Reliance Holding USA, Inc.

Parent Company Statements of Comprehensive Loss for the years ended 31 December 2014 and 2013

(In US Dollars)

	Notes	2014	2013
General And Administrative Expenses	**3**	**$ (25,018,220)**	$ (25,311,845)
Gain (Loss) on Derivative Financial Instrument	**19**	**565,512**	(601,603)
Operating Loss		**(24,452,708)**	(59,642,448)
Share of Loss in Bio Fuel Associates	**8a**	**(52,893,586)**	(33,729,000)
Loss on Sale of Omni Symmetry LLC	**8a**	**(997,336)**	-
Finance Costs	**4**	**(178,679,412)**	(178,069,379)
Finance Income	**5**	**247,669,917**	2 30,478,994
Loss before Income Taxes		**(9,353,125)**	(7,232,833)
Income Tax Expense	**15**	**(16,134,714)**	(5,360,887)
Total Comprehensive Loss		**$ (25,487,839)**	$ 12,593,720

See notes to financial statements.

Parent Company Statements of Financial Position as of 31 December 2014 and 2013

	Notes	2014	(In US Dollars) 2013
ASSETS			
Noncurrent Assets:			
Property, plant, and equipment, net	**6**	**$ 2,484,698**	$ 2,423,467
Investment in subsidiaries	**8A**	**952,133,524**	562,029,024
Investment in associates	**8A**	**53,021,575**	105,763,461
Other investments	**8A**	**15,949,380**	15,000,750
Loans to subsidiaries	**8B**	**4,335,841,950**	4,316,191,950
Total noncurrent assets		**5,359,431,127**	5,001,408,652
Current Assets:			
Other current assets	**9**	**44,453,517**	3,824,001
Derivative assets	**19**	**327,303**	454,207
Cash and cash equivalents	**10**	**2,983,234**	8,566,130
Total current assets		**47,764,054**	12,844,338
Total assets		**$ 5,407,195,181**	$ 5,014,252,990
EQUITY AND LIABILITIES			
Equity:			
Share capital	**12**	**$ 50,000**	$ 50,000
Additional paid-in capital	**12**	**654,000,000**	654,000,000
Accumulated deficit		**(77,446,550)**	(51,958,711)
Total equity		**576,603,450**	602,091,289
Noncurrent liability:			
Long-term debt	**7**	**2,975,604,377**	2,972,566,985
Deferred tax liabilities	**15**	**561,383**	378,619
Total noncurrent liability		**2,976,165,760**	2,972,945,604
Current Liabilities:			
Accrued interest	**13**	**46,183,266**	46,320,620
Accounts payable and accrued liabilities	**13**	**28,242,704**	12,479,211
Derivative liabilities		**-**	416,266
Short-term loans	**14**	**1,780,000,000**	1,380,000,000
Total current liabilities		**1,854,425,970**	1,439,216,097
Total liabilities		**4,830,591,730**	4,412,161,701
Total equity and liabilities		**$ 5,407,195,180**	$ 5,014,252,990

See notes to financial statements.

Parent Company Statements of Changes in Shareholders' Equity for the years ended 31 December 2014 and 2013

(In US Dollars)

	Share Capital	Additional Paid-In Capital	Accumulated Deficit	Total
Balance as at 1 January 2013	$ 50,000	$ 654,000,000	$ (39,364,991)	$ 614,685,009
Comprehensive loss	–	–	(12,593,720)	(12,593,720)
Balance at 31 December 2013	50,000	654,000,000	(51,958,711)	602,091,289
Comprehensive loss	-	-	(25,487,839)	(25,487,839)
Balance at 31 December 2014	**$ 50,000**	**$ 654,000,000**	**$ (77,446,550)**	**$ 576,603,450**

See notes to financial statements.

Parent Company Statements of Cash Flows for the years ended 31 December 2014 and 2013

(In US Dollars)

	Notes	2014	2013
OPERATING ACTIVITIES			
Total comprehensive loss		**$ (25,487,839)**	$ (12,593,720)
Adjustments for:			
Provision for income tax	**15**	**16,134,714**	5,360,887
Depreciation on property, plant, and equipment	**6**	**655,423**	582,955
Finance costs	**7**	**175,136,350**	175,031,994
Amortization of debt discount and debt issuance cost	**7**	**3,037,392**	3,037,385
Unrealized (gain) loss on derivative financial instruments	**19**	**(289,362)**	5,964,606
Loss on sale of Omni Symmetry LLC		**997,336**	-
Finance Income	**5**	**(247,543,242)**	(230,478,994)
Share of loss in associates	**8A**	**52,893,586**	33,729,000
		(24,465,642)	(19,365,887)
Working capital adjustment:			
Change in other current assets	**9**	**(1,366,767)**	5,579,364
Change in accounts payable and accrued liabilities	**13**	**(188,456)**	(454,189)
		(26,020,865)	(14,240,712)
Finance cost paid	**4**	**(175,273,704)**	(174,921,215)
Net cash used in operating activities		**(201,294,569)**	(189,161,927)
INVESTING ACTIVITIES:			
Purchase of property, plant, and equipment	**6**	**(716,654)**	(194,605)
Investment in subsidiaries	**8A**	**(391,514,500)**	(50,782)
Investment in associates	**8A**	**(1,100,330)**	(28,904,770)
Sale of Omni Symmetry LLC	**8A**	**412,664**	-
Loans to subsidiaries	**8B**	**(394,850,000)**	(383,600,000)
Loans repaid by subsidiaries	**8B**	**375,200,000**	53,400,000
Finance income received	**5**	**208,280,493**	230,097,873
Net cash used in investing activities		**(204,288,327)**	(129,252,284)
FINANCING ACTIVITIES:			
Proceeds from short-term loans	**14**	**550,000,000**	320,000,000
Repayment of short-term loans	**14**	**(150,000,000)**	-
Net cash provided by financing activities		**400,000,000**	320,000,000
Change in Cash and Cash Equivalents		**(5,582,896)**	1,585,789
Cash and Cash Equivalents - Beginning of year		**8,566,130**	6,980,341
Cash and Cash Equivalents - End of year	**10**	**$ 2 ,983,234**	$ 8,566,130

