INDOIL GLOBAL B.V.

Amsterdam, The Netherlands

CONSOLIDATED FINANCIAL STATEMENTS

For the year ended March 31, 2018

Statutory seat	: Amsterdam, The Netherlands
Commercial Register	: Amsterdam, The Netherlands
File number	: 60.09.29.39

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INDOIL GLOBAL B.V.
Amsterdam, The Netherlands

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INDOIL GLOBAL B.V.
Amsterdam, The Netherlands

Consolidated Statement of Financial Position as at March 31, 2018
(before appropriation of result for the period)

	Notes	*31-Mar-2018*	*31-Mar-2017*
(in CAD)			
ASSETS			
Current Assets			
Cash and cash equivalents	6	7,915,556	22,853,573
Accounts receivable		22,088	30,600
Cash call receivable		10,434,409	10,720,278
Prepaid Expenses		21,503	36,567
Total Current Assets		**18,393,556**	**33,641,018**
Non Current Assets			
Investment in PNW LNG LP	9	-	42,932,563
Investment in PNW LNG Ltd.	9	-	100,000
Investment in Falcon Oil & Gas BV	9	236,423,554	-
Exploration and Evaluation assets	10	661,448,309	665,363,449
Property, Plant and Equipment	11	740,134,136	766,852,607
Total Non Current Assets		**1,638,005,999**	**1,475,248,619**
TOTAL ASSETS		**1,656,399,555**	**1,508,889,637**
LIABILITIES & EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities	7	13,609,174	9,985,350
Contingent consideration	9	-	90,000,000
Total Current Liabilities		**13,609,174**	**99,985,350**
Non Current liabilities			
Long term loan	13	411,669,834	409,187,834
Decommissioning liability	14	31,417,494	32,182,731
Total Non Current Liabilities		**443,087,328**	**441,370,565**
TOTAL LIABILITIES		**456,696,502**	**541,355,915**
Shareholder's Equity			
Share Capital	15	1,116,302,435	1,116,302,435
Share Premium		295,313,387	77,585
Foreign currency translation reserve		1,151,852	-
Accumulated result		(148,846,298)	(116,296,232)
Result for the period		(64,218,323)	(32,550,066)
Total equity		**1,199,703,053**	**967,533,722**
TOTAL EQUITY & LIABILITIES		**1,656,399,555**	**1,508,889,637**

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INDOIL GLOBAL B.V.
Amsterdam, The Netherlands

Consolidated Statement of Comprehensive Income for the year ended March 31, 2018

	Notes	*01-Apr-2017 to 31-March-2018*	*01-Apr-2016 to 31-Mar-2017*
(in CAD)			
REVENUE			
Petroleum and natural gas sales	18b	44,893,990	58,393,355
Royalties		(1,131,469)	(1,963,974)
Other Income		223,382	116,050
TOTAL REVENUE		**43,985,903**	**56,545,431**
EXPENSES			
Operating	8	(20,657,379)	(21,652,643)
Transportation	8	(19,355,783)	(13,313,186)
General and administration	8	(1,789,987)	(1,970,223)
Depletion, depreciation, amortization and impairment	11	(38,186,557)	(41,116,150)
Interest expense	13	(9,927,452)	(8,013,009)
Financing expense	13	(3,583,062)	(3,872,241)
PRGT Expenses	8	(60,379,316)	-
Accretion of decommissioning liability	14	(764,216)	(708,154)
Gain/(Loss) on contingent consideration	8	90,000,000	-
Gain/(Loss) on disposition of assets	10	(485,999)	1,550,109
TOTAL EXPENSES		**(65,129,751)**	**(89,095,497)**
OTHER INCOME /(LOSSES)			
Gain/(Loss) of investment	8	(44,142,452)	-
Share in result of joint venture	9	1,067,977	
NET PROFIT/(LOSS) BEFORE TAX EXPENSE		**(64,218,323)**	**(32,550,066)**
TAX EXPENSE			
Deferred income tax expense/(recovery)	16	-	-
NET INCOME/(LOSS) AFTER TAX		**(64,218,323)**	**(32,550,066)**
OTHER COMPREHENSIVE INCOME			
Items that may be reclassified subsequently to profit or loss:			
Foreign Currency Translation	9	1,151,852	-
TOTAL COMPREHENSIVE INCOME, NET OF TAX		**(63,066,471)**	**(32,550,066)**

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INDOIL GLOBAL B.V.
Amsterdam, The Netherlands

Consolidated Statement of Changes in Equity as at March 31, 2018

(in CAD)

	Share Capital	Share Premium	Foreign currency Translation Reserve	Accumulated profit/(loss)	Result for the year	Total
Balance as at April 01, 2016	1,116,302,435	-	-	(5,994,659)	(110,301,573)	1,000,006,203
During the year	-	77,585	-	-	-	77,585
Adjustment	-	-	-	-	-	-
Share issue	-	-	-	-	-	-
Allocation of result of previous year	-	-	-	(110,301,573)	110,301,573	-
Result for the year	-	-	-	-	(32,550,066)	(32,550,066)
Balance at March 31, 2017	**1,116,302,435**	**77,585**	**-**	**(116,296,232)**	**(32,550,066)**	**967,533,722**
Balance as at April 01, 2017	1,116,302,435	77,585	-	(116,296,232)	(32,550,066)	967,533,722
During the year	-	295,235,802	1,151,852	-	-	296,387,654
Adjustment	-	-	-	-	-	-
Share issue	-	-	-	-	-	-
Allocation of result of previous year	-	-	-	(32,550,066)	32,550,066	-
Result for the year	-	-	-	-	(64,218,323)	(64,218,323)
Balance as at March 31, 2018	**1,116,302,435**	**295,313,387**	**1,151,852**	**(148,846,298)**	**(64,218,323)**	**1,199,703,053**

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IndOil Global B.V.
Amsterdam, The Netherlands

Consolidated Statement of Cash Flow for the year ended March 31, 2018

	Notes	*01-Apr-2017 to 31-March-2018*	*01-Apr-2016 to 31-Mar-2017*
(in CAD)			
CASH PROVIDED BY (USED IN):			
OPERATING ACTIVITIES			
Net Loss for the year		(64,218,323)	(32,550,066)
ITEMS NOT AFFECTING CASH :			
Depletion, depreciation, amortization and impairment	11	38,186,557	41,116,150
Accretion of decommissioning liability	14	764,216	708,154
Amortization of debt issue cost	13	2,482,000	2,482,000
Settlement of decommissioning liability	14	(522,186)	(582,864)
Loss of investment	8	44,142,452	-
Gain on contingent consideration	8	(90,000,000)	-
Loss on disposal of inventory	10	737,298	-
Share in result of joint venture	9	(1,067,977)	-
Gain on disposal of assets	10	(251,299)	(1,550,109)
		(69,747,262)	**9,623,265**
Change in non-cash working capital	18b	3,647,401	(548,354)
CASH FLOW FROM OPERATING ACTIVITIES		**(66,099,861)**	**9,074,911**
INVESTING ACTIVITIES			
Property, plant and equipment development expenditures	11	(12,615,874)	(9,709,135)
Proceeds from inventory disposition	10	3,569,661	-
Investment in partnership	9	(1,109,892)	-
Investment in joint venture	9	(234,203,725)	(2,349,765)
		(244,359,830)	**(12,058,900)**
Change in non-cash working capital	18b	285,869	5,224,983
CASH FLOW USED FOR INVESTING ACTIVITIES		**(244,073,961)**	**(6,833,917)**
FINANCING ACTIVITIES			
Issuance of debt	13	60,000,000	15,971,903
Repayment of debt	13	(60,000,000)	-
Share Premium		295,235,802	77,585
Issue of shares		-	-
CASH FLOW FROM FINANCING ACTIVITIES		**295,235,802**	**16,049,488**
Increase in cash and cash equivalents		(14,938,020)	18,290,482
Cash and cash equivalents, beginning of period		22,853,576	4,563,094
CASH AND CASH EQUIVALENTS, END OF PERIOD		**7,915,556**	**22,853,576**

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Notes to the Consolidated Financial Statements as at March 31, 2018

1. General

IndOil Global B.V.(hereinafter 'the Company'), a private limited liability company, having its statutory seat in Amsterdam, The Netherlands, was incorporated under the laws of the Netherlands on 25 February 2014. During the year its business seat has been changed to Strawinskylaan 937, 1077 XX, Amsterdam, the Netherlands from Haaksbergweg 71, 1101 BR, Amsterdam,The Netherlands. The Company is a wholly owned subsidiary of Indian Oil Corporation Ltd. India.

