RELIANCE EXPLORATION & PRODUCTION DMCC

Financial Statements
For the year ended 31 December 2023

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Reliance Exploration & Production DMCC, Dubai, U.A.E.

Opinion

We have audited the financial statements of Reliance Exploration & Production DMCC ("the Company"), which comprise the statement of financial position as at 31 December 2023, and the statement of profit or loss and other comprehensive income, statement of changes in equity and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of material accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Company as at 31 December 2023, and its financial performance and its cash flows for the year then ended in accordance with International Financial Reporting Standards (IFRSs).

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (ISAs). Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the International Ethics Standards Board for Accountants' Code of Ethics for Professional Accountants (IESBA Code) together with the other ethical requirements that are relevant to our audit of the Company's financial statements in the United Arab Emirates, and we have fulfilled our other ethical responsibilities in accordance with these requirements and the IESBA Code. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRSs and their preparation in compliance with the applicable provisions of the Articles of Association of the Company and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the 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.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Reliance Exploration & Production DMCC, Dubai, U.A.E. (continued)

Other matter

The previous year's financial statements were audited by another auditor who expressed an unmodified opinion.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the 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 ISAs 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 financial statements.

As part of an audit in accordance with ISAs, we exercise professional judgement and maintain professional scepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risk, 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 the one resulting from error, as fraud may involve collusion, forgery, intentional omission, 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 an opinion on the effectiveness of the internal control.
- 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 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 financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

INDEPENDENT AUDITOR'S REPORT
To the Shareholder of Reliance Exploration & Production DMCC, Dubai, U.A.E. (continued)

Report on other legal and regulatory requirements.

Further, we report that:

- As required by the Dubai Multi Commodities Centre Authority (DMCCA) Company Regulations of 2022 (the "Regulation"), based on the information that has been made available to us during our audit of the financial statements of the Company for the year ended 31 December 2023, nothing has come to our attention that causes us to believe that the activities undertaken by the Company and as disclosed in note 1 to these financial statements are, in all material respects, different from the activities permitted under the License issued to the Company by DMCCA; and

- The financial statements of the Company comply, in all material respects, with the applicable provisions of the Implementing Regulations 1/3 of 2013.

For COAST ACCOUNTING & AUDITING

R.I. Bhatia
Reg No 174, United Arab Emirates
Ministry of Economy (Audit Division)
Date: April 22, 2024

RELIANCE EXPLORATION & PRODUCTION DMCC
Statement of financial position as at 31 December 2023

	Notes	**As at 31st December 2023 USD**	As at 31st December 2022 USD
ASSETS			
Non-current assets			
Property and equipments	5	28,845	32,822
Total non-current assets		28,845	32,822
Current assets			
Accounts receivable and prepayments	6	4,936	8,738
Loan to related party	10	347,535,972	330,100,104
Cash and cash equivalents	7	65,640	151,754
Total current assets		347,606,548	330,260,596
TOTAL ASSETS		**347,635,393**	330,293,418
EQUITY AND LIABILITIES			
Equity			
Share capital	8	453,618,459	47,985,402
Preference share capital	8	-	405,633,057
Accumulated losses		(123,629,966)	(123,472,476)
Total equity		**329,988,493**	330,145,983
Current liabilities			
Accounts payables and accruals	9	17,646,900	147,435
Total current liabilities		**17,646,900**	147,435
Total Liabilities		**17,646,900**	147,435
TOTAL EQUITY AND LIABILITIES		**347,635,393**	330,293,418

These financial statements were approved and authorised for issue by the Board of Directors on April 22, 2024 and were signed for and on their behalf by:

Shashi Kumar Goyal

Director

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

RELIANCE EXPLORATION & PRODUCTION DMCC

Statement of profit or loss and other comprehensive income for the year ended 31 December 2023

	Notes	2023 USD	2022 USD
Net finance (cost)/income	12	24,262,892	(11,350,183)
Total Income		**24,262,892**	**(11,350,183)**
General and administrative expenses	11	(6,787,882)	(5,471,352)
Loss on hedging		(17,632,500)	-
Loss for the year		**(157,490)**	**(16,821,535)**
Other comprehensive income		**-**	-
Total comprehensive loss for the year		**(157,490)**	**(16,821,535)**

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

RELIANCE EXPLORATION & PRODUCTION DMCC
Statement of changes in equity for the year ended 31 December 2023

	Share capital USD	Preference share capital USD	Accumulated losses USD	Total USD
Balance at 1 January 2022	47,985,402	405,633,057	(106,650,941)	346,967,518
Total comprehensive income for the year	-	-	(16,821,535)	(16,821,535)
Balance at 1 January 2023	**47,985,402**	**405,633,057**	**(123,472,476)**	**330,145,983**
Total comprehensive loss for the year	-	-	(157,490)	(157,490)
Movement during the year	405,633,057	(405,633,057)	-	-
Balance at 31 December 2023	**453,618,459**	**-**	**(123,629,966)**	**329,988,493**

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

RELIANCE EXPLORATION & PRODUCTION DMCC
Statement of cash flows for the year ended 31 December 2023

