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## Riverstone Energy Limited – Interim Management Statement

**London, UK (1 November 2017)** - Riverstone Energy Limited ("REL") is issuing this Interim Management Statement ("IMS") for the period from 1 July 2017 to 30 September 2017 (the "period").

### Highlights

- Key Financials (unaudited)
  - NAV as at 30 September 2017 \$1,728 million (£1,290 million)<sup>1</sup>
  - NAV per share as at 30 September 2017 \$20.45 / £15.27<sup>1</sup>
  - Profit/(loss) during period \$59.8 million
  - Basic profit/(loss) per share during period \$70.78 cents
  - Market capitalisation at 30 September 2017 \$1,390 million (£1,037 million)<sup>1</sup>
  - Share price at 30 September 2017 \$16.45 / £12.28<sup>1</sup>
  
- Total invested capital during the period of \$39 million
  - \$22 million in ILX Holdings III, LLC
  - \$8 million in Three Rivers Natural Resources Holdings III, LLC
  - \$4 million in Sierra Oil and Gas Holdings, L.P.
  - \$3 million in Liberty Resources II LLC
  - \$1 million in Meritage Midstream Services III, L.P.
  
- Total realisations during the period of \$14 million from Rock Oil Holdings, LLC and Riverstone Credit Opportunities, L.P.
- Total gross committed capital at 30 September 2017 is \$1,802 million
- Total net committed capital at 30 September 2017 is \$1,718 million or 119 per cent. of net capital available<sup>2</sup>
- Total net capital invested at 30 September 2017 is \$1,353 million or 94 per cent. of net capital available<sup>2</sup>

Richard Hayden, Chairman of REL, commented:

*“Net asset value has grown to \$20.45 per share, an increase of 4% since last quarter and 11% since the third quarter of 2016. This reflects continued operational successes at the portfolio level, in particular of Centennial, as well as the Company’s overall emphasis on low-cost basins.”*

David M. Leuschen and Pierre F. Lapeyre, Jr., Co-Founders of Riverstone, added:

*“REL’s investments continued to execute upon their development strategies and grow value for shareholders, examples of which include Meritage III’s ongoing expansion of its midstream infrastructure in Western Canada, Centennial’s focus on delivering strong well results in the Delaware Basin and additional appraisal drilling by ILX III. We believe that investors with a long-term outlook will be rewarded as Riverstone utilises the breadth of its platform and best-in-class management teams to capitalise on value-creating opportunities.”*

<sup>1</sup> Assumed exchange rate of 1.339 USD/GBP.

<sup>2</sup> Based on total capital raised of \$1,320 million, bank loan (maturing 27 June 2018), realised profits and other income net of fees, expenses and performance allocation. The Board does not expect to fully fund all commitments in the normal course of business.

## **Portfolio Update**

Below is a summary of material activity in the portfolio during the period.

### **ILX Holdings III LLC (“ILX III”)**

In the third quarter, REL, through the Partnership, invested \$22 million in ILX III.

### **Three Rivers Natural Resources Holdings III LLC (“Three Rivers III”)**

In the third quarter, REL, through the Partnership, invested \$8 million in Three Rivers III.

### **Sierra Oil and Gas Holdings, L.P. (“Sierra”)**

In the third quarter, REL, through the Partnership, invested \$4 million in Sierra.

### **Liberty Resources II LLC (“Liberty II”)**

In the third quarter, REL, through the Partnership, invested \$3 million in Liberty II.

### **Meritage Midstream Services III, L.P. (“Meritage III”)**

In the third quarter, REL, through the Partnership, invested \$1 million in Meritage III.

### 3Q 2017 Quarterly Portfolio Valuations

Previously, on 23 October 2017, REL announced its quarterly portfolio summary as of 30 September 2017, inclusive of updated quarterly unaudited fair market valuations:

	Target Basin	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Realised Capital (\$mm) <sup>1</sup>	Net Invested Capital (\$mm) <sup>2</sup>	Gross Realised & Unrealised Value (\$mm) <sup>3</sup>	Gross MOIC <sup>3</sup>
<b>Hammerhead Resources (formerly CIOC)</b>	Deep Basin (Canada)	\$307	\$295	\$23	\$275	\$563	1.9x
<b>Centennial</b>	Permian (U.S.)	268	268	-	268	433	1.6x
<b>Three Rivers III</b>	Permian (U.S.)	167	94	-	94	264	2.8x
<b>Liberty II</b>	Bakken, PRB (U.S.)	142	140	-	140	175	1.3x
<b>ILX III</b>	Deepwater GoM (U.S.)	200	116	-	116	139	1.2x
<b>Carrier II</b>	Permian (U.S.)	133	110	-	110	131	1.2x
<b>RCO<sup>4</sup></b>	North America	125	87	82	24	104	1.2x
<b>CNOR</b>	Western Canada	90	80	-	80	80	1.0x
<b>Meritage III<sup>5</sup></b>	Western Canada	67	34	-	34	76	2.3x
<b>Eagle II</b>	Mid-Continent (U.S.)	67	62	-	62	62	1.0x
<b>Castex 2014</b>	Gulf Coast Region (U.S.)	67	40	-	40	40	1.0x
<b>Fieldwood</b>	GoM Shelf (U.S.)	82	59	3	59	29	0.5x
<b>Sierra</b>	Mexico	38	5	-	5	16	2.8x
<b>Castex 2005</b>	Gulf Coast Region (U.S.)	50	48	-	48	5	0.1x
<b>Total Current Portfolio<sup>6</sup></b>		<b>\$1,802</b>	<b>\$1,437</b>	<b>\$108</b>	<b>\$1,353</b>	<b>\$2,117</b>	<b>1.5x</b>
<b>Percentage of REL net capital available<sup>7</sup></b>					<b>94%</b>		

## Realisations

	Target Basin	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Realised Capital (\$mm) <sup>1</sup>	Unrealised Value (\$mm)	Gross Realised & Unrealised Value (\$mm) <sup>3</sup>	Gross MOIC <sup>3</sup>
Rock Oil <sup>8</sup>	Permian (U.S.)	-	114	229	11	240	2.1x
CanEra III	Western Canada	-	1	1	-	1	0.4x
Origo	North Sea (Norway, U.K.)	-	9	-	-	-	0.0x
<b>Total Investments<sup>6</sup></b>			<b>\$1,562</b>	<b>\$338</b>		<b>\$2,357</b>	<b>1.5x</b>

### About Riverstone Energy Limited:

REL is a closed-ended investment company that invests exclusively in the global energy industry, with a particular focus on the exploration & production and midstream sectors. REL aims to capitalise on the opportunities presented by Riverstone's energy investment platform. REL is a member of the FTSE 250 and its ordinary shares are listed on the London Stock Exchange, trading under the symbol RSE. To date, REL has made 17 investments spanning conventional and unconventional oil and gas activities in the Gulf of Mexico, Continental U.S., Western Canada, the U.K. North Sea, the Norwegian Sea, Mexico and credit.

For further details, see [www.RiverstoneREL.com](http://www.RiverstoneREL.com)

Neither the contents of REL's website nor the contents of any website accessible from hyperlinks on the websites (or any other website) is incorporated into, or forms part of, this announcement.

### Media Contacts

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## Note:

The Investment Manager is charged with proposing the valuation of 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 IFRS and IPEV Valuation Guidelines. The Investment Manager values each underlying investment in accordance with the Riverstone valuation policy, the IFRS accounting standards and IPEV Valuation Guidelines. The Investment Manager has applied Riverstone's valuation policy consistently quarter to quarter since inception. 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. There were no valuation adjustments recorded by REL as a result of differences in IFRS and U.S. Generally Accepted Accounting Policies for the period ended 30 September 2017 or in any period to date. Valuations of REL's investments through the Partnership are determined by the Investment Manager and disclosed quarterly to investors, subject to Board approval.

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 or depreciation of subsequent financing rounds, if any. 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 assistance of the Riverstone valuation committee as part of the valuation process.

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

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<sup>1</sup> Realised capital is total gross proceeds realised on invested capital. Of the \$338 million of capital realised to date, \$199 million is the return of the cost basis, and the remainder is profit.

<sup>2</sup> Net invested capital is total invested capital less cost basis of the realised capital.

<sup>3</sup> Gross MOIC is Multiple of Invested Capital. Gross Unrealised Value and Gross MOIC are before transaction costs, taxes (approximately 35 to 41.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on gross profits (without a hurdle rate). Since there is no netting of losses against gains, the effective carried interest rate on the portfolio as a whole will be greater than 20 per cent. In addition, there is a management fee of 1.5 per cent. of net assets per annum and other expenses. Given these costs, fees and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealised Value and Gross MOIC. Local taxes, primarily on US assets, 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. The Company is structured, and has structured its investments, to eliminate the incurrence of U.S. sourced taxable income by REL's investors.

<sup>4</sup> Credit investment.

<sup>5</sup> Midstream investment.

<sup>6</sup> Amounts may vary due to rounding.

<sup>7</sup> Based on total capital raised of \$1,320 million, bank loan (maturing 27 June 2018), realised profits and other income net of fees, expenses and performance allocation. The Board does not expect to fully fund all commitments in the normal course of business.

<sup>8</sup> The unrealised value of the Rock Oil investment consists of rights to mineral acres.