OIL INDIA INTERNATIONAL B.V.

Amsterdam, the Netherlands

Reporting Package as at
31 March 2022

Statutory seat	: Amsterdam, the Netherlands
File number	: 60.60.57.31

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Management Board's statement

Disclaimer

This is a non-audited Reporting Package of the Company for the financial year ended 31 March 2022, based on IFRS principles, which has been prepared for internal use of Oil India Ltd. for consolidation of Financial Statements only.

Due to the significance of the matters described in the below "Basis for disclaimer", we have not been able to obtain sufficient appropriate evidence to present Reporting package which give a true and fair view of the financial position of Oil India International B.V. as at 31 March 2022 and of its result for the year then ended in accordance with Part 9 of Book 2 of the Dutch Civil Code.

The Reporting Package comprises of:

1. The balance sheet as at 31 March 2022;
2. The profit and loss account for the year ended 31 March 2022; and
3. Notes.

Basis for our disclaimer

Due to its negative value, the Company's investment in its participation WorldAce Investments Ltd has already been impaired to USD 1.00 on the balance sheet. This reporting package has been prepared based on draft financial statements of WorldAce Investments Ltd. as at 31 December 2021 and estimated interim financial statements for the quarter ended 31 March 2022.

Furthermore, the Company is involved, since December 2020, in a dispute with its joint-venture partner Petroneft Resources Plc regarding the funding and financing of the indirect investment in Russia (M/s Stimul-T LLC) through WorldAce Investments Limited. Oil India Limited (OIL, the ultimate parent) has informed its position to Petroneft that until and unless the loan imbalances are resolved, no further funding will be done by OIL through its subsidiary Oil India International B.V.

As a result, we have been unable to determine whether any adjustments were necessary in respect of the valuation of the loans and interest due by WorldAce Investments Ltd. to the Company at the signing date of this Reporting Package.

Impact of Russia-Ukraine War in Licence – 61

Oil India Limited acquired 50% of the shares in WorldAce Investments Ltd, located in Cyprus, from Petroneft through its wholly-owned subsidiary, Oil India International BV. WorldAce Investments Ltd directly owns M/s Stimul T LLC, which is a Russian corporation and holds the license of Block Licence-61 in the Tomsk Region of Russia.

Several countries have imposed financial and non – financial sanctions against Russia restricting their economic, financial, and trading activities. Russia has also taken similar steps in relation to restrictions on the divestment of assets in Russia by foreign companies.

As of now, there is no impact on the oil production of Licence -61. However, the possibility of future impact on oil production cannot be ruled out due to anticipated difficulties in procurement activities of Russian Projects. So far, the sanctions have not been applied to the export of energy resources from Russia.

Due to increase in the exchange rate and crude oil prices, it is expected that Mineral Extraction Taxes (MET) will also increase. Also, due to the freezing of Russian Government assets in certain European countries and the US, there may be some changes in the domestic tax regime of Russia.

Petroneft has indicated that due to the increase in MET and the increase in Imperial Transportation Tariff, it will be challenging to manage the financial performance of Licence-61. The sanctions have also been imposed on two banks (Otkrytie and Promsvyazbank) in respect of Licence-61 affecting the realization of revenue for January 2022 oil export leading to delay in MET payment. Petroneft is now trying to resolve this by moving accounts to another bank, but the list of sanctioned banks keeps expanding, so it might turn out to be only a temporary solution.

The Central bank of Russia's interest rate has gone up substantially. This, combined with sanctions on Russia's largest banks, also makes impossible any bank financing at least in the near term, particularly for Licence-61. This is a significant risk in the project.

Managing Directors:
Mr. B. Lahkar
(Director B)

Mrs. A.B.M. Appelman
(Director A)

Mr. S. Choudhuri
(Director B)

Mr. T.J. van Rijn
(Director A)

Amsterdam, 02 May 2022

OIL INDIA INTERNATIONAL B.V.

Statement of financial position as at 31 March 2022

(before appropriation of the result and expressed in USD)

