



Annual Report & Accounts
For the year ended 31 December 2016



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Company Information

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Chairman's Report

for the year ended 31 December 2016

Dear Shareholder,

This is my first opportunity to write to you in an Annual Report as your new Chairman following my appointment in September 2016. Details of the Company's progress throughout 2016 is outlined in The Review of Operations below. Here I set these major operational achievements within the context of the Company's strategy.

The Rukwa Power Project in Tanzania ("Power Project") remains our major focus as we believe that this significant project can unlock the majority of the value from our substantial coal resource. However, in August 2016 the Tanzanian Government implemented a ban on coal imports into Tanzania. The Board see this as an opportunity for the Company to pursue a twin track approach for the Rukwa coal – creating shorter-term value by starting mining operations to satisfy local markets, while pursuing the longer-term Power Project. Coal mining will enable us to generate cash flow and establish Edenville as one of the very few coal producers in the region.

I am pleased to report that we are making encouraging progress on both the longer-term Power Project and the shorter-term mining activities. In January 2017 we announced that we had signed an MOU with Sinohydro Corporation of China, one of the largest power and infrastructure development companies in the world, to bring the Power Project into full Bankable Feasibility Stage. Following that we raised £2m (before expenses) in March 2017 to start mining operations at Rukwa. We are now well advanced in acquiring and installing mining equipment and wash plant facilities and are on schedule to start producing commercial coal later in 2017.

The year has also seen the departure of our Chief Operations Officer, Mark Pryor. On behalf of the Board, I would like to reiterate our sincere gratitude to Mark who has been with the Company since 2009 when the Rukwa deposit was largely unexplored. He was instrumental in the development of the resource from a largely unexplored group of deposits to the 173 million tonnes of JORC compliant resources that currently exists. He has also provided critical guidance and training to our team of geologists in Tanzania.

Earlier this year we also welcomed an experienced mining engineer and an electrical engineer familiar with the running of a coal wash plant to the Company. We are confident that they will help the smooth running of the mining operations in Rukwa. The remainder of 2017 promises to be an exciting period for the Company as we move from a coal explorer to a coal producer.

In closing I would like to thank all shareholders for their continued support, our partners in Tanzania and our staff and consultants both in the UK and Tanzania. We are hopeful that 2017 will be a transformative and positive year for the Company.

Yours sincerely

Dr Jeffrey Malaihollo

Chairman

24 May 2017

Chief Executive Officer's Report

for the year ended 31 December 2016

I am pleased to present the 2016 review of our operations along with our Annual Report and Accounts for the financial year ended 31 December 2016.

After taking over as Chairman from Sally Schofield who resigned in April 2016, I continued in this role until September 2016, when the Company, after considering several candidates for the role, appointed Jeffrey Malaihollo the new Chairman of the Company and I continued as CEO.

I am again very grateful for the support of our shareholders throughout the year. During 2016 there have been both challenges along with opportunities; the Company ended 2016 with several key areas that were greatly advanced, notably the preparations for starting production to sell coal into local markets along with significantly more detail being added on the technical aspects of the Company's Power Project.

There have also been challenges to navigate and overcome. These have included the government and regulatory regime in Tanzania, which has undergone considerable change, both in Tanzania Electric Supply Company Ltd ("Tanesco") and within the Ministry of Energy and Minerals ("MEM"). I believe we have positioned ourselves as sensibly as possible to deal with the changes and to take advantage of opportunities to move forward as and when they occur. An approximate 17% devaluation of sterling against the US dollar and Tanzanian Shilling meant our Africa costs increased over the year. Most notably as I write this we have already started mining operations and are in the process of establishing a coal washing plant at site. Q3 2017 should see the operation ramp up to full production to position the Company as a supplier of coal to Tanzania and the region. In parallel the Company will work alongside Tanesco, MEM and other groups to advance the Power Project.

2016 Review

2016 opened with the granting of the Mining Licence 562/2016 over the Mkomolo area in late February. This licence is critical to the successful development and operation of the planned thermal power plant project and we viewed this as an essential and natural next step in the development process.

During 2016 the newly elected Government of Tanzania ("GOT") had been establishing its policy towards power and energy development. As part of this, Tanesco underwent significant organisational changes and restructuring. During the early part of the year we were confident of moving ahead with negotiations and agreements on the power development section of the project. Our Power Project passed all Tanesco's requirements as a project concept proposal and was passed to the MEM for further advancement. However, both the MEM and Tanesco were in a state of change throughout the year and by October it had become clear that Edenville would need to wait for this reorganisation to become complete before proceeding further with the Power Project.

In late August the GOT announced a ban on imported coal into Tanzania, thereby providing a greater opportunity to sell to customers other than the planned power plant. Whilst we have always viewed third party coal sales as worth pursuing, the development in government policy strengthened this option and we are currently in the construction phase of placing a coal wash plant and crusher at the project site. Sales have already taken place and we expect to move towards full production shortly in order to produce a washed coal that can be sold in Tanzania and the wider region.

In July we embarked on a bulk sampling programme to determine more fully the raw coal characteristics and the coal's reaction to washing. This was predominantly for the power plant development, but it became clear that good coal existed near to surface and that the potential for short term coal sales, particularly in light of the ban on coal imports, existed. The bulk sampling results indicated only moderate washing would be needed for a power plant with high recoveries up to, in some cases, 80%. The information we gained from this exercise is invaluable in determining the best type and size of power plant design and assessing the full potential of the Rukwa coal resource. The area we sampled is planned to be the first phase of extraction for the mining development now in progress.

In late 2015 we entered into a collaboration agreement with Runh Power of China. This technical collaboration, however, did not include funding or major contributions by way of technical work on the Power Project. There continued to be significant interest in the project from other EPC (Engineering, Procurement and Construction) groups particularly those based in Asia. After several site visits, one group, Sinohydro Corporation of China ("Sinohydro") carried out their own pre-feasibility study and economic analysis of the Power Project. This work occurred in the second half of 2016 with the results being very encouraging and broadly in line with the findings of the 2015 Lahmeyer Study. Subsequently, Sinohydro and Edenville signed a formal Memorandum of Understanding in January 2017 to partner in the Power Project.

Chief Executive Officer's Report

Sinohydro's main immediate contribution and commitment is to complete a Bankable Feasibility Study ("BFS") for the Power Project.

In parallel with the work carried out by Sinohydro, the Company has been continuously moving forward with both technical and regulatory work to advance the Power Project to the development stage. Significant areas are outlined below.

We commissioned a fully independent economic model to be built, this being completed in September 2016. This approached the project economics in greater granular detail than either Lahmeyer or Sinohydro and gave a broadly similar set of results and conclusion. We were very encouraged that the previous NPV10 of US\$222m for a 120 MW power project increased to US\$252m and an IRR of 23% in the new model. After further consultations with Tanesco and obtaining several tenders for mining works we consider this number as realistic in the current economic environment.

Importantly, we needed to verify and sense check as many of the calculations and assumptions we had made, to get as close to a viable plan which would take our coal "Resource" closer to "Reserve" status and therefore be considered bankable. As part of this our mining consultants, Sound Mining Systems, undertook extensive work on the global Rukwa coal resource, 99% of which already lies in Measured and Indicated status. The conclusions reached were that under the right circumstances a total minable resource of up to 90 million tonnes assuming a 4:1 strip ratio may be achievable to power a facility larger than the 120 MW base case and possibly up to 240-300 MW in size. Of course the final size depends on a mix of factors, not least demand and the price paid for the fuel (coal) and the tariff that can be applied to the electricity produced. Nevertheless we are confident that we have, in the right circumstances, a significantly larger project potential than our base case 120 MW.

During the second half of 2016 we also advanced the Environmental and Social Impact Assessment ("ESIA") for the power plant. Stage two of this work has now been completed and we are currently working with Sinohydro to determine the most appropriate way to integrate the remaining analysis and reporting into the BFS.

In parallel with the above work, we have pursued several proposals and tenders for mining, both to indicate costs for a coal to power development and to determine the best way forward for the mining works that will start shortly. In conclusion we believe our predicted mining costs are reasonable and sustainable in the current economic climate of Tanzania.

Post Period Events and Outlook

We started 2017 with the decision to move ahead with the development of the coal mine for commercial sales to third parties. This was after consideration of the following:

- A full understanding of the coal characteristics from the prior bulk sampling programme;
- The sourcing of a suitable wash plant at a competitive price;
- Obtaining a comprehensive set of mining estimates that we considered were economically viable; and
- Gaining significant interest from several parties who wish to purchase our coal on a long term basis.

To start commercial mining with as little capital cost as possible, a budget of approximately £2.0m was needed to put the Company fully into commercial production. Subsequently we approached the market and our existing shareholders to raise this amount in February and March of 2017. The response was overwhelmingly positive and as a result we have been able to continue the plan and move forwards towards full production in the coming months.

Recently we have completed the purchase of a wash plant using the Parnaby dense media system and this now on its way to Tanzania for construction in June/July 2017. Once at site our estimates are that it will take between six and eight weeks to assemble and become operational.

In parallel we are in the process of establishing the mining fleet at site. After considerable time spent with contractors and suppliers, assessing the advantages and disadvantages of contracting versus owner operator, we have opted to retain control of direct mining with support services being supplied by a local contractor. We believe this is the most cost effective and flexible solution going forward as the start of mining is relatively modest and can be managed internally.

Chief Executive Officer's Report

To manage all this and provide technical input we have also employed two engineering professionals, one in mining and one in processing, to oversee the development of the project. After the smooth and timely start to development I am confident we are building the right team to get the job done.

The Company has already made limited coal deliveries of both uncrushed and crushed coal with the intention of securing much larger and long term orders once the wash plant is operating. Several prospective long term customers are awaiting our build up of supply and we are focused on delivering this as soon as possible. In Q3 2017 we plan to have an operating wash plant and mining production to feed this, built with no debt and opening up an exciting future ahead to build the business into a regional supplier of coal products.

Alongside the start up of the mine we have continued to advance the Power Project.

Significantly in January 2017 the MEM released the Power System Master Plan 2016 Update. The 400KV North West Grid is in the plan for construction by 2020. This line would be able to take power directly from our Rukwa Power Project. Our discussions with Tanesco are working around this plan to determine the best way to implement the project as rapidly as possible.

Following the extensive work carried out last year, our immediate focus is to reach clarity with Tanesco and the MEM on the timing and structure of a power purchase agreement. This will feed into the advancement of the Bankable Feasibility Study with Sinohydro. Further announcements regarding the BFS and the Company's partnership with Tanesco will be made as appropriate.

Financing

In the first half of 2016, the Company's shares were frequently trading on AIM at a price close to their nominal value of £0.0002 per share. The issue of new shares by a company incorporated in England and Wales at a price below their nominal value is prohibited by the Companies Act 2006. In addition, the share price volumes at which the Ordinary Shares were trading meant that a small value transaction could significantly affect the Company's market capitalisation. One or two relatively small trades in a day could result in increased share price volatility that did not reflect the Company's underlying performance. The Directors also considered that more than 12 billion shares in issue was an excessive number for a company of the size of Edenville.

In order to deal with these issues, and to continue the mine and power plant development process requiring the issue of further equity, a capital reorganisation was considered necessary. Resolutions to give effect to the capital reorganisation were approved by shareholders at a General Meeting in August 2016. The effect of these resolutions was to sub-divide and consolidate the issued share capital of the Company whereby the number of issued ordinary shares in the capital of the Company was reduced by a multiple of approximately 20. The capital reorganisation did not lead to the holders of Existing Ordinary Shares having their current respective holdings diluted.

During the course of 2016 Edenville raised an aggregate of approximately £1.388m (before expenses) through the issue of new ordinary shares from placings, warrant exercises and settlement of invoices. These funds allowed the Company to substantially advance the technical requirements for the Power Project and effectively get sign off on the proposal for a power plant from Tanesco. The preparations for mining were also able to be funded along with some capital items such as the wash plant. The Company has been very conscious of the general market conditions regarding resource focused stocks over 2016 and has consistently targeted its capital at areas which would add value to the Company, advance it through the pre-development process and ultimately lead to cash generation from coal production.

Post the period end, in February 2017, £2m of gross proceeds were raised through the placing of new ordinary shares. These funds are predominantly being used to complete the process of placing the Company into commercial production. Several capital items including a coal washing plant have been acquired and it is the Company's intention to start mining with no debt being taken on. We will then be in a strong position to build up the business as a supplier of coal to the region over the long term.

Chief Executive Officer's Report

The devaluation of Sterling over the second half of 2016 did place some extra pressure on being able to meet all targets. A significant proportion of the Company's costs are in US\$ or Tanzanian Shillings. However, our funding is raised in Sterling which has undergone an approximate 17% devaluation from the start of 2016. Subsequently during the development phase of the mining project wherever possible we have sought to source goods and services denominated in sterling rather than other currencies.

Impairment of Historic Licences

As the Company progresses with detailed development discussions, we have continued to review our landholdings in Tanzania and take the opportunity to rationalise where appropriate. Every hectare of ground held by the company incurs a cost, both from annual license fees and associated work commitments, which can be significant. The Power Project and associated coal resource has clearly emerged as single most important asset of the Company and we continue our drive to direct maximum resources, both human and financial, to our flagship project.

In order to continue our ongoing cost management process, three early-stage exploration licences (PL5790, PL5659 and PL6174) were relinquished in April 2016. The licences were originally acquired for shares at the time of the Company's admission to AIM in 2010 and, after initial exploratory work, were found to contain little indication of economic mineralisation.

In February 2017 we relinquished exploration licence PL6147 as it became clear that focusing on the Rukwa coal was the Company's main opportunity. This was done after it became clear there was low prospectivity in this area due to our own investigations and others in neighbouring licences.

Subsequently to the above, the Company holds no further uranium licences and all value for uranium is considered written off.

Relinquishment of the above licenses has reduced the Company's work and licence fee commitments over the next 12 months by approximately US\$68,000 and allowed managerial, technical and financial resources to be focused on the development of the Power Project and commercial mining.

As a result of the decision to relinquish these licence interests, an impairment charge, in accordance with the Company's accounting policies and IFRS, has been made of £2,271,560. The Company's Net Book Value of its Exploration and Evaluation assets, including goodwill at 31 December 2016 is £4,705,760.

Corporate Social Responsibility

As part of the general site and area improvements several km of roads were maintained and upgraded during the year. Further work on upgrading of roads is due to start shortly. School supplies in the form of 100 desks were constructed and these were distributed to schools in the area. These supplies will be supplemented by other materials requested by the schools along with assistance on maintenance of school buildings.

Throughout the year the Company has endeavoured, wherever possible, to employ local personnel to carry out work needed at the project site. The bulk sampling in 2016 and more lately the mining and crushing of coal has given various temporary employment opportunities and with the development now taking place our first choice is always to use local people or locally based contractors wherever possible.

Summary

Following 2016, which in many ways had a series of events outside our direct control, the Company is now moving from exploration to production on the back of the mining development now occurring at site. We are confident that this is the right approach and have tried wherever possible to move this forward at as lower cost to the Company as can be attained. We have taken on no debt and estimate the capital expenditure to reach production will be approximately £2m. I believe to get a mine in any country operating for this amount is an achievement and the extra challenges that remote sites present means it is even more notable. Edenville's plan is to generate cash flow as soon as possible and work towards the Company being a self sustaining entity as soon as practically possible. Where we do need to raise funds we will continue to do so from viable sources in a responsible manner.

Chief Executive Officer's Report

Of course, we have not lost sight of the bigger picture for the Power Project and its potential to contribute significant power to Tanzania. Over 2016 we have demonstrated in many areas that the Company is serious in pursuing this strategy to its logical conclusion. The granting of the mining licence, the bulk sample work, a new financial model, definition of mineable resources and the partnership with Sinohydro all go to place the Power Project at a stage where Tanesco and MEM can count on this project being available for the power development programme. Notably in January 2017 the Power Master Plan Update 2016 was published by MEM and our project is included in this. We will continue to move forward alongside Sinohydro and the Tanzanian authorities through 2017.

Rufus Short

Chief Executive Officer

Strategic Report

for the year ended 31 December 2016

The directors present their strategic report for the year ended 31 December 2016.

Principal activity

The principal activity of the Group is the exploration and development of energy commodities predominantly coal in Africa.

Business Review and future developments

The purpose of this review is to show how the Group assesses and manages risk and uncertainty and adopts appropriate policy targets. Further details of the Group's business and expected future developments and a review of operations are also set out in the Chief Executive Officer's Report on pages 4 to 8.

