Eden Energy Ltd

(ABN 58 109 200 900)

and Controlled Entities

Interim Financial Report
for the
Half-Year Ended 31 December 2009

CONTENTS

HIGHLIGHTS

Hydrogen / Hythane® Projects

India

- **Eden completed the first three sales of its Optiblend® dual fuel system in Assam in north-eastern India, where low cost natural gas is readily available. Installation of these three systems has been completed and they are now operational. Payment for these units has been received subsequent to 31 December 2009 and will be reflected in the full year results at 30 June 2010.**
- **Eden signed co-operation agreement with GAIL (India) Ltd and Mahanagar Gas Ltd to jointly undertake the first commercial sized Indian Hythane® demonstration project in Mumbai.**
- **Eden executed a non-binding terms sheet with Indian Oil Corporation Limited through which, subject to certain conditions being satisfied, the two companies will enter into a farm-in agreement to scale up a new Pyrolysis technology jointly developed by Eden and the University of Queensland, to produce hydrogen and ultra-strong solid carbon fibres and nanotubes from methane gas.**
- **Indian authorities adopt 18% hydrogen / 82% natural gas (by volume) as the national standard for Hythane® (HCNG**

USA

- **San Francisco Airport Hythane® Project is progressing, with the hydrogen and Hythane station on target to become operational by mid-late 2010**
- **Hempstead Hythane® station near New York operational**
- **Initial US marketing attracts strong interest from dealers of a major engine manufacturer in Hythane Company's OptiBlend Dual Fuel Kit and first US installation completed.**

Pyrolysis Project – University of Queensland

- **Eden executed a non-binding terms sheet with Indian Oil Corporation Limited through which, subject to certain conditions being satisfied, the two companies will enter into a farm-in agreement to scale up a new Pyrolysis technology jointly developed by Eden and the University of Queensland, to produce hydrogen and ultra-strong solid carbon fibres and nanotubes from methane gas.**

United Kingdom Coal Bed Methane / Natural Gas

- **Negotiations commence with potential joint venture partners for Eden's coal bed methane, natural gas and geothermal energy projects.**
- **UK Coal Bed Methane joint venture completes initial review and plans are being considered to develop several pilot production wells over the next three years.**

Geothermal Energy / Australian Natural Gas Target

- **Farm-out Agreement concluded with Origin Energy Ltd to farm into Eden's Cooper Basin Geothermal Licence No. 185 in SA.**
- **Eden is examining strategies for spinning the geothermal / Australian Natural Gas assets out as a separate entity.**

CORPORATE DIRECTORY

DIRECTORS:
Gregory H Solomon **LLB** (Executive Chairman)
Douglas H Solomon **BJuris LLB (Hons)** (Non-Executive)
Guy T Le Page **BA, BSc (Hons), MBA, FINSIA, MAusIMM** (Non-Executive)
Richard J Beresford **FAICD FAIE** (Non-Executive)

COMPANY SECRETARY:
Aaron P Gates **B.Com, CA**

REGISTERED OFFICE:
Level 40, Exchange Plaza
2 The Esplanade
Perth
Western Australia 6000
Tel +61 8 9282 5889
Fax +61 8 9282 5889
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 Audit Pty Ltd
Chartered Accountants
Level 1
10 Kings Park Road
West Perth WA 6005

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

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

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

REVIEW OF OPERATIONS

HYDROGEN / HYTHANE® PROJECTS

Hythane® and Dual Fuel (Eden 100%)

Hythane® is a premium blend of 93% Natural Gas and 7% hydrogen by energy (80 Natural Gas / 20% Hydrogen by volume). It increases engine efficiency by up to 10% and reduces emissions of oxides of nitrogen (NOx) and carbon monoxide (CO) by up to 50% compared with pure Natural Gas. NOx is the primary cause of photochemical smog and is a major contributor to lung cancer and respiratory ailments. CO is a highly poisonous gas.

First Commercial sized Hythane® Project in India

Eden Energy (India) Pvt Ltd, a wholly owned subsidiary of Eden Energy Ltd, entered into a cooperation agreement with GAIL (India) Ltd ("GAIL") and Mahanagar Gas Ltd ("MGL") to demonstrate the efficiency of Hythane® as a high-efficiency, ultra-low-emission premium blend of Natural Gas with the major Mumbai bus company, which is a customer of MGL.

GAIL (otherwise known as Gas Authority of India) is the largest distributor of Natural Gas in India. MGL is a joint venture company jointly owned by GAIL, BG Group and the Government of Maharashtra, which owns and operates pipelines and markets Natural Gas in and around the Mumbai area to a broad commercial, domestic and industrial customer base of more than 25 million people.

