Eden Energy Ltd

(ABN 58 109 200 900)

and Controlled Entities

Interim Financial Report
for the
Half-Year Ended 31 December 2013

CONTENTS

HIGHLIGHTS

Optiblend™ Dual Fuel Project

- **During the period, orders were received in USA for a total of twenty-four Optiblend™ systems, having an aggregate value of US$673,000, continuing the increasing sales trend.**
- **During the period, orders were received in India for a total of two Optiblend™ kits, including a maiden order to supply an Optiblend™ system in Bangladesh.**
- **Subsequent to the end of the period, orders were received in USA for a total of seven Optiblend™ systems, having an aggregate value of US$280,000.**
- **Since November 2009, Eden has received orders in the US for over US$2,000,000 worth of Optiblend™ systems, with more than US$900,000 worth of these orders having been received since June 2013.**

Pyrolysis Project - Carbon Nanotubes/ Carbon Fibres/ Hydrogen

- **Eden entered into an exclusive, world-wide, perpetual licence to utilise technology and know-how developed by the Faculty of Engineering at Monash University in Victoria (“Monash”) that enables carbon nanotubes produced by Eden to be effectively mixed into cement in order to produce stronger concrete (“the Technology”).**
- **Eden has begun its own trials in the US of the technology developed by Monash University.**
- **The previously announced collaboration project between Eden and the University of Queensland (“UQ”), which was awarded a $255,000 grant by the Australian Research Council (“ARC”) to fund research into methods for production of super high strength, low weight carbon nanotube (“CNT”) reinforced polymer composites (for potential automotive and aerospace applications) has been delayed due to the principal researcher taking a position at an overseas university. A new principal researcher has been secured and approval for this change from the ARC is currently awaited.**

UK Gas Assets

- **Eden executed a conditional reinstatement agreement with Shale Energy Plc (“Shale Energy”) for the sale of its entire UK coal seam methane and shale gas portfolio for £11.467million (approximatelyA$19.3million) being an increased price compared to the previous conditional agreement signed in May 2013 and terminated in August 2013.**
- **Eden completed a share placement to Shale Energy raising approximately $410,000.**

Corporate

- **Eden completed a $1.04m non-renounceable pro-rata rights offer to shareholders.**
- **Eden settled all its claims against Engenco Ltd (‘Engenco”) (formerly named “Coote Industrial Ltd”) and its subsidiary Drivetrain USA Inc and also the counterclaim by Engenco against Eden for the sum of $800,000 (which has since been received from Engenco) arising out of the sale in 2008 of certain hydrogen assets of Eden in USA.**
- **Eden settled the litigation with La Jolla Cove Investors (“LJCI”) arising out of conduct by LJCI in June 2012 which Eden claimed was a repudiation by LJCI of a funding agreement pursuant to which LJCI was providing ongoing funding to Eden which was being repaid by Eden issuing shares to LJCI. Under terms of the settlement, Eden paid to LJCI the sum of US$325,000 in full and final settlement of all claims of LJCI, which were for US$566,156 plus costs and damages.**

CORPORATE DIRECTORY

DIRECTORS:
Gregory H Solomon **LLB** (Executive 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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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^{TM} DUAL FUEL TECHNOLOGY (EDEN 100%)

US OptiBlend^{TM} Sales

During the six months, sales orders worth US$673,000 were received for 24 units in USA. These OptiBlend^{TM} system orders bring the total value of OptiBlend^{TM} orders received up to over US$2,000,000 in USA since its first sale in November 2009, with over US$900,000 of these being received since June 2013 and these confirm both the market acceptance and strong sales growth trend that is being experienced in the US for the OptiBlend^{TM} systems.

The US dual fuel market is continuing to grow and Hythane Company is actively expanding both the number and geographic coverage of its OptiBlend^{TM} distributors in the US, which in due course is anticipated to result in increased future sales.

In addition to the expanding US market, Eden has now also sold OptiBlendTM systems into two South American countries and has quoted on possible sales into both Mexico and Canada.

Indian OptiBlend^{TM} Sales

During the period, Eden Energy India received two new orders for OptiBlend™ systems including the first order for a system in Bangladesh. These two orders were for an aggregate amount of approximately A$60,000.