Exploration Approach

The Group actively manages geological exploration on its licences by implementing a phased strategy that progressively increases the level of geological understanding for each licence to facilitate more focused exploration and resource development in the longer term. All field work is conducted by citizens of Tanzania under the direct supervision of the directors of Edenville International (Tanzania) Limited, who in return report directly to the Board of the Group. The Group also engages internationally recognised consultants to provide further guidance to the Board of the Group. Initial work consists of a desk-top review involving the collection, collation and re-interpretation of all available historical data, supplemented by regional-scale geological reconnaissance mapping and sampling. This will define the host geological units for mineralisation and allow for progressively more focused and detailed exploration that will potentially lead into a drilling campaign and ultimately ore body delineation and subsequent mineral resource estimations.

Financial and performance review

The results of the Group for the year ended 31 December 2016 are set out on page 23.

Principal risks and uncertainties and risk management

The principal risks facing the Group are those relating to the volatility of the commodities markets, reliance on the expertise of key Group personnel, risks connected with uncertainties of Tanzanian political, fiscal and legal systems, including taxation and currency fluctuations, as well as those regimes in which the Group has direct or indirect interests.

The Board and senior management regularly monitor and report on all areas of risk, through formal reports on a monthly basis as well as through ad hoc communications. Senior management regularly visits operations to understand site-specific risks as well as to assess local political, fiscal and legal risks. In this regard, the Group maintains a strict policy of compliance with local laws and regulations, and community issues (including health and safety, community development, and environmental responsibility) are at the forefront of strategic and operational decision-making.

The following are the key risks that face the Group:

Exploration and development risk

The exploration for and development of mineral deposits involves significant risks which no combination of careful evaluation, experience and knowledge can entirely eliminate. While the discovery of an ore body may result in substantial rewards, few properties which are explored are ultimately developed into producing mines. There is no certainty that the exploration programmes described in this document will result in the discovery of ore in commercial quantity and quality, or result in profitable commercial mining operations. Significant capital investment is required to achieve commercial production from successful exploration efforts and there can be no certainty that the Company will be able to obtain the financing required to continue operations and meet its commitments for the exploration and development programme.

The commercial viability of a mineral deposit is dependent upon a number of factors. These include the attributes of the deposit such as size, grade and proximity to infrastructures; current and future mineral prices which can be cyclical; and government regulations, including those relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection. The effect of these factors, either alone or in combination, cannot be entirely predicted and their impact may result in the Group not receiving an adequate return on invested capital.

Strategic Report

Conclusions drawn during mineral exploration are subject to the uncertainties associated with all sampling techniques and to the risk of incorrect interpretation of geological, geochemical, geophysical, drilling and other data.

The Group may carry out some of its exploration activities through joint ventures with others to spread the exploration risk and to decrease the Group's financial exposure to individual projects. There can be no guarantee that these partners will not withdraw for their own reasons.

Operational risks

Mineral exploration operations generally involve a degree of physical risk. The Group's operations are and will be subject to all the hazards and risks normally encountered in the exploration of minerals. These include climatic conditions, hazards of operating vehicles and plant, risks associated with operating in remote areas and security and health risks associated with work in developing countries.

The exploration activities of the Group are subject to various federal, provincial and local laws governing prospecting, development, production, taxes, labour standards and occupational health, mine safety, toxic substances and other matters. Exploration activities are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws mandate, among other things, the maintenance of air and water quality standards, and land reclamation. These laws also set forth limitations on the generation, transportation, storage and disposal of solid and hazardous waste. Although the Group's exploration activities are currently carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be applied in a manner which could limit or curtail future production or development. Amendments to current laws and regulations governing operations and activities of exploration, or future mining and milling, or more stringent implementation thereof, could have a material adverse effect on the value of the Group's assets.

The operational risks are mitigated, where possible, as follows:

- the executive directors visit each operation regularly, when these key risks are reviewed and actions taken as necessary;
- control procedures have been communicated to operations' management who review local procedures for Group compliance;
- the in-country operations team submit monthly reports to head office which cover operational progress and analysis of technical data. Results obtained from testing of mineral samples by independent laboratories are sent to the operational team and copied directly to the UK head office. A strict quality assurance/quality control procedure, designed by a leading independent consultancy group, is in place covering all aspects of geological exploration and sample collection with local staff trained to standards set by the UK head office;
- the executive directors visit each operation regularly to review local operational and technical procedures and controls and compliance with Group procedures and report to the Board; and
- the head office finance function visits each operation to review local financial controls and compliance with Group procedures and report to the board.

Human resources

The Group is reliant on a small team of experienced mining professionals for their success and is more than usually vulnerable to the adverse effects of losing key personnel.

Licences

While the Directors have no reason to believe that the existence and extent of any of the Group's properties are in doubt, title to mining properties is subject to potential litigation by third parties claiming an interest in them.

The failure to comply with all applicable laws and regulations, including failures to pay taxes, meet minimum expenditure requirements, or carry out and report assessment work, may invalidate title to portions of the properties where the mineral rights are held by the Group.

Strategic Report

The Group might not be able to retain its licence interests when they come up for renewal, despite a possibility of discovering ore bodies. Under the Mining Act 2010, at the end of the initial licence term and on renewal, a company must relinquish 50% of the land area held under licence. The dropped portion may be re-applied for; however, relinquishing 50% of the licence area does not necessarily devalue the licence. Mineral deposits may cover areas of only a few Km² and the process of relinquishment is such that a company will retain the part of the licence that is considered most prospective for a mineral discovery. If the original licence covers 40km² the retained ground after relinquishment is more than sufficient for the discovery of a world class deposit and does not detract from the value of the property.

While the Group has undertaken all the customary due diligence in the verification of title to its material mineral properties, this should not be construed as a guarantee of title. The Group's management team has been operating in Tanzania for a number of years and have experience in managing the title to its properties. It maintains professional relationships with the relevant government bodies responsible for the issue and renewal of licences but if there was an indication of an issue over the title to any of its properties it would seek advice from the Group's lawyers.

Economic risks

The value of the Group's properties may be affected by changes in the market price of minerals which fluctuate according to numerous factors beyond the Group's control. Changes in interest rates and exchange rates, the rate of inflation and world supply of and demand for mineral commodities all cause fluctuations in such prices. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political conditions. Future mineral price declines could have an adverse effect on the value of the Group's assets and its ability to raise further funds.

Certain of the Group's payments, in order to earn or maintain property interests, are to be made in the local currency in the jurisdiction where the applicable property is located. As a result, fluctuations in the US dollar against the pound and each of those currencies against local currencies in jurisdictions where properties of the Group are located could have an adverse effect on the Group's financial position which is denominated and reported in sterling.

The Group has not insured against any risks. Risks not insured against and for which the Group may become subject to liability include environmental pollution, political risk and other hazards against which the Group cannot insure or which it may elect not to insure. The payment of such liabilities may have a material adverse effect on Group's results of operation and financial condition.

The market price of commodities is volatile and is affected by numerous factors beyond the Group's control.

Over time prices of all commodities rise and fall. There is the risk that the price earned for minerals will fall to a point where it becomes uneconomic to extract them from the ground. The prices of these commodities are affected by a number of factors beyond Edenville's control which include available supply and demand along with government policy. The principal commodity in Edenville's portfolio is coal. During 2016, the price of coal has strengthened with prices rising up at one point to 100% from 2015 prices (Australian Thermal Coal). In 2017, the price has now leveled off somewhat but still remains strong with prices some 66% higher than they were a year ago in mid-2016. The impact of the price coal on the economics of the Edenville project is kept under close review although local factors play an important part in determining the coals economic viability.

Political risks

A substantial portion of the assets of the Group are located in non-UK jurisdictions. As a result, it may be difficult for investors to enforce judgments obtained against the Company if the damages awarded exceed the realisable value of the Company's UK assets. The political situations in African countries may introduce a degree of risk with respect to the Group's activities. In the countries where the Group has exploration activities, governments exercise control over such matters as exploration and mining licensing, permitting, exporting and taxation. Changes of policy by such governments may adversely impact the Group's ability to carry out exploration activities.

Edenville minimises political risk by operating in countries considered to have relatively stable political systems, established fiscal and mining codes and a respect for the rule of law.

Strategic Report

Impact of law and Governmental regulations

The Group's investments may be subject to the foreign exchange and other laws of various countries that may prevent, materially delay or at least require governmental approval for, the full or partial repatriation of the Group's investments. Foreign investment in companies in emerging countries may be restricted or controlled to varying degrees. These restrictions may, at times, limit or preclude foreign investment and increase the costs and expenses of the Group. Additionally, under certain circumstances a country may impose restrictions on capital remittances abroad. The Group could be adversely affected by delays in, or refusal to grant any required governmental approval for, repatriation of capital or dividends held by the Group or their conversion into foreign currency. In addition, gains from the disposal of such securities may be subject to withholding taxes, income tax and capital gains tax.

The Group must comply with, inter alia, the current and future Tanzanian regulations relating to mineral exploration and production. The institution and enforcement of such regulations could have the effect of increasing the expense and lowering the income or rate of return from, as well as adversely affecting the value of, the Group's assets.

Dependency on a single country

The Group's current exploration activities are situated entirely in Tanzania. The political situations in Africa may introduce a degree of risk with respect to the Group's activities. Risks may include, among others, labour disputes, delays or invalidation of governmental orders and permits, corruption, uncertain political and economic environments, civil disturbances and terrorist actions, arbitrary changes in laws or policies, foreign taxation and exchange controls, opposition to mining from environmental or other non-governmental organisations, limitations on foreign ownership, limitations on the repatriation of earnings, infrastructure limitations and increased financing costs. In Tanzania, the government exercises control over exploration and mining licensing, permitting, exporting and taxation. The Board believes that the Government of Tanzania supports the development of natural resources. However, there is no assurance that future political and economic conditions in Tanzania will not result in the Government of Tanzania changing its political attitude towards mining and adopting different policies respecting the exploration, development and ownership of mineral resources. Any such changes in policy may result in changes in laws affecting ownership of assets, land tenure and mineral licences, taxation, royalties, rates of exchange, environmental protection, labour relations, repatriation of income and return of capital, which may affect the Group's ability to undertake exploration and future mining operations in the properties in respect of which it has obtained exploration and mining rights to date and may adversely impact the Group's ability to carry out its activities.

Management is actively evaluating other coal projects in the African continent in order to expand the Group's coal resource base and reduce dependency on Tanzania.

Competition risks

The mineral exploration and mining business is competitive in all of its phases. The Group competes and will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources, in the search for, and the acquisition of, attractive mineral properties. The Group's ability to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire promising properties or prospects for mineral exploration. There is no assurance that the Group will continue to be able to compete successfully with its competitors in acquiring such properties or prospects.

Edenville is aware that it operates in an area considered highly prospective to competitive companies. The management monitor the activities of other operators and monitor their development and future plans from information available in the public domain, which allows the company to evaluate whether these competitors pose a threat to our market position.

Financing

The further development and exploration of the various mineral properties in which the Group holds interests is dependent upon the Group's ability to obtain financing through joint venturing projects, debt financing, equity financing or other means. There is no assurance that the Group will be successful in obtaining the required financing. If the Group is unable to obtain additional financing as needed some interests may be relinquished and/or the scope of the operations reduced.

Strategic Report

Financial risks

The Group's multi-national operations expose it to a variety of financial risks:

- (i) **Foreign exchange risk**
The majority of exploration costs are in United States dollars or Tanzanian schillings. Accordingly, foreign exchange fluctuations may adversely affect the Group's financial position and operating results.
- (ii) **Liquidity risk**
Prudent liquidity risk management in the context of the Group implies maintaining sufficient cash in the necessary currencies to be able to pay creditors as and when they fall due. The Group has a comprehensive system for financial reporting. The board approves the annual budget which is revised through the year as necessary with the board's approval. Monthly results are reported against budgets and variances analysed. Great importance is placed on the monitoring and control of cash flows, and cash forecasts are reported to the board.
- (iii) **Credit risk**
Cash balances are deposited with banks with a high credit rating.

Key performance indicators

The Company is currently a resource exploration and development entity, and consequently its assets comprise predominantly early phase projects that are not yet at the production stage. As a result, no revenue would be generated from these projects in the short-term and therefore the key performance indicators for the Company are linked to the achievements of project milestones, the increase in overall enterprise value and cash position.

The Board monitors relevant KPIs which are focused on managing the exploration and appraisal operations. The KPIs monitored by the Group on a monthly basis are as follows:

Financial KPIs

- Exploration expenditure.
- Total expenditure burn rates.
- Corporate overheads as a percentage of total expenditure.

Non financial KPIs

- Health and safety – There were no reported health and safety incidents during the year.
- Operational success – Relevant information is reported in the 'Chief Executive Officer's Report' on page 4.

Rufus V Short

Chief Executive Officer

24 May 2017

Directors' Biographies

Rufus Victor Short

Aged 53

Chief Executive Officer

Rufus is a qualified surveyor and also holds an MSc in Mineral Economics from Curtin University Western Australia. He has 25 years experience in the resources industry having worked in engineering and management positions in Australia, South East Asia and the FSU with companies such as PanAust, Newcrest and Aurora Gold.

A large part of his experience has been on development of projects in remote locations such as Borneo and Laos and he has worked to build coal, gold, silver and copper mines in such locations. Rufus has also spent several years working for various Australian mining consultancies such as AMC. Rufus is currently an independent mining consultant having previously worked at Investec plc for 6 years as an Investment Banker in the resources space. He is a member of the Association of Mining Analysts and a Member of the Institute of Directors (MIoD).

Arun Srivastava

Aged 69

Non-Executive Director

Arun has a rich and varied work experience of more than 40 years in the power industry, spread across turnkey development and operation of power plants, acquisition of fuel sources and liaison with regulators and representing industry and completing management of large size coal and gas based power projects.

Arun served as Managing Director and CEO of Essar Power Limited for 10 years until 2009 during a 19 year career with the company. At the time of his leaving, Essar Power, the power generation arm of Essar Group, operated five power plants with a combined capacity of 1200 MW across three locations in India and was expanding its generation capacity to 6000 MW. With in-house mining operations and licenses for power transmission and trading, the company was a fully integrated, end-to-end player within the power sector.

Prior to his role at Essar, Arun spent 13 years (1977-1990) at NTPC Limited, India's largest power generation company with a current installed capacity of 45000 MW plus coal-based and gas-based plants located across the country. Arun was responsible for preparing detailed project reports and implementation of various engineering aspects of these power projects. Key responsibilities included analysing coal properties for suitable selection of technology, including various types of boilers and coal and ash handling systems.

Arun currently acts as an independent consultant in the power sector and has advised companies both in India and abroad, as an Independent Director on the Board of Prolec-GE, Promoted Indo Tech Transformer Ltd (a publicly listed company in India), Evonik Energy Services(I) Pvt Ltd (Indian Consultancy subsidiary of Evonik Group, Germany), Smart Power Group, a US based group engaged in renewable energy technologies and Enam Holdings Pvt Ltd, the investment arm of Enam Group with large proprietary capital invested across companies/sectors.

Dr Jeffrey Malaihollo

Aged 50

Non-Executive Chairman

Jeffrey has a PhD in Geology and over 22 years' experience in varied roles within resource and finance having worked for Newcrest Mining and Loeb Aron Financial Advisors, following several years of Chief Executive Officer and Managing Director roles with Central China Goldfields and Bullabulling Gold and Arc Exploration.

Directors' Report

for the year ended 31 December 2016

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2016.

Dividends

The Directors do not recommend payment of a dividend for the year (2015 – nil). The loss is transferred to reserves.

Directors and Directors' interests

The Directors at the date of these financial statements who served during the year and their interests in the Ordinary Shares in the Company are as follows:

	Ordinary shares of 0.02p held at 31 December 2016	Deferred shares of 0.001p held at 31 December 2016	Ordinary shares of 0.02p held at 31 December 2015	Deferred shares of 0.001p held at 31 December 2015
Mark Pryor (resigned 31 October 2016)	Nil	Nil	Nil	Nil
Sally Schofield (resigned 8 May 2016)	Nil	Nil	65,963	Nil
Arun Srivastava	Nil	Nil	Nil	Nil
Rufus Short	2,222,002	844,480,460	Nil	Nil
J Malaihollo (appointed 1 September 2016)	Nil	Nil	Nil	Nil

The Directors' interests in share options as at 31 December 2016 are as follows:

	Options at 31.12.16	Exercise Price	Date of grant	First date of exercise	Final date of exercise
Rufus Short	3,005,741	5.00p	21.10.13	21.10.14	20.10.23

The disclosure above, in respect of comparative information in respect of shareholdings and share options, has been adjusted to reflect the share organisation disclosed in note 19.

