

RELIANCE EAGLEFORD UPSTREAM HOLDING LP

Financial Statements

For the year ended 31st December, 2021

**INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF RELIANCE EAGLEFORD UPSTREAM HOLDING
LP.**

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Reliance Eagleford Upstream Holding LP. ("the LP"), which comprise the Balance Sheet as at December 31, 2021, the Statement of Profit and Loss including other comprehensive income, Statement of Cash Flows and Statement of Changes in Equity for the year then ended and a summary of significant accounting policies and other explanatory information.

In our opinion and to the best of our information and according to the explanations given to us, the aforesaid standalone financial statements give a true and fair view in conformity with the Indian Accounting Standards prescribed under section 133 of the Companies Act, 2013 ("the Act") read with the Companies (Indian Accounting Standards) Rules, 2015, as amended ('Ind AS') and other accounting principles generally accepted in India, of the state of affairs of the LP as at December 31, 2021, and its profit, its total comprehensive income, its cash flows and changes in equity for the year ended on that date.

Basis for Opinion

We conducted our audit of the standalone financial statements in accordance with the Standards on Auditing specified under section 143(10) of the Act (SAs). Our responsibilities under those Standards are further described in the Auditor's Responsibility for the Audit of the standalone Financial Statements section of our report. We are independent of the LP in accordance with the Code of Ethics issued by the Institute of Chartered Accountants of India (ICAI) together with the ethical requirements that are relevant to our audit of the standalone financial statements and we have fulfilled our other ethical responsibilities in accordance with these requirements and ICAI's Code of Ethics. We believe that the audit evidence obtained by us is sufficient and appropriate to provide a basis for our audit opinion on the standalone financial statements.

Information Other than the Financial Statements and Auditor's Report Thereon

As informed to us, there is no information other than the standalone financial statements. Consequently, in our opinion, the reporting requirement under SA 720 "The Auditor's Responsibilities Relating to Other Information" are not applicable.

Management's Responsibility for the Standalone Financial Statements

The LP's management is responsible for the preparation of these standalone financial statements that give a true and fair view of the financial position, financial performance including other comprehensive income, cash flows and changes in equity of the LP in accordance with the Ind AS and other accounting principles generally accepted in India.

This responsibility also includes maintenance of adequate accounting records for safeguarding the assets of the LP and for preventing and detecting frauds and other irregularities; selection and application of appropriate accounting policies; making judgments and estimates that are reasonable and prudent; and design, implementation and maintenance of adequate internal financial controls, that were operating effectively for ensuring the accuracy and completeness of the accounting records, relevant to the preparation and presentation of the standalone financial statements that give a true and fair view and free from material misstatement, whether due to fraud or error.

In preparing the standalone financial statements, management is responsible for assessing the LP's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the LP or to cease operations, or has no realistic alternative but to do so.

The management is also responsible for overseeing the LP's financial reporting process.

Auditor's Responsibility for the Audit of the Standalone Financial Statements

Our objectives are to obtain reasonable assurance about whether the standalone financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with SAs will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these standalone financial statements.

As part of an audit in accordance with SAs, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the standalone financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances but not for the purpose of expressing our opinion on whether the LP has adequate internal financial controls system in place and the operating effectiveness of such controls.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the LP's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the standalone financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the LP to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the standalone financial statements, including the disclosures, and whether the standalone financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

Materiality is the magnitude of misstatements in the standalone financial statements that, individually or in aggregate, makes it probable that the economic decisions of a reasonably knowledgeable user of the standalone financial statements may be influenced. We consider quantitative materiality and qualitative factors in (i) planning the scope of our audit work and in evaluating the results of our

work; and (ii) to evaluate the effect of any identified misstatements in the standalone financial statements.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

Other Reporting Requirements

We further report that:

- a) We have sought and obtained all the information and explanations which to the best of our knowledge and belief were necessary for the purposes of our audit of the aforesaid standalone financial statements.
- b) The Balance Sheet, the Statement of Profit and Loss (including Other Comprehensive Income), the Statement of Cash Flows and Statement of Changes in Equity, and dealt with by this Report are in agreement with the books of account maintained for the purpose of preparation of the standalone financial statements.

Restriction on Distribution and Use

These standalone financial statements have been prepared for the limited purpose of preparation of the consolidated financial statements of Reliance Industries Limited, Ultimate Holding Company. As a result, these standalone financial Statements may not be suitable for another purpose. Our report is intended solely for the use of the LP and should not be distributed to or used by other parties.

For Deloitte Haskins & Sells LLP
Chartered Accountants
(Firm's Registration No: 117366W/W-100018)

(Abhijit A. Damle)
Partner
Membership No: 102912
UDIN: 22102912AHJSBG5420

Mumbai: April 8, 2022

RELiance EAGLEFORD UPSTREAM HOLDING LP.

Balance Sheet as at 31 December, 2021

(amounts in US Dollars)

	Notes	As at 31 December, 2021	As at 31 December, 2020
ASSETS			
Non-Current Assets			
(a) Other intangible assets	3	-	191,067,156
(b) Intangible assets under development	3	-	42,056,287
Total Non-Current Assets		-	233,123,443
Current Assets			
(a) Inventories	4	-	1,094,078
(b) Financial assets			
(i) Cash and cash equivalents	5	7,573,923	26,355
(ii) Other financial assets	6	111,362	13,983,224
(c) Other current assets	7	-	10,984,248
Total Current Assets		7,685,285	26,087,905
Total Assets		7,685,285	259,211,348
EQUITY AND LIABILITIES			
Equity			
(a) Partner's contribution	8	3,203,817,250	3,406,117,250
(b) Share of net income	9	(3,197,850,746)	(3,563,664,330)
Total Equity		5,966,504	(157,547,080)
Liabilities			
Non-Current Liabilities			
(a) Provisions	10	-	148,456,769
Total Non-Current Liabilities		-	148,456,769
Current Liabilities			
(a) Financial liabilities			
(i) Trade payables	11	814,401	136,749,165
(ii) Other financial liabilities	12	904,380	8,090,930
(b) Provisions	13	-	123,461,564
Total Current Liabilities		1,718,781	268,301,659
Total Equity and Liabilities		7,685,285	259,211,348
Corporate information and significant accounting policies and notes to the financial statements	1 - 31		