	Notes	31 March 2022	31 March 2021
NON-CURRENT ASSETS			
Interest due from joint venture	6	22,863,538	20,085,643
Investment in joint venture	5	1	1
		22,863,539	20,085,644
CURRENT ASSETS			
Loans due from joint venture	6	11,212,580	15,628,128
Interest due from joint venture	6	8,365,524	6,994,675
Trade and other receivables		8,110	10,428
Cash at bank		20,349	63,532
		19,606,563	22,696,762
CURRENT LIABILITIES			
Loans due to shareholder	7	13,200,000	13,200,000
Interest due to shareholder	7	8,110,158	6,785,509
Preliminary tax		-	-
Trade and other payables		42,199	130,406
		21,352,358	20,115,915
NET CURRENT ASSETS/(LIABILITIES)		(1,745,795)	2,580,847
TOTAL ASSETS LESS CURRENT LIABILITIES		21,117,745	22,666,491
LONG TERM LIABILITIES			
Loans due to shareholder	7	45,000,000	45,000,000
Interest due to shareholder	7	21,747,521	19,127,125
TOTAL LONG TERM LIABILITIES		66,747,521	64,127,125
		(45,629,776)	**(41,460,635)**
CAPITAL AND RESERVES			
Issued and paid-up capital	8	32,683,905	34,322,068
Share premium reserve	8	1	1
Currency translation reserve	8	3,451,353	1,612,235
Retained earnings	8	(77,394,939)	(73,289,466)
Result for the year	8	(4,370,097)	(4,105,473)
		(45,629,776)	**(41,460,635)**

The accompanying notes form part of these accounts

OIL INDIA INTERNATIONAL B.V.

Statement of profit or loss and other comprehensive income for the period ended 31 March 2022

(expressed in USD)

	Notes	01/04/2021 - 31/03/2022	01/04/2020 - 31/03/2021
FINANCIAL INCOME/(EXPENSES)			
Interest income on loan	6	4,148,745	4,368,601
Interest expense on loan	7	(3,945,045)	(4,164,901)
Foreign exchange result		(2,467)	(50,144)
Share of profit of joint venture		(4,415,548)	(4,061,623)
		(4,214,314)	(3,908,067)
OTHER EXPENSES			
General and administrative expenses		154,705	196,779
OPERATING RESULT BEFORE TAXATION		(4,369,019)	(4,104,846)
TAXATION			
Corporate income tax		1,077	627
RESULT FOR THE YEAR		**(4,370,097)**	**(4,105,473)**

	01/04/2021 - 31/03/2022	01/04/2020 - 31/03/2021
RESULT FOR THE YEAR	**(4,370,097)**	**(4,105,473)**
Other comprehensive income to be reclassified to profit or loss in subsequent years	-	-
Foreign exchange result	-	-
Total comprehensive profit/(loss) for the year	**(4,370,097)**	**(4,105,473)**

The accompanying notes form part of these accounts

OIL INDIA INTERNATIONAL B.V.

Notes to the Reporting Package as at 31 March 2022

1. General

The Company is a limited liability company. The registered and actual address of the Company is Herikerbergweg 238, 1101 CM Amsterdam, the Netherlands. The Company is a wholly owned subsidiary of Oil India ltd., India. The Company is registered at the trade register under number 60605731.

The principal activities of the Company are to act as a holding and financing company.

The financial year 2021/2022 covers the period from 1 April 2021 till 31 March 2022.

In view of the international operations of the Group, the reporting package has been drawn up in US dollar, the Company's functional currency.

2. Basis of preparation

a) Statement of compliance

The accompanying reporting package have been prepared in accordance with International Financial Reporting Standards adopted by the European Union ("EU-IFRS"), IFRIC interpretations, in accordance with Part 9 of Book 2 of the Dutch Civil Code.

b) Basis of measurement

The reporting package have been prepared using the equity method of accounting unless specifically mentioned in the notes.

The principal accounting policies applied in the preparation of these reporting package are set out below. These policies have been consistently applied to all these as presented, unless otherwise stated.

An asset is disclosed in the balance sheet when it is probable that the expected future economic benefits that are attributable to the asset will flow to the entity and the cost of the asset can be measured reliably. A liability is disclosed in the balance sheet when it is expected to result in an outflow from the entity of resources embodying economic benefits and the amount of the obligation can be measured with sufficient reliability.

Income and expenses are accounted for in the period to which they relate. Profit is only included when realised on balance sheet date. Losses are recognised when realised or foreseen.

Notes to the reporting package as at 31 March 2022

2. Basis of preparation (cont'd)

c) Going concern

There is a potential material uncertainty regarding the going concern. This is based upon the negative Shareholder's equity of the Company as well as of its subsidiary, WorldAce and the breach of loan covenants. The Company has net assets of USD 21,117,745 and USD 58,200,000 in loans due to its shareholder. The shareholder has agreed not to seek repayments of these loans for the foreseeable future. Also, the shareholder has indicated its willingness to provide further funding up to 30 June 2023.

In 2018, WorldAce appointed a financial adviser to explore the market to ascertain the possibility of a potential sale of all or part of WorldAce's assets. That process is ongoing and is expected to continue during 2022/2023.

