Annual Report and Financial Statements

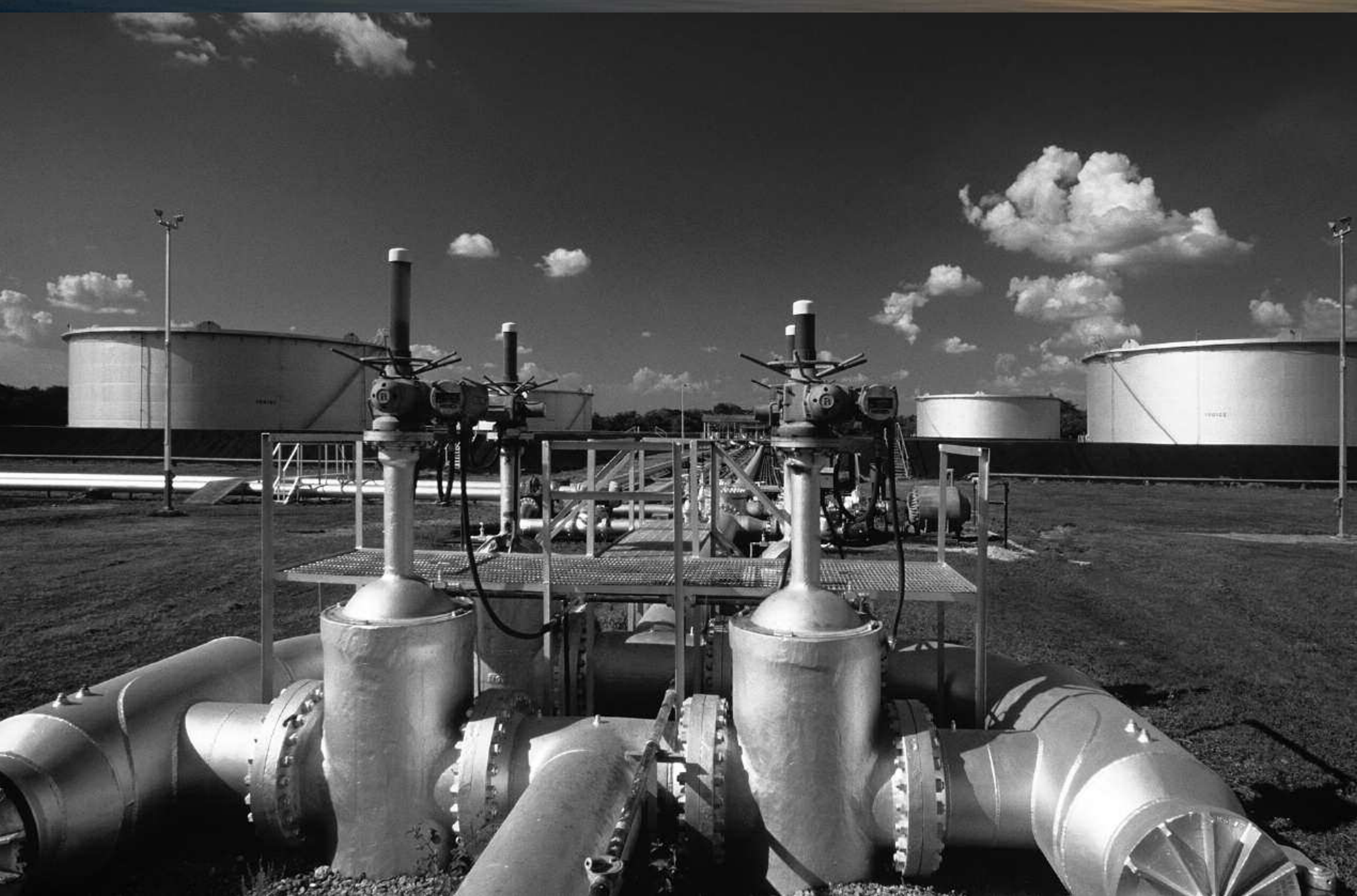
for the year ended 31 December 2014

Riverstone Energy Limited

(LSE: RSE)

A focus on long-term capital growth

Contents



Who We Are…

Riverstone Energy Limited

Riverstone Energy Limited seeks to achieve superior risk adjusted returns through investing in the energy sector. The energy sector is global and a significant component of virtually all major economies. Prevalent market drivers of economic expansion, population growth, development of markets, deregulation and privatisation will continue to create opportunities globally for investors in energy.

The Company's investment manager is Riverstone International Limited, which is majority-owned and controlled by affiliates of Riverstone.

Riverstone is an energy and power-focused private investment firm founded in 2000 by David M. Leuschen and Pierre F. Lapeyre with approximately $27 billion of equity capital raised across seven private investment funds and related co-investment entities. Riverstone conducts buyout and growth capital investments in the exploration and production, midstream, oilfield services, power and renewable sectors of the energy industry. With offices in New York, London, Houston and Mexico City, the firm has committed to 115 investments in North America, Latin America, Europe, Africa and Asia.

The registered office of the Company is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY, Channel Islands.

Financial and Operational Highlights

Committed to Date	$724 million/59 per cent. of total capital raised[1]
Commitments during the year ended 31 December 2014	Committed a total of $574 million: (i) $83 million to Rock Oil Holdings LLC (ii) $82 million to Fieldwood Energy LLC (iii) $60 million to Canadian International Oil Corporation (iv) $90 million to Canadian Non-Operated Resources LP (v) $67 million to Castex Energy 2014, LLC (vi) $67 million to Origo Exploration Holding AS (vii) $75 million to Sierra Oil & Gas S. de R.L. de C.V. (viii) $50 million to Castex Energy 2005, LLC
Invested to Date	$376 million/31 per cent. of capital raised[1]
Investments during the year ended 31 December 2014	Invested a total of $375 million: (i) $70 million in Canadian Non-Operated Resources LP (ii) $66 million in Liberty Resources II, LLC (iii) $54 million in Fieldwood Energy LLC (iv) $54 million in Canadian International Oil Corporation (v) $48 million in Castex Energy 2005, LLC (vi) $36 million in Eagle Energy Exploration, LLC (vii) $24 million in Castex Energy 2014, LLC (viii) $20 million in Rock Oil Holdings LLC (ix) $2 million in Sierra Oil & Gas S. de R.L. de C.V. (x) $1 million in Origo Exploration Holding AS

Key Financials

	2014	2013
NAV as at 31 December	**$1,240 million**	$1,139 million
NAV per share as at 31 December	**$16.31**	$16.04
Total comprehensive profit for the year/period ended 31 December	**$20.6 million**	$0.6 million
Basic profit per share for the year/period ended 31 December	**28.60 cents**	0.81 cents
Market capitalisation at 31 December	**$1,028 million/ £660 million[2]**	$1,106 million/ £668 million[2]
Share price at 31 December	**$13.53/£8.68[2]**	$15.57/£9.40[2]

(1) Based on total capital raised of $1,221 million, including KFI's second tranche of £50 million (at exchange rate of 1.621 USD/GBP).

(2) Based on an assumed exchange rates of 1.558 $/£ and 1.656 $/£ at 31 December 2014 and 2013, respectively.

Chairman's Statement

Well positioned to take advantage of turmoil in the energy markets…

"REL has continued to deliver on its investment objectives through commitments to eight additional companies in 2014. While surging North American production has sent shockwaves through the global energy markets, REL is well positioned to take advantage of market volatility due to its strong capital position and diversified footprint across both conventional and unconventional energy plays. Although still comparatively early in the investment cycle, our portfolio company valuations are already growing, resulting in growth in NAV per share during our first full calendar year."

REL has completed its first full year of operations as a company and as of 31 December 2014 has committed $724 million, or 59 per cent. of total capital raised(1) to ten investments. Of this, $376 million has been invested, equating to 31 per cent. of total capital raised(1). REL's rapid progress to date means that the company is well on track to achieve our stated objectives to be fully committed within 24 to 36 months of our IPO and to deliver strong returns to its Shareholders.

With ten companies operating across both conventional and unconventional onshore and offshore plays, the Company has established a diversified footprint across geographies and investment strategies. REL continues to consolidate its presence in the United States and Canada while also establishing new ventures in Norway as well as Mexico whose energy industry undergoes a historic period of reform and liberalisation. Although entirely focused on exploration and production to date, company strategies range from conventional gas production offshore Gulf of Mexico to non-operated liquid-focused joint ventures in Canada and exploration in Norway.

Existing investments are also performing well and we are starting to see the first valuation impacts and growth in production levels and valuations. Some notable successes from 2014 include highly favourable results from CIOC's wells in Canada's Montney formation, CNOR's joint ventures with leading Canadian drillers and Fieldwood's 15 successful wells in the shallow Gulf of Mexico.

2014 has been a tumultuous year for the energy industry with a number of macro shocks ranging from instability in Eastern Europe and the Middle East to the decision by OPEC to leave oil production quotas unchanged despite growing North American supply. The latter has had a profound impact on the energy market with oil prices falling by 43 per cent. during the calendar year.

Energy producers are responding to lower oil prices by reducing capital spending plans, shelving growth projects and right-sizing portfolios through divestments. However, this is resulting in new opportunities for companies with the capital and expertise to take advantage of the market dislocation. REL's disciplined investment strategy, strong capital position and partnerships with world-class management teams positions the Company well to deliver strong shareholder returns to investors through the oil price cycle.

Performance //

As of 31 December 2014, REL had a NAV per share of $16.31. This equates to an increase of 27 cents, when compared to NAV per share at 31 December 2013. NAV benefitted from the 40 per cent. increase in the value of our Gulf of Mexico investment, Fieldwood, and an uplift of 50 per cent. in CIOC, one of our E&P investments focused on unconventional resources in Western Canada.

The rate of capital commitments continued at a strong pace over the year, with the Company announcing eight new capital commitments totalling $574 million.

In the North American upstream sector, new capital commitments made during the year were $60 million to CIOC, $90 million to CNOR, $83 million to Rock Oil, $82 million to Fieldwood, $67 million to Castex 2014 and $50 million to Castex 2005. CIOC is a Calgary-based upstream oil and gas company focused on the delineation and development of its Deep Basin position in West Central Alberta, Canada; $54 million was invested in CIOC from REL during the year. CNOR is a newly-formed Calgary-based oil and gas company that has entered into multi-year joint ventures with Bellatrix Exploration Ltd and Tourmaline Oil Corp to fund drilling activity in Western Canada. Rock Oil is a build-up exploration and production investment focusing on well-established North American plays such as the Midland Basin. Fieldwood is led by a team which has previously partnered successfully with Riverstone and focuses on U.S. Gulf of Mexico Shelf exploration and production having acquired assets from SandRidge Energy and Apache in the region. Finally, REL made two commitments to Castex; the first to Castex 2014 which is a new partnership focusing on seismic-driven exploration in Southern Louisiana and the Gulf of Mexico Shelf. REL also invested $48 million in Castex 2005 which comprises a portfolio of existing assets which produce over 130 mmcfe/d in the region. Both are managed by Castex Energy Inc. which has a multi-decade track record of operational leadership in the region.

Outside the United States and Canada, REL also made new capital commitments of $75 million to Sierra Oil & Gas, the first independent Mexican energy company established in 76 years, and $67 million to Origo Exploration. Sierra is a new company managed by executives with a deep knowledge of the Mexican energy sector to pursue select upstream and midstream opportunities as the local energy industry undergoes a historic period of reform and liberalisation. Origo is a Norway-based oil and gas company managed by a team with a strong track record of exploration discoveries in the UK and Norwegian continental shelves, who are targeting several wells per year through farm-ins and licensing rounds.

As for the companies that were in the portfolio at the start of the period, REL invested $66 million in Liberty II to support the acquisition of approximately 53,000 acres and approximately 4,000 boepd at the Bakken formation in North Dakota. Also during the period, REL invested an additional $36 million in Eagle II, taking its total investment to $37 million, as the company progressed on its primary strategy to pursue exploration and development opportunities in the U.S. Mid-Continent region.

These ten REL companies represent an increasingly diverse geographic exposure, achieving a broad range of coverage in the North American exploration and production opportunity set but now incorporating a footprint in Mexico and the North Sea. The portfolio also combines a balanced mix of conventional and unconventional E&P plays, as well as oil, gas and liquids production. The Company has maintained a disciplined approach by investing alongside world-class management teams who are well known to the Investment Manager and have extensive track records in delivering returns to investors across multiple energy price cycles, in part through consistent hedging and the moderate use of leverage.

As announced in May 2014, the Investment Manager has begun fundraising for Fund VI. While this will be the successor to Fund V as the investment partner for REL, the scope of investments for REL will be expanded to include all oil field services and power transactions in which Fund VI participates.

REL has made excellent progress in 2014 in executing its strategy by partnering with top management teams in opportunity-rich locations. Despite oil prices falling by 43 per cent. during the calendar year, REL's investments are starting to yield tangible results through drilling successes and production increases. REL maintains significant dry powder through both cash and un-invested commitments. The nine management teams are extremely well placed to take advantage of new opportunities emerging from the lower oil price environment. We expect that the remaining uncommitted funds will be fully committed before mid- 2015.

Sir Robert Wilson
Chairman
12 February 2015

(1) Based on total capital raised of $1,221 million, including KFI's second tranche of £50 million (at exchange rate of 1.621 USD/GBP).

Investment Manager's Report

Over the past year, ongoing concern regarding surging North American oil production and subsequent oversupply has seen the price of a barrel of crude drop to historically low levels. This has been exacerbated in recent months by OPEC's decision to leave production quotas unchanged despite increases in non-OPEC supply. This is likely to lead to ongoing volatility as the market seeks equilibrium.

While the degree and speed of the recent oil price decline has obviously put pressure on industry participants, we believe that the resulting market dislocation has also created an opportunity for us to illustrate the value that Riverstone's franchise and strategy bring during uncertain and volatile times. It is during these times that Riverstone's unmatched scale, experience and diversified investment approach – both across sectors and geographies – serve to differentiate us from industry peers, particularly with those who are less experienced in the energy sector or are focused entirely on one sub-sector or region.

It is also important to note that this is not the first time in Riverstone's history that oil prices have experienced extended periods of severe price volatility. Riverstone's investment professionals have built a considerable knowledge base while operating through these cycles. This experience has taught Riverstone to take certain strategic steps in our portfolio in order to maintain the maximum amount of operational and capital flexibility under any commodity price environment. This is done through a combination of (i) diversifying across geographies and oil and gas asset classes, (ii) focusing on build-up strategies and deploying capital gradually across the cycle, (iii) partnering with experienced, operationally-focused management teams, (iv) aggressively hedging cash flows from producing assets, (v) using moderate levels of debt with flexible covenant structures, and (vi) maintaining sufficiently high levels of liquidity to take advantage of attractive acquisition opportunities or pay down debt.

In addition to our intense focus on guiding our portfolio companies through these volatile times, we also recognise that the current environment presents substantial opportunities to deploy additional capital at attractive valuations. In fact, with much of the North American E&P landscape lacking the operational and/or capital flexibility, we believe that the current opportunity set in the North American upstream sector is arguably more robust than it has been at any time in recent history. We believe our flexible strategy and strong capital position enables us to take advantage of the market dislocation, while at the same time not deviating from the core tenets of our investment strategy: backing "best-in-class" management teams, buying premier assets, hedging commodity price risk and maintaining conservative capital structures.

We are confident that the long term outlook for the sector remains favourable. We continue to source a range of attractive investment opportunities in the current environment. The Company is well resourced with significant capital to deploy, both in the form of committed but un-invested capital within the existing portfolio companies as well as in the form of uncommitted capital. It is important to note that any uninvested capital is true dry powder and is available to be invested in the current lower price environment.

Investment Strategy //

The Investment Manager's objective is to achieve superior risk adjusted returns by making privately negotiated control investments primarily in the exploration and production and midstream energy sectors, which is a significant component of virtually all major economies. Prevalent long-term market drivers of economic expansion, population growth, development of markets, deregulation, and privatisation allied to near-term commodity price volatility are expected to continue to create opportunities globally for Riverstone.

Key Drivers:

- Capital constraints among companies with high levels of leverage;
- Pressures to rationalise assets;
- Unconventional production growth in North America;
- Growing success rates of deepwater exploration and other technology-driven sources of reserves; and
- Historical under-investment in energy infrastructure.

The Investment Manager, through its affiliates, has an outstanding track record of building businesses with exceptional management teams and of delivering consistently strong returns and significant outperformance against both crude oil and natural gas benchmarks. The Company aims to capitalise on the opportunities presented by Riverstone's pipeline of investments.

The Investment Manager utilises its extensive industry expertise and relationships to thoroughly evaluate investment opportunities and uses its significant experience in conducting due diligence, valuing assets and all other aspects of deal execution, including financial and legal structuring, accounting and compensation design. The Investment Manager also draws upon its extensive network of relationships with industry-focused professional advisory firms to assist with due diligence in other areas such as legal, accounting, tax, employee benefits, environmental, engineering or insurance.

Investment Portfolio Summary //

As of 31 December 2014, ten exploration and production investments have been completed as further discussed below. The Investment Manager continues to maintain a strong pipeline of investment opportunities and expects to make a number of new commitments during 2015.

Investment Manager's Report (continued)

CIOC

As of 31 December 2014, REL, through the Partnership, has invested $54 million of its $60 million original commitment to CIOC. The commitment was increased to $68 million after the end of the period. CIOC is a private exploration and production company focused on liquids-rich unconventional resources in Western Canada. Since its establishment in 2010, CIOC has aggregated one of the largest and most advantaged land positions in the emerging Montney and Duvernay formations of Western Canada's Deep Basin.

The company controls and operates 100 per cent. of this asset base, which comprises approximately 400,000 acres. At time of entry, CIOC was producing 3,000 boepd from 14 wells. The company has been successful in rapidly growing production, achieving year end 2014 production in excess of 6,000 boepd.

As of 31 December 2014, REL's interest in CIOC, through the Partnership, was valued at 1.5x Gross MOIC[1] or $80 million.

Fieldwood

As of 31 December 2014, REL, through the Partnership, has invested $54 million of its $82 million commitment to Fieldwood. Riverstone formed Fieldwood in partnership with CEO Matt McCarroll and his team in December 2012.

Fieldwood has made three material acquisitions (Apache, SandRidge and Black Elk) and now has leasehold comprising more than 650 blocks in the Gulf of Mexico. In 2014, Fieldwood drilled 15 successful wells out of 21 total wells (71 per cent. success rate) and executed 60 recompletion projects. In addition, Fieldwood plugged 240 wells and removed 87 platforms and 89 sub-sea pipelines.

As of 31 December 2014, REL's interest in Fieldwood, through the Partnership, was valued at 1.4x Gross MOIC[1] or $75 million.

[1] Gross MOIC is Gross Multiple of Invested Capital before transaction costs, taxes, carried interest, management fees and other expenses. Given these costs and expenses are in aggregate expected to be considerable, Net MOIC will be materially less than the Gross MOIC.

Investment Manager's Report (continued)

CNOR

CNOR

As of 31 December 2014, REL, through the Partnership, has committed $90 million to CNOR and has invested a total of $70 million. CNOR is a newly-formed, Calgary-based oil and gas company. The company is led by industry veteran Richard Grafton, who has an outstanding track record in the Canadian oil and gas sector as director of multiple successful exploration and production companies.

