

BPRL International B.V.  
Attn Mrs. N. Radhakishun  
Strawinskylaan 1143  
1077 XX AMSTERDAM

Amsterdam, April 27, 2012

WA/sj/1204262

Dear Mrs. Radhakishun,

Please find enclosed a copy of the annual report of BPRL International B.V. for the year ended March 31, 2012 that has been initialled by us for identification purposes, and 6 separate copies of our independent auditor's report thereon dated 27 April 2012.

We confirm our approval to include this independent auditor's report in copies of the annual report 2012 that equal the enclosed copy that has been initialled by us for identification purposes.

We have enclosed one copy of our independent auditor's report including an original handwritten signature. This copy is meant for your files. The other copies of our independent auditor's report state the name of our firm and the name of the responsible audit partner but are lacking a handwritten signature. We kindly request you to use the copies of the independent auditor's report without handwritten signature in the version of the annual report that will be published.

We confirm consent for publishing our independent auditor's report without a handwritten signature subject to adoption of the financial statements, without modification, by the general meeting of the shareholder. Publication of our independent auditor's report is only permitted if it takes place together with the corresponding complete set of the annual report.

If you wish to publish the annual report and our independent auditor's report on the Internet, it is your responsibility to safeguard adequate separation of the annual report from other information on the website. For example, this could be achieved by including the annual report as a separate, read-only file, or by including a warning for readers leaving the web page containing the annual report ("You are now leaving the secure page containing the audited annual report").

A copy of the annual report is to be signed by management and should be presented to the shareholder. The annual report should be adopted by the general meeting of the shareholder and adoption should be recorded in the minutes.

If prior to the general meeting of the shareholder a situation occurs that requires a modification to the annual report, please note that under article 2:362 sub 6 and article 2:392 sub 1g of the Netherlands Civil Code such modifications should be made prior to the general meeting of the shareholder. Obviously, under these circumstances authorisation to publish our independent auditor's report has to be renewed.

The annual report needs to be filed with the trade register of the Chamber of Commerce in Amsterdam no later than eight days after adoption by the general meeting of the shareholder. To avoid fraud with handwritten signatures we recommend to have one copy of the documents signed by management for your files and to file a version without handwritten signatures with the Chamber of Commerce. The date of adoption by the general meeting of the shareholder must be recorded on the documents that are published with the trade register of the Chamber of Commerce.

Please note that filing the annual report with the trade register of the Chamber of Commerce is required by law and non-compliance is a criminal offence. In certain situations not complying with publication requirements could lead to personal liability for management.

Section 393(4) of Book 2 of the Dutch Civil Code requires the auditor, as part of the audit of a company's financial statements, to report its findings concerning the continuity and reliability of the electronic data processing systems. Our audit was not primarily directed at forming an opinion on the continuity or reliability of any part of the electronic data processing systems, nor did we receive such instructions from the company's management. The audit of the financial statements did not reveal any shortcomings in the continuity and reliability of the electronic data processing.

Yours sincerely,  
Ernst & Young Accountants LLP



J.J. Vernooij

Initialled for identification purposes:



Enclosures:      Annual report initialled for identification purposes  
Signed independent auditor's report for your files  
Original unsigned independent auditor's report to be included with the documents for  
publication, 5 copies  
Information sheet 'Publication of auditor's report'

## Independent auditor's report

To: The Shareholder of BPRL International B.V.

### Report on the financial statements

We have audited the accompanying financial statements for the year ended March 31, 2012 of BPRL International B.V., Amsterdam, which comprise the consolidated and company balance sheet as at March 31, 2012, 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 financial statements in accordance with Part 9 of Book 2 of the Dutch Civil Code. Furthermore management is responsible for such internal control as it determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Dutch law, including the Dutch Standards on Auditing. This requires that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error.

In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. 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 financial statements.

