

Registered number: 05292528

EDENVILLE ENERGY PLC

ANNUAL REPORT AND ACCOUNTS

FOR THE YEAR ENDED

31 DECEMBER 2021

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EDENVILLE ENERGY PLC

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EDENVILLE ENERGY PLC
COMPANY INFORMATION

Directors	Alistair Muir– Chief Executive Officer Jeffrey Malaihollo – Non-Executive Chairman Nicholas Von Schirnding – Non -Executive Director Franco Caselli – Non Executive Director (appointed on 21 August 2021)
Company Secretary	Bernard Sumner
Registered Office	Aston House Cornwall Avenue London N3 1LF
Nominated Adviser	Strand Hanson Limited 26 Mount Row Mayfair London, W1K 3SQ
Broker	Tavira Securities Limited 88 Wood Street London, EC2V 7DA
Independent Auditor	PKF Littlejohn LLP Statutory Auditor 15 Westferry Circus Canary Wharf London E14 4HD
Solicitors	Womble Bond Dickinson LLP 4 More London Riverside London SE1 2AU
Registrars	Link Group Central Square 29 Wellington Street Leeds LS1 4DL

EDENVILLE ENERGY PLC

CHAIRMAN'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The first half of 2021 was once again dominated by the impact of COVID across the world. The start of 2021 coincided with the reemergence of lockdowns across much of the globe. Naturally this provided significant challenges to the Company with the reduced demand for coal seen in 2020 continuing and the logistical issues remaining. In light of this the Company took a number of steps to address both its financial position as well as its operational plans for the future.

In January 2021 we announced an oversubscribed placing raising £900,000. The placing was supported by Edenville's existing three largest shareholder groups and specialist mining investor RAB Capital. In May 2021 we announced a further placing to raise gross proceeds of nearly £2.5 million, including a £1 million participation from a new strategic investor, Tony Buckingham. The Company used part of the proceeds to repay the outstanding debt to Lind Partners LLC, leaving the majority to fund future operations..

In August 2021 Franco Caselli joined the Board as a Non-executive Director of the Company. Mr Caselli is a geologist with more than 40 years of international operational and market experience in the energy and mining sectors.

With the Company better capitalised, and with the support of new shareholders, our focus during the year was to both monitor the situation in Tanzania with respect to Rukwa and to look at various opportunities and new assets to inject into the Company. We continue to explore various options and look forward to updating shareholders as soon as appropriate.

Post period end, in February 2022, the Company entered into a contract mining agreement with Nextgen Coalmine Limited ("Nextgen") for the operation of the Company's Rukwa Coal Project. Shortly after that both the international and domestic coal price increased significantly. This resulted in significant demand for both Rukwa's washed and fine coal. Therefore we were pleased that in May 2022 the Company reached an agreement with NextGen to terminate the contract and the Company is now again in full control of the operations at Rukwa.

Although the last few years have been difficult for the Company, we believe that the current trend of high coal prices and increased demand, combined with the fact that the Company is better capitalised, put us in a great position to move the Company forward significantly.

I would like to thank all our stakeholders, including you the shareholders, our partners, the local authorities and local communities, my fellow directors, our employees and contractors who have collectively supported the Company throughout this difficult period.

I believe the Company is now better positioned than it has been for some considerable time and we look forward to reporting on the Company's progress in the coming months.

Yours sincerely



Dr Jeffrey Malaihollo
Chairman
29 June 2022

EDENVILLE ENERGY PLC

CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

2021 was a year in which there was a significant positive change in the prospects for the Company, both with regard to the Rukwa coal project and more widely with an improved cash position.

Funding

On 19 January 2021 we announced an oversubscribed placing raising gross proceeds of £900,000, supported by Edenville's existing three largest shareholder groups and specialist mining investor RAB Capital. On 5 May 2021 we announced a further placing to raise gross proceeds of £2.48 million, including a £1 million participation from a new strategic investor, Tony Buckingham.

Mr Buckingham is well known in the natural resources market, particularly in Africa, having been CEO and major shareholder of Heritage Oil Limited from 2006 until its acquisition by a wholly owned subsidiary of Qatari investment fund, Al Mirqab Capital SPC, in 2014 for a consideration of US\$1.6 billion.

Additionally, following the £2.48 million fund raise, we announced on 22 June 2021 that the Company had fully repaid in cash the full outstanding amount owing to Lind Partners LLC ("Lind") under the Funding Agreement dated 6 November 2018. and the Company had no further outstanding obligations to Lind.

The fundings undertaken through the year ensured that the Company is well capitalised, with cash resources as at 31 December 2021 of £1,229,801 (31 December 2020: £25,690) and reduced borrowings of £18,258 (31 December 2021: £440,831).

As at 27 June 2022 the Company had cash balances of approximately £515,428. Whilst this is sufficient for the Company's current needs, at Rukwa, where it is expected the Company will become cashflow positive later this year as production ramps up.

Operational Review

Whilst the first half of 2021 was another period impacted by the Covid 19 pandemic and the resultant reduced demand, there were significant changes in the demand scenario and outlook as the year progressed as international coal prices rose and local Tanzanian producers started to switch to supplying the export market.

Prior to this uptick in coal prices and demand during the later part of the year the Company successfully focused on preserving cash for possible further asset acquisitions and focussed on supplying existing customers. This translated into increasing production in the final quarter of the year and revenue for the year as a whole of £105,228 (2020: £33,852)

Corporate Social Responsibility

The Company has continued to take its corporate and social responsibility very seriously. We understand that Edenville must meet the social requirements of an operator in Tanzania. The construction of a mining operation at Rukwa has already provided several opportunities to improve infrastructure for the local community, the most visible being the construction of the road from Kipandi, past Mkomolo village and beyond, to the mine. This has opened-up a major artery in the area which services farmers and the local population, as well as the mine itself.

At Rukwa, wherever possible, we have sought to employ local people from the surrounding villages. Many of the operators and management are local and are proving to be highly competent and skilled employees. The positive social benefits also overflow into the general community where enterprising individuals are providing services such as food supply for workers.

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CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Post Period Events

On 3 February 2022 we announced that the Company's subsidiary Edenville International (Tanzania) Limited had entered into a contract with Nextgen Coalmine Limited ("Nextgen") for the operation of the Company's Rukwa Coal Project. This superseded the Coal Mining Agreement with Infrastructure and Logistics Tanzania Limited and the Sales and Marketing Agreement with MarTek Global FZ-LLC, announced on 8 June 2020 and 26 August 2020 respectively. These agreements were terminated by Edenville due to lack of progress on implementation.

Subsequent to entering into the agreement with NextGen both the international and domestic coal price increased significantly. This coincided with heightened interest from potential customers to enter into offtake agreements for coal from Rukwa. Additionally, the implementation of the coal mining agreement with Nextgen was, for various reasons, problematic, resulting in very poor production figures over the period from February to May 2022 and no material revenue for the Company.

The lack of progress by Nextgen culminated in the announcement on 31 May 2022 that the Company had reached an agreement with NextGen to terminate the contract. Following the termination of the contract all mining equipment has been brought back into service by Edenville, whilst an additional pre-strip excavator has been added to the fleet. Up to three additional trucks have been sourced to rapidly scale production. Our initial goal is to satisfy existing demand from local customers of 1,500 tonnes of washed lump coal product and 500 tonnes of coal fines in the immediate future, targeting sales of 5,000 tonnes per month of washed coal late in Q3 2022, with coal fines sales also expected to continue and possibly expand. During the first half of 2022, 9,466 tonnes of ROM coal has been mined.

We believe there is sufficient demand based on the Company's order book and recent discussions with potential customers to sell any coal that is produced at Rukwa. The Company is also exploring the potential of exporting its coal for the first time, given margins would be expected to be even greater.

Much of 2021 and the first half of 2022 was spent pursuing reverse takeover and other opportunities to add assets to the Company. During this time the Company focused on reducing cash burn on its Tanzanian project whilst it has explored these potential new projects. One potential transaction progressed significantly, however was ultimately terminated by mutual consent. As part of the termination it was agreed that the transaction costs incurred by the Company would be re-imbursed in full by the potential take-over target..

Further to the Company announcements on 18 and 31 May 2022 that Upendo Group Ltd.'s current 10% economic interest in the joint venture, which holds the licences governing the Rukwa Project, had been transferred to a 10% direct holding on the principal production licence. The Company has sought legal advice and has been advised that the variation has been undertaken illegally and that the holding should be reversed by the Government, This reversal has been sought. The Company will provide a further update as appropriate..

Summary and Outlook

With Edenville now being in full control of the operations at Rukwa we are able to take advantage of the recent macro changes that have made the economics of our Rukwa project considerably more attractive. Edenville is determined to maximise cash returns in the current global coal environment, especially given the attractive pricing forecast over the coming years. To this end we have already started applying a modest proportion of our existing cash resources towards expanding the Rukwa operations to meet this heightened sales enquiries.

Additionally, with an improved cash position we continue to target additional asset acquisitions, leveraging the natural resources and capital markets expertise of the Board, and significant shareholders.

EDENVILLE ENERGY PLC

CHIEF EXECUTIVE OFFICER'S REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

I look forward to the remainder of 2022 and beyond with confidence that there is a positive future for Edenville that can deliver shareholder value.

A handwritten signature in black ink, reading "Alistair Muir". The signature is written in a cursive style with a large, stylized 'M'.

Alistair Muir
Chief Executive Officer
29 June 2022

EDENVILLE ENERGY PLC

STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The directors present their strategic report for the year ended 31 December 2021.

Principal activity

The principal activity of the Group is the production 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 3 to 5.

Development Approach

The Group's principal operation is the mining of coal. Its operations are subject to all of the hazards and risks normally encountered in mining and processing coal.

The Group follows all necessary laws and regulations and believes it has adopted world best practice standards and is not aware of any present material issues in this regard. As is common with all mining operations, there is uncertainty and therefore risk associated with the Group's operating parameters and costs. These can be difficult to predict and are often affected by factors outside the Group's control.

Financial and performance review

The results of the Group for the year ended 31 December 2021 are set out on page 33.

Principal risks and uncertainties and risk management

The principal risks facing the Group are those relating to the nature of the resources, risk of new entrants, those inherent and associated with mining, 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 all areas of risk, through regular meeting. reporting 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:

Operational risks

Mineral extraction 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 production and extraction 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 and mining 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

EDENVILLE ENERGY PLC

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FOR THE YEAR ENDED 31 DECEMBER 2021

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 mining and 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. We should note that to date, no substantial adverse changes to our operations, legal, or financial status has materialised due to recent documented changes in Tanzanian mining legislation. We continue to have regular dialogue with the authorities on how the law is applied and will report any material areas as they occur.

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

- the executive director and management visit the 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 mining and exploration and sample collection with local staff trained to standards set by the UK head office;
- the executive director and management 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 regularly reviews local financial controls and compliance with Group procedures and report to the board.

Production risks

The Rukwa Project is supplying coal to various customers in Tanzania and the region as a whole. As any mining operation, which is producing, has all of the hazards and risks normally encountered in mining and processing coal. These include unusual and unexpected geological formations, flooding and other conditions involved in the extraction of material, any of which could result in damage to the mine and other producing facilities, damage to life or property.

Key considerations include geological risk, mining risk, processing risk, employee risk and governance-risk. Customer risk also exists in relation to the ability of the customer to collect the product and to pay for it. All these areas are managed on a daily basis by qualified professionals experienced in their particular fields. In broad terms geological risk is covered by having well drilled out and the coal resource professionally reviewed. Mining risk is covered by having mine plan and appropriate equipment available to mine it supervised by mining engineers. Processing risk is covered by having a proven method of processing the coal through a system that is controlled and monitored by process plant professionals. Employee risk is managed by having an adequately trained staff whilst governance risk is managed by following government procedures and rules on all aspects of the operation.

Significant customers

During the year ended 31 December 2021 the group derived 93.5% of its revenue from two key customers. The Directors believe that in the future they will be able expand their customer based to reduce reliance on these customers. Demand is expected to increase as a result of the energy crisis caused by the war in Ukraine.

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FOR THE YEAR ENDED 31 DECEMBER 2021

Environment, health and safety

The Groups operations in these areas are government regulated by a range of legislative, regulation and policy requirements alongside Group reporting requirements and regular official and spot mine visits. Compliance to the set of rules and regulations underpins our approach to risk management. In support the Group adopts best practice with on-site and corporate level policies and procedures. It has specific personnel on site to manage this area, employee focused handbooks and daily toolbox meetings. In regard to environmental management, it engages third party consulting services that have an intimate knowledge of the regulatory framework to advise on mining activities.

Despite all this structure the Group's mining activities may result in pollution, accident or loss of life due to systems or equipment failure.

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. Currently the focus of the Rukwa project is in mining and development with only some effort put into exploration. There is no certainty that the operation described in this document will result in profitable commercial mining operations or result in the discovery of ore in commercial quantity and quality. Significant capital investment and working capital 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.

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.

Currently the Group is undertaking limited exploration, this being primarily focused on development within the existing mining area and surrounding prospecting licences.

Reserve and resource estimates

The Group's reported reserves and resources are only estimates based on JORC reports prepared in March 2013. No assurance can be given that the estimated reserves and resources will be recovered or that they will be recovered at the rates estimated. Reserve and resource estimates are based on sampling, interpretation and modelling and, consequently, are uncertain because the samples may not be representative. Reserve and resource estimates may require revision (either up or down) based on future actual production experience.

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.

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FOR THE YEAR ENDED 31 DECEMBER 2021

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.

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. Changes or modifications to the Mining Act 2010 in 2017 and 2019 have had no adverse effect on the operation up to now. 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 some 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. Whilst global export coal prices are subject to price fluctuations depending on market conditions this does not affect our sales into the Tanzanian market because of the continuing Tanzanian ban on coal imports, it can affect our competitiveness in neighbouring countries markets. The impact of the price of coal on the economics

EDENVILLE ENERGY PLC

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FOR THE YEAR ENDED 31 DECEMBER 2021

of the Edenville project is kept under close review although local and regional factors play an important part in determining the coal's 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 or may have 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.

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.

