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Riverstone Energy Limited Announces 1Q23 Quarterly Portfolio Valuations & NAV

London, UK (5 May 2023) - Riverstone Energy Limited (“REL” or the “Company”) is issuing this Interim Management Statement (“IMS”) for the period from 1 January 2023 to 31 March 2023 (the “Period”).

Highlights

- **Key Financials (unaudited)**

○ NAV as at 31 March 2023	\$667 million (£538 million) ¹
○ NAV per share as at 31 March 2023	\$13.60 / £10.97 ¹
○ Profit/(loss) for Period ended	(\$57.63) million
○ Basic profit/(loss) per share for Period ended	(114.65 cents)
○ Market capitalization as at 31 March 2023	\$347 million (£280 million) ¹
○ Share price as at 31 March 2023	\$7.07 / £5.70 ¹

Highlights

- As of 31 March 2023, REL had a NAV per share of \$13.60 (£10.97), a decrease in USD and GBP of 6 & 9 per cent., respectively, compared to 31 December 2022. The quarter end closing share price was \$7.07 (£5.70), a decrease of 14 & 16 per cent., respectively, compared to 31 December 2022.
- The decrease of REL’s NAV over the Period was due to declines in the fair value of the Hammerhead, Enviva, GoodLeap and Anuvia investments, which were partially offset by gains in the Permian Resources investment.
- During the Period, under the Company’s modified investment programme, REL invested an aggregate amount of \$4.5 million in energy transition and decarbonisation investments, bringing the total invested in this area to over \$214 million across thirteen investments, which in aggregate were valued at \$198 million, or 0.92x Gross MOIC, at 31 March 2023.
- The combination of Hammerhead and DCRD, which closed on 23 February 2023, resulted in REL’s existing Hammerhead ownership converted into 15.4 million common shares of Hammerhead Energy Inc. (NASDAQ / TSX: HHR).
- Total invested capital during the Period of \$4.5 million: Enviva (\$3.5 million) and Our Next Energy (\$1.0 million).
- Total net realisations and distributions during the Period of \$30.6 million: Permian Resources (\$27.1 million), Carrier II (\$3.3 million), and DCFC Loan (\$0.2 million).
- REL finished the Period with a cash balance of \$129 million and remaining potential unfunded commitments of \$6 million².
- Since the initial announcement of the Share Buyback Programme on 1 May 2020, the Company has bought back a total of 30,834,994 ordinary shares at an average price of approximately £4.01 per ordinary share, over the same period the share price has increased by ~159 per cent. from £2.20 to £5.70 to 31 March 2023.

Share Buyback Programme

With today’s publication of the Company’s IMS for the Period, the Board will recommence its open market share buyback programme with Numis Securities Limited and J.P. Morgan Securities plc. Since the Company’s

announcement on 24 February 2022, 5,875,862 ordinary shares have been bought back at a total cost of approximately £38 million (\$46 million) at an average share price of approximately £6.41 (\$7.81), such that there is £12 million remaining of the total authorised amount.

In addition, pursuant to changes to the Investment Management Agreement announced on 3 January 2020, the Investment Manager agreed for the Company to be required to repurchase shares or pay dividends equal to 20 per cent. of net gains on dispositions. No further carried interest will be payable until the \$149 million of realised and unrealised losses to date at 31 March 2023 are made whole with future gains. REL continues to seek opportunities to purchase shares in the market at prices at or below the prevailing NAV per share REL will continue to build value by monetising its conventional assets and applying the proceeds to the decarbonisation of its portfolio.

Richard Horlick, Chair of Riverstone Energy Limited, commented:

“I am delighted to serve as the new Chair of Riverstone Energy Limited as of 1 March 2023. While the first quarter presented challenges, in particular with respect to the decarbonisation portfolio, I have no doubt that REL’s investments will benefit from the tailwinds anticipated by the entire decarbonisation sector given renewed regulatory support in the United States, United Kingdom, and European Union. In the meantime, we are pleased with the robust results from our conventional energy portfolio companies that continue to deliver against their stated plans.”

