

The directors of
BPRL International B.V.
Strawinskylaan 1143
1077 XX AMSTERDAM

Amsterdam, May 9, 2011

WA/sj/1105091

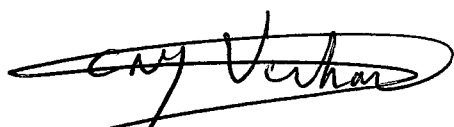
Dear Sirs,

Please find enclosed four copies of the financial statements prepared for group consolidation purposes of BPRL International B.V, for the year ended March 31, 2011, including four copies of our independent auditor's report thereon.

We confirm consent for use of our independent auditor's report by the principal group auditor of Bharat Petroleum Corporation Ltd for their audit of the consolidated group financial statements. Use of our independent auditor's report is only permitted if it takes place together with the corresponding complete set of the financial statements prepared for group consolidation purposes, the use of our report for any other purpose is strictly prohibited.

It is not allowed to use or publish our independent auditor's report for any other purpose than for group consolidation purposes.

Yours sincerely,
Ernst & Young Accountants LLP



C.N.J. Verhart

Initialled for identification purposes:



Enclosures: Financial statements initialled for identification purposes
 Four copies original unsigned auditor's report
 Signed auditor's report for your files only

Independent auditor's report

To: board of directors of BPRL International B.V., Amsterdam

Report on the (consolidated) financial statements prepared for group consolidation purposes

We have audited the accompanying (consolidated) financial statements prepared for group consolidation purposes for the year ended March 31, 2011 of BPRL International B.V., Amsterdam, which comprise the consolidated and company balance sheet as at March 31, 2011, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these (consolidated) financial statements prepared for group consolidation purposes, in accordance with group accounting principles. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the (consolidated) financial statements prepared for group consolidation purposes that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these (consolidated) financial statements prepared for group consolidation purposes based on our audit. We conducted our audit in accordance with International Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the (consolidated) financial statements prepared for group consolidation purposes are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the (consolidated) financial statements prepared for group consolidation purposes. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the (consolidated) financial statements prepared for group consolidation purposes, 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 (consolidated) financial statements prepared for group consolidation purposes 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the (consolidated) financial statements prepared for group consolidation purposes.

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

Opinion with respect to the (consolidated) financial statements prepared for group consolidation purposes

In our opinion, the (consolidated) financial statements prepared for group consolidation purposes give a true and fair view of the financial position of BPRL International B.V. as at March 31, 2011 and of its result for the year then ended in accordance with group accounting principles.

Emphasis of matter

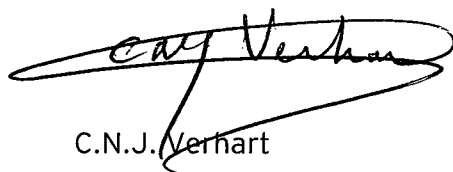
We draw attention to notes 3 and 6a to the consolidated financial statements prepared for group consolidation purposes, which describes that the billing statements of the jointly controlled assets for the period ended March 31, 2011 are not available as at the date of finalization of the consolidated financial statements. These amounts are allocated between capital work in progress and expenses once the billing statements are received from the operator. If the allocation of the advances was available before finalizing the consolidated financial statements prepared for group consolidation purposes, the allocation would have had consequences for the result of this year and also for the group's equity. Our opinion is not qualified in respect of this matter.

Other matter - restriction of use (and distribution)

This report is intended solely for the use by the principal group auditor in connection with their audit of the consolidated financial statements of Bharat Petroleum Corporation Ltd as of and for the period ended March 31, 2011 and is not intended for any other purpose.

Amsterdam, May 9, 2011

Ernst & Young Accountants LLP



C.N.J. Verhart

Publication of Independent auditor's report

1 Conditions

Authorization to publish the independent auditor's report is granted subject to the following conditions.

- Further consultation with the auditor is essential if, after this authorization has been granted, facts and circumstances become known which materially affect the view given by the financial statements.
- The authorization concerns inclusion of the independent auditor's report in the annual report to be tabled at the Annual General Meeting (hereafter AGM) incorporating the financial statements as drawn up.
- The authorization also concerns inclusion of the independent auditor's report in the annual report to be filed with the Trade Registrar, provided consideration of the financial statements by the AGM does not result in any amendments.
- Financial statements for filing at the offices of the Trade Registrar which have been abridged in accordance with Section 397 of Book 2 of the Netherlands Civil Code must be derived from the financial statements adopted by the AGM and a draft version of these financial statements for filing purposes must be submitted to us for inspection.
- The independent auditor's report can also be included if the financial statements are published electronically, such as on the Internet. In such cases, the full financial statements should be published and these should be easily distinguishable from other information provided electronically at the same time.
- If the published financial statements are to be included in another document which is to be made public, authorization to include the independent auditor's report must again be granted by the auditor.

2 Explanations to the conditions

2.1 Board of supervisory directors and board of executive directors

The auditor usually forwards his report to the board of supervisory directors and to the board of executive directors. This is pursuant to Book 2 of the Netherlands Civil Code, section 393 which stipulates *inter alia*: 'The auditor sets out the outcome of his examination in a report'. 'The auditor reports on his examination to the board of supervisory directors and the board of executive directors'.

