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Riverstone Energy Limited Announces 3Q21 Quarterly Portfolio Valuations & NAV

London, UK (27 October 2021) - Riverstone Energy Limited (“REL” or the “Company”) is issuing this Interim Management Statement (“IMS”) for the period from 1 July 2021 to 30 September 2021 (the “Period”).

Highlights

- Key Financials (unaudited)
 - NAV as at 30 September 2021 \$659 million (£490 million)¹
 - NAV per share as at 30 September 2021 \$10.93 / £8.13¹
 - Basic profit/(loss) per share during Period 138.75 cents
 - Market capitalisation at 30 September 2021 \$391 million (£291 million)¹
 - Share price at 30 September 2021 \$6.48 / £4.82¹
- As of 30 September 2021, REL had a NAV per share of \$10.93 (£8.13) an increase in USD and GBP of 16 & 19 per cent., respectively, compared to 30 June 2021. The quarter end closing share price was \$6.48 (£4.82), an increase of 35 & 40 per cent., respectively, compared to 30 June 2021.
- Hammerhead, GoodLeap (formerly Loanpal), Carrier II and FreeWire were the largest drivers of REL’s NAV improvement over the Period.
- During the Period, under the Company’s modified investment programme, REL invested an aggregate amount of \$40.6 million in three new energy transition and decarbonisation investments, bringing the total invested in this area to \$95 million across eight investments, which in aggregate were valued at \$158 million, or 1.7x Gross MOIC, at 30 September 2021.
- Total invested capital during the Period of \$40.6 million: Samsung Ventures (\$30.0 million), Hyzon Motors, Inc. (\$10.0 million) and Decarbonization Plus Acquisition Corp IV (\$0.6 million). The investment in Decarbonization Plus Acquisition Corp IV was sponsor equity and warrants, which were purchased at US\$1.00 per warrant.
- Total net realisations and distributions during the Period of \$169.0 million: ILX Holdings III, LLC (\$168.2 million) Rock Oil Holdings, LLC (\$0.3 million), GoodLeap, LLC (formerly Loanpal, LLC) (\$0.3 million) and Sierra Oil & Gas (\$0.2 million).
- REL finished the Period with a cash balance of \$169 million and remaining potential unfunded commitments of \$69 million².
- Since the initial announcement of the Share Buyback Programme on 1 May 2020, the Company has bought back a total of 19,605,057 ordinary shares at an average price of approximately £3.05 per ordinary share, which has contributed to the share price increase of ~119 per cent. from £2.20 to £4.82 over the period to 30 September 2021.

Share Buyback Programme

As previously announced on 4 October 2021, with today’s publication of the Company’s IMS for the period ended 30 September 2021, the Board will recommence its open market share buyback programme with Numis Securities Limited and J.P. Morgan Securities plc, for which the Board had previously approved an increase in

the total authorised amount from £20.0 million to £40.0 million. Since the Company's announcement on 11 May 2021, 2,390,860 ordinary shares have been bought back at a total cost of approximately £9.8 million (\$13.6 million) at an average share price of approximately £4.08 (\$5.69), such that there is £30.2 million remaining of the total authorised amount.

In addition, pursuant to changes to the Investment Management Agreement announced on 3 January 2020, the Investment Manager agreed for the Company to be required to repurchase shares or pay dividends equal to 20 per cent. of gains on dispositions. No further carried interest will be payable until the \$272 million of realised and unrealised losses to date at 30 September 2021 are made whole with future gains.

Richard Hayden, Chairman of Riverstone Energy Limited, commented:

“Recovery from the pandemic and related affects in business activity has bolstered energy markets and our portfolio. As a consequence of this macroeconomic recovery, and the Board and Investment Manager’s focus on portfolio resilience, REL’s NAV per share and share price as of 30 September 2021 are up 79 and 62 per cent., respectively, since the beginning of the year. We will continue to bring discipline to our investment activity and to capitalise on macroeconomic improvements to maximise shareholder value.”