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

In view of the majority of international operations of the group of which the Company forms part, the annual accounts have been drawn up in Canadian Dollar.

2. Basis of preparation

The Company voluntary prepared consolidated IFRS financial statements of IndOil Global B.V. and its subsidiary, IndOil Montney Ltd. and its joint venture Falcon Oil & Gas B.V. These consolidated IFRS financial statements are not the statutory financial statements of the Company and not suitable for general filling purpose at the Dutch Chamber of Commerce.

a) Applicable Standards

The consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (IFRS) as issued by the International Accounting Standards Board (“IASB”).
The consolidated financial statements have been prepared on the historical cost basis, except for the revaluation to fair value of certain financial assets and financial liabilities, as required under IFRS and described in the accounting policies in note 3 below.

b) Use of Estimates and Judgements

The preparation of the financial statements in confirmity with IFRS requires management to make judgements, estimates and assumptions that affect the reported amount of assets and liabilities at the date of financial statements and revenues and expenses for the period reported. Actual results may differ from such estimates.
Estimates and underlying assumptions are reviewed on an ongoing basis and revisions to accounting estimates are recognised in the period in which the estimates are revised and in any future years affected. The most significant areas subject to estimates include:

i) Business Combinations

Business combinations are accounted for using the acquisition method of accounting.The determination of fair value often requires management to make assumptions and estimates about future events. The assumptions and estimates with respect to determining the fair value of exploration and evaluation assets and petroleum and natural gas assets acquired generally require the most judgement and include estimates of reserves acquired, forecast benchmark commodity prices and discount rates. Changes in any of the assumptions or estimates used in determining the fair value of acquired assets and liabilities could impact the amount assigned to assets, liabilities and goodwill purchase price allocation. Future net earnings can be affected as a result of changes in future depletion and depreciation, asset impairment, decommissioning liability or goodwill impairment.

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2. Basis of preparation (cont'd)

b) Use of Estimates and Judgements

ii) Reserve Estimates

Reserves are estimated using independent reservoir engineering reports and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Reserve estimates, although not reported as part of the Company's financial statements, can have a significant effect on net income, assets and liabilities as a result of their impact on depletion and depreciation, decommissioning liabilities, deferred taxes, asset impairments and business combinations. Independent reservoir engineers perform evaluations of the Company's oil and natural gas reserves on an annual basis. The estimation of reserves is an inherently complex process requiring significant judgment. Estimates of economically recoverable oil and natural gas reserves are based upon a number of variables and assumptions such as geoscientific interpretation, production forecasts, commodity prices, costs and related future cash flow, all of which may vary considerably from actual results. These estimates are expected to be revised upward or downward over time, as additional information such as reservoir performance becomes available or as economic conditions change.

iii) Decommissioning Costs

At the end of the operating life of the Company's facilities and properties and upon retirement of its oil and natural gas assets, decommissioning costs will be incurred by the Company. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities. The liability, the related assets and the expenses are impacted by estimates with respect to the costs and timing of decommissioning.

iv) Deferred Taxes

Tax regulations and legislation are subject to change and differing interpretations require significant Management judgement in determining the provision for income taxes. Deferred tax liabilities are recognized when it is considered probable that temporary differences will be payable to tax authorities in future periods, which requires Management judgement. Recognition of deferred tax assets is based on estimates made in determining whether sufficient future taxable profit will be available to utilize the deferred tax assets.

Critical judgements in applying accounting policies include:

i) Cash-Generating Units:

The Company allocates its oil and natural gas properties to cash generating units ("CGUs") identified as the smallest group of assets that generate cash flows independent of the cash flows of other assets or groups of assets. Determination of the CGUs is subject to Management's judgment and is based on geographical proximity, shared infrastructure, similar exposure to market risk and the way in which management monitors operations.

2. Basis of preparation (cont'd)

ii) Exploration and Evaluation Expenditures

Costs associated with acquiring oil and natural gas licenses and exploratory drilling are accumulated as exploration and evaluation ("E&E") assets pending determination of technical feasibility and commercial viability. Establishment of technical feasibility and commercial viability is subject to judgment which Management has determined to be based on the allocation of commercial reserves to the exploration area. Upon determination of commercial reserves, E&E assets attributable to those reserves are first tested for impairment and then reclassified from E&E assets to property, plant and equipment.

iii) Asset Impairment:

Management applies judgment in assessing the existence of impairment indicators based on various internal and external factors. The recoverable amount of CGUs and individual assets is determined based on the higher of fair value less costs of disposal and its value in use. The key estimates the Company applies in determining the recoverable amount normally include estimated future commodity prices, expected production volumes, future operating and development costs, discount rates, and income taxes. In determining the recoverable amount, management may also be required to make judgments regarding the likelihood of occurrence of a future event. Changes to these estimates and judgments will affect the recoverable amounts of CGUs and individual assets and may then require a material adjustment to their related carrying value.

iv) Technical Feasibility and Commercial Viability of Exploration and Evaluation Assets

The determination of technical feasibility and commercial viability, based on the presence of proved and probable reserves, results in the transfer of assets from exploration and evaluation assets to petroleum and natural gas assets. As discussed above, the estimate of proved and probable reserves is inherently complex and requires significant judgement. Thus any material change to reserve estimates could affect the technical feasibility and commercial viability of the underlying assets. See NOTE 10 for further details.

3. Significant accounting principles

a) Going concern

The accounts have been prepared on the basis of the going concern principles. The Company acts as an intermediate holding company and is dependent on its ultimate parent company to be able to carry out its operations. Management is of the opinion that the ultimate parent company has proved to support the Company with its subsidiary via equity contributions.

b) Basis of consolidation

Management of the Company decided to enter into a voluntary consolidation.

The consolidated financial statements incorporate the financial statements of the Company and its subsidiary IndOil Montney Ltd. and its joint venture Falcon Oil & Gas B.V. Control is achieved where the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The income of subsidiaries is attributed to the Company. Joint ventures are entities over which the Company has joint control as a result of contractual arrangements and right to the net assets of the entities.

All intra-group transactions, balances, income and expenses are eliminated in full on consolidation. Investment in joint ventures are accounted for using the equity method.

3. Significant accounting principles (cont'd)

c) Foreign currency translation

All monetary assets and liabilities expressed in currencies other than CAD have been translated at the rates of exchange prevailing at the balance sheet date, whereas non-monetary assets expressed in currencies other than CAD are translated at historical rates. All transactions in foreign currencies have been translated into CAD 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 as other comprehensive income.