It is noted that there were changes and amendments in 2017 and 2019 to the Mining Act 2010. In compliance with legislation, and in line with other mining companies in the Tanzania, the Company has commenced the necessary steps to give the Tanzanian Government a 16% stake in the business. We are aware that we may in the future receive further requests from the Tanzanian Government connected to legislation. We continue to have regular dialogue with the authorities and will report any material points as they occur.

Dependency on a single country

The Group's current 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

EDENVILLE ENERGY PLC

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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, and other commodities, in order to expand the Group's coal resource base and reduce dependency on Tanzania.

Competition risks

The mineral exploration and mining sectors are competitive at each phase of a Company's development. The Group competes with 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.

Financial risks

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

(i) Foreign exchange risk

The majority of exploration and development 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; and

(iii) Credit risk

Cash balances are deposited with banks with a high credit rating.

Key performance indicators

The Board monitors the activities and performance of the Group on a regular basis. The Board uses both financial and non-financial indicators based on budget versus actual to assess the performance of the Group. The indicators set out below were used during the year to 31 December 2020 and will continue to be used by the Board to assess performance over the year to 31 December 2021.

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STRATEGIC REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Financial KPIs

- Total ROM (Run of Mine) coal production 16,911 tonnes (2020: 13,632 tonnes)
- Sales £105,228(2020: £33,852)
- Total expenditure burn rates have increased by 34% to £1,560,412 from £1,163,906.
- Corporate overheads as a percentage of total expenditure has increased from 31% in 2020 to 36% in 2021, in line with increase in production

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 3.

Section 172(1) Statement – Promotion of the Company for the benefit of members as a whole:

The Directors believe they have acted in the way most likely to promote the success of the Company for the benefit of its members as a whole, as required by s172 of the Companies Act 2006.

The requirements of s172 are for the Directors to:

- Consider the likely consequences of any decision in the long term;
- Act fairly between members of the Company;
- Maintain a reputation for high standards of business conduct;
- Consider the interest of the Company’s employees;
- Foster the Company’s relationships with suppliers, customers and others; and
- Consider the impact of the Company’s operations on the community and environment.

The application of S172 requirements can be demonstrated in relation to some of the key decisions made during 2021:

- Restructure Tanzanian operations to gain benefit from local expertise in logistics and marketing.
- Ensuring the company supported employees through the major industry down turn created by the Covid pandemic.
- Managing cash burn rates to preserve cash for possible future acquisitions.
- Optimising the production environment to reduce pressures on cash flow.
- Continuing to engage with the Tanzanian Government regarding electricity generating opportunities.
- Restructuring of debt to reduce operational constraints.
- Adding expertise at the Board level to enhance strategic elements of the project.

As a mining exploration and development group operating in Tanzania, the Board takes seriously its ethical responsibilities to the communities and environment in which it works. We abide by the local and relevant UK and local laws on anti-corruption and bribery.

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Wherever possible, local communities are engaged in the operations and support activities providing much needed local employment opportunities and wider economic opportunities to the local communities. In addition, we follow both Tanzanian regulatory requirements and international best practice on environmental aspects of our work. Our goal is to meet or exceed standards, in order to ensure we maintain our social licence to operate from the communities with which we interact. The health and safety of our employees are a primary consideration for the Board.

A handwritten signature in black ink that reads "Alistair Muir". The signature is written in a cursive, flowing style.

Alistair Muir
Chief Executive Officer
29 June 2022

EDENVILLE ENERGY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The Directors present their annual report and audited Group financial statements for the year ended 31 December 2021.

Dividends

The Directors do not recommend payment of a dividend for the year (2020 – nil).

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 £0.01p held at 31 December 2021	Deferred shares of 0.001p held at 31 December 2021	Ordinary shares of 0.02p held at 31 December 2020	Deferred shares of 0.001p held at 31 December 2020
Alistair Muir	100,000	Nil	Nil	Nil
Jeffrey Malaihollo	153,125	2,909,375	153,125**	Nil
Nicholas Von Schirnding (appointed 10 June 2020)	Nil	Nil	Nil	Nil
Franco Caselli (appointed 25 August 2021)	Nil	Nil	N/a	N/a

** In January 2021 the Company consolidated each existing £0.0002 to ordinary shares of £0.02 each. These were then subdivided into ordinary shares of £0.01p each and 19,000 new deferred shares of £0.00001 each.

The Directors' interests in share options as at 31 December 2021 are as follows:

	Options at 31 December 2021	Exercise Price	Date of grant	First date of exercise	Final date of exercise
Jeffrey Malaihollo	3,333,	£10.80	28.03.17	28.03.17	27.03.22
Jeffrey Malaihollo	6,667*	£10.80	28.03.17	N/A	27.03.22

*The vesting date of these share options is dependent on performance conditions being met.

The above options expired on 27 March 2022.

Share capital

Details of issues of Ordinary Share capital during the year are set out in note 23.

EDENVILLE ENERGY PLC

DIRECTORS' REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

Substantial shareholdings

The Company has been notified of the following voting rights of shareholders of the Company as at 12 June 2022.

	No of Ordinary Shares	% of issued share capital
Forest Nominees Ltd	4,651,137	21.49%
ISI Nominees Limited	2,314,554	10.69%
Pershing Nominees limited	2,138,964	9.88%
The Bank of New York (Nominees) Limited	1,754,621	8.11%
Aurora Nominees Ltd	1,289,144	5.96%
JIM Nominees Limited	1,190,690	5.50%
Vidacos Nominees Limited	1,020,656	4.72%
Spreadex Limited	878,479	4.06%

*Nominee shareholders represent a number of investors shareholdings

Financial instruments and other risks

Details of the use of financial instruments by the Company and its subsidiary undertakings are contained in note 26 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

The auditors, PKF Littlejohn LLP, 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 29 June 2022 and signed on its behalf.



Alistair Muir
Chief Executive Officer

EDENVILLE ENERGY PLC

STATEMENT OF DIRECTORS' RESPONSIBILITIES

FOR THE YEAR ENDED 31 DECEMBER 2021

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 UK-adopted international accounting standards. 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 UK-adopted international accounting standards, 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.

EDENVILLE ENERGY PLC

REMUNERATION REPORT

FOR THE YEAR ENDED 31 DECEMBER 2021

The remuneration committee comprised of Jeffrey Malaihollo, Nicholas Von Schirmding and Franco Caselli. 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.

EDENVILLE ENERGY PLC**REMUNERATION REPORT****FOR THE YEAR ENDED 31 DECEMBER 2021****Directors' remuneration**

Details of remuneration of the directors of the Company who served in the year ended 31 December 2021 are set out below:

Name	Fees and other remuneration £	Long term Pension £	2021 Total £	2020 Total £
Executive				
Rufus Short (resigned 10 June 2020)	N/a	N/a	N/a	15,360
Alistair Muir	97,500	-	97,500	97,500
Non-Executive				
J Malaihollo	45,000	814	45,814	52,693
Nicholas Von Schirnding	31,500	-	31,500	14,000
Franco Caselli	10,000	-	10,000	-
	<u>184,000</u>	<u>814</u>	<u>184,814</u>	<u>179,553</u>

At 31 December 2021 only one third of the options granted to the directors in March 2017 have vested. These options expired on 27 March 2022.

Included in the above are accrued salaries of £17,750 (2020: £122,750).

EDENVILLE ENERGY PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Compliance with the UK Corporate Governance code

The Quoted Companies Alliance has published a corporate governance code for small and mid-sized quoted companies, which includes a standard of minimum best practice for AIM companies, and recommendations for reporting corporate governance matters (the “QCA Code”). The QCA Code sets out 10 principles of Corporate Governance which should be applied in order to deliver long-term shareholder value through good communication and an efficient, effective and dynamic management framework.

The Directors of Edenville have adopted the QCA Code. The 10 principles of the QCA Code are listed below together with a short explanation of how the Group applies each of the principles and where the Group does not fully comply with each principle an explanation is provided as to why it does not currently do so.

Delivering growth

1. Establish a strategy and business model which promote long-term value for shareholders

Edenville’s growth strategy is focused on the continued development of its mining operations in Tanzania by tapping into opportunities to leverage of the current high demand for industrial coal in Tanzania and East Africa and from the high price of export quality coal alongside the planned development of a mine mouth power plant at the project site which will sell electricity to Tanesco and the East Africa Power Pool.

The near-term objectives are that, after the mutual termination of a second coal mining agreement this time with NextGen Coalmine Ltd, the company has taken control of mining operations and started to use its current capital to invest in the equipment needed to boost production towards peak wash plant capacity which has been advised is excess of 12,000 tonnes per month.

Hand in hand with this it will focus on filling the gap for the demand for coal in Tanzania and other East African countries as well as looking to exploit the very high coal prices for coal internationally. It has already started implementing this strategy and secured additional excavating and trucking capacity to ramp production up towards 5,000 tonnes per month. The Company sees a stepwise strategy to lift production in increments of 3,000-5,000 tonnes per month by progressively adding mining capacity until it reaches maximum plant capacity of about 12,000 tonnes per month.

With the a new President in place since 2020 we are advised that there is possibly a more pragmatic view of electricity tariffing in country and an open acknowledgement that coal fired generating capacity is needed by 2026. During 2022, the Company is looking to pursue this option further with in-depth detailed conversations with Tanesco in the Government which hopefully will result in a revised power plant development program. The AFR RI-3A Tanzania – Zambia Transmission Interconnector project, which is being part financed by the World Bank, is continuing to move forward and could have positive implications for Edenville’s planned coal to power business model.

2. Seek to understand and meet shareholder needs and expectations

The Board is committed to maintaining good communication and having constructive dialogue with its shareholders on a regular basis.

All shareholders and analysts have the opportunity to discuss issues and provide feedback at meetings with the Company. In addition, all shareholders are encouraged to attend the Company’s Annual General Meeting and any other General Meetings that are held throughout the year.

Investors have access to current information on the Company though its website, <https://edenville-energy.com/>, and the Company’s financial PR advisers, IFC Advisory Limited, are also available to liaise with shareholders.

EDENVILLE ENERGY PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Company intends to widen its investor base over time and already meets or talks 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.

The Company also has held and intends to periodically hold investor events (either in person or virtually) to meet with shareholders and provide updates on corporate developments; and at appropriate points in the future the Company will host analyst site visits.

3. Take into account wider stakeholder and social responsibilities and their implications for long-term success

The Board recognises that the long-term success of Edenville is reliant upon the relationship and good communications with the Tanzanian authorities (the Ministries of Energy and Minerals, Tanesco, the national power Company and other government authorities such as NEMC the environmental management council), our local partner in Tanzania, the local community and the efforts of the employees of the Group and its contractors, suppliers and regulators.

Frequent and regular communications with the authorities and our local partner is ongoing. A designated employee and a local Tanzanian consultant is engaged to conduct regular communication with the local community.

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.

4. Embed effective risk management, considering both opportunities and threats, throughout the organisation

Principal risks

The principal risks facing the Group are those relating to the volatility of commodity prices, reliance on the expertise of key Group personnel, risks connected with uncertainties of Tanzanian political, fiscal and legal systems, including taxation and currency fluctuations, and meeting its financing requirements.

Risk Management

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.

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.

Duties in relation to risk management that are conducted by the Directors include, but are not limited, to:

- Initiating action to prevent or reduce the adverse effects of key risks;
- Controlling further treatment of risks until the level of risk becomes acceptable;
- Identifying and recording any problems relating to the management of risk;
- Initiating, recommending or providing solutions through designated channels;
- Verifying the implementation of solutions;
- Communicating and consulting internally and externally as appropriate; and
- Informing investors of material changes to the Group's risk profile.

Ongoing review of the overall risk management programme (inclusive of the review of adequacy of treatment plans) is conducted by external parties, such as specialist consultancy groups or individuals, where appropriate. During the mine start-

EDENVILLE ENERGY PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

up phase, the Company has regularly used consultants in both the mining and processing areas. 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.

Conflicts of interest

The Board 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.

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.

The Strategic Report provides detailed analysis of the key risks that face the Group and how those risks are managed.

5. Maintain the board as a well-functioning, balanced team led by the chair

The Board recognises that the Company's objective of delivering growth in long-term shareholder value requires an efficient, effective and dynamic management framework and should be accompanied by good communication which helps to promote confidence and trust.

The Board currently comprises one full-time Executive Director (Alistair Muir) and three Non-Executive Directors (Jeffrey Malaihollo, Nicolas Von Schirmding and Franco Caselli). Details of the qualifications, background and responsibility of each director is provided on page 21 with additional information in respect of directors' record of attendance at meetings and the operation of the Audit Committee and Remuneration Committee provided in the Company's annual report and accounts and below under Principle 9.

The Board is also supported by Rakesh Patel, a partner at Adler Shine LLP, Chartered Accountants, who acts as Group financial controller and who, together with his team at Adler Shine LLP, provide accounting, financial and reporting support to the directors.

Nicolas Von Schirmding and Franco Caselli are considered by the Board to be independent directors. Given the size of the Company, the present level of its development and the number of directors currently,

6. Ensure that between them the directors have the necessary up-to-date experience, skills and capabilities

The Board comprises of directors considered to possess the appropriate experience, skills, personal qualities and capabilities necessary to deliver the Company's strategy for the benefit of its shareholders and is appropriate to its present size and stage of development.

Dr Jeffrey Malaihollo – Non-Executive Chairman (Aged 55)

Jeffrey has a PhD in Geology and over 22 years' experience in varied roles within resource and finance having worked and consulted for Newcrest Mining, Rio Tinto, Billiton and Loeb Aron Financial Advisors. This was followed by several years of Chief Executive Officer and Managing Director roles with AIM-listed Central China Goldfields and Bullabulling Gold and ASX-listed Arc Exploration. He is a non-executive director of TSXV-listed Copper Lake Resources Ltd as well as several other private companies in the resources sector.

He is a Fellow of the AusIMM, a Fellow of the Geological Society of London, a member of the Geological Society of America and a member of the Association of Mining Analysts.

As a Chairman Jeff is responsible to lead the Board and determine the strategic direction of the Company, review performance of the management and ensure that the Company complies with the relevant rules and regulations. In addition, he is responsible to ensure that the Company complies with the QCA Code for Corporate Governance.

