

BPRL VENTURES B.V.
Amsterdam, The Netherlands

FINANCIAL STATEMENTS
From 1 April 2009 to 31 March 2010

BPRL VENTURES B.V.
Amsterdam, The Netherlands

Balance sheet as at 31 March 2010

(after allocation of the loss for the year)

	Note	Mar 31, 2010	Mar 31, 2009
<i>(in USD)</i>			
ASSETS			
Financial fixed assets			
Investments	3	100	100
Loans & advances	4	204.452.075	166.762.500
Total financial fixed assets		<u>204.452.175</u>	<u>166.762.600</u>
Current assets			
Debtors			
Accounts receivable from group company	5	3.221	3.161
Prepaid expenses		5.063	4.531
Liquid assets			
Cash at bank		242.273	148.404
Total current assets		<u>250.557</u>	<u>156.096</u>
TOTAL ASSETS		<u>204.702.732</u>	<u>166.918.696</u>
SHAREHOLDER'S EQUITY & LIABILITIES			
Shareholder's equity			
Issued and paid-up capital	6	100.822.798	23.774
Share premium		-	63.900.000
Currency translation reserve		3.740	4.185
Other reserve			
Accumulated losses		(13.263.349)	(7.776.712)
Total shareholder's equity		<u>87.563.189</u>	<u>53.151.247</u>
Long term liabilities	7	117.090.308	107.740.821
Total Long term liabilities		<u>117.090.308</u>	<u>107.740.821</u>
Current liabilities			
Creditors			
Accounts payable to group company	8	-	391
Accounts payable to shareholder		21.124	20.736
Other creditors and accrued expenses		28.111	5.501
Total current liabilities		<u>49.235</u>	<u>26.628</u>
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES		<u>204.702.732</u>	<u>166.918.696</u>

The accompanying notes form an integral part of these Financial Statements

BPRL VENTURES B.V.
Amsterdam, The Netherlands

**Profit and loss account
for the period 1 April 2009 to 31 March 2010**

	<i>Note</i>	<i>Mar 31, 2010</i>	<i>Mar 31, 2009</i>
<i>(in USD)</i>			
Operating & financial income			
Bank interest		1.131	31
Total operating & financial income		<u>1.131</u>	<u>31</u>
Operating & financial expenses			
Interest on loan		5.186.689	2.470.423
Loan commitment fee		162.798	85.215
Agency fee and security fee		50.000	-
Management and administrative expenses		33.026	1.961
Legal and corporate expenses		50.086	289
Bank charges		4.956	1.261
Exchange result		(398)	2.089
General expenses		611	-
Total operating & financial expenses		<u>5.487.768</u>	<u>2.561.238</u>
Net profit/(loss) before tax		<u>(5.486.637)</u>	<u>(2.561.207)</u>
Taxation	9	-	-
Net profit/(loss) after tax		<u>(5.486.637)</u>	<u>(2.561.207)</u>

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

BPRL VENTURES B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

1. General

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

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

2. Summary of principal accounting policies

a. Basis of preparation

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

b. Financial fixed assets

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

c. Debtors

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

d. Cash at bank

Cash at bank is at the free and unrestricted disposal of the Company.

e. Current liabilities

All amounts payable are expected to be paid within one year after the balance sheet date.

BPRL VENTURES B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

	<i>Mar 31, 2010</i>	<i>Mar 31, 2009</i>
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(in USD)

f. Foreign currencies:

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

1 USD was at balance sheet date equal to
EUR 0.7432

g. Taxation

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

BALANCE SHEET

3. Investments

IBV Brasil Petroleo Limitada	<u>100</u>	<u>100</u>
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4. Loans & advances:

Loan to VB (Brasil) Petroleo Pvt Ltda.	<u>204.452.075</u>	<u>166.762.500</u>
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The company agreed to provide the loan facility to VB (Brasil) Petroleo Private Ltda - USD 150.000.000 USD 25.000.000, US\$ 27.750.000 and USD 147.250.000 as per the facility agreements.

As per the facility agreements, the loan is subject to an interest rate of 6m LIBOR plus 100 bps, which is due semi-annually provided the borrower makes a profit.

5. Debtors

a) Accounts receivable from group company

Amount receivable from BPRL Ventures Mozambique E.V.

