IOCL (USA) Inc.

Financial Statements

March 31, 2015

IOCL (USA) Inc.

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PANNELL KERR FORSTER OF TEXAS, P.C.
CPAs & Professional Advisors
5847 San Felipe, Suite 2400
Houston, Texas 77057-3092
Main: (713) 860-1400
Fax: (713) 355-3909
www.pkftexas.com

Independent Auditors' Report

To the Board of Directors and Stockholder of
IOCL (USA) Inc.

We have audited the accompanying financial statements of IOCL (USA) Inc. (a Texas corporation), which comprise the balance sheets as of March 31, 2015 and 2014, and the related statements of operations, changes in stockholder's equity, and cash flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with U.S. generally accepted accounting principles; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with U.S. generally accepted auditing standards. Those standards require that we plan and perform the audits to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above, present fairly, in all material respects, the financial position of IOCL (USA) Inc. as of March 31, 2015 and 2014, and the results of its operations and its cash flows for the years then ended in accordance with U.S generally accepted accounting principles.

Pannell Kerr Forster of Texas, P.C.

May 15, 2015

IOCL (USA) Inc.

Balance Sheets

	March 31, 2015	March 31, 2014
Assets		
Current assets		
Cash and cash equivalents	$ 663,031	$ 2,180,455
Accounts receivable - oil and natural gas	572,229	1,331,327
Advances to operator	-	926,492
Total current assets	1,235,260	4,438,274
Oil and natural gas properties, successful efforts method		
Proved property		
Leasehold costs	11,918,296	8,787,001
Drilling costs	16,247,636	12,850,284
Completion costs	25,549,102	16,004,151
Production equipment	5,208,876	3,700,128
Wells in progress	1,908,106	-
Unproved leasehold costs	4,429,081	8,769,919
	65,261,097	50,111,483
Accumulated depletion, depreciation and amortization	(19,597,548)	(9,484,422)
Oil and natural gas properties, net	45,663,549	40,627,061
Deferred tax asset	2,175,712	405,000
Total assets	$ 49,074,521	$ 45,470,335
Liabilities and Stockholder's Equity		
Current liabilities		
Accounts payable	$ 1,748,522	$ 2,622,256
Accrued liabilities	147,643	300,061
Total current liabilities	1,896,165	2,922,317
Asset retirement obligation	490,573	249,814
Total liabilities	2,386,738	3,172,131
Commitments and contingencies	-	-
Stockholder's equity		
Common stock $0.01 par value; 10,000,000,000 shares authorized; 5,016,566,453 and 4,296,580,467 shares issued and outstanding as of March 31, 2015 and 2014, respectively	50,165,665	42,965,805
Retained deficit	(3,477,882)	(667,601)
Total stockholder's equity	46,687,783	42,298,204
Total liabilities and stockholder's equity	$ 49,074,521	$ 45,470,335

See accompanying notes to financial statements.

IOCL (USA) Inc.

Statements of Operations

	Year Ended March 31, 2015	Year Ended March 31, 2014
Oil and natural gas revenues	$ 10,481,659	$ 8,628,006
Operating expenses		
Lease operating	1,501,490	815,769
Production taxes	350,823	495,911
Marketing and distribution	198,097	94,787
Depletion, depreciation and amortization	10,113,126	8,583,576
Abandonment of expired leases	2,716,210	-
Accretion expense	17,194	8,859
General and administrative	165,712	72,724
Total operating expenses	15,062,652	10,071,626
Loss before income tax benefit	(4,580,993)	(1,443,620)
Income tax benefit	1,770,712	546,000
Net loss	$ (2,810,281)	$ (897,620)

See accompanying notes to financial statements.

IOCL (USA) Inc.

