BPRL VENTURES MOZAMBIQUE B.V.

Amsterdam, The Netherlands

FINANCIAL STATEMENTS

For the year ended 31 March 2011

BPRL VENTURES MOZAMBIQUE B.V.
Amsterdam, The Netherlands

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BPRL VENTURES MOZAMBIQUE B.V.
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DIRECTORS' REPORT

The Directors present the Financial Statements of BPRL Ventures Mozambique B.V. ("the Company") for the financial year ended 31 March 2011.

Activities

In accordance with Article 2 of its Articles of Association 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.

Result for the year

The loss for the year amounts to US Dollars 4.602.498, which the Directors have added to the Accumulated losses brought forward from previous years.

Future developments

The Directors expect to increase the investment in oil & natural gas activities in the coming year.

Amsterdam,

Amicorp Netherlands B.V.	**Vedam Srinivasan**

BPRL VENTURES MOZAMBIQUE B.V.
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Balance sheet as at 31 March 2011
(after allocation of the loss for the year)

	Note	*31 Mar. 2011*	*31 Mar. 2010*
(in USD)			
ASSETS			
Intangible fixed assets	3	80.651.122	20.149.491
Total intangible fixed assets		80.651.122	20.149.491
Current assets			
Accounts receivable	4	15.887.853	15.358.323
Liquid assets	5		
Cash at bank		5.388	23.295
Total current assets		15.893.241	15.381.618
TOTAL ASSETS		**96.544.363**	**35.531.109**
SHAREHOLDER'S EQUITY & LIABILITIES			
Shareholder's equity	6		
Issued and paid-up capital		108.374.578	41.162.986
Currency translation reserve		(839.013)	771.771
Other reserve			
Accumulated losses		(11.066.515)	(6.464.017)
Total shareholder's equity		96.469.050	35.470.740
Current liabilities			
Creditors	7	75.313	60.369
Total current liabilities		75.313	60.369
TOTAL SHAREHOLDER'S EQUITY & LIABILITIES		**96.544.363**	**35.531.109**

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

BPRL VENTURES MOZAMBIQUE B.V.
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Profit and loss account for the year ended 31 March 2011

	Note	*31 Mar. 2011*	*31 Mar. 2010*
(in USD)			
Operating & financial income			
Interest income		-	62
Total operating & financial income		-	62
Operating & financial expenses			
Geological and Geophysical costs		881.285	1.730.211
EPC commitments		647.063	1.220.652
Insurance on assets risk		238.984	159.125
General and administrative expenses		2.578.960	3.139.153
Management and administrative expenses		14.414	22.232
Legal and corporate expenses		237.220	151.117
Bank charges		3.858	5.005
General expenses		-	1.660
Exchange differences		714	(649)
Total operating & financial expenses		4.602.498	6.428.506
Net profit/(loss) before tax		**(4.602.498)**	**(6.428.444)**
Taxation	8	-	-
Net profit/(loss) after tax		**(4.602.498)**	**(6.428.444)**

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

BPRL VENTURES MOZAMBIQUE B.V.
Amsterdam, The Netherlands

Cash Flow Statement for the year ended 31 March 2011

	Note	31 Mar. 2011	31 Mar. 2010
(in USD)			
Operating activities			
Loss before tax		(4.602.498)	(6.428.444)
Operating profit/(loss) before working capital changes		(4.602.498)	(6.428.444)
Changes in working capital			
Decrease / (increase) in current assets		(529.530)	(10.464.043)
(Decrease) / increase in current liabilities		14.944	34.169
Cash generated from/(used in) operating activities		**(5.117.084)**	**(16.858.318)**
Investing activities			
Capital work-in-progress		(60.501.631)	(20.149.491)
Cash generated from/(used in) investing activities		**(60.501.631)**	**(20.149.491)**
Financing activities			
Net issue of shares		65.600.808	36.985.935
Cash generated from/(used in) financing activities		**65.600.808**	**36.985.935**
Net increase/(decrease) in cash and cash equivalents		(17.907)	(21.874)
Cash and cash equivalents at the beginning of the year		23.295	45.169
Cash and cash equivalents at the end of the year	5	**5.388**	**23.295**

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

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.

Book year

In accordance with Article 14 of its Articles of Association the financial year of the Company runs from the first day of April to thirty first day of March of the following calender year.

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 convention. Assets and liabilities are valued at face value, unless indicated otherwise.

b. Oil & natural gas accounting

The Company follows the principles of the successful efforts method of accounting for its oil and natural gas exploration and production activities. Accordingly, all costs that lead to discovery, acquisition and development of specific oil and gas reserves are capitalised. When the outcome of the costs is unknown at the time they occur, they are recorded as capital work-in-progress.

All costs that do not lead to discovery, acquisition and exploration of oil and gas reserves are charged as expenses in the year of occurrence. Once a project is sanctioned for development, the carrying value is transferred within property, plant and equipment. The capitalized exploration and development costs for proved oil and natural gas reserves (including the costs of drilling unsuccessful appraisal and development wells) are amortized on the basis of unit of production method.

c. Impairment of assets

The Company assesses at each reporting date whether there is an indication that an asset may be impaired. If any such indication exists, or when annual impairment assessment for an asset is required, the Company makes an estimate of the asset’s recoverable amount.

Impairment of assets (continued)

An asset's recoverable amount is the higher of an asset's or cash-generating unit's fair value less costs to sell and its value in use and is determined for an individual asset, unless the asset does not generate cash inflows that are largely independent of those from other assets. In assessing value in use, the estimated future cash flows expected to be generated by the asset are discounted to their present value. Where the carrying amount of an asset exceeds its recoverable amount, the asset is written down to its recoverable amount.