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CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Alistair Muir – Chief Executive Officer (formerly Non-Executive Director)(Aged 69)

Alistair has a wealth of both operational and emerging markets experience, including significant on the ground experience in Tanzania. He has over 25 years operational experience mainly working in the coal (both thermal and coking), uranium and iron ore sectors. He has extensive expertise in open-pit mine development, project evaluation and exploration, particularly in the integrated coal and power generation setting.

In recent times Alistair has predominantly operated in emerging markets, as well as Tanzania he has worked in Turkey and Central Asia. Previous roles include General Manager of UraniumSA; Managing Director and Director of Celsius Coal Ltd, an ASX listed Company where he participated in the restructuring of the Company to Celsius Resources as it migrated its operations into the battery minerals sector; and Chief Representative for Europe & the Middle East of Azarga Resources Ltd where he led project teams to evaluate new projects within the region.

Alistair is responsible for the daily operation and directing management of the Company from 1 November 2019

Nicholas (Nick) von Schirnding – Non-Executive Director (Aged 59)

Nick has over 25 years' experience in mining and natural resources, including strategic development, M&A, restructuring, driving operational change and the UK regulatory framework.

Nick is Executive Chairman of Arc Minerals plc, a London listed mining group with interests in Africa. Nick is also Chairman of Fodere Group, a private Company that has developed environmentally sustainable technology to extract high value minerals from ore. In addition, Nick is a Non-Executive Director of Jangada Mines plc, which is also listed in London.

Previously Nick was CEO of Asia Resource Minerals plc (formerly Bumi plc), a FTSE listed mining Company and was instrumental in successfully restructuring their 25mtpa open pit coal mining operations. Nick was also deputy chairman of Berau Coal, Indonesia's fourth largest listed coal Company. Prior to this Nick held senior roles at both Anglo American plc and De Beers.

Nick has worked and lived in both developed and emerging markets including the UK, India, SE Asia, Africa and South America.

Franco Caselli- Non Executive Director (Age 68)

Franco Caselli has a degree in Geology from Florence University, and he is also a geoscientist professionally chartered by the Swiss Association of Energy Geoscientists and a member of the International Geothermal Association. Mr Caselli has more than 40 years of experience in the energy sector having previously worked with majors ENI, Fina, BP and Norsk Hydro and with US and UK independents OXY, Hunt Oil and Heritage, gaining considerable energy business experience in Southern Europe, Africa, Middle East, Far East and North Sea. Professional roles range from exploration leader to business developer and general manager.

He has worked across both the hydrocarbon and renewable sectors in geothermal and solar energy and is the director of geothermal exploration with new high temperature technologies for Geolog Green Energy. He previously worked for Enel Green Power in deep high enthalpy projects in Italy and Latin America. He founded Terracon Resources S.R.L. which was involved in energy and mining projects in South Europe and Africa and has also managed integrated energy projects with international institutions and governments.

7. Evaluate board performance based on clear and relevant objectives, seeking continuous improvement

Given the size of the Board and the stage of development, no formal assessment of the Board performance is taken. However, requests to attend seminars, courses, conferences to improve the effectiveness of the Board are encouraged.

A yearly internal review of the performance of the Board is planned with inputs from employees and advisors.

EDENVILLE ENERGY PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Board members are in frequent communication with each other and the Chairman and the Chief Executive officer are in a daily communication such that Board members are aware of the present status of the Company.

The Board conduct weekly meetings either by telephone or in person to review their goals. The CEO gets regular feedback from operational employees on all issues.

There are periodic discussions on the future direction of the Company, augmentation of senior management team, potential Board members and succession planning.

8. Promote a corporate culture that is based on ethical values and behaviours

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 the Tanzanian, Seychelles and UK laws and regulations;
- Anti-corruption practices;
- relations with customers and suppliers;
- ethical responsibilities;
- employment practices; and
- responsibility to the environment and the community.

Regular meetings and communications with management and employees are conducted throughout the year to ensure such corporate culture are instilled within the Company.

Details of these are outlined in the Annual Report under the Corporate Social Responsibility and Corporate Governance sections.

9. Maintain governance structures and processes that are fit for purpose and support good decision-making by the board

Board meetings

The Board formally meet on average every three months, however the Chairman and the Chief Executive Officer communicate daily and meet up on average at least once a month. 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, changes in the Board / senior management, 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 both consisting of Jeffrey Malaihollo, Nicholas Von Schirnding and Franco Caselli. During the year ended 31 December 2021 the Audit Committee and the Remuneration Committee met with the Chief Executive Officer and all relevant matters were dealt with by the full Board. The functions of these committees are as follows:

Audit committee

The Committee provide a forum for reporting by the Group's external auditors. Meetings will be held on average once a year and the executive Director(s) will also be invited to attend.

EDENVILLE ENERGY PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

The Audit Committee will be 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 will be 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 will determine the contract terms, remuneration and other benefits for the Executive Directors, including performance related bonus schemes, compensation payments and option schemes. At present, the Board itself determines the remuneration of the Non-Executive Directors.

Nominations committee

The directors consider that the Group is not currently of a size to warrant the need for a separate Nominations Committee or internal audit function although the board has put in place internal financial control procedures as summarised below.

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.

10. Communicate how the Company is governed and is performing by maintaining a dialogue with shareholders and other relevant stakeholders

In addition to the Chairman's Statement and CEO report in the Company's Annual Report and Interim Results, Shareholders are regularly advised of any significant developments in the Company and are encouraged to participate in the Annual General Meeting and any other General Meetings that may take place throughout the year. The Company intends to widen its investor base over time 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.

Investors have access to current information on the Company through its website, <https://edenville-energy.com/>, and the Company's financial PR advisers, IFC Advisory Limited, are also available to liaise with shareholders.

The Company also intends to periodically hold investor events to meet with shareholders and provide updates on corporate developments; and at appropriate points in the future the Company will host analyst site visits.

The Company has a twitter account <https://twitter.com/edenvilleenergy?lang=en> which contains photos and videos of the Company's operation in Tanzania. The Managing Director also periodically promotes the Company's activities, following the publication of regulatory announcements, through various media platforms such as Directors Talk, VOX Markets and Proactive Investors.

EDENVILLE ENERGY PLC

CORPORATE GOVERNANCE REPORT FOR THE YEAR ENDED 31 DECEMBER 2021

Going Concern

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

Production through the later half of 2021 struggled to achieve target levels and as a result of this the Company entered into a Coal Mining Agreement in February 2022 which failed to have impact on production rates despite the current high coal prices. This agreement was terminated in May 2022.

The high coal prices have resulted in:

- the export of coal from the traditional local coal suppliers in Tanzania, usually to India
- created major demand from East Africa who would normally source their coal from South Africa but now find pricing prohibitive.

As a result of this situation the company is receiving regular enquiries for coal supply from within Tanzania, East Africa and Internationally, the company has therefore taken back control of the mining operations and is already investing to raise production levels to leverage off the current demand situation.

Based on the current working capital forecast, the Group has sufficient funds in order to allow it to continue in production and implement planned project development and any upgrades. However, if there are delays in procuring orders or if large export contracts are entered into, which required additional working capital, 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 or the willingness of the banking sector to finance ongoing operations.

Expenditure on excavation is related to the level of orders 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.

REPORT OF THE INDEPENDENT AUDITORS TO THE MEMBERS OF EDENVILLE ENERGY PLC FOR THE YEAR ENDED 31 DECEMBER 2021

Opinion

We have audited the financial statements of Edenville Energy Plc (the 'parent company') and its subsidiaries (the 'group') for the year ended 31 December 2021 which comprise the Group Statement of Comprehensive Income, the Group and Company Statement of Financial Position, the Group and Company Statement of Changes in Equity, the Group and Company Cash Flow Statements and Notes to the Group and Company Financial Statements, including significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and UK-adopted international accounting standards and as regards the parent company financial statements, as applied in accordance with the provisions of the Companies Act 2006.

In our opinion:

- the financial statements give a true and fair view of the state of the group's and of the parent company's affairs as at 31 December 2021 and of the group loss for the year then ended;
- the group financial statements have been properly prepared in accordance with UK-adopted international accounting standards;
- the parent company financial statements have been properly prepared in accordance with UK-adopted international accounting standards and as applied in accordance with the provisions of the Companies Act 2006; and
- the financial statements have been prepared in accordance with the requirements of the Companies Act 2006.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) (ISAs (UK)) and applicable law. Our responsibilities under those standards are further described in the Auditor's responsibilities for the audit of the financial statements section of our report. We are independent of the group and parent company in accordance with the ethical requirements that are relevant to our audit of the financial statements in the UK, including the FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Material uncertainty related to going concern

We draw attention to note 2 in the financial statements, under the heading 'Going concern' concerning the ability of the group and parent company to continue as a going concern. The group and parent company's forecasts and projections indicate that the group and parent company has sufficient cash reserves to operate within the level of its current facilities. However, if there are any material variances to the forecasts which it is unable to manage with cashflow management to continue in operation, the group and parent company would be obliged to raise additional funds within twelve months of the date of the approval of these financial statements. The ability of the group and parent company to raise additional funds is dependent upon investor appetite.

As stated in note 2, these events or conditions, along with the other matters as set forth in note 2, indicate that a material uncertainty exists that may cast significant doubt on the group and company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

In auditing the financial statements, we have concluded that the director's use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of

the directors' assessment of the group and parent company's ability to continue to adopt the going concern basis of accounting included :

- a) Reviewing management's assessment of going concern.
- b) Determining if all relevant information has been included in the assessment of going concern including completeness of forecasted expenditure.
- c) Analysing cash flow forecasts and budgets, reviewing the underlying assumptions in relation to expenditure and checking mathematical accuracy.
- d) Considering the cash position at and after the year end.
- e) Reviewing the reasonable worst-case forecast scenario and the financial resources available to deal with this outcome i.e. ability of the group and parent company to raise funds.

Our responsibilities and the responsibilities of the directors with respect to going concern are described in the relevant sections of this report.

Emphasis of matter - recoverability of value added tax

We draw attention to note 4 of the financial statements, which describes group's assessment over the VAT receivable balance of £279,157 in Tanzania. The group have explained their assessment over the recoverability within critical accounting estimates and conclude this to be recoverable. The financial statements do not include the adjustments that would result if the group was unable to fully recover this.

Our opinion is not modified in this respect.

Emphasis of matter - recoverability of inventory

We draw your attention to Note 4 of the financial statements, which describes the group's assessment over the inventory balance of £142,721 in Tanzania. The group have explained their assessment over the recoverability within the critical accounting estimates and conclude this to be recoverable. The financial statements do not include the adjustment that would result if the group was unable to fully recover this.

Our opinion is not modified in this respect.

Our application of materiality

The quantitative and qualitative thresholds for materiality determine the scope of our audit and the nature, timing and extent of our audit procedures. The materiality for the financial statements as a whole applied to the group financial statements was £74,700 (2020: £67,250) based on 1% of gross assets. We based the materiality on gross assets because we consider this to be the most relevant performance indicator for a mining group. The performance materiality for the group was £44,800 (2020: £40,350). The materiality for the financial statements as a whole applied to the parent company financial statements was £12,500 (2020: £37,100) based on 2% of the expenses. The performance materiality for the parent company was £7,500 (2020: £22,260). For the component in the scope of our group audit, we allocated a materiality that was less than our overall group materiality. We use performance materiality to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds overall materiality. Specifically, we use performance materiality in determining the scope of our audit and the nature and extent of our testing of account balances, classes of transactions and disclosures, for example in determining sample sizes.

We agreed with those charged with governance that we would report all differences identified during the course of our audit in excess of £3,735 (2020: £3,363) for the group and £625 (£1,855) for the parent company.

Our approach to the audit

In designing our audit approach, we determined materiality and assessed the risks of material misstatement in the financial statements. In particular we assessed the areas involving significant accounting estimates and judgements by the directors in respect of the carrying value of the mining assets and carrying values of the parent company's investments in and loans to subsidiaries and considered future events that are inherently uncertain. We also addressed the risk of management override of internal controls, including evaluation whether there was evidence of bias by the directors that represented a risk of material misstatement due to fraud.

Of the four components of the group, a full scope audit was performed on the complete financial information of the parent and its Tanzanian subsidiary that owns the asset. The remaining components were subject to analytical review only because they were not significant to the group.

Of the two reporting components of the group, one is located in Tanzania and audited by a component auditor operating under our instructions, and the audit of the remaining component was performed in London, conducted by PKF Littlejohn LLP using a team with specific experience of auditing mining entities and publicly listed entities. The Senior Statutory Auditor interacted regularly with the component audit team during all stages of the audit and was responsible for the scope and direction of the audit process. This, in conjunction with additional procedures performed, gave us appropriate evidence for our opinion on the group and parent company financial statements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements of the current period and include the most significant assessed risks of material misstatement (whether or not due to fraud) we identified, including those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters. In addition to the matter described in the Material uncertainty related to going concern section we have determined the matters described below to be the key audit matters to be communicated in our report.

Key Audit Matters	How our scope addressed these matters
Carrying value mining assets (Note 15)	
The entity has capitalised mining assets of £5,116,268. Management is required to assess whether there is any indication of impairment of these assets. The carrying value and recoverability of these assets are tested annually for impairment. The estimated recoverable amount of this balance is subjective due to the inherent uncertainty involved in the assessment of exploration projects.	Our work in this area included but was not limited to: • Carried out testing to ensure existence, and ownership of mining licenses; and consideration has been given to whether a dilapidation provision is required. • Ensuring the reasonableness of the capitalization of the new additions; • Considering whether there were indicators of impairment of the mining assets such as expiring concessions, licenses or rights, projections of declining coal prices and/or declining demand and projections of increased future capital costs or operating

	costs and we note that the forecasted revenue and production is higher than the actual and historical levels • Performing sensitivity analysis • Consideration of whether treatment of mining assets is in accordance with IFRS 6, and has been correctly classified • Reviewing management's assessment of the impairment of mining assets and challenging their key assumptions and estimates used as a basis to value the intangible assets. In forming our opinion, which is not modified, our work indicated that the value of mining assets are fairly stated in the financial statements, but that the future carrying value of these mining assets are dependent on the ability of the subsidiary to fully realise the potential of the mine and increase the mining activities and extraction to pre-pandemic levels. This should be supported by signing long term sales contracts with a few customers in the short to medium term. The financial statements do not include the adjustments that would result if the group was unsuccessful in increasing the production and sales.
Valuation of the parent company's investment in and loans to subsidiaries (Note 14)	
The parent company owns a significant investment in Edenville International (Tanzania) Limited of £17,197,652 which includes loans to the subsidiary of £10,154,340. The value of the investment is linked to the value of the assets held in Edenville International (Tanzania) Limited. Value in use calculation for the carrying value of investments are based on judgments and estimates made by the management which lead to a risk of misstatement	We have obtained and critically assessed the directors' impairment review of the carrying value of the parent company's net investment in the subsidiaries. Our work included: • Reviewing the valuation methodology for the investment held and ensuring that the carrying values were supported by sufficient and appropriate audit evidence. • Reviewing and challenging their key assumptions and estimates used as a basis to support carrying value of investment by comparing the forecasted mining levels to historic production, agreeing coal prices used in the valuation to prices regulated by local government, reviewing sales plan supported by signed contracts or under contracts under negotiation. We note that the forecasted revenue and production is higher than the actual and historical levels.