Over the past eighteen months, the market in India for the OptiBlend™ systems has slowed due to a number of factors including:

- delays in the rollout of the necessary natural gas pipeline distribution network;
- shortages of supply of natural gas; and
- the price of natural gas continuing to increase and the government partially reversing its earlier decision to progressively increase the price of diesel fuel.

However, should these problems be overcome and should shale gas exploration (which is apparently being supported by the government) commence, not only will this generate possible sales into the shale gas exploration industry in the short term, but the prospect of lower priced natural gas would produce a very large market in India for the OptiBlend ™ dual fuel systems.

OptiBlend^{TM} 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^{TM} 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.

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 much cleaner 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.

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.

REVIEW OF OPERATIONS

CNT Enriched Polymers and Plastics Project in Australia

The previously announced collaboration project between Eden and the chemical engineering department of the University of Queensland ("UQ"), which was awarded a $255,000 grant by the Australian Research Council ("ARC") to fund research into development of a methods for production of super high strength, low weight carbon nanotube ("CNT") reinforced polymer composites for potential automotive and aerospace applications has been delayed due to the principal researcher taking a position at an overseas university. A new principal researcher has been secured and this change has now been approved by the Australian Research Council.

The collaboration agreement between UQ and Eden is anticipated to be signed early 2014, after which the project will commence, with the first task being to find a suitable post- doctoral student to undertake the research under the supervision of the principal researcher.

This collaboration project follows preliminary encouraging results from the addition of carbon nanotubes into polypropylene.

CNT Enriched Concrete and Cement Projects in Australia and USA

During the period Eden entered into an exclusive, world-wide, perpetual licence to utilise technology and know-how developed by the Faculty of Engineering at Monash University in Victoria ("Monash") that enables carbon nanotubes produced by Eden to be effectively mixed into cement in order to produce stronger concrete ("the Technology").

The main terms of the licence are:

- Eden proposes to produce a product, using the Technology, which will contain both carbon nanotubes that Eden currently produces, and a liquid identified by Monash ("the Product") that can be added with the cement during production of the concrete to produce a stronger, carbon nanotube enriched concrete.
- Eden will pay to Monash a modest up-front fee which shall be credited against the royalties payable by Eden to Monash;
- Eden will pay a royalty based on net sales of the Product.
- Provided that Eden achieves commercial sales of the Product within 5 years the licence will be an exclusive, world-wide, perpetual and otherwise non-revocable licence. If commercial sales are not achieved within 5 years, the licence will revert to a non-exclusive, world-wide, perpetual and otherwise non-revocable licence.
- Eden and Monash intend to collaborate on further joint research into carbon nanotube enriched concrete and the use of any new technology developed under such research will automatically be added to this present licence and be subject to the same royalty arrangements and other obligations.

The Technology

Monash and Eden have been collaborating for the past two years, with Eden having supplied Monash with the carbon nanotubes that were used by Monash in developing the Technology as part of its highly regarded Engineering Faculty research programmes. To date Monash has achieved an impressive increase in compressive strength with carbon nanotube-enriched cement paste of up to 30%, with the addition of Eden's carbon nanotubes having a total weight of less than 1% of the weight of the cement used in the paste. Trials on concrete are yet to be conducted.

Possible Early Applications of the Technology

Eden has identified a possible immediate application for the Product in the USA for hardening the surface of concrete floors, roadways and paving on concrete bridges that are subject to heavy wear due to vehicle usage, and in particular for concrete roadways that are subject to heavy snowfall and are regularly cleared using snow-ploughs, that often cause considerable abrasion and damage to the concrete surface, necessitating frequent repairs. Preliminary US testing, prior to undertaking a trial in a US warehouse that is exposed to heavy vehicle and fork-lift activity, which could take six months, or more, to complete, is presently being undertaken in US by the staff at Hythane Company.

Subject to satisfactory results from this trial, it is hoped that a commercial trial on a suitable roadway that is exposed to frequent clearing by snow-plough can be arranged in the US within the next 12 months.

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).

REVIEW OF OPERATIONS

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 used either to help fuel the pyrolysis reactor or captured and fed into the various hydrogen/Hythane™ applications that Eden has been developing, to try and accelerate the commercial rollout of these hydrogen applications based on the relatively low cost hydrogen. 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.