Statements of Changes in Stockholder’s Equity

For the Years Ended March 31, 2015 and 2014

	Common Stock		Retained	Total
	Shares	Amount	(Deficit) Earnings	Stockholder's Equity
Balance, March 31, 2013	2,069,803,900	$ 20,698,039	$ 230,019	$ 20,928,058
Issuance of common stock in exchange for payable to Parent	13,159,300	131,593	-	131,593
Capital contribution	2,213,617,267	22,136,173	-	22,136,173
Net loss	-	-	(897,620)	(897,620)
Balance, March 31, 2014	4,296,580,467	42,965,805	(667,601)	42,298,204
Capital contribution	719,985,986	7,199,860	-	7,199,860
Net loss	-	-	(2,810,281)	(2,810,281)
Balance, March 31, 2015	5,016,566,453	$ 50,165,665	$ (3,477,882)	$ 46,687,783

See accompanying notes to financial statements.

IOCL (USA) Inc.

Statements of Cash Flows

	Year Ended March 31, 2015	Year Ended March 31, 2014
Cash flows from operating activities:		
Net loss	$ (2,810,281)	$ (897,620)
Adjustments to reconcile net loss to net cash provided by operating activities:		
Depletion, depreciation and amortization	10,113,126	8,583,576
Abandonment of expired leases	2,716,210	-
Accretion expense	17,194	8,859
Deferred tax benefit	(1,770,712)	(546,000)
Changes in operating assets and liabilities		
Accounts receivable - oil and natural gas	759,098	(778,693)
Accounts payable	(290,173)	469,112
Accrued liabilities	(152,418)	91,237
Net cash provided by operating activities	8,582,044	6,930,471
Cash flows from investing activities:		
Acquisition of oil and natural gas properties	(17,642,259)	(28,498,746)
Change in capital expenditure accrual	(583,561)	1,994,223
Change in advances to operator	926,492	(486,220)
Net cash used in investing activities	(17,299,328)	(26,990,743)
Cash flows from financing activities:		
Capital contribution	7,199,860	22,136,173
Net cash provided by financing activities	7,199,860	22,136,173
Net increase (decrease) in cash and cash equivalents	(1,517,424)	2,075,901
Cash and cash equivalents - beginning of year	2,180,455	104,554
Cash and cash equivalents - end of year	$ 663,031	$ 2,180,455
Supplemental non-cash investing and financing activities:		
ARO liabilities incurred	$ 223,565	$ 178,969
Issuance of common stock in exchange for payable to Parent	$ -	$ 131,593

See accompanying notes to financial statements.

IOCL (USA) Inc.

Notes to Financial Statements

March 31, 2015

Note 1 - Nature of Operations

Background

IOCL (USA) Inc. (the “Company”) was formed on October 1, 2012 as a Texas Corporation. The Company is a wholly-owned subsidiary of Indian Oil Corporation Limited (the “Parent”). The Company is a petroleum exploration and production company engaged in the acquisition, exploration, and development of properties for the production of crude oil and natural gas from underground reservoirs.

On October 4, 2012, the Company entered into a purchase and participation agreement (the “Agreement”) with Carrizo Oil & Gas, Inc. and one of its affiliates (collectively, “Carrizo”) to acquire a 10% working interest in oil and natural gas properties located in the Niobrara Formation area in Weld, Morgan, and Adams counties of the State of Colorado. The Agreement also requires the Company to pay up to an amount not to exceed $13,750,000 (the “carry”), representing 33% of Carrizo’s 50% share of all development costs (as defined in the Agreement), through the earlier of the fulfillment of certain events, as defined, or March 31, 2014. Any amount of the carry not funded by March 31, 2014 will be due to Carrizo. The carry feature of the Agreement requires the Company to provide an irrevocable standby letter of credit by a financial institution reasonably satisfactory to Carrizo equal to the carry amount and with an expiration date of no earlier than the carry termination date. At March 31,2014, the Company funded its carry obligation in full with Carrizo.

Note 2 - Summary of Significant Accounting Policies

Cash and cash equivalents

Cash and cash equivalents include all highly liquid investments with original maturities of three months or less from the date of purchase.