During the period, CNOR entered into a multi-year joint venture arrangement with Bellatrix Exploration Limited in which it has committed a total of $250 million in capital (of which approximately $40 million is from REL) towards future accelerated development of a portion of Bellatrix's extensive undeveloped land holdings in Western Canada. The capital is expected to be invested primarily between 2016 and 2018. Also during the period, CNOR closed a joint venture arrangement with Tourmaline Oil Corp. Upon closing of this joint venture, CNOR became a 25 per cent. working interest partner in Tourmaline's current and future Peace River High assets. REL invested $69 million upon closing of this transaction.

As of 31 December 2014, REL's interest in CNOR, through the Partnership, was valued at 1.0x Gross MOIC[(1)] or $70 million.

Liberty II

LIBERTY RESOURCES

As of 31 December 2014, REL, through the Partnership, has invested $66 million of its $100 million commitment to Liberty II. On 12 March 2014, Liberty II acquired approximately 53,000 net acres and approximately 4,000 boepd net in the Williston Basin in North Dakota.

Later in 2014, Liberty II closed a transaction with Emerald Oil, Inc. in which the company agreed to divest approximately 31,500 non-core acres in North Dakota's McKenzie County to Emerald in exchange for approximately 4,175 net acres in North Dakota's Williams County and $78 million in cash.

As of 31 December 2014, REL's interest in Liberty II, through the Partnership, was valued at 1.0x Gross MOIC[(1)] or $66 million.

(1) Gross MOIC is Gross Multiple of Invested Capital before transaction costs, taxes, carried interest, management fees and other expenses. Given these costs and expenses are in aggregate expected to be considerable, Net MOIC will be materially less than the Gross MOIC.

Investment Manager's Report (continued)

Castex 2005

As of 31 December 2014, REL, through the Partnership, has committed $50 million to Castex 2005 and has invested a total of $48 million. Castex 2005 is a Houston-based oil and gas company focused on the acquisition and development of assets in the U.S. Gulf Coast Region.

Castex 2005 is managed by Castex Energy, Inc., which has a multi-decade operating history in exploration and development in South Louisiana and the Gulf of Mexico Shelf. Castex 2005 has operations in South Louisiana and the Gulf of Mexico Shelf with an established reserve base, strong current and growing production, and one of the most attractive, sizable private exploration inventories in the shallow water areas of the Gulf of Mexico. The company currently produces approximately 130 mmcfe/d.

As of 31 December 2014, REL's interest in Castex 2005, through the Partnership, was valued at 1.0x Gross MOIC[(1)] or $48 million.

Eagle II

As of 31 December 2014, REL, through the Partnership, has invested $37 million of its $50 million commitment to Eagle II. Eagle II's primary strategy is to accumulate acreage for delineation and development in the Mid-Continent region of the United States.

During the period, Eagle II closed the acquisition of assets in Oklahoma from Fairway Resources Partners II, LLC for $195 million. The acquisition comprises approximately 20,000 net acres in Alfalfa, Grant and Woods counties with current production from the Mississippi Lime. Additionally, the company has acquired approximately 6,000 net acres in the South Central Oklahoma Oil Province.

As of 31 December 2014, REL's interest in Eagle II, through the Partnership, was valued at 1.0x Gross MOIC[(1)] or $37 million.

(1) Gross MOIC is Gross Multiple of Invested Capital before transaction costs, taxes, carried interest, management fees and other expenses. Given these costs and expenses are in aggregate expected to be considerable, Net MOIC will be materially less than the Gross MOIC.

Investment Manager's Report (continued)

Castex 2014

As of 31 December 2014, REL, through the Partnership, has committed $67 million to Castex 2014 and has invested a total of $24 million. Castex 2014 is a newly-formed, Houston-based oil and gas company focused on exploration in the U.S. Gulf Coast Region using amplitude analysis from the company's extensive 3D seismic library and management's nearly three decades of experience with the hydrocarbon-bearing sands and trap characteristics of faults and salt domes in its focus area.

Castex 2014 is managed by Castex Energy, Inc., which has a multi-decade operating history in exploration and development in South Louisiana and the Gulf of Mexico Shelf. As of the end of the period, the company has participated in five discoveries and two unsuccessful wells. Of the five discoveries, two are in production and three are in various stages of being completed.

As of 31 December 2014, REL's interest in Castex 2014, through the Partnership, was valued at 1.0x Gross MOIC[(1)] or $24 million.

Rock Oil

As of 31 December 2014, REL, through the Partnership, has invested $20 million of its $83 million commitment to Rock Oil. Rock Oil is a newly-formed, Denver and Houston-based oil and gas company focused on the acquisition and development of assets in top-tier North American plays such as the Eagle Ford, Permian and Utica.

The company is led by Chairman and CEO Kyle R. Miller, who has a proven track record of creating value in these plays, most recently at the previous iteration of Rock Oil, which was exited in separate sales to Sanchez Energy and Sabine Oil & Gas. During the period, Rock Oil acquired 13,100 net acres in Howard County in the Midland Basin from Permian Basin Resources and Tall City.

As of 31 December 2014, REL's interest in Rock Oil, through the Partnership, was valued at 1.0x Gross MOIC[(1)] or $20 million.

[(1)] Gross MOIC is Gross Multiple of Invested Capital before transaction costs, taxes, carried interest, management fees and other expenses. Given these costs and expenses are in aggregate expected to be considerable, Net MOIC will be materially less than the Gross MOIC.

Investment Manager's Report (continued)

Sierra Oil & Gas

As of 31 December 2014, REL, through the Partnership, has committed $75 million to Sierra and has invested a total of $2 million. Sierra is an independent energy company established to pursue select upstream and midstream opportunities in Mexico. Led by a team of experienced energy executives from the region with extensive track records at leading international oil and gas companies, Sierra's core business plan is to access and develop low-to-medium risk oil and gas opportunities as the Mexican energy industry undergoes a historic period of reform and liberalisation.

Sierra plans to establish itself as a preferred domestic partner for oil and gas activity in Mexico through differentiated access to international technical and commercial best practices, deep expertise in subsurface and operations in Mexico, and financial strength from leading international energy investors.

As of 31 December 2014, REL's interest in Sierra, through the Partnership, was valued at 1.0x Gross MOIC[1] or $2 million.

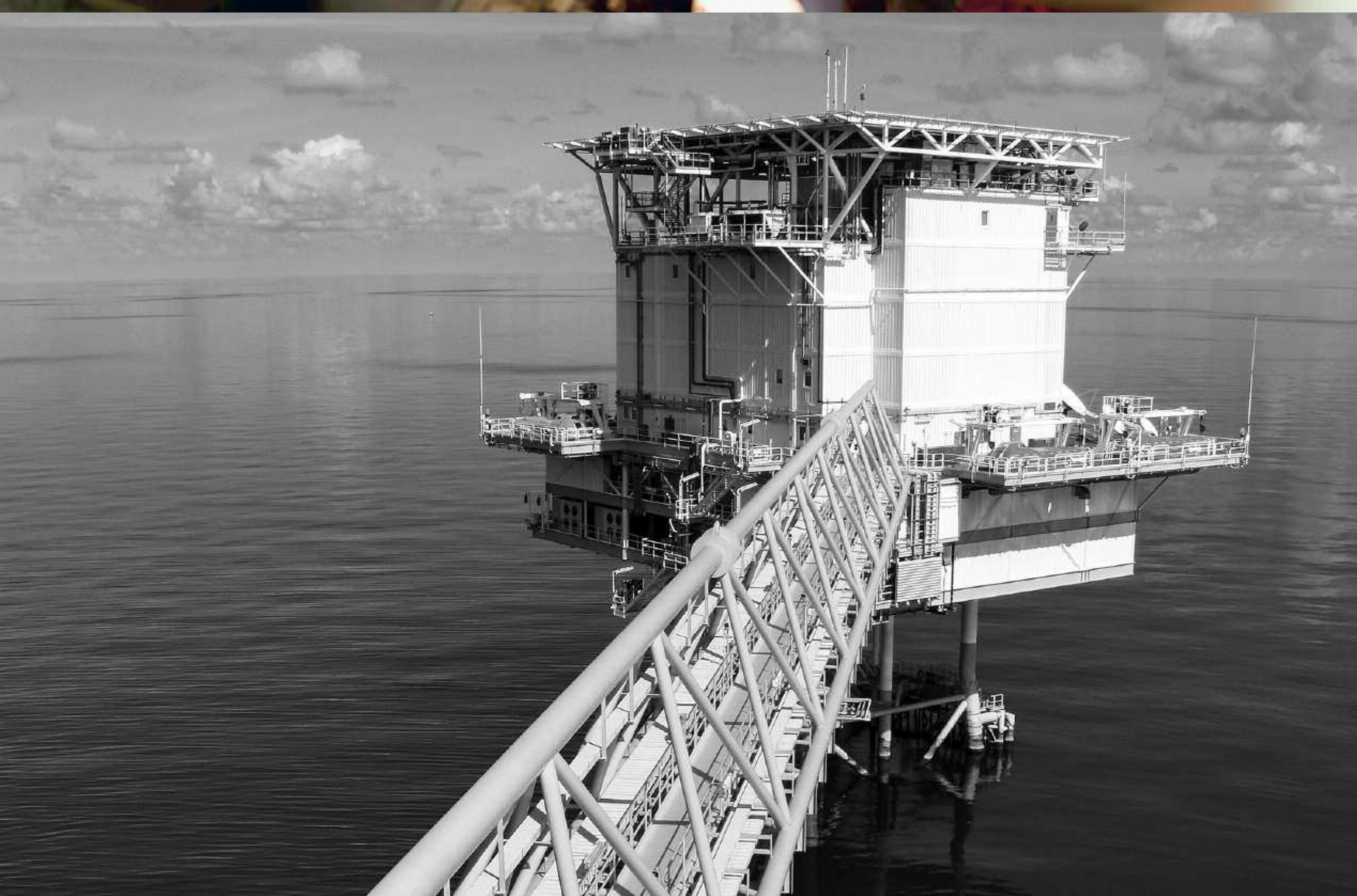
Origo Exploration

As of 31 December 2014, REL, through the Partnership, has committed $67 million to Origo and has invested a total of $1 million. Origo is a newly-formed, Norway-based oil and gas company focused on exploration on the Norwegian and U.K. Continental Shelves.

The company is led by a team who previously founded and sold two successful North Sea-focused exploration companies: Revus Energy, founded in 2003 and acquired by Wintershall in 2008; and Agora Oil & Gas, founded in 2009 and acquired by Cairn Energy in 2012. Origo is targeting participating in the drilling of three to five exploration wells per year in the North Sea through farm-ins and licensing rounds.

As of 31 December 2014, REL's interest in Origo, through the Partnership, was valued at 1.0x Gross MOIC[1] or $1 million.

[1] Gross MOIC is Gross Multiple of Invested Capital before transaction costs, taxes, carried interest, management fees and other expenses. Given these costs and expenses are in aggregate expected to be considerable, Net MOIC will be materially less than the Gross MOIC.



Investment Manager's Report (continued)

Valuation //

The Investment Manager is charged with the responsibility of valuing the assets held by REL through the Partnership. The Partnership has directed that securities and instruments be valued at their fair value. REL's valuation policy follows the IFRS accounting standards and IPEV Valuation Guidelines. Riverstone values each underlying investment in accordance with the Riverstone valuation policy, the IFRS accounting standards and IPEV Valuation Guidelines. The value of REL's portion of that investment is derived by multiplying its ownership percentage by the value of the underlying investment. If there is any divergence between the Riverstone valuation policy and REL's valuation policy, the Partnership's proportion of the total holding will follow REL's valuation policy and the Fund V proportion will follow the Riverstone valuation policy. Valuations of REL's investments through the Partnership are determined by Riverstone and disclosed quarterly to investors.

Riverstone values its investments using common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation, and discounted cash flow valuation.

For development-type investments, Riverstone also considers the recognition of appreciation of subsequent financing rounds, if any, or if subsequent financing rounds are below original cost, the investment is valued at the "down round". For those early stage privately held companies where there are other indicators of a decline in the value of the investment, Riverstone will value the investment accordingly even in the absence of a subsequent financing round.

Riverstone reviews the valuations on a quarterly basis with the Riverstone investment committee as part of the valuation process.

As stated in the Report of the Audit Committee, the Audit Committee reviews these valuations of the Company's investments held through the Partnership, and makes a recommendation to the Board for formal consideration and acceptance.

Uninvested Cash //

Of the $1,221 million[(2)] of cash raised in the Company's IPO, $1,211 million[(3)] has been invested into the Partnership for investment purposes. The Partnership maintains deposit accounts with several leading international banks. In addition, the Partnership invests a portion of its cash deposits in short-term money market fixed deposits and U.S. treasury bills. REL's treasury policy seeks to protect the principal value of cash deposits utilising low risk investments with top tier counterparts. Uninvested cash earned approximately 3 basis points during the year ended 31 December 2014.

In connection with the listing of REL on the London Stock Exchange, all proceeds of the offering were converted to U.S. dollars. All cash deposits referred to above are denominated in U.S. dollars. Additionally, REL's functional currency and financial statements are all presented in U.S. dollars. The Partnership's commitments are denominated in U.S. dollars, except CIOC and CNOR which are denominated in Canadian dollars. REL expects foreign exchange to have nominal impact on its business and overall financial results.

(2) Includes KFI's second tranche of £50 million (see Note 12).

(3) The company retained $10 million of cash raised in the IPO to meet liabilities over the company's going concern horizon, of which $5.7 million remains at 31 December 2014.

Subsequent Events and Outlook //

On 9 January 2015, REL, through the Partnership, committed $125 million to the formation of RCO. RCO is a newly created portfolio company formed to take advantage of the current dislocation in the leveraged capital markets for energy companies.

On 21 January 2015, REL, through the Partnership, committed up to $60 million to CanEra III, a newly-formed, Calgary-based oil and gas company. CanEra III represents the third partnership between Riverstone and CanEra III's management team, which is led by Paul Charron (Chairman and CEO) and David Broshko (President) and who have a track record of delivering strong returns to investors in Riverstone's private funds. The team is pursuing the same strategy of acquisition, exploitation and exploration of large oil and/or gas in place deposits in the Western Canadian Sedimentary Basin.

Including these two additional investments, REL has 12 portfolio companies with commitments totalling $917 million, or 75 per cent. of its initial capital raised at REL's IPO.[2]

The investment pipeline for REL remains robust and the Company is well positioned in the current commodity price environment.

Riverstone International Limited
12 February 2015

Investment Policy

REL invests exclusively in the global energy industry, with a particular focus on the exploration and production and midstream sectors. The Company may also make investments in other energy sub-sectors (including energy services and power and coal), but will not do so during the investment period (including any extension thereof) of Fund V. REL is well positioned to take advantage of, and benefit from, the large number of investment opportunities being driven by continued growth in global energy demand, the North American energy revolution, asset rationalisation by larger companies, and growing deepwater exploration success rates. Since REL, through the Partnership, invests alongside the Private Riverstone Funds in all Qualifying Investments in which the Private Riverstone Funds participate, REL presents a unique opportunity for public market investors to gain exposure to Riverstone's investments in the very attractive global energy sector.

Asset Allocation //

The Company acquires its interests in each Qualifying Investment at the same time (or as near as practicable thereto) as, and on substantially the same economic and financial terms as, the relevant Private Riverstone Fund.

The Company and the current Private Riverstone Fund, Fund V, invest in each Qualifying Investment in which Fund V participates in a ratio of one-third to REL to two-thirds to Fund V. This investment ratio is subject to adjustment on a case-by-case basis (a) to take account of the liquid assets available to each of the Company and Fund V for investment at the relevant time and any other investment limitations applicable to either of them or otherwise and (b) if both (i) a majority of the Company's independent Directors and (ii) the Investment Manager agree that the investment ratio should be adjusted for specific Qualifying Investments.

For each Private Riverstone Fund subsequent to Fund V which is of a similar size as Fund V (i.e. $7.7 billion) and has a similar investment policy to the Company, Riverstone seeks to ensure that subject to the investment capacity of the Company at the time, the Company and the Private Riverstone Fund invest in Qualifying Investments in an investment ratio of one-third to REL to two-thirds to the Private Riverstone Fund or in such other ratio as the Company's independent Directors and the Investment Manager agree at or prior to the first closing of such Private Riverstone Fund.

Such investment ratio may be adjusted by agreement between the Company's independent Directors and the Investment Manager on subsequent closings of a Private Riverstone Fund having regard to the total capital commitments raised by that Private Riverstone Fund during its commitment period, the liquid assets available to the Company at that time and any other investment limitations applicable to either of them.

The Investment Manager typically seeks to ensure that the Company and the Private Riverstone Funds dispose of their interests in Qualifying Investments at the same time, on substantially the same terms, and in the case of partial disposals, in the same ratio as the relevant Qualifying Investment was acquired, but this may not always be the case.

In addition, the Company may at any time make investments consistent with its investment policy independent from Private Riverstone Funds, which may include investments alongside Riverstone employee co-investment vehicles or other Riverstone managed or advised co-investment vehicles. In such cases, approval by the Board is required.

The Company invests in public or private securities, may hold controlling or non-controlling positions in its investments and may make investments in the form of equity, equity-related instruments, indebtedness or derivatives (or a combination of any of them). The Company does not permit any investments to be the subject of stock lending or sale and repurchase of shares.

Diversification //

No one investment made by the Company, through the Partnership, may (at the time of the relevant investment) represent more than 25 per cent. of the Company's gross assets, including cash holdings, measured at the time the investment is made. The Company utilises the Partnership and its subsidiary undertakings or other similar investment holding structures to make investments and this limitation does not apply to its ownership interest in any such subsidiary undertaking (nor, for the avoidance of doubt, to the Company's interest in the Partnership).

Gearing //

The Company can, but is not required to, incur indebtedness for investment purposes, to the extent that such indebtedness is a precursor to an ultimate equity investment, working capital requirements and to fund own-share purchases or retentions up to a maximum of 30 per cent. of the last published NAV as at the time of the borrowing unless approved by the Company by an ordinary resolution. This limitation does not apply to portfolio level entities in respect of which the Company is invested but it does apply to all subsidiary undertakings utilised by the Company or the Partnership for the purposes of making investments. The consent of a majority of the Company's Directors shall be required for the Company or the Partnership to enter into any credit or other borrowing facility.

Investment Policy (continued)

The Company must at all times comply with its published investment policy. For so long as the Ordinary Shares are listed on the Official List, no material change may be made to the Company's investment policy other than with the prior approval of both the Company's Shareholders and a majority of the independent Directors of the Company, and otherwise in accordance with the Listing Rules.