2.2 Annual General Meeting (AGM)

Publication of the independent auditor's report will only be permitted subject to the auditor's express consent. Publication is understood to mean: making available for circulation among the public or to such group of persons as to make it tantamount to the public. Circulation among shareholders or members, as appropriate, also comes within the scope of the term 'publication', so that inclusion of the independent auditor's report in the annual report to be tabled at the AGM similarly requires authorization by the auditor.

2.3 Independent auditor's reports and financial statements

The authorization concerns publication in the annual report incorporating the financial statements that are the subject of the independent auditor's report. This condition is based on the auditors' rules of professional practice, which state that the auditor will not be allowed to authorize publication of his report except together with the financial statements to which this report refers. The auditor will also at all times want to see the rest of the annual report, since the auditor is not allowed to authorize publication of his report if, owing to the contents of the documents jointly published, an incorrect impression is created as to the significance of the financial statements.

2.4 Events between the date of the independent auditor's report and the AGM

Attention should be paid to the fact that between the date of the independent auditor's report and the date of the meeting at which adoption, as appropriate, of the financial statements is considered, facts or circumstances may have occurred which materially affect the view given by the financial statements. Under COS 560, the auditor must perform audit procedures designed to obtain sufficient audit evidence to ensure that all events occurring before the date of the independent auditor's report that warrant amendment of or disclosure in the financial statements have been identified.

If the auditor becomes aware of events that may be of material significance to the financial statements, the auditor must consider whether those events have been adequately recognized and sufficiently disclosed in the notes to the financial statements. If between the date of the independent auditor's report and the date of publication of the financial statements, the auditor becomes aware of a fact that may have a material impact on the financial statements, the auditor must assess whether the financial statements should be amended, discuss the matter with management and act as circumstances dictate.

2.5 Trade Registrar

The financial statements are tabled at the AGM (legal entities coming within the scope of title 9 of Book 2 of the Netherlands Civil Code table the directors' report and the other information as well). The AGM considers adoption of the financial statements. Only after the financial statements have been adopted, do they become the statutory (i.e. the company) financial statements. As a rule, the statutory financial statements will be adopted without amendment. The independent auditor's report must be attached to the statutory financial statements as part of the other information. As a rule, the text of this report will be the same as that issued earlier. The documents to be made public by filing at the offices of the Trade Registrar will consist of the statutory financial statements, the directors' report and the other information. The independent auditor's report which refers to the unabridged financial statements will then have to be incorporated in the other information. If consideration of the financial statements by the AGM does not result in any amendments, the independent auditor's report may be attached to the financial statements adopted, by the AGM and, provided the annual report and financial statements are filed promptly at the offices of the Trade Registrar, published as part of these annual report and financial statements.

2.6 Other manner of publication

The financial statements may also be published other than by filing at the offices of the Trade Registrar. In that event, too, inclusion of the independent auditor's report is permitted, provided the financial statements are published in full. If publication concerns part of the financial statements or if the financial statements are published in abridged form, publication of any report the auditor has issued on such financial statements will be prohibited, unless:

- a he has come to the conclusion that, in the circumstances of the case, the document concerned is appropriate, or
- b based on legal regulations, publication of the document concerned is all that is required.

If less than the full financial statements are published, further consultation with the auditor is essential.

If the financial statements and the independent auditor's report are published on the Internet, it should be ensured that the financial statements are easily distinguishable from other information contained on the Internet site. This can be achieved, for example, by including the financial statements as a separate file in a read-only format or by including a warning message when the reader exits the financial statements document.

2.7 Inclusion in another document

If the published financial statements are to be included in another document which is to be made public, this is considered a new publication and authorization must again be obtained from the auditor. An example of this situation is the publication of an offering circular which includes the financial statements, after these financial statements have been filed at the office of the Trade Registrar together with the other annual reports. For each new publication, authorization must again be obtained from the auditor.

2.8 Events after the AGM

Even if facts and circumstances have become known after the adoption of the financial statements as a result of which they no longer give the statutory true and fair view, the auditor must stand by the report issued on the financial statements as adopted and by the independent auditor's report filed at the offices of the Trade Registrar. In that event, the legal entity is required to file a statement at the offices of the Trade Registrar on these facts and circumstances accompanied by an independent auditor's report. In this situation, too, further consultation with the auditor is essential.