See notes to financial statements.

Notes to Parent Company Financial Statements as of and for the years ended 31 December, 2014 and 2013

1. CORPORATE INFORMATION

Reliance Holding USA, Inc. (the Company or Reliance) was incorporated as a Delaware corporation on 30 March 2010, under Delaware General Corporation Law. The registered office of the Company is situated at 1675 S. State Street, Suite B, Dover, Delaware 19901 in the United State 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 investments in subsidiaries. The Company also has investments in other businesses.

Effective 28 March 2013, the shares of the Company are wholly held by Reliance Energy Generation and Distribution Limited, a company incorporated in Mumbai, India. Prior to that date, from 4 January 2012, the shares were held by Reliance Exploration and Production Mauritius Limited (85%) and Reliance Oil and Gas Mauritius Limited (15%). Reliance is an indirectly wholly owned subsidiary of Reliance Industries Limited, India.

The extent of the Company's shareholding in and the principal business activities of the subsidiaries and associates as of 31 December 2014, are:

Company	Country of Incorporation	Percentage of Shareholding	Principal Business Activities
Reliance Marcellus LLC	USA	100%	Exploration and production of oil and gas
Reliance Eagleford Upstream LLC	USA	100%	Exploration and production of oil and gas
Reliance Eagleford Upstream GP LLC	USA	100%	Exploration and production of oil and gas
Reliance Eagleford Midstream LLC	USA	100%	Midstream business for oil and gas
Reliance Marcellus II LLC	USA	100%	Exploration and production of oil and gas
Reliance Eagleford Upstream Holding LP*	USA	100%	Exploration and production of oil and gas
Reliance USA Gas Marketing LLC	USA	100%	Marketing of Hydrocarbons
Affinity Names Inc.	USA	100%	Domain Names
Algenol LLC	USA	38.30%	Biotechnology
Aurora Algae Inc.	USA	44.58%	Biotechnology
Matrix Genetics LLC	USA	30.63%	R&D for renewable fuels

* A limited partnership of Reliance Eagleford Upstream LLC and Reliance Eagleford Upstream GP LLC

The financial statements of the Company for the year ended 31 December 2014, were authorized for issue in accordance with a resolution of the directors on 13 April, 2015.

In August 2011, Reliance acquired 11.42% ownership in Aurora Algae Inc. for $10 million, and increased its holdings to 34.61% for $15.2 million as of December 2012, to 44.58% for $25.9 million as of December 2013 and by $0.15 million as of 31 December 2014. The company is a development stage company that is focusing on the development of high-performance premium algae-based products for the pharmaceutical, nutrition, aquaculture, and fuels markets. In view of uncertainty over Aurora's funding ability for future operations and Reliance's intention of investments in commercially viable businesses the net carrying value of $ 31.3 million as on 31 December, 2014 has been provided for impairment with an equivalent charge to the income statement.

In December 2011, Reliance acquired 40.23% interest in Algenol LLC for $94.8 million and increased its holding to 42.18% for a further $ 4.8 million as of December 2012 and holding reduced to 40% in February 2014 and 38.30% in December 2014 with increase in overall number of shares of Algenol LLC. Algenol LLC is a global, industrial biotechnology company in the development stage of commercializing its patented algae technology platform to make ethanol and high-value organic green chemicals directly from carbon dioxide, water and sunlight.

Deleted because there is duplication with para in previous page. In April 2013, Reliance acquired 30.63% ownership in Matrix Genetics LLC for $3 million. The company is a development stage company focused on improving cyanobacteria as a platform for production of renewable fuels and specialty chemicals.

The investments in Algenol LLC, Aurora Algae Inc. and Matrix Genetics LLC are considered as investment in associate.

Notes to Parent Company Financial Statements as of and for the years ended 31 December, 2014 and 2013

2.1. BASIS OF PREPARATION

The parent 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.

In the parent company financial statements, the Company accounts for all subsidiaries at cost, including the costs of acquisitions, in investment in subsidiaries on the parent company statement of financial position. It also recognizes the dividends from a subsidiaries' income statement when its right to receive the dividend is established.

Investment in Associates – The Group's investments in associates are accounted for using the equity method. An associate is an entity in which the Group exercises significant influence through participation in the financial and operating policy decisions of the investee, but which is not a subsidiary or a jointly controlled entity.