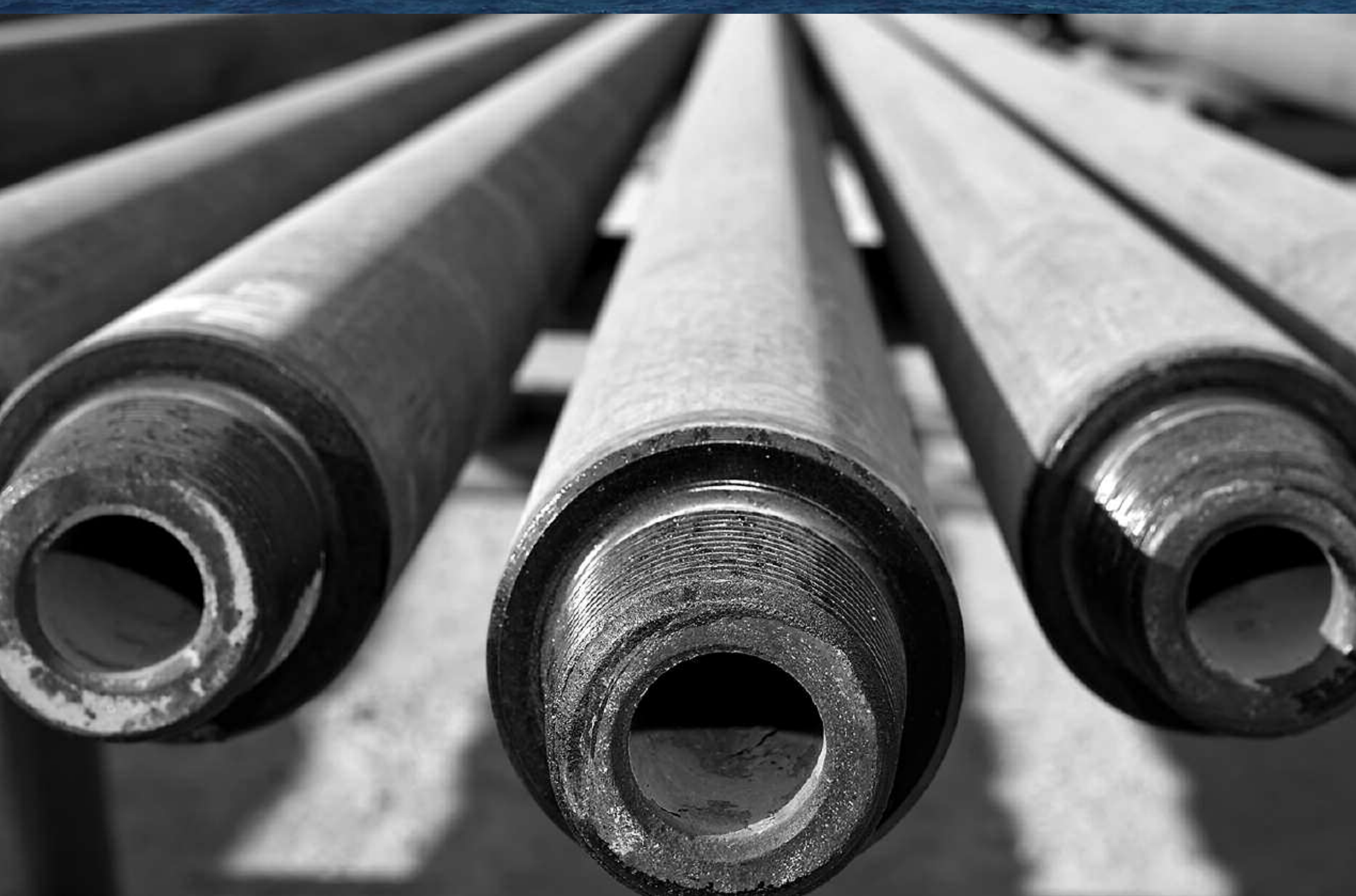
Investment Restrictions

The Company is subject to the following investment restrictions:

- for so long as required by the Listing Rules, it will at all times seek to ensure that the Investment Manager invests and manages the Company's and the Partnership's assets in a way which is consistent with the Company's objective of spreading risk and in accordance with the Company's investment policy;
- for so long as required by the Listing Rules, it must not conduct a trading activity which is significant in the context of the Company and its Investment Undertakings;
- for so long as required by the Listing Rules, not more than 10 per cent. of the value of its total assets will be invested in other UK-listed closed-ended investment funds, except for those which themselves have published investment policies to invest not more than 15 per cent. of their total assets in other UK-listed closed-ended investment funds; and
- any investment restrictions that may be imposed by Guernsey law (although no such restrictions currently exist).

Currency and interest rate hedging transactions will only be undertaken for the purpose of efficient portfolio management and these transactions will not be undertaken for speculative purposes.

"The Company invests in the global energy sector, which is undergoing significant transformation driven in large part by a revolution in horizontal drilling and completion technology."



Board of Directors

Sir Robert Wilson

Sir Robert Wilson (71), *Chairman and Non-executive Independent Director*

Appointment: Appointed to the Board and became Chairman in May 2013

Experience: Sir Robert Wilson is the Chairman of the Company. He was a Senior Adviser at Morgan Stanley until December 2014 and a Non-executive Independent Director of GlaxoSmithKline plc from November 2003 until 7 May 2014. Sir Robert served as Chairman of BG Group plc from January 2004 until May 2012. He was previously Executive Chairman of Rio Tinto plc where he became Chief Executive in 1991 and was Executive Chairman from 1997 until his retirement in 2003. From 2003 to 2009, Sir Robert was also Non-executive Chairman of The Economist Group. Sir Robert is a UK resident.

Committee Membership: Nomination Committee Chairman, Management Engagement Committee Chairman

Peter Barker

Peter Barker (66), *Non-executive Independent Director*

Appointment: Appointed to the Board in September 2013

Experience: Mr Barker was former California Chairman of JPMorgan Chase & Co., a global financial services firm, from September 2009 until his retirement on 31 January 2013, and a member of its Executive Committee in New York. Mr Barker was also a former Advisory Director of Goldman, Sachs & Co. from December 1998 until his retirement in May 2002, and a Partner of Goldman, Sachs & Co. from 1982 to 1998, heading up Investment Banking on the West Coast, having joined Goldman, Sachs & Co. in 1971. Mr Barker is President of the Fletcher Jones Foundation and has held numerous directorships. He is currently on the board of Fluor Corporation, Avery Dennison Corporation, the W. M. Keck Foundation, the Irvine Company, Franklin Resources, Inc., and the Automobile Club of Southern California. Mr Barker was also formerly a Director of GSC Investment Corp. Mr Barker is also a Trustee of Claremont McKenna College, having formerly been its Chairman, and was previously Chair of the Los Angeles Area Council of the Boy Scouts of America. Mr Barker is a U.S. resident.

Committee Membership: Audit Committee Member; Nomination Committee Member; Management Engagement Committee Member

Lord Browne of Madingley

Lord Browne of Madingley (66), *Non-executive Director*

Appointment: Appointed to the Board in May 2013

Experience: Lord Browne is a Partner and Managing Director of Riverstone and is based in London. Lord Browne joined Riverstone in 2007 and is co-head of Riverstone's Renewable Energy Funds. Prior to joining Riverstone, he spent 41 years at BP. He joined BP in 1966, became Group Treasurer in 1984, became Managing Director and Chief Executive Officer of BP Exploration in 1989 and in September 1991 joined the Board of The British Petroleum Company plc. as a Managing Director. He was appointed Group Chief Executive in June 1995 and following the merger of BP and Amoco, became Group Chief Executive of the combined group in December 1998 (remaining in this position until May 2007).

Lord Browne was appointed the UK Government's Lead Non-Executive Board member in June 2010 until stepping down on 31 January 2015 and in addition to serving on the boards of a number of portfolio companies in which Other Riverstone Funds have investment interests, is also the Chairman of a variety of corporate, advisory and charitable boards and is a member of the L1 Energy Advisory Board. Lord Browne is a director of Pattern Energy Group Inc. and is a UK resident.

Committee Membership: None


Patrick Firth

Patrick Firth (53), *Non-executive Independent Director*

Appointment: Appointed to the Board in May 2013

Experience: Mr Firth qualified as a Chartered Accountant with KPMG Guernsey in 1991 and is also a member of the Chartered Institute for Securities and Investment. He has worked in the fund industry in Guernsey since joining Rothschild Asset Management (CI) Limited in 1992 before moving to become Managing Director at Butterfield Fund Services (Guernsey) Limited (subsequently Butterfield Fulcrum Group (Guernsey) Limited), a company providing third party fund administration services, where he worked from April 2002 until June 2009. He is a Non-executive Director of a number of investment funds and management companies, including DW Catalyst Fund Limited (formerly BH Credit Catalysts Fund Limited), ICG Longbow Senior Secured UK Property Debt Investments Limited, JZ Capital Partners Limited and NextEnergy Solar Fund Limited. Mr Firth is a resident of Guernsey.

Committee Membership: Audit Committee Member; Nomination Committee Member; Management Engagement Committee Member


James Hackett

James Hackett (61), *Non-executive Director*

Appointment: Appointed to the Board in May 2013

Experience: Mr Hackett is a Partner and Managing Director of Riverstone and was, before becoming a director of the Company, Executive Chairman of the Board of Anadarko Petroleum Corporation, a global oil and natural gas exploration and production company. Mr Hackett was named Executive Chairman of Anadarko in May 2012, after serving as Chief Executive Officer since 2003 and Chairman of the Board since January 2006. He also served as Anadarko's President from December 2003 to February 2010. Before joining Anadarko, Mr Hackett served as President and Chief Operating Officer of Devon Energy Corporation. Mr Hackett is a Director of Cameron International Corporation, Fluor Corporation, Enterprise Products Partners L.P., is a member of the L1 Energy Advisory Board and is the former Chairman of the Board of the Federal Reserve Bank of Dallas. Mr Hackett is a U.S. resident.

Committee Membership: None


Richard Hayden

Richard Hayden (69), *Non-executive Senior Independent Director*

Appointment: Appointed to the Board in May 2013

Experience: Mr Hayden serves as Non-executive Chairman of Haymarket Financial LLP. Prior to joining Haymarket Financial LLP in 2009, Mr Hayden was Vice Chairman of GSC Group Inc and Global Head of the CLO and Mezzanine Debt business. Previously, Mr Hayden was with Goldman Sachs from 1969 to 1999, became a Partner in 1980, and was Vice Chairman prior to joining GSC Group Inc in 2000. Mr Hayden held a variety of senior positions during his time at Goldman Sachs, including Deputy Chairman of Goldman Sachs International Ltd and Chairman of the Global Credit Committee. He was also a member of the firm's Commitments Committee, Partnership Committee and the Goldman Sachs International Executive Committee. Mr Hayden has served on a number of corporate and advisory boards and is currently a Non-executive Director of Deutsche Boerse and Chairman of the TowerBrook Capital Partners Advisory Board. Mr Hayden is a UK resident.

Committee Membership: Audit Committee Chairman

Board of Directors (continued)

Pierre F. Lapeyre (52), *Non-executive Director*

Appointment: Appointed to the Board in May 2013

Pierre F. Lapeyre

Experience: Mr Lapeyre is a Founder and Senior Managing Director of Riverstone. He is based in New York. Prior to founding Riverstone, Mr Lapeyre was a Managing Director of Goldman Sachs in its Global Energy and Power Group. Mr Lapeyre joined Goldman Sachs in 1986 and spent his 14-year investment banking career focused on energy and power, particularly the midstream, upstream and energy service sectors. Mr Lapeyre's responsibilities at Goldman Sachs included client coverage and leading the execution of a wide variety of M&A, IPO, strategic advisory and capital markets financings for clients across all sectors of the industry.

While at Goldman Sachs, Mr Lapeyre served as sector captain for the midstream and energy services segments, led the group's coverage of Asian energy companies and was extensively involved in the origination and execution of energy private equity investments on behalf of the firm. Mr Lapeyre was responsible for managing Goldman Sachs' leading franchise in master limited partnerships. He was also asked to lead the group's agency and principal investment effort in energy/power technology. At Goldman Sachs Mr Lapeyre had relationship and deal execution responsibilities for a broad range of energy clients.

Mr Lapeyre serves on the boards of directors or equivalent bodies of a number of portfolio companies in which Other Riverstone Funds have investment interests. Mr Lapeyre is a U.S. resident.

Committee Membership: None

David M. Leuschen (63), *Non-executive Director*

Appointment: Appointed to the Board in May 2013

David M. Leuschen

Experience: Mr Leuschen is a Founder and Senior Managing Director of Riverstone. He is based in New York. Prior to founding Riverstone, Mr Leuschen was a Partner and Managing Director at Goldman Sachs and founder and head of the Goldman Sachs Global Energy and Power Group. Mr Leuschen joined Goldman Sachs in 1977, became head of the Global Energy and Power Group in 1985, became a Partner of that firm in 1986 and remained with Goldman Sachs until leaving to found Riverstone. Mr Leuschen has extensive M&A, financing and investing experience in the energy and power industry.

Mr Leuschen was responsible for building the Goldman Sachs energy and power investment banking practice into one of the leading franchises in the global energy and power industry. During this period, Mr Leuschen and his team participated in a large number of the major energy and power M&A transactions worldwide. Mr Leuschen also was a founder of Goldman Sachs' leading master limited partnership franchise. Mr Leuschen also served as Chairman of the Goldman Sachs Energy Investment Committee, where he was responsible for screening potential capital commitments by Goldman Sachs in the energy and power industry and was responsible for establishing and managing the firm's relationships with senior executives from leading companies in all segments of the energy and power industry.

Mr Leuschen also serves on the boards of directors or equivalent bodies of a number of portfolio companies in which Other Riverstone Funds have investment interests. Mr Leuschen is a U.S. resident.

Committee Membership: None

Dr Tidu Maini (71), *Non-executive Independent Director*

Appointment: Appointed to the Board in May 2013

Dr Tidu Maini

Experience: Dr Maini currently serves on a number of corporate and advisory boards including as a member of the Investment Committee of and Advisor to the Qatar Foundation Endowment and until recently was Special Envoy for the Office of Her Highness Shiekha Moza Bint Nasser of Qatar. From January 2002 to June 2007, Dr Maini was Pro Rector for Development and Corporate Affairs at Imperial College London. Dr Maini has 30 years of experience in the management of technology companies in the defence, electronics, energy and information and communication technology sectors. Dr Maini's extensive executive experience includes the management of businesses in Europe, U.S., Asia and the Middle East including as a former Deputy Chairman of GEC Marconi and as a senior executive at both Schlumberger and Sema Group. Dr Maini is a UK resident.

Committee Membership: None

Report of the Directors

The Directors hereby submit the Annual Report and Audited Financial Statements for the Company for the year ended 31 December 2014. This Report of the Directors should be read together with the Corporate Governance Report on pages 33 to 37.

General Information //

Riverstone Energy Limited is a company limited by shares, which was incorporated on 23 May 2013 in Guernsey with an unlimited life and registered with the Commission as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law. It has been listed on the London Stock Exchange since 29 October 2013. The registered office of the Company is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY, Channel Islands.

Principal Activities //

The principal activity of the Company is to act as an investment entity through the Partnership and make privately negotiated equity investments in the energy sector.

The Company's investment objective is to generate long-term capital growth by investing in the global energy sector, with a particular focus on opportunities in the global exploration and production and midstream energy sub-sectors.

Business Review //

A review of the Company's business and its likely future development is provided in the Chairman's Statement on pages 4 and 5 and in the Investment Manager's Report on pages 6 to 19.

Listing Requirements //

Since being admitted on 29 October 2013 to the Official List of the UK Listing Authority, maintained by the FCA, the Company has complied with the applicable Listing Rules.

Results and Dividend //

The results of the Company for the year are shown in the audited Statement of Comprehensive Income on page 45.

The Net Asset Value of the Company as at 31 December 2014 and 2013 was $1,240 million and $1,139 million, respectively.

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2014 nor did they for the period ended 31 December 2013.

Share Capital //

At incorporation on 23 May 2013, the Company issued one founder Ordinary Share of no par value. On 29 October 2013, the Company issued 71,032,057 Ordinary Shares of no par value at £10 per Ordinary Share in an initial public offering raising a total of $1,138 million.

KFI, one of the Cornerstone Investors in the Company, paid for and acquired its Ordinary Shares in two equal tranches of £50 million. The first tranche was paid on Admission at which time 5 million Ordinary Shares were issued to KFI. The second tranche was paid on 26 September 2014 and a further 5 million shares were issued on 10 October 2014 as the Company had committed over 50 per cent. of the aggregate net proceeds of the Issue, calculated using KFI's total subscription monies, resulting in 76,032,058 Ordinary Shares outstanding at year end 31 December 2014. Details of the issue were set out in the Prospectus dated 24 September 2013, which is available from the Company's website (www.RiverstoneREL.com).

The Company has one class of Ordinary Shares. The issued nominal value of the Ordinary Shares represents 100 per cent. of the total issued nominal value of all share capital. Under the Company's Articles of Incorporation, on a show of hands, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company. The Ordinary Shares have no right to fixed income.

Shareholdings of the Directors

The Directors and their beneficial interests in the shares of the Company as at 31 December 2014 and 2013 are detailed below:

Director	Ordinary Shares of £10.00 each held 31 December 2014	Per cent. Holding at 31 December 2014	Ordinary Shares of £10.00 each held 31 December 2013	Per cent. Holding at 31 December 2013
Sir Robert Wilson[(2)]	20,000	0.026	20,000	0.028
Peter Barker[(2)(3)]	5,000	0.007	5,000	0.007
Lord John Browne	–	–	–	–
Patrick Firth[(2)(3)]	4,000	0.005	4,000	0.006
James Hackett	–	–	–	–
Richard Hayden[(2)(4)]	10,000	0.013	10,000	0.014
Pierre Lapeyre[(1)]	–	–	–	–
David Leuschen[(1)]	–	–	–	–
Dr Tidu Maini[(2)]	5,000	0.007	5,000	0.007

(1) Mr Lapeyre and Mr Leuschen have a beneficial interest in REL Coinvestment, LP which as at the year end held 5,000,000 Ordinary Shares.

(2) Non-executive Independent Director.

(3) Ordinary Shares held jointly with spouses.

(4) Senior Independent Director.

There have been no changes to the Directors' Shareholdings since 31 December 2014.

Directors' Authority to Buy Back Shares //

At the AGM on 14 May 2014 in St Peter Port, Guernsey, the Company was granted authority to make market purchases of up to a maximum of 14.99 per cent. of the issued share capital of the Company. Any buy back of the Company's Ordinary Shares will be made subject to Companies Law and within any guidelines established from time to time by the Board. The making and timing of any buy backs will be at the absolute discretion of the Board and not at the option of the Shareholders. Purchases of the Company's Ordinary Shares will only be made through the market for cash at prices below the prevailing Net Asset Value of the Company's Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance shareholder value. Such purchases will also only be made in accordance with the Listing Rules which provide that the price to be paid must not be more than 5 per cent. above the average of the middle market quotations for the Company's Ordinary Shares for the five business days before the shares are purchased unless previously advised to Shareholders.

In accordance with the Company's Articles of Incorporation and Companies Law, up to 10 per cent. of the Company's Ordinary Shares may be held as treasury shares. The Company did not purchase any shares for treasury or cancellation up to the date of this report.

Directors' and Officers' Liability Insurance //

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company.