	2023 USD	2022 USD
Cash flows from operating activities		
Profit/Loss for the year	**(157,490)**	(16,821,535)
Adjustments for:		
Depreciation on property and equipment	**3,977**	4,841
Finance cost/(Income)	**(24,262,892)**	11,350,183
Operating cash flows before movements in working capital	**(24,416,405)**	**(5,466,511)**
Change in accounts receivable and prepayments	**3,802**	1,160
Change in accounts payable and accruals	**17,499,465**	120,208
Cash used in operating activities	**(6,913,138)**	(5,345,143)
Cash flows from investing activities		
Repayment of loan to a related party	**6,827,024**	3,635,000
Net cash generated from investing activities	**6,827,024**	**3,635,000**
Net decrease in cash and cash equivalents	**(86,114)**	**(1,710,143)**
Cash and cash equivalents at the beginning of the year	**151,754**	**1,861,897**
Cash and cash equivalents at the end of the year(Note7)	**65,640**	**151,754**

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

RELIANCE EXPLORATION & PRODUCTION DMCC
Notes to the financial statements for the year ended 31 December 2023

1 Legal status and principal activities

Reliance Exploration & Production DMCC ("the Company") is a limited liability company registered in Dubai Multi Commodities Centre ("DMCC") under the DMCC company regulations No. 1/03. The Company was incorporated on 6 December 2006. The Company is engaged in the business of trading of refined oil products, crude oil, lubricants, grease, tar and asphalt.

The Company is a wholly owned subsidiary of Reliance Industries Limited with effect from 21 December 2023 (formerly owned by Reliance Strategic Business Ventures Limited (RSBVL)). The application for transfer of shares is approved by DMCC, on 30 March 2023.

The registered office of the Company is located at Unit No. 1807, JBC3, Plot No. JLT-PH2-Y1A, Jumeirah Lakes Towers, Dubai, UAE

Business activities

The Company's previous assets primarily included working interests in oil and gas blocks situated in the Republic of Yemen and Peru.

Country	Block Name	Working interest		Remarks	Area (in sq. km)
		2023	2022		
Republic of Yemen*	Block 34	-	-	Operator	7,016
	Block 37	-	-	Operator	6,894
Peru**	Block 39	-	-	Non-operator	865

*Production Sharing Agreements (PSAs) for Yemen Blocks 34 and 37 were terminated on 5 October 2015.

** The Company has withdrawn from License Contract and Joint Operating agreement for Exploration and Exploitation of Hydrocarbons in Peru through the Deed of Assignment and Indemnity effective as of December 31, 2016. Pursuant to Supreme Decree 001-2019-EM, published on 3 January 2019, and Public Deed of Assignment of the License Contract, signed on 10 July 2019, the company has no working interest in the block.

RELIANCE EXPLORATION & PRODUCTION DMCC
Notes to the financial statements for the year ended 31 December 2023

2 Application of new and revised International Financial Reporting Standards (IFRSs)

2.1 New and revised IFRS adopted in the financial information.

A number of new IFRSs became effective for annual periods beginning on or after 1 January 2022 and have been adopted in these financial statements. The application of these revised IFRSs has not had any material impact on the amounts for the current and prior years but may affect the accounting for future transactions or arrangements.

2.2 New and revised IFRS in issue but not yet effective

The Company has not yet applied the following new and revised IFRSs that have been issued but are not yet effective:

New and revised IFRSs	**Effective for annual periods beginning on or after**
IFRS 16- Amendments to IFRS 16 Lease Liability in a Sale and Leaseback	01-Jan-24
IFRS 10 and IAS 28- Amendments to IFRS 10 and IAS 28 Sale or Contribution of Assets between an Investor and its Associate or Joint Venture	The effective date was removed temporarily
IAS 1 - Amendments to IAS 1 Classification of Liabilities as Current or Non-Current and Classification of Liabilities as Current or Non-Current – Deferral of Effective Date	01-Jan-24
IAS 1 - Amendments to IAS 1 Non-current Liabilities with Covenants	01-Jan-24
IAS 7 and IFRS 7- Amendments to IAS 7 and IFRS 7 Supplier Finance Arrangements	01-Jan-24
IAS 21 - Amendments to IAS 21 Lack of Exchangeability	01-Jan-25

Management anticipates that the adoption of these new standards, interpretations and amendments, may have no material impact on the financial statements of the Company in the period of initial application.

RELIANCE EXPLORATION & PRODUCTION DMCC
Notes to the financial statements for the year ended 31 December 2023

3 Summary of material accounting policies

3.1 Statement of compliance

The financial statements have been prepared in accordance with International Financial Reporting Standards (IFRSs) and Implementing Regulations 1/3 of 2013 issued by Dubai Multi Commodities Centre Authority (DMCCA).

3.2 Basis of preparation

The financial statements have been prepared on the historical cost basis. Historical cost is generally based on the fair value of the consideration given in exchange for assets.

3.3 Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

3.3.1 Interest income

Interest income from financial asset is recognised when it is probable that 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.

3.3.2 Other income

Other income generated outside the Company's normal business operation is recognised when it is probable that the economic benefits will flow to the Company and the amount of income can be measured reliably.