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

FINANCIAL STATEMENTS
for group consolidation purposes
For the year ended 31 March 2011

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

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BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Consolidated Balance sheet as at 31 March 2011

	Note	31 Mar. 2011	31 Mar. 2010
<i>(in USD)</i>			
ASSETS			
Intangible fixed assets	3	94,439,054	20,149,491
Total fixed assets		<u>94,439,054</u>	<u>20,149,491</u>
Financial fixed assets			
Investments	4	676,773	100
Loans & advances	5	272,632,435	204,452,075
Total financial fixed assets		<u>273,309,208</u>	<u>204,452,175</u>
Current assets			
Receivables and prepaid expenses	6	16,744,545	16,536,159
Liquid assets			
Cash at bank	7	177,052	1,661,969
Total current assets		<u>16,921,597</u>	<u>18,198,128</u>
TOTAL ASSETS		<u>384,669,859</u>	<u>242,799,794</u>
GROUP'S EQUITY & LIABILITIES			
Group's equity			
Issued and paid-up capital	8	282,212,911	143,808,178
Currency translation reserve		(4,427,587)	1,726,454
Other reserve			
Accumulated losses		(34,856,162)	(19,981,163)
Total group's equity		<u>242,929,162</u>	<u>125,553,469</u>
Long term liabilities	9	139,614,745	117,090,308
Total long term liabilities		<u>139,614,745</u>	<u>117,090,308</u>
Current liabilities			
Creditors	10	2,125,952	156,017
Total current liabilities		<u>2,125,952</u>	<u>156,017</u>
TOTAL GROUP'S EQUITY & LIABILITIES		<u>384,669,859</u>	<u>242,799,794</u>

The accompanying notes form an integral part of the Consolidated Financial Statements.

 **ERNST & YOUNG Accountants LLP**
Initialled for identification purposes only

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Consolidated profit and loss account for the year ended 31 March 2011

	<i>Note</i>	<i>31 Mar. 2011</i>	<i>31 Mar. 2010</i>
<i>(in USD)</i>			
Operating & financial income			
Bank interest		-	1,229
Share of income from Joint venture		46,140	-
Total operating & financial income		<u>46,140</u>	<u>1,229</u>
Operating & financial expenses			
Geological and geophysical costs		917,938	1,730,211
EPC commitments		647,063	1,220,652
Insurance on assets risk		238,984	159,125
General and administrative fee		4,153,771	3,139,153
Interest on loan		4,475,807	5,186,689
Loan commitment fee		22,214	162,798
Loan processing fee and legal charges		3,750,000	-
Agency fee and security fee		50,000	50,000
Incorporation expenses		-	8,096
Management and administrative expenses		65,619	92,570
Legal and corporate expenses		541,508	316,391
Audit fee		40,328	30,463
Bank charges		17,214	19,693
Exchange result		(108)	1,640
General expenses		801	2,973
Total operating & financial expenses		<u>14,921,139</u>	<u>12,120,454</u>
Net profit/(loss) before taxation		<u>(14,874,999)</u>	<u>(12,119,225)</u>
Taxation	11	-	-
Net profit/(loss) after taxation		<u>(14,874,999)</u>	<u>(12,119,225)</u>

The accompanying notes form an integral part of the Consolidated Financial Statements.

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Consolidated Cash Flow Statement for the year ended 31 March 2011

	<i>Note</i>	<i>31 Mar. 2011</i>	<i>31 Mar. 2010</i>
<i>(in USD)</i>			
Operating activities			
Loss before tax		(14,874,999)	(12,119,225)
Adjustments to reconcile profit (loss) before taxation to net cash provided by operating activities			
Interest on bank loan added to loan		4,475,807	5,186,689
Share of income from joint ventures		(46,140)	-
Operating profit/(loss) before working capital changes		(10,445,332)	(6,932,536)
Changes in working capital			
Decrease / (increase) in current assets		(208,386)	(11,630,472)
(Decrease) / increase in current liabilities		1,969,935	118,955
Cash generated from/(used in) operating activities		(8,683,783)	(18,444,053)
Investing activities			
Capital work-in-progress		(74,289,563)	(20,149,491)
Investment in Joint venture		(630,533)	-
Loan to IBV Brasil Petroleo Ltda		(68,180,360)	(37,689,575)
Cash generated from/(used in) investing activities		(143,100,456)	(57,839,066)
Financing activities			
Net issue of shares		132,250,692	73,393,576
Loan from bank		22,524,437	9,349,487
Interest on bank loan added to loan		(4,475,807)	(5,186,689)
Cash generated from/(used in) financing activities		150,299,322	77,556,374
Net increase/(decrease) in cash and cash equivalents		(1,484,917)	1,273,255
Cash and cash equivalents at the beginning of the year		1,661,969	388,714
Cash and cash equivalents at the end of the year	7	177,052	1,661,969

The accompanying notes form an integral part of the Consolidated Financial Statements. Accountants LLP
 Initialled for identification purposes only

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Notes to the Consolidated Financial Statements

1. General

a. Activities

The principal objective of the group is to participate in, to administer, to finance, to conduct the management of and to render advice and services to other companies and enterprises. The statutory seat of the Company is in Amsterdam and the principal executive office of the Company is located at Strawinskyalaan 1143, 1077XX Amsterdam, The Netherlands.

b. Consolidation

The Consolidated Financial Statements comprise the financial information of the Company and the following group companies:

1. BPRL Ventures B.V., Amsterdam, The Netherlands	100%
2. BPRL Ventures Mozambique B.V., Amsterdam, The Netherlands	100%
3. BPRL Ventures Indonesia B.V., Amsterdam, The Netherlands	100%

Group companies are fully consolidated. Inter-company transactions, profit, receivables and payables are eliminated.

c. Book year

In accordance with Article 14 of its Articles of Association the financial year of the Company runs from the first day of April to thirty first day of March of the following calendar year.

