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Riverstone Energy Limited Announces 3Q20 Quarterly Portfolio Valuations & NAV

London, UK (30 October 2020) - Riverstone Energy Limited ("REL" or the "Company") is issuing this Interim Management Statement ("IMS") for the period from 1 July 2020 to 30 September 2020 (the "Period").

Highlights

- Key Financials (unaudited)
    - NAV as at 30 September 2020 — $374 million (£291 million)[1]
    - NAV per share as at 30 September 2020 — $5.74 / £4.46[1]
    - Profit/(loss) during Period — $11 million
    - Basic profit/(loss) per share during Period — $14.80 cents
    - Market capitalisation at 30 September 2020 — $254 million (£197 million)[1]
    - Share price at 30 September 2020 — $3.90 / £3.03[1]
- Total invested capital during the Period of $27 million in Enviva Holdings, LP ($18 million) and ILX Holdings III, LLC ($9 million)
- Total realisations during the Period of $1 million from Ridgebury H3, LLC, Three Rivers Natural Resources Holdings III, LLC, and Rock Oil Holdings, LLC
- Total gross committed capital at 30 September 2020 is $1,394 million
- Total net committed capital at 30 September 2020 is $1,112 million or 98 per cent of net capital available[2]
- Total net capital invested at 30 September 2020 is $1,013 million or 89 per cent. of net capital available[2]
- On 1 May 2020, the Company announced a buyback programme with the intention of returning £50 million to shareholders via on market buybacks. Since the announcement, the Company has purchased 14,787,504 shares, in aggregate, for £43 million at an average share price of £2.89. Pro forma for these share buybacks, REL's aggregate cash balance is $116 million.
- Potential unfunded commitments at 30 September 2020 are $98 million, of which $41 million is not expected to be funded.

Richard Hayden, Chairman of Riverstone Energy Limited, commented:

"REL continues to face a challenging environment as the coronavirus pandemic has impacted the energy industry throughout 2020 and is expected to continue throughout the remainder of the year. The Board has been focussed on continuing to execute share buybacks, and purchased an additional 3,976,363 shares during the third quarter."

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

"We have been working hard to navigate the current market and executing initiatives across the portfolio including cost cutting, increasing hedging, and focusing on liquidity. In addition, the Enviva investment executed in the third quarter represents our continued focus on pivoting towards investing in energy transition and reducing the portfolio's exposure to E&P."

Current Portfolio

Investment (*Initial Investment Date*)	Target Basin	Gross Committed Capital ($mm)	Invested Capital ($mm)	Gross Realised Capital ($mm)[3]	Gross Unrealised Value ($mm)	Gross Realised Capital & Unrealised Value ($mm)	30 Jun 2020 Gross MOIC[4]	30 Sep 2020 Gross MOIC[4]
Centennial *(6 Jul 2016)*	Permian (U.S.)	$268	$268	$172	$9	$181	0.7x	0.7x
ILX III *(8 Oct 2015)*	Deepwater GoM (U.S.)	200	169	5	113	118	0.7x	0.7x
Onyx *(30 Nov 2019)*	Europe	66	47	-	47	47	1.0x	1.0x
Hammerhead Resources *(27 Mar 2014)*	Deep Basin (Canada)	307	295	23	22	45	0.1x	0.2x
Carrier II *(22 May 2015)*	Permian & Eagle Ford (U.S.)	133	110	29	15	44	0.4x	0.4x
Ridgebury *(19 Feb 2019)*	Global	22	18	11	12	23	1.2x	1.2x
CNOR *(29 Aug 2014)*	Western Canada	90	90	16	5	21	0.2x	0.2x
Enviva *(22 Jul 2020)*	Southeast (U.S.)	25	18	-	18	18	n/a	1.0x
Liberty II *(30 Jan 2014)*	Bakken, PRB (U.S.)	142	142	-	14	14	0.1x	0.1x
Fieldwood *(17 Mar 2014)*	GoM Shelf (U.S.)	89	88	8	-	8	0.1x	0.1x
Total Current Portfolio[5]		**$1,342**	**$1,244**	**$262**	**$257**	**$519**	**0.4x**	**0.4x**