3.4 Furniture and equipment

Furniture and equipment are stated at historical cost less accumulated depreciation and accumulated impairment losses, if any. Cost includes expenditures that are directly attributable to the acquisition of the asset.

Subsequent costs are included in the asset's carrying amount or recognised as a separate asset, as appropriate, only when it is probable that future economic benefits associated with the item will to the Company and the cost of the item can be measured reliably. All other repairs and maintenance expenses are charged to profit or loss in the period in which they are incurred.

RELIANCE EXPLORATION & PRODUCTION DMCC
Notes to the financial statements for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.4 Furniture and equipment (continued)

Depreciation is calculated so as to write off the cost of furniture and equipment on a write down value over the estimated useful lives of the assets concerned. The principal annual rates used for this purpose are:

	Rates
Computers	40%
Furniture and fixtures	18%
Office equipment	14%
Vehicles	26%

The estimated useful lives and depreciation method are reviewed at the end of each reporting period, with the effect of any changes in estimate accounted for on a prospective basis. An asset's carrying amount is written down immediately to its recoverable amount if the asset's carrying amount is greater than its estimated recoverable amount. The gain or loss arising on the disposal or retirement of an item of property and equipment is determined as the difference between the sale proceeds and the carrying amount of the asset and is recognised in profit or loss.

3.5 Impairment of tangible assets

At the end of each reporting period, the Company reviews the carrying amounts of its assets to determine whether there is any indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash generating unit to which the asset belongs. Where a reasonable and consistent basis of allocation can be identified, corporate assets are also allocated to individual cash generating units, or otherwise they are allocated to the smallest group of cash generating units for which a reasonable and consistent allocation basis can be identified.

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 discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognised for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognised immediately in profit or loss, unless the relevant asset is carried at a revalued amount, in which case the reversal of the impairment loss is treated as a revaluation increase.

RELIANCE EXPLORATION & PRODUCTION DMCC
Notes to the financial statements for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.6 Provisions and contingencies

3.6.1 Provisions

Provisions are recognised when the Company has a present obligation (legal or constructive) as a result of a past event, it is probable that the Company will be required to settle the obligation, and a reliable estimate can be made of the amount of the obligation. The amount recognised as a provision is the best estimate of the consideration required to settle the present obligation at the statement of financial position date, taking into account the risks and uncertainties surrounding the obligation. Where a provision is measured using the cash flows estimated to settle the present obligation, its carrying amount is the present value of those cash flows. When some or all of the economic benefits required to settle a provision are expected to be recovered from a third party, the receivable is recognised as an asset if it is virtually certain that reimbursement will be received and the amount of the receivable can be measured reliably.

3.6.2 Contingencies

Contingent liabilities are not recognised because their existence will be confirmed only by the occurrence or non-occurrence of one or more uncertain future events not wholly within the control of the entity.

Contingent liabilities are disclosed, unless the possibility of an outflow of resources embodying economic benefits is remote.

3.7 Foreign currencies

For the purpose of these financial statements, US Dollars (USD) is the functional and presentation currency of the Company.

Transactions in currencies other than USD (foreign currencies) are recorded at the rates of exchange prevailing at the dates of the transactions. At the end of each reporting period, monetary items denominated in foreign currencies are retranslated at the rates prevailing at that date. Non-monetary items carried at fair value that are denominated in foreign currencies are retranslated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

Exchange differences are recognised in profit or loss in which they arise.

RELIANCE EXPLORATION & PRODUCTION DMCC
Notes to the financial statements for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.8 Financial instruments

Financial assets and financial liabilities are recognised in the Company's statement of financial position when the Company becomes a party to the contractual provisions of the instrument.

Financial assets and financial liabilities are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities (other than financial assets and financial liabilities at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

The Company has the following financial assets: bank balances, account receivables and loan to a related party. These financial assets are classified as 'loans and receivables'. The classification depends on the nature and purpose of the financial asset and is determined at the time of initial recognition.

Financial assets are recognised when an entity becomes a party to the contractual provisions of the instrument. Financial assets are initially measured at fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets (other than financial assets at fair value through profit or loss) are added to or deducted from the fair value of the financial assets or financial liabilities, as appropriate, on initial recognition. Transaction costs directly attributable to the acquisition of financial assets or financial liabilities at fair value through profit or loss are recognised immediately in profit or loss.

All recognised financial assets are subsequently measured in their entirety at either amortised cost or fair value, depending on the classification of the financial assets.

Classification of financial assets

Debt instruments that meet the following conditions are subsequently measured at amortised cost less impairment loss (except for debt investments that are designated as at fair value through profit or loss on initial recognition):

- the asset is held within a business model whose objective is to hold assets in order to collect contractual cash flows; and
- the contractual terms of the instrument give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

All other financial assets are subsequently measured at fair value.