Subsequent events have been evaluated for purposes of analysis and disclosure through 13 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 that it is probable that the economic benefits will flow to the Company and the revenue can be reliably measured. Revenue is measured at the fair value of the consideration received or receivable, excluding royalties, discounts, and rebates. Finance revenue is recognized as the interest accrues.

Borrowing Costs – All borrowing costs are recognized as finance cost in the accompanying parent company statements of comprehensive loss in the period in which they are incurred.

Cash and Cash Equivalents – Cash and cash equivalents consist of cash at bank and at hand and short term investment in overnight interest-bearing deposits with original maturities of three months or less.

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.

Interest-Bearing Loans and Borrowings – All interest-bearing loans and borrowings are initially recognized at the fair value of the consideration received gross of issue costs directly attributable to the borrowing. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial instrument. Issue cost associated with obtaining loans and borrowings are amortized over the term of the loan.

Income Taxes – The Company accounts for income tax expense as if it filed on a standalone basis. Income tax expense represents the sum of tax currently payable and deferred tax. The tax currently payable is based on the taxable profits for the period. The Company's liability for current tax is calculated using the tax rates that have been enacted or substantively enacted at the reporting date.

Deferred tax is recognized on temporary differences between the carrying amounts of assets and liabilities in the consolidated financial statements and the corresponding tax bases used in the computation of taxable profit. Deferred tax liabilities are generally recognized for all taxable temporary differences. Deferred tax assets are generally recognized for all deductible temporary differences to the extent that it is probably that taxable profits will be available against which those deductible temporary differences can be utilized. The carrying amount of deferred tax assets is reviewed at each statements of financial position date and reduced to the extent that it is no longer probable that sufficient taxable profits will be available to allow all or a part of the deferred income tax asset to be utilized. Deferred tax assets and liabilities are measured at tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates that have been enacted or substantively enacted at the statements of financial position date.

Fair Value Hierarchy – The Company uses the following hierarchy for determining and disclosing the fair value of the financial instruments which are measured at fair value by valuation technique:

Notes to Parent Company Financial Statements as of and for the years ended 31 December, 2014 and 2013

Level 1 – Quoted (unadjusted) price in active markets for identical assets and liabilities

Level 2 – Significant observable pricing inputs other than quoted prices included within Level 1 that are either directly or indirectly observable as of the reporting date

Level 3 – Generally unobservable inputs that are developed based on the best information available and may include the Company's own internal data.

We noted no transfers between fair value hierarchy levels during the year ended 31 December 2014 and 31 December 2013.

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.

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.

IAS 27 Equity Method in Separate Financial Statements – Amendments to IAS 27

IAS 27 contains accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements. The amendments to IAS 27 allow an entity preparing separate financial statements to account for investments at either cost, in accordance with IFRS 9, or using the equity method per IAS 28. An entity may apply these amendments for annuals periods beginning on or after 1 January 2016, with early application permitted. The Company has retroactively applied the amendments of IAS 27 to the earliest period presented in these 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 Group's consolidated financial statements.

Notes to Parent Company Financial Statements as of and for the years ended 31 December, 2014 and 2013

3. GENERAL AND ADMINISTRATIVE EXPENSES	2014	(In US Dollars) 2013
Depreciation on property, plant and equipment (Note 6)	**$ 655,423**	$ 582,955
Staff cost	**9,182,802**	9,094,780
Other operating cost	**15,179,995**	15,634,110
	$ 25,018,220	$ 25,311,845

4. FINANCE COSTS	(In US Dollars) Year Ended 31, December 2014	2013
Bank charges	**$ 36,013**	$ 42,992
Interest expenses	**175,136,363**	174,542,505
Guarantee fee	**469,644**	446,497
Debts discount and issue cost amortization	**3,037,392**	3,037,385
	$ 178,679,412	$ 178,069,379

The total finance costs paid in 2014 and 2013, was $175 million and $174.9 million, respectively.

5. FINANCE INCOME	(In US Dollars) Year Ended 31, December 2014	2013
Finance income on fixed deposits with banks and investment in bonds	**$ 126,675**	$ 301,656
Finance income from subsidiaries (Note 9B)	**247,543,242**	230,177,338
	$ 247,669,917	$ 230,478,994

6. PROPERTY, PLANT AND EQUIPMENT (In US Dollars)

	Software	Furniture Fixtures	Office Equipment	Capital work in progress	Total
Cost:					
At 1 January 2014	$ 2,223,454	$ 428,248	$ 500,009	$ 209,026	$ 3,360,737
Additions during the period	263,753	206,031	68,928	177,942	716,654
At 31 December 2014	2,487,207	634,279	568,937	386,968	4,077,391
Depreciation:					
At 1 January 2014	689,642	42,675	204,953	-	937,270
Charge for the period	482,319	37,044	136,060	-	655,423
At 31 December 2014	1,171,961	79,719	341,013	-	1,592,693
Net carrying amount at 31 December 2014	$ 1,315,246	$ 554,560	$ 227,924	$ 386,968	$ 2,484,698

Notes to Parent Company Financial Statements as of and for the years ended 31 December, 2014 and 2013

(In US Dollars)