The following exchange rate has been applied as at 31 March 2018:
CAD 1 = EUR 0.6291 (31 March 2017: EUR 0.7010)
CAD 1 = USD 0.7751

d) Business Combinations

Acquisition of subsidiaries and businesses are accounted for using the acquisition method in accordance with IFRS 3, Business Combinations.The consideration for each acquisition is measured at the aggregate of the fair values (at the date of exchange) of assets given up, liabilities incurred or assumed, and equity instruments issued by the Company in exchange for control of the assets or acquiree. Goodwill is recognized when the consideration paid exceeds the aggregate fair values of the assets and liabilities acquired. Acquisition-related transaction costs are recognised in the statement of income and comprehensive income as incurred.

e) Property, Plant and Equipment, Exploration and Evaluation Assets

The Company's property, plant and equipment primarily consists of oil and natural gas development and production assets. Property, plant and equipment is stated at cost, less accumulated depletion, depreciation, amortization and accumulated impairment losses. Development and production assets represent the cost of developing the commercial reserves and initiating production and are accumulated into major area cost centres for purposes of determining depletion, depreciation, impairment, decommissioning and other financial measurements.

f) Capitalization, Recognition and Measurement

The capital cost of an asset is the aggregate of its purchase price or construction cost, any costs directly attributable to bringing the asset into operation, the initial estimate of the decommissioning provision, and for qualifying assets, borrowing costs. For acquired assets or businesses, the purchase price is the aggregate amount paid and the fair value of any other consideration given up to acquire the assets or business. Expenditures on major maintenance, inspections or overhauls and well workovers are capitalized when the item enhances the life or performance of an asset above its original standard. Where an asset or part of an asset that was separately depreciated is replaced and it is probable that future economic benefits associated with the replacement item will flow to the Company, the replacement expenditure is capitalized and the carrying amount of the replaced asset is charged to the statement of income and comprehensive income.

When an item of property, plant and equipment is disposed of or when there are no net future economic benefits expected from the continued use of the asset, the asset is removed from the accounts (derecognised), and any gain or loss arising on derecognition (calculated as the difference between the net disposal proceeds and the carrying amount of the item), is recognised in the statement of income/(loss) and comprehensive income/(loss).

3. <u>Significant accounting principles (cont'd)</u>

g) Exploration and Evaluation Expenditures

Oil and gas exploration and evaluation expenditures are accounted for in accordance with IFRS 6, ***Exploration for and Evaluation of Mineral Resources***. Costs incurred before acquiring the legal right to explore in an area (pre-license costs) are recognized in the statement of income/(loss) and comprehensive income/(loss). Costs incurred after the legal right to explore an area has been obtained, and before technical feasibility and commercial viability of the area have been established, are capitalized as E&E assets on an area by area basis. These costs include license acquisition, geological and geophysical, drilling, sampling, decommissioning and other directly attributable internal costs.

E&E assets are not depreciated and are capitalized until technical feasibility and commercial viability of the area is determined or the assets are determined to be impaired. Once technical feasibility and commercial viability have been established for an area, the carrying value of the E&E assets associated with that area are tested for impairment. The carrying value, net of any impairment loss, is then reclassified as property, plant and equipment. If reserves are not identified, these costs are expensed in the statement of income/(loss) and comprehensive income/(loss).

h) Development and Production Expenditure

Property, plant and equipment, which includes petroleum and natural gas development and production assets, is measured at cost (including directly attributable general and administration cost) less accumulated depletion and depreciation and accumulated impairment losses. Cost includes lease acquisition, drilling and completion, production facilities, decommissioning costs, geological and geophysical costs and directly attributable costs related to development and production activities, net of any government incentive programs.

i) Asset Swaps and Exchanges

Exchange of development and production assets are measured at fair value unless the exchange transaction lacks commercial substance or the fair value of neither the asset received nor the asset given up is reliably measureable. The cost of the acquired asset is measured at the fair value of the asset given up, unless the fair value of the asset received is more clearly evident. Where fair value is not used, the cost of the acquired asset is measured at the carrying amount of the statement of income/(loss) and comprehensive income/(loss). For exchanges or parts of exchanges that involve only exploration and evaluation assets, the exchange is accounted for at carrying value.

j) Depletion, Depreciation and Amortization

Proved property acquisition costs and proved property well and development costs are depleted on a unit-of-production basis. Proved property acquisition costs are depleted over total proved reserves and costs related to area cost centres for petroleum and natural gas properties are depleted on the total proved developed reserves allocated to the area.

The net carrying value of oil and gas properties is depleted using the unit of production method by reference to the ratio of production in the period to the related proved and probable reserves as per the most recent reserve reports prior to the reporting date, taking into account estimated future development costs necessary to bring those reserves into production. Future development costs are estimated taking into account the level of development required to produce the reserves as per the most recent reserve reports prior to the reporting date. Proved and probable reserves are estimated using independent reservoir engineering reports and represent the estimated quantities of crude oil, natural gas and natural gas liquids which geological, geophysical and engineering data demonstrate with a specified degree of certainty to be recoverable in future years from known reservoirs and which are considered commercially producible. Petroleum and natural gas assets are not depleted until production commences in the CGU that they are allocated to.

3. Significant accounting principles (cont'd)

j) Depletion, Depreciation and Amortization

Other capitalized costs, such as pipelines and facilities, are depreciated principally using the straight line method based on the estimated useful life of the assets. the Company determines the average useful lives to be 25 years for pipelines and processing facilities, 5 years for office furniture and fixture and lease hold improvements and 3 years for computer equipment.

Depreciation methods, useful and residual values are reviewed at each financial year end and adjustments relating to changes in estimates are recorded prospectively.

k) Impairment

At each reporting period the Company assesses whether there are indicators of impairment for its PP&E. If indicators exist, the Company determines if the recoverable amount of the asset or CGU is greater than its carrying amount. A CGU is defined as the smallest identifiable group of assets that generates cash inflows that are largely independent of the cash inflows of other assets or group of assets. the Company has used geographical proximity, geological similarities, analysis of shared infrastructure, commodity type, assessment of exposure to market risks and materiality to define its CGUs. If the carrying amount exceeds the recoverable amount, the asset or CGU is recorded at its recoverable amount with the reduction recognized in net income in depletion expense. The recoverable amount is the greater of the value in use or fair value less cost of disposal. Fair value is the amount the asset could be sold for in an arm's length transaction. The value in use is the present value of the estimated future cash flows of the asset from its continued use. The fair value less cost of disposal considers the continued development of a property and market transactions in a valuation model. The Company uses the present value of the CGU's estimated future cash flows from both proved and probable reserves in its fair value model. These calculations where possible are corroborated by valuation multiples, quoted share prices for publicly traded entities or other available fair value indicators.

Impairments are reversed in subsequent periods when there has been an increase in the recoverable amount of a previously impaired asset or CGU and these reversals are recognized in net income. The recovery is limited to the original carrying amount less depletion and depreciation that would have been recorded had the asset not been impaired.

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have a negative effect on the estimated future cash flows of that assets or, for available for sale financial assets, if there is evidence of a significant and prolonged decline in the fair value of the instrument.

An impairment loss in respect of a receivable or group of receivables measured at amortized cost is calculated as the difference between its carrying amount and its recoverable amount.

Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of income and comprehensive income.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized costs the reversal is recognized in the statement of income and comprehensive income.

E&E costs are subject to regular technical, commercial and management review to confirm the continued intent to develop the resources. If an area is determined to no longer be technically feasible or commercially viable and Management decides not to continue the exploration and evaluation activity, the unrecoverable costs are charged to exploration expense in the period in which the determination occurs. Any gains or losses from the divestiture of E&E assets are recognized in statement of income and comprehensive income. The Corporation includes E&E assets with producing assets as one CGU grouping for the purpose of impairment testing.