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

“REL portfolio performance in the first quarter of the year is largely reflective of general public market malaise and sentiment toward decarbonisation stocks and is not reflective of the inherent value creation occurring within this segment of the portfolio. The single-digit drop in NAV for the portfolio happened against the backdrop of an unfolding banking crisis, which saw the failures of Silicon Valley Bank, Signature Bank and Silvergate Bank in the US, and the dissolution of the venerable Credit Suisse – a banking crisis whose tremors are still being felt as of writing.

Despite a lower energy price environment, we continue to see strong operating performance from Permian Resources, Hammerhead Energy and Onyx Power, all delivering promising results and returning cash to shareholders. We also look forward to portfolio uplifts in coming months as the market absorbs systemic shocks to the global banking system and the decarbonisation momentum continues to benefit from regulatory tailwinds provided by the Inflation Reduction Act and equivalent initiatives in Canada, the UK and the EU.”

Current Portfolio – Conventional

Investment (Public/Private)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ³	Gross Unrealised Value (\$mm) ⁴	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2022 Gross MOIC ⁴	31 Mar 2023 Gross MOIC ⁴
Permian Resources⁶ (Public)	268	268	222	105	327	1.17x	1.22x
Onyx (Private)	66	60	61	118	179	3.00x	3.00x
Hammerhead Energy⁶ (Public)	308	296	23	119	142	0.60x	0.48x
Total Current Portfolio - Conventional – Public^{5,6}	\$575	\$563	\$245	\$225	\$470	0.87x	0.83x
Total Current Portfolio - Conventional – Private⁵	\$66	\$60	\$61	\$118	\$179	3.00x	3.00x
Total Current Portfolio - Conventional – Public & Private⁵	\$641	\$623	\$306	\$343	\$649	1.07x	1.04x

Current Portfolio - Decarbonisation

Investment (Public/Private)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ³	Gross Unrealised Value (\$mm) ⁴	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2022	31 Mar 2023
						Gross MOIC ⁴	Gross MOIC ⁴
GoodLeap (formerly Loanpal) (Private)	25	25	2	43	45	2.20x	1.80x
Infinitum (Private)	18	18	-	22	22	1.30x	1.30x
Solid Power⁶ (Public)	48	48	-	22	22	0.39x	0.46x
Enviva⁶ (Public)	25	21	-	22	22	1.93x	1.04x
FreeWire (Private)	10	10	-	20	20	2.00x	2.00x
Tritium⁶ (Public)	26	26	0	14	14	0.60x	0.57x
Anuvia Plant Nutrients (Private)	20	20	-	14	14	1.00x	0.70x
T-REX Group (Private)	18	18	-	18	18	1.00x	1.00x
Our Next Energy (Private)	13	13	-	13	13	1.00x	1.00x
Group 14 (Private)	4	4	-	4	4	1.00x	1.00x
Ionic I & II (Samsung Ventures) (Private)	3	3	-	3	3	1.00x	1.00x
Hyzon Motors⁶ (Public)	10	10	-	1	1	0.16x	0.08x
Total Current Portfolio - Decarbonisation – Public^{5,6}	\$105	\$105	\$0	\$59	\$59	0.72x	0.57x

Total Current Portfolio - Decarbonisation – Private⁵	\$109	\$109	\$2	\$137	\$139	1.42x	1.27x
Total Current Portfolio - Decarbonisation – Public & Private⁵	\$214	\$214	\$2	\$196	\$198	1.08x	0.92x
Total Current Portfolio – Conventional & Decarbonisation – Public & Private⁵	\$856	\$837	\$308	\$539	\$847	1.07x	1.01x
Cash and Cash Equivalents				\$129			
<i>Total Liquidity (Cash and Cash Equivalents & Public Portfolio)</i>				<i>\$412</i>			
<i>Total Market Capitalisation</i>				<i>\$347</i>			

