EDEN ENERGY LIMITED ABN 58 109 200 900
AND CONTROLLED ENTITIES

Interim Financial Report For The
Half-Year Ended 31 December 2007

Interim Financial Report

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Interim Financial Report

CORPORATE DIRECTORY

DIRECTORS:
Gregory Howard Solomon **LLB** (Executive)
Douglas Howard Solomon **BJuris LLB (Hons)** (Non-Executive)
Guy Touzeau Le Page **BA, BSc (Hons), MBA, FFIN, MAusIMM** (Non-Executive)
Gregory Joseph Egan **BA** (Non-Executive)
Andrew Leibovitch **ACA (United Kingdom)** (Non-Executive)
Richard Beresford **FAICD FAIE** (Non-Executive)

COMPANY SECRETARY:
Raymond Francis Buscall

REGISTERED OFFICE:
Level 40, Exchange Plaza
2 The Esplanade
Perth
Western Australia 6000
Tel +61 8 9221 5323
Fax +61 8 9221 5955
Email: mailroom@edenenergy.com.au
Website: www.edenenergy.com.au

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

Minter Ellison
1 King William Street
Adelaide SA 5000

AUDITORS:
Grant Thornton (WA) Partnership
Chartered Accountants
Level 1
10 Kings Park Road
West Perth WA 6005

SHARE REGISTRY:
Advance Share Registry Services
110 Stirling Highway
Nedlands WA 6009

STOCK EXCHANGE LISTING:
ASX Code: EDE (ordinary shares) EDEO (options expiring 30 September 2009)

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

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2007.

Directors

The names of directors who held office during or since the end of the half-year:

Name	**Period of Directorship**
Executive	
Gregory Howard Solomon	Director since May 2004
Non Executive	
Douglas Howard Solomon	Director since May 2004
Guy Touzeau Le Page	Director since May 2004
Gregory Joseph Egan	Director since February 2006
Andrew Leibovitch	Director since May 2007
Richard Beresford	Director since May 2007

Review of Results and Operations

The net loss after income tax for the half-year was $5,336,389 (2006 – $2,022,955).

Eden Energy Limited ("Eden") continues to make important progress across the various components of its alternative and clean energy portfolio of projects.

The six months to December 31, 2007 has seen significant advances in India for Hythane®, substantial progress in the South Wales CBM drilling, the start of geothermal exploration drilling and application for new project areas in South Australia and ongoing success in the Company's research activities, both in-house as well as those in partnership with the University of Queensland.

HYDROGEN AND HYTHANE®

Eden's flagship projects are its hydrogen-related projects, all of which are based in the United States of America but target a global market, particularly India. Eden plans to become one of the leading hydrogen companies in the world. Eden's hydrogen technology encompasses three principal areas:

(1) production of hydrogen;

(2) blending and use of hydrogen; and

(3) cryogenic storage of hydrogen.

PRODUCTION OF HYDROGEN

HyRadix Inc (100% owned subsidiary of Eden)

Eden's purchase of HyRadix Inc in April 2007, gave the company the capacity to provide on-site production of hydrogen from Natural Gas using an auto-thermal chemical process.

Continuing HyRadix's successful sales achievements, an agreement was signed in October 2007 with Pilkington North America, a part of the NSG Group of Japan, to supply an Aptus® hydrogen generation unit. The Aptus plant, capable of producing 100m^3/h of hydrogen will be located at one of Pilkington's U.S. float glass manufacturing sites.

The Aptus system allows customers to have on-site control over their hydrogen production with high reliability for uninterrupted manufacturing processes. The systems produce high-purity hydrogen between

$50m^3$/h and $100m^3$/h from a feedstock of natural gas or liquefied petroleum gas (LPG) and can be combined to generate up to $300m^3$/h very economically compared to alternative means of delivered hydrogen, such as truck delivered bottles.

The float glass industry has demanding product reliability requirements and this installation underlines the maturity and reliability of the Aptus product.

Following the installation of the Aptus unit in the glass factory, HyRadix will have operating plants in each of the company's main industries the company has targeted to date: float glass production, edible oils hydrogenation, and metals annealing.

University of Queensland – Pyrolysis Project (Eden 50%)

Good progress continues in the the pyrolysis research project being conducted jointly with the University of Queensland. This project involves a new catalytic process for production of hydrogen and solid carbon from methane (CH_4), thus avoiding the production of CO_2.

HYTHANE® BLENDING AND USE OF HYDROGEN

Hythane Co LLC (100% owned subsidiary of Eden)

Hythane® is an ultra-low emission, high-efficiency blend of hydrogen (7% by energy) and Natural Gas (93% by energy), which Hythane Company LLC, another subsidiary of Eden, is marketing on a global basis.

Eden's original entry into the hydrogen market commenced with the acquisition of the Hythane® technology in 2004.

Hythane Company LLC, which operates out of Denver, Colorado, has been marketing Hythane®, mainly in India during the past six months.

In India, excellent progress continues to be made.

