281,440
		891,148	281,440
NOTE 20: NON-INTEREST BEARING LIABILITIES			
Share subscription monies		-	400,000
		-	400,000
NOTE 21: PROVISIONS			
Other	21a	99,722	617,071
		99,722	617,071

21a At 30 June 2013, this mainly related to a provision for the settlement of a disputed debt with La Jolla Cove Investors Inc ("La Jolla"), based on the directors' best estimate, arising from a convertible note agreement that was repudiated by La Jolla. This was settled in October 2013, see Note 4B.

NOTE 22: ISSUED CAPITAL

	2014 No.	2013 No.	2014 $	2013 $
a. Ordinary shares				
At the beginning of reporting period	624,768,743	328,507,995	52,202,937	49,640,790
Shares issued during the year	134,432,295	296,260,748	1,381,672	2,562,147
At reporting date	759,201,038	624,768,743	53,584,609	52,202,937

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

ii. 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.

	2014 No.	2013 No.
b. Options		
At the beginning of reporting period	73,272,213	74,707,213
Options exercised	-	-
Options issued	-	3,375,000
Options lapsed	(69,897,213)	(4,810,000)
At reporting date	3,375,000	73,272,213

i. For information relating to the Eden Energy Ltd employee option plan, refer to Note 28 Share-based Payments.

c. Capital Management

Management controls the working capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern. Management effectively manages the Group's capital by assessing the Group'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 Group since the prior year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 23: CASH FLOW INFORMATION

	Note	2014 $	2013 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax			
Loss after income tax		(1,390,514)	(1,546,076)
Non-cash flows in loss			
Depreciation and amortisation		82,238	99,853
Provision for warranties		(8,715)	31,441
Impairment expense		31,415	77,078
Employee benefits		-	5,737
Foreign exchange (gain) / loss		113	(14,185)
Settlement of debtor		(102,698)	-
Settlement of provision		(165,330)	-
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries			
(Increase)/decrease in trade and other receivables*		(48,478)	(17,270)
(Increase)/decrease in inventories		25,062	(124,489)
Increase/(decrease) in trade payables and accruals*		204,757	(507,663)
Cash flow from operations		(1,372,150)	(1,995,574)

* - Net of non-operating movements

NOTE 24: 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 25: CAPITAL AND LEASING COMMITMENTS

	2014 $	2013 $
a. Capital Expenditure Commitments		
— not later than 12 months	-	-
— greater than 12 months	-	-
	-	-

b. Joint Ventures

Pursuant to the Conditional Heads of Terms entered into by Eden Energy Ltd with UK Onshore Gas Limited on 25 March 2014 it was agreed Eden's joint venture partner will fund all operating expenses.

NOTE 26: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any contingent assets or contingent liabilities at 30 June 2014.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2014

NOTE 27: PARENT COMPANY INFORMATION

		2014 $	2013 $
a.	**Parent Entity**		
	Assets		
	Current assets	86,607	919,953
	Non-current assets (includes intercompany receivables of $18,128,480)	20,355,232	19,263,320
	Total Assets	20,441,839	20,183,273
	Liabilities		
	Current liabilities	177,930	1,041,625
	Total liabilities	177,930	1,041,625
	Equity		
	Issued Capital	53,584,609	52,202,937
	Retained Earnings	(35,480,293)	(35,424,992)
	Reserves		
	Foreign currency translation reserve	113,335	317,444
	Option reserve	2,046,258	2,046,259
	Total reserves	2,159,593	2,363,703
	Financial performance		
	Loss for the year	(55,301)	(977,391)
	Other comprehensive income, net of tax	-	-
	Total comprehensive income	(55,301)	(977,391)

NOTE 28: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2014:

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.

	2014		2013	
	Number of Options	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $
Outstanding at the beginning of the year	3,631,250	0.036	5,066,250	0.14
Granted	-	-	3,375,000	0.025
Lapsed	(256,250)	0.20	(4,810,000)	0.14
Outstanding at year-end	3,375,000	0.025	3,631,250	0.036
Exercisable at year-end	3,375,000	0.025	3,631,250	0.036

The options outstanding at 30 June 2014 had an exercise price of $0.025 and a remaining contractual life of 1.4 years.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of 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 2014. Included under employee benefits expense in the income statement is $NIL (2013: $5,737) and relates, in full, to equity settled share-based payment transactions.

NOTE 29: SEGMENT REPORTING

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision maker) in assessing performance and determining allocation of resources. Activities of the Group are managed on Group structure basis and operating segments are therefore determined on the same basis. In the regard the following list of reportable segments have been identified.