Oil and natural gas properties

The Company uses the successful efforts method of accounting for oil and natural gas producing activities. Costs to acquire mineral interests in oil and natural gas properties, costs to drill and equip exploratory wells that find proved reserves, costs to drill and equip development wells, and related asset retirement costs are capitalized. With respect to amounts paid by the Company for its carry obligation, they are recorded to oil and natural gas properties in cost categories incurred as tangible and intangible drilling costs, completion costs and production equipment. Additionally, interest costs, if appropriate, are capitalized to oil and natural gas properties during the period that unevaluated leasehold costs and costs of wells in progress are undergoing development and preparation for their intended use until reserves have been identified. Costs to drill exploratory wells that do not find proved reserves, geological and geophysical costs, and costs of carrying and retaining unproved properties are expensed.

Note 2 - Summary of Significant Accounting Policies (Continued)

Oil and natural gas properties (continued)

Capitalized costs of producing oil and natural gas properties, after considering estimated residual salvage values, are depreciated and depleted on a field level (common reservoir) using the unit-of-production method using proved producing oil and natural gas reserves. Unproved property costs, costs of wells in progress and related capitalized interest costs, if any, are excluded from the depletable base until the related costs are considered developed or until proved reserves are found. Oil and natural gas leasehold costs are depleted using the unit-of-production method based on total proved oil and natural gas reserves.

Upon sale or retirement of a complete unit of a proved property, the cost and related accumulated depreciation, depletion, and amortization are eliminated from the property accounts, and the resulting gain or loss is recognized in the statement of operations. On the retirement or sale of a partial unit of proved property, the cost and related accumulated depreciation, depletion, and amortization apportioned to the interest retired or sold are eliminated from the property accounts, and the resulting gain or loss is recognized in the statement of operations.

Upon sale of an entire interest in an unproved property, gain or loss on the sale is recognized, taking into consideration the amount of any recorded impairment if the property had been assessed individually. If a partial interest in an unproved property is sold, the amount received is treated as a reduction of the cost of the interest retained.

Proved oil and natural gas properties are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amounts may not be recoverable, which is generally performed at the field level. Assets are grouped at the lowest level for which there is identifiable cash flows that are largely independent of the cash flows of other groups of assets. Estimates of future undiscounted net cash flows are determined by a third party petroleum engineering firm of the proved oil and natural gas properties to determine the recoverability of carrying amounts. If the net cost exceeds the undiscounted future net cash flows then the fair value is determined using the discounted future net cash flows as the new carrying value with any excess net cost recorded as impairment with a corresponding amount recorded to accumulated depreciation, depletion and amortization. As of March 31, 2015 and 2014, no impairment of proved oil and natural gas properties is required.

Unproved oil and natural gas properties are periodically assessed for impairment of value, and a loss is recognized at the time of impairment by providing an impairment allowance. No impairment was required as of March 31, 2015 and 2014.

Note 2 - Summary of Significant Accounting Policies (Continued)

Asset retirement obligations

The Company records an asset retirement obligation for the abandonment of oil and natural gas producing properties. The asset retirement obligation is recorded at its estimated fair value on the date that the obligation is incurred and accretion expense is recognized over time as the discounted liability is accreted to its expected settlement value. Fair value is measured using expected future cash outflows which considers an estimate of the cost to plug and abandon wells (excluding salvage value), future inflation rates and is discounted at the Company's credit-adjusted risk-free interest rate. The fair value of the estimated asset retirement cost is capitalized as part of the carrying amount of the applicable proved oil and natural gas property and depleted with the corresponding proved oil and natural gas property using the unit-of-production method. Periodically the asset retirement obligation is remeasured to determine if a revision to the estimate is necessary with any revisions being recorded as an adjustment to oil and natural gas property.