	• Performed sensitivity analysis and stress tests on the valuation • Ensuring the parent company has full title to the investments held; • Ensuring that appropriate disclosures surrounding the estimates, including a review of how these estimates were arrived at, are made in respect of any valuations are included in the financial statements. In forming our opinion, which is not modified, our work indicated that the value of its investment and loans are fairly stated in the financial statements, but that the recoverability is dependent on the ability of the subsidiary to fully realise the potential of the mine and increase the mining activities and extraction to pre-pandemic levels. This should be supported by signing long term sales contracts with a few customers in the short to medium term. The financial statements do not include the adjustments that would result if the subsidiary was unsuccessful in increasing the production and sales.
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Other information

The other information comprises the information included in the annual report, other than the financial statements and our auditor's report thereon. The directors are responsible for the other information contained within the annual report. Our opinion on the group and parent company financial statements does not cover the other information and, except to the extent otherwise explicitly stated in our report, we do not express any form of assurance conclusion thereon. Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the course of the audit, or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether this gives rise to a material misstatement in the financial statements themselves. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact.

We have nothing to report in this regard.

Opinions on other matters prescribed by the Companies Act 2006

In our opinion, based on the work undertaken in the course of the 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 financial statements; and
- the strategic report and the directors' report have been prepared in accordance with applicable legal requirements.

Matters on which we are required to report by exception

In the light of the knowledge and understanding of the group and the parent company and their environment obtained in the course of the audit, we have not identified material misstatements in the strategic report or the directors' report.

We have nothing to report in respect of the following matters in relation to which 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.

Responsibilities of directors

As explained more fully in the Statement of Directors' Responsibilities, the directors are responsible for the preparation of the group and parent company financial statements and for being satisfied that they give a true and fair view, and for such internal control as the directors determine is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the group and parent company financial statements, the directors are responsible for assessing the group and the parent company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the directors either intend to liquidate the group and parent company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the group and parent company financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined above, to detect material misstatements in respect of irregularities, including fraud. The extent to which our procedures are capable of detecting irregularities, including fraud is detailed below:

- We obtained an understanding of the group and parent company and the sector in which they operate to identify laws and regulations that could reasonably be expected to have a direct effect on the financial statements. We obtained an understanding in this regard through discussions with management and the application of our cumulative audit knowledge and experience of this sector.
- We determined the principal laws and regulations relevant to the group and parent company in this regard to be those arising from Companies Act 2006, AIM Rules and mining regulations applicable to the subsidiaries.
- We designed our audit procedures to ensure the audit team considered whether there were any indications of non-compliance by the group and parent company with those laws and regulations. These procedures included, but were not limited to enquiries of management,

review of minutes and Regulatory News Service (RNS) announcements and review of legal and regulatory correspondence.

- We also identified the risks of material misstatement of the financial statements due to fraud. We considered, in addition to the non-rebuttable presumption of a risk of fraud arising from management override of controls, that the potential for management bias was identified in relation to the impairment assessment of intangible assets and valuation of investments. We addressed this by challenging the assumptions and judgements made by management when evaluating any indicators of impairment.
- As in all of our audits, we addressed the risk of fraud arising from management override of controls by performing audit procedures which included, but were not limited to: the testing of journals; reviewing accounting estimates for evidence of bias; and evaluating the business rationale of any significant transactions that are unusual or outside the normal course of business
- At a significant component level, we engaged with the component auditors to ensure that they had conducted an extensive review into whether the operating subsidiary was fully compliant with laws and regulations at a local level, and reviewed their work conducted into the posting of journal entries to ensure there were no instances of fraud detected at a local level.

Because of the inherent limitations of an audit, there is a risk that we will not detect all irregularities, including those leading to a material misstatement in the financial statements or non-compliance with regulation. This risk increases the more that compliance with a law or regulation is removed from the events and transactions reflected in the financial statements, as we will be less likely to become aware of instances of non-compliance. The risk is also greater regarding irregularities occurring due to fraud rather than error, as fraud involves intentional concealment, forgery, collusion, omission or misrepresentation.

A further description of our responsibilities for the audit of the financial statements is located on the Financial Reporting Council's website at: www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

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 auditor's 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.

PKF Littlejohn LLP

Zahir Khaki (Senior Statutory Auditor)
For and on behalf of PKF Littlejohn LLP
Statutory Auditor

15 Westferry Circus
Canary Wharf
London E14 4HD

29 June 2022

EDENVILLE ENERGY PLC

**GROUP STATEMENT OF COMPREHENSIVE INCOME
YEAR ENDED 31 DECEMBER 2021**

	Note	2021 £	2020 £
Revenue	5	105,228	33,852
Cost of sales		(684,848)	(583,876)
Gross loss		(579,620)	(550,024)
Administration expenses	6	(875,564)	(529,632)
Share based payments	27	-	(50,398)
Group operating loss		(1,455,184)	(1,130,054)
Finance income	10	701	112
Finance costs	11	(5,842)	(111,503)
Loss on operations before taxation		(1,460,325)	(1,241,445)
Income tax	12	(526)	-
Loss for the year		(1,460,851)	(1,241,445)
Attributable to:			
Equity holders of the Company		(1,458,586)	(1,239,553)
Non-controlling interest		(2,265)	(1,892)
Other comprehensive loss			
<i>Item that will or may be reclassified to the profit and loss:</i>			
Gain/(loss) on translation of overseas subsidiary		87,013	(203,935)
Total comprehensive loss for the year		(1,373,838)	(1,445,380)
Attributable to:			
Equity holders of the Company		(1,371,573)	(1,443,488)
Non-controlling interest		(2,265)	(1,892)
Earnings per Share (pence)			
Basic and diluted loss per share	13	(8.04p)	(16.66p)

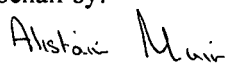
All operating income and operating gains and losses relate to continuing activities.

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

EDENVILLE ENERGY PLC
**GROUP AND COMPANY STATEMENT OF FINANCIAL POSITION
AS AT 31 DECEMBER 2021**

Company Registered Number 05292528	Note	Group 31 December 2021 £	31 December 2020 £	31 December 2021 £	Company 31 December 2020 £
Non-current assets					
Investment in subsidiaries	14	-	-	17,197,652	16,561,617
Property, plant and equipment	15	5,451,921	5,644,577	1,000	1,334
Intangible assets	16	315,002	311,032	-	-
		<u>5,766,923</u>	<u>5,955,609</u>	<u>17,198,652</u>	<u>16,562,951</u>
Current assets					
Inventories	17	142,721	251,736	-	-
Trade and other receivables	18	415,479	301,251	225,635	8,499
Cash and cash equivalents	19	1,229,801	25,690	1,226,235	25,628
		<u>1,788,001</u>	<u>578,677</u>	<u>1,451,870</u>	<u>34,127</u>
Current liabilities					
Trade and other payables	20	(389,264)	(685,809)	(103,362)	(213,559)
Borrowings	21	(18,258)	(440,831)	-	(416,142)
		<u>407,522</u>	<u>(1,126,640)</u>	<u>(103,362)</u>	<u>(629,701)</u>
Current assets less current liabilities		<u>1,380,479</u>	<u>(547,963)</u>	<u>1,348,508</u>	<u>(595,574)</u>
Total assets less current liabilities		<u>7,147,402</u>	<u>5,407,646</u>	<u>18,547,160</u>	<u>15,967,377</u>
Non-current liabilities					
Borrowings	21	-	(39,873)	-	(16,084)
Environmental rehabilitation liability	22	(24,632)	(21,912)	-	-
		<u>7,122,770</u>	<u>5,345,861</u>	<u>18,547,160</u>	<u>15,951,293</u>
Equity					
Called-up share capital	23	4,176,601	4,041,601	4,176,601	4,041,601
Share premium account		22,254,317	19,390,849	22,254,317	19,390,849
Share option reserve		453,614	301,174	453,614	301,174
Foreign currency translation reserve		581,143	494,130	-	-
Retained earnings		(20,325,577)	(18,866,991)	(8,337,372)	(7,782,331)
Attributable to the equity shareholders of the Company			<u>5,360,763</u>	<u>18,547,160</u>	<u>15,951,293</u>
Non- controlling interests		<u>(17,328)</u>	<u>(14,902)</u>	<u>-</u>	<u>-</u>
Total equity		<u>7,122,770</u>	<u>5,345,861</u>	<u>18,547,160</u>	<u>15,951,293</u>

The financial statements were approved by the board of directors and authorised for issue on 29 June 2022 and signed on its behalf by:


Alistair Muir, Director

EDENVILLE ENERGY PLC

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2021

GROUP

	Equity Interests							
	Share Capital	Share Premium	Retained Earnings Account	Share Option Reserve	Foreign Currency Translation Reserve	Total	Non- controlling interest	Total
	£	£	£	£	£	£	£	£
At 1 January 2020	3,414,935	18,811,157	(17,718,347)	281,502	698,065	5,487,312	(13,517)	5,473,795
Comprehensive Income for the year								
Foreign currency translation	-	-	-	-	(203,935)	(203,935)	-	(203,935)
Loss for the year	-	-	(1,239,553)	-	-	(1,239,553)	(1,892)	(1,241,445)
Total comprehensive income for the year	-	-	(1,239,553)	-	(203,935)	(1,443,488)	(1,892)	(1,445,380)
Transactions with owners								
Issue of share capital	626,666	648,334	-	-	-	1,275,000	-	1,275,000
Share issue costs	-	(68,642)	-	-	-	(68,642)	-	(68,642)
Share options/warrants charge	-	-	-	110,581	-	110,581	-	110,581
Cancellation of share options	-	-	90,909	(90,909)	-	-	-	-
Total transactions with owners	626,666	579,692	90,909	19,672	-	1,316,939	-	1,316,939
Non- controlling interest share of goodwill	-	-	-	-	-	-	507	507
At 31 December 2020	4,041,601	19,390,849	(18,866,991)	301,174	494,130	5,360,763	(14,902)	5,345,861

EDENVILLE ENERGY PLC

GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2021

	Equity Interests							
	Share Capital	Share Premium	Retained Earnings Account	Share Option Reserve	Foreign Currency Translation Reserve	Total	Non- controlling interest	Total
	£	£	£	£	£	£	£	£
At 1 January 2021	4,041,601	19,390,849	(18,866,991)	301,174	494,130	5,360,763	(14,902)	5,345,861
Comprehensive Income for the year								
Foreign currency translation	-	-	-	-	87,013	87,013	-	87,013
Loss for the year	-	-	(1,458,586)	-	-	(1,458,586)	(2,265)	(1,460,851)
Total comprehensive income for the year	-	-	(1,458,586)	-	87,013	(1,371,573)	(2,265)	(1,373,838)
Transactions with owners								
Issue of share capital	135,000	3,240,000	-	-	-	3,375,000	-	3,375,000
Share issue costs	-	(224,092)	-	-	-	(224,092)	-	(224,092)
Share options/warrants charge	-	(152,440)	-	152,440	-	-	-	-
Total transactions with owners	135,000	2,863,468	-	152,440	-	3,150,908	-	3,150,908
Non- controlling interest share of goodwill	-	-	-	-	-	-	(161)	(161)
At 31 December 2021	4,176,601	22,254,317	(20,325,577)	453,614	581,143	7,140,098	(17,328)	7,122,770

EDENVILLE ENERGY PLC

**GROUP AND COMPANY STATEMENT OF CHANGES IN EQUITY
YEAR ENDED 31 DECEMBER 2021**

COMPANY

	Share Capital £	Share Premium £	Retained Earnings Account £	Share Option Reserve £	Total £
At 1 January 2020	3,414,935	18,811,157	(7,358,134)	281,502	15,149,460
Comprehensive Income for the year					
Total comprehensive loss for the year	-	-	(515,106)	-	(515,106)
Total comprehensive income for the year	-	-	(515,106)	-	(515,106)
Transactions with owners					
Issue of share capitals	626,666	648,334	-	-	1,275,000
Share issue costs	-	(68,642)	-	-	(68,642)
Share option/warrants charge	-	-	-	110,581	110,581
Cancellation of share options	-	-	90,909	(90,909)	-
Total transactions with owners	626,666	579,692	90,909	19,672	1,316,939
At 31 December 2020	4,041,601	19,390,849	(7,782,331)	301,174	15,951,293
Comprehensive Income for the year					
Total comprehensive loss for the year	-	-	(555,041)	-	(555,041)
Total comprehensive income for the year	-	-	(555,041)	-	(555,041)
Transactions with owners					
Issue of share capital	135,000	3,240,000	-	-	3,375,000
Share issue costs	-	(224,092)	-	-	(224,092)
Share option/warrants charge	-	(152,440)	-	152,440	-
Total transactions with owners	135,000	2,863,468	-	152,440	3,150,908
At 31 December 2021	4,176,601	22,254,317	(8,337,372)	453,614	18,547,160

EDENVILLE ENERGY PLC
**GROUP AND COMPANY CASH FLOW STATEMENTS
YEAR ENDED 31 DECEMBER 2020**

	Group		Company	
	Year ended 31 December 2021	Year ended 31 December 2020	Year ended 31 December 2021	Year ended 31 December 2020
	£	£	£	£
Operating activities				
Operating loss	(1,455,184)	(1,130,054)	(557,208)	(515,218)
Adjustments to reconcile profit before tax to net cash flows:				
Depreciation	264,677	277,921	334	445
Interest paid	-	(351)	-	100,090
Expected credit losses	-	-	-	-
Share based payments	-	50,398	-	50,398
Foreign exchange difference	2,687	(34,531)	-	(10,482)
Working capital changes:				
Decrease/(Increase) in inventories	17,799	(4,198)	-	-
Impairment of inventories	92,150	-	-	-
(Decrease)/increase in trade and other receivables	(116,768)	54,984	(217,136)	39,912
Decrease in trade and other payables	(286,968)	(116,836)	(110,197)	(189,149)
Net cash outflow from operating activities	(1,481,607)	(902,657)	(884,207)	(524,004)
Cash flows from investing activities				
Capital introduced to subsidiaries	-	-	(636,035)	(400,904)
Purchase of property, plant and equipment	-	-	-	-
Finance income	701	112	2,167	112
Net cash used in/(from) investing activities	701	112	(633,868)	(400,792)
Cash flows from financing activities				
Proceeds from borrowings	-	180,000	-	180,000
Repayment of borrowings	(120,000)	-	(120,000)	-
Repayment of convertible loan notes	(312,226)	(160,421)	(312,226)	(160,421)
Repayment of lease liabilities	(30,214)	(17,404)	-	-
Lease interest	(3,451)	(5,059)	-	-
Proceeds from issue of ordinary shares	3,375,000	950,000	3,375,000	950,000
Share issue costs	(224,092)	(60,000)	(224,092)	(60,000)
Net cash inflow from financing activities	2,685,017	887,116	2,718,682	909,579
Net decrease in cash and cash equivalents	1,204,111	(15,429)	1,200,607	(15,217)
Cash and cash equivalents at beginning of year	25,690	41,110	25,628	40,845
Effect of foreign exchange rate changes on cash and cash equivalents	-	9	-	-
Cash and cash equivalents at end of year	1,229,801	25,690	1,226,235	25,628

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

1. General Information

Edenville Energy Plc is a public limited Company incorporated in England and Wales. 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, development and mining of energy commodities predominantly coal in Africa.