	Software	Furniture Fixtures	Office Equipment	Capital work in progress	Total
Cost:					
At 1 January 2013	$ 2,223,454	$ 414,371	$ 405,469	$ 122,838	$ 3,166,132
Additions during the period	-	13,877	94,540	86,188	194,605
At 31 December 2013	2,223,454	428,248	500,009	209,026	3,360,737
Depreciation:					
At 1 January 2013	244,951	15,944	93,420	-	354,315
Charge for the period	444,691	26,731	111,533	-	582,955
At 31 December 2013	689,642	42,675	204,953	-	937,270
Net carrying amount at 31 December 2013	$ 1,533,812	$ 385,573	$ 295,056	$ 209,026	$ 2,423,467

7. LONG-TERM DEBT AND RELATED COSTS

(In US Dollars)

	As at 31 December **2014**	2013
Principal balance of long-term debt	**$ 3,000,000,000**	$ 3,000,000,000
Discount on issue of bonds	**(9,600,000)**	(9,600,000)
Addition for new bonds issued	**-**	-
Less amortization of discount – previous period	**2,026,750**	1,392,083
Less amortization of discount – current period	**634,668**	634,667
	(6,938,582)	(7,573,250)
Expenses on issue of bonds	**(26,995,745)**	(26,995,745)
Addition for new bonds issued	**-**	-
Less amortization of discount – previous period	**7,135,980**	4,733,262
Less amortization of expenses – current period	**2,402,724**	2,402,718
	(17,457,041)	(19,859,765)
	(24,395,623)	(27,433,015)
Carrying value of long-term debt	**$ 2,975,604,377**	$ 2,972,566,985

On 19 October 2010, Reliance issued $1,000 million of 4.50% Guaranteed Senior Notes due 2020 (the 2020 Notes) and $500 million of 6.25% Guaranteed Senior Notes due 2040 (the 2040 Notes and, together with the 2020 Notes, the Notes). The Notes are guaranteed on an unsecured basis by Reliance Industries Limited, India. The 2020 Notes and the 2040 Notes bear interest at a rate of 4.50% per year and 6.25% per year, respectively. Interest is paid on the Notes semiannually and in arrears on 19 April and 19 October of each year, beginning on 19 April, 2011. Unless previously repurchased, canceled or redeemed, the 2020 Notes and the 2040 Notes will mature on 19 October 2020 and 19 October 2040, respectively. The Notes are unsecured and unsubordinated obligations of Reliance, rank pari-passu with all of its other existing and future unsubordinated obligations, and are effectively subordinated to secured obligations of the guarantor and the obligations of its subsidiaries. The Notes are traded on the Singapore Exchange.

On 14 February 2012 and 28 February 2012, Reliance issued $1,000 million and $500 million, respectively, of 5.40% Guaranteed Senior Notes due 2022 (collectively with the Notes, the Bonds). At 31 December 2014, the gross unpaid principal balance and accrued interest on the Bonds were $3,000 million and $46.18 million, respectively. At 31 December 2013, the gross unpaid principal balance and accrued interest on the Bonds were $3,000 million and $46.18 million, respectively.

Notes to Parent Company Financial Statements (Continued)

7. LONG-TERM DEBT AND RELATED COSTS (Continued)

Reliance has the option to redeem all or a portion of the Bonds at any time at a redemption price equal to the greater of (1) the principal amount of the Bonds to be redeemed and (2) the sum of the present values of the remaining scheduled payments of principal and interest of the Bonds to be redeemed, discounted to the date of redemption on a semi-annual basis at the United States Treasury security rate (selected by an Independent Investment Banker) plus 40 basis points plus accrued and unpaid interest thereon to the redemption date.

8A. INVESTMENTS

(In US Dollars)

	As at 31 December	
	2014	2013
In subsidiaries – Members Contribution		
Reliance Eagleford Midstream LLC	**$ 46,800,000**	$ 46,800,000
Reliance Marcellus LLC	**351,046,000**	184,546,000
Reliance Eagleford Upstream LLC	**228,395,150**	228,382,650
Reliance Eagleford Upstream GP LLC	**36,800**	36,800
Reliance Marcellus II LLC	**325,605,000**	100,605,000
Reliance USA Gas Marketing LLC	**4,100**	4,100
Omni Symmetry LLC	-	1,410,000
Affinity Names Inc.	**246,474**	244,474
	952,133,524	562,029,024
In associates		
Algenol LLC	**99,659,201**	99,659,201
Aurora Algae Inc.	**63,294,565**	63,142,865
Matrix Genetics LLC	**3,000,000**	3,000,000
Less : share of losses		
Beginning balance	**(60,038,605)**	(26,309,605)
Loss during the year	**(21,620,000)**	(33,729,000)
Impairment provided for Aurora Algae Inc	**(31,273,586)**	-
	53,021,575	105,763,461
Other investments	**15,949,380**	15,000,750
	$ 1,021,104,479	$ 682,793,235

The Company sold off its investment in Omni Symmetry LLC to Reliance Jio Infocomm USA Inc in March'2014.