2. Summary of principal accounting policies

a. General

The consolidated financial statements are prepared in accordance with the statutory provisions of Part 9, Book 2 of the Netherlands Civil Code. The principles of valuation are based on the historical cost convention. Assets and liabilities are valued at face value, unless otherwise indicated. Notes to the items of the balance sheet, the profit and loss account are numbered.

The policy of the Directors is to make use of the provisions of Article 362 paragraph 7 of Title 9 of Book 2 of the Dutch Civil Code to present the financial statements of the Company in a currency other than Euro's. In line with the international character of the group of which the Company forms a part, the financial statements of the group are presented in US Dollars.

b. Oil & natural gas accounting

The group follows the principles of the successful efforts method of accounting for its oil and natural gas exploration and production activities. Accordingly, all costs that lead to discovery, acquisition and development of specific oil and gas reserves are capitalised. When the outcome of the costs is unknown at the time they occur, they are recorded as capital work-in-progress.

All costs that do not lead to discovery, acquisition and exploration of oil and gas reserves are charged as expenses in the year of occurrence. Once a project is sanctioned for development, the carrying value is transferred within property, plant and equipment. The capitalized exploration and development costs for proved oil and natural gas reserves (including the costs of drilling unsuccessful appraisal and development wells) are amortized on the basis of unit of production method.

c. Impairment of assets

The group assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the group makes an estimate of the asset's recoverable amount.

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Notes to the Consolidated Financial Statements

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit and loss account except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

d. Interest in joint ventures

A joint venture is a contractual arrangement whereby two or more parties (venturers) undertake an economic activity that is subject to joint control. Joint control exists only when the strategic financial and operating decisions relating to the activity require the unanimous consent of the venturers. A jointly controlled entity is a joint venture that involves the establishment of a company, partnership or other entity to engage in economic activity that the group jointly controls with its fellow venturers.

The results, assets and liabilities of a jointly controlled entity are incorporated in these financial statements using the equity method of accounting. Under the equity method, the investment in a jointly controlled entity is carried in the balance sheet at cost, plus post-acquisition changes in the jointly controlled entity's share of net assets.

The company profit and loss account reflects the company's share of the results after tax of the jointly controlled entity.

e. Financial fixed assets

Receivables included in financial fixed assets are valued at their face value, less provisions where necessary.

f. Accounts receivable

All amounts receivable are expected to be recovered within one year after the balance sheet date.

g. Cash at bank

Cash at bank are stated at nominal value and are at the free and unrestricted disposal of the Group.

h. Current liabilities

All amounts payable are stated at face value and are expected to be paid within one year after the balance sheet date.

i. Foreign currencies

Assets and liabilities denominated in foreign currencies have been translated into US Dollars at the rate of exchange ruling at the balance sheet date. Operating transactions denominated in foreign currencies are translated into US Dollars at rates of exchange ruling on or around the date of the transactions. Foreign exchange gains and losses arising as a result of the application of the above accounting policies are disclosed separately in the Consolidated profit and loss account.

1 USD was at balance sheet date equal to :

EUR 0,7093 (31 March 2011)

EUR 0,7432 (31 March 2010)

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Notes to the Consolidated Financial Statements

31 Mar. 2011 31 Mar. 2010

(in USD)

j. Taxation

Taxation is determined in accordance with Dutch guidelines and directives for corporate income taxes, which take into account tax exempted items and non-deductible amounts. Tax benefits arising from available losses are only recognized in the event that such losses can be compensated against prior year's taxable profits or, to the extent deemed realizable by the managements, against future taxable profits.

BALANCE SHEET

3. Intangible fixed assets

Capital work-in-progress

Balance at the beginning of the year	20,149,491	-
Additions during the year	<u>74,289,563</u>	<u>20,149,491</u>
Balance at the end of the year	<u>94,439,054</u>	<u>20,149,491</u>

The group has 10% participating interest in exploration and production concession contract signed by Anadarko Mozambique Area 1 Limitada with Empresa Nacional de Hidrocarbonetos E.P. and the Government of Mozambique.

The group has 12,5% participating interest in petroleum production sharing contract signed by Anadarko Indonesia Nunukan Company.

The group records for its intangible fixed assets based on the billing statements received from the operator. The billing statements upto 31 December 2010 have been used for the purpose of reporting the share of costs of the group.

As per the obligations contained in Exploration & Production Concession Contract (EPCC) entered with Mozambique Government, BPRL Ventures Mozambique B.V. is taking over its proportionate share of the EMPRESA NACIONAL DE HIDROCARBONETOS, E.P.(ENH) carry of 1,765%. The carry shall be limited to all costs incurred by the Concessionaire in discharging its obligations under this EPC, up to and including the date upon which the first development plan has been approved.