Substantial Shareholdings //

As at 31 December 2014, the Company had been notified, in accordance with Chapter 5 of the Disclosure and Transparency Rules, of the following substantial voting rights as Shareholders of the Company.

Shareholder	Shareholding	Per cent. Holding	Nature of Holding
AKRC Investments LLC[(1)]	20,908,815	27.5	Indirect
Kendall Family Investments, LLC[(1)]	10,000,000	13.2	Direct
Hunt[(1),(2)]	6,167,885	8.1	Direct
REL Coinvestment, LP	5,000,000	6.6	Direct
Casita, L.P.[(1)]	5,000,000	6.6	Direct

(1) Held by a Cornerstone Investor

(2) Held in aggregate by Hunt

In addition, the Company also provides the same information as at 31 January 2015, being the most current information available.

Shareholder	Shareholding	Per cent. Holding	Nature of Holding
AKRC Investments LLC[(1)]	20,908,815	27.5	Indirect
Kendall Family Investments, LLC[(1)]	10,000,000	13.2	Direct
Hunt[(1),(2)]	6,167,885	8.1	Direct
REL Coinvestment, LP	5,000,000	6.6	Direct
Casita, L.P.[(1)]	5,000,000	6.6	Direct

(1) Held by a Cornerstone Investor

(2) Held in aggregate by Hunt

The Directors confirm that there are no securities in issue that carry special rights with regards to the control of the Company.

The Company's issued share capital consists of 76,032,058 Ordinary Shares. Under the Company's Articles of Incorporation, on a show of hands, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every share held.

Independent External Auditor //

Ernst & Young LLP has been the Company's external auditor since incorporation. The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Company, which includes monitoring the use of the external auditor for non-audit services and the balance of audit and non-audit fees paid. Following a review of the independence and effectiveness of the external auditor, a resolution will be proposed at the 2014 Annual General Meeting to reappoint Ernst & Young LLP. Each Director believes that there is no relevant information of which the external auditor is unaware. Each had taken all steps necessary, as a Director, to be aware of any relevant audit information and to establish that Ernst & Young LLP is made aware of any pertinent information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies Law. Further information on the work of the external auditor is set out in the Report of the Audit Committee on pages 38 to 40.

Articles of Incorporation //

The Company's Articles of Incorporation may only be amended by special resolution of the Shareholders.

Non-mainstream Pooled Investments //

The Board notes the changes to the FCA rules regarding the restrictions on the promotion to retail investors of unregulated collective investment schemes and close substitutes (referred to as "non-mainstream pooled investments"), which came into effect on 1 January 2014. On the basis of advice received, the Board has concluded that the Company's Ordinary Shares are not non-mainstream pooled investments for the purposes of these rules, meaning that the restrictions on promotion imposed by the rules do not apply. It is the Board's intention that the Company conducts its affairs so that these restrictions will continue to remain inapplicable.

AIFMD //

The Directors have considered the impact of the EU AIFMD (no. 2011/61/EU), which became effective in the United Kingdom on 22 July 2013 with the transitional period ending in June 2014, on the Company and its operations.

The Company is a non-EU domiciled alternative investment fund which does not currently intend to market its shares within Europe; therefore, the Directors consider that neither authorisation nor registration is required.

FATCA //

FATCA became effective on 1 January 2013 with registration required by 30 June 2014 and is being gradually implemented internationally. The legislation is aimed at determining the ownership of U.S. assets in foreign accounts and improving U.S. tax compliance with respect to those assets. The Company was registered by the Investment Manager in April 2014 with an effective date of 30 June 2014. The Board and the Investment Manager are in discussion with the Company's service providers and advisors to ensure that the Company continues to comply with FATCA's requirements to the extent relevant to the Company.

General Partner's Performance Allocation //

The General Partner's Performance Allocation is calculated under the terms of the RELIP Limited Partnership Agreement and as described in the Prospectus dated 24 September 2013.

The Performance Allocation will be calculated on a quarterly basis, which will be taken into account when calculating the fair value of the Company's investment in the Partnership, as described in Note 14.

Change of Control //

There are no agreements that the Company considers significant and to which the Company is party that would take effect, alter or terminate upon change of control of the Company following a takeover bid.

Shareholdings of the Directors (continued)

Going Concern //

Of the \$10 million of cash retained by the Company in its IPO in addition to the pro-rata portion of the £1.5 million KFI financing charge (see Note 11), \$5.7 million remains at 31 December 2014. This amount is adequate to meet the Company's liabilities as they fall due over the going concern horizon. The Partnership has \$480.4 million of uncommitted cash, U.S. treasury bills and money market fixed deposits, and has no material going concern risk. In light of the above, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the financial statements.

Financial Risk Management Policies and Objectives //

Financial Risk Management Policies and Objectives are disclosed in Note 15 and the Investment Manager's Report.

Principal Risk and Uncertainties //

Principal Risk and Uncertainties are discussed in the Corporate Governance Report on page 37.

Subsequent Events //

Subsequent Events are disclosed in Note 18 and the Investment Manager's Report.

Annual General Meetings //

The AGM of the Company will be held at 10.00 am GMT on 13 May 2015 at The Old Government House Hotel, St Ann's Place, St Peter Port, Guernsey, Channel Islands. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the notices of meetings to be distributed to Shareholders listed on the register as at 31 December 2014 together with this Annual Report.

Members of the Board, including the Chairman and the Audit Committee chairman, will be in attendance at the AGM and will be available to answer Shareholder questions.

By order of the Board

Sir Robert Wilson
Chairman
12 February 2015

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

The Companies Law requires the Directors to prepare Financial Statements for each financial year. Under the Companies Law, the Directors must not approve the financial statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the financial statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the Financial Statements comply with Companies Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.RiverstoneREL.com). The work carried out by the external auditor does not involve considerations of these matters and, accordingly, the external auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in Respect of the Annual Report under the Disclosure and Transparency Rules

Each of the Directors, whose names are set out on pages 24 to 26 of the Report of the Directors section of the Annual Report, confirms to the best of their knowledge and belief that:

- the Financial Statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties faced; and
- the Annual Report and Financial Statements include information required by the UK Listing Authority and ensuring that the Company complies with the provisions of the Listing Rules, Disclosure Rules and Transparency Rules of the UK Listing Authority, with regard to corporate governance, require the Company to disclose how it has applied the principles, and complied with the provisions of the corporate governance code applicable to the Company.

Directors' statement under the Corporate Governance Code //

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. Having taken advice from the Investment Manager, the Directors consider the Annual Report and Financial Statements, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Sir Robert Wilson
Chairman
12 February 2015

Richard Hayden
Director
12 February 2015

Corporate Governance Report

All companies with a premium listing of equity shares in the UK are required under the Listing Rules to report on how they have applied the Corporate Governance Code in their Annual Report and Financial Statements. The Directors recognise the importance of sound corporate governance, particularly the requirements of the AIC Code.

The Company became a member of the AIC effective 15 January 2014 and has therefore put in place arrangements to comply with the AIC Code and, in accordance with the AIC Code, voluntarily complies with the Corporate Governance Code. The Company is subject to the GFSC Code, which applies to all companies registered as collective investment schemes in Guernsey.

The Board monitors the developments in corporate governance to ensure the Board remains aligned with best practice especially with respect to the increased focus on diversity. The Board acknowledges the importance of diversity, including gender, for the effective functioning of the Board and commits to supporting diversity in the boardroom. It is the Board's ongoing aspiration to have a well diversified representation. The Board also values diversity of business skills and experience because Directors with diverse skills sets, capabilities and experience gained from different geographical backgrounds enhance the Board by bringing a wide range of perspectives to the Company.

The AIC Code, as explained by the AIC Guide, addresses all the principles set out in the Corporate Governance Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that reporting against the principles and recommendations of the AIC Code, by reference to the AIC Guide, provides better information to Shareholders.

The AIC Code and the AIC Guide are available on the AIC's website, www.theaic.co.uk. The Corporate Governance Code is available on the Financial Reporting Council's website, www.frc.org.uk.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the Corporate Governance Code, except as set out below.

The Corporate Governance Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

For the reasons set out in the AIC Guide, and as explained in the Corporate Governance Code, the Board considers that the above provisions are not currently relevant to the position of the Company, being an externally managed investment company, which delegates most day-to-day functions to third parties.

The Company does not have a chief executive or any executive directors. The Company has not established a separate remuneration committee as the Company has no executive officers and the Board is satisfied that any relevant issues that arise can be properly considered by the Board.

The Company has no employees or internal operations and has therefore not reported further in respect of these provisions. The need for an internal audit function is discussed in the Audit Committee report.

Except for Principle 6 of the AIC code, the Company has complied throughout the period with the provisions of the AIC Code. Principle 6 of the AIC code states Directors should consider the diversity of the Board, including gender. Currently, the Company's Board is comprised of male members. The Board intends to address this when a vacancy arises.

The GFSC has also confirmed that companies that report against the Corporate Governance Code or AIC Code are deemed to meet the GFSC Code.

The Board //

The Board consists of nine Non-Executive Directors, five of whom, including the Chairman, are independent of the Company's Investment Manager.

New Directors receive an induction from the Investment Manager and all Directors receive other relevant training as necessary.

The Directors details are listed in the Report of the Directors on pages 24 to 26 which set out their range of investment, financial and business skills and experience represented.

At each subsequent Annual General Meeting of the Company, each of the Directors at the date of the notice convening the Annual General Meeting shall retire from office and may offer themselves for election or re-election by the Shareholders.

The Board meets at least four times a year for regular, scheduled meetings and, should the nature of the activity of the Company require it, additional meetings may be held, some at short notice. At each meeting the Board follows a formal agenda that covers the business to be discussed. The primary focus at Board meetings is a review of investment performance and associated matters such as asset allocation, share price discount/premium management, investor relations, peer group information, gearing, industry issues and principal risks and uncertainties in particular those identified at the end of this report.

Between meetings there is regular contact with the Investment Manager and the Administrator, and the Board requires to be supplied in a timely manner with information by the Investment Manager, the Company Secretary and other advisers in a form and of a quality to enable it to discharge its duties.

The Company has adopted a share dealing code for the Board and will seek to ensure compliance by the Board and relevant personnel of the Investment Manager and other third party service providers with the terms of the share dealing code. The share dealing code is compliant with the Model Code for Directors' Dealings contained in the Listing Rules.

Board Tenure and Re-election //

No member of the Board has served for longer than eight years to date. As such no issue has arisen to be considered by the Board with respect to long tenure. In accordance with the AIC Code, when and if any director shall have been in office (or on re-election would at the end of that term of office) for more than nine years the Company will consider further whether there is a risk that such a director might reasonably be deemed to have lost independence through such long service.

A Director who retires at an Annual General Meeting may, if willing to continue to act, be elected or re-elected at that meeting. If, at a general meeting at which a Director retires, the Company neither re-elects that Director nor appoints another person to the Board in the place of that Director, the retiring Director shall, if willing to act, be deemed to have been re-elected unless at the general meeting it is resolved not to fill the vacancy or unless a resolution for the re-election of the Director is put to the meeting and not passed.

Directors do not have service contracts. Directors are appointed under letters of appointment, copies of which are available at the registered office of the Company. The Board considers its composition and succession planning on an ongoing basis.

Directors Remuneration //

The Chairman is entitled to annual remuneration of \$187,000 (£120,000). The other independent Directors are entitled to annual remuneration of \$93,000 (£60,000). The four non-independent Directors have chosen not to be remunerated by the Company for their services.

During the year ended 31 December 2014 and period ended 31 December 2013, the Directors' remuneration was as follows:

	2014 (\$'000)	2013 (\$'000)
Sir Robert Wilson [1]	**187**	121
Peter Barker [1]	**93**	28
Lord John Browne	**–**	–
Patrick Firth [1]	**93**	59
James Hackett	**–**	–
Richard Hayden [1][2]	**93**	59
Pierre Lapeyre	**–**	–
David Leuschen	**–**	–
Dr Tidu Maini [1]	**93**	59

The above fees due to the Directors are for the year ended 31 December 2014 and period ended 31 December 2013, and none were outstanding at 31 December 2014 and 2013, respectively.

[1] Non-executive Independent Director.

[2] Senior Independent Director.

All of the Directors are non-executive. Sir Robert Wilson, Mr Barker, Mr Firth, Mr Hayden[2] and Dr Maini are each considered independent for the purposes of Chapter 15 of the Listing Rules and the AIC Code. Lord Browne, Mr Hackett, Mr Lapeyre and Mr Leuschen are not considered independent because of their nomination for appointment to the Board by the Investment Manager, pursuant to a right set out in the Investment Management Agreement.

The Chairman of the Board must be independent and is appointed in accordance with the Company's Articles of Incorporation. Sir Robert Wilson is considered to be independent because he:

- has no current or historical employment with the Investment Manager;
- has no current directorships or partnerships in any other investment funds managed by the Investment Manager; and
- is not an executive of a self-managed company or an ex-employee who has left the executive team of a self-managed company within the last five years.

The Board has overall responsibility for maximising the Company's success by directing and supervising the affairs of the business and meeting the appropriate interests of Shareholders and relevant stakeholders, while enhancing the value of the Company and also ensuring the protection of investors. A summary of the Board's responsibilities is as follows:

- statutory obligations and public disclosure;
- strategic matters and financial reporting;
- risk assessment and management including reporting, compliance, governance, monitoring and control; and
- other matters having a material effect on the Company.

Duties and Responsibilities //

The Board is responsible to Shareholders for the overall management of the Company. The duties and powers reserved for the Board include decisions relating to the determination of investment policy and approval of investments in certain instances, strategy, capital raising, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

The Directors have access to the advice and services of the Administrator, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with Companies Law and applicable rules and regulations of the GFSC and the LSE. Where necessary, in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company. The Company maintains directors' and officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibility Statement on page 31. The Board is also responsible for issuing appropriate half-yearly financial reports, interim management statements and other price-sensitive public reports.

The attendance record of the Directors for the year is set out below:

Director	Scheduled Board Meetings (max 4)	Board Committee Meetings (max 1)	Audit Committee Meetings (max 4)	Nomination Committee Meetings (max 1)	Management Engagement Committee Meetings (max n/a)
Sir Robert Wilson [1]	4	n/a	n/a	1	1
Peter Barker [1]	4	1	4	1	1
Lord John Browne	3	n/a	n/a	n/a	n/a
Patrick Firth [1]	4	1	4	1	1
James Hackett	4	n/a	n/a	n/a	n/a
Richard Hayden [1][2]	4	n/a	4	n/a	n/a
Pierre Lapeyre	4	n/a	n/a	n/a	n/a
David Leuschen	3	n/a	n/a	n/a	n/a
Dr Tidu Maini [1]	4	n/a	n/a	n/a	n/a

Committees of the Board //

Audit Committee

The Audit Committee is chaired by Mr Hayden[2] and comprises Mr Barker and Mr Firth. There has been ongoing discussion between the chair of the Audit Committee, the Investment Manager and the external auditor, Ernst & Young LLP, with regards to the audit approach and identified risks. The report of the Audit Committee activities is contained in the Report of the Audit Committee on pages 38 to 40. The Audit Committee has terms of reference which are available on the Company's website (www.RiverstoneREL.com).

Nomination Committee

The Nomination Committee is chaired by Sir Robert Wilson and comprises Mr Barker and Mr Firth. The Nomination Committee meets at least once a year pursuant to its terms of reference which are available on the Company's website (www.RiverstoneREL.com) and met on 12 February 2015.

The Nomination Committee is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. In considering appointments to the Board, the Nomination Committee takes into account the ongoing requirements of the Company and the need to have a balance of skills and experience within the Board. The Board believes that, as a whole, it comprises an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments.

The Board is satisfied with the current composition and functioning of its members. It is the Company's policy to give careful consideration to issues of Board balance, diversity and gender when making new appointments. When appointing Board members, its priority is based on merit, but will be influenced by the strong desire to maintain board diversity, including gender. The Company intends to identify suitable female Board candidates for consideration by the Shareholders.

Board Performance and Evaluation

In accordance with Principle 7 of the AIC Code which requires a formal and rigorous annual evaluation of its performance, the Board formally reviews its performance annually through an internal process. Internal evaluation of the Board, the Audit Committee, the Nomination Committee, the Management Engagement Committee and individual Directors has taken the form of self-appraisal questionnaires and discussions to determine effectiveness and performance in various areas as well as the Directors' continued independence.

During the year, a formal Board performance appraisal was carried out. The results have been collated and reviewed whereby it was noted that overall performance of the Board during the year had been satisfactory and that the Board is confident in its ability to continue effectively to lead the Company and oversee its affairs. The Board believes that the current mix of skills, experience, knowledge and age of the Directors is appropriate to the requirements of the Company.

New Directors receive an induction from the Investment Manager and all Directors receive other relevant training as necessary.

[1] Non-executive Independent Director.

[2] Senior Independent Director.

Management Engagement Committee

The Management Engagement Committee is chaired by Sir Robert Wilson and comprises Mr Barker and Mr Firth. The Management Engagement Committee meets at least once a year pursuant to its terms of reference which are available on the Company's website (www.RiverstoneREL.com) and met on 12 February 2015.

The Management Engagement Committee provides a formal mechanism for the review of the performance of the Investment Manager and the Company's other advisors and service providers. It carries out this review through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisors' appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Shareholders.

Following discussion, it is the opinion of the Management Engagement Committee that the performance of the Investment Manager for the year ended 31 December 2014 was satisfactory and the continuing appointment of the Investment Manager on the terms agreed is in the interests of the Shareholders as a whole. The Board consider the performance of the Investment Manager based, on selection of investments and return of investments to date, to be satisfactory.

Internal Control and Financial Reporting //

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss. The Directors review all controls including operations, compliance and risk management. The key procedures which have been established to provide internal control are that:

- the Board has delegated the day to day operations of the Company to the Administrator and Investment Manager; however, it retains accountability for all functions it delegates;
- the Board clearly defines the duties and responsibilities of the Company's agents and advisors and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisors and will continue to do so through the Management Engagement Committee;
- the Board monitors the actions of the Investment Manager at regular Board meetings and is given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies;
- the Administrator provides administration and company secretarial services to the Company. The Administrator maintains a system of internal control on which they report to the Board; and
- the Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Manager, including their own internal controls and procedures, provide sufficient assurance that an appropriate level of risk management and internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

The systems of control referred to above are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations. In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss.

Investment Management Agreement //

The Investment Manager has been appointed as the sole investment manager of the Company and the Partnership. Pursuant to the Investment Management Agreement, the Investment Manager has responsibility for and discretion over investing and managing the Company's and the Partnership's direct and indirect assets, subject to and in accordance with the Company's investment policy. The Investment Manager is entitled to delegate all or part of its functions under the Investment Management Agreement to one or more of its affiliates.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Management Engagement Committee at its regular scheduled meetings. Each year a detailed review of performance pursuant to their terms of engagement is undertaken by the Management Engagement Committee.

In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Investment Manager, in the opinion of the Directors their continuing appointment of the Investment Manager on the terms agreed is in the interests of the Shareholders as a whole.