Summarized information is as under:

	(In US Dollars)
	Year Ended 31, December 2014
Investment in Omni Symmetry LLC1	**$ 1,410,000**
Less : Proceeds from sale	**(412,664)**
Loss on sale	**997,336**

Notes to Parent Company Financial Statements (Continued)

Algenol LLC, in which the Company holds 38.30% interest, is a company organized under the laws of the State of Florida. Investment in associate, Algenol LLC, is measured using the equity method.

Summarized statements of operations information for Algenol LLC is set below:

(In US Dollars)

	Year Ended 31, December 2014	2013
Total revenues	**$ 146,000**	$ 292,612
Total loss	**(40,296,000)**	(36,182,694)

Summarized balance sheets information for Algenol LLC is set below: (In US Dollars)

	Year Ended 31, December 2014	2013
Total assets	**$ 22,423,000**	$ 19,208,499
Total liabilities	**6,507,000**	4,954,387

Aurora Algae Inc., in which the Company holds 44.58% interest, is a company incorporated under the laws of the State of Delaware. Investment in associate, Aurora Algae Inc., is measured using the equity method.

Summarized statements of operations information for Aurora Algae Inc. is set below: (In US Dollars)

	Year Ended 31, December 2014	2013
Total revenues	**$ 2,175,497**	$ 4,984,699
Total loss	**(12,602,843)**	(42,897,815)

Summarized balance sheets information for Aurora Algae LLC is set below: (In US Dollars)

	Year Ended 31, December 2014	2013
Total assets	**$ 10,019,294**	$ 27,162,103
Total liabilities	**1,870,622**	6,215,955

Matrix Genetics LLC, in which the Company holds 30.63% interest, is a company organized under the laws of the State of Washington state. Investment in associate, Matrix Genetics LLC, is measured using the equity method.

Summarized statements of operations information for Matrix Genetics LLC is set below: (In US Dollars)

	Year Ended 31, December 2014	2013
Total revenues	**$ 3,868,271**	$ 1,176,264
Total loss	**(846,408)**	(2,217,037)

Summarized balance sheets information for Matrix Genetics LLC is set below: (In US Dollars)

	Year Ended 31, December 2014	2013
Total assets	**$ 1,802,545**	$ 2,276,520
Total liabilities	**491,415**	284,060

Notes to Parent Company Financial Statements (Continued)

8B. INVESTMENT IN SUBSIDIARIES – LOANS

(In US Dollars)

	Facility Limit	As at 31, December 2014	2013
Reliance Eagleford Midstream LLC	$ 250,000,000	**$ 128,650,000**	$ 169,850,000
Reliance Marcellus LLC	2,500,000,000	**2,039,359,700**	1,644,509,700
Reliance Eagleford Upstream LLC	2,500,000,000	**1,817,182,250**	1,936,182,250
Reliance Marcellus II LLC	750,000,000	**350,650,000**	565,650,000
	$ 6,000,000,000	**$ 4,335,841,950**	$ 4,316,191,950

The Company (the lender) entered into separate unsecured loan facility agreement with Reliance Marcellus LLC, Reliance Eagleford Upstream LLC, Reliance Eagleford Midstream LLC, and Reliance Marcellus II LLC (each a borrower), where the lender has agreed to grant loans up to the facility limit as specified in the agreement, also shown above. Under each facility agreement, simple interest is charged at a rate per annum equal to the greater of applicable one-year London Interbank Offered Rate (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 from the date of agreements, which are 12 April 2010 for Reliance Marcellus LLC, 25 June 2010 for both Reliance Eagleford Upstream LLC and Reliance Eagleford Midstream LLC and 6 August 2010 for Reliance Marcellus II LLC , 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 in 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.

Interest income earned during 2014, related to the loan facilities with the Company's subsidiaries are $247,543,242. Interest income earned during 2013, related to the loan facilities with the Company's subsidiaries are $230,177,338.

9. OTHER CURRENT ASSETS

(In US Dollars)

	31 December 2014	2013
Accrued revenue and trade receivable	**$ 565,919**	$ 798,655
Interest receivable from subsidiaries (Note 9B)	**39,343,871**	81,122
Interest receivable from others	-	322,192
Other receivable from subsidiaries	**4,293,343**	2,263,608
Other advances	**95,668**	181,987
Prepayments	**4,716**	26,437
Prepaid taxes	**150,000**	150,000
	$ 44,453,517	$ 3,824,001

10. CASH AND CASH EQUIVALENTS

(In US Dollars)

	31 December 2014	2013
Cash on Bank	**$ 2,983,234**	$ 8,558,840
Overnight investment in banks		7,290
	$ 2,983,234	$ 8,566,130

Notes to Parent Company Financial Statements (Continued)

11. NON – CASH TRANSACTIONS

During the current year, the Group entered into the following non-cash investing and financing activity which is not reflected in the statement of cash flows::

- The Company repaid a loan of $150 million from funds of a new loan where the new lender directly paid the loan proceeds to the previous lender.
- The Company converted outstanding loans to Reliance Marcellus LLC and Reliance Marcellus II LLC into Equity that resulted in a decrease in Investment in Subsidiaries – Loans and corresponding increase in Investment in Subsidiaries - Member Contribution by $ 100 Million and $ 225 Million respectively (corresponding 2013 - Nil).