Share capital

Details of issues of Ordinary Share capital during the year are set out in note 19.

Financial instruments and other risks

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 22 of the financial statements.

Details of risks and uncertainties that affect the Group's business are given in the Strategic Report.

Provision of information to auditors

So far as each Director at the date of approval of this report is aware, there is no relevant audit information of which the Company's auditors are unaware and each Director has taken all steps that he ought to have taken to make himself aware of any relevant audit information and to establish that the auditors are aware of that information.

Auditors

H.W. Fisher & Company have expressed their willingness to continue in office as auditors and a resolution to re-appoint them will be proposed at the next Annual General meeting.

This report was approved by the board on 24 May 2017 and signed on its behalf.

Rufus V Short
Chief Executive Officer

Statement of Directors' Responsibilities

for the year ended 31 December 2016

The Directors are responsible for preparing the annual report and the financial statements in accordance with applicable law and regulations.

Company law requires the Directors to prepare financial statements for each financial year. Under that law the directors have prepared the Group and Company financial statements in accordance with International Financial Reporting Standards ('IFRSs') as adopted by the European Union. Under company law, the directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Group and Company and of the profit or loss of the Group for that year. The Directors are also required to prepare financial statements in accordance with the rules of the London Stock Exchange for companies trading securities on the AIM market.

In preparing these financial statements the directors are required to:

- select suitable accounting policies and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- state whether they have been prepared in accordance with IFRSs as adopted by the European Union, subject to any material departures disclosed and explained in the financial statements; and
- prepare the financial statements on the going concern basis, unless it is inappropriate to presume that the Group and Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the financial statements.

The Directors are responsible for keeping adequate accounting records that are sufficient to show and explain the Group's and Company's transactions and disclose with reasonable accuracy at any time the financial position of the Group and Company and enable them to ensure that the financial statements comply with the requirements of the Companies Act 2006. They are also responsible for safeguarding the assets of the Company and the Group, and hence for taking reasonable steps for the prevention and detection of fraud and other irregularities.

Website publication

The Directors are responsible for ensuring the annual report and the financial statements are made available on a website. Financial statements are published on the Company's website in accordance with legislation in the United Kingdom governing the preparation and dissemination of financial statements, which may vary from legislation in other jurisdictions. The maintenance and integrity of the Company's website is the responsibility of the Directors. The Directors' responsibility also extends to the on-going integrity of the financial statements contained therein.

Remuneration Report

for the year ended 31 December 2016

The remuneration committee comprised of Jeffrey Malaihollo and Arun Srivastava. The committee is, within the agreed terms of reference, responsible for making recommendations to the directors on matters relating to the Group's remuneration structure, including pension rights, the policy on compensation of executive directors and their terms of employment, with the objective of attracting, motivating and retaining high quality individuals who will contribute fully to the success of the Group's businesses.

As the scope of operations expands the Company intend to increase the number and scope of the non-executive directors. The Company has two non-Executive directors. During the year, the Remuneration Committee did not operate and all relevant matters were dealt with by the full Board.

Remuneration policy

Salaries are reviewed annually on the basis of market comparisons with positions of similar responsibility and scope in comparable industries. The full Board takes into account both Group and personal performance in reviewing directors' salaries.

Non-executive directors' remuneration

Fees for non-executive directors are determined by the full Board on the basis of market comparisons with positions of similar responsibility and scope in companies of a similar size in comparable industries. Non-executive directors do not have service contracts, are not eligible for pension scheme membership and do not participate in any of the Group's bonus schemes. They have letters of engagement with the Company and their appointments are terminable on one month's or three months' written notice on either side.

Service agreements

The full Board has adopted current best practice in respect of service agreements issued on all new appointments. Executive Directors are employed under six month rolling service contracts.

Share options

Details of share options granted to directors are included in the Directors' Report.

Directors' remuneration

Details of remuneration of the directors of the Company who served in the year ended 31 December 2016 are set out below:

Name	Fees and other remuneration £	Pension £	2016 Total £	2015 Total £
Executive				
Rakesh Patel (resigned 3 June 2015)	–	–	–	63,333
Mark Pryor (moved to Chief Operating Officer on 3 June 2015 from Non- Executive Director) (resigned 31 October 2016)	79,167	124	79,291	63,750
Rufus Short	130,000	124	130,124	130,000
J Malaihollo (appointed 1 September 2016)	15,000	31	15,031	
Non-Executive				
Sally Joy Schofield (moved to Non- Executive Chairman on 3 June 2015 from Executive Chairman) (resigned 8 May 2016)	30,130	–	30,130	93,223
Arun Srivastava	36,000	–	36,000	36,000
	290,297	279	290,576	386,306

Directors' remuneration in respect of Rakesh Patel for the prior year was paid to Adler Shine LLP. Rakesh Patel is a partner in Adler Shine LLP.

The Directors have been and continue to be paid substantially less than their peers on the boards of AIM listed mining companies as indicated in Directors' Pay on AIM 2016, Vitesse Media Research Report.

Share based payment charge in respect of share options granted to directors amounted to £ Nil (2015: £Nil).

Corporate Governance Report

for the year ended 31 December 2016

Compliance with the UK Corporate Governance code

Under the AIM Rules, the Company is not formally required to comply with the UK Corporate Governance Code. Nevertheless the Company has taken steps to comply with the Code in so far as it can be applied practically, given the size of the Company and the nature of its operations.

The Company has complied with the provisions set out in Section 1 of the FRC code as annexed to the listing rules of the Financial Conduct Authority since its admission to the AIM market of the London Stock Exchange in August 2003, to the extent that they are practical for a Group of its size and resources. The directors consider that the Group is not of a size to warrant the need for a separate nominations committee or internal audit function.

Board of directors

The Board currently comprises one Executive Director (Rufus Short) and two Non-Executive Directors (Arun Srivastava and Jeffrey Malaihollo).

An agreed procedure exists for Directors in the furtherance of their duties to take independent professional advice. With the prior approval of the Chairman, all Directors have the right to seek independent legal and other professional advice at the company's expense concerning any aspect of the company's operations or undertakings in order to fulfil their duties and responsibilities as Directors. If the Chairman is unable or unwilling to give approval, Board approval will be sufficient. Newly appointed Directors are made aware of their responsibilities through the Company Secretary. The Company does not make any provision for formal training of new Directors.

Conflicts of interest

The Board confirms that it has instituted a process for reporting and managing any conflicts of interest held by Directors. Under the Company's Articles of Association, the Board has the authority to approve such conflicts.

Company materiality threshold

The Board acknowledges that assessment on materiality and subsequent appropriate thresholds are subjective and open to change. As well as the applicable laws and recommendations, the Board has considered quantitative, qualitative and cumulative factors when determining the materiality of a specific relationship of Directors.

Ethical standards

As part of the Board's commitment to the highest standard of conduct, the Company adopts a code of conduct to guide executives, management and employees in carrying out their duties and responsibilities. The code of conduct covers such matters as:

- responsibilities to shareholders
- compliance with laws and regulations
- relations with customers and suppliers
- ethical responsibilities
- employment practices
- responsibility to the environment and the community.

Corporate Governance Report

Board meetings

The Board meets on average every two months. Decisions concerning the direction and control of the business are made by the Board, and a formal schedule of matters specifically reserved for the Board is in place.

Generally, the powers and obligations of the Board are governed by the UK Companies Act 2006, and the other laws of the jurisdictions in which it operates. The Board is responsible, inter alia, for setting and monitoring Group strategy, reviewing trading performance, ensuring adequate funding, examining major acquisition opportunities, formulating policy on key issues and reporting to the shareholders. These areas are set out in more detail in a formal Schedule of Matters Reserved for the Board.

Board committees

There are two board committees, namely the Audit and Remuneration committees consisting of Jeffrey Malaihollo and Arun Srivastava. During the year the audit committee and the remuneration committee did not operate and all relevant matters were dealt with by the full Board. Moving forward, the intention is for these two committees to operate as follows:

Audit committee

The Committee provides a forum for reporting by the Group's external auditors. Meetings are held on average once a year and are also attended, by invitation, by the executive Directors.

The Audit Committee is responsible for reviewing a wide range of financial matters including the annual and half year results, financial statements and accompanying reports before their submission to the Board and monitoring the controls which ensure the integrity of the financial information reported to the shareholders.

Remuneration committee

The Committee is responsible for making recommendations to the Board, within agreed terms of reference, on the Company's framework of executive remuneration and its cost. The Remuneration Committee determines the contract terms, remuneration and other benefits for the Executive Directors, including performance related bonus schemes, compensation payments and option schemes. The Board itself determines the remuneration of the Non-Executive Directors.

Relations with shareholders

Investors are encouraged to participate in the Annual General Meeting and are regularly advised of any significant developments in the Company. The Company expects to widen its investor base and then meet regularly with any significant institutional shareholders, fund managers and analysts as part of an active investor relations programme to discuss long term issues and obtain feedback.

Internal financial control

The Board is responsible for establishing and maintaining the Group's system of internal financial controls. Internal financial control systems are designed to meet the particular needs of the Group and the risk to which it is exposed, and by its very nature can provide reasonable, but not absolute, assurance against material misstatement or loss.

The Directors are conscious of the need to keep effective internal financial control, particularly in view of the cash resources of the Group. Due to the relatively small size of the Group's operations, the Directors are very closely involved in the day-to-day running of the business and as such have less need for a detailed formal system of internal financial control. The Directors have reviewed the effectiveness of the procedures presently in place and consider that they are still appropriate to the nature and scale of the operations of the Group.

Corporate Governance Report

Managing business risk

The Board constantly monitors the operational and financial aspects of the company's activities and is responsible for the implementation and ongoing review of business risks that could affect the Company. Duties in relation to risk management that are conducted by the Directors include, but are not limited, to:

- Initiate action to prevent or reduce the adverse effects of risk
- Control further treatment of risks until the level of risk becomes acceptable
- Identify and record any problems relating to the management of risk
- Initiate, recommend or provide solutions through designated channels
- Verify the implementation of solutions
- Communicate and consult internally and externally as appropriate
- Inform investors of material changes to the company's risk profile.

Ongoing review of the overall risk management program (inclusive of the review of adequacy of treatment plans) is conducted by external parties where appropriate. The Board ensures that recommendations made by the external parties are investigated and, where considered necessary, appropriate action is taken to ensure that the Company has an appropriate internal control environment in place to manage the key risks identified.

Going Concern

The financial statements have been prepared on a going concern basis. The Company intends to operate within its cash resources.

At 31 December 2016 the Group had cash balances totalling £246,120 and in February 2017 the Company placed 250,000,000 new ordinary shares of 0.02p each for a placing price of 0.80p, providing the Company with £2,000,000 of additional funds before expenses.

Based on the current working capital forecast, the Group has sufficient funds in order to maintain its proposed work programme and levels of expenditure allowing it to move into the production phase later in 2017. However, if there are delays in the production, impacting revenue generation then the Group may require additional funds within twelve months of the date of approval of these financial statements. The ability of the Group to raise additional funds is dependent upon investor appetite. A large element of the expenditure on the licences is discretionary and both head office costs and Tanzanian administration costs can be reduced if the additional funds cannot be raised and the Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Independent Auditors' Report – Group

to the members of Edenville Energy plc

We have audited the group financial statements of Edenville Energy Plc for the year ended 31 December 2016 which comprise the Group Statement of Comprehensive Income, the Group Statement of Financial Position, the Group Statement of Changes in Equity, the Group Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union.

This report is made solely to the Group's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Group's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Group and the Group's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Statement of Directors' Responsibilities set out on page 16, the Directors are responsible for the preparation of the group financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the group financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Group's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on or, materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the group financial statements:

- give a true and fair view of the state of the Group's affairs as at 31 December 2016 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRSs as adopted by the European Union; and
- have been prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 2 'Going Concern' to the financial statements concerning the ability of the Group to continue as a going concern.

Based on current forecasts, the Group has sufficient funds in order to maintain its proposed work programme and levels of expenditure. However, if there are any delays in the future production of coal which impacts on revenue generation then the Group may require additional funds within twelve months of the date of approval of these financial statements. The ability of the Group to raise additional funds is dependent upon investor appetite.

These conditions, along with the other matters explained in note 2 'Going concern' to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Group's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Group was unable to continue as a going concern.

Independent Auditors' Report – Group

to the members of Edenville Energy plc

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Group financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Group and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you, if in our opinion:

- adequate accounting records have not been kept, or returns adequate for our audit have not been received from branches not visited by us; or
- the financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matters

We have reported separately on the parent company financial statements of Edenville Energy plc for the year ended 31 December 2016.

Simon Mott -Cowan (Senior Statutory Auditor)
for and on behalf of H W Fisher & Company
Chartered Accountants
Statutory Auditor
Acre House
11-15 William Road
London
NW1 3ER
United Kingdom
24 May 2017

Group Statement of Comprehensive Income

for the year ended 31 December 2016

	Note	2016 £	2015 £
Administration expenses	6	(892,854)	(870,399)
Share based payments	23	–	–
Impairment of intangible asset	14	(2,271,560)	(3,593,544)
Group operating loss		(3,164,414)	(4,463,943)
Finance income	10	18	20
Loss on operations before taxation		(3,164,396)	(4,463,923)
Income tax	11	173,450	639,331
Loss for the year		(2,990,946)	(3,824,592)
Other comprehensive income			
Gain on translation of overseas subsidiary		1,088,078	373,792
Total comprehensive loss for the year		(1,902,868)	(3,450,800)
Attributable to:			
Equity holders of the Company		(1,900,371)	(3,442,836)
Non-controlling interest		(2,497)	(7,964)
Loss per Share (pence)			
Basic and diluted loss per share	12	(0.50p)	(1.00p)

All operating income and operating gains and losses relate to continuing activities.

No separate statement of comprehensive income is provided as all income and expenditure is disclosed above.

Group Statement of Financial Position

as at 31 December 2016

	Note	2016 £	2015 £
Non-current assets			
Property, plant and equipment	13	19,222	22,292
Intangible assets	14	4,705,760	5,361,277
		4,724,982	5,383,569
Current assets			
Trade and other receivables	15	170,341	141,924
Cash and cash equivalents	16	246,120	316,652
		416,461	458,576
Current liabilities			
Trade and other payables	17	(133,486)	(105,092)
Current assets less current liabilities		282,975	353,484
Total assets less current liabilities		5,007,957	5,737,053
Non-current liabilities			
Provision for deferred tax	18	–	(144,490)
		5,007,957	5,592,563
Equity			
Called-up share capital	19	2,563,325	1,872,978
Share premium account		14,250,401	13,623,545
Share option reserve		108,802	129,610
Foreign currency translation reserve		1,108,176	20,098
Retained earnings		(13,026,926)	(10,059,286)
Attributable to the equity shareholders of the company		5,003,778	5,586,945
Non-controlling interests		4,179	5,618
Total equity		5,007,957	5,592,563

The financial statements were approved by the board of directors and authorised for issue on 24 May 2017 and signed on its behalf by:

Rufus Short
Director

Company registration number: 05292528

Group Statement of Changes in Equity

for the year ended 31 December 2016

	Equity Interests					Total £	Non- controlling interest £	Total £
	Share Capital £	Share Premium £	Retained Earnings Account £	Share Option Reserve £	Foreign Currency Reserve £			
At 1 January 2015	1,488,728	13,215,320	(6,296,761)	183,713	(353,694)	8,237,306	12,962	8,250,268
Issue of share capital	350,000	400,000	–	–	–	750,000	–	750,000
Cost of issue	–	(50,000)	–	–	–	(50,000)	–	(50,000)
Exercise of warrants	34,250	58,225	–	–	–	92,475	–	92,475
Cancellation of share options	–	–	54,103	(54,103)	–	–	–	–
Foreign currency translation	–	–	–	–	373,792	373,792	620	374,412
Loss for the year	–	–	(3,816,628)	–	–	(3,816,628)	(7,964)	(3,824,592)
At 31 December 2015	1,872,978	13,623,545	(10,059,286)	129,610	20,098	5,586,945	5,618	5,592,563
Issue of share capital	690,347	697,806	–	–	–	1,388,153	–	1,388,153
Cost of issue	–	(70,950)	–	–	–	(70,950)	–	(70,950)
Exercise of warrants	–	–	–	–	–	–	–	–
Cancellation of share options	–	–	20,808	(20,808)	–	–	–	–
Foreign currency translation	–	–	–	–	1,088,078	1,088,078	1,059	1,089,137
Loss for the year	–	–	(2,988,448)	–	–	(2,988,448)	(2,498)	(2,990,946)
At 31 December 2016	2,563,325	14,250,401	(13,026,926)	108,802	1,108,176	5,003,778	4,179	5,007,957

Group Cash Flow Statement

for the year ended 31 December 2016

	Year ended 31 December 2016	Year ended 31 December 2015
Note	£	£
Cash flows from operating activities		
Operating loss	(3,164,414)	(4,463,943)
Impairment of tangible & intangible non-current assets	2,271,560	3,593,544
Depreciation	5,819	7,430
(Increase)/decrease in trade and other receivables	(7,219)	45,535
Increase in trade and other payables	46,776	13,692
Foreign exchange differences	–	(657)
Net cash outflow from operating activities	(847,478)	(804,399)
Cash flows from investing activities		
Purchase of exploration and evaluation assets	(541,455)	(313,958)
Finance income	18	20
Net cash used in investing activities	(541,437)	(313,938)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	1,388,153	842,475
Share issue costs	(70,950)	(50,000)
Net cash inflow from financing activities	1,317,203	792,475
Net (decrease) in cash and cash equivalents	(71,712)	(325,862)
Cash and cash equivalents at beginning of year	316,652	641,830
Effect of foreign exchange rate changes on cash and cash equivalents	1,180	684
Cash and cash equivalents at end of year	16	246,120
	316,652	316,652

Notes to the Group Financial Statements

for the year ended 31 December 2016

1 General Information

Edenville Energy plc is a public limited company incorporated in the United Kingdom. The address of the registered office is Aston House, Cornwall Avenue, London, N3 1LF. The company's shares are listed on AIM, a market operated by the London Stock Exchange.