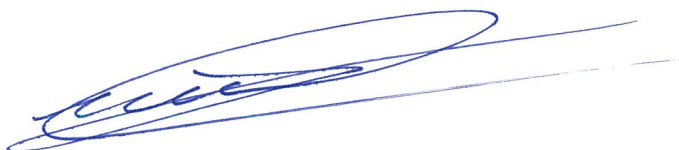
We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

*Opinion with respect to the financial statements*

In our opinion, the financial statements give a true and fair view of the financial position of BPRL International B.V. as at March 31, 2012 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

Amsterdam, April 27, 2012

Ernst & Young Accountants LLP

A handwritten signature in blue ink, appearing to read 'J.J. Vernooij', written over a horizontal line.

J.J. Vernooij

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

**FINANCIAL STATEMENTS**  
**for group consolidation purposes**  
For the year ended 31 March 2012

**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 2012**

	Note	31 Mar. 2012	31 Mar. 2011
<i>(in USD)</i>			
<b>ASSETS</b>			
<b>Intangible fixed assets</b>			
Capital work-in-progress	1	161.793.798	94.439.054
Total intangible fixed assets		<u>161.793.798</u>	<u>94.439.054</u>
<b>Financial fixed assets</b>			
Investments	2	-	676.773
Loans	3	304.168.512	272.632.435
Total financial fixed assets		<u>304.168.512</u>	<u>273.309.208</u>
<b>Current assets</b>			
Loan and advances	4	-	16.665.042
Prepaid expenses	5	-	79.503
Cash and cash equivalents	6	12.905.791	177.052
Total current assets		<u>12.905.791</u>	<u>16.921.597</u>
<b>TOTAL ASSETS</b>		<b><u>478.868.101</u></b>	<b><u>384.669.859</u></b>
<b>GROUP'S EQUITY &amp; LIABILITIES</b>			
<b>Group's equity</b>			
Issued and paid-up capital	7	294.076.750	282.212.911
Currency translation reserve		10.776.574	(4.427.587)
<b>Other reserve</b>			
Accumulated losses		(100.899.349)	(34.856.162)
Total group's equity		<u>203.953.975</u>	<u>242.929.162</u>
<b>Long term liabilities</b>			
Loan from bank	8	-	139.614.745
Total long term liabilities		<u>-</u>	<u>139.614.745</u>
<b>Current liabilities</b>			
Loan from bank	9	264.614.745	-
Accounts payable	10	10.299.381	2.125.952
Total current liabilities		<u>274.914.126</u>	<u>2.125.952</u>
<b>TOTAL GROUP'S EQUITY &amp; LIABILITIES</b>		<b><u>478.868.101</u></b>	<b><u>384.669.859</u></b>

Amicorp Netherlands B.V.  
(Directr)

Vijaya Gopal Neelakanta Pillai  
(Directr)

Date :  
Place :

Date :  
Place :

The accompanying notes form an integral part of the consolidated financial statements.

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

**Consolidated profit and loss account for the year ended 31 March 2012**

	<i>Note</i>	<i>31 Mar. 2012</i>	<i>31 Mar. 2011</i>
<i>(in USD)</i>			
<b>Operating &amp; financial income</b>			
Share of income from joint venture		-	46.140
Other income		21.348	-
<b>Total operating &amp; financial income</b>		<u>21.348</u>	<u>46.140</u>
<b>Operating &amp; financial expenses</b>			
Share of loss from joint venture		32.711.707	-
Geological and geophysical costs		13.044.233	878.466
Pre-development cost		6.719.659	-
Exploration gas study		589	39.472
EPC commitments		941.177	647.063
Insurance on assets risk		-	238.984
General and administrative expenses		4.318.708	4.153.771
Interim cost		3.669.528	-
Interest on loan		3.476.000	4.475.807
Loan commitment expenses		-	22.214
Loan processing expenses		625.000	3.750.000
Agency and security expenses		50.000	50.000
Management and administrative expenses		73.608	65.619
Legal and corporate expenses		372.559	541.508
Audit expenses		37.629	40.328
Bank charges		26.400	17.214
Exchange result		(2.855)	(108)
General expenses		593	801
<b>Total operating &amp; financial expenses</b>		<u>66.064.535</u>	<u>14.921.139</u>
<b>Loss before taxation</b>		<u>66.043.187</u>	<u>14.874.999</u>
Tax on income	11	-	-
<b>Loss after taxation</b>		<u>66.043.187</u>	<u>14.874.999</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 2012**

