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Riverstone Energy Limited Announces 1Q21 Quarterly Portfolio Valuations & NAV

London, UK (26 May 2021) - Riverstone Energy Limited (“REL” or the “Company”) is issuing this Interim Management Statement (“IMS”) for the period from 1 January 2021 to 31 March 2021 (the “Period”).

Highlights

- Key Financials (unaudited)
 - NAV as at 31 March 2021 \$492 million (£358 million)¹
 - NAV per share as at 31 March 2021 \$7.86 / £5.72¹
 - Basic profit/(loss) per share during Period 164.23 cents
 - Market capitalisation at 31 March 2021 \$222 million (£162 million)¹
 - Share price at 31 March 2021 \$3.54 / £2.58¹
- Total invested capital during the Period of \$48 million in Loanpal, LLC (\$25 million), FreeWire Technologies, Inc. (\$10 million), Onyx Power (\$7 million), ILX Holdings III, LLC (\$4 million), Decarbonization Plus Acquisition Corp II (\$0.6 million) and Decarbonization Plus Acquisition Corp III (\$0.5 million).
- Total realisations during the Period of \$3 million from Meritage Midstream Services III, L.P., Ridgebury H3, LLC and Loanpal, LLC, offset by a contingent earnout payment of \$2 million related to the 2019 sale of Sierra Oil & Gas.
- REL made a \$10 million commitment to Decarbonization Plus Acquisition Corporation through a PIPE investment that is expected to be completed in conjunction with the business combination with Hyzon Motors, Inc. in June 2021.
- Potential unfunded commitments at 31 March 2021 are \$72 million, of which \$37 million is not expected to be funded.
- Following the announcement on 1 May 2020 of the start of Company’s £50 million Share Buyback Programme, the Share Buyback Programme successfully completed in March 2021 with a total of 17,214,197 ordinary shares having been bought back at an average price of approximately £2.90 per ordinary share.
- On 31 March 2021, the Company’s share price closed at £2.58, representing an increase of ~17 per cent. since the initial announcement of the Share Buyback Programme on 1 May 2020. Additionally, the management fee payable at 31 March 2021 was ~\$0.8 million lower due to the reduction in NAV as a direct result of the Share Buyback Programme.
- The Investment Manager’s ownership of the Company has decreased during the period of the Share Buyback Programme from 8.35 per cent. to 7.19 per cent.

Subsequent Event

On 11 May 2021, the Company announced a further Share Buyback Programme with the intention of returning up to £20 million to Shareholders via on market buybacks. Since the announcement, the Company has purchased 215,000 shares, in aggregate, for £0.7 million at an average share price of £3.19.

Richard Hayden, Chairman of Riverstone Energy Limited, commented:

“As we have passed the one-year anniversary of the start of the COVID-19 pandemic, the Board and Investment Manager remain focussed on managing the existing portfolio to maximise value. The overall market conditions for energy have slightly improved, though significant uncertainty remains. We continue to prioritise evaluating ways to reduce the share price’s discount to NAV while also expanding the portfolio’s exposure to decarbonisation and energy transition.”

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

“Actively managing the portfolio during this volatile period by focussing on operational efficiency and liquidity has been our highest priority. We believe we have made significant progress to strengthen our investments’ ability to weather through the storm and position for an exit once market activity improves. Simultaneously, we have executed several investments within decarbonisation which we believe will support substantial shareholder value creation longer-term while having a positive impact on climate change.”

Current Portfolio – Private

Investment <i>(Initial Investment Date)</i>	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm)²	Gross Unrealised Value (\$mm)³	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2020 Gross MOIC³	31 Mar 2021 Gross MOIC³
ILX III <i>(8 Oct 2015)</i>	200	179	5	156	161	0.8x	0.9x
Carrier II <i>(22 May 2015)</i>	133	110	29	37	66	0.4x	0.6x
Onyx <i>(30 Nov 2019)</i>	66	60	-	60	60	1.0x	1.0x
Hammerhead Resources <i>(27 Mar 2014)</i>	307	295	23	35	58	0.2x	0.2x
Enviva <i>(22 Jul 2020)</i>	25	18	-	29	29	1.6x	1.6x
Loanpal <i>(13 Jan 2021)</i>	25	25	-	25	25	n/a	1.0x
FreeWire <i>(20 Jan 2021)</i>	10	10	-	10	10	n/a	1.0x
Fieldwood <i>(17 Mar 2014)</i>	89	88	8	-	8	0.1x	0.1x
Liberty II <i>(30 Jan 2014)</i>	142	142	-	-	-	0.0x	0.0x
Total Current Portfolio – Private⁴	\$998	\$926	\$64	\$352	\$416	0.4x	0.4x