- the Company may irrevocably elect to present subsequent changes in fair value of an equity investment in other comprehensive income if certain criteria are met (see (iii) below); and
- the Company may irrevocably designate a debt investment that meets the amortised cost or FVTOCI criteria as measured at FVTPL if doing so eliminates or significantly reduces an accounting mismatch.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.8 Financial instruments (continued)

The effective interest method

The effective interest method is a method of calculating the amortised cost of a debt instrument and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts (including all revenue and points paid or received that form an integral part of the effective interest rate, transaction costs and other premiums or discounts) through the expected life of the debt instrument, or, where appropriate, a shorter period, to the net carrying amount on initial recognition.

Cash and cash equivalents

Cash and cash equivalents are comprised of cash and balances with banks in current accounts or deposits which mature within three months of the date of placement.

Account receivables

Account receivables that have fixed or determinable payments that are not quoted in an active market are classified as loans and receivables. These are recognised initially at cost plus directly attributable transaction costs, if any, and subsequently measured at amortised cost using effective interest rate method less loss allowance, if any.

The effective interest method is a method of calculating the amortised cost of a financial asset and of allocating interest income over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash receipts through the expected life of the financial asset, or, where appropriate, a shorter period.

Interest income is recognised by applying the effective interest rate, except for short-term receivables when the recognition of interest would be immaterial.

Impairment of financial assets

The Company recognises a loss allowance for expected credit losses on due from related party, and bank balances. The amount of expected credit losses is updated at each reporting date to reflect changes in credit risk since initial recognition of the respective financial instrument.

The expected credit losses on these financial assets are estimated using a provision matrix based on the Company's historical credit loss experience, adjusted for factors that are specific to the debtors, general economic conditions and an assessment of both the current as well as the forecast direction of conditions at the reporting date, including time value of money where appropriate.

For all other financial instruments, the Company recognises lifetime ECL when there has been a significant increase in credit risk since initial recognition. However, if the credit risk on the financial instrument has not increased significantly since initial recognition, the Company measures the loss allowance for that financial instrument at an amount equal to 12-month ECL.

Lifetime ECL represents the expected credit losses that will result from all possible default events over the expected life of a financial instrument. In contrast, 12-month ECL represents the portion of lifetime ECL that is expected to result from default events on a financial instrument that are possible within 12 months after the reporting date.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.8 Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk

In assessing whether the credit risk on a financial instrument has increased significantly since initial recognition, the Company compares the risk of a default occurring on the financial instrument at the reporting date with the risk of a default occurring on the financial instrument at the date of initial recognition. In making this assessment, the Company considers both quantitative and qualitative information that is reasonable and supportable, including historical experience and forward-looking information that is available without undue cost or effort. Forward-looking information considered includes the future prospects of the industries in which the Company's debtors operate, obtained from economic expert reports, financial analysts, governmental bodies, relevant think-tanks and other similar organisations, as well as consideration of various external sources of actual and forecast economic information that relate to the Company's core operations.

In particular, the following information is taken into account when assessing whether credit risk has increased significantly since initial recognition:

- an actual or expected significant deterioration in the financial instrument's external (if available) or internal credit rating;
- significant deterioration in external market indicators of credit risk for a particular financial instrument, e.g. a significant increase in the credit spread, the credit default swap prices for the debtor, or the length of time or the extent to which the fair value of a financial asset has been less than its amortised cost;
- existing or forecast adverse changes in business, financial or economic conditions that are expected to cause a significant decrease in the debtor's ability to meet its debt obligations;
- an actual or expected significant deterioration in the operating results of the debtor;
- significant increases in credit risk on other financial instruments of the same debtor;
- an actual or expected significant adverse change in the regulatory, economic, or technological environment of the debtor that results in a significant decrease in the debtor's ability to meet its debt obligations.

Irrespective of the outcome of the above assessment, the Company presumes that the credit risk on a financial asset has increased significantly since initial recognition when contractual payments are more than 30 days past due, unless the Company has reasonable and supportable information that demonstrates otherwise.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.8 Financial instruments (continued)

Impairment of financial assets (continued)

(i) Significant increase in credit risk (continued)

Despite the foregoing, the Company assumes that the credit risk on a financial instrument has not increased significantly since initial recognition if the financial instrument is determined to have low credit risk at the reporting date. A financial instrument is determined to have low credit risk if:

(1) The financial instrument has a low risk of default,
(2) The debtor has a strong capacity to meet its contractual cash flow obligations in the near term, and
(3) Adverse changes in economic and business conditions in the longer term may, but will not necessarily, reduce the ability of the borrower to fulfil its contractual cash flow obligations.

The Company considers a financial asset to have low credit risk when the asset has external credit rating of 'investment grade' in accordance with the globally understood definition or if an external rating is not available, the asset has an internal rating of 'performing'. Performing means that the counterparty has a strong financial position and there is no past due amounts.

For financial guarantee contracts, the date that the Company becomes a party to the irrevocable commitment is considered to be the date of initial recognition for the purposes of assessing the financial instrument for impairment. In assessing whether there has been a significant increase in the credit risk since initial recognition of a financial guarantee contracts, the Company considers the changes in the risk that the specified debtor will default on the contract.

The Company regularly monitors the effectiveness of the criteria used to identify whether there has been a significant increase in credit risk and revises them as appropriate to ensure that the criteria are capable of identifying significant increase in credit risk before the amount becomes past due.