	Note	31 Mar. 2012	31 Mar. 2011
<i>(in USD)</i>			
<b>Operating activities</b>			
Loss before tax		66.043.187	14.874.999
Adjustments to reconcile profit /(loss) before taxation to net cash provided by operating activities			
Interest on bank loan		3.476.000	4.475.807
Share of loss /(income) from joint venture		32.711.707	(46.140)
Operating profit/(loss) before working capital changes		<u>(29.855.480)</u>	<u>(10.445.332)</u>
<b>Changes in working capital</b>			
Decrease / (increase) in current assets		16.744.545	(208.386)
(Decrease) / increase in current liabilities		8.173.429	1.969.935
Cash generated from/(used in) operating activities		<u><b>(4.937.506)</b></u>	<u><b>(8.683.783)</b></u>
<b>Investing activities</b>			
Capital work-in-progress		(67.354.744)	(74.289.563)
Investment in joint venture		-	(630.533)
Loan to IBV Brasil Petroleo Ltda		(63.571.011)	(68.180.360)
Cash generated from/(used in) investing activities		<u><b>(130.925.755)</b></u>	<u><b>(143.100.456)</b></u>
<b>Financing activities</b>			
Net issue of shares		27.068.000	132.250.692
Loan from bank		125.000.000	22.524.437
Interest on bank loan		(3.476.000)	(4.475.807)
Cash generated from/(used in) financing activities		<u><b>148.592.000</b></u>	<u><b>150.299.322</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		<b>12.728.739</b>	<b>(1.484.917)</b>
Cash and cash equivalents at the beginning of the year		177.052	1.661.969
Cash and cash equivalents at the end of the year	6	<u><b>12.905.791</b></u>	<u><b>177.052</b></u>

The accompanying notes form an integral part of the consolidated financial statements.

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

**Notes to the consolidated financial statements**

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**General**

**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 Strawinskylaan 1143, 1077XX Amsterdam, The Netherlands.

**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.

**Reporting currency**

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. In line with the international character of the group of which the Company forms a part, the financial statements of the Company are prepared and presented in USD which is the presentation currency of the Company.

**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.

**Summary of principal accounting policies**

**Basis of preparation**

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.

**Use of estimates**

Inherent in the application of many of the accounting policies used in preparing the financial statements is the need for the management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period.

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

## **Notes to the consolidated financial statements**

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The estimates and associated assumptions are based on historical experience and various other factors that are believed to be reasonable under the circumstances, the results of which form the basis of making the judgments about carrying values of assets and liabilities that are not readily apparent from other sources. Actual results may ultimately differ from those estimates and assumptions used. Any such differences will affect the financial statements for future accounting periods. The estimates and underlying assumptions are reviewed on an ongoing basis.

### **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.

### **Interest in joint ventures**

A joint venture is a contractual arrangement whereby two or more parties (ventures) 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's profit and loss account reflects the company's share of the results after tax of the jointly controlled entity IBV Brasil Petroleo Ltda.

### **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.

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.

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

### **Notes to the consolidated financial statements**

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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.

#### **Financial fixed assets**

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

#### **Accounts receivable**

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

#### **Cash and cash equivalents**

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

#### **Borrowings**

Borrowings are recognised initially at face value.

Fees paid on the establishment of loan facilities are recognised as transaction costs in the profit and loss account.

Borrowings are classified as current liabilities unless the group has an unconditional right to defer settlement of the liability for at least 12 months after the end of the reporting period.

#### **Accounts payable**

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

#### **Translation of 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 0,7497 (31 March 2012)

EUR 0,7093 (31 March 2011)

#### **Tax on income**

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.