3. Significant accounting principles (cont'd)

l) Investment in joint ventures (equity-accounted investee)

Joint ventures are entities over which the Group has joint control as a result of contractual arrangements, and rights to the net assets of the entities. Investments in joint ventures are accounted for using the equity method. It is recognised initially at cost, which includes transaction costs. Subsequent to initial recognition, the financial statements include the Company's share of the profit or loss and OCI of equity-accounted investee, after adjustments to align the accounting policies with those of the Company, from the date that joint control commences until the date that joint control ceases.

When the Company's share of losses exceeds its interest in an equity-accounted investee, the carrying amount of the investment, together with any long-term interests that form part thereof, is reduced to zero, and the recognition of further losses is discontinued except to the extent that the Company has an obligation to fund the investee's operations or has made payments on behalf of the investee.

An impairment loss in respect of an equity-accounted investee is measured by comparing the recoverable amount of the investment with its carrying amount. An impairment loss is recognised in profit or loss, and is reversed if there has been a favourable change in the estimates used to determine the recoverable amount.

The consideration transferred does not include amounts related to the settlement of pre-existing relationships. Such amounts are generally recognised in the statement of profit or loss. Any contingent consideration payable is recognised at fair value at the acquisition date and included in the consideration transferred. If the contingent consideration is classified as equity, it is not remeasured and settlement is accounted for within equity. Otherwise, subsequent changes to the fair value of the contingent consideration are recognised in the statement of profit or loss.

m) Foreign currency

Transactions in foreign currencies are translated to the functional currency of the Company at the exchange rate at the date of the transaction. Monetary assets and liabilities denominated in foreign currencies at the reporting date are retranslated to the functional currency at the exchange rate at that date. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are retranslated to the functional currency at the exchange rate at the date on which the fair value was determined. Non-monetary items in a foreign currency that are measured in terms of historical cost are translated using the exchange rate at the date of the transaction.

Foreign currency differences arising on retranslation are recognised in profit or loss as net foreign exchange gain or losses, except for the differences arising on the retranslation of financial instruments at fair value through profit or loss ("FVTPL"), which are recognised as a component of net gain or loss from financial instruments at FVTPL.

n) Foreign operations

The assets and liabilities of foreign operations, including goodwill and fair value adjustments arising on acquisition, are translated to Canadian Dollars at exchange rates at the reporting date. The income and expenses of foreign operations are translated to Canadian Dollars at average exchange rates for the reporting period.

Foreign currency differences are recognised in OCI, and presented in the foreign currency translation reserve (translation reserve) in equity. When a foreign operation is disposed of such that joint control is lost, the cumulative amount in the translation reserve related to that foreign operation is reclassified to profit or loss as part of the gain or loss on disposal. When the Company disposes of only part of its investment in a joint venture that includes a foreign operation while retaining joint control, the relevant proportion of the cumulative amount is reclassified to profit or loss.

When the settlement of a monetary item receivable from or payable to a foreign operation is neither planned nor likely to occur in the foreseeable future, foreign exchange gains and losses arising from such a monetary item that are considered to form part of a net investment in a foreign operation are recognised in OCI, and are presented in the translation reserve in equity.

3. Significant accounting principles (cont'd)

o) Financial Fixed assets

Investments in participations are stated at acquisition cost. If an asset qualifies as impaired, it is measured at its impaired value; any impairments are disclosed in the income statement. Income from participations is recognized only to the extent dividends are declared.

p) Financial Instruments

Financial Assets and Liabilities

The Company has exposure to credit, and liquidity from its use of financial instruments and investment in foreign operations. Further qualitative disclosures are included throughout these financial statements.

The Board of Directors has overall responsibility for identifying the principal risks of the Company and ensuring the policies and procedures are in place to appropriately manage these risks. The Company's Management identifies, analyses and monitors risks and considers the implication of the market condition in relation to the Company's activities.

Fair Value of Financial Instruments:

Financial instruments comprise cash and cash equivalents, accounts receivable, investments, account payable and accrued liabilities and current and long term debt.

There are three levels of fair value by which a financial instrument can be classified:

Level 1 - Quoted prices in active markets for identical assets and liabilities such as traded securities on a registered exchange where there are a sufficient frequency and volume of transactions to provide ongoing pricing information.

Level 2 - Inputs other than quoted prices that are observable for the asset and liability either directly and indirectly such as quoted forward prices for commodities, time value and volatility factors which can be substantially observed or corroborated in the marketplace; and

Level 3 - Inputs that are not based on observable market data.

The fair value of cash and cash equivalents, accounts receivable and accounts payable approximate their carrying amounts due to their short term maturities.

Financial assets and liabilities are recognized when the Company becomes a party to the contractual provisions that define the instrument. Financial assets are derecognized when the rights to receive cash flow from the assets have expired or have been transferred and the Company has transferred substantially all risks and rewards of ownership. Financial assets and liabilities are offset and the net amount reported in the statement of financial position when there is a legally enforceable right to offset the recognized amounts and there is an intention to settle on a net basis or realize the asset and settle the liability simultaneously. Financial assets and liabilities are initially recognized at fair value. For those at amortized cost this amount is normally the transaction price plus directly attributable transaction costs. All other transaction costs are expenses as incurred.

The subsequent measurement of the Company's financial instruments depends on their classification determined by the purpose for which the instruments were acquired, as follows:

3. Significant accounting principles (cont'd)

p) Financial Instruments (cont'd)

Available for Sale Financial Assets

Subsequent to initial recognition, available for sale financial assets are measured at fair value, unless the fair value of these instruments cannot be determined reliably, in which case the available for sale assets will be measured at fair value on the last date on which fair value could be determined reliable. Changes in fair value, other than impairment losses, are recognized in Other comprehensive income and accumulated in the fair value reserve. When these assets are derecognized, the gain or loss accumulated in equity is reclassified to the statement of comprehensive income.

Accounts Receivable

Accounts receivable and deposits are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. Such assets are carried at amortized cost using the effective interest rate method if the time value of money is significant. Gains and losses are recognized in income when the loans and receivables are derecognized or impaired, as well as through the amortization process. the Company's accounts receivable are comprised of accounts receivable which are included in current assets due to their short-term nature as are deposits, cash and cash equivalents, and cash call receivable.

Contingent Consideration

The measurement of the contingent consideration at fair value considers the likelihood of a positive final investment decision for the proposed natural gas liquefaction and export facility. If the amount of contingent consideration changes, accounting for the change in consideration is recognized, in either profit or loss or other comprehensive income as a gain or loss.

Other Financial Liabilities at Amortized Cost

Financial liabilities at amortized cost include accounts payables. Accounts payables are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payables are measured at amortized cost using the effective interest rate method. Financial liabilities are classified as current liabilities if payment is due within twelve months. Otherwise, they are classified as non-current liabilities.

Cash and Cash Equivalents

Cash and cash equivalents includes cash in hand, deposits held with banks and other short-term highly liquid investments with maturities of three months or less from inception.

Share Capital

Common shares are classified as equity. Incremental costs directly attributable to the issuance of shares are recognized as a deduction from equity.

Decommissioning Liabilities

A decommission liability is recognized if, as a result of a past event, the Company has a present legal or constructive obligation that can be reasonably estimated, and it is probable that a future outflow of economic benefits will be required to settle the obligation. Decommissioning liabilities are determined by discounting the expected future cash flow at a risk-free rate at the reporting date. The obligation is recorded as a liability on a discounted basis using the relevant credit adjusted risk-free rate, with a corresponding increase to the carrying amount of the related asset. Over time, the liabilities are accreted for the change in their present value and the capitalized costs are depleted on a unit-of-production basis over the life of the comprehensive income. Revisions to the discount rate, estimated timing or amount of future cash flows would also result in an increase or decrease to the decommissioning liability and related asset and the related earnings impact reported in current and future periods.

