Eden Energy Ltd

(ABN 58 109 200 900)

and Controlled Entities

Interim Financial Report for the Half-Year Ended 31 December 2012

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HIGHLIGHTS

Optiblend™ Dual Fuel Project

- **During the period, orders were received in USA for a total of fourteen Optiblend™ kits.**
- **During the period, orders were received in India for a total of three Optiblend™ kits.**
- **Two new technicians were employed in USA during the period to support the growing demand for Optiblend™ kits.**
- **Development is underway in USA of Eden's heavy duty Optiblend™ kit capable of handling extreme weather conditions**

Pyrolysis Project - Carbon Nanotubes/ Carbon Fibres/ Hydrogen

- **A new agreement negotiated with the University of Queensland ("UQ") for the development of carbon nanotube enriched polymers and plastics to produce composites suitable for use in car bodies for the automobile industry.**
- **An application for an Australia Research Council ("ARC") grant has been made for financial support for the development project with UQ.**
- **Agreement being negotiated with a second Australian university for development of high strength carbon nanotubes enriched concrete for high rise building applications, and after preliminary examination, an invitation has been received for Eden to lodge an application for a Australian Federal Government CleanTech Innovations Grant for financial assistance.**
- **Encouraging preliminary US test results on high strength carbon enriched concrete targeting the pavement, bridge decking and precast beam and girder markets.**

UK Gas Assets

- **During the period the UK government announced that it will support shale gas fracking subject to suitable environmental conditions.**
- **Merger discussions with UK JV partner are ongoing. Eden is also pursuing all alternatives for selling or spinning out its significant UK gas assets into a new self-funded company.**

Corporate

- **Non-renounceable, pro-rata rights issue completed raising $2.6 million before costs.**

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, ACIS**

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SOLICITORS:
Solomon Brothers
Level 15
197 St Georges Terrace
Perth WA 6000

Minter Ellison
1 King William Street
Adelaide SA 5000

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

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

OPTIBLEND™ DUAL FUEL TECHNOLOGY (EDEN 100%)

US Optiblend™ Order Anticipated

During the six months, sales orders worth US$445,000 were received for 14 units in USA and importantly, one of these sales (for six units) was for land-based shale gas drilling and fracking operations and the remainder of the sales were from repeat customers. The level of interest in Optiblend™ in the US continues to increase and Eden's US subsidiary, Hythane Company has been busy keeping up with the demand for quotes on its kits. Due to the increasing demand for Optiblend™ Hythane Company has recruited two new technicians to assist in managing the increasing workload.

Hythane Company, is also nearing completion of the development of a heavy duty version of the Optiblend™ kit which will be capable of operating in a wide range of extreme weather conditions thereby expanding both the product range and versatility of these kits.

The Optiblend™ market is dependent on there being a price differential between natural gas and diesel fuel, and during the last six months, largely as a result of the increasing supply of US shale gas, US natural gas prices reached their lowest levels in almost 10 years, and a large margin developed between the price of natural gas and diesel fuel. This, largely, has been behind the significant increase in enquiries and orders for the Optiblend™ technology in the USA.

Although the drilling market has temporarily slowed, Eden believes that there remains a good probability that a number of sales into this market will occur. A typical drilling rig has 4 engines, and therefore requires 4 OptiBlend™ units per drilling rig. Given the thousands of operational and yet-to-be-deployed rigs, this remains a very attractive market.

Indian Optiblend™ Sales

During the period, Eden sold a further three Optiblend™ kits in India.

Whilst the price of natural gas in India has risen steadily (by almost 45% in places), over the past 2 years the Indian Government maintained a constant market price for diesel fuel, with the combined result that natural gas became nearly as expensive as diesel fuel in many places, whilst at the same time the oil companies were reported to be losing money by having to sell diesel fuel at below cost.

After nearly 18 months of fixed price diesel fuel, the Indian Government approved a 14% increase in the Government controlled price of diesel fuel. However, as a result of greatly increased demand for natural gas, the price differential between natural gas and diesel still remains low or even marginal in many places. However, with increasing unreliability of the Indian power grid, which saw major blackouts during the past summer affecting many hundreds of millions of people in northern India for many hours, demand for Eden's Optiblend™ kit has again started to increase.

