Annual Report and Financial Statements

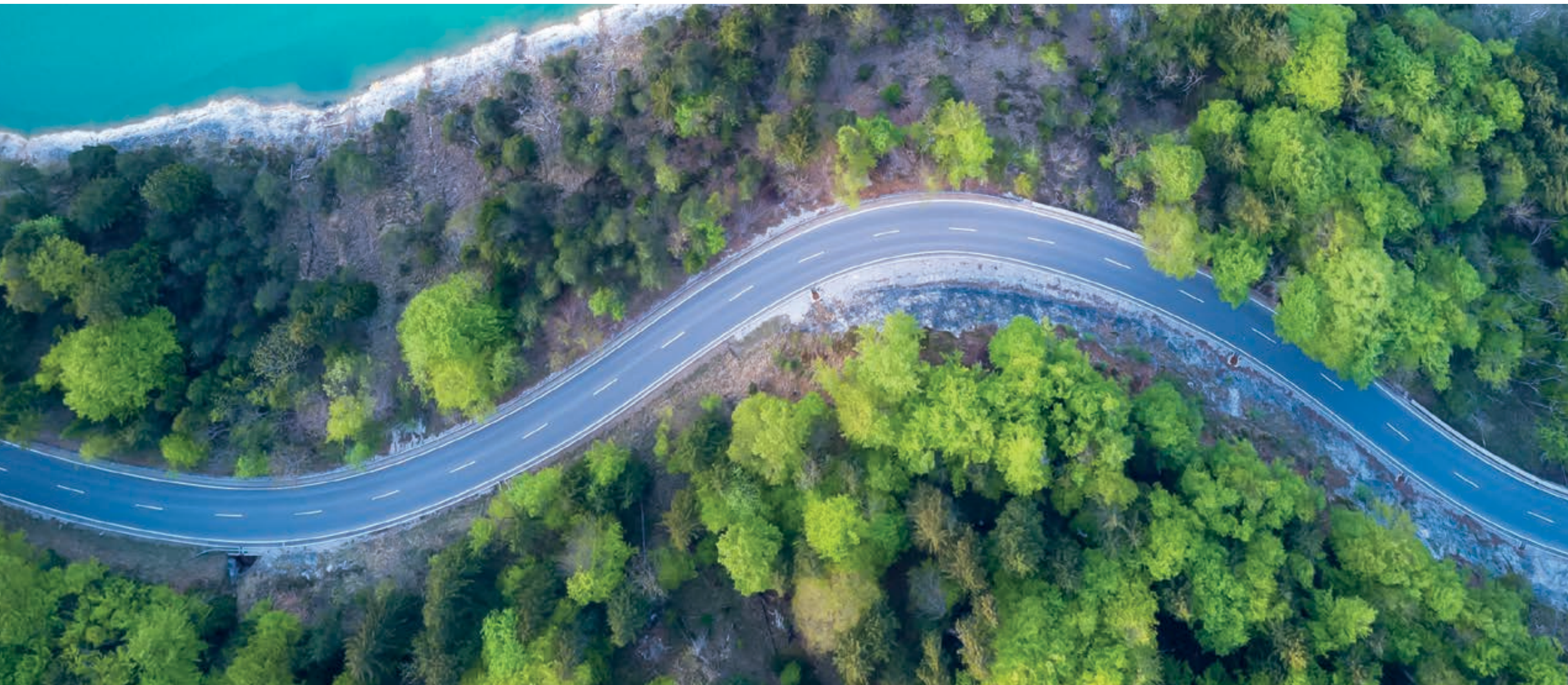
for the year ended 31 December 2020

Riverstone Energy Limited

(LSE: RSE)

A shift in focus towards

energy transition



Riverstone Energy Limited

The Company's investment manager is RIGL Holdings, LP, which is majority-owned and controlled by affiliates of Riverstone.

Riverstone is an energy and power-focussed private investment firm founded in 2000 by David M. Leuschen and Pierre F. Lapeyre with approximately $41 billion of capital raised. Riverstone conducts buyout and growth capital investments in the E&P, midstream, oilfield services, power and renewable sectors of the energy industry. With offices in New York, London, Houston, Mexico City, Amsterdam and Menlo Park, the firm has committed approximately $43 billion to over 200 investments in North America, Latin America, Europe, Africa, Asia and Australia.

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Richard Hayden

RIVERSTONE ENERGY LIMITED SEEKS TO ACHIEVE SUPERIOR RISK ADJUSTED RETURNS THROUGH INVESTING IN THE ENERGY SECTOR. THE ENERGY SECTOR IS GLOBAL AND A SIGNIFICANT COMPONENT OF VIRTUALLY ALL MAJOR ECONOMIES.

LONG-TERM MARKET DRIVERS OF ECONOMIC EXPANSION, POPULATION GROWTH, DEVELOPMENT OF MARKETS, DEREGULATION AND PRIVATISATION WILL CONTINUE TO CREATE OPPORTUNITIES GLOBALLY FOR INVESTORS IN ENERGY.

The registered office of the Company is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

Financial and Operational Highlights[1]

→ Net Committed Capital to Date	$1,100 million[2] / 99 per cent. of net capital available[3]
→ Commitments during the year ended 31 December 2020	Commitments reduced by a total of $96 million: (i) $77 million in Aleph Midstream S.A. (ii) $15 million in Castex Energy 2014, LLC (iii) $4 million in Ridgebury H3, LLC
→ Remaining potential unfunded commitments at 31 December 2020	$46 million[4][5]: (i) $26 million in ILX Holdings III, LLC (ii) $13 million in Onyx Strategic Investment Management I BV (iii) $7 million in Enviva Holdings, LP
→ Net Capital Invested to Date	$1,017 million / 91 per cent. of net capital available[3]
→ Investments during the year ended 31 December 2020	Invested a total of $59 million[4]: (i) $22 million in Onyx Strategic Investment Management I BV (ii) $19 million in ILX Holdings III, LLC (iii) $18 million in Enviva Holdings, LP
→ Gross Realised Capital to Date	$945 million / 53 per cent. of total capital invested
→ Realisations during the year ended 31 December 2020	Realised a total of $52 million[4]: (i) $23 million in Aleph Midstream S.A. (ii) $20 million in Ridgebury H3 LLC (iii) $8 million in Castex Energy 2014, LLC (iv) $1 million in Riverstone Credit Opportunities, L.P.

CONTINUED VOLATILITY IN THE MACRO ENVIRONMENT

THE CORONAVIRUS PANDEMIC HAS PERSISTED FOR A PROLONGED PERIOD, CREATING SIGNIFICANT MARKET UNCERTAINTY

Key Financials

	2020	2019
NAV as at 31 December	**$390 million / £286 million[6]**	$772 million / £588 million[6]
NAV per Share as at 31 December	**$6.20 / £4.55[6]**	$9.66 / £7.36[6]
Market capitalisation at 31 December	**$255 million / £187 million[6]**	$434 million / £331 million[6]
Cash and cash equivalents at 31 December	**$99 million[7] / £73 million[6]**	$183 million[7] / £139 million[6]
Marketable securities at 31 December	**$31 million[8] / £23 million[6]**	$86 million[8] / £65 million[6]
Share price at 31 December	**$4.05 / £2.97[6]**	$5.43 / £4.14[6]
Total comprehensive loss for the year ended 31 December	**$(318.9) million**	$(659.6) million
Basic and diluted Loss per Share for the year ended 31 December	**(442.25) cents**	(825.53) cents

(1) Amounts shown reflect investment-related activity at the Partnership, not the Company

(2) Net committed capital is gross committed capital of $1,881 million less return of capital proceeds of $649 million and realised losses of $132 million

(3) Net capital available of $1,116 million is based on total capital raised of $1,320 million, capital utilised for Tender Offer of $72 million, capital utilised for share buyback programme of £50 million, realised profits and other income net of fees, expenses and performance allocation

(4) Amounts may vary due to rounding

(5) Excludes the remaining unfunded commitments for Carrier II, Hammerhead and Fieldwood of $37 million, in aggregate, which are not expected to be funded. The expected funding of the remaining unfunded commitments at 31 December 2020 are $25 million in 2021 and $nil in 2022. The residual amounts are to be funded in 2023 and later years

(6) Based on exchange rate of 1.3643 $/£ at 31 December 2020 (1.3124 $/£ at 31 December 2019 and 1.606 $/£ at IPO)

(7) At 31 December 2020 and 2019, respectively, amounts are comprised of $8.8 million and $0.2 million held at the Company, $90.3 million and $163.4 million held at the Partnership and $nil and $19.0 million held at REL US Corp

(8) At 31 December 2020, unrestricted marketable securities held by the Partnership consist of publicly-traded shares of Centennial, Pipestone and Talos for which the aggregate fair value was $31.4 million, which increased to $75.2 million as of 22 February 2021. (31 December 2019: Centennial and Pipestone)

Chairman’s Statement

Richard Hayden
Chairman

THE PAST YEAR HAS BEEN ONE OF THE MOST CHALLENGING PERIODS FOR RIVERSTONE ENERGY LIMITED IN ITS HISTORY

WITH THE CORONAVIRUS PANDEMIC CONTINUING TO IMPACT ECONOMIES WORLDWIDE, GLOBAL LOCKDOWNS COUPLED WITH STIMULUS UNCERTAINTY DURING THE FIRST HALF OF 2020 DRAMATICALLY REDUCED OIL DEMAND, CREATING AN OIL SURPLUS THAT LED TO A HISTORIC DROP IN COMMODITY PRICES

This had a significant effect on energy markets and investor sentiment, causing headwinds for REL’s portfolio company valuations and overall performance during what was already a difficult period in the industry. While in the past six months we have seen the market begin to stabilise, further supported by the long-anticipated roll-out of coronavirus vaccines in the fourth quarter, REL’s top priority in 2021 remains managing liquidity at the portfolio company level in anticipation of continued uncertainty, while continuing to pursue the modified investment strategy with decarbonisation and other green asset opportunities.

Following the historic decline of the global economy in the first six months of 2020, growth in the second half of the year showed signs of improvement and was better than anticipated. This momentum was supported by private household spending following lockdowns in the first half of the year, and extraordinary levels of fiscal and monetary stimulus worldwide. After a tumultuous first half of the year, energy prices saw increased stability in the second half of 2020, due to rising economic growth supported by a notable recovery in China, and increased geopolitical stability related to OPEC+. Following the precipitous drop in oil demand in the beginning of the year, in April OPEC+ agreed to record production cuts of 9.7 million barrels per day.

As concerns over pricing continued into the second half of 2020, OPEC+ agreed to extend production cuts of 7.2 mb/d into January 2021.

These significant OPEC+ actions, coupled with increased economic growth in the back half of the year, supported a WTI price recovery to just over $48 per barrel by 31 December 2020 – a 136 per cent. increase since the end of March 2020. Despite these positive developments, the initial outlook for 2021 appeared to be muted. In January 2021, the EIA announced the expectation that average annual U.S. crude oil production will fall from a record level of 12.2 mb/d in 2019 to 11.1 mb/d in 2021, increasing marginally to 11.5 mb/d by 2022. This positioning follows concerns in the fourth quarter over both a new variant of the coronavirus, that is threatening a resurgence of pandemic lockdowns, and vaccination programmes that have not progressed as quickly as expected. However, and to the contrary, as 2021 has progressed, oil market fundamentals have shown signs of improvement. While a full recovery in oil demand during the first half of 2021 remains unlikely, a tightening in supply, as a result of higher demand and lower non-OPEC+ supply, has helped to support a higher commodity price environment.

A SHIFT TOWARDS THE ENERGY TRANSITION THEMATIC

CONTINUED FOCUS ON ATTRACTIVE RISK-ADJUSTED RETURNS, FOCUSED ON RENEWABLE, DECARBONISATION AND SELECTIVE INFRASTRUCTURE INVESTMENTS

Given the continued macroeconomic uncertainty, REL remains cautious and has spent the last twelve months focused on managing liquidity through executing on initiatives such as well shut-ins and pullbacks in capital expenditure and growth projects. Furthermore, REL continued to execute on the Company's modified investment programme in 2020, which includes a pivot from commodity-price sensitive E&P investments towards energy transition assets. Even as the pandemic ground economic activity to a halt this past year, governments globally pursued decarbonisation plans. As a result, clean energy demand proved resilient in comparison to fossil fuel demand. In 2020 alone, the S&P Global Clean Energy Index grew by 138 per cent., while in the same period the S&P Energy Select Index and S&P Oil & Gas E&P Index declined by 38 per cent. and 37 per cent., respectively. This contrast between energy transition and traditional energy opportunities in the marketplace underscores the continued value challenge facing REL's E&P portfolio.

In connection with REL's initiative to pursue decarbonisation opportunities, the Company made a $25 million commitment in January 2021 to Loanpal, a fintech platform focused on originating loans that finance the purchase of environmentally conscious home improvements, including solar panels and battery systems. Additionally, REL fully funded a $10 million commitment to FreeWire, which designs, manufactures and markets unitised battery-integrated DCFCs to customers such as retailers, utilities, electric vehicle fleet operators, and charging station network operators across the globe. In addition to hardware sales, FreeWire's software platform offers recurring revenues, enabling charger management and third-party platform integration with plans to offer energy management and grid services. Furthermore, REL made a $10 million commitment, via a private placement, to Decarbonization Plus Acquisition Corporation (NASDAQ: DCRB), which announced an agreement for a business combination with Hyzon Motors Inc. in February 2021 that is expected to close during the second quarter of 2021. Hyzon, is an independent mobility company with an exclusive focus on hydrogen in the commercial vehicle market. The company's proven and proprietary hydrogen fuel cell technology enables zero emission, fleet based, commercial transport at competitive performance as measured against both traditional fuel sources and other alternative vehicle power sources. Lastly, REL fully funded a $0.6 million commitment to Decarbonization Plus Acquisition Corporation II (NASDAQ: DCRNU), via an initial public offering, during the first quarter of 2021. In addition to a strong ESG focus, REL believes these investments have attractive return potential, further diversify the portfolio, and capitalise on strong momentum for the energy transition globally. Additionally, in July 2020 REL committed $25 million to a vehicle that acquired Enviva Holdings ("Enviva"), the world's largest supplier of utility grade renewable biomass fuel in the form of wood pellets. Not only does this investment align strongly with REL's commitment to ESG, but operational performance in the fourth quarter was strong and outlook for the Company is positive.

Given disappointing REL performance, challenges facing the energy markets for the last six years, and events in 2020, restoring Shareholder confidence in REL remains a priority. The Company has conviction in the modified investment programme, though improving performance will take time. During this period, REL is working to preserve value in the portfolio, continue cash flow discipline at the portfolio company level, and return capital to Shareholders via the share buyback programme. To-date, REL, through the Partnership, has repurchased nearly 17.0 million shares at a weighted average purchase price of £2.90 per share. The remaining portion of the £50 million share buyback programme, announced in May 2020, will be completed in 2021 and the Company will continue to consider additional share buybacks in the future.

Chairman's Statement continued

Performance

REL ended 31 December 2020 with a NAV of $6.20 (£4.55) per share, a 36 per cent. and 38 per cent. decrease in USD and GBP compared to the 31 December 2019 NAV of $9.66 (£7.36) per share. REL, through the Partnership, ended the period with $1,016.9 million net invested (£745.4 million), equating to 91 per cent. of net capital available, and an aggregate gross cash balance of $99.1 million (£72.7 million) across the Company, Partnership and REL US Corp. As REL continued to experience a challenging and depressed valuation environment for energy companies, shares traded down 25 per cent. and 28 per cent. in USD and GBP, respectively, during the period, rebounding modestly towards the end of 2020 from the trough in March and as a result of the Company's share repurchase programme at significant discount to book value, additional OPEC+ production cut agreements, and modest economic activity and demand recovery overseas.

During 2020, REL's E&P commodity sensitive portfolio experienced significant reductions in valuation, reflective of the ongoing volatility in the macro energy market. The downturn in commodity prices led to the underperformance of U.S. and Canadian equities across energy subsectors throughout 2020, which halted energy capital markets and M&A activity, creating headwinds for REL's portfolio company valuations. REL's valuations were further impacted by the decrease in capital expenditures and reduced operational activity across the portfolio to preserve liquidity and cash. While markets rebounded somewhat towards the end of 2020 on positive news around a coronavirus vaccine, valuations and energy markets continue to be depressed when compared to 2019 levels.

Hammerhead, ILX III and Liberty II saw the largest overall decreases in unrealised value during 2020. Hammerhead's Gross MOIC decreased from 0.4x to 0.2x at the end of 2020, reflecting the lower commodity price environment, limited access to liquidity and ongoing reduced drilling activity. The Gross MOIC for ILX III decreased from 1.2x to 0.8x to reflect the decrease in commodity prices, which adversely impacted the Company's NAV and associated publicly traded comparable valuations during the year. Liberty II's Gross MOIC decreased from 0.4x to 0.0x to reflect the implied valuation of REL's equity position, through the Partnership, following the pending restructuring of the company's reserve-based lending facility. The Gross MOICs for Centennial, Carrier II, Fieldwood and Castex 2014 also declined in 2020 to reflect continued weak market conditions. Meanwhile, valuations for REL's power investment, Onyx, remained flat, while REL's services investment, Ridgebury H3, increased slightly during the period. Enviva, a modified investment strategy asset, saw the largest overall increase in unrealised value during 2020, with Gross MOIC increasing from 1.0x to 1.6x at year end, reflecting strong operational performance and a successful M&A integration that occurred during the fourth quarter.

The valuation of REL's investments is conducted quarterly by the Investment Manager and is subject to approval by the independent Directors. In addition, the valuations of REL's investments are audited by Ernst & Young LLP in connection with the annual audit of the Company's Financial Statements. The Company's valuation policy is compliant with both IFRS and IPEV Valuation Guidelines and has been applied consistently from period to period since inception. As the Company's investments are generally not publicly quoted, valuations require meaningful judgement to establish a range of values, and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant. Further information on the Company's valuation policy can be found in the Investment Manager's Report.

During 2020, through the Partnership, REL received approximately $52 million in gross proceeds from its portfolio, principally as a result of the unwind and sale of Aleph Midstream to Vista Oil and Gas, S.A.B. de CV in March 2020. In addition, REL received gross proceeds of over $20 million from Ridgebury H3, primarily attributable to sales of the company's Nalini, Elivia, and Colette vessels during the year. REL also received sale proceeds in the amount of approximately $8 million in March 2020, for the sale of Castex 2014 to Talos Energy.

At 31 December 2020, REL had an aggregate net cash balance of $95.4 million, reflecting share buyback transactions pending settlement and accrued Management Fees, which is expected to be sufficient to fund the portfolio's future capital calls currently anticipated. REL, through the Partnership, holds marketable securities consisting of publicly-traded shares of Centennial, Pipestone and Talos, for which the aggregate fair value was $31.4 million at 31 December 2020 and $75.2 million as of 22 February 2021.

Following the seventh anniversary of the Company's IPO on 29 October 2020, an extraordinary general meeting was conducted on 9 December 2020 to consider a discontinuation resolution vote, which subsequently did not pass. Turnout for the vote was 72.1 per cent. and the vote required 75 per cent. of the votes cast in favour in order to pass. 88.8 per cent. of votes cast at the meeting were against the discontinuation resolution, including a Cornerstone Investor with share ownership above 30 per cent., and therefore it did not pass.

In connection with the vote, each of Pierre F. Lapeyre, David M. Leuschen and Kenneth Ryan, the directors nominated by the Investment Manager, agreed to step down from the Board as directors effective immediately and become observers instead. REL now operates with a fully independent Board but looks forward to a continued partnership with these individuals and our Investment Manager going forward.

Given the outcome of the vote, the Investment Management Agreement will continue in perpetuity. However, either the Board or Shareholders holding in aggregate 10 per cent. of the Company's voting securities can call an EGM at any time to vote on the liquidation of the Company (75 per cent. of the votes cast in favour would be required) or run-off of its portfolio (50 per cent. of the votes cast in favour would be required). Under both these scenarios, the Investment Manager would still be entitled to twenty times the most recent quarterly Management Fee. In addition, the Board committed to continue to evaluate the Investment Manager's performance with the modified investment programme and, before 31 December 2022, decide whether or not the Board should call for a Shareholder vote to wind up the Company.

Since the Board's discontinuation resolution announcement on 30 October 2020, the Company's share price has increased by approximately 19 per cent, as of 31 December 2020, while the Company's NAV per share has increased from $5.74 (£4.46) per share to $6.20 (£4.55) per share from 30 September 2020 through 31 December 2020, respectively. Since October 2020, REL, through the Partnership, has deployed approximately $45.6 million into new decarbonisation investments.

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 16,958,265 shares, in aggregate, for £49 million ($62 million) at an average share price of £2.90 ($3.67), which has attributed to the narrowing of the Company's trading discount from 66.1 per cent. at 31 March 2020 to 34.7 per cent. at 31 December 2020 (or from 131.7 per cent. to 46.5 per cent., respectively, on a cash-adjusted basis). From year-end through 22 February 2021, reflecting a $43.8 million increase in the fair value of the Company's unrestricted marketable securities, the Company's pro forma trading discount has remained relatively unchanged at 34.8 per cent. and its cash-adjusted discount has decreased to 40.1 per cent. as of 22 February 2021.

The Management Engagement Committee continues to have discussions with the Investment Manager regarding additional changes to the Investment Management Agreement. Following revised terms announced on 3 January 2020 (but effective 30 June 2019), approximately $3.7 million in Performance Fees that would have been due under the prior agreement were not paid, since REL did not meet the appropriate Cost Benchmark at year end. A Performance Allocation will only be accrued for payment upon the realisation of an investment if the proceeds from that investment exceed an amount equal to its acquisition cost plus an 8 per cent. annual cumulative hurdle rate calculated from the date of investment to the date of realisation. Other changes have been made to the Investment Management Agreement which will stop payments of Performance Fees until the $565 million of realised and unrealised losses to date at 31 December 2020 are made whole with future gains. If, at any time during the next three years from the respective accrual date, the Cost Benchmark is satisfied for four continuous quarters, the relevant Performance Allocation will then become distributable without interest. Any accrued but undistributed Performance Allocation that has been deferred due to the portfolio level Cost Benchmark test will expire after 36 months.

Further, the management fees paid to the Investment Manager on a quarterly basis during the years ended 31 December 2020 and 2019, respectively, were $5.6 million and $13.9 million, in aggregate. The reduction in management fees year over year is due to the decrease in NAV over that period. During the year ended 31 December 2019, the General Partner received Performance Allocation payments of $13.6 million with an additional residual payment in 2020 of $91 thousand.

Since the EGM, the Board has actively engaged with the Investment Manager in evaluating value maximisation strategies for the legacy E&P portfolio while focussing on new high growth decarbonisation investments. These are no longer being co-invested with the Private Riverstone Funds. As a result, Board approval is now required for all such transactions. During the past four months, there have been two Board meetings and six Board committee meetings, at which there were briefing meetings with the Investment Manager and outside advisors. We are fully committed to recovering losses and providing Shareholders with attractive risk adjusted returns in the years ahead.

Richard Hayden

Richard Hayden
Chairman
23 February 2021

Environmental, Social and Governance Report

OVERVIEW OF REL'S APPROACH TO ESG

REL BELIEVES THAT PLACING A HIGH PRIORITY ON ESG DRIVES VALUE AND INCORPORATES ESG INTO DECISION MAKING ACROSS THE ENTIRE LIFECYCLE OF AN INVESTMENT

The Company utilises the services of Riverstone as the Investment Manager to take appropriate Environmental, Social and Governance ("ESG") principles into account in its investment decisions and in the ongoing management of the portfolio. In order to ensure the robustness of these policies, the Board engages with the Investment Manager on ESG matters and monitors compliance of REL's portfolio companies with this policy. Patrick Firth, a member of the REL Board, leads the ESG efforts for the Company. He and others get periodic updates from the Investment Manager on the Investment Manager's ESG programme and on ESG matters related to the REL portfolio. The Board takes its fiduciary responsibility to Shareholders seriously and engages with Riverstone on corporate governance matters, as evidenced by the changes to the Investment Management Agreement agreed in January 2020.

Further details on Riverstone's ESG policies are set out in the sections below.

Statement from the Investment Manager

We hope you and your families, friends and colleagues have been staying well throughout the COVID-19 pandemic. 2020 was certainly a difficult year in so many respects, with the devastating health and socio-economic impacts of the pandemic spanning the globe. Despite the turmoil through 2020, Riverstone and its portfolio company operations remained highly resilient, working to manage both public health and economic risks as they arose.

As we reflect on the past twelve months and consider the future, one thing has become very clear to us – the importance of investing responsibly has never been greater. ESG topics such as climate change, health and safety, community engagement, ethics and compliance, and diversity and inclusion are all issues Riverstone continues to monitor and manage. By doing so, we earn the right to be a trusted partner to our stakeholders, enhancing both risk management and value creation opportunities.

2020 in Review

Since we started the firm more than 20 years ago, Riverstone has been steadily focused on improving its ESG programme. The firm's approach to ESG in 2020 was multi-faceted, focusing on a few key areas:

- Ensuring operations within the firm and at portfolio companies complied with COVID-19 safety guidelines
- Making climate change a core pillar to our investment thesis
- Building upon our deep renewable energy and decarbonisation presence with a number of notable new platform investments
- Enhancing our portfolio company monitoring by creating formalised ESG scorecards to measure performance and identify areas for improvement
- Analysing climate change risk and opportunities
- Expanding internal initiatives from measuring and identifying ways to reduce our internal carbon footprint to formalising our diversity and inclusion policy
- Continued implementation of a rigorous compliance programme through ongoing training and monitoring

In addition, Riverstone became a signatory to the United Nations-backed Principles for Responsible Investment (PRI) in 2020. As a signatory, we are committed to the PRI's six core principles which provide us with a blueprint that helps guide our ESG integration throughout the investment lifecycle, reporting on ESG, and promoting the PRI within the wider private equity industry.

REL CONTINUES TO FOCUS ON IDENTIFYING ATTRACTIVE OPPORTUNITIES

WITHIN ENERGY TRANSITION AND DECARBONISATION THAT CAN DRIVE VALUE FOR INVESTORS

Focus on Decarbonisation

As one of the most active energy transition investors, Riverstone expanded upon the firm's 15+ years of experience and raised over $1.9 billion in commitments for our renewable energy and decarbonisation platform over the past 12 months. Going forward, we expect to continue to grow our investment platform in areas that support broader decarbonisation, from traditional power generation to technology-enabled solutions that reduce the impacts of climate change. Recently, we have made several investments in this area, including in Loanpal, FreeWire Technologies and Hyzon Motors and expect to continue broadening our investment presence in 2021. As the world seeks to accelerate the low-carbon energy transition, we believe our longstanding depth of our experience in renewable energy and decarbonisation will be an important differentiator for Riverstone.

Looking Forward

While we are pleased to have made significant progress on a number of important ESG initiatives in 2020, we recognise there is always more that we can do. We will continue to prioritise our commitment to being responsible investors and look forward to providing further updates on our ESG activities in the year to come.

Riverstone published its annual ESG report in February 2021. The pages that follow summarise the key elements for investors in REL. More detail is included in the full report, which is available on Riverstone's website: https://www.riverstonellc.com/en/responsible-investing/.

Riverstone's Approach to ESG

As one of the most experienced private investment firms within the energy, power and infrastructure sectors, Riverstone recognises the ever-increasing importance of ESG and has made the proactive implementation of ESG initiatives one of its highest priorities. Riverstone takes its fiduciary responsibility to investors very seriously and believes that a strong commitment to addressing ESG factors is critical to the success of its funds, portfolio companies and firm. By devoting substantial internal and external resources towards ESG matters, Riverstone has developed clear processes that take account of leading industry standards. Riverstone believes this effort helps it to make sustainable, ethical and socially responsible decisions over the long run.

ESG Objectives

Riverstone has established institutional ESG processes that support the high standards that it has set for itself. These procedures were developed to achieve several key objectives related to ESG, including:

- Providing Riverstone personnel and its portfolio companies with training and the resources to ensure that those portfolio companies can provide the necessary ESG support appropriately
- Identifying potential risks and mitigants before an investment is made
- Immediate assistance with the identification of any issues that may arise and track ongoing performance through portfolio monitoring
- Evaluating and tracking portfolio companies' execution of opportunities to improve current practices at its portfolio companies and firm

Environmental, Social and Governance Report continued

Riverstone's ESG Policy

In support of meeting its ESG objectives, Riverstone has an ESG policy that sets out its approach to handling key ESG factors, such as natural resource management, health and safety, community and stakeholder impact, climate change, greenhouse gas emissions, governance, among many others. This policy helps inform the ESG considerations that are relevant to the management of Riverstone's portfolio companies from initial due diligence all the way through to an exit, and the operation of Riverstone's own business. Since inception, Riverstone has continuously evolved its ESG policy in conjunction with third party ESG experts to strive towards best practices across the board. A copy of Riverstone's ESG policy is available online: https://www.riverstonellc.com/media/1279/2020-riverstone-esgpolicy.pdf

ESG Resources at Riverstone

Riverstone has an ESG Committee comprised of a cross-functional set of leaders from across the firm as well as a partner from its external ESG advisor which sets the standard for ESG protocols and policies for its portfolio companies and firm. In addition, Riverstone's investment teams are responsible for applying an ESG lens to pre-investment decision making and post-investment monitoring.

Riverstone's ESG Committee meets on a quarterly basis to drive Riverstone's ESG strategy forward and provide leadership with respect to a range of matters.

To support execution of its ESG strategy internally, Riverstone has also established an internal working group of individuals from each of its offices that are responsible for advancing firm-wide ESG initiatives and practices.

ESG in Practice

The careful evaluation of ESG issues is a mandatory component for the underwriting of all REL investments. Furthermore, Riverstone investment professionals conduct a comprehensive evaluation of ESG considerations throughout the lifecycle of an investment. These steps are summarised below:

Risk Identification

→ Use Riverstone's deep industry expertise and materiality assessments (which provide standard risk criteria tailored to each investment sector) to identify relevant ESG risks and mitigating factors for each new potential investment

Due Diligence

→ Early engagement with the management team and advisors to understand the "ESG landscape" for a potential investment

→ Engage third party experts to evaluate specific risks and areas of concern

→ Thorough evaluation of key ESG risks for each potential investment and determination of whether appropriate mitigants can be implemented

Investment Committee

→ Complete ESG risk assessment as part of the Investment Committee memo for potential investments, within the context of the investment's broader risk analysis

→ Review third party ESG assessments and reference checks

→ Determine whether a potential investment has any ESG risks that are "dealbreakers"

→ Robust discussion at Investment Committee of the ESG risk evaluation scorecard

→ Go/no go investment decision

Ongoing Monitoring and Portfolio Management

→ Health, safety, environmental (HSE) and other material ESG issues as part of Riverstone's participation on the board of portfolio companies

→ Annual portfolio review through ESG questionnaires with portfolio company follow-up based on responses received

→ All portfolio companies are subject to periodic assessment of foreign bribery risks and regular reporting and training required for those portfolio companies identified as facing higher levels of risk

→ Portfolio companies ensure regular training and compliance reviews are undertaken including, where necessary, by third party legal teams

Exit

→ Where appropriate, make relevant ESG disclosures and evaluate whether potential buyers' ESG standards comply with all applicable laws with regard to, for example, employees and decommissioning of assets and infrastructure

ESG: 2020 in Review

In its 2019 ESG report, Riverstone set out of a number of overarching ESG objectives. Its progress through 2020 against these objectives, and other ESG issues addressed during the year, are summarised below.

Due Diligence And Initial Investment

→ Developed a toolkit to complement its existing process for the evaluation of ESG risks and opportunities in due diligence and during its Investment Committee process

→ Established ESG Minimum Expectations (or "ESG-MEs") as a set of key performance indicators against which both potential new investments and existing portfolio companies can assess their performance

Portfolio Monitoring

- Introduced procedures to increase engagement with its portfolio companies on ESG risks and opportunities and achieve greater depth and consistency of responses to ESG portfolio questionnaires
- Measured all Riverstone portfolio companies against its established ESG-MEs
- Carried over the ESG due diligence scorecards discussed during its Investment Committee process into formalised ESG monitoring scorecards
- Incorporated ESG management in the performance reviews of Riverstone responsible professionals

Climate Change

- Developed a strategy informed by the recommendations of the Taskforce for Climate-related Financial Disclosures (TCFD) to evaluate potential risks that climate change may pose to its current portfolio
- Assessed opportunities for Riverstone portfolio companies to consider in order to seek to reduce their impact on climate change
- Identified opportunities for Riverstone to capitalise on the energy transition to generate strong financial returns for investors

ESG Reporting

- Became a signatory to the PRI and its six core principles in June 2020

ESG at Riverstone

- Established an internal working group that meets on a quarterly basis to identify and drive ESG initiatives within the firm
- Published a commitment to diversity and inclusion (D&I) and created a roadmap for executing other important D&I initiatives
- Completed an evaluation of Riverstone's firm's greenhouse gas emissions from its own operations and developed an offset strategy

COVID-19 Response

- Prioritised the safety and welfare of its employees and the employees and contractors of its portfolio companies, as well as the wider communities in which they operate
- Implemented remote working and safety measures in line with government and public health guidelines within the firm and across its portfolio companies

Climate Change

The energy industry is at an inflection point. The need to address climate change risks and facilitate a transition towards lower carbon forms of energy production and consumption continues to accelerate.

The reshaping of the regulatory environment driven by international treaties such as the Paris Agreement, changing patterns of energy demand, and the emergence of new technologies have all disrupted the existing energy landscape, while creating new opportunities in the market. In 2020, the COVID-19 pandemic and its impact on energy demand added further to the drivers for long-term change. Climate change, and Riverstone's response to it, remains one of the most important considerations to its business.

At Riverstone, we recognise the importance of the recommendations published by the Task Force for Climate-related Financial Disclosures (TCFD) in helping companies improve transparency on climate-related risks and opportunities, and we are working on ways to adopt the framework.

Some of the actions we took in 2020 to address climate change included:

Strategy and Governance

Riverstone developed a climate strategy. This builds on market trend insights informed by its understanding of emerging climate policy. It also incorporates the firm's view of structural shifts in commodity supply and demand based on its experience in the energy and infrastructure sectors.

Riverstone has increased its level of engagement with its portfolio companies, both at board level and through its ESG deal leads, to help them understand climate-related risk, and to enable them to build strategies to mitigate these risks (such as increased exposure to carbon pricing) and capture opportunity (for example pivoting operations of certain companies towards renewable energy).

Environmental, Social and Governance Report continued

Risk Management

Riverstone has worked with external subject matter experts to conduct enhanced climate risk and opportunity screening on a number of its portfolio companies across the sectors and geographies in which it operates.

The assessment covers the risks arising from changes to the climate itself, as well as the risks and opportunities associated with the move to a low carbon economy, under both "business-as-usual" and "low carbon" scenarios. It highlights potential drivers of risk and opportunity which Riverstone plans to leverage during 2021 in engaging with management at portfolio companies on their strategies. It also provides broader insight, as case studies, on the influence of climate factors and combines with the guidance discussed below as a growing tool box for investment teams to leverage.

Riverstone has developed guidance, which it is in the process of being integrated in to its broader ESG risk management process, to support its investment teams throughout the investment cycle to:

- Ensure its portfolio companies are positioned to undertake timely and appropriate mitigation and management of climate-related risk
- Enable its portfolio companies to capture climate-related opportunities as they arise

This guidance also includes a high-level briefing on how climate risk and opportunity manifests in the sectors in which Riverstone invest. Riverstone expects to incorporate the guidance into our portfolio companies over the next 12-24 months.