Relations with Shareholders //

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. The Company's AGM provides a forum for Shareholders to meet and discuss issues with the Directors of the Company. The Chairman and other directors are also available to meet with Shareholders at other times, if required. In addition, the Company maintains a website (www.RiverstoneREL.com) which contains comprehensive information, including company notifications, share information, financial reports, investment objectives and policy, investor contacts and information on the Board and corporate governance.

The Investment Manager has regular contact with Shareholders, in particular Cornerstone Investors, and any views that they may have are communicated to the Board and vice versa. No sensitive information is provided to the Cornerstone Investors that is not provided to the Shareholders as a whole and at the same time. The Board is also kept fully informed of all relevant market commentary on the Company by the Investment Manager and the Corporate Broker.

Principal Risks and Uncertainties //

The Company's assets consist of investments, through the Partnership, within the global energy sector, with a particular focus on opportunities in the global exploration and production and midstream energy sub-sectors. Its principal risks are therefore related to market conditions in the energy sector in general, but also the particular circumstances of the businesses in which it is invested through the Partnership. The Investment Manager to the Partnership seeks to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential targets before entering into any investments.

Each Director is aware of the risks inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board has adopted procedures and controls that enable it to manage these risks within acceptable limits and to meet all of its legal and regulatory obligations.

The Board considers the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis and these risks are reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld.

For each material risk, the likelihood and consequence are identified, management controls and frequency of monitoring are confirmed and results reported and discussed at Board meetings.

The Company's principal risk factors are fully discussed in the Company's Prospectus, available on the Company's website (www.RiverstoneREL.com) and should be reviewed by Shareholders.

The key areas of risk faced by the Company are summarised below:

1. The Company intends to only invest in the global energy sector, with a particular focus on oil and gas exploration and production, and midstream investments, which will expose it to concentration risk.
2. The Ordinary Shares may trade at a discount to NAV per Share for reasons including but not limited to: market conditions, liquidity concerns and actual or expected Company performance. As such no guarantee that attempts to mitigate such discount will be successful or that the use of discount control mechanisms will be possible, advisable or adopted by the Company.
3. Investments in the exploration and production and midstream sectors of the global energy sector involve a degree of inherent risk.
   - The change in the price of oil and gas could affect the investment valuations through the public market trading and transaction comparables, the discounted cash flow discount rates, and potentially limit exit opportunities.
   - The regulatory and tax environment of the Company's target investments is potentially subject to change, which may adversely affect the value or liquidity of investments held by the Company or its ability to obtain leverage.
   - The Company will be exposed to increased risk by investing in build-up and early-stage investments that have little or no operating history and are comparably more vulnerable to financial failure than more established companies. The investor should be aware there can be no assurance that losses generated by these types of entities will be offset by gains (if any) realised on the Company's other investments.
   - An investment's requirements for additional capital may require the Company to invest more capital than it had originally planned or result in the dilution of the Company's investment or a decrease in the value of that investment.

These inherent risks associated with investments in the global energy sector could result in a material adverse effect on the Company's performance and the value of Ordinary Shares.

The above key risks are mitigated and managed by the Board through continual review, policy setting and updating of the Company's risk matrix at each Audit Committee Meeting to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks. The Board relies on periodic reports provided by the Investment Manager and Administrator regarding risks that the Company faces. When required, experts will be employed to gather information, including tax advisors, legal advisors, and environmental advisors.

The Company's financial instrument risks are discussed in Note 15 to the Financial Statements.

By order of the Board

Robert Wilson

Sir Robert Wilson
Chairman
12 February 2015

Report of the Audit Committee

The Audit Committee, chaired by Mr Hayden, operates within clearly defined terms of reference (which are available from the Company's website) and include all matters indicated by Disclosure and Transparency Rule 7.1, the AIC Code and the Corporate Governance Code. Its other members are Mr Barker and Mr Firth. Only independent Directors can serve on the Audit Committee, not including the Chairman of the Company, who may, however, be invited to attend. Members of the Audit Committee must be independent of the Company's external auditor and Investment Manager. Appointments to the Committee shall be for a period of up to three years, extendable for two further three-year periods. The Audit Committee will meet no less than three times in a year, and at such other times as the Audit Committee chairman shall require, and will meet the external auditor at least once a year.

The Board has taken note of the requirement that at least one member of the Audit Committee should have recent and relevant financial experience and is satisfied that the Audit Committee is properly constituted in that respect, with all members being highly experienced and in particular, one member having a background as a chartered accountant.

The duties of the Audit Committee in discharging its responsibilities include reviewing the Annual Report and Financial Statements and Interim Financial Report, the valuation of the Company's investment portfolio, the system of internal controls, and the terms of appointment of the external auditor together with its remuneration. It is also the formal forum through which the external auditor reports to the Board. The objectivity of the external auditor is reviewed by the Audit Committee which also reviews the terms under which the external auditor is appointed to perform non-audit services and the fees paid to them or their affiliated firms overseas.

The Audit Committee reviews, considers and, if thought appropriate, recommends for the purposes of the Company's financial statements, valuations prepared by the Investment Manager in respect of the investments of the Partnership.

Responsibilities //

The main duties of the Audit Committee are:

- reviewing and monitoring the integrity of the Financial Statements of the Company and any formal announcements relating to the Company's financial performance, reviewing significant financial reporting judgements contained in them;
- reporting to the Board on the appropriateness of the Company's accounting policies and practices;
- reviewing the valuations of the Company's investments prepared by the Investment Manager, and making a recommendation to the Board on the valuation of the Company's investments;
- meeting the external auditor to review their proposed audit programme of work and the subsequent audit report and assess the effectiveness of the audit process and the levels of fees paid in respect of both audit and non-audit work;
- making recommendations to the Board in relation to the appointment, re-appointment or removal of the external auditor and approving their remuneration and the terms of their engagement;
- monitoring and reviewing annually the external auditor's independence, objectivity, effectiveness, resources and qualification;
- considering annually whether there is a need for the Company to have its own internal audit function;
- monitoring the internal financial control and risk management systems on which the Company is reliant; and
- reviewing and considering the Corporate Governance Code, the AIC Code, the GFSC Code, the AIC Guidance on Audit Committees and the Stewardship Code.

The Audit Committee is aware that several sections of the Annual Report are not subject to formal statutory audit, including the Chairman's Statement and the Investment Manager's Report. Financial information in these sections is reviewed by the Audit Committee.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The external auditor is invited to attend the Audit Committee meetings at which the annual and interim Financial Statements are considered and at which they have the opportunity to meet with the Committee without representatives of the Investment Manager or Administrator being present at least once per year.

Financial Reporting //

The primary role of the Audit Committee in relation to financial reporting is to review with the Administrator, Investment Manager and the external auditor and report to the Board on the appropriateness of the Annual Report and Financial Statements and Interim Financial Report, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;
- material areas in which significant judgements have been applied or there has been discussion with the external auditor;

- whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to our financial reporting.

To aid its review, the Audit Committee considers reports from the Administrator and Investment Manager and also reports from the external auditor on the outcomes of their half-year review and annual audit. The Audit Committee supports Ernst and Young LLP in displaying the necessary professional scepticism their role requires.

Meetings //

During the year ended 31 December 2014, the Audit Committee met formally four times and maintained ongoing liaison and discussion between the external auditor and the chair of the Audit Committee with regards to the audit approach and the identified risks. The Audit Committee has met on one occasion since the year end through to the date of this report on 12 February 2015. The matters discussed at those meetings include:

- consideration and agreement of the terms of reference of the audit committee for approval by the Board;
- review of the accounting policies and format of the financial statements;
- review and approval of the audit plan of the external auditor;
- discussion and approval of the fee for the external audit;
- detailed review of the valuations of the Company's investment portfolio and recommendation for approval by the Board;
- detailed review of the Annual Report and Financial Statements, Interim Financial Report and Interim Management Statement, and recommendation for approval by the Board;
- assessment of the effectiveness of the external audit process as described below; and
- review of the Company's key risks and internal controls.

Significant Areas of Judgement //

The Audit Committee has determined that a key risk of misstatement of the Company's Financial Statements relates to the valuation of the investment in the Partnership at fair value through profit or loss, in the context of the judgements necessary to evaluate market values of the Investment Undertakings of the Partnership.

The Directors have considered whether any discount or premium should be applied to the net asset value of the Partnership. In view of the Company's investment in the Partnership and the nature of the Partnership's assets, no adjustment to the net asset value of the Partnership has been made, as this is deemed equivalent to fair value.

As outlined in Note 6 to the Financial Statements, the total carrying value of the investment in the Partnership at fair value through profit or loss at 31 December 2014 was $1,234 million. Market quotations are not available for this financial asset such that the value of the Company's investment is based on the value of the Company's limited partner capital account with the Partnership, which itself is based on the value of the Partnership's investments as determined by the Investment Manager, along with the cash, U.S. treasury bills and fixed deposits held. The valuation for each individual investment held by the Partnership is determined by reference to common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation, and discounted cash flow valuation, as detailed in the Investment Manager's report on page 18.

The valuation process and methodology was discussed with the Investment Manager and with the external auditor at an Audit Committee meeting held on 12 February 2015. The Investment Manager has carried out a valuation quarterly and provided a detailed valuation report to the Company at each quarter.

The Audit Committee reviewed the Investment Manager's report. The Investment Manager confirmed to the Audit Committee that the external auditor's work had not identified any errors or inconsistencies that were material in the context of the Annual Report and Financial Statements as a whole.

The external auditor explained the results of their review of the valuations, including their challenge of management's valuation of those Investment Undertakings remaining at cost. On the basis of their audit work, there were no adjustments proposed that were material in the context of the Annual Report and Financial Statements as a whole.

The Audit Committee has determined that a key risk of misstatement of the Company's Financial Statements is the failure to identify and adequately disclose all related party transactions.

The factors that increase the risk of misstatement are as follows:

- operating through a complex range of relationships and structures, increasing the complexity of related party transactions;
- the commitments made to date, through the Partnership, have been in concert with Other Riverstone Funds;
- the Directors may be unaware of the existence of all related-party relationships and transactions;
- the Administrator's information systems may not identify transactions or outstanding balances with related parties, especially for transactions conducted at nil value, or outside the normal course of business; and
- related-party transactions may not be conducted under normal terms and conditions.

The risk is mitigated through the production and regular review of a register, detailing the names, relationships and transactions of all entities and individuals.

Report of the Audit Committee (continued)

Risk Management //

The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Audit Committee. The work of the Audit Committee was driven primarily by the Company's assessment of its principal risks and uncertainties as set out in the Corporate Governance Report. The Audit Committee receives reports from the Investment Manager and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Internal Audit //

The Audit Committee shall consider at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

External Audit //

Ernst & Young LLP has been the Company's external auditor since the Company's incorporation. This is the second year of audit.

The external auditor is required to rotate the audit partner every five years. The current partner is in his second year of tenure. There are no contractual obligations restricting the choice of external auditor and the Company will put the audit services contract out to tender at least every ten years in line with the FRC's suggestions on audit tendering for FTSE 350 clients. This will be considered further when the audit partner rotates every five years. Under Companies Law, the reappointment of the external auditor is subject to Shareholder approval at the Annual General Meeting. The Audit Committee will continue to monitor the performance of the external auditor on an annual basis and will consider their independence and objectivity, taking account of appropriate guidelines.

The Audit Committee has provided the Board with its recommendation to the Shareholders on the re-appointment of Ernst & Young LLP as external auditor for the year ending 31 December 2015. Accordingly a resolution proposing the reappointment of Ernst & Young LLP as our external auditor will be put to Shareholders at the Annual General Meeting.

The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to the level of non-audit fees. Notwithstanding such services the Audit Committee considers Ernst & Young LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit. Please see Note 17 for details of services provided by Ernst & Young LLP.

To further safeguard the objectivity and independence of the external auditor from becoming compromised, the Audit Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. This precludes Ernst & Young LLP from providing certain services such as valuation work or the provision of accounting services and also sets a presumption that Ernst & Young LLP should only be engaged for non-audit services where Ernst & Young LLP are best placed to provide the non-audit service for example, the interim review service. Note 17 details services provided by Ernst & Young LLP.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee considers:

- discussions with or reports from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the committee reviews:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit; and
- feedback from other service providers evaluating the performance of the audit team.

The Audit Committee is satisfied with Ernst & Young LLP's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above and having satisfied itself that the external auditor remains independent and effective, the Audit Committee has recommended to the Board that Ernst & Young LLP be reappointed as external auditor for the year ending 31 December 2015.

On behalf of the Audit Committee

Richard Hayden

Richard Hayden
Chairman of the Audit Committee
12 February 2015

Independent Auditor's Report to the Members of Riverstone Energy Limited

Opinion on financial statements //

In our opinion the financial statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2014 and of its profit for the year then ended;
- have been properly prepared in accordance with IFRS as adopted by the EU ("IFRS"); and
- have been prepared in accordance with the requirements of the Companies (Guernsey) Law, 2008 ("the Companies Law").

What we have audited //

We have audited the financial statements of Riverstone Energy Limited for the year ended 31 December 2014 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and related notes 1 to 18. The financial reporting framework that has been applied in their preparation is applicable law and IFRSs.

This report is made solely to the company's members, as a body, in accordance with Section 262 of the Companies Law. Our audit work has been undertaken so that we might state to the company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the company and the company's members as a body, for our audit work, for this report, or for the opinions we have formed.

Respective responsibilities of Directors and auditor //

As explained more fully in the Directors' Responsibilities Statement set out on page 31, the directors are responsible for the preparation of the financial statements and for being satisfied that they give a true and fair view. Our responsibility is to audit and express an opinion on the financial statements in accordance with applicable law and International Standards on Auditing (UK and Ireland). Those standards require us to comply with the Auditing Practices Board's Ethical Standards for Auditors.

Scope of the audit of the financial statements //

An audit involves obtaining evidence about the amounts and disclosures in the financial statements sufficient to give reasonable assurance that the financial statements are free from material misstatement, whether caused by fraud or error. This includes an assessment of whether the accounting policies are appropriate to the Company's circumstances and have been consistently applied and adequately disclosed; the reasonableness of significant accounting estimates made by the Directors; and the overall presentation of the financial statements. In addition, we read all the financial and non-financial information in the Annual Report to identify material inconsistencies with the audited financial statements and to identify any information that is apparently materially incorrect based on, or materially inconsistent with, the knowledge acquired by us in the course of performing the audit. If we become aware of any apparent material misstatements or inconsistencies we consider the implications for our report.

Our assessment of risks of material misstatement //

We identified the following risks that we believed would have the greatest effect on the overall audit strategy; the allocation of resources and directing the efforts of the engagement team:

i) valuation of the Company's investment in the Partnership, because valuations of level 3 investments require significant judgement and estimation;

ii) ownership of the Partnership and underlying investments, because failure to obtain good title exposes the Company to significant risk of loss;

iii) identification, recording and disclosure of related party transactions in the Financial Statements, because the Company invests using a complex structure and a significant portion of the Company's transactions have related party components.

i and ii are new risks in 2014 because the company has had its first full year of operation during which it has made significant investments. Items i and iii are also discussed in the Report of the Audit Committee.

Independent Auditor's Report to the Members of Riverstone Energy Limited (continued)

Our application of materiality //

We determined planning materiality for the Company to be US$24.8m (2013: US$22.8m), which is approximately 2% of equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We used equity as a basis for determining planning materiality because the Company's primary performance measures for internal and external reporting are based on net asset value.

On the basis of our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 50% of materiality, namely US$12.4m (2013: US$11.4m). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the financial statements did not exceed our materiality level.

We agreed with the Audit Committee that we would report to them all audit differences in excess of US$1.2 million, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and in light of other relevant qualitative considerations.

An overview of the scope of our audit //

We adopted a risk-based approach in determining our audit strategy. This approach focuses audit effort towards higher risk areas, such as management judgements and estimates.

The audit was led from Guernsey and utilised valuations and other industry experts from Ernst & Young LLP in the US. We operated as an integrated audit team across relevant jurisdictions and we performed audit procedures and responded to the risks identified as described below.

i) We addressed the risk of incorrect valuation of the Company's investment in the Partnership as set out below.

- We confirmed our understanding of the Company's processes, methodologies, including the use of industry specific measures, and policies for valuing investments held by the Partnership;
- We carried out interim investment valuation procedures at 30 September 2014. This testing was performed on a sample basis, biased towards the more complex, model based valuations of investments held by the Partnership and to those held for a longer period. For investments that had been acquired more recently we challenged whether cost remained an appropriate basis for fair value;
- We vouched valuation inputs that did not require specialist knowledge to independent sources and we tested the arithmetical accuracy of the Company's calculations;
- We engaged our own internal oil and gas industry valuation experts to:
  a) assist us to determine whether the methodologies used to value investments were in accordance with methods, particularly those specific to the industry, usually used by market participants;
  b) for the more complex investments, use their knowledge of the market to corroborate and challenge management's market related judgements and valuation inputs including discount rates, forward oil price, production values and recent relevant transaction data;
  c) for the less complex, more recently acquired investments, perform procedures to challenge whether, in light of market data, it was appropriate to value the investments at cost.
- We performed roll forward procedures to test fair value changes between 30 September and 31 December 2014, with specific focus on changes in macro factors such as the decline in oil prices, geo political events and company specific events. In particular, we asked our industry valuation experts to assist in challenging management as to whether valuations at 31 December 2014 properly reflect the likely effect of the decline in oil prices;
- We formed an independent view of whether the fair value of the Company's investment in the underlying Partnership is equivalent to the Net Asset Value of the Partnership and challenged management's assumptions in reaching this conclusion. We also assessed whether the data used in the analysis was appropriate and relevant.

ii) We addressed the risk that the Company does not hold good title to investments as follows:

- obtained legal documentation for each layer of the company's investment holding chain to confirm ownership at each layer;
- obtained independent legal confirmation at 31 December 2014 confirming the company's investment structure holdings;
- obtained independent confirmation from the underlying investee companies as at 30 September 2014;
- tested changes in holdings between 30 September and 31 December by inspecting acquisition and investment drawdown documentation.

iii) We addressed the risk that not all related party transactions have been appropriately identified, recorded and disclosed as follows:

- evaluated management's process for the identification of related parties, and used our knowledge of the Company's business and review of board minutes to challenge completeness thereof;
- obtained the related party register and reviewed all identified related party transactions that occurred during the period, and cross checked these to the structure chart and the definitions within IFRS and the Listing Rules;
- reviewed legal agreements with service providers and related parties to validate the management fee and performance allocation calculations in the underlying limited partnership.

Matters on which we are required to report by exception //

We have nothing to report in respect of the following:

Under the ISAs (UK and Ireland), we are required to report to you if, in our opinion, information in the Director's report is:

- materially inconsistent with the information in the audited financial statements; or
- apparently materially incorrect based on, or materially inconsistent with, our knowledge of the Company; or
- is otherwise misleading.

In particular, we are required to consider whether we have identified any inconsistencies between our knowledge acquired during the audit and the directors' statement that they consider the Annual Report is fair, balanced and understandable and whether the Annual Report appropriately discloses those matters that we communicated to the Audit Committee which we consider should have been disclosed.

Under the Companies Law we are required to report to you if, in our opinion:

- proper accounting records have not been kept; or
- the financial statements are not in agreement with the accounting records; or
- we have not received all the information and explanations we require for our audit.