Additionally, the Indian Government announced that it intends to progressively remove the subsidy on the price of diesel fuel over the next 15 months and move to a deregulated price. As diesel fuel is presently priced at approximately 20% below international market prices, it is anticipated that, should this occur, the diesel fuel price is likely to rise by around this amount, which in turn is anticipated to increase the commercial viability of Optiblend™ kits in India.

Optiblend™ Background

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

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

REVIEW OF OPERATIONS

PYROLYSIS PROJECT (EDEN 100%)

Market progress

During the period, although small scale sales of carbon nanotubes are occurring, Eden and its US subsidiary continued its efforts to develop suitable large scale commercial markets for its nano-carbon products. Primarily Eden is focussed on developing a number of collaborations with groups and universities with the requisite skills to assist on commercially acceptable terms.

CNT Enriched Polymers and Plastics Project in Australia

A new development agreement with the University of Queensland (“UQ”) was negotiated for the joint development of a methodology for the mixing of carbon nanotubes / carbon nanofibres in polymers and plastics with the aim of producing high strength composites suitable for use in car bodies for the automobile industry. An application for an Australia Research Council (“ARC”) grant has been made for financial support for the development project with UOQ.

CNT Enriched Concrete and Cement Projects in Australia and USA

Eden is also currently in the process of finalising an agreement with another Australian university for the joint development of a process to combine carbon nanotubes / carbon nanofibres with cement and concrete to produce a high strength concrete suitable for high rise building applications If this project proceeds, is anticipated it will take at least 30 months to complete.

This follows preliminary encouraging work by the university using Eden’s carbon nanotubes that has achieved increases in compressive strength of more than 25% with the addition of small quantities of carbon nanotubes. Early indications are that the process should only add a relatively small additional amount to the cost of producing concrete.

Following preliminary examination by the Department of Industry, Innovation, Science, Research and Tertiary Education, Eden has been invited to submit an application for a Australian Federal Government Clean Technology Innovation Grant for financial assistance for this project. These applications are assessed on a competitive basis against a number of criteria, and there is no certainty that Eden’s application will be successful.

Eden has also engaged a US group to assist in testing a product developed by Eden to create harder, high strength carbon-enriched concrete for applications such as pavements and bridge decking, which are often damaged by scraping by snow ploughs during the winter period. Encouraging preliminary tests have indicated increases of up to 21% in compressive strength.

Eden anticipates that successful collaborations with these groups could lead to the early development and marketing of suitable commercial products for its nanocarbon.

Eden is targeting commercial trials of the US developed products within the next 6 months with the objective of developing a commercial product for limited applications within the next year if possible, and to complete the development for the other, wider scale applications within 2-3 years, opening up a very large global market for its nano-carbon products over the next few years.

Pyrolysis Background

Eden remains optimistic that it will develop suitable markets for the nano-carbon products that it can produce in an efficient, commercially competitive production process. Eden currently has established production capabilities at its subsidiary in Colorado that enable it to produce up to 40 tonnes of nano-carbon per year from a feedstock of natural gas (methane).

Additionally, the only other major by-product from Eden’s pyrolysis process is hydrogen, the real cost of which will be dependent upon the value of the carbon produced. The quantity of hydrogen produced will be 33.33% (by weight) of the quantity of carbon produced.

This hydrogen can be either captured and fed into the various hydrogen/Hythane™ applications that Eden has been developing around the world, with the intention of accelerating the commercial rollout of these downstream hydrogen applications based on the prospect of relatively low cost hydrogen, or else it can be used to help fuel the pyrolysis reactor.

The current cost of hydrogen is one of the major limiting factors holding back a broader rollout of hydrogen and Hythane™. Encouragingly, the hydrogen produced using the Eden pyrolysis process will generate only a relatively very small amount of greenhouse gas as a by-product compared with most other currently available methods of hydrogen production, and in consequence it is projected that the hydrogen is likely to be both commercially competitive and environmentally preferable.