Metrics and Targets

In addition to calculating a carbon footprint of its own operations, one of its ESG-MEs is for Riverstone portfolio companies to calculate a greenhouse gas (GHG) baseline, and annually report and monitor GHG emissions. From this established baseline, portfolio companies will be able to measure GHG emissions reductions, to help ensure the climate impacts of Riverstone's businesses are minimised over time. Riverstone recognises there is a significant amount of work to be done with its portfolio companies on this front and will make it a priority for 2021.

Diversity and Inclusion

Riverstone is committed to fostering a culture of inclusion by encouraging diversity and inclusivity (D&I) among its workforce.

It is Riverstone's goal to create an environment within the firm and to encourage the creation of an environment at its portfolio companies in which diverse backgrounds, perspectives, and personnel are represented throughout its business.

Riverstone has implemented or is in the process of implementing a number of important D&I initiatives at the firm, including:

- Integrating a D&I committee into our ESG committee, which will hold regular meetings to review and improve D&I at Riverstone and throughout our portfolio
- Focus on partnering with a Historically Black College or University (HBCU) to bring interns to Riverstone's US offices for training and an introduction to the private equity industry
- Integrating D&I into part of our diligence process when we first evaluate a company and, following the initial investment, monitoring the company to assess performance against our D&I expectations
- Working with our recruiting firms to ensure that we see diverse candidates pools and that such firms are adhering to Riverstone's Commitment to Diversity and Inclusion policy
- Working towards aligning our practices with the Institutional Limited Partners Association's D&I roadmap and their Diversity in Action initiative
- Ongoing evaluation of our training to ensure it focuses on unconscious bias and provides concrete tools to mitigate the negative effects of bias
- Establishing a set of minimum expectations for our service providers and requiring each of them to meet our requirements
- Compiling and reviewing certain demographic data at Riverstone to better understand where deficiencies exists and how we can improve

A copy of Riverstone's Diversity and Inclusion Policy is available online: https://www.riverstonellc.com/media/1252/commitment-to-diversity-inclusion-090720.pdf

ESG in Practice within REL's Portfolio: Enviva

Enviva, a recent example of the Company's modified investment strategy implemented in 2019, owns and operates nine wood-pellet production plants in the U.S. Southeast with a combined production capacity of up to 5.4 million metric tons of wood pellets per year. Its customers around the world use its sustainable wood pellets as a renewable, reliable and dispatchable energy source, to replace coal in existing power generation infrastructure. Sustainable woody biomass enables power utilities and heat generators to reduce their carbon footprint by up to 85 per cent. on a lifecycle basis today, while meeting or exceeding their renewable energy generation goals by mid-century.

Enviva's comprehensive sustainability impact goes beyond producing wood pellets, it entails promoting sustainable forest management and forest growth, creating a strong market for second-tier wood in the U.S. and addressing climate change globally. To date, Enviva has displaced over 16 million metric tons of coal and eliminated 31 million metric tons of CO_2 emissions globally. In addition, forest inventory in the U.S. South, where Enviva operates, has increased by more than 100 per cent. since the 1950s.

Enviva's sustainability highlights include:

- Renewed commitment to its Responsible Sourcing Policy (RSP) to ensure Enviva's operations are consistent with forest stewardship and the implementation of best management practices as well as remain compliant with applicable federal and state regulations. Enviva's RSP prohibits Enviva from accepting wood from environmentally sensitive ecosystems or forests where the landowner does not intend to replant forests, thereby working to keep forests as forests. Pursuant to its policy, Enviva began publishing yearly goals, yearly implementation plans as well as end-of-year impact reports in an effort to highlight its achievements while remaining transparent to the community, partners, and stakeholders alike.
- Further implementation of Enviva's Track & Trace® Program, a leading, proprietary sustainable sourcing programme, which provides transparent, publicly available data about its wood sourcing. Track & Trace® works with Enviva's supply chain partners to verify and document the origin of all of the wood sourced by the company (from the forest or sawmill to its production plants) to further monitor and audit its procurement activities. In 2020, Enviva partnered with GoChain to pilot blockchain technology to further affirm its commitment to innovation, sustainability, and transparent biomass supply chains.
- Publication of Enviva's first Corporate Sustainability Report. In 2019, Enviva worked with BSR™ – a global non-profit to conduct a materiality assessment to identify the issues that are most important to the sustainability of its business. In its first Sustainability Report, Enviva laid out the key elements of its sustainability programme, tracing its sustainability journey since its founding in 2004, and also voluntarily and publicly disclosed material data via a Corporate GHG Inventory covering 2017 - 2019, as well as a brand-new Sustainable Accounting Standards Board (SASB) index.
- Continued certification to the stringent standards of the world's foremost forestry organisations, such as the Sustainable Biomass Program (SBP) and others, which provide a consistent, verifiable, and transparent framework for evaluating the sustainability of the company's operations from forest to product.
- Proactive protection of forests through the establishment of the Enviva Forest Conservation Fund, a $5 million, 10-year programme administered by the U.S. Endowment for Forestry and Communities, which is designed to protect tens of thousands of acres of sensitive bottomland forests across the U.S. South. Now entering its 6th year, Enviva has aggressively worked toward its goal of conserving approximately 35,000 acres of bottomland forests. To-date, Enviva has conserved more than 25,000 acres.
- Partnering with the communities it calls home. Enviva began partnering with the Sustainable Forestry and African American Land Retention (SFLR) Program back in 2015 to assist disadvantaged landowners with the challenges of effective forest management. To-date, Enviva has provided about $150,000 in financial assistance for forestry and legal services. Likewise, in 2020, Enviva partnered with The Longleaf Alliance (LLA) to offer technical expertise in the deployment of Enviva's longleaf forest restoration plan. In accordance with the plan, Enviva works with private landowners to develop a management plan, provide forest certification, harvest undesirable woody plant material as part of forest restoration activities, and monitor long-term restoration effects on appropriate sites.
- Investments in additional state-of-the-art industry-proven air emissions control technology at its manufacturing facilities to meet, or exceed, environmental standards and clean air standards in the communities in which it operates.

In addition to its sustainability efforts, Enviva is an active corporate citizen and works to support its local communities. When planned investments in Alabama, Mississippi and South Carolina are complete, it is estimated that Enviva's footprint across the U.S. Southeast will support approximately 4,200 jobs and an annual economic impact of more than $2.7 billion. For every plant, terminal, and office Enviva owns and operates, it seeks to improve and empower communities by partnering with local leaders at all levels to identify and execute on the specific needs of that community. For example, when COVID-19 began afflicting families in the U.S. Southeast, Enviva volunteered to stock food pantries and host luncheons and dinners for frontline medical workers and local police. Additionally, Enviva sent meals to senior citizen homes, sent laptops and WiFi hotspots to school systems in need of connectivity for online learning, sponsored events for the local Boys & Girls clubs, and donated to various local youth programmes and sports leagues across several counties. Throughout 2020, Enviva contributed approximately $75,000 in monetary donations to support COVID-19 related activities across the U.S. Southeast.

To learn more about Enviva and its sustainably sourced wood pellets, visit www.envivabiomass.com.

Investment Manager's Report

CONTINUED FOCUS ON CAPITAL DISCIPLINE, VALUE PRESERVATION, AND PORTFOLIO DIVERSIFICATION

MACRO HEADWINDS ARE EXPECTED TO CONTINUE WELL INTO THE FIRST HALF OF 2021 AS THE CORONAVIRUS PANDEMIC SHOWS NO SIGNS OF SUBSIDING. UNTIL A VACCINE IS WIDELY DISTRIBUTED, VOLATILITY AND DEPRESSED ENERGY VALUATIONS WILL LIKELY PERSIST, REGARDLESS OF A RECOVERY IN THE BROADER EQUITY MARKETS

While WTI prices have rebounded following a record decline in April 2020, ending the year at just over $48 per barrel, prices remain below 2019 levels. As further indication of future hurdles, forward WTI prices ended the year in the mid-$40s per barrel, a sign of continued uncertainty regarding economic recovery in the future and structural challenges facing the industry. Against this backdrop, REL is working closely with portfolio companies to manage liquidity in 2021 and restructure balance sheets as necessary.

The rally in WTI prices in the fourth quarter of 2020 was due in part to the successful development of a coronavirus vaccine, coupled with OPEC+ agreements that extended production cuts into 2021. This late stage recovery was further supported by better than expected economic growth in the U.S. and some Asian countries as spending and demand increased. Despite these gains, WTI prices ended the year 21 per cent. lower year-over-year, and the future of OPEC+ production levels is still uncertain. Supply decreases may not outweigh the structural and cultural changes impacting oil demand since the beginning of the pandemic. During what was already a tough period for energy markets, COVID-19 exacerbated investor concerns and has led to decreased valuations and lower portfolio company earnings at a time when a broader economic recovery is still fragile.

Despite a relatively brightening outlook for oil demand in the second half of 2020, following OPEC+ actions and the lifting of initial lockdowns, forward price gains which support valuations remain capped. In December, OPEC+ agreed upon extending production cuts into January 2021 following an initial disagreement in supply levels driven by Russia. While Saudi Arabia agreed to further curtail production to achieve necessary output levels, it is unclear how long Russia's posturing can persist and this will be an important factor influencing the market going forward. Further developments in the fourth quarter paint a more difficult picture of the future, including the emergence of a new more transmissible coronavirus variant, the threat of new lockdowns, and unanticipated delays in COVID-19 vaccine distribution and administration.

This extraordinary landscape in 2020 has led to one of the least active periods in history for public energy equity and M&A activity in North America. With energy now just 2 per cent. of the S&P 500 Index, a decline in trading multiples and subsequent strategic options has created new hurdles for energy companies in an industry already facing tighter margins due to lower pricing and balance sheet concerns. In 2020 alone, 46 energy companies filed for bankruptcy, an unfortunate trend that is likely to continue into next year[1].

Near-term prices are expected to continue to face headwinds as 2021 is shaping up to be a continuation of the preceding six months. While supply will most likely remain curtailed, demand is not expected to recover close to pre-pandemic levels until coronavirus vaccines are more widely available.

[1] Haynes and Boone Oil Patch Bankruptcy Monitor, December 31, 2020.

Western Canada

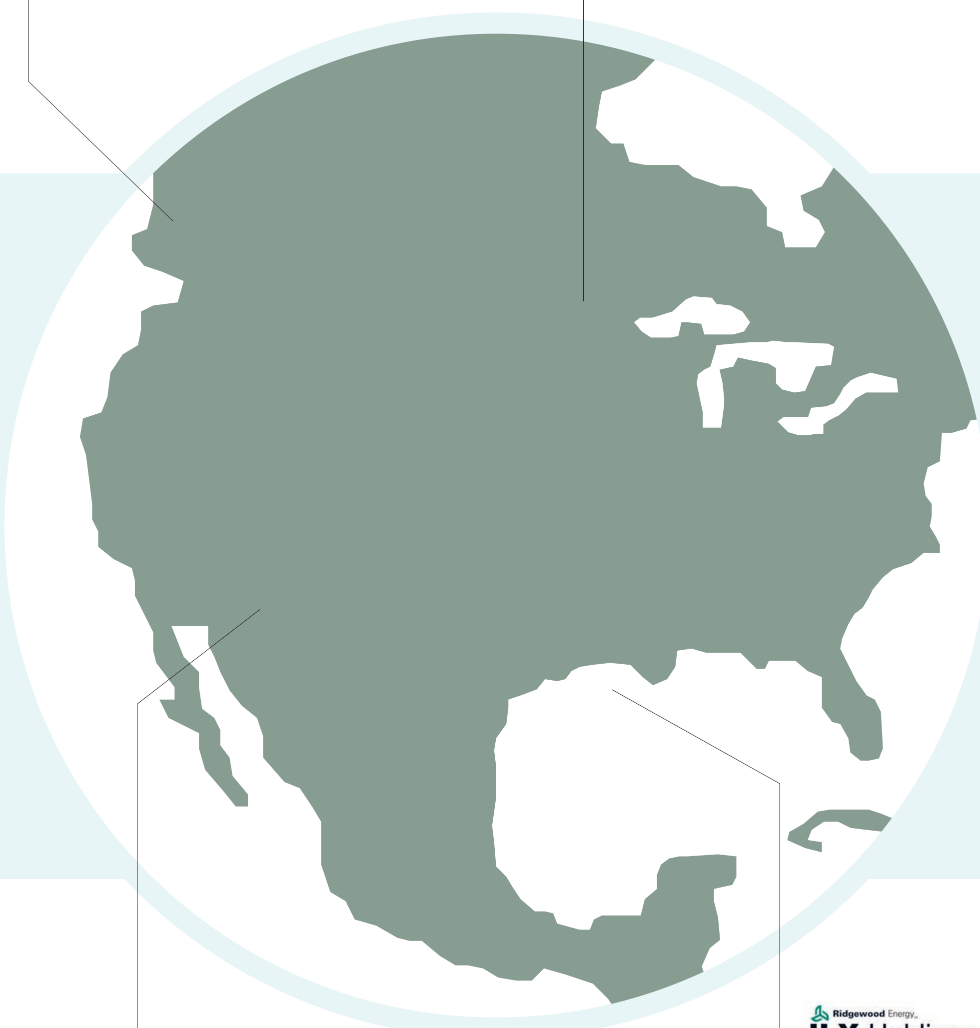
Committed:
$397.5m *(30%)*

Invested:
$385.3m *(31%)*

Other Onshore U.S.

Committed:
$166.7m *(13%)*

Invested:
$159.7m *(13%)*



Permian & Eagle Ford

Committed:
$401.2m *(30%)*

Invested:
$377.4m *(31%)*

Europe

Committed:
$66.0m *(5%)*

Invested:
$52.7m *(4%)*

Gulf of Mexico

Committed:
$289.1m *(22%)*

Invested:
$262.1m *(21%)*

Investment Manager's Report continued

Given this outlook, Riverstone continues to work with the portfolio to extend cost-saving and protective measures into 2021 to preserve liquidity, with capital infusions only in very select cases where there is realistic upside. Initiatives to lower costs and cut growth development projects this past year were successful, and an emphasis on lean operations will continue even as demand shows signs of recovery and REL portfolio companies begin bringing wells back online. Additionally, Riverstone successfully engaged with the lenders of Liberty Resources II, Carrier, CNOR and Hammerhead Resources over the past twelve months in order to renegotiate borrowing bases and near-term debt maturities and will continue to pursue these negotiations as needed. Finally, Riverstone expects to continue utilising hedging strategies across E&P producers into 2021 as protection against an ongoing lower oil price environment.

Macro headwinds facing the industry will inevitably endure, and REL continues to prioritise preserving value in the existing portfolio during this time, while also opportunistically pursuing investments within the lens of the modified investment programme. While the coronavirus pandemic upended nearly every aspect of daily life in 2020, a continued rise in Shareholder engagement across ESG and climate change related opportunities shows the fundamental trends impacting a shift away from carbon-intensive assets remain. The events this past year magnified difficulties facing the sector, and REL remains committed to continued portfolio diversification in order to unlock value for Shareholders in new markets.

Investment Strategy

The Investment Manager's objective is to achieve superior risk adjusted after tax returns by making privately negotiated investments in the E&P, midstream, services and power (including renewable energy) sectors, which are a significant component of virtually all major economies. Long-term market drivers of economic expansion, population growth, development of markets, deregulation, and privatisation allied to near-term commodity price volatility are expected to continue to create opportunities globally for Riverstone.

The Investment Manager continues to reposition the Company's focus away from commodity price sensitive oil and gas investments in the exploration and production sector and to increase its focus on renewable, decarbonisation and selective infrastructure investments, in each case with strong ESG processes in place. This includes the Company's $25 million commitment announced in July 2020 to participate in the recapitalisation of Enviva Holdings, LP, and the Company's $25 million and $10 million commitments announced in January 2021 to Loanpal, LLC and FreeWire Technologies, Inc., respectively. Further, in February 2021, REL announced a $10 million commitment to Decarbonization Plus Acquisition Corporation (NASDAQ: DCRB), via a private placement, and a $0.6 million commitment to Decarbonization Plus Acquisition Corporation II (NASDAQ: DCRNU), via an initial public offering.

The Company believes that each of these commitments provides an opportunity to create shareholder value while supporting REL's long-term focus on ESG and energy transition investments. Going forward, REL expects to continue to increase its exposure in areas that support decarbonisation across the entire investment spectrum, from traditional power generation to technology-enabled solutions that reduce the impacts of global climate change.

The Company's independent directors are supportive of the continuation of the Investment Manager's modified investment strategy for the immediate future. The independent directors will continue to monitor the Investment Manager's success in repositioning the Company's existing investment policy through the modified investment strategy. At the EGM, the Board committed to review the Investment Manager's performance and, before 31 December 2022, decide whether or not it would be in the best interests of all shareholders to request an EGM to vote on a run-off of its portfolio.

Key Drivers:

- → Capital constraints among companies with high levels of leverage and/or limited access to public markets;
- → Industry distress and pressures to rationalise assets;
- → Increases in ability to extract hydrocarbons from oil and gas-rich shale formations;
- → Historical under-investment in energy infrastructure; and
- → Rapid growth in electricity consumption and energy transition.

The Investment Manager, through its affiliates, has a strong track record of building businesses with management teams. The Company aims to capitalise on the opportunities presented by Riverstone's pipeline of investments, as well as through its modified investment strategy implemented in 2019. This can be seen through the Partnership's investment in Ridgebury H3 in 2019 and Enviva in 2020 as the Private Riverstone Funds did not participate.

The Investment Manager, having made over 200 investments globally in the energy sector since being founded in 2000, utilises its extensive industry expertise and relationships to thoroughly evaluate investment opportunities and uses its significant experience in conducting due diligence, valuing assets and all other aspects of deal execution, including financial and legal structuring, accounting and compensation design. The Investment Manager also draws upon its extensive network of relationships with industry-focussed professional advisory firms to assist with due diligence in other areas such as accounting, tax, legal, employee benefits, environmental, engineering and insurance.

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 Dec 2019 Gross MOIC[2]
Centennial *(6 Jul 2016)*	Permian (U.S.)	$268	$268	$172	$23	$195	0.7x	0.9x
ILX III *(8 Oct 2015)*	Deepwater GoM (U.S.)	200	174	5	135	140	0.8x	1.2x
Onyx *(30 Nov 2019)*	Europe	66	53	–	53	53	1.0x	1.0x
Hammerhead Resources *(27 Mar 2014)*	Deep Basin (Canada)	307	295	23	22	45	0.2x	0.4x
Carrier II *(22 May 2015)*	Permian & Eagle Ford (U.S.)	133	110	29	15	44	0.4x	0.7x
Enviva[3] *(22 July 2020)*	Southeast (U.S.)	25	18	–	29	29	1.6x	n/a
CNOR *(29 Aug 2014)*	Western Canada	90	90	16	6	22	0.2x	0.3x
Fieldwood *(17 Mar 2014)*	GoM Shelf (U.S.)	89	88	8	–	8	0.1x	0.5x
Liberty II *(30 Jan 2014)*	Bakken, PRB (U.S.)	142	142	–	–	–	0.0x	0.4x
Total Current Portfolio[4]		**$1,320**	**$1,237**	**$252**	**$283**	**$535**	**0.4x**	**0.4x**

Realisations

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 Dec 2019 Gross MOIC[2]
Rock Oil[5] *(12 Mar 2014)*	Permian (U.S.)	$114	$114	$231	$2	$233	2.0x	2.1x
Three Rivers III *(7 Apr 2015)*	Permian (U.S.)	94	94	204	–	204	2.2x	2.2x
Meritage III[6] *(7 Apr 2015)*	Western Canada	40	40	83	–	83	2.1x	2.1x
RCO[7] *(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 Midstream *(9 Jul 2019)*	Vaca Muerta (Argentina)	23	23	23	–	23	1.0x	1.0x
Ridgebury H3[3] *(19 Feb 2019)*	Global	18	18	22	–	22	1.2x	1.2x
Castex 2014 *(3 Sept 2014)*	Gulf Coast Region (U.S.)	52	52	8	3	11	0.2x	0.4x
Total Realisations[4]		**$440**	**$440**	**$692**	**$5**	**$697**	**1.6x**	**1.6x**
Withdrawn Commitments and Impairments[8]		121	121	1	–	1	0.0x	0.0x
Total Investments[4][9]		**$1,881**	**$1,798**	**$945**	**$288**	**$1,233**	**0.7x**	**0.7x**
Cash and Cash Equivalents[10]					**$99**			
Total Investments & Cash and Cash Equivalents[4]					**$387**			

(1) Gross realised capital is total gross proceeds realised on invested capital. Of the $945 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.. 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 U.S. tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. ECI. The C Corporations file U.S. corporate tax returns with the U.S. IRS and pay U.S. corporate taxes on its taxable income

(3) Investment is consistent with the Company's modified investment strategy that was adopted in 2019

(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 at 31 December 2020 of $31.4 million

(10) This figure is comprised of $8.8 million held at the Company, $90.3 million held at the Partnership and $Nil million held at REL US Corp

Investment Manager's Report continued

Investment Portfolio Summary

As of 31 December 2020, REL's portfolio comprised nine active investments including seven E&P investments, one power investment and one renewable energy investment.

$268m

invested in full its commitment to Centennial

$174m

invested of its $200 million commitment to ILX III

CENTENNIAL RESOURCE DEVELOPMENT

As of 31 December 2020, REL, through the Partnership, has invested in full its $268 million commitment to Centennial. Centennial, based in Denver, Colorado, is an E&P company focussed on the acquisition and development of oil and liquids-rich natural gas resources in the Permian Delaware Basin, West Texas. The company has rapidly aggregated an 80,100 net acre position in its targeted basin.

Centennial recommenced drilling activity during the third quarter of 2020 and is currently operating a one-rig programme, after it temporarily suspended its drilling programme due to the poor commodity price environment experienced during the first half of 2020. Based on recent operational performance, Centennial has increased its full-year 2020 oil production target to 36,000 barrels per day and total company production to 67,000 boepd.

The company continues to focus on preserving balance sheet strength and liquidity. Centennial reduced its full-year capital expenditure budget and 2020 LOE per unit, in addition to G&A, DD&A and severance & Ad Valorem taxes. As a result of enhanced operational performance and well cost improvements, Centennial expects to generate incremental free-cash-flow during the fourth quarter, at current strip prices.

To-date, Centennial has hedged approximately 3,471 barrels per day and 2,247 barrels per day of forecasted oil production in 2021 at a weighted average price of $42.59 per barrel WTI and $47.79 per barrel Brent, respectively.

REL, through the Partnership, owns approximately 15.2 million shares which are publicly traded (NASDAQ:CDEV), at a weighted average purchase price of $11.21.

As of 31 December 2020, REL's interest in Centennial, through the Partnership, was valued at 0.7x Gross MOIC[(1)] or $195 million (Realised: $172 million, Unrealised: $23 million). The Gross MOIC[(1)], which reflects the mark-to-market value of REL's shareholding, increased over the period.

ILX III

As of 31 December 2020, REL, through the Partnership, has invested $174 million of its $200 million commitment to ILX III. ILX III, based in Houston, Texas, is a joint-venture with Ridgewood Energy Corporation and pursues a strategy of acquiring non-operated working interests in oil-focussed exploration projects in the Gulf of Mexico. To date, the company has participated in nine commercial discoveries, of which four are currently producing oil, and one is temporarily shut in.

In October 2020, all of ILX III's producing discoveries were temporarily shut-in as a result of Hurricane Delta and Hurricane Zeta. While production has since been brought back online, the company's Durango discovery remains shut-in due to a subsea infrastructure issue. Current company guidance contemplates bringing the Calliope and Praline discoveries online in 2021 and the Khaleesi and Mormont discoveries in 2022. During the fourth quarter of 2020, ILX III hedged approximately 861,000 barrels of oil between November 2020 and October 2024, at a weighted average price of $44 per barrel bringing total hedged volumes to approximately 2.2 million barrels of oil through October 2024, representing approximately 60 per cent. of forecasted production, at a weighted average price of $48/bbl. As of 31 December 2020, ILX III was producing approximately 5,770 boepd.

As of 31 December 2020, REL's interest in ILX III, through the Partnership, was valued at 0.8x Gross MOIC[(1)] or $140 million (Realised: $5 million, Unrealised: $135 million). The Gross MOIC[(1)] increased over the period.

CENTENNIAL

Ridgewood Energy ILX Holdings

$53m

invested of its $66 million commitment to Onyx

$295m

invested of its $307 million commitment to Hammerhead

ONYX POWER

As of 31 December 2020, REL, through the Partnership, has invested $53 million of its $66 million commitment to Onyx. Onyx is a European-based independent power producer that was created through the successful acquisition of 2,350MW of gross installed capacity (1,941MW of net installed capacity) of five coal- and biomass-fired power plants in Germany and the Netherlands from Engie SA. Two of the facilities in the current portfolio are among Europe's most recently constructed thermal plants, which benefit from high efficiencies, substantial environmental controls, low emissions profiles and the potential use of sustainable biomass.

Since January 2020, the Rotterdam plant has been in an unplanned outage after damage to the boiler. The plant is expected to return to service by the second quarter of 2021, and both the cost of the repair and the lost income are being covered by insurance, minus a modest deductible. While the company has faced some market headwinds through the last year from short term market weakness as a result of the ongoing COVID-19 pandemic, the management team continues to work on several initiatives related to regulatory developments, cost optimisation, and future site development options. The Investment Manager expects that these initiatives will be resolved during the second quarter of 2021.

As of 31 December 2020, REL's interest in Onyx, through the Partnership, was valued at 1.0x Gross MOIC[(1)] or $53 million (Realised: $- million, Unrealised: $53 million). The Gross MOIC[(1)] remained flat over the period.

HAMMERHEAD

As of 31 December 2020, REL, through the Partnership, has invested $295 million of its $307 million commitment to Hammerhead. Hammerhead is a Calgary-based private E&P company focussed on the liquids-rich unconventional resources in the Montney and Duvernay resource plays in Western Canada. Since its establishment in 2010, Hammerhead has aggregated one of the largest and most advantaged land positions in the Montney and Duvernay formations of Western Canada's Deep Basin. The company controls and operates almost 100 per cent. of this asset base, which comprises over 2,000 net drilling locations across approximately 190,000 Montney net acres. Since Riverstone's initial investment, Hammerhead has increased production almost ten-fold and has significantly grown reserves to 410 mmboe. As of 31 December 2020, the company was producing approximately 30,200 boepd.

Following the significant decline in commodity prices that occurred during the second quarter of 2020, Hammerhead elected to temporarily suspend its drilling programme to generate free-cash-flow for the paydown of outstanding indebtedness under its reserve-based lending facility. While the company continues to focus on preserving liquidity, Hammerhead does have a modest drilling programme planned for 2021 and expects the majority of drilling activity to occur during the second half of 2021. As of 31 December 2020, Hammerhead has hedged approximately 65 per cent. of forecasted 2021 oil production at a weighted average price of CAD$56 per barrel.

As of 31 December 2020, REL's interest in Hammerhead, through the Partnership, was valued at 0.2x Gross MOIC[(1)] or $45 million (Realised: $23 million, Unrealised: $22 million). The Gross MOIC[(1)] remained flat over the period.

ONYX POWER

HAMMERHEAD RESOURCES / CIOC

(1) 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 U.S. tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. ECI. The C Corporations file U.S. corporate tax returns with the U.S. IRS and pay U.S. corporate taxes on its taxable income

Investment Manager's Report continued

Investment Portfolio Summary (continued)

$110m

invested of its $133 million commitment to Carrier II

$18m

invested of its $25 million commitment to Enviva

CARRIER II

As of 31 December 2020, REL, through the Partnership, has invested $110 million of its $133 million commitment to Carrier II. Carrier II, based in Houston, TX, is focussed on the acquisition and exploitation of upstream oil and gas assets by partnering with select operators that are developing both conventional and unconventional reservoirs in North America. Shortly after its establishment in May 2015, Carrier II entered into a joint venture agreement with a highly experienced operator group made up of Henry Resources, LLC and PT Petroleum, LLC, targeting 19,131 net acres for development in the southern Midland Basin (subsequently increased to 20,260 net acres), which the company exited in November 2019. In addition, through three separate acquisitions between 2015 and 2016, the company has acquired 3,935 net acres in Karnes County in the Eagle Ford basin, targeting the Sugarloaf Project and the Reynolds Project, both operated by Marathon Oil Corp.

During 2020, Carrier successfully drilled & completed 8 Eagle Ford wells, resulting in a total of 42 completed wells since 2019. The company is currently focused on preserving balance sheet strength and is utilising its free-cash-flow generation to pay down outstanding indebtedness under its reserve-based lending facility. As of 31 December 2020, Carrier II was producing approximately 3,300 boepd and the company had hedged approximately 33 per cent. of forecasted 2021 gas production at a weighted average price of $2.97/MMBtu.

Since inception, Carrier II has distributed $29 million through dividends to REL, through the Partnership, representing approximately 26 per cent. of REL's invested capital. As of 31 December 2020, REL's interest in Carrier II, through the Partnership, was valued at 0.4x Gross MOIC[1] or $44 million (Realised: $29 million, Unrealised: $15 million). The Gross MOIC[1] remained flat over the period.

CARRIER
ENERGY PARTNERS

ENVIVA

As of 31 December 2020, REL, through the Partnership, has invested $18 million of its $25 million commitment to Enviva. Enviva, based in Bethesda, Maryland, is the world's largest supplier of wood pellets to major utilities and heat and power generators, principally in Europe and Japan. Through its subsidiaries, Enviva owns and operates nine plants with a combined wood pellet production capacity of approximately 5.4 million MTPY.

In August 2020, Enviva closed the Greenwood drop-down and Georgia Biomass acquisition and associated export terminal. The company continues to successfully integrate the acquisitions while expanding its sales pipeline in Europe and Asia. The company's revenue backlog for the fourth quarter of 2020 was $19.4 billion and the weighted average remaining term was 13.7 years. Additionally, construction is continuing on the Pascagoula terminal, Lucedale plant, and Epes plant representing 3+ million MPTY of capacity.

As of 31 December 2020, REL's interest in Enviva, through the Partnership, was valued at 1.6x Gross MOIC[1] or $29 million (Realised: $0 million, Unrealised: $29 million). The Gross MOIC[1] increased over the period.

enviva

$90m

invested in full its commitment to CNOR

$88m

invested of its $89 million commitment to Fieldwood

CNOR

As of 31 December 2020, REL, through the Partnership, has invested in full its $90 million commitment to CNOR. CNOR is a Calgary-based oil and gas company focussed on the Western Canadian Sedimentary Basin. The company invested in a joint venture with Tourmaline Oil Corp. targeting the Peace River High area (126,000 net acres), which it sold in 3Q19 for C$175 million. Earlier in 2019, CNOR closed on a strategic combination with publicly-traded Blackbird Energy to consolidate its ~25,000 net acre Pipestone Montney position with that of Blackbird's offsetting ~73,000 acres. The pro forma company is named Pipestone Energy Corporation and trades under TSX: PIPE. During the third quarter of 2019, Pipestone completed the build-out of required infrastructure needed to expand its future operations, and PIPE has since been working towards bringing incremental production online. During 2020, the company is expected to average production of approximately 15,500 boepd.

As of 31 December 2020, REL's interest in CNOR, through the Partnership, was valued at 0.2x Gross MOIC(1) or $22 million (Realised: $16 million, Unrealised: $6 million). The Gross MOIC(1) increased over the period.

CNOR L.P.
CANADIAN NON-OPERATED RESOURCES I LTD.

FIELDWOOD

As of 31 December 2020, REL, through the Partnership, has invested $88 million of its $89 million commitment to Fieldwood. Riverstone formed Fieldwood in partnership with Chief Executive Officer Matt McCarroll and his team in December 2012. REL made its investment in Fieldwood in 2014, as the company acquired the Gulf of Mexico interests from Apache Corporation and SandRidge Energy, Inc. Fieldwood underwent a restructuring that concluded in April 2018 and resulted in the acquisition of Noble Energy's deepwater Gulf of Mexico portfolio.

To alleviate liquidity concerns, and in response to the oil price downturn during the period, Fieldwood reduced headcount, cut expenses, and had to shut-in a substantial amount of production. In addition, Fieldwood restructured its hedge book yet faced a significant liquidity shortfall amid reduced production and commodity prices. As a result, the company elected to miss its April 2020 interest payment and entered into a forbearance agreement with lenders. On August 3, 2020, Fieldwood filed for Chapter 11 restructuring and has been negotiating extensively with lenders. Matt McCarroll has stepped down as CEO 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 oversee day-to-day operations and report to the board.

As of 31 December 2020, REL's interest in Fieldwood, through the Partnership, was valued at 0.1x Gross MOIC(1) or $8 million (Realised: $8 million, Unrealised: $- million). The Gross MOIC(1) remained flat over the period.

FIELDWOOD ENERGY

(1) 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 U.S. tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. ECI. The C Corporations file U.S. corporate tax returns with the U.S. IRS and pay U.S. corporate taxes on its taxable income

Investment Manager's Report continued

Investment Portfolio Summary (continued)

$142m

invested in full its commitment to Liberty II

Realised Investments

$80m

invested in RCO

LIBERTY II

As of 31 December 2020, REL, through the Partnership, has invested in full its $142 million commitment to Liberty II. Liberty II established positions in the Williston (Bakken) and Powder River Basins through a series of acquisitions expected to benefit from Liberty II's sophisticated and proprietary well completion technology. Liberty II subsequently sold its position in the Powder River Basin and is currently focussed on the development of its Bakken acreage, which has grown to approximately 104,000 net acres through aggressive grassroots leasing efforts in the East Nesson and bolt-on acquisitions. Acquisitions have resulted in an extensive drilling inventory and many contiguous acreage positions of scale.

Liberty II suspended drilling activities throughout 2020 as a result of the low commodity price environment and the restructuring of its reserve-based lending facility. While the economic terms of the pending restructuring of the company's reserve-based lending facility have been agreed to in principle, REL has elected to not participate in the required new equity contribution, which is likely to fully dilute REL's existing equity position. While there is still risk to the transaction closing, REL, through the Partnership, has decreased the Gross MOIC(1) to 0.0x to reflect the implied valuation of its position following completion of the restructuring. Liberty II is currently producing approximately 4,600 boepd and has hedged approximately 86 per cent. and 43 per cent. of forecasted 2021 and 2022 oil production, respectively, at a weighted average price of approximately $55 per barrel.

As of 31 December 2020, REL's interest in Liberty II, through the Partnership, was valued at 0.0x Gross MOIC(1) or $0 million (Realised: $- million, Unrealised: $- million). The Gross MOIC(1) declined over the period.

LIBERTY RESOURCES

RCO

RCO was formed in January 2015 to take advantage of the dislocation in the leveraged capital markets for energy companies. Since its inception, RCO made a total of 32 investments, all of which have already been fully exited.

As of 31 December 2020, REL's interest in RCO, through the Partnership, was valued at 1.0x Gross MOIC(1) or $80 million (100 per cent. realised).

RCO

$23m

invested in Aleph

$18m

invested in Ridgebury H3

ALEPH MIDSTREAM

Aleph Midstream was the first independent midstream company focussed on gathering and processing infrastructure in the oil window of Argentina's Vaca Muerta shale play.

In February 2020, REL decided to unwind its commitment to Aleph Midstream due to the macroeconomic conditions in Argentina as well as certain condition precedents that have not been met with its anchor customer. In March 2020, REL was reimbursed for its fund invested capital in Aleph Midstream.

As of 31 December 2020, REL's interest in Aleph Midstream, through the Partnership, was valued at 1.0x Gross MOIC(1) or $23 million (100 per cent. realised).

RIDGEBURY H3

As of 31 December 2020, REL, through the Partnership, has invested in full its $18 million commitment to Ridgebury H3. Ridgebury H3, based in Westport, Connecticut, is an international shipping company, targeting the Handy size tanker markets, and initially owned three approximately 10-year old Handy size product tankers. Ridgebury H3 is managed by the same team as Ridgebury Tankers, a Riverstone portfolio company led by Bob Burke, a long-time shipping executive with 30 years of shipping industry experience.