As per report of our even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

For and on behalf of the Partnership

Abhijit A. Damle

Partner

Membership No. 102912

Place: Mumbai

Date: April 08, 2022

Walter Van de Vijver

Director

Place: Houston

Date: April 06, 2022

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.
Statement of Profit and Loss for the year ended 31 December, 2021
(amounts in US Dollars)

	Notes	2021	2020
INCOME			
Revenue from operations (Net)	14	145,349,029	92,554,725
Other income	15	648,864	76,856
Total Income		145,997,893	92,631,581
EXPENSES			
Share of operating expenses in shale gas operations	16	59,442,478	149,610,674
Changes in inventories of finished goods	17	1,094,078	(340,130)
Employee benefits expense	18	2,327,565	1,122,769
Finance costs	19	13,621,305	5,626,628
Depletion, depreciation and amortisation expenses	20	30,903,071	114,250,784
Other expenses	21	926,150	65,192
Total Expenses		108,314,647	270,335,917
Profit / (Loss) before exceptional items		37,683,246	(177,704,336)
Exceptional Items	22	(328,130,338)	808,407,666
Profit / (Loss) for the year		365,813,584	(986,112,002)
Other comprehensive income (OCI)		-	-
Total comprehensive income / (loss) for the year		365,813,584	(986,112,002)
Corporate information and significant accounting policies and notes to the financial statements	1 - 31		

As per report of our even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

For and on behalf of the Partnership

Abhijit A. Damle

Partner

Membership No. 102912

Place: Mumbai

Date: April 08, 2022

Walter Van de Vijver

Director

Place: Houston

Date: April 06, 2022

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.
Statement of Changes in Equity for the year ended 31 December, 2021
(amounts in US Dollars)

A. PARTNER'S CONTRIBUTION

Balance as at 01 January, 2020	Changes during the year 2020	Balance as at 31 December, 2020	Changes during the year 2021	Balance as at 31 December, 2021
3,248,137,250	157,980,000	3,406,117,250	(202,300,000)	3,203,817,250

B. SHARE OF NET INCOME

Year ended 31 December, 2020	
Balance as at 01 January, 2020	(2,577,552,328)
(Loss) for the year	(986,112,002)
Balance as at 31 December, 2020	(3,563,664,330)

Year ended 31 December, 2021	
Balance as at 01 January, 2021	(3,563,664,330)
Profit for the year	365,813,584
Balance as at 31 December, 2021	(3,197,850,746)

As per report of our even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

For and on behalf of the Partnership

Abhijit A. Damle
Partner
Membership No. 102912
Place: Mumbai
Date: April 08,2022

Walter Van de Vijver
Director
Place: Houston
Date: April 06, 2022

Reliance Eagleford Upstream Holding LP | 8

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.
Statement of Cash Flows for the year ended 31 December, 2021.
(amounts in US Dollars)

	Notes	2021	2020
Cash flows from operating activities			
Profit / (Loss) before tax as per Statement of Profit and Loss		365,813,584	(986,112,002)
Adjustments for:			
Exceptional items	22	(328,130,338)	808,407,666
Provision no longer required written back (net)	15	(421,043)	-
Finance costs recognised in profit and loss	19	13,621,305	5,626,628
Interest income recognised in profit or loss	15	(23,774)	(306)
Depletion expense	20	30,903,071	114,250,784
		(284,050,779)	928,284,772
Operating profit / (loss) before working capital changes		81,762,805	(57,827,230)
Movements in working capital:			
Decrease in other receivables and advances	6,7	24,856,110	14,126,406
Decrease / (Increase) in inventories	4	1,094,078	(340,130)
(Decrease) in trade and other payables	10,11,12	(232,092,825)	(65,744,462)
		(206,142,637)	(51,958,186)
Net cash (used in) operating activities		(124,379,832)	(109,785,416)
Cash flows from investing activities			
Proceeds from disposal of property, plant and equipment	4,22	397,830,552	-
Payment for property, plant and equipment	4,12	(63,282,527)	(48,256,303)
Loan to a partner		6,500,000	-
Repayment of loan by partner		(6,500,000)	-
Interest income	15	23,774	306
Net cash generated from / (used in) investing activities		334,571,799	(48,255,997)
Cash flows from financing activities			
Partner's contribution	8	147,700,000	157,980,000
Repayment of partner's contribution	8	(350,000,000)	-
Finance costs	10,19	(344,399)	(648)
Net cash (used in) / generated from financing activities		(202,644,399)	157,979,352
Net increase / (decrease) in cash and cash equivalents		7,547,568	(62,061)
Cash and cash equivalents at the beginning of the year	5	26,355	88,416
Cash and cash equivalents at the end of the year	5	7,573,923	26,355
Corporate information and significant accounting policies and notes to the financial statements	1 - 31		

As per report of our even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

For and on behalf of the Partnership

Abhijit A. Damle

Partner

Membership No. 102912

Place: Mumbai

Date: April 08, 2022

Walter Van de Vijver

Director

Place: Houston

Date: April 06, 2022

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

1. GENERAL INFORMATION

- A. Reliance Eagleford Upstream Holding LP (the "Partnership", "LP") was formed as a Texas limited liability partnership on 17 June 2010, in the United States. The principal office of the LP is situated at 2000 W. Sam Houston Parkway S, Houston, Texas 77042. The LP is engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties, and related businesses.
- B. On 20 July 2020, vide a Contribution Agreement, Reliance Eagleford Upstream LLC ('REULLC') contributed all of its rights, title and interest in the Partnership to Reliance Marcellus LLC ('RMLLC'), as a result of which, RMLLC has become the limited partner in the Partnership with effect from that date. Accordingly, the LP is composed of two partner companies listed in the table below.