2. Group Accounting Policies

Basis of preparation and statement of compliance

The Group's and Company's financial statements have been prepared in accordance with UK-adopted international accounting standards, 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, except for the measurement to fair value of assets and financial instruments as described in the accounting policies set out below.

The preparation of financial statements in conformity with UK-adopted international accounting standards 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 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 £555,041 (2020: £515,106)

Going concern

At 31 December 2021 the Group had cash balances totalling £1,229,801.

Production through the later half of 2021 struggled to achieve target levels and as a result of this the company entered into a Coal Mining Agreement which failed to have impact on production rates despite the current high coal prices. This agreement was terminated in May 2022.

The high coal prices have resulted in:

- the export of coal from the traditional local coal suppliers in Tanzania, usually to India and
- created major demand from East Africa who would normally source their coal from South Africa but now find pricing prohibitive.

As a result of this situation the company is receiving regular enquiries for coal supply from within Tanzania, East Africa and internationally, the company has therefore taken back control of the mining operations and is already investing to raise production levels to leverage off the current demand situation.

Based on the current working capital forecast which includes previous placings, the Group has sufficient funds in order to allow it to continue in production and implement planned project development and any upgrades. However, if there are delays in procuring orders or if large export contracts are entered into 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 or the willingness of the banking sector to finance ongoing operations.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

Expenditure on excavation is related to the level of orders 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.

Adoption of new and revised standards and changes in accounting policies

There were no new standards or interpretations impacting the Group that will be adopted in the annual financial statements for the year ended 31 December 2021, and which have given rise to changes in the Group's accounting policies.

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:

Standard	Detail	Effective for annual periods commencing on or after
IFRS 1	Amendments resulting from Annual improvements to IFRS Standards 2018-2020 (subsidiary as a first time adopter)	1 January 2022
IFRS 3	Amendments updating a reference to the Conceptual Framework	1 January 2022
IFRS 9	Amendments resulting from Annual improvements to IFRS Standards 2018-2020 (fees in '10 per cent' test for de-recognition of financial liabilities)	1 January 2022
IFRS 17	Original issue	1 January 2023
IAS 1	Amendments regarding the classification of liabilities. Amendments regarding the disclosure of accounting policies	1 January 2023
IAS 8	Amendments regarding the definition of accounting estimates	1 January 2023
IAS 12	Amendments regarding deferred tax on leases and decommissioning obligations	1 January 2023
IAS 16	Amendments prohibiting a company from deducting from cost of property, plant and equipment amounts received from selling items produced while the company is preparing the asset for its intended use.	1 January 2022
IAS 37	Amendments regarding the cost to include when assessing whether a contract is onerous	1 January 2022

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

2. Group Accounting Policies (continued)

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 (Share options and Warrants)

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 (share 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 Group also, from time to time, issues warrants, primarily to advisors of the company in connection with placing of shares and/or other services. Their fair value of these warrants is either recognised as an expense or as a share issue costs offset against share premium, depending on the nature of services.

The total amount to be expensed or offset against share premium in respect of share issue costs 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 (Edenville International (Seychelles) Limited, Edenville International (Tanzania) Limited and Edenville Power (TZ) Limited) made up to 31 December 2021 (Note 11). 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.

Consolidation of a subsidiary begins when the Group obtains control over the subsidiary and ceases when the Group loses control of the subsidiary. Assets, liabilities, income and expenses of a subsidiary acquired or disposed of during the year are included in the statement of profit or loss and other comprehensive income from the date the Group gains control until the date the Group ceases to control the subsidiary. Where the Group's interest is less than 100 per cent, the interest attributable to outside shareholders is reflected in non-controlling interests (NCIs).

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

2. Group Accounting Policies (continued)

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.

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

consideration received or receivable, and represent amounts receivable for goods supplied, stated net of discounts, returns and value added taxes. Under IFRS 15 there is a five-step approach to revenue recognition which is adopted across all revenue streams. The process is:

- Step 1: Identify the contract(s) with a customer;
- Step 2: Identify the performance obligations in the contract;
- Step 3: Determine the transaction price;
- Step 4: Allocate the transaction price to the performance obligations in the contract; and
- Step 5: Recognise revenue as and when the entity satisfies the performance obligation.

The Group has one revenue stream being the sale of coal and other aggregate bi-products produced by the Group. Sales are predominantly made at the Group's premises as customers collect their quantities from the mine. Such revenue is recognised at the point of contact at a pre-agreed fixed price on a per tonnage basis. For deliveries made to customer premises, revenue is recognised at the point of which the products leave the Group's premises

Presentational and functional currency

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

The functional currency of the Groups subsidiaries is US Dollars. The financial statements are presented in pounds sterling.

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.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

2. Group Accounting Policies (continued)

Financial instruments

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.

Classification and measurement

The Group classifies its financial assets into the following categories: those to be measured subsequently at fair value (either through other comprehensive income (FVOCI) or through the income statement (FVPL) and those to be held at amortised cost.

Classification depends on the business model for managing the financial assets and the contractual terms of the cash flows. Management determines the classification of financial assets at initial recognition. The Group's policy with regard to financial risk management is set out in note 3. Generally, the group does not acquire financial assets for the purpose of selling in the short term.

The group's business model is primarily that of "hold to collect" (where assets are held in order to collect contractual cash flows). When the group enters into derivative contracts, these transactions are designed to reduce exposures relating to assets and liabilities, firm commitments or anticipated transactions.

Financial Assets

The Group recognises an allowance for expected credit losses (ECLs) for all debt instruments not held at fair value through profit or loss.

ECLs are based on the difference between the contractual cash flows due in accordance with the contract and all the cash flows that the Group expects to receive, discounted at an approximation of the original EIR. The expected cash flows will include cash flows from the sale of collateral held or other credit enhancements that are integral to the contractual terms.

ECLs are recognised in two stages. For credit exposures for which there has not been a significant increase in credit risk since initial recognition, ECLs are provided for credit losses that result from default events that are possible within the next 12-months (a 12-month ECL). For those credit exposures for which there has been a significant increase in credit risk since initial recognition, a loss allowance is required for credit losses expected over the remaining life of the exposure, irrespective of the timing of the default (a lifetime ECL).

For trade receivables (not subject to provisional pricing) and other receivables due in less than 12 months, the Group applies the simplified approach in calculating ECLs, as permitted by IFRS 9. Therefore, the Group does not track changes in credit risk, but instead, recognises a loss allowance based on the financial asset's lifetime ECL at each reporting date.

The Group considers a financial asset in default when contractual payments are 90 days past due. However, in certain cases, the Group may also consider a financial asset to be in default when internal or external information indicates that the Group is unlikely to receive the outstanding contractual amounts in full before taking into account any credit enhancements held by the Group. A financial asset is written off when there is no reasonable expectation of recovering the contractual cash flows and usually occurs when past due for more than one year and not subject to enforcement activity.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

2. Group Accounting Policies (continued)

At each reporting date, the Group assesses whether financial assets carried at amortised cost are credit impaired. A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of the financial asset have occurred.

Financial Assets held at fair value through other comprehensive income (FVOCI)

The classification applies to the following financial assets:

- Debt instruments that are held under a business model where they are held for the collection of contractual cash flows and also for sale ("collect and sale") and which have cash flows that meet the SPPI criteria. An example would be where trade receivable invoices for certain customers were factored from time to time. All movements in the fair value of these financial assets are taken through comprehensive income, except for the recognition of impairment gains and losses, interest revenue (including transaction costs by applying the effective interest method), gains or losses arising on derecognition and foreign exchange gains and losses which are recognised in the income statement. When the financial asset is derecognised, the cumulative fair value gain or loss previously recognised in other comprehensive income is reclassified to the income statement.
- Equity investments where the group has irrevocably elected to present fair value gains and losses on revaluation of such equity investments, including any foreign exchange component, are recognised in other comprehensive income.
- When equity investment is derecognised, there is no reclassification of fair value gains or losses previously recognised in other comprehensive income to the income statement. Dividends are recognised in the income statement when the right to receive payment is established.

Financial Assets held at fair value through profit or loss (FVPL)

The classification applies to the following financial assets. In all cases, transaction costs are immediately expensed to the income statement.

- Debt instruments that do not meet the criteria of amortised costs or fair value through other comprehensive income.
- Equity investments which are held for trading or where the FVOCI election has not been applied. All fair value gains or losses and related dividend income are recognised in the income statement.
- Derivatives which are not designated as a hedging instrument. All subsequent fair value gains or losses are recognised in the income statement.

Derecognition

The Group derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

Financial Liabilities

Financial liabilities are classified, at initial recognition, as financial liabilities at fair value through profit or loss, loans and borrowings, payables, or as derivatives designated as hedging instruments in an effective hedge, as appropriate. All financial

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

2. Group Accounting Policies (continued)

liabilities are recognised initially at fair value and, in the case of loans and borrowings and payables, net of directly attributable transaction costs. The Group's financial liabilities include trade and other payables and loans.

Subsequent measurement

The measurement of financial liabilities depends on their classification, as described below:

Financial liabilities at fair value through profit or loss

Financial liabilities at fair value through profit or loss include financial liabilities held for trading and financial liabilities designated upon initial recognition as at fair value through profit or loss. Financial liabilities are classified as held for trading if they are incurred for the purpose of repurchasing in the near term. This category also includes derivative financial instruments entered into by the Group that are not designated as hedging instruments in hedge relationships as defined by IFRS 9. Separated embedded derivatives are also classified as held for trading unless they are designated as effective hedging instruments. Gains or losses on liabilities held for trading are recognised in the statement of profit or loss and other comprehensive income.

Trade and other payables

After initial recognition, trade and other payables are subsequently measured at amortised cost using the EIR method. Gains and losses are recognised in the statement of profit or loss and other comprehensive income when the liabilities are derecognised, as well as through the EIR amortisation process.

Amortised cost is calculated by taking into account any discount or premium on acquisition and fees or costs that are an integral part of the EIR. The EIR amortisation is included as finance costs in the statement of profit or loss and other comprehensive income.

Derecognition

A financial liability is derecognised when the associated obligation is discharged or cancelled or expires.

When an existing financial liability is replaced by another from the same lender on substantially different terms, or the terms of an existing liability are substantially modified, such an exchange or modification is treated as the derecognition of the original liability and the recognition of a new liability. The difference in the respective carrying amounts is recognised in profit or loss and other comprehensive income.

Liabilities within the scope of IFRS 9 are classified as financial liabilities at fair value through profit and loss or other liabilities, as appropriate.

A financial liability is derecognised when the obligation under the liability is discharged or cancelled or expires.

Financial liabilities included in trade and other payables are recognised initially at fair value and subsequently at amortised cost.

Inventories

Inventories are stated at the lower of cost and net realisable value. Cost is determined using the average costing method. Components of inventories consist of coal, parts and supplies, net of allowance for obsolescence. Coal inventories represent coal contained in stockpiles, coal that has been mined and hauled to the wash plant (raw coal) for processing and coal that has been processed (crushed, washed and sized) and stockpiled for shipment to customers.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

2. Group Accounting Policies (continued)

The cost of raw and prepared coal comprises extraction costs, direct labour, other direct costs and related production overheads (based on normal operating capacity). It excludes borrowing costs. Net realisable value is the estimated selling price in the ordinary course of business, less applicable variable selling expenses.

The Company performs inventory obsolescence at each reporting date. In determining whether inventories are obsolete, the Company assesses the age at which inventories held in the store in order to make an assessment of the inventory write down to net realisable value.

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.

Convertible loan notes

The convertible loan notes issued by the Company are classified separately as financial liabilities in accordance with the substance of contractual arrangements. The convertible loan note ("CLN") is a compound financial instrument that cannot be converted to share capital at the option of the holder. As the CLN, and the accrued interest, can only be repaid as a loan, it has been recognised within liabilities. Interest is accounted for on an accruals basis and charged to the Consolidated Income Statement and added to the carrying amount of the liability component of the CLN.

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, fittings and equipment	25% reducing balance
Plant and machinery	5 years straight line or 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.