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

**Notes to the consolidated financial statements**

(in USD)

**Notes to the consolidated balance sheet**

	<u>31 Mar. 2012</u>	<u>31 Mar. 2011</u>
<b>1. Intangible fixed assets</b>		
Capital work-in-progress		
Balance at the beginning of the year	94.439.054	-
Additions during the year	<u>67.354.744</u>	<u>94.439.054</u>
Balance at the end of the year	<u>161.793.798</u>	<u>94.439.054</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.

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 100 Million US Dollars for Mozambique, 10 Million US Dollars for Indonesia and 140 Million US Dollars for Brazil.

In February 2010, Anadarko the operator of the Area1 Offshore Block in Mozambique announced the first discovery of natural gas in the Windjammer well. Subsequently there have been four more discoveries in the block followed by a string of five successful appraisal wells. Based on the appraisal results, one of the discovery areas, now named 'Prosperidade' is estimated to hold 17 to 30 plus trillion cubic feet of recoverable natural gas resources.

The first well in the discovery area, on which a drill stem test was conducted, flowed natural gas at an equipment constrained rate of 90 to 100 MMscfd establishing reservoir connectivity and continuity. The partnership is moving ahead to fast track monetisation of these discoveries and plans to put up a 2 train (5 MMTPA each) LNG plant at Mozambique, scalable to 6 trains. The partnership remains on track to achieve final investment decision of the project in 2013.

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

**Notes to the consolidated financial statements**

31 Mar. 2012    31 Mar. 2011

(in USD)

**2. Investments**

**IBV Brasil Petroleo Ltda**

<b>% holding</b>	50%	50%
Book value as at 1 April	676.773	100
Additions	-	630.533
Share of result current year	<u>(676.773)</u>	<u>46.140</u>
Net asset value as at 31 March	<u>-</u>	<u>676.773</u>

The financial year of IBV Brasil Petroleo Ltda runs from 1 January to 31 December. Financial statements of IBV Brasil Petroleo Ltda for the year ended 31 December 2011 have been used to compute company's share of result.

As at 31 March 2012, the Company holds 100.483.300 shares out of 200.966.600 issued shares of IBV Brasil Petroleo Ltda (31 March 2011: 100.483.300 shares).

**3. Loans**

**Loan to IBV Brasil Petroleo Ltda**

Balance as at 1 April	272.632.435	-
Additions	63.571.011	272.632.435
Provision for negative net assets value of IBV Brasil Petroleo Ltda	<u>(32.034.934)</u>	<u>-</u>
Balance as at 31 March	<u>304.168.512</u>	<u>272.632.435</u>

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, USD 147.250.000 and USD 150.000.000 as per various facility agreements.

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 2012. The Company has obtained an advance tax ruling for this arrangement from the Dutch tax authorities.

The Company has made a provision against the negative net asset value of IBV Brasil Petroleo Ltda to the extent that the invested Company's total losses exceeds the value of Company shares invested by the amount of USD 32.034.934 equivalent to BRL 59.800.137.

**4. Loan and advances**

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>
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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>16.665.042</u>

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

**Notes to the consolidated financial statements**

31 Mar. 2012      31 Mar. 2011

(in USD)

Billing statements for the period January 2011 to March 2011 were not available with the Company at the time of compilation of the financial statements for the financial year ended 31 March 2011 and the amount paid to Anadarko Mozambique Area1, Limitada and Anadarko Indonesia Nunukan Company was classified as Advance paid to Anadarko Mozambique Area1, Limitada and Advance paid to Anadarko Indonesia Nunukan Company in the financial statements for the year ended 31 March 2011. The Company has received the billing statements from Anadarko Mozambique Area1, Limitada and Anadarko Indonesia Nunukan Company till March 2012 and the amount is split between profit and loss account items and Intangible fixed assets as per the Company's policy in the financial statements for the financial year ended 31 March 2012.

**5. Prepaid expenses**

Pre-payment of Global Alliance Seguros Insurance invoice	-	79.503
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**6. Cash and cash equivalents**

Cash at bank	12.905.791	177.052
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**7. Group's equity**

Reference is made to note 17 to the Company financial statements.

