Reliance Eagleford Midstream LLC

Separate Company Financial Statements as of and for the Years Ended 31 December, 2014 and 2013, and Independent Auditors' Report

RELIANCE EAGLEFORD MIDSTREAM LLC

TABLE OF CONTENTS

	Page
INDEPENDENT AUDITORS' REPORT	1–2
SEPARATE COMPANY FINANCIAL STATEMENTS AS OF AND FOR THE YEARS ENDED 31 DECEMBER, 2014 AND 2013:	
Separate Company Statements of Comprehensive Income	3
Separate Company Statements of Financial Position	4
Separate Company Statements of Changes in Member's Contribution	5
Separate Company Statements of Cash Flows	6
Separate Company Notes to Financial Statements	7–13

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INDEPENDENT AUDITORS' REPORT

The Member
Reliance Eagleford Midstream LLC

We have audited the accompanying separate company financial statements of Reliance Eagleford Midstream LLC (the "Company"), which comprise the statements of financial position as of 31 December 2014 and 2013, and the related separate company statements of comprehensive income, changes in member's equity, and cash flows for the years then ended, and the related notes to the separate company financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these separate company financial statements in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these separate company financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the separate company financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinion

In our opinion, the separate company financial statements referred to above present fairly, in all material respects, the financial position of Reliance Eagleford Midstream LLC at 31 December 2014 and 2013, and the results of its operations and its cash flows for the years then ended, in conformity with International Financial Reporting Standards as issued by the International Accounting Standards Board.

Other Matter

Our audit report is intended solely for the information and use of specified parties and is not intended to be and should not be used by anyone other than the specified parties. Specified parties include the management, the Member of Reliance Eagleford Midstream LLC, and management of Reliance Industries Limited.

Deloitte & Touche LLP

27 April, 2015

RELIANCE EAGLEFORD MIDSTREAM LLC

SEPARATE COMPANY STATEMENTS OF COMPREHENSIVE INCOME
YEARS ENDED 31 DECEMBER 2014 AND 2013
(In U.S. dollars)

	Notes	2014	2013
DIVIDEND RECEIVED		$ 49,900,000	$ 24,950,000
GENERAL AND ADMINISTRATIVE EXPENSES	3	(31,708)	(7,546)
OPERATING INCOME		49,868,292	24,942,454
FINANCE COSTS	4	(9,425,870)	(12,193,591)
TOTAL COMPREHENSIVE INCOME		$ 40,442,422	$ 12,748,863

See accompanying notes to the financial statements.

RELIANCE EAGLEFORD MIDSTREAM LLC

SEPARATE COMPANY STATEMENTS OF FINANCIAL POSITION
AS AT 31 DECEMBER 2014 AND 2013
(In U.S. dollars)

	Notes	2014	2013
ASSETS			
NONCURRENT ASSET:			
Investment in associate	5	$ 208,064,628	$ 208,064,628
Total noncurrent asset		208,064,628	208,064,628
CURRENT ASSETS:			
Cash and cash equivalents	6	8,840	65,305
Prepaid interest	7	-	22,112
Total current asset		8,840	87,417
TOTAL ASSETS		$ 208,073,468	$ 208,152,045
EQUITY AND LIABILITIES			
EQUITY:			
Member contributions		$ 46,800,000	$ 46,800,000
Retained earnings		31,944,468	(8,497,955)
Total equity		78,744,468	38,302,045
NONCURRENT LIABILITY:			
Loans from Holding Company	9	128,650,000	169,850,000
Total noncurrent liability		128,650,000	169,850,000
CURRENT LIABILITY:			
Accrued interest and other payables	8	679,000	-
Total current liability		679,000	-
Total liabilities		129,329,000	169,850,000
TOTAL EQUITY AND LIABILITIES		$ 208,073,468	$ 208,152,045

See accompanying notes to the financial statements.

RELIANCE EAGLEFORD MIDSTREAM LLC

SEPARATE COMPANY STATEMENTS OF CHANGES IN MEMBER'S CONTRIBUTION
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(In U.S. dollars)

	Member Contributions	Retained Earnings	Total
BALANCE—31 December 2012	$ 46,800,000	$ (21,246,818)	$ 25,553,182
Comprehensive income	-	12,748,863	12,748,863
BALANCE—31 December 2013	46,800,000	(8,497,955)	38,302,045
Comprehensive income	-	40,442,423	40,442,423
BALANCE—31 December 2014	$ 46,800,000	$ 31,944,468	$ 78,744,468

See accompanying notes to the financial statements.