- Indian subsidiary company established and first staff engaged to manage Indian operations.
- Indian Government announces a target of having all Natural Gas powered vehicles, estimated at 1 million vehicles or 20% of the whole Indian vehicle market, running on Hythane® by 2020.
- Highly encouraging progress on conversion of the first Indian Natural Gas Bus engine to Hythane® operation. Negotiations are underway for conversion of a second Indian Natural Gas bus engine and a mini-bus engine to Hythane® operation.
- Conversion of first Indian manufactured 500kVA diesel generator to a dual fuel operation (diesel and Hythane®) commenced in Colorado, with a demonstration planned for mid-2008.
- Costing and preparations for production in India of first HyRadix hydrogen reformer nearing completion.
- Demonstration projects for both Hythane® fuelled buses and Hythane® dual fuel generator presently planned for second quarter 2008, both of which are planned to progress directly into commercial operations.
- Hythane Co won the international tender to build the first public hydrogen dispensing station in India to supply fuel to motor vehicles running on either hydrogen or Hythane®
- Production has commenced, in India by Larsen & Toubro, of first five of HyRadix's APTUS 100 hydrogen reformers, for use in Indian Hythane® bus demonstration projects and for industrial gas applications.
- Two additional Hythane® bus demonstration projects, in Ahmedabad and Mumbai, are planned to commence in August 2008.

Several other major joint ventures and agreements also remain under negotiation.

The Indian market for Hythane® is seen as the largest and best market in the world, with a potential over the next five to ten years, for up to 500,000 buses and perhaps 30,000 to 50,000 generators that could be converted to run on Hythane®. In India, Natural Gas sells for approximately 40% less than diesel fuel. A very large increase in both the supply and availability of Natural Gas is anticipated over the next five years. Furthermore, the Federal Government and the Indian Supreme Court are progressively forcing many cities to convert their entire public transport to operate on Natural Gas. Eden's intention is to be a major supplier of the equipment required to produce the hydrogen and to blend the hydrogen and the Natural Gas, and to assist with all necessary engine conversions to enable Hythane® operation.

In addition, air pollution, and in particular NO_x and photochemical smog, is rapidly worsening throughout India and the Government has established a fund of US$2.5 million to fund research and development into the use of hydrogen and Hythane® as vehicle fuels.

As well as the progress in India, several demonstration projects for Hythane® are under negotiation in the USA.

CRYOGENIC STORAGE OF HYTHANE AND OTHER GASES

Eden Cryogenics LLC (100% owned subsidiary of Eden)

The third aspect of Eden's hydrogen strategy has been the establishment during 2006 of Eden Cryogenics LLC. Eden Cryogenics operates a cryogenic design and fabrication facility in Columbus Ohio, USA, manufacturing cryogenic valves, jackets and other components. Cryogenic storage capability of hydrogen is important to Eden as it completes its technology package related to the production, storage, and use of hydrogen.

Eden Cryogenics has purchase of the assets and intellectual property of Cryogenic Technical Services ("CTS"), a company of which Dr. Glen E. McIntosh is President and founder.

Dr. McIntosh a world renowned authority on cryogenic engineering, established CTS more than 28 years ago as a world-leading cryogenic design and consulting company and, at the request of NASA, expanded it into specialty fabrication and covering a very wide spectrum of cryogenic engineering.

The acquisition of CTS with its world-leading cryogenic design, consultancy and fabrication skills dramatically extends the scope and capacity of Eden Cryogenics and is expected to substantially increase the Company's cashflow (sales for the current quarter are already approximately US$500,000) from a wide range of customers, including ASRC (Kennedy) and NASA Glenn, as well open up a far wider market for the broader range of services.

As part of its current development work, CTS is fabricating for Hythane Company a storage container for cryogenic Hythane®, a mixture of Liquefied Natural Gas and hydrogen that has significant market potential for the large truck and locomotive markets that utilise LNG as a fuel. The CTS suite of technology also has great relevance to various other Eden Group companies, including its technology related to liquefaction and storage of LNG and liquid hydrogen. Eden Cryogenics LLC proposes to commercialise and market a range of these technologies on a global basis.

SOUTH WALES COAL BED METHANE PROJECT (EDEN EARNING 50%)

During the past six months, Eden has completed substantial work at its second major project, its Coal Bed Methane ("CBM") farm-in agreement in South Wales.

Drilling commenced on three coal bed methane exploration wells in South Wales to test initial CBM parameters including the gas content and quality, and the permeability of the coal seams. This data is required to start to determine the economic potential of coal bed methane in the licence area. The licences cover 430km^2, or approximately 20% of the total area of the South Wales coalfields. Historically, these coal fields were amongst the gassiest in the UK, but no work has previously been done on the permeability and very little previous testing of the gas content has occurred.

Aberavon 1 – Port Talbot area

The first of Eden's initial three Coal Bed Methane exploration stratigraphic holes, Aberavon 1, at Port Talbot in South Wales, UK, 3km from the Corus steelworks, was completed in September.

It is pleasing to report that preliminary gas content and permeability results are very encouraging.

Aberavon 1 reached a total depth of 428.91m, and intersected a total of 12 seams ranging in drilled thickness between 0.25m and 2.35m for an aggregate drilled thickness of 15.81m.

