Eden Energy Ltd
(ABN 58 109 200 900)

and Controlled Entities

Annual Report
for the
Year Ended 30 June 2016

CONTENTS

HIGHLIGHTS DURING THE 2015-2016 FINANCIAL YEAR

EdenCrete™

- **Georgia Department of Transportation (GDOT)**
  - **I-20 Interstate Highway field trial, using EdenCrete™ added to GDOT's 24 hour accelerated concrete repair mix in two trial slabs, was conducted (Augusta, August 2015) .**
  - **Results were 45.8% improvement in compressive strength, and a 56% reduction in the depth of wear in an abrasion resistance test.**
  - **Eden received formal approval from the GDOT New Products Evaluation Committee for use of EdenCrete™ in GDOT 24 hour accelerated concrete applications and Class B concrete applications and discussions commenced in relation to specifications for the use of 24-Hour Accelerated Concrete/ Class B Concrete.**
  - **Since the end of the financial year:**
    - **an inspection of the I-20 field trail slab shows it is showing no visible cracking or significant signs of wear after 11 months of highway wear, whereas the control section is already showing a significant crack developing; and**
    - **GDOT has advised it proposes to use EdenCrete™ in several state funded forthcoming suitable highway slab replacement projects in Georgia.**
    - **GDOT intends that the requests for tender in these selected projects will specify that EdenCrete™ be added to the concrete.**
    - **These will be the first commercial contracts for EdenCrete™ for US highway repair projects.**
  - **The GDOT field trial of EdenCrete™ in Class 1 concrete has been included in a new section of highway that is being tendered and is presently anticipated to take place in 2018 unless this timetable can be accelerated.**

- **Commercial order received for use of EdenCrete™ in replacing a section of a high strength concrete slab at an industrial site that is subject to extreme wear and abrasion, following an earlier successful field trial at the site (October 2015). This project was completed and since the end of the financial year, a second section of concrete slab has been replaced using concrete with EdenCrete™ added.**

- **First commercial EdenCrete™ order received for an infrastructure project, for use at a new MARTA bus garage in Atlanta, Georgia and the project was undertaken, achieving the following improvements in performance:**
  - **Compressive Strength Increase - 38%**
  - **Split Tensile Strength Increase - 59%**
  - **Modulus of Elasticity Increase - 24%**
  - **Abrasion Resistance Increase - 47%**
  - **Shrinkage Reduction (Improvement) - 9%**

- **Trials of EdenCrete™ with lower dosage rates of EdenCrete™ showed material improvement in performance characteristics of concrete, including a 46% reduction (improvement) in the rate of abrasion using ½ US gallon of EdenCrete™ / yard^3 of concrete, which would have added only approximately 3.5% - 4% to the installed cost of the concrete paid by GDOT on the I-20 field trial.**

- **Eden completed the testing ASTM C494 S testing of the EdenCrete™ enriched concrete which showed:**
  - **41% increase in compressive strength at 28 days (ASTM C39);**
  - **32% increase in flexural strength at 28 days (ASTM C78);**
  - **29% increase in split tensile strength at 28 days (ASTM C496);**
  - **59% increase in abrasion resistance at 90 days (ASTM C779 Proc C);**
  - **61% reduction in ultimate shrinkage at 35 days (ASTM C105);**
  - **9.5% increase in freeze / thaw resistance at 180 days (from 88 to 96.4) (ASTM C666) and**
  - **3 minute delay in Time of Set (ASTM C403).**

- **The expansion of Eden's Colorado based production capability of EdenCrete™, from its present level of approximately 108,000 gallons per year to a targeted maximum of 2 million -2.4 million gallons per year commenced and is on schedule to be operational by early in 2017. Plans are also underway to acquire the Colorado facility which has previously been occupied under a lease.**

- **Eden identified a suitable site in Augusta, Georgia for it to build its large scale, future global EdenCrete™ production facility and secured a financial assistance and incentives package (including a conditional land grant of 112 acres along with various exemptions and rebates from future taxes and levies) worth in aggregate US$24.76 million from Georgia Economic Development Authority and Augusta Economic Development Authority.**

- **Eden commenced assembling a US team of highly experienced concrete admixture sales staff and since the end of the financial year has engaged 5 full time sales staff appointed with a collective aggregate of 109 years' experience covering more than 30 states in the USA. At least three further similarly experienced sales staff are also considering joining the Eden sales team.**

- **Eden finalised its agreement with Deakin University to proceed with a collaborative Australian Research Council ("ARC") Linkage Grant research project into ultra-high strength carbon nanotube enriched concrete requiring little or no reinforcing steel.**

CNT Enriched Polymers and Plastics- EdenPlast™

- **The ongoing collaborative research project between Eden and the University of Queensland (funded by the Australian Research Council to the extent of A$255,000 and commenced in 2014), into carbon nanotubes in plastics, achieved very encouraging preliminary results.**

Optiblend™ Dual Fuel

- **24 units sold in India and the USA during the year, totalling $1.1 million.**

Corporate

- **Eden completed the sale of its 100% owned UK subsidiary that held all its UK gas assets, to the parent of its UK Joint Venture partners in consideration for an earn-out arrangement.**

- **Eden raised A$17.45 million additional capital through a placement to two US investment funds, a placement to sophisticated and professional investors, a rights issue and the exercise of options.**

CORPORATE DIRECTORY

DIRECTORS:
Gregory H Solomon **LLB** (Executive)
Douglas H Solomon **BJuris LLB (Hons)** (Non-Executive)
Guy T Le Page **B.A., B.Sc. (Hons).,M.B.A., F.FIN., MAusIMM** (Non-Executive)
Richard J Beresford **FAICD FAIE** (Non-Executive)

COMPANY SECRETARY:
Aaron P Gates **BCom CA AGIA**

REGISTERED OFFICE:
Level 15
197 St Georges Terrace
Perth
Western Australia 6000
Tel +61 8 9282 5889
Fax +61 8 9282 5866
Email: mailroom@edenenergy.com.au
Website: www.edenenergy.com.au

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

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

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

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

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

REVIEW OF OPERATIONS

During the year Eden made significant progress towards achieving its goal of having EdenCrete™, Eden's carbon nanotube-enriched concrete admixture, become a product that is widely used in the concrete market, particularly the huge US infrastructure market. Further progress was achieved in Eden's collaborative research projects being conducted with the University of Queensland and Deakin University.

Whilst sales of the Optiblend™ dual fuel system remained slow due to the ongoing low oil prices and the limited oil and gas exploration taking place as a result, nevertheless a total of 24 Optiblend™ dual fuel systems were sold in India and the USA during the year, having an aggregate value of A$1.1 million.

The progress achieved during the year is summarised in the highlights on pages 3 and 4 of this Report.

The following is a more detailed account of this progress.

EDENCRETE™ (Eden 100%)

Georgia Department of Transportation (GDOT)

GDOT I-20 Field Trials

Two field trials of EdenCrete™ enriched concrete were undertaken on Interstate I-20 in Augusta, Georgia for GDOT. The field trials took place in August 2015 and involved the pouring of replacement concrete slabs on the I-20. The concrete used in the slabs included EdenCrete™ and this was compared with the results from a second slab that was poured using the same concrete mix but with no added EdenCrete™, giving a basis for comparison of the benefits EdenCrete™ delivers (**see Figures 1 and 2 below**).

In the laboratory tests of EdenCrete™ concrete from the field trial, at 56 days, where an accelerant was used, EdenCrete™ concrete exceeded the performance of the same control mixture (with the accelerant but without EdenCrete™) by the following percentages:

- 45.8% improvement in the compressive strength over the control mix; and
- 56% reduction in the depth of wear of the concrete in an accelerated abrasion trial.

In November 2015 these results were considered by the GDOT New Products Evaluation Committee, which:

- Approved the use of EdenCrete™ in GDOT construction and maintenance projects in both GDOT's Class 24-Hour accelerated strength concrete mix applications and also its Class B concrete application; and
- Classified EdenCrete™ as "Field Tests" (i.e. to undertake a further Field Test) in the applications of Portland cement concrete pavements (GDOT Specification Section 430 and/or 439) and concrete white-topping (GDOT Specification Section 453) (replacing the surface of an asphalt pavement with a concrete surface layer). A field trial for this purpose is anticipated will occur in 2018 unless arranged earlier.

Figure 1 2nd Field Trial of EdenCrete™ On I-20

Figure 2 2nd Field Trial of EdenCrete™ On I-20

A visual examination, undertaken in July 2016, of the state of repair of the EdenCrete™ enriched section of concrete laid on 26 August 2015 as the field trial of EdenCrete™ on a troublesome section of the I-20, showed no visible cracking or significant signs of wear after 11 months of highway wear. The control section, laid on 27 August 2015 on the adjoining section of the same lane on I-20, and using the same concrete mix but containing no EdenCrete™, was however, already showing a significant crack developing, 11 months after being laid (**see Figures 3 and 4 below**).

Figures 3. EdenCrete™ - No Visible Cracking

Figure 4. Control - Visible Crack Developing

The trial section of the I-20 has high water content in the sub-surface beneath the road surface, which often results in a relatively short service life of the concrete roadway surface.

After reviewing these results in July 2016, GDOT concluded that the performance improvements that EdenCrete™ brings to the concrete (increased flexural strength and compressive strength) are beneficial in slab replacements, particularly when the substructure may be problematical, which frequently leads to the cracking beginning, as was the case with the I-20 field trial.

GDOT advised that it is in the process of identifying several upcoming, state funded slab replacement projects in which it proposes to specify in the request for tender, that EdenCrete™ be used. In accordance with Federal regulations, federally funded projects will still only specify performance characteristics that must be achieved.

By requiring the use of EdenCrete™, GDOT will be able to ensure that EdenCrete™ is used in the nominated projects, and will enable it to monitor the results achieved, including where different sub-surface conditions and wear conditions may exist. These projects, if and when awarded, will be the first commercial projects involving the use of EdenCrete™ on US highway repair projects.

EdenCrete™ used in high strength concrete slab subject to extreme wear and abrasion

During the year Eden received a commercial order for its EdenCrete™ concrete admixture to be used to replace several sections of a concrete hard stand area that is subject to very heavy wear and abrasion. The project took place at a major regional maintenance facility in Georgia for a large national US company where very heavy steel components from a national transport fleet are brought for repairs and maintenance.

The concrete at the maintenance facility is exposed to extreme rolling loads, impact loads and abrasive wear (**see Figure 5 below**); and several times each year, under a scheduled maintenance programme, sections of the hard stand area that are severely cracked and require replacement are ripped up and replaced.

Figure 5. View of site showing very high loading of heavy replacement parts

This project used the same concrete mix that was approved by Georgia Department of Transportation (GDOT) in November 2015 for 24-hour maintenance and B Class concrete, but without any set accelerator. It involved replacing three concrete slabs using EdenCrete^{TM}, the first and third of which were adjacent to one another in an area over which loaded trucks, fork lifts and front-end loaders frequently travel to access the section of the yard where the replacement parts are stored (**see Figure 5 above**). These sections were excavated as closely to 150mm (6 inches) as possible, but there were sections where it was as deep as 225mm (9 inches) but there was no preparation of the sub-base before the new concrete was poured (**see Figures 6 and 7 below**).

Figure 6. Partially poured first slab

Figure 7. Completed first slab

To manage the variable depth, which normally requires a flat, compacted sub-base, more EdenCrete^{TM} enriched concrete was simply used to fill the deeper sections of the hole instead of spending time and money on sub-base preparation. As a result it was not necessary to order aggregate or compaction equipment to prepare the sub-base, and a little extra concrete was simply added to the concrete truck that delivered the concrete.

The outcome of using EdenCrete^{TM} on this project was a 45% reduction in the total costs compared with the budgeted cost of carrying out the same work using a new ultra-high strength mix design. This alternative mix would have involved a 12 inch (300mm) thick concrete slab incorporating half inch (12.5mm) diameter steel rebar, supported by a six inch (150mm) compacted crushed aggregate sub-base, that had been planned to try and achieve a five year service life for the concrete.

The first section was opened and driven on by loaders, less than 24-hours after the last slab was poured. The second slab is to be used as foundation for a large filtration system used in the adjacent fabrication shop where the parts are replaced. No excavation at all was conducted. Additionally, a sidewalk running under it was left in-situ and the slab simply poured over the top (**see Figures 8 and 9 below**). Heavy trucks will be regularly driven onto this slab to change the large filters on the system.