Current Portfolio - Public

Investment (Initial Investment Date)	Gross		Gross Realised Capital (\$mm) ²	Gross Unrealised Value (\$mm) ³	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2020	31 Mar 2021		
	Committed Capital (\$mm)	Invested Capital (\$mm)				Gross MOIC ³	Closing Price per Share ⁵	Gross MOIC ³	Closing Price per Share ⁵
Centennial (6 Jul 2016)	\$268	\$268	\$172	\$64	\$236	0.7x	\$1.50	0.9x	\$4.20
CNOR (29 Aug 2014)	90	90	16	15	31	0.2x	\$0.53	0.3x	\$1.27
Castex 2014 (3 Sept 2014)	52	52	8	4	12	0.2x	\$8.24	0.2x	\$12.04
DCRN⁶ (3 Feb 2021)	1	1	-	1	1	n/a	n/a	1.0x	n/a
DCRC⁶ (22 Mar 2021)	1	1	-	1	1	n/a	n/a	1.0x	n/a
Total Current Portfolio – Public⁴	\$410	\$410	\$196	\$84	\$280	0.6x		0.7x	
Cash and Cash Equivalents				\$54					
<i>Total Liquidity</i>				<i>\$134</i>					
<i>Total Market Capitalisation</i>				<i>\$222</i>					

Realisations

Investment (Initial Investment Date)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ²	Gross Unrealised Value (\$mm) ³	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2020 Gross MOIC ³	31 Mar 2021 Gross MOIC ³
Rock Oil⁷ (12 Mar 2014)	114	114	231	3	233	2.0x	2.0x
Three Rivers III (7 Apr 2015)	94	94	204	-	204	2.2x	2.2x
Meritage III⁸ (17 Apr 2015)	40	40	83	-	83	2.1x	2.1x
RCO⁹ (2 Feb 2015)	80	80	80	-	80	1.0x	1.0x
Sierra (24 Sept 2014)	18	18	39	-	39	2.1x	2.1x
Aleph (9 Jul 2019)	23	23	23	-	23	1.0x	1.0x
Ridgebury (19 Feb 2019)	18	18	22	-	22	1.2x	1.2x
Total Realisations⁴	\$389	\$389	\$685	\$3	\$688	1.8x	1.8x
<i>Withdrawn Commitments and Impairments¹⁰</i>	121	121	1	-	1	0.0x	0.0x
Total Investments⁴	\$1,917	\$1,846	\$946	\$439	\$1,385	0.7x	0.8x
Total Investments & Cash and Cash Equivalents⁴				\$493			

About Riverstone Energy Limited:

REL is a closed-ended investment company that invests exclusively in the global energy industry across all sectors. REL aims to capitalise on the opportunities presented by Riverstone's energy investment platform. REL's ordinary shares are listed on the London Stock Exchange, trading under the symbol RSE. REL has 13 active investments spanning decarbonisation, oil and gas, renewable energy and power in the Continental U.S., Western Canada, Gulf of Mexico and Europe.

For further details, see www.RiverstoneREL.com

Neither the contents of Riverstone Energy Limited'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.

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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 31 March 2021 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 Performance Review Team ("PRT") as part of the valuation process. The PRT was formed to serve as a single structure overseeing the existing Riverstone portfolio with the goal of improving operational and financial performance.

The Board reviews and considers the valuations of the Company's investments held through the Partnership.

¹ GBP:USD FX rate of 1.374 as of 31 March 2021

² Gross realised capital is total gross proceeds realised on invested capital. Of the \$946 million of capital realised to date, \$649 million is the return of the cost basis, and the remainder is profit.

³ Gross Unrealised Value and Gross MOIC (Gross Multiple of Invested Capital) are before transaction costs, taxes (approximately 21 to 27.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on applicable gross profits in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019. Since there was no netting of losses against gains before the aforementioned revised terms, the effective carried interest rate on the portfolio as a whole will be greater than 20 per cent. No further carried interest will be payable until the \$461 million of realised and unrealised losses to date at 31 March 2021 are made whole with future gains, so the earned carried interest of \$0.8 million at 31 March 2021 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. In addition, there is a management fee of 1.5 per cent. of net assets (including cash) 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 U.S. 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. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for US tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. effectively connected income. The C Corporations file U.S. corporate tax returns with the U.S. Internal Revenue Service and pay U.S. corporate taxes on its taxable income.

⁴ Amounts may vary due to rounding.

⁵ Represents closing price per share in USD for publicly traded shares of Centennial Resource Development, Inc. (NASDAQ:CDEV – 31 March 2021: \$4.20 price per share) for Centennial investment and Talos Energy Inc. (NYSE:TALO – 31 March 2021: \$12.04 price per share) for Castex 2014 investment, as well as USD-equivalent closing price per share for Pipestone Energy Corp. (TSX-V:PIPE – 31 March 2021: \$1.27 price per share) for CNOR investment.

⁶ SPAC Sponsor investment for Decarbonization Plus Acquisition Corporation II (NASDAQ:DCRNU) and Decarbonization Plus Acquisition Corporation III (NASDAQ:DCRCU).

⁷ The unrealised value of the Rock Oil investment consists of rights to mineral acres.

⁸ Midstream investment.

⁹ Credit investment.

¹⁰ Withdrawn commitments consist of Origo (\$9 million) and CanEra III (\$1 million), and impairments consist of Eagle II (\$62 million) and Castex 2005 (\$48 million).