Eden Energy Ltd

(ABN 58 109 200 900)

and Controlled Entities

Interim Financial Report
for the
Half-Year Ended 31 December 2014

CONTENTS

HIGHLIGHTS

Optiblend™ Dual Fuel Project

- **Orders received during the half year for 27 units having an aggregate value of US$1,093,000 (A$1,275,000) bringing annual sales for 2014 to US$2.22 million (approx. A$2.7 million), an increase of over 100% on the previous calendar year.**

Pyrolysis Project - Carbon Nanotubes/ Carbon Fibres/ Hydrogen

- **Ongoing US trials to extend the shelf life of the CNT enriched admixture have been successful in maintaining a stable concentration of CNT in the admixture for 3 months. These trials will continue for the next 3-6 months.**
- **US trials on CNT-enriched concrete for abrasion resistant applications were delayed by a month and have now commenced.**
- **A major global cement and concrete manufacturer commenced Australian trials of Eden's admixture in concrete in February 2015.**
- **The CNT enriched polymer and plastics project with the University of Queensland ("UQ") commenced during the period.**
- **An Indian company has undertaken preliminary trials using Eden's nanotubes in polymer coatings, polymer composites, anti-corrosive coatings and antifouling coatings with encouraging results.**
- **Eden and Monash University lodged an ARC grant application, which if successful will assist in funding research into high strength CNT enriched concrete requiring little or even no reinforcing steel.**

UK Gas Assets

- **Eden executed a formal conditional merger agreement with its existing UK gas and petroleum Joint Venture partners.**
- **Under the terms of the Agreement Eden would be entitled to receive, after funds are raised, up to £1.14 million (approx. A$2.1 million) together with holding a 33.33% shareholding in the merged company at completion of the merger.**
- **The conditions precedent to the Eden and UKOG formal Merger Agreement were not all satisfied by the extended Longstop Date, 9 December 2014. In this circumstance the conditional Merger Agreement will still continue unless and until such time that it is terminated at any time by either party. Discussions are continuing between the parties.**

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, FFIN, MAusIMM** (Non-Executive)
Richard J Beresford **FAICD FAIE** (Non-Executive)

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

REGISTERED OFFICE:
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Western Australia 6000
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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™ Sales

During the six months, sales orders worth US$1,093,000 were received for 27 units in USA. After more than doubling the value of US sales for OptiBlend™ for calendar year 2014 over the previous year to over US$2.22 million, Hythane Company believes that this product has a strong outlook for further growth in calendar year 2015. However, the recent significant drop in global oil prices has led to a dramatic reduction in interest from the oil and gas exploration sector and since January 2015, OptiBlend™ sales have significantly slowed and it is considered unlikely that this will change until there is a significant rise in global oil prices. Modest interest in Optiblend™ from prime power markets such as agriculture (for uses such as powering irrigation pumps) and industrial plants, with additional requirements in backup power for hospitals and data centres continues. Additionally, expansion in suitable overseas markets is also anticipated.

Of relevance in the US, the price of natural gas has also fallen in a similar proportion to the oil price thereby helping to retain much of the proportional price differential between natural gas and diesel fuel, and helping preserve the attractive economics of converting diesel powered gensets to operate on both natural gas and diesel, although with a longer payback period.

The increased industry focus on using very low cost field/wellhead gas mixed with diesel fuel in their gensets provides a further opportunity for significant reductions of operating costs thereby creating additional sales interest. The OptiBlend™ units have always been able to handle variations in fuel supply quality, so it is well positioned to take advantage of the expanding availability of field/wellhead gas. Hythane Company is also working on establishing a number of partnerships to increase its bi/dual fuel offerings. These proposed partnerships include work with various OEMs to become their default supplier and/or supplier of private labelled OptiBlend™ technology. The widely recognized technical and operating advantages that OptiBlend™ has over many of its competitors have greatly contributed to the rise in these opportunities.

Since 31 December 2014 quoting activity in the US for OptiBlend™, has continued but at a more subdued level. Market sectors outside of oil and gas, such as agriculture and back-up power are becoming increasingly aware of and more comfortable with the bi/dual fuel technology, with end users increasingly appreciating the benefits of lower operating costs, larger backup capacities, and the flexibility of using smaller diesel tanks for fuel storage. However, with lower prices for diesel fuel, the economics of converting to dual fuel are less attractive than previously, and as a result the level of sales interest has slowed.