Realisations

Investment (Initial Investment Date)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ³	Gross Unrealised Value (\$mm) ⁴	Gross Realised Capital & Unrealised Value (\$mm)	31 Dec 2022 Gross MOIC ⁴	31 Mar 2023 Gross MOIC ⁴
Rock Oil⁷ (12 Mar 2014)	114	114	233	3	236	2.07x	2.06x
Three Rivers III (7 Apr 2015)	94	94	204	-	204	2.17x	2.17x
ILX III (8 Oct 2015)	179	179	172	-	172	0.96x	0.96x
Meritage III⁸ (17 Apr 2015)	40	40	87	-	87	2.16x	2.20x
RCO⁹ (2 Feb 2015)	80	80	80	-	80	0.99x	0.99x
Carrier II (22 May 2015)	110	110	66	-	66	0.60x	0.60x
Pipestone Energy (formerly CNOR) (29 Aug 2014)	90	90	58	-	58	0.64x	0.64x
Sierra (24 Sept 2014)	18	18	38	-	38	2.06x	2.06x
Aleph (9 Jul 2019)	23	23	23	-	23	1.00x	1.00x
Ridgebury (19 Feb 2019)	18	18	22	-	22	1.22x	1.22x
Castex 2014 (3 Sep 2014)	52	52	14	-	14	0.27x	0.27x
Total Realisations⁵	\$819	\$819	\$998	\$3	\$1,001	1.22x	1.22x
<i>Withdrawn Commitments and Impairment¹⁰</i>	350	350	9	-	9	0.02x	0.02x
Total Investments⁵	\$2,024	\$2,006	\$1,315	\$541	\$1,857	0.95x	0.93x
Total Investments & Cash and Cash Equivalents⁵				\$671			

Draft Unaudited Net Asset Value¹¹	\$667	
Total Shares Repurchased to-date	35,418,327	at average price per share of £5.04 (\$6.48)
Current Shares Outstanding	49,061,737	

Public Market Confidence and Financial System Stability

Despite substantial economic uncertainty in the first quarter of 2023, commodity prices remained relatively stable. While WTI prices closed the quarter at 1.5 per cent lower than they started the year, prices were 38.8 per cent lower than their Ukraine conflict high of \$123.64/bbl in March 2022. Brent crude was 2.8 per cent lower than at the beginning of the year, and 37.7 per cent down from March 2022. Henry Hub natural gas prices are down very substantially or 78.3 per cent from their high in June 2022, and down 42.3 per cent since the beginning of the year—a 30-month low—due to lower demand and normalized inventory levels. A mild winter both in Europe and in the US has impacted demand and time has allowed for alternative supplies to Russian gas to reach mainland Europe.

A dampening of volatility driven by successful efforts to balance energy supply dynamics in the EU and lower demand from a milder-than-expected winter gave way to new macroeconomic concerns driven by relentless interest rate hikes over the past year. In the first quarter of 2023, rising rates led to several bank runs, the largest bank failures since the 2007-2008 financial crisis. The runs on Silicon Valley Bank, Signature Bank and Silvergate Bank in the US, and subsequent financial insecurity sent shock waves through the venture and growth equity investing community, as portfolio companies and private equity firms scrambled to assess their exposure to these banks as well as the safety of their deposits. Swift action from the US Treasury and Federal Reserve Board in the US averted worst case scenarios, while the Swiss government took aggressive and decisive action by folding Credit Suisse into UBS. Having spent a tough week in constant contact with our portfolio companies, we are glad to report that none of REL's portfolio companies suffered from the collapse of either of these banks. Deposits have since been moved to larger, money-center banks such as JPMorgan Chase, Citibank and Bank of America among others.

Despite incremental uncertainty, the secular trends underpinning the energy transition and REL's modified investment programme remain supportive. Analysts expect 49.7 GW of new clean energy to come online in the US in 2023, and a total of 600GW by 2030.^a Global investment in the energy transition totaled \$1.11 trillion in 2022, a 31 per cent. increase in transition investment over 2021, with most investment going to electrification of transport and renewable energy.

REL's conventional portfolio comprised 63.4 per cent of total portfolio value as of 31 March 2023. Despite a considerable reduction in anticipated weather-related natural gas demand, Permian Resources saw its stock price rise by 11.7 per cent over the same period. Onyx, the second-largest investment in REL's portfolio held its value and stayed flat quarter over quarter. Hammerhead Energy is down 20 per cent. post-IPO, despite comparable privately held conventional companies maintaining or increasing in value.

REL's publicly listed decarbonisation investments were marked down during the quarter by 21.7 per cent., which the Investment Manager believes is reflective of general market uncertainty. REL's privately held decarbonisation companies were down just 10.6 per cent, attributable primarily to mark downs at GoodLeap and Anuvia.