The principal activity of the Group is the exploration and mining of energy commodities predominantly coal in Africa.

2 Group Accounting Policies

Basis of preparation and statement of compliance

The Group's financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC Interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Group's financial statements have also been prepared under the historical cost convention, as modified by the revaluation of available for sale investments.

The preparation of financial statements in conformity with IFRS requires the use of certain critical accounting estimates. It also requires management to exercise its judgement in the process of applying the Group's accounting policies. The areas involving a higher degree of judgement or complexity, or areas where assumptions and estimates are significant to the Group's financial statements are disclosed in Note 4.

The Company's financial statements continue to be prepared under IFRS. Therefore, the Company's financial statements and the associated notes, together with the auditors' report on these financial statements, are presented separately from the Group, starting on page 48.

Going concern

At 31 December 2016 the Group had cash balances totalling £246,120 and in February 2017 the Company placed 250,000,000 new ordinary shares of 0.02p each for a placing price of 0.80p, providing the Company with £2,000,000 of additional funds before expenses.

Based on the current working capital forecast, the Group has sufficient funds in order to maintain its proposed work programme and levels of expenditure allowing it to move into the production phase later in 2017. However, if there are delays in the production, impacting revenue generation then the Group may require additional funds within twelve months of the date of approval of these financial statements. The ability of the Group to raise additional funds is dependent upon investor appetite. A large element of the expenditure on the licences is discretionary and both head office costs and Tanzanian administration costs can be reduced if the additional funds cannot be raised and the Group therefore continues to adopt the going concern basis in preparing its consolidated financial statements.

Standards and interpretations in issue but not yet effective or not yet relevant

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effective date (period beginning on or after)
IFRS 2	Share based payments – Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 9	Financial instruments – incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition.	1 January 2018
IFRS 12	Disclosure of interests in other entities – Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope)	1 January 2017
IFRS 15	Revenue from Contracts with Customers – Clarifications to IFRS 15	1 January 2018
IFRS 16	Leases – original issue	1 January 2019

Notes to the Group Financial Statements

2 Group Accounting Policies *continued*

Standards and interpretations in issue but not yet effective or not yet relevant *continued*

		Effective date (period beginning on or after)
IAS 7	Statement of cash flows – Amendments resulting from the disclosure initiative	1 January 2017
IAS 12	Income taxes – Amendments regarding the recognition of deferred tax assets for unrealised losses	1 January 2017
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Group's financial statements.

Share based payments

The Group operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Group. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement of employees to save).

Assumptions about the number of options that are expected to vest include consideration of non-market vesting conditions. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Group issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Basis of consolidation

The Group's financial statements consolidate the financial statements of Edenville Energy plc and all its subsidiary undertakings (GOA Tanzania Limited, Edenville International (Seychelles) Limited, Edenville International (Tanzania) Limited and Edenville Power (TZ) Limited) made up to 31 December 2016. Profits and losses on intra-group transactions are eliminated on consolidation.

Subsidiaries are all entities over which the group has control. The group controls an entity when the group 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 over the entity. Subsidiaries are fully consolidated from the date on which control is transferred to the group. They are deconsolidated from the date that control ceases.

Business combinations

The Group adopts the acquisition method in accounting for the acquisition of subsidiaries. On acquisition the cost is measured at the fair value of the assets given, plus equity instruments issued and liabilities incurred or assumed at the date of exchange. The assets acquired and liabilities and contingent liabilities assumed in a business combination are measured at their fair value at the date of acquisition. Any excess of the fair value of the consideration over the fair value of the identifiable net assets acquired is recorded as goodwill.

Notes to the Group Financial Statements

2 Group Accounting Policies *continued*

Any deficiency of the fair value of the consideration below the fair value of identifiable net assets acquired is credited to the income statement in the period of the acquisition.

The results of subsidiary undertakings acquired or disposed of during the year are included in the group statement of comprehensive income statement from the effective date of acquisition or up to the effective date of disposal.

Where necessary, adjustments are made to the financial statements of subsidiaries to bring the accounting policies used into line with those used by the group. Inter-company transactions and balances between group companies are eliminated.

Revenue recognition

Revenue from the sale of energy commodities is recognised upon delivery of goods to the customers. Interest income is recognised on a proportional basis taking into account the effective interest rates applicable to the financial assets.

All revenue is stated net of the amount of sales tax.

Currently the group does not generate any revenue.

Presentational and functional currency

This financial information is presented in pounds sterling, which is the Group's functional currency.

In preparing the financial statements of individual entities, transaction in currencies other than the entity's functional currency (foreign currencies) are recorded at the rates of exchange prevailing on the dates of the transactions. At each balance sheet date, monetary items denominated in foreign currencies are retranslated at the rates prevailing at the balance sheet date.

For the purposes of presenting consolidated financial statements, the assets and liabilities of the Group's foreign operations (including comparatives) are expressed in pounds sterling using exchange rates prevailing at the balance sheet date. Income and expense items are translated at the average exchange rate for the period. Exchange differences arising, if any, are classified as equity and transferred to the Group's foreign currency translation reserve. Such translation differences are recognised in the income statement in the period in which the foreign operation is disposed.

Financial instruments

The Group classifies financial instruments, or their component parts, on initial recognition as a financial asset, or financial liability or an equity instrument in accordance with the substance of contractual arrangement.

Financial instruments are recognised on the balance sheet at fair value when the Group becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets comprise investments, cash and cash equivalents and receivables. Unless otherwise indicated, the carrying amounts of the Group's financial assets are a reasonable approximation of their fair values.

Recognition and measurement

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when rights to receive cash flows from investments have expired or the group has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost.

Notes to the Group Financial Statements

2 Group Accounting Policies *continued*

Financial assets *continued*

Equity investments available for sale

Equity investments available for sale are non-derivatives that are either designated in this category or not classified in any of the other categories. Equity investments available for sale do not have a quoted market price in an active market. They are included in non-current assets unless management intends to dispose of the investment within 12 months of the balance sheet date. Investments are initially classified at fair value. Gains and losses arising from changes in fair value are recognised directly in equity, until the security is disposed of or is determined to be impaired. The Group assesses at each balance sheet date whether there is objective evidence that a financial asset or a group of financial assets is impaired. If any such evidence exists the cumulative loss, measured as the difference between the acquisition cost and the current fair value, less any impairment loss previously recognised in statement of comprehensive income, is removed from equity and recognised in the statement of comprehensive income.

Where the fair value cannot be reliably measured as a result of a lack of an active market and/or reliable estimates could not be made the equity investments are measured at cost.

Trade and other receivables

Provision for impairment of trade receivables is made when there is objective evidence that the Group will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is the difference between the receivables carrying amount and the present value of the estimated future cash flows.

An assessment for impairment is undertaken at least annually.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Financial liabilities

Financial liabilities are recognised when the Group becomes a party to the contractual provisions of the instrument. Financial liabilities comprise only trade and other payables.

All financial liabilities are recorded at amortised cost, using the effective interest method, with interest-related charges being recognised as an expense under finance costs in the Income Statement.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, is cancelled, or expires.

Property, plant and equipment

Property, plant and equipment are stated at cost on acquisition less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all property, plant and equipment categories at rates calculated to write off the cost, less estimated residual value on a reducing balance basis over their expected useful economic life. The depreciation rates are as follows:

	Basis of depreciation
Fixtures and fittings	25% reducing balance
Office equipment	25% reducing balance
Motor Vehicles	25% reducing balance

Costs capitalised include the purchase price of an asset and any costs directly attributable to bringing it into working condition for its intended use.

Notes to the Group Financial Statements

2 Group Accounting Policies *continued*

Finance costs

Finance costs of debt, including premiums payable on settlement and direct issue costs are charged to the income statement on an accruals basis over the term of the instrument, using the effective interest method.

Income taxation

The taxation charge represents the sum of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Group's assets and liabilities and their tax base. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity or qualifying local tax group. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits, within the same jurisdiction, in the foreseeable future against which the deductible temporary difference can be utilised. Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

Exploration and evaluation assets

Capitalisation

Certain costs (other than payments to acquire the legal right to explore and costs which are directly attributable to those payments) incurred prior to acquiring the rights to explore are charged directly to the income statement. All costs incurred after the rights to explore an area have been obtained, such as geological and geophysical costs and other direct costs of exploration and appraisal are accumulated and capitalised as intangible exploration and evaluation ("E&E") assets. These costs are only carried forward to the extent that they are expected to be recouped through the successful development of the areas or where activities in the areas have not yet reached a stage which permits reasonable assessment of the existence of economically recoverable reserves.

E&E costs are not amortised prior to the conclusion of appraisal activities.

At completion of appraisal activities, if technical feasibility is demonstrated and commercial reserves are discovered, then, following development sanction, the carrying value of the relevant E&E asset will be reclassified as a development and production ("D&P") asset, but only after the carrying value of the relevant E&E asset has been assessed for impairment, and where appropriate, its carrying value adjusted. If after completion of appraisal activities in the area, it is not possible to determine technical feasibility and commercial viability or if the legal right to explore expires or if the Company decides not to continue exploration and evaluation activity, then the costs of such unsuccessful exploration and evaluation are written off to the income statement in the period the relevant events occur.

Notes to the Group Financial Statements

2 Group Accounting Policies *continued*

Exploration and evaluation assets *continued*

Impairment

Management consider on a regular basis the geological resources and exploration and evaluation results of each licence and based on their analysis may relinquish or abandon a particular licence area. When this occurs the costs related to the relinquished area are written off to the income statement.

Where the licences will be retained an impairment review is performed when facts and circumstances indicate that the carrying value of E&E assets may exceed its recoverable amount.

For E&E assets when there are such indications, an impairment test is carried out by grouping the E&E assets with the D&P assets belonging to the same geographic segment to form the Cash Generating Unit ("CGU") for impairment testing. The equivalent combined carrying value of the CGU is compared against the CGU's recoverable amount and any resulting.

Impairment loss is written off to the income statement. The recoverable amount of the CGU is determined as the higher of its fair value less costs to sell and its value in use.

Goodwill

At the date of acquisition of a subsidiary undertaking, fair values are attributed to the acquired identifiable assets, liabilities and contingent liabilities. Goodwill represents the difference between the fair value of the purchase consideration and the acquired interest in the fair value of those net assets.

Goodwill is initially recognised at fair value. Any negative goodwill is credited to the income statement in the year of acquisition. If an undertaking is subsequently sold, the amount of goodwill carried on the balance sheet at the date of disposal is charged to the income statement in the period of disposal as part of the gain or loss on disposal.

Goodwill is associated with exploration and evaluation assets, the impairment of which is discussed in the accounting policy note for exploration and evaluation assets.

3 Financial risk management

Fair value estimation

The carrying value less impairment provision of trade receivables and payables is assumed to approximate their fair values, due to their short-term nature. The fair value of financial liabilities for disclosure purposes is estimated by discounting the future contractual cash flows at the current market interest rate that is available to the group for similar financial instruments.

4 Critical accounting estimates and areas of judgement

The Group makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are those in relation to:

- the impairment of intangible exploration and evaluation assets and goodwill;
- classification of exploration and evaluation assets; and
- share based payments.

Notes to the Group Financial Statements

4 Critical accounting estimates and areas of judgement *continued*

Impairment – intangible exploration and evaluation assets and goodwill

The Group is required to perform an impairment review, for each CGU to which the asset relates, when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The recoverable amount is based upon the Directors' judgements and are dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposal until the technical feasibility and commercial viability of extracting a mineral resource becomes demonstrable, at which point the value is estimated based upon the present value of the discounted future cash flows.

Fair value of intangible assets

The Company holds Tanzanian prospecting licences through its subsidiary, Edenville International (Tanzania) Limited. The value of these intangible exploration assets acquired represents the fair value of the consideration paid by Edenville Energy plc at the time of the acquisition of Edenville International Limited.

The outcome of ongoing exploration and evaluation, and therefore whether the carrying value of exploration and evaluation assets will ultimately be recovered, is inherently uncertain. The directors have assessed the value of exploration and evaluation expenditure carried as intangible assets. In their opinion there has been no impairment loss to intangible exploration and evaluation assets in the period, other than the amounts charged to the income statement.

Classification of exploration and evaluation assets

E&E assets are reclassified from Exploration and Evaluation when evaluation procedures have been completed and the Directors consider commercial viability has occurred. The Directors consider commercial viability occurs when the project development reaches a stage where the mining and processing of the mineral is at commissioning stage and the project has been successfully built or developed in such a way that cash flow can be received for the product in question. Critically this point shows the project has been able to be developed for a cost that can be both quantified and also sourced in some way to allow the project to reach this stage. Commissioning is generally defined in mineral exploitation as the point at which the project can deliver products in a regular and sustainable way, be that from the mine or a processing plant.

Share based payments

The estimate of share based payments costs requires management to select an appropriate valuation model and make decisions about various inputs into the model including the volatility of its own share price, the probable life of the options and the risk free interest rate.

Notes to the Group Financial Statements

5 Segmental information

The Board considers the business to have two reportable segments being Coal and Uranium exploration projects.

Other represents unallocated expenses and assets held by the head office. Unallocated assets primarily consist of cash and cash equivalents.

	Exploration Projects		Other £	Total £		
	Coal £	Uranium £				
2016						
Consolidated Income Statement						
Impairment of intangible assets	–	(2,271,560)	–	(2,271,560)		
Share based payments	–	–	–	–		
Other expenses	(111,095)	–	(781,759)	(892,854)		
Group operating loss	(111,095)	(2,271,560)	(781,759)	(3,164,414)		
Finance income	–	–	18	18		
Loss on operations before taxation	(111,095)	(2,271,560)	(781,741)	(3,164,396)		
Income tax	–	173,450	–	173,450		
Loss for the year	(111,095)	(2,098,110)	(781,741)	(2,990,946)		
2015						
Consolidated Income Statement						
Impairment of intangible assets	(688,740)	(2,904,804)	–	(3,593,544)		
Other expenses	(130,430)	–	(739,969)	(870,399)		
	(819,170)	(2,904,804)	(739,969)	(4,463,943)		
Group operating loss						
Finance income	–	–	20	20		
Loss on operations before taxation	(819,170)	(2,904,804)	(739,949)	(4,463,923)		
Income tax	109,636	529,695	–	639,331		
Loss for the year	(709,534)	(2,375,109)	(739,949)	(3,824,592)		
By Business Segment						
	Carrying value of segment assets		Additions to non-current assets and intangibles		Total liabilities	
	2016	2015	2016	2015	2016	2015
	£	£	£	£	£	£
Coal	4,872,249	3,652,432	541,455	302,469	95,265	214,734
Uranium	–	1,874,610	–	11,489	–	–
Other	269,194	315,103	–	–	38,221	34,848
	5,141,443	5,842,145	541,455	313,958	133,486	249,582
By Geographical Area						
	£	£	£	£	£	£
Africa (Tanzania)	4,872,249	5,527,042	541,455	313,958	95,265	214,734
Europe	269,194	315,103	–	–	38,221	34,848
	5,141,443	5,842,145	541,455	313,958	133,486	249,582

Notes to the Group Financial Statements

6 Administration expenses

	2016 £	2015 £
Staff costs	337,919	417,339
Other expenses	554,935	453,060
	892,854	870,399

7 Auditors' remuneration

	2016 £	2015 £
Fees payable to the Company's auditor for the audit of the parent company and consolidated accounts	20,000	20,000

8 Employees

	2016 £	2015 £
Wages and salaries	308,874	386,909
Social security costs	28,766	30,430
Pensions	279	–
	337,919	417,339

Included with exploration and evaluation assets (note 14) are capitalised wages and salary costs of £202,264 (2015: £151,923).

