Reliance Eagleford Upstream LLC

Independent Auditors’ Report

The Member
Reliance Eagleford Upsteam LLC

We have audited the accompanying separate company financial statements of Reliance Eagleford Upstream LLC (the "Company"), which comprise the statement of financial position as of 31 December 2014, and the related separate company statement of comprehensive loss, changes in member's equity, and cash flows for the one year 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 accordance 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 form 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 audit. We conducted our audit 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 form 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 Company'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 Company's internal control. Accordingly, were 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 Upstream LLC as of 31 December 2014, and the result of its operations and its cash flows for the one year then ended in accordance with international Financial Reporting Standards as issued by the International Accounting Standards Board.

Predecessor Auditors' Opinion on 2013 Financial Statements

The separate company financial statements of the Company as of and for the year ended 31 December 2013 were audited by other auditors whose report, dated 8 April 2014, expressed an unmodified opinion on those statements.

17, April 2015

Member of
Deloitte Touche Tohmatsu

Separate Company Statements of Comprehensive Loss
For the Years ended 31 December 2014 and 2013

(In USD)

		Years Ended 31 December	
	Notes	**2014**	2013
General and administrative expenses	3	(11,262)	$ (12,259)
Operating loss		(11,262)	(12,259)
Finance costs	4	(105,907,568)	(106,490,351)
Finance income	5	105,907,175	106,490,024
Total comprehensive loss		$ (11,655)	$ (12,586)

See accompanying notes to the financial statements.

Separate Company Statements of Financial Position
As of 31 December 2014 and 2013

(In USD)

	Notes	2014	2013
ASSETS			
Noncurrent assets:			
Investment in Partnership	**6**	$ **228,327,165**	$ 228,327,165
Loans to Partnership	**7**	**1,817,182,251**	1,936,182,251
Total noncurrent assets		**2,045,509,416**	2,164,509,416
Current assets:			
Other current assets	**8**	**26,262,272**	8,550
Cash and cash equivalents	**9**	**15,010**	10,765
Total current assets		**26,277,282**	19,315
Total assets		**$ 2,071,786,698**	$ 2,164,528,731
EQUITY AND LIABILITIES			
Equity			
Member contributions		**$ 228,395,150**	$ 228,382,650
Accumulated deficit		**(52,574)**	(40,919)
Total equity		**228,342,576**	228,341,731
NONCURRENT LIABILITY: - Loans from			
Holding Company	**11**	**1,817,182,250**	1,936,182,250
Total noncurrent liability		**1,817,182,250**	1,936,182,250
CURRENT LIABILITY:			
Accounts payable and accruals		**3,400**	-
Accrued interest	**10, 11**	**26,258,472**	4,750
Total current liability		**26,261,872**	4,750
Total liabilities		**1,843,444,122**	1,936,187,000
TOTAL EQUITY AND LIABILITIES		$ **2,071,786,698**	$ 2,164,528,731

See accompanying notes to the financial statements.

Separate Company Statements of Changes in Member's Equity
For the Year ended 31 December 2014 and 2013

(In USD)

	Member Contributions	Accumulated Deficit	Total
Balance December 2012	228,367,650	(28,333)	228,339,317
Member contributions	15,000	-	15,000
Comprehensive loss	-	(12,586)	(12,586)
Balance December 2013	$ 228,382,650	$ (40,919)	$ 228,341,731
Member contributions	12,500	-	12,500
Comprehensive loss	-	(11,655)	(11,655)
Balance December 2014	$ 228,395,150	$ (52,574)	$ 228,342,576

See accompanying notes to the financial statements.

Separate Company Statements of Cash Flows
For the Years Ended 31 December 2014 and 2013

(In USD)

	Notes	2014	2013
Operating activities			
Total Comprehensive loss		**$ (11,655)**	$ (12,586)
Adjustments for:			
Financeincome	**5**	**(105,907,175)**	(106,490,024)
Finance costs	**4**	**105,907,175**	106,490,024
		(11,655)	(12,586)
Working capital adjustment:			
Change in other current assets	**8**	**(26,253,722)**	(8,550)
Change in accrued liabilities	**10**	**26,257,122**	4,750
Net cash used in operating activities		**(8,255)**	(16,386)
INVESTING ACTIVITIES - Loans to Partnership	**7**	**119,000,000**	-
Cash used in investing activities		**119,000,000**	-
Financing activities			
Member contributions		**12,500**	15,000
Loans from Holding Company	**11**	**(119,000,000)**	-
Cash provided by financing activities		**(118,987,500)**	15,000
Change in cash and cash equivalents		**4,245**	(1,386)
Cash and cash equivalents, Beginning of year		**10,765**	12,151
Cash and cash equivalents, End of year	**9**	**15,010**	$ 10,765

See accompanying notes to the financial statements.