Figure 8. Minimal sub-base preparation for second slab

Figure 9. Completed second slab

MARTA Brady Mobility Facility Project

During the year, Eden received its first commercial government infrastructure order, which was successfully completed at the Metropolitan Atlanta Rapid Transit Authority (MARTA) Brady Mobility Facility in Atlanta.

The state of the art facility will house the administrative functions, operations, and maintenance facilities for a fleet of up to 200 Mobility vehicles (specialized vans and cutaway buses). The EdenCrete™ section will be subjected to extreme rolling frictional forces due to the constant wear and abuse of large vehicle tyres when turning on the slab from day to day and will be evaluated over time relative to the rest of the concrete not containing EdenCrete™.

A section of a new concrete hardstand area was installed using EdenCrete™ enriched concrete at the new state-of-the-art bus garage that is being constructed on the site of the existing bus garage (see Figures 10 and 11).

The final area that was selected for the project was larger than originally planned and in consequence, using all the available EdenCrete™ admixture that had been supplied by Eden, 17 truck loads of concrete, with EdenCrete™ added at a dosage rate equal to 3 gallons per cubic yards of concrete, were used to construct the section of the Brady facility.

At this dosage rate, which was lower than had originally been planned due to the increased volume of concrete that was required, the EdenCrete™ is still anticipated to at least double the service life of the concrete by enhancing the concrete's resistance to abrasive wear, increasing its flexural strength and also its durability due to reduced permeability.

Figure 10. Brady Mobility Facility

Figure 11. EdenCrete™ enriched slab being installed

The test results, conducted after concrete had cured for 28 days, from two separate independent laboratories of the concrete used in the MARTA Brady Mobility Facility Trial showed EdenCrete™ delivered the following improvements:

First Laboratory		**Second Laboratory**	
Compressive Strength Increase -	25%	Compressive Strength Increase -	38%
		Split Tensile Strength Increase -	59%
		Modulus of Elasticity Increase -	24%
		Abrasion Resistance Increase -	47%
		Shrinkage Reduction (Improvement) -	9%

Following receipt of these test results, discussions with MARTA commenced in relation to possible further projects for EdenCrete™ in various specific applications at some, as yet undecided, time in the future.

Trials of EdenCrete™ using Lower Dosage Rates of EdenCrete™

Trials conducted during the year showed material improvement in all performance characteristics of concrete that were tested using lower dosage rates of EdenCrete™

These results included a 46% reduction (improvement) in the rate of abrasion using ½ US gallon of EdenCrete™ / yard^3 of concrete, which would have added only approx. 3.5% - 4% to the installed cost of the concrete paid by GDOT on the I-20 field trial.

1 US gallon (3.8 litres) of EdenCrete™ / yard^3 of concrete produced a 55% reduction (improvement) in the depth of wear, which would have added approximately 7% - 8% to the installed cost of concrete in the I-20 field trial.

These new results make a very compelling economic case for the future widespread use of EdenCrete™ for high abrasion applications such as highways, bridge decks, warehouse floors, hard-stand areas and other surfaces that are subject to high abrasive wear. The results achieved EdenCrete™ are shown in Figures 12 and 13 below.

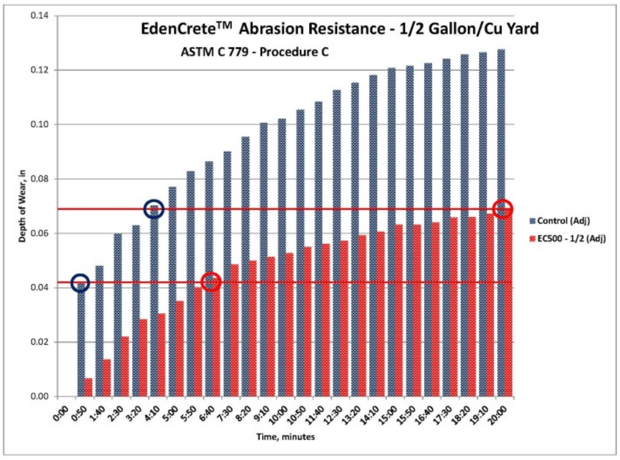


Figure 12. EdenCrete™ – ½ Gallon/ Cu. Yard

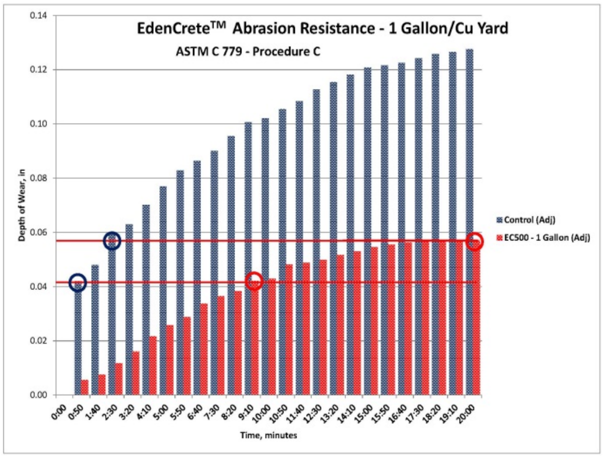


Figure 13. EdenCrete™ – 1 Gallon/ Cu. Yard

ASTM C494 S TESTING

During the year Eden undertook testing in accordance with the American Standards for Testing and Materials ASTM C494, Type S Test program (the umbrella standard to compare the performance of specialty admixtures) of EdenCrete™.

The results achieved to date showed:

- 41% increase in compressive strength at both 28 and 56 days (ASTM C39);
- 32% increase in flexural strength at 28 days (ASTM C78);
- 29% increase in split tensile strength at 28 days and 22% at 56 days (ASTM C496);
- 59% increase in abrasion resistance at 90 days and 56% at 56 days (ASTM C779 Proc C);
- 61% reduction in ultimate shrinkage at 35 days (ASTM C105);
- 3 minute delay in Time of Set (ASTM C403); and
- 9.5% increase in freeze / thaw resistance at 180 days (from 88 to 96.4) (ASTM C666).

Only the 365 day compressive strength testing, due on 1st December 2016, remains to be completed. These results provide a standard basis for comparing the performance benefits delivered by specialty admixtures. Industry experts advise that a 5% improvement in performance is a material improvement.

Expansion of Eden's Colorado based EdenCrete™ Production Capability

During the year, the expansion of the production capability of Eden's Colorado based EdenCrete™ production facility from its present level of approximately 108,000 gallons per annum of EdenCrete™ to a target of between approximately 2 million - 2.4 million gallons (7.6 - 9.1 million litres) per annum commenced and is progressing on schedule.

In order to achieve this scale-up, the entire plant is being expanded. The design of all items is completed, and most of the items have been ordered or are currently under construction. These include the following:

- The equipment to produce the quantity of catalyst required for production of the necessary carbon nanotubes;
- Two new reactors to manufacture the carbon nanotubes;
- All the necessary processing and mixing equipment; and
- Tanks and dispensing equipment for storage and delivery to road tankers of the 40,000 gallons (151,000 litres) of finished product per week

Additionally alterations to the layout within the building and its surrounds were commenced and are underway to accommodate the new equipment. This includes disposing of now redundant equipment such as the original gen-set that was first used in the development of Eden's OptiBlend dual fuel system, to create sufficient area for the EdenCrete™ expansion.

The entire up-scaling is scheduled to be completed and operational by the early in 2017, and at present the project is progressing on-time. As these premises in Colorado have only been occupied by Eden as a lessee, steps are currently underway for Eden to purchase the freehold so that it will have full, long term control over this important part of Eden's operation, which is intended to remain Eden's long term technology base, even after the proposed Georgia production facility is established.

Proposed Georgia EdenCrete^{TM} Production Facility

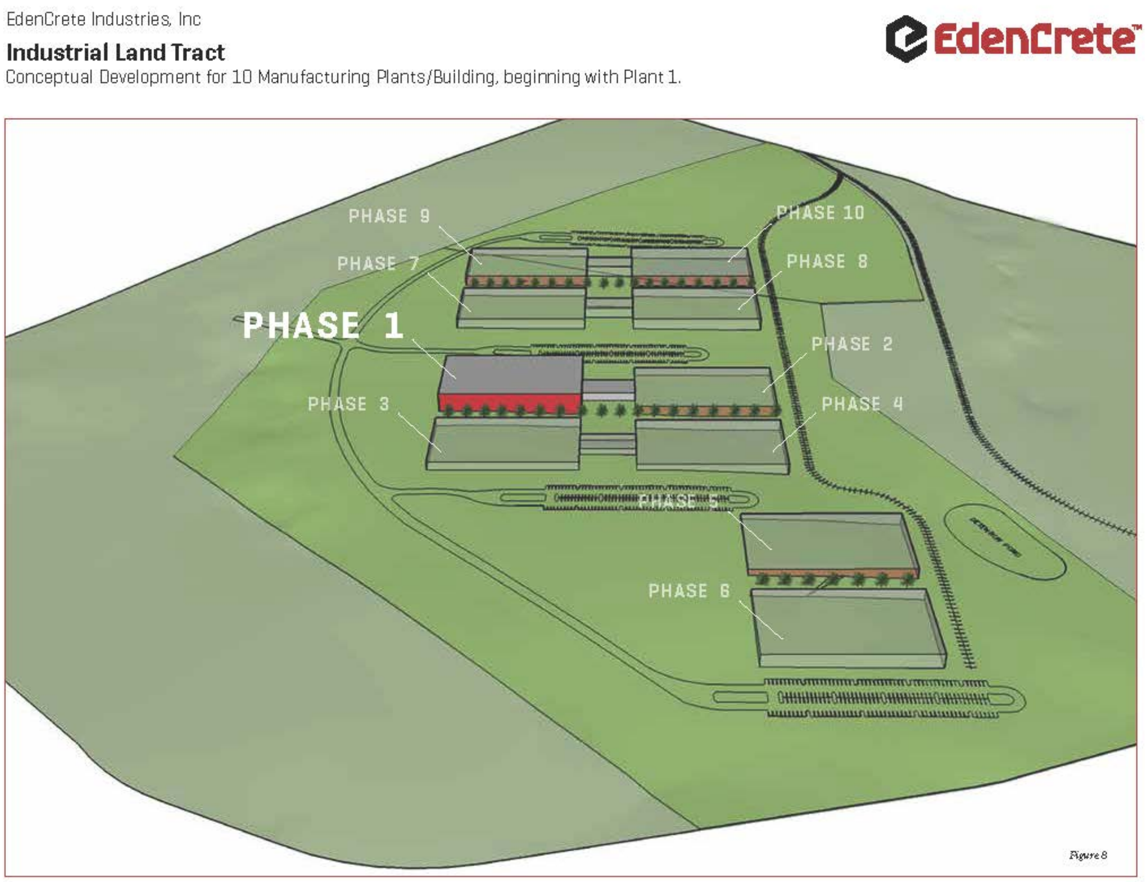
During the year Eden resolved to establish its future large scale global EdenCreteTM production facility in Augusta, Georgia over the next seven years at an estimated cost of US$67 million, thereby creating approximately 250 jobs.

The plant is to be built on a large tract of suitable industrial land in Augusta and will have capacity for very large scale future expansion. The land is being provided by the Augusta Economic Development Authority under a conditional grant as part of a financial incentive package detailed below.

The site has very convenient road and rail access to the entire North American market, as well as easy access to shipping for the global market via the Port of Savannah. The site adjoins the railway system linking it to the entire North American rail network. It is also located within 12 kilometres of the interconnected US Interstate Highway network giving it very efficient road access to North America. The Port of Savannah, the third largest port (by volume) in the US for containerised freight, is 160 kilometres away by both road and rail, and provides efficient shipping access via the Atlantic to South America, Europe, Africa and the Middle East, and also via the Panama Canal to the rest of the global market.

The initial building plant (Phase 1) will be developed in four stages to a planned aggregate annual production capacity of a planned 50 million gallons (189 million litres) of EdenCreteTM concrete admixture. The site has sufficient area to accommodate up to 10 of these buildings as future demand grows (see Figure 14 below).