From the date of commencement of Commercial Production, ENH shall reimburse in full the Carry in cash or in kind. All Carry amount owed by ENH up to approval of the first development plan shall be subject to payment of interest compounded quarterly calculated at the 3 months LIBOR plus one percentage point. However if there is no commercial success no such reimbursement will be applicable.

As per the Joint Operating Agreement (JOA) entered between consortium members, members are required to pay their committed share of expenditure incurred by the operator. The amount of expenditure and period depends on the level of activities. The estimated obligation of the group for the period 1 April 2011 to 31 March 2012 from the JOAs is 77 Million US Dollars for Mozambique, 3,5 Million US Dollars for Indonesia and 75 Million US Dollars for Brazil.

4. Investments

IBV Brasil Petroleo Ltda

% holding	50%	-
Book value as at 1 April	100	100
Additions	630,533	-
Share of result current year	<u>46,140</u>	<u>-</u>
Net asset value as at 31 March	<u>676,773</u>	<u>100</u>

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Notes to the Consolidated Financial Statements

31 Mar. 2011 31 Mar. 2010

(in USD)

On 29 June 2010, the company acquired 50% (100.460.000 shares out of 200.920.000 shares) of the issued capital of IBV Brasil Petroleo Ltda., a company incorporated under the law of Brazil.

The negative net assets value of IBV Brasil Petroleo Ltda on the date of acquisition (29 June 2010) was BRL 146.108.301.

The financial year of IBV Brasil Petroleo Ltda runs from 1 January 2010 to 31 December 2010. Financial statements for the year ended 31 December 2010 have been used to compute company's share of post acquisition profits proportionately.

5. Loans & advances

Loan to IBV Brasil Petroleo Ltda	<u>272,632,435</u>	<u>204,452,075</u>
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The company agreed to provide the loan facility to VB (Brasil) Petroleo Private Ltda - USD 150.000.000, USD 25.000.000, USD 27.750.000 and USD 147.250.000 as per the facility agreements. On 1st April 2010, VB (Brasil) Petroleo Private Ltda merged with IBV Brasil Petroleo Ltda. The loan facility was transferred to IBV Brasil Petroleo Ltda as per supplemental loan facility agreement dated 23 December 2010.

As per the facility agreement, the loan is subject to an interest rate of 6m LIBOR plus 100 bps, which is due semi-annually provided the borrower makes a profit. The borrower has not made any profit for the period ended 31 March 2011. The company has obtained an advance tax ruling for this arrangement from the Dutch tax authorities.

6. Receivables and prepaid expenses

a) Advances

The Billing statements of the jointly controlled assets for the period ending 31st March 2011 are not available as at the date of finalization of the accounts. These amounts are allocated between capital work-in-progress and expenses once the billing statements are received from the operator. If the allocation of the advances was available before finalising this annual report, the allocation would have had consequences for the result of this year and also for the group's equity.

i) Advance paid to Anadarko Mozambique Area1, Limitada

The group has 10% participating interest in exploration and production concession contract signed by Anadarko Mozambique Area 1 Limitada with Empresa Nacional de Hidrocarbonetos E.P. and the Government of Mozambique.

<u>15,808,350</u>	<u>15,353,260</u>
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ii) Advance paid to Anadarko Indonesia Nunukan Company

The group has 12,5% participating interest in petroleum production sharing contract signed by Anadarko Indonesia Nunukan Company.

<u>856,692</u>	<u>1,162,647</u>
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<u>16,665,042</u>	<u>16,515,907</u>
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BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Notes to the Consolidated Financial Statements

	31 Mar. 2011	31 Mar. 2010
<i>(in USD)</i>		
b) Prepaid expenses		
Pre-payment of Amicorp invoices	-	20,252
Pre-payment of Global Alliance Seguros Insurance invoice	79,503	-
	<u>79,503</u>	<u>20,252</u>
Total (a+b)	<u>16,744,545</u>	<u>16,536,159</u>
7. Cash at bank		
BNP Paribas - USD	149,920	1,617,771
BNP Paribas - EUR	27,132	44,198
	<u>177,052</u>	<u>1,661,969</u>
8. Group's equity		
Reference is made to note 18 to the Company financial statements.		
9. Long term liabilities		
Amount payable to banker		

	Balance as at 1 April, 2010	Repayment	Additions	Balance as at 31 March, 2011
Principal	104,000,000	(104,000,000)	139,592,531	139,592,531
Legal and loan processing charges	2,050,000	(2,050,000)	-	-
Loan commitment fee	367,052	(367,052)	22,214	22,214
Interest on loan	10,673,256	(13,175,479)	2,502,223	-
Total	<u>117,090,308</u>	<u>(119,592,531)</u>	<u>142,116,968</u>	<u>139,614,745</u>

BPRL Ventures B.V. entered into an agreement on 15 September 2008, whereby the bank made available to BPRL Ventures B.V. a loan facility up to a maximum amount of USD 120.000.000 with a repayment date of 10 September 2010.