Core recoveries were excellent, and high quality samples were obtained from all of the coal seams, despite the difficult ground conditions.

The hole encountered substantial drilling problems, with very poor ground conditions and excessive caving caused by widespread and unexpected local thrust faulting, with steep dips in places. Unfortunately the hole could not be continued to the base of the coal measures sequence where thicker and gassier seams were expected. The faulting has complicated interpretation of the stratigraphy, but the current interpretation shows that only about half of the coal measures were intersected at Port Talbot.

Wireline logs – gamma, density and calliper – were run through the rods and in portions of the hole that remained accessible.

All of the seams thicker than 0.25m were tested for gas content, and selected samples also tested for gas composition by Ticora Geosciences, Inc. Preliminary results show the gas content increasing steadily with depth from a low of about 1 cubic metre per tonne (m^3/t) at 100m to over $9m^3/t$ at 400m.

Two seam intervals, 93m to 115m (1.5m nett coal) and 231m to 250m (1.86m nett coal), were tested for permeability also by Ticora Geosciences, Inc.

The amount of permeability was encouraging with the shallower zone being highly permeable (44mD) and the deeper zone was moderate (18mD).

Persistent collapse/bridging of the hole at around 250m unfortunately would not allow for the seams deeper in the hole to be tested.

The permeability results are very encouraging, being the equivalent or better than similar areas in Australia. For example, in the Sydney and Bowen Basins, permeabilities at similar depths, range from <1mD up to the order of 500mD. Producing seams of similar depths and thicknesses from the Moranbah Coal Measures of the Bowen Basin have permeabilities ranging from 3mD to 300mD, and gas contents of $6\text{-}9m^3/t$.

Despite being unable to undertake permeability tests on deeper zones in Aberavon 1, the starting values in this hole suggest deeper seams will have permeabilities suitable for commercial CBM development.

In the Australian context, where gas prices are much lower and infrastructure development costs, such as pipelines, are much higher, permeability values down to 5mD are considered attractive for options such as surface to inseam development and/or fraccing.

The South Wales Project also enjoys the benefits of potential customers and pipelines already ready in place within the licence area (see Figure 1) coupled with significantly higher gas prices than Australia. Consequently, a broader range of development options and commercial opportunities are available.

Llangeinor 1 – Cwmcedfyw Area

The well is centrally located in PEDL100 at Cwmcedfyw farm; about 10km east of the first well drilled at Port Talbot.

Llangeinor 1 is still progressing, though near its final depth, planned to be around 800-1000m, depending on ground conditions and the geology encountered. Time taken to drill the hole is longer than previously advised, due to only a single drilling crew being available despite the contractor's best endeavours to supply a second shift, and due to mudstones in the hole limiting the drilling rate.

Whilst Eden's directors would have preferred more rapid progress of the hole, they are pleased that the ground conditions encountered in the hole and the core recovery have been excellent and high quality technical data has been collected, providing valuable new information of the CBM production potential of this central portion of the licence. The test results from Llangeinor 1 are of particular interest for the longer-term prospectivity of PEDL 100 since depths of the coal seams in this hole are similar to much of the area of the licence.

As predicted the main target coal measures began at around 530m depth. Five significant seams, totalling 10.48m aggregate thickness and with the thickest seams being 3m and 4m, plus four thinner seams have been intersected thus far in the hole with a total of over 18m of coal encountered in the borehole. A fault zone was encountered at 671m and the hole size was reduced to NQ to isolate the problem zone (and prevent problems such as were encountered at Port Talbot) and drilling continued.

Ongoing Programme

Drilling at Llangeinor 1 was completed in mid-February 2008 at a total depth of 810m. Approximately 10 days of testing (geophysical logging and permeability testing) is currently underway.

The next well in PEDL100 to be drilled following Llangeinor 1 is Pencoed 1. This well is located on the eastern side of PEDL100, adjacent to a major consumer of gas in the Rockwool insulation plant. This area is considered very prospective for a development of a conventional CBM field – due to a large area of relatively flat open fields and good coal thicknesses at appropriate depths.

ABANDONED MINE METHANE ("AMM") SOUTH WALES (EDEN EARNING 50%)

No substantive work was undertaken on the significant AMM targets associated with the old South Wales coalfields, apart from maintaining access agreements, ongoing discussions with potential customers and negotiations for supply of electricity into the grid from AMM gas-fired generators. It is hoped to drill test a number of AMM targets in the first quarter of 2008.

SOUTH AUSTRALIAN GEOTHERMAL PROJECTS (EDEN 100%)

Eden holds ten geothermal exploration licences in South Australia: GELs 166, 167, 168, 169, 175, 176, 177, 185, 329 and 330. A contiguous application to GELs 175 and 176, ELA 3226, is located across the border in NSW. A new area covering 5976km^2, named the Pirie Project, has recently been applied for; details are given below.

The licence areas held include 500km^2 which adjoins the Geodynamic licences in the Cooper Basin, near Innamincka and nearly 2000km^2 near Renmark in South Australia, approximately 30-40km from national power grid transmission lines in SA and NSW.