The average number of employees and directors during the year was as follows:

	2016	2015
Administration	8	10

9 Directors' remuneration

	2016 £	2015 £
Emoluments	290,297	335,306
Compensation for loss of office	–	51,000
Pensions	279	–
	290,576	386,306

The highest paid director received remuneration of £130,124 (2015: £130,000).

Directors' interest in outstanding share options per director is disclosed in the directors' report.

10 Finance income

	2016 £	2015 £
Interest income on short-term bank deposits	18	20
	18	20

Notes to the Group Financial Statements

11 Income tax

	2016 £	2015 £
Current tax:		
Current tax on loss for the year	–	–
Total current tax	–	–
Deferred tax		
On write off/impairment on intangible assets	173,450	639,331
Tax charge for the year	173,450	639,331

No corporation tax charge arises in respect of the year due to the trading losses incurred. The Group has Corporation Tax losses available to be carried forward and used against trading profits arising in future periods of £4,827,266 (2015: £4,053,465).

A deferred tax asset of £819,918 (2015: £728,612) calculated at 17% (2015: 18%) has not been recognised in respect of the tax losses carried forward due to the uncertainty that profits will arise against which the losses can be offset.

The tax assessed for the year differs from the standard rate of corporation tax in the UK as follows:

	2016 £	2015 £
Loss on ordinary activities before tax	(3,164,396)	(4,463,923)
Expected tax credit at standard rate of UK Corporation Tax 20% (2015: 20%)	(632,879)	(892,785)
Disallowable expenditure	477,838	745,680
Depreciation in excess of capital allowances	281	375
Tax losses carried forward	154,760	146,730
Tax charge for the year	–	–

12 Earnings per share

The basic loss per share is calculated by dividing the loss attributable to equity shareholders by the weighted average number of shares in issue.

The loss attributable to equity shareholders and weighted average number of ordinary shares for the purposes of calculating diluted earnings per ordinary share are identical to those used for basic earnings per ordinary share. This is because the exercise of warrants would have the effect of reducing the loss per ordinary share and is therefore anti-dilutive.

	2016 £	2015 £
Net loss for the year attributable to ordinary shareholders	(2,990,946)	(3,824,592)
Weighted average number of shares in issue	595,688,399	396,509,055
Basic and diluted loss per share	(0.5p)	(1.00p)

The weighted average number of shares in issue and the basic and diluted loss per share for 2015 have been adjusted for the share consolidation that took place on 30 August 2016 (see note 19).

Notes to the Group Financial Statements

13 Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2015	7,471	6,789	80,190	94,450
Foreign Exchange Adjustment	–	130	3,137	3,267
As at 31 December 2015	7,471	6,919	83,327	97,717
Depreciation				
As at 1 January 2015	5,501	5,691	54,582	65,774
Charge for the year	492	274	6,664	7,430
Foreign exchange adjustment	–	130	2,091	2,221
As at 31 December 2015	5,993	6,095	63,337	75,425
Net book value				
As at 31 December 2015	1,478	824	19,990	22,292

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2016	7,471	6,919	83,327	97,717
Foreign exchange adjustment	–	554	13,356	13,910
As at 31 December 2016	7,471	7,473	96,683	111,627
Depreciation				
As at 1 January 2016	5,993	6,095	63,337	75,425
Charge for the year	369	205	5,245	5,819
Foreign exchange adjustment	–	554	10,607	11,161
As at 31 December 2016	6,362	6,854	79,189	92,405
Net book value				
As at 31 December 2016	1,109	619	17,494	19,222

Notes to the Group Financial Statements

14 Intangible assets

	Evaluation and Exploration Assets Tanzanian Licences £	Goodwill £	Total £
Cost or valuation			
As at 1 January 2015	6,931,150	1,302,933	8,234,083
Additions	313,958	–	313,958
Foreign exchange adjustment	342,412	64,368	406,780
Written off	(3,593,544)	–	(3,593,544)
At 31 December 2015	3,993,976	1,367,301	5,361,277
Accumulated amortisation and impairment			
As at 1 January 2015	–	–	–
Charge for the year	–	–	–
Written off	–	–	–
At 31 December 2015	–	–	–
Net book value			
As at 31 December 2015	3,993,976	1,367,301	5,361,277

	Evaluation and Exploration Assets Tanzanian Licences £	Goodwill £	Total £
Cost or valuation			
As at 1 January 2016	3,993,976	1,367,301	5,361,277
Additions	541,455	–	541,455
Foreign exchange adjustment	800,538	274,050	1,074,588
Written off	(977,300)	(1,294,260)	(2,271,560)
At 31 December 2016	4,358,669	347,091	4,705,760
Accumulated amortisation and impairment			
As at 1 January 2016	–	–	–
Charge for the year	–	–	–
At 31 December 2016	–	–	–
Net book value			
As at 31 December 2016	4,358,669	347,091	4,705,760

Tanzanian Licences and Goodwill

The Tanzanian licences comprise a mining licence and various prospecting licences. The licences are, located in a region displaying viable prospects for both uranium and coal and occur in a country where the government's policy for development of the mineral sector aims at attracting and enabling the private sector to take the lead in exploration mining, development, mineral beneficiation and marketing.

Goodwill arose as a result of the valuation placed on the original six Tanzanian licences acquired on the acquisition of Edenville (Tanzania) Limited. The allocation of the Goodwill was based on the valuation of the Group's licences and was been allocated between coal and uranium licences.

Notes to the Group Financial Statements

14 Intangible assets continued

In 2015 as the Group focused firmly on the development of the Rukwa Coal to Power Project the directors have looked at rationalisation of other licences which will allow available funds to be focussed on the development of the Group's core asset at Rukwa.

During the year the group wrote off the last of its uranium licences and associated goodwill; the licence was subsequently relinquished in February 2017.

The Directors have considered the status of the remaining projects at the year end and do not consider there are any facts or circumstances that would require an impairment review to be performed.

15 Trade and other receivables

	2016 £	2015 £
Receivables	5,347	4,000
VAT receivable	159,537	132,652
Prepayments	5,457	5,272
	170,341	141,924

There was no provision for impairment of receivables at 31 December 2016 (2015: £nil).

Included within VAT receivable is VAT owed to Edenville International (Tanzania) Limited which is only recoverable against future sales made by Edenville International (Tanzania) Limited. The Group expects to start producing commercial coal later in 2017, from which VATable income would be generated against which the Directors expect to be able to commence recovery of the VAT receivable.

16 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2016 £	2015 £
Cash at bank and in hand	246,120	316,652

17 Trade and other payables

	2016 £	2015 £
Trade and other payables	10,960	9,130
Social security costs and other taxes	11,865	10,298
Accruals and deferred income	110,661	85,664
	133,486	105,092

18 Deferred Taxation

A deferred tax liability of £Nil (2015: £144,490) calculated at 30% (2015: 30%) has been provided in respect of the potential tax liability arising on licences acquired on the acquisition of Edenville International (Tanzania) Limited. The deferred tax liability related to a fair value adjustment made to the original six Tanzanian prospecting licences. During the year, one of these licences was written off, having already written off five previously, resulting in the fair value adjustment relating to this licence. As a consequence, the deferred tax liability was reduced by £173,450.

	2016 £	2015 £
Provision brought forward	144,490	746,922
Foreign exchange movement	28,960	36,899
Released in the year	(173,450)	(639,331)
Provision carried forward	–	144,490

Notes to the Group Financial Statements

19 Share capital

	2015 No Ordinary shares of 0.02p each	2015 £ Ordinary shares of 0.02p each	2015 No Deferred shares of 0.08p each	2015 £ Deferred shares of 0.08p each	2015 £ Total share capital
Issued and fully paid					
At 1 January 2015	7,186,921,206	1,437,384	64,179,632	51,344	1,488,728
On 23 April 2015 the Company issued 625,000,000 new ordinary shares of 0.02p each for a consideration of 0.04p per share.	625,000,000	125,000	–	–	125,000
On 9 June 2015 the Company issued 12,500,000 new ordinary shares of 0.02p each for a consideration of 0.054p per share.	12,500,000	2,500	–	–	2,500
On 1 July 2015 the Company issued 20,000,000 new ordinary shares of 0.02p each for a consideration of 0.054p per share.	20,000,000	4,000	–	–	4,000
On 2 July 2015 the Company issued 59,722,222 new ordinary shares of 0.02p each for a consideration of 0.054p per share.	59,722,222	11,944	–	–	11,944
On 16 July 2015 the Company issued 16,527,778 new ordinary shares of 0.02p each for a consideration of 0.054p per share.	16,527,778	3,306	–	–	3,306
On 14 August 2015 the Company issued 500,000,000 new ordinary shares of 0.02p each for a consideration of 0.05p per share.	500,000,000	100,000	–	–	100,000
On 2 September 2015 the Company issued 62,500,000 new ordinary shares of 0.02p each for a consideration of 0.054p per share.	62,500,000	12,500	–	–	12,500
On 7 December 2015 the Company issued 625,000,000 new ordinary shares of 0.02p each for a consideration of 0.04p per share.	625,000,000	125,000	–	–	125,000
As at 31 December 2015	9,108,171,206	1,821,634	64,179,632	51,344	1,872,978

Notes to the Group Financial Statements

19 Share capital continued

	2016 No Ordinary shares of 0.02p each	2016 £ Ordinary shares of 0.02p each	2016 No Ordinary shares of 0.01p each	2016 £ Ordinary shares of 0.01p each	2016 No Deferred shares of 0.08p each	2016 £ Deferred shares of 0.08p each	2016 No Deferred shares of 0.0001p each	2016 £ Deferred shares of 0.0001p each	2016 No Deferred shares of 0.019p each	2016 £ Deferred shares of 0.019p each	2016 £ Total share capital
Issued and fully paid											
At 1 January 2016	9,108,171,206	1,821,634	-	-	64,179,632	51,344	-	-	-	-	1,872,978
7 March 2016 (a)	1,333,333,333	266,667	-	-	-	-	-	-	-	-	266,667
1 June 2016 (b)	63,333,333	12,666	-	-	-	-	-	-	-	-	12,666
17 June 2016 (c)	1,922,222,222	384,444	-	-	-	-	-	-	-	-	384,444
30 August 2016 (d)	12,427,060,094	2,485,411	-	-	64,179,632	51,344	-	-	-	-	2,537,755
Subdivision of deferred shares (d) (i) and (ii)	-	-	-	-	(64,179,632)	(51,344)	5,134,370,560	51,344	-	-	-
Subdivision of ordinary shares	(12,427,060,094)	(2,485,411)	12,427,060,094	124,270	-	-	-	-	12,427,060,094	2,361,141	-
Subdivision of ordinary shares	-	-	12,427,060,094	124,270	-	-	5,134,370,560	51,344	12,427,060,094	2,361,140	-
Subdivision of ordinary shares	621,353,005	124,270	(12,427,060,094)	(124,270)	-	-	236,114,141,786	2,361,141	(12,427,060,094)	(2,361,141)	-
9 November 2016 (e)	1,602,563	320	-	-	-	-	241,248,512,346	2,412,485	-	-	2,537,755
4 October 2016 (f)	125,000,000	25,000	-	-	-	-	-	-	-	-	320
25 October 2016 (g)	6,247,330	1,250	-	-	-	-	-	-	-	-	25,000
As at 31 December 2016	754,202,898	150,840	-	-	-	-	241,248,512,346	2,412,485	-	-	2,563,325

a) On 7 March 2016 the Company issued 1,333,333,333 new ordinary shares of 0.02p each for a consideration of 0.03p per share. The Company also issued 666,666,666 warrants with an exercise price of 0.04p each.

b) On 1 June 2016 the Company issued 63,333,333 new ordinary shares of 0.02p each for consideration of 0.03p in satisfaction of creditors totalling £19,000.

c) On 17 June 2016 the Company issued 1,922,222,222 new ordinary shares of 0.02p each for a consideration of 0.0225p per share. The Company also issued 961,111,111 warrants with an exercise price of 0.03p each.

Notes to the Group Financial Statements

19 Share capital continued

- d) On 30 August 2016 undertook a capital reorganisation comprising three subdivisions:
- The company subdivided of the 64,179,632 existing deferred shares of £0.0008 each in the capital of the Company into 5,134,370,560 deferred shares of £0.00001 each in the capital of the Company.
 - Then, the 12,427,060,094 Existing Ordinary Shares were subdivided into two share classes:
 - (i) 12,427,060,094 ordinary shares of £0.00001 each in the capital of the Company (the "Subdivided Ordinary Shares"); and
 - (ii) 12,427,060,094 deferred shares of £0.00019 each in the capital of the Company (the "New Deferred Shares") (the "Second Subdivision").
 - The 12,427,060,094 new deferred shares will then be subdivided into 236,114,141,786 deferred shares of 0.001p each.
 - The subdivided Ordinary Shares were consolidated into 621,353,005 ordinary shares of £0.0002 each in the capital of the Company (the "Consolidated Shares") (the "Consolidation"), the Consolidated Shares have the same rights and are subject to the same restrictions as the Existing Ordinary Shares.
- e) On 9 November 2016 the Company issued 1,602,563 Ordinary shares of 0.02p each for consideration of 0.54p each on exercise of warrants.
- f) On 4 October 2016 the Company issued 125,000,000 Ordinary shares of 0.02p each for consideration of 0.40p each. The company also issued 62,500,000 warrants with an exercise price of 0.54p each.
- g) On 25 October 2016 the Company issued 6,247,330 Ordinary shares of 0.02p in settlement of invoices totalling £28,000.

The deferred shares have no voting rights, dividend rights or any rights of redemption. On return of assets on winding up the holders are entitled to repayment of amounts paid up after repayment to ordinary share holders.

20 Capital and reserves attributable to shareholders

	2016 £	2015 £
Share capital	2,563,325	1,872,978
Share premium	14,250,401	13,623,545
Other reserves	1,216,978	149,708
Retained deficit	(13,026,926)	(10,059,286)
Total equity	5,003,778	5,586,945

There have been no significant changes to the Group's capital management objectives or what is considered to be capital during the year.

Notes to the Group Financial Statements

21 Capital management policy

The Group's policy on capital management is to maintain a low level of gearing. The group funds its operation through equity funding.

The Group defines the capital it manages as equity shareholders' funds less cash and cash equivalents.

The Group objectives when managing its capital are:

- To safeguard the group's ability to continue as a going concern.
- To provide adequate resources to fund its exploration activities with a view to providing returns to its investors.
- To maintain sufficient financial resources to mitigate against risk and unforeseen events.

The group's cash reserves are reported to the board and closely monitored against the planned work program and annual budget. Where additional cash resources are required the following factors are considered:

- the size and nature of the requirement.
- preferred sources of finance.
- market conditions.
- opportunities to collaborate with third parties to reduce the cash requirement.

22 Financial instruments

The Board of Directors determine, as required, the degree to which it is appropriate to use financial instruments to mitigate risk with the main risk affecting such instruments being foreign exchange risk, which is discussed below.

Categories of financial instruments	2016	2015
	£	£
Financial assets		
Receivables at amortised cost including cash and cash equivalents:		
Cash and cash equivalents	246,120	316,652
Trade and other receivables	170,341	141,924
Total	416,461	458,576
Financial liabilities		
Financial liabilities at amortised cost:		
Trade and other payables	121,621	94,794
Net	294,840	363,782

Cash and cash equivalents

This comprises cash held by the Group and short-term deposits. The carrying amount of these assets approximates to their fair value.

Notes to the Group Financial Statements

22 Financial instruments *continued*

General risk management principles

The Directors have an overall responsibility for the establishment of the Group's risk management framework. A formal risk assessment and management framework for assessing, monitoring and managing the strategic, operational and financial risks of the Group is in place to ensure appropriate risk management of its operations.

The following represent the key financial risks that the Group faces:

Interest rate risk

The Group is not exposed to significant interest rate risks as it does not have any interest bearing liabilities and its only interest-bearing asset is cash invested on a short-term basis which attracts interest at the bank's variable interest rate.