RELIANCE EAGLEFORD MIDSTREAM LLC

SEPARATE COMPANY STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED 31 DECEMBER 2014 AND 2013
(In U.S. dollars)

	Notes	2014	2013
OPERATING ACTIVITIES:			
Total comprehensive income		$ 40,442,422	$ 12,748,863
		40,442,422	12,748,863
Working capital adjustment—change in current assets and current liabilities	7, 8	701,113	(22,112)
Net cash provided (used) in operating activities		41,143,535	12,726,751
FINANCING ACTIVITIES:			
Repayment of loan to Holding Company	9	(43,200,000)	(25,000,000)
Loan from Holding Company	9	2,000,000	12,300,000
Net cash provided (used) by financing activities		(41,200,000)	(12,700,000)
CHANGE IN CASH AND CASH EQUIVALENTS		(56,465)	26,751
CASH AND CASH EQUIVALENTS—Beginning of year		65,305	38,554
CASH AND CASH EQUIVALENTS — End of year	6	$ 8,840	$ 65,305

See accompanying notes to the financial statements.

1. CORPORATE INFORMATION

Reliance Eagleford Midstream LLC (the "Company") was formed as a limited liability company on 16 June 2010, under Delaware Limited Liability Company Act. The registered office of the Company is situated at 1675 S. State Street, Suite B, Dover, Delaware 19901, in the United States of America. The Company is engaged in the midstream business for oil and gas industries through its investment in EFS Midstream LLC.

The Company is a wholly owned subsidiary of Reliance Holding USA, Inc. (the "Holding Company") whose consolidated financial statements are prepared in accordance with International Financial Reporting Standards. The Company is an indirectly wholly owned subsidiary of Reliance Industries Limited, the ultimate parent.

On 29 June 2010, the Company and Pioneer Natural Resources Midstream Holding LLC executed definitive agreements to form a midstream joint venture, EFS Midstream LLC that serves the gathering needs of the upstream joint venture between Reliance Eagleford Upstream Holding LP, an affiliate, and Pioneer Natural Resources USA Inc. The Company holds a 49.90% membership interest in EFS Midstream LLC. The balance of the membership interest of the joint venture is held by Pioneer Natural Resources Eagleford Midstream LLC.

2.1. BASIS OF PREPARATION

The accompanying separate company financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for the ultimate parent. The financial statements have been presented in United States dollars ("USD"), which is the functional currency of the Company

Subsequent events have been evaluated for purposes of analysis and disclosure through 27 April 2015, the date the financial statements were available for issuance.

Investment in EFS Midstream LLC

The Company accounts for its EFS Midstream LLC investment on a cost basis as allowable per International Accounting Standard ("IAS") 27. The Company recognizes dividends from EFS Midstream LLC in the separate financial statements when the Company's right to receive the dividend is established. Once dividends are taken into income, the Company determines whether or not the investment has been impaired as a result of the dividend as per IAS 36.

2.2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue Recognition

Dividends are recognized when the Company's right to receive the dividend is established.

Borrowing Costs

Borrowing costs are recognized as finance costs in the statement of comprehensive income in the period in which they are incurred.

Income Taxes

The Company is not a taxpaying entity for federal or state income tax purposes, and, accordingly, it does not recognize any expense for such taxes. The income tax liability resulting from the Company's activities is the responsibility of Reliance Holding USA, Inc.

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and bank balances in current accounts.

Accounts Payable and Accruals

Liabilities are recognized for amounts to be paid in the future for goods or services received, whether billed by the supplier or not.

Provisions and Contingent Liabilities

Provisions are recognized when the Company has a present obligation (legal or constructive) as a result of a past event, 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.

Contingent liabilities are not recognized in the financial statements. They are disclosed unless the possibility of an outflow of resources embodying economic benefits is remote. A contingent asset is not recognized in the financial statements but disclosed when an inflow of economic benefits is probable.

Estimates and Assumptions

The preparation of the Company's financial statements requires management to make judgments, estimates, and assumptions that affect the reported amounts of assets and liabilities at the end of the reporting period and amounts of revenues and expenses recognized during the reporting period. Estimates and judgments are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of the asset or liability in future periods.

Impairment Indicators

IAS 36 requires the Company to assess at each reporting date where there are any indications of impairment. Only if indications of impairment are present will the impairment test have to be carried out. As it relates to the receipt of dividends, indicators of impairment per IAS 36 includes: (i) the dividend exceeds the total comprehensive income of the subsidiary, joint venture or associate in the period the dividend is declared; or (ii) the carrying amount of the investment in the separate financial statements exceeds the carrying amounts in the consolidated financial statements of the investee's net assets, including associated goodwill.