- Hythane Co LLC – Hythane™ and Optiblend™ sales, service and manufacturing in USA, and pyrolysis technology development.
- Eden Energy (India) Pvt Ltd – Hythane™ and Optiblend™ sales, service and manufacturing in India.
- Adamo Energy (UK) Ltd (formerly Eden Energy (UK) Ltd) – Coal seam methane and shale gas exploration and development in the UK.

	Hythane Co LLC	Adamo Energy (UK) Ltd	Eden Energy India Pvt Ltd	Eliminations	Economic Entity
	$	$	$	$	$
2014					
External sales	1,779,291	-	44,189	-	1,823,480
Internal sales	203,774	-	-	(203,774)	-
Total segment revenue	1,983,065	-	44,189	(203,774)	1,823,480
Segment Result	(1,151,817)	(37,436)	(120,998)	412,837	(897,414)
Unallocated expenses					(492,881)
Result from operating activities					(1,390,295)
Finance costs					(219)
Loss before income tax					(1,390,514)
Income tax expense					-
Loss after income tax					(1,390,514)
Segment assets	882,763	3,924,528	130,013	-	4,937,304
Unallocated assets					1,437,306
Total assets					6,374,610
Segment liabilities	14,056,076	4,139,635	543,094	(17,925,865)	812,940
Unallocated liabilities					177,930
Total liabilities					990,870
Capital expenditure	10,890	552,743	-	179,344	742,977
Depreciation and amortisation	45,350	-	869	36,019	82,238
Impairment expense	2,195	26,215	-	3,005	31,415
2013					
External sales	1,078,289	-	73,092	-	1,151,381
Internal sales	213,649	-	-	(213,649)	-
Total segment revenue	1,291,938	-	73,092	(213,649)	1,151,381
Segment Result	(1,052,931)	(2,352)	(87,558)	(36,138)	(1,178,979)
Unallocated expenses					(397,649)
Result from operating activities					(1,576,628)
Finance costs					(210)
Loss before income tax					(1,576,838)
Income tax benefit					30,762
Loss after income tax					(1,546,076)
Segment assets	907,249	3,262,710	149,787	-	4,319,746
Unallocated assets					2,177,870
Total assets					6,497,616
Segment liabilities	13,347,402	3,425,861	549,469	(17,075,846)	246,886
Unallocated liabilities					1,051,625
Total liabilities					1,298,511
Capital expenditure	3,342	469,760	-	-	473,102
Depreciation and amortisation	76,621	-	1,262	21,970	99,853
Impairment expense	68,208	-	-	8,870	77,078

NOTE 30: EVENTS AFTER THE BALANCE SHEET DATE

There were no material events occurring after the reporting date.

NOTE 31: 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:

	2014 $	2013 $
12 months or less	891,148	681,440
1 year or more	-	-
Total	891,148	681,440

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 2014, 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 $130,000 (2013: $120,000) and an decrease in equity by $130,000 (2013: $120,000).

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 32: COMPANY DETAILS

The registered office of the company is:
Eden Energy Limited
Level 15
197 St Georges Terrace
Perth Western Australia 6000

The principle place of business is:
Eden Energy Limited
Level 15
197 St Georges Terrace
Perth Western Australia 6000

DIRECTORS' DECLARATION

In the opinion of the directors of Eden Energy Ltd:

a. the financial statements and notes set out on pages 20 to 38, and the Remuneration disclosures that are contained in pages 16 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 2014 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 16 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 Group 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 2014.

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

Gregory H Solomon
Chairman

Dated this 25th day of September 2014

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Independent auditor's report to the members of Eden Energy Ltd

Report on the financial report

We have audited the accompanying financial report of Eden Energy Ltd, which comprises the consolidated statement of financial position as at 30 June 2014, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes 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 and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the financial report that is free from material misstatement, whether due to fraud or error; selecting and applying appropriate accounting policies; and making accounting estimates that are reasonable in the circumstances. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

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. Those standards require that we 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, we consider internal controls relevant to the entity'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 entity's internal controls. 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 audit opinion.

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Independence

In conducting our audit, we have complied with the independence requirements of the *Corporations Act 2001*. We confirm that the independence declaration required by the *Corporations Act 2001*, which has been given to the directors of Eden Energy Ltd, would be in the same terms if given to the directors as at the time of this auditor's report.