3. Significant accounting principles (cont'd)

p) Financial Instruments (cont'd)

Revenue Recognition

Revenue associated with the sales of natural gas, natural gas liquids (" NGLs") and crude oil owned by the Company is recognized when title passes from the Company to its customer. This generally occurs when product is physically transferred into a vessel, pipeline or other delivery mechanism.

Investments

Investments in companies subject to significant influence are accounted for using the equity method. The equity method is a basis of accounting whereby the investment is initially recorded at cost and the carrying value is adjusted thereafter to include the Company's pro-rata share of post-acquisition income or loss. The amount of the adjustment is included in the determination of net loss by the Company and the investment account of the Company is also increased or decreased to reflect the Company's share of capital transactions and changes in accounting policies and correction of errors. Profit distributions received or receivable from the investments will reduce the carrying value of the investment. Investments accounted for on the equity basis are written down to their fair value when they have a loss in value that is other than a temporary decline.

Investments in companies that are not subject to significant influence are accounted using the cost method. The cost method is a basis of accounting whereby the investment is recorded at historical cost and measured at fair value.

Income Taxes

Income tax expense comprises current and deferred tax. Income tax expense is recognized in the statement of income and comprehensive income except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

The Company follows the liability method of accounting for income taxes. Under this method, deferred tax is recognized for temporary differences between the carrying amount of assets and liabilities for financial reporting purposes and the amount used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when the deferred tax asset or liability is settled based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable income will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

The effect of a change in income tax rates on deferred income taxes is recognized in net income in the period in which the change occurs.

4. Changes in Accounting Policies

In May 2014, the IASB issued IFRS 15 Revenue from Contracts with Customers, which replaces International Accounting Standard ("IAS") 18 Revenue, IAS 11 Construction Contracts, and related interpretations. The standard is required to be adopted either retrospectively or using a modified transition approach for fiscal years beginning on or after January 1, 2018, with earlier adoption permitted. The Company has assessed the potential impact of the new standard and concluded that the adoption of IFRS 15 will not have a material impact on its net income. The Company will expand its disclosures in the notes to the financial statements as outlined in IFRS 15.

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4. Changes in Accounting Policies (cont'd)

In July 2014, the IASB completed the final elements of IFRS 9 Financial Instruments. The standard supersedes earlier versions of IFRS 9 and completes the IASB's project to replace IAS 39 Financial Instruments: Recognition and Measurement. IFRS 9, as amended, includes a principle-based approach for classification and measurement of financial assets, a single 'expected loss' impairment model and a substantially-reformed approach to hedge accounting. The standard will come into effect for annual periods beginning on or after January 1, 2018, with earlier adoption permitted. The Company has assessed the potential impact of the new standard based on all financial instruments currently held by the Corporation and concluded that the adoption of IFRS 9 will not have a material impact on its financial statements. The Company will expand its disclosures in the notes to the financial statements as outlined in IFRS 9.

In January 2016, the IASB issued IFRS 16 Leases, which replaces IAS 17 Leases. For lessees applying IFRS 16, a single recognition and measurement model for leases would apply, with required recognition of assets and liabilities for most leases. The standard will come into effect for annual periods beginning on or after January 1, 2019, with earlier adoption permitted if the entity is also applying IFRS 15 Revenue from Contracts with Customers. IFRS 16 will be applied by the Company on January 1, 2019 and the Company is currently evaluating the impact of the standard on the Company's financial statements.

5. Financial Risk Management

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

Credit Risk

The Corporation’s accounts receivable balances are with customers and joint venture partners in the oil and gas industry and are subject to normal industry credit risks. These balance represent the Company’s total credit exposure.

Commodity Price Risk

Due to the volatile nature of natural gas and oil commodity prices, the Company is potentially exposed to adverse consequences if commodity prices decline. The Company is exposed to commodity price movements as part of its operations, particularly in relation to the prices received for its oil and gas production. Oil and gas is sensitive to numerous worldwide factors, many of which are beyond the Company's control. Changes in global supply and demand fundamentals in the oil and gas market and geopolitical events can significantly affect oil and gas prices. Consequently, these changes could also affect the value of the Company's properties, the level of spending for exploration and development and the ability to meet obligations as they come due. The Company's oil production is sold under short-term contracts, exposing it to the risk of near-term price movements.

Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. The Company has no significant interest bearing assets. The Company is exposed to interest rate cash flow risk on its floating rate long-term debt. The Company reviews its exposure to interest rate risk through regular monitoring of actual interest with market interest rates.

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5. Financial Risk Management (cont'd)

Liquidity Risk

The Company's approach to managing liquidity risk is to have sufficient cash and /or credit facilities to meet its obligations when due. Management typically forecasts cash flows for a period of 12 to 36 months to identify any financing requirements. Liquidity is managed through daily and longer-term cash, debt and equity management strategies. These include estimating future cash generated from operations based on reasonable production and pricing assumptions, estimating future discretionary and non-discretionary capital expenditures and assessing the amount of equity or debt financing available. At March 31, 2018, the Company's financial liabilities include accounts payable of $13.62 million (as at March 31, 2017 -$9.9 million) and contingent consideration of $ 0 million (as at March 31, 2017 - $90.0 million). All have contractual maturities of less than one year.

(CAD)	Within 1 year	1 to 5 years	More than 5 years	Total
Accounts payable and accrual liabilities	13,609,174	-	-	13,609,174
Long term debt	-	411,669,834	-	411,669,834
TOTAL	**13,609,174**	**411,669,834**	**-**	**425,279,008**

6. Cash and Cash Equivalents

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Bank Balances:		
Current Account	1,183,162	1,540,833
Term Deposit Account (Short term investment)	6,732,394	21,312,740
TOTAL	**7,915,556**	**22,853,573**

7. Accounts Payable and Accrued Liabilities

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Intercompany Payable	(2,321,821)	(1,088,000)
Accrued Liabilities	(10,273,138)	(8,069,050)
Accounts Payable Trade	(304,378)	(322,738)
Long term Interest Payable	(709,837)	(505,562)
TOTAL	**(13,609,174)**	**(9,985,350)**

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8. Expenses By Nature for the year ended March 31, 2018

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Write-off account	-	19,155
Salaries & wages - employee	569,547	415,728
Employee benefits (other)	18,178	7,159
Other business expense	9,537	3,733
Parking	28	75
Office rent	99,638	203,916
Insurance - property	2,926	49
Meal & entertainment	6,287	2,438
Printing, Stationery & office supplies	8,633	66,338
Audit & taxes	91,234	236,869
Legal fees	99,936	125,367
Consulting services	660,866	805,608
Telephone, fax, & cellphones	6,188	5,833
Donations	-	250
Bank charges & fees	16,929	17,232
Interest charges - other	-	3,200
Travel & related business expenses	7,154	28,084
Miscellaneous	133,806	527
Agent & filing fees	29,439	33,630
Office equipment	16,030	8,239
Foreign exchange loss/(Gain)	13,631	(13,210)
Gain on contingent consideration	(90,000,000)	-
PRGT Expenses	60,379,316	-
Loss on investment	44,142,452	-
Exploration and production expenses	40,013,162	34,965,831
TOTAL	**56,324,917**	**36,936,052**

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9. Investments

North Montney Joint Venture ("NMJV")

On March 25, 2014, the Company acquired assets via its subsidiary Indoil Montney Ltd. of British Columbia from a third party ("Vendor") for consideration of $1.12 billion (inclusive of the final statement of adjustments) and a contingent consideration of $100 million (the "Acquisition"). The assets acquired consisted of producing properties, reserves, facilities, undeveloped land and a 9.999% interest in Pacific Northwest LNG Limited Partnership (the "Partnership" or "PNW LNG LP").