Under the Listing Rules we are required to review:

- The directors' responsibility statement, set out on page 31, in relation to going concern; and
- The part of the Corporate Governance Report relating to the company's compliance with the nine provisions of the UK Corporate Governance Code specified for our review.

Michael Bane
For and on behalf of Ernst & Young LLP
Guernsey
12 February 2015

[1] The maintenance and integrity of the Company's website is the sole responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

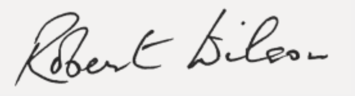
[2] Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Statement of Financial Position

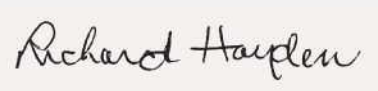
As at 31 December 2014

	Notes	31 December 2014 $'000	31 December 2013 $'000
ASSETS:			
Non-current assets			
Investment at fair value through profit or loss	7	1,234,296	1,130,051
Total non-current assets		1,234,296	1,130,051
Current assets			
Trade and other receivables	8	546	553
Cash and cash equivalents	9	5,726	11,805
Total current assets		6,272	12,358
TOTAL ASSETS		1,240,568	1,142,409
Non-current liabilities			
Due to affiliates	11	–	1,028
Total non-current liabilities		–	1,028
Current liabilities			
Trade and other payables	10	546	1,132
Due to affiliates	11	–	1,243
Total current liabilities		546	2,375
TOTAL LIABILITIES		546	3,403
NET ASSETS		1,240,022	1,139,006
EQUITY			
Share capital	12	1,218,811	1,138,431
Retained earnings		21,211	575
TOTAL EQUITY		1,240,022	1,139,006
Number of shares in issue at year/period end	12	76,032,058	71,032,058
Net Asset Value per share ($)	16	16.31	16.04

The Financial Statements of the Company on pages 44 to 67 were approved and authorised for issue by the Board of Directors on 12 February 2015 and signed on their behalf by:



Sir Robert Wilson
Chairman



Richard Hayden
Director

The accompanying notes on pages 48 to 67 form an integral part of the Company's Financial Statements.

Statement of Comprehensive Income

For the year ended 31 December 2014

	Notes	1 January 2014 to 31 December 2014 $'000	23 May 2013 to 31 December 2013 $'000
Investment gain/(loss)			
Change in fair value of investment at fair value through profit or loss	7	23,865	(387)
Expenses			
Directors' fees and expenses	14	(1,022)	(326)
Legal and professional fees		(564)	(479)
Audit fees	17	(201)	(141)
Other operating expenses		(2,159)	(322)
Total expenses		(3,946)	(1,268)
Operating profit/(loss) for the financial year/period		19,919	(1,655)
Finance income and expenses			
Foreign exchange (loss)/gain		(209)	2,011
Other finance income	11	920	214
Interest income		6	5
Total finance income and expenses		717	2,230
Profit for the year/period		20,636	575
Other comprehensive income		–	–
Total comprehensive income for the year/period		20,636	575
Basic earnings per share (cents)	16	28.60	0.81
Diluted earnings per share (cents)	16	25.93	0.47

All activities derive from continuing operations.

The accompanying notes on pages 48 to 67 form an integral part of the Company's Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2014

	Notes	Share capital $'000	Retained earnings $'000	Total Equity $'000
As at 1 January 2014		1,138,431	575	1,139,006
Profit for the financial year		–	20,636	20,636
Other comprehensive income		–	–	–
Total comprehensive income for the year		–	20,636	20,636
Transactions with owners				
Issue of shares	12	80,380	–	80,380
Total transactions with owners		80,380	–	80,380
As at 31 December 2014		1,218,811	21,211	1,240,022

	Notes	Share capital $'000	Retained earnings $'000	Total Equity $'000
As at 23 May 2013		–	–	–
Profit for the financial period		–	575	575
Other comprehensive income		–	–	–
Total comprehensive income for the period		–	575	575
Transactions with owners				
Issue of shares	12	1,138,431	–	1,138,431
Total transactions with owners		1,138,431	–	1,138,431
As at 31 December 2013		1,138,431	575	1,139,006

The accompanying notes on pages 48 to 67 form an integral part of the Company's Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2014

	Notes	01 January 2014 to 31 December 2014 $'000	23 May 2013 to 31 December 2013 $'000
Cash flows from operating activities			
Operating profit/(loss) for the financial year/period		19,919	(1,655)
Adjustments for:			
Net finance income		926	219
Change in fair value of investment at fair value through profit or loss	7	(23,865)	387
Movement in due to affiliates		(2,271)	2,271
Movement in trade receivables	8	7	(553)
Movement in trade payables	10	(586)	1,132
Foreign exchange movement on trade receivables/payables		30	(23)
Net cash generated from operating activities		(25,759)	1,778
Cash flows used in investing activities			
Purchase of investment	7	(80,380)	(1,130,438)
Net cash used in investing activities		(80,380)	(1,130,438)
Cash flow generated from financing activities			
Proceeds from issue of shares		80,380	1,138,431
Foreign exchange gain		–	1,847
Net cash generated from financing activities		80,380	1,140,278
Net movement in cash and cash equivalents during the year/period		(5,840)	11,618
Cash and cash equivalents at the beginning of the year/period		11,805	
Effect of foreign exchange rate changes		(239)	187
Cash and cash equivalents at the end of the year/period		5,726	11,805

The accompanying notes on pages 48 to 67 form an integral part of the Company's Financial Statements.

Notes to the Financial Statements

For the year ended 31 December 2014

1. General information

Riverstone Energy Limited is a company limited by shares, which was incorporated on 23 May 2013 in Guernsey with an unlimited life and registered with the Guernsey Financial Services Commission as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law. It has been listed on the London Stock Exchange since 29 October 2013. The registered office of the Company is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY, Channel Islands.

The Company makes its investments through the Partnership, a Cayman Islands registered exempted limited partnership, in which the Company is the sole limited partner. The principal place of business of the Partnership is the Cayman Islands. Both the Company and the Partnership are subject to the Investment Management Agreement with the Investment Manager, a company registered in the Cayman Islands.

The Partnership invests alongside Private Riverstone Funds in all Qualifying Investments in which the Private Riverstone Funds participate. These funds are managed and advised by affiliates of the Investment Manager, and therefore all of these parallel investments are considered to be related party transactions. Further detail of these investments is provided in the Investment Manager's Report and in Note 14.

2. Accounting policies

Basis of preparation

The Financial Statements for the year ended 31 December 2014 have been prepared in accordance with IFRS and with the Companies Law.

The Company has adopted the Investment Entity amendments to IFRS 10, IFRS 12 and IAS 27 which define investment entities and provide consolidation exemptions for them together with changed disclosure requirements as described below.

Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)

The Company meets the definition of an investment entity on the basis of the following criteria.

(a) the Company obtains funds from multiple investors for the purpose of providing those investors with investment management services;

(b) the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and

(c) the Company measures and evaluates the performance of substantially all of its investments on a fair value basis

To determine that the Company meets the definition of an investment entity, further consideration is given to the characteristics of an investment entity that are demonstrated by the Company.

The Company makes its investments through the Partnership in which it is the sole limited partner. The Board has assessed whether the Company has all the elements of control as prescribed by IFRS 10 in relation to the Company's investment in the Partnership and has concluded that although the Company is the sole limited partner, it does not control the Partnership but instead has significant influence resulting in its classification as a structured entity in accordance with IFRS 12, and accounted as an investment in accordance with IAS 28. The Partnership is financed solely by the funds raised in the IPO of the Company. Transfer of funds by the Partnership to the Company is determined by the General Partner (Note 14). The risks associated with the investment in the Partnership are the same as that of the Company, which are further disclosed in Note 15 on pages 61 to 65. Note 7 on page 55 discloses the summarised financial information for the investment in the Partnership, which is prepared on the same basis as the financial information of the Company.

The principal accounting policies adopted are set out below.

New and amended standards and interpretations applied

The following are new and amendments to existing standards and interpretations, effective from 1 January 2014:

		Effective Date
IFRS 12	Disclosure of interests in other entities	1 January 2014
IAS 28	Investments in associates and joint ventures	1 January 2014
IAS 32	Financial instruments: presentation – offsetting financial assets and financial liabilities	1 January 2014
IAS 39	Financial instruments: recognition and measurement – novation of derivatives and continuation of hedge accounting Investment Entities (Amendments to IFRS 10, IFRS 12 and IAS 27)	1 January 2014

New and amended standards and interpretations not applied

The following new and amended standard and interpretation in issue effective from 1 January 2017 and have not been adopted by the Company and are not yet EU endorsed:

		Effective Date
IFRS 9	Financial instruments	1 January 2018
IFRS 15	Revenue from Contracts with Customers	1 January 2017

The Directors anticipate that the adoption of IFRS 9 and IFRS 15 in future periods will have a material impact on the financial statements of the Company, but these have not yet been evaluated in full.

Foreign currencies

The functional currency of the Company is U.S. Dollars reflecting the primary economic environment in which the Company operates, that being the exploration and production and midstream energy sectors, where most transactions are expected to take place in U.S. Dollars.

The Company has chosen U.S. Dollars as its presentation currency for financial reporting purposes.

Transactions during the period, including purchases and sales of investments, income and expenses are translated into U.S. Dollars at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than U.S. Dollars are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a currency other than U.S. Dollars are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a currency other than U.S. Dollars are translated using the exchange rates at the date when the fair value was determined. Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the Statement of Comprehensive Income as part of the "Change in fair value of investments through profit or loss". Exchange differences on other financial instruments are included in profit or loss in the Statement of Comprehensive Income as "Foreign exchange (loss)/gain".

Going concern

Of the $10 million of cash retained by the Company in the IPO, $5.7 million remains at 31 December 2014. This amount is adequate to meet the Company's liabilities as they fall due over the going concern horizon. The Partnership has $480.4 million of uncommitted cash, money market fixed deposits and U.S. treasury bills, and has no material going concern risk. In light of the above the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

2. Accounting policies (continued)

Financial instruments

Financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the statement of financial position and statement of comprehensive income when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

Financial assets

When financial assets are recognised initially, they are measured at fair value. Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date.

The Company does not have any available for sale or held to maturity financial assets.

Purchases or sales of financial assets made by the Partnership that require delivery of assets within a time frame established by regulation or convention in the market place (regular way purchases) are recognised on the trade date, i.e., the date that the Partnership commits to purchase or sell the asset.

a) Investments at fair value through profit or loss

i. Classification
The Company's investment in the Partnership has been classified as an investment in an associate as the Company has significant influence over the Partnership. In accordance with the exemption within IAS 28 Investments in Associates, the Company does not account for its investment in the Partnership using the equity method. Instead, the Company has elected to measure its investment in the Partnership at fair value through profit or loss.

ii. Recognition
Investments made by the Company in the Partnership are recognised on the day they are called.

iii. Measurement
Subsequent to initial recognition the investment in the Partnership is measured at fair value.

The Directors base the fair value of the investment in the Partnership on the value of its limited partnership capital account received from the General Partner, adjusted if necessary. The Investment Manager's assessment of fair value of investments held by the Partnership, through Investment Undertakings, is determined in accordance with IPEV Valuation Guidelines. It is the opinion of the Directors, that the IPEV valuation methodology used in deriving a fair value is generally not different from the fair value requirements of IFRS 13.

The Directors have considered whether a discount or premium should be applied to the net asset value of the Partnership. In view of the investment in the Partnership and the nature of the Partnership's assets, no adjustment to the net asset value of the Partnership has been made (see Note 4).

In measuring this fair value, the net asset value of the Partnership is adjusted, as necessary, to reflect liquidity, future commitments, and other specific factors of the Partnership and Investment Manager.

iv. *Fair value estimation*
A summary of the more relevant aspects of IPEV valuations is set out below:

Marketable (Listed) Securities – where an active market exists for the security, the value is stated at the bid price on the last trading day in the period. Marketability discounts are not generally applied unless there is some contractual, governmental or other legally enforceable restriction preventing realisation at the reporting date.

Unlisted Investments – are carried at such fair value as the Investment Manager considers appropriate given the performance of each investee company and after taking account of the effect of dilution, the exercise of ratchets, options or other incentive schemes. Methodologies used in arriving at the fair value include prices of recent investment, earnings multiples, net assets, discounted cash flows analysis and industry valuation benchmarks. Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (examples include discount rates, forward oil prices, production multiples and multiplying a key performance metric of the investee company such as EBITDA by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted for differences between the investment and the referenced comparable. Privately held investments may also be valued at cost for a period of time after an acquisition as the best indicator of fair value.

b) *Derecognition of financial assets*

A financial asset (in whole or in part) is derecognised either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

c) *Cash and cash equivalents*

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

Financial liabilities

The Company's financial liabilities consist of financial liabilities measured at amortised cost.

a) *Financial liabilities measured at amortised cost*

These include trade payables and other short-term monetary liabilities, which are initially recognised at fair value and subsequently carried at amortised cost using the effective interest rate method.

b) *Derecognition of financial liabilities*

A financial liability (in whole or in part) is derecognised when the Company has extinguished its contractual obligations, it expires or is cancelled. Any gain or loss on derecognition is taken to the Statement of Comprehensive Income.

Equity

The Company's Ordinary Shares are classified as equity and upon issuance the fair value of the consideration received is included in equity. All transaction costs, including share issue costs which are otherwise chargeable to equity, have been borne by the Investment Manager. In the event that the Investment Management Agreement terminates, it would become liable for those costs. For further details please see Note 13.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

2. Accounting policies (continued)

Revenue recognition

Revenue is measured at the fair value of the consideration received or receivable.

Finance income

Interest income is recognised on a time apportioned basis using the effective interest method.

Expenses

Expenses include legal, accounting, auditing and other operating expenses. They are recognised in the Statement of Comprehensive Income in the period in which they are incurred (on an accruals basis).

3. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's Net Asset Value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the Financial Statements.

For management purposes, the Company is organised into one main operating segment, which invests in one limited partnership.

All of the Company's income is derived from within Guernsey and the Cayman Islands.

All of the Company's non-current assets are located in the Cayman Islands.

Due to the Company's nature, it has no customers.

4. Critical accounting judgement and estimation uncertainty

Use of estimates and judgements

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

The main judgements made by the Company are in respect of the valuations of each portfolio company held in the Partnership and the degree of judgements due to the complexity within the wide structure of the Company, the Partnership and the Investment Undertakings.

The area involving a high degree of judgement or complexity and where assumptions and estimates are significant to the Financial Statements has been identified as the risk of misstatement of the valuation of the investment in the Partnership (see Note 7). Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The Board's determination that no discount or premium should be applied to the net asset value of the Partnership involves a degree of judgement due to the nature of the Partnership's investments and other assets and liabilities (see Note 2: Financial assets a) iii.)

The Company makes its investments through the Partnership in which it is the sole limited partner. The Board has assessed whether the Company has all the elements of control as prescribed by IFRS 10 in relation to the Company's investment in the Partnership and has concluded that although the Company is the sole limited partner it does not control the Partnership but instead has significant influence resulting in its classification as an investment in associate. The Board's determination that the Company's investment in the Partnership is an associate investment involves a degree of judgement due to the complexity within the wider structure of the Company, the Partnership and the Investment Undertakings (see Note 2: Financial assets a) i.).

The resulting accounting estimates will, by definition, seldom equal the related actual results.

5. Taxation

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2008 and is charged an annual exemption fee of £600. The fee is due to increase to £1,200 with effect from 1 January 2015.

The Company has made an election to, and currently expects to conduct its activities so as to be treated as a partnership for U.S. federal income tax purposes. Therefore, the Company expects that it generally will not be liable for U.S. federal income taxes. Instead, each of the Company's Shareholders who are liable to U.S. taxes will take into account its respective share of the Company's items of income, gain, loss and deduction in computing its U.S. federal income tax liability as if such shareholder had earned such income directly, even if no cash distributions are made to the shareholder.

The Cayman Islands at present impose no taxes on profit, income, capital gains or appreciations in value of the Partnership. There are also currently no taxes imposed in the Cayman Islands by withholding or otherwise on the Company as a limited partner of the Partnership on profit, income, capital gains or appreciations in respect of its partnership interest nor any taxes on the Company as a limited partner of the Partnership in the nature of estate duty, inheritance or capital transfer tax.

Local taxes may apply at the jurisdictional level on profits arising in operating entity investments. Further withholding taxes may apply on distributions from such operating entity investments. Based upon the current commitments and investments in Liberty II, Eagle II, Rock Oil, Fieldwood, Castex 2014 and Castex 2005, the future U.S. tax liability on profits is expected to be in the range of 35 to 41.5 per cent.

6. Fair value

IFRS 13 'Fair Value Measurement' requires disclosure of fair value measurement by level. The level in the fair value hierarchy within which the financial assets or financial liabilities are categorised is determined on the basis of the lowest level input that is significant to the fair value measurement, adjusted if necessary.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels.

The fair value hierarchy has the following levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company's only financial instrument carried at fair value is its investment in the Partnership which has been classified within Level 3 as it has unobservable inputs and is not traded. Amounts classified under Level 3 for the year ended 31 December 2014 and period ended 31 December 2013 are $1,234 million and $1,130 million, respectively.

The fair value of all other financial instruments approximates their carrying value.

Transfers during the period

There have been no transfers between levels during the year ended 31 December 2014 and period ended 31 December 2013. Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of the investments, they are always expected to be classified under Level 3.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

6. Fair value (continued)

Valuation methodology and process

The Partnership's investments are valued using the techniques described in the Company's valuation policy. The value of the Company's investment in the Partnership is based on the value of the Company's limited partner capital account within the Partnership, adjusted if necessary. This is based on the components within the Partnership, principally the value of the Partnership's investments in addition to cash and U.S. treasury bills held. Any fluctuation in the value of the Partnership's investments in addition to cash and U.S. treasury bills held will directly impact on the value of the Company's investment in the Partnership.

In measuring this fair value, the net asset value of the Partnership is adjusted, as necessary, to reflect liquidity, future commitments, and other specific factors of the Partnership and Investment Manager.

When valuing the Partnership's investments, the Investment Manager reviews information provided by the underlying investee companies and other business partners and applies IPEV methodologies, to estimate a fair value as at the date of the statement of financial position.

Initially, acquisitions are valued at price of recent investment. Subsequently, and as appropriate, the Investment Manager values the investments on a quarterly basis using common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation, and discounted cash flow valuation. For early stage private investments, Riverstone's investment due diligence process includes assumptions about short-term financial results in determining the appropriate purchase price for the investment. The techniques used in determining the fair value of the Company's investments through the Partnership are selected on an investment by investment basis so as to maximise the use of market based observable inputs.

For the year ended 31 December 2014, Eagle II, Liberty II, Rock Oil, CNOR, Castex 2014, Origo, Sierra and Castex 2005 are valued at price of recent investment, CIOC is valued at 1.5x price of investment and Fieldwood is valued at 1.4x price of investment.