REVIEW OF OPERATIONS

HYTHANE™ (EDEN 100%)

Delhi and Gujarat Hythane™ Bus Demonstration Projects

During the period, discussions occurred with both GAIL (India) Limited and Gujarat State Petroleum Corporation (GSPC) in relation to these proposed projects in Delhi and Gujarat but no real progress was achieved.

Each project would involve a similar concept as was proposed for Mumbai with Eden establishing a Hythane™ refuelling station at a suitable bus depot to fuel buses. The exact scope of each project will be reviewed and if they proceed, each is anticipated to involve firstly a two bus trial of Hythane™ fuel, with the initial hydrogen planned to be supplied from bottled hydrogen, followed by a second stage, of possibly up to 10 or more buses, with the hydrogen planned to be supplied by Eden from one of its pyrolysis reformers, once commercialised. This reformer is planned to be installed on site, to produce both the required hydrogen, and also nano-carbon products that Eden hopes to be able to sell into the Indian market.

If commercial hydrogen production, using Eden's new pyrolysis process is available and the nano-carbon can be sold, it would greatly increase the chances of developing a large Hythane™ market in India as the cost of the hydrogen can be underpinned by the value of the carbon that is produced.

Whilst no significant progress was made on either of these Indian Hythane™ projects during the past two years, there remain definite signs of an increased level of interest from the Indian Government to proceed with both its hydrogen projects and the proposed HCNG programme, and Eden remains hopeful that these projects will proceed, particularly if Eden can utilise low cost hydrogen produced as a by-product from its pyrolysis project to produce carbon nanotubes and nanofibres.

UK GAS PROJECT (EDEN 100%)

Eden holds a 50% interest in 17 Petroleum Exploration and Development Licences (PEDLs) in South Wales, Bristol/Somerset and Kent and a 100% interest in 3 other licences, covering a total area of more than 2,100 square kilometres (approximately 510,000 acres) and taking in very large portions of the coal fields and surrounding basins in these three areas of the UK, all of which have significant potential for both coal seam methane and shale gas.

As with the US shale gas market, the possible environmental issues associated with shale gas production are of public concern.

After an extensive review, the UK government announced that it will support shale gas fracking subject to suitable environmental conditions, thereby greatly increasing interest and activity in this market in the UK.

Negotiations are continuing with Eden's joint venture partner towards a possible merger and in the meantime, as an alternative, Eden has initiated steps towards either selling or spinning out its significant UK gas assets into a new self-funded company.

CORPORATE

La Jolla Cove Investors LLC (LJCI)

In June 2012, in consequence of a repudiation by LJCI, Eden terminated the Funding Agreement pursuant to which LJCI was advancing money to Eden. LJCI has also purported to terminate the Funding Agreement, such that it is common ground that the Funding Agreement has been terminated. As a result of the termination, no further draw-downs under the Funding Agreement have been or will be made, and similarly Eden believes that LJCI cannot convert any more money that may be owed to it by Eden to shares under the terms of the Funding Agreement.

Having obtained legal advice, Eden has denied any obligations to repay the unconverted balance of the funds advanced to Eden by LJCI before the facility was terminated (US$536,039) due to the repudiation by LJCI of the Funding Agreement. LJCI has instituted proceedings to recover what it claims it is entitled to (including alleged loss of profits) and Eden is defending this claim.

As at the date of this report, LJCI holds no shares in Eden, having sold all the shares that were previously issued to it under the facility.

Other Financial Matters

Eden's claim to recover ~$1 million that is still owed to it from the sale in 2009 of some of Eden's hydrogen assets is progressing through the Supreme Court of WA and it is hoped that it will be heard later in 2013. The Directors remain confident Eden will be successful.

In addition, during the period a demand for the value of a hydrogen reformer owed to Eden from the same sale of hydrogen assets was made.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2012.

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 $865,644 (2011: $1,412,759).

A review of the operations of the Group during the half-year ended 31 December 2012 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 9 for the half-year ended 31 December 2012.