Pacific NorthWest LNG Partnership ("PNW")

The Partnership is engaged in a proposed liquefied natural gas liquefaction and export facility on Lelu Island within the District of Port Edward on land administered by the Port of Prince Rupert (the "LNG project").The facility would liquefy and export natural gas produced in the northeastern British Columbia. At acquisition, the value attributed to the investment in the Partnership, which is classified as an available for sale financial asset was $ 17.5 million. On July 25, 2017, Pacific NorthWest LNG announced that the LNG Project will not proceed as previously planned due to the challenging environment brought about by the prolonged depressed prices and shifts in the energy industry. As a result, the Company wrote off the $44 million cumulative capital investment in the LNG project. Additionally, the $90 million contingent consideration liability associated with the final investment decision of the natural gas liquefaction facility was realized against income, as payment of the contingent consideration is no longer expected.

Progress Energy Canada Ltd (“PECL”), as operator of NMJV, entered into a Project Development Agreement (“PDA”) with TransCanada to build the Prince Rupert Gas Transmission (“PRGT”) Pipeline. PRGT was intended to transport gas to LNG Plant proposed to be built by PNW LNG on Lelu Island. Under the terms of the agreement PECL was required to reimburse TransCanada for costs incurred in relation to the PDA if positive FID would not happen, otherwise the costs would be included in tolls charged by TransCanada.

In relation to the LNG Project, PECL issued a Termination Letter dated July 31, 2017 to PRGT with an effective Termination Date of August 10, 2017. As per the PDA, the Corporation’s share of expense reimbursed by PECL is $60 million on account of expenditure incurred by PRGT for initial work related to approvals, technical design, studies for pipeline and interest on funds invested by PRGT related to work on the Pipeline Project. The Corporation received a six-month term loan facility in the amount of $60 million from Sumitomo Mitsui Banking Corporation (“SMBC”) to pay the pipeline capital cost. On March 27, 2018, the Corporation paid off the SMBC term loan including $0.5 million interest expense with a capital contribution from IndOil Global B.V.’s (“Parent Corporation”).

The cancelling of the PNW LNG project resulted in the write-off of the $44 million investment in PNW, reversal of $90 million contingent consideration, and $60 million reimbursement to TCPL related to pipeline development.

Pacific NorthWest LNG Limited ("PNW Ltd")

PNW Ltd. act as General Partner in LNG Project. At acquisition, the value attributed to the investment in the Company, which is classified as an available for sale financial asset, was $ 0.10 Million. Due to closure of LNG Project, the Company wrote off the $0.1 million investment in PNW Ltd..

The following summarizes the investments in partnership at March 31, 2018 and March 31, 2017:

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Investment in PNW Partnership	-	42,932,563
Investment in PNW LNG Ltd.	-	100,000
Balance at the end of year	-	**43,032,563**

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9. Investment (cont'd)

Investment in Joint Ventures

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Acquisition	234,203,725	-
Share of Profit	1,067,977	-
Share of other comprehensive income	1,151,852	-
Balance at the end of financial year	**236,423,554**	-

Acquisition

On 6th February 2018, the Company entered into joint venture agreement with ONGC Nile Ganga B.V. and BPRL International Venture B.V. to invest in joint venture.

Details of the joint ventures are as follows:

Name of Joint Venture	Principal activity	Country of incorporation	Percentage of equity interest
Direct held			
Falcon Oil & Gas B.V. ("Falcon")	Investment Holding	Netherlands	30

The Company has a residual interest in Falcon Oil and Gas B.V.'s net assets. Falcon Oil & Gas B.V. has incorporated on 6th February, 2018. Accordingly, the Company has classified its interest in the investments as joint venture, which are equity-accounted.

The following summarises the financial information of the Company's joint ventures based on the financial statements prepared in accordance with IFRS and modified for differences to the Company's accounting policies.

The following summarises the financial information of the Company's joint ventures based on the financial statements as at and for the two months period ended 31 March 2018 prepared in accordance with IFRS and modified for differences for alignment to the Company's accounting policies.

Summarized financial information of joint venture

Summarized balance sheet

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Current assets	87,949,125	-
Non-current assets	773,343,301	-
	861,292,426	-
Current liabilities	73,213,914	-
Non-current liabilities	-	-
	73,213,914	-

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9. Investment (cont'd)

Investment in Joint Ventures (cont'd)

Summarized statement of comprehensive income for the year ended March 31, 2018

	For the year ended March 31, 2018 CAD	For the year ended March 31, 2017 CAD
Revenue	84,220,748	-
Other income	32,518	-
Cost of sales	(23,352,963)	-
Expenses	(2,932,848)	-
Income tax expenses	(54,407,531)	-
Profit/(loss) for the year ended March, 2018	**3,559,924**	**-**
Other comprehensive income	3,839,506	-
Total comprehensive income	**7,399,430**	**-**

Reconciliation of summarised financial information

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Net assets attributable to equity holders at date of acquisition	780,679,082	
Profit for the period	3,559,924	-
Other comprehensive income for the year ended	3,839,506	-
Total	**788,078,512**	**-**
Investment in Joint Venture - Carrying Value - 30%	236,423,554	-

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10. Exploration and Evaluation Assets

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Balance at the beginning of year	665,363,449	678,439,129
Additions	12,615,874	14,518,251
Dispositions (1)	(4,306,959)	(3,461,920)
Transfers to property, plant and equipment	(12,224,055)	(24,132,011)
Balance at the end of year	**661,448,309**	**665,363,449**

Included in dispositions is $4.3 million related to the disposal of inventory. The net loss of $485,999 recognized on the income statement, a loss of $737,298 is related to inventory dispositions. There was significant pre-investment in assets which were being held in inventory for projects that have now been delayed due to the challenging commodity price environment coupled with the cancellation of PNW LNG project.

11. Property, Plant and Equipment

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Petroleum and natural gas assets at cost	964,591,958	953,126,320
Administrative assets	320,646	320,646
Accumulated depletion, depreciation and amortization	(224,778,468)	(186,594,359)
Property, Plant and Equipment net carrying amount	**740,134,136**	**766,852,607**

Petroleum and Natural Gas Assets

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Cost		
Balance, beginning of period	953,446,966	934,075,792
Additions (1)	319,200	7,154,383
Dispositions (1)	(70,350)	(7,134,106)
Transfer from exploration and evaluation	12,224,055	24,132,011
Changes in decommissioning cost	(1,007,267)	(4,781,114)
Balance, end of period	**964,912,604**	**953,446,966**
Accumulated depletion		
Balance, beginning of period	(186,594,359)	(145,660,842)
Accumulated depletion associated with disposition (1)	2,448	182,633
Depletion, depreciation, amortization and impairment	(38,186,557)	(41,116,150)
Balance, end of period	(224,778,468)	(186,594,359)
Petroleum and Natural Gas Assets net carrying amount	**740,134,136**	**766,852,607**

Included in PP&E is $262 million that is not subject to depletion. This portion relates to the probable portion of the PPA which is transferred to the depletable portion of acquisition cost on a straight line basis over 12 years.

12. Impairment

The Company evaluated the indicators of impairment as at March 31, 2018 on all of its petroleum and natural gas assets, no indicators of impairment existed.

For the year ended March 31, 2017, the Company recorded impairment charges totalling $ 53.7 million ($ 39.4 million net of deferred tax recovery) on its petroleum and natural gas assets, which was recognized in depletion, depreciation, amortization and impairment in the statement of income. The recoverable amount of $ 732.7 million was determined using an after tax discount rate of 7.7%.

