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Riverstone Energy Limited Announces 1Q21 Quarterly Portfolio Valuations

London, UK (28 April 2021) - Riverstone Energy Limited ("REL") announces its quarterly portfolio summary as of 31 March 2021, inclusive of updated quarterly unaudited fair market valuations:

Current Portfolio

Investment (Initial Investment Date)	Target Basin	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ¹	Gross Unrealised Value (\$mm)	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2020 Gross MOIC ²	31 Mar 2021 Gross MOIC ²
Centennial (6 Jul 2016)	Permian (U.S.)	\$268	\$268	\$172	\$64	\$236	0.7x	0.9x
ILX III (8 Oct 2015)	Deepwater GoM (U.S.)	200	179	5	156	161	0.8x	0.9x
Carrier II (22 May 2015)	Permian & Eagle Ford (U.S.)	133	110	29	37	66	0.4x	0.6x
Onyx (30 Nov 2019)	Europe	66	60	-	60	60	1.0x	1.0x
Hammerhead Resources (27 Mar 2014)	Deep Basin (Canada)	307	295	23	35	58	0.2x	0.2x
CNOR (29 Aug 2014)	Western Canada	90	90	16	15	31	0.2x	0.3x
Enviva (22 Jul 2020)	Southeast (U.S.)	25	18	-	29	29	1.6x	1.6x
Loanpal (13 Jan 2021)	Other (U.S.)	25	25	-	25	25	n/a	1.0x
FreeWire (20 Jan 2021)	Other (U.S.)	10	10	-	10	10	n/a	1.0x
Fieldwood (17 Mar 2014)	GoM Shelf (U.S.)	89	88	8	-	8	0.1x	0.1x
DCRN³ (3 Feb 2021)	Other (U.S.)	1	1	-	1	1	n/a	1.0x
DCRC³ (22 Mar 2021)	Other (U.S.)	1	1	-	1	1	n/a	1.0x
Liberty II (30 Jan 2014)	Bakken, PRB (U.S.)	142	142	-	-	-	0.0x	0.0x
Total Current Portfolio⁴		\$1,356	\$1,285	\$252	\$432	\$684	0.4x	0.5x

Realisations

Investment <i>(Initial Investment Date)</i>	Target Basin	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm)¹	Gross Unrealised Value (\$mm)	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2020 Gross MOIC²	31 Mar 2021 Gross MOIC²
Rock Oil⁵ <i>(12 Mar 2014)</i>	Permian (U.S.)	114	114	231	3	233	2.0x	2.0x
Three Rivers III <i>(7 Apr 2015)</i>	Permian (U.S.)	94	94	204	-	204	2.2x	2.2x
Meritage III⁶ <i>(17 Apr 2015)</i>	Western Canada	40	40	83	-	83	2.1x	2.1x
RCO⁷ <i>(2 Feb 2015)</i>	North America	80	80	80	-	80	1.0x	1.0x
Sierra <i>(24 Sept 2014)</i>	Mexico	18	18	39	-	39	2.1x	2.1x
Aleph <i>(9 Jul 2019)</i>	Vaca Muerta (Argentina)	23	23	23	-	23	1.0x	1.0x
Ridgebury <i>(19 Feb 2019)</i>	Global	18	18	22	-	22	1.2x	1.2x
Castex 2014 <i>(3 Sept 2014)</i>	Gulf Coast Region (U.S.)	52	52	8	4	12	0.2x	0.2x
Total Realisations⁴		\$440	\$440	\$693	\$7	\$700	1.6x	1.6x
Withdrawn Commitments and Impairments ⁸		121	121	1	-	1	0.0x	0.0x
Total Investments^{4,9}		\$1,917	\$1,846	\$946	\$439	\$1,385	0.7x	0.8x
Cash and Cash Equivalents					\$54			
Total Investments & Cash and Cash Equivalents⁴					\$493			
Draft Unaudited Net Asset Value					\$492			

Quarterly Performance Commentary

Following a significantly challenged macro environment for energy during 2020, the market started to see signs of recovery during the latter half of the year and into the first quarter of 2021 as oil demand picked up globally following the rollout of coronavirus vaccines. These positive developments led to an increase in WTI of approximately 22 per cent. during the first quarter of 2021. Additionally, the S&P Oil and Gas Index and S&P Energy Select Index increased by approximately 39 per cent. and 29 per cent. during the same period, respectively. REL continues to remain focussed on managing liquidity at the portfolio company level, while continuing to execute on its modified investment programme, which includes a pivot from E&P investments towards energy transition and decarbonisation assets, including its recent investments in Loanpal, FreeWire, Decarbonization Plus Acquisition Corp II, and Decarbonization Plus Acquisition Corp III. Further detail on REL's five largest positions, which account for approximately 80 per cent. of the portfolio's gross unrealised value, is set forth below:

ILX III

The Gross MOIC for ILX III increased from 0.8x to 0.9x during the first quarter supported by the increased commodity price environment. As at 31 March 2021, the company has participated in nine commercial discoveries, of which four are currently producing oil, and one is temporarily shut in. During the period, ILX III executed all King's Quay commercial agreements and closed on the sale of 8 per cent. of REL's interest in King's Quay to Ridgewood Energy for total proceeds of approximately \$50 million, which will be used to fund future development capex. During the first quarter of 2021, ILX III hedged approximately 347,000 barrels of oil through October 2024, at a weighted average price of \$61 per barrel bringing total hedged volumes to approximately 2.4 million barrels of oil through October 2024. As of 31 March 2021, ILX III was producing approximately 6,500 boepd.

Centennial Resource Development

The Gross MOIC for Centennial increased from 0.7x to 0.9x during the first quarter. Centennial recommenced its drilling program and is currently operating a two-rig "maintenance program". Despite an anticipated modest increase in LOE/boe and GP&T/boe in 2021, as a result of lower production, the company does anticipate the program to generate strong free cash flow at current strip prices. As of 31 March 2021, Centennial has hedged approximately 47 per cent. of forecasted oil production in 2021, and has hedged approximately 48 per cent. of forecasted 2021 gas production.

Onyx

The Gross MOIC for Onyx remained flat during the first quarter at 1.0x. The company's Rotterdam plant boiler repair has been completed and the plant recommenced operations in April 2021 following an unplanned outage after damage to the boiler. The management team continues to work on several initiatives related to regulatory developments, cost optimisation, and future site development options. Additionally, the company hired Dirk Fischer to serve as Chief Financial Officer.

Carrier II

The Gross MOIC for Carrier II increased from 0.4x to 0.6x during the first quarter as a result of the higher commodity price environment experienced during the period. The company continues to operate prudently and remains focused on continuing to pay down outstanding indebtedness on the company's revolving credit facility.

Carrier II has hedged approximately 56 per cent. of forecasted oil production in 2021 at a weighted average price of \$60.32 per barrel WTI. As of 31 March 2021, the company was producing approximately 3,183 boepd.

Hammerhead

The Gross MOIC for Hammerhead remained flat during the fourth quarter at 0.2x. While Hammerhead remains focussed on liquidity and the pay down of outstanding indebtedness under its reserve-based lending facility, the company does have a modest drilling program planned for 2021 and expects the majority of drilling activity to occur during the second half of 2021. Hammerhead has hedged approximately 65 per cent. of forecasted 2021 oil production at a weighted average price of CAD\$56 per barrel and has hedged approximately 55 per cent. of forecasted 2021 gas production at a weighted average price of CAD\$2.50 per gigajoule. As of 31 March 2021, Hammerhead was producing approximately 30,100 boepd.

Other Investments

In other developments, the economic terms of the pending restructuring of Liberty Resources II's reserve-based lending facility have been agreed. REL will not participate in the required new equity contribution, which is likely to fully dilute REL's existing equity position.

Additionally, Fieldwood Energy continues to negotiate its restructuring with lenders, after the company filed for Chapter 11 bankruptcy on 3 August 2020. REL does not expect any recovery to its equity position, and as such, Fieldwood's remaining value has been marked at zero.

The company's investments in Loanpal, FreeWire, Decarbonization Plus Acquisition Corp II, and Decarbonization Plus Acquisition Corp III remain unchanged at 1.0x given the early nature of these investments.

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 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.

² 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. 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.

³ SPAC Sponsor investment for Decarbonization Plus Acquisition Corporation II (NASDAQ: DCRNU) and Decarbonization Plus Acquisition Corporation III (NASDAQ: DCRCU).

⁴ Amounts may vary due to rounding.

⁵ The unrealised value of the Rock Oil investment consists of rights to mineral acres.

⁶ Midstream investment.

⁷ Credit investment.

⁸ 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).

⁹ Amount includes marketable securities in Centennial, Pipestone and Talos with an aggregate fair value of \$84 million at 31 March 2021 (\$31 million at 31 December 2020).