On 7 September 2010, BPRL Ventures B.V. entered into a new facility agreement with the bank to borrow USD 150.000.000 with a expiry date of 4 September 2012. Out of the new loan, BPRL Ventures B.V. repaid the outstanding amount of the previous loan including accrued interest on that date.

The total amount utilised as at 31 March 2011 was USD 139.614.745. The new loan is secured by a 100% share pledge of BPRL Ventures B.V. and pledge of quotas held in IBV Brasil Petroleo Ltda by BPRL Ventures B.V. by as well as by an unconditional and irrevocable corporate guarantee from a group company Bharat Petroleum Corporation Ltd, Mumbai, Maharashtra, India. During the period the loan is subject to an interest rate of LIBOR plus a margin of 1,50% per annum.

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Notes to the Consolidated Financial Statements

	<i>31 Mar. 2011</i>	<i>31 Mar. 2010</i>
<i>(in USD)</i>		
10. Creditors		
a) Payables		
Accounts payable to Anadarko Indonesia Nunukan Company	1,681,608	-
b) Interest payable		
Interest payable to Standard Chartered Bank	203,510	-
c) Other creditors and provisions		
Accounts payable to Ernst & Young	15,099	17,950
Accounts payable to Holland Van Gijzen	-	16,778
Accounts payable to MacDonald Energy Consultants Ltd	20,528	-
Accounts payable to Sterel C.S.	644	-
Provision for consultancy expenses	17,670	17,670
Provision for legal and corporate expenses	114,984	50,188
Provision for management fee	4,935	-
Provision for chamber of commerce fee	212	-
Provision for accounting charges	22,556	13,456
Provision for audit fee	30,108	25,564
Provision for tax return filling charges	14,098	14,411
	<u>240,834</u>	<u>156,017</u>
Total (a+b+c)	<u>2,125,952</u>	<u>156,017</u>

PROFIT AND LOSS ACCOUNT

11. Taxation

Dutch corporate income tax charge for the year	<u>Nil</u>	<u>Nil</u>
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12. Employees

The average number of employees of the Group during the year w	<u>Nil</u>	<u>Nil</u>
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BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Balance sheet as at 31 March 2011

(after allocation of the loss for the year)

	Note	31 Mar. 2011	31 Mar. 2010
<i>(in USD)</i>			
ASSETS			
Financial fixed assets			
Investments	15	242,858,786	125,527,782
Total financial fixed assets		<u>242,858,786</u>	<u>125,527,782</u>
Current assets			
Receivables and prepaid expenses	16	43,190	57,847
Liquid assets			
Cash at bank	17	98,474	50,616
Total current assets		<u>141,664</u>	<u>108,463</u>
TOTAL ASSETS		<u><u>243,000,450</u></u>	<u><u>125,636,245</u></u>
SHAREHOLDER'S EQUITY & LIABILITIES			
Shareholder's equity	18		
Issued and paid-up capital		282,212,911	143,808,178
Currency translation reserve		(4,427,587)	1,726,454
Other reserve			
Accumulated losses		(34,856,162)	(19,981,163)
Total shareholder's equity		<u>242,929,162</u>	<u>125,553,469</u>
Current liabilities			
Creditors	19	71,288	82,776
Total current liabilities		<u>71,288</u>	<u>82,776</u>
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES		<u><u>243,000,450</u></u>	<u><u>125,636,245</u></u>

The accompanying notes form an integral part of these Financial Statements.

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Profit and loss account for the year ended 31 March 2011

	<i>Note</i>	<i>31 Mar. 2011</i>	<i>31 Mar. 2010</i>
<i>(in USD)</i>			
Operating & financial income			
Bank interest		-	36
Total operating & financial income		<u>-</u>	<u>36</u>
Operating & financial expenses			
Subsidiaries' result		14,705,287	11,946,631
Management and administrative expenses		24,069	31,822
Legal and corporate expenses		101,360	100,511
Audit fee		40,328	30,463
Bank charges		5,448	6,695
Exchange result		(1,832)	2,651
General expenses		339	488
Total operating & financial expenses		<u>14,874,999</u>	<u>12,119,261</u>
Net profit/(loss) before tax		<u>(14,874,999)</u>	<u>(12,119,225)</u>
Taxation	20	-	-
Net profit/(loss) after tax		<u>(14,874,999)</u>	<u>(12,119,225)</u>

The accompanying notes form an integral part of these Financial Statements.

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Cash Flow Statement for the year ended 31 March 2011

	Note	31 Mar. 2011	31 Mar. 2010
<i>(in USD)</i>			
Operating activities			
Loss before tax		(14,874,999)	(12,119,225)
Less : Results of subsidiaries		14,705,287	11,946,631
Operating profit/(loss) before working capital changes		<u>(169,712)</u>	<u>(172,594)</u>
Changes in working capital			
Decrease / (increase) in current assets		14,657	(11,126)
(Decrease) / increase in current liabilities		(11,488)	55,536
Cash generated from/(used in) operating activities		<u>(166,543)</u>	<u>(128,184)</u>
Investing activities			
Investment in subsidiaries		(132,036,291)	(73,409,917)
Cash generated from/(used in) investing activities		<u>(132,036,291)</u>	<u>(73,409,917)</u>
Financing activities			
Net issue of shares		132,250,692	73,393,576
Cash generated from/(used in) financing activities		<u>132,250,692</u>	<u>73,393,576</u>
Net increase/(decrease) in cash and cash equivalents		47,858	(144,525)
Cash and cash equivalents at the beginning of the year		50,616	195,141
Cash and cash equivalents at the end of the year	17	<u>98,474</u>	<u>50,616</u>

The accompanying notes form an integral part of these Financial Statements.