Company	Country of Incorporation	Percentage Ownership	Principle Business Activities
Reliance Eagleford Upstream LLC (up to 19 July 2020)	USA	99.99%	Exploration and production of oil and gas
Reliance Marcellus LLC (effective 20 July 2020)	USA	99.99%	Exploration and production of oil and gas
Reliance Eagleford Upstream GP LLC	USA	0.01%	Exploration and production of oil and gas

- C. RMLLC and Reliance Eagleford Upstream GP LLC are, respectively, the limited partner and general partner. RMLLC is the holding company of the general partner. The LP's ultimate parent is Reliance Industries Limited, an Indian listed Company ("Ultimate Holding Company").
- D. On 23 June 2010, the LP executed definitive agreements to enter into a joint venture with Pioneer Natural Resources USA, Inc. (Pioneer) under which the LP acquired a 45% interest in Pioneer's core Eagle Ford Shale acreage position in two separate transactions for a total of \$264 million in cash and \$1.05 billion of drilling carry obligations. The drilling carry obligation provided for 75% of the other joint venture partners' capital costs over an anticipated six-year development program. In addition, the LP was to fund its share of the development plan. During 2012, the LP fully met its \$1.05 billion drilling carry commitment. Pioneer and Newpek LLC, Pioneer's then-current partner in Eagle Ford Shale, simultaneously conveyed 45% of their respective interests in the Eagle Ford Shale to the LP. The LP became a partner in 262,683 net acres, with 46.354% participating interest. In December 2012, the LP fully met its \$1.05 billion drilling carry commitment.
- The LP signed a Purchase and Sale Agreement ("PSA") on 9 March, 2018 with Sundance Energy Inc. to divest its interest in certain acreage, producing wells and related assets in the western portion of its Eagle Ford shale position (hereinafter called as 'Assets') effective 1 October, 2017 for an initial consideration of USD 99.57 Million adjustable for revenue and expenditure post effective date and subject to certain customary adjustments and closing terms and conditions. This transaction was in conjunction with sale made by Pioneer Natural Resources USA Inc. and Newpek LLC, the other working interest owners in the Joint Development with LP. The Assets sold were located in Atascosa, La Salle, Live Oak and McMullen Counties, Texas. LP continues to retain its interest in the remaining Eagle Ford assets that are core to its development priorities. Closing happened on 26 April, 2018 with an adjusted preliminary settlement consideration of \$99.01 million. The final settlement pursuant to said PSA took place on 22 September, 2018 with an adjusted consideration of \$96.78 million.
- Effective 1 January, 2019, Pioneer sold its entire working interest in the joint venture to Ensign Operating LLC (Ensign), a Delaware limited liability company. Vide letter dated 7 May 2019, Pioneer informed LP that Pioneer has resigned as operator under the operating agreement and assigned all its rights, title and interest in and under the operating agreement to Ensign and pursuant to the operating agreement, Ensign hereby shall be the operator effective as of the date hereof.
- On August 3 2020, the Company entered into an agreement with Newpek LLC ("Newpek"), to acquire 4.259% of its total 8.646% working interest in all well & leases in the Eagleford Shale assets in Texas. Balance 4.387% has been acquired by Ensign.
- E. On November 05, 2021, Reliance Eagleford Upstream Holding LP (the "Partnership") signed a purchase and sale agreement (PSA) with Ensign Operating III, LLC ("Ensign") for sale of its entire working interest in the Eagleford shale assets, effective October 01, 2021, for an initial consideration of \$402,000,000 adjustable for pre and post effective date revenue and expenditure and subject to closing conditions being met. Additionally, the Partnership would be entitled to receive additional contingent consideration of up to \$30,000,000 linked to commodity prices over next 3 years. Closing happened on November 05, 2021 with an adjusted preliminary settlement consideration of \$338,348,911. The final settlement pursuant to the PSA is yet to happen.

2.1 STATEMENT OF COMPLIANCE

The financial statements of the LP have been prepared in accordance with the Indian Accounting Standards ('Ind AS'), notified under section 133 of the Companies Act, 2013 read with the Companies (Indian Accounting Standards) Rules, 2015.

2.2 BASIS OF PREPARATION AND PRESENTATION

The financial statements have been prepared on the historical cost convention and on accrual basis of accounting except for certain financial instruments that are measured at fair values at the end of each reporting period, as explained in the accounting policies below. The accounting policies have been applied consistently over all period presented in these financial statement.

Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date, regardless of whether that price is directly observable or estimated using another valuation technique.

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.**Notes to the financial statements for the year ended 31 December, 2021.**

In addition, for financial reporting purposes, fair value measurement are categorised within the fair value hierarchy into Levels 1, 2, or 3 based on the degree to which the inputs to the fair value measurements are observable and the significance of the inputs to the fair value measurement in its entirety, which are described as follows:

- i. Level 1 inputs are quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date;
- ii. Level 2 inputs are inputs, other than quoted prices included within Level 1, that are observable for the asset or liability, either directly or indirectly; and
- iii. Level 3 inputs are unobservable inputs for the asset or liability.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**A. Intangible Assets under Development and Intangible Assets - Development Rights (Oil and Gas):**

The LP has adopted Successful Efforts Method (SEM) of accounting for its' Oil and Gas activities. Costs incurred on acquisition of interest in oil and gas blocks and on exploration and evaluation are accounted for as intangible assets under development. Upon a well is ready to commence commercial production, the costs accumulated in intangible assets under development are capitalised to intangible assets rateably based on the drilling progress made under the overall capital expenditure program. The drilling progress determines the technical feasibility and commercial viability of the assets. Development costs incurred thereafter are capitalised to the said intangible asset. All costs relating to production and the exploration and evaluation expenditure which does not result in discovery of proved developed oil and gas reserve are charged as expenses in Statement of Profit and Loss.

The costs of development rights (leasehold interest costs) are depleted using the unit of production method in proportion of oil and gas production achieved vis-à-vis Proved Reserves on developing the reserves as per technical evaluation. The development costs (which include integrated drilling and other cost) are depleted in proportion of oil and gas production achieved vis-à-vis Proved developed reserves.

B. Borrowing Costs:

Borrowing costs directly attributable to the acquisition or construction of qualifying assets are capitalised as a part of cost of such assets. A qualifying asset is one that necessarily takes substantial period of time to get ready for its intended use. All other borrowing costs are charged to the Statement of Profit and Loss in the year in which they are incurred.