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

Director

Gregory H Solomon

Dated this 11th day of March 2013

Auditor's 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, in relation to the review for the half year ended 31 December 2012, there have been:

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

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

NPAS

Nexia Perth Audit Services Pty Ltd

PTC Klopper

PTC Klopper
Director

Perth
11 March 2013

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Note	Consolidated Group	
		31 Dec 2012	31 Dec 2011
		$	$
Revenue		389,962	79,609
Other income		11,097	123,830
Raw materials and consumables used		(141,901)	(21,138)
Accounting and audit expense		(33,839)	(47,275)
Advertising and marketing expense		(13,261)	(3,416)
Depreciation and amortisation expense		(41,704)	(32,985)
Employee benefits expense		(602,691)	(635,992)
Finance costs		-	(70,478)
Foreign exchange gain/(loss)		(3,752)	7,953
Impairment expense	2	(69,488)	(27,404)
Legal and other consultants expense		(26,430)	(158,625)
Management fees		(97,335)	(97,335)
Research expenditure		-	(21,500)
Rent expense		(40,146)	(40,998)
Travel and accommodation expense		(55,489)	(57,319)
Settlement of provision	3	-	(266,847)
Other expenses		(140,667)	(142,839)
Loss before income tax		(865,644)	(1,412,759)
Income tax expense		-	-
Loss for the period		(865,644)	(1,412,759)
Other Comprehensive Income			
Exchanges differences on translating foreign operations		25,786	20,329
Income tax relating to other comprehensive income		-	-
Total other comprehensive income, after tax		25,786	20,329
Total Comprehensive Income / (Loss)		(839,858)	(1,392,430)
Basic/Diluted earnings per share (cents per share)		(0.1844)	(0.5698)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2012

	Note	Consolidated Group	
		31 Dec 2012	30 June 2012
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		1,262,001	203,069
Trade and other receivables		469,634	363,571
Inventories		432,998	329,021
Other current assets		4,435	87,559
TOTAL CURRENT ASSETS		2,169,068	983,220
NON-CURRENT ASSETS			
Trade and other receivables		730,000	730,000
Property, plant and equipment		218,867	265,907
Intangible assets		1,157,974	1,020,700
Exploration and evaluation		2,717,218	2,560,170
TOTAL NON-CURRENT ASSETS		4,824,059	4,576,777
TOTAL ASSETS		6,993,127	5,559,997
CURRENT LIABILITIES			
Trade and other payables		748,269	1,040,957
Provisions	6	591,660	593,869
TOTAL CURRENT LIABILITIES		1,339,929	1,634,826
TOTAL LIABILITIES		1,339,929	1,634,826
NET ASSETS		5,653,198	3,925,171
EQUITY			
Issued capital	7	52,202,937	49,640,790
Reserves		1,785,188	1,753,664
Accumulated losses		(48,334,927)	(47,469,283)
TOTAL EQUITY		5,653,198	3,925,171

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2012

	Ordinary Share Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 1 July 2011	46,635,488	2,035,781	(306,347)	(40,319,403)	8,045,519
Shares issued during the period	2,047,873	-	-	-	2,047,873
Total comprehensive income	-	-	20,329	(1,412,759)	(1,392,430)
Subtotal	48,683,361	2,035,781	(286,018)	(41,732,162)	8,700,962
Dividends paid or provided for	-	-	-	-	-
Balance at 31 December 2011	48,683,361	2,035,781	(286,018)	(41,732,162)	8,700,962
Balance at 1 July 2012	49,640,790	2,040,521	(286,857)	(47,469,283)	3,925,171
Shares issued during the period	2,562,147	-	-	-	2,562,147
Options issued during the period	-	5,738	-	-	5,738
Total comprehensive income	-	-	25,786	(865,644)	(839,858)
Subtotal	52,202,937	2,046,259	(261,071)	(48,334,927)	5,653,198
Dividends paid or provided for	-	-	-	-	-
Balance at 31 December 2012	52,202,937	2,046,259	(261,071)	(48,334,927)	5,653,198