Production assets

Coal land, mine development costs, which include directly attributable construction overheads, land and coal rights are recorded at cost. Coal land and mine development are depleted and amortised, respectively, using the units of production method, based on estimated recoverable tonnage. The depletion of coal rights and depreciation of restoration costs are expensed by reference to the estimated amount of coal to be recovered over the expected life of the operation.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

2. Group Accounting Policies (continued)

Coal Mine Reclamation Costs

Future cost requirements for land reclamation are estimated where surface operations have been conducted, based on the Group's interpretation of the technical standards of regulations enacted by the Government of Tanzania. These costs relate to reclaiming the pit and support acreage at surface mines and sealing portals at deep mines. Other costs include reclaiming refuse and slurry ponds as well as related termination/exit costs.

The Group records asset retirement obligations that result from the acquisition, construction or operation of long-lived assets at fair value when the liability is incurred. Upon the initial recognition of a liability, that cost is capitalised as part of the related long-lived asset and expensed over the useful life of the asset. The asset retirement costs are recorded in Land, Coal Rights and Restoration Costs.

The Group expenses reclamation costs prior to the mine closure. The establishment of the end of mine reclamation and closure liability is based upon permit requirements and requires significant estimates and assumptions, principally associated with regulatory requirements, costs and recoverable coal lands. Annually, the end of mine reclamation and closure liability is reviewed and necessary adjustments are made, including adjustments due to mine plan and permit changes and revisions of cost and production levels to optimize mining and reclamation efficiency. The amount of such adjustments is reflected in the year end reclamation provision calculation.

Stripping (waste removal) costs

As part of its mining operations, the Group incurs stripping (waste removal) costs both during the production phase of its operations. Stripping activities undertaken during the production phase of a surface mine (production stripping) are accounted for as set out below.

After the commencement of production, further development of the mine may require a phase of unusually high stripping that is similar in nature to development phase stripping. The cost of such stripping is accounted for in the same way as development stripping (as outlined above). Production stripping is generally considered to create two benefits, being either the production of inventory or improved access to the ore to be mined in the future. Where the benefits are realised in the form of inventory produced in the period, the production stripping costs are accounted for as part of the cost of producing those inventories.

Where the benefits are realised in the form of improved access to ore to be mined in the future, the costs are recognised as a non-current asset, referred to as a 'stripping activity asset', if the following criteria are met:

- a) Future economic benefits (being improved access to the ore body) are probable;
- b) The component of the ore body for which access will be improved can be accurately identified; and
- c) The costs associated with the improved access can be reliably measured

If any of the criteria are not met, the production stripping costs are charged to profit or loss as operating costs as they are incurred.

In identifying components of the ore body, the Group works closely with the mining operations personnel for each mining operation to analyse each of the mine plans. Generally, a component will be a subset of the total ore body, and a mine may have several components. The mine plans, and therefore the identification of components, can vary between mines for a number of reasons. These include, but are not limited to: the type of commodity, the geological characteristics of the ore body, the geographical location, and/or financial considerations.

The stripping activity asset is initially measured at cost, which is the accumulation of costs directly incurred to perform the stripping activity that improves access to the identified component of ore, plus an allocation of directly attributable overhead costs. If incidental operations are occurring at the same time as the production stripping activity, but are not necessary for the production stripping activity to continue as planned, these costs are not included in the cost of the stripping activity asset.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

2. Group Accounting Policies (continued)

If the costs of the inventory produced and the stripping activity asset are not separately identifiable, a relevant production measure is used to allocate the production stripping costs between the inventory produced and the stripping activity asset. This production measure is calculated for the identified component of the ore body and is used as a benchmark to identify the extent to which the additional activity of creating a future benefit has taken place. The Group uses the expected volume of waste extracted compared with the actual volume for a given volume of ore production of each component.

The stripping activity asset is accounted for as an addition to, or an enhancement of, an existing asset, being the mine asset, and is presented as part of 'Intangible assets' in the statement of financial position. This forms part of the total investment

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.

Intangible assets

Intangible assets arose as a result of the valuation placed on the original six Tanzanian licences acquired on the acquisition of Edenville (Tanzania) Limited. The allocation price was based on the price paid to acquire these the Group's licences. The licences are amortised over the life of the production asset using rates of depletion.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

2. Group Accounting Policies (continued)

Operating segments

Operating segments are reported in a manner consistent with the internal reporting provided to the chief executive officer.

The Board considers that the Group's project activity constitutes one operating and reporting segment, as defined under IFRS 8.

The total profit measures are operating profit and profit for the year, both disclosed on the face of the combined income statement.

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 coal production assets and intangible assets;
- share based payments
- Valuation of provision for restoration costs
- Recoverability of VAT balance
- Recoverability of Inventory

Impairment – coal production assets and intangible assets (notes 15 and 16)

The Group is required to perform an impairment review, on coal production assets, for each CGU to which the asset relates. Impairment review is also required to be performed on other intangible assets 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 ability of the Company to obtain necessary financing to complete the development and future profitable production or proceeds from the disposal, at which point the value is estimated based upon the present value of the discounted future cash flows.

In assessing whether an impairment is required for the carrying value of an asset, its carrying value is compared with its recoverable amount. The recoverable amount is the higher of the asset's fair value less costs to sell and value in use. Given the nature of the Group's activities, information on the fair value of an asset is usually difficult to obtain unless negotiations with

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

4. Critical accounting estimates and areas of judgement (continued)

potential purchasers or similar transactions are taking place. Consequently, unless indicated otherwise, the recoverable amount used in assessing the impairment charges described below is value in use.

The calculation of value in use is most sensitive to the following assumptions:

- Production volumes
- Sales volumes
- Discount rates
- Coal prices
- Operating overheads
- Inventory

Estimated production volumes are based on the production capability of the plant and estimated customer demand.

The Group generally estimates value in use using a discounted cash flow model. The future cash flows are adjusted for risks specific to the asset and discounted using a pre-tax discount rate of 10%. The Directors believe this rate to be appropriate as this is in line with the borrowing rates the Group are expected to receive if they were to obtain significant long term finance based on discussions between the Directors and prospective parties. The Directors acknowledge that the Group does have small short term finance arrangements which attract a higher rate but have chosen not to use these rates as they would not be financing the production asset using short term borrowing facilities. These short term loans were needed mostly for working capital needs and most have been paid off in 2021.

The directors have assessed the value of exploration and evaluation expenditure and development assets and intangible assets. In their opinion there has been no impairment loss to these intangible assets in the period, other than the amounts charged to the income statement.

Share based payments (note 27)

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, the vesting date of options where non-market performance conditions have been set and the risk free interest rate.

Valuation of provision for restoration costs (note 15)

The Company makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites, which are expected to be incurred in the future, which is when the producing mine properties are expected to cease operations. These provisions have been created based on the Company's internal estimates and a third party estimate from an independent consultant. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However, actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn, will depend upon future coal prices, which are inherently uncertain.

Management increases reclamation costs estimates at an annual inflation rate to the anticipated future mine closure date. This inflation rate is based on the historical rate for the industry for a comparable.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

4. Critical accounting estimates and areas of judgement (continued)

Recoverability of VAT receivable (note 18)

The group considers the recoverability of the VAT balance in Tanzania to be a key area of judgement, as the VAT can only be recovered by an offset against VAT payable on future sales.. The directors believe that the debtor is recoverable based on their knowledge of the market in Tanzania.

Recoverability of Inventory (Note 17)

The group considers the recoverability of the inventory to be a key area of judgement, and this is held at its realisable value. The directors believe the inventory to be in good condition and the main reason why the stock has remained high in the last two years is mainly because of the Covid-19 impact which necessitated the closure of the mine. The mine has now fully reopened in May 2021 and the directors are taking making concerted efforts to sell this excess stock. They have recently identified key customers and have sold 1,000 tonnes in June 2021 with an expected commitment to purchase at a rate of 1,200 tonnes per month thereafter. They are optimistic that the remainder of the stock will be sold over the next 1-3 years on the presumption that one of the key customers will sign a long term contract. As a result of this, they have concluded no impairment is required at this stage, based on the directors' judgement of the local market and estimates regarding the timeframe in which the goods can be sold.

5. Segmental information

The Board considers the business to have one reportable segment being Coal production assets.

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

	Coal Production Assets		
	Coal	Other	Total
2021	£	£	£
Consolidated Income Statement			
Revenue - Tanzania	105,228	-	105,228
Cost of sales (excluding depreciation and amortisation)	(470,780)	-	(470,780)
Depreciation	(207,604)	-	(207,604)
Depletion of development assets	(6,464)	-	(6,464)
Gross profit	(579,620)	-	(579,620)
Administrative expenses	(183,321)	(646,874)	(830,195)
Depreciation	(45,035)	(334)	(45,369)
Group operating loss	(807,976)	(647,208)	(1,455,184)
Finance income		701	701
Finance cost	(5,842)		(5,842)
Loss on operations before taxation	(813,818)	(646,507)	(1,460,325)
Income tax	(526)	-	(526)
Loss for the year	(814,344)	(646,507)	(1,460,851)

EDENVILLE ENERGY PLC

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

5. Segmental information (continued)

	Coal Production Assets		
2020	Coal	Other	Total
Consolidated Income Statement	£	£	£
Revenue - Tanzania	33,030	-	33,030
Revenue - other	822	-	822
Cost of sales (excluding depreciation and amortisation)	(349,121)	-	(349,121)
Depreciation	(209,208)	-	(209,208)
Depletion of development assets	(25,547)	-	(25,547)
Gross profit	(550,024)	-	(550,024)
Administrative expenses	(122,780)	(363,685)	(486,465)
Share based payment	-	(50,398)	(50,398)
Depreciation	(42,722)	(445)	(43,167)
Group operating loss	(715,526)	(414,528)	(1,130,054)
Finance income	-	112	112
Finance cost	(10,812)	(100,691)	(111,503)
Loss on operations before taxation	(726,338)	(515,107)	(1,241,445)
Income tax	-	-	-
Loss for the year	(726,338)	(515,107)	(1,241,445)

By Business Segment	Carrying value of segment assets		Additions to non-current assets and intangibles		Total liabilities	
	2021	2020	2021	2020	2021	2020
	£	£	£	£	£	£
Coal	6,199,083	6,498,828		17,788	335,132	548,980
Other	1,361,402	35,458		-	97,022	639,445
	<u>7,560,485</u>	<u>6,534,286</u>	<u>-</u>	<u>17,788</u>	<u>432,154</u>	<u>1,188,425</u>
By Geographical Area						
	£	£	£	£	£	£
Africa (Tanzania)	6,199,083	6,498,828	-	17,788	335,132	548,980
Europe	1,361,402	35,458	-	-	97,022	639,445
	<u>7,560,485</u>	<u>6,534,286</u>	<u>-</u>	<u>17,788</u>	<u>432,154</u>	<u>1,188,425</u>

EDENVILLE ENERGY PLC**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021****5. Segmental information (continued)****Information about major customers**

Included in revenues arising from the sale of coal are revenues which arose from sales to the Group's largest customers based in Tanzania. No other customers contributed 10% or more to the Group's revenue in either 2021 or 2020.

	2021	2020
	£	£
Customer 1	28,507	31,386
Customer 2	69,886	-
	<u>98,393</u>	<u>31,386</u>

6. Expenses by nature

	2021	2020
	£	£
Staff costs	256,776	235,557
Audit fees	35,000	38,019
Office and other administrative services	109,840	70,257
AIM related costs including investor relations	77,405	3,220
Professional, legal and consultancy fees	317,131	113,110
Travel, entertaining and subsistence	10,534	7,906
Exchange gain	(1,358)	(10,482)
Depreciation	45,369	43,167
Provisions and expected credit losses	-	1,929
Other costs	24,867	26,949
	<u>875,564</u>	<u>529,632</u>

7. Auditors' remuneration

	2021	2020
	£	£
Fees payable to the Company's auditor for the audit of the parent Company and consolidated accounts	<u>47,000</u>	<u>40,000</u>

EDENVILLE ENERGY PLC

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

8. Employees

	Group 2021 £	2020 £	2021 £	Company 2020 £
Wages and salaries	405,452	325,009	174,000	179,250
Social security costs	40,484	20,781	13,807	-
Pensions	13,354	10,071	814	303
	<u>459,290</u>	<u>355,861</u>	<u>188,621</u>	<u>179,553</u>

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

	Group 2021	2020	2021	Company 2020
Administration	8	11	3	3
Mining , plant processing and security	13	29	-	-
	<u>21</u>	<u>40</u>	<u>3</u>	<u>3</u>

Remuneration of key management personnel

The remuneration of the directors and other key management personnel is set out below:

	2021 £	2020 £
Emoluments	272,130	197,988
Compensation for loss of office	-	28,000
Pensions	814	303
	<u>272,944</u>	<u>226,291</u>

EDENVILLE ENERGY PLC**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021****9. Directors' remuneration**

	Group 2021 £	2020 £	2021 £	Company 2020 £
Emoluments	184,000	151,250	184,000	151,250
Compensation for loss of office	-	28,000	-	28,000
Pensions	814	303	814	303
	<u>184,814</u>	<u>179,553</u>	<u>184,814</u>	<u>179,553</u>

The highest paid director received remuneration of £97,500 (2020: £97,500).

Included in the above are accrued Director's remuneration of £17,750 (2020: £122,750)

Directors' interest in outstanding share options per director is disclosed in the directors' report on page 14.

10. Finance income

	2021 £	2020 £
Interest income on short-term bank deposits	701	112
	<u>701</u>	<u>112</u>

11. Finance Costs

	2021 £	2020 £
Interest on convertible loan notes	-	87,977
Convertible loan finance costs	-	12,652
Bank interest	-	61
Hire purchase interest	3,450	6,423
Interest on rehabilitation provision	2,392	4,390
	<u>5,842</u>	<u>111,503</u>

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

12. Income tax

	2021 £	2020 £
Current tax:		
Current tax on loss for the year	-	-
Foreign taxation	542	-
Total current tax	542	-
Deferred tax		
On write off/impairment on intangible assets	-	-
Tax charge for the year	542	-

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 £7,840,335 (2020: £7,313,803).