Further information on REL's five largest positions, which account for ~76 per cent. of the portfolio's gross unrealised value is set forth below:

^a [1H 2023 US Clean Energy Market Outlook | BloombergNEF \(bnef.com\)](https://www.bnef.com/articles/1H-2023-US-Clean-Energy-Market-Outlook)

Permian Resources

The valuation for Permian Resources (NYSE: PR) increased from 1.17x to 1.22x Gross MOIC in the first quarter of 2023. In Q1 2023, REL sold ~2.5 million shares at an average price of \$10.70/share. Total distributions from the transaction were \$26.4 million. The company is currently operating seven rigs, with plans to reduce to six rigs during Q2 2023 as a result of operational synergies. Based on recent operational results, Permian Resources increased its 2023 oil production target by 4 per cent. to approximately 85 MBbls/d and raised its total production target by 3 per cent. to approximately 162 MBoe/d. The company has hedged approximately 29 per cent. of forecasted 2023 crude oil production at a weighted average price of \$86.16 per barrel and 32 per cent. of forecasted 2023 natural gas production at a weighted average price of \$6.07 per mcf.

Onyx

The valuation multiple for Onyx remained flat in the first quarter at 3.00x Gross MOIC. Power prices in Europe have softened since the fourth quarter. However, the prospect of ongoing volatility remains due to gas demand recovery, global LNG pricing, nuclear availability and hydro levels. During the quarter Onyx recruited a new COO (following predecessor retirement), whose focus will be on ensuring safe and reliable operations. In addition to prioritising plant availability, the management team continues to work on several organic growth initiatives, including the implementation of operational performance improvements and the development of potential capital projects related to the energy transition.

Hammerhead

Hammerhead's valuation decreased from 0.60x to 0.48x Gross MOIC during the first quarter of 2023. This decrease in value reflects the performance of its publicly-traded stock and is not reflective of underlying operating performance which remains strong and on plan. Given the supportive macro environment, Hammerhead plans to continue ramping development in 2023. Hammerhead has hedged approximately 39 per cent. of forecasted 2023 crude oil production at a weighted average price of \$74.31 per barrel and 44 per cent. of forecasted 2023 natural gas production at a weighted average price of \$3.34 per MMBtu. In the month of January 2023, the Company reported a realized record peak production rate of over 41,000 boe/d (49 per cent. liquids) and average production for the first 10 days of January of 39,050 boe/d (50 per cent. liquids), following the recent start-up of a 9-well pad at North Karr. Average production rates for the 9-well pad for the first 10 days of January are in excess of 13,100 boe/d (68 per cent. liquids) flowing through the recently expanded infrastructure completed in Q4 2022.

On 23 February 2023, Hammerhead Resources Inc. announced the completion of its previously announced business combination with Decarbonization Plus Acquisition Corporation IV (Nasdaq: DCRD). The combined company is named Hammerhead Energy, Inc. On 27 February 2023, the combined company's Class A common shares began trading on the Nasdaq Capital Market ("Nasdaq") under the ticker symbols "HHRS" and "HHRSW," respectively, and on the TSX under the ticker symbols "HHRS" and "HHRS.WT."

GoodLeap (formerly Loanpal)

The valuation multiple for GoodLeap decreased from 2.20x to 1.80x Gross MOIC during the first quarter of 2023, which is largely driven by the impact of rising rates and financing market volatility to the downside of the business.

Infinitum

The valuation multiple for Infinitem remained flat at 1.30x Gross MOIC during the first quarter of 2023. The Company has made substantial progress in increasing manufacturing capacity, producing more motors in 1Q23 than in all of 2022. Additionally, the Company acquired Circuit Connect, a printed circuit board (PCB) fabricator based in New Hampshire. The acquisition supports Infinitem's strategy to become vertically integrated and increase the production capacity of PCB stators.

Other Investments

Enviva

REL funded the remaining commitment to Enviva on 15 March 2023 in connection with the closing of a private placement transaction, rounding out the total investment to \$21.5 million. Subsequent to the close of the first quarter, on May 3rd, Enviva's management released its first quarter 2023 earnings results, which reflected a substantial shortfall in their operating performance due to higher than expected costs and lower than expected production. Simultaneously, management announced the elimination of the company's dividend and a revision to 2023 guidance. The publication of the earnings release resulted in a severe decline in the stock price. While we are concerned with the near-term impact of these announcements, we believe that longer term, the retention of capital that would otherwise be paid in dividends will benefit both current operations and planned growth ramp-up. We continue to follow the events closely and are actively engaged with Enviva's management team.