Indian OptiBlend™ Sales

During the period, Eden Energy India received no new orders for Optiblend™ systems in India. This is largely due to the high price of natural gas in India and its relative short supply. During the period India's government lifted diesel price controls but the recent decrease in the cost of oil worldwide has resulted in the diesel price dropping to below that of natural gas in India at present. Until this situation is reversed there is little prospect of OptiBlend™ sales in India. However, Eden Energy India has recently appointed an agent in Nigeria which has a large oil and gas industry and where low cost natural gas is available, and Eden is hopeful that this appointment will translate into sales of OptiBlend™ units in Nigeria in the reasonably near future.

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

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.

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.

REVIEW OF OPERATIONS

PYROLYSIS PROJECT (EDEN 100%)

Market progress

During the period, Eden continued its efforts to develop suitable large scale commercial markets for its nano-carbon products. Eden continued to focus on developing a number of collaborations with suitable commercial groups and universities with the requisite skills to assist in developing commercial applications of the CNT. The following is a summary of progress during the period:

CNT Enriched Concrete and Cement Projects in USA

- Ongoing US trials to extend the shelf life of the CNT enriched admixture have been successful in maintaining a stable concentration of CNT in the admixture for 3 months. These trials will continue for the next 3-6 months.
- US trials on CNT-enriched concrete for abrasion resistant applications commenced in February 2015.

CNT Enriched Concrete and Cement Projects in Australia

- A major global cement and concrete manufacturer has agreed to undertake trials in Australian of Eden's admixture in concrete and these laboratory trials commenced in February 2015.
- Eden and Monash University lodged a collaborative Australian Research Council ("ARC") grant application, which if successful will assist in funding research into high strength CNT enriched concrete requiring little or even no reinforcing steel.

CNT Enriched Polymers and Plastics Project in Australia

- The CNT enriched polymer and plastics project with the University of Queensland ("UQ") that is being headed by a well-qualified post-doctoral candidate from the US and which is partly funded by an ARC grant, commenced during the period. This project is aiming to develop reinforced polymer composites for potential automotive and aerospace applications. UQ was awarded a $255,000 grant by the Australian Research Council to partially fund this project. This collaboration project follows earlier preliminary encouraging results from the addition of Eden's carbon nanotubes into polypropylene.

CNT Enriched Polymers and Plastics Project in India

- An Indian company has undertaken preliminary trials using Eden's nanotubes in polymer coatings, polymer composites, anti-corrosive coatings and antifouling coatings with encouraging results. Follow–up discussions are now taking place.

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 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.

HYTHANE™ FUEL PROJECTS (EDEN:100%)

Indian Hythane™ Bus Demonstration Projects

Despite no significant progress having been made during the period on any of these Indian Hythane™ projects, there is a reasonable continuing level of interest from the Indian Government in 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.

REVIEW OF OPERATIONS

UK GAS PROJECT (EDEN 50%)

During the period Eden executed a formal conditional merger agreement with its existing UK gas and petroleum Joint Venture partners. The conditions precedent to the Eden and UKOG formal Merger Agreement were not all satisfied by the extended Longstop Date, 9 December 2014. In this circumstance the conditional Merger Agreement will still continue unless and until such time that it is terminated at any time by either party. Discussions have been continuing between the parties since December 2014 but there is no certainty that this agreement will proceed.

Under the terms of the Agreement, should it proceed, Eden would be entitled to receive, after funds are raised, up to £1.14 million (approx. A$2.1 million) together with a 33.33% shareholding in the merged company at completion of the merger.

At the date of these accounts, the sale has not proceeded and increasingly difficult market conditions for gas exploration in the UK, due to strong public opposition and changing political views, creates significant uncertainty in relation to this possible sale.

The UK Gas Project Sale Assets

The sale assets, held by Eden's wholly owned UK subsidiary, comprise Eden's 50% joint venture interests in 13 Petroleum and Development Licences (PEDLs) in England and South Wales ("Eden's UK Licence Interests"). Previously the estimated in ground gas resources for 17 PEDLs were reported to the ASX on 30 May 2011. During the period four of these PEDLs (one in South Wales and the other three in Bristol/Somerset and Kent) have been surrendered due to both environmental and social reasons and the likelihood that the terms of these four licences would not have been extended by DECC at 30 June 2014, the expiry date of the first term of each of these licences.

DIRECTORS' REPORT

Your directors submit the financial report of the consolidated group for the half-year ended 31 December 2014.

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 $630,462 (2013: $632,177).

A review of the operations of the Group during the half-year ended 31 December 2014 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 2014.