Quantitative information about Level 3 fair value measurements

Industry	Fair value (in Thousands) 31/12/2014	Valuation technique(s)	Unobservable input(s)	Range Low	Range High	Weighted average [a]	# of investments
Exploration & Production	$422,833	Public comparables	EV / LTM EBITDA multiple	3.5x	4.5x	–	1
			EV/Forward EBITDA multiple	4.0x	5.0x	4.5x	2
			2P Reserve multiple ($/Boe)	$35	$45	–	1
			EV/Forward EBITDAX multiple	3.5x	4.5x	–	1
			1P Reserve multiple ($/Boe)	$8	$13	–	1
			Production Multiple ($/Boepd)	$80,000	$100,000	–	1
		NAV analysis	Multiple of PV-10 Reserve	.6x	.8x	–	1
		Sum of the parts	Production Multiple ($/Boe/d)	$40,000	$120,000	$69,856	3
		Transaction approach	Last round of financing	n/a	n/a	–	6

There would be no material impact on the valuation of the Partnership's investments from reasonably possible changes to unobservable inputs to those valuations.

The Board reviews and considers the fair value of the Partnership's investments arrived at by the Investment Manager before incorporating into the fair value of the Partnership. The variety of valuation bases adopted, quality of management information provided by the underlying investee companies and the lack of liquid markets for the investments mean that there are inherent difficulties in determining the fair value of these investments that cannot be eliminated. Therefore the amounts realised on the sale of investments may differ from the fair values reflected in these Financial Statements and the differences may be significant.

The Board approves the valuations performed by the Investment Manager and monitors the range of reasonably possible changes in significant observable inputs on a regular basis.

[a] Calculated based on fair values. Weighted average is not applicable for industry categories with only one investment.

7. Investment at fair value through profit or loss

	31 December 2014 $'000	31 December 2013 $'000
Cost		
Brought forward/At inception	1,130,438	–
Investment in the Partnership	80,380	1,130,438
Carried forward	1,210,818	1,130,438
Fair value adjustment through profit or loss		
Brought forward/At inception	(387)	–
Fair value movement during the year/period	23,865	(387)
Carried forward	23,478	(387)
Fair value at year/period end	1,234,296	1,130,051

The movement in fair value is derived from the fair value movements in the underlying investments held by the Partnership, net of income and expenses of the Partnership and its related Investment Undertakings, including any Performance Allocation or applicable taxes.

Summary financial information for the Partnership

Net asset value	31 December 2014 $'000	31 December 2013 $'000
Investments at fair value	422,833	989
Deferred tax on investment – see Note 5	(6,029)	–
General Partner performance allocation – see Note 14	(9,661)	–
Investments at fair value (net)	407,143	
Cash and cash equivalents	79,878	529,518
Money market fixed deposits	650,000	–
U.S. treasury bills	99,995	599,974
Management fee payable – see Note 14	(2,656)	(387)
Other net liabilities	(64)	(64)
Fair Value of REL's investment in the Partnership	1,234,296	1,130,051

Summary Income Statement	1 January 2014 to 31 December 2014 $'000	23 May 2013 to 31 December 2013 $'000
Unrealised gain on investments (net)	32,617	85
Other income	1,186	
Management fee expense – see Note 14	(8,011)	(387)
Other operating expense	(1,927)	(85)
Portion of the operating gain/(loss) for the year/period attributable to REL's investment in the Partnership	23,865	(387)

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

8. Trade and other receivables

	31 December 2014 $'000	31 December 2013 $'000
Debtors and prepayments	546	553

There are no past due or impaired receivable balances outstanding at the year end. The Directors consider that the carrying value of financial assets within trade and other receivables approximate their fair value.

9. Cash and cash equivalents

These comprise cash held by the Company and short-term bank deposits available on demand. The carrying amounts of these assets approximate their fair value.

10. Trade and other payables

	31 December 2014 $'000	31 December 2013 $'000
Accruals and other creditors	546	1,132

Trade and other payables principally comprise amounts accrued in respect of costs incurred in the normal course of business. The Company seeks to ensure that the payables are paid within the credit time frames. The Directors consider that the carrying value of financial liabilities within trade and other payables approximate their fair value.

11. Other finance income

Other finance income is entirely made up of a financing charge from a Cornerstone Investor, KFI, owing to an agreement to acquire shares in the Company in two tranches.

An upfront two-year financing charge equal to 1.5 per cent. of the unpaid subscription monies of £50 million, calculated on an annual basis, which equated to £1.5 million ($2.5 million), was payable by KFI at the time their first tranche became due for payment shortly prior to Admission. When KFI's second tranche became payable prior to the second anniversary of Admission, a portion of this financing charge was repaid to KFI, calculated on a pro rata basis by reference to the date the second tranche was payable, amounting to £817,808 ($1,328,689).

	31 December 2014 $'000	31 December 2013 $'000
Other finance income recognised in the year/period	920	214
Due to affiliates current portion	–	1,243
Due to affiliates non-current portion	–	1,028

12. Share capital

	31 December 2014 $'000	31 December 2013 $'000
Authorised:		
Ordinary shares of no par value	**Unlimited**	Unlimited

	Total No	Total No.
Issued and fully paid:		
Unlimited shares of no par value		
Shares as at inception	**–**	–
Issued on 23 May 2013	**1**	1
Issued on 29 October 2013	**71,032,057**	71,032,057
Issued on 10 October 2014	**5,000,000**	–
Shares as at year/period end	**76,032,058**	71,032,058

Share capital	$'000	$'000
Share capital brought forward	**1,138,431**	–
Movements for the period:		
Issue of ordinary shares	**80,380**	1,138,431
Share capital as at year/period end	**1,218,811**	1,138,431

On 29 October 2013, the Company issued 71,032,057 Ordinary Shares of no par value at £10 per Ordinary Share in an initial public offering. Details of the issue were set out in the Prospectus dated 24 September 2013.

The Company has one class of Ordinary Shares. The issued nominal value of the Ordinary Shares represents 100 per cent. of the total issued nominal value of all share capital. Under the Company's Articles of Incorporation, on a show of hands, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, providing the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company. The Ordinary Shares have no right to fixed income.

KFI, one of the Cornerstone Investors in the Company, paid for and acquired its Ordinary Shares in two equal tranches of £50 million. The first tranche was paid on Admission at which time 5 million Ordinary Shares were issued to KFI. The second tranche was paid on 26 September 2014 and issued on 10 October 2014 upon the Company being 50 per cent. committed of the aggregate net proceeds of the Issue, calculated using KFI's total subscription monies.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

13. Contingent liabilities

Contingent liabilities are potential future cash outflows where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

Formation and initial expenses

The formation and initial expenses of the Company totalling $22.5 million have been paid in full by the Investment Manager. However, if the Investment Management Agreement is terminated by the Company on or before the seventh anniversary of Admission (other than for a material breach by the Investment Manager attributable to its fraud) the Company will be required to reimburse the Investment Manager in respect of the formation and initial expenses of the Company and the costs and the expenses of the Issue to the full extent that such costs and expenses were borne by the Investment Manager. At this time, the Directors consider the likelihood of the Investment Management Agreement being terminated by the Company to be more than remote.

14. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

Directors

The Company has nine non-executive Directors. The Chairman is entitled to annual remuneration of $187,000 (£120,000). The other independent Directors are entitled to annual remuneration of $93,000 (£60,000). The four non-independent Directors have chosen not to be remunerated by the Company for their services.

Directors' fees and expenses for the year ended 31 December 2014 and period ended 31 December 2013 amounted to $1,022,288 and $325,989, respectively, none of which was outstanding at the respective year/period end.

Messrs Lapeyre and Leuschen are senior executives of Riverstone and have direct or indirect economic interests in affiliates and/or related parties of the Investment Manager, which holds the founder Ordinary Share of the Company, the General Partner, the general partner of Fund V, Riverstone Equity Partners, Riverstone Investment Group LLC, REL Coinvestment, LP and Other Riverstone Funds. REL Coinvestment, LP is subject to lock-up restrictions for two years from admission.

Lord Browne is a senior executive of Riverstone and has direct or indirect economic interests in Other Riverstone Funds as an investor.

Mr Hackett is a senior executive of Riverstone and has direct or indirect economic interests in Other Riverstone Funds as an investor.

Messrs Barker and Hayden have direct or indirect economic interests in Other Riverstone Funds as investors.

Investment Manager

The Investment Manager, an affiliate of Riverstone, provides advice to the Company on the origination and completion of new investments, on the management of the portfolio and on realisations, as well as on funding requirements. For the provision of services under the Investment Management Agreement, the Investment Manager is paid in cash out of the assets of the Partnership an annual Management Fee equal to 1.5 per cent. per annum of the Company's Net Asset Value. The fee is payable quarterly in arrears and each payment is calculated using the quarterly Net Asset Value as at the relevant quarter end. Notwithstanding the foregoing, no Management Fee is paid on the cash proceeds of the Issue to the extent that they have not yet been invested or committed to an investment. Amounts not forming part of a commitment to an investment that are invested in cash deposits, interest-bearing accounts or sovereign securities directly or indirectly, are not considered to have been invested or committed for these purposes.

The Investment Manager has agreed to deduct from its annual Management Fee all fees, travel costs and related expenses of the Directors exceeding the following annual limits:

Portion of NAV	Limit (as a percentage of the then last published NAV)
Up to and including £500 million	0.084 per cent.
From £500 million to and including £600 million	0.084 per cent. at £500 million and thereafter adjusted downwards proportionately to NAV to 0.07 per cent. at £600 million
From £600 million to and including £700 million	0.07 per cent. at £600 million and thereafter adjusted downwards proportionately to NAV to 0.06 per cent. at £700 million
Above £700 million	0.06 per cent.

The above limits are subject to adjustment by agreement between the Investment Manager and the Company acting by its independent Directors. Based on the last published NAV as of 31 December 2014, the maximum amount of annual fees, travel and related expenses of the Directors is $892,604. During the year ended 31 December 2014, fees and expenses of the Directors amounted to $1,022,288, therefore the excess of $129,684 reduced the 31 December 2014 quarter-end management fee.

During the year ended 31 December 2014, the Partnership incurred Management Fees of $8,010,610 of which $2,656,177 remained outstanding as at the year end. During the period ended 31 December 2013, the Partnership incurred Management Fees of $387,004, all of which remained outstanding as at the period end.

The Investment Manager's appointment cannot be terminated by the Company with less than 12 months' notice. The Company may terminate the Investment Management Agreement with immediate effect if the Investment Manager has committed an act of fraud or wilful misconduct in relation to the Company which has resulted in material harm to the Company's business. The Investment Manager may terminate their appointment immediately if either the Company or the Partnership is in material breach of any of its material obligations under the Investment Management Agreement.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

14. Related party transactions (continued)

General Partner

The General Partner makes all management decisions, other than investment management decisions, in relation to the Partnership and controls all other actions by the Partnership and is entitled to receive a Performance Allocation, calculated and payable at the underlying investment holding subsidiary level, equal to 20 per cent. of the realised profits (if any) on the sale of any underlying asset of the Company.

The General Partner is entitled to receive its Performance Allocation in cash, a substantial portion of which Riverstone, through its affiliate RELCP, intends to reinvest in Ordinary Shares of the Company on the terms summarised in Part I and Part VIII of the Prospectus.

Qualifying Investments

For so long as the Investment Manager (or any of its affiliates) remains the investment manager of the Company, the Company, through the Partnership, invests alongside Private Riverstone Funds in all Qualifying Investments in which the Private Riverstone Funds participate. Eight additional such qualifying investments were committed to by the Company, through the Partnership, during the year, taking the total to ten (see pages 8 to 16).

These investments are related party transactions due to the fact that Messrs Lapeyre and Leuschen are both in a position to exercise significant influence over the General Partner, the Investment Manager and the general partner of Fund V, which make management and investment management decisions, for the Partnership and Fund V.

Cornerstone Investors

Each of the Cornerstone Investors has acquired an indirect economic interest in each of the General Partner and the Investment Manager depending on the size of their commitment and the total issue size, up to an aggregate maximum indirect economic interest of 20 per cent. in each, for nominal consideration. These interests entitle the Cornerstone Investors to participate in the economic returns generated by the General Partner, including from the Performance Allocation, and the Investment Manager, which receives the Management Fee.

Each Cornerstone Investor has agreed with the Company and the Joint Bookrunners not to dispose of its Ordinary Shares for a specified period from Admission, subject to certain exclusions as described in paragraph 7.8 of Part VIII "Additional information" of the Prospectus. The subscriptions by each of the Cornerstone Investors and REL Coinvestment, LP will be subject to lock-up restrictions for the following specified periods from Admission: in the case of AKRC, Hunt, Casita and McNair, 12 months; in the case of REL Coinvestment, LP, 2 years; and in the case of KFI, the later of the first anniversary of Admission and the date of payment for the second tranche of 5 million Ordinary Shares being made in full. The second tranche became payable on 25 September 2014 and was paid in full on 26 September 2014 with the 5 million Ordinary Shares being issued to KFI on 10 October 2014 and a portion of the financing charge paid by KFI was reimbursed (see Notes 11 and 12).

15. Financial risk management

Financial risk management objectives

The Company's investing activities, through its investment in the Partnership, intentionally expose it to various types of risks that are associated with the underlying investee companies of the Partnership. The Company makes the investment in order to generate returns in accordance with its investment policy and objectives.

The most important types of financial risks to which the Company is exposed are market risk (including price, interest rate and foreign currency risk), liquidity risk and credit risk. The Board of Directors has overall responsibility for the determination of the Company's risk management and sets policy to manage that risk at an acceptable level to achieve those objectives. The policy and process for measuring and mitigating each of the main risks are described below.

The Investment Manager and the Administrator provide advice to the Company which allows it to monitor and manage financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. The Investment Manager and the Administrator report to the Board on a quarterly basis.

Categories of financial instruments

	31 December 2014 $'000	31 December 2013 $'000
Financial assets		
Investment at fair value through profit or loss:		
Investment in the Partnership	**1,234,296**	1,130,051
Loans and receivables:		
Cash and cash equivalents	**5,726**	11,805
Trade and other receivables	**546**	553
Financial liabilities		
Financial liabilities:		
Trade and other payables	**(546)**	(1,132)

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the capital return to Shareholders. The capital structure of the Company consists of issued share capital and retained earnings, as stated in the Statement of Financial Position on page 44.

In order to maintain or adjust the capital structure, the Company may buy back shares or issue new shares. There are no external capital requirements imposed on the Company.

During the year and period ended 31 December 2014 and 2013, respectively, the Company had no borrowings other than trade and other payables. The Company had sufficient cash and cash equivalents to pay these as they fell due.

The Company's investment policy is set out on pages 20 to 22 of the Annual Report.

15. Financial risk management (continued)

Market risk

Market risk includes price risk, foreign currency risk and interest rate risk.

(a) Price risk

The underlying investments held by the Partnership present a potential risk of loss of capital to the Partnership and hence to the Company. The Company invests through the Partnership. Price risk arises from uncertainty about future prices of underlying financial investments held by the Partnership.

The Partnership is exposed to a variety of risks which may have an impact on the carrying value of the Company's investment in the Partnership. The Partnership's risk factors are set out in (a)(i) to (a)(iii) below.

(i) Not actively traded

The Partnership's investments are not traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held (see Note 7). The underlying investments of the Partnership vary as to industry sub-sector, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty.

This risk is managed by an investment strategy that diversifies the investments in terms of geography, financing stage or industry and through careful selection of investments within the specified limits of the investment policy. The investments are monitored on a regular basis by the Investment Manager.

(ii) Concentration

Concentration in an investment portfolio can have opposing effects on the credit risk of a portfolio.

A low number of investments in a portfolio, or high concentration, reduces risk due to better knowledge and information whilst a higher portfolio concentration in a certain sector of; industry, geographic distribution of operations or size increases sector concentration and the risk of the portfolio.

Conversely a high number of investments and lower concentration can reduce the credit risk of the portfolio but may limit availability of resources and flexibility.

The Company, through the Partnership, intends to invest in the global energy sector, with a particular focus on businesses that engage in oil and gas exploration and production and midstream investments in that sector. This means that the Company will be exposed to the concentration risk of only making investments in the global energy sector, which concentration risk may further relate to sub-sector, geography, and the relative size of an investment or other factors. Whilst the Company is subject to the investment and diversification restrictions in its investment policy, within those limits, material concentrations of investments may still arise.

The Board and the Investment Manager monitor the concentration of the investment in the Partnership on a quarterly basis to ensure compliance with the investment policy (as set out on pages 20 to 22 of the Annual Report).

(iii) Liquidity

The Company's underlying investments through the Partnership are dynamic in nature. The Partnership will maintain flexibility in funding by keeping sufficient liquidity in cash and cash equivalents which may be invested on a temporary basis in line with the cash management policy as agreed by the Board from time to time.

As at 31 December 2014 and 31 December 2013, respectively, $830 million or 66.8 per cent. and $1,129 million or 99.9 per cent. of the Partnership's financial assets were money market fixed deposits, U.S. treasury bills and cash balances held on deposit with several, A or higher rated, banks. All of these assets have maturities of less than one year.

(b) Foreign currency risk

The Company has exposure to foreign currency risk due to the payment of some expenses in Pounds Sterling. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the U.S. Dollar.

The following tables sets out, in U.S. Dollars, the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

As at 31 December 2014

ASSETS:	$ $'000	£ $'000	Total $'000
Non-current assets			
Investment in the Partnership	1,234,296	–	1,234,296
Total non-current assets	1,234,296	–	1,234,296
Current assets			
Trade and other receivables	539	7	546
Cash and cash equivalents	2,376	3,350	5,726
Total current assets	2,915	3,357	6,272
Current liabilities			
Trade and other payables	335	211	546
Total current liabilities	335	211	546
Total net assets	1,236,876	3,146	1,240,022

As at 31 December 2013

ASSETS:	$ $'000	£ $'000	Total $'000
Non-current assets			
Investment in the Partnership	1,130,051	–	1,130,051
Total non-current assets	1,130,051	–	1,130,051
Current assets			
Trade and other receivables	547	6	553
Cash and cash equivalents	4,319	7,486	11,805
Total current assets	4,866	7,492	12,358
Current liabilities			
Trade and other payables	150	982	1,132
Total current liabilities	150	982	1,132
Total net assets	1,134,767	6,510	1,141,277

The amounts previously due to affiliates as detailed in Note 11 have been excluded from this analysis as they are not financial instruments.

The Directors do not consider that the foreign currency exchange risk at the balance sheet date is significant or material and therefore sensitivity analysis for the foreign currency risk has not been provided.

Notes to the Financial Statements (continued)

For the year ended 31 December 2014

15. Financial risk management (continued)

(c) Interest Rate Risk

The Company's exposure to interest rate risk relates to the Company's cash and cash equivalents. The Company is subject to risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. As at the date of the statement of financial position the majority of the Company's cash and cash equivalents were held on interest bearing fixed deposit accounts.

The Company has no other interest-bearing assets or liabilities as at the reporting date. As a consequence, the Company is only exposed to variable market interest rate risk. Management does not expect any significant change in interest rates that would have a material impact on the financial performance of the Company in the near future, therefore sensitivity analysis for the interest rate risk has not been provided.