Figure 14 Schematic of proposed Georgia Production facility



State of Georgia Incentive Package

The State of Georgia (through the Georgia Department of Economic Development (GDEcD")) and the Augusta Economic Development Authority ("AEDA") collectively agreed to provide a generous financial assistance and incentives package estimated to be worth up to US$24.76 million over the next 20 years to assist Eden establish its proposed production facility in Georgia.

The incentives package, which is dependent on the new plant being established, will deliver total cost savings and cost avoidance benefits of US $24.76 million, with:

- US$11.59 Million to be provided by State of Georgia
- US$13.17 Million to be provided by AEDA

Incentive Package Details

THE details of the financial assistance and incentives package for new plant, which are being provided against the commitment to build the plant, include the following:

- A conditional grant of 45 hectares (112 acres) of industrial land in the Augusta Industrial Park (worth US$2.8M) with an option over a further 12.75 ha (31.5 acres) for future expansion (see Figure 14 above);
- Financial assistance through the AEDA Industrial Revenue Bond programme that will deliver approximately US$5.8M of savings in local property taxes over 20 years;
- AEDA will spend US$2.5m establishing two lane road access to site, US$100,000 towards site preparation costs and US$400,000 towards securing rail access to the site,
- GDEcD will contribute US$500,000 to the cost of establishing the road, training and hiring assistance,
- Augusta Utilities to spend US$1.57M to install water and waste water lines to site; and
- Various other State and AEDA tax benefits including:
  - State Job Tax Credits
  - Various County tax exemptions from Property Tax, Inventory Tax, and Freeport Exemption; and
  - State Sales Tax and Use Tax exemptions.

Apart from evidencing the strong support that the Government of Georgia is prepared to provide to incoming industry, this generous assistance package will significantly reduce both the up-front capital costs and the operational set-up costs associated with establishing the large scale manufacturing operation in Georgia, and also help significantly defray operating costs for up to 20 years. Further, it will deliver a significant reduction in both the capital and operating costs, and greatly enhance the overall attractiveness of the project to both future investors and lenders.

EdenCrete Sales Team

Eden commenced building a specialist US EdenCrete^{TM} sales force. The sales team is intended will comprise a team of people who each have a minimum of approximately 10 years' experience in successfully selling concrete admixtures in the US with top admixture suppliers. To date 5 very experienced and highly qualified staff, who collectively have 109 years' experience successfully selling concrete admixtures in well over half of continental USA, have been engaged.

Western Region Sales

Eden engaged its western region sales manager, who is based in California where he has commenced marketing and selling EdenCrete^{TM} to potential customers. Having previously had a successful career as sales manager with a major admixture supplier, responsible for more than 10 states in the western region of the US, he has been appointed by Eden as the western region sales manager. Three further western region sales people have also been appointed. Further possible appointments are being discussed.

Eastern Region Sales

The sales manager for the eastern region of the US, a highly experienced person based in New Jersey, has also been appointed and commences work in August. Further possible appointments are being discussed.

Longer Term Plans

The intention is to progressively build the sales team to a total of approximately 8-10 sales people whose collective task will be to cover the US market, with the intention of selling all, or as much as possible, of the EdenCrete^{TM} that Eden will be able produce in 2017 from its expanded Colorado production facility, which is targeted at approximately 2-2.4 million gallons of EdenCrete^{TM} per year. Initially the task is to get trials arranged with potential customers. In the longer term, it is intended to further expand the sales team both in the US and also into the global arena as the market expands to absorb the production increases that are planned to result from the establishment of Eden's proposed large scale, global production facility in Augusta, Georgia.

Deakin University- Research - High Strength concrete needing little reinforcing steel

During the year Eden finalised its agreement with Deakin University ("Deakin") to proceed with a collaborative Australian Research Council ("ARC") Linkage Grant research project into ultra-high strength carbon nanotube enriched concrete requiring little or even no reinforcing steel. The ARC grant, funded by the Commonwealth of Australia, which was initially awarded to Eden and Monash University in Melbourne, will provide a total of A$300,000 over the three year life of the research project.

The Principal Researcher named in the application, Dr Frank Collins, who was formerly Associate Professor and Head of Structures Department at the Civil Engineering Department at Monash University, was appointed as Professor of Infrastructure Engineering, at Deakin University's Institute for Frontier Materials in Melbourne during 2015. With the agreement and co-operation of Monash University, the project was transferred to Deakin University.

This research could potentially lead to both the improvement of EdenCrete™ and the development of ultra-high strength concrete that requires little or no steel re-enforcing. Quite apart from the enormous environmental and financial implications, such an outcome would have major implications for the global construction industry. Eden has already made significant advances with EdenCrete™ towards achieving this goal, and this new project should assist in accelerating this progress.

EDENPLAST™ / CNT ENRICHED POLYMERS AND PLASTICS

During the year, the collaborative research project, partially funded by the Australian Research Council ("ARC") (to the extent of A$255,000) between Eden and the University of Queensland into carbon nanotubes in plastics, has achieved very encouraging preliminary results, showing:

- Excellent combination of high modulus (stiffness) and outstanding ductility (elongation-at-break) achieved for Nylon containing less than 1% Eden's CNTs compared to commercial grades of nano Nylon 6.
- Superior ductility with comparable tensile strength (more than 75 MPa, 50% Relative Humidity ("RH") conditions) compared to super-tough commercial Nylons containing higher levels (4wt%) of nanoclays.
- Higher tensile strength than comparable Nylon based materials with similar ductility.
- Excellent dispersion of the Eden's CNTs in EdenPlast™.
- Visual clarity and transparency suggests suitability for a super-tough-film grade.
- The relatively low-cost processing method of EdenPlast™ could potentially result in production of cost-effective, high-stiffness and/or high-toughness grades of nano Nylon 6.
- Possible suitable future markets for EdenPlast™, indicated by the results to date, are the automotive and packaging markets.

Whilst fundamental studies (X-ray defraction, rheology, thermal and electrical analysis) and further standard characterization (ASTM, ISO) require to be carried out (impact, flexural, tensile, dynamical, fatigue) before possible commercialisation could be considered, the preliminary results from extruded filaments are considered very encouraging.

OPTIBLEND™ DUAL FUEL SYSTEM

US OptiBlend™ Progress

Eden Innovations LLC, a wholly owned US subsidiary of Eden, received purchase orders for fifteen OptiBlend™ dual fuel systems during the year.

Two orders, for a total of twelve (of the fourteen) OptiBlend™ systems in the US for a combined value of US$490,000, were received from a division of Cummins Inc. and with whom Eden has collaborated over the past several years to adapt the OptiBlend™ systems for use in Cummins power modules for the drilling industry.

The global market for dual fuel systems has been at a virtual standstill for the past 12 months as a result of the steep drop in world oil prices, the consequential drastic slowdown in oil and gas exploration and the reduced difference in price between diesel fuel and natural gas. Although the global price of oil remains low, which from market reports appears likely to continue at least for the short to medium term, nevertheless these sales indicate some level of renewed interest from the sector and may signal a slight upturn in the level of exploration activity.

Eden Innovations is continuing to work on trying to establish 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.

India Optiblend™ Progress

During the year, Eden Energy (India) Pvt Ltd ("Eden (India)"), Eden's wholly owned Indian subsidiary, won a tender to supply to Oil and Natural Gas Corporation Limited ("ONGC") of India, with eight OptiBlend™ dual fuel kits for use on diesel powered generator sets ("gensets") used on drilling rigs it operates in India. The value of the contract is for the Australian dollar equivalent of over A$240,000. This is the first time that Eden (India) has secured a contract to supply ONGC, and is an encouraging development.

India is presently expanding its early stage domestic exploration for shale oil and gas, and ONGC is a significant participant in this exploration programme, Eden (India) is hopeful of further success in this emerging Indian market.

CORPORATE

Successful rights issue raising A$4.86 million

Eden raised A$4.86 million through an almost fully subscribed rights issue to existing shareholders in January 2016.

Successful A$10.35 million capital raising to fund Colorado expansion and preliminary expenses in Georgia

Eden raised A$10.35 million additional capital through the placement to two US investment funds of 45 million fully paid ordinary shares at an issue price of A$0.23 per share together with 22.5 million free options, exercisable at A$0.31 at any time before 11.59pm on 19 May 2019.

The funds raised were broadly intended to be used as follows:

- Approximately US$2million – $2.5 million to fund the completion, by early 2017, of the expansion of the current EdenCrete™ production facility in Colorado, to a targeted annual output of approximately 2-2.4 million gallons; and
- Approximately US$2.5 million - $3 million to fund the Eden Group's ongoing working capital requirements, and

The balance will be applied towards the initial expenses for site works, design and engineering for the first stage of the proposed large scale EdenCrete™ production facility to be built in Augusta, Georgia and which is targeted to be in production early in 2019 with a proposed initial annual output from its first production line of approximately 12.5 million gallons of EdenCrete™.

UK Gas Project Sale

On 24 February 2016, Eden sold its 100% owned UK subsidiary that held all its UK gas assets, to the parent of its UK Joint Venture partners. The consideration was an earn-out (commencing at 1% of gross sale proceeds from all hydrocarbon sales from the UK licences (PEDLs) in which Eden's subsidiary held a 50% interest, and reducing to 0.5%), in connection with any hydrocarbon sales made in the period expiring on the 20th anniversary of completion. There is no cap placed on the maximum value of the amount that Eden can receive under the earn-out.

Eden has no further financial commitments on this project, but can still share in the potential upside from hydrocarbon sales, and focus its efforts on its EdenCrete™ and OptiBlend™ projects.

DIRECTORS' REPORT

Your directors present their report on the Company and its controlled entities for the financial year ended 30 June 2016.

Directors

The names of directors in office at any time during or since the end of the year are:

Gregory H Solomon	Guy T Le Page
Douglas H Solomon	Richard J Beresford

Directors have been in office since the start of the financial year to the date of this report unless otherwise stated.

Company Secretary

The following person held the position of company secretary at the end of the financial year:

Mr Aaron P Gates has worked for Eden Energy Ltd for the past 8 years. He is a Chartered Accountant and Chartered Secretary. He has completed a Bachelor of Commerce (Curtin University) with majors in accounting and business law and completed a Diploma of Corporate Governance. Prior to joining Eden he worked in public practice in audit and corporate finance roles.

Principal Activities

Eden Energy Ltd produces and sells a high performance concrete admixture, EdenCrete™ and retrofit dual fuel technology, OptiBlend™, developed for diesel generator sets.

There were no other significant changes in the nature of the consolidated group's principal activities during the financial year.

Operating Results

The consolidated loss of the group after providing for income tax amounted to $3,340,533 (2015: $5,499,496) The consolidated loss included a loss after tax from discontinued operations of $26,594.

Dividends Paid or Recommended

No dividends were paid or declared for payment during the year.

Review of Operations

A review of the operations of the Group during the year ended 30 June 2016 is set out in the Review of Operations on Page 5.

Financial Position

The net assets of the consolidated group have increased by $12,880,114 from 30 June 2015 to $15,041,421 in 2016. This increase is largely the result of capital raisings during the year. The group's working capital, being current assets less current liabilities, has increased from $120,196 in 2015 to $11,234,511 in 2016.

Significant Changes in State of Affairs

On 24 February 2016, Eden sold its 100% owned UK subsidiary that held all its UK gas assets, to the parent of its UK Joint Venture partners.

There have been no other significant changes in the state of affairs that occurred during the financial year.

After Balance Date Events

No matters or circumstances have arisen since the end of the financial year which significantly affected or may significantly affect the operations of the group, the results of those operations, or the state of affairs of the group in future financial years.

Future Developments, Prospects and Business Strategies

The Group proposes to continue developing and marketing its technologies, including EdenCrete™ and OptiBlend™ as detailed in the Review of Operations.

Environmental Issues

The Group is subject to environmental regulation and complies fully with all requirements.