Notes to Separate Company Statements of Financial Position As of 31 December 2014 and 2013

1. Corporate Information

Reliance Eagleford Upstream LLC (the "Company") was incorporated as a limited liability company on June 16, 2010, under Delaware Limited Liability Company Act. The registered office of the Company is situated at The Nemours Building, Suite 1410, 1007 Orange Street, Wilmington, Delaware 19801, United States of America. The Company is engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties, and related businesses through its investment in Reliance Eagleford Upstream LP. The Company is wholly owned by Reliance Holding USA, Inc. (the Holding Company). The Company is an indirectly wholly owned subsidiary of Reliance Industries Limited, the ultimate parent.

The Company is the limited partner of Reliance Eagleford Upstream Holding LP.

Company	Country of Incorporation	Percentage of Shareholding	Principal Business Activities
Reliance Eagleford Upstream Holding LP	USA	99.99%	Exploration and production of oil and gas

Reliance Eagleford Upstream Holding LP is a limited partnership incorporated under the laws of Texas.

On 23 June 2010, Reliance Eagleford Upstream Holding LP (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 $1.05 billion drilling carry commitment was fulfilled.

The Company accounts for its investment in the Partnership using the cost method in its separate company financial statements.

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). 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 17 April 2015, the date the financial statements were available for issuance.

2.2. Summary of Significant Accounting Policies

Revenue Recognition

Revenue is recognized to the extent it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Interest revenue is recognized as the interest accrues.

Borrowing Costs

Borrowing costs are recognized as finance costs in the separate company statement of comprehensive loss 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 the Holding company

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

Notes to Separate Company Statements of Financial Position As of 31 December 2014 and 2013

2.2. Summary of Significant Accounting Policies (Contd...)

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 separate company 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.

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 system (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 277 - 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 of 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 Novemeber 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 acquistion 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

Notes to Separate Company Statements of Financial Position As of 31 December 2014 and 2013

3. General and Administrative Expenses

	Years Ended 31 December	
	2014	**2013**
	(In USD)	
Other operating costs	$ 3,400	$ 4,390
Staff cost	7,862	7,869
	$ 11,262	$ 12,259

4. Finance Costs

	Years Ended 31 December	
	2014	**2013**
	(In USD)	
Bank charges	$ 393	$ 327
Interest expense on loan from Holding Company	105,907,175	106,490,024
	$ 105,907,568	$ 106,490,351

The total finance cost paid for 2014 and 2013, was $79,648,702 and $ 106,490,024, respectively

5. Finance Income

	Years Ended 31 December	
	2014	**2013**
	(In USD)	
Interest income on loans to the Partnership	$ 105,907,175	$ 106,490,024
	$ 105,907,175	$ 106,490,024

6. Investment in Partnership

	As at 31 December	
	2014	2013
	(In USD)	
Reliance Eagleford Upstream Holding LP	$ 228,327,165	$ 228,327,165
	$ 228,327,165	$ 228,327,165

Summarized statment of operations information for Reliance Eagleford Upstream Holding LP is set below:

	Years Ended 31 December	
	2014	**2013**
	(In USD)	
Total revenues	$ 776,857,703	$ 649,330,991
Toral income	227,654,783	173,735,198

Notes to Separate Company Statements of Financial Position
As of 31 December 2014 and 2013

6. Investment in Partnership (Contd...)

Summarized balance sheet information for Reliance Eagleford Upstream Holding LP is set below:

	As of 31 December	
	2014	**2013**
	(In USD)	
Total assets	$ 3,336,857,202	$ 3,046,698,439
Toral liabilities	2,484,522,309	2,422,018,329

7. Loans to Partnership

The Company borrows funds from Holding Company (see Note 11) and lends the borrowed funds at identical interest rates and terms to the Partnership.