Credit risk

Credit risk arises principally from the Group's trade receivables and investments in cash deposits. It is the risk that the counterparty fails to discharge its obligation in respect of the instrument.

The Group holds its cash balances with reputable financial institutions with strong credit ratings. There were no amounts past due at the balance sheet date.

The maximum exposure to credit risk in respect of the above at 31 December 2016 is the carrying value of financial assets recorded in the financial statements.

Liquidity risk

Liquidity risk is the risk that the Group will not be able to meet its financial obligations as and when they fall due.

Liquidity risk is managed through an assessment of short, medium and long-term cash flow forecasts to ensure the adequacy of working capital.

The Group's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To achieve this aim, it seeks to maintain cash balances to meet expected requirements for a period of one year.

Currency Risk

The Group is exposed to currency risk as the assets of its subsidiaries are denominated in US Dollars. The Group's policy is, where possible, to allow group entities to settle liabilities denominated in their functional currency (primarily US Dollars) with cash. The Company transfers amounts in sterling or US dollars to its subsidiaries to fund its operations. Where this is not possible the parent company settles the liability on behalf of its subsidiaries and will therefore be exposed to currency risk.

The Group has no formal policy in respect of foreign exchange risk; however, it reviews its currency exposure on a regular basis. Currency exposures relating to monetary assets held by foreign operations are included in the Group's income statement. The Group also manages its currency exposure by retaining the majority of its cash balances in sterling, being a relatively stable currency.

The effect of a 10% rise or fall in the US dollar/Sterling exchange rate would result in an increase or decrease in the net assets of the group of £475,783.

Fair value of financial assets and liabilities

Fair value is the amount at which a financial instrument could be exchanged in an arm's length transaction between informed and willing parties, other than a forced or liquidation sale and excludes accrued interest. Where available, market values have been used to determine fair values. Where market values are not available, fair values have been calculated by discounting expected cash flows at prevailing interest rates and by applying year end exchange rates.

The Directors consider that there is no significant difference between the book value and fair value of the Group's financial assets and liabilities.

Notes to the Group Financial Statements

23 Equity-settled share-based payments

The following options over ordinary shares have been granted by the Company:

Date	Exercise price	Exercise period	Number of options outstanding at 31 December 2016
21 October 2013	5.00p	9 Years	6,011,481

At the date of grant, the options were valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation were as follows:

The options granted on 21 October 2013 are exercisable from 21 October 2014. The options are valid for a period of 10 years from the date of grant. There are no vesting conditions.

Date of grant	21.10.13
Expected volatility	85%
Expected life	4 years
Risk-free interest rate	1.23%
Fair value per option	0.09p

The charge to the income statement for share based payments for the year ended 31 December 2016 was £Nil (2015: £Nil).

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	2016		2015	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	7,167,535	5.00	10,173,276	5.00
Granted	–	–	–	–
Exercised	–	–	–	–
Cancelled	(1,156,054)	(5.00)	(3,005,741)	(5.00)
At 31 December	6,011,481	5.00	7,167,535	5.00

The weighted average remaining contractual life of options as at 31 December 2016 was 6.81 years (2015: 7.81 years).

The number of share options and exercise price have been adjusted for the share consolidation that took place during the year. See Note 19.

Warrants

The following warrants over ordinary shares have been granted by the Company:

Date granted	Expiry Date	Exercise price	Number of warrants outstanding at 31 December 2016
02 March 2016	01 September 2017	0.80p	33,333,333
01 June 2016	13 June 2017	0.60p	48,055,555
03 October 2016	02 October 2017	0.54p	60,897,437
			142,286,325

Notes to the Group Financial Statements

23 Equity-settled share-based payments *continued*

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	2016		2015	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	50,062,500	5.95	2,375,000	8.00
Granted	143,888,889	0.68	56,250,000	6.60
Exercised	(1,602,564)	(0.54)	(8,562,500)	10.80
Cancelled	(50,062,500)	(5.95)	–	–
At 31 December	142,286,325	0.68	50,062,500	5.95

The weighted average remaining contractual life of warrants as at 31 December 2016 was 0.55 years (2015: 0.52 years).

On 30 August 2016, as explained in Note 19, the Company undertook a re-organisation of share capital resulting in a consolidation of shares. As a result the warrants issued on 2 March 2016 and 1 June 2016 were consolidated. The table below shows the number of warrants outstanding after the consolidation.

The charge to the income statement for share based payments for the year ended 31 December 2016 was £Nil (2015: £Nil).

24 Reserves

The following describes the nature and purpose of each reserve:

Share Capital	represents the nominal value of equity shares
Share Premium	amount subscribed for share capital in excess of the nominal value
Share Option Reserve	fair value of the employee equity settled share option scheme as accrued at the balance sheet date
Foreign Currency Translation Reserve	gains/losses arising on retranslating the net assets of overseas operations into pounds sterling
Retained Earnings	Cumulative net gains and losses less distributions made

25 Related party transactions

Rakesh Patel, who resigned on 3 June 2015, is a partner in Adler Shine LLP. During 2015 the Group paid £7,000 to Adler Shine LLP for accounting services provided in the year to Mr Patel's resignation date.

During the year the Group paid £15,000 (2015: £28,750) for engineering services to Sunjem Consulting Limited, which is controlled by the director Mark Pryor.

During the year the Director, Sally Schofield invoiced the Group £15,000 (2015: £Nil) for her role as Interim Chairman.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, and are all directors of the Company. For details of their compensation please refer to the Remuneration report.

Notes to the Group Financial Statements

26 Events after the reporting date

Date		No.	£
23 January 2017	Ordinary shares issued at 0.83p in lieu of consultancy services	963,855	8,000
	Ordinary shares issued at 0.77p in lieu of consultancy services	1,948,051	15,000
	Ordinary shares issued on exercise of warrants at 0.80p	1,375,000	11,000
	Ordinary shares issued on exercise of warrants at 0.60p	5,555,555	33,333
	Ordinary shares issued on exercise of warrants at 0.54p	34,699,778	187,379
25 January 2017	Ordinary shares issued on exercise of warrants at 0.80p	3,304,167	26,433
01 February 2017	Ordinary shares issued on exercise of warrants at 0.80p	612,500	4,900
07 February 2017	Ordinary shares issued on exercise of warrants at 0.80p	6,625,002	53,000
	Ordinary shares issued on exercise of warrants at 0.60p	14,999,780	89,999
20 February 2017	Subscription of shares at 0.80p each	250,000,000	2,000,000
20 March 2017	Ordinary shares issued on exercise of warrants at 0.60p	10,000,000	60,000
29 March 2017	Ordinary shares issued on exercise of warrants at 0.60p	2,777,778	16,667
Total		332,861,466	2,505,711

On 28 March 2017 the company granted the following share options to the Directors and other senior management at an exercise price of 1.08p, exercisable for 5 years from 27 March 2017.

Option holder	Number of options
Rufus Short	16,000,000
Jeffrey Malaihollo	10,000,000
Arun Srivastava	6,000,000
Other senior management	14,000,000
	46,000,000

The 38,000,000 options issued to the Directors and a member of senior management will vest one third immediately, one third upon production of in excess of 5,000 tonnes of commercial coal per month over three consecutive months and one third upon completion of the Bankable Feasibility Study for the Rukwa Power Plant.

8,000,000 of the options, being granted to two recently appointed engineers, will vest one half upon production of in excess of 5,000 tonnes of commercial coal per month over three consecutive months and one half upon production of in excess of 10,000 tonnes of commercial coal per month over three consecutive months.

The following warrants have been granted post year end:

Date granted	Exercise period	Exercise price	Number of warrants
21 February 2017	21 February 2017 to 20 August 2018	1.08p	11,390,866
17 March 2017	21 February 2017 to 20 August 2018	1.08p	113,609,134
			125,000,000

27 Financial commitments

The group has rental commitments of \$39,670 and required expenditure of \$78,530 in respect of its licences for the forthcoming year.

28 Ultimate Controlling Party

The Group considers that there is no ultimate controlling party.

Independent Auditors' Report – Company

to the members of Edenville Energy plc

We have audited the parent company financial statements of Edenville Energy plc for the year ended 31 December 2016 which comprise the company Statement of Financial Position, company Statement of Changes in Equity, company Cash Flow Statement and related notes. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards (IFRSs) as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006.

This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditors' report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of directors and auditors

As explained more fully in the Directors' Responsibilities Statement set out on page 16, the Directors are responsible for the preparation of the parent company financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the parent company financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of: whether the accounting policies are appropriate to the Parent Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the directors and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent misstatements or inconsistencies we consider the implications for our report.

Opinion on financial statements

In our opinion the parent company financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2016;
- have been properly prepared in accordance with IFRSs as adopted by the European Union and as applied in accordance with the provisions of the Companies Act 2006; and
- have been properly prepared in accordance with the requirements of the Companies Act 2006.

Emphasis of matter – going concern

In forming our opinion on the financial statements, which is not modified, we have considered the adequacy of the disclosure made in note 1 'Going Concern' to the financial statements concerning the ability of the Company to continue as a going concern.

Based on current forecasts, the Company has sufficient funds in order to maintain its proposed work programme and levels of expenditure. However, if there are any delays in the future production of coal which impacts on revenue generation then the Company may require additional funds within twelve months of the date of approval of these financial statements. The ability of the Company to raise additional funds is dependent upon investor appetite.

These conditions, along with the other matters explained in note 1 'Going concern' to the financial statements, indicate the existence of a material uncertainty which may cast significant doubt over the Company's ability to continue as a going concern.

The financial statements do not include the adjustments that would result if the Company was unable to continue as a going concern.

Independent Auditors' Report – Company

to the members of Edenville Energy plc

Opinion on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of our audit, the information given in the Strategic Report and the Directors' Report for the financial year for which the financial statements are prepared is consistent with the Company financial statements, and the Strategic Report and the Directors' Report have been prepared in accordance with applicable legal requirements.

In the light of the knowledge and understanding of the Company and its environment obtained in the course of the audit, we have not identified any material misstatements in the Strategic Report and the Directors' Report.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters where the Companies Act 2006 requires us to report to you if, in our opinion:

- adequate accounting records have not been kept by the parent company, or returns adequate for our audit have not been received from branches not visited by us; or
- the parent company financial statements are not in agreement with the accounting records and returns; or
- certain disclosures of directors' remuneration specified by law are not made; or
- we have not received all the information and explanations we require for our audit.

Other matters

We have reported separately on the group financial statements of Edenville Energy plc for the year ended 31 December 2016.

Simon Mott-Cowan (Senior Statutory Auditor)

for and on behalf of H W Fisher & Company

Chartered Accountants

Statutory Auditor

Acre House

11-15 William Road

London

NW1 3ER

United Kingdom

24 May 2017

Company Statement of Financial Position

as at 31 December 2016

	Note	2016 £	2015 £
Non current assets			
Investment in subsidiaries	4	11,760,560	11,168,172
Property, plant & equipment	5	4,215	5,620
		11,764,775	11,173,792
Current assets			
Trade and other receivables	6	23,196	18,062
Cash and cash equivalents	7	245,998	297,040
		269,194	315,102
Current liabilities			
Trade and other payables	8	44,560	34,848
Current assets less current liabilities		224,634	280,254
Total assets less current liabilities		11,989,409	11,454,046
Equity			
Called-up share capital	9	2,563,325	1,872,978
Share premium account		14,250,401	13,623,545
Share option reserve		108,802	129,610
Profit and loss account		(4,933,119)	(4,172,087)
Total equity		11,989,409	11,454,046

The financial statements were approved by the board of directors and authorised for issue on 24 May 2017 and signed on its behalf by:

Rufus Short

Director

Company registration number: 05292528

Company Statement of Changes in Equity

for the year ended 31 December 2016

	Share Capital £	Share Premium £	Retained Earnings Account £	Share Option Reserve £	Total £
At 1 January 2015	1,488,728	13,215,320	(3,486,241)	183,713	11,401,520
Issue of share capital	350,000	400,000	–	–	750,000
Cost of issue	–	(50,000)	–	–	(50,000)
Exercise of warrants	34,250	58,225	–	–	92,475
Transfer from share option reserve	–	–	54,103	(54,103)	–
Total comprehensive loss for the year	–	–	(739,949)	–	(739,949)
At 31 December 2015	1,872,978	13,623,545	(4,172,087)	129,610	11,454,046
Issue of share capital	690,347	697,806	–	–	1,388,153
Cost of issue	–	(70,950)	–	–	(70,950)
Cancellation of share options	–	–	20,808	(20,808)	–
Total comprehensive loss for the year	–	–	(781,840)	–	(781,840)
At 31 December 2016	2,563,325	14,250,401	(4,933,119)	108,802	11,989,409

Company Cash Flow Statement

for the year ended 31 December 2016

	Year ended 31 December 2016	Year ended 31 December 2015
Note	£	£
Cash flows from operating activities		
Operating loss	(781,858)	(739,969)
Depreciation	1,405	1,873
Loss on disposal of investment	100	–
Increase in trade and other receivables	(5,134)	2,511
Increase/(decrease) in trade and other payables	9,712	(7,352)
Net cash outflow from operating activities	(775,775)	(742,937)
Cash flows from investing activities		
Finance income	18	20
Purchase of subsidiary	(6,340)	–
Capital introduced to subsidiaries	(586,148)	(390,051)
Net cash (outflow)/inflow from investing activities	(592,470)	(390,031)
Cash flows from financing activities		
Proceeds from issue of ordinary shares	1,388,153	842,475
Share issue costs	(70,950)	(50,000)
Net cash inflow from financing activities	1,317,203	792,475
Net decrease in cash equivalents	(51,042)	(340,493)
Cash and cash equivalents at beginning of year	297,040	637,533
Cash and cash equivalents at end of year	7 245,998	297,040

Notes to the Company's Financial Statements

for the year ended 31 December 2016

1 Accounting policies

Basic of preparation and statement of compliance

The Company financial statements are prepared under the historical cost convention, as modified by the revaluation of available for sale investments, and in accordance with International Financial Reporting Standards (IFRS) as adopted by the European Union, IFRIC interpretations and the parts of the Companies Act 2006 applicable to companies reporting under IFRS. The Company has elected to take the exemption under section 408 of the Companies Act 2006 from presenting the Parent Company Income Statement. The loss after tax for the Parent Company for the year was £781,840 (2015: £739,949).

Going concern

At 31 December 2016 the Company had cash balances totalling £245,998 and in February 2017 the Company placed 250,000,000 new ordinary shares of 0.02p each for a placing price of 0.80p, providing the Company with £2,000,000 of additional funds before expenses.

Based on the current working capital forecast, the Company has sufficient funds in order to maintain its proposed work programme and levels of expenditure allowing it to move its subsidiary into the production phase later in 2017. However, if there are delays in the production, impacting revenue generation then the Company may require additional funds within twelve months of the date of approval of these financial statements. The ability of the Company to raise additional funds is dependent upon investor appetite. A large element of the expenditure on the licences is discretionary and both head office costs and Tanzanian administration costs can be reduced if the additional funds cannot be raised and the Company therefore continues to adopt the going concern basis in preparing its financial statements.

Standards and interpretations in issue but not yet effective or not yet relevant

At the date of authorisation of these financial statements the following Standards and Interpretations which have not been applied in these financial statements were in issue but not yet effective:

		Effective date (period beginning on or after)
IFRS 2	Share based payments – Amendments to clarify the classification and measurement of share-based payment transactions	1 January 2018
IFRS 9	Financial instruments – incorporating requirements for classification and measurement, impairment, general hedge accounting and de-recognition	1 January 2018
IFRS 12	Disclosure of interests in other entities – Amendments resulting from Annual Improvements 2014–2016 Cycle (clarifying scope)	1 January 2017
IFRS 15	Revenue from Contracts with Customers – Clarifications to IFRS 15	1 January 2018
IFRS 16	Leases – original issue	1 January 2019
IAS 7	Statement of cash flows – Amendments resulting from the disclosure initiative	1 January 2017
IAS 12	Income taxes – Amendments regarding the recognition of deferred tax assets for unrealised losses	1 January 2017
IFRIC 22	Foreign currency transactions and advance consideration	1 January 2018

The Directors anticipate that the adoption of these Standards and Interpretations in future periods will have no material impact on the Company's financial statements.