For the years ended 31 December 2014 and 2013, the Company did not observe any indications of impairment.

2.3. NEW AND AMENDED STANDARDS AND INTERPRETATIONS

The accounting policies adopted are consistent with those of the previous financial year, except for the following amendments to IFRS effective as of 1 January 2014:

IAS 32 Offsetting Financial Assets and Financial Liabilities—Amendments to IAS 32

These amendments clarify the meaning of "currently has a legally enforceable right to set-off." The amendments also clarify the application of the IAS 32 offsetting criteria to settlement systems (such as central clearing house systems) which apply gross settlement mechanisms that are not simultaneous. The application of the amendments has had no impact on disclosures or on the amounts recognized in the Company's financial statements.

Amendments to IFRS 10, IFRS 12, and IAS 27—Investment Entities

The amendments to IFRS 10 define an investment entity and require a reporting entity that meets the definition of an investment entity not to consolidate its subsidiaries but instead to measure its subsidiaries at fair value through profit or loss in its consolidated and separate financial statements. As the Company is not an investment entity (based on the criteria set out in IFRS 10 as at 1 January 2014), the application of the amendments has had no impact on the disclosures or the amounts recognized in the Company's financial statements.

2.4. STANDARDS ISSUED BUT NOT YET EFFECTIVE

Standards issued but not yet effective up to the date of issuance of the Company's consolidated financial statements are disclosed below. This listing of standards and interpretations issued are those that the Company reasonably expects to have an impact on disclosures and financial position or performance when applied at a future date. The Company intends to adopt these standards when they become effective.

IFRS 9 Financial Instruments: Classification and Measurement

IFRS 9 issued in November 2009 introduced new requirements for classification and measurement of financial assets. IFRS 9 was subsequently amended in October 2010 to include requirements for the classification and measurement of financial liabilities and for derecognition, and in November 2013 to include the new requirements for general hedge accounting. Another revised version of IFRS 9 was issued in July 2014 mainly to include a 'fair value through other comprehensive income' measurement category for certain simple debt instruments. The standard is effective for annual periods beginning on or after 1 January 2018. A reasonable estimate of the effect of IFRS 9 will be determined upon a detailed review by the Company.

IFRS 11 Accounting for Acquisitions of Interests in Joint Operations—Amendments to IFRS 11

The amendments to IFRS 11 provide guidance on how to account for the acquisition of a joint operation that constitutes a business as defined in IFRS 3 Business Combinations. Specifically, the amendments state that the relevant principles on accounting for business combinations in IFRS 3 and other standards should be applied. The same requirements should be applied to the formation of a joint operation if and only if an existing business is contributed to the joint operation by one of the parties that participate in the joint operation. The amendments to IFRS 11 apply prospectively for annual period beginning on or after 1 January 2016. We do not anticipate that the application of these amendments to IFRS 11 will have a material impact on the Company's financial statements.

IFRS 15 Revenue from Contracts with Customers

In May 2014, IFRS 15 was issued which establishes a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. IFRS 15 will supersede the current revenue recognition guidance including IAS 18 Revenue, IAS 11 Construction Contracts and the related Interpretations when it becomes effective on or after 1 January 2017. The core principle of IFRS 15 is that an entity should recognize revenue to depict the transfer of promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. Under IFRS 15, an entity recognizes revenue when (or as) a performance obligation is satisfied, i.e. when 'control' of the goods or services underlying the particular performance obligation is transferred to the customer. Prescriptive guidance has been added in IFRS 15 to deal with certain scenarios as well as guidance on required disclosures. A reasonable estimate of the effect of IFRS 15 will be determined upon a detailed review by the Company.

3. GENERAL AND ADMINISTRATIVE EXPENSES

	Years Ended 31 December	
	2014	2013
	(In U.S. dollars)	
Other operating costs	$ 31,708	$ 7,546
	$ 31,708	$ 7,546

4. FINANCE COST

	Years Ended 31 December	
	2014	2013
	(In U.S. dollars)	
Bank charges	$ 243	$ 388
Guarantee commission	1,181,519	2,061,600
Interest expense	8,244,108	10,131,603
	$ 9,425,870	$ 12,193,591

Total finance cost paid for 2014 and 2013, was $8,724,758 and $12,215,592, respectively.

5. INVESTMENT IN ASSOCIATE

	As at 31 December	
	2014	2013
	(In U.S. dollars)	
EFS Midstream LLC	$ 208,064,628	$ 208,064,628
	$ 208,064,628	$ 208,064,628

EFS Midstream LLC, in which the Company holds 49.9% interest, is a company incorporated under the laws of Delaware. Investment in associate, EFS Midstream LLC, is measured using the cost method.