C. Inventories:

Inventories of crude oil are stated at lower of cost and net realisable value. The net realisable value of crude oil is based on estimated selling price in the ordinary course of business less the estimated costs necessary to make the sale, at the balance sheet date.

D. Impairment of Non-Financial Assets:**Impairment indicators**

The recoverable amounts of cash-generating units or individual assets as applicable are determined based on higher of value-in-use calculations or fair values less costs to sell. These calculations require the use of estimates and assumptions. It is reasonably possible that oil and gas price assumption may change, which may then impact the estimated life of the field and require a material adjustment to the carrying value of intangible assets under development and development rights (oil and gas).

Oil and Gas assets

Intangible assets under development and intangible assets-development rights (oil and gas) are treated as impaired when the carrying cost of asset exceeds its recoverable value. Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessment of the time value of money and the risks specific to the asset for which the estimates of future cash flows have not been adjusted. For the purpose of assessing impairment, oil and gas property subject to testing, are grouped within the joint venture for determining the cash generating unit. For the purpose of calculating the value in use, future cash flows emanating from proved, unproved and contingent resources are discounted at differential rates calculated based on the weighted average cost of capital of the LP. An impairment loss is charged to the Statement of Profit and Loss in the year in which an asset is identified as impaired. The impairment loss recognised in prior accounting period is reversed if there has been a change in the estimate of recoverable amount.

E. Provisions, Contingent Liabilities and Contingent Assets:

Provisions are recognised when the LP has a present obligation as a result of past event(s) and it is probable that an outflow of resources embodying economic benefits will be required to settle the obligation and a reliable estimate can be made of the amount of the obligation.

If the effect of the time value of money is material, provisions are discounted using a current pre-tax rate that reflects, when appropriate, the risks specific to the liability. When discounting is used, the increase in the provision due to the passage of time is recognised as a finance cost.

Contingent liabilities are disclosed unless the possibility of outflow of resources is remote. Contingent assets are not recognised but disclosed in the financial statements only where inflow of economic benefit is probable.

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

Decommissioning liability:

The LP records a provision for decommissioning costs towards site restoration activity. Decommissioning costs are provided at the present value of expected costs to settle the obligation using estimated cash flows and are recognised as part of the cost of the particular assets.

Future commitment charges:

The LP evaluates certain contracts involving unavoidable costs based on contractual commitments and provide for such costs which exceeds the economic benefits expected to be received, at their present value of the obligation under the said contracts.

F. Taxation:

The LP on standalone basis is not a tax paying entity for federal or state income tax purposes, and, accordingly, it does not recognise any expense for such taxes. The income tax liability resulting from the LP's activities is the responsibility of the Holding Company as it will be filing consolidated tax return for all its subsidiaries.

G. Revenue Recognition:

Revenue is recognized based on the delivery of performance obligation and assessment of when control of promised goods / services is transferred to a customer, at an amount that reflects the consideration to which the Company is expected to be entitled to in exchange for those goods / services. Revenue is measured at the amount of the transaction price allocated to that performance obligation. Revenue from the production of oil and gas in which the LP has an interest with other producers is recognised based on the LP's working interest (the entitlement method).

Sale of products

Revenue from sale of products is recognised when the control on the goods has been transferred to a customer. The performance obligation in case of sale of products is satisfied at a point in time as per the terms of agreement with the individual customer.

Revenue is recognised net of royalties and diversion fees.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the LP and the amount of income can be measured reliably. Interest income is accrued on a time basis, by reference to the principal outstanding and at the effective interest rate applicable, which is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset to that asset's net carrying amount on initial recognition.

H. Leases:

The LP, as a lessee, recognizes a right-of-use asset and a lease liability for its leasing arrangements, if the contract conveys the right to control the use of an identified asset. The contract conveys the right to control the use of an identified asset, if it involves the use of an identified asset and the LP has substantially all of the economic benefits from use of the asset and has right to direct the use of the identified asset.

The cost of the right-of-use asset shall comprise of the amount of the initial measurement of the lease liability adjusted for any lease payments made at or before the commencement date plus any initial direct costs incurred. The right-of-use assets is subsequently measured at cost less any accumulated amortisation, accumulated impairment losses, if any and adjusted for any remeasurement of the lease liability.

The right-of-use assets is amortised using the straight-line method from the commencement date over the shorter of lease term or useful life of right-of-use asset.

The LP measures the lease liability at the present value of the lease payments that are not paid at the commencement date of the lease. The lease payments are discounted using the interest rate implicit in the lease, if that rate can be readily determined. If that rate cannot be readily determined, the Company uses incremental borrowing rate.

For short-term (defined as leases with a lease term of 12 months or less) and low value leases, the LP recognizes the lease payments as an operating expense on a straight-line basis over the lease term, unless another systematic basis is more representative of the time pattern in which economic benefits from the leased asset are consumed.

I. Interest in joint operations:

Oil and Gas Joint Ventures are in the nature of joint operations. A joint operation is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the assets, and obligations for the liabilities, relating to the arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

When a LP entity undertake its activities under joint operations, the LP as a joint operator recognises in relation to its interest in a joint operation

1. Its assets, including its share of any assets held jointly;
2. Its liabilities, including its share of any liabilities incurred jointly;
3. Its revenue from the sale of its share of the output arising from the joint operations;
4. Its share of revenue from the sale of the output by the joint operation; and
5. Its expenses, including its share of any expenses incurred jointly.

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

J. Financial Instruments:**I. Non-derivative financial instruments****i. Financial Assets.****a. Initial recognition and measurement**

All financial assets are initially recognised at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets, which are not at fair value through profit or loss, are added to the fair value on initial recognition. Regular way purchase and sale of financial assets are recognised using trade date accounting.

b. Subsequent measurement**Financial assets carried at amortised cost (AC)**

A financial asset is subsequently measured at amortised cost if it is held within a business model whose objective is to hold the asset in order to collect contractual cash flows and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through other comprehensive income (FVTOCI)

A financial asset is subsequently measured at fair value through other comprehensive income if it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets and the contractual terms of the financial asset give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

Financial assets at fair value through profit or loss (FVTPL)

A financial asset which is not classified in any of the above categories are subsequently fair valued through profit or loss.

c. Impairment of financial assets

The LP assesses impairment based on expected credit loss (ECL) model to the following:

- (a) Financial assets at amortised cost
- (b) Financial assets measured at fair value through Other Comprehensive Income

The LP follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the LP to track changes in credit risk. Rather, it recognises impairment loss allowance based on lifetime ECLs at each reporting date, right from its initial recognition.