Notes to the Company's Financial Statements

1 Accounting policies *continued*

Share based payments

The Company operates a number of equity-settled, share-based compensation plans, under which the entity receives services from employees as consideration for equity instruments (options) of the Company. The fair value of the employee services received in exchange for the grant of options is recognised as an expense. The total amount to be expensed is determined by reference to the fair value of the options granted:

- including any market performance conditions;
- excluding the impact of any service and non-market performance vesting conditions (for example, profitability, sales growth targets and remaining an employee of the entity over a specified time period); and
- excluding the impact of any non-vesting conditions (for example, the requirement of employees to save).

Assumptions about the number of options that are expected to vest include consideration of non-market vesting conditions. The total expense is recognised over the vesting period, which is the period over which all of the specified vesting conditions are to be satisfied. At the end of each reporting period, the entity revises its estimates of the number of options that are expected to vest based on the non-market vesting conditions. It recognises the impact of the revision to original estimates, if any, in the income statement, with a corresponding adjustment to equity.

When the options are exercised, the Company issues new shares. The proceeds received net of any directly attributable transaction costs are credited to share capital (nominal value) and share premium when the options are exercised.

Segmental reporting

The Company does not have separately identifiable business or geographical segments which are material to disclose.

Revenue recognition

Revenue from the sale of energy commodities is recognised upon delivery of goods to the customers. Interest income is recognised on a proportional basis taking into account the effective interest rates applicable to the financial assets.

All revenue is stated net of the amount of sales tax. Currently the Company does not generate any revenue.

Presentational and functional currency

This financial information is presented in pounds sterling, which is the Company's functional currency.

Financial instruments

The Company classifies financial instruments, or their component parts, on initial recognition as a financial asset, or financial liability or an equity instrument in accordance with the substance of contractual arrangement.

Financial instruments are recognised on the balance sheet at fair value when the Company becomes a party to the contractual provisions of the instrument.

Financial assets

Financial assets comprise investments, cash and cash equivalents and receivables. Unless otherwise indicated, the carrying amounts of the Company's financial assets are a reasonable approximation of their fair values.

Recognition and measurement

Investments are initially recognised at fair value plus transactions costs for all financial assets not carried at fair value through profit or loss. Financial assets are derecognised when rights to receive cash flows from investments have expired or the company has transferred substantially all the risks and rewards of ownership. Available for sale financial assets and financial assets at fair value through profit or loss are subsequently carried at fair value. Loans and receivables are subsequently carried at amortised cost.

Notes to the Company's Financial Statements

1 Accounting policies *continued*

Financial assets *continued*

Investment in subsidiaries

Fixed asset investments in subsidiary undertakings held by the Company (see note 4) are shown at cost less provision for impairment. The cost of acquisition includes directly attributable professional fees and other expenses connected with the acquisition. In addition, investment in subsidiaries includes long term loans made to the subsidiaries where the loan is either considered to be recoverable in the long term, as the company's subsidiary Edenville Tanzania Limited generates sufficient revenue from its coal assets in order to repay the loan, or it is expected to be capitalised.

Investment in subsidiaries- impairment

The carrying amounts of non-current assets are reviewed for impairment if events or changes in circumstances indicate the carrying value may not be recoverable. If there are indicators of impairment, an exercise is undertaken to determine whether the carrying values are in excess of their recoverable amount. Such a review is undertaken on an asset by asset basis, except where such assets do not generate cash flows independent of other assets, in which case the review is undertaken at the cash generating unit level.

If the carrying amount of an asset or its cash generating unit exceeds the recoverable amount, a provision is recorded to reflect the asset or cash generating unit at the lower amount.

Trade and other receivables

Provision for impairment of trade receivables is made when there is objective evidence that the Company will not be able to collect all amounts due to it in accordance with the original terms of those receivables. The amount of the write-down is the difference between the receivables carrying amount and the present value of the estimated future cash flows.

An assessment for impairment is undertaken at least annually.

Cash and cash equivalents

Cash and cash equivalents comprise cash at bank and in hand, demand deposits and other short term highly liquid investments that are readily convertible to a known amount of cash and are subject to insignificant risk of changes in value.

Financial liabilities

Financial liabilities are recognised when the Company becomes a party to the contractual provisions of the instrument. Financial liabilities comprise only trade and other payables.

All financial liabilities are recorded at amortised cost, using the effective interest method, with interest-related charges being recognised as an expense under finance costs in the Income Statement.

A financial liability is derecognised only when the obligation is extinguished, that is, when the obligation is discharged, is cancelled, or expires.

Property, plant and equipment

Property, plant and equipment are stated at cost on acquisition less accumulated depreciation and accumulated impairment losses.

Depreciation is provided on all property, plant and equipment categories at rates calculated to write off the cost, less estimated residual value on a reducing balance basis over their expected useful economic life. The depreciation rates are as follows:

	Basis of depreciation
Fixtures and fittings	25% reducing balance
Office equipment	25% reducing balance
Motor vehicles	25% reducing balance

Costs capitalised include the purchase price of an asset and any costs directly attributable to bringing it into working condition for its intended use.

Notes to the Company's Financial Statements

1 Accounting policies *continued*

Finance costs

Finance costs of debt, including premiums payable on settlement and direct issue costs are charged to the income statement on an accruals basis over the term of the instrument, using the effective interest method.

Income taxation

The taxation charge represents the sum of current tax and deferred tax.

The tax currently payable is based on the taxable profit for the period using the tax rates that have been enacted or substantially enacted by the balance sheet date. Taxable profit differs from the net profit as reported in the income statement because it excludes items of income or expense that are taxable or deductible in other years and it further excludes items that are never taxable or deductible.

Deferred taxation

Deferred tax is recognised, using the liability method, in respect of temporary differences between the carrying amount of the Company's assets and liabilities and their tax base. Deferred tax liabilities are offset against deferred tax assets within the same taxable entity. Any remaining deferred tax asset is recognised only when, on the basis of all available evidence, it can be regarded as probable that there will be suitable taxable profits in the foreseeable future against which the deductible temporary difference can be utilised. Deferred tax is determined using tax rates that are expected to apply in the periods in which the asset is realised or liability settled, based on tax rates and laws that have been enacted or substantially enacted by the balance sheet date. Deferred tax is recognised in the income statement, except when the tax relates to items charged or credited directly in equity, in which case the tax is also recognised in equity.

Share capital

Ordinary shares are classified as equity. Incremental costs directly attributable to the issue of new shares or options are shown in equity as deduction, net of tax, from the proceeds.

2 Critical accounting estimates and areas of judgement

The Company makes estimates and assumptions concerning the future, which by definition will seldom result in actual results that match the accounting estimate. The estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amount of assets and liabilities within the next financial year are those in relation to:

- Investments
- Share based payments

Investments

The Company is required to perform an impairment review on its subsidiary undertakings as a group when facts and circumstances suggest that the carrying amount of the asset may exceed its recoverable amount. The Company's main subsidiary is Edenville (Tanzania) Limited who hold various mining licences in Tanzania. As such, the carrying amount of the investments is based upon the Directors' judgements and is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposal until the technical feasibility and commercial viability of extracting a mineral resource becomes demonstrable, at which point the value is estimated based upon the present value of the discounted future cash flows.

Share based payments

The estimate of share based payments costs requires management to select an appropriate valuation model and make decisions about various inputs into the model including the volatility of its own share price, the probable life of the options and the risk free interest rate.

Notes to the Company's Financial Statements

3 Staff costs

	2016 £	2015 £
Wages and salaries	306,130	386,306
Social security costs	28,766	30,430
Pension costs	279	–
	335,175	416,736

The average number of employees and directors during the year was as follows:

	2016	2015
Administration	4	4

Directors' remuneration

The aggregate directors' emoluments, including compensation for loss of office, in the year were:

	2016 £	2015 £
Emoluments	290,297	335,306
Compensation for loss of office	–	51,000
Pension costs	279	–
	290,576	386,306

The highest paid director received remuneration of £130,124 (2015: £130,000).

Directors' interest in outstanding share options per director is disclosed in the directors' report.

4 Investment in subsidiaries

Company	Shares in subsidiaries	Loans to subsidiaries	2016 £	Total 2015 £
Fair value				
At 1 January 2016	7,033,558	4,134,614	11,168,172	10,778,121
Additions	6,340	586,148	592,488	390,051
Disposal	(100)	–	(100)	–
At 31 December 2016	7,039,798	4,720,762	11,760,560	11,168,172
Accumulated impairment				
As at 1 January 2016	–	–	–	–
Impairment	–	–	–	–
At 31 December 2016	–	–	–	–
Net Book Value				
As at 31 December 2016	7,039,798	4,720,762	11,760,560	11,168,172
As at 31 December 2015	7,033,558	4,134,614	11,168,172	10,778,121

The value of the company's investment and any indications of impairment is based on the prospecting and mining licences held by its subsidiaries.

Notes to the Company's Financial Statements

4 Investment in subsidiaries *continued*

The Tanzanian licences comprise a mining licence and various prospecting licences. The licences are, located in a region displaying viable prospects for coal and occur in a country where the government's policy for development of the mineral sector aims at attracting and enabling the private sector to take the lead in exploration mining, development, mineral beneficiation and marketing.

In 2015 as the Group focused firmly on the development of the Rukwa Coal to Power Project the directors have looked at rationalisation of other licences which will allow available funds to be focussed on the development of the Group's core asset at Rukwa.

During the year the group wrote off the last of its uranium licences which was subsequently relinquished in February 2017, writing off the related goodwill.

The Directors have considered the status of the remaining projects at the year end and do not consider there are any facts or circumstances that would require an impairment review to be performed on its subsidiaries.

Holdings of more than 20%:

The Company holds more than 20% of the share capital of the following companies:

Subsidiary undertaking	Country of incorporation	Class	Shares held
Edenville International (Seychelles) Limited	Seychelles	Ordinary	100%
Edenville International (Tanzania) Limited	Tanzania	Ordinary	99.5%*
Edenville Power (Tz) Limited	Tanzania	Ordinary	99.9%

* These shares are held by Edenville International (Seychelles) Limited.

GOA Tanzania Limited was dissolved on 14 February 2017.

5 Property, plant and equipment

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2015 and 31 December 2015	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2015	5,500	3,059	12,263	20,822
Charge for the year	492	274	1,107	1,873
As at 31 December 2015	5,992	3,333	13,370	22,695
Net book value				
As at 31 December 2015	1,479	820	3,321	5,620

Notes to the Company's Financial Statements

5 Property, plant and equipment continued

	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost				
As at 1 January 2016 and 31 December 2016	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2016	5,992	3,333	13,370	22,695
Charge for the year	370	205	830	1,405
As at 31 December 2016	6,362	3,538	14,200	24,100
Net book value				
As at 31 December 2016	1,109	615	2,491	4,215

6 Trade and other receivables

	2016 £	2015 £
Current		
Other receivables	17,739	12,790
Prepayments	5,457	5,272
	23,196	18,062

7 Cash and cash equivalents

Cash and cash equivalents include the following for the purposes of the cash flow statement:

	2016 £	2015 £
Cash at bank and in hand	245,998	297,040

8 Trade and other payables

	2016 £	2015 £
Amounts owed to subsidiary undertakings	6,340	–
Social security costs and other taxes	11,865	10,298
Accruals and deferred income	26,355	24,550
	44,560	34,848

Notes to the Company's Financial Statements

9 Share capital

	2015 No Ordinary shares of 0.02p each	2015 £ Ordinary shares of 0.02p each	2015 No Deferred shares of 0.08p each	2015 £ Deferred shares of 0.08p each	2015 £ Total share capital
At 1 January 2015	7,186,921,206	1,437,384	64,179,632	51,344	1,488,728
On 23 April 2015 the Company issued 625,000,000 new ordinary shares of 0.02p each for a consideration of 0.04p per share.	625,000,000	125,000	–	–	125,000
On 9 June 2015 the Company issued 12,500,000 new ordinary shares of 0.02p each for a consideration of 0.054p per share.	12,500,000	2,500	–	–	2,500
On 1 July 2015 the Company issued 20,000,000 new ordinary shares of 0.02p each for a consideration of 0.054p per share.	20,000,000	4,000	–	–	4,000
On 2 July 2015 the Company issued 59,722,222 new ordinary shares of 0.02p each for a consideration of 0.054p per share.	59,722,222	11,944	–	–	11,944
On 16 July 2015 the Company issued 16,527,778 new ordinary shares of 0.02p each for a consideration of 0.054p per share.	16,527,778	3,306	–	–	3,306
On 14 August 2015 the Company issued 500,000,000 new ordinary shares of 0.02p each for a consideration of 0.05p per share.	500,000,000	100,000	–	–	100,000
On 2 September 2015 the Company issued 62,500,000 new ordinary shares of 0.02p each for a consideration of 0.054p per share.	62,500,000	12,500	–	–	12,500
On 7 December 2015 the Company issued 625,000,000 new ordinary shares of 0.02p each for a consideration of 0.04p per share.	625,000,000	125,000	–	–	125,000
As at 31 December 2015	9,108,171,206	1,821,634	64,179,632	51,344	1,872,978

Notes to the Company's Financial Statements

9 Share capital continued

	2016 No Ordinary shares of 0.02p each	2016 £ Ordinary shares of 0.02p each	2016 No Ordinary shares of 0.01p each	2016 £ Ordinary shares of 0.01p each	2016 No Deferred shares of 0.08p each	2016 £ Deferred shares of 0.08p each	2016 No Deferred shares of 0.0001p each	2016 £ Deferred shares of 0.0001p each	2016 No Deferred shares of 0.019p each	2016 £ Deferred shares of 0.019p each	2016 £ Total share capital
Issued and fully paid											
At 1 January 2016	9,108,171,206	1,821,634	-	-	64,179,632	51,344	-	-	-	-	1,872,978
7 March 2016 (a)	1,333,333,333	266,667	-	-	-	-	-	-	-	-	266,667
1 June 2016 (b)	63,333,333	12,666	-	-	-	-	-	-	-	-	12,666
17 June 2016 (c)	1,922,222,222	384,444	-	-	-	-	-	-	-	-	384,444
30 August 2016 (d)	12,427,060,094	2,485,411	-	-	64,179,632	51,344	-	-	-	-	2,536,755
Subdivision of deferred shares (d) (i) and (ii)	-	-	-	-	(64,179,632)	(51,344)	5,134,370,560	51,344	-	-	-
Subdivision of ordinary shares	(12,427,060,094)	(2,485,411)	12,427,060,094	124,270	-	-	-	-	12,427,060,094	2,361,141	-
Subdivision of ordinary shares	621,353,005	124,270	(12,427,060,094)	(124,270)	-	-	236,114,141,786	2,361,141	(12,427,060,094)	(2,361,141)	-
9 November 2016 (e)	621,353,005	124,270	-	-	-	-	241,248,512,346	2,412,485	-	-	2,536,755
4 October 2016 (f)	1,602,563	320	-	-	-	-	-	-	-	-	320
25 October 2016 (g)	125,000,000	25,000	-	-	-	-	-	-	-	-	25,000
As at 31 December 2016	754,202,898	150,840	-	-	-	-	241,248,512,346	2,412,485	-	-	2,563,325

a) On 7 March 2016 the Company issued 1,333,333,333 new ordinary shares of 0.02p each for a consideration of 0.03p per share. The Company also issued 666,666 warrants with an exercise price of 0.04p each.

b) On 1 June 2016 the Company issued 63,333,333 new ordinary shares of 0.02p each for consideration of 0.03p in satisfaction of creditors totalling £19,000.

c) On 17 June 2016 the Company issued 1,922,222,222 new ordinary shares of 0.02p each for a consideration of 0.0225p per share. The Company also issued 961,111,111 warrants with an exercise price of 0.03p each.

Notes to the Company's Financial Statements

9 Share capital *continued*

- d) On 30 August 2016 undertook a capital reorganisation comprising three subdivisions:
- The company subdivided of the 64,179,632 existing deferred shares of £0.0008 each in the capital of the Company into 5,134,370,560 deferred shares of £0.00001 each in the capital of the Company.
 - Then, the 12,427,060,094 Existing Ordinary Shares were subdivided into two share classes:
 - (i) 12,427,060,094 ordinary shares of £0.00001 each in the capital of the Company (the "Subdivided Ordinary Shares"); and
 - (ii) 12,427,060,094 deferred shares of £0.00019 each in the capital of the Company (the "New Deferred Shares") (the "Second Subdivision").
 - The 12,427,060,094 new deferred shares will then be subdivided into 236,114,141,786 deferred shares of 0.001p each.
 - The subdivided Ordinary Shares were consolidated into 621,353,005 ordinary shares of £0.0002 each in the capital of the Company (the "Consolidated Shares") (the "Consolidation"), the Consolidated Shares have the same rights and are subject to the same restrictions as the Existing Ordinary Shares.
- e) On 9 November 2016 the Company issued 1,602,563 Ordinary shares of 0.02p each for consideration of 0.54p each on exercise of warrants.
- f) On 4 October 2016 the Company issued 125,000,000 Ordinary shares of 0.02p each for consideration of 0.40p each. The company also issued 62,500,000 warrants with an exercise price of 0.54p each.
- g) On 25 October 2016 the Company issued 6,247,330 Ordinary shares of 0.02p in settlement of invoices totalling £28,000.