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

	Consolidated Group	
	31 Dec 2012	31 Dec 2011
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	213,091	37,428
Payments to suppliers and employees	(1,495,848)	(1,323,514)
Interest received	11,097	17,927
Other receipts	70,808	105,419
Net cash provided by (used in) operating activities	(1,200,852)	(1,162,740)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(159,147)	(278,972)
Payment for development of intangibles	(137,274)	(173,226)
Purchase of property, plant and equipment	-	(448,807)
Purchase of exploration interests	-	(383,175)
Settlement of provision	-	(1,721,901)
Net cash provided by (used in) investing activities	(296,421)	(3,006,081)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued	2,562,147	1,981,922
Proceeds from convertible notes issued	-	499,094
Net cash provided by (used in) financing activities	2,562,147	2,481,016
Net increase/(decrease) in cash held	1,064,874	(1,687,805)
Net increase/(decrease) due to foreign exchange movements	(5,942)	(22,728)
Cash at beginning of period	203,069	2,024,427
Cash at end of period	1,262,001	313,894

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

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. Compliance with AASB 134: Interim Financial Reporting ensures compliance with IAS 34: Interim Financial Reporting.

It is recommended that this financial report be read in conjunction with the annual financial report for the year ended 30 June 2012 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* and the *ASX Listing Rules*. The half-year report does not include full disclosures of the type normally included in an annual financial report.

a) Going Concern

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

The Group has reported a net loss for the period of $865,644 (2011: $1,412,759) and a cash outflow from operating activities of $1,200,852 (2011: $1,162,740).

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

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

b) Accounting Policies

The accounting policies have been consistently applied by the entities in the consolidated group and are consistent with those in the June 2012 financial report except for the adoption of new and revised Accounting Standards.

New and revised Standards and Interpretations issued by the AASB have been considered by the Group and the Group does not expect these to have any material effect on the Group's financial statements.

NOTE 2: IMPAIRMENT EXPENSE

	2012 $	2011 $
Reversal/(impairment) of Trade and other receivables	(67,389)	80,992
Impairment of Exploration and evaluation expenditure	(2,099)	(108,396)
	(69,488)	(27,404)

NOTE 3: SETTLEMENT OF PROVISION

Amount paid to Omni	-	1,206,751
Associated legal and consultant fees	-	560,096
Reversal of provision	-	(1,500,000)
	-	266,847

NOTE 4: CONTINGENT LIABILITIES

The directors have become aware of a potential contingent liability arising from the treatment of Value Added Tax ("VAT") on certain UK transactions. At the date of this report the Company has been advised that the probability of a liability arising was unlikely.

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

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 5: RELATED PARTY TRANSACTIONS

		2012 $	2011 $
	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	97,335
	Legal and professional fees paid to Solomon Brothers, a firm in which Mr GH Solomon and Mr DH Solomon are partners.	14,560	58,853
b.	**Associated Companies**		
	Noble Energy Pty Ltd, a company which has a 47.9% fully diluted interest in Eden, purchased 18,500,000 fully paid ordinary shares (with 18,500,000 free attaching options) in Eden as a partial sub-underwriter.	-	925,000
	Noble Energy Pty Ltd, a company which has a 47.9% fully diluted interest in Eden, purchased 233,042,394 fully paid ordinary shares in Eden as a partial sub-underwriter and acceptance of a rights issue.	2,097,382	-
	Noble Energy Pty Ltd, a company which has a 47.9% fully diluted interest in Eden, received a sub-underwriting fee from Eden for partially sub-underwriting a rights issue, see above.	75,000	46,250

NOTE 6: PROVISIONS

This mainly relates to a claim made by La Jolla Cove Investors LLC (LJCI) recover what it claims it is entitled to (including alleged loss of profits) in relation to a Funding Agreement pursuant to which LJCI was advancing money to Eden. In consequence of a repudiation by LJCI, Eden terminated the Funding Agreement and LJCI has also purported to terminate the Funding Agreement, such that it is common ground that the Funding Agreement has been terminated. As a result of the termination, no further draw-downs under the Funding Agreement have been or will be made, and similarly Eden believes that LJCI cannot convert any more money that may be owed to it by Eden to shares under the terms of the Funding Agreement.

Having obtained legal advice, Eden has denied any obligations to repay the unconverted balance of the funds advanced to Eden by LJCI before the facility was terminated (US$536,039) due to the repudiation by LJCI of the Funding Agreement.