	31 December 2014 $'000	31 December 2013 $'000
Fixed rate		
Cash and cash equivalents	**3,350**	7,486
Non-interest bearing		
Cash and cash equivalents	**2,376**	4,319

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors.

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

The Company adopts a prudent approach to liquidity management and through the preparation of budgets and cash flow forecasts maintains sufficient cash reserves to meet its obligations.

Credit risk

Credit risk refers to the risk that the counterparty will default on its contractual obligations resulting in financial loss to the Company.

The carrying value of the investment in the Partnership as at 31 December 2014 and 31 December 2013 was $1,234 million and $1,130 million, respectively.

Financial assets mainly consist of cash and cash equivalents and investments at fair value through profit or loss. The Company's risk on liquid funds is reduced because it can only deposit monies with institutions with a minimum credit rating of "single A". The Company mitigates its credit risk exposure on its investment at fair value through profit or loss by the exercise of due diligence on the counterparties of the Partnership, its General Partner and the Investment Manager. The investment risk is managed by an investment strategy that diversifies the investments in terms of financing stage, industry or time.

The investment objectives, policy and restrictions of the Company are set out on pages 20 to 22 of the Annual Report. For so long as the Ordinary Shares are listed on the Official List, no material change may be made to the Company's investment policy other than with the prior approval of both the Shareholders and a majority of the independent directors of the Company, and otherwise in accordance with the Listing Rules.

The table below shows the material cash balances and the credit rating for the counterparties used at the period end date:

Counterparty	**Location**	**Rating**	**31 December 2014 $'000**	31 December 2013 $'000
Royal Bank of Scotland International Limited	Guernsey	A	5,726	11,805

The Company's maximum exposure to loss of capital at the year/period end is shown below:

31 December 2014	**Carrying Value and Maximum exposure $'000**
Investment at fair value through profit or loss:	–
Limited partnership	1,234,296
Loans and receivables (including cash and cash equivalents but excluding prepayments)	5,726

31 December 2013	Carrying Value and Maximum exposure $'000
Investment at fair value through profit or loss:	–
Limited partnership	1,130,051
Loans and receivables (including cash and cash equivalents but excluding prepayments)	11,805

Gearing

As at the date of these Financial Statements the Company itself has no gearing, however, the Partnership may have indirect gearing through the operations of the underlying investee companies.

NOTES TO THE FINANCIAL STATEMENTS (CONTINUED)

For the year ended 31 December 2014

16. Earnings per share and Net Asset Value per share

Earnings per share

	Year ended to 31 December 2014 Basic	Diluted
Profit for the year ($'000)	20,636	19,716
Weighted average numbers of shares in issue	72,155,346	76,032,058
EPS (cents)	28.60	25.93

	$'000
Profit for the year	20,636
Less: Commitment fee relating to KFI arrangement – see Note 11	(920)
Profit for the year including assumed share issues	19,716

Weighted average numbers of shares in issue (Basic)	72,155,346
Plus: Dilutive potential ordinary shares	3,876,712
Weighted average numbers of shares in issue (Diluted)	76,032,058

	Period from 23 May 2013 to 31 December 2013 Basic	Diluted
Profit for the period ($'000)	575	361
Weighted average numbers of shares in issue	71,032,058	76,032,058
EPS (cents)	0.81	0.47

	$'000
Profit for the period	575
Less: Commitment fee relating to KFI arrangement – see Note 11	(214)
Profit for the period including assumed share issues	361

Weighted average numbers of shares in issue	71,032,058
Plus: Dilutive potential ordinary shares relating to KFI arrangement – see Note 12	5,000,000
Weighted average numbers of shares in issue	76,032,058

The earnings per share is based on the profit or loss of the Company for the year/period and on the weighted average number of shares the Company had in issue for the year ended 31 December 2014/period from Admission to the Official List on 29 October 2013 until 31 December 2013.

There are no dilutive shares in issue as at 31 December 2014.

Net Asset Value per share

	31 December 2014	31 December 2013
NAV ($'000)	1,240,022	1,139,006
Number of shares in issue	76,032,058	71,032,058
Net Asset Value per share ($)	16.31	16.04

The Net Asset Value per share is arrived at by dividing the net assets as at the date of the statement of financial position by the number of Ordinary Shares in issue at that date.

17. Auditors' Remuneration

All fees payable to the auditors relate to audit services, interim review fees and tax compliance services, which are analysed as follows:

	2014 $'000	2013 $'000
Ernst & Young LLP Audit fees	150	141
Ernst & Young LLP Interim Review fees	51	–
Ernst & Young LLP Tax Compliance fees	25	20
Total	226	161

18. Subsequent events

On 9 January 2015, REL, through the Partnership, committed $125 million to the formation of RCO. RCO is a newly created portfolio company formed to take advantage of the current dislocation in the leveraged capital markets for energy companies.

On 21 January 2015, REL, through the Partnership, committed up to $60 million to CanEra III, a newly-formed, Calgary-based oil and gas company. CanEra III represents the third partnership between Riverstone and CanEra III's management team, which is led by Paul Charron (Chairman and CEO) and David Broshko (President) and who have a track record of delivering strong returns to investors in Riverstone's private funds. The team is pursuing the same strategy of acquisition, exploitation and exploration of large oil and/or gas in place deposits in the Western Canadian Sedimentary Basin.

Glossary of Capitalised Defined Terms

"**1P reserve**" means proven reserves;

"**2P reserve**" means proven and probable reserves;

"**Administrator**" or "**Heritage**" or "**HIFM**" means Heritage International Fund Managers Limited;

"**Admission**" means admission, on 29 October 2013, to the Official List and/or admission to trading on the London Stock Exchange, as the context may require, of the Ordinary Shares becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards as the context may require;

"**AIC**" means the Association of Investment Companies;

"**AIC Code**" means the AIC Code of Corporate Governance;

"**AIC Guide**" means the AIC Corporate Governance Guide for Investment Companies;

"**AIFMD**" Alternative Investment Fund Managers Directive;

"**Annual General Meeting**" or "**AGM**" means the general meeting of the Company;

"**Annual Report and Financial Statements**" means the annual publication of the Company provided to the Shareholders to describe their operations and financial conditions, together with their Financial Statements;

"**Articles of Incorporation**" or "Articles" means the articles of incorporation of the Company;

"**Audit Committee**" means a formal committee of the Board with defined terms of reference;

"**Board**" or "**Directors**" means the directors of the Company;

"**boepd**" means barrels of equivalent oil per day;

"**CAD**" means Canadian dollar;

"**CanEra III**" means CanEra Inc.;

"**Castex 2005**" means Castex Energy 2005, LLC;

"**Castex 2014**" means Castex Energy 2014, LLC;

"**CIOC**" means Canadian International Oil Corporation;

"**CNOR**" means the Canadian Non-Operated Resources LP;

"**Companies Law**" means the Companies (Guernsey) Law, 2008, (as amended);

"**Company**" or "**REL**" means Riverstone Energy Limited;

"**Cornerstone Investors**" means those investors who have acquired Ordinary Shares and acquired a minority economic interest in the General Partner and in the Investment Manager, being AKRC Investments, LLC, Casita, L.P., KFI, Hunt and McNair;

"**Corporate Brokers**" means Goldman Sachs International, JP Morgan Cazenove and Morgan Stanley Securities Limited;

"**Corporate Governance Code**" means The UK Corporate Governance Code as published by the Financial Reporting Council;

"**E&P**" means exploration and production;

"**Eagle II**" means Eagle Energy Exploration, LLC;

"**EBITDA**" means earnings before interest, taxes, depreciation and amortisation;

"**EBITDAX**" means earnings before interest, taxes, depreciation, amortisation and exploration expenses;

"**EU**" means the European Union;

"**EV**" means enterprise value;

"**FATCA**" means Foreign Account Tax Compliance Act;

"**FCA**" means the UK Financial Conduct Authority (or its successor bodies);

"**Fieldwood**" means Fieldwood Energy LLC;

"**Financial Statements**" means the audited financial statements of the Company, including the statement of financial position, the statement of comprehensive income, the statement of cash flows, the statement of changes in equity and associated notes;

"**Fund V**" means Riverstone Global Energy & Power Fund V, L.P.;

"**Fund VI**" means Riverstone Global Energy & Power Fund VI, L.P.;

"**General Partner**" means REL IP General Partner LP (acting through its general partner, REL IP General Partner Limited), the general partner of the Partnership and a member of the Riverstone group;

"**GFSC**" or "Commission" means the Guernsey Financial Services Commission;

"**GFSC Code**" means the GFSC Finance Sector Code of Corporate Governance;

"**Gross IRR**" means an aggregate, annual, compound, gross internal rate of return on investments. Gross IRR does not reflect expenses to be borne by the relevant investment vehicle or its investors including, without limitation, carried interest, management fees, taxes and organisational, partnership or transaction expenses;

"**Gross MOIC**" means gross multiple of invested capital;

"**Hunt**" means Hunt REL Holdings LLC together with various members of Ray L. Hunt's family and their related entities;

"**IAS**" means international accounting standards as issued by the Board of the International Accounting Standards Committee;

"**IFRS**" means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board, as adopted by the EU;

"**Interim Financial Report**" means the Company's half yearly report and unaudited interim condensed financial statements for the period ended 30 June;

"**Investment Manager**" or "RIL" means Riverstone International Limited which is majority-owned and controlled by Riverstone;

"**Investment Management Agreement**" means the investment management agreement dated 24 September 2013 between RIL, the Company and the Partnership (acting through its General Partner) under which RIL is appointed as the Investment Manager of both the Company and the Partnership;

"**Investment Undertaking**" means the Partnership, any intermediate holding or investing entities that the Company or the Partnership may establish from time to time for the purposes of efficient portfolio management and to assist with tax planning generally and any subsidiary undertaking of the Company or the Partnership from time to time;

"**IPEV Valuation Guideline**" means the International Private Equity and Venture Capital Valuation Guidelines;

"**IPO**" means the initial public offering of shares by a private company to the public;

"**ISIN**" means an International Securities Identification Number;

"**KFI**" means Kendall Family Investments, LLC, a cornerstone investor in the company;

"**Liberty II**" means Liberty Resources II, LLC;

"**Listing Rules**" means the listing rules made by the UK Listing Authority under section 73A Financial Services and Markets Act 2000;

"**London Stock Exchange**" or "**LSE**" means London Stock Exchange plc;

"**LSE Admission Standards**" means the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Official List;

"**LTM**" means last twelve months;

"**Management Engagement Committee**" means a formal committee of the Board with defined terms of reference;

"**Management Fee**" means the management fee to which RIL is entitled;

"**McNair**" means RCM Financial Services, L.P. for the purposes of acquiring Ordinary Shares and Palmetto for the purposes of acquiring a minority economic interest in the General Partner and the Investment Manager;

"**mmboe**" means million barrels of oil equivalent;

"**mmcfe/d**" means million cubic feet equivalent per day;

"**NAV per Share**" means the Net Asset Value per Ordinary Share;

Glossary of Capitalised Defined Terms (continued)

"**Net Asset Value**" or "**NAV**" means the value of the assets of the Company less its liabilities as calculated in accordance with the Company's valuation policy and expressed in U.S. dollars;

"**Nomination Committee**" means a formal committee of the Board with defined terms of reference;

"**Official List**" is the list maintained by the Financial Conduct Authority (acting in its capacity as the UK Listing Authority) in accordance with Section 74(1) of the Financial Services and Markets Act 2000;

"**OPEC**" means Organisation of the Petroleum Exporting Countries;

"**Ordinary Shares**" means redeemable ordinary shares of no par value in the capital of the Company issued and designated as "Ordinary Shares" and having the rights, restrictions and entitlements set out in the Articles;

"**Origo**" means Origo Exploration Holding AS;

"**Other Riverstone Funds**" means other Riverstone-sponsored, controlled or managed entities, including Fund V, which are or may in the future be managed or advised by the Investment Manager or one or more of its affiliates, excluding the Partnership;

"**Partnership**" or "**RELIP**" means Riverstone Energy Investment Partnership, LP, the Investment Undertaking in which the Company is the sole limited partner;

"**Partnership Agreement**" means the partnership agreement in respect of the Partnership between inter alios the Company as the sole limited partner and the General Partner as the sole general partner dated 23 September 2013;

"**Performance Allocation**" means the Performance Allocation to which the General Partner is entitled;

"**POI Law**" means the Protection of Investors (Bailiwick of Guernsey) Law, 1987;

"**Private Riverstone Funds**" means Fund V and all other private multi-investor, multi-investment funds that are launched after Admission and are managed or advised by the Investment Manager (or one or more of its affiliates) and excludes Riverstone employee co-investment vehicles and any Riverstone managed or advised private co-investment vehicles that invest alongside either Fund V or any multi-investor multi-investment funds that the Investment Manager (or one or more of its affiliates) launches after Admission;

"**Prospectus**" means the prospectus published on 24 September 2013 by the Company in connection with the IPO of Ordinary Shares;

"**PV-10**" means present value of estimated future oil and gas revenues, net of estimated direct expenses, at an annual discount rate of 10%;

"**Qualifying Investments**" means all investments in which Private Riverstone Funds participate which are consistent with the Company's investment objective where the aggregate equity investment in each such investment (including equity committed for future investment) available to the relevant Private Riverstone Fund and the Company (and other co-investees, if any, procured by the Investment Manager or its affiliates) is $100 million or greater, but excluding any investments made by Private Riverstone Funds where both (a) a majority of the Company's independent directors and (b) the Investment Manager have agreed that the Company should not participate;

"**RCO**" means Riverstone Credit Opportunities, L.P.;

"**RELCP**" means Riverstone Energy Limited Capital Partners, LP (acting by its general partner Riverstone Holdings II (Cayman) Ltd.) a Cayman exempted limited partnership controlled by affiliates of Riverstone;

"**RIL**" or "**Investment Manager**" means Riverstone International Limited;

"**Riverstone**" means Riverstone Holdings LLC and its affiliated entities (other than the Investment Manager and the General Partner), as the context may require;

"**Rock Oil**" means Rock Oil Holdings LLC;

"**Sierra**" means Sierra Oil & Gas S. de R.L. de C.V.;

"**Shareholder**" means the holder of one or more Ordinary Shares;

"**Stewardship Code**" means the UK Stewardship Code;

"**UK**" or "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland;

"**UK Listing Authority**" or "**UKLA**" means the Financial Conduct Authority;

"**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"**£**" or "Pounds Sterling" means British pound sterling; and

"**$**" means United States dollar.

Directors and General Information

Directors
Sir Robert Wilson (Chairman)
Peter Barker
Lord John Browne
Patrick Firth
James Hackett
Richard Hayden
Pierre Lapeyre
David Leuschen
Dr Tidu Maini

Audit Committee
Richard Hayden (Chairman)
Peter Barker
Patrick Firth

Management Engagement Committee
Sir Robert Wilson (Chairman)
Peter Barker
Patrick Firth

Nomination Committee
Sir Robert Wilson (Chairman)
Peter Barker
Patrick Firth

Investment Manager
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Cayman Islands

Administrator and Company secretary
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Registrar
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United States of America

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Ticker: RSE

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United Kingdom

Morgan Stanley Securities Limited
20 Bank Street
London E14 4AD
United Kingdom

Cautionary Statement

The Chairman's Statement and Investment Manager Report have been prepared solely to provide additional information for shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement and Investment Manager Report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance. The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager, expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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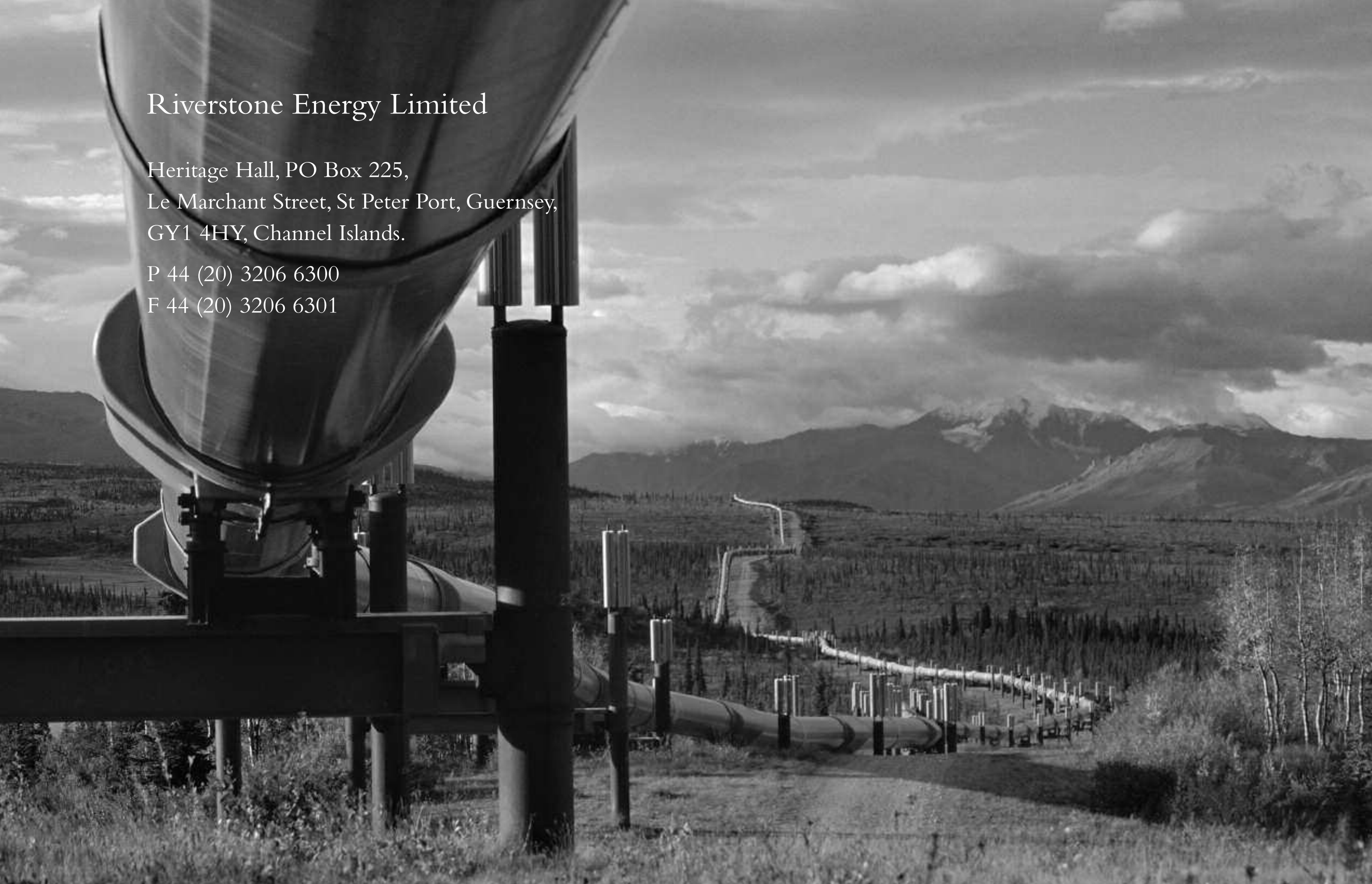

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