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

“Since the beginning of the year, we have focussed on promoting portfolio resilience and operational efficiency. Disciplined management amidst highly uncertain and volatile energy markets positioned the portfolio to benefit from recent post-pandemic economic improvements. These favorable conditions gave REL the opportunity to exit from one of its legacy upstream positions in ILX III and redeploy this liquidity to meet growing investment needs in decarbonisation and the energy transition. Third-quarter investments in Hyzon Motors, Samsung Ventures, and Decarbonization Plus Acquisition Corp. IV) underscored our commitment to investing in long-term value creation for our shareholders and in solutions to address climate change.”

Current Portfolio – Private

Investment <i>(Initial Investment Date)</i>	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm)³	Gross Unrealised Value (\$mm)⁴	Gross Realised Capital & Unrealised Value (\$mm)	30 Jun 2021 Gross MOIC⁴	30 Sep 2021 Gross MOIC⁴
Hammerhead Resources <i>(27 Mar 2014)</i>	307	295	23	97	120	0.3x	0.4x
Carrier II <i>(22 May 2015)</i>	133	110	29	48	77	0.6x	0.7x
GoodLeap (formerly Loanpal) <i>(13 Jan 2021)</i>	25	25	1	62	63	1.0x	2.5x
Onyx <i>(30 Nov 2019)</i>	66	60	-	60	60	1.0x	1.0x
Enviva <i>(22 Jul 2020)</i>	25	18	-	31	31	1.7x	1.7x
Samsung Ventures <i>(16 Aug 2021)</i>	30	30	-	30	30	n/a	1.0x
FreeWire <i>(20 Jan 2021)</i>	10	10	-	20	20	1.0x	2.0x
Total Current Portfolio – Private⁵	\$597	\$548	\$53	\$347	\$400	0.5x	0.7x

Current Portfolio - Public

Investment (Initial Investment Date)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ³	Gross Unrealised Value (\$mm) ⁴	Gross Realised Capital & Unrealised Value (\$mm)	30 Jun 2021	30 Sep 2021		
						Gross MOIC ⁴	Closing Price per Share ⁶	Gross MOIC ⁴	Closing Price per Share ⁶
Centennial (6 Jul 2016)	268	268	172	102	274	1.0x	\$6.78	1.0x	\$6.70
Pipestone Energy (formerly CNOR) (29 Aug 2014)	90	90	16	25	41	0.4x	\$1.86	0.5x	\$2.09
Hyzon Motors (16 Jul 2021)	10	10	-	7	7	n/a	n/a	0.7x	\$6.94
DCRN⁷ (3 Feb 2021)	1	1	-	4	4	7.3x	\$9.87	7.1x	\$9.87
DCRC⁷ (22 Mar 2021)	1	1	-	4	4	8.2x	\$10.37	7.6x	\$10.05
DCRD⁷ (11 Aug 2021)	1	1	-	1	1	n/a	n/a	1.0x	n/a
Total Current Portfolio – Public⁵	\$370	\$370	\$188	\$141	\$329	0.9x		0.9x	
Cash and Cash Equivalents				\$169					
<i>Total Liquidity (Cash and Cash Equivalents & Public Portfolio)</i>				<i>\$310</i>					
<i>Total Market Capitalisation</i>				<i>\$391</i>					

Realisations

Investment (Initial Investment Date)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ³	Gross Unrealised Value (\$mm) ⁴	Gross Realised Capital & Unrealised Value (\$mm)	30 Jun 2021 Gross MOIC ⁴	30 Sep 2021 Gross MOIC ⁴
Rock Oil⁸ (12 Mar 2014)	114	114	232	3	235	2.1x	2.1x
Three Rivers III (7 Apr 2015)	94	94	204	-	204	2.2x	2.2x
ILX III⁹ (8 Oct 2015)	179	179	172	1	173	1.0x	1.0x
Meritage III¹⁰ (17 Apr 2015)	40	40	86	-	86	2.2x	2.2x
RCO¹¹ (2 Feb 2015)	80	80	80	-	80	1.0x	1.0x
Sierra (24 Sept 2014)	18	18	38	-	38	2.1x	2.1x
Aleph (9 Jul 2019)	23	23	23	-	23	1.0x	1.0x
Ridgebury (19 Feb 2019)	18	18	22	-	22	1.2x	1.2x
Castex 2014 (3 Sep 2014)	52	52	14	-	14	0.3x	0.3x
Total Realisations⁵	\$619	\$619	\$872	\$4	\$876	1.4x	1.4x
<i>Withdrawn Commitments and Impairments¹²</i>	350	350	9	-	9	0.0x	0.0x
Total Investments^{5,13}	\$1,935	\$1,886	\$1,121	\$493	\$1,614	0.8x	0.9x
Total Investments & Cash and Cash Equivalents⁵				\$662			