GAIL, a Government of India undertaking, is India's flagship Natural Gas company, integrating all aspects of the Natural Gas value chain (including Exploration & Production, Processing, Transmission, Distribution and Marketing). It also aims to spearhead the move to a new era of clean fuel industrialisation, through creating a quadrilateral of green energy corridors that connect major consumption centres in India with major gas fields, LNG terminals and other cross border gas sourcing points. GAIL is also expanding its business to become a player in the International Market.

The demonstration project in Mumbai will involve Eden establishing a Hythane® refuelling station at a suitable bus depot to fuel buses, progressively increasing to 50-70 buses. The bus depots in Mumbai are operated by BEST, the state owned Mumbai bus operator that operates more than 4000 buses, half of which are already using natural gas and all of which are planned to be operating on natural gas within the next three years. MGL supplies BEST with all its natural gas requirements.

Upon successful completion of the demonstration project the parties will endeavour to negotiate a commercial agreement for the ongoing promotion and marketing of Hythane® by MGL in its area of operation.

Under the terms of the agreement Eden will supply the Hythane® refuelling station including an auto-thermal reformer to produce the necessary hydrogen from Natural Gas, compression, blending, storage and dispensing equipment. Eden will also be responsible for the installation, operation, maintenance, supervision and safety of the equipment and will retain ownership of the equipment. Eden will provide training to MGL personnel to enable them to operate the equipment.

GAIL will work with Eden and MGL and will support the demonstration project and assist in arranging all Hythane® standards and regulations and statutory clearances required for the project. MGL will provide all necessary site works for the installation of the equipment, and will provide all Natural Gas, water and electricity required for the project.

Planning approvals and installation of the equipment will take approximately 9 months and it is planned to then run the buses for a further 6 months. On completion of the demonstration project, Eden will compile a comprehensive report on the outcome and, subject to suitable results, the parties propose to negotiate the possible ongoing commercial terms for the promotion and marketing of Hythane® by MGL in its areas of operation, including the possible right for MGL to exclusively market Hythane® in Mumbai and other areas where MGL has operations.

It is proposed that wherever possible, all of the equipment for the demonstration project will be supplied by Indian manufacturers. Eden has already completed the development for Ashok Leyland of a Hythane® bus engine which is suitable for the demonstration project, and a second engine project is also planned. Ashok Leyland supplies the majority of Indian Government owned bus fleets.

This demonstration will provide a very strong base from which Eden proposes to develop and promote a broad based commercial Hythane® market across India as Natural Gas is rolled-out as a national vehicle fuel during the next few years. India has significant quantities of domestic Natural Gas and commenced large-scale production of Natural Gas from the KG Basin in April 2009. Several new pipelines have since been added to the national pipeline grid, opening up the availability of large quantities of clean, cheap Natural Gas which is now being embraced across India as a major transport fuel.

San Francisco International Airport

Progress on the Hythane® station at San Francisco International Airport has involved continued negotiation of the contractual arrangements which are now nearing completion. For this project, Hythane Company has received funding for station infrastructure as well as the conversion of 27 Ford E-450 airport shuttles to run on Hythane®. The project will demonstrate the practicality of Hythane® vehicles for large-scale projects across the US.

Funding is being supplied by the Bay Area Air Quality Management District (BAAQMD) and the San Mateo County Government, with additional funding anticipated through two separate grants from the Department of Energy (DOE). Recently, the major merchant gas company with which Hythane Company is working on this project, received grant funding for its hydrogen fueling station adjacent to the Hythane® station. This award is a significant boost to the Hythane® project as it makes low-cost hydrogen readily available at the site

Once the agreements are finalised, the design and permitting stage of the SFO Hythane project will be completed, with construction planned for later this year. Both the hydrogen and Hythane® stations are projected to be completed and operational sometime during the second half of 2010.

BAF Hythane® Engine Calibration

Hythane Company, in conjunction with BAF Technologies, has developed a Hythane® calibration for Ford 6.8L V10 engines used in E-450 vehicles. This calibration, which demonstrates the dramatic emissions reductions that can be achieved through the use of Hythane®, was granted certification during July 2009 by the California Air Resources Board (CARB). CARB certification allows commercial sale and use of this engine, no longer limiting it to use in demonstration projects.

The Hythane® calibration provides dramatic emissions reductions over the natural gas version of the engine, which already provides substantial emissions benefits as compared to the gasoline version of the engine. Specifically, the Hythane® calibration achieves a 10.5% reduction in CO_2, a 40% reduction in non-methane hydrocarbons, a 49% reduction in CH_4 emissions, and a 70% reduction in particulate matter over the natural gas version of this engine.