The fair value less costs of disposal values used to determine the recoverable amounts of the impaired PP&E assets are classified as Level 3 fair value measurements as certain key assumptions are not based on observable market data but, rather, Management's best estimates.

13. Term Loan

Term Loan

On October 28, 2014, the Company received a term loan facility (the "Term Loan") in the amount of $596.7 million from the same lender under Facility A and Facilty B. The Term Loan is available and can be drawn upon until Feburary 6, 2017 (the "Availability Period"), with each advance drawn maturing and being payable 5 years after the date the advance was drawn (the "Maturity Date"). The Term Loan bears an interest rate of the CDOR rate on the quotation date, being the CDOR rate 2 days before the relevant interest period, plus 1.05% per annum. the Company may prepay any or all advances begining after the Availability Period and prior to the Maturity Date, provided the Company has given the lender notice of not less than 7 business days. The prepayment may be the whole of the Term Loan outstanding or any part of the Term Loan (but, if in a part, being an amount that reduces the amount of the Term Loan by a minimum amount of $ 20 million). Pursuant to the Term Loan, the Company was subject to an arrangement fee of $ 12 million and other agency fees aggregating $0.4 million. A commitment fee of 0.25% is charged on the unutilized portion of the Term Loan begining after a free period of 90 days following the execution of the Term Loan. At March 31, 2018, the Company has drawn $ 416 million on the Term Loan. During the year ended March 31, 2018, the Company incurred $ 9.4 million in interest on the advances under the Term Loan.

Security of the Term Loan includes the Company's parent Company (the "Parent") providing a corporate guarantee for the amount of the Debt drawn (the "Corporate Guarantee"). For providing the Corporate Guarantee, the Company must pay a commission to the Parent of 0.25% per annum on the aggregate amount drawn under the Facilities and the Term Loan. As at March 31, 2018, the commission paid is $ 1.0 million (March 2017 $ 1.0 million) and is included in financing expense.

On September 29, 2017, a Term Loan Facility Agreement was made between the Company and Sumitomo Mitsui Banking Corporation (SMBC) for up to $65 million. The Company drew down $60 million to pay off the pipeline capital cost related to PRGT (see note 9). On March 27, 2018, the Company paid off the $60 million term loan balance and $0.5 million interest expense.

13. Term Loan (cont'd)

Long term Debt are as follows:	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Term Loan	415,579,834	415,579,834
Unamortized debt issue costs	(3,910,000)	(6,392,000)
Total Term Loan	**411,669,834**	**409,187,834**

For the year ended March 31, 2018, the weighted average interest rate on the credit facilities and term loan was 2.21% percent (March 31, 2017 - 1.94%).

14. Decommissioning liability

The Company's future asset retirement obligation was estimated by management based on the Company's net ownership interest in all oil and natural gas wells and facilities, for the estimated costs to reclaim and abandon these wells and facilities and the estimated timing to do so. Costs are subject to uncertainty associated with the method, timing and extent of future decommissioning activities and the discount rate applied in measuring the liability. The liability, the related asset and the expense are impacted by estimates with respect to the costs and timing of decommissioning.

The Company estimates its total undiscounted amount of cash flow required to settle its decommissioning liability is approximately $56.2 million as at March 31, 2018 (as at March 31, 2017 - $89.2 million), which will be incurred over the remaining life of the assets with the majority of costs to be incurred in future periods. The estimated future cash flows have been discounted using a risk free rate of approximately 2.35% (March 31, 2017 – 2.14%) and an inflation rate of 2% (March 31, 2017 – 2%).

The following table shows changes in the decommissioning liability:

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Balance at beginning of year	32,182,731	36,838,556
Increase in liabilities relating to development activities	-	141,501
Increase in liabilities relating to change in estimates and discount rates	(1,007,267)	(4,922,616)
Accretion	764,216	708,154
Settlement of Obligation	(522,186)	(582,864)
Balance at end of year	**31,417,494**	**32,182,731**

15. Shareholder's Equity

The share capital of the Company consists of at least 1 share of CAD 1.

As per balance sheet date 1,116,302,435 (2016/17: 1,116,302,435) shares are issued and fully paid up.

16. Income Taxes

The following table reconciles the income tax expense/(recovery) computed by applying the Canadian statutory rate to the net income/(loss) before taxes with the income tax expense/(recovery) actually recorded :

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Net income/(loss) before taxes subsidiary	(65,129,374)	(32,487,318)
Net income/(loss) before taxes company	(156,928)	(62,748)
Total net income before taxation	**(65,286,302)**	**(32,550,066)**
Income tax(charge) subsidiary	17,011,792	8,462,946
Income tax benefit company	39,232	15,687
Income tax(charge)	17,051,024	8,478,633
Full valuation allowance against income tax benefit	(39,232)	(15,687)
Income (loss) before income tax expense	**(17,011,792)**	**(8,462,946)**
Effect on taxes resulting from:		
Non-deductible expenses	682	132,359
Impact of income tax rate change	3,441,017	523,192
Unrecognized tax benefit	13,440,414	7,518,124
Other	129,679	289,271
Total Tax Expense (Recovery)	**-**	**-**

The Canadian statutory tax rate per the reconciliation above represents the combined federal and provincial corporate tax rate.

The components of the deferred income tax asset/(liability) at March 31, 2018 and March 31, 2017 were as follows:

	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Deferred tax assets :		
Non-capital losses	21,790,824	10,264,824
Contingent liability	-	1,302,415
Decommissioning liability	8,206,699	8,383,057
	29,997,523	19,950,296
Deferred tax liabilities :		
Property, Plant and Equipment	(29,633,979)	(17,494,680)
Investments in partnerships	-	(2,083,646)
Debt issue costs and others	(363,544)	(371,970)
	(29,997,523)	(19,950,296)
Net deferred income tax asset/(liability)	-	-
Unrecognized Deferred tax asset	-	-
Net Deferred tax assets/(liabilities)	-	-

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16. Income Taxes (cont'd)

The components of the deferred income tax asset/(liability) at March 31, 2017 and March 31, 2016 were as follows:

	As at March 31, 2017 CAD	As at March 31, 2016 CAD
Deferred tax assets :		
Non-capital losses	10,264,824	20,509,971
Contingent liability	1,302,415	1,325,000
Decommissioning liability	8,383,057	9,762,218
	19,950,296	31,597,189
Deferred tax liabilities :		
Property, Plant and Equipment	(17,494,680)	(29,229,914)
Investments in partnerships	(2,083,646)	(2,119,778)
Debt issue costs and others	(371,970)	(247,497)
	(19,950,296)	(31,597,189)
Net deferred income tax asset/(liability)	-	-

Deferred income tax assets are recognized for tax loss carry-forwards to the extent that the realization of the related benefit through future taxable profits is probable.

During the year, $184.2 million (As at March 31, 2017 - $146.7 million) in tax loss carry-forwards were not recognized as there was insufficient future taxable profits to support their recognition.