The LP uses historical loss experience to determine the impairment loss allowance on the portfolio of trade receivables. At every reporting date, the historical observed default rates are updated and changes in the forward looking estimates are analysed.

For recognition of impairment loss on other financial assets and risk exposure, the LP determines that whether there has been a significant increase in the credit risk since initial recognition. If credit risk has not increased significantly, 12-month ECL is used to provide for impairment loss. However, if credit risk has increased significantly, lifetime ECL is used. If, in a subsequent period, credit quality of the instrument improves such that there is no longer a significant increase in credit risk since initial recognition, then the entity reverts to recognising impairment loss allowance based on 12-month ECL.

ii. Financial liabilities**a. Initial recognition and measurement**

All financial liabilities are recognised initially at fair value and in case of loans and borrowings and payables, net of directly attributable cost. Fees of recurring nature are directly recognised in Statement of Profit and Loss as finance cost.

b. Subsequent measurement

Financial liabilities are subsequently carried at amortised cost using the effective interest method. For trade and other payables maturing within one year from the balance sheet date, the carrying amounts approximate fair value due to the short maturity of these instruments.

II. Derivative financial instruments (not designated as hedges)

Derivative financial instruments arising out of derivative contracts which are not designated as hedges by the LP, changes in fair value of such open derivatives instruments and gains / losses on derivative transaction settled within the year are accounted through Statement of Profit and Loss.

All financial instruments are measured at valuation techniques, as applicable.

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

III. De-recognition of financial instruments

The LP derecognizes a financial asset when the contractual rights to the cash flows from the financial asset expire or it transfers the financial asset and the transfer qualifies for derecognition under Ind AS 109. On derecognition of a financial asset, the difference between the carrying amount and the consideration received is recognised in the Statement of Profit and Loss. A financial liability (or a part of a financial liability) is derecognised from the LP's balance sheet when the obligation specified in the contract is discharged or cancelled or expires. On derecognition of a financial liability, the difference between the carrying amount and the consideration paid is recognised in the Statement of Profit and Loss.

IV. Fair value of financial instruments

In determining the fair value of its financial instruments, the LP uses a variety of methods and assumptions that are based on market conditions and risks existing at each reporting date. The methods used to determine fair value include discounted cash flow analysis, available quoted market prices. All methods of assessing fair value result in general approximation of value, and such value may vary from actual realization on future date.

2.4 CRITICAL ACCOUNTING JUDGEMENTS AND KEY SOURCES OF ESTIMATION UNCERTAINTY:

In the application of the LP's accounting policies, the directors of the LP are required to make judgements, estimates and assumptions about the carrying amount of the assets and liability that are not readily apparent from other sources. The estimates and associated assumptions are based on historical experience and other factors that are considered to be relevant. Actual results may differ from these estimates.

(a) Estimation of oil and gas reserve

The determination of the LP's estimated oil and natural gas reserves requires significant judgements and estimates to be applied and these are regularly reviewed and updated. Factors such as the availability of geological and engineering data, reservoir performance data, acquisition and divestment activity, drilling of new wells, and commodity prices all impact on the determination of the LP's estimates of its oil and natural gas reserves. The LP assumes that it would develop its proved reserves within a period of five years. Though the LP estimates its reserves at the end of every quarter, the same are reviewed and certified by independent external reserve auditors atleast once in a year.

Estimates of oil and natural gas reserves are used to calculate depletion charge for the LP's oil and gas properties. The impact of changes in estimated proved reserves is dealt with prospectively by amortizing the remaining carrying value of the asset over the expected future production. Oil and natural gas reserves also have a direct impact on the assessment of the recoverability of asset carrying values reported in the financial statements. If proved reserves estimates are revised downwards, profitability could be affected by changes in depletion expense or an immediate write-down of the property's carrying value.

(b) Provisions

Provisions and liabilities are recognised in the period when it becomes probable that there will be a future outflow of funds resulting from past operations or events and the amount of cash outflow can be reliably estimated. The timing of recognition and quantification of the liability require the application of judgement to existing facts and circumstances, which can be subject to change. Since the cash outflows can take place many years in the future, the carrying amounts of provisions and liabilities are reviewed regularly and adjusted to take account of changing facts and circumstances.

The provision for decommissioning represents the present value of expenditure required to settle the obligation at the end of useful life of respective wells (maximum 50 years). The future cost of decommissioning a well is determined by applying appropriate long term inflation to current cost.

The provision for future commitment fees represents the present value of unavoidable costs based on contractual commitments that exceeds the economic benefits expected to be received and required to be settled.

Such future costs are then discounted at the Weighted Average Cost of Capital to arrive at the present value of the provision.

(c) Impairment of non-financial assets

The LP assesses at each reporting date whether there is an indication that an asset may be impaired. If any indication exists, or when annual impairment testing for an asset is required, the LP estimates the asset's recoverable amount. An asset's recoverable amount is the higher of an asset's or CGU's fair value less costs of disposal and its value in use. It is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets or a group of assets. Where the carrying amount of an asset or CGU exceeds its recoverable amount, the asset is considered impaired and is written down to its recoverable amount.

In assessing value in use, the estimated future cash flows are discounted to their present value using pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. In determining fair value less costs of disposal, recent market transaction are taken into account, if no such transactions can be identified, an appropriate valuation model is used.

(d) Impairment of financial assets

The impairment provisions for financial assets are based on assumptions about risk of default and expected cash loss rates. The LP uses judgement in making these assumptions and selecting the inputs to the impairment calculation, based on LP's past history, existing market conditions as well as forward looking estimates at the end of each reporting period.