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

13. General

The principal objective of the Company is to participate in, to administer, to finance, to conduct the management of and to render advice and services to other companies and enterprises. The statutory seat of the Company is in Amsterdam and the principal executive office of the Company is located at Strawinskylaan 1143, 1077XX Amsterdam, The Netherlands.

The policy of the Directors is to make use of the provisions of Article 362 paragraph 7 of Title 9 of Book 2 of the Dutch Civil Code to present the financial statements of the Company in a currency other than Euro's. In line with the international character of the group of which the Company forms a part, the financial statements of the Company are presented in US Dollars.

14. Summary of principal accounting policies

a. Basis of preparation

These Financial Statements have been prepared in accordance with Title 9, Book 2 of the Dutch Civil Code. The principles of valuation are based on the historical cost convention. Assets and liabilities are valued at face value, unless indicated otherwise.

b. Financial fixed assets

Investments are recorded at their net asset value. The net asset value is calculated using the accounting principles applied in these financial statements.

Subsidiaries with an equity deficit are valued at nil. A provision is formed if and when the Company is fully or partially liable for the debt of the subsidiary, or has the firm intention to assist the subsidiary to pay its debts.

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

(in USD)

BALANCE SHEET

15. Investments

Investments in subsidiaries :

31 March 2011	BPRL Ventures B.V. (Amsterdam, The Netherlands)	BPRL Ventures Mozambique B.V. (Amsterdam, The Netherlands)	BPRL Ventures Indonesia B.V. (Amsterdam, The Netherlands)	Total
	USD	USD	USD	USD
Net asset value as at 1 April	87,563,189	35,470,740	2,493,853	125,527,782
Purchases	-	-	-	-
Additions during the year	54,279,124	65,600,808	12,156,359	132,036,291
Share of result current year	(8,402,769)	(4,602,498)	(1,700,020)	(14,705,287)
Book value as at 31 March	<u>133,439,544</u>	<u>96,469,050</u>	<u>12,950,192</u>	<u>242,858,786</u>

31 March 2010	BPRL Ventures B.V. (Amsterdam, The Netherlands)	BPRL Ventures Mozambique B.V. (Amsterdam, The Netherlands)	BPRL Ventures Indonesia B.V. (Amsterdam, The Netherlands)	Total
	USD	USD	USD	USD
Net asset value as at 1 April	59,151,247	4,913,249	-	64,064,496
Purchases	-	-	25,403	25,403
Additions during the year	33,898,579	36,985,935	2,500,000	73,384,514
Share of result current year	(5,486,637)	(6,428,444)	(31,550)	(11,946,631)
Book value as at 31 March	<u>87,563,189</u>	<u>35,470,740</u>	<u>2,493,853</u>	<u>125,527,782</u>

a) Investment in BPRL Ventures B.V. :

(The Company holds 112.427.561 shares of EUR 1 each as at 31 March 2011. These shares are pledged against the loan from Standard Chartered Bank)

b) Investment in BPRL Ventures Mozambique B.V.:

(The Company holds 76.872.307 shares of EUR 1 each as at 31 March 2011)

c) Investment in BPRL Ventures Indonesia B.V.:

(The Company holds 10.435.941 shares of EUR 1 each as at 31 March 2011)

 **ERNST & YOUNG Accountants LLP**
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BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

	31 Mar. 2011	31 Mar. 2010
<i>(in USD)</i>		
16. Receivables and prepaid expenses		
a) Accounts receivable from subsidiaries		
i) Accounts receivable from BPRL Ventures B.V.		
Amount paid towards expenses	977	21,124
ii) Accounts receivable from BPRL Ventures Mozambique B.V.		
Amount paid towards expenses	25,528	19,466
iii) Accounts receivable from BPRL Ventures Indonesia B.V.		
Amount paid towards expenses	16,685	12,194
	<u>43,190</u>	<u>52,784</u>
b) Prepaid expenses		
Pre-payment of Amicorp invoice	-	5,063
Total (a+b)	<u>43,190</u>	<u>57,847</u>
17. Cash at bank		
BNP Paribas - USD	91,867	36,607
BNP Paribas - EUR	6,607	14,009
	<u>98,474</u>	<u>50,616</u>