Renmark Geothermal Drilling

Eden's first geothermal prospecting well to establish whether the Riverland area of South Australia has the potential to host a new onshore province for Australia's rapidly emerging geothermal sector, started in December 2007. Hole Chowilla 1 will be used to acquire core and temperature measurements from within the Renmark Trough to confirm the anticipated high flow status of the region.

Chowilla 1 was completed at 512m in mid-February 2008. The base of unconsolidated sediments belonging to the Murray Basin was reached at 462m. Casing has been run to 465m and cemented in place. Coring of the older rocks beneath the Murray Basin to provide samples for thermal conductivity work was completed at 512m.

Following a wait of around two months, to allow temperatures in the hole to equilibrate and stabilise, a measure of the downhole temperatures, other geophysical logs and geothermal gradient will be undertaken. Thermal conductivity measurements will also be completed during this period. Key results are expected to be known towards mid-April 2008.

Eden Energy holds two licence areas in the Riverland - GEL175 and GEL176 - located 40km northeast of Renmark, with an additional licence application on the NSW side of the border. In total, these tenements cover 1943km^2 of the geological feature known as the Renmark-Tararra Trough.

On regional geothermal mapping, there is a strongly anomalous predicted high temperature region near Renmark, lying within the Renmark-Tararra Trough – a 300km long geological feature running northeasterly to the north of Renmark.

The limited available data suggests that commercially attractive geothermal resources may be present, associated with deep fracture zones and aquifers, as well as within the basement rocks of the Trough -

and may be enhanced by fluid circulation along the major fracture zones within and bounding the Trough.

Unlike many more remote geothermal prospects, the Renmark area is close to infrastructure and grid powerlines, (within 30-60km) including the main transmission lines running to Adelaide and to Broken Hill – enhancing the area's commercial potential for geothermal energy.

In addition to possible "clean" electricity production, the geothermal energy from the Riverland area, which adjoins the Murray River and the saline aquifers of the Murray basin, could be an ideal energy source for a large scale water desalination project.

MT Surveys

Magnetotelluric surveys are currently underway. Trial MT (magnetotelluric) geophysical surveys on GEL169 have been completed and a survey is currently underway on GEL185.

Geothermal systems contain hot saline fluids and can also alter the rocks containing them. In general, this salinity and alteration together with the high temperatures associated with geothermal fluids tends to result in lower overall resistivity in geothermal systems compared to the surrounding rocks.

The magnetotelluric (MT) surveying method maps changes in the earths electrical properties related to changes in resistivity by measuring the earth's electrical response to a wide frequency band of natural electromagnetic signals generated by ionospheric pulsations driven by solar activity.

MT is commonly used in assessing geothermal systems elsewhere in the world. It offers the promise of directly identifying possible geothermal targets in a cost effective manner and assisting in targeting drill holes to test heatflow and ultimately the target zones themselves.

New Target Area – Pirie Project

The Pirie Project area, located between Port Wakefield and Port Augusta, was selected since it appears to exhibit several of the key model parameters required for a viable geothermal energy project.

The Pirie Project area is located on the western margin of the Adelaide Geosyncline, close to its junction with the eastern edge of the Gawler Craton, the area known as the Torrens Hinge Zone. In this position sediments in the Adelaide Geosyncline thicken rapidly to the east, and although there is a lack of drilling data, it is likely that a significant portion of this area is underlain, at least in part, by granitoids – including thermally anomalous granites of the Hiltaba Suite, intruding radiogenically enriched rocks of the Gawler Craton – based on analogy with the Torrens Hinge Zone geology further to the north.

Heat flow measurements from areas adjacent to the Pirie Project area are strongly anomalous, with values of 87-102mW/m^2 reported. Such heatflow values tend to suggest that the basement rocks beneath the Adelaide Geosyncline are mostly thermally anomalous Gawler Craton rocks as well as granites.

Coarse-grained sediments at the bottom of Adelaide Geosyncline provide a deeply buried aquifer-style geothermal target in the Pirie Project as well as the potential for engineered geothermal systems in granite or fractured basement.

The Pirie project area is strategically well located and serviced by infrastructure, including:

- the National Highway and other main roads,
- power transmission lines forming part of the National Grid,
- a natural gas transmission pipeline from the Cooper Basin, and
- parts of the National Rail Network.

In addition, the Project is located close to the coast and to port facilities at Port Pirie.

These strategic advantages of the area are considered particularly important. The very large potential geothermal energy resource provides, as well as potential for electricity generation, an ideal opportunity in this location for the production of hydrogen, which could be exported overseas.

New Target Area – Coorichina Project

The Coorichina GELs (329 and 330) cover the Mulgaria Sub-basin within the Torrens Hinge Zone. The sub-basin was identified by the Geoscience Australia seismic survey conducted along the borefield road in 2003. The Torrens Hinge Zone is a structurally complex region with predominantly fine grained sediments of the Adelaide Geosyncline overlying the Eastern edge of the Gawler Craton – basement rocks likely to be thermally anomalous. Additionally, the region is situated within a region of overall enhanced regional heatflow. The Project area is designed to cover different basement/basin morphologies along a significant proportion of the sub-basin with insulating cover depths greater than 4km. Interpretations of the geology from the seismic are preliminary, but the presence of basalts at the base of the sequence and possibly the existence of a salt pillow, raise the possibilities of enhanced permeabilities in fractured basalts or conduction and focussing of heat by the salt.