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

*(amounts in US Dollars)***4. INVENTORIES**

(lower of cost and net realizable value)

	As at 31 December, 2021	As at 31 December, 2020
Finished goods	-	1,094,078
TOTAL	-	1,094,078

5. CASH AND CASH EQUIVALENTS

	As at 31 December, 2021	As at 31 December, 2020
Balance with banks	73,923	26,355
Investment in liquid fund	7,500,000	-
TOTAL	7,573,923	26,355

6. OTHER FINANCIAL ASSETS (CURRENT)

	As at 31 December, 2021	As at 31 December, 2020
Revenue receivable	-	13,983,224
Other receivable	111,362	-
TOTAL	111,362	13,983,224

7. OTHER CURRENT ASSETS

(Unsecured considered good)

	As at 31 December, 2021	As at 31 December, 2020
Advances to operator	-	10,984,248
TOTAL	-	10,984,248

8. PARTNER'S CONTRIBUTION

	As at 31 December, 2021	As at 31 December, 2020
Reliance Marcellus LLC	3,203,523,807	3,405,791,750
Reliance Eagleford Upstream GP LLC	293,443	325,500
TOTAL	3,203,817,250	3,406,117,250

Details of partners holding more than 5% interest:

Name of the Partner	% held as at	
	31 December, 2021	31 December, 2020
Reliance Marcellus LLC	99.99%	99.99%
Reliance Eagleford Upstream GP LLC	0.01%	0.01%
	100%	100%

RELiance EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

(amounts in US Dollars)

9. SHARE OF NET INCOME

	As at 31 December, 2021		As at 31 December, 2020	
Opening Balance	(3,563,664,330)		(2,577,552,328)	
Profit / (Loss) for the year	365,813,584	(3,197,850,746)	(986,112,002)	(3,563,664,330)
TOTAL		(3,197,850,746)		(3,563,664,330)

10. PROVISIONS (NON-CURRENT)

As at 31 December, 2021				
	Decommissioning provision	Provision for future commitment fees	Total	
Beginning balance	A	38,322,548	233,595,785	271,918,333
Movements during the period :				
For the period		-	-	-
Provision transferred to liability		-	(96,566,761)	(96,566,761)
Unwinding of discount		-	13,276,906	13,276,906
Changes in estimates		-	(421,043)	(421,043)
Provision no longer required (Refer note 22)		(38,322,548)	(149,884,887)	(188,207,435)
	B	(38,322,548)	(233,595,785)	(271,918,333)
Closing balance	C=A+B	-	-	-
Less: Current portion	D	-	-	-
Closing balance (Non Current)	E=C-D	-	-	-
As at 31 December, 2020				
	Decommissioning provision	Provision for future commitment fees (Refer note 22)	Total	
Beginning balance	A	38,730,415	-	38,730,415
Movements during the year :				
For the year		271,394	227,791,923	228,063,317
Provision transferred to liability		-	-	-
Unwinding of discount		(177,882)	5,803,862	5,625,980
Changes in estimates		(501,379)	-	(501,379)
Provision no longer required		-	-	-
	B	(407,867)	233,595,785	233,187,918
Closing balance	C=A+B	38,322,548	233,595,785	271,918,333
Less: Current portion	D	-	123,461,564	123,461,564
Closing balance (Non Current)	E=C-D	38,322,548	110,134,221	148,456,769

10.1. The provision for decommissioning represents the present value of future probable obligations required to be settled on account of retirement of oil and gas assets at the end of its useful life (maximum 50 years). The future cost is determined by applying appropriate long term inflation to current cost.

10.2. The provision for future commitment fees represents the present value of unavoidable costs, after applying appropriate long term inflation, based on contractual commitments that exceeds the economic benefits expected to be received.

10.3. Such future costs are then discounted at the weighted average cost of capital to arrive at the present value of the provision.

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

(amounts in US Dollars)

11. TRADE PAYABLES

	As at 31 December, 2021	As at 31 December, 2020
Trade Payables	814,401	136,749,165
TOTAL	814,401	136,749,165

The average credit period in respect of trade payables ranges between 15 days to 30 days (Previous year 15 days to 30 days).

Trade Payable ageing schedule

Particulars	As at 31 December, 2021						Total
	Unbilled	Not Due	Outstanding for following periods from due date of payment				
			less than 1 yr	1-2 years	2-3 years	more than 3 yrs	
(i) Trade payables - others	750,000	64,401	-	-	-	-	814,401
(ii) Disputed dues - others	-	-	-	-	-	-	-
Total	750,000	64,401	-	-	-	-	814,401

Particulars	As at 31 December, 2020						Total
	Unbilled	Not Due	Outstanding for following periods from due date of payment				
			less than 1 yr	1-2 years	2-3 years	more than 3 yrs	
(i) Trade payables - others	189,340	136,559,825	-	-	-	-	136,749,165
(ii) Disputed dues - others	-	-	-	-	-	-	-
Total	189,340	136,559,825	-	-	-	-	136,749,165

12. OTHER FINANCIAL LIABILITIES (CURRENT)

	As at 31 December, 2021	As at 31 December, 2020
Creditors for capital expenditure	-	7,595,250
Other payables to Related Party (Refer note 27)	904,380	495,680
TOTAL	904,380	8,090,930

13. PROVISIONS (CURRENT)

	As at 31 December, 2021		
	Decommission Provision	Provision for future commitment fees	Total
Current portion (Refer Note 10)	-	-	-
TOTAL	-	-	-

	As at 31 December, 2020		
	Decommission Provision	Provision for future commitment fees	Total
Current portion (Refer Note 10)	-	123,461,564	123,461,564
TOTAL	-	123,461,564	123,461,564

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

*(amounts in US Dollars)***14. REVENUE FROM OPERATIONS (NET)**

	<u>2021</u>	<u>2020</u>
Sale of products:		
Gas	31,178,127	22,261,661
Natural gas liquids	35,783,157	17,488,335
Condensate	78,387,745	52,804,729
TOTAL	<u>145,349,029</u>	<u>92,554,725</u>

15. OTHER INCOME

	<u>2021</u>	<u>2020</u>
Interest income:		
From related party (Refer note 27)	23,694	-
From others	80	306
Provision no longer required written back (net)	421,043	-
Miscellaneous Income	204,047	76,550
TOTAL	<u>648,864</u>	<u>76,856</u>