DIRECTORS' REPORT

Information on Directors

Gregory H Solomon	Executive Chairman
Qualifications	**LLB**
Experience	Appointed chairman 2004. Board member since 2004. A solicitor with more than 30 years' Australian and international experience in a wide range of areas including mining law, commercial negotiation (including numerous mining and exploration joint ventures) and corporate law. He is a partner in the Western Australian legal firm, Solomon Brothers and has previously held directorships of various public companies since 1984 including two mining/exploration companies.
Interest in Shares and Options	27,652,546 Ordinary Shares, 13,092,309 EDEO options
Directorships held in other listed entities	Tasman Resources Limited (ASX:TAS) Conico Limited (ASX:CNJ)

Douglas H Solomon	Non-Executive
Qualifications	**BJuris LLB (Hons)**
Experience	Board member since May 2004. A Barrister and Solicitor with more than 20 years' experience in the areas of mining, corporate, commercial and property law. He is a partner in the legal firm, Solomon Brothers.
Interest in Shares and Options	23,633,072 Ordinary Shares, 11,499,542 EDEO options
Directorships held in other listed entities	Tasman Resources Limited (ASX:TAS) Conico Limited (ASX:CNJ)

Guy T Le Page	Non-Executive
Qualifications	**B.A., B.Sc. (Hons).,M.B.A., F.FIN., MAusIMM**
Experience	Board member since May 2004. Currently a corporate adviser specialising in resources. He is actively involved in a range of corporate initiatives from mergers and acquisitions, initial public offerings to valuations, consulting and corporate advisory roles. He previously spent 10 years as an exploration and mining geologist in Australia, Canada and the United States. His experience spans gold and base metal exploration and mining geology and he has acted as a consultant to private and public companies. This professional experience included the production of both technical and valuation reports for resource companies.
Interest in Shares and Options	1,971,570 Ordinary Shares, 2,013,321 EDEO Options
Directorships held in other listed entities	Tasman Resources Limited (ASX:TAS) Conico Limited (ASX:CNJ) Mt Ridley Mines Ltd (ASX: MRD)

Richard J Beresford	Non-Executive
Qualifications	**FAICD FAIE**
Experience	Board member since May 2007. Mr Beresford has an engineering background and has in excess of 30 years' experience in renewable energy and natural gas. This includes corporate experience with British Gas (now BG) in the UK and Indonesia, Woodside in Australia and China Light and Power (CLP) in Hong Kong. Mr Beresford has been a director and company chairman of several listed and unlisted companies.
Interest in Shares and Options	3,150,000 Ordinary Shares, 700,000 EDEO Options
Directorships held in other listed entities	Liquefied Natural Gas Limited (ASX:LNG)

DIRECTORS' REPORT

REMUNERATION REPORT (AUDITED)

This report details the nature and amount of remuneration for each director of Eden Energy Limited, and for the executives receiving the highest remuneration.

Remuneration policy

The remuneration policy of Eden Energy Limited has been designed to align director and executive objectives with shareholder and business objectives by providing a fixed remuneration component and offering specific long-term incentives based on key performance areas affecting the consolidated Group's financial results. The board of Eden Energy Limited believes the remuneration policy to be appropriate and effective in its ability to attract and retain the best executives and directors to run and manage the consolidated group, as well as create goal congruence between directors, executives and shareholders.

The board's policy for determining the nature and amount of remuneration for board members and senior executives of the economic entity is as follows:

- All executives receive a base salary (which is based on factors such as length of service and experience), superannuation, fringe benefits and options.

Executives are also entitled to participate in the employee share and option arrangements.

The executive directors and executives receive a superannuation guarantee contribution required by the government, which is currently 9.5%, and do not receive any other retirement benefits. Some individuals, however, have chosen to sacrifice part of their salary to increase payments towards superannuation.

All remuneration paid to directors and executives is valued at the cost to the Company and expensed. Shares issued to directors and executives are valued as the difference between the market price of those shares and the amount paid by the director or executive. Options are valued using the Black-Scholes methodology. The Group does not have a policy on directors hedging their shares.

The maximum aggregate amount of fees that can be paid to non-executive directors is subject to approval by shareholders at the Annual General Meeting. Fees for non-executive directors are not linked to the performance of the consolidated group. However, to align directors' interests with shareholder interests, the directors are encouraged to hold shares in the Company and are able to participate in the employee option plan.

Performance-based remuneration

No performance based remuneration was paid during the year.

Key Management Personnel Remuneration Policy

The Board's policy for determining the nature and amount of remuneration of management for the Group is as follows:

The remuneration structure for key management personnel is based on a number of factors, including length of service, particular experience of the individual concerned, and overall performance of the Company. The contracts for service between the Company and key management personnel are on a continuing basis, the terms of which are not expected to change in the immediate future. Upon retirement key management personnel are paid employee benefit entitlements accrued to date of retirement. Any options not exercised before or on the date of termination lapse.

Key Management Personnel Remuneration

Key Management Person	Short-term Benefits			Post-Employment Benefits	Other Long Term Benefits	Termination Benefits	Share- based Payment		Total	Performance Related
	Salary and Fees	Cash profit share	Non-cash benefit	Superannuation	Other	Other	Equity	Options		
	$	$	$	$	$	$	$	$	$	%
2016										
Gregory H Solomon	172,500	-	-	16,387	-	-	-	-	188,887	-
Douglas H Solomon	36,000	-	-	3,420	-	-	-	-	39,420	-
Guy T Le Page	36,000	-	-	3,420	-	-	-	-	39,420	-
Richard J Beresford	36,000	-	-	3,420	-	-	-	-	39,420	-
Roger W Marmaro	408,854	-	32,467	19,014	-	-	-	16,000	476,335	-
Aaron P Gates	(a)	-	-	-	-	-	-	16,000	16,000	-
	689,354	-	32,467	45,661	-	-		32,000	799,482	-

DIRECTORS' REPORT

Key Management Personnel Remuneration continued

Key Management Person	Short-term Benefits			Post-Employment Benefits	Other Long Term Benefits	Termination Benefits	Share- based Payment		Total	Performance Related
	Salary and Fees	Cash profit share	Non-cash benefit	Superannuation	Other	Other	Equity	Options		
	$	$	$	$	$	$	$	$	$	%
2015										
Gregory H Solomon	172,500	-	-	16,387	-	-	-	-	188,887	-
Douglas H Solomon	36,000	-	-	3,420	-	-	-	-	39,420	-
Guy T Le Page	36,000	-	-	3,420	-	-	-	-	39,420	-
Richard J Beresford	36,000	-	-	3,420	-	-	-	-	39,420	-
Roger W Marmaro	347,808	-	27,602	14,976	-	-	-	-	390,386	-
Aaron P Gates	(a)	-	-	-	-	-	-	-	-	-
	628,308	-	27,602	41,623	-	-	-	-	697,533	-

(a) This officer is provided by Princebrook Pty Ltd (a company in which Mr Gregory H Solomon and Mr Douglas H Solomon have an interest) under the Management services Agreement with the Company. During the year the Company paid $194,670 (2015: $194,670) to Princebrook Pty Ltd for management services.

(b) The appointment of Roger Marmaro, may be terminated by giving not less than two months' written notice.

Options issued as part of remuneration for the year ended 30 June 2016

6,750,000 ESOP options were issued as part of remuneration during the year, of which 1,000,000 ESOP options were issued to key management personnel.

Shares Issued on Exercise of Compensation Options

During the year 3,300,000 ESOP options in the Company were exercised and 3,300,000 fully paid shares (ASX: EDE) in the Company were issued to employees. The amount paid per share upon the exercise of the options was $0.025.

<End of Remuneration Report>

Meetings of Directors

During the financial year, 3 meetings of directors were held. Attendances by each director during the year were as follows:

	Number eligible to attend	Number attended
Gregory H Solomon	3	3
Douglas H Solomon	3	3
Guy T Le Page	3	3
Richard J Beresford	3	3

Options

Options granted to directors and officers of the Company

During the year the following options were issued to directors pursuant to a shareholder meeting to convert debt (accumulated unpaid directors' fees and management fees) into equity:

Director	Grant Date	Date of Expiry	Exercise Price	Number under Option
Gregory H Solomon	10 August 2015	30 September 2018	$0.03	12,367,635
Douglas H Solomon	10 August 2015	30 September 2018	$0.03	2,581,072
Guy T Le Page	10 August 2015	30 September 2018	$0.03	1,910,072
				16,858,779

Unissued shares under options

At the date of this report, the unissued ordinary shares of Eden Energy Limited under option are as follows:

Issue Date	Date of Expiry	Exercise Price	Number under Option
Various	30 September 2018	$0.03	218,552,494
16 March 2016	28 February 2019	$0.095	6,550,000
20 May 2016	19 May 2019	$0.31	22,500,000
20 May 2016	19 May 2019	$0.2875	2,250,000
20 May 2016	19 May 2019	$0.3875	1,125,000
			250,977,494

The Options expiring on 28 February 2019 are all held, pursuant to the Company's Employee Share Option Plan, by overseas employees or directors of subsidiaries of the Company. No person entitled to exercise the option has any right by virtue of the option to participate in any share issue of any other body corporate.

Indemnifying Officers or Auditor

The Company has arranged for an insurance policy to insure the directors against liabilities for costs and expenses incurred by them in defending any legal proceedings arising out of their conduct while acting in the capacity of director of the Company, other than conduct involving a wilful breach of duty in relation to the Company. The total premium payable was approximately $31,880.

Proceedings on Behalf of Company

No person has applied for leave of Court to bring proceedings on behalf of the Company or intervene in any proceedings to which the Company is a party for the purpose of taking responsibility on behalf of the Company for all or any part of those proceedings.

The Company was not a party to any such proceedings during the year.

Non-audit Services

The Board of Directors is satisfied that the provision of non-audit services during the year is compatible with the general standard of independence for auditors imposed by the *Corporations Act 2001*. The directors are satisfied that the services disclosed below did not compromise the external auditor's independence for the following reasons:

- the nature of the services provided do not compromise the general principles relating to auditor independence in accordance with APES 110: Code of Ethics for Professional Accountants set by the Accounting Professional and Ethical Standards Board.

No fees for non-audit services were paid / payable to the external auditors during the year ended 30 June 2016.

Auditor's Independence Declaration

The lead auditor's independence declaration for the year ended 30 June 2016 has been received and can be found on page 20.

Rounding of amounts

Eden Energy Ltd is a type of Company referred to in ASIC Corporations (Rounding in Financial/Directors' Reports) Instrument 2016/191 and therefore the amounts contained in this report and in the financial report have been rounded to the nearest $1.

Signed in accordance with a resolution of the Board of Directors.

Gregory H Solomon
Chairman
Dated this 31st day of August 2016

nexia
australia

chartered accountants
and business advisors

Lead auditor's independence declaration under section 307C of the *Corporations Act 2001*

To the directors of Eden Energy Ltd

I declare that, to the best of my knowledge and belief, in relation to the audit for the financial year ended 30 June 2016 there have been:

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

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

Nexia Perth Audit Services Pty Ltd

TJ Spooner
Director
Perth, 31 August 2016

Nexia Perth Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street, Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463, f +61 8 9463 2499
audit@nexiaperth.com.au, www.nexia.com.au

CONSOLIDATED STATEMENT OF PROFIT OR LOSS AND OTHER COMPREHENSIVE INCOME
FOR YEAR ENDED 30 JUNE 2016

	Note	Consolidated Group	
		2016 $	2015 $
Revenue	2	1,206,849	1,947,436
Other income		6,821	2,911
Changes in inventories		(64,464)	124,349
Raw materials and consumables used		(491,284)	(738,050)
Depreciation and amortisation expense		(196,830)	(102,992)
Employee benefits expense	3	(2,328,056)	(1,871,088)
Finance costs		(64,586)	(41,358)
Other financial items	4	197,061	13,891
Other expenses		(1,719,292)	(1,098,271)
Loss before income tax		(3,453,781)	(1,763,172)
Income tax (expense)/benefit	7	139,842	-
Loss from continuing operations		(3,313,939)	(1,763,172)
Loss after tax from discontinued operations	13	(26,594)	(3,736,324)
Loss for the year		(3,340,533)	(5,499,496)
Other Comprehensive Income / (Loss)			
Items that may be reclassified subsequently to profit or loss			
Foreign currency translation reserve		(125,048)	294,220
Income tax relating to comprehensive income		-	-
Items reclassified to profit or loss			
Foreign currency translation reserve		(519,189)	-
Total Other Comprehensive Income / (Loss), net of tax		(644,237)	294,220
Total Comprehensive Income / (Loss) attributable to members of the parent		(3,984,770)	(5,205,276)
Basic/Diluted loss per share (cents per share)	6	(0.3226)	(0.6875)