Realisations

Investment (*Initial Investment Date*)	Target Basin	Gross Committed Capital ($mm)	Invested Capital ($mm)	Gross Realised Capital ($mm)[3]	Gross Unrealised Value ($mm)	Gross Realised Capital & Unrealised Value ($mm)	30 Jun 2020 Gross MOIC[4]	30 Sep 2020 Gross MOIC[4]
Rock Oil[6] *(12 Mar 2014)*	Permian (U.S.)	114	114	232	2	234	2.0x	2.0x
Three Rivers III *(7 Apr 2015)*	Permian (U.S.)	94	94	205	-	205	2.2x	2.2x
Meritage III[7] *(17 Apr 2015)*	Western Canada	40	40	83	-	83	2.1x	2.1x
RCO[8] *(2 Feb 2015)*	North America	80	80	80	-	80	1.0x	1.0x
Sierra *(24 Sept 2014)*	Mexico	18	18	39	-	39	2.1x	2.1x
Aleph *(9 Jul 2019)*	Vaca Muerta (Argentina)	23	23	23	-	23	1.0x	1.0x
Castex 2014 *(3 Sept 2014)*	Gulf Coast Region (U.S.)	52	52	8	2	10	0.2x	0.2x
Total Realisations[5]		**$422**	**$422**	**$670**	**$4**	**$674**	**1.6x**	**1.6x**
Withdrawn Commitments and Impairments[9]		121	121	1	-	1	0.0x	0.0x
Total Investments[5]		**$1,885**	**$1,787**	**$933**	**$261**	**$1,194**	**0.7x**	**0.7x**
Cash and Cash Equivalents					**$121**			
Total Investments & Cash and Cash Equivalents[5]					**$382**			

Quarterly Performance Commentary

The macro environment for energy continued to be extremely challenged during the third quarter. While WTI increased a modest 2 per cent., quarter-over-quarter, the S&P Oil and Gas Index and S&P Energy Select Index declined by approximately 20 per cent. and 21 per cent., respectively, indicative of continued weakening investor sentiment within the energy sector. Additionally, the uncertainty created by the coronavirus shows little sign of abating. These developments weigh heavily on economic activity and lead to lower expectations for a recovery in energy demand, adversely impacting the market. Many operators continue to operate at reduced levels of activity as they continue to navigate through unprecedented market conditions. Further detail on REL's five largest positions, which account for approximately 83 per cent. of the portfolio's gross unrealised value, is set forth below:

ILX III

The Gross MOIC for ILX III remained flat during the third quarter at 0.7x. As at 30 September 2020, the company has participated in nine commercial discoveries, of which three are currently producing oil and two remain temporarily shut-in, namely the Steelhead and Durango discoveries. Durango shut-in production due to a subsea issue, while Steelhead remains shut-in for a repair due to a leak in a third party-owned oil pipeline. ILX III remains committed to bringing the remaining four discoveries online in 2021 and 2022. During the period, the company hedged an incremental ~640,000 barrels of oil bringing total hedges to ~1.6 million barrels of oil between October 2020 and May 2024, which represents 43 per cent. of PDP oil production, at a weighted average price of $51 per barrel.

Onyx

The Gross MOIC for Onyx remained flat during the third quarter at 1.0x. During the period, Onyx has continued discussions with various parties to provide financing or other related services, for power, coal and carbon, and replace the services currently provided by Engie. Additionally, Onyx hired Dirk Fischer as CFO; Mr. Fischer will start in January 2021. The company continues to explore and advance various organic growth initiatives through operational excellence and development opportunities.

