Reliance Marcellus II LLC

Financial Statements

For the year ended 31st December, 2021

INDEPENDENT AUDITOR'S REPORT
TO THE BOARD OF DIRECTORS OF RELIANCE MARCELLUS II LLC.

Report on the Audit of the Standalone Financial Statements

Opinion

We have audited the accompanying standalone financial statements of Reliance Marcellus II LLC. ("the Company"), 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 Company as at December 31, 2021, and its profit / (loss), its total comprehensive income / (loss), 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 Company 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 Company's Board of Directors 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 Company 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 Company 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 Company'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 Company or to cease operations, or has no realistic alternative but to do so.

The Board of Directors are also responsible for overseeing the Company'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 Company 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 Company'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 Company 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, 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 Company 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: 22102912AHJSQS8680

Mumbai: April 8, 2022

RELIANCE MARCELLUS II LLC

Balance Sheet as at 31 December, 2021

(amounts in US Dollars)

	Notes	As at 31 December, 2021	As at 31 December, 2020
ASSETS			
Current Assets			
(a) Member's contribution			
(i) Cash and cash equivalents	3	-	-
(b) Other current asset	4	-	-
Total Current Assets		**-**	**-**
Total Assets		**-**	**-**
EQUITY AND LIABILITIES			
Equity			
(a) Member's contribution	5	530,114,582	530,114,582
(b) Share of net income	6	(530,114,582)	(530,114,582)
Total Equity		**-**	**-**
Total Equity and Liabilities		**-**	**-**
Corporate information and significant accounting policies and notes to the financial statements	**1 - 12**		

As per report of our even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

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

For and on behalf of the board

Walter Van de Vijver
Director

Place: Houston
Date: April 06, 2022

RELIANCE MARCELLUS II LLC

Statement of Profit and Loss for the year ended 31 December, 2021

(amounts in US Dollars)

	Notes	2021	2020
INCOME			
Other income	7	-	149,235
Total Income		**-**	**149,235**
EXPENSES			
Finance costs	8	-	222
Total Expenses		**-**	**222**
Profit for the year		**-**	**149,013**
Other comprehensive income (OCI)		-	-
Total comprehensive income for the year		**-**	**149,013**
Corporate information and significant accounting policies and notes to the financial statements	**1 - 12**		

As per report of our even date

For Deloitte Haskins & Sells LLP
Chartered Accountants

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

For and on behalf of the board

Walter Van de Vijver
Director

Place: Houston
Date: April 06, 2022

RELIANCE MARCELLUS II LLC

Statement of Changes in Equity for the year ended 31 December, 2021

(amounts in US Dollars)

A. MEMBER'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
530,305,000	(190,418)	**530,114,582**	-	**530,114,582**

* Refer note 1.B.III

B. SHARE OF NET INCOME

Year ended 31 December, 2020	
Balance as at 01 January, 2020	(530,263,595)
Profit for the year	149,013
Balance as at 31 December, 2020	**(530,114,582)**

Year ended 31 December, 2021	
Balance as at 01 January, 2021	(530,114,582)
Profit/(Loss) for the year	-
Balance as at 31 December, 2021	**(530,114,582)**

As per report of our even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

Abhijit A. Damle

Partner

Membership No. 102912

Place: Mumbai

Date: April 08, 2022

For and on behalf of the board

Walter Van de Vijver

Director

Place: Houston

Date: April 06, 2022

RELIANCE MARCELLUS II LLC

Statement of Cash Flows for the year ended 31 December, 2021.