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF FINANCIAL POSITION AS AT 30 JUNE 2016

	Note	Consolidated Group 2016 $	2015 $
ASSETS			
CURRENT ASSETS			
Cash and cash equivalents	10	11,249,445	507,504
Trade and other receivables	11	189,024	71,857
Inventories	12	491,333	552,797
Other current assets		75,392	67,050
		12,005,194	1,199,208
Assets held for sale	13	-	647,131
TOTAL CURRENT ASSETS		12,005,194	1,846,339
NON-CURRENT ASSETS			
Property, plant and equipment	14	690,659	184,875
Intangible assets	17	3,009,306	1,804,923
Deposits		106,945	-
TOTAL NON-CURRENT ASSETS		3,806,910	1,989,798
TOTAL ASSETS		15,812,104	3,836,137
CURRENT LIABILITIES			
Trade and other payables	18	622,130	688,500
Interest bearing liabilities	19	-	250,000
Provisions	20	148,553	140,512
		770,683	1,079,012
Liabilities directly associated with the assets held for sale	13	-	595,818
TOTAL CURRENT LIABILITIES		770,683	1,674,830
TOTAL LIABILITIES		770,683	1,674,830
NET ASSETS		15,041,421	2,161,307
EQUITY			
Issued capital	21	68,890,525	55,567,452
Reserves	23	5,396,798	2,499,224
Accumulated losses		(59,245,902)	(55,905,369)
TOTAL EQUITY		15,041,421	2,161,307

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CHANGES IN EQUITY FOR YEAR ENDED 30 JUNE 2016

	Share Capital				
	Ordinary	Option Reserve	Foreign Currency Translation Reserve	Accumulated Losses	Total
	$	$	$	$	$
Balance at 30 June 2014	53,584,609	2,046,258	158,746	(50,405,873)	5,383,740
Shares issued during the year, net of issue costs	1,982,843	-	-	-	1,982,843
Loss for year	-	-	-	(5,499,496)	(5,499,496)
Other comprehensive loss	-	-	294,220	-	294,220
Total comprehensive loss	-	-	294,220	(5,499,496)	(5,205,276)
Balance at 30 June 2015	55,567,452	2,046,258	452,966	(55,905,369)	2,161,307
Shares issued during the year, net of issue costs	13,323,073	-	-	-	13,323,073
Options issued during the year	-	3,541,811	-	-	3,541,811
Loss for year	-	-	-	(3,340,533)	(3,340,533)
Other comprehensive loss	-	-	(644,237)	-	(644,237)
Total comprehensive loss	-	-	(644,237)	(3,340,533)	(3,984,770)
Balance at 30 June 2016	68,890,525	5,588,069	(191,271)	(59,245,902)	15,041,421

The accompanying notes form part of these financial statements.

CONSOLIDATED STATEMENT OF CASH FLOWS FOR YEAR ENDED 30 JUNE 2016

	Note	Consolidated Group	
		2016	**2015**
		$	**$**
CASH FLOWS FROM OPERATING ACTIVITIES			
Receipts from customers		1,183,680	2,132,493
Payments to suppliers and employees		(4,323,411)	(3,281,521)
Income taxes paid / (received)		139,842	-
Interest paid		(71,431)	(34,849)
Interest received		6,783	2,452
Net cash used in continuing operations		(3,064,537)	(1,181,425)
Net cash used in discontinued operations		(30,297)	(243,092)
Net cash used in operating activities	22	(3,094,834)	(1,424,517)
CASH FLOWS FROM INVESTING ACTIVITIES			
Purchase of property, plant and equipment	14	(510,588)	(29,092)
Payment for research and development	17	(1,329,650)	(476,254)
Proceeds on sale of subsidiary, net of cash		(34,189)	-
Net cash provided by (used in) investing activities		(1,874,427)	(505,346)
CASH FLOWS FROM FINANCING ACTIVITIES			
Proceeds from issue of shares, net of issue costs		16,278,186	1,982,843
Proceeds from borrowings		1,745,968	900,000
Repayment of borrowings		(1,931,074)	(650,000)
Net cash provided by financing activities		16,093,080	2,232,843
Net increase (decrease) in cash held		11,123,819	302,980
Net increase (decrease) due to foreign exchange movements		(381,878)	39,633
Cash at beginning of financial year		507,504	164,891
Cash at end of financial year	10	11,249,445	507,504

The accompanying notes form part of these financial statements.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES

The financial report is a general purpose financial report that has been prepared in accordance with Australian Accounting Standards, other authoritative pronouncements of the Australian Accounting Standards Board and the *Corporations Act 2001*. The financial report of Eden Energy Ltd and controlled entities complies with all International Financial Reporting Standards (IFRS) issued by the International Accounting Standards Board in their entirety.

The financial report covers the consolidated group of Eden Energy Ltd and controlled entities as at and for the year ended 30 June 2016. Eden Energy Ltd is a listed public company, incorporated and domiciled in Australia. The Group is a for-profit entity and primarily is involved in green energy technology.

The financial report was authorised for issue on 31 August 2016 by the Board of Directors.

The following is a summary of the material accounting policies adopted by the consolidated group in the preparation of the financial report. The accounting policies have been consistently applied, unless otherwise stated.

Basis of Preparation

The accounting policies set out below have been consistently applied to all years presented.

Reporting Basis and Conventions

The financial report has been prepared on an accruals basis and is based on historical costs modified by the revaluation of selected non-current assets, financial assets and financial liabilities for which the fair value basis of accounting has been applied. These consolidated financial statements are presented in Australian dollars, which is the Parent's functional currency. The subsidiaries' functional currencies are USD, GBP and INR.

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.

Accounting Policies

a. **Principles of Consolidation**

A controlled entity is any entity Eden Energy Ltd is exposed to, or has rights to, variable returns from its involvement with the entity and has the ability to affect those returns through its power to direct the activities of the entity. A list of controlled entities is contained in Note 16 to the financial statements. All controlled entities have a June financial year-end.

All inter-company balances and transactions between entities in the consolidated group, including any unrealised profits or losses, have been eliminated on consolidation. Accounting policies of subsidiaries have been changed where necessary to ensure consistencies with those policies applied by the parent entity.

b. **Income Tax**

The charge for current income tax expense is based on the profit for the year adjusted for any non-assessable or disallowed items. It is calculated using the tax rates that have been enacted or are substantially enacted by the balance sheet date.

Deferred tax is accounted for using the balance sheet liability method in respect of temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. No deferred income tax will be recognised from the initial recognition of an asset or liability, excluding a business combination, where there is no effect on accounting or taxable profit or loss. Deferred income tax assets are recognised to the extent that it is probable that future tax profits will be available against which deductible temporary differences can be utilised.

Eden Energy Ltd, Adamo Energy Ltd and Eden Energy Holdings Pty Ltd, its wholly-owned Australian subsidiaries, have formed an income tax consolidated group under the tax consolidation regime. The Group notified the Australian Tax Office that it had formed an income tax consolidated group to apply from 1 July 2005. The tax consolidated group has entered a tax sharing agreement whereby each company in the group contributes to the income tax payable in proportion to their contribution to the net profit before tax of the tax consolidated group. The R&D tax rebate is recognised as income tax benefit upon receipt.

c. Inventories

Inventories are measured at the lower of cost and net realisable value. The cost of manufactured products includes direct materials, direct labour and an appropriate portion of variable and fixed overheads. Costs are assigned on the basis of first-in, first-out.

d. Segment reporting

Segment results that are reported to the Group's board of directors (the chief operating decision maker) include items directly attributable to a segment as well as those that can be allocated on a reasonable basis.

e. Employee Benefits

Provision is made for the company's liability for employee benefits arising from services rendered by employees to balance date. Employee benefits that are expected to be settled within one year have been measured at the amounts expected to be paid when the liability is settled, plus related on-costs.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

f. **Property, Plant and Equipment**

Each class of property, plant and equipment is carried at cost or fair value less, where applicable, any accumulated depreciation and impairment losses.

Plant and equipment

Plant and equipment are initially recognised at acquisition cost or manufacturing cost, including any costs directly attributable to bringing the assets to the location and condition necessary for it to be capable of operating in the manner intended by the Group's management.

The carrying amount of plant and equipment is reviewed annually by directors to ensure it is not in excess of the recoverable amount of these assets. The recoverable amount is assessed on the basis of the expected net cash flows that will be received from the asset's employment and subsequent disposal. The expected net cash flows have been discounted to their present values in determining recoverable amounts.

The depreciation rates used for each class of depreciable assets are:

Class of Fixed Asset	Depreciation Rate
Plant and equipment	15 – 50% straight line

Gains and losses on disposals are determined by comparing proceeds with the carrying amount. These gains and losses are included in the income statement. When revalued assets are sold, amounts included in the revaluation reserve relating to that asset are transferred to retained earnings.

g. **Exploration and Evaluation Expenditure**

Exploration, evaluation and development expenditure incurred is accumulated in respect of each identifiable area of interest. These costs are only carried forward where the right to tenure is current and to the extent that they are expected to be recouped through the successful development of the area or where activities in the area have not yet reached a stage that permits reasonable assessment of the existence of economically recoverable reserves.

h. **Assets held for sale**

Non-current assets are classified as held-for-sale if it is highly probable that they will be recovered through sale rather than continuing use.

Immediately before classification as held-for-sale, the assets are remeasured in accordance with the Group's other accounting policies. Thereafter generally the assets are measured at the lower of their carrying amount and fair value less costs to sell. Impairment losses on initial classification as held-for-sale and subsequent gains or losses on remeasurement are recognised in profit or loss.

i. **Financial Instruments**

Recognition

Financial instruments are initially measured at cost on trade date, which includes transaction costs, when the related contractual rights or obligations exist. Subsequent to initial recognition these instruments are measured as set out below.

Available-for-sale financial assets

Available-for-sale financial assets are non-derivative financial assets that are either designated as such or that are not classified in any of the other categories. They comprise investments in the equity of other entities where there is neither a fixed maturity nor fixed or determinable payments.

Loans and receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market and are stated at amortised cost using the effective interest rate method.

Financial liabilities

Non-derivative financial liabilities are recognised at amortised cost, comprising original debt less principal payments and amortisation.

Fair value

Fair value is determined based on current bid prices for all quoted investments. Valuation techniques are applied to determine the fair value for all unlisted securities, including recent arm's length transactions, reference to similar instruments and option pricing models.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

i. **Financial Instruments continued**

Impairment

At each reporting date, the group assesses whether there is objective evidence that a financial instrument has been impaired. In the case of available-for-sale financial instruments, a prolonged decline in the value of the instrument is considered to determine whether an asset is impaired. Impairment losses are recognised in the income statement.

j. **Impairment of Assets**

At each reporting date, the group reviews the carrying values of its tangible and intangible assets to determine whether there is any indication that those assets have been impaired. If such an indication exists, the recoverable amount of the asset, being the higher of the asset's fair value less costs to sell and value in use, is compared to the asset's carrying value. Any excess of the asset's carrying value over its recoverable amount is expensed to the income statement.

Impairment testing is performed annually for goodwill and intangible assets with indefinite lives.

Where it is not possible to estimate the recoverable amount of an individual asset, the group estimates the recoverable amount of the cash-generating unit to which the asset belongs.

k. **Intangibles**

Research and development

Expenditure during the research phase of a project is recognised as an expense when incurred. Development costs are capitalised only when technical feasibility studies identify that the project will deliver future economic benefits and these benefits can be measured reliably.

Development costs have a finite life and are amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Intellectual Property

Intellectual property, which includes trademarks and engineering knowledge, is included in the financial statements at cost, being their fair value on acquisition.

Intellectual property and trademarks are only amortised or written down where the useful lives are limited or impaired by specific circumstances, in such cases amortisation is charged on a straight line basis over their useful lives and write downs are charged fully when incurred. The directors have assessed the useful life of the intellectual property and have determined that it has a finite useful life of 10 to 20 years. The intellectual property is amortised on a systematic basis matched to the future economic benefits over the useful life of the project.

Intellectual property is amortised over 10-20 years in line with its useful life.

l. **Foreign Currency Transactions and Balances**

Functional and presentation currency

The functional currency of each of the group's entities is measured using the currency of the primary economic environment in which that entity operates. The consolidated financial statements are presented in Australian dollars which is the parent entity's functional and presentation currency.