NOTE 7: ISSUED CAPITAL

624,768,743 (30 June 2012: 328,507,995) fully paid ordinary shares		52,202,937	49,640,790
		52,202,937	49,640,790
a.	**Ordinary shares**		
	At the beginning of reporting period	328,507,995	240,903,019
	Shares issued – prior year	-	87,604,976
	Shares issued during the period		
	— 5 October 2012	296,260,748	-
	At reporting date	624,768,743	328,507,995

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

ii. On 5 October 2012 the company issued 296,260,748 ordinary shares pursuant to a partially underwritten rights issue at $0.009.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2012

NOTE 8: 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 consolidated entity, the results of those operations, or the state of affairs of the consolidated entity in future financial years.

NOTE 9: 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 a Group structure basis and operating segments are therefore determined on the same basis. In this regard the following list of reportable segments has been identified.

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

	Hythane Co LLC	Adamo Energy (UK) Ltd	Eden Energy India Pvt Ltd	Eliminations	Consolidated Entity
	$	$	$	$	$
31 December 2012					
Total external revenue	342,970	-	46,992	-	389,962
Inter-segment revenue	158,332	-	-	(158,332)	-
Total segment revenue	501,302	-	46,992	(158,332)	389,962
Segment profit / (loss) result	(626,889)	(2,719)	(16,855)	147,196	(499,267)
Unallocated expenses					(377,474)
Result from operating activities					(876,741)
Interest revenue					11,097
Interest expense					-
Income tax expense					-
Loss after income tax					(865,644)
Segment Assets	844,035	3,048,512	147,656	(427,358)	3,612,845
Unallocated assets					3,380,282
Total Assets					6,993,127
Capital expenditure	-	-	-	-	-
Depreciation	40,858	-	682	164	41,704
31 December 2011					
Total external revenue	36,896	-	42,713	-	79,609
Inter-segment revenue	194,361	-	-	(194,361)	-
Total segment revenue	231,257	-	42,713	(194,361)	79,609
Segment profit / (loss) result	(926,925)	(46,991)	(32,196)	(66,936)	(1,064,549)
Unallocated expenses					(354,609
Result from operating activities					(1,419,158)
Interest revenue					17,927
Interest expense					(11,528)
Income tax expense					-
Loss after income tax					(1,412,759)
Segment Assets	729,962	2,812,882	165,957	(24,539)	3,684,262
Unallocated assets					1,875,735
Total Assets					5,559,997
Capital expenditure	183,569	385,624	859	-	570,052
Depreciation	78,611	-	1,798	-	80,409

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 16:
    a. comply with Accounting Standard AASB 134 Interim Financial Reporting and the Corporations Regulations 2001; and
    b. give a true and fair view of the consolidated entity's financial position as at 31 December 2012 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 11th day of March 2013

Independent Auditor's Review Report to the members of Eden Energy Limited

Report on the Interim Financial Report

We have reviewed the accompanying interim financial report of Eden Energy Limited and it's controlled entities (the "Group"), which comprises the consolidated statement of financial position as at 31 December 2012, the consolidated statement of profit or loss and other comprehensive income, consolidated statement of changes in equity and consolidated statement of cash flows for the half-year ended on that date, other selected explanatory notes and the directors' declaration of the Group comprising the Company and the entities it controlled at the half-year end or from time to time during the half-year.

Directors' Responsibility for the Interim Financial Report

The directors of the Group are responsible for the preparation of the interim financial report that gives a true and fair view 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 interim 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 interim financial report based on our review. We conducted our review in accordance with Auditing Standard on Review Engagements ASRE 2410 *Review of a 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 Group's financial position as at 31 December 2012 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 an interim 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.

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Independence

In conducting our review, we have 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 interim financial report of Eden Energy Limited and its controlled entities is not in accordance with the *Corporations Act 2001* including:

(a) giving a true and fair view of the Group's financial position as at 31 December 2012 and of its performance for the half-year ended on that date; and

(b) complying with Accounting Standard AASB 134 *Interim Financial Reporting* and *Corporations Regulations 2001.*

Emphasis of Matter

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

NPAS

Nexia Perth Audit Services Pty Ltd

PK Klopper

PTC Klopper
Director

Perth
11 March 2013