**8. Loan from bank**

Loan from Standard Chartered Bank		
Principal	-	139.592.531
Loan commitment fee	-	22.214
	-	139.614.745

The Company entered into an agreement on 07 September 2010, whereby Standard Chartered Bank made available to the Company a loan facility up to a maximum amount of USD 150.000.000 with a expiry date of 4 September 2012.

The total amount utilized as at 31 March 2012 was USD 139.614.745. The loan is secured by a 100% share pledge and pledge of quotas held in IBV Brasil Petroleo Ltda of the Company 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.

**9. Loan from bank**

a. Loan from Standard Chartered Bank (Refer note 8)	139.614.745	-
b. Loan from The Royal Bank of Scotland N.V.	125.000.000	-
Total (a+b)	264.614.745	-

The Company entered into an agreement on 27 July 2011, whereby the The Royal Bank of Scotland N.V. made available to the company a loan facility up to a maximum amount of USD 125.000.000, which can be utilised in 5 tranches with a repayment date of 14 August 2012.

The total amount utilised as at 31 March 2012 is USD 125.000.000 (Five tranches of USD 25.000.000 each). The loan is secured by a negative pledge on all assets of the Company including equity interests in subsidiaries. The negative pledge to be converted to positive pledge if an event of default is triggered. The rate of interest on each tranches for each interest period is subject to an interest aggregate of 3 months LIBOR plus a Margin per annum

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

**Notes to the consolidated financial statements**

	31 Mar. 2012	31 Mar. 2011
<i>(in USD)</i>		
<b>10. Accounts payable</b>		
a. Accounts payable to Anadarko Indonesia Nunukan Company	1.618.874	1.681.608
b. Amount payable to Anadarko Mozambique Area1, Limitada	8.205.634	-
c. Interest payable		
Standard Chartered Bank	223.164	203.510
The Royal Bank of Scotland N.V.	194.551	-
	<u>417.715</u>	<u>203.510</u>
d. Other payables and provisions		
Other payables	4.569	36.271
Provision for consultancy expenses	17.670	17.670
Provision for legal and corporate expenses	15.071	114.984
Provision for management fee	-	4.935
Provision for chamber of commerce fee	-	212
Provision for accounting charges	-	22.556
Provision for audit fee	19.047	30.108
Provision for tax return filling charges	801	14.098
	<u>57.158</u>	<u>240.834</u>
Total (a+b+c+d)	<u>10.299.381</u>	<u>2.125.952</u>

**Notes to the consolidated profit and loss account**

**11. Taxation**

Dutch corporate income tax charge for the year	-	-
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**12. Contingent assets and liabilities**

The Company did not have any contingent assets or liabilities on the balance sheet date.

**13. Employees**

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

**Balance sheet as at 31 March 2012**

(after allocation of the loss for the year)

	<i>Note</i>	<i>31 Mar. 2012</i>	<i>31 Mar. 2011</i>
<i>(in USD)</i>			
<b>ASSETS</b>			
<b>Financial fixed assets</b>			
Investments	14	317.863.333	242.858.786
Total financial fixed assets		<u>317.863.333</u>	<u>242.858.786</u>
<b>Current assets</b>			
Accounts receivable	15	40.863	43.190
Cash and cash equivalents	16	11.269.646	98.474
Total current assets		<u>11.310.509</u>	<u>141.664</u>
<b>TOTAL ASSETS</b>		<u><b>329.173.842</b></u>	<u><b>243.000.450</b></u>
<b>EQUITY &amp; LIABILITIES</b>			
<b>Equity</b>			
Issued and paid-up capital	17	294.076.750	282.212.911
Currency translation reserve		10.776.574	(4.427.587)
<b>Other reserve</b>			
Accumulated losses		(100.899.349)	(34.856.162)
Total equity		<u>203.953.975</u>	<u>242.929.162</u>
<b>Current liabilities</b>			
Loan from bank	18	125.000.000	-
Accounts payable	19	219.867	71.288
Total current liabilities		<u>125.219.867</u>	<u>71.288</u>
<b>TOTAL EQUITY &amp; LIABILITIES</b>		<u><b>329.173.842</b></u>	<u><b>243.000.450</b></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 2012**