Revenue recognition and natural gas imbalances

Revenues from the sale of crude oil and natural gas production are recognized when oil and natural gas is sold at a fixed and determinable price, delivery has occurred, title has transferred and collectability is reasonably assured, net of royalties. An accrual is recorded at each reporting period by estimating the oil and natural gas volumes produced and delivered, net of royalties, and the corresponding oil and natural gas prices for periods when actual production information is not available. Crude oil that remains within the field tanks that is not sold at each reporting period is considered not produced. The Company follows the sales method of accounting for oil and natural gas revenues whereby revenue is recognized for all oil and natural gas sold to purchasers, regardless of whether the sales are proportionate to the Company's ownership interest in the property. Production imbalances are recognized as an asset or liability to the extent that the Company has an imbalance on a specific property that is in excess of its remaining proved oil and natural gas reserves. Oil and natural gas sales volumes are not significantly different from the Company's share of production, and as of March 31, 2015 and 2014, the Company did not have any production imbalances.

Concentrations of credit risk

Financial instruments, which potentially subject the Company to concentrations of credit risk, consist principally of cash and accounts receivables - oil and natural gas. The Company maintains its cash with financial institutions it believes have a high credit quality. The Company at times maintains bank deposits in excess of federally-insured limits. The possibility of a loss exists if the bank holding excess deposits was to fail. All of the Company's accounts receivable are from its operators of the Company's oil and natural gas properties resulting from oil and natural gas sales. To mitigate this credit risk, the Company closely monitors the payment history and credit worthiness of its operators.

Fair value of financial instruments

The Company measures fair value in accordance with Financial Accounting Standards Board Accounting Standards Codification ("ASC") Topic 820, "Fair Value Measurements and Disclosures," which defines fair value, establishes a framework for measuring fair value, establishes a fair value hierarchy based on the quality of inputs used to measure fair value and enhances disclosure requirements for fair value measurements.

Note 2 - Summary of Significant Accounting Policies (Continued)

Fair value of financial instruments (continued)

A three-level valuation hierarchy for disclosure of fair value measurements categorizes assets and liabilities measured at fair value into one of three different levels depending on the observability of the inputs employed in the measurement. Level 1 inputs include observable inputs such as quoted prices in active markets at the measurement date for identical, unrestricted assets or liabilities. Level 2 inputs include inputs that are observable directly or indirectly such as quoted prices in markets that are not active, or inputs which are observable, either directly or indirectly, for substantially the full term of the asset or liability. Level 3 inputs include unobservable inputs for which there is little or no market data and which the Company makes its own assumptions about how market participants would price the assets and liabilities.

The Company's financial instruments are cash and cash equivalents, accounts receivable, accounts payable. The recorded values of cash and cash equivalents, accounts receivable and accounts payable approximate their fair values based on their short-term nature.

Use of estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Management believes that these estimates and assumptions provide a reasonable basis for the fair presentation of the financial statements.

Significant estimates include volumes of oil and natural gas reserves used in calculating depreciation, depletion and amortization of oil and natural gas properties, future net revenues and abandonment obligations, impairment of developed and undeveloped properties, the collectability of outstanding accounts receivable, contingencies, and the results of any current and future litigation. Oil and natural gas reserve estimates, which are the basis for unit-of-production depreciation and depletion, have numerous inherent uncertainties. The accuracy of any reserve estimate is a function of the quality of available data and of engineering and geological interpretation and judgment. Subsequent drilling results, testing, and production may justify revision of such estimates. Accordingly, reserve estimates are often different from the quantities of oil and natural gas that are ultimately recovered. In addition, reserve estimates are sensitive to changes in wellhead prices of crude oil and natural gas. Such prices have been volatile in the past and can be expected to be volatile in the future.

The Company's significant estimates are based on current assumptions that may be materially affected by changes to future economic conditions, such as the market prices received for sales of volumes of oil and natural gas, and are primarily based upon the data and information received from the operators. Future changes in these assumptions may affect these estimates materially in the near term.