(ii) Definition of default

The Company considers the following as constituting an event of default for internal credit risk management purposes as historical experience indicates that financial assets that meet either of the following criteria are generally not recoverable:

- when there is a breach of financial covenants by the debtor; or
- information developed internally or obtained from external sources indicates that the debtor is unlikely to pay its creditors, including the Company, in full (without taking into account any collateral held by the Company).

Irrespective of the above analysis, the Company considers that default has occurred when a financial asset is more than 90 days past due unless the Company has reasonable and supportable information to demonstrate that a more lagging default criterion is more appropriate.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.8 Financial instruments (continued)

Impairment of financial assets (continued)

(iii) Credit-impaired financial assets

A financial asset is credit-impaired when one or more events that have a detrimental impact on the estimated future cash flows of that financial asset have occurred. Evidence that a financial asset is credit-impaired includes observable data about the following events:

(a) significant financial difficulty of the issuer or the borrower;
(b) a breach of contract, such as a default or past due event (see (ii) above);
(c) the lender(s) of the borrower, for economic or contractual reasons relating to the borrower's financial difficulty, having granted to the borrower a concession(s) that the lender(s) would not otherwise consider;
(d) it is becoming probable that the borrower will enter bankruptcy or other financial reorganisation; or
(e) the disappearance of an active market for that financial asset because of financial difficulties.

(iv) Write-off policy

The Company writes off a financial asset when there is information indicating that the debtor is in severe financial difficulty and there is no realistic prospect of recovery, e.g. when the debtor has been placed under liquidation or has entered into bankruptcy proceedings, or in the case of trade receivables, when the amounts are over two years past due, whichever occurs sooner. Financial assets written off may still be subject to enforcement activities under the Company's recovery procedures, taking into account legal advice where appropriate. Any recoveries made are recognised in profit or loss.

(v) Measurement and recognition of expected credit losses

The measurement of expected credit losses is a function of the probability of default, loss given default (i.e. the magnitude of the loss if there is a default) and the exposure at default. The assessment of the
probability of default and loss given default is based on historical data adjusted by forward-looking information as described above. As for the exposure at default, for financial assets, this is represented by the assets' gross carrying amount at the reporting date; for financial guarantee contracts, the exposure includes the amount drawn down as at the reporting date, together with any additional amounts expected to be drawn down in the future by default date determined based on historical trend, the Company's understanding of the specific future financing needs of the debtors, and other relevant forward-looking information.

For financial assets, the expected credit loss is estimated as the difference between all contractual cash flows that are due to the Company in accordance with the contract and all the cash flows that the Company expects to receive, discounted at the original effective interest rate. For a lease receivable, the cash flows used for determining the expected credit losses is consistent with the cash flows used in measuring the lease receivable in accordance with IAS 17 Leases.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

3.8 Financial instruments (continued)

3 Summary of material accounting policies (continued)

For a financial guarantee contract, as the Company is required to make payments only in the event of a default by the debtor in accordance with the terms of the instrument that is guaranteed, the expected loss allowance is the expected payments to reimburse the holder for a credit loss that it incurs less any amounts that the Company expects to receive from the holder, the debtor or any other party.

Impairment of financial assets (continued)

(v) Measurement and recognition of expected credit losses (continued)

If the Company has measured the loss allowance for a financial instrument at an amount equal to lifetime ECL in the previous reporting period, but determines at the current reporting date that the conditions for lifetime ECL are no longer met, the Company measures the loss allowance at an amount equal to 12-month ECL at the current reporting date, except for assets for which simplified approach was used.

The Company recognises an impairment gain or loss in profit or loss for all financial instruments with a corresponding adjustment to their carrying amount through a loss allowance account, except for investments in debt instruments that are measured at FVTOCI, for which the loss allowance is recognised in other comprehensive income and accumulated in the investment revaluation reserve, and does not reduce the carrying amount of the financial asset in the statement of financial position.

Derecognition of financial assets

The Company derecognises a financial asset only when the contractual rights to the cash flows from the asset expire, or when it transfers the financial asset and substantially all the risks and rewards of ownership of the asset to another entity. If the Company neither transfers nor retains substantially all the risks and rewards of ownership and continues to control the transferred asset, the Company recognises its retained interest in the asset and an associated liability for amounts it may have to pay. If the Company retains substantially all the risks and rewards of ownership of a transferred financial asset, the Company continues to recognise the financial asset and also recognises a collateralised borrowing for the proceeds received.

On derecognition of a financial asset measured at amortised cost, the difference between the asset's carrying amount and the sum of the consideration received and receivable is recognised in profit or loss.

3.9 Financial liabilities and equity instruments

3.9.1 Classification as debt or equity

Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement.

3.9.2 Equity instruments

An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued by the Company are recorded at the proceeds received, net of direct issue costs.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

3 Summary of material accounting policies (continued)

3.9 Financial liabilities and equity instruments (continued)

3.9.3 Financial liabilities

Accounts payable and accruals and due to a related party are classified as 'other financial liabilities' and are initially measured at fair value, net of transaction costs, and are subsequently measured at amortised cost using the effective interest method, with interest expense recognised on an effective yield basis, except for short term payables when the recognition of interest would be immaterial.