Transaction and balances

Foreign currency transactions are translated into functional currency using the exchange rates prevailing at the date of the transaction. Foreign currency monetary items are translated at the year-end exchange rate. Non-monetary items measured at historical cost continue to be carried at the exchange rate at the date of the transaction. Non-monetary items measured at fair value are reported at the exchange rate at the date when fair values were determined.

Exchange differences arising on the translation of monetary items are recognised in the income statement.

Group companies

The financial results and position of foreign operations whose functional currency is different from the group's presentation currency are translated as follows:

— assets and liabilities are translated at year-end exchange rates prevailing at that reporting date;

— income and expenses are translated at average exchange rates for the period; and

— retained earnings are translated at the exchange rates prevailing at the date of the transaction.

Exchange differences arising on translation of foreign operations are transferred directly to the group's foreign currency translation reserve in the balance sheet. These differences are recognised in the income statement in the period in which the operation is disposed. Intercompany loans are treated as investments for foreign currency translation purposes.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 1: STATEMENT OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

m. **Equity-settled compensation**

The group operates a number of share-based compensation plans. These include both a share option arrangement and an employee share scheme. The bonus element over the exercise price of the employee services rendered in exchange for the grant of shares and options is recognised as an expense in the income statement. The total amount to be expensed over the vesting period is determined by reference to the fair value of the shares of the options granted.

n. **Comparative Figures**

When required by Accounting Standards, comparative figures have been adjusted to conform to changes in presentation for the current financial year.

o. **Ordinary shares**

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of ordinary shares are recognised as a deduction from equity.

p. **New accounting standards and interpretations**

A number of new and revised standards became effective for the first time to annual periods beginning on or after 1 July 2015. The more significant standard is AASB 2015-4 Amendments to Australian Accounting Standards – Financial Reporting Requirements for Australian Groups with a Foreign Parent, which amends AASB 128 Investments in Associates and Joint Ventures.

The adoption of this amendment has not had a material impact on the Group.

q. **New accounting standards and interpretations not yet adopted**

A number of new standards and amendments to standards are effective for annual periods beginning after 1 July 2016, and have not been applied in preparing these consolidated financial statements. The Group does not plan to adopt these standards early.

Critical Accounting Estimates and Judgments

The directors evaluate estimates and judgments incorporated into the financial report based on historical knowledge and best available current information. Estimates assume a reasonable expectation of future events and are based on current trends and economic data, obtained both externally and within the group.

Key Estimates — Impairment

The group assesses impairment of assets held for sale and intangible assets at each reporting date by evaluating conditions specific to the group that may lead to impairment of assets. At the date of this report the Group has sufficient reason to believe that no impairment triggers exist for intangible assets.

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

Key Estimates — Share-based payment transactions

The consolidated entity measures the cost of equity settled transactions with suppliers by reference to the fair value of the equity instruments as at the date at which they are granted. The fair value is determined using a Black-Scholes model. Refer to Note 27 for the inputs to the Black-Scholes model.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 2: REVENUE

	2016 $	2015 $
Operating activities		
— sale of goods or services	1,206,849	1,947,436
Total Revenue	1,206,849	1,947,436

NOTE 3: EMPLOYEE BENEFITS

Short-term employee benefits	(1,981,388)	(1,777,536)
Post-employment benefits	(130,668)	(93,552)
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	(216,000)	-
Total	(2,328,056)	(1,871,088)

NOTE 4: OTHER FINANCIAL ITEMS

Foreign exchange realisation on disposal of subsidiary	519,188	-
Foreign exchange gain / (loss)	(322,127)	13,891
Total	197,061	13,891

NOTE 5: AUDITORS' REMUNERATION

Remuneration of the auditor of the parent entity for:		
— auditing or reviewing the financial report	43,850	42,880
— other services	1,200	-
Remuneration of other auditors of subsidiaries for:		
— auditing or reviewing the financial report	33,129	31,360
— other services	4,636	-

NOTE 6: EARNINGS PER SHARE

		2016 $	2015 $
a.	Reconciliation of earnings to profit or loss		
	Profit/(loss)	(3,340,533)	(5,499,496)
	Earnings used to calculate basic EPS	(3,340,533)	(5,499,496)
b.	Weighted average number of ordinary shares outstanding during the year used in calculating basic EPS	1,035,442,691	799,929,008

The options on issue are not potentially dilutive shares.

NOTE 7: INCOME TAX BENEFIT

	2016 $	2015 $
a. The prima facie tax on loss from ordinary activities before income tax is reconciled to the income tax as follows:		
Prima facie tax payable on loss from ordinary activities before income tax at 30% (2015: 30%)	(1,036,134)	(528,952)
Add tax effect of:		
— Non-deductible expenses	161,438	-
— Current year tax losses not recognised	2,564,056	702,346
Less tax effect of:		
— Non-assessable gains	(155,756)	-
— Current year temporary differences not recognised	(1,673,446)	(173,394)
Income tax expense / (benefit)	(139,842)	-
b. Components of deferred tax		
— Unrecognised deferred tax asset – losses	18,436,695	15,872,639
— Capital raising costs	216,894	33,255
— Provisions and accruals	44,566	42,154
— Exploration and evaluation	-	(1,348,783)
— Intangibles	(846,542)	(485,227)
Total unrecognised deferred tax asset	17,851,613	14,114,038

Deferred tax assets have not been brought to account as it is not probable within the immediate future that tax profits will be available against which deductible temporary differences and tax losses can be utilised. The benefit of the tax losses will only be obtained if the Group complies with conditions imposed by the relevant tax legislation.

NOTE 8: RELATED PARTY TRANSACTIONS

Transactions between related parties are on normal commercial terms and conditions no more favourable than those available to other parties unless otherwise stated.

	2016 $	2015 $
Key Management Personnel		
Management fees paid/payabe to Princebrook Pty Ltd, a company in which Mr GH Solomon and Mr DH Solomon have an interest. At 30 June 2016 an amount of $16,222 (2015: $174,529) was included in Trade Payables as owing to Princebrook Pty Ltd.	194,670	194,670
Amount included in Trade and Other Payables as owing to Mr Gregory H Solomon for unpaid directors fees and superannuation.	19,837	204,628
Amount included in Trade and Other Payables as owing to Mr Douglas H Solomon for unpaid directors fees and superannuation.	4,140	42,705
Amount included in Trade and Other Payables as owing to Mr Guy T Le Page for unpaid directors fees and superannuation.	4,140	42,705
Amount included in Trade and Other Payables as owing to Mr Richard J Beresford for unpaid directors fees and superannuation.	4,140	5,280
Legal fees paid/payable to Solomon Brothers, a firm in which Mr GH Solomon and Mr DH Solomon are partners.	91,506	57,544
Capital raising fees paid to RM Corporate Finance Pty Ltd, a company in which Mr G T Le Page has an interest.	14,610	30,000
Capital raising fees paid to RM Capital Pty Ltd, a company in which Mr G T Le Page has an interest.	10,000	-
Consulting fees paid to Orequest Pty Ltd, a company in which Mr G T Le Page has an interest.	3,400	1,200
Associated Companies		
Noble Energy Pty Ltd, a company which has a 42% (2015: 46%) interest in Eden, purchased fully paid ordinary shares in Eden by taking up its entitlement in a rights issue.	2,415,641	873,303
Noble Energy Pty Ltd, a company which has a 42% (2015: 46%) interest in Eden, provided an unsecured loan to Eden at an interest rate of 10% pa. The balance of this loan at 30 June 2016 was $Nil (2015: $250,000).	1,710,000	900,000

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9: KEY MANAGEMENT PERSONNEL COMPENSATION

a. Names and positions held of economic and parent entity key management personnel in office at any time during the financial year are:

Key Management Person	Position
Gregory H Solomon	Executive Chairman
Douglas H Solomon	Non-Executive Director
Guy T Le Page	Non-Executive Director
Richard J Beresford	Non-Executive Director
Roger W Marmaro	President Eden Innovations LLC
Aaron P Gates	Company Secretary / Chief Financial Officer

Key management personnel remuneration is included in the Remuneration Report of the Directors' Report.

b. Options and Rights Holdings

Number of Options Held by Key Management Personnel

	Balance 30.6.2015	Granted as Compen-sation	Options Exer-cised	Net Change* Other	Balance 30.6.2016	Total Vested 30.6.2016	Total Exercis-able 30.6.2016	Total Unexer-cisable 30.6.2016
Gregory H Solomon	3,325,827	-	-	9,766,482	13,092,309	13,092,309	13,092,309	-
Douglas H Solomon	2,764,826	-	-	8,734,716	11,499,542	11,499,542	11,499,542	-
Guy T Le Page	-	-	-	2,013,321	2,013,321	2,013,321	2,013,321	-
Richard J Beresford	700,000	-	-		700,000	700,000	700,000	-
Roger W Marmaro	500,000	500,000	(500,000)	-	500,000	500,000	500,000	-
Aaron Gates	75,000	500,000	-	-	575,000	575,000	575,000	-
Total	7,365,653	1,000,000	(500,000)	20,514,519	28,380,172	28,380,172	28,380,172	-

	Balance 30.6.2014	Granted as Compen-sation	Options Exer-cised	Net Change* Other	Balance 30.6.2015	Total Vested 30.6.2015	Total Exercisable 30.6.2015	Total Unexer-cisable 30.6.2015
Gregory H Solomon	-	-	-	3,325,827	3,325,827	3,325,827	3,325,827	-
Douglas H Solomon	-	-	-	2,764,826	2,764,826	2,764,826	2,764,826	-
Guy T Le Page	-	-	-	-	-	-	-	-
Richard J Beresford	-	-	-	700,000	700,000	700,000	700,000	-
Roger W Marmaro	500,000	-	-	-	500,000	500,000	500,000	-
Aaron Gates	-	-	-	75,000	75,000	75,000	75,000	-
Total	500,000	-	-	6,865,653	7,365,653	7,365,653	7,365,653	-

* Net Change Other refers to options that have been purchased, sold, lapsed or issued during the year.

c. Shareholdings

Number of Shares held by Key Management Personnel

	Balance 30.6.2015	Received as Compen-sation	Options Exercised	Net Change* Other	Balance 30.6.2016
Gregory H Solomon	16,629,130	-	-	11,023,416	27,652,546
Douglas H Solomon	13,824,126	-	-	9,808,946	23,633,072
Guy T Le Page	-	-	-	1,971,570	1,971,570
Richard J Beresford	3,500,000	-	-	(350,000)	3,150,000
Roger W Marmaro	2,478,648	-	500,000	(500,000)	2,478,648
Aaron P Gates	100,000	-	-	-	100,000
Total	36,531,904	-	500,000	21,953,932	58,985,836

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 9: KEY MANAGEMENT PERSONNEL COMPENSATION (CONTINUED)

c. Shareholdings (continued)

Number of Shares held by Key Management Personnel

	Balance 30.6.2014	**Received as Compen-sation**	**Options Exercised**	**Net Change* Other**	**Balance 30.6.2015**
Gregory H Solomon	13,303,303	-	-	3,325,827	16,629,130
Douglas H Solomon	11,059,300	-	-	2,764,826	13,824,126
Guy T Le Page	-	-	-	-	-
Richard J Beresford	2,800,000	-	-	700,000	3,500,000
Roger W Marmaro	2,485,973	-	-	(7,325)	2,478,648
Aaron P Gates	25,000	-	-	75,000	100,000
Total	29,673,576	-	-	6,858,328	36,531,904

* Net Change Other refers to shares purchased or sold during the financial year.

d. Remuneration

Refer to disclosures contained in the Remuneration Report section of the Directors' Report. The totals of remuneration paid to key management personnel of the Group during the year are as follows:

	2016 $	**2015 $**
Short-term employee benefits	721,821	655,910
Post-employment benefits	45,661	41,623
Other long-term benefits	-	-
Termination benefits	-	-
Share based payments	32,000	-
Total	799,482	697,533

NOTE 10: CASH AND CASH EQUIVALENTS

	2016 $	**2015 $**
Cash at bank and in hand	11,249,445	507,504
	11,249,445	507,504

Reconciliation of cash

Cash at the end of the financial year as shown in the statement of cash flows is reconciled to the consolidated statement of financial position as follows:

Cash and cash equivalents	11,249,445	507,504
	11,249,445	507,504

NOTE 11: TRADE AND OTHER RECEIVABLES

CURRENT

Trade and other receivables	189,024	71,857
	189,024	71,857

NOTE 12: INVENTORIES

At cost	491,333	552,797
	491,333	552,797

NOTE 13: ASSETS HELD FOR SALE AND DISCONTINUED OPERATIONS

On 29 May 2013, Eden announced a conditional contract to sell all of its interest in its UK Gas project. Since that date that conditional contract was terminated, a heads of terms with another purchaser was agreed and signed, to be subsequently terminated. Consequently, assets and liabilities allocable to Adamo Energy (UK) Ltd were classified as a disposal group in 2015. Revenue and expenses, gains and losses relating to the discontinuation of Adamo Energy (UK) Ltd have been eliminated from profit or loss from the Group's continuing operations and are shown as a single line item on the face of the statement of profit or loss and other comprehensive income (see loss for the year from discontinued operations).