Impairment losses are recognised in the profit and loss account except for assets that are previously revalued where the revaluation was taken to equity. In this case the impairment is also recognised in equity up to the amount of any previous revaluation.

d. Accounts receivable

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

e. Cash at bank

Cash at bank are stated at nominal value and are at the free and unrestricted disposal of the Company.

f. Current liabilities

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

g. 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 0,7093 (31 March 2011)
EUR 0,7432 (31 March 2010)

h. 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 management, against future taxable profits.

Notes to the Financial Statements

	31 Mar. 2011	*31 Mar. 2010*
(in USD)		
BALANCE SHEET		
3. Intangible fixed assets		
Capital work-in-progress		
Balance at the beginning of the year	20.149.491	-
Addition during the year	60.501.631	20.149.491
Balance at the end of the year	80.651.122	20.149.491

The Company has 10% participating interest in exploration and production concession contract signed by Anadarko Mozambique Area 1 Limitada with Empresa Nacional de Hidrocarbonetos E.P. and the Government of Mozambique.

The Company records for its intangible fixed assets based on the billing statements received from the operator. The billing statements upto 31 December 2010 have been used for the purpose of reporting the share of costs of the Company.

As per the obligations contained in Exploration & Production Concession Contract (EPCC) entered with Mozambique Government, BPRL Ventures Mozambique B.V. is taking over its proportionate share of the EMPRESA NACIONAL DE HIDROCARBONETOS, E.P.(ENH) carry of 1,765%. The Carry shall be limited to all costs incurred by the concessionaire in discharging its obligations under this EPC, up to and including the date upon which the first development plan has been approved.

From the date of commencement of commercial production, ENH shall reimburse in full the Carry in cash or in kind. All Carry amount owed by ENH up to approval of the first development plan shall be subject to payment of interest compounded quarterly calculated at the 3 months LIBOR plus one percentage point. However if there is no commercial success no such reimbursement will be applicable.

As per the Joint Operating Agreement (JOA) entered between consortium members, members are required to pay their committed share of expenditure incurred by the operator. The amount of expenditure and period depends on the level of activities. The estimated obligation of the company from the JOA for the period 1 April 2011 to 31 March 2012 is US Dollars 77 Million.

4. Accounts receivable

a) Advances

Advance paid to Anadarko Mozambique Area1, Limitada	15.808.350	15.353.260

The Company has 10% participating interest in exploration and production concession contract signed by Anadarko Mozambique Area 1 Limitada with Empresa Nacional de Hidrocarbonetos E.P. and the Government of Mozambique.

The Billing statements of the jointly controlled assets for the period ending 31st March 2011 are not available as at the date of finalisation of the accounts. These amounts are allocated between capital work-in-progress and expenses once the billing statements are received from the operator. If the allocation of the advances was available before finalizing this annual report, the allocation would have had consequences for the result of this year and also for the group's equity.

Notes to the Financial Statements

	31 Mar. 2011	*31 Mar. 2010*
(in USD)		
b) Prepaid expenses		
Pre-payment of Amicorp invoice	-	5.063
Pre-payment of Global Alliance Seguros Insurance invoice	79.503	-
	79.503	5.063
Total (a+b)	15.887.853	15.358.323
5. Liquid assets		
BNP Paribas - USD	2.575	15.163
BNP Paribas - EUR	2.813	8.132
	5.388	23.295

6. Shareholder's equity

	Issued and paid-up capital	**Issued and paid-up capital**	**Currency translation reserve**	**Other reserve**	**Total as at 31 March 2011**
	EUR	**USD**	**USD**	**USD**	**USD**
Balance at the beginning of the year	30.593.078	41.930.376	4.381	(6.464.017)	35.470.740
Currency translation adjustment at the beginning of the year	-	(767.390)	767.390	-	-
Adjusted opening balance	30.593.078	41.162.986	771.771	(6.464.017)	35.470.740
Issued during the year	46.279.229	65.600.808	-	-	65.600.808
Currency translation adjustment	-	1.610.784	(1.610.784)	-	-
Loss for the year	-	-	-	(4.602.498)	(4.602.498)
Balance as at 31 March	76.872.307	108.374.578	(839.013)	(11.066.515)	96.469.050

The authorized share capital of the Company consists of 152.965.393 shares of EUR 1 nominal value each. The issued share capital as at 31 March 2011 consists of 76.872.307 shares of EUR 1 nominal value each, all of which are fully paid (2010: 30.593.078 shares).

In accordance with Article 373, paragraph 5 of Book 2 of the Dutch Civil Code the paid and called capital is translated into US Dollars at the rate of exchange ruling at the balance sheet date (EUR 1 = USD 1,4098 on 31 March 2011 and USD 1,3455 on 31 March 2010).

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.

Notes to the Financial Statements

	31 Mar. 2011	*31 Mar. 2010*
(in USD)		
7. Creditors		
a) Accounts payable to shareholder		
Amount payable to BPRL International B.V.	25.528	19.466
b) Accounts payable to group company		
Amount payable to BPRL Ventures B.V.	3.375	3.221
c) Other creditors and provisions		
Other creditors	20.528	4.740
Provision for consultancy expenses	17.670	17.670
Provision for management fee	1.234	-
Provision for chamber of commerce fee	53	-
Provision for legal and corporate expenses	1.991	8.746
Provision for accounting charges	4.934	2.523
Provision for tax return service charges	-	4.003
	46.410	37.682
Total (a+b+c)	75.313	60.369
PROFIT AND LOSS ACCOUNT		
8. Taxation		
Dutch corporate income tax charge for the year	**Nil**	**Nil**
9. Employees		
The average number of employees of the Company during the year was	**Nil**	**Nil**

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 2011, the loss for the year of US Dollars 4.602.498 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.