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

Director

Gregory H Solomon

Dated this 10th day of March 2015

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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 2014, there have been:

(i) no contraventions of the auditor's independence requirements as set out in the *Corporations Act 2001* in relation to the 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
10 March 2015

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CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Note	Consolidated Group	
		31 Dec 2014	**31 Dec 2013**
		$	**$**
Revenue		1,448,844	565,505
Other income		1,046	105,606
Raw materials and consumables used		(468,385)	(198,804)
Accounting and audit expense		(30,410)	(41,540)
Advertising and marketing expense		(131,714)	(54,151)
Depreciation and amortisation expense		(46,585)	(40,786)
Employee benefits expense		(918,618)	(774,455)
Exploration and evaluation costs written off		(64,193)	-
Finance costs		(18,722)	(9)
Foreign exchange gain/(loss)		13,463	(112)
Impairment expense	2	(8,467)	(8,209)
Legal and other consultants expense		(41,793)	(40,064)
Management fees		(97,335)	(97,335)
Rent expense		(43,293)	(44,981)
Travel and accommodation expense		(75,728)	(91,050)
Settlement of debtor	3	-	102,698
Settlement of provision	4	-	165,330
Other expenses		(148,572)	(179,820)
Loss before income tax		(630,462)	(632,177)
Income tax expense		-	-
Loss for the period		(630,462)	(632,177)
Other Comprehensive Income			
Items that may be reclassified subsequently to profit or loss			
Exchanges differences on translating foreign operations		310,897	404,521
Income tax relating to other comprehensive income		-	-
Total other comprehensive income, after tax		310,897	404,521
Total Comprehensive Loss		(319,565)	(227,656)
Basic/Diluted loss per share (cents per share)		(0.083)	(0.087)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014

	Note	Consolidated Group	
		31 Dec 2014	30 June 2014
		$	$
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents		356,913	164,891
Trade and other receivables		115,974	400,836
Inventories		529,433	428,448
Other current assets		13,862	5,148
Assets held for sale		4,085,521	3,854,309
TOTAL CURRENT ASSETS		5,101,703	4,853,632
NON-CURRENT ASSETS			
Property, plant and equipment		184,759	170,386
Intangible assets		1,494,645	1,350,592
TOTAL NON-CURRENT ASSETS		1,679,404	1,520,978
TOTAL ASSETS		6,781,107	6,374,610
CURRENT LIABILITIES			
Trade and other payables		1,042,208	891,148
Interest bearing liabilities		550,000	-
Provisions		124,724	99,722
TOTAL CURRENT LIABILITIES		1,716,932	990,870
TOTAL LIABILITIES		1,716,932	990,870
NET ASSETS		5,064,175	5,383,740
EQUITY			
Issued capital	7	53,584,609	53,584,609
Reserves		2,515,901	2,205,004
Accumulated losses		(51,036,335)	(50,405,873)
TOTAL EQUITY		5,064,175	5,383,740

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY
FOR THE HALF YEAR ENDED 31 DECEMBER 2014

	Ordinary Share Capital	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
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
Balance at 1 July 2014	53,584,609	2,046,258	158,746	(50,405,873)	5,383,740
Shares issued during the period	-	-	-	-	-
Loss for the period	-	-	-	(630,462)	(630,462)
Other comprehensive income	-	-	310,897	-	310,897
Balance at 31 December 2014	53,584,609	2,046,258	469,643	(51,036,335)	5,064,175

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS
FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	Consolidated Group	
	31 Dec 2014	**31 Dec 2013**
	$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES		
Receipts from customers	1,750,965	644,422
Payments to suppliers and employees	(1,823,378)	(1,545,244)
Interest received	1,012	11,351
Net cash provided by (used in) operating activities	(71,401)	(889,471)
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration expenditure	(140,442)	(152,879)
Payment for development of intangibles	(168,681)	(91,086)
Purchase of property, plant and equipment	(14,142)	(6,679)
Proceeds on sale of subsidiary	-	800,000
Net cash (used in) provided by investing activities	(323,265)	549,356
CASH FLOWS FROM FINANCING ACTIVITIES		
Proceeds from shares issued	-	981,672
Proceeds from borrowings	550,000	-
Payment of monies to settle funding agreement	-	(347,519)
Net cash provided by (used in) financing activities	550,000	634,153
Net increase/(decrease) in cash held	155,334	294,038
Net increase/(decrease) due to foreign exchange movements	36,688	(2,509)
Cash at beginning of period	164,891	499,034
Cash at end of period	356,913	790,563

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

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 2014 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 $630,462 (2013: $632,177) and a cash outflow from operating activities of $71,401 (2013: $889,471).