The effective interest method is a method of calculating the amortised cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

3.9.4 Derecognition of financial liabilities

The Company derecognises financial liabilities when, and only when, the Company's obligations are discharged, cancelled or they expire.

4 Critical accounting judgments and key sources of uncertainty

In the application of the Company's accounting policies, which are described in note 3, management is required to make judgments, estimates and assumptions about the carrying amounts of assets and liabilities 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. The estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognised in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

4.1 Critical judgments in applying accounting policies

Below are the critical judgment, apart from those including estimations, that the management has made in the process of applying the Company's accounting policies and has the most significant effect on the amounts recognised in the financial statements.

4.1.1 Classification of preference shares

In the process of classifying preference shares, management has made various judgments. Judgment is needed to determine whether a financial instrument, or its components, on initial recognition is classified as a financial liability or an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial liability and an equity instrument. In making its judgment, management considered the detailed criteria and related guidance for the classification of financial instruments as set out in IAS 32 *Financial Instruments: Presentation*, in particular, whether the instrument includes a contractual obligation to a fixed number of ordinary shares for each preference share at the point of conversion. Management and the directors of the Company have concluded that the classification of the preference shares as an equity instrument in the financial statements is appropriate and in accordance to IAS 32 *Financial Instruments: Presentation*.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

4 Critical accounting judgments and key sources of uncertainty (continued)

4.1 Critical judgments in applying accounting policies (continued)

4.1.2 Contingencies

By nature, contingencies will be resolved only when one or more uncertain future events occur or fail to occur. The assessment of the existence and potential quantum of contingencies inherently involves the exercise of significant judgment regarding the outcome of future events (note 13).

4.1.3 Significant increase in credit risk

As explained in note 3, ECL are measured as an allowance equal to lifetime ECL for assets. IFRS 9 does not define what constitutes a significant increase in credit risk. In assessing whether the credit risk of an asset has significantly increased the Company takes into account qualitative and quantitative reasonable and supportable forward looking information.

4.1.4 Classification of a loan to a related party

In the process of classifying loan to a related party, management has made various judgments. Judgment is needed to determine whether a financial instrument, or its component parts, on initial recognition is classified as a financial asset or as an equity instrument in accordance with the substance of the contractual arrangement and the definitions of a financial asset and an equity instrument. In making its judgment, management considered the detailed criteria and related guidance for the classification of financial instruments as set out in *IAS 32 Financial Instruments: Presentation*. Management and the directors of the Company have concluded that the classification of the loan granted as financial asset in the financial statements as there is a contractual obligation to receive interest and repayment of loan.

4.2 Key sources of estimation uncertainty

No key assumptions concerning the future and other key sources of estimation uncertainty at the end of the reporting period exists that may have a significant risk causing a material adjustment to the carrying amounts of assets and liabilities within the next financial year.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

5 Property and Equipments

	Computers	Furniture and fixtures	Office equipment	Total
	USD	USD	USD	USD
Cost				
At 1 January 2022	893,499	84,076	49,518	1,027,093
At 1 January 2023	893,499	84,076	49,518	1,027,093
At 31 December 2023	**893,499**	**84,076**	**49,518**	**1,027,093**
Accumulated depreciation				
At 1 January 2022	892,871	54,398	42,161	989,430
Charge for the year	628	3,374	839	4,841
At 1 January 2023	893,499	57,772	43,000	994,271
Charge for the year	-	3,236	741	3,977
At 31 December 2023	**893,499**	**61,008**	**43,741**	**998,248**
Carrying amount				
At 31 December 2023	**-**	**23,068**	**5,777**	**28,845**
At 31 December 2022	-	26,304	6,518	32,822

6 Accounts receivable and prepayments

	2023	2022
	USD	USD
Deposits and prepayments	**4936**	**8738**
	4,936	**8,738**

The Company’s exposure to credit and currency risks related to accounts receivable are disclosed in note 14.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

7 Cash and Cash Equivalents

	2023 USD	2022 USD
Bank balances	**65,640**	151,754
	65,640	151,754

8 Share capital/Preference share capital

	2023 *USD*	2022 *USD*
Authorised		
176,200 shares of AED 1,000 each	**47,985,402**	47,985,402
2,756,250 5% Non- cumulative compulsorily convertible preference Shares of AED 1,000 each	**750,000,000**	750,000,000
Issued and fully paid up equity share capital		
176,200 ordinary shares of AED 1 each fully paid		
of which 26,200 ordinary shares issued for cash	**7,135,173**	7,135,173
of which 150,000 ordinary shares issued for consideration other than cash	**40,850,229**	40,850,229
1,490,700 shares were issued by converting preference to equity	**405,633,057**	-
	453,618,459	47,985,402
Issued and fully paid 5% Non-cumulative compulsorily convertible preference shares	**405,633,057**	405,633,057
1,490,700 shares were issued by converting preference to equity	**(405,633,057)**	-
	-	405,633,057

Effective 21 December 2022, the equity and preference shares of the company have been transferred to Reliance Industries Limited (RIL) from Reliance Strategic Business Ventures Limited (RSBVL). The application for transfer of shares is approved by DMCC, subsequently on 30 March 2023.