Note 2 - Summary of Significant Accounting Policies (Continued)

Income taxes

Provisions for income taxes are based on taxes payable or refundable for the current period and deferred taxes on temporary differences between the amount of taxable income and pretax financial income and between the tax bases of assets and liabilities and their reported amounts in the financial statements. Deferred tax assets and liabilities are included in the financial statements at currently enacted income tax rates applicable to the period in which the deferred tax assets and liabilities are expected to be realized or settled. As changes in tax laws or rates are enacted, deferred tax assets and liabilities are adjusted through the provision for income taxes. The impact of an uncertain tax position is recognized only if it is more likely than not of being sustained upon examination of the relevant taxing authority.

The state of Texas has a gross margin tax that applies to the Company. Taxable margin is defined as total revenue less deduction for costs of goods sold or compensation and benefits in which total calculated taxable margin cannot exceed 70% of total revenue.

Management has evaluated the Company's tax positions and concluded that the Company has taken no uncertain tax positions that require adjustment to the financial statements. The Company will account for interest and penalties assessed as a result of an examination if any in income tax expense. The Company had no tax-related interest or penalties for the year ended March 31, 2015 and 2014. The tax years ending March 31, 2013 through 2015 are open for examination by the U.S. federal or state tax authorities.

Note 3 - Asset Retirement Obligations

A summary of the changes in the asset retirement obligations for the period ending March 31 are as follows:

	2015	2014
Beginning of period	$ 249,814	$ 61,986
Revisions	(11,460)	-
Liabilities acquired/incurred	235,025	178,969
Accretion expense	17,194	8,859
End of year	$ 490,573	$ 249,814

Note 4 - Income Taxes

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes using a U.S. Federal statutory corporate rate of 35%. Significant components of the Company's net deferred tax assets (liability) as of March 31 are as follows:

Note 4 - Income Taxes (Continued)

	2015	2014
Differences in depletion, depreciation, and amortization of property for tax purposes	$ 257,936	$ (5,442,000)
Federal net operating loss carryforward	1,765,931	5,367,000
State net operating loss carryforward	151,845	462,000
Other	-	18,000
Deferred tax asset	$ 2,175,712	$ 405,000

The Company had a net operating loss carryforward available at March 31, 2015 amounting to approximately $5,045,517 which begins to expire in 2033.

Income tax benefit differed from the amount computed by applying the U.S. federal income tax rate of 35% to pretax income, as a result of the following:

	Year Ended March 31,	
	2015	2014
Income tax benefit at statutory rate	$ 1,603,348	$ 505,267
State taxes	140,201	37,179
Prior year true-ups	29,499	-
Other	(2,336)	3,554
Total tax benefit	$ 1,770,712	$ 546,000

Note 5 - Related Party Transactions

The Parent from time to time makes advances to the Company for general and administrative expenses. During the period from inception (October 1, 2012) through March 31, 2013, the Parent advanced $131,593 to the Company which was converted to equity during the year ended March 31, 2014.

Note 6 - Equity Transactions

On March 27, 2014, the Company increased the number of authorized par value $0.01 common shares from 3,000 shares to 10,000,000,000 shares. Simultaneously, for no additional consideration, the Company issued to its parent in the aggregate 2,069,800,900 additional common shares. In accordance with ASC Topic 505-20 *Stock Dividends and Stock Splits* ("ASC 505"), the number of additional shares issued without additional consideration can be so great it has, or may reasonably be expected to have, the effect of materially reducing the share market price. In such a situation, the substance of the transaction is that of a stock split and in accordance with ASC 505, this transaction has been accounted accordingly and all historical share amounts in this report have been adjusted to reflect the impact of this transaction.

Note 7 - Commitments and Contingencies

In the normal course of business, the Company is subjected to claims, legal actions, contract negotiations, and disputes. The Company provides for losses, if any, in the year in which they can be reasonably estimated. In management's opinion, there are currently no such matters outstanding that would have a material effect on the accompanying financial statements.

Note 8 - Subsequent Events

Management has evaluated subsequent events through May 15, 2015, which is the date the financial statements were available to be issued, and has determined that there were no other subsequent events to be reported.