A final consideration in the application area is the proximity to infrastructure at Olympic Dam and Roxby Downs and the presence of the Borefield Road – a corridor with existing clearances that would facilitate rapid deployment of powerlines in the event of success.

The Coorichina Project area lies within Eden's PEL183 (see below). Drill tests of the gas target in PEL 183 will provide invaluable thermal data to assist in the evaluation of the geothermal potential of the Coorichina Project.

Eden holds a suite of strategic geothermal licences, and subject to suitable stock exchange conditions during the next three to six months, it is proposed to list Eden's geothermal subsidiary company, Terratherma Ltd, on the ASX and complete an IPO.

The geothermal industry is developing rapidly in Australia and Eden is very well placed to be a leading participant in this new and exciting technology.

SOUTH AUSTRALIAN NATURAL GAS (EDEN 100%)

The project area is located 70km north of Roxby Downs and Olympic Dam, accessed using the Olympic Dam borefield pipeline road (the planned Moomba to OD pipeline route runs along same road).

It is hoped to drill the already identified Natural Gas target later in 2008, either in conjunction with a joint venture partner or alternatively as a wholly Eden-owned project.

Petroleum Exploration Licence 183, covering the northern half this new Natural Gas target was granted subsequent to the period covered by this report, to Eden Energy for five years over 3982km^2 in February 2008. Eden's PEL application 240 covers the southern portion of the target structure and is currently being progressed with preliminary negotiations with aboriginal groups being planned.

PEL183 contains the Mulgaria Sub-basin, a geological feature newly recognised on Geoscience Australia (GA) seismic data collected in 2004. Review of gravity data by Eden suggests the sub-basin occupies an area of up to 120km long by up to 10km wide. Anticlinal structures highlighted by the seismic imaging correspond with magnetic units within the sediments, supporting the gravity interpretation – the largest has been named the "Arthur Hill Anticline".

The GA Seismic data was re-processed by Eden. "Bright spot" and "flat spot" anomalies are identified in seismic reflection data at the crest of the anticline and its north-eastern limb. These seismic features at the crest of the anticline are interpreted to be caused by gas accumulations, with natural gas being the target of commercial interest. There is also the possibility that any gas on these structures may also contain attractive amounts of helium given the age and radiogenic character of the basement rocks in the region.

Enquires to secure a suitable drilling rig to drill the first stratigraphic test well commenced.

The structure has never been drilled previously and offers a very exciting target for a potentially significant new onshore hydrocarbon discovery in Australia.

DIRECTORS' REPORT

Auditor's Declaration

The lead auditor's independence declaration under section 307C of the *Corporations Act 2001* is set out on page 12 for the half-year ended 31 December 2006.

This report is signed in accordance with a resolution of the Board of Directors.

Director ______________________________

Guy Touzeau Le Page

Dated this 14th day of March 2008

Grant Thornton (WA) Partnership
ABN: 17 735 344 518
Level 1
10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872

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

AUDITORS' INDEPENDENCE DECLARATION
Under Section 307C of the Corporations Act 2001

To the Directors of Eden Energy Limited

I declare that, to the best of my knowledge and belief during the period ended 31 December 2007, there have been:

(i) no contraventions of the auditor 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.

GRANT THORNTON (WA) PARTNERSHIP

MJ HILLGROVE
Partner
Perth

Date: 14 March 2008

CONSOLIDATED INCOME STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Note	Consolidated Group	
		31 Dec 2007	31 Dec 2006
		$	$
Revenue	2	1,691,954	232,181
Cost of sales		(1,083,753)	(84,529)
Advertising and marketing		(186,092)	(82,990)
Employee benefits expense		(2,990,918)	(1,221,896)
Depreciation and amortisation expense		(62,179)	(30,052)
Finance costs		(2,116)	(4,290)
Legal costs		(144,819)	-
Research and development		(650,855)	(146,842)
Warranty expenses		(230,123)	-
Loss on disposal of fixed assets		(362)	-
Administration expenses		(1,272,229)	(684,537)
Other Expenses		(404,897)	-
Loss before income tax		(5,336,389)	(2,022,955)
Income tax expense		-	-
Loss from continuing operations		(5,336,389)	(2,022,955)
Loss for the period		(5,336,389)	(2,022,955)
Loss attributable to members of the parent entity		(5,336,389)	(2,022,955)
Overall Operations			
Basic earnings per share (cents per share)		(3.4275)	(1.6535)

The accompanying notes form part of these financial statements.