12. ISSUED CAPITAL

(In US Dollars)

	31 December 2014	31 December 2013
Authorized:		
Ordinary share capital (of US$0.10 each share) 500,000 ordinary shares, issued and fully paid	**$ 50,000**	$ 50,000
Additional paid-in capital	**$ 654,000,000**	$ 654,000,000

13. ACCOUNTS PAYABLE AND ACCRUALS

(In US Dollars)

	31 December 2014	31 December 2013
Other liabilities and accruals	**$ 28,242,704**	$ 12,479,211
Interest on long-term debt	**46,178,980**	46,178,980
Interest on short-term debt	**4,286**	141,640
	$ 74,425,970	$ 58,799,831

The table below summarizes the maturities of the Company's accounts payable and accruals, based on contractual payment dates and current market interest rates:

(In US Dollars)

	< 3 Months	3 to 12 Months	1 to 5 Years	> 5 Years	Total
At 31 December 2013					
Accounts payable and accruals	$ 37,661,900	$ 17,639,400	$ 3,498,531	$ -	$ 58,799,831
At 31 December 2014					
Accounts payable and accruals	**$ 37,420,696**	**$ 30,018,424**	**$ 6,986,850**	**$ -**	**$ 74,425,970**

14. SHORT-TERM LOANS

As of 31 December 2014, the Company had outstanding unsecured loan facilities from several international financial institutions with aggregate available borrowings of $1,780 million. The maturities of these facilities range from the first to the fourth calendar quarters of 2015. The effective interest rate is 1.09%, calculated based on LIBOR plus a margin ranging between 80 to 105 basis points.

A short term loan of $50.0 million was rolled over on January 2015 and a short term loan of $150.0 million was refinanced through two loans issued in February 2015.

Notes to Parent Company Financial Statements (Continued)

15. INCOME TAX

The major components of income tax expense of the Company for the periods ended 31 December 2014 and 2013, are:

(In US Dollars)

	Years Ended 31 December 2014	2013
Current income tax expense (benefit):		
Federal	**$ 14,304,945**	$ 3,409,249
State	**1,647,005**	1,573,019
Deferred income tax expense:		
Federal	**182,764**	378,619
State	**-**	-
Income tax expense	**$ 16,134,714**	**$ 5,360,887**

A reconciliation between income taxes and the product of accounting profit for the Company multiplied by the Company's domestic tax rate for the periods ended 31 December 2014 and 2013, is as follows:

(In US Dollars)

	Years Ended 31 December 2014	2013
Loss before income taxes of the Company	**$ (9,353,125)**	$ (7,232,833)
At statutory rate of 35%	**(3,273,594)**	(2,531,491)
State income tax, net of federal	**1,070,553**	1,022,462
Valuation Allowance	**18,337,755**	6,869,916
Income tax expense	**$ 16,134,714**	$ 5,360,887

Deferred Tax Assets (Liabilities)

(In US Dollars)

	As at 31 December 2014	2013
Deferred tax assets:		
Net operating losses	**$ -**	$ -
Investment in associates	**38,985,418**	20,647,663
Less: Valuation allowance	**(38,985,418)**	(20,647,663)
Total deferred tax assets	**-**	-
Deferred tax liabilities:		
Property, plant & equipment	**(215,552)**	(134,064)
Mark to market derivatives	**(345,832)**	(244,555)
Total deferred tax liabilities	**(561,384)**	(378,619)
Net deferred tax (liabilities)	**$ (561,384)**	$ (378,619)

Notes to Parent Company Financial Statements (Continued)

The Company offsets current tax assets and current tax liabilities, and the deferred tax assets and deferred tax liabilities relate to income taxes leviable by the same tax authority. Deferred tax assets of the Company relate to income tax leviable by the United States federal and state tax authorities.

Valuation allowance of $40.0 million and $20.6 million are recognized as of 31 December 2014 and 2013, respectively. Per IAS 12, the Company reassess unrecognized deferred tax assets at the end of each reporting period (year). The Company does not believe it is probable that future taxable profit of the Company will be available against which unused tax losses and unused tax credits can be utilized.

16. CONTINGENT LIABILITIES

(In US Dollars)

	As at 31 December	
	2014	2013
Contingent liabilities -		
guarantees - standby letter of credit	**$ 335,732**	$ 282,123

In addition to the above, the Company also secures all financial obligations of Reliance Eagleford Upstream Holding LP under a Gas Processing Agreement (GPA) and Crude Oil Marketing Agreement (COMA).

17. FAIR VALUES OF FINANCIAL INSTRUMENTS

Set out 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:

(In US Dollars)

	2014		**2013**	
	Carrying Amount	**Fair Value**	Carrying Amount	Fair Value
Financial assets:				
Cash and cash equivalents	$ 2,982,931	$ 2,982,931	$ 8,566,130	$ 8,566,130
Derivative Assets	327,303	327,303	454,207	454,207
Investment in subsidiaries - loans	4,335,841,950	4,516,928,196	4,316,191,950	4,526,005,198
Financial liabilities:				
Accrued interest	46,183,266	46,183,266	46,320,620	46,320,607
Accounts payable and accrued liabilities	5,303,905	5,303,905	5,492,361	5,492,361
Derivative Liabilities	-	-	416,266	416,266
Senior notes	2,975,604,377	3,255,500,000	2,972,566,985	2,982,450,000
Short-term loan	1,780,000,000	1,780,000,000	1,380,000,000	1,380,000,000

The fair values of the financial assets and liabilities are included at the amount 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:

Cash, accrued revenue, accrued interest, accounts payable, and accrued liabilities approximate their carrying amounts largely due to the short-term maturities of these instruments. The fair values of financial instruments are not materially different from their carrying values.