UK GAS PROJECT (EDEN 50%)

During the period Eden executed a conditional agreement with UK unlisted public company Shale Energy PLC ("Shale Energy") to reinstate, on revised and improved terms, an earlier agreement (which was terminated in August 2013 due to failure of a condition to be satisfied) to sell its entire UK coal seam methane and shale gas portfolio to Shale Energy at a price of up to £11.467million.

The Key Terms of the Reinstated Sale Agreement

1. The total consideration of up to £11.467million (approximately A$19.3million) payable by Shale Energy will be satisfied as follows:
   1.1. A non-refundable deposit of £56,000 (approx. A$94,300) has been paid to Eden. This deposit will not be refundable even if the new agreement fails to complete.
   1.2. At Completion of the sale, Shale Energy will:
      (i) pay a further cash payment of £1.1million (approx. A$1.879m), and
      (ii) issue to Eden such number of fully paid ordinary shares in Shale Energy having an approximate value of £7,061,000 as will represent 29.85472% of the total issued capital of Shale Energy (after the acquisition of Eden's UK gas assets and the completion of a capital raising of £7million), and
   1.3. Eden is also entitled to receive a further £3.25m worth of ordinary shares in Shale Energy in two equal tranches of £1,625,000 to be issued on achievement of the following milestones:
      (i) firstly, when the independently verified best estimate of recoverable gas (2C) in Eden's UK Licence Interests reaches 1.5 trillion cubic feet (TCF); and
      (ii) secondly when the independently verified best estimate of recoverable gas (2C) in Eden's UK Licence Interests reaches 2 trillion cubic feet (TCF).

   On each occasion these payments shall so far as possible be satisfied by the issuance to Eden of additional shares in Shale Energy at the moving average market share price of the Shale Energy shares over the previous 30 days. If Shale Energy shares are not listed on the London Stock Exchange (AIM), the price will be determined by Shale Energy's auditors. If either such issue would result in Eden's shareholding exceeding 29.9% of the then total issued capital of Shale Energy, the number of shares to be issued on such occasion shall be restricted to maintain Eden's shareholding at 29.9% and the balance of the consideration shall be paid in cash. These additional shares shall on each occasion be subject to a lock in period of 3 months or such other period as AIM may require.
2. Shale Energy shall pay any value added tax (VAT) payable on the transaction.
3. The new agreement is subject to a number of Conditions Precedent (most of which were included in the original agreement and were satisfied at that time) including:
   3.1 the completion by Shale Energy of the £7m capital raising; and
   3.2 Eden shareholder approval being obtained, if required by the ASX. Shareholder approval for the original agreement was obtained.
4. Subject to satisfaction of the Conditions Precedent, Completion shall take place:
   - 14 days after the Purchase Agreement is executed by all parties; or
   - 30 days after satisfaction of all of the conditions precedent,

   whichever is the later, with the latest date for Completion being 22 November 2013.
5. The remainder of the terms of the reinstated agreement shall be the same as in the original agreement as announced to ASX by Eden on 29 May 2013.
6. The purchasing entity will be Shale Acquisition Ltd ("Shale Acquisition"), a wholly owned subsidiary of Shale Energy.
7. Shale Energy also agreed to subscribe the sum of £244,000 for the issue of new ordinary shares in Eden (for additional working capital) to be issued at A$0.011 (1.1 cents) per share. The actual amount in Australian dollars received by Eden in Australian dollars was A$410,843.58, which resulted in Shale Energy being issued with 37,349,416 shares in Eden. These shares will be subject to a voluntary 12 months escrow period to be implemented in accordance with the ASX listing rules.

REVIEW OF OPERATIONS

On 25 November 2013, Eden extended the latest date for satisfaction of the conditions under the conditional contract with Shale Energy Ltd until 13 December 2013, with the main condition outstanding being the £7 million capital raising and Shale Energy hopeful that the condition would be satisfied within two weeks. By close of business on 13 December 2013 Shale Energy had failed to satisfy this condition however were hopeful of it being satisfied in the near future. Eden elected to not terminate the contract for failure to satisfy the conditions in case the conditions are satisfied in the near future and restarted talks with other parties to sell the UK gas assets.