(amounts in US Dollars)

	Notes	2021	2020
Cash flows from operating activities			
Profit before tax as per Statement of Profit and Loss		-	149,013
Adjustments for:			
Finance costs recognised in profit and loss	8	-	222
Operating profit before working capital changes		**-**	**149,235**
Movements in working capital:			
Increase in trade and other receivables	4	-	(149,013)
Cash generated from operating activities		**-**	**222**
Net cash generated from operating activities		**-**	**222**
Net cash generated from investing activities		**-**	**-**
Cash flows from financing activities			
Distribution of bank balance	10	-	(41,405)
Finance costs	8	-	(222)
Net cash (used in) financing activities		**-**	**(41,627)**
Net (decrease) in cash and cash equivalents		**-**	**(41,405)**
Cash and cash equivalents at the beginning of the year	3	-	41,405
Cash and cash equivalents at the end of the year	3	**-**	**-**

Non cash items:

During the year, assets of USD NIL (2020 - USD 149,013) were transferred by the Company to Reliance Holding USA Inc. (Refer note 1.B.III)

Corporate information and significant accounting policies and notes to the financial statements	**1 - 12**

As per report of our even date

For Deloitte Haskins & Sells LLP

Chartered Accountants

Abhijit A. Damle

Partner

Membership No. 102912

Place: Mumbai

Date: April 08, 2022

For and on behalf of the board

Walter Van de Vijver

Director

Place: Houston

Date: April 06, 2022

RELIANCE MARCELLUS II LLC
Notes to the financial statements for the year ended 31 December, 2021.

1. GENERAL INFORMATION

A. Reliance Marcellus II LLC (the Company) was incorporated as a limited liability company on 28 June 2010, under Delaware Limited Liability Company Act. The registered office of the Company is situated at 1675 S. State Street, Suite B, Dover, Delaware 19901, United States of America. The Company is engaged in the business of exploration and production of natural resources, primarily oil and gas from minerals properties, and related businesses.

B. Reorganisation and merger:

I The Company was a wholly owned subsidiary of Reliance Holding USA, Inc. (the "Holding Company" or "RHUSA"). The Company was an indirectly wholly owned subsidiary of Reliance Industries Limited (the "Ultimate Holding Company" or "RIL"), an Indian Listed Company.

II Pursuant to a Composite Scheme of Amalgamation and Plan of Merger ('Scheme') amongst RHUSA, Reliance Energy Generation & Distribution Limited ("REGDL") and RIL, effective 21 August, 2020, RHUSA stands merged with REGDL & subsequently REGDL stands merged with RIL. As a result, the Company is now a direct subsidiary of RIL.

III Prior to the above, vide a Distribution & Contribution Agreement dated 23 July 2020, the Company distributed the following assets to RHUSA:

Sr.	Particulars	Book Value (USD)
i.	Bank balance	41,405
ii.	Other receivables	149,013
	Total assets	**190,418**

C. On 4 August 2010, the Company executed definitive agreements to enter into a joint venture with Carrizo Oil & Gas Inc. (Carrizo) and ACP Marcellus II LLC under which the Company acquired a 60% interest in the existing joint venture's Marcellus Shale acreage position for $340 million in cash and $52 million of drilling carry obligation. The drilling carry obligation provide for 75% of Carrizo's share of development costs over an anticipated two-year development program. In addition, the Company funds its share of the development plan. Carrizo conveyed 20% of its acreage and Avista conveyed 100% of its acreage. In November 2012, the Company fully met its $52 million drilling carry commitment. The Company held 60% of the acreage of the joint venture, the net acreage of which was 104,376 net acres. Carrizo was the operator, with 40% participating interest.

The Company signed a Purchase and Sale Agreement ("PSA") on 5 October, 2017 with BKV Chelsea, LLC for sale of its assets in Susquehana, Clearfield and Wyoming counties effective 1 April, 2017, for an initial consideration of $126 million adjustable for revenue and expenditure post effective date and subject to closing conditions being met. Additionally, the Company would be entitled to receive additional contingent consideration of upto $11.25 million upon certain conditions being met as per PSA (presently estimated at Nil). The transaction closed on 21 November, 2017 (closing date) and the Company received an initial adjusted consideration of $110.32 million. The final settlement pursuant to said PSA took place on 21st March, 2018.

2.1 STATEMENT OF COMPLIANCE

The financial statements of the Company 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.

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.

RELIANCE MARCELLUS II LLC
Notes to the financial statements for the year ended 31 December, 2021.