In January 2020, Ridgebury H3 sold its spot vessel, the Nalini D, one of the three Handy vessels purchased in April 2019, to Tufton Oceanic, at a premium to its original purchase price. During the fourth quarter of 2020, the company closed on the sale of its two remaining vessels, the Elvia B and the Colette B, to Tufton Oceanic. REL, through the Partnership, expects to fully realise its investment in Ridgebury H3 during the first quarter of 2021.

As of 31 December 2020, REL's interest in Ridgebury H3, through the Partnership, was valued at 1.2x Gross MOIC(1) or $22.4 million (Realised: $21.9 million, Unrealised: $0.5 million). As of 31 December 2020, the remaining unrealised value represents the residual proceeds from the sale of the two remaining vessels.

Aleph MIDSTREAM

RIDGEBURY TANKERS

(1) 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 U.S. tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. ECI. The C Corporations file U.S. corporate tax returns with the U.S. IRS and pay U.S. corporate taxes on its taxable income

Investment Manager's Report continued

Realised Investments (continued)

$52m

invested in Castex 2014

CASTEX 2014

Castex 2014 is a Houston-based oil and gas company focussed on gas exploration opportunities in the U.S. Gulf Coast Region. In Q4 2019, the company was sold to Talos for cash proceeds and Talos shares.

As of 31 December 2020, REL's interest in Castex 2014, through the Partnership, was valued at 0.2x Gross MOIC[1] or $11 million (Realised: $8 million, Unrealised: $3 million). As of 31 December 2020, the remaining unrealised value represents the mark-to-market value of REL's shareholding in Talos shares.

CASTEX

Valuation

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 is compliant with IFRS and IPEV Valuation Guidelines and has been applied consistently from period to period since inception. As the Company's investments are generally not publicly quoted, valuations require meaningful judgement to establish a range of values, and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant.

The Investment Manager values each underlying investment in accordance with the Riverstone valuation policy, the IFRS accounting standards and IPEV Valuation Guidelines. 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. 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) 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 U.S. tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. ECI. The C Corporations file U.S. corporate tax returns with the U.S. IRS and pay U.S. corporate taxes on its taxable income

Uninvested Cash

As of 31 December 2020, REL had a cash balance of $8.8 million, gross of the accrued share buyback transactions of $3 million, and the Partnership, including its wholly-owned subsidiaries, REL Cayman Holdings, LP, REL US Corp and REL US Centennial Holdings, LLC, had uninvested funds of over $90.3 million held as cash and money market fixed deposits, gross of the accrued Management Fee of $1.2 million. As in prior years, in accordance the Partnership Agreement, if the Company requires additional funds for working capital, it is entitled to receive another distribution from the Partnership. The Partnership maintains deposit accounts with several leading international banks. In addition, the Partnership invests a portion of its cash deposits in short-term money market fixed deposits. REL's treasury policy seeks to protect the principal value of cash deposits utilising low risk investments with top-tier counterparts. Uninvested cash earned approximately 134 basis points during the year ended 31 December 2020.

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 16,958,265 shares, in aggregate, for £49 million ($62 million) at an average share price of £2.90 ($3.67). After these share buybacks and the accrued Management Fee, REL's aggregate cash balance is $95 million.

As of 31 December 2020, REL, through the Partnership, had potential unfunded commitments of $83 million. In connection with the listing of REL on the London Stock Exchange, all proceeds of the offering were converted to U.S. dollars at an average rate of 1.606 at inception. All cash deposits referred to above are denominated in U.S. dollars. Additionally, REL's functional currency and Financial Statements are all presented in U.S. dollars. The Partnership's commitments are denominated in U.S. dollars, except Hammerhead and CNOR which are denominated in Canadian dollars.

Subsequent Events

Subsequent to year-end, REL, through the Partnership, funded all of its $25 million commitment to Loanpal in conjunction with the closing of the transaction on 13 January 2021. Loanpal is a San Francisco based sustainable home improvement loan originator, providing a point-of-sale lending platform used by key residential contractors. Loanpal does not take funding risk, and the company presells its originated loans via forward purchase agreements to large funds managed by asset managers including Blackstone and Goldman Sachs. The company's attractive unit economics and asset-light business model allow for rapid growth and the ability to scale faster than its competitors, while generating free cash flow by capitalising on upfront net cash payments for loan originations and avoiding costly SG&A and capital expenditures incurred by other portions of the value chain.

Additionally, and subsequent to year-end, REL, through the Partnership fully funded its $10 million commitment to FreeWire. Based in the San Francisco Bay Area and led by co-founder and CEO Arcady Sosinov, FreeWire designs, manufactures, and markets unitised battery-integrated DCFCs to customers such as retailers, utilities, electric vehicle fleet operators, and charging station network operators across the globe. In addition to hardware sales, FreeWire's software platform offers recurring revenues, enabling charger management and third-party platform integration with plans to offer energy management and grid services.

Furthermore, again post year-end, REL, through the Partnership, announced a commitment of $10 million to Decarbonization Plus Acquisition Corporation (NASDAQ: DCRB), via a private placement, and fully funded its commitment of $0.6 million to Decarbonization Plus Acquisition Corporation II (NASDAQ: DCRNU), via an initial public offering, respectively. Both entities are blank check companies formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganisation or similar business combination with a target whose principal effort is developing and advancing a platform that decarbonises the most carbon-intensive sectors. These include the energy and agriculture, industrials, transportation and commercial and residential sectors. On 9 February 2021, Hyzon Motors Inc. ("Hyzon") and Decarbonization Plus Acquisition Corporation announced a definitive agreement for a business combination, which is expected to close during the second quarter of 2021, that would result in Hyzon becoming a publicly listed company. Hyzon is the industry-leading global supplier of zero-emissions hydrogen fuel cell powered commercial vehicles.

Lastly, Riverstone Holdings, LLC, directors of Talos Energy Inc. (NYSE: TALO) designated by Riverstone, and other parties are among the defendants in a shareholder action filed in late May 2020 challenging the December 2019 transactions by which TALO acquired assets from Riverstone related entities: Castex Energy 2014, LLC, ILX Holdings LLC, ILX Holdings II, LLC and ILX Holdings III, LLC. Riverstone and the other defendants have filed a motion to dismiss such claims and, based on the current stage of the claims, no estimate can be made of the outcome at this time.

Outlook

The Investment Manager is continuing to actively work with each of its portfolio company management teams to determine the go-forward business plans, especially in light of the recent developments in the market related to OPEC+ and coronavirus. The next twelve months are expected to be challenging, and Riverstone is still focussed on managing its portfolio for an additional period of prolonged uncertainty. Initiatives across portfolio companies that are expected to continue include prioritising liquidity, renegotiating debt covenants, reductions in G&A, pulling back capital expenditures and drilling activity, and monetising hedges where accretive. The Investment Manager also expects to continue identifying new investments within decarbonisation with attractive risk-reward profiles to support value creation for Shareholders going forward.

RIGL Holdings, LP
23 February 2021

Investment Policy

THE INVESTMENT MANAGER CONTINUES TO REPOSITION THE COMPANY'S FOCUS AWAY FROM COMMODITY PRICE SENSITIVE OIL AND GAS INVESTMENTS IN THE EXPLORATION AND PRODUCTION SECTOR

AND TO INCREASE ITS FOCUS ON RENEWABLE, DECARBONISATION AND SELECTIVE INFRASTRUCTURE INVESTMENTS, IN EACH CASE WITH STRONG ESG PROCESSES IN PLACE

This includes the Company's $25 million commitment announced in July 2020 to participate in the recapitalisation of Enviva Holdings, LP, and the Company's $25 million and $10 million commitments announced in January 2021 to Loanpal, LLC and FreeWire Technologies, Inc., respectively. Further, in February 2021, REL announced a $10 million commitment to Decarbonization Plus Acquisition Corporation (NASDAQ: DCRB), via a private placement, and a $0.6 million commitment to Decarbonization Plus Acquisition Corporation II (NASDAQ: DCRNU), via an initial public offering. The Company believes that each of these commitments provides an opportunity to create shareholder value while supporting REL's long-term focus on ESG and energy transition investments. Going forward, REL expects to continue to increase its exposure in areas that support decarbonisation across the entire investment spectrum, from traditional power generation to technology-enabled solutions that reduce the impacts of global climate change.

The Company's independent directors are supportive of the continuation of the Investment Manager's modified investment strategy for the immediate future. The independent directors will continue to monitor the Investment Manager's success in repositioning the Company's existing investment policy through the modified investment strategy. At the EGM, the Board committed to review the Investment Manager's performance and, before 31 December 2022, decide whether or not it would be in the best interests of all Shareholders to request an EGM to vote on a run-off of its portfolio.

Since REL, through the Partnership, has the right to invest alongside the Private Riverstone Funds as well as in investments consistent with its modified investment strategy, REL presents a unique opportunity for public market investors to gain exposure to Riverstone's investments in the attractive global energy transition sector.

The Investment Manager intends to manage investments for the benefit of all of its investors. If any matter arises that the Investment Manager determines in its good faith judgement constitutes an actual conflict of interest, the Investment Manager may take such actions as may be necessary or appropriate, having regard to all relevant terms of the Investment Management Agreement, to manage the conflict (and upon taking such actions the Investment Manager will be considered to have discharged responsibility for managing such conflict). The Directors are required by the Registered Collective Investment Schemes Rules 2018 issued by the GFSC to take all reasonable steps to ensure that there is no breach of the conflicts of interest requirements of those rules.

Asset Allocation

The Company acquires its interests in each Qualifying Investment at the same time (or as near as practicable thereto) as, and on substantially the same economic and financial terms as, the relevant Private Riverstone Funds.

The Company and the current Private Riverstone Funds, (Fund V and Fund VI) invest in each Qualifying Investment in which the Private Riverstone Funds participate in a ratio of one-third to REL to two-thirds to the Private Riverstone Funds. This investment ratio is subject to adjustment on a case-by-case basis (a) to take account of the liquid assets available to each of the Company and the Private Riverstone Funds for investment at the relevant time and any other investment limitations applicable to either of them or otherwise and (b) if both (i) a majority of the Company's independent Directors and (ii) the Investment Manager agree that the investment ratio should be adjusted for specific Qualifying Investments.

For each Private Riverstone Fund subsequent to Fund V and Fund VI which is of a similar size and has a similar investment policy to the Company, Riverstone will seek to ensure that, subject to the investment capacity of the Company at the time, the Company and the Private Riverstone Fund invest in Qualifying Investments in an investment ratio of one-third to REL to two-thirds to the Private Riverstone Fund or in such other ratio as the Company's independent Directors and the Investment Manager agree at or prior to the first closing of such Private Riverstone Fund.

Such investment ratio may be adjusted by agreement between the Company's independent Directors and the Investment Manager on subsequent closings of a Private Riverstone Fund having regard to the total capital commitments raised by that Private Riverstone Fund during its commitment period, the liquid assets available to the Company at that time and any other investment limitations applicable to either of them.

The Investment Manager typically seeks to ensure that the Company and the Private Riverstone Funds dispose of their interests in Qualifying Investments at the same time, on substantially the same terms, and in the case of partial disposals, in the same ratio as the relevant Qualifying Investment was acquired, but this may not always be the case.

In addition, the Company may at any time make investments consistent with its investment policy independent from Private Riverstone Funds, which may include investments alongside Riverstone employee co-investment vehicles or other Riverstone managed or advised co-investment vehicles. In such cases, approval by the Board is required.

The Company invests in public or private securities, may hold controlling or non-controlling positions in its investments and may make investments in the form of equity, equity-related instruments, indebtedness or derivatives (or a combination of any of them). The Company does not permit any investments to be the subject of stock lending or sale and repurchase of shares.

Diversification

Save for the Company's investment in Hammerhead, which may represent up to 35 per cent. of the Company's gross assets, including cash holdings, measured at the time the investment is made, no one investment made by the Company, through the Partnership, may (at the time of the relevant investment) represent more than 25 per cent. of the Company's gross assets, including cash holdings, measured at the time the investment is made.

The Company utilises the Partnership and its subsidiary undertakings or other similar investment holding structures to make investments and this limitation does not apply to its ownership interest in any such subsidiary undertaking (nor, for the avoidance of doubt, to the Company's interest in the Partnership).

Gearing

The Company can, but is not required to, incur indebtedness for investment purposes, to the extent that such indebtedness is a precursor to an ultimate equity investment, working capital requirements and to fund own-share purchases or retentions up to a maximum of 30 per cent. of the last published NAV as at the time of the borrowing unless approved by the Company by an ordinary resolution. This limitation does not apply to portfolio level entities in respect of which the Company is invested but it does apply to all subsidiary undertakings utilised by the Company or the Partnership for the purposes of making investments. The consent of a majority of the Company's Directors, with consent of the Investment Manager, shall be required for the Company or the Partnership to enter into any credit or other borrowing facility.

The Company must at all times comply with its published investment policy. For so long as the Ordinary Shares are listed on the Official List, no material change may be made to the Company's investment policy other than with the prior approval of both the Company's Shareholders and a majority of the independent Directors of the Company, and otherwise in accordance with the Listing Rules.

THE COMPANY INVESTS IN THE GLOBAL ENERGY AND INFRASTRUCTURE INDUSTRY ACROSS SUBSECTORS AND IS WELL-POSITIONED TO CAPITALISE ON OPPORTUNITIES ARISING FROM THE SHIFT TOWARDS ENERGY TRANSITION OVER THE LONG-TERM.

Investment Restrictions

The Company is subject to the following investment restrictions:

- for so long as required by the Listing Rules, it will at all times seek to ensure that the Investment Manager invests and manages the Company's and the Partnership's assets in a way which is consistent with the Company's objective of spreading risk and in accordance with the Company's investment policy;
- for so long as required by the Listing Rules, it must not conduct a trading activity which is significant in the context of the Company and its Investment Undertakings;
- for so long as required by the Listing Rules, not more than 10 per cent. of the value of its total assets will be invested in other UK-listed closed-ended investment funds, except for those which themselves have published investment policies to invest not more than 15 per cent. of their total assets in other UK-listed closed-ended investment funds; and
- any investment restrictions that may be imposed by Guernsey law (although no such restrictions currently exist).

Currency and interest rate hedging transactions will only be undertaken for the purpose of efficient portfolio management and these transactions will not be undertaken for speculative purposes.

Board of Directors

AN EXPERIENCED BOARD

Richard Hayden (75)
Chairman and Non-executive Independent Director

Appointment: Appointed to the Board in May 2013 and appointed as Chairman in May 2016

Experience: Mr Hayden serves as non-executive Chairman of TowerBrook Capital Partners Advisory Board and member of the Investment Committee. Prior to joining TowerBrook in 2009, Mr Hayden was Vice Chairman of GSC Group Inc and Global Head of the CLO and Mezzanine Debt business. Previously, Mr Hayden was with Goldman Sachs from 1969 to 1999. Mr Hayden held a variety of senior positions during his time at Goldman Sachs, including Deputy Chairman of Goldman Sachs International Ltd and Chairman of the Global Credit Committee. Mr Hayden has served on a number of corporate and advisory boards including CQS Capital Management, Haymarket Financial, Deutsche Borse and Abbey National Bank. Mr Hayden is currently on the Finance and Investment Committee of the Children's Investment Fund Foundation. Mr Hayden is a UK resident.

Committee Membership: Audit Committee Member; Nomination Committee Chairman; Management Engagement Committee Member

Patrick Firth (59)
Non-executive Senior Independent Director

Appointment: Appointed to the Board in May 2013 and appointed as Senior Independent Director in May 2016

Experience: Mr Firth qualified as a Chartered Accountant with KPMG Guernsey in 1991 and is also a member of the Chartered Institute for Securities and Investment. He has worked in the fund industry in Guernsey since joining Rothschild Asset Management (CI) Limited in 1992 before moving to become Managing Director at Butterfield Fund Services (Guernsey) Limited (subsequently Butterfield Fulcrum Group (Guernsey) Limited), a company providing third party fund administration services, where he worked from April 2002 until June 2009. He is a non-executive Director of a number of investment funds and management companies, including GLI Finance Limited, ICG Longbow Senior Secured UK Property Debt Investments Limited, India Capital Growth Fund Limited and NextEnergy Solar Fund Limited. Mr Firth is a UK resident.

Committee Membership: Audit Committee Chairman; Nomination Committee Member; Management Engagement Committee Member

Peter Barker (72)
Non-executive Independent Director

Appointment: Appointed to the Board in September 2013

Experience: Mr Barker was California Chairman of JPMorgan Chase & Co., a global financial services firm, from September 2009 until his retirement on 31 January 2013, and a member of its Executive Committee in New York. Mr Barker was also an Advisory Director of Goldman, Sachs & Co. from December 1998 until his retirement in May 2002, and a Partner of Goldman, Sachs & Co. from 1982 to 1998, heading up Investment Banking on the West Coast, having joined Goldman, Sachs & Co. in 1971. Mr Barker is President of the Fletcher Jones Foundation and has held numerous directorships. He is currently on the board of Avery Dennison Corporation, the W. M. Keck Foundation, the Irvine Company, and the Automobile Club of Southern California. Mr Barker is also a Trustee of Claremont McKenna College, having formerly been its Chairman, and was previously Chair of the Los Angeles Area Council of the Boy Scouts of America. Mr Barker is a U.S. resident.

Committee Membership: Audit Committee Member; Nomination Committee Member; Management Engagement Committee Member

Jeremy Thompson (65)
Non-executive Independent Director

Appointment: Appointed to the Board in May 2016

Experience: Mr Thompson has sector experience in Finance, Telecoms, Engineering and Oil & Gas. He acts as an independent non-executive director for both listed, including DP Aircraft 1 Limited, and PE funds. Prior to that, he has worked in private equity and was CEO of four autonomous global businesses within Cable & Wireless Plc (operating in both regulated and unregulated markets), and earlier held CEO roles within the Dowty Group. He currently serves as chairman of the States of Guernsey Renewable Energy Team and is a commissioner of the Alderney Gambling Control Commission. He is also an independent member of the Guernsey Tax Tribunal panel. He is a graduate of Brunel (B.Sc), Cranfield (MBA) and Bournemouth (M.Sc) Universities and was an invited member to the UK's senior defence course (Royal College of Defence Studies). He is a member of the IoD and holds the IoD's Certificate and Diploma in Company Direction, is an associate of the Chartered Institute of Arbitration and a chartered Company Secretary. Mr Thompson is a resident of Guernsey and has previously lived and worked in the UK, USA and Germany.

Committee Membership: Audit Committee Member; Nomination Committee Member; Management Engagement Committee Member

Claire Whittet (65)
Non-executive Independent Director

Appointment: Appointed to the Board in May 2015

Experience: Mrs Whittet has over 40 years of experience in the financial services industry. After obtaining a MA (Hons) in Geography from the University of Edinburgh, she joined the Bank of Scotland for 19 years and undertook a wide variety of roles. She moved to Guernsey in 1996 and was Global Head of Private Client Credit for Bank of Bermuda before joining the Board of Rothschild & Co Bank International Limited in 2003, initially as Director of Lending and latterly as Managing Director and Co-Head until May 2016 when she became a non-executive Director. Mrs Whittet is an ACIB member of the Chartered Institute of Bankers in Scotland, a Chartered Banker, a member of the Chartered Insurance Institute and holds an IoD Diploma in Company Direction. She is an experienced non-executive Director of five other listed funds (BH Macro Limited, Eurocastle Investment Limited, International Public Partnerships Limited, Third Point Offshore Investors Limited and TwentyFour Select Monthly Income Fund Limited) and various PE funds. Mrs Whittet is a Guernsey resident.

Committee Membership: Audit Committee Member; Nomination Committee Member; Management Engagement Committee Chairman

Report of the Directors

The Directors hereby submit the Annual Report and Audited Financial Statements for the Company for the year ended 31 December 2020. This Report of the Directors should be read together with the Corporate Governance Report on pages 38 to 47.

General Information

Riverstone Energy Limited is a company limited by shares, which was incorporated on 23 May 2013 in Guernsey with an unlimited life and registered with the Commission as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law. It has been listed on the London Stock Exchange since 29 October 2013. The registered office of the Company is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

Principal Activities

The principal activity of the Company is to act as an investment entity through the Partnership and make privately negotiated equity investments in the energy sector.

The Company's investment objective is to generate long-term capital growth by investing in the global energy sector, with a particular focus on opportunities in the global exploration and production and midstream energy sub-sectors. The Company may also make investments in other energy sub-sectors (including transportation energy services and power and coal).

Business Review

A review of the Company's business and its likely future development is provided in the Chairman's Statement on pages 4 to 7 and in the Investment Manager's Report on pages 14 to 25.

Listing Requirements

Since being admitted on 29 October 2013 to the Official List of the UK Listing Authority, maintained by the FCA, the Company has complied with the applicable Listing Rules.

Results and Dividend

The results of the Company for the year are shown in the audited Statement of Comprehensive Income on page 59.

The Net Asset Value of the Company as at 31 December 2020 was $390 million (31 December 2019: $772 million).

The Directors do not recommend the payment of a dividend in respect of the year ended 31 December 2020 (31 December 2019: $Nil).

Share Capital

At incorporation on 23 May 2013, the Company issued one founder Ordinary Share of no par value. On 29 October 2013, the Company issued 71,032,057 Ordinary Shares of no par value at £10 per Ordinary Share in an initial public offering raising a total of $1,138 million.

KFI, one of the Cornerstone Investors in the Company, paid for and acquired 10 million Ordinary Shares in two equal tranches of £50 million. The first tranche was paid on Admission and the second tranche of 5 million Ordinary Shares was paid on 26 September 2014.

On 11 December 2015, the Company raised £67.6 million ($102.3 million)[(1)] through the issuance of 8,448,006 new Ordinary Shares at £8.00 per Ordinary Share.

On 15 October 2018, the Company announced a Tender Offer for £55.0 million in value of the Company's Ordinary Shares. The Company acquired 4,583,333 Ordinary Shares which were cancelled on 23 November 2018.

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 16,958,265 shares, in aggregate, for £49 million ($62 million) at an average share price of £2.90 ($3.67).

Following admission of the new Ordinary Shares, the cancellation of Ordinary Shares from the Tender Offer, and the shares purchased and cancelled during the 2020 buyback programme, the share capital of the Company is 62,938,466 Ordinary Shares in aggregate.

The Company has one class of Ordinary Shares. The issued nominal value of the Ordinary Shares represents 100 per cent. of the total issued nominal value of all share capital. Under the Company's Articles of Incorporation, on a show of hands, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, provided the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company. The Company has not declared or paid dividends from inception to 31 December 2020, and has no intention to do so.

The Ordinary Shares have no right to fixed income.

(1) Gross of share issuance costs of $3.6 million

Shareholdings of the Directors

The Directors with beneficial interests in the shares of the Company as at 31 December 2020 and 2019 are detailed below:

Director	Ordinary Shares held 31 December 2020	Per cent. Holding at 31 December 2020	Ordinary Shares held 31 December 2019	Per cent. Holding at 31 December 2019
Richard Hayden[(1)]	10,000	0.016	10,000	0.013
Peter Barker[(1)(2)]	5,000	0.008	5,000	0.006
Patrick Firth[(3)]	8,000	0.013	8,000	0.010
Jeremy Thompson[(1)]	3,751	0.006	3,751	0.005
Claire Whittet[(1)(4)]	2,250	0.004	2,250	0.003
Pierre Lapeyre[(5)(6)]	50,000	0.079	50,000	0.063
David Leuschen[(6)]	–	–	–	–
Ken Ryan[(6)]	–	–	–	–

(1) Non-executive Independent Director
(2) Ordinary Shares held jointly with spouse
(3) Senior Independent Director
(4) Ordinary Shares held indirectly with spouse
(5) Mr Lapeyre holds 50,000 Ordinary Shares directly, and has a beneficial interest in REL Coinvestment, LP, which as at the year-end consisted of 1,976,750 Ordinary Shares, and Riverstone Energy Limited Capital Partners LP, which as at the year-end consisted of 627,920 Ordinary Shares. Mr Leuschen, Mr Ryan and other members of Riverstone senior management have a beneficial interest in REL Capital Partners LP, which at the year-end consisted of 1,007,606 Ordinary Shares. Other Riverstone senior management have a beneficial interest in REL Coinvestment, LP consisting of 843,353 Ordinary Shares.
(6) Resigned as Director of the Company with effect from 30 October 2020

In addition, the Company also provides the same information as at 23 February 2021, being the most current information available.

Director	Ordinary Shares held 23 February 2021	Per cent. Holding at 23 February 2021
Richard Hayden[(1)]	10,000	0.016
Peter Barker[(1)(2)]	5,000	0.008
Patrick Firth[(3)]	8,000	0.013
Jeremy Thompson[(1)]	3,751	0.006
Claire Whittet[(1)(4)]	2,250	0.004

(1) Non-executive Independent Director
(2) Ordinary Shares held jointly with spouse
(3) Senior Independent Director
(4) Ordinary Shares held indirectly with spouse

Directors' Authority to Buy Back Shares

At the AGM on 17 June 2020 in St Peter Port, Guernsey, the Company renewed the authority to make market purchases of up to a maximum of 14.99 per cent. of the issued share capital of the Company. Any buy back of the Company's Ordinary Shares will be made subject to Companies Law and within any guidelines established from time to time by the Board.

The making and timing of any buy backs will be at the absolute discretion of the Board, with consent of the Investment Manager, and not at the option of the Shareholders. Purchases of the Company's Ordinary Shares will only be made through the market for cash at prices below the prevailing Net Asset Value of the Company's Ordinary Shares (as last calculated) where the Directors believe such purchases will enhance Shareholder value. Such purchases will also only be made in accordance with the Listing Rules.

In accordance with the Company's Articles of Incorporation and Companies Law, up to 10 per cent. of the Company's Ordinary Shares may be held as treasury shares.

Directors' and Officers' Liability Insurance

The Company maintains insurance in respect of directors' and officers' liability in relation to their acts on behalf of the Company.

Substantial Shareholdings

As at 31 December 2020, the Company had been notified, in accordance with Chapter 5 of the Disclosure Guidance and Transparency Rules, of the following substantial voting rights as Shareholders of the Company.

Shareholder	Shareholding	Per cent. Holding	Nature of Holding
AKRC Investments LLC[(1)(2)]	20,199,580	32.1	Indirect
Quilter Investors	12,309,369	19.6	Indirect
MMF MLP, Ltd[(1)(3)]	8,430,490	13.4	Direct
Riverstone Directors of REL and Related Holdings[(4)]	4,505,629	7.2	Direct

In addition, the Company also provides the same information as at 23 February 2021, being the most current information available.

Shareholder	Shareholding	Per cent. Holding	Nature of Holding
AKRC Investments LLC[(1)(2)]	20,199,580	32.1	Indirect
Quilter Investors	12,309,369	19.6	Indirect
MMF MLP, Ltd[(1)(3)]	8,430,490	13.4	Direct
Riverstone Directors of REL and Related Holdings[(4)]	4,505,629	7.2	Direct

(1) Held by a Cornerstone Investor
(2) Holding increased to 32.1 per cent. over the year as a result of the share buyback programme
(3) Formerly known as Kendall Family Investments LLC
(4) Mr Lapeyre holds 50,000 Ordinary Shares directly, and has a beneficial interest in REL Coinvestment, LP, which as at the year-end consisted of 1,976,750 Ordinary Shares, and Riverstone Energy Limited Capital Partners LP, which as at the year-end consisted of 627,920 Ordinary Shares. Mr Leuschen, Mr Ryan and other members of Riverstone senior management have a beneficial interest in REL Capital Partners LP, which at the year-end consisted of 1,007,606 Ordinary Shares. Other Riverstone senior management have a beneficial interest in REL Coinvestment, LP consisting of 843,353 Ordinary Shares.

The Directors confirm that there are no securities in issue that carry special rights with regards to the control of the Company.

Report of the Directors continued

Independent External Auditor

Ernst & Young LLP has been the Company's external auditor since incorporation. The Audit Committee reviews the appointment of the external auditor, its effectiveness and its relationship with the Company, which includes monitoring the use of the external auditor for non-audit services and the balance of audit and non-audit fees paid. Following a review of the independence and effectiveness of the external auditor, a resolution will be proposed at the 2021 Annual General Meeting to reappoint Ernst & Young LLP. Each Director believes that there is no relevant information of which the external auditor is unaware. Each has taken all steps necessary, as a Director, to be aware of any relevant audit information and to establish that Ernst & Young LLP is made aware of any pertinent information. This confirmation is given and should be interpreted in accordance with the provisions of Section 249 of the Companies Law. Further information on the work of the external auditor is set out in the Report of the Audit Committee on pages 48 to 51.

Articles of Incorporation

The Company's Articles of Incorporation may only be amended by special resolution of the Shareholders. At the AGM on 22 May 2018, the Company adopted Amended and Restated Articles.

AIFMD

REL is regarded as an externally managed non-EEA AIF under the AIFM Directive. RIGL is the Investment Manager of the Company as its non-EEA AIFM. The AIFMD outlines the required information which has to be made available to investors in an AIF and directs that material changes to this information be disclosed in the Annual Report of the AIF. All information required to be disclosed under the AIFMD is either disclosed in this Annual Report or is detailed in the Appendix entitled AIFMD Disclosures on page 178 in REL's latest Prospectus which can be obtained through the Company's website www.RiverstoneREL.com. The AIFM has no remuneration within the current or prior year that falls within the scope of Article 22 of the Directive.

RIGL provides AIFMD compliant management services to REL. The AIFM acting on behalf of the AIF, has appointed Ocorian Depositary Company (UK) Limited to provide depositary services to the AIF. The appointment of the Depositary is intended to adhere to, and meet the conditions placed on the Depositary and the AIFM under Article 21 and other related articles of the AIFMD. The Depositary shall only provide depositary services to the AIF should it admit one or more German and/or Danish investors following marketing activity towards them. At that time, the Depositary shall observe and comply with the Danish and German regulations applying to the provision of depositary services to a non-EEA AIF marketed in Denmark or Germany, as the case may be, by a non-EEA AIFM.

UCITS Eligibility

The Investment Manager is a relying adviser of Riverstone Investment Group LLC. Riverstone Investment Group LLC is registered as an investment adviser with the SEC under the U.S. Investment Advisers Act. As such, the Investment Manager is subject to Riverstone Investment Group LLC's supervision and control, the advisory activities of the Investment Manager are subject to the U.S. Investment Advisers Act and the rules thereunder and the Investment Manager is subject to examination by the SEC. Accordingly the Company has been advised that its Ordinary Shares should be "transferable securities" and, therefore, should be eligible for investment by authorised funds in accordance with the UCITS Directive or NURS on the basis that:

- the Company is a closed end investment company;
- the Ordinary Shares are admitted to trading on the Main Market of the London Stock Exchange; and
- the Ordinary Shares have equal voting rights.

However, the manager of the relevant UCITS or NURS should satisfy itself that the Ordinary Shares are eligible for investment by the relevant UCITS or NURS.

AEOI Rules

Under AEOI Rules the Company continues to comply with both FATCA and CRS requirements to the extent relevant to the Company.

General Partner's Performance Allocation and Management Fees

The General Partner's Performance Allocation is equal to 20 per cent. of all applicable realised pre-tax profits, in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019 (see Note 9 for further detail). In particular, taxes on realised gains from ECI investments, as shown in the Investment Manager's Report, in excess of existing net operating losses, can be substantial at rates up to 27.5 per cent. The Company is not an umbrella collective investment undertaking and therefore has no gross liability. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for U.S. tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. ECI. The C Corporations file U.S. corporate tax returns with the U.S. IRS and pay U.S. corporate taxes on its taxable income.

The General Partner's Performance Allocation is calculated under the aforementioned revised terms of the Partnership Agreement announced on 3 January 2020, but effective 30 June 2019, and as described in the Prospectuses.

The accrued Performance Allocation is calculated on a quarterly basis, which is taken into account when calculating the fair value of the Company's investment in the Partnership, as described in Note 10. The fair value of the Company's investment in the Partnership is after the calculation of Management Fees, as described in Note 9.

The financial effect of the General Partner's Performance Allocation, Management Fees and any taxes on ECI investments is shown in Note 6. The Investment Management Agreement continues into perpetuity post the seventh year anniversary.

Going Concern

The Audit Committee has reviewed the appropriateness of the Company's Financial Statements being prepared in accordance with Guernsey law and IFRS and presented on a going concern basis, which it has recommended to the Board. As further disclosed in the Corporate Governance Report, the Company is a member of the AIC and complies with the AIC Code. The Financial Statements have been prepared on a going concern basis for the reasons set out below and as the Directors, with recommendation from the Audit Committee, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors, with recommendation from the Audit Committee, have considered the risks that could impact the Company's liquidity over the period from the date of approval of the Financial Statements up until 31 March 2022, as well as taken into account the following four key considerations, which are discussed further below.

1. Available liquid resources and potential proceeds from investment realisations versus current and expected liabilities of the Company over the period from the date of approval of the Financial Statements up until 31 March 2022;
2. Available liquid resources and potential proceeds from investment realisations versus total potential unfunded commitments of the Partnership;
3. Discount to NAV of the Company; and
4. COVID-19.

1. Available liquid resources and potential proceeds from investment realisations versus current and expected liabilities of the Company over the period from the date of approval of the Financial Statements up until 31 March 2022

The Audit Committee has recommended to the Directors that they should have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period from the date of approval of the Financial Statements up until 31 March 2022, as explained below. The Company retained $11.5 million of cash in the IPO and Placing and Open Offer, and has requested and received seven distributions for working capital needs in aggregate of $24.3 million from the Partnership cumulatively through 31 December 2020. During 2020, in addition to the two distributions for working capital needs in aggregate of $10 million requested and received from the Partnership, the Company also requested and received a distribution request of £50 million ($63 million) for the share buyback programme, of which $8.8 million remains at 31 December 2020 (31 December 2019: $0.2 million). This cash balance is sufficient to cover the Company's existing liabilities at 31 December 2020 of $3.2 million, the remaining portion of the aforementioned share buyback programme of $1.0 million and the Company's forecasted annual expenses of approximately $4.0 million. As in prior years, in accordance with the Partnership Agreement, if the Company requires additional funds for working capital, it is entitled to receive another distribution from the Partnership. In order to do so, the Company would submit a distribution request approved by the Board to the Partnership, which would then be required to arrange for the payment of the requested amount.

Since REL's inception, the Company has requested and received seven distributions from the Partnership for working capital needs. As detailed further in section 2 below, REL and the Partnership had available liquid resources of $99.1 million in excess of potential unfunded commitments of $83.2 million at 31 December 2020, but currently, as of the date of this report, REL, through the Partnership, has total potential unfunded commitments of $89.3 million, which exceed its available liquid resources of $53.5 million. However, based on the Investment Manager's cash flow forecast for the next three years to 31 December 2023, the expectation is that, if needed, the Partnership will only fund the remaining commitments to ILX III, Onyx Power and Enviva, which aggregate to $41.9 million as of the date of this report.

2. Available liquid resources and potential proceeds from investment realisations versus total potential unfunded commitments of the Partnership

As at 31 December 2020, REL and the Partnership, including its wholly-owned subsidiaries, REL Cayman Holdings, LP, REL US Corp and REL US Centennial Holdings, LLC, had $99.1 million of uninvested funds held as cash and money market fixed deposits (31 December 2019: $182.4 million). This amount is comprised of $90.3 million held at the Partnership and $8.8 million held at REL. In 2021, the Company, through the Partnership, invested $39.5 million held at the Partnership in Loanpal of $25.0 million, FreeWire of $10.0 million, ILX III of $3.9 million and DCRN of $0.6 million, bringing the uninvested funds at the Partnership level down to $53.5 million as at the date of this report. In accordance with the revised terms for REL's GP Performance Allocation announced in January 2020, REL did not meet the portfolio level cost benchmark at 31 December 2020; therefore, any unrealised performance allocation has been deferred. If these changes had not been accepted, then the accrued GP Performance Allocation would have been $3.7 million as of 31 December 2020. No performance fees will be payable until the $565 million realised and unrealised losses to date at 31 December 2020 are offset with future gains. If these realised and unrealised losses have not been offset, any such accrued fees will no longer be payable after three years from each respective accrual date.