	Note	31 Mar. 2012	31 Mar. 2011
<i>(in USD)</i>			
<b>Operating &amp; financial income</b>			
Other income		884	-
<b>Total operating &amp; financial income</b>		<u>884</u>	<u>-</u>
<b>Operating &amp; financial expenses</b>			
Subsidiaries' result		64.432.914	14.705.287
Management and administrative expenses		22.629	24.069
Legal and corporate expenses		92.044	101.360
Audit expenses		37.629	40.328
Interest on loan		824.434	-
Loan processing expenses		625.000	-
Bank charges		8.541	5.448
Exchange result		448	(1.832)
General expenses		432	339
<b>Total operating &amp; financial expenses</b>		<u>66.044.071</u>	<u>14.874.999</u>
<b>Profit/(loss) before tax</b>		<u>(66.043.187)</u>	<u>(14.874.999)</u>
Tax on income	20	-	-
<b>Net profit/(loss) after tax</b>		<u>(66.043.187)</u>	<u>(14.874.999)</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 2012**

	<i>Note</i>	<i>31 Mar. 2012</i>	<i>31 Mar. 2011</i>
<i>(in USD)</i>			
<b>Operating activities</b>			
Loss before tax		(66.043.187)	(14.874.999)
Results of subsidiaries		64.432.914	14.705.287
Interest on bank loan		824.434	-
Operating profit/(loss) before working capital changes		<u>(785.839)</u>	<u>(169.712)</u>
<b>Changes in working capital</b>			
Decrease / (increase) in current assets		2.327	14.657
(Decrease) / increase in current liabilities		148.579	(11.488)
Cash generated from/(used in) operating activities		<u><b>(634.933)</b></u>	<u><b>(166.543)</b></u>
<b>Investing activities</b>			
Investment in subsidiaries		(139.437.461)	(132.036.291)
Cash generated from/(used in) investing activities		<u><b>(139.437.461)</b></u>	<u><b>(132.036.291)</b></u>
<b>Financing activities</b>			
Net issue of shares		27.068.000	132.250.692
Loan from bank		125.000.000	-
Interest on bank loan		(824.434)	-
Cash generated from/(used in) financing activities		<u><b>151.243.566</b></u>	<u><b>132.250.692</b></u>
<b>Net increase/(decrease) in cash and cash equivalents</b>		11.171.172	47.858
Cash and cash equivalents at the beginning of the year		98.474	50.616
Cash and cash equivalents at the end of the year	16	<u><b>11.269.646</b></u>	<u><b>98.474</b></u>

The accompanying notes form an integral part of these financial statements.

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

## **Notes to the financial statements**

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### **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 Strawinskyiaan 1143, 1077XX Amsterdam, The Netherlands.

### **Reporting currency**

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.

### **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.

### **Summary of principal accounting policies**

#### **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.

#### **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)

**Notes to the balance sheet**

**14. Investments**

Investment in subsidiaries :

	BPRL Ventures B.V. (Amsterdam, The Netherlands)	BPRL Ventures Mozambique B.V. (Amsterdam, The Netherlands)	BPRL Ventures Indonesia B.V. (Amsterdam, The Netherlands)	Total
<b>31 March 2012</b>				
Net asset value as at 1 April	133.439.544	96.469.050	12.950.192	242.858.786
Additions during the year	67.173.000	69.947.160	2.317.301	139.437.461
Share of result current year	(35.445.105)	(26.918.597)	(2.069.212)	(64.432.914)
Book value as at 31 March	<u>165.167.439</u>	<u>139.497.613</u>	<u>13.198.281</u>	<u>317.863.333</u>
<b>31 March 2011</b>				
Net asset value as at 1 April	87.563.189	35.470.740	2.493.853	125.527.782
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>

a) Investment in BPRL Ventures B.V. :