2.3 SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Intangible Assets under Development and Intangible Assets - Development Rights (Oil and Gas):

The Company 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 being 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. Leases:

The Company, 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 Company 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 shall be 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 Company 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 Company 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.

C. 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.

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. 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 Company 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.

Decommissioning liability:

The Company 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.

RELIANCE MARCELLUS II LLC
Notes to the financial statements for the year ended 31 December, 2021.

F. Taxation:
The Company is a disregarded entity for federal or state income tax purposes. The income tax liability from Company's activities up to 20 August, 2020, the date when RHUSA merged with REGDL & subsequently REGDL merged with RIL, will be the responsibility of Reliance Marcellus LLC, a fellow subsidiary. As the entity does not hold any assets and carry on trades or business within the US, it is not liable to any income tax filing requirements beyond 2020.

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 Group 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 Company has an interest with other producers is recognised based on the Company'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.

Interest income from a financial asset is recognised when it is probable that the economic benefits will flow to the Company 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. 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 Company undertakes its activities under joint operations, the Company 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.

I. 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 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 Company 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 Company follows 'simplified approach' for recognition of impairment loss allowance. The application of simplified approach does not require the Company 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 Company 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 Company 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 Company, 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.

III. De-recognition of financial instruments

The Company 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 Company'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 Company 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 UNCERTAINITY:

In the application of the Company's accounting policies, the directors of the Company 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) Impairment of financial assets

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

RELIANCE MARCELLUS II LLC

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

(amounts in US Dollars)

3. CASH AND CASH EQUIVALENTS

	As at 31 December, 2021	As at 31 December, 2020
Balance with banks	-	-
TOTAL	**-**	**-**

4. OTHER CURRENT ASSETS

(Unsecured and considered good)

	As at 31 December, 2021	As at 31 December, 2020
Other receivables	-	149,013
Less: Asset distributed (Refer note 1.B.III & 9)	-	(149,013)
TOTAL	**-**	**-**

5. MEMBER'S CONTRIBUTION

	As at 31 December, 2021	As at 31 December, 2020
Contribution by Holding Company	530,114,582	530,305,000
Less: Assets distributed (Refer note 1.B.III & 9)	-	(190,418)
TOTAL	**530,114,582**	**530,114,582**

Details of members holding more than 5% interest:

Name of the Member	**As at 31 December, 2021**		**As at 31 December, 2020**	
	No. of Common Membership Interest	**% held**	**No. of Common Membership Interest**	**% held**
Reliance Industries Limited	-	100%	-	100%
		100%		**100%**

6. SHARE OF NET INCOME

	As at 31 December, 2021	As at 31 December, 2020
Opening Balance	(530,114,582)	(530,263,595)
Profit for the year	-	149,013
TOTAL	**(530,114,582)**	**(530,114,582)**

7. OTHER INCOME

	2021	2020
Miscellaneous Income	-	149,235
TOTAL	**-**	**149,235**

8. FINANCE COSTS

	2021	2020
Other borrowing costs	-	222
TOTAL	**-**	**222**

RELIANCE MARCELLUS II LLC

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

(amounts in US Dollars)

9. GOING CONCERN CONSIDERATIONS:

The accumulated losses have fully eroded the net worth of the Company. The management has evaluated and concluded on the ability of the Company to continue as a going concern in the foreseeable future considering that the Company shall be receiving continued support from Reliance Industries Limited (RIL), the 100% holding company in the form of periodic equity infusion. Hence, the accounts are prepared on a going concern basis.

10. 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 Industries Limited (from 21 August, 2020)	Holding Company (Control exists)
Reliance Holding USA Inc. (upto 20 August, 2020)	Holding Company (Control existed)

Related Party Transactions

Name of the related party	Nature of transaction	2021	2020
Reliance Holding USA Inc.	Other receivables distributed	-	149,013
Reliance Holding USA Inc.	Bank balance distributed	-	41,405

11. SEGMENT REPORTING

The Company is in the business of develpoment and production of oil and gas from shale reservoirs in the United States of America through its investments. Consequently, there is a single business and geographical segment.

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

For and on behalf of the board

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