The Company's total potential unfunded commitments of $83.2 million as at 31 December 2020 (31 December 2019: $212.5 million), through the Partnership, did not exceed its available liquid resources as at 31 December 2020. In 2021, REL, through the Partnership, invested $3.9 million of its remaining commitment in ILX III and fully funded its commitments to new investments in Loanpal of $25.0 million, FreeWire of $10.0 million and DCRN of $0.6 million, as well as announced a commitment to DCRB of $10.0 million, bringing total potential unfunded commitments to $89.3 million. This amount exceeds the Partnership's available liquid resources of $53.5 million as of the date of this report, which includes $2.7 million of proceeds from Meritage III, Ridgebury H3 and Loanpal received in 2021.

Report of the Directors continued

It is not expected that all potential unfunded commitments will be drawn due to a variety of factors, such as the ability for the commitment to be reduced and/or cancelled by the Investment Manager with consideration from the Board, the present market conditions do not warrant presently further capital expenditure as the returns would not be incrementally positive, a portfolio company being sold earlier than anticipated or a targeted investment opportunity changing or disappearing. Based on the Investment Manager's cash flow forecast for the next three years to 31 December 2023, the expectation is that, if needed, the Partnership will only fund the remaining commitments to ILX III, Onyx Power and Enviva, which aggregate to $41.9 million as of the date of this report. However, if the Board decides to fund any of the Partnership's unfunded commitments to the other active investments, the Partnership can execute a reactionary measure to provide liquidity as discussed further below.

As at 31 December 2020, the Company, through the Partnership, has realised eight investments for $692 million of gross proceeds on invested capital of $440 million, respectively in aggregate, resulting in an average Gross MOIC of approximately 1.6x. The initial commitments to these eight investments were in excess of $734 million, so approximately 60 per cent. had been funded before realisation. In addition, the board of each underlying portfolio company, more often than not are controlled by Riverstone, which has discretion over whether or not that capital is ultimately invested. Moreover, REL's arrangements with Riverstone allow the Company's potential unfunded commitments to be reduced and/or cancelled by the Investment Manager with consideration from the Board, although this has yet to happen. Moreover, any proposed investments outside of those made with Fund V and Fund VI can be unilaterally declined by the Board.

Finally, as a reactionary measure, the Partnership's investments in the publicly-traded shares of the portfolio companies could always be sold, or used as collateral to secure asset-backed financing, to fund the Partnership's shortfall of liquid resources and potential proceeds from investment realisations versus potential unfunded commitments, which is $35.8 million as of the date of this report. The Partnership holds marketable securities consisting of publicly-traded shares of Centennial, Pipestone and Talos, for which the aggregate fair value was $31.4 million at 31 December 2020 and $75.2 million as of 22 February 2021.

3. Discount to NAV of the Company

Since its inception, the Company's trading discount to NAV percentage has remained consistent with a population of comparable publicly-traded PE funds as their life to date average trading discount percentages are 20.3 per cent. and 21.7 per cent., respectively. However, from December 2015 to January 2016 and November 2018 to December 2018, as well as from December 2019 to November 2020, declines in the price of oil adversely impacted the market sentiment for energy companies, which resulted in the Company's trading discount percentage increasing at a faster rate than the population of comparable publicly-traded PE funds, as it is solely invested in the global energy industry across all sectors.

In order to return uninvested capital to Shareholders and attempt to reduce REL's trading discount percentage, on 1 May 2020, the Company announced a buyback programme with the intention of returning £50 million to shareholders via market buybacks. Since the announcement, the Company has purchased 16,958,265 shares, in aggregate, for £49 million ($62 million) at an average share price of £2.90 ($3.67), which has attributed to the narrowing of the Company's trading discount from 66.1 per cent. at 31 March 2020 to 34.7 per cent. at 31 December 2020 (or from 131.7 per cent. to 46.5 per cent., respectively, on a cash-adjusted basis). From year-end through 22 February 2021, reflecting a $43.8 million increase in the fair value of the Company's unrestricted marketable securities, the Company's pro forma trading discount has remained relatively unchanged and was 34.8 per cent. as of 22 February 2021 (or 40.1 per cent. on a cash-adjusted basis).

The Board, with consultation of the Investment Manager, regularly monitors the Company's trading discount percentage and, when possible, executes corporate actions aimed at managing it, such as the aforementioned share buyback programme and Tender Offer share repurchase in November 2018, which attributed to a 1.5 per cent. increase in the Company's NAV, and partially offset the increase of the trading discount percentage. As announced on 4 January 2021, the Board intends to recommence the aforementioned share buyback programme after publication of the Annual Report.

4. COVID-19

The Board and Investment Manager have been in continuous dialogue regarding the impact of COVID-19 and appropriate disclosures within the Company's interim condensed financial statements, given that it's an evolving situation. The Company's Management Engagement Committee requested and received updates from REL's key service providers, including the Investment Manager, regarding their response to COVID-19, including an update on their respective business continuity plans.

The Investment Manager activated its business continuity plan and its regular working pattern has changed to remote working, though all staff are continuing to assume their day-to-day responsibilities remotely. There has been regular communication with its employees, as well as its investors. In addition, the Investment Manager's partners are hosting regular calls on potential investment opportunities in this new environment (caused by COVID-19 and OPEC+ news), so that Riverstone can best position the portfolio for the future. The Investment Manager has contacted its portfolio companies to make sure that they have the appropriate plans and resources in place to prioritise the health and safety of their employees, as well as to assess supply chain disruptions and ensure the normal operations of our businesses.

Directors' Assessment of Going Concern

Based on the reasons outlined above, on balance, the Directors are satisfied, as of today's date, that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

Viability Statement

The Directors, with recommendation from the Audit Committee, have assessed the prospects of the Company over a longer period than required by the going concern provision. With recommendation from the Audit Committee, the Board choose to conduct a review for a period of three years to 31 December 2023 as it was determined to be an appropriate timeframe based on the historical investment cycle of the Company's investments, through the Partnership, and its financial planning processes. On a rolling basis the Directors evaluate the outcome of the investments and the Company's financial position as a whole. While an unprecedented and long-term decline in global oil and gas consumption would threaten the Company's performance, it would not necessarily threaten its viability.

In support of this statement, the Audit Committee recommended to the Directors to take into account all of the principal risks and their mitigation as identified in the Principal Risk and Uncertainties section of the Corporate Governance Report, the nature of the Company's business; including the cash reserves and money market deposits at the Partnership, the potential of its portfolio of investments to generate future income and capital proceeds, and the ability of the Directors to minimise the level of cash outflows, if necessary. The most relevant potential impacts of the identified Principal Risks and Uncertainties on viability were determined to be:

- An investment's capital requirements may exceed the Company's ability to provide capital; and
- The Company may not have sufficient capital available to participate in all investment opportunities presented.

Each quarter, the Directors, through the Audit Committee, review threats to the Company's viability utilising the risk matrix and update as required due to recent developments and/or changes in the global market. The Board relies on periodic reports provided by the Investment Manager and Administrator regarding risks faced by the Company. When required, experts are utilised to gather relevant and necessary information, regarding tax, legal, and other factors.

The Investment Manager considers the future cash requirements of the Company before funding portfolio companies. Furthermore, the Board receives regular updates from the Investment Manager on the Company's cash position, which allows the Board to maintain their fiduciary responsibility to the Shareholders and, if required, limit funding for existing commitments.

The Board, with recommendation from the Audit Committee, considered the Company's viability over the three year period, based on a working capital model prepared by the Investment Manager which presumed that the Board would not seek Shareholder approval before 31 December 2022 to amend the Company's investment policy to provide for the managed wind-down of the Company, as discussed further below. The working capital model forecasts key cash flow drivers such as capital deployment rate, investment returns, Management Fees and operating expenses. In connection with the preparation of the working capital model, capital raises, realisations, and, dividend payments and/or share repurchases were assumed to not occur during the three year period, unless already predetermined. In addition, the Board reviews credit market availability, but no such financing has been assumed.

If all factors apart from capital deployment rate remain constant, accelerating the capital deployment rate (which is the most critical aspect of the Company's operations) by approximately 67 per cent., from 36 months to 12 months, in a worst case scenario, would result in the Company being directed by the Board, and the Investment Manager recommending, to preserve working capital and postpone future investments after 9 months, rather than 18 months; unless a financing, capital raise or realisation of marketable securities was completed. In both scenarios, the Company is forecasted to preserve its ability to maintain sufficient working capital for the three year period.

Despite the prolonged downturn in the price of oil and gas and the poor performance of the trading price of the Ordinary Shares, the Investment Manager believes that the investment outlook for the Company remains attractive, in particular in light of its modified investment programme for the Company (adopted in 2019) which seeks to give the Company greater autonomy from the private funds managed by affiliates of the Investment Manager and to diversify the Company's investments. The Investment Manager continues to reposition the Company's focus away from oil and gas investments in the exploration and production sector and to increase its focus on renewable, decarbonisation and selective infrastructure investments, in each case with strong ESG processes in place. This includes the Company's $25 million commitment announced in July 2020 to participate in the recapitalisation of Enviva Holdings, LP and $45.6 million aggregate commitments in 2021 to Loanpal ($25 million), DCRB ($10 million), FreeWire ($10 million) and DCRN ($0.6 million).

The Board is supportive of the continuation of the Investment Manager's modified investment strategy for the immediate future. However, the Board does propose to monitor the Investment Manager's success in repositioning the Company's existing investment policy through the modified investment strategy over the next twenty-four months. In the absence of a significant improvement in the performance of the Company, taking into account, among other factors, the trading price of the Ordinary Shares and portfolio performance over that period, the Board will seek Shareholder approval before 31 December 2022 to amend the Company's investment policy to provide for the managed wind-down of the Company.

Based on the aforementioned procedures and the existing internal controls of the Company and Investment Manager, the Board, with recommendation from the Audit Committee, has concluded there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over the three-year period of the assessment.

Report of the Directors continued

Directors' Responsibilities

Although the Company is domiciled in Guernsey, in accordance with the guidance set out in the AIC Code, the Directors describe in this Annual Report how the matters set out in Section 172 of the UK Companies Act 2006 have been considered in their board discussions and decision-making. Section 172 of the Companies Act requires that the directors of a company act in the way that they consider, in good faith, is most likely to promote the success of the company for the benefit of its members as a whole, and in doing so have regard (amongst other matters) to the likely consequences of any decision in the long term and the interests of all the company's stakeholders.

The Board seeks to encourage engagement between the Company's Shareholders and the Chairman of the Board, the Chairs of the Audit and Management Engagement Committees and the Senior Independent Director, which has been facilitated throughout the year. Up to date quarterly reporting also provides the Board with accurate, timely information on shareholder sentiment and direct feedback from service providers, impacted by the Company's operations, and is canvassed at least annually by the Chair of the Management Engagement Committee. It is against this backdrop that key decisions which are either material to the Company or are significant to any of the Company's key stakeholders, as described on pages 44 and 45, are taken. The below key decisions were made or approved by the Directors during the year, with the overall aim of promoting the success of the Company, having regard to the long term, while considering the impact on its members, stakeholders and the wider society as outlined in the ESG section on pages 8 to 13.

Engagement with Shareholders

The Company reports to Shareholders in a number of formal ways, including its Annual Report, Interim Report and regulatory news releases, all of which are approved by the Board. In addition, the Company's website contains comprehensive information for Shareholders. Due to potential travel restrictions as a result of COVID-19, the Directors are keeping the 2021 AGM location and date under review and will make announcements as information becomes available. Further details will be included in the AGM Notice and Form of Proxy, which will be published on the Company's website in advance of the AGM.

During the year, the Chairman and the Audit Committee Chairman met with AKRC Investments LLC, the Company's largest shareholder and Cornerstone Investor, and other large shareholders, ahead of the Discontinuation vote in December 2020.

Directorate Changes

To bring the structure of the Board in line with current market practice, each of Mr Lapeyre, Mr Leuschen and Mr Ryan, the Directors nominated by the Investment Manager, have stepped down as Directors with effect from 30 October 2020 and will become observers at the Company's Board meetings instead.

The Company's Investment Management Agreement has been amended to remove the Investment Manager's ability to nominate directors of the Company and to replace it with the ability to request that its representatives attend Board meetings as observers instead, except in circumstances where matters specifically regarding the Investment Manager and its affiliates are being considered.

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 16,958,265 shares, in aggregate, for £49 million ($62 million) at an average share price of £2.90 ($3.67).

Financial Risk Management Policies and Objectives

Financial Risk Management Policies and Objectives are disclosed in Note 10 on pages 77 to 81.

Principal Risk and Uncertainties

Principal Risk and Uncertainties are discussed in the Corporate Governance Report on pages 45 to 47.

Subsequent Events

Subsequent Events are disclosed in Note 15 on page 84.

Annual General Meetings

The AGM of the Company will be held at 15:30 pm BST on 25 May 2021 at the offices of Ocorian Administration (Guernsey) Limited, Trafalgar Court, Les Banques, St Peter Port, Guernsey, Channel Islands. Details of the resolutions to be proposed at the AGM, together with explanations, will appear in the notices of meetings to be distributed to Shareholders listed on the register as at 31 December 2020 together with this Annual Report. As a matter of good practice, all resolutions will be conducted on a poll and the results will be announced to the market as soon as possible after the meeting.

Due to potential travel restrictions as a result of COVID-19, the Directors are keeping the 2021 AGM location and date under review and will make announcements as information becomes available. Further details will be included in the AGM Notice and Form of Proxy, which will be published on the Company's website in advance of the AGM.

Members of the Board, including the Chairman and the Chairperson of each Committee, will be in attendance at the AGM and will be available to answer Shareholder questions. Additionally, Shareholders can submit questions in advance to IR@RiverstoneREL.com addressed for the attention of the Board.

By order of the Board

Richard Hayden

Richard Hayden
Chairman
23 February 2021

Directors' Responsibilities Statement

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations.

The Companies Law requires the Directors to prepare Financial Statements for each financial year. Under the Companies Law, the Directors must not approve the Financial Statements unless they are satisfied that they give a true and fair view of the state of affairs of the Company and of the profit or loss of the Company for that period. In preparing these Financial Statements, the Directors are required to:

- select suitable accounting policies in accordance with IAS 8: Accounting Policies, Changes in Accounting Estimates and Errors and then apply them consistently;
- make judgements and estimates that are reasonable and prudent;
- present information, including accounting policies, in a manner that provides relevant, reliable, comparable and understandable information;
- provide additional disclosures when compliance with the specific requirements in IFRS are insufficient to enable users to understand the impact of particular transactions, other events and conditions on the Company's financial position and financial performance;
- state that the Company has complied with IFRS, subject to any material departures disclosed and explained in the Financial Statements; and
- prepare the Financial Statements on a going concern basis unless it is inappropriate to presume that the Company will continue in business.

The Directors confirm that they have complied with the above requirements in preparing the Financial Statements.

The Directors are responsible for keeping proper accounting records, which disclose with reasonable accuracy at any time, the financial position of the Company and to enable them to ensure that the Financial Statements comply with Companies Law. They are also responsible for safeguarding the assets of the Company and hence for taking reasonable steps for the prevention and detection of fraud, error and non-compliance with law and regulations.

The Directors are responsible for the maintenance and integrity of the corporate and financial information included on the Company's website (www.RiverstoneREL.com). The work carried out by the external auditor does not involve considerations of these matters and, accordingly, the external auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

Legislation in Guernsey governing the preparation and dissemination of the Financial Statements may differ from legislation in other jurisdictions.

Responsibility Statement of the Directors in Respect of the Annual Report under the Disclosure Guidance and Transparency Rules

Each of the Directors whose names are on pages 28 and 29 confirms to the best of their knowledge and belief that:

- the Financial Statements, prepared in accordance with IFRS, give a true and fair view of the assets, liabilities, financial position and profit or loss of the Company;
- the Annual Report includes a fair review of the development and performance of the business and the position of the Company, together with a description of the principal risks and uncertainties faced; and
- the Annual Report and Financial Statements include information required by the UK Financial Conduct Authority so that the Company complies with the provisions of the Listing Rules, Disclosure Guidance and Transparency Rules of the UK Listing Authority. With regard to corporate governance, the Company is required to disclose how it has applied the principles, and complied with the provisions of the corporate governance code applicable to the Company.

The Directors are responsible for preparing the Annual Report and Financial Statements in accordance with applicable law and regulations. As part of the preparation of the Annual Report and Financial Statements, the Directors have received reports and information from the Company's Administrator and Investment Manager. The Directors have considered, reviewed and commented upon the Annual Report and Financial Statements throughout the drafting process in order to satisfy itself in respect of the content. Having taken advice from the Investment Manager, the Directors consider the Annual Report and Financial Statements, taken as a whole, as fair, balanced and understandable and that it provides the information necessary for Shareholders to assess the Company's performance, business model and strategy.

By order of the Board

Richard Hayden

Richard Hayden
Chairman
23 February 2021

Patrick Firth
Director
23 February 2021

Corporate Governance Report

THE COMPANY BELIEVES THAT THE COMPOSITION OF THE BOARD IS A FUNDAMENTAL DRIVER OF ITS SUCCESS AS THE BOARD MUST PROVIDE STRONG AND EFFECTIVE LEADERSHIP OF THE COMPANY

As a UK listed Company, Riverstone Energy Limited's governance policies and procedures are based on the principles of the UK Code as required under the Listing Rules. The UK Code is available on the Financial Reporting Council's website, www.frc.org.uk.

The Company is subject to the GFSC Code, which applies to all companies registered as collective investment schemes in Guernsey. The GFSC has also confirmed that companies that report against the UK Code or AIC Code are deemed to meet the GFSC Code.

Although not required as the Company is no longer within the FTSE 350, the Board monitors developments in corporate governance to ensure the Board remains aligned with best practice especially with respect to the increased desired focus on greater gender and ethnic diversity on the boards of FTSE 350 companies. The Board recognises and supports the Hampton Alexander Review and the Parker Review, and acknowledges the importance of having a variety of backgrounds and experiences represented in the boardroom for the effective functioning of the Board. It is the ongoing aspiration of the Board to have a well-diversified representation. The Board also values diversity of business skills and experience because Directors with diverse skills sets, capabilities and experience gained from different geographical backgrounds enhance the Board by bringing a wide range of perspectives to the Company. The Board's view has been and, continues to be, that all appointments to the Board should be merit based, assessed against objective selection criteria. To avoid precluding any deserving candidate from consideration, executive search consultants will be asked to provide candidates from a diverse range of backgrounds and that these lists are gender neutral.

The AIC Code addresses all the principles set out in the UK Code, as well as setting out additional principles and recommendations on issues that are of specific relevance to investment companies such as the Company. The Board considers that reporting against the principles and recommendations of the AIC Code provides better information to Shareholders.

The Company has complied with the recommendations of the AIC Code and the relevant provisions of the UK Code, except as set out below.

The UK Code includes provisions relating to:

- the role of the chief executive;
- executive directors' remuneration; and
- the need for an internal audit function.

As explained in the UK Code, the Board considers that the above provisions are not currently relevant to the position of the Company, being an externally managed investment company, which delegates most day-to-day functions to third parties.

The Company does not have a chief executive or any executive directors. The Company has not established a separate remuneration committee as the Company has no executive officers and the Board is satisfied that any relevant issues that arise can be properly considered by the Board.

The Company has no employees or internal operations and has therefore not reported further in respect of these provisions. The need for an internal audit function is discussed in the Audit Committee report.

The Board

The Company is led and controlled by a Board of Directors, which is collectively responsible for the long-term sustainable success of the Company. It does so by creating and preserving value, and has as its foremost principle acting in the interests of Shareholders as a whole and the Company's stakeholders.

The Company believes that the composition of the Board is a fundamental driver of its success as the Board must provide strong and effective leadership of the Company. The current Board was selected, as their biographies illustrate, to bring a breadth of knowledge, skills and business experience to the Company. The non-executive Directors provide independent challenge and review, bringing wide experience, specific expertise and a fresh objective perspective.

The Board consists of five Non-executive Directors (31 December 2019: eight), all of whom, including the Chairman, are independent of the Company's Investment Manager; Mr Hayden, Mr Firth, Mr Barker, Mrs Whittet and Mr Thompson (31 December 2019: five). All Directors served throughout the year. In addition, Mr Lapeyre, Mr Leuschen, and Mr Ryan, resigned as Directors of the Company with effect from 30 October 2020, in order to the bring the Company in line with best practice, as they were not considered independent because of their nomination for appointment to the Board by the Investment Manager.

The Chairman of the Board is independent and is appointed in accordance with the Company's Articles of Incorporation. Mr Hayden is considered to be independent because he:

→ has no current or historical employment with the Investment Manager;

→ has no current directorships or partnerships in any other investment funds managed by the Investment Manager; and

→ is not an executive of a self-managed company or an ex-employee who has left the executive team of a self-managed company within the last five years.

The Board is fully satisfied that Patrick Firth demonstrates complete independence and robustness of character and judgement in his capacity as Senior Independent Director. The Board is of the view that no individual or group of individuals dominates decision making.

New Directors receive an induction from the Investment Manager and all Directors receive other relevant training as necessary.

At each subsequent Annual General Meeting of the Company, each of the Directors at the date of the notice convening the Annual General Meeting shall retire from office and may offer themselves for election or re-election by the Shareholders.

The Board meets at least four times a year for regular, scheduled meetings and should the nature of the activity of the Company require it, additional meetings may be held, some at short notice. At each meeting the Board follows a formal agenda that covers the business to be discussed. The primary focus at Board meetings is a review of investment performance and associated matters such as asset allocation, share price discount/premium management, investor relations, peer group information, gearing, industry issues and principal risks and uncertainties in particular those identified at the end of this report.

Pre COVID-19, between meetings the Board visits the Investment Manager at least annually, and there is regular contact with the Administrator. The Board requires to be supplied in a timely manner with information by the Investment Manager, the Company Secretary and other advisers in a form and of a sufficient quality to enable it to discharge its duties.

The Company has adopted a share dealing code for the Board and will seek to ensure compliance by the Board and relevant personnel of the Investment Manager and other third party service providers with the terms of the share dealing code.

Board Tenure and Re-election

No member of the Board has served for longer than nine years as the Company was incorporated on 23 May 2013. As such, no issue has arisen to be considered by the Board with respect to long tenure. In accordance with the AIC Code, when and if any director shall have been in office (or on re-election would at the end of that term of office) for more than nine years, the Company will consider further whether there is a risk that such a director might reasonably be deemed to have lost independence through such long service. The Board considers its composition and succession planning on an ongoing basis. All Directors stand for annual re-election at the AGM.

A Director who retires at an Annual General Meeting may, if willing to continue to act, be elected or re-elected at that meeting. If, at a general meeting at which a Director retires, the Company neither re-elects that Director nor appoints another person to the Board in the place of that Director, the retiring Director shall, if willing to act, be deemed to have been re-elected unless at the general meeting it is resolved not to fill the vacancy or unless a resolution for the re-election of the Director is put to the meeting and not passed.

Directors are appointed under letters of appointment, copies of which are available at the registered office of the Company. The Board considers its composition and succession planning on an ongoing basis.

Corporate Governance Report continued

Directors' Remuneration

The level of remuneration of the Non-executive Directors reflects the time commitment and responsibilities of their roles. The remuneration of the Non-executive Directors does not include any share options or other performance related elements and there are no plans to seek any Shareholder waivers to deviate from this.

The Chairman is entitled to annual remuneration of £132,000 (31 December 2019: £132,000). The Chairman of the Audit Committee is entitled to annual remuneration of £82,500 (31 December 2019: £82,500) and the Chairman of the Management Engagement Committee is entitled to annual remuneration of £71,500 (31 December 2019: £71,500). The other independent Directors are entitled to annual remuneration of £66,000 (31 December 2019: £66,000). The three non-independent Directors had chosen not to be remunerated by the Company for their services during the period until their resignation on 30 October 2020.

During the year ended 31 December 2020 and 31 December 2019, the Directors' remuneration was as follows:

Director	2020 ($'000)	2019 ($'000)
Peter Barker[1]	85	86
Patrick Firth[1][2]	106	108
Richard Hayden[1][3]	170	173
Jeremy Thompson[1]	85	86
Claire Whittet[1][4]	92	94
Pierre Lapeyre[5]	–	–
David Leuschen[5]	–	–
Ken Ryan[5]	–	–

(1) Non-executive Independent Director
(2) Senior Independent Director and Chairman of the Audit Committee
(3) Chairman of the Company
(4) Chairman of the Management Engagement Committee
(5) Resigned as Director of the Company with effect from 30 October 2020

The above fees due to the Directors are for the year ended 31 December 2020 and 31 December 2019, and none were outstanding at 31 December 2020 (31 December 2019: $Nil).

Duties and Responsibilities

The Board is responsible to Shareholders for the overall management of the Company. The duties and powers reserved for the Board include decisions relating to the determination of investment policy and approval of investments in certain instances, strategy, capital raising, statutory obligations and public disclosure, financial reporting and entering into any material contracts by the Company.

The Board retains direct responsibility for certain matters, including (but not limited to):

- approving the Company's long term objective and any decisions of a strategic nature including any change in investment objective, policy and restrictions, including those which may need to be submitted to Shareholders for approval;
- reviewing the performance of the Company in light of the Company's strategy objectives and budgets ensuring that any necessary corrective action is taken;
- the appointment, overall supervision and removal of key service providers and any material amendments to the agreements or contractual arrangements with any key delegates or service providers;
- approving any transactions with ''related parties'' for the purposes of the Company's voluntary compliance with the applicable sections of the UK Listing Rules;
- the review of the Company's valuation policy;
- the review of the Company's corporate governance arrangements; and
- approving any actual or potential conflicts of interest.

The Directors have access to the advice and services of the Administrator, who is responsible to the Board for ensuring that Board procedures are followed and that it complies with Companies Law and applicable rules and regulations of the GFSC and the LSE. Where necessary, in carrying out their duties, the Directors may seek independent professional advice and services at the expense of the Company. The Company maintains directors' and officers' liability insurance in respect of legal action against its Directors on an ongoing basis.

The Board's responsibilities for the Annual Report are set out in the Directors' Responsibility Statement. The Board is also responsible for issuing appropriate half-yearly financial reports, quarterly portfolio valuations and other price-sensitive public reports.

Directors' attendance at Board and Committee Meetings:

One of the key criteria the Company uses when selecting Non-executive Directors is their confirmation prior to their appointment that they will be able to allocate sufficient time to the Company to discharge their responsibilities in a timely and effective manner.

The Board formally met four times during the year. The Board has held a number of ad hoc meetings, and the sub committees of the Board have met frequently, during the course of 2020. The Chairman meets privately with the Non-executive Directors before each scheduled Board meeting. Directors are encouraged when they are unable to attend a meeting to give the Chairman their views and comments on matters to be discussed, in advance. In addition to their meeting commitments, the Non-executive Directors also liaise with the Investment Manager whenever required and there is regular contact outside the Board meeting schedule. In addition to the Board members, members of the Investment Manager attend relevant sections of the Board meetings by invitation.

Attendance is further set out below:

Director	Board Meetings (max 4)	Audit Committee Meetings (max 5)	Nomination Committee Meetings (max 1)	Management Engagement Committee Meetings (max 1)	Tenure as at 31 December 2020
Peter Barker[(1)]	4	5	1	1	7 years, 4 months
Patrick Firth[(1)(2)]	4	5	1	1	7 years, 8 months
Richard Hayden[(1)]	4	5	1	1	7 years, 8 months
Claire Whittet[(1)]	4	4	1	1	5 years, 8 months
Jeremy Thompson[(1)]	4	5	1	1	4 years, 8 months
Pierre Lapeyre[(3)]	3	N/A	N/A	N/A	N/A
David Leuschen[(3)]	3	N/A	N/A	N/A	N/A
Ken Ryan[(3)]	3	N/A	N/A	N/A	N/A

(1) Non-executive Independent Director

(2) Non-executive Senior Independent Director

(3) Resigned as Director of the Company with effect from 30 October 2020, at which point 3 scheduled Board meetings had taken place

A quorum is comprised of any two or more members of the Board from time to time, to perform administrative and other routine functions on behalf of the Board, subject to such limitations as the Board may expressly impose on this committee from time to time.

Travel restrictions imposed as a result of the global COVID-19 pandemic resulted in Board members who are not ordinarily resident in Guernsey being unable to travel and attend certain Board and committee meetings in person during 2020. In those cases, the relevant Board members attended those meetings by telephone or video link (and are shown as being in attendance at the relevant meeting in the table above), although only the Directors who were physically present in Guernsey were treated as being present at the meeting for the quorum and voting provisions applicable to Board and committee meetings contained in the Company's Articles.

Conflicts of interest

A Director has a duty to avoid a situation in which he or she has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the interests of the Company. The Board requires Directors to declare all appointments and other situations that could result in a possible conflict of interest and has adopted appropriate procedures to manage and, if appropriate, approve any such conflicts. The Board is satisfied that there is no compromise to the independence of those Directors who have appointments on the boards of, or relationships with, companies outside the Company.

Committees of the Board

The Board believes that it and its committees have an appropriate composition and blend of skills, experience, independence and diversity of backgrounds to discharge their duties and responsibilities effectively. The Board keeps its membership, and that of its committees, under review to ensure that an acceptable balance is maintained, and that the collective skills and experience of its members continue to be refreshed. It is satisfied that all Directors have sufficient time to devote to their roles and that undue reliance is not placed on any individual.

Each committee of the Board has written terms of reference, approved by the Board, summarising its objectives, remit and powers, which are available on the Company's website (www.RiverstoneREL.com) and reviewed on an annual basis. All committee members are provided with appropriate induction on joining their respective committees, as well as on-going access to training. Minutes of all meetings of the committees (save for the private sessions of committee members at the end of meetings) are made available to all Directors and feedback from each of the committees is provided to the Board by the respective committee Chairmen at the next Board meeting. The Chairman of each committee attends the AGM to answer any questions on their committee's activities. Due to potential COVID-19 travel restrictions, the Directors are keeping the 2021 AGM location and date under review and will make announcements as information becomes available. Further details will be included in the AGM Notice and Form of Proxy, which will be published on the Company's website in advance of the AGM.

The Board and its committees are supplied with regular, comprehensive and timely information in a form and of a quality that enables them to discharge their duties effectively. All Directors are able to make further enquiries of management whenever necessary and have access to the services of the Company Secretary.

Audit Committee

The Audit Committee is chaired by Mr Firth and comprises Mr Barker, Mr Hayden, Mr Thompson and Mrs Whittet. The Chairman of the Audit Committee, the Investment Manager and the external auditor, Ernst & Young LLP, have held discussions regarding the audit approach and identified risks. The external auditors attend Audit Committee meetings and a private meeting is routinely held with the external auditors to afford them the opportunity of discussions without the presence of management. The Audit Committee activities are contained in the Report of the Audit Committee on pages 48 to 51.

Corporate Governance Report continued

Nomination Committee

The Nomination Committee is chaired by Mr Hayden and comprises Mr Barker, Mr Firth, Mr Thompson and Mrs Whittet.

The Nomination Committee meets at least once a year pursuant to its terms of reference and met on 25 February 2020. The Nomination Committee is convened for the purpose of considering the appointment of additional Directors as and when considered appropriate. The Nomination Committee recognises the continuing importance of planning for the future and ensuring that succession plans are in place. In considering appointments to the Board, the Nomination Committee takes into account the ongoing requirements of the Company and evaluates the balance of skills, experience, independence, and knowledge of each candidate. Appointments are therefore made on personal merit and against objective criteria with the aim of bringing new skills and different perspectives to the Board whilst taking into account the existing balance of knowledge, experience and diversity.

In the case of candidates for Non-executive Directorships, care is taken to ascertain that they have sufficient time to fulfil their Board and, where relevant, committee responsibilities. The Board believes that the terms of reference of the Nomination Committee ensure that it operates in a rigorous and transparent manner. The Board believes that, as a whole, it comprises an appropriate balance of skills, experience and knowledge. The Board also believes that diversity of experience and approach, including gender diversity, amongst Board members is of great importance and it is the Company's policy to give careful consideration to issues of Board balance and diversity when making new appointments. The Board remains focussed on the guidelines outlined by the Hampton-Alexander Review and The Parker Review.

The Nominations Committee has reviewed the composition, structure and diversity of the Board, succession planning, the independence of the Directors and whether each of the Directors has sufficient time available to discharge their duties effectively. The Nominations Committee and the Board confirm that they believe that the Board has an appropriate mix of skills and backgrounds and was selected with that in mind, that all Directors should be considered as Independent in accordance with the provisions of the AIC Code and that all Directors have the time available to discharge their duties effectively.

Notwithstanding that Claire Whittet is on the Boards of six companies listed on the London Stock Exchange or Euronext, the Committee noted that she is a full-time non-executive director and that all of the six companies are listed investment companies where the level of complexity and time commitment required is lower than larger trading companies. Further, they noted that Mrs Whittet has attended all Board and main committee meetings during the year, except for one Audit Committee meeting, and that she has always shown the time commitment to discharge fully and effectively her duties as a Director.

Patrick Firth is a director and Chairman of the Audit Committee of four companies listed on the London Stock Exchange. He is also a full-time non-executive director and all of the four companies are listed investment companies. Further, they noted that Mr Firth has attended all Board and main committee meetings during the year and that he has always demonstrated the time commitment to discharge fully and effectively his duties as a Director.

Accordingly, the Board recommends that Shareholders vote in favour of the re-election of all Directors at the forthcoming AGM.

Management Engagement Committee

The Management Engagement Committee is chaired by Mrs Whittet and comprises Mr Barker, Mr Hayden, Mr Firth and Mr Thompson. The Management Engagement Committee meets at least once a year pursuant to its terms of reference.

The Management Engagement Committee provides a formal mechanism for the review of the performance of the Investment Manager and the Company's other advisors and service providers. It carries out this review through consideration of a number of objective and subjective criteria and through a review of the terms and conditions of the advisors' appointments with the aim of evaluating performance, identifying any weaknesses and ensuring value for money for the Shareholders. During 2020, all service providers confirmed on two occasions that their Business Continuity Plans were performing well under COVID-19 restrictions and the Board noted that there was no disruption to the quality of service received.

Board Performance and Evaluation

In accordance with Provision 26 of the AIC Code which requires a formal and rigorous annual evaluation of its performance, the Board formally reviews its performance annually through an internal process. Internal evaluation of the Board, the Audit Committee, the Nomination Committee, the Management Engagement Committee and individual Directors has taken the form of self-appraisal questionnaires and discussions to determine effectiveness and performance in various areas as well as the Directors' continued independence.

The Board believes that annual evaluations are helpful and provide a valuable opportunity for continuous improvement.

All Directors participated in the evaluation, and the findings were collectively considered by the Board. No significant areas of weaknesses were highlighted during the evaluation and the Board concluded that it had operated effectively throughout 2020. The Board is confident in its ability to continue effectively to lead the Company and oversee its affairs. The Board believes that the current mix of skills, experience, knowledge and age of the Directors is appropriate to the requirements of the Company.

The Board commissions an independent evaluation of its performance every three years. The next independent evaluation is due in 2022.

New Directors receive an induction on joining the Board and regularly meet with the senior management employed by the Investment Manager both formally and informally to ensure that the Board remains regularly updated on all issues. All members of the Board are members of professional bodies and serve on other Boards, which ensures they are kept abreast of the latest technical developments in their areas of expertise.