Amount paid towards expenses	<u>3.221</u>	<u>3.161</u>
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b) Prepaid expenses

Pre-payment of Amick p invoices	<u>5.063</u>	<u>4.531</u>
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Total (a+b)	<u><u>8.284</u></u>	<u><u>7.692</u></u>
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BPRL VENTURES B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

(in USD)

6. Shareholder's equity

	Issued and paid-up capital	Share premium	Currency Translation reserve	Other reserve	Total as at 31 March, 2010
Balance at the beginning of the year	23,774	66,900,000	4,185	(7,776,712)	59,151,247
issued during the year	100,798,579	-	-	-	100,798,579
Transferred to share capital	-	(66,900,000)	-	-	(66,900,000)
Currency adjustment	445	-	(445)	-	-
Loss for the year	-	-	-	(5,486,637)	(5,486,637)
Balance as at 31 March	100,822,798	-	3,740	(13,263,349)	87,563,189

The authorized share capital of the Company consists of 370,677,055 shares of EUR 1 nominal value each. The issued share capital as at 31 March 2010 consists of 74,135,411 shares of EUR 1 nominal value each, all of which are fully paid.

In accordance with Article 373, paragraph 5 of Book 2 of the Dutch Civil Code the paid and called capital is translated into US Dollars at the rate of exchange ruling at the balance sheet date (EUR 1 = USD 1.3455).

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

The ultimate parent company is BPRL International B.V., established in Amsterdam, The Netherlands.

7. Long term liabilities

Amount payable to banker

	Balance as at 1 April, 2009	Additions	Repayment	Balance as at 31 March, 2010
Principa	100,000,000	4,000,000	-	104,000,000
Loan processing charges and legal charges	2,050,000	-	-	2,050,000
Loan commitment fee	204,254	162,798	-	367,052
Interest on loan	5,486,567	5,186,689	-	10,673,256
Total	107,740,821	9,349,487	-	117,090,308

The Company entered into an agreement whereby the bank made available to the company a loan facility up to a maximum amount of USD 120,000,000. The total amount drawn as at 31 March 2010 was USD 117,090,308 and USD 2,909,692 is towards payment of quarterly interest. The loan is secured by the a share pledge of 100% of the shares of the borrower as well as by an unconditional and irrevocable corporate guarantee from a group company Bharat Petroleum Corporation Ltd Mumbai, Maharashtra, India. During the year the loan is subject to an interest rate of 3 months LIBOR plus a margin of 4%. The agreement expires on 14 September 2010.

BPRL VENTURES B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

	<i>Mar 31, 2010</i>	<i>Mar 31, 2009</i>
<i>(in USD)</i>		
8. Creditors		
a) Accounts payable to group company		
Amount payable to Bharat PetroResources Ltd.	-	391
b) Accounts payable to shareholder		
Amount received towards expenses	21,124	20,736
c) Other creditors and accrued expenses		
Other creditors	2,546	-
Provision for legal and corporate expenses	17,357	-
Provision for accounting charges	4,205	3,929
Provision for tax return service charges	4,003	1,572
	<u>28,111</u>	<u>5,501</u>
Total (a+b+c)	<u>49,235</u>	<u>26,628</u>
PROFIT AND LOSS ACCOUNT		
	1 April, 2009 to 31 March, 2010 (12 months) USD	1 January, 2009 to 31 March, 2009 (3 months) USD
9. Taxation		
Dutch corporate income tax :		
- Charge for the year	<u>Nil</u>	<u>Nil</u>
10. Employees		
The average number of employees of the Company during the year was	<u>Nil</u>	<u>Nil</u>

BPRL VENTURES B.V.
Amsterdam, The Netherlands

OTHER INFORMATION

Result appropriation

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

In anticipation of a resolution being passed to that effect at the General Meeting to be held to consider and adopt the Financial Statements for the year ended 31 March 2010, the loss for the year of US Dollars 5,486,637 has been added to the Accumulated losses brought forward from previous years.