The UK Gas Project Sale Assets

The sale assets comprise Eden's 50% joint venture interests in 17 Petroleum and Development Licences (PEDLs) in England and South Wales and its 100% interest in one further PEDL in South Wales ("Eden's UK Licence Interests")

As announced by Eden to the ASX on 30 May 2011, independent experts (RPS Group Plc in relation to shale gas and RISC Pty Ltd in relation to coal seam methane) had reported that these licences have the potential to contain significant quantities of hydrocarbons. More specifically, that announcement reported that:

- **RPS in relation to the shale gas had reported:**
  - unrisked P90 Resource Volumes of Shale Gas in the Numurian Measures on 7 Petroleum Exploration and Development Licences (PEDLs) in South Wales in which Eden holds a 50% interest (covering a prospective area of 806 square kilometres) of:
    - Volume of Gas Initially in Place (GIIP) – 34.198 TCF (Eden's share -17.099 TCF)
    - Recoverable Volume – 12.799 TCF of gas (Eden's share – 6.349 TCF); and
- **RISC in relation to coal seam methane had reported that**:
  - the estimated Gross Contingent Resources of Coal Bed Methane contained in the 10 PEDLs in South Wales (covering a prospective area of 247 square kilometres) in which Eden holds an interest are:
    - a 1C to 3C range of 687-1,363 BCF with a 2C estimate of 980 BCF , and
    - that the estimated Gross unrisked Prospective Resource of Coal Bed Methane contained in the 17 PEDLs in South Wales, Kent and Bristol Somerset (covering a prospective area of 1068 square kilometres) in which Eden holds an interest are:

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

HYTHANE™ (EDEN 100%)

Indian Hythane™ Projects - Delhi and Gujarat Hythane™ Bus Demonstration Projects

During the period, no progress on either of these two projects was achieved. A previously announced possible new Hythane™ bus project in Gujurat involving the use of biogas as the source of the methane did not eventuate.

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

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

CORPORATE

La Jolla Cove Investors LLC (LJCI)

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

Under the terms of the settlement Eden paid to LJCI the sum of US$325,000 (A$347,519 at the prevailing USD/AUD exchange rate on 7 October 2013) in full and final settlement of all claims of LJCI, which were for US$566,156 (A$608,592) (comprising a principal sum of US$536,071 plus interest since June 2012 of US$30,085) plus costs and damages. Eden had provided in its annual accounts for the year ended 30 June 2013 that were published on 26 September 2013 a liability of A$527,545 in respect of this claim.

REVIEW OF OPERATIONS

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

Settlement of Claims against Engenco Ltd

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

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

The claims by Eden which were settled, were for payment to Eden of the balance of the purchase price ($680,000) still owing from the sale of the shares in Hyradix and Eden Cryogenics in 2008, plus interest and also for the obligation to supply a hydrogen reformer.

Non-renounceable Pro-Rata Rights Issue Completed

During the period Eden completed a non-renounceable pro-rata rights offer to Eden's shareholders of one (1) fully paid ordinary Eden share for every six (6) fully paid ordinary shares held, at a price of $0.01 (one cent) per share, which raised a total of A$1.04 million.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2013.

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 $632,177 (2012: $865,644).

A review of the operations of the Group during the half-year ended 31 December 2013 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 11 for the half-year ended 31 December 2013.

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

Director

Gregory H Solomon

Dated this 11th day of March 2014

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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 period ended 31 December 2013, 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.

Nexia Perth Audit Services Pty Ltd

PTC Klopper
Director

Perth
11 March 2014

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Note	Consolidated Group	
		31 Dec 2013	31 Dec 2012
		$	$
Revenue		565,505	389,962
Other income		105,606	11,097
Raw materials and consumables used		(198,804)	(141,901)
Accounting and audit expense		(41,540)	(33,839)
Advertising and marketing expense		(54,151)	(13,261)
Depreciation and amortisation expense		(40,786)	(41,704)
Employee benefits expense		(774,455)	(602,691)
Finance costs		(9)	-
Foreign exchange gain/(loss)		(112)	(3,752)
Impairment expense	2	(8,209)	(69,488)
Legal and other consultants expense		(40,064)	(26,430)
Management fees		(97,335)	(97,335)
Rent expense		(44,981)	(40,146)
Travel and accommodation expense		(91,050)	(55,489)
Settlement of debtor	3	102,698	-
Settlement of provision	4	165,330	-
Other expenses		(179,820)	(140,667)
Loss before income tax		(632,177)	(865,644)
Income tax expense		-	-
Loss for the period		(632,177)	(865,644)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Exchanges differences on translating foreign operations		404,521	25,786
Income tax relating to other comprehensive income		-	-
Total other comprehensive income, after tax		404,521	25,786
Total Comprehensive Income / (Loss)		(227,656)	(839,858)
Basic/Diluted earnings per share (cents per share)		(0.087)	(0.1844)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2013