The Board arranges for presentations from the Investment Manager, the Company's brokers and other advisors on matters relevant to the Company's business. The Board assesses the training needs of Directors on an annual basis.

Internal Control and Financial Reporting

The Directors acknowledge that they are responsible for establishing and maintaining the Company's system of internal control and reviewing its effectiveness. Internal control systems are designed to manage rather than eliminate the failure to achieve business objectives and can only provide reasonable but not absolute assurance against material misstatements or loss. However, the Board's objective is to ensure that Riverstone Energy Limited has appropriate systems in place for the identification and management of risks. The Directors carry out a robust assessment of the principal risks facing the Company, including those that would threaten its business model, future performance, solvency or liquidity. The key procedures which have been established to provide internal control are that:

- the Board has delegated the day-to-day operations of the Company to the Administrator and Investment Manager; however, it retains accountability for all functions it delegates;
- the Board clearly defines the duties and responsibilities of the Company's agents and advisors and appointments are made by the Board after due and careful consideration. The Board monitors the ongoing performance of such agents and advisors and will continue to do so through the Management Engagement Committee;
- the Board monitors the actions of the Investment Manager at regular Board meetings and is given frequent updates on developments arising from the operations and strategic direction of the underlying investee companies;
- the Administrator provides administration and company secretarial services to the Company. The Administrator maintains a system of internal control on which they report to the Board; and
- the Board has reviewed the need for an internal audit function and has decided that the systems and procedures employed by the Administrator and Investment Manager, including their own internal controls and procedures, provide sufficient assurance that an appropriate level of risk management and internal control, which safeguards Shareholders' investment and the Company's assets, is maintained. An internal audit function specific to the Company is therefore considered unnecessary.

Internal controls over financial reporting are designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of Financial Statements for external reporting purposes. The Administrator and Investment Manager both operate risk controlled frameworks on a continual ongoing basis within a regulated environment. The Administrator has undertaken an ISAE 3402: Assurance Reports on Controls at a Service Organisation audit and formally reports to the Board quarterly through a compliance report. The Investment Manager formally reports to the Board quarterly including updates within Riverstone and also engages with the Board on an ad-hoc basis as required. No weaknesses or failings within the Administrator or Investment Manager have been identified.

The systems of control referred to above are designed to ensure effectiveness and efficient operation, internal control and compliance with laws and regulations.

In establishing the systems of internal control, regard is paid to the materiality of relevant risks, the likelihood of costs being incurred and costs of control. It follows therefore that the systems of internal control can only provide reasonable but not absolute assurance against the risk of material misstatement or loss. This process has been in place for the year under review and up to the date of approval of this Annual Report and Financial Statements. It is reviewed by the Board and is in accordance with the FRC's internal control publication: Guidance on Risk Management, Internal Control and Related Financial and Business Reporting.

Investment Management Agreement

The Investment Manager is the sole investment manager of the Company and the Partnership. Pursuant to the Investment Management Agreement, the Investment Manager has responsibility for and discretion over investing and managing the Company's and the Partnership's direct and indirect assets, subject to and in accordance with the Company's investment policy. The Investment Manager is entitled to delegate all or part of its functions under the Investment Management Agreement to one or more of its affiliates.

The Company has delegated the provision of all services to external service providers whose work is overseen by the Management Engagement Committee at its regular scheduled meetings. Each year, a detailed review of performance pursuant to their terms of engagement is undertaken by the Management Engagement Committee. In particular, during 2019, the Management Engagement Committee and the Investment Manager discussed fees, termination provisions, capital structure management, the performance of the Company, and the basis of the Company's and the Investment Manager's relationship and alignment of interests at length, including the benefits to the Company of Riverstone's extensive participation in the management of all of the Company's investments and the significant equity commitment of Riverstone to the Company as one of its major Shareholders.

In accordance with Listing Rule 15.6.2(2)R and having formally appraised the performance and resources of the Investment Manager, in the opinion of the Directors the continuing appointment of the Investment Manager on the terms agreed is in the interests of the Shareholders as a whole.

On 3 January 2020, the Company announced amendments to Performance Allocation arrangements under the Investment Management Agreement that are effective from 30 June 2019. The amended terms on which the Company is required to pay a Performance Allocation in respect of its investment are as follows:

- Portfolio level cost benchmark: A Performance Allocation will only be distributed in respect of a realised investment if, at the time of the realisation of the relevant investment, the aggregate of the fair market value of all of the Company's then unrealised investments and the proceeds of all of its realised investments since inception exceeds the aggregate acquisition price of all of the Company's unrealised and realised investments. If this portfolio level cost benchmark is not met at the time of realisation of the relevant investment, distribution of the Performance Allocation is subject to deferment as described further below. As of 31 December 2020, the portfolio level cost benchmark was in deficit of $565 million.

Corporate Governance Report continued

- 8 per cent. hurdle rate: A Performance Allocation will only be accrued for payment upon the realisation of an investment if the proceeds from that investment exceed an amount equal to its acquisition cost plus an 8 per cent. annual cumulative hurdle rate calculated from the date of investment to the date of realisation. If the hurdle is met, the Performance Allocation will be 20 per cent. of all Net Profits in respect of each such investment. As of 31 December 2020, the Ridgebury and Enviva investments exceeded the hurdle rate and the total portfolio's Gross IRR is approximately -14.9 per cent.
- Full realisation: A Performance Allocation will only be calculated and accrued on the full realisation of the entire interest in an investment, unless a partial realisation results in the full return of all capital invested in such investment. Otherwise, no Performance Allocation will be payable on partial disposals and the ability for the Investment Manager to elect to receive a Performance Allocation on an investment that has been held by the Company for at least seven years (but not sold) has been removed.
- Deferral: If the portfolio level cost benchmark is not met at the time of full realisation of the relevant investment, it will be retested on a quarterly basis for the following three years. If, at any time during those three years, the benchmark is satisfied for four continuous quarters, the relevant Performance Allocation will then become distributable without interest. Any accrued but undistributed Performance Allocation that has been deferred due to the portfolio level cost benchmark test will expire after 36 months.

The Investment Manager will continue to be required to apply each Performance Allocation (net of taxes) to acquire ordinary shares of the Company.

During the year, in compliance with the laws of the Cayman Islands, the Company and its existing Investment Manager, Riverstone International Limited, a Cayman Islands exempted company, assigned its investment advisory rights and obligations under the Company's Investment Management Agreement to RIL's immediate parent entity, RIGL Holdings, LP, a Cayman Islands exempted limited partnership.

Furthermore, on 9 December 2020, the Company's Investment Management Agreement has been amended to remove the Investment Manager's ability to nominate directors of the Company and to replace it with the ability to request that its representatives attend Board meetings as observers instead, except in circumstances where matters specifically regarding the Investment Manager and its affiliates are being considered.

Distribution of Investment Proceeds

In addition, the Company and the Investment Manager have agreed that, going forward, 20 per cent. of the Net Profits attributable to each fully realised investment, net of taxes, withholdings or reserves for taxes will, at the discretion of the Company, be available for distribution to the Company's Shareholders, whether by dividend or share repurchases.

Our Culture

The Board has determined that the Company's culture is built around that of the Investment Manager, with a focus on long lasting relationships with a diverse investor base; sustainable investment excellence; and a world class team demonstrating extensive industry knowledge. The Board monitors the Company's culture on an annual basis through continued engagement with Shareholders and management.

Relations with Shareholders

The Board welcomes Shareholders' views and places great importance on communication with its Shareholders. Due to potential COVID-19 travel restrictions, the Directors are keeping the 2021 AGM location and date under review and will make announcements as information becomes available. Further details will be included in the AGM Notice and Form of Proxy, which will be published on the Company's website in advance of the AGM. In addition, Mr Firth, as the Senior Independent Director, is also available to Shareholders if they have concerns which contact through the normal channels has failed to resolve or for which such contact would be inappropriate. Mrs Whittet, Management Engagement Committee Chair, is available to discuss matters regarding service providers of REL. The Chairman, Senior Independent Director and other Directors are also available to meet with Shareholders at other times, if required. At the request of several Shareholders, the Chairman, Senior Independent Director and other Directors arranged meetings and addressed direct correspondence raised at the quarterly Board meetings during the year.

The Company reports formally to Shareholders in a number of ways; regulatory news releases through the London Stock Exchange's Regulatory News Service, announcements are issued in response to events or routine reporting obligations. Also, an Interim Report will be published each year outlining performance to 30 June and the Annual Report will be published each year for the year ended 31 December, both of which will be made available on the Company's website. In addition, the Company's website contains comprehensive information, including company notifications, share information, financial reports, investment objectives and policy, investor contacts and information on the Board and corporate governance. Shareholders and other interested parties can subscribe to email news updates by registering online on the website.

The Investment Manager has regular contact with Shareholders, including the Cornerstone Investors, and any views that they may have are communicated to the Board and vice versa. No sensitive information is provided to the Cornerstone Investors that is not provided to the Shareholders as a whole and at the same time. The Board is also kept fully informed of all relevant market commentary on the Company by the Investment Manager and the Corporate Brokers. The Directors and Investment Manager receive informal feedback from analysts and investors, which is presented to the Board by the Company's Broker. The Company Secretary also receives informal feedback via queries submitted through the Company's website and these are addressed by the Board, the Investment Manager or the Company Secretary, where applicable.

Over the year, the Investment Manager's investor relations team and senior management held several roadshows and meetings with investors and equity research analysts.

Financial results, events, corporate reports, webcasts and fact books are all stored in the Investor Relations section of our website: www.riverstonerel.com/investors/

Engagement with Stakeholders

The wider stakeholders of the Company comprise its service providers, investee companies and suppliers and the Board recognises and values these stakeholders.

The Company's relationship with its service providers, including the Investment Manager, is of particular importance. Service providers have been selected and engaged based on due diligence and references including consideration of their internal controls and expertise. The Company has a Management Engagement Committee, who will review the performance of each service provider annually and provide feedback as appropriate, to maintain good working relationships.

Responsible investing principles have been applied to each of the investments made, which ensures that appropriate due diligence has been conducted and that the terms of the investments are clearly set out and agreed with investee companies in advance.

The Board recognises that relationships with suppliers are enhanced by prompt payment and the Company's Administrator, in conjunction with the Investment Manager, ensures all payments are processed within the contractual terms agreed with the individual suppliers.

Relations with Other Stakeholders

The Investment Manager conducts presentations with analysts and investors to coincide with the announcement of the Company's full and half year results, providing an opportunity for discussions and queries on the Company's activities, performance and key metrics. In addition to these semi-annual presentations, the Investment Manager meets regularly with analysts and investors to provide further updates with how the Company and the investment portfolio are performing.

The Directors and Investment Manager receive informal feedback from analysts and investors, which is presented to the Board by the Company's Brokers. The Company Secretary also receives informal feedback via queries submitted through the Company's website and these are addressed by the Board, the Investment Manager or the Company Secretary, where applicable.

The Directors recognise that the long term success of the Company is linked to the success of the communities in which the Group, and its investee companies, operate.

Whistleblowing

The Board has considered arrangements by which staff of the Investment Manager or Administrator may, in confidence, raise concerns within their respective organisations about possible improprieties in matters of financial reporting or other matters. It has concluded that adequate arrangements are in place for the proportionate and independent investigation of such matters and, where necessary, for appropriate follow-up action to be taken within their organisation.

2021 Key Shareholder Engagements

→ **January**
Quarterly Portfolio Valuations

→ **February**
Full Year Results

→ **April**
Notice of Annual General Meeting

Quarterly Portfolio Valuations

→ **May**
Annual General Meeting

→ **July**
Quarterly Portfolio Valuations

→ **August**
Half Year Results

→ **October**
Quarterly Portfolio Valuations

Principal Risks and Uncertainties

The Company's assets consist of investments, through the Partnership, within the global energy industry, with a particular focus on opportunities in the global exploration and production and midstream energy sub-sectors. Its principal risks are therefore related to market conditions in the energy and energy transition sectors in general, but also the particular circumstances of the businesses in which it is invested through the Partnership. The Investment Manager to the Partnership seeks to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential targets before entering into any investments.

Each Director is fully aware of the risks inherent in the Company's business and understands the importance of identifying, evaluating and monitoring these risks. The Board has adopted procedures and controls that enable it to carry out a robust assessment of the risks facing the Company, manage these risks within acceptable limits and to meet all of its legal and regulatory obligations. The Board is committed to upholding and maintaining our zero tolerance towards the criminal facilitation of tax evasion.

Corporate Governance Report continued

The Board thoroughly considers the process for identifying, evaluating and managing any significant risks faced by the Company on an ongoing basis and these risks are reported and discussed at Board meetings. It ensures that effective controls are in place to mitigate these risks and that a satisfactory compliance regime exists to ensure all applicable local and international laws and regulations are upheld. The Board and Investment Manager have been in continuous dialogue regarding the impact of COVID-19 and appropriate disclosures within the Company's 2020 Annual Report and Financial Statements, including necessary updates to the key areas of risk faced by the Company as certain risks have been elevated in terms of importance for the immediate near-term. With regards to the continuing impact of COVID-19, the inherent risk of the global energy sector has been included below, as well as the corresponding measures taken by the Board, through the Management Engagement Committee, and the Investment Manager to mitigate the impact of this risk.

For each material risk, the likelihood and consequence are identified, management controls and frequency of monitoring are confirmed, and results reported and discussed at the quarterly Board meetings.

The Company's principal risk factors are fully discussed in the Prospectuses, available on the Company's website (www.RiverstoneREL.com) and should be reviewed by Shareholders.

The key areas of risk faced by the Company are summarised below:

1. The Company initially intended to only invest in the global energy sector, with a particular focus on oil and gas exploration and production, and midstream investments, which exposed it to concentration risk. Under the modified investment strategy, the Company has pivoted to focus on energy transition and decarbonisation.

2. The Ordinary Shares have traded at a Discount to NAV per Share for reasons including but not limited to: market conditions, liquidity concerns and actual or expected Company performance. As such, there is no guarantee that attempts to mitigate such discount will be successful or that the use of discount control mechanisms will be possible, advisable or adopted by the Company. There is a risk that through successive buybacks to try and manage the market discount to NAV, the Company may become too small to be able to make new investments or follow-on investments.

3. Investments in the exploration and production and midstream sectors of the global energy sector involve a degree of inherent risk.

   → The countries in which the Company invests may be exposed to domestic policy changes and geopolitical risks.

   → The change in the price of oil could adversely affect the investment valuations through the public market trading and transaction comparables, the discounted cash flow rates, and potentially limit exit opportunities.

   → A change in interest rates could adversely affect efficient access to debt as a source of capital for both portfolio investments and potential buyers of portfolio investments.

   → The regulatory and tax environment of the Company's target investments is potentially subject to change, which may adversely affect the value or liquidity of investments held by the Company or its ability to obtain leverage.

   → The Company will be exposed to increased risk by investing in build-up and early-stage investments that have little or no operating history and are comparably more vulnerable to financial failure than more established companies. The investor should be aware there can be no assurance that losses generated by these types of entities will be offset by gains (if any) realised on the Company's other investments.

   → An investment's requirements for additional capital may require the Company to invest more capital than it had originally planned or result in the dilution of the Company's investment or a decrease in the value of that investment.

   → Current regulations require SIFIs, specifically large banks, to hold sufficient capital as a buffer against trading losses, or CAR / CRAR. Since commodities are more volatile / risky in the current market, it could strip large banks of commodity trading operations to alleviate the capital required to maintain their CAR / CRAR. This could in turn impact the commodity prices and therefore the value of REL's portfolio companies.

   → Some of REL's portfolio companies operate in hazardous industries, which are highly regulated by safety and health laws. Failure to provide a safe working environment may result in harm to employees and local communities. Governments may force closure of facilities or refuse future drilling right applications.

   → The ongoing coronavirus pandemic has led to reductions in the near-term demand for energy especially within oil and gas, and long-term impacts remain unknown. However, the pivot towards energy transition assets should help to alleviate this risk.

   The Company invests broadly across various energy subsectors and going forward those with de-carbonisation strategies. The Company will make investments that are compliant with the Investment Manager's ESG policy.

4. It will be costly for the Company to terminate its Investment Management Agreement as it has to make significant payments, including if a Discontinuation Resolution were to be proposed and passed by Shareholders or if the Company was otherwise wound up. The Investment Management Agreement does not provide for the Company to terminate the agreement on notice without specific cause, and poor investment performance, the departure of key Riverstone executives or a change of control of Riverstone do not constitute cause for these purposes.

5. Affiliates of the Investment Manager and the Company's Cornerstone Investors would be entitled to vote on any Discontinuation Resolution that may be proposed. As the Investment Manager and its affiliates (and, indirectly, the Cornerstone Investors) receive fees from the Company, they will most probably be incentivised to vote against such resolution. Riverstone and the Company's Cornerstone Investors, in aggregate, own ~56 per cent. of outstanding Ordinary Shares, with the largest investor owning 32 per cent. as at 31 December 2020.
6. Differences in the investment time horizons and fee provisions between the Company and the private funds managed by Riverstone may create conflicts regarding the allocation of investment opportunities and holding periods between the Company and those funds, in particular as a result of step-downs in fees payable by a private fund part way through its duration. The investments made via Special Purpose Acquisition Companies ("SPACs") may attract a degree of liquidity risk of the SPAC vehicle itself. In addition, companies in the oil and gas sector are suffering from Capital Starvation and may have difficulties in securing finance in the future. For this reason, investment disposals by sale within the industry can be increasingly more difficult.
7. Climate change and the transition to a lower carbon economy could possibly reduce demand for the Company's existing investments and limit future growth opportunities. General sentiment may affect investor appetite and hence lead to a depression of the share price. The Company may be subject to the risk of Perceived Green Washing. The is a risk that the change to ESG investment focus is wrongly perceived by the market as being without genuine foundation having been adopted late in the lifetime of the fund. Furthermore, there may be a perceived over reliance on the Investment Manager's ESG Credentials. Riverstone has adopted well publicised and market-leading credentials for ESG investing having adopted the UN Principles for Responsible Investment and Sustainable Development Goals. These are explained at length in the Annual Financial Statements and the Riverstone website. There is a risk that these are not tested and examined at the level of the Board.

The Company (as with all companies) continues to be exposed to external cyber-security threats. The Company recognises the increased incidence of cyber-security threats and has recently reviewed its policies, procedures and defences to mitigate associated risks, as well as those of the Investment Manager, Administrator and key service providers; engaging market-leading specialists where appropriate. We continually develop our IT infrastructure, and monitor those of the Investment Manager, Administrator and key service providers, to ensure the Company is resilient to existing and emerging threats.

The above key risks are mitigated and managed by the Board through continual review, policy setting and updating of the Company's risk matrix at each Audit Committee Meeting to ensure that procedures are in place with the intention of minimising the impact of the above mentioned risks.

The Board relies on periodic reports provided by the Investment Manager and Administrator regarding risks that the Company faces. When required, experts will be employed to gather information, including tax advisors, legal advisors, and environmental advisors. As it is not possible to eliminate risks completely, the purpose of the Company's risk management policies and procedures is not to eliminate risks, but to reduce them and to ensure that the Company is adequately prepared to respond to such risks and to minimise any impact if the risk develops.

Over the Company's viability period of the next three years, the Investment Manager continues to seek monetisation of the Company's existing E&P investments and reinvest in new investments that span the entire energy value chain, with a specific focus on investments that support energy transition and decarbonisation. The green washing risk and perceived over reliance of the ESG credentials of the Investment Manager is mitigated by the experience, background and ESG credentials of the Board, the adoption of specific Environmental, Social and Corporate Governance criteria, independently of the Investment Manager, with which to assess and review investee companies and monitor them on an ongoing basis at each quarterly Board meetings, and consideration to exclude certain activities as being out of scope. The ESG credentials of the Company will be further enhanced by the publication on the AIC website of the ESG principles adopted by the Company, detailed explanation of ESG principles broken down and applied to the fund's new investments, as reported in this Annual Report. The Board is undertaking a strong analysis of the ESG principles adopted by the Company as part of the deal due diligence and ongoing monitoring of investments.

The Company's Management Engagement Committee continues to receive updates from REL's key service providers, including the Investment Manager, regarding their ongoing response to COVID-19, including an update on their respective business continuity plans. The Investment Manager activated its business continuity plan and its regular working pattern has changed to remote working, though all staff are continuing to assume their day-to-day responsibilities remotely. There has been regular communication with its employees, as well as its investors. In addition, the Investment Manager's partners are hosting regular calls on potential investment opportunities in this new environment (caused by COVID and OPEC+ news), so that Riverstone can best position the portfolio for the future. The Investment Manager has contacted its portfolio companies to make sure that they have the appropriate plans and resources in place to prioritise the health and safety of their employees, as well as to assess supply chain disruptions and ensure the normal operations of our businesses.

The Company's financial instrument risks are discussed in Note 10 to the Financial Statements.

By order of the Board

Richard Hayden

Richard Hayden
Chairman
23 February 2021

Report of the Audit Committee

THE AUDIT COMMITTEE IS REQUIRED TO REPORT ITS FINDINGS TO THE BOARD, IDENTIFYING ANY MATTERS ON WHICH IT CONSIDERS THAT ACTION OR IMPROVEMENT IS NEEDED

The Audit Committee, chaired by Mr Firth, operates within clearly defined terms of reference, which are available from the Company's website www.RiverstoneREL.com, and include all matters indicated by Disclosure Guidance and Transparency Rule 7.1, the AIC Code and the UK Code. Its other members are Mr Barker, Mr Hayden, Mr Thompson and Mrs Whittet. Members of the Audit Committee must be independent of the Company's external auditor and Investment Manager. The Audit Committee will meet no less than three times in a year, and at such other times as the Audit Committee Chairman shall require, and will meet the external auditor at least once a year.

The Committee members have considerable financial and business experience and the Board has determined that the membership, as a whole, has sufficient recent and relevant sector and financial experience to discharge its responsibilities and that at least one member has competence in accounting or auditing having a background as a chartered accountant.

Responsibilities

The main duties of the Audit Committee are:

- to monitor the integrity of the Company's Financial Statements and regulatory announcements relating to its financial performance and review significant financial reporting judgements;
- to report to the Board on the appropriateness of the Company's accounting policies and practices;
- to review the valuations of the Company's investments prepared by the Investment Manager, and provide a recommendation to the Board on the valuation of the Company's investments;
- to oversee the relationship with the external auditors, including agreeing their remuneration and terms of engagement, monitoring their independence, objectivity and effectiveness, ensuring that policy surrounding their engagement to provide non-audit services is appropriately applied, and making recommendations to the Board on their appointment, reappointment or removal, for it to put to the Shareholders in general meeting;
- to monitor and consider annually whether there is a need for the Company to have its own internal audit function;
- to keep under review the effectiveness of the Company's internal controls, including financial controls and risk management systems;
- to review and consider the UK Code, the AIC Code, the GFSC Code, the AIC Guidance on Audit Committees and the Stewardship Code; and
- to report to the Board on how it has discharged its responsibilities.

The Audit Committee is aware that the Annual Report is not subject to formal statutory audit, including the Chairman's Statement and the Investment Manager's Report. Financial information in these sections is reviewed by the Audit Committee.

The Audit Committee is required to report its findings to the Board, identifying any matters on which it considers that action or improvement is needed, and make recommendations on the steps to be taken.

The external auditor is invited to attend the Audit Committee meetings at which the Annual Report and Interim Financial Report are considered and at which they have the opportunity to meet with the Committee without representatives of the Investment Manager or Administrator being present at least once per year.

Financial Reporting

The primary role of the Audit Committee in relation to financial reporting is to review with the Administrator, Investment Manager and the external auditor and report to the Board on the appropriateness of the Annual Report and Financial Statements and Interim Financial Report, concentrating on, amongst other matters:

- the quality and acceptability of accounting policies and practices;
- the clarity of the disclosures and compliance with financial reporting standards and relevant financial and governance reporting requirements;

- material areas in which significant judgements have been applied or there has been discussion with the external auditor including going concern and viability statement;
- whether the Annual Report and Financial Statements, taken as a whole, is fair, balanced and understandable and provides the information necessary for Shareholders to assess the Company's performance, business model and strategy; and
- any correspondence from regulators in relation to our financial reporting.

To aid its review, the Audit Committee considers reports from the Administrator and Investment Manager and also reports from the external auditor on the outcomes of their half-year review and annual audit. The Audit Committee supports Ernst and Young LLP in displaying the necessary professional scepticism their role requires.

Meetings

During the year ended 31 December 2020, the Audit Committee met formally five times and maintained ongoing liaison and discussion between the external auditor and the Chairman of the Audit Committee with regards to the audit approach and the identified risks. Additional ad hoc meetings or informal discussions have been convened at other times during the year as the Committee determined appropriate. The Audit Committee has met on one occasion since the year-end through to the date of this report on 23 February 2021. The matters discussed at those meetings include:

- review of the terms of reference of the audit committee for approval by the Board;
- review of the accounting policies and format of the Financial Statements;
- review and approval of the audit plan of the external auditor;
- discussion and approval of the fee for the external audit;
- detailed review of the valuations of the Company's investment portfolio and recommendation for approval by the Board;
- detailed review of the Annual Report and Financial Statements, Interim Financial Report and quarterly portfolio valuations, and recommendation for approval by the Board;
- assessment of the independence of the external auditor;
- assessment of the effectiveness of the external audit process as described below;
- review of the Company's key risks and internal controls;
- consideration of going concern applicability;
- focus on ESG; and
- application of any IFRS changes.

Significant Areas of Judgement Considered by the Audit Committee

The Audit Committee has determined that a key risk of misstatement of the Company's Financial Statements relates to the valuation of the investment in the Partnership at fair value through profit or loss, in the context of the judgements necessary to evaluate market values of the underlying investments held through the Partnership.

The Directors have considered whether any discount or premium should be applied to the net asset value of the Partnership, which is based on the fair value of its underlying investments. In view of the Company's investment in the Partnership and the nature of the Partnership's assets, no adjustment to the net asset value of the Partnership has been made, as this is deemed equivalent to fair value.

The Audit Committee reviews, considers and, if thought appropriate, recommends for the purposes of the Company's Financial Statements, valuations prepared by the Investment Manager in respect of the investments of the Partnership. As outlined in Note 6 to the Financial Statements, the total carrying value of the investment in the Partnership at fair value through profit or loss at 31 December 2020 was $384 million (31 December 2019: $773 million). Market quotations are not available for this financial asset such that the value of the Company's investment is based on the value of the Company's limited partner capital account with the Partnership, which itself is based on the value of the Partnership's investments as determined by the Investment Manager, along with the cash and fixed deposits held. The valuation for each individual investment held by the Partnership is determined by reference to common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation, and discounted cash flow valuation, as detailed in the Investment Manager's Report and Note 5 to the Financial Statements.

The valuation process and methodology was discussed with the Investment Manager and with the external auditor at the Audit Committee meetings held on 9 December 2020 and 23 February 2021. The Investment Manager has carried out a valuation quarterly and provided a detailed valuation report to the Company at each quarter.

The Audit Committee reviewed the Investment Manager's Report.

The external auditor explained the results of their audit work on valuations. There were no adjustments proposed that were material in the context of the Annual Report and Financial Statements as a whole.

Report of the Audit Committee continued

The Audit Committee considers, and if thought appropriate, recommends that the Board adopts the going concern basis for preparing the Company's Financial Statements. As outlined in Note 3 to the Financial Statements, the Audit Committee has considered the risks that could impact the Company's liquidity over the next period from the date of approval of the Financial Statements up until March 2022, as well as taken into account the below four key considerations.

1. Available liquid resources and potential proceeds from investment realisations versus current and expected liabilities of the Company over the period from the date of approval of the Financial Statements up until 31 March 2022;
2. Available liquid resources and potential proceeds from investment realisations versus total potential unfunded commitments of the Partnership;
3. Discount to NAV of the Company; and
4. COVID-19.

The Audit Committee, based on the reasons set out in Note 3 to the Financial Statements, are satisfied, as of today's date, that it is appropriate to adopt the going concern basis in preparing these Financial Statements and has recommended this approach is adopted by the Board.

The Audit Committee considers, and if thought appropriate, recommends that the Board considers the Company's viability over a period of three years to 31 December 2023. The Audit Committee has determined that the period of three years was deemed to be an appropriate timeframe and that there is a reasonable expectation that the Company will be able to continue in operation and meet its liabilities as they fall due over this period of assessment, as further outlined in the Report of the Directors on page 35. Accordingly, the Audit Committee has recommended the three period of assessment for the Company's longer term viability is adopted by the Board.

Risk Management

The Board is accountable for carrying out a robust assessment of the principal risks facing the Company, including those threatening its business model, future performance, solvency and liquidity. On behalf of the Board, the Audit Committee reviews the effectiveness of the Company's risk management processes. The Company's risk assessment process and the way in which significant business risks are managed is a key area of focus for the Audit Committee. The work of the Audit Committee was driven primarily by the Company's assessment of its principal risks and uncertainties as set out in the Corporate Governance Report. The Audit Committee receives reports from the Investment Manager and Administrator on the Company's risk evaluation process and reviews changes to significant risks identified.

Internal Audit

The Audit Committee shall consider at least once a year whether or not there is a need for an internal audit function. Currently, the Audit Committee does not consider there to be a need for an internal audit function, given that there are no employees in the Company and all outsourced functions are with parties who have their own internal controls and procedures.

External Audit

Ernst & Young LLP has been the Company's external auditor since the Company's incorporation. This is the eighth year of audit.

The external auditor is required to rotate the audit partner every five years. The current Ernst & Young LLP lead audit partner, David Moore, started his tenure in 2018 and his current rotation will end with the audit of the 2022 Annual Report and Financial Statements. There are no contractual obligations restricting the choice of external auditor and the Company will put the audit services contract out to tender at least every ten years. Under Companies Law, the reappointment of the external auditor is subject to Shareholder approval at the Annual General Meeting.

The Audit Committee assessed the qualifications, expertise and resources, and independence of the external auditor as well as the effectiveness of the audit process. This review covered all aspects of the audit service provided by Ernst & Young LLP, including obtaining a report on the audit firm's own internal quality control procedures and consideration of the audit firm's annual transparency reports in line with the UK Code. The Audit Committee also approved the external audit terms of engagement and remuneration. During 2020, the Committee held private meetings with the external auditor. The Audit Committee Chairman also maintained regular contact with the audit partner throughout the year. These meetings provide an opportunity for open dialogue with the external auditor without management being present. Matters discussed included the auditor's assessment of significant financial risks and the performance of management in addressing these risks, the auditor's opinion of management's role in fulfilling obligations for the maintenance of internal controls, the transparency and responsiveness of interactions with management, confirmation that no restrictions have been placed on them by management, maintaining the independence of the audit, and how they have exercised professional challenge. The Audit Committee will continue to monitor the performance of the external auditor on an annual basis and will consider their independence and objectivity, taking account of appropriate guidelines. In addition, the Committee Chairman will continue to maintain regular contact with the lead audit partner outside the formal Committee meeting schedule, not only to discuss formal agenda items for upcoming meetings, but also to review any other significant matters. Members of the Audit Committee also sat in on the valuation meetings between the Investment Manager and external auditor.

The Audit Committee reviews the scope and results of the audit, its cost effectiveness and the independence and objectivity of the external auditor, with particular regard to the level of non-audit fees. The Audit Committee is also monitoring developments, in this regard, with respect to the Crown Dependencies' Audit Rules and Guidance. Notwithstanding such services the Audit Committee considers Ernst & Young LLP to be independent of the Company and that the provision of such non-audit services is not a threat to the objectivity and independence of the conduct of the audit.

To further safeguard the objectivity and independence of the external auditor from becoming compromised, the Audit Committee has a formal policy governing the engagement of the external auditor to provide non-audit services. This precludes Ernst & Young LLP from providing certain services such as valuation work or the provision of accounting services and also sets a presumption that Ernst & Young LLP should only be engaged for non-audit services where Ernst & Young LLP are best placed to provide the non-audit service for example, the interim review. Note 13 details services provided by Ernst & Young LLP. In addition to processes put in place to ensure segregation of audit and non-audit roles, Ernst & Young LLP is required, as part of the assurance process in relation to the audit, to confirm to the Committee that it has both the appropriate independence and the objectivity to allow it to continue to serve the members of the Company. This confirmation is received every six months and no matters of concern were identified by the Committee.

To fulfil its responsibility regarding the independence of the external auditor, the Audit Committee considers:

- discussions with or reports from the external auditor describing its arrangements to identify, report and manage any conflicts of interest; and
- the extent of non-audit services provided by the external auditor.

To assess the effectiveness of the external auditor, the committee reviews:

- the external auditor's fulfilment of the agreed audit plan and variations from it;
- discussions or reports highlighting the major issues that arose during the course of the audit; and
- feedback from other service providers evaluating the performance of the audit team.

In respect of the year ended 31 December 2019 the audit of the Company was subject to review by the FRC's Audit Quality Review team as part of its routine programme of audit firm quality inspections. The Audit Committee considered the review team's findings noting that there were no key findings reported. The Audit Committee Chairman discussed the review with the audit engagement partner in November 2020.

The Audit Committee is satisfied with Ernst & Young LLP's effectiveness and independence as external auditor having considered the degree of diligence and professional scepticism demonstrated by them. Having carried out the review described above and having satisfied itself that the external auditor remains independent and effective, the Audit Committee has recommended to the Board that Ernst & Young LLP be reappointed as external auditor for the year ending 31 December 2021.

The Audit Committee has provided the Board with its recommendation to the Shareholders on the re-appointment of Ernst & Young LLP as external auditor for the year ending 31 December 2021. Accordingly, a resolution proposing the reappointment of Ernst & Young LLP as our external auditor will be put to Shareholders at the Annual General Meeting.

On behalf of the Audit Committee

Patrick Firth
Chairman of the Audit Committee
23 February 2021

Independent Auditor's Report to the Members of Riverstone Energy Limited

Opinion

We have audited the Financial Statements of Riverstone Energy Limited (the 'Company') for the year ended 31 December 2020 which comprise the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Changes in Equity, the Statement of Cash Flows and the related notes 1 to 15, including a summary of significant accounting policies. The financial reporting framework that has been applied in their preparation is applicable law and International Financial Reporting Standards as adopted by the European Union ("IFRS").

In our opinion, the Financial Statements:

- give a true and fair view of the state of the Company's affairs as at 31 December 2020 and of its loss for the year then ended;
- have been properly prepared in accordance with IFRS; and
- have been properly prepared in accordance with the requirements of The Companies (Guernsey) Law, 2008.

Basis for opinion

We conducted our audit in accordance with International Standards on Auditing (UK) ("ISAs (UK)") and applicable law. Our responsibilities under those standards are further described in the "Auditor's responsibilities for the audit of the Financial Statements" section of our report below. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the Financial Statements, including the UK FRC's Ethical Standard as applied to listed entities, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Conclusions relating to going concern

In auditing the financial statements, we have concluded that the Directors use of the going concern basis of accounting in the preparation of the financial statements is appropriate. Our evaluation of the Directors' assessment of the Company's ability to continue to adopt the going concern basis of accounting included:

- The audit engagement partner directed and supervised the audit procedures on going concern;
- We assessed the determination made by the Board of Directors of the Company and the Investment Manager that the Company is a going concern and hence the appropriateness of the financial statements to be prepared on a going concern basis;
- We obtained the cash flow forecasts and sensitivities prepared by Investment Manager and tested for arithmetical accuracy of the models;
- We challenged the appropriateness of Investment Manager's forecasts by assessing historical forecasting accuracy, challenging their consideration of downside sensitivity analysis including their scenario to reflect their expectation of the impact of the continuing challenges of COVID-19 and oil and gas prices volatility, and applying further sensitivities to understand the impact on liquidity of the Company;
- We assessed whether available funds compared to commitments made to underlying investments at year end and up until 31 March 2022, taking account of the existing arrangements with the Riverstone Energy Investment Partnership, L.P. ("the underlying Partnership"), cast significant doubt over the going concern status of the Company; and
- We assessed the disclosures in the Annual Report and Financial Statements relating to going concern to ensure they were fair, balanced and understandable and in compliance with IAS1.

