RELIANCE EAGLEFORD UPSTREAM GP LLC

FINANCIAL STATEMENTS

FOR THE YEAR ENDED 31 DECEMBER, 2017

Independent Auditor's Report

TO THE DIRECTORS OF RELIANCE EAGLEFORD UPSTREAM GP LLC.

Report on the Ind AS Financial Statements

We have audited the accompanying Ind AS financial statements of Reliance Eagleford Upstream GP LLC. ("the Company"), which comprise the Balance Sheet as at December 31, 2017, the Statement of Profit and Loss (including Other Comprehensive Income), the Cash Flow Statement and the Statement of Changes in Equity for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Ind AS Financial Statements

The Company's Board of Directors is responsible for the preparation of these Ind AS financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and statement of changes in equity of the Company in accordance with the accounting principles generally accepted in India including Indian Accounting Standards ('Ind AS'), prescribed under section 133 of the Companies Act, 2013 ("the Act").

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the Company and for preventing and detecting frauds and other irregularities; the selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the Ind AS financial statements that give a true and fair view and are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these Ind AS financial statements based on our audit.

We conducted our audit of the Ind AS financial statements in accordance with the Standards on Auditing issued by the Institute of Chartered Accountants of India (ICAI). Those Standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the Ind AS financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and the disclosures in the Ind AS financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the Ind AS financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal financial control relevant to the Company's preparation of the Ind AS financial statements that give a true and fair view in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on whether the Company has in place an adequate internal financial controls system over financial reporting and the operating effectiveness of such controls. An audit also includes evaluating the appropriateness of the accounting policies used and the reasonableness of the accounting estimates made by the Company's Directors, as well as evaluating the overall presentation of the Ind AS financial statements.

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

Opinion

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid Ind AS financial statements give a true and fair view in conformity with the accounting principles generally accepted in India, of the state of affairs of the Company as at December 31, 2017, and its loss, total comprehensive loss, its cash flows and the statement of changes in equity for the year ended on that date.

Other Reporting Requirements

We further report that:

(a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid Ind AS financial statements.

(b) The Balance Sheet, the Statement of Profit and Loss including Other Comprehensive Income, the Cash Flow Statement and Statement of Changes in Equity dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the Ind AS financial statements.

For DELOITTE HASKINS & SELLS LLP
Chartered Accountants
(Firm Registration No. 117366W / W - 100018)

Abhijit A. Damle
(Partner)
Membership No. 102912

Mumbai, dated: 16th April, 2018

Balance Sheet as at December 31, 2017

In USD

	Notes	As at 31 December, 2017	As at 31 December, 2016
ASSETS			
Non-Current Assets			
(a) Financial assets			
(i) Investments	3	-	-
Total Non-Current Assets		**-**	**-**
Current Assets			
(a) Financial assets			
(i) Cash and cash equivalents	4	9,854	9,982
Total Current Assets		**9,854**	**9,982**
Total Assets		**9,854**	**9,982**
EQUITY AND LIABILITIES			
Equity			
(a) Member's contribution	5	36,800	36,800
(b) Shares of net income	6	(26,946)	(26,818)
Total Equity		**9,854**	**9,982**
Total Equity and Liabilities		**9,854**	**9,982**
Corporate information and significant accounting policies and notes to the financial statements	1-13		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 16 April, 2018

For and on behalf of the Board

Walter Van de Vijver
Director

Place: Houston
Date: 13 April, 2018

Statement of Profit and Loss for the year ended 31 December, 2017

	Notes	2017	*In USD* 2016
INCOME:			
Total income	**-**	**-**	
EXPENSES:			
Finance costs	7	128	295
Other expenses	8	-	22,835
Total expenses		**128**	**23,130**
Other comprehensive income (OCI)		-	-
Total comprehensive (loss) for the year		**(128)**	**(23,130)**
Corporate information and significant accounting policies and notes to the financial statements	1-13		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 16 April, 2018

For and on behalf of the Board

Walter Van de Vijver
Director

Place: Houston
Date: 13 April, 2018

Statement of changes in equity for the year ended 31 December, 2017

A. MEMBER'S CONTRIBUTION

In USD

Balance at 1 January, 2016	**Changes during the year 2016**	**Balance at 31 December, 2016**	**Changes during the year 2017**	**Balance at 31 December, 2017**
36,800	-	36,800	-	36,800