Non-methane hydrocarbon emissions contribute to the formation of photochemical smog, a significant problem in many urban areas. In addition to causing local air pollution, these emissions are also powerful greenhouse gases.

In addition to emissions reductions, the use of Hythane® fuel provides a 3.9% efficiency gain over the natural gas version of the particular engine. When spread over a large fleet, efficiency gains provide considerable economic benefit. With other types of engines, even greater efficiency gains of up to 15% are anticipated in the future.

The Hythane® engine calibration was designed for the Hythane project at San Francisco International Airport (SFO) referred to above, and Hythane Co will receive a royalty for the sale of each Hythane engine sold by BAF. The first sale of one of these engines was for the City of Hempstead project mentioned below.

City of Hempstead

As part of the Hythane engine calibration project, BAF Technologies has established a Hythane® version of the Ford E-450 as a standard offering. The City of Hempstead has placed an order for one of these Hythane® vehicles for use as a shuttle bus to showcase at their hydrogen/natural gas blended fuel station. With the vehicles at SFO, this will place Hythane® vehicles in operation on both coasts of the US, and it is planned to use these to open up further Hythane® vehicle projects around the country.

In October 2009, the official opening of the Hempstead blended fuel station occurred and once the Hythane® shuttle bus is received it is scheduled to commence operation.

Hythane® in Stationery Power

Hythane® fuel in natural gas generators can provide significant emissions reductions over ordinary natural gas. Hythane is exploring the applicability of this technology to smaller stationary generators in Southern California.

If it is proven that Hythane can provide sufficiently low emissions to comply with state and local regulations, the technology will offer a low-cost alternative to pure hydrogen generators, which is one of the only approved methods for generating power on a small scale. Given the high price of power in Southern California, small-scale power holds tremendous market potential for Hythane®. The EPA certification of the first US demonstration project referred to above is a major step in this.

DUAL FUEL TECHNOLOGY

Eden has completed the development of its very efficient Optiblend® 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® is used in place of natural gas, the displacement of diesel fuel could be as high as 80-85%. The use of the natural gas will greatly reduce greenhouse gas emissions and, in places where natural gas is cheaper than diesel, will also reduce fuel costs. In various parts of India, natural gas is already significantly cheaper than diesel, and accordingly Eden has been targeting a diversified market for this technology, starting with stationary power generators and then locomotives.

Eden secured the first three sales of its OptiBlend® dual fuel system in Assam in north-eastern India, where low cost natural gas is readily available. The installation of the systems has now been completed and these systems operational. These first systems were supplied to one of the world's largest tea plantations, and are being trialled on diesel generators with a power output of between 400 kVA and 1,250 kVA. Preliminary results from the trails show the Optiblend® dual fuel systems are displacing above expected amounts of diesel, resulting in short capital cost payback periods. Payment for these units was received subsequent to 31 December 2009 and will be reflected in the accounts as at 30 June 2010.

In India there are many hundreds of thousands of medium and large sized diesel-powered generators that are used to provide either back-up power or base-load power to commercial, industrial, residential and institutional complexes throughout the country. Apart from greatly reducing local air pollution resulting from NOx, carbon monoxide and particulate matter emissions, the new dual fuel kits are projected to have a pay-back period of between 6-24 months, depending upon the size of the engine and the amount of usage.

Eden is pursuing many other possible customers in both India and USA, having recently secured its first US order for an Optiblend dual fuel kit. It is anticipated that a significant market will emerge in both countries (and many more as well), particularly as natural gas both becomes more widely available in India, and becomes more cost competitive in both countries compared with diesel as it is projected to do over the next few years.

PYROLYSIS PROJECT

The Technology

Unlike most hydrogen production technologies, the new Pyrolysis technology developed by Eden and the University of Queensland ("UQ") has the very significant advantage of not producing carbon dioxide as an unwanted by-product. Instead, this technology produces only hydrogen and solid carbon powder (commonly known as "Carbon Black"), together with, under certain conditions, carbon fibres and multi-walled and single-walled carbon nanotubes (See Figure 1).