Based on the work we have performed, we have not identified any material uncertainties relating to events or conditions that, individually or collectively, may cast significant doubt on the Company's ability to continue as a going concern over a period from the date of approval of the Financial Statements up until 31 March 2022.

In relation to the Company's reporting on how they have applied the UK Corporate Governance Code, we have nothing material to add or draw attention to in relation to the Directors' statement in the financial statements about whether the Directors considered it appropriate to adopt the going concern basis of accounting.

Our responsibilities and the responsibilities of the Directors with respect to going concern are described in the relevant sections of this report. However, because not all future events or conditions can be predicted, this statement is not a guarantee as to the Company's ability to continue as a going concern.

Overview of our audit approach

Key audit matters	→ Misstatement or manipulation of the valuation of the Company's investment in Riverstone Energy Investment Partnership, L.P. ("the Underlying Partnership")
Materiality	→ Overall materiality of $7.5m which represents 2% of equity.

An overview of the scope of our audit

Tailoring the scope

Our assessment of audit risk, our evaluation of materiality and our allocation of performance materiality determine our audit scope for the Company. This enables us to form an opinion on the Financial Statements. We consider size, risk profile, the organisation of the Company and effectiveness of controls, including controls and changes in the business environment when assessing the level of work to be performed.

All audit work was performed directly by the audit engagement team. The audit was led from Guernsey, and the audit team included individuals from the Guernsey and New York offices of Ernst & Young and operated as an integrated audit team. In addition, we engaged our Valuation, Modelling and Economics ('VME') industry valuation specialists from the Houston and London offices, who assisted us in auditing the valuation of unquoted investments. The scope of their work was consistent with the prior year.

Changes from the prior year

As a result of the Covid-19 outbreak, and the resulting lockdown restrictions in all of the countries where audit procedures were performed, we modified our audit strategy to allow for the audit to be performed remotely. This approach was supported through the use of EY software collaboration platforms for the secure and timely delivery of requested audit evidence.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the Financial Statements of the current year and include the most significant assessed risks of material misstatement (whether or not due to fraud) that we identified. These matters included those which had the greatest effect on: the overall audit strategy, the allocation of resources in the audit; and directing the efforts of the engagement team. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Risk	Our response to the risk	Key observations communicated to the Audit Committee
Misstatement or manipulation of the valuation of the Company's investment in the underlying Partnership ($384 million; 2019 $773 million) The fair value of the Company's investment in the underlying Partnership is based on the Net Asset Value of the underlying Partnership which, in turn, is based on the fair values of its net assets including the underlying investments held by the underlying Partnership through the investment structures. Most of the underlying investments are level three investments as defined in the IFRS hierarchy. Valuing such investments requires significant judgement and estimation as explained in Note 3 to the Financial Statements and in the Audit Committee Report on page 48. It also requires significant industry expertise. The values of unquoted investments may be misstated due to the application of inappropriate methodologies, inputs to the valuation, discount/premiums applied at the underlying Partnership level and/or inappropriate judgmental factors.	Our audit procedures consisted of: → Updating and confirming our understanding of the Company's processes and methodologies, including the use of industry specific measures, and policies for valuing investments held by the underlying Partnership; → Obtaining and inspecting the valuation papers and supporting data to assess whether the data used is appropriate and relevant, and discussing these with the Investment Manager to evaluate whether the fair value of the Company's investment in the underlying Partnership approximates to the net asset value of the underlying Partnership, challenging the assumptions made by the Investment Manager and Board of Directors of the Company; → Holding fair value discussions in relation to 30 September and 31 December 2020 valuations. These included the Investment Manager, EY Guernsey and EY New York audit teams, EY Houston VME and EY London VME teams; → Vouching valuation inputs that do not require specialist knowledge to independent sources and testing the arithmetical accuracy of the Company's calculations; → For a sample of investments, engaging EY Houston and EY London VME teams as valuation specialists to: – use their knowledge of the market to challenge the Investment Manager's mark, and their related judgements and valuation inputs including discount rates, forward oil price, production values and recent relevant transaction data; and – assist us to determine whether the methodologies used to value investments were in accordance with methods, particularly those specific to the industry, usually used by market participants.	We reported to the Audit Committee that, overall, the valuation of the Company's investment in the underlying Partnership was materially correct, in accordance with IFRS and within our estimated valuation range.

Independent Auditor's Report to the Members of Riverstone Energy Limited continued

Risk	Our response to the risk	Key observations communicated to the Audit Committee
There is also a risk that proper adjustments are not made in the fair value calculations for the effects that tax and General Partner performance allocation will have on realised and unrealised gains of underlying investments.	→ Updating our previous discussions with the Investment Manager with respect to the qualitative factors and other information used to value investments; → Performing roll forward procedures to capture fair value changes between 30 September and 31 December 2020, with specific focus on changes in macro factors such as oil prices, geopolitical events and Company specific events: → Assessing levels of taxation and performance fee/incentive accruals in investment valuations; → Identifying the key unobservable inputs to valuations and reviewing and assessing the reasonableness of the sensitivity workings and disclosures, comparing the Investment Adviser's position with EY's range of acceptable inputs; and → Reporting to the Audit Committee on the calibration of investment valuations against EY's ranges and comment on those ranges against other market participants. In addition, we commented on any specific movements of valuation marks in those ranges' vs prior periods.	

Our application of materiality

We apply the concept of materiality in planning and performing the audit, in evaluating the effect of identified misstatements on the audit and in forming our audit opinion.

Materiality

"Materiality" is the magnitude of omissions or misstatements that, individually or in aggregate, could reasonably be expected to influence the economic decisions of the users of the Financial Statements. Materiality provides a basis for determining the nature and extent of our audit procedures.

We determined planning materiality for the Company to be $7.5 million (2019: $15.4 million), which is approximately 2 per cent. (2019: 2 per cent.) of equity. This provided a basis for determining the nature, timing and extent of risk assessment procedures, identifying and assessing the risk of material misstatement and determining the nature, timing and extent of further audit procedures. We used equity as a basis for determining planning materiality because the Company's primary performance measures for internal and external reporting are based on equity.

Performance materiality

"Performance materiality" is the application of materiality at the individual account or balance level. It is set at an amount to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality.

Based on our risk assessments, together with our assessment of the Company's overall control environment, our judgement was that overall performance materiality (i.e. our tolerance for misstatement in an individual account or balance) for the Company should be 75 per cent. of materiality, namely $5.6 million (2019: 75 per cent. of materiality, namely $11.6 million). Our objective in adopting this approach was to ensure that total uncorrected and undetected audit differences in the Financial Statements did not exceed our materiality level.

Reporting threshold

"Reporting threshold" is an amount below which identified misstatements are considered as being clearly trivial.

We agreed with the Audit Committee that we would report to them all audit differences in excess of $0.4 million (2019: $0.8 million) which is set at 5 per cent. of planning materiality, as well as differences below that threshold that, in our view, warranted reporting on qualitative grounds.

We evaluated any uncorrected misstatements against both the quantitative measures of materiality discussed above and considering other relevant qualitative considerations in forming our opinion.

Other information

The other information comprises the information included in the Annual Report set out on pages 2 to 51 and pages 85 to 92, other than the Financial Statements and our auditor's report thereon. The Directors are responsible for the other information.

Our opinion on the Financial Statements does not cover the other information and, except to the extent otherwise explicitly stated in this report, we do not express any form of assurance conclusion thereon.

Our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the Financial Statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If we identify such material inconsistencies or apparent material misstatements, we are required to determine whether there is a material misstatement in the Financial Statements or a material misstatement of the other information. If, based on the work we have performed, we conclude that there is a material misstatement of the other information, we are required to report that fact.

We have nothing to report in this regard.

Matters on which we are required to report by exception

We have nothing to report in respect of the following matters in relation to which The Companies (Guernsey) Law, 2008 requires us to report to you if, in our opinion:

- proper accounting records have not been kept by the Company; or
- the Financial Statements are not in agreement with the Company's accounting records and returns; or
- we have not received all the information and explanations we require for our audit.

Corporate Governance Statement

The Listing Rules require us to review the Directors' statement in relation to going concern, longer-term viability and that part of the Corporate Governance Statement relating to the Company's compliance with the provisions of the UK Corporate Governance Statement specified for our review.

Based on the work undertaken as part of our audit, we have concluded that each of the following elements of the Corporate Governance Statement is materially consistent with the financial statements or our knowledge obtained during the audit:

- Directors' statement with regards to the appropriateness of adopting the going concern basis of accounting and any material uncertainties identified set out on pages 33 and 34;
- Directors' explanation as to its assessment of the Company's prospects, the period this assessment covers and why the period is appropriate set out on page 35;
- Directors' statement on fair, balanced and understandable set out on page 37;
- Board's confirmation that it has carried out a robust assessment of the emerging and principal risks set out on pages 45 to 47;
- The section of the annual report that describes the review of effectiveness of risk management and internal control systems set out on page 43; and
- The section describing the work of the audit committee set out on pages 48 to 51.

Responsibilities of Directors

As explained more fully in the Directors' Responsibilities Statement set out on page 37, the Directors are responsible for the preparation of the Financial Statements and for being satisfied that they give a true and fair view, and for such internal control as the Directors determine is necessary to enable the preparation of Financial Statements that are free from material misstatement, whether due to fraud or error.

In preparing the Financial Statements, the Directors are responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless the Directors either intend to liquidate the Company or to cease operations, or have no realistic alternative but to do so.

Auditor's responsibilities for the audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the Financial Statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with ISAs (UK) will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these Financial Statements.

Explanation as to what extent the audit was considered capable of detecting irregularities, including fraud

Irregularities, including fraud, are instances of non-compliance with laws and regulations. We design procedures in line with our responsibilities, outlined below, to detect irregularities, including fraud. The risk of not detecting a material misstatement due to fraud is higher than the risk of not detecting one resulting from error, as fraud may involve deliberate concealment by, for example, forgery or intentional misrepresentations, or through collusion. The extent to which our procedures are capable of detecting irregularities, including fraud, are detailed below.

Independent Auditor's Report to the Members of Riverstone Energy Limited continued

However, the primary responsibility for the prevention and detection of fraud rests with both those charged with governance of the Company. Our approach was as follows:

- We obtained an understanding of the legal and regulatory frameworks that are applicable to the Company and determined that the most significant are:
  - Financial Conduct Authority ("FCA") Listing Rules
  - Disclosure Guidance and Transparency Rules ("DTR") of the FCA
  - The 2018 UK Corporate Governance Code
  - The 2019 AIC Code of Corporate Governance
  - The Companies (Guernsey) Law, 2008, as amended
  - The Protection of Investors (Bailiwick of Guernsey) Law 1987, as amended (including Registered Collective Investment Schemes (RCIS) Rules 2018)
- We understood how the Company is complying with those frameworks by:
  - Discussing the processes and procedures used by the Directors, the Investment Manager, the Company Secretary and Administrator to ensure compliance with the relevant frameworks;
  - Reviewing internal reports that evidenced quarterly compliance testing; and
  - Inspecting any correspondence with regulators.
- We assessed the susceptibility of the Company's financial statements to material misstatement, including how fraud might occur by undertaking the audit procedures set out in Key Audit Matter section above, and reading the Financial statements to check that the disclosures are consistent with the relevant regulatory requirements; and
- Based on this understanding we designed our audit procedures to identify non-compliance with such laws and regulations. Our procedures involved:
  - Through discussion, gaining an understanding of how those charged with governance, the Investment Manager, the Company Secretary and Administrator identify instances of non-compliance by the Company with relevant laws and regulations;
  - Inspecting the relevant policies, processes and procedures to further our understanding;
  - Holding discussions with the Company's nominated Compliance Officer;
  - Reviewing Board minutes and internal compliance reporting;
  - Inspecting correspondence with regulators; and
  - Obtaining relevant written representations from the Board of Directors.

A further description of our responsibilities for the audit of the Financial Statements is located on the Financial Reporting Council's website at https://www.frc.org.uk/auditorsresponsibilities. This description forms part of our auditor's report.

Use of our report

This report is made solely to the Company's members, as a body, in accordance with Section 262 of The Companies (Guernsey) Law, 2008. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed.

David Robert John Moore, ACA
For and on behalf of Ernst & Young LLP
Guernsey

23 February 2021

Notes:

(1) The maintenance and integrity of the Company's website is the sole responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditor accepts no responsibility for any changes that may have occurred to the Financial Statements since they were initially presented on the website.

(2) Legislation in Guernsey governing the preparation and dissemination of Financial Statements may differ from legislation in other jurisdictions.

Independent Auditor's Report to the Directors of Riverstone Energy Limited

We have audited the accompanying Financial Statements of Riverstone Energy Limited (the "Company"), which comprise the Statement of Financial Position as of 31 December 2020 and 2019, and the related Statements of Comprehensive Income, the Statements of Changes in Equity, the Statements of Cash Flows for the years then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in conformity with International Financial Reporting Standards as adopted by the European Union ("IFRS"); this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free of material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the Financial Statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Company's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the Financial Statements referred to above present fairly, in all material respects, the financial position of Riverstone Energy Limited at 31 December 2020 and 2019, and the results of its operations, changes in its net assets, and its cash flows for the years then ended, in conformity with IFRS.

Ernst & Young LLP

Ernst & Young LLP
Guernsey, Channel Islands

23 February 2021

Statement of Financial Position

As at 31 December 2020

	Notes	31 December 2020 $'000	31 December 2019 $'000
Assets			
Non-current assets			
Investment at fair value through profit or loss	6	383,589	772,722
Total non-current assets		383,589	772,722
Current assets			
Trade and other receivables		1,137	593
Cash and cash equivalents	7	8,807	211
Total current assets		9,944	804
Total assets		393,533	773,526
Current liabilities			
Trade and other payables		3,190	1,834
Total current liabilities		3,190	1,834
Total liabilities		3,190	1,834
Net assets		390,343	771,692
Equity			
Share capital	8	1,184,100	1,246,559
Retained deficit		(793,757)	(474,867)
Total equity		390,343	771,692
Number of Shares in issue at year end	8	62,938,466	79,896,731
Net Asset Value per Share ($)	12	6.20	9.66

The Financial Statements of the Company on pages 58 to 84 were approved and authorised for issue by the Board of Directors on 23 February 2021 and signed on its behalf by:

Richard Hayden
Chairman

Patrick Firth
Director

The accompanying notes on pages 62 to 84 form an integral part of the Company's Financial Statements.

Statement of Comprehensive Income

For the year ended 31 December 2020

	Notes	1 January 2020 to 31 December 2020 $'000	1 January 2019 to 31 December 2019 $'000
Investment loss			
Change in fair value of investment at fair value through profit or loss	6	(315,879)	(654,163)
Expenses			
Directors' fees and expenses	9	(684)	(1,144)
Legal and professional fees		(66)	(1,707)
Other operating expenses	13	(2,396)	(2,580)
Total expenses		(3,146)	(5,431)
Operating loss for the financial year		(319,025)	(659,594)
Finance income			
Foreign exchange gain/(loss)		135	(11)
Interest income		–	36
Total finance income		135	25
Loss for the year		(318,890)	(659,569)
Total comprehensive loss for the year		(318,890)	(659,569)
Basic Loss per Share (cents)	12	(442.25)	(825.53)
Diluted Loss per Share (cents)	12	(442.25)	(825.53)

All activities derive from continuing operations.

The accompanying notes on pages 62 to 84 form an integral part of the Company's Financial Statements.

Statement of Changes in Equity

For the year ended 31 December 2020

	Share capital $'000	Retained deficit $'000	Total Equity $'000
As at 1 January 2020	**1,246,559**	**(474,867)**	**771,692**
Loss for the financial year	**–**	**(318,890)**	**(318,890)**
Total comprehensive loss for the year	**–**	**(318,890)**	**(318,890)**
Buyback and cancellation of shares	**(62,459)**	**–**	**(62,459)**
As at 31 December 2020	**1,184,100**	**(793,757)**	**390,343**

	Share capital $'000	Retained earnings / (deficit) $'000	Total Equity $'000
As at 1 January 2019	1,246,559	184,702	1,431,261
Loss for the financial year	–	(659,569)	(659,569)
Total comprehensive loss for the year	–	(659,569)	(659,569)
As at 31 December 2019	1,246,559	(474,867)	771,692

The accompanying notes on pages 62 to 84 form an integral part of the Company's Financial Statements.

Statement of Cash Flows

For the year ended 31 December 2020

	Notes	1 January 2020 to 31 December 2020 $'000	1 January 2019 to 31 December 2019 $'000
Cash flow used in operating activities			
Operating loss for the financial year		**(319,025)**	(659,594)
Adjustments for:			
Net finance income		**–**	36
Change in fair value of investment at fair value through profit or loss	*6*	**315,879**	654,163
Movement in trade and other receivables		**(544)**	(14)
Movement in trade and other payables		**(1,208)**	1,399
Net cash used in operating activities		**(4,898)**	(4,010)
Cash flow generated from investing activities			
Distribution from the Partnership		**73,254**	2,100
Net cash generated from investing activities		**73,254**	2,100
Cash flow used in financing activities			
Buyback of shares	*8*	**(59,895)**	–
Net cash used in financing activities		**(59,895)**	–
Net movement in cash and cash equivalents during the year		**8,461**	(1,910)
Cash and cash equivalents at the beginning of the year		**211**	2,132
Effect of foreign exchange rate changes		**135**	(11)
Cash and cash equivalents at the end of the year		**8,807**	211

The accompanying notes on pages 62 to 84 form an integral part of the Company's Financial Statements.

Notes to the Financial Statements

For the year ended 31 December 2020

1. GENERAL INFORMATION

Riverstone Energy Limited is a company limited by shares, which was incorporated on 23 May 2013 in Guernsey with an unlimited life and registered with the GFSC as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law. The Company's Ordinary Shares were admitted to the UK Listing Authority's Official List and to trading on the London Stock Exchange as part of its IPO which completed on 29 October 2013. The registered office of the Company is PO Box 286, Floor 2, Trafalgar Court, Les Banques, St Peter Port, Guernsey, GY1 4LY.

The Company makes its investments through the Partnership, a Cayman Islands registered exempted limited partnership, in which the Company is the sole limited partner. The principal place of business of the Partnership is the Cayman Islands. Both the Company and the Partnership are subject to the Investment Management Agreement with the Investment Manager, a partnership registered in the Cayman Islands.

The Partnership has the right to invest alongside the Private Riverstone Funds in all Qualifying Investments in which the Private Riverstone Funds participate. These funds are managed and advised by affiliates of the Investment Manager. The Partnership's investment in Ridgebury H3 in 2019 demonstrates its modified investment strategy as the Private Riverstone Funds did not participate. Further detail of these investments is provided in the Investment Manager's Report.

2. ACCOUNTING POLICIES

Basis of preparation

The Financial Statements for the year ended 31 December 2020 have been prepared in accordance with IFRS and with the Companies Law.

In the preparation of these Financial Statements, the Company followed the same accounting policies and methods of computation as compared with those applied in the previous year with the addition of the below accounting policy adopted within these Financial Statements.

Repurchase of Ordinary Shares for cancellation

The cost of repurchasing Ordinary Shares, including any related stamp duty and transaction costs, is charged to 'Share Capital' and dealt with in the Condensed Statement of Changes In Equity. Share repurchase and cancellation transactions are accounted for on a trade date basis.

Foreign currencies

The functional currency of the Company is U.S. Dollars reflecting the primary economic environment in which the Company operates, that being the exploration and production and midstream energy sectors, where most transactions are expected to take place in U.S. Dollars.

The Company has chosen U.S. Dollars as its presentation currency for financial reporting purposes.

Transactions during the year, including purchases and sales of investments, income and expenses are translated into U.S. Dollars at the rate of exchange prevailing on the date of the transaction. Monetary assets and liabilities denominated in currencies other than U.S. Dollars are retranslated at the functional currency rate of exchange ruling at the reporting date. Non-monetary items that are measured in terms of historical cost in a currency other than U.S. Dollars are translated using the exchange rates as at the dates of the initial transactions. Non-monetary items measured at fair value in a currency other than U.S. Dollars are translated using the exchange rates at the date when the fair value was determined. Foreign currency transaction gains and losses on financial instruments classified as at fair value through profit or loss are included in profit or loss in the Statement of Comprehensive Income as part of the "Change in fair value of investments at fair value through profit or loss". Exchange differences on other financial instruments are included in profit or loss in the Statement of Comprehensive Income as "Foreign exchange gain/(loss)".

Financial instruments

In accordance with IFRS 9, financial assets and financial liabilities are recognised in the Company's Statement of Financial Position when the Company becomes a party to the contractual provisions of the instrument. Financial assets and financial liabilities are only offset and the net amount reported in the Statement of Financial Position and Statement of Comprehensive Income when there is a currently enforceable legal right to offset the recognised amounts and the Company intends to settle on a net basis or realise the asset and liability simultaneously.

2. ACCOUNTING POLICIES (continued)

Financial assets

At initial recognition, financial assets are classified based on the Company's business model for managing the financial assets and the contractual cash flow characteristics of the financial asset. The Company initially measures a financial asset at its fair value.

a) Investment at fair value through profit or loss

i. Classification

Financial assets classified at FVTPL are those that do not meet the contractual cash flow test and are managed with their performance evaluated on a fair value basis in accordance with the Company's investment strategy. The Company includes in this category its only investment, being the Partnership.

ii. Measurement

Investments made by the Company in the Partnership are measured initially and subsequently at fair value, with changes in fair value taken to the Statement of Comprehensive Income.

iii. Fair value estimation

A summary of the more relevant aspects of IPEV valuations is set out below:

Marketable (Listed) Securities – where an active market exists for the security, the value is stated at the bid price on the last trading day in the period. Marketability discounts are not generally applied unless there is some contractual, governmental or other legally enforceable restriction preventing realisation at the reporting date.

Unlisted Investments – are carried at such fair value as the Investment Manager considers appropriate, and as approved or adjusted by the Board, taking into account the performance of each investee company and the exercise of ratchets, options or other incentive schemes. Methodologies used in arriving at the fair value include prices of recent investment, earnings multiples, net assets, discounted cash flows analysis and industry valuation benchmarks. Valuations may be derived by reference to observable valuation measures for comparable companies or transactions (examples include discount rates, forward oil prices, production multiples and multiplying a key performance metric of the investee company such as estimated, unobservable EBITDA by a relevant valuation multiple observed in the range of comparable companies or transactions), adjusted for differences between the investment and the referenced comparable.

The Company has determined that the fair value of its investment in the Partnership is $384 million (31 December 2019: $773 million) and is calculated in accordance with applicable IFRS accounting standards and IPEV Valuation Guidelines. No adjustment to the net asset value of the Partnership has been made, as this is deemed equivalent to fair value.

b) Cash and cash equivalents

Cash and cash equivalents comprise cash on hand and demand deposits and other short-term highly liquid investments with an original maturity of three months or less that are readily convertible to a known amount of cash and are subject to an insignificant risk of changes in value.

c) Trade and other receivables

Trade receivables are classified as financial assets at amortised cost. They are measured at amortised cost less impairment assessed using the simplified approach of the expected credit loss model based on experience of previous losses and expectations of future losses.

A financial asset is derecognised (in whole or in part) either:

- when the Company has transferred substantially all the risks and rewards of ownership; or
- when it has neither transferred nor retained substantially all the risks and rewards and when it no longer has control over the assets or a portion of the asset; or
- when the contractual right to receive cash flow has expired.

Financial liabilities

a) Trade and other payables

Trade payables are classified as financial liabilities at amortised cost.

Notes to the Financial Statements continued

For the year ended 31 December 2020

2. ACCOUNTING POLICIES (continued)

Equity

The Company's Ordinary Shares are classified as equity and upon issuance, the fair value of the consideration received is included in equity, net of share issue costs (excluding share issue costs of the IPO). All formation and initial expenses of the Company, including the share issue costs of its IPO, have been borne by the Investment Manager.

Finance income

Interest income is recognised on a time apportioned basis.

Expenses

Expenses include legal, accounting, auditing and other operating expenses. They are recognised on an accruals basis in the Statement of Comprehensive Income in the period in which they are incurred.

Amended standards and interpretations not applied by the Company

New and amended standards and interpretations applied in these Financial Statements

There were no new standards or interpretations effective for the first time for periods beginning on or after 1 January 2020 that had a significant effect on the Company's Financial Statements. Furthermore, none of the amendments to standards that are effective from that date had a significant effect on these Financial Statements.

New and amended standards and interpretations not applied in these Financial Statements (issued but not yet effective)

Other accounting standards and interpretations have been published and will be mandatory for the Company's accounting periods beginning on or after 1 January 2021 or later periods. The impact of these standards is not expected to be material to the reported results and financial position of the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of Financial Statements requires management to make judgements, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses.

Estimates and judgements are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Judgements

In the process of applying the Company's accounting policies, management has made the following judgements, which have the most significant effect on the amounts recognised in the Financial Statements:

Assessment as an Investment Entity

The Company meets the definition of an investment entity on the basis of the following criteria:

1. the Company obtains funds from multiple investors for the purpose of providing those investors with investment management services;
2. the Company commits to its investors that its business purpose is to invest funds solely for returns from capital appreciation, investment income, or both; and
3. the Company measures and evaluates the performance of substantially all of its investments on a fair value basis.

To determine that the Company meets the definition of an investment entity, further consideration is given to the characteristics of an investment entity that are demonstrated by the Company.

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

Assessment of control over the Partnership

The Company makes its investments through the Partnership in which it is the sole limited partner.

The Board has assessed whether the Company has all the elements of control as prescribed by IFRS 10 in relation to the Company's investment in the Partnership and has concluded that although the Company is the sole limited partner, it does not control the Partnership but instead has significant influence and therefore accounts for the Partnership as an investment in associate at fair value in accordance with IAS 28.

Assessment of the Partnership as a structured entity

The Company considers the Partnership to be a structured entity under IFRS 12. Transfer of funds by the Partnership to the Company is determined by the General Partner (see Note 9). The risks associated with the Company's investment in the Partnership are disclosed in Note 10. The summarised financial information for the Company's investment in the Partnership is disclosed in Note 6.

Going concern

The Financial Statements have been prepared on a going concern basis for the reasons set out below and as the Directors, with recommendation from the Audit Committee, have a reasonable expectation that the Company has adequate resources to continue in operational existence for the foreseeable future. In reaching this conclusion, the Directors, with recommendation from the Audit Committee, have considered the risks that could impact the Company's liquidity over the next period from the date of approval of the Financial Statements up until 31 March 2022, as well as taken into account the following four key considerations, which are discussed further below:

1. Available liquid resources and potential proceeds from investment realisations versus current and expected liabilities of the Company over the period from the date of approval of the Financial Statements up until 31 March 2022;
2. Available liquid resources and potential proceeds from investment realisations versus total potential unfunded commitments of the Partnership;
3. Discount to NAV of the Company; and
4. COVID-19.

1. Available liquid resources and potential proceeds from investment realisations versus current and expected liabilities of the Company over the period from the date of approval of the Financial Statements up until 31 March 2022

The Audit Committee has recommended to the Directors that they should have a reasonable expectation that the Company has adequate resources to continue in operational existence for the period from the date of approval of the Financial Statements up until 31 March 2022, as explained below. The Company retained $11.5 million of cash in the IPO and Placing and Open Offer, and has requested and received seven distributions for working capital needs in aggregate of $24.3 million from the Partnership cumulatively through 31 December 2020. During 2020, in addition to the two distributions for working capital needs in aggregate of $10 million requested and received from the Partnership, the Company also requested and received a distribution request of £50 million ($63 million) for the share buyback programme, of which $8.8 million remains at 31 December 2020 (31 December 2019: $0.2 million). This cash balance is sufficient to cover the Company's existing liabilities at 31 December 2020 of $3.2 million, the remaining portion of the aforementioned share buyback programme of $1.0 million and the Company's forecasted annual expenses of approximately $4.0 million. As in prior years, in accordance with the Partnership Agreement, if the Company requires additional funds for working capital, it is entitled to receive another distribution from the Partnership. In order to do so, the Company would submit a distribution request approved by the Board to the Partnership, which would then be required to arrange for the payment of the requested amount. Since REL's inception, the Company has requested and received seven distributions from the Partnership for working capital needs. As detailed further in section 2 below, REL and the Partnership had available liquid resources of $99.1 million in excess of potential unfunded commitments of $83.2 million at 31 December 2020, but currently, as of the date of this report, REL, through the Partnership, has total potential unfunded commitments of $89.3 million, which exceed its available liquid resources of $53.5 million. However, based on the Investment Manager's cash flow forecast for the next three years to 31 December 2023, the expectation is that, if needed, the Partnership will only fund the remaining commitments to ILX III, Onyx Power and Enviva, which aggregate to $41.9 million as of the date of this report.

Notes to the Financial Statements continued

For the year ended 31 December 2020

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

2. Available liquid resources and potential proceeds from investment realisations versus total potential unfunded commitments of the Partnership

As at 31 December 2020, REL and the Partnership, including its wholly-owned subsidiaries, REL Cayman Holdings, LP, REL US Corp and REL US Centennial Holdings, LLC, had $99.1 million of uninvested funds held as cash and money market fixed deposits (31 December 2019: $182.4 million). This amount is comprised of $90.3 million held at the Partnership and $8.8 million held at REL. In 2021, the Company, through the Partnership, invested $39.5 million held at the Partnership in Loanpal of $25.0 million, FreeWire of $10.0 million, ILX III of $3.9 million and DCRN of $0.6 million, bringing the uninvested funds at the Partnership level down to $53.5 million as at the date of this report. In accordance with the revised terms for REL's GP Performance Allocation announced in January 2020, REL did not meet the portfolio level cost benchmark at 31 December 2020; therefore, any unrealised performance allocation has been deferred. If these changes had not been accepted, then the accrued GP Performance Allocation would have been $3.7 million as of 31 December 2020. No performance fees will be payable until the $565 million realised and unrealised losses to date at 31 December 2020 are offset with future gains. If these realised and unrealised losses have not been offset, any such accrued fees will no longer be payable after three years from each respective accrual date.

The Company's total potential unfunded commitments of $83.2 million as at 31 December 2020 (31 December 2019: $212.5 million), through the Partnership, did not exceed its available liquid resources as at 31 December 2020. In 2021, REL, through the Partnership, invested $3.9 million of its remaining commitment in ILX III and fully funded its commitments to new investments in Loanpal of $25.0 million, FreeWire of $10.0 million and DCRN of $0.6 million, as well as announced a commitment to DCRB of $10.0 million, bringing total potential unfunded commitments to $89.3 million. This amount exceeds the Partnership's available liquid resources of $53.5 million as of the date of this report, which includes $2.7 million of proceeds from Meritage III, Ridgebury H3 and Loanpal received in 2021. It is not expected that all potential unfunded commitments will be drawn due to a variety of factors, such as the ability for the commitment to be reduced and/or cancelled by the Investment Manager with consideration from the Board, the present market conditions do not warrant presently further capital expenditure as the returns would not be incrementally positive, a portfolio company being sold earlier than anticipated or a targeted investment opportunity changing or disappearing. Based on the Investment Manager's cash flow forecast for the next three years to 31 December 2023, the expectation is that, if needed, the Partnership will only fund the remaining commitments to ILX III, Onyx Power and Enviva, which aggregate to $41.9 million as of the date of this report. However, if the Board decides to fund any of the Partnership's unfunded commitments to the other active investments, the Partnership can execute a reactionary measure to provide liquidity as discussed further below.

As at 31 December 2020, the Company, through the Partnership, has realised eight investments for $692 million of gross proceeds on invested capital of $440 million, respectively in aggregate, resulting in an average Gross MOIC of approximately 1.6x. The initial commitments to these eight investments were in excess of $734 million, so approximately 60 per cent. had been funded before realisation. In addition, the board of each underlying portfolio company, more often than not are controlled by Riverstone, which has discretion over whether or not that capital is ultimately invested. Moreover, REL's arrangements with Riverstone allow the Company's potential unfunded commitments to be reduced and/or cancelled by the Investment Manager with consideration from the Board, although this has yet to happen. Moreover, any proposed investments outside of those made with Fund V and Fund VI can be unilaterally declined by the Board.

Finally, as a reactionary measure, the Partnership's investments in the publicly-traded shares of the portfolio companies could always be sold, or used as collateral to secure asset-backed financing, to fund the Partnership's shortfall of liquid resources and potential proceeds from investment realisations versus potential unfunded commitments, which is $35.8 million as of the date of this report. The Partnership holds marketable securities consisting of publicly-traded shares of Centennial, Pipestone and Talos, for which the aggregate fair value was $31.4 million at 31 December 2020 and $75.2 million as of 22 February 2021.

3. Discount to NAV of the Company

Since its inception, the Company's trading discount to NAV percentage has remained consistent with a population of comparable publicly-traded PE funds as their life to date average trading discount percentages are 20.3 per cent. and 21.7 per cent., respectively. However, from December 2015 to January 2016 and November 2018 to December 2018, as well as from December 2019 to November 2020, declines in the price of oil adversely impacted the market sentiment for energy companies, which resulted in the Company's trading discount percentage increasing at a faster rate than the population of comparable publicly-traded PE funds, as it is solely invested in the global energy industry across all sectors. In order to return uninvested capital to Shareholders and attempt to reduce REL's trading discount percentage, on 1 May 2020, the Company announced a buyback programme with the intention of returning £50 million to shareholders via market buybacks. Since the announcement, the Company has purchased 16,958,265 shares, in aggregate, for £49 million ($62 million) at an average share price of £2.90 ($3.67), which has attributed to the narrowing of the Company's trading discount from 66.1 per cent. at 31 March 2020 to 34.7 per cent. at 31 December 2020 (or from 131.7 per cent. to 46.5 per cent., respectively, on a cash-adjusted basis). From year-end through 22 February 2021, reflecting a $43.8 million increase in the fair value of the Company's unrestricted marketable securities, the Company's pro-forma trading discount has remained relatively unchanged and was 34.8 per cent. as of 22 February 2021 (or 40.1 per cent. on a cash-adjusted basis).

3. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS (continued)

The Board, with consultation of the Investment Manager, regularly monitors the Company's trading discount percentage and, when possible, executes corporate actions aimed at managing it, such as the aforementioned share buyback programme and Tender Offer share repurchase in November 2018, which attributed to a 1.5 per cent. increase in the Company's NAV, and partially offset the increase of the trading discount percentage. As announced on 4 January 2021, the Board intends to recommence the aforementioned share buyback programme after publication of the Annual Report.

4. COVID-19

The Board and Investment Manager have been in continuous dialogue regarding the impact of COVID-19 and appropriate disclosures within the Company's interim condensed financial statements, given that it's an evolving situation. The Company's Management Engagement Committee requested and received updates from REL's key service providers, including the Investment Manager, regarding their response to COVID-19, including an update on their respective business continuity plans.

The Investment Manager activated its business continuity plan and its regular working pattern has changed to remote working, though all staff are continuing to assume their day-to-day responsibilities remotely. There has been regular communication with its employees, as well as its investors. In addition, the Investment Manager's partners are hosting regular calls on potential investment opportunities in this new environment (caused by COVID-19 and OPEC+ news), so that Riverstone can best position the portfolio for the future. The Investment Manager has contacted its portfolio companies to make sure that they have the appropriate plans and resources in place to prioritise the health and safety of their employees, as well as to assess supply chain disruptions and ensure the normal operations of our businesses.

Directors' Assessment of Going Concern

Based on the reasons outlined above, on balance, the Directors are satisfied, as of today's date, that it is appropriate to adopt the going concern basis in preparing the Financial Statements.