The Company holds 161.307.311 shares of EUR 1 each as at 31 March 2012 (31 March 2011 : 112.427.561 shares). These shares are pledged against the loan from Standard Chartered Bank

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

The Company holds 122.957.257 shares of EUR 1 each as at 31 March 2012 (31 March 2011 : 76.872.307 shares)

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

The Company holds 12.173.441 shares of EUR 1 each as at 31 March 2012 (31 March 2011 : 10.435.941 shares)

**BPRL INTERNATIONAL B.V.**  
Amsterdam, The Netherlands

**Notes to the Financial Statements**

31 Mar. 2012 31 Mar. 2011

(in USD)

**15. Accounts receivable**

Accounts receivable from subsidiaries

Accounts receivable from BPRL Ventures B.V.	925	977
Accounts receivable from BPRL Ventures Mozambique B.V.	24.152	25.528
Accounts receivable from BPRL Ventures Indonesia B.V.	15.786	16.685
	<u>40.863</u>	<u>43.190</u>

**16. Cash and cash equivalents**

Cash at bank	<u>11.269.646</u>	<u>98.474</u>
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**17. Equity**

	Issued and paid-up capital	Issued and paid-up capital	Currency translation reserve	Other reserves	Total
	EUR	USD	USD	USD	USD
Balance as at 1 April 2011	200.179.394	282.212.911	(4.427.587)	(34.856.162)	242.929.162
Issued during the year	20.301.000	27.068.000	-	-	27.068.000
Currency translation adjustment	-	(15.204.161)	15.204.161	-	-
Loss for the year	-	-	-	(66.043.187)	(66.043.187)
Balance as at 31 March	<u>220.480.394</u>	<u>294.076.750</u>	<u>10.776.574</u>	<u>(100.899.349)</u>	<u>203.953.975</u>
	Issued and paid-up capital	Issued and paid-up capital	Currency translation reserve	Other reserves	Total as at 31 March, 2011
	EUR	USD	USD	USD	USD
Balance as at 1 April 2011	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>

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 2012 consists of 220.480.394 shares of EUR 1 nominal value each, all of which are fully paid (31 March 2011: 200.179.394 shares).

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 1,3338 on 31 March 2012 and USD 1,4098 on 31 March 2011).

**BPRL INTERNATIONAL B.V.**  
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**Notes to the Financial Statements**

31 Mar. 2012    31 Mar. 2011

(in USD)

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.

**18. Loan from bank**

Loan from The Royal Bank of Scotland N.V.	<u>125.000.000</u>	<u>-</u>
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The Company entered into an agreement on 27 July 2011, whereby the bank made available to the Company a loan facility up to a maximum amount of USD 125.000.000, which can be utilised in 5 tranches with a repayment date of 14 August 2012.

The total amount utilised as at 31 March 2012 is USD 125.000.000 (Five tranches of USD 25.000.000 each). The loan is secured by a negative pledge on all assets of the Company including equity interests in subsidiaries. The negative pledge to be converted to positive pledge if an event of default is triggered. The rate of interest on each tranches for each interest period is subject to an interest aggregate of 3 months LIBOR plus a Margin per annum

**19. Accounts payable**

a. Interest payable to The Royal Bank of Scotland N.V.	<u>194.551</u>	<u>-</u>
b. Other payables and provisions		
Other payables	-	15.099
Provision for legal and corporate expenses	5.468	3.648
Provision for management fee	-	1.233
Provision for chamber of commerce fee	-	53
Provision for accounting charges	-	7.049
Provision for audit fee	19.047	30.108
Provision for tax return filling charges	801	14.098
	<u>25.316</u>	<u>71.288</u>
Total (a+b)	<u>219.867</u>	<u>71.288</u>

**Notes to the profit and loss account**

**20. Taxation**

Dutch corporate income tax charge for the year	<u>-</u>	<u>-</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**

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**Appropriation of result**

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 2012, the loss for the year of US Dollars 66.043.187 has been added to accumulated losses brought forward from previous years.

**Subsequent 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.