	Note	Consolidated Group	
		31 Dec 2013	30 June 2013
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		790,563	499,030
Trade and other receivables		391,473	1,032,358
Inventories		490,458	453,510
Other current assets		24,737	16,393
Assets held for sale		3,530,424	3,027,663
TOTAL CURRENT ASSETS		5,227,655	5,028,954
NON-CURRENT ASSETS			
Trade and other receivables		50,000	50,000
Property, plant and equipment		199,081	210,955
Intangible assets		1,284,098	1,207,707
TOTAL NON-CURRENT ASSETS		1,533,179	1,468,662
TOTAL ASSETS		6,760,834	6,497,616
CURRENT LIABILITIES			
Trade and other payables		268,210	281,440
Non-interest bearing liabilities		-	400,000
Provisions	7	139,503	617,071
TOTAL CURRENT LIABILITIES		407,713	1,298,511
TOTAL LIABILITIES		407,713	1,298,511
NET ASSETS		6,353,121	5,199,105
EQUITY			
Issued capital	8	53,584,609	52,202,937
Reserves		2,416,049	2,011,527
Accumulated losses		(49,647,537)	(49,015,359)
TOTAL EQUITY		6,353,121	5,199,105

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2013

	Ordinary Share Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
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
Loss for the period	-	-	-	(865,644)	(865,644)
Other comprehensive income	-	-	25,786	-	25,786
Balance at 31 December 2012	52,202,937	2,046,259	(261,071)	(48,334,927)	5,653,198
Balance at 1 July 2013	52,202,937	2,046,259	(34,731)	(49,015,360)	5,199,105
Shares issued during the period	1,381,672	-	-	-	1,381,672
Loss for the period	-	-	-	(632,177)	(632,177)
Other comprehensive income	-	-	404,521	-	404,521
Balance at 31 December 2013	53,584,609	2,046,259	369,790	(49,647,537)	6,353,121

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	Consolidated Group	
	31 Dec 2013	31 Dec 2012
	$	$
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	644,422	213,091
Payments to suppliers and employees	(1,545,244)	(1,495,848)
Interest received	11,351	11,097
Other receipts	-	70,808
Net cash provided by (used in) operating activities	(889,471)	(1,200,852)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(152,879)	(159,147)
Payment for development of intangibles	(91,086)	(137,274)
Purchase of property, plant and equipment	(6,679)	-
Proceeds on sale of subsidiary	800,000	-
Net cash provided by (used in) investing activities	549,356	(296,421)
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued	981,672	2,562,147
Payment of monies to settle funding agreement	(347,519)	-
Net cash provided by (used in) financing activities	634,153	2,562,147
Net increase/(decrease) in cash held	294,038	1,064,874
Net increase/(decrease) due to foreign exchange movements	(2,509)	(5,942)
Cash at beginning of period	499,034	203,069
Cash at end of period	790,563	1,262,001

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

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 2013 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 $632,177 (2012: $865,644) and a cash outflow from operating activities of $889,471 (2012: $1,200,852).

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 2013 financial report except for the adoption of new and revised Accounting Standards.

The Group has adopted all of the new and revised Standards issued by the Australian Accounting Standards Board (the AASB) that are relevant to their operations and effective for the current half-year.

New and revised Standards and amendments thereof effective for the current half-year that are relevant to the Group include:

- AASB 10 Consolidated Financial Statements and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 12 Disclosure of Interests in Other Entities and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 127 Separate Financial Statements (2011) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 128 Investments in Associates and Joint Ventures (2011) and AASB 2011-7 Amendments to Australian Accounting Standards arising from the consolidation and Joint Arrangements standards
- AASB 13 Fair Value Measurement and AASB 2011-8 Amendments to Australian Accounting Standards arising from AASB 13
- AASB 2012-2 Amendments to Australian Accounting Standards - Disclosures – Offsetting Financial Assets and Financial Liabilities

The effects of applying these standards are described below.