B. SHARE OF NET INCOME

In USD

Year ended 31 December, 2016	
Balance as at 1 January, 2016	(3,688)
(Loss) for the year	(23,130)
Balance as at 31 December, 2016	**(26,818)**
Year ended 31 December, 2017	
Balance as at 1 January, 2017	(26,818)
(Loss) for the year	(128)
Balance as at 31 December, 2017	**(26,946)**

Statement of Cash Flows for the year ended 31 December, 2017

	Notes	2017	*In USD* 2016
Cash flows from operating activities			
(Loss) as per Statement of Profit and Loss		(128)	(23,130)
Adjustments for:			
Provision for impairment in the value of investment	8	-	22,835
Net cash (used in) operating activities		**(128)**	**(295)**
Net cash generated from / (used in) from investing activities		**-**	**-**
Net cash generated from / (used in) financing activities		**-**	**-**
Net (decrease) in cash and cash equivalents		(128)	(295)
Cash and cash equivalents at the beginning of the year	4	9,982	10,277
Cash and cash equivalents at the end of the year	**4**	**9,854**	**9,982**
Corporate information and significant accounting policies and notes to the financial statements	1-13		

As per our report of even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

Abhijit A. Damle
Partner
Membership No. 102912

Place: Mumbai
Date: 16 April, 2018

For and on behalf of the Board

Walter Van de Vijver
Director

Place: Houston
Date: 13 April, 2018

Notes to the financial statements for the year ended 31 December, 2017

1. GENERAL INFORMATION

A. Reliance Eagleford Upstream GP LLC (the "Company") was incorporated as a Texas limited liability company on 17 June 2010. The registered office of the Company is situated at 800 Brazos, Suite 400, Austin, Texas 78701, United States of America.

The Company is engaged in the business of exploration and production of natural resources, primarily oil and gas from mineral properties through its investment in Reliance Eagleford Upstream Holding LP ("Partnership").

The Company is a wholly owned subsidiary of Reliance Holding USA Inc (the "Holding Company"). The Company is an indirectly wholly owned subsidiary of Reliance Industries Limited, an Indian listed Company (the "Ultimate Holding Company").

The Company is a general partner of the Partnership.

Company	Country of Incorporation	Percentage of Shareholding	Principle Business Activities
Reliance Eagleford Upstream Holding LP	USA	0.01%	Exploration and production of oil and gas

B. On 23 June, 2010, the Partnership executed definitive agreements to enter into a joint venture with Pioneer Natural Resources USA Inc. (Pioneer) under which the Partnership acquired a 45% interest in Pioneer's core Eagle Ford Shale acreage position in two separate transactions for a total of $264 million in cash and $1.05 billion of drilling carry obligations. The drilling carry obligations provided for 75% of the other joint venture partners' capital costs over an anticipated six-year development program. In addition, the Partnership will have to fund its share of the development plan.

Pioneer and Newpek LLC, Pioneer's then-current partner in the Eagle Ford Shale, simultaneously conveyed 45% of their respective interests in the Eagle Ford Shale to the Partnership. The Partnership became a partner in approximately 262,683 net acres. Pioneer continues to be the operator, with 46.354% participating interest. In December 2012, the Partnership fully met its $1.05 billion of drilling carry commitment.

2.1 STATEMENT OF COMPLIANCE

The financial statements of the Company have been prepared in accordance with the Indian Accounting Standards ('Ind AS'), notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

2.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost convention and on accrual basis of accounting except for certain financial instruments that are measured at fair value at the end of each reporting period, as explained in the accounting polices below. The accounting policies have been applied consistently over all period presented in these financial statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

In addition, for financial reporting purposes, fair value measurement are categorised within the fair value hierarchy into Levels 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

i. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;

ii. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and

iii. Level 3 inputs are unobservable inputs for the asset or liability.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Notes to the financial statements for the year ended 31 December, 2017

A. Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the year in which they are incurred.

B. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the Company has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

lf the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are not recognised but disclosed in the financial statements only where inflow of economic benefit is probable.

C. Taxation:

The Company is not a tax paying entity for federal or state income tax purpose and accordingly it does not recognize any expense for such taxes. The income tax liability from the Company’s activities is the responsibility of the Holding Company.