Fair values of senior notes are based on price quotations at the reporting date. Carrying amount of shortterm loans approximate fair value because its interest rate are variable and reflective of market rates.

The fair value related to loans to subsidiaries and the related interest is based on the Company's weighted average cost of capital.

Notes to Parent Company Financial Statements (Continued)

18. RELATED-PARTY DISCLOSURES

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

Related Parties

Name of the Company/Firm/Associate/Affiliate	Country of Incorporation	Relation	Equity Interest
Reliance Energy Generation and Distribution Limited	India	Parent	100.00
Reliance Industries Limited	India	Ultimate Parent	-
Reliance Eagleford Upstream LLC	USA	Subsidiary	100.00
Reliance Eagleford Upstream GP LLC	USA	Subsidiary	100.00
Reliance Eagleford Upstream Holding LP	USA	Note (i)	-
Reliance Eagleford Midstream LLC	USA	Subsidiary	100.00
Reliance Marcellus LLC	USA	Subsidiary	100.00
Reliance Marcellus II LLC	USA	Subsidiary	100.00
Reliance USA Marketing LLC	USA	Subsidiary	100.00
Omni Symmetry LLC	USA	Subsidiary	100.00
Affinity Names Inc.	USA	Subsidiary	100.00
RIL USA Inc.	USA	Affiliate	-
EFS Midstream LLC	USA	Associate–Note (ii)	-
Algenol LLC	USA	Associate	38.30
Aurora Algae Inc.	USA	Associate	44.58
Matrix Genetics LLC	USA	Associate	30.63
Reliance Jio Infocomm USA Inc.	USA	Affiliate	-
Reliance USA Gas Marketing LLC	USA	Subsidiary	100.00

i. Subsidiaries Reliance Eagleford Upstream LLC and Reliance Eagleford Upstream GP LLC hold 99.99% and 0.01%, respectively.

ii. Reliance Eagleford Midstream LLC, one of the subsidiaries, has entered into a joint venture holding 49.9% interest of EFS Midstream LLC.

Related-Party Transactions (In US Dollars)

Name of the Company/Firm/Associate/Affiliate	Nature of Transaction (Refer to Parent Company Statements of Financial Position)	As at 31 December, 2014 Amount	As at 31 December, 2013 Amount
			(In US Dollars)
Reliance Energy Generation & Distribution Limited	Share capital	**$ 50,000**	$ 50,000
Reliance Energy Generation & Distribution Limited	Additional share capital	**654,000,000**	654,000,000
Reliance Industries Limited	Guarantee taken	**3,000,000,000**	3,000,000,000
Reliance Marcellus II LLC	Standby letter of credit given	**282,663**	282,123
Reliance Eagleford Midstream LLC	Member contribution	**46,800,000**	46,800,000
Reliance Marcellus LLC	Member contribution	**351,046,000**	184,546,000
Reliance Eagleford Upstream LLC	Member contribution	**228,395,150**	228,382,650
Reliance Eagleford Upstream GP LLC	Member contribution	**36,800**	36,800

Notes to Parent Company Financial Statements (Continued)

18. RELATED PARTY DISCLOSURES (CONTINUED)

Related-Party Transactions (Continued)

Name of the Company/Firm/Associate/Affiliate	Nature of Transaction (Refer to Parent Company Statements of Financial Position)	As at 31 December, 2014 Amount	As at 31 December, 2013 Amount
			(In US Dollars)
Reliance Marcellus II LLC	Member contribution	$ **325,605,000**	$ 100,605,000
Reliance USA Marketing LLC	Member contribution	**4,100**	4,100
Omni Symmetry LLC	Member contribution	**-**	1,410,000
Affinity Names Inc.	Member contribution	**246,474**	244,474
Reliance Eagleford Midstream LLC	Loan to subsidiary	**128,650,000**	169,850,000
Reliance Marcellus LLC	Loan to subsidiary	**2,039,359,700**	1,644,509,700
Reliance Eagleford Upstream LLC	Loan to subsidiary	**1,817,182,250**	1,936,182,250
Reliance Marcellus II LLC	Loan to subsidiary	**350,650,000**	565,650,000
Reliance Eagleford Upstream Holding LP	Other advances	**2,746,262**	1,485,149
Reliance Marcellus LLC	Other advances	**1,030,980**	391,924
Reliance Marcellus II LLC	Other advances	**433,190**	386,532
Reliance Eagleford Midstream LLC	Other advances	**84,977**	-
Algenol LLC	Investment in associates	**99,659,201**	99,659,201
Aurora Algae Inc.	Investment in associates	**63,294,565**	63,142,865
Matrix Genetics LLC	Investment in associates	**3,000,000**	3,000,000
Reliance Eagleford Upstream Holding LP	Guarantee	**-**	Note 1
RIL USA Inc.	Rent receivable	**47,726**	122,754
Reliance Marcellus II LLC	Interest receivable	**2,688,995**	103,236
Reliance Eagleford Midstream LLC	Interest payable	**-**	22,113
Reliance Eagleford Midstream LLC	Interest receivable	**594,023**	-
Reliance Marcellus LLC	Interest receivable	**9,802,381**	-
Reliance Eagleford Upstream LLC	Interest receivable	**26,258,472**	-
Reliance USA Gas Marketing LLC	Other payable	**2,067**	-
Reliance Industries Limited	Corporate office support	**1,069,198**	1,443,170
Reliance Industries Limited	Guarantee commission	**23,700,000**	36,000,000
Reliance Industries Limited	Transfer of NY office assets	**579,771**	-
Reliance Eagleford Upstream Holding LP	Guarantee commission	**11,526,750**	17,508,987
Reliance Eagleford Midstream LLC	Guarantee commission	**1,181,519**	2,061,600
Reliance Marcellus LLC	Guarantee commission	**6,739,962**	10,237,916
Reliance Marcellus II LLC	Guarantee commission	**3,782,125**	5,745,000
Reliance Eagleford Upstream Holding LP	Staff cost	**3,095,765**	2,627,461
Reliance Marcellus LLC	Staff cost	**2,219,543**	1,793,425
Reliance Marcellus II LLC	Staff cost	**706,290**	681,650
Reliance Eagleford Upstream LLC	Interest	**105,907,175**	106,490,024
Reliance Eagleford Midstream LLC	Interest	**8,244,108**	10,131,603