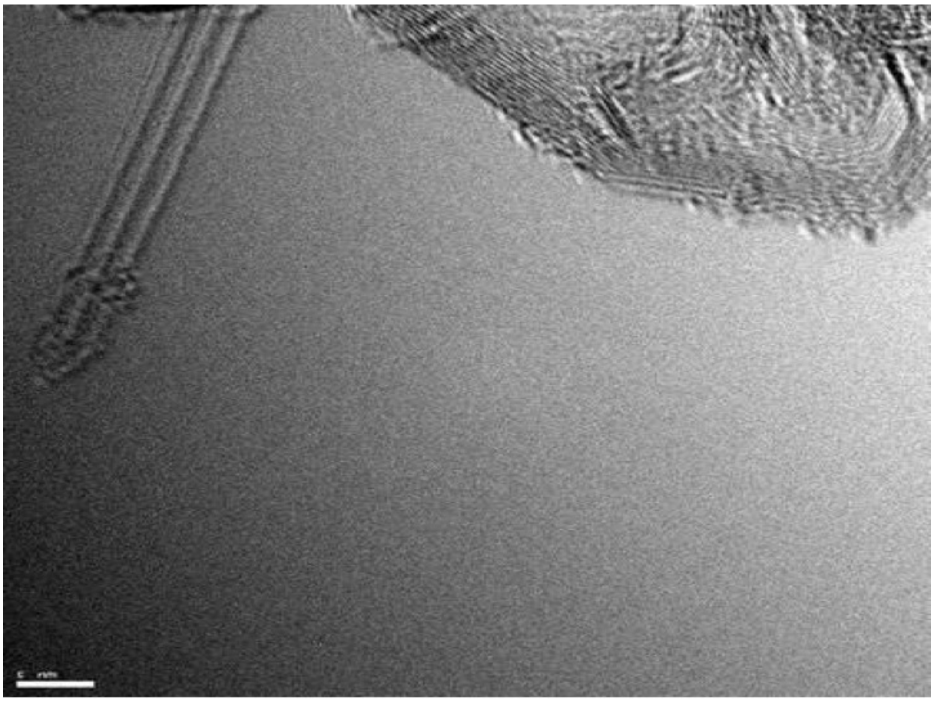

Figure 1

SEM Image of Single Walled and Multi Walled Carbon Nanotubes Produced at University of Queensland- scale bar is 5 nanometres (5 millionths of a millimetre)

Carbon fibres and carbon nanotubes have enormous tensile strength, as well as being exceptional conductors of electricity, and are currently used in super-strong, ultra-light carbon composite materials that are deployed extensively in the production of the latest fuel efficient airliners (Airbus A380 and Boeing 787) and in Formula 1 racing cars. However, current production methods are expensive, which has thus far limited the widespread commercial use of these materials.

The new pyrolysis process, if successfully scaled up from the existing laboratory scale to commercial production, could open up large commercial markets for these high value carbon composite materials in the structural materials markets, where they could potentially displace both steel and aluminium in many applications. Additionally, the potential Greenhouse Gas savings that would be likely to result from the widespread use of carbon composite materials in substitution for steel and aluminium could be very significant.

Terms Sheet signed with IOCL

After extensive negotiations, Eden has secured agreement with Indian Oil Corporation Limited (IOCL) on the terms of a detailed non-binding terms sheet for IOCL to farm-in to the new pyrolysis technology developed jointly by Eden and the University of Queensland with support from the Australian Research Council. 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, to produce carbon fibres and nanotubes that exhibit tensile strengths up to several hundred times greater than that of steel. If successfully piloted on a commercial scale, the process could have important implications for the widespread commercialisation of these ultra-strong forms of carbon that can be used in composite materials for the construction, electronics, aerospace and vehicle building industries.

IOCL, India's flagship national oil company and downstream petroleum major, is India's largest commercial enterprise, with a sales turnover in 2008-09 of more than A$60 billion – the highest-ever for an Indian company. It is also the highest ranked Indian company in the prestigious Fortune 'Global 500' listing, having moved up 11 places to 105th position in 2009. IOCL's involvement in the farm-in agreement will be managed by its R&D division which operates an A$250 million world class R&D facility at Faridabad near Delhi.

Preliminary Agreement to Purchase UQ's Interest and Details of Terms Sheet

Eden has reached a preliminary in-principle agreement with the University of Queensland ("UQ") for Eden to purchase from UQ, in consideration of the issue to UQ of 3,750,000 fully paid ordinary shares in Eden, its 50% interest in the patents and intellectual property developed by this project.

This acquisition will enable Eden to satisfy the provisions of the Terms Sheet with IOCL, which require Eden to transfer to IOCL a 50% interest in the new technology upon IOCL firstly funding the up-scaling of the technology by approximately 18 times, to a bench scale size of 120 litres of methane per hour, and then a further thousand-fold up-scaling to a pilot plant capable of processing 120 NM3/hour of methane, which would be enough methane to run between 15-20 natural gas fuelled buses on a continuous basis The total cost of these two phases has been estimated at approximately A$2.6-3.6 million.