D. Revenue Recognition:

Revenue is recognised to the extent that it is probable that the economic benefits will flow to the Company and revenue can be reliably measured, regardless of when the payment is being made. Revenue is measured at the fair value of the consideration received or receivable, taking into account contractually defined terms of payment.

E. Financial Instruments:

I Non-derivative financial instruments

i. Financial Assets.

a. Initial recognition and measurement

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

b. Subsequent measurement

Financial assets carried at amortised cost (AC)

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

c. Impairment of financial assets

Notes to the financial statements for the year ended 31 December, 2017

The Company assesses impairment based on expected credit loss (ECL) model to the following:

(a) Financial assets at amortised cost

(b) Financial assets measured at fair value through Other Comprehensive Income

The Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The Company uses historical loss experience to determine the impairment loss allowance on the portfolio of trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the Company determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ii. Financial liabilities

a. Initial recognition and measurement

All financial liabilities are recognised initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in Statement of Profit and Loss as finance cost.

b. Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

II. De-recognition of financial instruments

The Comapny derecognises a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss. A financial liability (or a part of a financial liability) is derecognised from the Company's balance sheet when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the Statement of Profit and Loss.

III. Fair value of financial instruments

In determining the fair value of its financial instruments, the Company uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realisation on future date.

2.4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY

In the application of the Company's accounting policies, the directors of the Company are required to make judgements, estimates and assumptions about the carrying amount of the assets and liability that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The Company uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on Company's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

Notes to the financial statements for the year ended 31 December, 2017

3 NON-CURRENT INVESTMENTS

In USD

	As at 31 December, 2017	As at 31 December, 2016
Capital contribution in Reliance Eagleford Upstream Holding LP, a partnership #	22,835	22,835
Less: Provision for impairment	22,835	22,835
TOTAL	**-**	**-**

Company is 0.01% partner, the balance 99.99% is held by Reliance Eagleford Upstream LLC, a fellow subsidiary.

4 CASH AND CASH EQUIVALENTS

In USD

	As at 31 December, 2017	As at 31 December, 2016
Balance with bank	9,854	9,982
TOTAL	**9,854**	**9,982**

5 MEMBER'S CONTRIBUTION0

In USD

	As at 31 December, 2017	As at 31 December, 2016
Contribution by Holding Company	36,800	36,800
TOTAL	**36,800**	**36,800**

6 SHARE OF NET INCOME

In USD

		As at 31 December, 2017		As at 31 December, 2016
Opening balance	(26,818)		(3,688)	
(Loss) for the year	(128)		(23,130)	
		(26,946)		(26,818)
TOTAL		**(26,946)**		**(26,818)**

7 FINANCE COSTS

In USD

	2017	2016
Other borrowing costs	128	295
TOTAL	**128**	**295**

Notes to the financial statements for the year ended 31 December, 2017

8 OTHER EXPENSES

In USD

	2017	2016
Provision for impairment in the value of investment	-	22,835
TOTAL	**-**	**22,835**

9 FINANCIAL RISK MANAGEMENT OBJECTIVES

The Company does not have financial liabilities. The Company's financial assets comprise cash and cash equivalents and investment in Group Company. The Company manages the risk by dealing with related parties.

10 CATEGORYWISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

In USD

	Note	As at 31 December, 2017	As at 31 December, 2016
Financial assets			
Measured at amortised cost (AC)			
Cash and cash equivalents	4	9,854	9,982

11 RELATED PARTY

As per Ind AS 24, list of related parties where control exists and related parties with whom transactions have taken place and relationships are given below:

Name of the related party	Relation
Reliance Industries Limited	Ultimate Holding Company (Control exists)
Reliance Holding USA Inc	Holding Company (Control exists)
Reliance Eagleford Upstream Holding LP	Partner Company

Related Party Transactions

There were no transactions during the year.

12 SEGMENT REPORTING

The Company is engaged in the business of exploration and production of oil and gas shale reserviours in the United States of America through its investments. Consequently there is a single business and geographical segment.

13 The financial statements are approved for issue by the Holding Company's Board of Directors on 13 April, 2018.

For and on behalf of the Board

Walter Van de Vijver
Director

Place: Houston
Date: 13 April, 2018