Notes to Parent Company Financial Statements (Continued)

18. RELATED PARTY DISCLOSURES (CONTINUED)

Related-Party Transactions (Continued)

Name of the Company/Firm/Associate/Affiliate	Nature of Transaction (Refer to Parent Company Statements of Financial Position)	As at 31 December, 2014 Amount	As at 31 December, 2013 Amount
			(In US Dollars)
Reliance Marcellus LLC	Interest	$ **101,781,387**	$ 79,755,476
Reliance Marcellus II LLC	Interest	**31,610,572**	33,800,235
RIL USA Inc	Rent	**242,949**	212,448
Matrics Genetics LLC	R & D expense	**3,928,581**	1,240,000
Aurora Algae Inc	R & D expense	**1,685,052**	5,475,000
Reliance Eagleford Upstream Holding LP	Other cost	**671,534**	132,815
Reliance Marcellus LLC	Other cost	**453,968**	573,320
Reliance Marcellus II LLC	Other cost	**228,164**	333,052
Reliance Eagleford Midstream LLC	Other cost	**31,707**	7,306
Reliance Jio Infocomm USA Inc.	Sale of Omni Symmetry LLC	**412,664**	-

Note 1: Two guarantees were provided to secure payment obligations by Reliance Eagleford Upstream Holding LP under GPA and COMA.

19. 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 commitments by raising loans or arranging other facilities as and when required.

Bank deposit accounts in the United States of America owned by corporations, partnerships, and unincorporated associates are insured by the FDIC up to $250,000 per account, per corporation, partnership or unincorporated associate. The Company has deposits in excess of $250,000 in its bank accounts.

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. Capital comprises of bonds, short term loans, and equity.

Commodity Price Risk – The Company is exposed to the risk of commodity market price fluctuations on its share of the mix of oil and gas production. The Company's policy is to manage these risks through the use of contract based prices with customers and derivative commodity contracts and to keep a reasonable percentage of its share of production on fixed price.

Since the derivative instruments are not designated as hedges, the Company accounts for changes in fair value of open derivative instruments through statement of comprehensive loss. The fair values are based on market quotes of oil and gas commodities published by the New York Mercantile Exchange (NYMEX).

The Company has entered into the following derivative commodity contracts that have not been designated as hedges; the fair value is recognized as gain or (losses) in the statement of comprehensive loss and derivative assets and liabilities in the statement of financial position:

Notes to Parent Company Financial Statements (Continued)

(In US Dollars)

Derivative	Financial instrument Classification	Term	Quantity	Weighted Average Rate	Fair value Assets (Liability) at 31 December 2014, Level 1	
Swap Contracts						
Natural Gas-NYMEX	Held for trading	Jan15–Mar15	2,500 mmbtu/day	$4.45/ mmbtu	$ 327,303	$ -

Derivative Gains (Losses)

(In US Dollars)

	Years Ended 31 December 2014	2013
Unrealized gains:		
Gains (losses) from Natural gas derivative contracts - net	**$ 289,362**	$ (5,964,606)
Unrealized gain from derivative financial instruments - net	**289,362**	(5,964,606)
Realized gains (losses):		
Gains (losses) from crude oil derivative contracts - net	**-**	(470,023)
Gains (losses) from natural gas derivative contracts - net	**(242,043)**	5,157,125
Gains (losses) from other swap transactions - net	**518,193**	675,901
Realized gains from derivative financial instruments - net	**276,150**	5,363,003
Gain (loss) on derivative financial instruments - net	**$ 565,512**	$ (601,603)

Realized gains (losses) on transactions settled within the year are recognized as realized gain/loss from derivative in the statement of comprehensive loss.

All financial instruments measured at fair value use Level 1 valuation techniques.