Included in current liabilities are amounts owed to related parties of approximately $311,000 which do not become payable until the Company has raised sufficient funds.

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 2014 financial report except for the adoption of new and revised Accounting Standards.

The Group has adopted all of the new and revised Standards and Interpretations 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 and Interpretations effective for the current half-year that are relevant to the Group include:

- AASB 1031 'Materiality' (2013)
- AASB 2012-3 'Amendments to Australian Accounting Standards – Offsetting Financial Assets and Financial Liabilities'
- AASB 2013-3 'Amendments to AASB 136 – Recoverable Amount Disclosures for Non-Financial Assets'
- AASB 2013-4 'Amendments to Australian Accounting Standards – Novation of Derivatives and Continuation of Hedge Accounting '
- AASB 2013-5 'Amendments to Australian Accounting Standards – Investment Entities'
- AASB 2013-9 'Amendments to Australian Accounting Standards' – Part B: 'Materiality'
- AASB 2014-1 'Amendments to Australian Accounting Standards'
  - Part A: 'Annual Improvements 2010-2012 and 2011-2013 Cycles'
  - Part B: 'Defined Benefit Plans: Employee Contributions (Amendments to AASB 119)'
  - Part C: 'Materiality'
- Interpretation 21 'Levies'

The new and revised Standards and amendments thereof and Interpretations do not have any material impact on the disclosures or on the amounts recognised in the Group's condensed consolidated financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

	2014 $	2013 $
NOTE 2: IMPAIRMENT EXPENSE		
Impairment of Trade and other receivables	(7,011)	(478)
Impairment of Intangible Assets	(1,456)	-
Impairment of Exploration and evaluation expenditure	-	(7,731)
	(8,467)	(8,209)
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 2014.

NOTE 6: RELATED PARTY TRANSACTIONS

	2014 $	2013 $
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 / payable 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.	27,545	28,514
b. Associated Companies		
Noble Energy Pty Ltd, a company which has a 46% (2013: 46%) fully diluted interest in Eden, purchased 49,903,021 fully paid ordinary shares in Eden taking up its entitlement in a rights issue.	-	499,030
Noble Energy Pty Ltd, a company which has a 46% (2013: 46%) fully diluted interest in Eden, provided Eden with a loan for $550,000 with interest payable at 10%pa.	550,000	-

NOTES TO THE FINANCIAL STATEMENTS FOR THE HALF-YEAR ENDED 31 DECEMBER 2014

NOTE 7: ISSUED CAPITAL

		Dec 2014 No.	June 2014 No.	Dec 2014 $	June 2014 $
a.	**Ordinary shares**				
	At the beginning of reporting period	759,201,038	624,768,743	53,584,609	52,202,937
	Shares issued during the year	-	134,432,295	-	1,381,672
	At reporting date	759,201,038	759,201,038	53,584,609	53,584,609

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 8: EVENTS SUBSEQUENT TO BALANCE DATE

On 23 February 2015, the Company announced it was undertaking a non-renounceable pro-rata rights offer on the basis of one share for every four shares held at a price of $0.01 per share together with one free option for every one share acquired, to raise up to $1,898,003. The closing date of this offer is 19 March 2015.

No other matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the 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 2014

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 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 2014					
Total external revenue	1,448,844	-	-	-	1,448,844
Inter-segment revenue	131,310	-	-	(131,310)	-
Total segment revenue	1,580,154	-	-	(131,310)	1,448,844
Segment profit / (loss) result	(37,587)	(78,178)	(69,352)	(56,536)	(241,653)
Unallocated expenses					(370,588)
Result from operating activities					(612,242)
Interest revenue					502
Interest expense					(18,722)
Income tax expense					-
Loss after income tax					(630,462)
Segment Assets	893,298	4,160,495	92,618	-	5,146,411
Unallocated assets					1,603,674
Total Assets					6,750,085
Capital expenditure	15,346	125,215	-	168,681	309,242
Depreciation & Amortisation	22,700	-	354	23,531	46,585
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					1,538,834
Total Assets					6,374,610
Capital expenditure	6,679	152,879	-	91,086	250,644
Depreciation & Amortisation	24,014	-	466	16,306	40,786

DIRECTORS' DECLARATION

The directors of the company declare that:

1. The financial statements and notes, as set out on pages 10 to 17:
   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 2014 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 10th day of March 2015

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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 2014, 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.

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Independence

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

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 2014 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

PTC Klopper

PTC Klopper
Director

Perth
10 March 2015