Carrier II

Carrier II distributed its final sale proceeds to REL on 27 February 2023. Carrier II was created to invest in non-operating working interests in North American oil and gas properties. Riverstone and Carrier II Management previously formed Carrier Energy Partners, LLC ("Carrier") in August 2013 to pursue the same strategy of assembling, through acquisition and development, an oil and liquids-rich portfolio positioned for production and reserve growth and asset value accretion.

On 27 December 2022, Carrier II was sold to the operator of its wells, Marathon Oil Corporation. REL received proceeds of approximately \$34 million. REL received approximately \$3 million of residual proceeds from escrow in Q1 2023. In total, REL has received cumulative proceeds of approximately \$66 million, representing a 0.6x Gross MOIC on \$110 million of invested capital.

Tritium DCFC

In February 2023, Tritium announced it will add 250+ jobs to its TN factory workforce. On 17 January 2023, Tritium announced its largest single customer order from bp plc (NYSE: BP) for deployment across the U.S., UK, Europe, and Australia. bp will install the chargers for fleets and the general public across three continents as part of a multi-year contract with Tritium to expand its EV charging business, bp pulse.

The company is projecting 2023 revenue in excess of \$200 million, corresponding to a 100+ per cent. YoY increase with expected gross margins of 10 per cent. to 12 per cent. as the company benefits from manufacturing scale up, improved product pricing, and planned produce suite streamlining. The company expects to become EBITDA positive during the first half of the 2024 calendar year.

LEI: 213800HAZOW1AWRSZR47

About Riverstone Energy Limited:

REL is a closed-ended investment company which invests in the energy industry that has since 2020 been exclusively focussed on pursuing and has committed \$193 million to a global strategy across decarbonisation sectors presented by Riverstone's investment platform. REL's ordinary shares are listed on the London Stock Exchange, trading under the symbol RSE. REL has 16 active investments spanning decarbonisation, oil and gas, renewable energy and power in the Continental U.S., Western Canada, Europe and Australia.

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 2023 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 1.2405 as of 31 March 2023

² Excludes the remaining unfunded commitments for Hammerhead of \$12 million, which is not expected to be funded. The expected funding of the remaining unfunded commitments at 31 March 2023 are \$nil in 2023 and 2024. The residual amounts are to be funded as needed in 2025 and later years.

³ Gross realised capital is total gross proceeds realised on invested capital. Of the \$1,315 million of capital realised to date, \$1,013 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. No further carried interest will be payable until the \$149 million of realised and unrealised losses to date at 31 March 2023 are made whole with future gains, so the earned carried interest of \$0.8 million at 31 March 2023 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. Since REL has not yet met the appropriate Cost Benchmark at 31 March 2023, \$32.2 million in Performance Allocation fees that would have been due under the prior agreement were not accrued. 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 Represents closing price per share in USD for publicly traded shares Permian Resources Corporation (formerly Centennial Resource Development, Inc.) (NASDAQ:PR – 31-03-2023: \$10.50 per share / 31-12-2022: \$9.40 per share); Enviva, Inc. (NYSE:EVA – 31-03-2023: \$28.88 per share / 31-12-2022: \$52.97 per share); Solid Power, Inc. (NASDAQ:SLDP – 31-03-2023: \$3.01 per share / 31-12-2022: \$2.54 per share); Hyzon Motors, Inc. (NASDAQ:HYZN – 31-03-2023: \$0.82 per share / 31-12-2022: \$1.55 per share); Tritium DCFC Limited (NASDAQ:DCFC – 31-03-2023: \$1.28 per share / 31-12-2022: \$1.68 per share); and Hammerhead (NASDAQ: HHRS – 31-03-2023: \$7.75 per share / 31-12-2022: N/A)

⁷ The unrealized value of 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 Liberty II (\$142 million), Fieldwood (\$80 million) Eagle II (\$62 million) and Castex 2005 (\$48 million)

¹¹ Since REL has not yet met the appropriate Cost Benchmark at 31 March 2023, \$32.2 million in Performance Allocation fees that would have been due under the prior agreement were not accrued and thereby would have reduced the NAV on a pro forma basis to \$635 million or \$12.95 per share