CONSOLIDATED BALANCE SHEET AS AT 31 DECEMBER 2007

	Note	Consolidated Group	
		31 Dec 2007	30 Jun 2007
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		6,934,131	3,468,418
Trade and other receivables		749,108	235,275
Inventories		2,736,070	1,857,667
Other current assets		70,695	180,806
TOTAL CURRENT ASSETS		10,490,004	5,742,166
NON-CURRENT ASSETS			
Receivables		112,018	63,440
Property, plant and equipment		1,846,061	867,659
Intangible assets		7,589,670	7,472,861
Exploration expenditure at cost		3,468,179	1,547,227
TOTAL NON-CURRENT ASSSETS		13,015,928	9,951,187
TOTAL ASSETS		23,505,932	15,693,353
CURRENT LIABILITIES			
Trade and other payables		1,891,328	2,163,577
Short-term borrowings		36,549	40,552
TOTAL CURRENT LIABILITIES		1,927,877	2,204,129
NON-CURRENT LIABILITIES			
Long-term borrowings		-	17,248
TOTAL NON-CURRENT LIABILITIES		-	17,248
TOTAL LIABILITIES		1,927,877	2,221,377
NET ASSETS		21,578,055	13,471,976
EQUITY			
Issued capital		34,887,607	21,445,140
Reserves		1,395,991	1,395,991
Accumulated losses		(14,705,543)	(9,369,155)
TOTAL EQUITY		21,578,055	13,471,976

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY

	Share Capital			
	Ordinary	**Option Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**
Balance at 1 July 2006	17,014,429	26,270	(2,217,543)	14,823,156
Shares issued during the period	3,700	-	-	3,700
Share issue costs during the period	(3,041)	-	-	(3,041)
Loss attributable to members of parent entity	-	-	(2,022,955)	(2,022,955)
Sub-total	17,015,088	26,270	(4,240,498)	12,800,860
Dividends paid or provided for	-	-	-	-
Balance at 31 December 2006	17,015,088	26,270	(4,240,498)	12,800,860
Balance at 1 July 2007	21,445,140	1,395,991	(9,369,155)	13,471,976
Shares issued during the period	13,962,324	-		13,962,324
Share issue costs during the period	(519,857)	-		(519,857)
Loss attributable to members of parent entity	-	-	(5,336,388)	(5,336,388)
Subtotal	34,887,607	1,395,991	(14,705,543)	21,578,055
Dividends paid or provided for	-	-	-	
Balance at 31 December 2007	34,887,607	1,395,991	(14,705,543)	21,578,055

The accompanying notes form part of these financial statements.

CONSOLIDATED CASH FLOW STATEMENT FOR THE HALF-YEAR ENDED 31 DECEMBER 2007

	Consolidated Group	
	31 Dec 2007	31 Dec 2006
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	947,735	105,716
Payments to suppliers and employees	(8,665,168)	(2,266,102)
Interest received	250,485	112,727
Finance Costs	(2,123)	-
Goods and Services Tax refunds	91,660	85,212
Bonds on tenements	(50,000)	-
Net cash provided by (used in) operating activities	(7,427,411)	(1,962,447)
CASH FLOWS FROM INVESTING ACTIVITIES		
Payment for acquisition of intangibles	(117,626)	(159,032)
Purchase of property, plant and equipment	(332,107)	(140,693)
Exploration expenditure	(2,080,235)	(207,657)
Repayment of loans from associated entities	-	(268,606)
Net cash provided by (used in) investing activities	(2,529,968)	(775,988)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from issue of shares	13,962,324	3,700
Share issue costs	(519,856)	(63,192)
Repayment of borrowings	(19,376)	-
Net cash provided by (used in) financing activities	13,423,092	(59,492)
Net increase/(decrease) in cash held	3,465,713	(2,797,927)
Cash at beginning of period	3,468,418	6,930,339
Cash at end of period	6,934,131	4,132,412

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2007

NOTE 1: BASIS OF PREPARATION

The half-year consolidated financial statements are a general purpose financial report prepared in accordance with the requirements of the *Corporations Act 2001*, Australian Accounting Standard AASB 134: Interim Financial Reporting, Australian Accounting Interpretations and other authoritative pronouncements of the Australian Accounting Standards Board.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2007 and any public announcements made by Eden Energy Limited and its controlled entities during the half-year in accordance with continuous disclosure requirements arising under the *Corporations Act 2001*.

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2007 financial report apart from the changes in accounting policy noted below.

The half-year report does not include full disclosures of the type normally included in an annual financial report and therefore cannot be expected to provide as full an understanding of the financial performance, financial position and financing and investing activities of the consolidated entity as the full financial report.

Reporting Basis and Conventions

The half-year 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.

Changes in Accounting Policies

Since 1 July 2007 the group has adopted the following Standards and Interpretations, mandatory for annual periods beginning on or after 1 July 2007. Adoption of these Standards and Interpretations did not have any effect on the financial position or performance of the group.