Estimates and assumptions

The area involving a high degree of judgement or complexity and where assumptions and estimates are significant to the Financial Statements has been identified as the risk of misstatement of the valuation of the investment in the Partnership (see Note 5). Revisions to accounting estimates are recognised in the period in which the estimate is revised and in any future periods affected. The Board's determination that no discount or premium should be applied to the net asset value of the Partnership involves a degree of judgement due to the nature of the Partnership's investments and other assets and liabilities (see Note 2: Financial assets a) iii.) and the valuation techniques and procedures adopted by the Partnership.

The resulting accounting estimates will, by definition, seldom equal the related actual results.

4. TAXATION

The Company has made an election to, and currently expects to conduct its activities so as to be treated as a partnership for U.S. federal income tax purposes. Therefore, the Company expects that it generally will not be liable for U.S. federal income taxes. In the normal course of business, REL may form wholly owned subsidiaries, to be treated as C Corporations for U.S. tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. ECI. The C Corporations file U.S. corporate tax returns with the U.S. IRS and pay U.S. corporate taxes on its income. Each of the Company's Shareholders who are liable for U.S. taxes will take into account their respective share of the Company's items of income, gain, loss and deduction in computing its U.S. federal income tax liability as if such Shareholder had earned such income directly, even if no cash distributions are made to the Shareholder.

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2008 and is charged an annual exemption fee of £1,200.

The Cayman Islands at present impose no taxes on profit, income, capital gains or appreciations in value of the Partnership. There are also currently no taxes imposed in the Cayman Islands by withholding or otherwise on the Company as a limited partner of the Partnership on profit, income, capital gains or appreciations in respect of its partnership interest nor any taxes on the Company as a limited partner of the Partnership in the nature of estate duty, inheritance or capital transfer tax.

Local taxes may apply at the jurisdictional level on profits arising in operating entity investments. Further taxes may apply on distributions from such operating entity investments. The company is structured, and has structured its investments, to eliminate the incurrence of ECI by REL's investors. Based upon the current commitments and investments in Liberty II, Fieldwood, Carrier II, ILX III, and Enviva, the future U.S. tax liability on profits is expected to be in the range of 21 to 27.5 per cent. (31 December 2019: 21 to 27.5 per cent.).

Notes to the Financial Statements continued

For the year ended 31 December 2020

5. FAIR VALUE

IFRS 13 'Fair Value Measurement' requires disclosure of fair value measurement by level. The level in the fair value hierarchy within which the financial assets or financial liabilities are categorised is determined on the basis of the lowest level input that is significant to the fair value measurement, adjusted if necessary.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels:

→ Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;

→ Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);

→ Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company's only financial instrument carried at fair value is its investment in the Partnership which has been classified within Level 3 as it is derived using unobservable inputs. Amounts classified under Level 3 for the year ended 31 December 2020 were $384 million (31 December 2019: $773 million).

The fair value of all other financial instruments approximates to their carrying value.

Transfers during the period

There have been no transfers between levels during the year ended 31 December 2020 (31 December 2019: Nil). Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of the investment in the Partnership, it is always expected to be classified under Level 3.

Valuation methodology and process

The Directors base the fair value of the investment in the Partnership on the value of its limited partnership capital account received from the General Partner, which is determined on the basis of the fair value of its assets and liabilities, adjusted if necessary, to reflect liquidity, future commitments, and other specific factors of the Partnership and Investment Manager. This is based on the components within the Partnership, principally the value of the Partnership's investments in addition to cash and short-term money market fixed deposits. Any fluctuation in the value of the Partnership's investments in addition to cash and short-term money market fixed deposits held will directly impact on the value of the Company's investment in the Partnership.

The Partnership's investments are valued using the techniques described in the Company's valuation policy. The Investment Manager's assessment of fair value of investments held by the Partnership, through Investment Undertakings, is determined in accordance with IPEV Valuation Guidelines. When valuing the Partnership's investments, the Investment Manager reviews information provided by the underlying investee companies and other business partners and applies IPEV methodologies, to estimate a fair value as at the date of the Statement of Financial Position, subject to Board approval. It is the opinion of the Directors, that the IPEV valuation methodology used in deriving a fair value is generally not different from the fair value requirements of IFRS 13. In the event that there is a difference, the requirements of IFRS 13 override the IPEV requirements.

The Investment Manager values the investments on a quarterly basis using common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation and discounted cash flow valuation. For early stage private investments, Riverstone's investment due diligence process includes assumptions about short-term financial results in determining the appropriate purchase price for the investment. The techniques used in determining the fair value of the Company's investments through the Partnership are selected on an investment by investment basis so as to maximise the use of market based observable inputs.

REL's valuation policy is compliant with both IFRS and IPEV Valuation Guidelines and is applied consistently from period to period. As the Company's investments are generally not publicly quoted, valuations require meaningful judgement to establish a range of values, and the ultimate value at which an investment is realised may differ from its most recent valuation and the difference may be significant.

For the year ended 31 December 2020, the valuations of the Company's investments, through the Partnership, are detailed in the Investment Manager's Report.

5. FAIR VALUE (continued)

Quantitative information about Level 3 fair value measurements as at 31 December 2020

Industry: Energy

Fair value of Level 3 Investments (in thousands)	Valuation technique(s)	Unobservable input(s)	Range Low[1]	Range High[1]	Weighted Average[1]	Sensitivity of the input to fair value of Level 3 investments[2]	Fair value of Level 3 Investments affected by unobservable input[3] (in thousands)
$254,017	Public comparables	2020 EV / EBITDA Multiple	4.0x	6.0x	4.3x	10 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	22,124
		2021 EV / EBITDA Multiple[4]	3.8x	3.9x	3.9x	10 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	37,423
		2022 EV / EBITDA Multiple[4]	3.5x	6.5x	5.0x	30 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	52,740
		EV / 2020E Production Multiple ($/Boepd)	$16,500	$29,200	$21,700	10 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	37,423
		EV / 2021E Production Multiple ($/Boepd)[4]	$16,500	$29,200	$21,700	30 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	37,423
		1P Reserve multiple ($/Boe)	$4	$8	$6	30 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	15,299
		2P Reserve multiple ($/Boe)	$2	$4	$2	10 per cent. weighted average change in the input would result in 2 per cent. change in the total fair value of Level 3 investments	22,124
	Transaction comparables	Acreage Multiple ($/Boepd per Acre)	$2,900	$4,000	$3,000	10 per cent. weighted average change in the input would result in 2 per cent. change in the total fair value of Level 3 investments	22,124
		2P / 2C Reserve multiple ($/Boe)	$5	$10	$7	30 per cent. weighted average change in the input would result in 9 per cent. change in the total fair value of Level 3 investments	135,040
		Asset Value ($m/kW)[4]	$56	$182	$119	50 per cent. weighted average change in the input would result in 2 per cent. change in the total fair value of Level 3 investments	52,740
	Discounted cash flow	Oil Price Curve ($/bbl)[5]	$38	$43	$43	20 per cent. weighted average change in the input would result in 12 per cent. change in the total fair value of Level 3 investments	172,462
		Gas Price Curve ($/mcfe)[5]	$2	$2	$2	15 per cent. weighted average change in the input would result in 2 per cent. change in the total fair value of Level 3 investments	172,462
		Discount Rate[4]	30%	10%	20%	50 per cent. weighted average change in the input would result in 2 per cent. change in the total fair value of Level 3 investments	52,740
		GP Distribution Yield Per cent.[4]	7%	5%	6%	20 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	28,815
$8,552	Total						
$262,569	**Total**						

Notes to the Financial Statements continued

For the year ended 31 December 2020

5. FAIR VALUE (continued)

Quantitative information about Level 3 fair value measurements as at 31 December 2019

Industry: Energy

Fair value of Level 3 investments (in thousands)	Valuation technique(s)	Unobservable input(s)	Range Low[1]	Range High[1]	Weighted Average[1]	Sensitivity of the input to fair value of Level 3 investments[2]	Fair value of Level 3 Investments affected by unobservable input[3] (in thousands)
$405,752	Public comparables	2019 EV / EBITDA Multiple[6]	3.5x	4.1x	3.8x	40 per cent. weighted average change in the input would result in 3 per cent. change in the total fair value of Level 3 investments	$176,048
		2020 EV / EBITDA Multiple[6]	3.1x	4.0x	3.5x	25 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	$185,375
		EV / 2019E Production Multiple ($/Boepd)[6]	$21,000	$44,100	$30,900	45 per cent. weighted average change in the input would result in 5 per cent. change in the total fair value of Level 3 investments	$224,220
		EV / 2020E Production Multiple ($/Boepd)[6]	$21,000	$39,100	$28,700	40 per cent. weighted average change in the input would result in 3 per cent. change in the total fair value of Level 3 investments	$185,375
		1P Reserve multiple ($/Boe)	$7	$13	$9	40 per cent. weighted average change in the input would result in 5 per cent. change in the total fair value of Level 3 investments	$143,683
		2P Reserve multiple ($/Boe)	$3	$4	$3	50 per cent. weighted average change in the input would result in 5 per cent. change in the total fair value of Level 3 investments	$80,536
	Transaction comparables	Acreage Multiple ($/Boepd per Acre)	$3,000	$39,100	$13,400	20 per cent. weighted average change in the input would result in 2 per cent. change in the total fair value of Level 3 investments	$185,375
		1P Reserve multiple ($/Boe)[6]	$9	$13	$9	10 per cent. weighted average change in the input would result in 1 per cent. change in the total fair value of Level 3 investments	$56,667
		2P / 2C Reserve multiple ($/Boe)	$7	$12	$10	20 per cent. weighted average change in the input would result in 3 per cent. change in the total fair value of Level 3 investments	$181,532
	Discounted cash flow[5]	Oil Price Curve ($/bbl)	$51	$62	$58	30 per cent. weighted average change in the input would result in 35 per cent. change in the total fair value of Level 3 investments	$405,752
		Gas Price Curve ($/mcfe)	$3	$3	$3	20 per cent. weighted average change in the input would result in 4 per cent. change in the total fair value of Level 3 investments	$349,086
$117,405	Other						
$523,157	**Total**						

(1) Calculated based on fair values of the Partnership's Level 3 investments

(2) Based on its professional experience and recent market conditions, the Investment Manager has provided the Board with these weighted average change in the inputs with a forecasted time period of 6 to 12 months

(3) The Partnership's Level 3 investments are valued using one or more of the techniques which utilise one or more of the unobservable inputs, so the amounts in the "Fair value of Level 3 investments" column will not aggregate to the total fair value of the Partnership's Level 3 investments

(4) As at 31 December 2020, the sensitivity of this unobservable input to the total fair value of Level 3 investments was determined to be significant by applying the same methodology that determined it not to be significant as at 31 December 2019

(5) Discounted cash flow technique involves the use of a discount factor of 10 per cent.

(6) As at 31 December 2019, the sensitivity of this unobservable input to the total fair value of Level 3 investments was determined to be significant by applying the same methodology that determined it not to be significant as at 31 December 2018

5. FAIR VALUE (continued)

The Board reviews and considers the fair value of each of the Partnership's investments arrived at by the Investment Manager before incorporating such values into the fair value of the Partnership. The variety of valuation bases adopted, quality of management information provided by the underlying investee companies and the lack of liquid markets for the investments mean that there are inherent difficulties in determining the fair value of these investments and such difficulties cannot be eliminated. Therefore, the amounts realised on the sale of investments may differ from the fair values reflected in these Financial Statements and the differences may be significant.

The Board approves the valuations performed by the Investment Manager and monitors the range of reasonably possible changes in significant observable inputs on a regular basis with consultation from the Investment Manager. Using its extensive industry experience, the Investment Manager provides the Board with its determination of the reasonably possible changes in significant unobservable inputs in normal market conditions as of the year end.

The Directors have considered whether a discount or premium should be applied to the net asset value of the Partnership. In view of the investment in the Partnership and the nature of the Partnership's assets, no adjustment to the net asset value of the Partnership has been deemed to be necessary (see Note 3).

6. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS

The movement in fair value is derived from the fair value movements in the underlying investments held by the Partnership, net of income and expenses of the Partnership and its related Investment Undertakings, including any Performance Allocation and applicable taxes.

	31 December 2020 $'000	31 December 2019 $'000
Cost		
Brought forward	1,223,171	1,225,271
Distribution from the Partnership	(73,254)	(2,100)
Carried forward	1,149,917	1,223,171
Fair value movement through profit or loss		
Brought forward	(450,449)	203,714
Fair value movement during the year – see Summary Income Statement below	(315,879)	(654,163)
Carried forward	(766,328)	(450,449)
Fair value at year end	383,589	772,722

Summary financial information for the Partnership

Summary Balance Sheet	31 December 2020 $'000	31 December 2019 $'000
Investments at fair value (net)	288,237	612,289
Cash and cash equivalents[1]	13,666	28,382
Money market fixed deposits[1]	76,675	134,975
Management Fee payable – see Note 9	(1,181)	(2,443)
Other net assets/(liabilities)	6,192	(481)
Fair value of REL's investment in the Partnership	383,589	772,722

(1) These figures are comprised of $90.3 million (2019: $163.4 million) held at the Partnership and $Nil (2019: $19.0 million) held at REL US Corp

Notes to the Financial Statements continued

For the year ended 31 December 2020

6. INVESTMENT AT FAIR VALUE THROUGH PROFIT OR LOSS (continued)

Reconciliation of Partnership's investments at fair value	31 December 2020 $'000	31 December 2019 $'000
Investments at fair value – Level 1 (gross)	25,668	70,131
Investments at fair value – Level 3 (gross) - see Note 5	262,569	523,157
Investments at fair value (gross)	288,237	593,288
Cash and cash equivalents	–	19,001
Partnership's investments at fair value (net)	288,237	612,289

Summary Income Statement	1 January 2020 to 31 December 2020 $'000	1 January 2019 to 31 December 2019 $'000
Unrealised and realised loss on Partnership's investments (net)	(310,312)	(644,276)
Interest and other income	2,152	4,983
Management Fee expense – see Note 9	(5,594)	(13,923)
Other operating expenses	(2,125)	(947)
Portion of the operating loss for the year attributable to REL's investment in the Partnership	(315,879)	(654,163)

Reconciliation of unrealised and realised loss on Partnership's investments	1 January 2020 to 31 December 2020 $'000	1 January 2019 to 31 December 2019 $'000
Unrealised loss on Partnership's investments (gross)	(311,459)	(667,962)
Realised gain/(loss) on Partnership's investments (gross)	457	(18,793)
Income from Partnership's investments (gross)	–	30
General Partner's performance allocation – see Note 9	(91)	42,301
Release of provision for taxation	781	148
Unrealised and realised loss on Partnership's investments (net)	(310,312)	(644,276)

7. CASH AND CASH EQUIVALENTS

These comprise cash and short-term bank deposits available on demand. The carrying amounts of these assets approximate to their fair value.

8. SHARE CAPITAL

	31 December 2020 $'000	31 December 2019 $'000
Authorised:		
Ordinary Shares of no par value	Unlimited	Unlimited

	Total No.	Total No.
Issued and fully paid:		
Unlimited Shares of no par value		
Shares as at inception	–	–
Issued on 23 May 2013	1	1
Issued on 29 October 2013	71,032,057	71,032,057
Issued on 10 October 2014	5,000,000	5,000,000
Issued on 11 December 2015	8,448,006	8,448,006
Cancelled on 23 November 2018	(4,583,333)	(4,583,333)
Cancelled during year ended 31 December 2020	(16,958,265)	–
Shares as at year end	62,938,466	79,896,731

Share capital	$'000	$'000
Share capital brought forward	1,246,559	1,246,559
Movements for the period:		
Cancellation of shares	(62,459)	–
Share capital as at year end	1,184,100	1,246,559

The Company has one class of Ordinary Shares. The issued nominal value of the Ordinary Shares represents 100 per cent. of the total issued nominal value of all share capital. Under the Company's Articles of Incorporation, on a show of hands, each Shareholder present in person or by proxy has the right to one vote at general meetings. On a poll, each Shareholder is entitled to one vote for every Share held.

Shareholders are entitled to all dividends paid by the Company and, on a winding up, providing the Company has satisfied all of its liabilities, the Shareholders are entitled to all of the surplus assets of the Company. The Ordinary Shares have no right to fixed income.

On 15 October 2018, the Company announced a Tender Offer for £55.0 million in the value of the Company's Ordinary Shares. The Company acquired 4,583,333 Ordinary Shares which were cancelled on 23 November 2018.

On 1 May 2020, the Company announced a share buyback programme for £50.0 million in the value of the Company's Ordinary Shares. During the year, the Company acquired 16,958,265 Ordinary Shares which were subsequently cancelled.

Following the cancellation of Ordinary Shares from the Tender Offer and share buyback programme, the share capital of the Company is 62,938,466 Ordinary Shares in aggregate.

Notes to the Financial Statements continued

For the year ended 31 December 2020

9. RELATED PARTY TRANSACTIONS

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

Directors

The Company has five Non-executive Directors (31 December 2019: eight). The Chairman is entitled to annual remuneration of £132,000 (31 December 2019: £132,000). The Chairman of the Audit Committee is entitled to annual remuneration of £82,500 (31 December 2019: £82,500) and the Chairman of the Management Engagement Committee is entitled to annual remuneration of £71,500 (31 December 2019: £71,500). The other independent Directors are entitled to annual remuneration of £66,000 (31 December 2019: £66,000). The three non-independent Directors had chosen not to be remunerated by the Company for their services during the period until their resignation on 30 October 2020.

Directors' fees and expenses for the year ended 31 December 2020 amounted to $684,182 (31 December 2019: $1,144,166), which resulted in a reduction to the 31 December 2020 quarter-end Management Fee as further discussed below. $Nil of Directors' expenses were outstanding at year-end (31 December 2019: $Nil).

Messrs Barker and Hayden have direct or indirect economic interests in Other Riverstone Funds as investors.

Investment Manager

The Investment Manager, an affiliate of Riverstone, provides advice to the Company and the Partnership on the origination and completion of new investments, on the management of the portfolio and on realisations, as well as on funding requirements, subject to Board approval. For the provision of services under the Investment Management Agreement, the Investment Manager is paid in cash out of the assets of the Partnership an annual Management Fee equal to 1.5 per cent. per annum of the Company's Net Asset Value (including cash). The fee is payable quarterly in arrears and each payment is calculated using the quarterly Net Asset Value as at the relevant quarter end.

The Investment Manager has agreed to deduct from its annual Management Fee all fees, travel costs and related expenses of the Directors exceeding the following annual limits:

Portion of NAV	Limit (as a percentage of the then last published NAV)
Up to and including £500 million	0.084 per cent.
From £500 million to and including £600 million	0.084 per cent. at £500 million and thereafter adjusted downwards proportionately to NAV to 0.07 per cent. at £600 million
From £600 million to and including £700 million	0.07 per cent. at £600 million and thereafter adjusted downwards proportionately to NAV to 0.06 per cent. at £700 million
Above £700 million	0.06 per cent.

The above limits are subject to adjustment by agreement between the Investment Manager and the Company acting by its independent Directors. Based on the last published NAV as of 31 December 2020, the maximum amount of annual fees, travel and related expenses of the Directors is $401,721 (31 December 2019: $639,982). During the year ended 31 December 2020, fees and expenses of the Directors amounted to $684,182 (31 December 2019: $1,090,830), resulting in a reduction of $282,461 to the 31 December 2020 quarter-end Management Fee (31 December 2019: reduction of $450,848 of the quarter-end Management Fee).

During the year ended 31 December 2020, the Partnership incurred Management Fees of $5,593,907 (31 December 2019: $13,923,187) of which $1,181,324 remained outstanding as at the year-end (31 December 2019: $2,442,998). In addition, the Company and Partnership, in aggregate, reimbursed the Investment Manager $1,244,542 in respect of amounts paid on their behalf for the year (31 December 2019: $2,314,306), of which $1,508,867 related to legal and professional fees of the Company and Partnership, and $32,951 related to travel and other operating expenses of the Investment Manager (31 December 2019: $131,065), partially offset by a credit balance with the Investment Manager of $297,276 related to expenses reimbursed by portfolio companies.

9. RELATED PARTY TRANSACTIONS (continued)

The circumstances in which the Company and the Investment Manager may terminate the Investment Management Agreement are as follows:

Event	Notice period	Consequences of termination
By the Company if the Investment Manager is in material breach which has not been rectified	12 months	The General Partner is entitled to receive a payment equal to four times the quarterly Management Fee payable to the Investment Manager on the basis of the Company's most recent Net Asset Value and an amount equal to the Performance Allocation due on the Company's investments on the basis, at the Company's option, of the latest quarterly valuation or the actual realisation value for each investment.
By the Investment Manager if the Company is in material breach which has not been rectified	12 months	The General Partner is entitled to receive a payment equal to twenty times the quarterly Management Fee payable to the Investment Manager on the basis of the Company's most recent Net Asset Value and an amount equal to the Performance Allocation due on the Company's investments on the basis, at the General Partner's option, of the latest quarterly valuation or the actual realisation value for each investment.
By the Company if the Investment Manager becomes insolvent or resolves to wind up or if the Investment Manager commits an act of fraud or wilful default in relation to the Company which results in material harm to the Company	Immediate	No payment to be made to the Investment Manager or the General Partner.

The Investment Management Agreement cannot be terminated by either the Company or the Investment Manager without cause.

Following the seventh anniversary of the Company's London listing on 29 October 2020, a discontinuation resolution was proposed and not passed, therefore the Investment Manager Agreement will continue in perpetuity subject to the termination for cause provisions described above. However, either the Board or Shareholders holding in aggregate 10 per cent. of the Company's voting securities can call an EGM at any time to vote on the liquidation of the Company (75 per cent. of the votes cast in favour required) or run-off of its portfolio (50 per cent. of the votes cast in favour required). Under both these scenarios, the Investment Manager would still be entitled to twenty times the most recent quarterly Management Fee.

General Partner

The General Partner makes all management decisions, other than investment management decisions, in relation to the Partnership and controls all other actions by the Partnership and is entitled to receive a Performance Allocation, calculated and payable at the underlying investment holding subsidiary level, equal to 20 per cent. of the gross realised profits (if any) in respect of a disposal, in whole or in part, of any underlying asset of the Company.

The General Partner is entitled to receive its Performance Allocation in cash, all of which, after tax, Riverstone, through its affiliate RELCP, reinvests in Ordinary Shares of the Company on the terms summarised in Part I and Part VIII of the IPO Prospectus.

During the year ended 31 December 2020, the Partnership paid Performance Allocation of $91,340 (31 December 2019: $13,561,741) of which $nil remained outstanding as at the year end (31 December 2019: $nil).

On 3 January 2020, the Company announced amendments to Performance Allocation arrangements under the Investment Management Agreement that were effective from 30 June 2019. The amended terms on which the Company is required to pay a Performance Allocation in respect of its investment are as follows:

→ Portfolio level cost benchmark: A Performance Allocation will only be distributed in respect of a realised investment if, at the time of the realisation of the relevant investment, the aggregate of the fair market value of all of the Company's then unrealised investments and the proceeds of all of its realised investments since inception exceeds the aggregate acquisition price of all of the Company's unrealised and realised investments. If this portfolio level cost benchmark is not met at the time of realisation of the relevant investment, distribution of the Performance Allocation is subject to deferment as described further below. As of 31 December 2020, the portfolio level cost benchmark was in deficit of $565 million.

Notes to the Financial Statements continued

For the year ended 31 December 2020

9. RELATED PARTY TRANSACTIONS (continued)

- 8 per cent. hurdle rate: A Performance Allocation will only be accrued for payment upon the realisation of an investment if the proceeds from that investment exceed an amount equal to its acquisition cost plus an 8 per cent. annual cumulative hurdle rate calculated from the date of investment to the date of realisation. If the hurdle is met, the Performance Allocation will be 20 per cent. of all Net Profits in respect of each such investment. As of 31 December 2020, the Ridgebury and Enviva investments exceeded the hurdle rate and the total portfolio's Gross IRR is approximately -14 per cent.
- Full realisation: A Performance Allocation will only be calculated and accrued on the full realisation of the entire interest in an investment, unless a partial realisation results in the full return of all capital invested in such investment. Otherwise, no Performance Allocation will be payable on partial disposals and the ability for the Investment Manager to elect to receive a Performance Allocation on an investment that has been held by the Company for at least seven years (but not sold) has been removed.
- Deferral: If the portfolio level cost benchmark is not met at the time of full realisation of the relevant investment, it will be retested on a quarterly basis for the following three years. If, at any time during those three years, the benchmark is satisfied for four continuous quarters, the relevant Performance Allocation will then become distributable without interest. Any accrued but undistributed Performance Allocation that has been deferred due to the portfolio level cost benchmark test will expire after 36 months.

The Investment Manager will continue to be required to apply each Performance Allocation (net of taxes) to acquire ordinary shares of the Company.

During the year, in compliance with the laws of the Cayman Islands, the Company and its existing Investment Manager, Riverstone International Limited, a Cayman Islands exempted company, assigned its investment advisory rights and obligations under the Company's Investment Management Agreement to RIL's immediate parent entity, RIGL Holdings, LP, a Cayman Islands exempted limited partnership.

Furthermore, on 9 December 2020, the Company's Investment Management Agreement has been amended to remove the Investment Manager's ability to nominate directors of the Company and to replace it with the ability to request that its representatives attend Board meetings as observers instead, except in circumstances where matters specifically regarding the Investment Manager and its affiliates are being considered.

Distribution of Investment Proceeds

In addition, the Company and the Investment Manager have agreed that, going forward, 20 per cent. of the Net Profits attributable to each fully realised investment, net of taxes, withholdings or reserves for taxes will, at the discretion of the Company, be available for distribution to the Company's Shareholders, whether by dividend or share repurchases.

Cornerstone Investors

Each of the Cornerstone Investors has acquired an indirect economic interest in each of the General Partner and the Investment Manager depending on the size of their commitment and the total issue size, up to an aggregate maximum indirect economic interest of 20 per cent. in each, for nominal consideration. These interests entitle the Cornerstone Investors to participate in the economic returns generated by the General Partner, including from the Performance Allocation, and the Investment Manager, which receives the Management Fee.

10. FINANCIAL RISK MANAGEMENT

Financial risk management objectives

The Company's investing activities, through its investment in the Partnership, intentionally expose it to various types of risks that are associated with the underlying investee companies of the Partnership, including the ongoing oil and gas market decline and COVID-19. The Company makes the investment in order to generate returns in accordance with its investment policy and objectives.

The most important types of financial risks to which the Company is exposed are market risk (including price, interest rate and foreign currency risk), liquidity risk and credit risk. The Board of Directors has overall responsibility for the determination of the Company's risk management and sets policy to manage that risk at an acceptable level to achieve those objectives. The policy and process for measuring and mitigating each of the main risks are described below.

The Investment Manager and the Administrator provide advice to the Company which allows it to monitor and manage financial risks relating to its operations through internal risk reports which analyse exposures by degree and magnitude of risks. The Investment Manager and the Administrator report to the Board on a quarterly basis.

Categories of financial instruments

	31 December 2020 $'000	31 December 2019 $'000
Financial assets		
Investment at fair value through profit or loss:		
Investment in the Partnership	**383,589**	772,722
Other financial assets:		
Cash and cash equivalents	**8,807**	211
Trade and other receivables	**1,137**	593
Financial liabilities		
Financial liabilities:		
Trade and other payables	**(3,190)**	(1,834)

Capital risk management

The Company manages its capital to ensure that the Company will be able to continue as a going concern while maximising the capital return to Shareholders. The capital structure of the Company consists of issued share capital and retained earnings, as stated in the Statement of Financial Position.

In order to maintain or adjust the capital structure, the Company may buy back shares or issue new shares. During the year, the Company bought and cancelled 16,958,265 Ordinary Shares. There are no external capital requirements imposed on the Company.

The Company's investment policy is set out in the Investment Policy section of the Annual Report.

Notes to the Financial Statements continued

For the year ended 31 December 2020

10. FINANCIAL RISK MANAGEMENT (continued)

Market risk

Market risk includes price risk, foreign currency risk and interest rate risk.

(a) Price risk

The underlying investments held by the Partnership present a potential risk of loss of capital to the Partnership and hence to the Company. The Company invests through the Partnership. Price risk arises from uncertainty about future prices of underlying financial investments held by the Partnership, which at year-end was $288,237,082 (31 December 2019: $593,288,398). Please refer to Note 5 on pages 68 to 71 for quantitative information about the fair value measurements of the Partnership's Level 3 investments.

The Partnership is exposed to a variety of risks which may have an impact on the carrying value of the Company's investment in the Partnership. The Partnership's risk factors are set out in (a)(i) to (a)(iii) below.

(i) Not actively traded

The Partnership's investments are not generally traded in an active market but are indirectly exposed to market price risk arising from uncertainties about future values of the investments held. The underlying investments of the Partnership vary as to industry sub-sector, geographic distribution of operations and size, all of which may impact the susceptibility of their valuation to uncertainty.

Although the investments are in the same industry, this risk is managed through careful selection of investments within the specified limits of the investment policy. The investments are monitored on a regular basis by the Investment Manager.

(ii) Concentration

The Company, through the Partnership, invests in the global energy sector, with a particular focus on businesses that engage in oil and gas exploration and production and midstream investments in that sector. This means that the Company is exposed to the concentration risk of only making investments in the global energy sector, which concentration risk may further relate to sub-sector, geography, and the relative size of an investment or other factors. Whilst the Company is subject to the investment and diversification restrictions in its investment policy, within those limits, material concentrations of investments have arisen.

The Board and the Investment Manager monitor the concentration of the investment in the Partnership on a quarterly basis to ensure compliance with the investment policy.

(iii) Liquidity

The Company's underlying investments through the Partnership are dynamic in nature. The Partnership will maintain flexibility in funding by keeping sufficient liquidity in cash and cash equivalents which may be invested on a temporary basis in line with the cash management policy as agreed by the Board from time to time.

As at 31 December 2020, $90.3[1] million or 23.6 per cent. (31 December 2019: $183[1] million or 23.6 per cent.) of the Partnership's financial assets, including those held by its wholly-owned subsidiaries, REL US Corp and REL US Centennial Holdings, LLC, were money market fixed deposits and cash balances held on deposit with several, A or higher rated, banks. All of these assets have maturities of less than one year.

(1) These figures are comprised of $90.3 million (2019: $163.4 million) held at the Partnership and $Nil (2019: $19.0 million) held at REL US Corp

10. FINANCIAL RISK MANAGEMENT (continued)

(b) Foreign currency risk

The Company has exposure to foreign currency risk due to the payment of some expenses in Pounds Sterling. Consequently, the Company is exposed to risks that the exchange rate of its currency relative to other foreign currencies may change in a manner that has an adverse effect on the value of that portion of the Company's assets or liabilities denominated in currencies other than the U.S. Dollar. Any exposure to foreign currency risk at the underlying investment level is captured within price risk.

The following tables set out, in U.S. Dollars, the Company's total exposure to foreign currency risk and the net exposure to foreign currencies of the monetary assets and liabilities:

As at 31 December 2020 **Assets**	**$** **$'000**	**£** **$'000**	**Total** **$'000**
Non-current assets			
Investment in the Partnership[1]	383,589	–	383,589
Total non-current assets	383,589	–	383,589
Current assets			
Trade and other receivables	1,136	1	1,137
Cash and cash equivalents	4,983	3,824	8,807
Total current assets	6,119	3,825	9,944
Current liabilities			
Trade and other payables	150	3,040	3,190
Total current liabilities	150	3,040	3,190
Total net assets	389,558	785	390,343

As at 31 December 2019 Assets	$ $'000	£ $'000	Total $'000
Non-current assets			
Investment in the Partnership[1]	772,722	–	772,722
Total non-current assets	772,722	–	772,722
Current assets			
Trade and other receivables	592	1	593
Cash and cash equivalents	211	–	211
Total current assets	803	1	804
Current liabilities			
Trade and other payables	204	1,630	1,834
Total current liabilities	204	1,630	1,834
Total net assets	773,321	(1,629)	771,692

The Directors do not consider that the foreign currency exchange risk at the balance sheet date is material and therefore sensitivity analysis for the foreign currency risk has not been provided.

[1] Includes the fair value of two investments held through the Partnership, Hammerhead and CNOR, denominated in CAD and therefore subject to foreign currency risk. These two investments had an aggregate fair value of $67.5 million as at 31 December 2020 (31 December 2019: $95.8 million).

Notes to the Financial Statements continued

For the year ended 31 December 2020

10. FINANCIAL RISK MANAGEMENT (continued)

(c) Interest Rate Risk

The Company's exposure to interest rate risk relates to the Company's cash and cash equivalents held through the Partnership. The Company is subject to risk due to fluctuations in the prevailing levels of market interest rates. Any excess cash and cash equivalents are invested at short-term market interest rates. As at the date of the Statement of Financial Position, the majority of the Company's cash and cash equivalents were held on interest bearing fixed deposit accounts at the Partnership. Any exposure to interest rate risk at the underlying investment level is captured within price risk.

The Company has no other interest-bearing assets or liabilities as at the reporting date. As a consequence, the Company is only exposed to minimal variable market interest rate risk. Management does not expect any residual interest rate risk to be material, and therefore sensitivity analysis has not been provided.

	31 December 2020 $'000	31 December 2019 $'000
Non-interest bearing		
Cash and cash equivalents	8,807	211

Liquidity risk

Ultimate responsibility for liquidity risk management rests with the Board of Directors.

Liquidity risk is defined as the risk that the Company may not be able to settle or meet its obligations on time or at a reasonable price.

The Company adopts a prudent approach to liquidity management and through the preparation of budgets and cash flow forecasts maintains sufficient cash reserves to meet its obligations. During the year, the Company received distributions of $73.3 million from the Partnership (2019: $2.1 million), comprising $10 million for working capital purposes to meet its forecasted liabilities and $63.3 million to fund the 2020 share buyback programme announced on 1 May 2020. As in prior years, in accordance with the Partnership Agreement, if the Company requires additional funds for working capital, it is entitled to receive further distributions from the Partnership. In order to do so, the Company would submit a distribution request approved by the Board to the Partnership, which would then be required to arrange for the payment of the requested amount. Since REL's inception, the Company has requested and received six distributions from the Partnership for working capital needs. As at 31 December 2020, REL and the Partnership has available liquid resources of $99.1 million in excess of potential unfunded commitments of $83.2 million, but currently, as of the date of this report, REL, through the Partnership, has total potential unfunded commitments of $89.3 million. This amount exceeds its available liquid resources of $53.5 million as of the date of this report, which includes $2.7 million of proceeds from Meritage III, Ridgebury H3 and Loanpal received in 2021. However, based on the Investment Manager's cash flow forecast for the next three years, the expectation is that, if needed, the Partnership will only fund the remaining commitments to ILX III, Onyx Power and Enviva, which aggregate to $41.9 million as of the date of this report. In order to enable the Partnership to satisfy an additional distribution request from the Company, as a reactionary measure, the Partnership's investments in the publicly-traded shares of portfolio companies could always be sold, or used as collateral to secure asset-backed financing, to fund the Partnership's shortfall of liquid resources and potential proceeds from investment realisations versus potential unfunded commitments, which is $35.8 million as of the date of this report. The Partnership holds marketable securities consisting of publicly-traded shares of Centennial, Pipestone and Talos, for which the aggregate fair value was $31.4 million at 31 December 2020 and $75.2 million as of 22 February 2021.

The Company's financial assets (excluding equity investments) and liabilities have an expected maturity of less than 12 months from 31 December 2020 (2019: less than 12 months from 31 December 2019). Based on the assessment outlined above, the Board has concluded that, as of the date of this report, the Company and Partnership have sufficient available liquid resources to meet current liabilities as they fall due over the next 13 months to March 2022.