AASB 12 Disclosure of Interests in Other Entities

AASB 12 is a new disclosure standard and is applicable to entities that have interests in subsidiaries, joint arrangements, associates and/or unconsolidated structured entities. In general, the application of AASB 12 will result in more extensive disclosures in the annual consolidated financial statements. However, this has not resulted in any changes to the interim financial report.

The Group does not expect the other new and revised Standards and amendments to have any material effect on the Group's financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

	2013 $	2012 $
NOTE 2: IMPAIRMENT EXPENSE		
Impairment of Trade and other receivables	(478)	(67,389)
Impairment of Exploration and evaluation expenditure	(7,731)	(2,099)
	(8,209)	(69,488)
NOTE 3: SETTLEMENT OF DEBTOR		
Amount received from Drivetrain relating to sale of Hyradix, Eden Cryo & CTS in 2008	800,000	-
Carrying value of debtor	(680,000)	-
Associated legal fees	(17,302)	-
	102,698	-
NOTE 4: SETTLEMENT OF PROVISION		
Amount paid to La Jolla Cove Investors Inc	(347,519)	-
Associated legal fees	(14,696)	-
Reversal of provision	527,545	-
	165,330	-

NOTE 5: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any contingent assets or contingent liabilities as at 31 December 2013

NOTE 6: RELATED PARTY TRANSACTIONS

	2013 $	2012 $
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.	28,514	14,560
b. Associated Companies		
Noble Energy Pty Ltd, a company which has a 46% (2012: 47.9%) fully diluted interest in Eden, purchased 233,042,394 fully paid ordinary shares in Eden as a partial sub-underwriter and acceptance of a rights issue.	-	2,097,382
Noble Energy Pty Ltd, a company which has a 46% (2012: 47.9%) fully diluted interest in Eden, purchased 49,903,021 fully paid ordinary shares in Eden taking up its entitlement in a rights issue.	499,030	-
Noble Energy Pty Ltd, a company which has a 46% (2012: 47.9%) fully diluted interest in Eden, received a sub-underwriting fee from Eden for partially sub-underwriting a rights issue, see above.	-	75,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 7: PROVISIONS

This mainly related to a claim made by La Jolla Cove Investors LLC (LJCI) to recover what it claimed it was entitled to (including alleged loss of profits) in relation to a Funding Agreement. This claim was settled in October 2013.

NOTE 8: ISSUED CAPITAL

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

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

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

NOTE 9: 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.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2013

NOTE 10: 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 maker) 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 2013					
Total external revenue	522,778	-	42,727	-	565,505
Inter-segment revenue	107,737	-	-	(107,737)	-
Total segment revenue	630,515	-	42,727	(107,737)	565,505
Segment profit / (loss) result	(710,982)	(12,819)	(41,946)	(16,651)	(782,398)
Unallocated expenses					139,038
Result from operating activities					(643,360)
Interest revenue					11,183
Interest expense					-
Income tax expense					-
Loss after income tax					(632,177)
Segment Assets	845,203	3,792,289	198,284	-	4,835,776
Unallocated assets					1,925,058
Total Assets					6,760,834
Capital expenditure	6,679	152,879	-	91,086	250,644
Depreciation & Amortisation	24,014	-	466	16,306	40,786
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 & Amortisation	40,858	-	682	164	41,704

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 2001; and
   b. give a true and fair view of the consolidated entity's financial position as at 31 December 2013 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 2014

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 its controlled entities (the "Group"), which comprises the condensed consolidated statement of financial position as at 31 December 2013, the condensed consolidated statement of profit or loss and other comprehensive income, condensed consolidated statement of changes in equity and condensed consolidated statement of cash flows for the period 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 period.

Directors' Responsibility for the Interim Financial Report

The directors of the Group are responsible for the preparation of the half-year 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 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 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 interim 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 2013 and its performance for the period 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.

Independence

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

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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 2013 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 operations as a going concern. 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

PKlopper

PTC Klopper
Director

Perth
11 March 2014