- AASB 7 – Financial Instruments: Disclosures
- AASB 2005 -10 - Amendments to Australian Accounting Standards (AASB 132, 101, 114, 117, 133, 139, 1, 4, 1023 and 1038)
- AASB 2007 - 4 – Amendments to Australian Accounting Standards Arising from ED 151 and Other Amendments
- AASB 2007 – 5 – Amends AASB 102 Inventories
- Interpretation 8 – Scope of AASB 2
- Interpretation 9 – Reassessment of Embedded Derivatives
- Interpretation 10 – Interim Financial Reporting and Impairment
- Interpretation 11 – Share based payments

NOTE 2: LOSS FOR THE PERIOD

	Consolidated Group	
	31 Dec 2007	**31 Dec 2006**
The following revenue and expense items are relevant in explaining the financial performance for the interim period:		
Sales revenue	1,426,159	119,454
Interest income	250,501	112,727
Other income	15,294	-
Total revenue	1,691,954	232,181

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2007

NOTE 4: SEGMENT INFORMATION

2007

(i) Geographical

The economic entity's business segments are located in Australia, United States of America, United Kingdom and India.

(ii) Business

The economic entity operates in the energy sector and does not have distinguishable business segments.

Primary reporting — Geographical segments

	Australia	United States	United Kingdom	India	Eliminations	Economic Entity (Continuing Operations)
	$	$	$	$	$	$
2007	-	-	-	-	-	-
Sales Revenue	-	1,426,159	-	-	-	1,426,159
Other income	245,746	20,049	-	-	-	265,795
Total segment revenue	245,746	1,446,208	-	-	-	1,691,954
Unallocated revenue	-	-	-	-	-	-
Total revenue	245,746	1,446,208	-	-	-	1,691,954
Segment Result	(432,694)	(3,728,462)	(1,142,238)	(32,995)	-	(5,336,389)
Unallocated expenses net of unallocated revenue	-	-	-	-	-	-
Loss before income tax	(432,694)	(3,728,462)	(1,142,238)	(32,995)	-	(5,336,389)
Income tax expense	-	-	-	-	-	-
Loss after income tax	(432,694)	(3,728,462)	(1,142,238)	(32,995)	-	(5,336,389)

NOTE 4: SEGMENT INFORMATION

2006

(i) Geographical

The economic entity's business segments are located in Australia, United States of America, Ireland and Singapore.

(ii) Business

The economic entity operates in the energy sector and does not have distinguishable business segments.

Primary reporting — Geographical segments

	Australia	United States	Ireland	Singapore	Eliminations	Economic Entity (Continuing Operations)
	$	$	$	$	$	$
2006						
Sales Revenue	-	119,454	-	-	-	119,454
Other income	112,727	-	-	-	-	112,727
Total segment revenue	112,727	119,454	-	-	-	232,181
Unallocated revenue	-	-	-	-	-	-
Total revenue	112,727	119,454	-	-	-	232,181
Segment Result	(346,417)	(1,121,702)	(526,658)	(28,178)		(2,022,955)
Unallocated expenses net of unallocated revenue	-	-	-	-	-	-
Loss before income tax	(346,417)	(1,121,702)	(526,658)	(28,178)	-	(2,022,955)
Income tax expense	-	-	-	-		-
Loss after income tax	(346,417)	(1,121,702)	(526,658)	(28,178)		(2,022,955)

NOTE 5: CONTINGENT LIABILITIES

During the six-month period, the consolidated group acquired the business of Cryogenic Technical Services Inc, a world leading Cryogenic design, fabrication and consulting company. The effective date of the acquisition was 28 August 2007. The acquisition comprised intellectual property, goodwill, inventory and plant and equipment for a consideration of US$200,000. The purchase agreement includes an earn-out clause whereby additional cash payments are required over a 10 year period equal to 3% of the net sales price per cryogenic unit sold in excess of 10 units. The earn-out payments are to be paid in annual instalments.

There has been no other changes in contingent liabilities since the last annual reporting date.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2007

NOTE 6: RELATED PARTY TRANSACTIONS

	Consolidated Group	
	31 Dec 2007	31 Dec 2006
	$	$
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:		
a. **Key Management Personnel**		
Management fees and administration fees paid to Princebrook Pty Ltd, a company in which Mr GH Solomon and Mr DH Solomon have an interest.	63,000	63,000
Legal and professional fees paid to Solomon Brothers, a firm of which Mr GH Solomon and Mr DH Solomon are partners.	6,060	62,892
Professional fees paid to RM Capital Pty Ltd, a company in which Mr GT Le Page is a director and shareholder.	-	6,000
Consulting fees paid to Cascades Corporation Pty Ltd, a company in which Mr A Leibovitch is a director and shareholder.	13,950	-
Loan to Mr G Egan on interest-free terms, repayable on demand	44,967	38,368

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE

Since 31 December 2007, Eden Energy Limited ("Eden") has issued a total of 40,339 ordinary fully paid shares as a result of the exercise of options expiring 30 September 2009. These options were exercised at 20 cents raising a total of $8,067.80.

In January 2008 a total of 8,163,157 fully paid ordinary shares were issued at an issue price of $0.38 per share raising a total of $3,101,999.66. These shares have been issued to various institutions and sophisticated investors in Australia and United Kingdoms in accordance with sections 708(1) and 708(8) of the Corporations Act 2001 ("the Act") and under the 15% placement rule of the Australian Securities Exchange Listing Rules. A commission of 5% is payable to licensed stock brokers in United Kingdom in respect of the funds raised.