Post balance sheet events

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

BPRL VENTURES B.V.
Amsterdam, The Netherlands

FINANCIAL STATEMENTS
From 1 January 2009 to 31 March 2009

BPRL VENTURES B.V.
Amsterdam, The Netherlands

Balance sheet as at 31 March 2009

(after allocation of the loss for the period)

	Note	Mar 31, 2009	Dec 31, 2008
<i>(in USD)</i>			
ASSETS			
Financial fixed assets			
Investments	3	100	-
Loans & advances	4	166,762,500	163,350,000
Total financial fixed assets		<u>166,762,600</u>	<u>163,350,000</u>
Current assets			
Debtors			
Accounts receivable from group company	5	3,161	-
Prepaid expenses		4,531	-
Liquid assets			
Cash at bank		148,404	31,124
Total current assets		<u>156,096</u>	<u>31,124</u>
TOTAL ASSETS		<u><u>166,918,696</u></u>	<u><u>163,381,124</u></u>
SHAREHOLDER'S EQUITY & LIABILITIES			
Shareholder's equity			
Issued and paid-up capital	6	23,774	25,374
Share premium		66,900,000	63,350,000
Currency translation reserve		4,185	2,585
Other reserve			
Accumulated losses		(7,776,712)	(6,215,505)
Total shareholder's equity		<u>59,151,247</u>	<u>58,162,454</u>
Long term liabilities	7	107,740,821	105,185,183
Total Long term liabilities		<u>107,740,821</u>	<u>105,185,183</u>
Current liabilities			
Creditors			
Accounts payable to group company	8	391	427
Accounts payable to shareholder		20,736	22,132
Other creditors and accrued expenses		5,501	10,928
Total current liabilities		<u>26,628</u>	<u>33,487</u>
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES		<u><u>166,918,696</u></u>	<u><u>163,381,124</u></u>

The accompanying notes form an integral part of the Financial Statements

BPRL VENTURES B.V.
Amsterdam, The Netherlands

**Profit and loss account
for the period 1 January 2009 to 31 March 2009**

	Note	Mar 31, 2009	Dec 31, 2008
<i>(in USD)</i>			
Operating & financial income			
Bank interest		31	5.393
Total operating & financial income		<u>31</u>	<u>5.393</u>
Operating & financial expenses			
Interest on loan		2.470.423	3.016.144
Loan processing charges		-	2.000.000
Loan commitment fee		85.215	119.039
Management and administrative expenses		1.961	11.188
Legal and corporate expenses		289	71.627
Bank charges		1.261	3.422
Exchange result		2.089	(611)
General expenses		-	89
Total operating & financial expenses		<u>2.561.238</u>	<u>5.220.898</u>
Net profit/(loss) before tax		<u>(2.561.207)</u>	<u>(5.215.505)</u>
Taxation	9	-	-
Net profit/(loss) after tax		<u>(2.561.207)</u>	<u>(5.215.505)</u>

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

BPRL VENTURES B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

1. General

The Company was incorporated on 26 March 2008. The principal objective of the Company is to participate in, to administer, to finance, to conduct the management of and to render advice and services to other companies and enterprises. The statutory seat of the Company is in Amsterdam and the principal executive office of the Company is located at Strawinskylaan 1143, 1077XX Amsterdam, The Netherlands.

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

2. Summary of principal accounting policies

a. Basis of preparation

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

b. Financial fixed assets

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

c. Debtors

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

d. Cash at bank

Cash at bank is at the free and unrestricted disposal of the Company.

e. Current liabilities

All amounts payable are expected to be paid within one year after the balance sheet date.

BPRL VENTURES B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

Mar 31, 2009 *Dec 31, 2008*

(in USD)

f. Foreign currencies

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

1 USD was at balance sheet date equal to:

EUR 0.7571

BRL 2.3085

g. Taxation

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

BALANCE SHEET

3. Investments

IBV Brasil Petroleo Limitada	100	-
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4. Loans & advances

Loan to VB (Brasil) Petroleo Pvt Ltda	166.762.500	163.350.000
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The company agreed to provide a loan facility to VB (Brasil) Petroleo Private Ltda in the amount of USD 150.000.000 and USD 25.000.000 as per the facility agreements.

As per the facility agreements, the loan is subject to an interest rate of 6m LIBOR plus 100 bps, which is due semi-annually provided the borrower makes a profit.