The Company has estimated tax pools totaling:

	Rate of claim	As at March 31, 2018 CAD	As at March 31, 2017 CAD
Canadian development expense	30%	184,458,168	175,114,211
Canadian oil and gas property expense	10%	775,759,002	864,482,742
Canadian exploration expense	100%	3,126,014	3,087,775
Non-capital losses	100%	267,604,428	186,106,551
Undepreciated capital cost	Various	289,920,874	287,190,428
		1,520,868,486	**1,515,981,707**

17. Financial Instruments

The following table summarizes the Company's financial instruments at March 31, 2018 :

	Financial assets CAD	Loans and receivables CAD	Financial liabilities CAD	Total carrying value CAD
Assets				
Cash and cash equivalents	7,915,556	-	-	7,915,556
Accounts receivable	-	22,088	-	22,088
Cash call receivable	-	10,434,409	-	10,434,409
Investment in PNW LNG LP	-	-	-	-
Investment in PNW LNG Ltd	-	-	-	-
	7,915,556	**10,456,497**	**-**	**18,372,053**
Liabilities				
Accounts payables and accrued liabilities	-	-	13,609,174	13,609,174
Contingent consideration	-	-	-	-
Long term debt	-	411,669,834	-	411,669,834
	-	**411,669,834**	**13,609,174**	**425,279,008**

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17. Financial Instruments (cont'd)

The following table summarizes the Company's financial instruments at March 31, 2017 :

	Financial assets	Loans and receivables	Financial liabilities	Total carrying value
	CAD	CAD	CAD	CAD
Assets				
Cash and cash equivalents	22,853,573	-	-	22,853,573
Accounts receivable	-	30,600	-	30,600
Cash call receivable	-	10,720,278	-	10,720,278
Investment in PNW LNG LP	42,932,563	-	-	42,932,563
Investment in PNW LNG Ltd	100,000	-	-	100,000
	65,886,136	**10,750,878**	**-**	**76,637,014**
Liabilities				
Accounts payables and accrued liabilities	-	-	9,985,350	9,985,350
Contingent consideration	-	-	90,000,000	90,000,000
Term loan	-	409,187,834	-	409,187,834
	-	**409,187,834**	**99,985,350**	**509,173,184**

The Company's cash and cash equivalents, accounts and cash call receivable, accounts payable and long term debt are classified as level 1 measurements. The investment in partnership and the contingent consideration are level 3 financial instruments. No gains and losses were recorded in the statement of income and comprehensive income during the period. Management's assessment of the main valuation input for the contingent consideration, the likelihood of the FID approval, was not revised. Most of the purchase price allocation fair values are subject to level 3 valuation.

The term loan debt was considered to be equal to the carrying value as the interest payments are based on CDOR rates that are reset every month. the Company did not believe its credit risk had changed materially from the date of the applicable CDOR rate of 1.05% per annum was set. See Note 13 for additional information regarding the Company’s long term loan facility.

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Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2018:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Amortized Cost:					
Cash and cash equivalents	31-Mar-18	7,915,556	7,915,556	-	-
Accounts receivable	31-Mar-18	22,088	22,088	-	-
Cash call receivable	31-Mar-18	10,434,409	10,434,409	-	-
Investment in partnership	31-Mar-18	-	-	-	-
Investment in PNW LNG Ltd	31-Mar-18	-	-	-	-
Amortized Cost:					
Accounts payables	31-Mar-18	13,609,174	13,609,174	-	-
Contingent consideration	31-Mar-18	-	-	-	-
Long term debt	31-Mar-18	411,669,834	411,669,834	-	-

Quantitative disclosures fair value measurement hierarchy for assets as at March 31, 2017:

	Date of valuation	Total	Quoted prices in active markets (Level 1)	Significant observable inputs (Level 2)	Significant unobservable inputs (Level 3)
Amortized Cost:					
Cash and cash equivalents	31-Mar-17	22,853,573	22,853,573	-	-
Accounts receivable	31-Mar-17	30,600	30,600	-	-
Cash call receivable	31-Mar-17	10,720,278	10,720,278	-	-
Investment in partnership	31-Mar-17	42,932,563	-	-	42,932,563
Investment in PNW LNG Ltd	31-Mar-17	100,000	-	-	100,000
Amortized Cost:					
Accounts payables	31-Mar-17	9,985,350	9,985,350	-	-
Contingent consideration	31-Mar-17	90,000,000	-	-	90,000,000
Long term debt	31-Mar-17	409,187,834	409,187,834	-	-

18. Capital Disclosures

a) Capital Base

The Company continuously monitors the risk/reward profile of its exploration and development projects and the economic indicators in the market including commodity prices, interest rates and foreign exchange rates. After considering these factors, revisions to the Company's capital budget are made upon the approval of the Board of Directors.

18. Capital Disclosures (cont'd)

a) Capital Base (cont'd)

The Company considers shareholders' equity and working capital as components of its capital base. The Company can access or increase capital through the issuance of shares, through bank borrowings (based on reserves) and by building cash reserves by reducing its capital expenditure program.

b) Supplemental Information

The following table presents the composition of changes in non-cash working capital and the allocation to operating and investing activities:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Changes in Non-Cash Working Capital:		
Accounts receivable	8,513	39,169
Cash call receivable	285,869	5,220,512
Prepaids	15,064	(19,035)
Accounts payable	3,623,824	(564,020)
Total changes in Non-Cash Working Capital:	**3,933,270**	**4,676,626**
Changes in Non-Cash Working Capital related to:		
Operating activities	3,647,401	(548,354)
Investing activities	285,869	5,224,983
Total changes in Non-Cash Working Capital:	**3,933,270**	**4,676,629**

The following table presents the composition of petroleum and natural gas sales by product:

	For the year ended March 31, 2018	For the year ended March 31, 2017
Crude oil	5,220,715	6,844,169
Natural gas liquids	6,812,863	5,981,397
Natural gas	32,860,412	45,567,789
Total Petroleum and Natural Gas sales	**44,893,990**	**58,393,355**

The Company's statement of income and comprehensive income is prepared primarily by nature of expense, with the exception of employee compensation costs which are included in both the operating and general and administrative expense line items.

The Company paid $9.9 million in interest costs in the year ended March 31, 2018 (year ended March 31, 2017 – $8.0) and did not pay any income taxes for the year ended March 31, 2018 and year ended March 31, 2017.

19. Related Party Transactions

Included in general and administrative expenses and financing fees are amounts totaling $123,460 and $1.10 million (March 31, 2017- $58,186 and $1.03 million) related to salaries and guarantee fees payable to the parent company, Indian Oil Corporation Limited. The Company did not pay any balance to the parent company in the current year ended March 31, 2018 (March 31, 2017- $1.13 million). As at March 31, 2018, the total payment due to parent company, Indian Oil Corporation Limited, is $2,321,821 (March 31, 2017- $1,088,000).

20. Commitments and contingencies

The Company is committed to certain payments over the next five fiscal years and thereafter as follows:

($ million)	2019	2020	2021	2022	2023	Thereafter	Total
Long Term Debt	-	116	283	16	-	-	415
Pipeline commitment	22.7	16.5	7.9	7.5	7.4	32.9	94.9
Office lease	0.10	0.07	-	-	-	-	0.17
TOTAL	**22.80**	**132.57**	**290.90**	**23.50**	**7.40**	**32.90**	**510.07**

21. Managing directors

It was resolved to honourably discharge Ms. Prachee Kulkarni and Mr. Laurens Rinkes from their position as directors during the year .

Moshgan Gholghesaei and Richard Verwer has been appointed as director on 1st November 2017.

The Company has six directors, who received no remuneration during the year under review and previous year. The Company has no Supervisory Directors.

22. Employees

The Company does not employ any staff in the Netherlands and hence incurred no salary, related social security charges or pension costs in 2017/2018 and previous year. The Company's subsidiary Indoil Montmey Ltd had 2 employees in Canada in 2017/18 and previous year.

23. Post balance sheet events

No events have occurred since March 31, 2018 that would make the present financial position substantially different from that shown in the balance sheet as at balance sheet date.

Managing Directors,

Satish Govind Kottieth	**Arun Kumar Sharma**
Om Parkash	**Richard Verwer**
Frederique Amy Van Gelderen	**Moshgan Gholghesaei**

Date:
Place: Amsterdam

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