The positive developments related to Coronavirus vaccine rollout has reduced the possibility of negative impact for the Company and its investments. Therefore, it is unlikely that Coronavirus will lead to further disruptions in the operations of the Company's investment.

On this basis, the Directors believe it is appropriate to prepare the reporting package on a going concern basis.

d) Foreign currency translation

All monetary assets and liabilities expressed in currencies other than USD have been translated at the rates of exchange prevailing at the balance sheet date, whereas non-monetary assets expressed in currencies other than USD are translated at historical rates. All transactions in foreign currencies have been translated into USD at the rates of exchange approximating those ruling at the date of the transactions. Resulting exchange differences have been recognised in the Profit and loss account except for the exchange differences arising from translation of share capital denominated in EUR, which are booked in the currency translation reserve.

The following exchange rate has been applied as at 31 March 2022:
USD 1 = EUR 0.90082 (31 March 2021: USD 1 = EUR 0.85288).

e) Critical accounting judgments

The preparation of the reporting package requires management to make judgements, estimates and assumptions that affect the reported amounts in the reporting package. Management

***e) Critical accounting judgments* (cont'd)**

continually evaluates its judgements and estimates in relation to assets, liabilities, contingent liabilities, revenue and expenses. Management bases its judgements, estimates and assumptions on historical experience and on other various factors, including expectations of future events, management believes to be reasonable under the circumstances. The resulting accounting judgements and estimates will seldom equal the related actual results. The judgements, estimates and assumptions that have a significant risk of causing a material adjustment to the carrying amounts of assets and liabilities (refer to the respective notes) within the next financial year are discussed below.

Fair value measurement hierarchy

The company is required to classify all assets and liabilities, measured at fair value, using a three level hierarchy, based on the lowest level of input that is significant to the entire fair value measurement, being: Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities that the entity can access at the measurement date; Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and Level 3: Unobservable inputs for the asset or liability. Considerable judgement is required to determine what is significant to fair value and therefore which category the asset or liability is placed in can be subjective.

The fair value of assets and liabilities classified as level 3 is determined using valuation models. These include discounted cash flow analysis or the use of observable inputs that require significant adjustments based on unobservable inputs.

Impairment of non-financial assets other than goodwill and other indefinite life intangible assets

The company assesses impairment of non-financial assets other than goodwill and other indefinite life intangible assets at each reporting date by evaluating conditions specific to the company and to the particular asset that may lead to impairment.

If an impairment trigger exists, the recoverable amount of the asset is determined. This involves fair value less costs of disposal or value-in-use calculations, which incorporate several key estimates and assumptions.

3. Significant accounting policies

a) Financial fixed assets

Investments in joint venture

A joint venture is a joint arrangement whereby the parties that have joint control of the arrangement have rights to the net assets of the joint arrangement. Joint control is the contractually agreed sharing of control of an arrangement, which exists only when decisions about the relevant activities require unanimous consent of the parties sharing control.

3. Significant accounting policies (cont'd)

a) Financial fixed assets (cont'd)

The results and assets and liabilities of the joint venture are incorporated in this Reporting Package using the equity method of accounting. Under the equity method, an investment in a joint venture is initially recognized in the statement of financial position at cost and adjusted thereafter to recognize the Company's share of the profit or loss and other comprehensive income of the joint venture. When the Company's share of losses of a joint venture exceeds the Company's interest in that joint venture (which includes any long-term interests that, in substance, form part of the Company's net investment in the joint venture), the Company discontinues recognizing its share of further losses. Additional losses are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the joint venture.

An investment in a joint venture is accounted for using the equity method from the date on which the investee becomes a joint venture. On acquisition of the investment in a joint venture, any excess of the cost of the investment over the Company's share of the net fair value of the identifiable assets and liabilities of the investee is recognized as goodwill. Any excess of the Company's share of the net fair value of the identifiable assets and liabilities over the cost of the investment, after reassessment, is recognized immediately in profit or loss in the period in which the investment is acquired.

b) Financial instruments

Long-term assets and liabilities are initially measured at fair value, which includes attributable transaction costs. Subsequent to initial measurement, the long-term assets and liabilities are stated at amortised cost using the effective interest method.

c) Trade and other receivables

Trade and other receivables are recognized and carried at the lower of their original face value and their recoverable amount. A provision is made where the estimated recoverable amount is lower than the carrying amount. Given the short-term maturity of these financial assets their book value is deemed to approximate their fair value.

d) Cash and cash equivalents

Cash and cash equivalents include cash at hand, bank balances and deposits held at call. Bank overdrafts, if any, are shown within borrowings in current liabilities on the balance sheet. Cash and cash equivalents are stated at face value.