16. SHARE OF OPERATING EXPENSES IN SHALE GAS OPERATIONS

	<u>2021</u>	<u>2020</u>
Operating expenses	53,027,651	58,606,946
Commitment charges	-	85,903,227
Production taxes	6,414,827	5,100,501
TOTAL	<u>59,442,478</u>	<u>149,610,674</u>

17. CHANGES IN INVENTORIES OF FINISHED GOODS

	<u>2021</u>	<u>2020</u>
Inventories (at close)		
Finished goods	-	1,094,078
Inventories (at commencement)		
Finished goods	1,094,078	753,948
TOTAL	<u>1,094,078</u>	<u>(340,130)</u>

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

*(amounts in US Dollars)***18. EMPLOYEE BENEFITS EXPENSE**

	2021	2020
Salaries and wages (Refer note 27) #	2,327,565	1,122,769
TOTAL	2,327,565	1,122,769

represents allocation of expenses incurred by Holding Company.

19. FINANCE COSTS

	2021	2020
Interest others	343,548	-
Unwinding of discount on provisions	13,276,906	5,625,980
Other borrowing costs	851	648
TOTAL	13,621,305	5,626,628

20. DEPLETION EXPENSE

	2021	2020
Depletion of development rights	30,903,071	114,250,784
TOTAL	30,903,071	114,250,784

21. OTHER EXPENSES

	2021	2020
Legal and professional fees #	168,205	62,530
General expenses	757,329	-
Rates & taxes	616	2,662
TOTAL	926,150	65,192

includes recharge of expenses incurred by Holding Company

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.**Notes to the financial statements for the year ended 31 December, 2021.***(amounts in US Dollars)***22. EXCEPTIONAL ITEMS**

	<u>2021</u>	<u>2020</u>
Provision for impairment of intangible assets (including additional depletion)	-	510,548,934
Provision for impairment of intangible assets under development	-	12,099,300
Provision for future commitment fees	-	285,759,432
Net gain on sale of upstream assets (Refer note 22.2)	<u>(328,130,338)</u>	-
TOTAL	<u>(328,130,338)</u>	<u>808,407,666</u>

22.1 During 2020, based on the adverse changes in market environment, reduction in activity by operator and recent operational performance, the LP impaired its assets to the extent of \$522,648,234.

The LP also evaluated certain contracts involving unavoidable costs based on contractual commitments and determined that such costs exceeds the economic benefits expected to be received and accordingly, the LP recognized \$285,759,432 in the statement of Profit and Loss, being the present value of the obligation under the said contracts.

The total impact in the Statement of Profit and Loss account is \$808,407,666 and the same was disclosed as "Exceptional Items".

22.2 On November 05, 2021, Reliance Eagleford Upstream Holding LP (the "Partnership") signed a purchase and sale agreement (PSA) with Ensign Operating III, LLC ("Ensign") for sale of it's entire working interest in the Eagleford shale assets, effective October 01, 2021, for an initial consideration of \$402,000,000 adjustable for pre and post effective date revenue and expenditure and subject to closing conditions being met. Additionally, the Partnership would be entitled to receive additional contingent consideration of up to \$30,000,000 linked to commodity prices over next 3 years. Closing happened on November 05, 2021 with an adjusted preliminary settlement consideration of \$338,348,911. The final settlement pursuant to the PSA is yet to happen. Accordingly, net gain on sale of these assets of \$328,130,338 has been recognised as an exceptional item in the Statement of Profit and Loss. This gain has been computed by adjusting the sale consideration with transaction costs, reversal of provision for future commitment fees & provision for decommissioning expenses, related accumulated depletion and impairment against the cost of these assets.

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

23. FINANCIAL RISK MANAGEMENT OBJECTIVES

The Partnership's financial liabilities comprise mainly of trade payables and other payables. The Partnership's financial assets comprise mainly of cash and cash equivalents and other receivables.

The following disclosures summarize the Partnership's exposure to financial risks and information regarding measures employed to manage exposures to such risks.

Liquidity Risk:

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

Capital Management Risk:

The primary objective of the Partnership's capital management is to ensure that it maintains healthy capital ratios in order to support its business and maximize shareholder value.

The Partnership manages its capital structure and makes adjustments to it in light of changes in business conditions. No changes were made in the objectives, policies, or processes during the years ended 31 December 2021 and 31 December, 2020. Capital comprises of Partner's contribution. The Partnership is not exposed to any externally imposed capital requirements.

Gearing ratio:

The LP has no debt as at the Balance Sheet date.

Credit risk management:

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Partnership. With regard to shale gas business, the Partnership is non-operator and the operator of the asset is the key counterparty and any asset related credit risks are managed through various provisions of joint operating agreements dealing with counterparty default and delays in payments.

Market risk:

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises two types of risks: interest rate risk and commodity price risk. Financial instruments affected by market risk include trade & other payables and trade & other receivables.

Interest Rate Risk:

The LP is not exposed to interest-rate risk as it is debt free at year end.

Commodity Price Risk:

The LP is exposed to the risk of commodity market price fluctuations. The LP's policy is to manage these risks through the use of contract based prices with counterparties. The LP believes that current volatility in the market is temporary and this volatility can be managed with temporary adjustment in capital and operating spend and is not likely to have an adverse impact in the long term. Long term fundamentals of the business are intact and the modular nature of the business allows it to quickly respond to changes in commodity prices.

The outbreak of Coronavirus (COVID-19) pandemic globally has caused significant disturbance and slowdown of economic activity; it has also led to significant volatility in prices. However, subsequent to third and fourth quarter of 2020, the business activities have shown sign of recovery and are recovering gradually nearing to pre-Covid levels.

The Partnership has reviewed the consequences of COVID-19 and other events and conditions and has determined that they do not create a material uncertainty that casts significant doubt upon the Partnership's ability to continue as a going concern. The COVID-19 may impact the future performance or measurement of some of the assets and liabilities or the liquidity positions of the Partnership. However, the Partnership has determined that there are no significant changes as of December 2021, which will have impact on the assets and liabilities and future performance of the Partnership.