On 24 February 2016 the sale of Adamo Energy (UK) Ltd, the subsidiary company which holds the licences, was completed for £1.00 and an earn out arrangement based on a percentage of petroleum sales on the PEDL sold. This resulted in a loss of $5,020 before tax, primarily due to related selling costs.

The loss of Adamo Energy (UK) Ltd until the date of disposal and the loss from re-measurement of assets and liabilities classified as held for sale is summarised as follows:

	2016 $	2015 $
Accounting and audit	(5,088)	(5,037)
Exploration costs written off	(20,401)	(167,685)
Legal and other consultants	-	(10,046)
Other	(1,105)	(1,683)
Loss for the year	(26,594)	(184,451)
Loss on re-measurement to fair value less costs to sell	-	(3,551,873)
Loss for the year for discontinued operations	(26,594)	(3,736,324)

Effect on disposal on the financial position of the Group:	
Trade and other receivables	122,313
Exploration and evaluation expenditure	524,818
Trade and other payables	(595,818)
Net assets and liabilities	51,313
Consideration received, financial asset (royalty)	25,000
Net cash inflow / (outflow)	(34,189)

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 14: PROPERTY, PLANT AND EQUIPMENT

	2016 $	2015 $
Plant and equipment:		
At cost	1,363,614	792,989
Accumulated depreciation	(672,955)	(608,114)
Total plant and equipment	690,659	184,875
Total property, plant & equipment	690,659	184,875
Movements in Carrying Amounts		
Balance at the beginning of year	184,875	170,386
Additions	584,609	29,092
Disposals	(1,464)	-
Net foreign exchange differences on translation	(5,697)	36,992
Depreciation expense	(71,664)	(51,595)
Carrying amount at the end of year	690,659	184,875

Capitalised costs amounting to $510,588 (2015: $29,092) have been included in cash flows from investing activities in the statement of cash flows for the Consolidated Group.

NOTE 16: CONTROLLED ENTITIES

a. **Controlled Entities**

Controlled Entities	Country of Incorporation	Percentage Owned (%)* 2016	2015
Adamo Energy Ltd	Australia	100	100
Adamo Energy (UK) Limited	United Kingdom	-	100
Eden Energy (India) Pvt Ltd	India	100	100
Eden Energy Holdings Pty Ltd	Australia	100	100
Eden Innovations Limited**	Ireland	-	100
Eden Innovations LLC (formerly Hythane Company LLC)	USA	100	100
EdenCrete Industries Inc	USA	100	100

** Percentage of voting power is in proportion to ownership*
*** Dormant Company*

b. **Acquisition of Controlled Entities**

No entities were acquired during the year.

c. **Disposal of Controlled Entities**

Adamo Energy (UK) Limited was disposed of during the year. This subsidiary was classified as held for sale in the 2015 financial statements (see Note 13).

	2016 $	2015 $
NOTE 17: INTANGIBLE ASSETS		
Intellectual property	12,644,958	11,315,409
Accumulated amortisation	(234,173)	(109,007)
Accumulated impairment expenses	(9,401,479)	(9,401,479)
Net carrying value	3,009,306	1,804,923
Balance at the beginning of the year	1,804,923	1,350,592
Additions	1,329,650	508,130
Amortisation expense	(125,267)	(51,397)
Impairment expense	-	(2,402)
Carrying amount at the end of the year	3,009,306	1,804,923

Intellectual property relates to pyrolysis technology, EdenCrete^{TM} and OptiBlend^{TM}. Capitalised costs amounting to $1,329,650 (2015: $476,254) have been included in cash flows from investing activities in the statement of cash flows.

	2016 $	2015 $
NOTE 18: TRADE AND OTHER PAYABLES		
Trade payables and other payables	622,130	688,500
	622,130	688,500
NOTE 19: INTEREST BEARING LIABILITIES		
Loan from Noble Energy Pty Ltd (interest at 10%pa, unsecured and repayable on demand)	-	250,000
	-	250,000
NOTE 20: PROVISIONS		
Provisions for staff entitlement and warranties	148,553	140,512
	148,553	140,512

NOTE 21: ISSUED CAPITAL

	2016 No.	2015 No.	2016 $	2015 $
a. Ordinary shares				
At the beginning of reporting period	945,861,754	759,201,038	55,567,452	53,584,609
Shares issued during the year	218,075,807	186,660,716	13,323,073	1,982,843
At reporting date	1,163,937,561	945,861,754	68,890,525	55,567,452

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 in 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.

b. Options	2016 No.	2015 No.
At the beginning of reporting period	190,035,716	3,375,000
Options issued	110,763,412	186,660,716
Options exercised	(46,860,783)	-
Options lapsed	(275,000)	-
At reporting date	253,663,345	190,035,716

i. For information relating to the Eden Energy Ltd employee option plan, refer to Note 27 Share-based Payments.

c. Capital Management

Management controls the working capital of the Group in order to maximise the return to shareholders and ensure that the Group can fund its operations and continue as a going concern. Management effectively manages the Group's capital by assessing the Group's financial risks and adjusting its capital structure in response to changes in these risks and in the market. These responses include the management of expenditure and share issues. There have been no changes in the strategy adopted by management to control the capital of the Group since the prior year.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 22: CASH FLOW INFORMATION

	2016 $	2015 $
Reconciliation of Cash Flow from Operations with Loss after Income Tax		
Loss after income tax	(3,340,533)	(5,499,496)
Non-cash flows in loss		
Depreciation and amortisation	196,830	102,992
Impairment expense	25,000	9,962
Options Expense	216,000	-
Other financial items	(197,061)	(13,891)
Non-cash flows in discontinued operations		
Exploration and evaluation expenditure written off	-	167,685
Loss on re-measurement to fair value less costs to sell	-	3,551,873
Changes in assets and liabilities, net of the effects of purchase and disposal of subsidiaries		
(Increase)/decrease in trade and other receivables*	(117,167)	258,846
(Increase)/decrease in inventories	61,464	(124,349)
Increase/(decrease) in trade payables and accruals*	52,592	81,071
Increase/(decrease) in provisions	8,041	40,790
Cash flow from operations	(3,094,834)	(1,424,517)

* - Net of non-operating movements and amounts not settled with cash

NOTE 23: RESERVES

a. Option Reserve

The option reserve records items recognised as expenses on valuation of employee share options and free attaching options.

b. Foreign Currency Translation Reserve

The foreign currency translation reserve records exchange differences arising on the translation of foreign controlled subsidiaries.

NOTE 24: CAPITAL AND LEASING COMMITMENTS

	2016 $	2015 $
a. Capital Expenditure Commitments		
— not later than 12 months	1,191,123	-
— greater than 12 months	-	-
	1,191,123	-

Subsequent to the end of the year the Group issued purchase orders for equipment and building improvements totalling US$681,002 and prepaid US$396,229 against those orders.

b. Other Commitments

On 29 March 2016, Eden accepted an offer from AEDA to support construction of a manufacturing facility at Augusta Corporate Park. The agreement provides that for the first phase, within 4 years of receiving a Certificate of Occupancy, Eden must invest at least $67 million and create 251 jobs. If the goals are less than 80% complete at that time, it must purchase the Phase 1 property for $25,000 per acre, 112 acres.

NOTE 25: CONTINGENT LIABILITIES AND CONTINGENT ASSETS

The Directors are not aware of any contingent assets or contingent liabilities at 30 June 2016.

NOTE 26: PARENT COMPANY INFORMATION

		2016 $	2015 $
a.	**Parent Entity**		
	Assets		
	Current assets	10,567,109	408,577
	Non-current assets (includes intercompany receivables of $22,414,972) *	26,732,586	21,734,952
	Total Assets	37,299,695	22,143,529
	Liabilities		
	Current liabilities	199,953	787,372
	Total liabilities	199,953	787,372
	Equity		
	Issued Capital	68,890,525	55,567,452
	Retained Earnings	(37,374,112)	(36,257,553)
	Reserves		
	Option reserve	5,583,329	2,046,258
	Total reserves	5,583,329	2,046,258
	Financial performance		
	Profit / (Loss) for the year	(1,116,559)	(895,335)
	Other comprehensive income, net of tax	-	-
	Total comprehensive income / (Loss)	(1,116,559)	(895,335)

* - The intercompany receivables have been assessed for impairment and management do not consider a provision for impairment against these receivables is required. It is anticipated that these receivables will be recovered through the successful commercialisation of EdenCrete™ and OptiBlend™ by the subsidiary companies.

NOTE 27: SHARE-BASED PAYMENTS

The following share-based payment arrangements existed at 30 June 2016:

All options granted to key management personnel are ordinary shares in Eden Energy Limited, which confer a right of one ordinary share for every option held. When issued, the shares carry full dividend and voting rights.

	2016		2015	
	Number of Options	**Weighted Average Exercise Price $**	**Number of Options**	**Weighted Average Exercise Price $**
Outstanding at the beginning of the year	3,375,000	0.025	3,375,000	0.025
Granted	6,750,000	0.095	-	-
Exercised	3,300,000	0.025	-	-
Lapsed	(275,000)	0.076	-	-
Outstanding at year-end	6,550,000	0.095	3,375,000	0.025
Exercisable at year-end	6,550,000	0.095	3,375,000	0.025

The options outstanding at 30 June 2016 had an exercise price of $0.095 and a remaining contractual life of 2.67 years.

Historical volatility has been the basis for determining expected share price volatility as it is assumed that this is indicative of future tender, which may not eventuate. Volatility of 64% and a risk free rate of 1.5% were used in the Black-Scholes model.

The life of the options is based on the historical exercise patterns, which may not eventuate in the future.

3,300,000 options were exercised during the year ended 30 June 2016. Included under employee benefits expense in the income statement is $216,000 (2015: Nil) and relates, in full, to equity settled share-based payment transactions.

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 28: SEGMENT REPORTING

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 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.

- Eden Innovations LLC –Optiblend™ sales, service and manufacturing in USA, and EdenCrete™ sales and development.
- Eden Energy (India) Pvt Ltd – Hythane™ and Optiblend™ sales, service and manufacturing in India.

	Eden Innovations LLC	Eden Energy India Pvt Ltd	Eliminations	Economic Entity (continuing operations)	Discontinued Operations
	$	$	$	$	$
2016					
External sales	940,274	266,575	-	1,206,849	-
Internal sales	1,493,056	-	(1,493,056)	-	-
Total segment revenue	2,433,330	266,575	(1,493,056)	1,206,849	-
Segment Result	(2,132,866)	(70,172)	639,945	(1,563,093)	(26,594)
Unallocated expenses				(1,826,102)	-
Result from operating activities				(3,389,195)	(26,594)
Finance costs				(64,586)	-
Loss before income tax				(3,453,781)	(26,594)
Income tax benefit				139,842	-
Loss after income tax				(3,313,939)	(26,594)
Segment assets	2,037,609	198,080	-	2,235,689	-
Unallocated assets				13,576,415	-
Total assets				15,812,104	-
Segment liabilities	22,060,547	723,625	(22,213,443)	570,729	-
Unallocated liabilities				199,954	-
Total liabilities				770,683	-
Capital expenditure	584,609	-	1,329,650	1,914,259	-
Depreciation and amortisation	70,283	1,381	125,166	196,830	-
Impairment expense	-	-	25,000	25,000	-
2015					
External sales	1,947,436	-	-	1,947,436	-
Internal sales	571,187	-	(571,187)	-	-
Total segment revenue	2,518,623	-	(571,187)	1,947,436	-
Segment Result	(1,056,276)	(162,157)	397,495	(820,938)	(3,736,324)
Unallocated expenses				(900,876)	-
Result from operating activities				(1,721,814)	(3,736,324)
Finance costs				(41,358)	-
Loss before income tax				(1,763,172)	(3,736,324)
Income tax expense				-	-
Loss after income tax				(1,763,172)	(3,736,324)
Segment assets	850,420	125,086	-	975,506	647,131
Unallocated assets				2,213,500	-
Total assets				3,189,006	647,131
Segment liabilities	18,237,611	780,934	(19,310,185)	291,640	595,818
Unallocated liabilities				787,372	-
Total liabilities				1,079,012	595,818
Capital expenditure	29,092	-	508,610	537,702	226,326
Depreciation and amortisation	51,014	554	51,424	102,992	-
Impairment expense	-	7,560	2,402	9,962	167,685

NOTES TO THE FINANCIAL STATEMENTS FOR THE YEAR ENDED 30 JUNE 2016

NOTE 29: EVENTS AFTER THE BALANCE SHEET DATE

There were no material events occurring after the reporting date.