3. Significant accounting policies (cont'd)

e) Trade accounts payable

Accounts payable are classified as current liabilities if payment is due within one year or less. Trade payables are recognized at fair value and subsequently measured and amortized using the effective interest method. Given the short-term maturity of these trade accounts payable their book value is deemed to approximate their fair value.

f) Determination of income

Dividends will be recognised when declared.
Other income and expenses are recognised in the year to which they are related. Profit is only recognised when realised on balance sheet date. Losses originating before the end of the financial year are taken into account if they become known before preparation of the reporting package.

g) Corporation tax

Corporation tax is calculated at the applicable tax rates based on the result before taxation shown in the Profit and loss account and taking into account tax allowances and tax adjustments. Deferred tax assets arising from tax loss carry forwards are only recognised if recovery is reasonably certain.

h) Capital risk management

The Company's objectives when managing capital is to safeguard its ability to continue as a going concern, so that it can provide returns for shareholders and benefits for other stakeholders and to maintain an optimum capital structure to reduce the cost of capital.
Capital is regarded as total equity, as recognised in the statement of financial position, plus net debt. Net debt is calculated as total borrowings less cash and cash equivalents.
In order to maintain or adjust the capital structure, the Company may adjust the amount of dividends paid to shareholders, return capital to shareholders, issue new shares or sell assets to reduce debt.
The Company is subject to certain financing arrangements covenants and meeting these is given priority in all capital risk management decisions. There have been no events of default on the financing arrangements during the financial year.
The capital risk management policy remains unchanged from the reporting package at 31 March 2022.

4. Financial risk management

The Company is to a certain level exposed to the following risk:

Currency risk

Currency risk is the risk that fluctuations in the prevailing foreign currency exchange rates will affect the Company's financial position and cash flows. The Company does run limited currency risk, due to invoices in euros from its local suppliers.

Interest rate risk

Interest rate risk is the risk that fluctuations in the prevailing levels of market interest rates will affect the Company's financial position and cash flows. The Company does not run any interest rate risk on the loans as the floating base interests used are the same on both paid and received interest within the loan agreements.

Credit risk

Credit risk is the risk that a counterpart will be unable to pay amounts in full when due. Management assesses the credit quality of the party, taking into account its financial position, past experience and other factors. Standard contracts for oil sales include advanced payment terms and collections are monitored vigorously. As the Company does not have any trade receivables outstanding from third parties, this risk is minimal.

Liquidity risk

Vigilant liquidity risk management requires the company to maintain sufficient liquid assets (mainly cash and cash equivalents) and available borrowing facilities to be able to pay debts as and when they become due and payable. The Company manages liquidity risk by maintaining adequate cash reserves and available borrowing facilities by continuously monitoring actual and forecast cash flows and matching the maturity profiles of financial assets and liabilities.

5. Investment in joint venture

On 3 July 2014, the Company acquired 50% of the shares of WorldAce.

Details of the joint venture at year end are as follows.

Name of joint venture	Principal activity	Registered office	Proportion of ownership interest
WorldAce Investments Limited	Oil and gas exploration	Cyprus	50%

The financial year-end date of WorldAce is 31 December, because it is practically impossible to change the financial year-end due to local regulations. However, for the purposes of applying the equity method of accounting, Management would make use of audited financial statements as per 31 December 2021. This method could not be applied as audited financial statements of WorldAce Investments Ltd., as at 31 December 2021, have not yet been made available at the signing date of this Reporting Package.

Summarized financial information in respect to WorldAce's financial performance in the joint venture's reporting package prepared with IFRS could not be prepared as the audited financial statements of WorldAce as at 31 December 2021, have not yet been made available at the signing date of this Reporting Package.

6 Loans and interest due from joint venture

On 3 July 2014, the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 45,000,000 with WorldAce. As per balance sheet date the amount withdrawn under this agreement amounted to USD 45,000,000. Interest is payable at an interest rate of 6% + 3M LIBOR. The loan shall be repaid in full on or before 31 December 2025 , as agreed on 24 March 2017. Part of this loan has been reported as doubtful debts due to the realized loss of WorldAce.

On 21 March 2016 the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 10,000,000 with WorldAce. As per balance sheet date the amount withdrawn under this agreement amounted to USD 10,000,000. Interest is payable at an interest rate of 9% +3M LIBOR. According to the Facility Agreement the loan should have been repaid in full on or before 31 March 2021. At the signing of the Reporting package, the repayment has not taken place and the repayment term has not been extended.