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.

Notes to the financial statements for the year ended 31 December, 2021.

*(amounts in US Dollars)***24. PARTNERSHIP'S SHARE OF PROVED RESERVES**

	Proved reserves (Million MT)		Proved developed reserves (Million MT)	
	2021	2020	2021	2020
OIL:				
Beginning of the year	5.28	9.99	1.68	2.44
Revision of estimates (Refer note 22)	(0.88)	(4.28)	0.48	(0.33)
Production	(0.37)	(0.43)	(0.37)	(0.43)
Sale during the year (Refer note 1E)	(4.03)	-	(1.79)	-
Closing balance for the year	-	5.28	-	1.68

	Proved reserves (Million M ³)		Proved developed reserves (Million M ³)	
	2021	2020	2021	2020
Gas:				
Beginning of the year	3,680	6,372	1,168	1,518
Revision of estimates (Refer note 22)	(537)	(2,388)	388	(46)
Production	(252)	(304)	(252)	(304)
Sale during the year (Refer note 1E)	(2,891)	-	(1,304)	-
Closing balance for the year	-	3,680	-	1,168

Note: 1 Cubic meter (M³) = 35.315 cubic feet, 1 cubic feet = 1000 BTU and 1 MT = 7.5 bbl

Reasons for revision of estimates of:

(a) Proved developed reserves of both oil & gas are primarily due to new wells put on production.

(b) Proved reserves of both oil & gas are primarily due to schedule update, movement of shut in wells from proved category and slower development pace.

Reserve estimates are based on subjective judgments involving geological and engineering assessments of in place hydrocarbon volumes, the historical production, and operating limits. The reliability of these estimates at any point in time depends on both the quality and quantity of the technical and economic data and the efficiency of extracting the hydrocarbons. Partnership estimates its proved reserves at the end of every quarter. Upto 2020 the same were reviewed and certified by independent external reserve auditors once in a year.

25. CATEGORYWISE CLASSIFICATION OF FINANCIAL INSTRUMENTS

	Note	As at 31 December, 2021	As at 31 December, 2020
Financial assets			
A. Measured at amortised cost (AC)			
(i) Cash and cash equivalents	5	7,573,923	26,355
(ii) Revenue receivable	6	-	13,983,224
(iii) Other receivable	6	111,362	-
Financial liabilities			
A. Measured at amortised cost (AC)			
(i) Trade payables	11	814,401	136,749,165
(ii) Creditors for capital expenditure	12	-	7,595,250
(iii) Other payables to related party	12	904,380	495,680

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.**Notes to the financial statements for the year ended 31 December, 2021.****(amounts in US Dollars)****26. DISCLOSURE OF THE PARTNERSHIP'S INTEREST IN OIL AND GAS VENTURES (JOINT**

The LP has assessed the nature of its joint arrangements and determined them to be joint operations. Joint operations arise where the investors have rights to the assets and obligations for the liabilities of an arrangement.

Name of the unincorporated Joint Venture	Company's % interest		Partners and their participating interest	Country
	2021 (Refer note 1.E)	2020		
EFS JDA Partnership	-	49.259%	Ensign Operating LLC - 50.741% (Operator) [Refer note 1.D]	USA

27. RELATED PARTY

As per Ind AS 24, list of related parties where control exists and related parties with whom transactions have taken place and relationships are given below.

Name of the related party	Relation
Reliance Holding USA Inc. (till 20 August 2020)	Holding Company (Control existed)
Reliance Industries Limited	Ultimate Holding Company (Control exists)
Reliance Eagleford Upstream LLC (till 19 July 2020)	Partner
Reliance Marcellus LLC (from 20 July 2020)	Partner
Reliance Eagleford Upstream GP LLC	Partner

Related Party Transactions

Name of the related party	Balances as at year end	As at 31 December, 2021	As at 31 December, 2020
Reliance Marcellus LLC	Standby Letter of Credit	-	28,500,000
Reliance Marcellus LLC	Other payable	904,380	495,680

Name of the related party	Nature of transaction	2021	2020
Reliance Eagleford Upstream GP LLC	Repayment of capital	32,057	-
Reliance Eagleford Upstream GP LLC	Partner's Contribution	-	277,665
Reliance Eagleford Upstream LLC	Partner's Contribution	-	144,332,335
Reliance Holding USA Inc.	Allocated salaries and wages	-	627,089
Reliance Holding USA Inc.	Other costs	-	323,061
Reliance Marcellus LLC	Allocated salaries and wages	2,327,565	495,680
Reliance Marcellus LLC	Repayment of capital	349,967,943	-
Reliance Marcellus LLC	Partner's Contribution	147,700,000	13,370,000
Reliance Marcellus LLC	Loan provided to	6,500,000	-
Reliance Marcellus LLC	Loan repaid by	6,500,000	-
Reliance Marcellus LLC	Interest on loan	23,694	-
Reliance Marcellus LLC	Other costs	727,355	328,562

RELIANCE EAGLEFORD UPSTREAM HOLDING LP.**Notes to the financial statements for the year ended 31 December, 2021.***(amounts in US Dollars)***28. GOING CONCERN**

The accumulated losses have substantially eroded the net worth of the LP. The management has evaluated and concluded on the ability of the LP to continue as a going concern in the foreseeable future basis the continued support from Reliance Industries Limited (RIL), the ultimate 100% holding company as evidenced from the fact that RIL has been steadily investing into its Shale Gas business entities over the years, and has been providing necessary support to repay, refinance or extend its external borrowings steadily over the years. LP will be able to effectively manage near term obligations through a combination of loans or share holder's funds. Hence, the accounts are prepared on a going concern basis.

29. CONTINGENT LIABILITIES AND COMMITMENTS

	<u>2021</u>	<u>2020</u>
Capital commitments	-	95,052,900

30. SEGMENT REPORTING

The LP is in the business of development and production of oil and gas from shale reservoirs in the United States of America. Consequently, there is a single business and geographical segment.

31. The financial statements are approved for issue by the Holding Company's Board of Directors on April 06, 2022.

For and on behalf of the Partnership

Walter Van de Vijver
Director
Place: Houston
Date: April 06, 2022