Opinion

In our opinion:

(a) the financial report of Eden Energy Ltd 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 2014 and of its performance for the year ended on that date; and

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

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 1 to the Financial Report, which indicates that the Group will require further funding in the next twelve months from the date of this report to fund its planned operations. These conditions, along with other matters as set forth in Note 1, indicate the existence of a material uncertainty that may cast significant doubt about the Group's ability to continue as a going concern and therefore the Group may be unable to realise its assets and discharge its liabilities in the normal course of business.

Report on the remuneration report

We have audited the remuneration report included of the directors' report for the year ended 30 June 2014. 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.

Opinion

In our opinion, the remuneration report of Eden Energy Ltd for the year ended 30 June 2014, complies with Section 300A of the *Corporations Act 2001*.

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper

PTC Klopper
Director
Perth, 25 September 2014

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

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

1. Shareholding as at 31 August 2014

a. **Distribution of Shareholders**

Category (size of holding)	Number Ordinary
1 – 1,000	93
1,001 – 5,000	257
5,001 – 10,000	298
10,001 – 100,000	1,098
100,001 – and over	547
	2,293

b. The number of shareholdings held in less than marketable parcels is 1,214.

c. The names of the substantial shareholders listed in the holding company's register as at 31 August 2014 are:

Shareholder	Number Ordinary
Noble Energy Pty Ltd	349,321,142

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 Pty Ltd	323,257,302	42.579%
2.	Shale Energy Plc	37,349,416	4.920%
3.	Noble Energy Pty Ltd	26,063,840	3.433%
4.	Mr & Mrs Rogerson & Miss C Rogerson <The Rogerson Super Fund A/c>	18,887,456	2.488%
5.	Dr Kok Kian Lim	13,000,000	1.712%
6.	Arkenstone Pty Ltd <G H Solomon Family Inv A/c>	12,313,290	1.622%
7.	Mr Wayne Kearney & Mrs Robyn Kearney <Kearney Super A/c>	11,095,923	1.461%
8.	March Bells Pty Ltd	11,059,300	1.457%
9.	Mr Boris Duka & Mrs Elizabeth Ann Duka	8,200,000	1.080%
10.	Ultimate Site Development Pty Ltd	7,074,803	0.932%
11.	JP Morgan Nominees Australia Limited	5,487,451	0.723%
12.	Yelrif Investments Pty Limited <Pension Fund A/c>	4,500,000	0.593%
13.	Top Energy Pty Ltd	4,352,846	0.573%
14.	Mrs Ellen Margaret Finger	4,300,101	0.566%
15.	Citicorp Nominees Pty Ltd	4,253,666	0.560%
16.	Uniquest Pty Limited	3,750,000	0.494%
17.	ABN AMRO Clearing Sydney Nominees Pty Ltd <Custodian A/c>	3,565,737	0.470%
18.	Paddocks Superannuation Pty Ltd <Paddocks Super Fund A/c>	3,501,834	0.461%
19.	Mr Makram Hanna & Mrs Rita Hanna <Hanna & Co P/L Super A/c>	3,200,000	0.421%
20.	Mr Norman Vincent Maher	3,000,000	0.395%
		508,212,965	66.940%

2. Unquoted Securities – Options as at 31 August 2014

Holder Name	Date of Expiry	Exercise Price	Number on issue	Number of holders
Employee Share Options	20 November 2015	$0.025	3,375,000	12
			3,375,000	12

Tenement Schedule as at 31 August 2014

Country/State	Licence Type	Number	% Interest	Holder	Locality
Wales, UK	PEDL	100	50	Adamo Energy (UK) Ltd	Pencoed - Port Talbot
Wales, UK	PEDL	148	50	Adamo Energy (UK) Ltd	Upper Neath Valley
Wales, UK	PEDL	149	50	Adamo Energy (UK) Ltd	Lower Neath Valley
Wales, UK	PEDL	214	50	Adamo Energy (UK) Ltd	Swansea
Wales, UK	PEDL	215	50	Adamo Energy (UK) Ltd	Neath
Wales, UK	PEDL	216	50	Adamo Energy (UK) Ltd	Cowbridge
Wales, UK	PEDL	217	50	Adamo Energy (UK) Ltd	Cowbridge
Wales, UK	PEDL	219	50	Adamo Energy (UK) Ltd	Cowbridge
Wales, UK	PEDL	220	50	Adamo Energy (UK) Ltd	Pontypridd
England, UK	PEDL	227	50	Adamo Energy (UK) Ltd	Bristol
England, UK	PEDL	249	50	Adamo Energy (UK) Ltd	Ayleshan
England, UK	PEDL	250	50	Adamo Energy (UK) Ltd	Ayleshan
England, UK	PEDL	252	50	Adamo Energy (UK) Ltd	Deal