5. Debtors

a) Accounts receivable from group company

Amount receivable from BPRL Ventures Mozambique E.V.:

Amount paid towards expenses	3.161	-
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b) Prepaid expenses

Pre-payment of Amicorp invoices	4.531	-
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Total (a+b)	<u>7.692</u>	<u>-</u>
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BPRL VENTURES B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

(in USD)

6. Shareholder's equity

	Issued and paid- up capital	Share premium	Currency Translation reserve	Other reserve	Total as at 31 March 2009
Balance at the beginning of the year	25.374	63.350.000	2.585	(5.215.505)	58.162.454
Contributed during the period	-	3.550.000	-	-	3.550.000
Currency adjustment	(1.600)	-	1.600	-	-
Loss for the period	-	-	-	(2.561.207)	(2.561.207)
Balance as at 31 March	23.774	66.900.000	4.185	(7.776.712)	59.151.247

The authorized share capital of the Company consists of 90.000 shares of EUR 1 nominal value each. The issued share capital as at 31 March 2009 consists of 18.000 shares of EUR 1 nominal value each, all of which are fully paid.

In accordance with Article 371, paragraph 5 of Book 2 of the Dutch Civil Code the paid and called capital is translated into US Dollars at the rate of exchange ruling at the balance sheet date (EUR 1 = USD 1,3208).

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

The ultimate parent company is BPRL International B.V., established in Amsterdam, The Netherlands.

7. Long term liabilities

Amount payable to banker

	Balance as at 31.12.2008	Additions	Repayment	Balance as on 31.03.2009
Principal	100.000.000	-	-	100.000.000
Loan processing charges and legal charges	2.050.000	-	-	2.050.000
Loan commitment fee	119.039	85.215	-	204.254
Interest on loan	3.016.144	2.470.423	-	5.486.567
Total	105.185.183	2.555.638	-	107.740.821

The Company entered into an agreement whereby the bank made available to the company a loan facility up to a maximum amount of USD 120.000.000. The total amount drawn as at 31 March 2009 was USD 107.740.821 and USD 12.259.179 is towards payment of quarterly interest. The loan is secured by the a share pledge of 100% of the shares of the borrower as well as by an unconditional and irrevocable corporate guarantee from a group company Bharat Petroleum Corporation Ltd, Mumbai, Maharashtra, India. During the period the loan is subject to an interest rate of 3 months LIBOR plus a margin of 4%. The agreement expires on 14 September 2010.

BPRL VENTURES B.V.
Amsterdam, The Netherlands

Notes to the Financial Statements

	<i>Mar 31, 2009</i>	<i>Dec 31, 2008</i>
<i>(in USD)</i>		
8. Creditors		
a) Accounts payable to group company		
Amount payable to Bharat PetroResources Ltd.		
Amount received towards payments to VB (Brasil) Petroleo Pvt. Ltda Brazilian Re:ais R\$ 1.000	433	427
Less: Amount paid to VB (Brasil) Petroleo Pvt. Ltda towards increase of capital	42	
	<u>391</u>	<u>427</u>
b) Accounts payable to shareholder		
Amount received towards expenses	<u>20.736</u>	<u>22.132</u>
c) Other creditors and accrued expenses		
Amount payable to Amicorp	-	3.260
Amount payable to Cheeswrights	-	1.777
Amount payable to Kamer Van Koophandel	-	19
Provision for accounting charges	3.929	4.194
Provision for tax return service charges	1.572	1.678
	<u>5.501</u>	<u>10.928</u>
Total (a+b+c)	<u><u>26.628</u></u>	<u><u>33.487</u></u>

PROFIT AND LOSS ACCOUNT

9. Taxation	2009	2008
	(3 months)	(10 months)
	USD	USD
Dutch corporate income tax:		
- charge for the period	<u>Nil</u>	<u>Nil</u>
10. Employees		
The average number of employees of the Company during the	<u>Nil</u>	<u>Nil</u>

BPRL VENTURES B.V.
Amsterdam, The Netherlands

OTHER INFORMATION

Result appropriation

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

In anticipation of a resolution being passed to that effect at the General Meeting to be held to consider and adopt the Financial Statements for the period ended 31 March 2009, the loss for the period of US Dollars 2,561,207 has been added to the Accumulated loss brought forward from previous year.

Post balance sheet events

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