	As of 31 December	
	2014	**2013**
	(In USD)	
Reliance Eagleford Upstream Holding LP	$ 1,817,182,251	$ 1,936,182,251
	$ 1,817,182,251	$ 1,936,182,251

8. Other Current Assets

	As of 31 December	
	2014	**2013**
	(In USD)	
Other advances	$ 8,550	$ 8,550
Accured Interest receivable from Partnership	26,253,722	-
	$ 26,262,272	$ 8,550

9. Cash and Cash Equivalents

	As of 31 December	
	2014	**2013**
	(In USD)	
Cash in Banks	$ 15,010	$ 10,765
	$ 15,010	$ 10,765

10. Accrued Interest

	As of 31 December	
	2014	**2013**
	(In USD)	
Accrued interest on loans from Holding Company	$ 26,258,472	$ (4,750)
	$ 26,258,472	$ (4,750)

11. Loans from Holding Company

The Company has entered into an unsecured loan facility agreement in which the Holding Company grants loans to the Company up to a maximum amount of $2.5 billion. Simple interest is charged at a rate per annum equal to the greater of applicable one-

Notes to Separate Company Statements of Financial Position As of 31 December 2014 and 2013

11. Loans from Holding Company (Contd...)

year LIBOR plus 350 basis points or 2% plus 350 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 (originated in June 2010), 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% in 2013 and 5.5% in 2014.

At 31 December 2014 and 2013, the Company has outstanding drawdowns of $1.8 billion and $1.9 billion, respectively.

12. Fair Values of Financial Instruments

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

	2014		2013	
	Carrying Amount	**Fair Value**	**Carrying Amount**	**Fair Value**
		(In USD)		
Financial assets:				
Cash and cash equivalents	$ 15,010	15,010	$ 10,765	$ 10,765
Loans to Partnership	1,817,182,250	1,894,129,011	1,936,182,250	2,031,075,605
Loan from Holding Company	1,817,182,250	1,894,129,011	1,936,182,250	2,031,075,605

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 is not materially different from its carrying values.

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

13. Related-Party Disclosures

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

Related Parties

Name of the Company/Partnership/ Associate/Affiliate	**Country of Incorporation**	**Relation**	**Equity Interest**
Reliance Industries Limited	India	Ultimate parent	
Reliance Holding USA, Inc.	USA	Parent	100%
Reliance Eagleford Upstream GP LLC	USA	Affiliate	
Reliance Eagleford Upstream Holding LP	USA	The Partnership	99.99%

Related-Party Transactions

Name of the Company/Firm/ Associate/Affiliate	**Transaction (Refer to Statements of Financial Position)**	**2014**	**2013**
		(In USD)	
Reliance Holding USA, Inc.	Member contribution	$ 228,395,150	$ 228,382,650
Reliance Holding USA, Inc.	Loan from Holding Company	1,817,182,250	1,936,182,250
Reliance Eagleford Upstream Holding LP	Partnership contribution	228,327,165	228,327,165
Reliance Eagleford Upstream Holding LP	Loan receivable	1,817,182,250	1,936,182,251

Notes to Separate Company Statements of Financial Position
As of 31 December 2014 and 2013

13. Related-Party Disclosures (Contd...)

Name of the Company/Firm/ Associate/Affiliate	**(Refer to statement of financial position)**	**2014**	**2013**
		(In USD)	
Reliance Eagleford Upstream Holding LP	Other advances	8,550	-
Reliance Eagleford Upstream Holding LP	Interest receivable	26,258,472	-

Name of the Company/Firm/ Associate/Affiliate	**Transaction (Refer to statement of comprehensive Loss)**	**Year Ended 31 December**	
		2014	**2013**
		(In USD)	
Reliance Eagleford Upstream Holding LP	Finance income	$ 105,907,175	$ 106,490,024
Reliance Holding USA, Inc.	Finance costs	105,907,175	106,490,024

14. 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 parent, will ensure that sufficient liquidity is available to meet all of its operating 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 shareholder 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.