6 Loans and interest due from joint venture (cont'd)

On 24 March 2017 the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 4,000,000 with WorldAce. As per balance sheet date the amount withdrawn under this agreement amounted to USD 3,200,000. Interest is payable at an interest rate of 9% + 3M LIBOR for interest accrued for the period to 31 December 2017. As long as the interest for the period to 31 December 2018 has not been paid by WorldAce, the interest on the amount withdrawn will be 14% + 3M LIBOR as from 1 January 2018. As per balance sheet date WorldAce did not pay the interest calculated on the period till 31 December 2017 nor the total amount of principal outstanding that exceeds USD 2,000,000. According to the Facility Agreement the loan should have been repaid in full on or before 31 March 2021. At the signing of the Reporting package, the repayment has not taken place and the repayment term has not been extended.

Following clause 7.2b of the Facility Agreements, considering that the value of the assets of WorldAce are less than its liabilities, the Company has decided not to recall the provided loans and accumulated interest until at least 12 months after balance sheet date.

The movements in loan due from WorldAce could not be prepared as the audited financial statements of WorldAce , as at 31 December 2021, have not yet been made available at the signing date of this Reporting Package.

7 Loans and interest due to shareholder

On 1 July 2014, the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 45,000,000 with its shareholder Oil India Ltd. As per balance sheet date the amount withdrawn under this agreement amounted to USD 45,000,000. Interest is payable at an interest rate of 5.65% + 3M LIBOR. The loan shall be repaid in full on or before 31 December 2025.

On 21 March 2016 the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 10,000,000 with Oil India Ltd. As per balance sheet date the amount withdrawn under this agreement amounted to USD 5,000,000. Interest is payable at an interest rate of 8.65% + 3M LIBOR. The loan should have been repaid in full on or before 7 April 2021. At the signing of the Reporting package, the repayment has not taken place and the repayment term has not been extended.

7 Loans and interest due to shareholder (cont'd)

On 24 March 2017 the Company entered into an interest-bearing Facility Agreement in the amount of ultimately USD 4,000,000 with its shareholder Oil India Ltd. As per balance sheet date the amount withdrawn under this agreement amounted to USD 3,200,000. Interest is payable at an interest rate of 8.65% + 3M LIBOR for interest accrued for the period to 31 December 2017. As long as the interest for the period to 31 December 2018 has not been paid by the Company, the interest on the amount withdrawn will be 13.65% + 3M LIBOR as from 1 January 2018. As per balance sheet date the Company did not pay the interest calculated on the period till 31 December 2017 nor the total amount of principal outstanding that exceeds USD 2,000,000. The loan should have been repaid in full on or before 7 April 2021. At the signing of the Reporting package, the repayment has not taken place and the repayment term has not been extended.

Following clause 7.2b of the Facility Agreements, considering that the value of the assets of the Company are less than its liabilities, the shareholder has decided not to recall the provided loans and accumulated interest until at least 12 months after balance sheet date.

8 Capital and reserves

On 19 September 2021 the Company issued 169,754 new shares with a nominal value of 1 EUR each. These new shares were fully paid in by the conversion into share capital of the share premium together with the intercompany to the shareholder. The total amount involved was EUR 169,754/ USD 200,955.

The issued and paid up share capital consists of 29,442,307 shares (31 March 2021: 29,272,553) of EUR 1 each, amounting to EUR 29,442,307/ USD 32,683,905 at 31 March 2022 (31 March 2021: EUR 29,272,553/ USD 34,322,068).

8 Capital and reserves (cont'd)

The movements in capital and reserves can be summarised as follows:

	01/04/2021-31/03/2022 USD	01/04/2020-31/03/2021 USD
Issued and paid-up capital		
At the begin of the year	34,322,068	31,571,624
Issuance of share capital	200,955	557,865
Result on change functional currency	-	-
Exchange result	(1,839,118)	2,192,579
Balance at the end of the year	32,683,905	34,322,068
Currency translation reserve		
At the beginning of the year	1,612,235	3,804,814
Exchange result	1,839,118	(2,192,579)
Balance at the end of the year	3,451,353	1,612,235
Share premium reserve		
At the beginning of the year	1	361,987
Additions	202,974	171,676
Conversion to share capital	(200,955)	(557,865)
Exchange result	(2,019)	24,203
Conversion to share capital	-	-
Balance at the end of the year	1	1
Accumulated deficit		
At the begin of the year	(73,289,466)	(58,654,343)
Result on change functional currency	-	-
Appropriation of result previous period	(4,105,473)	(14,635,123)
Balance at the end of the year	(77,394,939)	(73,289,466)
Result for the year	(4,370,097)	(4,105,473)
Total capital and reserves	**(45,629,776)**	**(41,460,635)**