Hammerhead

The Gross MOIC for Hammerhead increased from 0.1x to 0.2x during the third quarter to reflect commodity price and capital markets improvement as well as a decrease in net debt due to a further reduction in the principal value of the unsecured notes, as part of the recapitalization agreement mentioned below, and free cash flow generated during the quarter from its strong hedge position. During the prior quarter, Hammerhead, in conjunction with new equity from Riverstone, completed a recapitalization of its RBL and senior unsecured notes to reduce the company's total debt burden and to provide the company with sufficient debt maturity runway and liquidity to resume development in the current commodity price environment with a modest capital program planned for 2021. The company has hedged 85 per cent. of remaining fourth quarter 2020E oil production at a weighted average price of C$77/bbl and has hedged approximately 50 per cent. of 2021E oil and gas production at C$56/bbl and C$2.90/mcf, respectively.

Enviva

The Gross MOIC for Enviva remained flat during the third quarter at 1.0x. In July 2020, REL, through the Partnership, funded $18 million of its $25 million commitment to Enviva in conjunction with the closing of the transaction on 22 July 2020. The company continues to focus on the integration and optimization of recent acquisitions, namely the Greenwood/Lucedale and Georgia Biomass acquisitions, along with continuing to expand into newer markets. Enviva is the world's largest producer of sustainable wood pellets, which provide a low-carbon alternative to coal in power generations. REL's investment in Enviva supports its commitment to diversifying its portfolio away from carbon-intensive companies such as oil and gas operators.

Carrier II

The Gross MOIC for Carrier II remained flat at 0.4x during the third quarter. During the period, Carrier II paid down $7 million of outstanding indebtedness under the company's reserve-based lending facility. The company has further suspended dividend payments for the foreseeable future and will utilize operating cash flow to continue to pay down outstanding indebtedness under the company's reserve-based lending facility until it is in-line with the re-determined borrowing base of $55 million. To-date, Carrier has paid out approximately $29 million in distributions to the REL, through the Partnership. As at 30 September 2020, Carrier II had hedged 100 per cent. of forecasted 2020 PDP oil production at a weighted average price of $60.06/bbl. Additionally, the company hedged 40 per cent. of forecasted 2020 PDP gas production and 45 per cent. of forecasted 2021 PDP gas production.

Other Investments

In other developments during the quarter, Fieldwood filed for Chapter 11 bankruptcy on 3 August 2020. Prior to filing for Chapter 11 bankruptcy, Fieldwood's financial standing and operations were severely challenged as a result of poor operational performance and the depressed commodity price environment. In response to the oil price downturn, and to alleviate liquidity concerns, Fieldwood had reduced headcount, cut expenses, and had shut-in substantially all production for the month of May 2020, which has since been brought back online. Matt McCarroll has stepped down to pursue other opportunities and was replaced by an Executive Leadership Team comprised of Michael Dane (Chief Financial Officer), Thomas Lamme (General Counsel), and Gary Mitchell (Senior Vice President of Production). The Executive Leadership Team will continue to oversee day-to-day operations and report to the board. REL does not expect any recovery to its equity position, and as such, Fieldwood's remaining value has been marked at zero.

Subsequent Events

Subsequent to quarter end, REL, through the Partnership, received net proceeds of approximately $11 million in connection with the sale of the remaining assets of Ridgebury H3 in October 2020. This sale represents a full exit from REL's investment in Ridgebury H3. REL, through the Partnership, expects to realize a Gross MOIC of 1.2x on this investment.

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 9 active investments spanning 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 30 September 2020 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.

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[1] GBP:USD FX rate of 1.287 as of 30 September 2020

[2] Net capital available of $1,134 million is based on total capital raised of $1,320 million, capital utilised for Tender Offer of $72 million, realised profits and other income net of fees, expenses and performance allocation. The Board, with consultation by the Investment Manager, does not expect to fully fund all commitments in the normal course of business.

[3] Gross realised capital is total gross proceeds realised on invested capital. Of the $933 million of capital realised to date, $641 million is the return of the cost basis, and the remainder is profit.

[4] 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. 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.

[5] Amounts may vary due to rounding.

[6] The unrealized value of the Rock Oil investment consists of rights to mineral acres.

[7] Midstream investment.

[8] Credit investment.

[9] 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).