

Riverstone Energy Limited – Interim Management Statement

London, UK (31 October 2018) - Riverstone Energy Limited (“REL” or the “Company”) is issuing this Interim Management Statement (“IMS”) for the period from 1 July 2018 to 30 September 2018 (the “period”).

Highlights

- Key Financials (unaudited)
 - NAV as at 30 September 2018 \$1,776 million (£1,364 million)¹
 - NAV per share as at 30 September 2018 \$21.03 / £16.14¹
 - Profit/(loss) during period \$33.3 million
 - Basic profit/(loss) per share during period \$39.41 cents
 - Market capitalisation at 30 September 2018 \$1,407 million (£1,080 million)¹
 - Share price at 30 September 2018 \$16.65 / £12.78¹
- Total invested capital during the period of \$18 million
 - \$8 million in ILX Holdings III, LLC
 - \$5 million in Canadian Non-Operated Resources LP
 - \$4 million in Castex Energy 2014, LLC
 - \$1 million in Sierra Oil & Gas Holdings, L.P.
- Total realisations during the period of \$12 million from Carrier Energy Partners II, LLC (\$6 million), Three Rivers Natural Resources Holdings III, LLC (\$5 million), and Rock Oil Holdings, LLC (\$1 million)
- Total gross committed capital at 30 September 2018 is \$1,585 million
- Total net committed capital at 30 September 2018 is \$1,379 million or 99 per cent. of net capital available²
- Total net capital invested at 30 September 2018 is \$1,168 million or 84 per cent. of net capital available²
- Since inception, investment weighted average WTI oil price at 30 September 2018 is approximately \$51.50 per barrel
- Subsequent to quarter end, the Company announced a Tender Offer for £55,000,000 at a price between £12.00 and £13.75 per ordinary share.

Richard Hayden, Chairman of Riverstone Energy Limited, commented:

“REL has just celebrated its 5th anniversary of listing, and since that time, it has performed well in the background of oil price volatility and a prolonged downturn of natural gas prices. The tender offer gives all eligible shareholders an opportunity to exit part of their shareholding in the Company. The Board remains positive about the value in the current portfolio, which continues to benefit from positive market conditions.”

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

“Assuming a successful completion of the tender offer and ongoing operational costs, REL will have a cash balance of approximately \$140 million, which we intend to deploy towards attractive opportunities within the existing portfolio and one or more new energy investments. Riverstone is uniquely positioned to identify investments with superior risk-adjusted returns across the energy value chain given the breadth of the platform and partnerships with leading industry executives.”

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 \$8 million in ILX III.

Canadian Non-Operated Resources LP (“CNOR”)

In the third quarter, REL, through the Partnership, invested \$5 million in CNOR.

Castex Energy 2014, LLC (“Castex 2014”)

In the third quarter, REL, through the Partnership, invested \$4 million in Castex 2014.

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

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

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

REL, through the Partnership, received sale proceeds of \$5 million previously held back for closing adjustments.

Carrier Energy Partners II, LLC (“Carrier II”)

REL, through the Partnership, received income distributions of \$6 million from Carrier II.

Rock Oil Holdings, LLC (“Rock Oil”)

REL, through the Partnership, received royalty income distribution of \$1 million from its remaining investment in mineral rights held by Rock Oil.

3Q18 Quarterly Portfolio Valuation

Previously, on 12 October 2018, REL announced its quarterly portfolio summary as of 30 September 2018, inclusive of updated quarterly unaudited fair market valuations:

Current Portfolio

	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 Sep 2018 Gross MOIC ⁴	30 Jun 2018 Gross MOIC ⁴
Hammerhead Resources	Deep Basin (Canada)	\$307	\$295	\$23	\$504	\$527	1.8x	1.8x
Centennial	Permian (U.S.)	268	268	172	339	511	1.9x	1.7x
ILX III	Deepwater GoM (U.S.)	200	140	-	195	195	1.4x	1.4x
Liberty II	Bakken, PRB (U.S.)	142	142	-	177	177	1.3x	1.3x
Carrier II	Permian & Eagle Permian (U.S.)	133	110	6	125	131	1.2x	1.2x
RCO⁵	North America	125	87	82	13	95	1.1x	1.1x
CNOR	Western Canada	90	90	-	90	90	1.0x	1.0x
Meritage III⁶	Western Canada	67	39	-	77	77	2.0x	2.0x
Fieldwood	GoM Shelf (U.S.)	82	81	3	65	68	0.8x	0.8x
Castex 2014	Gulf Coast Region (U.S.)	67	47	-	47	47	1.0x	1.0x
Sierra	Mexico	38	15	-	32	32	2.2x	2.4x
Eagle II	Mid-Continent (U.S.)	67	62	-	31	31	0.5x	0.6x
Total Current Portfolio⁷		\$1,585	\$1,374	\$286	\$1,696	\$1,982	1.4x	1.4x

Realisations

	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 Sep 2018 Gross MOIC ⁴	30 Jun 2018 Gross MOIC ⁴
Rock Oil⁸	Permian (U.S.)	114	114	230	9	239	2.1x	2.1x
Three Rivers III	Permian (U.S.)	94	94	201	-	201	2.1x	2.2x
Total Realisations⁷		\$209	\$209	\$431	\$9	\$440	2.1x	2.1x
Withdrawn Commitments and Impairments ⁹		59	59	1	-	1	0.0x	0.0x
Total Investments⁷		\$1,853	\$1,642	\$718	\$1,704	\$2,422	1.5x	1.4x
Cash and Cash Equivalents					\$223			
Total Investments & Cash and Cash Equivalents⁷					\$1,927			

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. REL has 12 active investments spanning conventional and unconventional oil and gas activities in the Continental U.S., Western Canada, Gulf of Mexico, Mexico and credit.

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.

Media Contacts

For Riverstone Energy Limited:

Brian Potkowski
Fraser Johnston-Donne
+44 20 3206 6300

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 2018 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 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.

¹ GBP:USD Fx rate of 1.303 as of 30 September 2018

² Net capital available of \$1,391 million is based on total capital raised of \$1,320 million, realised profits and other income net of fees, expenses and performance allocation. The Board does not expect to fully fund all commitments

³ Realised capital is total gross proceeds realised on invested capital. Of the \$718 million of capital realised to date, \$416 million is the return of the cost basis, and the remainder is profit.

⁴ Gross MOIC is Multiple of Invested Capital. Gross Unrealised Value and Gross MOIC 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 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 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 Credit investment.

⁶ Midstream investment.

⁷ Amounts may vary due to rounding.

⁸ The unrealised value of the Rock Oil investment consists of rights to mineral acres.

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