6. CASH AND CASH EQUIVALENTS

	As at 31 December, 2014	2013
	(In U.S. dollars)	
Cash in Bank	$ 8,840	$ 65,305
	$ 8,840	$ 65,305

7. PREPAID INTEREST

	As at 31 December, 2014	2013
	(In U.S. dollars)	
Prepaid interest to Reliance Holding USA, Inc.	$ -	$ 22,112
	$ -	$ 22,112

8. CURRENT LIABILITIES

	As at 31 December, 2014	2013
	(In U.S. dollars)	
Interest on loan from Holding Company	$ 594,023	$ -
Other payables to Holding Company	84,977	-
	$ 679,000	$ -

9. LOANS FROM HOLDING COMPANY

On 25 June 2010, the Company entered into an unsecured loan facility agreement in which the Holding Company grants loans to the Company up to a maximum amount of $250 million. Simple interest is charged at a rate per annum equal to the greater of applicable one-year London Interbank Offered Rate (LIBOR) plus 300 basis points or 2% plus 300 basis points per annum, as determined by the lender two business days prior to the first day of an interest period, which is generally one year but can be of other duration as the borrower and lender may agree. Interest is due at the end of every interest period, and principal is due on the final maturity date of the facility agreement. The facility agreement has an original term of 120 months, which can be extended by the lender at its sole discretion and option, upon request from the borrower. The borrower can prepay the outstanding amount of the facility in full or part, including accrued interest, without any premium or penalty. The applicable interest rate on the drawdowns is 5.5% for both 2014 and 2013.

At 31 December 2014 and 2013, the Company has outstanding drawdowns of $128,650,000 and $169,850,000, respectively.

10. FAIR VALUES OF FINANCIAL INSTRUMENTS

Presented below is a comparison by category of carrying amounts and fair values of all of the Company's financial instruments that are carried in the financial statements:

	Financial Instrument Classification	2014 Carrying Amount	2014 Fair Value (In USD)	2013 Carrying Amount	2013 Fair Value
Financial assets—cash and cash equivalents	Held for trading	$ 8,840	$ 8,840	$ 65,305	$ 65,305
Financial liabilities—loans from Holding Company	Loans	128,650,000	134,097,555	169,850,000	178,174,442

The fair values of the financial assets and liabilities are included at the amounts at which the instruments could be exchanged in a current transaction between willing parties, other than in a forced or liquidation sale.

The following methods and assumptions were used to estimate the fair values:

The fair values of cash and cash equivalent are not materially different from its carrying values.

The fair value related to the loan from Holding Company is determined based on a discount rate that is reflective of current market rates for debt

11. RELATED-PARTY DISCLOSURES

The following describes the related parties to the Company and the transactions among them:

Related-Parties—

Name of the Company/Firm	Country of Incorporation	Relation	Equity Interest
Reliance Industries Limited	India	Ultimate parent	
Reliance Holding USA, Inc.	USA	Parent	100 %
EFS Midstream LLC	USA	Associate	49.9 %

Related-Party Transactions—

Name of the Company/Firm/ Associate/Affiliate	Nature of Transaction (Refer to Statements of Financial Position)	As at 31 December 2014 (In USD)	As at 31 December 2013 (In USD)
Reliance Holding USA, Inc.	Member contributions	$ 46,800,000	$ 46,800,000
Reliance Holding USA, Inc.	Loan	128,650,000	169,850,000
EFS Midstream LLC	Investment in Associates	208,064,628	208,064,628
Reliance Holding USA, Inc.	Interest receivable	-	22,113
Reliance Holding USA, Inc.	Interest payable	594,024	-
Reliance Holding USA, Inc.	Other payables	84,978	-

Name of the Company/Firm/ Associate/Affiliate	Nature of Transaction (Refer to Statements of Comprehensive Income (Loss)	Year Ended 31 December 2014	2013
		(In USD)	
Reliance Holding USA, Inc.	Interest	$ 8,244,108	$ 10,131,603
Reliance Holding USA, Inc.	Guarantee commission	1,181,519	2,061,600
Reliance Holding USA, Inc.	Other cost	31,707	7,306
EFS Midstream LLC	Dividend received	49,900,000	24,950,000

12. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

Liquidity Risk—Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due. The Company, with the support of its ultimate parent, will ensure that sufficient liquidity is available to meet all of its operational commitments by raising loans or arranging other facilities as and when required.

Capital Management—the primary objective of the Company's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize the member's value.

The Company manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies, or processes during the years ended 31 December 2014 and 2013.

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