The Terms Sheet with IOCL contains a number of conditions precedent, including IOCL being satisfied with both a demonstration of the technology at UQ, and with Eden's and UQ's right to ownership of the intellectual property, and their right to commercialise it.

It is hoped that the acquisition by Eden of the UQ interest will be completed and the conditions precedent to the Terms Sheet will be satisfied over the next 2-3 months and that a formal binding Farm-in Agreement with IOCL will then be executed, pursuant to which the up-scaling process will begin. It is estimated that this up-scaling process would take between 18-24 months to complete.

UNIVERSITY OF QUEENSLAND ("UQ") – NEW GAS TO LIQUIDS RESEARCH PROJECT

Eden and UQ have lodged a provisional patent application on a new simplified method of producing liquid hydrocarbons and hydrogen from methane (natural gas), and have secured a $500,000 Australian Research Council Grant to fund a significant portion of the 3 year project. Preliminary indications are that the new process has potential for production of both ethylene (which is used in the plastics industry as a major feedstock) and liquid motor vehicle fuel from natural gas. During the half, the new equipment for this project was installed and testing begun.

SOUTH WALES COAL BED METHANE PROJECT

During the six months, the major gas company that acquired 90% of Eden's interest in the coal bed methane in four of its 18 licences and which is meeting all the costs of the next £500,000 of expenses, commenced a review of all past work in the area. Plans are being considered for development of several pilot wells over the next three years.

Additionally plans are being formulated for a further detailed seismic review of the promising conventional gas and shale gas targets.

Discussions have also commenced with our joint venture partner with a view to possibly establishing a joint company as a highly resourced UK-based gas producer. Further discussions are planned to evaluate market conditions and assess terms for the establishment of such a joint entity.

AUSTRALIA NATURAL GAS AND GEOTHERMAL PROJECTS

In October 2009 Eden entered into an agreement with Origin Energy Ltd ("Origin"), a major Australian energy utility, for Origin to farm-in to Eden's Cooper Basin Geothermal Licence No. 185 in South Australia. The agreement is conditional upon approval by the South Australian Government

Origin has paid to Eden $1 million cash and as part of the agreement will bear the first $500,000 of expenditure on the licence, to earn a 70% interest in GEL 185. Each party will then contribute proportionally to further expenditure. Origin will be operator of the project.

Eden retains 100% interest in all of its remaining geothermal licences in South Australia.

GEL 185 adjoins the geothermal licences of Geodynamics Ltd in the Cooper Basin where Geodynamics has undertaken a considerable amount of drilling and other work and identified a significant geothermal energy resource. In 2007, Origin entered into an agreement with Geodynamics to farm-in to a 30% interest in Geodynamics' geothermal licences. Origin is also a substantial shareholder in Geodynamics.

Eden is actively exploring a variety of ways to further progress the funding of the exploration and development of all of Eden's geothermal interests in South Australia, and is hopeful that a suitable way forward can be found during the next few months, subject to suitable market conditions.

Apart from providing additional working capital to Eden, the farm-in by Origin provides a significant boost to Eden's plans to develop its geothermal interests by enabling Eden to progress the development of GEL 185 with a significant joint venture partner, and still retain a strategic interest in the broader Cooper Basin geothermal licence area, and is a welcome step in Eden's plans to develop a significant geothermal base in South Australia.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2009.

Directors

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

Mr Gregory H Solomon

Mr Douglas H Solomon

Mr Guy T Le Page

Richard J Beresford

Review of Operations

The net loss after income tax for the half year was $476,138 (2008: $8,985,805).

A review of the operations of the Group during the half-year ended 31 December 2009 is set out in the Review of Operations on Page 5.

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 2009.

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

Director

Gregory H Solomon

Dated this 16th day of March 2009

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

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

In accordance with the requirements of section 307C of the Corporations Act 2001, as lead auditor for the review of Eden Energy Limited for the half-year ended 31 December 2009, I declare that, to the best of my knowledge and belief, there have been:

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

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

GRANT THORNTON AUDIT PTY LTD

M J Hillgrove
Director - Audit & Assurance Services

Perth, 16 March 2010

CONSOLIDATED STATEMENT OF COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated Group	
		31 Dec 2009	31 Dec 2008
		$	$
Revenue		214,242	95,274
Other income		46,175	72,876
Raw materials and consumables used		(114,184)	(153,904)
Accounting and audit expense		(39,138)	(87,856)
Advertising and marketing expense		-	(72,516)
Depreciation and amortisation expense		(28,317)	(13,890)
Employee benefits expense		(903,530)	(1,325,663)
Finance costs		(40)	(7,743)
Foreign exchange gain/(loss)		96,461	-
Gain on sale of non-current assets		865,498	-
Impairment expense		(98,464)	(479,767)
Legal and other consultants expense		(142,882)	(276,988)
Research and development expenditure		(51,750)	-
Rent expense		(46,336)	(61,448)
Travel and accommodation expense		(95,881)	(194,552)
Warranty expense		(474)	(98,206)
Other expenses		(177,518)	(86,762)
Loss before income tax		(476,138)	(2,691,145)
Income tax expense		-	-
Loss from continuing operations		(476,138)	(2,691,145)
Loss from discontinued operations		-	(6,294,660)
Loss for the period		(476,138)	(8,985,805)
Other Comprehensive Income			
Exchanges differences on translating foreign operations		(194,030)	1,899,294
Income tax relating to other comprehensive income		-	-
Total other comprehensive income, after tax		(194,030)	1,899,294
Total Comprehensive Income / (Loss) attributable to members of the parent		(670,168)	(7,086,511)
Basic earnings per share (cents per share)		(0.2624)	(4.9799)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2009

	Note	Consolidated Group	
		31 Dec 2009	30 Jun 2009
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		2,642,907	3,059,628
Trade and other receivables	3	1,026,573	2,404,559
Inventories		471,035	454,400
Other current assets		32,700	18,129
TOTAL CURRENT ASSETS		4,173,215	5,936,716
NON-CURRENT ASSETS			
Trade and other receivables		118,878	118,878
Financial assets		601,303	579,501
Property, plant and equipment	4	1,191,996	236,596
Intangible assets		9,439,588	9,168,119
Exploration and evaluation		368,954	536,453
TOTAL NON-CURRENT ASSETS		11,720,719	10,639,547
TOTAL ASSETS		15,893,934	16,576,263
CURRENT LIABILITIES			
Trade and other payables		1,097,338	1,230,927
Provisions		139,021	199,993
TOTAL CURRENT LIABILITIES		1,236,359	1,430,920
TOTAL LIABILITIES		1,236,359	1,430,920
NET ASSETS		14,657,575	15,145,343
EQUITY			
Issued capital		42,192,124	42,192,124
Reserves		2,079,958	2,091,588
Retained earnings		(29,614,507)	(29,138,369)
TOTAL EQUITY		14,657,575	15,145,343

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2008

	Share Capital				
	Ordinary	**Option Reserve**	**Foreign Currency Translation Reserve**	**Accumulated Losses**	**Total**
	$	**$**	**$**	**$**	**$**
Balance at 1 July 2008	42,123,647	1,595,158	(657,544)	(20,279,979)	22,781,282
Share issue costs during the period	(11,872)	-	-	-	(11,872)
Options issued during the period	-	28,223	-	-	28,223
Total other comprehensive income	-	-	1,899,294	(8,985,805)	(7,086,511)
Subtotal	42,111,775	1,623,381	1,241,750	(29,265,784)	15,711,122
Dividends paid or provided for	-	-	-	-	
Balance at 31 December 2008	42,111,775	1, 623,381	1,241,750	(29,265,784)	15,711,122
Balance at 1 July 2009	42,192,124	1,835,975	255,613	(29,138,369)	15,145,343
Options issued during the period	-	182,400	-	-	182,400
Total other comprehensive income	-	-	(194,030)	(476,138)	(670,168)
Subtotal	42,192,124	2,018,375	61,583	(29,614,507)	14,657,575
Dividends paid or provided for	-	-	-	-	-
Balance at 31 December 2009	42,192,124	2,018,375	61,583	(29,614,507)	14,657,575

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

	Note	Consolidated Group	
		31 Dec 2009	31 Dec 2008
		$	$
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		255,247	4,116,598
Payments to suppliers and employees		(1,652,652)	(9,225,565)
Interest received		46,175	28,795
Finance Costs		-	-
Net cash provided by (used in) operating activities		(1,351,230)	(5,080,172)
CASH FLOWS FROM INVESTING ACTIVITIES			
Exploration expenditure		(107,831)	(798,754)
Payment for development of intangibles		(291,740)	-
Purchase of property, plant and equipment		(383)	(133,251)
Proceeds from disposal of property, plant and equipment		-	28,083
Proceeds from sale of exploration interest		1,000,000	-
Proceeds from sale of exploration subsidiaries		370,000	-
Net cash provided by (used in) investing activities		970,046	(903,922)
CASH FLOWS FROM FINANCING ACTIVITIES			
Share issue costs		-	(124,614)
Proceeds from borrowings		-	2,477,406
Repayment of borrowings		-	(26,791)
Net cash provided by (used in) financing activities		-	2,326,001
Net increase/(decrease) in cash held		(381,184)	(3,658,093)
Net increase/(decrease due to foreign exchange movements		(35,537)	253,929
Cash at beginning of period		3,059,628	4,322,945
Cash at end of period		2,642,907	918,781

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

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 2009 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 half-year report does not include full disclosures of the type normally included in an annual financial report.