NOTE 30: FINANCIAL INSTRUMENTS

a. Financial Risk Exposures and Management

The main risks the company is exposed to through its financial instruments are liquidity risk and credit risk.

i. Liquidity Risk

The Group manages liquidity risk by monitoring forecast cash flows and ensuring that adequate funding is maintained.

The remaining contractual maturities of the Group financial liabilities are:

	2016 **$**	**2015** **$**
12 months or less	622,130	1,534,318
1 year or more	-	-
Total	622,130	1,534,318

ii. Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in a financial loss to the company. The company has adopted a policy of only dealing with credit worthy counterparties and obtaining sufficient collateral or other security where appropriate, as a means of mitigating the risk of financial loss from defaults.

The maximum exposure to credit risk, excluding the value of any collateral or other security, at balance date to recognised financial assets, is the carrying amount, net of any provisions for impairment of those assets, as disclosed in the balance sheet and notes to the financial statements.

The company does not have any material credit risk exposure to any single receivable or group of receivables under financial instruments entered into by the company.

iii. Foreign currency risk

The Group is exposed to fluctuations in foreign currencies arising from the sale and purchase of goods and services in currencies other than the group's measurement currency. At 30 June 2016, the effect on the loss and equity as a result of a 10% increase in the exchange rates, with all other variables remaining constant would be an decrease in loss by $717,000 (2015: $140,000) and an increase in equity by $717,000 (2015: $140,000).

iv. Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The group's minimal exposure to interest rate risk, the only asset / liability affected by changes in market interest rates is Cash and cash equivalents.

b. Financial Instruments

i. **Net Fair Values**

The aggregate net fair values of:

— Financial assets and financial liabilities, at the balance date, are approximated by their carrying values.

NOTE 31: COMPANY DETAILS

The registered office of the company is:
Eden Energy Limited
Level 15
197 St Georges Terrace
Perth Western Australia 6000

The principal place of business is:
Eden Energy Limited
Level 15
197 St Georges Terrace
Perth Western Australia 6000

DIRECTORS' DECLARATION

In the opinion of the directors of Eden Energy Ltd:

a. the financial statements and notes set out on pages 21 to 39, and the Remuneration disclosures that are contained in pages 17 to 18 of the Remuneration Report in the Directors' Report, are in accordance with the Corporations Act 2001, including:

   (i) giving a true and fair view of the Group's financial position as at 30 June 2016 and of its performance, for the financial year ended on that date; and

   (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the Corporations Regulations 2001; and

   (iii) complying with International Financial Reporting Standards as disclosed in Note 1.

b. the remuneration disclosures that are contained in pages 17 to 18 of the Remuneration Report in the Directors' Report comply with Australian Accounting Standard AASB 124 Related Party Disclosures and

c. there are reasonable grounds to believe that the Group will be able to pay its debts as and when they become due and payable.

The Directors have been given the declarations required by Section 295A of the Corporations Act 2001 from the Executive Chairman and Chief Financial Officer for the financial year ended 30 June 2016.

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

Gregory H Solomon
Chairman

Dated this 31st day of August 2016

nexia australia

chartered accountants and business advisors

Independent auditor's report to the members of Eden Energy Ltd

Report on the financial report

We have audited the accompanying financial report of Eden Energy Ltd, which comprises the consolidated statement of financial position as at 30 June 2016, and the consolidated statement of profit or loss and other comprehensive income, the consolidated statement of changes in equity and the consolidated statement of cash flows for the year ended on that date, a summary of significant accounting policies, other explanatory notes and the directors' declaration of the consolidated entity comprising the company and the entities it controlled at the year's end or from time to time during the financial year.

Directors' responsibility for the financial report

The directors of the company are responsible for the preparation and fair presentation of the financial report in accordance with the Australian Accounting Standards and the *Corporations Act 2001*. This responsibility includes establishing and maintaining internal control relevant to the preparation and fair presentation of the 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. In Note 1, the directors also state that the financial report, comprising the financial statements and notes, complies with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Auditor's responsibility

Our responsibility is to express an opinion on the financial report based on our audit. We conducted our audit in accordance with Australian Auditing Standards. Those standards require that we comply with relevant ethical requirements relating to audit engagements and plan and perform the audit to obtain reasonable assurance whether the financial report is free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial report. The procedures selected depend on the auditor's judgement, including the assessment of the risks of material misstatement of the financial report, whether due to fraud or error. In making those risk assessments, we consider internal controls relevant to the entity's preparation and fair presentation of the financial report in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by the directors, as well as evaluating the overall presentation of the financial report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Nexia Perth Audit Services Pty Ltd
ACN 145 447 105
Level 3, 88 William Street, Perth WA 6000
GPO Box 2570, Perth WA 6001
p +61 8 9463 2463, f +61 8 9463 2499
audit@nexiaperth.com.au, www.nexia.com.au

Independence

In conducting our audit, 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.

Opinion

In our opinion:

(a) the financial report of Eden Energy Ltd is in accordance with the *Corporations Act 2001*, including:

  (i) giving a true and fair view of the consolidated entity's financial position as at 30 June 2016 and of its performance for the year ended on that date; and

  (ii) complying with Australian Accounting Standards (including the Australian Accounting Interpretations) and the *Corporations Regulations 2001.*

(b) the financial report also complies with International Financial Reporting Standards as disclosed in Note 1.

Report on the remuneration report

We have audited the remuneration report included of the directors' report for the year ended 30 June 2016. The directors of the company are responsible for the preparation and presentation of the remuneration report in accordance with Section 300A of the *Corporations Act 2001*. Our responsibility is to express an opinion on the remuneration report, based on our audit conducted in accordance with Australian Auditing Standards.

Opinion

In our opinion, the remuneration report of Eden Energy Ltd for the year ended 30 June 2016 complies with Section 300A of the *Corporations Act 2001*.

Nexia Perth Audit Services Pty Ltd

TJ Spooner
Director
Perth, 31 August 2016

ADDITIONAL INFORMATION FOR LISTED PUBLIC COMPANIES

The following additional information is required by the Australian Securities Exchange Ltd.

1. Shareholding as at 15 August 2016

a. **Distribution of Shareholders**

Category (size of holding)	Number Ordinary
1 – 1,000	124
1,001 – 5,000	960
5,001 – 10,000	1,000
10,001 – 100,000	3,112
100,001 – and over	988
	6,184

b. The number of shareholdings held in less than marketable parcels is 371.

c. The names of the substantial shareholders listed in the holding company's register as at 15 August 2016 are:

Shareholder	Number Ordinary
Noble Energy Pty Ltd	493,198,298

d. **Voting Rights**

The voting rights attached to each class of equity security are as follows:

Ordinary shares - Each ordinary share is entitled to one vote when a poll is called, otherwise each member present at a meeting or by proxy has one vote on a show of hands.

e. **20 Largest Shareholders — Ordinary Shares**

Name		Number of Shares	% Issued Capital
1.	Noble Energy Pty Ltd	456,751,518	39.15%
2.	Noble Energy Pty Ltd	36,446,780	3.12%
3.	Mr & Mrs Rogerson & Miss C Rogerson <The Rogerson Super Fund A/c>	29,217,670	2.50%
4.	Arkenstone Pty Ltd <G H Solomon Family Inv A/c>	22,107,593	1.90%
5.	March Bells Pty Ltd	18,881,661	1.62%
6.	Mr Wayne Kearney & Mrs Robyn Kearney <Kearney Super A/c>	12,205,516	1.05%
7.	Dr Kok Kian Lim	11,300,000	0.97%
8.	Citicorp Nominees Pty Ltd	10,946,277	0.94%
9.	Ultimate Site Development Pty Ltd	7,582,284	0.65%
10.	HSBC Custody Nominees (Australia) Limited	7,367,525	0.63%
11.	Kalsie Holdings Pty Ltd <Iyer Superfund A/c>	7,200,000	0.62%
12.	Mr Boris Duka & Mrs Elizabeth Ann Duka	6,500,000	0.56%
13.	Paddocks Superannuation Pty Ltd <Paddocks Super Fund A/c>	6,210,000	0.53%
14.	Mr Norman Vincent Maher	6,205,717	0.53%
15.	Mr Christopher Williams <CS Williams Family A/c>	5,453,476	0.47%
16.	Miss Michelle Hawksley <MHawksley Family A/c>	5,321,344	0.46%
17.	BNP Paribas Noms Pty Ltd <DRP>	4,928,455	0.42%
18.	Mr Douglas Solomon	4,505,089	0.39%
19.	Mr Gregory Solomon	4,364,661	0.37%
20.	Top Energy Pty Ltd	4,352,846	0.37%
		667,848,412	57.25%

e. **20 Largest Optionholders — EDEO**

	Name	Number of Options	% of Issued
1.	Noble Energy Pty Ltd	93,187,329	42.64%
2.	Arkenstone Pty Ltd <G H Solomon Family Inv A/c>	8,789,413	4.02%
3.	Noble Energy Pty Ltd	8,169,450	3.74%
4.	Kalsie Holdings Pty Ltd <Iyer Super Fund A/c>	7,800,000	3.57%
5.	March Bells Pty Ltd	6,964,104	3.19%
6.	Christopher Stephen Williams <CS Williams Family A/c>	5,205,591	2.38%
7.	Miss Michelle Hawksley <Mhawksley Family A/c>	5,139,525	2.35%
8.	Mr Duncan Gowans & Mrs Jodie Gowans <Gowans Superfund A/c>	4,550,000	2.08%
9.	Mr Douglas Howard Solomon	4,300,312	1.97%
10.	Elysian Islands Pty Ltd <Elysian Islands S/f A/c>	3,800,000	1.74%
11.	Mr Gregory Howard Solomon	3,176,254	1.45%
12.	Mr Duncan Gerard Gowans	3,000,000	1.37%
13.	Mr Boris Duka & Mrs Elizabeth Ann Duka	2,530,819	1.16%
14.	Mr Ian Morton & Mrs Deborah Morton <Debian Super Fund A/c>	2,109,000	0.96%
15	Mr Andrew Jamie Phipps	2,000,000	0.92%
16.	Mr Norman Vincent Maher	1,814,144	0.83%
17.	Mr Emilio Mosca & Mrs Anna Mosca <Mosca Super Fund A/c>	1,800,000	0.82%
18.	Mr Guy Le Page	1,789,392	0.82%
19.	Mr Daniel Robert Palin	1,572,059	0.72%
20.	Mr Robert Denis Taylor & Mrs Margaret Vivienne Taylor <RWT S/F A/c>	1,540,466	0.70%
		169,237,858	77.44%

2. Unquoted Securities – Options as at 15 August 2015

Holder Name	Date of Expiry	Exercise Price	Number on issue	Number of holders
Employee Share Options	28 February 2019	$0.095	6,550,000	18
Maxim Partners LLC	19 May 2019	$0.2875	2,250,000	1
Maxim Partners LLC	19 May 2019	$0.3875	1,125,000	1
Hudson Bay Master Fund Ltd	19 May 2019	$0.31	10,875,000	1
CVI Investments Inc	19 May 2019	$0.31	11,625,000	1
			32,425,000	21