During the year the company converted 5% Non-cumulative compulsorily convertible preference shares into 1,490,700 equity shares.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

9 Accounts payable and Accruals

	2023	2022
	USD	USD
Accruals and other payables	17,646,900	147,435
	17,646,900	**147,435**

10 Transactions and balances with related parties

Related parties comprise the shareholder, directors, key management personnel of the Company and entities in which they have the ability to control or exercise significant influence. Balances with related parties generally arise from commercial transactions in the normal course of business at agreed terms.

10.1 Related party balances

Balances arising from transactions with related parties in the statement of financial position are as follows:

	2023	2022
	USD	USD
Loan to a related party (including accrued interest):		
Reliance Industries (Middle East) DMCC	347,535,972	330,100,104
	347,535,972	**330,100,104**

In 2017, the Company provided a loan to Reliance Industries Middle East DMCC (RIME), amounting to USD 241,233,453. During the year, partial payment of USD 6,827,024 has been received from RIME (2022: USD 3,635,000).

Further, during the previous year, it has been agreed between Company's management and RIME that the total yield for the entire tenure of the loan should be restricted at 7.50% per annum.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

10 Transactions and balances with related parties (continued)

10.2 Related party transactions

Significant transactions with related parties included in the statement of profit or loss and other comprehensive income:

	2023 USD	2022 USD
Transfer of Equity shares from RSBVL to RIL	**47,985,402**	-
Transfer of preference shares of RSBVL to RIL	**405,633,057**	-
Partial repayment of loan by Reliance Industries (Middle East) DMCC	**6,827,024**	**3,635,000**
Finance (cost)/income on loan to Reliance Industries (Middle East) DMCC	**24,262,892**	**(11,350,183)**

The Company did not incur key management compensation expenses during the years ended 31 December 2023 and 2022.

Transactions with related parties are made on terms equivalent to those that prevail in arm's length transactions. Outstanding balances at the end of the reporting period are unsecured and settlement occurs in cash. There have been no guarantees provided or received for any related party receivables or payables.

Movement of loan to related party:

	2023 USD	2022 USD
Balance as at 1 January	330,100,104	345,085,287
Finance income (note.12)	24,262,892	(11,350,183)
Payments received	(6,827,024)	(3,635,000)
Balance as at 31 December	**347,535,972**	**330,100,104**

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

11 General and administrative expenses

	2023 USD	2022 USD
Legal and professional fees	18,136	64,877
Depreciation (note 5)	3,977	4,841
Bank charges	2,276	6,809
Others	6,763,493	5,394,825
	6,787,882	**5,471,352**

12 Finance (cost)/income

	2023 USD	2022 USD
Interest (cost)/income - net	24,262,892	(11,350,183)
	24,262,892	**(11,350,183)**

13 Commitments and contingencies

13.1 Commitments

No capital commitments existed as at 31 December 2023.

13.2 Contingencies

The Company along with its Partner (Hood Energy Limited) (hereinafter together referred to as “Joint Operation”) were parties to a working interest in oil and gas blocks situated in the Republic of Yemen, as disclosed in note 1. A commitment arose as a result of a possible Minimum Work Obligation (“MWO”) relating to the work programs governed under the PSAs which were executed between the Joint Operation and the Republic of Yemen for Blocks 34 and 37. This MWO was secured by two Standby Letters of Credits (“SBLCs”) amounting to total of $ 25 million (the Company’s interest is USD 17.5 million), which were issued by State Bank of India (“SBI”) at the request of Reliance Industries Ltd. (“RIL”) and back to back SBLCs were issued by United Bank Limited (“UBL”) (together ‘Banks’). The SBLCs were issued in favour of the Republic of Yemen, represented by the Yemeni Ministry of Oil and Minerals.
Joint Operation could not complete MWO due to Force Majeure, on account of war like situation in Yemen. Joint Operation’s Force Majeure Notice was rejected by the Republic of Yemen. The Joint Operation (as Claimants) pursued an arbitration against the Republic of Yemen before the ICC Paris in accordance with the dispute resolution clause of the PSAs, for declaring validity of the Force Majeure Notice and subsequent termination (resulting in the termination of SBLCs). The ICC Tribunal ruled in favour of the Claimants stating that Force Majeure event existed, and the PSAs were validly terminated by the Claimants and that the SBLCs cannot be validly drawn by the Republic of Yemen.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

13 Commitments and contingencies (continued)

It also awarded the Claimants legal costs and Republic of Yemen accrued bonus and fixed taxes. ICC also ruled on the clarification applications filed by both the parties regarding payment of interest on the amount awarded and unpaid bonus. Subsequently, the Republic of Yemen filed an Annulment Application against the final ICC Award before the Paris Court but subsequently withdrew it, which was confirmed by ICC Paris vide Order of 29 March 2019 making the ICC Final Award final and binding on all the parties.