The accounting policies have been consistently applied by the entities in the group and are consistent with those in the June 2009 financial report except for the adoption of the following new and revised Accounting Standards.

a) Going Concern

The directors have a reasonable expectation that the Group will have adequate resources to continue in operation for the foreseeable future. Accordingly they have continued to adopt the going concern basis in preparing the half-year financial statements.

b) Accounting Standards not Previously Applied

The Group has adopted the following new and revised Australian Accounting Standards issued by the AASB which are mandatory to apply in the current interim period. Disclosures required by these Standards that are deemed material have been included in this financial report on the basis they represent a significant change in information from that previously made available.

AASB 101 prescribes the contents and structure of the financial statements. Changes reflected in this report include:

- The replacement of the Income Statement with the Statement of Comprehensive Income. Items of income and expense not recognised in profit and loss are now disclosed as components of 'other comprehensive income'. In this regard, such items are no longer reflected as equity movements in the Statement of Changes in Equity;
- The adoption of the seperate income statement approach to the Statement of Comprehensive Income;
- Other financial statements are renamed in accordance with the standard.

From 1 January 2009, operating segments are identified and segment information disclosed on the basis of internal reports that are regularly provided to, or reviewed by, the Group's chief operating decision maker, which is the Board of Directors. In this regard, such information provided may use different measures to those used in preparing the Statement of Comprehensive Income and Statement of Financial Position.

c) 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 over a ten year period with a 50% discount rate to recognise the inherent risk.
- The forecast provides for the number of installed stations increasing in the first few years until expected capacity is reached and there after remaining constant, based on projected market penetration.
- Costs have been based on historical amounts adjusted for CPI increase and improvements in margins based on internal efficiencies.
- That the Company will be able to secure suitable funding to complete the project as forecasted

No impairment has been recognised in respect of intellectual property for the half-year ended 31 December 2009.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 2: RELATED PARTY TRANSACTIONS

		2009 $	2008 $
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.	97,335	14,590
	Legal and professional fees paid to Solomon Brothers, a firm of which Mr GH Solomon and Mr DH Solomon are partners.	6,606	11,649
	Professional fees paid to RM Capital Pty Ltd, a company of which Mr G Le Page is a director and shareholder.	-	27,045
b.	**Associated Companies**		
	Loans from Tasman Resources Ltd ("Tasman"), (which has a 24.2% fully diluted interest in the Company) repayable on demand with interest charged at National Australia Bank secured overdraft rates. This loan was repaid in full on 27 February 2009.	-	273,000
	The Company issued 750,000 $1.00 convertible notes to Fission Energy Ltd ("Fission") with interest payable at 10%pa payable monthly in arrears, secured over all the assets of Eden (excl Eden Hydrogen Inc and Eden Cryogenics LLC) and convertible at the election of the noteholder. In addition it was agreed that the Company would issue Fission with 5,000,000 options in Eden, each to acquire one share, at an exercise price of 10 cents at any time on or before 31 December 2011. The notes were repaid in full on 27 February 2009.	-	750,000

NOTE 3: TRADE AND OTHER RECEIVABLES

Trade and other receivables includes an A$880,000 unsecured receivable that resulted from the sale of HyRadix, Eden Cryogenics and CTS and is expected to be received in the coming months.

NOTE 4: PROPERTY, PLANT & EQUIPMENT

During the period the group acquired an Aptus 100 Hyrdogen Reformer with a fair value of $1 million.

NOTE 5: SEGMENT INFORMATION

The Group has identified its operating segments based on internal reports that are reviewed and used by the Board of Directors (chief operating decision makers) 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.

- **Terratherma Ltd** – Geothermal exploration and development in South Australia.
- **Hythane Co LLC** – Hythane® and Optiblend® sales, service and manufacturing in USA, Hythane® an Optiblend® support for Eden Energy (India) Pvt Ltd and internal R&D.
- **Eden Energy (India) Pvt Ltd –** Hythane® and Optiblend® sales, service and manufacturing in India.
- **Eden Energy (UK) Ltd** – Coal seam methane and shale gas exploration and development in the UK.