In February 2008, Eden announced that all of Eden's geothermal assets are proposed to be transferred to Terratherma Limited ("Terratherma"), a wholly owned subsidiary of Eden, which will seek a listing on the Australian Securities Exchange when stock market conditions permit. It is proposed that Eden will retain a majority ownership in Terratherma.

In February 2008, Eden also announced that the consolidated group's interest in the South Wales CBM Joint Venture project would be transferred into a new joint venture company. Eden will hold a 45% interest in the joint venture company's issued shares and has agreed to contribute ongoing working capital of £1.0 million. It is proposed that the joint venture company will seek a joint venture for the South Wales CBM project from a major international gas or petroleum company and seek to list on the Alternative Investment Market ("AIM") in London.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 30 JUNE 2007

NOTE 7: EVENTS SUBSEQUENT TO REPORTING DATE (CONT'D)

Except for the above no other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the economic entity, the results of those operations, or the state of affairs of the economic entity in future financial years.

NOTE 8: BUSINESS COMBINATION

Acquisition of the business of Cryogenic Technical Services

On 28 August 2007, Eden Energy Limited acquired the business of Cryogenic Technical Services Inc., a world leading Cryogenic design, fabrication and consulting company. The effective date of the acquisition was 28 August 2007.

The total cost of the combination was $242,954. The purchase agreement also includes an earn-out clause whereby additional cash payments are required over a 10 year period equal to 3% of the net sales price per cryogenic unit sold in excess of 10 units. The earn-out payments are to be paid in annual instalments.

The fair value of the identifiable assets and liabilities of the business of Cryogenic Technical Services as at the date of acquisition are:

	Recognised on acquisition
Property, plant and equipment	97,182
Inventories	72,885
Intellectual property	12,148
Fair value of identifiable assets	182,215
Goodwill arising on acquisition	60,739
	242,954
Cost of the combination:	
Cash payment	242,954
Total cost of the combination	242,954
The cash outflow on acquisition to date is as follows:	
Cash paid	242,954
Net cash outflow	242,954

From the date of acquisition, the business of Cryogenic Technical Services has contributed $229,344 to the net loss of the consolidated group. It is not possible to determine the effect on the loss of the consolidated group if the business combination had taken place at the beginning of the half-year.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 21:
   a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations; and
   b. give a true and fair view of the economic entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
2. In the directors' opinion there are reasonable grounds to believe that the company will be able to pay its debts as and when they become due and payable.

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

Director _Guy Le Page_

Guy Touzeau Le Page

Dated this 14th day of March 2007

Grant Thornton (WA) Partnership
ABN: 17 735 344 518
Level 1
10 Kings Park Road
West Perth WA 6005
PO BOX 570
West Perth WA 6872
T +61 8 9480 2000
F +61 8 9322 7787
E admin@gtwa.com.au
W www.grantthornton.com.au

INDEPENDENT AUDITOR'S REVIEW REPORT

TO THE MEMBERS OF EDEN ENERGY LIMITED AND CONTROLLED ENTITIES

Report on the half-year financial report

We have reviewed the accompanying half-year financial report of Eden Energy Limited (the Company) and the entities it controlled (the consolidated entity), which comprises the condensed balance sheet as at 31 December 2007, and the condensed income statement, condensed statement of changes in equity and condensed cash flow statement for the half-year ended on that date, a statement/description of accounting policies, and other selected explanatory notes. The consolidated entity comprises both Eden Energy Limited (the Company) and the entities it controlled during that half-year.

Directors' responsibility for the half-year financial report

The directors of the Company are responsible for the preparation and fair presentation of the half-year financial report in accordance with Australian Accounting Standards including the Australian Accounting Interpretations and the Corporations Act 2001. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the half-year 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.

Auditor's responsibility

Our responsibility is to express a conclusion on the half-year financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagement ASRE 2410: *Review of an Interim Financial Report Performed by the Independent Auditor of the Entity*, in order to state whether, on the basis of the procedures described, we have become aware of any matter that makes us believe that the financial report is not in accordance with the Corporations Act 2001 including giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and its performance for the half-year ended on that date; and complying with Accounting Standard AASB 134: *Interim Financial Reporting* and the Corporations Regulations 2001. As the auditor of Eden Energy Limited, ASRE 2410 requires that we comply with the ethical requirements relevant to the audit of the annual financial report.

A review of a half-year financial report consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with Australian Auditing Standards and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Independence

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

Conclusion

Based on our review, which is not an audit, we have not become aware of any matter that makes us believe that the half-year financial report of Eden Energy Limited is not in accordance with the Corporations Act 2001, including:

(a) giving a true and fair view of the consolidated entity's financial position as at 31 December 2007 and of its performance for the half-year ended on that date.
(b) complying with Accounting Standard AASB 134: *Interim Financial Reporting* and Corporations Regulations 2001.

Grant Thornton (WA) Partnership

GRANT THORNTON (WA) PARTNERSHIP

MJ HILLGROVE
Partner
Perth

Date: 14 March 2008