Prior to commencement of the ICC arbitration, RIL and the Company had also approached the Bombay High Court and obtained injunction against the Banks from paying Republic of Yemen under the SBLCs. On 11 December 2020, Bombay High Court disposed of RIL's suit against the Banks on the basis of ICC Tribunal's Award and Paris Court Order. Vide Order dated 8 January 2021, the Bombay High Court has clarified that the Banks are not entitled to make payment under the SBLCs in terms of Bombay High Court's earlier Order dated 2 March 2016.
There have been no further developments in the matter since 2021.

14 Financial instruments

14.1 Capital management

The Company's policy is to maintain a strong capital base with the financial assistance of RIL in order to support the operations and to sustain future development of the business. The Company is not subject to any externally imposed capital requirements.
The Company manages its capital to ensure to be able to continue as a going concern while maximising the return on equity. The Company does not have a formalised optimal target capital structure or target ratios in connection with its capital risk management objectives. The Company's overall strategy remains unchanged from 2022.

The Company's capital structure comprises cash and bank balances and equity, comprising issued capital, preference share capital, and accumulated losses as disclosed in the statement of changes in equity.

14.2 Financial risk management objectives

The Company is exposed to the following risks related to financial instruments - credit risk, liquidity risk, interest risk and foreign currency risk. The Company does not enter into or trade financial instruments, including derivative financial instruments, for speculative or risk management purposes.

14.2.1 <u>Credit risk</u>

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company, and arises principally from the Company's accounts receivable and prepayments and bank balances.

The Company has adopted a policy of only dealing with creditworthy counterparties and obtaining sufficient collateral, where appropriate, as a means of mitigating the risk of financial loss from defaults. Credit exposure is controlled by counterparty limits that are reviewed and approved by the Company annually. The Company uses its own trading records to rate its major customers.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

The carrying amount of financial assets represents the maximum credit exposure. The maximum exposure to credit risk at the end of each reporting period was:

	2023 USD	2022 USD
Loan to a related party	347,535,972	330,100,104
Accounts receivable and prepayments	4,936	8,738
Bank balances	65,640	151,754
	347,606,548	**330,260,596**

The Company does not hold any collateral or other credit enhancements to cover its credit risks associated with its financial assets.

14.2.2 Liquidity risk

Ultimate responsibility for liquidity risk management rests with the management which has built an appropriate liquidity risk management framework for the management of the Company's short, medium and long term funding and liquidity management requirements. The Company manages liquidity risk by maintaining adequate reserves, banking facilities and support from shareholder, by continuously monitoring forecast and actual cash flows, and matching the maturity profiles of financial assets and liabilities.

The Company ensures that it has sufficient cash on demand to meet expected operational expenses.

The contractual maturities of the financial instruments, determined on the basis of the remaining period at the end of the reporting period to the contractual maturity date, are as follows:

	Current Less than 1 year USD	Non-current Greater than 1 year USD
31 December 2023		
Accounts payable and accruals	17,646,900	-
	17,646,900	-
31 December 2022		
Accounts payable and accruals	147,435	-
	147,435	-

14.2.3 Currency risk

A majority of the Company's transactions are in USD or currencies that are pegged to the USD (AED) and therefore the Company is not exposed to significant foreign currency risks.

RELIANCE EXPLORATION & PRODUCTION DMCC
Note to the financial statements for the year ended 31 December 2023

14.2.4 Interest rate risk

Interest rate risk is the risk that arises from timing difference in the maturity of Company's interest bearing assets and liabilities.

Interest rate sensitivity analysis

The sensitivity analyses below have been determined based on the exposure to interest rates for interest bearing financial instruments at the end of the reporting period. For variable rate assets, the analysis is prepared assuming the amount of liability outstanding at the end of the reporting period was outstanding for the whole year.

There is no risk of interest rate sensitivity as the interest is charged on a fixed rate.

14.2.5 Commodity price risk

The oil hedges of the company involve basic risk. The risk is managed in USD. The company has entered into contractual arrangements (derivatives) in order to manage its commodity price risk. Commodity price risk is managed on annual basis. The commodity derivatives are priced using pricing benchmarks (namely Brent).

14.3 Fair value measurements

Management considers that the fair values of financial assets and financial liabilities approximate their carrying amounts as stated in the financial statements.

15 Corporate Income Tax

On 3 October 2022, the United Arab Emirates (UAE) Ministry of Finance ("MoF") issued Federal Decree-Law No 47 of 2022 on the Taxation of Corporations and Businesses, Corporate Tax Law ("CT Law") to implement a new CT regime in the UAE. The new CT regime is applicable for accounting periods beginning on or after 1 June 2023. The Company should be subject to UAE CT Law w.e.f January 1, 2024.

The Company is currently assessing the impact of UAE CT Law on the Company regarding the Corporate tax and the Deferred taxes.

16 Comparative figures

The previous year's figures have been regrouped or reclassified wherever necessary to make them comparable to those of the current year.

17 Events after the financial position date

There were no significant events occurring after the financial position date that would have any material on the financial statements of the Company or require adjustment in the financial statements..

18 Approval of financial statements

The financial statements were approved by management and authorized for issue on April 22, 2204.