The above segments are not aggregated.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 5: SEGMENT INFORMATION CONTINUED

	Terratherma Ltd	Hythane Co LLC	Eden Energy (UK) Ltd	Eden Energy India Pvt Ltd	Eliminations	Economic Entity (Continuing Operations)	Discontinuing Operations
	$	$	$	$	$	$	$
31 December 2009							
Total external revenue	-	205,804	-	8,438	-	214,242	-
Inter-segment revenue	-	219,824	-	-	(219,824)	-	-
Total segment revenue	-	425,628	-	8,438	(219,824)	214,242	-
Segment profit / (loss) result	749,186	(644,726)	(1,974)	(84,789)	(21,496)	(3,799)	-
Unallocated expenses						(518,516)	-
Result from operating activities						(522,315)	-
Interest revenue						46,175	-
Interest expense						-	-
Income tax expense						-	-
Loss after income tax						(476,140)	-
31 December 2009							
Segment Assets	371,179	940,201	615,879	172,872	(88,092)	2,012,039	-
Unallocated assets						13,881,896	-
Total Assets						15,893,935	-
Capital expenditure	34,380	291,740	73,451	383	-	399,954	-
Depreciation	-	22,516	-	835	-	23,351	-
31 December 2008							
Total external revenue	-	95,274	-	-	-	95,274	854,432
Inter-segment revenue	-	281,595	-	-	(281,595)	-	-
Total segment revenue	-	376,869	-	-	(281,595)	95,274	854,432
Segment profit / (loss) result	(535,036)	(1,552,405)	(745)	(95,147)	(13,409)	(2,196,742)	(6,294,660)
Unallocated expenses						(512,175)	-
Result from operating activities						(2,708,917)	(6,294,660)
Interest revenue						25,109	-
Interest expense						(7,337)	-
Income tax expense						-	-
Loss after income tax						(2,691,145)	(6,294,660)
30 June 2009							
Segment Assets	536,453	1,087,492	615,210	46,824	-	2,285,979	-
Unallocated assets						14,290,284	-
Total Assets						16,576,263	-
Capital expenditure	769,350	9,630	504,400	1,608	-	3,236,475	130,967
Depreciation	-	35,173	-	2,579	-	37,752	111,207

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2009

NOTE 6: CONTINGENT LIABILITIES

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

NOTE 7: EVENTS SUBSEQUENT TO BALANCE DATE

No 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.

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 12 to 19:
   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 2009 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

Gregory H Solomon

Dated this 16h day of March 2010

Grant Thornton

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

We have reviewed the accompanying half-year financial report of Eden Energy Limited ("Company"), which comprises the consolidated financial statements being the statement of financial position as at 31 December 2009, and the statement of comprehensive income, statement of changes in equity and statement of cash flows for the half-year ended on that date, a statement of accounting policies, other selected explanatory notes and the directors' declaration of the consolidated entity, comprising both the Company and the entities it controlled at the half-year's end or from time to time during the 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 controls 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 consolidated half-year financial report based on our review. We conducted our review in accordance with the Auditing Standard on Review Engagements ASRE 2410: Review of Interim and Other Financial Reports 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 2009 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 the Company, 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:

1 giving a true and fair view of the consolidated entity's financial position as at 31 December 2009 and of its performance for the half-year ended on that date; and

2 complying with Accounting Standard AASB 134: Interim Financial Reporting and Corporations Regulations 2001.

Significant uncertainty regarding the carrying value of intangible assets

Without qualification to the above opinion attention is drawn to the following matter. As disclosed in Note 1(c) of the financial statements, within non-current assets, the company has intellectual property with carrying values as at 31 December 2009 of $9,439,588.

The directors have prepared value in use calculations in assessing the recoverable amounts of these assets on the basis of the key estimates as outlined in Note 1(c) to the financial statements. Key estimates include the number of installed stations increasing in the first few years until expected capacity is reached and thereafter remaining constant, based on market penetration and the consolidated entity's ability to source additional capital injections in the future to enable the further development of the intellectual property. The estimates and assumptions within the value in use calculation have a significant risk of being different to actual outcomes due to change in economic or market conditions and / or due to events beyond the control of management and hence there is significant uncertainty regarding the carrying value of the intangible assets.

Grant Thornton Audit Pty Ltd

GRANT THORNTON AUDIT PTY LTD

M J Hillgrove
Director – Audit and Assurance Services

Perth, 16 March 2010