A deferred tax asset of £1,959,833 (2020: £1,389,369) calculated at 25% (2020: 19%) 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:

	2021 £	2020 £
Loss on ordinary activities before tax	(1,460,325)	(1,241,445)
Expected tax credit at standard rate of UK Corporation Tax 19% (2020: 19%) and 30% (2020:30%) In Tanzania	(377,043)	(235,875)
Disallowable expenditure	4,501	21,116
Depreciation in excess of capital allowances	79,367	-
Other adjustments	(106,947)	-
Capital allowances in excess of depreciation	-	(310,464)
Movement in deferred tax not recognised	400,648	525,223
Tax charge for the year	526	-

On 24 May 2021, the UK Government enacted that from 1 April 2023 the corporation tax rate would increase to 25% for companies with profits of over £250,000. A small profits rate will also be introduced for companies with profits of £50,000 or less so that they will continue to pay corporation tax at 19%. From this date companies with profits between £50,000 and £250,000 will pay tax at the main rate reduced by a marginal relief providing a gradual increase in the effective corporation tax rate.

EDENVILLE ENERGY PLC**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021****13. 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.

	2021 £	2020 £
Net loss for the year attributable to ordinary shareholders	(1,460,851)	(1,241,445)
Weighted average number of shares in issue	18,144,205	7,452,470
Basic and diluted loss per share	(8.04p)	(16.66p)

The earnings per share as at 31 December 2020 has been restated to reflect the consolidation of shares that took place in January 2021 (see note 23).

EDENVILLE ENERGY PLC

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

14. Investment in subsidiaries

	Shares in subsidiaries £	Loans to subsidiaries £	Total £
Company Cost			
At 1 January 2020	7,043,312	9,117,401	16,160,713
Additions	-	400,904	400,904
Disposal			
At 31 December 2020	7,043,312	9,518,305	16,561,617
Accumulated impairment			
As at 1 January 2020	-	-	-
Impairment	-	-	-
At 31 December 2020	-	-	-
Net Book Value			
As at 31 December 2020	7,043,312	9,518,305	16,561,617
	Shares in subsidiaries £	Loans to subsidiaries £	Total £
Company Cost			
At 1 January 2021	7,043,312	9,518,305	16,561,617
Additions	-	636,035	636,035
At 31 December 2021	7,043,312	10,154,340	17,197,652
Accumulated impairment			
As at 1 January 2021	-	-	-
Impairment	-	-	-
At 31 December 2021	-	-	-
Net Book Value			
As at 31 December 2021	7,043,312	10,154,340	17,197,652

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

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.

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

14. Investment in subsidiaries (continued)

During 2018 the activities of the Company's subsidiary evolved from exploration and evaluation to development and as a result the exploration and evaluation assets held by the Company's subsidiary were transferred to development expenditure. The Directors carried out an impairment review on reclassification of exploration and evaluation assets to development assets, which covered the Company's investments in, and loans to, its subsidiaries. Following the impairment reviews the Directors did not consider the Company's investments to be impaired.

In April 2019, the subsidiary moved into the production phase.

The Directors have carried out an impairment review and consider the value in use to be greater than the book value in respect of The Company's investment in its subsidiary Company Edenville International (Tanzania) Limited.

The Directors considered the recoverable amount by assessing the value in use by considering future cash flow projections of the revenue generated by its subsidiary through the sale of its coal resources.

Cash flows were based on the revenue generated to date plus expected growth from current production levels to 10,000 tons per month in the short to medium term.

In addition, the projections include future potential revenue generated from the Company's plans relating to the Rukwa Coal to Power Project. It is expected that the Project will move ahead in parallel with the transmission development which is currently in the procurement stage and the Directors understand should be completed sometime in 2024. There is no guarantee that the Company will be chosen as the successful party to develop the Power Project, and therefore there is no guarantee that revenue will be generated from this Project. Should this be the case then the Company would need to review its cash flow projections, and review the carrying value of its investment in Edenville International Tanzania Limited

However, based upon current know resources the subsidiary has significant coal resources which based upon current projections prepared by the Directors would be sufficient to support the book value in the financial statements. The Directors are of the view that this amount is adequately supported by proposed returns generated by the Power Plant Project. The Directors have applied a 10% discount rate in their forecasts. Additional factors that may affect these projections include the following: –

A 16% reduction in the margin per ton of coal would result in an impairment of the Edenville International (Tanzania) Limited investment by £187k.

An increase in the discount factor to 11.1% would result in an impairment of the Edenville International (Tanzania) Limited investment by £125k.

A decrease of 16% of the EBITA would result in an impairment of the Edenville International (Tanzania) Limited investment by £187k.

The mining licence is due to expire in 2026. Should the mining licence not be renewed this would result in an impairment of £14.1m.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

14. Investment in subsidiaries (continued)

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	99.75%*
Edenville Power (Tz) Limited	Tanzania	Ordinary	99.9%
Edenville (South Africa) Limited	England	Ordinary	100%

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

15. Property, plant and equipment

	Group				
	Coal Production assets	Plant and machinery	Fixtures, fittings and equipment	Motor vehicles	Total
	£	£	£	£	£
Cost					
As at 1 January 2020	5,317,637	1,225,972	7,253	197,196	6,748,058
Additions	17,788	-	-	-	17,788
Foreign exchange adjustment	(171,033)	(39,191)	(100)	(5,806)	(216,130)
As at 31 December 2020	5,164,392	1,186,781	7,153	191,390	6,549,716
Depreciation					
As at 1 January 2020	83,342	482,401	6,990	89,925	662,658
Depletion/Charge for the year	25,547	224,719	65	27,590	277,921
Foreign exchange adjustment	(2,674)	(28,648)	(97)	(4,021)	(35,440)
As at 31 December 2020	106,215	678,472	6,958	113,494	905,139
Net book value					
As at 31 December 2020	5,058,177	508,309	195	77,896	5,644,577

EDENVILLE ENERGY PLC

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

15. Property, plant and equipment (continued)

	Coal Production assets £	Plant and machinery £	Fixtures, fittings and equipment £	Motor vehicles £	Total £
Cost					
As at 1 January 2021	5,164,392	1,186,781	7,153	191,390	6,549,716
Foreign exchange adjustment	65,902	15,050	38	2,230	83,220
As at 31 December 2021	<u>5,230,294</u>	<u>1,201,831</u>	<u>7,191</u>	<u>193,620</u>	<u>6,632,936</u>
Depreciation					
As at 1 January 2021	106,215	678,472	6,958	113,494	905,139
Depletion/ Charge for the year	6,464	238,444	49	19,720	264,677
Foreign exchange adjustment	1,347	8,568	38	1,246	11,199
As at 31 December 2021	<u>114,026</u>	<u>925,484</u>	<u>7,045</u>	<u>134,460</u>	<u>1,181,015</u>
Net book value					
As at 31 December 2021	<u>5,116,268</u>	<u>276,347</u>	<u>146</u>	<u>59,160</u>	<u>5,451,921</u>

Plant and machinery depreciation amounting to £207,604 (2020: £209,208) is included within cost of sales as it relates to mining equipment.

EDENVILLE ENERGY PLC

**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021**

15. Property, plant and equipment (continued)

Company

	Plant and machinery £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
Cost				
As at 1 January 2020 and 31 December 2020	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2020	7,003	3,894	15,640	26,537
Charge for the year	117	64	263	444
As at 31 December 2020	7,120	3,958	15,903	26,981
Net book value				
As at 31 December 2020	351	195	788	1,334
	Plant and machinery £	Fixtures, fittings and equipment £	Motor Vehicles £	Total £
Cost				
As at 1 January 2021 and 31 December 2021	7,471	4,153	16,691	28,315
Depreciation				
As at 1 January 2021	7,120	3,958	15,903	26,981
Charge for the year	88	49	197	334
As at 31 December 2021	7,208	4,007	16,100	27,315
Net book value				
As at 31 December 2021	263	146	591	1,000

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

16. Intangible assets

Group

Mining Licences

	£
Cost or valuation	
As at 1 January 2020	1,519,712
Foreign exchange adjustment	(48,879)
At 31 December 2020	1,470,833
Accumulated depletion, amortisation and impairment	
As at 1 January 2020	1,198,344
Amortisation	
Foreign exchange adjustment	(38,543)
At 31 December 2020	1,159,801
Net book value	
As at 31 December 2020	311,032

	Mining Licences £
Cost or valuation	
As at 1 January 2021	1,470,833
Foreign exchange adjustment	18,771
At 31 December 2021	1,489,604
Accumulated depletion, amortisation and impairment	
As at 1 January 2021	1,159,801
Foreign exchange adjustment	14,801
At 31 December 2021	1,174,602
Net book value	
As at 31 December 2021	315,002

EDENVILLE ENERGY PLC**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021****16. Intangible assets (continued)****Mining Licences**

Intangible assets arose as a result of the valuation placed on the original six Tanzanian licences acquired on the acquisition of Edenville (Tanzania) Limited. The allocation price was based on the price paid to acquire these the Group's licences.

These assets are reviewed for impairment annually alongside the coal production assets.(see note 4 for Critical accounting estimates and judgements).

17. Inventories

	Group	
	2021	2020
	£	£
ROM stockpiles	453	10,752
Fines	134,756	223,480
Washed coal	7,512	17,504
	<u>142,721</u>	<u>251,736</u>

The cost of inventories recognised as an expense during the year in was £158,296 (2020: £78,448 restated).

18. Trade and other receivables

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Other receivables	128,281	-	126,127	-
Amounts due from related parties	-		91,467	
VAT receivable	287,198	301,251	8,041	8,499
Prepayments	-	-	-	-
	<u>415,479</u>	<u>301,251</u>	<u>225,635</u>	<u>8,499</u>

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 recover the above VAT from sales of commercial coal.

EDENVILLE ENERGY PLC**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021****19. Cash and cash equivalents**

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

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Cash at bank and in hand	1,229,801	25,690	1,226,235	25,628
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

20. Trade and other payables

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Trade and other payables	308,043	227,288	15,801	41,505
Amounts owed to subsidiary undertakings	-	-	6,340	6,340
Social security costs and other taxes	-	10,279	-	10,279
Other creditors	-	-	-	33,437
Accruals and deferred income	81,221	448,242	81,221	121,998
	<u>389,264</u>	<u>685,809</u>	<u>103,362</u>	<u>213,559</u>
	<u> </u>	<u> </u>	<u> </u>	<u> </u>

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

21. Borrowings

	Group 2021 £	2020 £ (restated)	Company 2021 £	2020 £
Convertible loan notes				
Repayable within 1 year	-	416,142	-	416,142
Repayable within 2 to 5 years	-	16,084	-	16,084
	<u>-</u>	<u>432,226</u>	<u>-</u>	<u>432,226</u>
Hire purchase finance				
Repayable within 1 year	18,258	24,689	-	-
Repayable within 2 to 5 years	-	23,789	-	-
	<u>18,258</u>	<u>48,478</u>	<u>-</u>	<u>-</u>
Total				
Repayable within 1 year	18,258	440,831	-	416,142
Repayable within 2 to 5 years	-	39,873	-	16,084
	<u>18,258</u>	<u>480,704</u>	<u>-</u>	<u>432,226</u>

Convertible loan

In November 2018 \$750,000 conditionally convertible loan notes were issued: the face value of these convertible securities is \$900,000. A commitment fee of £37,500, which has been offset against the proceeds of issue of the convertible loan notes, was payable by the Company as well as issuing share options over 99,568,966 ordinary shares exercisable for 4 years at a conversion price on 0.29p per share. The Company is required to make repayments of \$45,000 over 20 months commencing in February 2019. If repayments are made in cash, then an additional 3% is payable on the \$45,000. The Company may elect to make the repayment in its shares priced at 90% of the average five day Volume Weighted Average Price (VWAP) chosen by the investor during the 20 days before issuance, or a combination of both.

The Company has the option to buy back the entire outstanding face value at any time at a premium of 5%. If this right is exercised the investor has an option to convert 25% of the face value into shares at the lesser of the repayment price or 0.29p per share. The repayment price being 130% of the 10-day VWAP immediately prior to the Company entering the Convertible Agreement.

In addition to the above the investor was offered 36,000,000 collateral shares which were issued by the Company on 20 February 2019.

In April 2019, the Company agreed a repayment holiday up to September 2019 in respect of the convertible loan notes. As a condition of granting the repayment holiday the outstanding balance at the time. \$855,000, was increased by 15% to \$983,250

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

21. Borrowings (continued)

On 15 January 2021 the Company also agreed repayment terms with Lind Partners LLC whereby it agreed to repay 20% of the outstanding debt by 31 January 2021 with the balance to be paid in monthly instalments from the end of April 2021. Lind Partners LLC also agreed that no further interest is to be charged on the outstanding balance.

As announced on 22 June 2021, following two fund raises in January and May 2021, Edenville was able to pay off all outstanding obligations to Lind.

22. Environmental rehabilitation liability

Group	2021 £	2020 £
At 1 January 2020	21,912	-
Additions	-	17,784
Interest	2,392	4,389
Foreign exchange movement	318	(261)
	<u>24,623</u>	<u>21,912</u>

The group makes full provision for the future cost of rehabilitating mine sites and related production facilities on a discounted basis at the time of developing the mines and installing and using those facilities. The rehabilitation provision represents the present value of rehabilitation costs relating to mine sites which are expected to be incurred in the future, which is when the producing mine properties are expected to cease operations. Those provisions have been created based on the Company's internal estimates. Assumptions based on the current economic environment have been made, which management believes are a reasonable basis upon which to estimate the future liability. These estimates are reviewed regularly to take into account any material changes to the assumptions. However actual rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation costs will ultimately depend upon future market prices for the necessary rehabilitation works required that will reflect market conditions at the relevant time. Furthermore, the timing of rehabilitation is likely to depend on when the mines cease to produce at economically viable rates. This, in turn will depend upon future coal prices, which inherently uncertain.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

23. Share capital

Group and Company

	No Ordinary shares of 0.02p each	£ Ordinary shares of 0.02p each	No Deferred shares of 0.001p each	£ Deferred shares of 0.001p each	£ Total share capital	
Issued and fully paid						
At 1 January 2020	5,012,241,761	1,002,450	241,248,512,346	2,412,485	3,414,935	
On 9 January 2020 Ordinary shares were issued at 0.05p	50,000,000	10,000	-	-	10,000	
On 21 January 2020 Ordinary shares were issue at 0.04p	1,750,000,000	350,000	-	-	350,000	
On 8 June 2020 Ordinary shares were issued at 0.04p	1,250,000,000	250,000	-	-	250,000	
On 14 August 2020 Ordinary shares were issued at 0.06p	83,333,333	16,666	-	-	16,666	
As at 31 December 2020	8,145,575,094	1,629,116	241,248,512,346	2,412,485	4,041,601	
	No Ordinary shares of 1p each	No Ordinary shares of 0.02p each	£ Ordinary shares of 0.02p/1p each	No Deferred shares of 0.001p each	£ Deferred shares of 0.001p each	£ Total share capital
Issued and fully paid						
At 1 January 2021	-	8,145,575,094	1,629,116	241,248,512,346	2,412,485	4,041,601
On 5 January the company consolidated and then subdivided the brought forward shares*	8,145,575	(8,145,575,094)	(1,547,659)	154,765,925,000	1,547,659	-
On 21 January the company issued 3,600,000 1p shares at 0.25p	3,600,000	-	36,000	-	-	36,000
On 26 May the company issued 9,900,000 1p shares at 0.25p	9,900,000	-	99,000	-	-	99,000
As at 31 December 2021	21,645,575	-	216,457	396,014,437,346	3,960,144	4,176,601

*On 5 January 2021 the Company reduced the number of issued ordinary shares of £0.0002 each in the Company by a multiple of 1,000 (the "Consolidation"), Following the Consolidation the Company sub-divided each consolidated ordinary share of £0.20 each in the capital of the Company, into 1 ordinary share of £0.01 each in the capital of the Company and 19,000 new deferred shares of £0.00001 each in the capital of the Company.