The deferred shares have no voting rights, dividend rights or any rights of redemption. On return of assets on winding up the holders are entitled to repayment of amounts paid up after repayment to ordinary share holders.

10 Deferred Taxation

A deferred tax asset of £819,918 (2015: £810,693) calculated at 17% (2015: 20%) has not been recognised in respect of the tax losses carried forward due to the uncertainty that profits will arise against which the losses can be offset.

11 Capital management policy

The Company's policy on capital management is to maintain a low level of gearing. The Company funds its operation through equity funding.

The Company defines the capital it manages as equity shareholders funds less cash and cash equivalents.

The Company's objectives when managing its capital are:

- To safeguard the Company's ability to continue as a going concern.
- To provide adequate resources to fund its exploration activities with a view to providing returns to its investors.
- To maintain sufficient financial resources to mitigate against risk and unforeseen events.

The Company's cash reserves are reported to the board and closely monitored against the planned work program and annual budget. Where additional cash resources are required the following factors are taken into account:

- The size and nature of the requirement.
- Preferred sources of finance.
- Market conditions.
- Opportunities to collaborate with third parties to reduce the cash requirement.

Notes to the Company's Financial Statements

12 Financial instruments

The Board of Directors determine, as required, the degree to which it is appropriate to use financial instruments to mitigate risks with the main risk affecting such instruments being foreign exchange risk, which is discussed below.

Categories of financial instruments	2016 £	2015 £
Financial assets		
Receivables at amortised cost including cash and cash equivalents:		
Investments and loans to subsidiaries	11,760,560	11,168,172
Cash and cash equivalents	245,998	297,040
Other receivables	23,196	18,062
Total	12,029,754	11,483,274
Financial liabilities		
Financial liabilities at amortised cost		
Trade and other payables	44,560	34,848
Net	11,985,194	11,448,426

Cash and cash equivalents

This comprises cash held by the Company and short-term deposits. The carrying amount of these assets approximates to their fair value.

General risk management principles

The Directors have an overall responsibility for the establishment of the Company's risk management framework. A formal risk assessment and management framework for assessing, monitoring and managing the strategic operational and financial risks of the Company's is in place to ensure appropriate risk management of its operations.

The following represent the key financial risks that the Company faces:

Interest rate risk

The Company is not exposed to significant interest rate risks as it does not have any interest bearing liabilities and its only interest-bearing asset is cash invested on a short-term basis which attract interest at the banks variable rate.

Credit risk

Credit risk is the risk that the counterparty will default on its contractual obligations, resulting in financial loss. Credit risk arises from cash and cash equivalents and credit exposures on outstanding receivables and committed transactions.

There were no amounts past due at the balance sheet date.

The maximum exposure to credit risk in respect of the above at 31 December 2016 is the carrying value of financial assets recorded in the financial statements.

Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as and when they fall due.

Liquidity risk is managed through an assessment of short, medium and long-term cash flow forecasts to ensure the adequacy of working capital.

The Company's policy is to ensure that it will always have sufficient cash to allow it to meet its liabilities when they become due. To ensure this aim, it seeks to maintain cash balances to meet expected requirements for a period of one year.

Fair value of financial assets and liabilities

The directors consider that there is no significant difference between the book value and fair value of the Company's financial assets and liabilities.

Notes to the Company's Financial Statements

13 Equity-settled share-based payments

The following options over ordinary shares have been granted by the Company:

Date	Exercise price	Exercise period	Number of options outstanding at 31 December 2016
21 October 2013	5.00p	9 Years	6,011,481

The options granted on 21 October 2013 are exercisable from 21 October 2014. The options are valid for a period of 10 years from the date of grant. There are no vesting conditions.

At the date of grant, the options were valued using the Black-Scholes option pricing model. The fair value per option granted and the assumptions used in the calculation were as follows:

Date of grant	21 October 2013
Expected volatility	85%
Expected life	4 years
Risk-free interest rate	1.23%
Expected dividend yield	–
Possibility of ceasing employment before vesting	–
Fair value per option	0.09p

The charge to the income statement for share based payments for the year ended 31 December 2016 was £nil (2015: £nil).

Movements in the number of options outstanding and their related weighted average exercise prices are as follows:

	2016		2015	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	7,167,535	5.00	10,173,276	5.00
Granted	–	–	–	–
Exercised	–	–	–	–
Cancelled	(1,156,054)	(5.00)	(3,005,741)	(5.00)
At 31 December	6,011,481	5.00	7,167,535	5.00

The weighted average remaining contractual life of options as at 31 December 2016 was 6.81 years (2015: 7.81 years).

The number of share options and exercise price have been adjusted for the share consolidation that took place during the year. See Note 9.

Warrants

The following warrants over ordinary shares have been granted by the Company:

Date granted	Expiry Date	Exercise price	Number of warrants outstanding at 31 December 2016
02 March 2016	01 September 2017	0.80p	33,333,333
01 June 2016	13 June 2017	0.60p	48,055,555
03 October 2016	02 October 2017	0.54p	60,897,437
			142,286,325

Notes to the Company's Financial Statements

13 Equity-settled share-based payments *continued*

Movements in the number of warrants outstanding and their related weighted average exercise prices are as follows:

	2016		2015	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	50,062,500	5.95	2,375,000	8.00
Granted	143,888,889	0.68	56,250,000	6.60
Exercised	(1,602,564)	(0.54)	(8,562,500)	10.80
Cancelled	(50,062,500)	(5.95)	–	–
At 31 December	142,286,325	0.68	50,062,500	5.95

The weighted average remaining contractual life of warrants as at 31 December 2016 was 0.55 years (2015: 0.52 years).

On 30 August 2016, as explained in Note 9, the Company undertook a re-organisation of share capital resulting in a consolidation of shares. As a result the warrants issued on 2 March 2016 and 1 June 2016 were consolidated. The table below shows the number of warrants outstanding after the consolidation.

14 Reserves

The following describes the nature and purpose of each reserve:

Share Capital	represents the nominal value of equity shares
Share Premium	amount subscribed for share capital in excess of the nominal value
Share Option Reserve	fair value of the employee equity settled share option scheme as accrued at the balance sheet date
Retained Earnings	cumulative net gains and losses less distributions made

15 Related Party Transactions

Rakesh Patel, who resigned on 3 June 2015, is a partner in Adler Shine LLP. During 2015 the Company paid £7,000 to Adler Shine LLP for accounting services provided in the year to Mr Patel's resignation date.

During the year the Company paid £15,000 (2015: £28,750) for engineering services to Sunjem Consulting Limited, which is controlled by the director Mark Pryor.

During the year the Director, Sally Schofield invoiced the Company £15,000 (2015: £Nil) for her role as Interim Chairman.

Key management personnel are those persons having authority and responsibility for planning, directing and controlling activities of the Company, and are all directors of the Company. For details of their compensation please refer to the Remuneration report.

During the year the Company paid £586,148 (2015: £390,051) to or on behalf of its wholly owned subsidiary, Edenville International (Tanzania) Limited. The amount due from Edenville International (Tanzania) Limited at year end was £4,717,050 (2015: £4,130,902). This amount has been included within loans to subsidiaries.

At the year end the Company was owed £3,712 (2015: £3,712) by its subsidiary Edenville International (Seychelles) Limited.

At the year end the Company was owed £6,340 (2015: £nil) by its subsidiary Edenville Power Tz Limited.

Notes to the Company's Financial Statements

16 Events after the reporting date

The following shares have been issued after the year end.

Date		No.	£
23 January 2017	Ordinary shares issued at 0.83p in lieu of consultancy services	963,855	8,000
	Ordinary shares issued at 0.77p in lieu of consultancy services	1,948,051	15,000
	Ordinary shares issued on exercise of warrants at 0.80p	1,375,000	11,000
	Ordinary shares issued on exercise of warrants at 0.60p	5,555,555	33,333
	Ordinary shares issued on exercise of warrants at 0.54p	34,699,778	187,379
25 January 2017	Ordinary shares issued on exercise of warrants at 0.80p	3,304,167	26,433
01 February 2017	Ordinary shares issued on exercise of warrants at 0.80p	612,500	4,900
07 February 2017	Ordinary shares issued on exercise of warrants at 0.80p	6,625,002	53,000
	Ordinary shares issued on exercise of warrants at 0.60p	14,999,780	89,999
20 February 2017	Subscription of shares at 0.80p each	250,000,000	2,000,000
20 March 2017	Ordinary shares issued on exercise of warrants at 0.60p	10,000,000	60,000
29 March 2017	Ordinary shares issued on exercise of warrants at 0.60p	2,777,778	16,667
Total		332,861,466	2,505,711

On 28 March 2017 the company granted the following share options to the Directors and other senior management at an exercise price of 1.08p, exercisable for 5 years from 27 March 2017.

Option holder	Number of options
Rufus Short	16,000,000
Jeffrey Malaihollo	10,000,000
Arun Srivastava	6,000,000
Other senior management	14,000,000
	46,000,000

The 38,000,000 options issued to the Directors and a member of senior management will vest one third immediately, one third upon production of in excess of 5,000 tonnes of commercial coal per month over three consecutive months and one third upon completion of the Bankable Feasibility Study for the Rukwa Power Plant.

8,000,000 of the options, being granted to two recently appointed engineers, will vest one half upon production of in excess of 5,000 tonnes of commercial coal per month over three consecutive months and one half upon production of in excess of 10,000 tonnes of commercial coal per month over three consecutive months.

The following warrants have been granted post year end:

Date granted	Exercise period	Exercise price	Number of warrants
21 February 2017	21 February 2017 to 20 August 2018	1.08p	11,390,866
17 March 2017	21 February 2017 to 20 August 2018	1.08p	113,609,134
			125,000,000

17 Ultimate controlling party

The Company considers that there is no ultimate controlling party.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN THAT the 2017 Annual General Meeting of the Members of the Company will be held at the offices of Bond Dickinson, 4 More London Riverside, London SE1 2AU on Monday 26 June 2017 at 11.00am to consider and, if deemed fit, approve the following resolutions, of which resolutions 1 to 4 (inclusive) will be proposed as ordinary resolutions and resolutions 5 and 6 will be proposed as special resolutions:

Ordinary Business

1. To receive the accounts of the Company for the year ended 31 December 2016 together with the reports thereon of the directors and the auditors of the Company.
2. To re-elect Jeffrey Malaihollo as a director who is retiring in accordance with Article 96 of the Company's articles and, being eligible, offers himself for re-election.
3. To re-appoint HW Fisher & Company as auditors of the Company in accordance with Section 489 of the Companies Act 2006 ("the Act"), until the conclusion of the next general meeting of the Company at which audited accounts are laid before members and to authorise the directors to determine their remuneration.

Special Business

4. That the directors of the Company be and they are hereby authorised generally and unconditionally pursuant to and in accordance with section 551 of the Act to exercise all the powers of the Company to allot equity securities (as defined by section 560 of the Act), up to an aggregate nominal value of £115,000 provided that this authority shall expire at the conclusion of the Company's next Annual General Meeting save that the Company may, pursuant to this authority, make offers or agreements before the expiry of this authority which would or might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offers or agreements as if the authority conferred by this resolution had not expired.
5. That, subject to the passing of Resolution 4, the directors be generally empowered pursuant to section 570 of the Act to allot equity securities (as defined in section 560 of the Act) under the authority conferred by Resolution 4 for cash as if section 561 of the Act did not apply to such allotments, provided that this power shall be limited to the allotment of equity securities:
 - (a) made in connection with an offer of securities, open for acceptance for a fixed period, by the directors to ordinary shareholders of the Company on the register on a fixed record date in proportion (as nearly as may be) to their then holdings of such shares (but subject to such exclusions or other arrangements as the directors may deem necessary or expedient to deal with treasury shares or any legal or practical problems under the laws or requirements of any recognised regulatory body or any stock exchange in any overseas territory or in connection with fractional entitlements) or by virtue of shares being represented by depositary receipts or any other matter whatsoever;
 - (b) for the purposes of financing an acquisition or other capital investment by the Company (which may be in the form of a merger, capital stock exchange, asset acquisition, stock purchase, scheme of arrangement, reorganisation of similar business combination) carried out in connection with the Company's mining operations, up to an aggregate nominal value of £65,000; and
 - (c) wholly for cash (otherwise than pursuant to paragraphs 5(a) and 5(b) above) up to an aggregate nominal value of £50,000;

and shall expire on the conclusion of the next Annual General Meeting of the Company, but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities pursuant to such an offer or agreement notwithstanding that the power conferred by this resolution has expired.

Notice of Annual General Meeting

6. That Article 142 of the Company's Articles of Association be deleted in its entirety and that the following Article designated as Article 142 be adopted in its place:

"142. Any common seal may only be used by the authority of the directors. The directors may decide by what means and in what form any common seal or securities seal is to be used. Unless otherwise decided by the directors, if the Company has a common seal and it is affixed to a document, the document must also be signed by at least one authorised person in the presence of a witness who attests the signature.

For the purposes of this article, an authorised person is:

- (a) any director of the Company;
- (b) the Company secretary; or
- (c) any person authorised by the directors for the purpose of signing documents to which the common seal is applied.

If the Company has a securities seal, it may only be affixed to securities by the company secretary or a person authorised to apply it to securities by the company secretary. For the purposes of the articles, references to the securities seal being affixed to any document include the reproduction of the image of that seal on or in a document by any mechanical or electronic means which has been approved by the directors in relation to that document or documents of a class to which it belongs."

By order of the board

Tim Hughes

Authorised Signatory for and on behalf of

David Venus & Company LLP

Company Secretary

24 May 2017

Registered Office:

Aston House

Cornwall Avenue

London N3 1LF

Notes:

1. A member entitled to attend and vote at the meeting is entitled to appoint more than one proxy, to exercise all or any of his rights to attend, speak and vote in his place on a show of hands or on a poll provided that each proxy is appointed to a different share or shares. Such proxy need not be a member of the Company.
2. To be valid, the completed and signed form of proxy must be returned to the Company's registrars Capita Asset Services at PXS, 34 Beckenham Road, Beckenham, BR3 4TU not less than 48 hours before the time fixed for the meeting i.e. by 11am on 22 June 2017. Lodging a form of proxy does not preclude a member from attending and voting at the meeting.
3. Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only those shareholders of the Company on the register at close of business on the 22 June 2017 be entitled to attend or vote at the meeting in respect of shares registered in their name at the time. Changes to the register after that time will be disregarded in determining the rights of any person to attend or vote at the meeting.

Your attention is drawn to the Explanatory Notes of the Resolutions overleaf

Notice of Annual General Meeting

Explanatory Notes on the Resolutions:

Resolution 1

The directors must present to members the accounts and the reports of the directors and auditors in respect of each financial year.

Resolution 2

Article 91.2 requires that one third of the directors rounded down to the nearest whole number shall retire at the annual general meeting in each year. As Jeffrey Malaihollo was appointed since the last AGM held in 2016, and therefore pursuant to Article 96 he is required to stand down at the AGM following his appointment and, being eligible, may offer himself for re-election. Under Article 96, he is not to be counted when determining the number of directors to retire in accordance with Article 91.2, so there being only two other directors in office, no other director shall be required to retire by rotation at the AGM.

Resolution 3

HW Fisher & Company are being proposed to be re-appointed as the auditors of the Company until the conclusion the next general meeting at which accounts are presented. The directors are to be given authority to fix their remuneration.

Resolution 4

The Company's power to issue additional securities is exercised by the directors. The directors must be authorised by ordinary resolution of the shareholders to exercise that power. This authority shall subsist until the conclusion of the next Annual General Meeting.

Resolution 5

Under the Company's articles of association any new shares to be issued for cash must first be offered to existing shareholders in proportion to the number of shares already held by them. The shareholders may by special resolution waive this right and permit the directors to issue additional shares without first offering them to existing shareholders. Authority is being sought to allow the directors to issue up to an additional nominal amount of £115,000. This authority will lapse at the conclusion of the Company's next Annual General Meeting.

Resolution 6

Article 142 of the Company's articles of association is proposed to be replaced with a new article allowing the Company to use a common seal or securities seal to execute documents.

Shareholder Notes

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