18. Shareholder's equity

	Issued and paid-up capital EUR	Issued and paid-up capital USD	Currency translation reserve USD	Other reserves USD	Total as at 31 March, 2011 USD
Balance at the beginning of the year	106,880,846	145,531,126	3,506	(19,981,163)	125,553,469
Currency translation adjustment at the beginning of the year	-	(1,722,948)	1,722,948	-	-
Adjusted opening balance	106,880,846	143,808,178	1,726,454	(19,981,163)	125,553,469
Contributed during the year	93,298,548	132,250,692	-	-	132,250,692
Currency translation adjustment	-	6,154,041	(6,154,041)	-	-
Loss for the year	-	-	-	(14,874,999)	(14,874,999)
Balance as at 31 March	<u>200,179,394</u>	<u>282,212,911</u>	<u>(4,427,587)</u>	<u>(34,856,162)</u>	<u>242,929,162</u>

BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

31 Mar. 2011 31 Mar. 2010

(in USD)

The authorized share capital of the Company consists of 534.404.232 shares of EUR 1 nominal value each. The issued share capital as at 31 March 2011 consists of 200.179.394 shares of EUR 1 nominal value each, all of which are fully paid.

In accordance with Article 373, paragraph 5 of Book 2 of the Dutch Civil Code the paid and called capital is translated into US Dollars at the rate of exchange ruling at the consolidated balance sheet date (EUR 1 = USD 1,4098 on 31 March 2011 and USD 1,3455 on 31 March 2010).

Unrealized foreign exchange gains and losses arising from the translation into US Dollars of the Company's euro issued and paid-up capital are maintained in a Currency translation reserve.

The ultimate parent company is Bharat PetroResources Limited., established in Mumbai, Maharashtra, India.

19. Creditors

Other creditors and provisions

Accounts payable to Ernst & Young	15,099	17,950
Accounts payable to Holland Van Gijzen	-	9,492
Provision for legal and corporate expenses	3,648	20,721
Provision for management fee	1,233	-
Provision for chamber of commerce fee	53	-
Provision for accounting charges	7,049	5,046
Provision for audit fee	30,108	25,564
Provision for tax return filling charges	14,098	4,003
	<u>71,288</u>	<u>82,776</u>

PROFIT AND LOSS ACCOUNT

20. Taxation

Dutch corporate income tax charge for the year	<u>Nil</u>	<u>Nil</u>
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21. Employees

The average number of employees of the Company during the year was	<u>Nil</u>	<u>Nil</u>
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BPRL INTERNATIONAL B.V.
Amsterdam, The Netherlands

OTHER INFORMATION

Result appropriation

According to Article 16 of the Articles of Association of the Company the result of the Company is at the disposal of the General Meeting of Shareholders.

In anticipation of a resolution being passed to that effect at the General Meeting to be held to consider and adopt the Financial Statements for the year ended 31 March 2011, the loss for the year of US Dollars 14.874.999 has been added to the Accumulated losses brought forward from previous years.

Post balance sheet events

There have been no events since the balance sheet date which have a material effect on the financial situation of the Company as at that date.

Independent auditor's report

To: board of directors of BPRL International B.V., Amsterdam

Report on the (consolidated) financial statements prepared for group consolidation purposes

We have audited the accompanying (consolidated) financial statements prepared for group consolidation purposes for the year ended March 31, 2011 of BPRL International B.V., Amsterdam, which comprise the consolidated and company balance sheet as at March 31, 2011, the consolidated and company profit and loss account for the year then ended and the notes, comprising a summary of the accounting policies and other explanatory information.

Management's responsibility

Management is responsible for the preparation and fair presentation of these (consolidated) financial statements prepared for group consolidation purposes, in accordance with group accounting principles. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the (consolidated) financial statements prepared for group consolidation purposes that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these (consolidated) financial statements prepared for group consolidation purposes based on our audit. We conducted our audit in accordance with International Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the (consolidated) financial statements prepared for group consolidation purposes are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the (consolidated) financial statements prepared for group consolidation purposes. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the (consolidated) financial statements prepared for group consolidation purposes, 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 (consolidated) financial statements prepared for group consolidation purposes 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the (consolidated) financial statements prepared for group consolidation purposes.

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

Opinion with respect to the (consolidated) financial statements prepared for group consolidation purposes

In our opinion, the (consolidated) financial statements prepared for group consolidation purposes give a true and fair view of the financial position of BPRL International B.V. as at March 31, 2011 and of its result for the year then ended in accordance with group accounting principles.

Emphasis of matter

We draw attention to notes 3 and 6a to the consolidated financial statements prepared for group consolidation purposes, which describes that the billing statements of the jointly controlled assets for the period ended March 31, 2011 are not available as at the date of finalization of the consolidated financial statements. These amounts are allocated between capital work in progress and expenses once the billing statements are received from the operator. If the allocation of the advances was available before finalizing the consolidated financial statements prepared for group consolidation purposes, the allocation would have had consequences for the result of this year and also for the group's equity. Our opinion is not qualified in respect of this matter.

Other matter - restriction of use (and distribution)

This report is intended solely for the use by the principal group auditor in connection with their audit of the consolidated financial statements of Bharat Petroleum Corporation Ltd as of and for the period ended March 31, 2011 and is not intended for any other purpose.

Amsterdam, May 9, 2011

Ernst & Young Accountants LLP

signed by C.N.J. Verhart