10. FINANCIAL RISK MANAGEMENT (continued)

Credit risk

Credit risk refers to the risk that a counterparty will default on its contractual obligations resulting in financial loss to the Company. Any exposure to credit risk at the underlying investment level is captured within price risk.

Financial assets mainly consist of cash and cash equivalents, trade and other receivables, and investments at fair value through profit or loss. The Company's risk on liquid funds, including those held by the Partnership[1], is reduced because it can only deposit monies with institutions with a minimum credit rating of "single A". The Company mitigates its credit risk exposure on its investment at fair value through profit or loss by the exercise of due diligence on the counterparties of the Partnership, its General Partner and the Investment Manager.

The table below shows the material cash balances and the credit rating for the counterparties used at the year-end date:

Counterparty	**Location**	**Rating**	**31 December 2020 $'000**	31 December 2019 $'000
Barclays Bank Plc	Guernsey	A	**8,807**	211

(1) The Partnership hold its cash and cash equivalents at Barclays Bank Plc (Rating: A), Citibank (Rating: A) and JPMorgan Bank Luxembourg S.A. (Rating A+)

The Company's maximum exposure to loss of capital from credit risk at the year-end is shown below:

31 December 2020	**Carrying Value and Maximum exposure $'000**
Other financial assets (including cash and cash equivalents but excluding prepayments)	8,807

31 December 2019	Carrying Value and Maximum exposure $'000
Other financial assets (including cash and cash equivalents but excluding prepayments)	211

Gearing

As at the date of these Financial Statements the Company itself has no gearing. The Company may have indirect gearing through the operations of the underlying investee companies.

11. SEGMENTAL REPORTING

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the Total Return of the Company's Net Asset Value and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the Financial Statements.

For management purposes, the Company is organised into one main operating segment, which invests in one limited partnership.

All of the Company's income is derived from within Guernsey and the Cayman Islands.

All of the Company's non-current assets are located in the Cayman Islands.

Due to the Company's nature, it has no customers.

Notes to the Financial Statements continued

For the year ended 31 December 2020

12. EARNINGS PER SHARE AND NET ASSET VALUE PER SHARE

Earnings per Share

	31 December 2020		31 December 2019	
	Basic	**Diluted**	Basic	Diluted
Loss for the year ($'000)	**(318,890)**	**(318,890)**	(659,569)	(659,569)
Weighted average numbers of Shares in issue	**72,106,969**	**72,106,969**	79,896,731	79,896,731
EPS (cents)	**(442.25)**	**(442.25)**	(825.53)	(825.53)

The Earnings per Share is based on the profit or loss of the Company for the year and on the weighted average number of Shares the Company had in issue for the year ended 31 December 2020.

The weighted average number of Shares during the year is 72,106,969.

There are no dilutive Shares in issue as at 31 December 2020.

Net Asset Value per Share

	31 December 2020	31 December 2019
NAV ($'000)	**390,343**	771,692
Number of Shares in issue	**62,938,466**	79,896,731
Net Asset Value per Share ($)	**6.20**	9.66
Net Asset Value per Share (£)	**4.55**	7.36
Discount to NAV (per cent.)	**34.68**	43.75

The Net Asset Value per Share is arrived at by dividing the net assets as at the date of the Statement of Financial Position by the number of Ordinary Shares in issue at that date. The Discount to NAV is arrived at by calculating the percentage discount of the Company's Net Asset Value per Share to the Company's closing Share price as at the date of the Statement of Financial Position.

13. AUDITOR'S REMUNERATION

Other operating expenses include all fees payable to the auditor, which can be analysed as follows:

	2020 $'000	2019 $'000
Ernst & Young LLP Audit fees	**538**	490

	2020 $'000	2019 $'000
Ernst & Young LLP (United Kingdom) Interim Review fees	**157**	174
Ernst & Young LLP (United Kingdom) Other Assurance services	**–**	121
Ernst & Young Business Services S.à r.l Non-Assurance services	**2**	2
Ernst & Young (United States) Tax Compliance fees	**–**	45
Ernst & Young Non-Audit fees	**159**	342

14. IFRS TO US GAAP RECONCILIATION

The Company's Financial Statements are prepared in accordance with IFRS, which in certain respects differ from US GAAP. These differences are not material and therefore no reconciliation between IFRS and US GAAP has been presented. For reference, please see below for a summary of the key judgments and estimates taken into account with regards to the Company as of 31 December 2020, as well as the Shareholders' financial highlights required under US GAAP.

Assessment as an Investment Entity

As stated in Note 3, REL meets the definition of an investment entity under IFRS 10. Per US GAAP (Financial Services – Investment Companies (Topic 946): Amendments to the Scope, Measurement, and Disclosure Requirements or "ASC 946"), REL meets the definition of an investment company, and as required by ASC 946, REL measures its investment in the Partnership at FVTPL, which in turn measures its investment in the underlying investments at FVTPL.

REL's Investment in the Partnership

As stated in Note 3, although the Company is the sole limited partner, it does not control the Partnership (as that is attributable to the General Partner), but instead has significant influence. Therefore, REL accounts for the Partnership as an investment in associate in accordance with IAS 28 – Investment in Associates and Joint Ventures, and, since REL meets the definition of an investment company in accordance with IFRS 10, it measures its investment in the Partnership at FVTPL. Taking into consideration all applicable US GAAP requirements (ASC 946 and ASC 323), REL is permitted to not consolidate its investment in the Partnership and account for it at FVTPL as required by ASC 946 and ASC 323, which is similar to the IFRS 10 requirements.

Fair Value Measurements

The fair value of the underlying investments held by the Partnership are determined based on valuation techniques and inputs that are observable and unobservable in the market which market participants have access to and will use to determine the exit price or selling price of the investments. The change in valuation of REL's investments held by the Partnership is then reflected in the fair value of REL's investment in the Partnership.

Shareholders' Financial Highlights

	Year Ended 31 December 2020	Year Ended 31 December 2019
Expense ratio[1]	**2.3%**	1.8%
Performance Allocation ratio[1]	**0.0%**	(2.6)%
Total Expense and Performance Allocation ratio	**2.3%**	(0.8)%
Net investment loss ratio[2]	**(1.8)%**	(1.4)%
Internal rate of return[3], beginning of year	**(7.4)%**	2.7%
Internal rate of return[3], end of year	**(13.0)%**	(7.4)%
Net contributed capital to total capital commitments[4]	**100.0%**	100.0%

1. The expense ratio is calculated using total expenses of the Company and the Partnership allocated to the Shareholders divided by the Shareholders' average capital balance for the year presented. For the years ended 31 December 2020 and 2019, the Performance Allocation realised by the General Partner of the Partnership was $0.1 million and $13.6 million, respectively, and the Performance Allocation accrued by the General Partner of the Partnership was approximately $nil million and $(42.3) million, respectively.
2. The net investment loss ratio is the Shareholders' investment income of the Company and Partnership reduced by total expenses of the Company and the Partnership divided by the Shareholders' average capital balance for the year presented. However, net investment loss does not include any realised or unrealised gains/losses generated from the sale or recapitalisation of an investment of the Partnership. Thus, net investment loss includes dividend and interest income of the Company and the Partnership less the total expenses of the Company and the Partnership incurred during the year presented.
3. The internal rate of return since the commencement of operations ("IRR") is computed based on the dates of the Shareholders' capital contributions to the Company, distributions from the Company to the Shareholders, and the fair value of the Shareholders' NAV as of 31 December 2020. The IRR of the Shareholders is net of all fees and Performance Allocation to the General Partner of the Partnership. The computation of the IRR for an individual Shareholder may vary from the IRR presented above due to the timing of capital transactions.
4. Net contributed capital is based on the Shareholders' gross capital contributions.

Notes to the Financial Statements continued

For the year ended 31 December 2020

15. SUBSEQUENT EVENTS

Subsequent to year-end, REL, through the Partnership, funded all of its $25 million commitment to Loanpal in conjunction with the closing of the transaction on 13 January 2021. Loanpal is a San Francisco based sustainable home improvement loan originator, providing a point-of-sale lending platform used by key residential contractors. Loanpal does not take funding risk, and the company presells its originated loans via forward purchase agreements to large funds managed by asset managers including Blackstone and Goldman Sachs. The company's attractive unit economics and asset-light business model allow for rapid growth and the ability to scale faster than its competitors, while generating free cash flow by capitalising on upfront net cash payments for loan originations and avoiding costly SG&A and capital expenditures incurred by other portions of the value chain.

Additionally, and subsequent to year-end, REL, through the Partnership fully funded its $10 million commitment to FreeWire. Based in the San Francisco Bay Area and led by co-founder and CEO Arcady Sosinov, FreeWire designs, manufactures, and markets unitised battery-integrated DCFCs to customers such as retailers, utilities, electric vehicle fleet operators, and charging station network operators across the globe. In addition to hardware sales, FreeWire's software platform offers recurring revenues, enabling charger management and third-party platform integration with plans to offer energy management and grid services.

Furthermore, again post year-end, REL, through the Partnership, announced a commitment of $10 million to Decarbonization Plus Acquisition Corporation (NASDAQ: DCRB), via a private placement, and fully funded its commitment of $0.6 million to Decarbonization Plus Acquisition Corporation II (NASDAQ: DCRNU), via an initial public offering, respectively. Both entities are blank check companies formed for the purpose of effecting a merger, capital stock exchange, asset acquisition, stock purchase, reorganisation or similar business combination with a target whose principal effort is developing and advancing a platform that decarbonises the most carbon-intensive sectors. These include the energy and agriculture, industrials, transportation and commercial and residential sectors. On 9 February 2021, Hyzon Motors Inc. ("Hyzon") and Decarbonization Plus Acquisition Corporation announced a definitive agreement for a business combination, which is expected to close during the second quarter of 2021, that would result in Hyzon becoming a publicly listed company. Hyzon is the industry-leading global supplier of zero-emissions hydrogen fuel cell powered commercial vehicles.

Lastly, Riverstone Holdings, LLC, directors of Talos Energy Inc. (NYSE: TALO) designated by Riverstone, and other parties are among the defendants in a shareholder action filed in late May 2020 challenging the December 2019 transactions by which TALO acquired assets from Riverstone related entities: Castex Energy 2014, LLC, ILX Holdings LLC, ILX Holdings II, LLC and ILX Holdings III, LLC. Riverstone and the other defendants have filed a motion to dismiss such claims and, based on the current stage of the claims, no estimate can be made of the outcome at this time.

Alternative Performance Measures ("APMs")

This Annual Report and Accounts contain APMs, which are financial measures not defined in IFRS. These include certain financial and operational highlights and key financials on page 2, as well as in the performance section of the Chairman's Statement on pages 6 and 7. The definition of each of these APMs is shown below.

The Company assesses its performance using a variety of measures that are not specifically defined under IFRS and are therefore termed APMs. The APMs that the Company uses may not be directly comparable with those used by other companies. These APMs are used to present a clearer picture of how the Company has performed over the year and are all financial measures of historical performance.

The table below defines our APMs.

APM	Definition	Purpose	Calculation and (where relevant) reconciliation to IFRS
NAV per Ordinary Share	The Company's NAV divided by the number of Ordinary Shares.	A measure of the value of one ordinary share.	The net assets as shown on the statement of financial position ($390 million as at 31 December 2020 and $772 million as at 31 December 2019) divided by the number of Ordinary Shares in issue as at the calculation date (62,938,466 as at 31 December 2020 and 79,896,731 as at 31 December 2019).
Ordinary NAV total return	The increase/(decrease) in the NAV per ordinary share.	A measure of the overall financial performance of the Company.	The difference in the NAV per Ordinary Share at the beginning and end of the year from the statement of financial position (($6.20) for the year ended 31 December 2020 & ($9.66) for the year ended 31 December 2019) as a percentage of the opening NAV per Ordinary Share as shown in the Statement of Financial Position (being $(9.66) per ordinary share as at 31 December 2019 & $17.91 as at 31 December 2018).
Premium/ (discount) to NAV	The amount by which the ordinary share price is higher/lower than the NAV per Ordinary Share, expressed as a percentage of the NAV per ordinary share.	A measure of the performance of the Company's share price relative to the NAV per Ordinary Share.	The difference between the Company's share price and NAV per Ordinary Share as a relative percentage of the NAV per Ordinary Share (34.7 per cent. as at 31 December 2020 and 43.7 per cent. as at 31 December 2019).
Annual total costs' impact on return per year	The impact on return each year that total costs, including GP Performance Allocation, have on the investment return.	A measure to show how total costs, including GP Performance Allocation, affect the return from the Company.	Annual total costs of the Company and Partnership as a per cent. of average NAV of the Company: Total annual costs for the year ended 31 December 2020: $10,917,596 (31 December 2019: $33,860,704) Average NAV of the Company for the year ended 31 December 2020: $467,768,254 (31 December 2019: $1,052,867,102) Annual total costs' impact of return per year: 2.3 per cent. as of 31 December 2020 (3.2 per cent. as of 31 December 2019)
Reconciliation of Partnership's investments	The annual investment value of the Partnership, including capital deployed into the Company's assets, cash received from the Company's investment portfolio and the net unrealised change in value.	A reconciliation of the Partnership's investments on an annual basis.	For the year ended 31 December 2020: $593 million – Brought Forward 59 million – Capital Invested (53) million – Cash Proceeds (311) million – Change in Unrealised Gain/(Loss) $288 million – Carried Forward For the year ended 31 December 2019: $1,360 million – Brought Forward 81 million – Capital Invested (163) million – Cash Proceeds (685) million – Change in Unrealised Gain/(Loss) $593 million – Carried Forward

Alternative Performance Measures ("APMs") continued

APM	Definition	Purpose	Calculation and (where relevant) reconciliation to IFRS
Expense Ratio	The impact on return each year that total costs, excluding GP Performance Allocation, have on the investment return.	A measure to show how costs, excluding GP Performance Allocation, affect the return from the Company.	As shown in Note 14, the expense ratio is calculated using total expenses of the Company and the Partnership allocated to the Shareholders divided by the Shareholders' average capital balance for the year presented (2.3 per cent. for the year ended 31 December 2020 & 1.8 per cent. for the year ended 31 December 2019).
Performance Allocation Ratio	The impact on return each year that GP Performance Allocation has on the investment return.	A measure to show how GP Performance Allocation affects the return from the Company.	As shown in Note 14, for the years ended 31 December 2020 and 2019, the Performance Allocation realised by the General Partner of the Partnership was $0.1 million and $13.6 million, respectively, and the Performance Allocation accrued by the General Partner of the Partnership was approximately $nil million and $(42.3) million, respectively.
Net Investment Loss Ratio	The impact on return each year that total costs, net of interest income, have on the investment return.	A measure to show how total costs, net of interest income, affect the return from the Company.	As shown in Note 14, the net investment loss ratio is the Shareholders' investment income of the Company and Partnership reduced by total expenses of the Company and the Partnership divided by the Shareholders' average capital balance for the year presented. However, net investment loss does not include any realised or unrealised gains/losses generated from the sale or recapitalisation of an investment of the Partnership. Thus, net investment loss includes dividend and interest income of the Company and the Partnership less the total expenses of the Company and the Partnership incurred during the year presented. (1.8 per cent. for the year ended 31 December 2020 & 1.4 per cent. for the year ended 31 December 2019).
Internal Rate of Return	The cumulative return on Shareholders' investment.	A measure to show the return from the Company.	As shown in Note 14, the internal rate of return since the commencement of operations ("IRR") is computed based on the dates of the Shareholders' capital contributions to the Company, distributions from the Company to the Shareholders, and the fair value of the Shareholders' NAV as of 31 December 2020. The IRR of the Shareholders is net of all fees and Performance Allocation to the General Partner of the Partnership. (13.0) per cent. as of 31 December 2020 (7.4) per cent. as of 31 December 2019 2.7 per cent. as of 31 December 2018
Net Contributed Capital to Total Capital Commitments	The Shareholders' gross capital contributions in relation to total capital commitments.	A measure to show the remaining unfunded portion of the Shareholders' total capital commitments.	As shown in Note 14, net contributed capital is based on the Shareholders' gross capital contributions. (100 per cent. as of 31 December 2020 and 2019).

Glossary of Capitalised Defined Terms

"**1P reserve**" means proven reserves;

"**2P reserve**" means proven and probable reserves;

"**Administrator**" means Ocorian Administration (Guernsey) Limited (formerly Estera International Fund Managers (Guernsey) Limited);

"**Admission**" means admission, on 29 October 2013, to the Official List and/or admission to trading on the London Stock Exchange, as the context may require, of the Ordinary Shares becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards as the context may require;

"**AEOI Rules**" means Automatic Exchange of Information;

"**AIC**" means the Association of Investment Companies;

"**AIC Code**" means the AIC Code of Corporate Governance;

"**AIF**" means Alternative Investment Funds;

"**AIFM**" means AIF Manager;

"**AIFMD**" means EU Alternative Investment Fund Managers Directive (No. 2011/61EU);

"**Aleph Midstream**" means Aleph Midstream S.A;

"**Annual General Meeting**" or "**AGM**" means the general meeting of the Company;

"**Annual Report and Financial Statements**" means the annual publication of the Company provided to the Shareholders to describe their operations and financial conditions, together with their Financial Statements;

"**Articles of Incorporation**" or "**Articles**" means the articles of incorporation of the Company, as amended from time to time;

"**Audit Committee**" means a formal committee of the Board with defined terms of reference;

"**bbl**" means barrel of crude oil;

"**Board**" or "**Directors**" means the directors of the Company;

"**boepd**" means barrels of equivalent oil per day;

"**bopd**" means barrels of oil per day;

"**bw/d**" means barrels of water per day;

"**CAD**" or "**C$**" means Canadian dollar;

"**CanEra III**" means CanEra Inc.;

"**CAR**" means Capital Adequacy Ratio;

"**Carrier II**" means Carrier Energy Partners II LLC;

"**Castex 2005**" means Castex Energy 2005 LLC;

"**Castex 2014**" means Castex Energy 2014 LLC;

"**Centennial**" means Centennial Resource Development, Inc.;

"**CNOR**" means the Canadian Non-Operated Resources LP;

"**Companies Law**" means the Companies (Guernsey) Law, 2008, (as amended);

"**Company**" or "**REL**" means Riverstone Energy Limited;

"**Company Secretary**" means Ocorian Administration (Guernsey) Limited (formerly Estera International Fund Managers (Guernsey) Limited);

"**Cornerstone Investors**" means those investors who have acquired Ordinary Shares and acquired a minority economic interest in the General Partner and in the Investment Manager, being AKRC Investments LLC, Casita, L.P., KFI and McNair;

"**Corporate Brokers**" means JP Morgan Cazenove and Numis Securities Limited;

"**C Corporations**" means a C Corporation, under U.S. federal income tax law, being a corporation that is taxed separately from its owners;

"**CRAR**" means Capital to Risk (Weighted) Assets Ratio;

"**CRS**" means Common Reporting Standard;

Glossary of Capitalised Defined Terms continued

"**DCRB**" means Decarbonization Plus Acquisition Corporation;

"**DCRN**" means Decarbonization Plus Acquisition Corporation II;

"**DEA**" means Deutsche Erdoel AG, an international independent exploration and production company headquartered in Germany;

"**Depositary**" means Ocorian Depositary Company (UK) Limited (formerly Estera Depositary Company (UK) Limited);

"**Discontinuation Resolution**" means a special resolution that was proposed and not passed by the Company's Shareholders to discontinue the Company within six weeks of the seventh anniversary of the Company's first Admission if the trading price has not met the Target Price, and the Invested Capital Target Return has not been met;

"**Discount to NAV**" means the situation where the Ordinary shares of the Company are trading at a price lower than the Company's Net Asset Value;

"**Disclosure Guidance and Transparency Rules**" or "**DTRs**" mean the disclosure guidance published by the FCA and the transparency rules made by the FCA under section 73A of FSMA;

"**E&P**" means exploration and production;

"**Eagle II**" means Eagle Energy Exploration, LLC;

"**Earnings per Share**" or "**EPS**" means the Earnings per Ordinary Share and is expressed in U.S. dollars;

"**EBITDA**" means earnings before interest, taxes, depreciation and amortisation;

"**ECI**" means effectively connected income, which refers to all income from sources within the United States connected with the conduct of a trade or business;

"**ECL**" means expected credit loss;

"**EEA**" means European Economic Area;

"**EGM**" means an Extraordinary General Meeting of the Company;

"**EIA**" means the U.S. Energy Information Administration;

"**Enviva**" means Enviva Holdings, LP;

"**EU**" means the European Union;

"**EV**" means enterprise value;

"**FATCA**" means Foreign Account Tax Compliance Act;

"**FCA**" means the UK Financial Conduct Authority (or its successor bodies);

"**Fieldwood**" means Fieldwood Energy LLC;

"**Financial Statements**" means the audited financial statements of the Company, including the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and associated notes;

"**FRC**" means Financial Reporting Council;

"**FreeWire**" means FreeWire Technologies, Inc.;

"**Fund V**" means Riverstone Global Energy & Power Fund V, L.P.;

"**Fund VI**" means Riverstone Global Energy & Power Fund VI, L.P.;

"**FVTPL**" means Fair Value through the profit or loss;

"**General Partner**" means REL IP General Partner LP (acting through its general partner, REL IP General Partner Limited), the general partner of the Partnership and a member of the Riverstone group;

"**GFSC**" or "**Commission**" means the Guernsey Financial Services Commission;

"**GFSC Code**" means the GFSC Finance Sector Code of Corporate Governance;

"**GoM**" means the Gulf of Mexico;

"**Gross IRR**" means an aggregate, annual, compound, gross internal rate of return on investments. Gross IRR does not reflect expenses to be borne by the relevant investment vehicle or its investors including, without limitation, carried interest, management fees, taxes and organisational, partnership or transaction expenses;

"**Gross MOIC**" means gross multiple of invested capital;

"**Hammerhead**" means Hammerhead Resources Inc.;

"**Hunt**" means Hunt REL Holdings LLC together with various members of Ray L. Hunt's family and their related entities;

"**IAS**" means international accounting standards as issued by the Board of the International Accounting Standards Committee;

"**IFRS**" means the International Financial Reporting Standards as adopted by the European Union, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board;

"**ILX III**" means ILX Holdings III LLC;

"**IMO**" means the International Maritime Organization (IMO), an agency of the United Nations which has been formed to promote maritime safety;

"**Interim Financial Report**" means the Company's half yearly report and unaudited interim condensed financial statements for the period ended 30 June;

"**Investment Manager**" means RIL (effective through 17 August 2020) and RIGL (effective after 17 August 2020) which are both majority-owned and controlled by Riverstone;

"**Investment Management Agreement**" means the investment management agreement dated 24 September 2013 between RIL, the Company and the Partnership (acting through its General Partner) under which RIL is appointed as the Investment Manager of both the Company and the Partnership (effective 17 August 2020), the 2nd Amended & Restated investment management agreement effective after 17 August 2020 between RIGL, the Company and the Partnership (acting through its General Partner) under which RIGL is appointed as the Investment Manager of both the Company and the Partnership and the 3rd Amended & Restatement investment management agreement effective 9 December 2020 between RIGL, the Company and the Partnership (acting through its General Partner);

"**Invested Capital Target Return**" means, as defined in the Articles, the Gross IRR of 8 per cent. on the portion of the proceeds of the Issue (as such term is defined in the Company's Prospectus) that have been invested or committed to an investment ("Invested Capital") in respect of the period from the dates of investment or commitment of that Invested Capital (being the dates from which a Management Fee has been paid in respect of that Invested Capital) to the seventh anniversary of the first Admission, calculated by reference to the prevailing U.S. dollar valuations (as of the seventh anniversary of the first Admission (or earlier disposal)) of the investment acquired with that Invested Capital and sales proceeds of investments that have been disposed of prior to such seventh anniversary and taking account of any distributions made on those investments prior to the seventh anniversary of the first Admission;

"**Investment Undertaking**" means the Partnership, any intermediate holding or investing entities that the Company or the Partnership may establish from time to time for the purposes of efficient portfolio management and to assist with tax planning generally and any subsidiary undertaking of the Company or the Partnership from time to time;

"**IPEV Valuation Guidelines**" means the International Private Equity and Venture Capital Valuation Guidelines;

"**IPO**" means the initial public offering of shares by a private company to the public;

"**IRS**" means the Internal Revenue Service, the revenue service of the U.S. federal government;

"**ISAE 3402**" means International Standard on Assurance Engagements 3402, "Assurance Reports on Controls at a Service Organisation";

"**ISA**" means International Standards on Auditing (UK);

"**ISIN**" means an International Securities Identification Number;

"**KFI**" means Moore Capital Management, formerly known as Kendall Family Investments, LLC, a cornerstone investor in the Company;

"**Liberty II**" means Liberty Resources II LLC;

"**Listing Rules**" means the listing rules made by the UK Listing Authority under section 73A Financial Services and Markets Act 2000;

"**Loanpal**" means Loanpal, LLC;

"**London Stock Exchange**" or "**LSE**" means London Stock Exchange plc;

"**LSE Admission Standards**" means the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Official List;

"**M&A**" means mergers and acquisitions;

"**Management Engagement Committee**" means a formal committee of the Board with defined terms of reference;

"**Management Fee**" means the management fee to which the Investment Manager is entitled;

"**McNair**" means RCM Financial Services, L.P. for the purposes of acquiring Ordinary Shares and Palmetto for the purposes of acquiring a minority economic interest in the General Partner and the Investment Manager;

"**Meritage III**" means Meritage Midstream Services III, L.P.;

"**mmboe**" means million barrels of oil equivalent;

"**mcfe**" means thousand cubic feet equivalent (natural gas);

Glossary of Capitalised Defined Terms continued

"**mmcfepd**" means million cubic feet equivalent (natural gas) per day;

"**NASDAQ**" means National Association of Securities Dealers Automated Quotations Stock Market;

"**NAV per Share**" means the Net Asset Value per Ordinary Share;

"**Net Asset Value**" or "**NAV**" means the value of the assets of the Company less its liabilities as calculated in accordance with the Company's valuation policy and expressed in U.S. dollars;

"**Net IRR**" means an aggregate, annual, compound, gross internal rate of return on investments, net of taxes and carried interest on gross profit;

"**Net MOIC**" means gross multiple of invested capital net of taxes and carried interest on gross profit;

"**Net Profits**" means the proceeds received from each realised investment (after the expenses related to its disposal) minus the acquisition price of that realised investment;

"**Nomination Committee**" means a formal committee of the Board with defined terms of reference;

"**NURS**" means non-UCITS retail schemes;

"**NYSE**" means The New York Stock Exchange;

"**Official List**" is the list maintained by the Financial Conduct Authority (acting in its capacity as the UK Listing Authority) in accordance with Section 74(1) of the Financial Services and Markets Act 2000;

"**Onyx Power**" means Onyx Strategic Investment Management I BV;

"**OPEC**" means Organisation of the Petroleum Exporting Countries;

"**Ordinary Shares**" means redeemable ordinary shares of no par value in the capital of the Company issued and designated as "Ordinary Shares" and having the rights, restrictions and entitlements set out in the Articles;

"**Origo**" means Origo Exploration Holding AS;

"**Other Riverstone Funds**" means other Riverstone-sponsored, controlled or managed entities, including Fund V/VI, which are or may in the future be managed or advised by the Investment Manager or one or more of its affiliates, excluding the Partnership;

"**Partnership**" or "**RELIP**" means Riverstone Energy Investment Partnership, L.P., the Investment Undertaking in which the Company is the sole limited partner;

"**Partnership Agreement**" means the partnership agreement in respect of the Partnership between inter alios the Company as the sole limited partner and the General Partner as the sole general partner dated 23 September 2013;

"**Performance Allocation**" means the Performance Allocation to which the General Partner is entitled;

"**Placing and Open Offer**" means the issuance of 8,448,006 new Ordinary Shares at £8.00 per Ordinary Share on 11 December 2015;

"**POI Law**" means the Protection of Investors (Bailiwick of Guernsey) Law, 1987;

"**Private Riverstone Funds**" means Fund V and all other private multi-investor, multi-investment funds that are launched after Admission and are managed or advised by the Investment Manager (or one or more of its affiliates) and excludes Riverstone employee co-investment vehicles and any Riverstone managed or advised private co-investment vehicles that invest alongside either Fund V or any multi-investor multi-investment funds that the Investment Manager (or one or more of its affiliates) launches after Admission;

"**Prospectuses**" means the prospectus published on 24 September 2013 by the Company in connection with the IPO of Ordinary Shares and further prospectus published on 23 November 2015;

"**PRT**" means Riverstone Performance Review Team;

"**PSA**" means a public service announcement;

"**Qualifying Investments**" means all investments in which Private Riverstone Funds participate which are consistent with the Company's investment objective where the aggregate equity investment in each such investment (including equity committed for future investment) available to the relevant Private Riverstone Fund and the Company (and other co-investees, if any, procured by the Investment Manager or its affiliates) is $100 million or greater, but excluding any investments made by Private Riverstone Funds where both (a) a majority of the Company's independent directors and (b) the Investment Manager have agreed that the Company should not participate;

"**RCO**" means Riverstone Credit Opportunities, L.P.;

"**RELCP**" means Riverstone Energy Limited Capital Partners, LP (acting by its general partner Riverstone Holdings II (Cayman) Ltd.) a Cayman exempted limited partnership controlled by affiliates of Riverstone;

"**Ridgebury H3**" means Ridgebury H3, LLC;

"**RIGL**" means RIGL Holdings, LP;

"**RIL**" means Riverstone International Limited;

"**Riverstone**" means Riverstone Holdings LLC and its affiliated entities (other than the Investment Manager and the General Partner), as the context may require;

"**Rock Oil**" means Rock Oil Holdings, LLC;

"**S&P Index**" means the Standard & Poor's 500 Index;

"**S&P Oil & Gas E&P Index**" means the Standard & Poor's Oil & Gas Exploration & Production Select Industry Index;

"**SCOOP**" means South Central Oklahoma Oil Province;

"**SEC**" means the U.S. Securities and Exchange Commission;

"**Sierra**" means Sierra Oil and Gas Holdings, L.P.;

"**SIFI**" means Systemically Important Financial Institutions;

"**Shareholder**" means the holder of one or more Ordinary Shares;

"**SPPI**" means solely payments of principal and interest;

"**Standing Committee**" means a formal committee of the Board with defined terms of reference;

"**Stewardship Code**" means the UK Stewardship Code;

"**Target Price**" means, as defined in the Articles, £15.00, subject to (a) downward adjustment in respect of the amount of all dividends and other distributions, stock splits and equity issuances below the prevailing NAV per Ordinary Share made following the first Admission and (b) upward adjustment to take account of any share consolidations made following the first Admission;

"**Tender Offer**" means up to £55,000,000 in value of Ordinary Shares made by the Company in 2018;

"**Three Rivers III**" means Three Rivers Natural Resources Holdings III LLC;

"**Total Return of the Company's Net Asset Value**" means the capital appreciation of the Company's Net Asset Value plus the income received from the Company in the form of dividends;

"**TRIF**" means Total Recordable Incident Frequency;

"**TSX**" means Toronto Stock Exchange;

"**UCITS**" means undertakings for collective investment in transferable securities;

"**United States Bankruptcy Code**" means the source of bankruptcy law in the United States Code;

"**United States Code**" means the consolidation and codification by subject matter of the general and permanent laws of the United States;

"**UK**" or "**United Kingdom**" means the United Kingdom of Great Britain and Northern Ireland;

"**UK Code**" means The UK Corporate Governance Code 2018, issued by the FRC;

"**UK Listing Authority**" or "**UKLA**" means the Financial Conduct Authority;

"**U.S.**" or "**United States**" means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"**US GAAP**" means the accounting principles generally accepted in the United States;

"**WTI**" means West Texas Intermediate which is a grade of crude oil used as a benchmark in oil pricing;

"**£**" or "**Pounds Sterling**" or "**Sterling**" means British pound sterling and "**pence**" means British pence; and

"**$**" means United States dollars and "**cents**" means United States cents.

Directors and General Information

Directors

Richard Hayden (Chairman)
Peter Barker
Patrick Firth
Jeremy Thompson
Claire Whittet

Pierre Lapeyre
(resigned 30 October 2020)
David Leuschen
(resigned 30 October 2020)
Ken Ryan
(resigned 30 October 2020)

Audit Committee

Patrick Firth (Chairman)
Peter Barker
Richard Hayden
Jeremy Thompson
Claire Whittet

Management Engagement Committee

Claire Whittet (Chair)
Peter Barker
Patrick Firth
Richard Hayden
Jeremy Thompson

Nomination Committee

Richard Hayden (Chairman)
Peter Barker
Patrick Firth
Jeremy Thompson
Claire Whittet

Investment Manager

RIGL Holdings, LP
190 Elgin Avenue
George Town
Grand Cayman
KY1-9005
Cayman Islands

Investment Manager's Performance Review Team

Bartow Jones
Pierre Lapeyre
David Leuschen
Baran Tekkora

Website: www.RiverstoneREL.com
ISIN: GG00BBHXCL35
Ticker: RSE

Administrator and Company Secretary

Ocorian Administration (Guernsey) Limited
PO Box 286
Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY
Channel Islands

Registered office

PO Box 286
Floor 2
Trafalgar Court
Les Banques
St Peter Port
Guernsey
GY1 4LY
Channel Islands

Registrar

Link Asset Services
65 Gresham Street
London
EC2V 7NQ
United Kingdom

Principal banker and custodian

Barclays Bank PLC
PO Box 41
Le Marchant House
Le Truchot
St Peter Port
Guernsey
GY1 3BE
Channel Islands

English solicitors to the Company

Hogan Lovells International LLP
Atlantic House
Holborn Viaduct
London
EC1A 2FG
United Kingdom

Guernsey advocates to the Company

Carey Olsen
Carey House
PO Box 98
Les Banques
St Peter Port
Guernsey
GY1 4BZ
Channel Islands

U.S. legal advisors to the Company

Vinson & Elkins LLP
1001 Fannin Street
Suite 2500
Houston, Texas
TX 77002
United States of America

Independent auditor

Ernst & Young LLP
PO Box 9, Royal Chambers
St Julian's Avenue
St Peter Port
Guernsey
GY1 4AF
Channel Islands

Corporate Brokers

JP Morgan Cazenove
25 Bank Street
Canary Wharf
London
E15 5JP
United Kingdom

Numis Securities Limited
The London Stock Exchange Building
10 Paternoster Square
London
EC4M 7LT
United Kingdom

Swiss Supplement

Additional Information for Investors in Switzerland

This Swiss Supplement is supplemental to, forms part of and should be read in conjunction with the Audited Financial Statements for the year ended 31 December 2020 for RIVERSTONE ENERGY LIMITED (the "Fund").

Effective from 20th July 2015, the Fund had appointed Société Générale as Swiss Representative and Paying Agent. The current Prospectus, the Memorandum and Articles of Association and the annual report of the Fund can be obtained free of charge from the representative in Switzerland, Société Générale, Paris, Zurich Branch, Talacker 50, P.O. Box 5070, CH-8021 Zurich. The paying agent of the Fund in Switzerland is Société Générale, Paris, Zurich Branch, Talacker 50, P.O. Box 5070, CH-8021 Zurich. The Company may offer Shares only to qualified investors in Switzerland. In respect of the Shares distributed in and from Switzerland, the place of performance and jurisdiction is the registered office of the Swiss Representative.

Cautionary Statement

The Chairman's Statement, the Investment Manager's Report and the Report of the Directors have been prepared solely to provide additional information for Shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement, the Investment Manager's Report and the Report of the Directors may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Adviser, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

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Riverstone
Energy
Limited
(LSE: RSE)

Riverstone Energy Limited

PO Box 286, Floor 2, Trafalgar Court, Les Banques,
St Peter Port, Guernsey, GY1 4LY, Channel Islands.

T: 44 (0) 1481 742742
F: 44 (0) 1481 742698

Further information available online:
www.RiverstoneREL.com