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

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

24. Capital and reserves attributable to shareholders

	Group		Company	
	2021	2020	2021	2020
	£	£	£	£
Share capital	4,176,601	4,041,601	4,176,601	4,041,601
Share premium	22,254,317	19,390,849	22,254,317	19,390,849
Other reserves	1,034,757	795,304	453,614	301,174
Retained deficit	(20,325,577)	(18,866,991)	(8,337,372)	(7,782,331)
Total equity	7,140,098	5,360,763	18,547,160	15,951,293

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

25. Capital management policy

The Group's policy on capital management is to maintain a low level of gearing. The group funds its operation primarily 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, development and production 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.

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

26. 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	Group 2021 £	2020 £	Company 2021 £	2020 £
Receivables at amortised cost including cash and cash equivalents:				
Investments and loans to subsidiaries	-	-	10,154,340	9,518,305
Cash and cash equivalents	1,229,801	25,690	1,226,235	25,628
Trade and other receivables	415,479	301,251	225,635	8,498
Total	1,645,280	326,941	11,606,210	9,552,431
Financial liabilities				
Financial liabilities at amortised cost:				
Trade and other payables	389,264	675,330	103,362	203,280
Convertible loan notes	-	432,226	-	432,226
	389,264	1,107,566	103,362	635,506
Net	1,256,016	(780,625)	18,546,160	15,960,237

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.

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 only interest-bearing asset is cash invested on a short-term basis which attracts interest at the bank's variable interest rate.

In 2020, the Group was exposed to interest rate risk through its convertible loan notes, its only interest-bearing liabilities. The level of interest payable will vary depending on whether the repayments are made with shares or in cash. The effective interest rate per month is 20.78%. If repayments are made in cash then the monthly repayments increase by 3%. These convertible loan notes were repaid during the year.

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NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

26. Financial instruments (continued)

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.

VAT receivable is owed to Edenville International (Tanzania) Limited which is only recoverable against future sales made by Edenville International (Tanzania) Limited. The Group expects to recover the above VAT from sales of commercial coal.

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 2020 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 (see note 5) 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 £650,958.

EDENVILLE ENERGY PLC**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021****26. Financial instruments (continued)****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.

The tables below summarise the maturity profile of the combined Group's non-derivative financial liabilities at each financial year end based on contractual undiscounted payments.

Group**2020**

	Less than 1 year	1- 2 years	2-5 years
Trade payables	227,288	-	-
Other payables	10,279	-	-
Accruals	448,242	-	-
Borrowings	440,831	39,873	-
	<u>1,126,640</u>	<u>39,873</u>	<u>-</u>

2021

	Less than 1 year	1- 2 years	2-5 years
Trade payables	308,043	-	-
Accruals	81,221	-	-
Borrowings	18,258	-	-
	<u>407,522</u>	<u>-</u>	<u>-</u>

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

26. Financial instruments (continued)

Company

2020

	Less than 1 year	1-2 years	2-5 years
Convertible loan notes (current and non – current)	416,142	16,084	-
Trade payables	41,505	-	-
Other payables	39,777	-	-
Accruals	121,998	-	-
	<u>619,422</u>	<u>16,084</u>	<u>-</u>

2021

	Less than 1 year	1-2 years	2-5 years
Convertible loan notes (current and non – current)	-	-	-
Trade payables	15,801	-	-
Other payables	6,340	-	-
Accruals	81,221	-	-
	<u>103,362</u>	<u>-</u>	<u>-</u>

27. Equity-settled share-based payments

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

Grant Date	Expiry date	Exercise price*	As at 1 January 2021	Number of options Granted	Lapsed	As at 31 December 2021
28 March 2017	27 March 2022**	£10.80	23,333	-	-	23,333
7 November 2018	6 November 2022	£2.90	99,569	-	-	99,569
9 May 2019	8 May 2023	£2.60	100,000	-	-	100,000
3 April 2020	2 April 2025	£3.00	270,000	-	-	270,000
			<u>492,902</u>	<u>-</u>	<u>-</u>	<u>492,902</u>

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

*The brought forward outstanding share options have been divided a factor of 1,000 and the related exercise price has been multiplied by 1,000 to account for the share consolidation that took place on 5 January 2021 (see note 23)

** These options were not exercised and have expired post year end.

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:

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

28. Equity-settled share-based payments (continued)

Date of grant	28 March 2017	5 November 2018	26 April 2019	17 April 2020
Expected volatility	131%	70%	101%	72%
Expected life	3 years	4 years	3.5 years	3 years
Risk-free interest rate	0.37%	0.96%	0.75%	0.11%
Expected dividend yield	-	-	-	-
Possibility of ceasing employment before vesting	-	-	-	-
Fair value per option	0.56p/0.42p/0.28p	0.08p	0.02p	0.02p

Volatility was determined by reference to the standard deviation of daily share prices for one year prior to the date of grant.

The charge to the income statement for share-based payments for the year ended 31 December 2020 was £Nil (2020: £50,398).

On 6 June 2020 85,900,800 warrants were issued to settle liabilities of £51,540.

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

Grant Date	Expiry date	Exercise price	Number of Warrants			
			As at 1 January 2021	Granted	Exercised	As at 31 December 2021
2 May 2019	31 May 2022**	20p*	127,500	-	-	127,500
23 January 2020	22 January 2022**	60p*	791,667	-	-	791,667
6 June 2020	5 June 2023	40p*	125,000	-	-	125,000
6 June 2020	5 June 2023	60p*	85,901	-	-	85,901
14 January 2021	13 January 2024	25p	-	180,000	-	180,000
26 May 2021	25 May 2024	25p	-	9,900,000	-	9,900,000
26 May 2021	25 May 2024	25p	-	495,000	-	495,000
26 May 2021	25 May 2024	35p	-	117,459	-	117,459
			<u>1,130,068</u>	<u>10,692,459</u>	<u>-</u>	<u>11,822,526</u>

*The brought forward outstanding share options have been divided a factor of 1,000 and the related exercise price has been multiplied by 1,000 to account for the share consolidation that took place on 5 January 2021 (see note 23).

** These warrants were not exercised and have expired post year end.

At the date of grant, those warrants that came under the scope of IFRS 2 Share based payment 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:

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

28. Equity-settled share-based payments (continued)

Date of grant	14 January 2021	26 May 2021
Expected volatility	81%	69%
Expected life	3 years	3 years
Risk-free interest rate	(0.06)%	0.14%
Expected dividend yield	-	-
Possibility of ceasing employment before vesting	-	-
Fair value per option	£0.2241p	£0.1571/£0.1892
Volatility was determined by reference to the standard deviation of daily share prices for one year prior to the date of grant.		

The charge to £152,440 was made against share premium in respect of share issue costs. (2020: £Nil).

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

	2021		2020	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	492,901	327	240,574	46
Granted	-	-	270,000	30
Cancelled	-	-	(17,672)	1750
At 31 December	492,901	327	492,902	327
Exercisable at year end	482,235		482,235	

The weighted average remaining contractual life of options as at 31 December 2021 was 2.15 years (2020: 3.15 years).

EDENVILLE ENERGY PLC**NOTES TO THE COMPANY'S FINANCIAL STATEMENTS
YEAR ENDED 31 DECEMBER 2021****28. Equity-settled share-based payments (continued)****Warrants**

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

	2021		2020	
	Number of options	Weighted average exercise price per share pence	Number of options	Weighted average exercise price per share pence
At 1 January	1,130,067	53.27	127,500	20.00
Granted	10,692,459	25.11	1,085,900	60.00
Exercised	-	-	(83,333)	60.22
At 31 December	<u>11,822,526</u>	<u>27.80</u>	<u>1,130,067</u>	<u>53.27</u>

The 2020 outstanding warrants have been divided a factor of 1,000 and the related exercise price has been multiplied by 1,000 to account for the share consolidation that took place on 5 January 2021 (see note 23)

The weighted average remaining contractual life of warrants as at 31 December 2021 was 2.20 years (2020: 1.36 years).

29. Contingent liabilities

Edenville International (Tanzania) Limited has a dispute with a third party and arises from an Acquisition and Option Agreement signed in August 2010 (and its variation made in 2015) ("Agreement"). The third party is seeking financial compensation and other costs in addition to a dispute over certain mining licenses granted in the name of Edenville International (Tanzania) Limited. Further to the Company announcements on 18 and 31 May 2022 that Upendo Group Ltd.'s current 10% economic interest in the joint venture, which holds the licences governing the Rukwa Project, had been transferred to a 10% direct holding on the principal production licence. The Company has sought legal advice and has been advised that the variation has been undertaken illegally and that the holding should be reversed by the Government. This reversal has been sought. The Company will provide a further update as appropriate.

30. 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 and key personnel equity settled share option scheme and broker warrants as accrued at the balance sheet date.
Retained Earnings	cumulative net gains and losses less distributions made

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

31. Related Party Transactions

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 £636,035 (2020: £400,904) 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 £10,154,340 (2020: £9,518,305). This amount has been included within loans to subsidiaries. The company also invoiced Edenville International (Tanzania) Limited £90,000 (2020: Nil) in respect of management fees. This remained outstanding at the year end.

At the year end the Company was owed £3,712 (2020: £3,712) by its subsidiary Edenville International (Seychelles) Limited.

At the year end the Company was owed £6,340 (2020: £6,340) by its subsidiary Edenville Power Tz Limited.

At the year end Edenville International (Tanzania) limited was owed \$41,677 (2020: \$41,677) by Edenville Power Tz Limited and \$9,517 (2020: \$9,517) was owed to JICL Consultants.

32. Events after the reporting date

Subsequent to the year end, the Directors confirmed their intention to convert the loan of £10,154,340 between the Company and its subsidiary into equity. This process will commence soon and it is anticipated that the conversion will be completed before 31 December 2022.

On 3 February 2022 we announced that the Company's subsidiary Edenville International (Tanzania) Limited had entered into a contract with Nextgen Coalmine Limited ("Nextgen") for the operation of the Company's Rukwa Coal Project. This superseded the Coal Mining Agreement with Infrastructure and Logistics Tanzania Limited and the Sales and Marketing Agreement with MarTek Global FZ-LLC, announced on 8 June 2020 and 26 August 2020 respectively. These agreements were terminated by Edenville due to lack of progress on implementation.

Subsequent to entering into the agreement with NextGen both the international and domestic coal price increased significantly. This coincided with heightened interest from potential customers to enter into offtake agreements for coal from Rukwa. Additionally, the implementation of the coal mining agreement with Nextgen was, for various reasons, problematic, resulting in very poor production figures over the period from February to May 2022 and no material revenue for the Company.

The lack of progress by Nextgen culminated in the announcement on 31 May 2022 that the Company had reached an agreement with NextGen to terminate the contract. Following the termination of the contract all mining equipment has been brought back into service by Edenville, whilst an additional pre-strip excavator has been added to the fleet. Up to three additional trucks have been sourced to rapidly scale production. Our initial goal is to satisfy existing demand from local customers of 1,500 tonnes of washed lump coal product and 500 tonnes of coal fines in the immediate future, targeting sales of 5,000 tonnes per month of washed coal late in Q3 2022, with coal fines sales also expected to continue and possibly expand. During the first half of 2022, 9,466 tonnes of ROM coal has been mined.

We believe there is sufficient demand based on the Company's order book and recent discussions with potential customers to sell any coal that is produced at Rukwa. The Company is also exploring the potential of exporting its coal for the first time, given margins would be expected to be even greater.

Much of 2021 and the first half of 2022 was spent pursuing reverse takeover and other opportunities to add assets to the Company. During this time the Company focused on reducing cash burn on its Tanzanian project whilst it has

EDENVILLE ENERGY PLC

NOTES TO THE COMPANY'S FINANCIAL STATEMENTS YEAR ENDED 31 DECEMBER 2021

32. Events after the reporting date (continued)

explored these potential new projects. One potential transaction progressed significantly, however was ultimately terminated by mutual consent. As part of the termination it was agreed that the transaction costs incurred by the Company would be re-imbursed in full by the potential take-over target..

Further to the Company announcements on 18 and 31 May 2022 that Upendo Group Ltd.'s current 10% economic interest in the joint venture, which holds the licences governing the Rukwa Project, had been transferred to a 10% direct holding on the principal production licence. The Company has sought legal advice and has been advised that the variation has been undertaken illegally and that the holding should be reversed by the Government, This reversal has been sought. The Company will provide a further update as appropriate.

33. Commitments

License commitments

Edenville owns a coal mining exploration licences in Tanzania. These licences includes commitments to pay annual licence fees and minimum spend requirements.

As at 31 December 2021 these are as follows:

Group	2021 £	2020 £
Not later than one year	21,993	23,089
Later than one year and no later than five years	65,979	72,619
Total	87,972	95,708

34. Ultimate Controlling Party

The Group considers that there is no ultimate controlling party.