Quarterly Performance Commentary

An improved macro environment since the beginning of 2021 has assisted energy markets recover nearly to their pre-pandemic levels. In the third quarter of 2021, global oil demand improved while supply was constrained, resulting in the highest prices for crude oil and natural gas in 7 and 12 years, respectively. This meant an increase in WTI prices of approximately 4 per cent. in the third quarter and 64 per cent. since the beginning of the year. Consequently, the S&P Oil and Gas Index and S&P Energy Select Index increased by approximately 64 per cent. and 48 per cent., respectively, over the same period. While REL remains committed to its existing investments, it will continue to capitalise on the growing decarbonisation and energy transition themes that continue to drive growth for its portfolio. Riverstone has experience in >\$5 billion in decarbonisation and renewable investments since 2009 with 34 per cent. per annum growth in invested capital.

In pursuit of this modified investment programme, REL took advantage of a favorable environment to exit its investment in ILX III in the third quarter, an upstream company which acquired working interests in oil-focused exploration projects in the Gulf of Mexico. This divestment created additional liquidity for REL to deploy toward several new decarbonisation opportunities which include investments in Hyzon Motors, Decarbonization Plus Acquisition Corp. IV (the fourth decarbonisation-focused special purpose acquisition vehicle sponsored by Riverstone), and an interest in Samsung Ventures' battery technology portfolio.

Further detail on REL's five largest positions, which account for approximately 75 per cent. of the portfolio's gross unrealised value, is set forth below:

GoodLeap (formerly Loanpal)

The Gross MOIC for GoodLeap increased from 1.0x to 2.5x during the third quarter, after having been held at cost for the first two quarters following investment. In September 2021, GoodLeap achieved an S&P rating on "GoodLeap Sustainable Home Solutions Trust-4", an ABS backed by \$369mm in loans, which was the first ever residential solar transaction rated by one of the three major ratings agencies. Management continues to execute on its growth plans.

On 13 October 2021, GoodLeap announced a new investment round of over \$800 million, which will support the company's operational improvements, technology innovation efforts, and expansion. This funding round gives the company an implied post-money valuation of \$12 billion.

Centennial Resource Development

The Gross MOIC for Centennial stayed flat at 1.0x during the third quarter. Supported by a highly constructive commodity price environment, Centennial has raised their FCF guidance for the year to \$140-\$170 million. As of 30 June 2021, Centennial has hedged approximately 28 per cent. of forecasted oil production in Q4 2021 with WTI swaps at a weighted average price of \$48.46/bbl, Brent swaps at a weighted average price of \$56.60/bbl and WTI collars at a weighted average price of \$47.17/bbl / \$55.71/bbl, and has hedged approximately 36 per cent. of forecasted Q4 2021 gas production at a weighted average price of \$2.92/mmBtu.

Hammerhead

The Gross MOIC for Hammerhead increased during the third quarter from 0.3x to 0.4x. While Hammerhead remains focussed on the pay down of outstanding indebtedness, the company does have a modest drilling program planned for 2H 2021. Hammerhead has hedged approximately 89 per cent. of forecasted 4Q 2021 oil production at a weighted average price of CAD\$56 per barrel and has hedged approximately 60 per cent. of forecasted 4Q 2021 gas production at a weighted average price of CAD\$2.31 per mcf. As of 3Q 2021, Hammerhead was producing approximately 25,000 boepd.

Onyx

The Gross MOIC for Onyx remained flat during the third quarter at 1.0x. The company's Rotterdam plant recommenced operations in July 2021 following an unplanned outage after damage to the boiler. The plant has since remained in baseload generation with generation in line with budget. In July, Onyx cleared its Farge plant in the third German tender auction; the plant will cease coal generation by October 2022. The management team continues to work on several key value creation opportunities and improving operational performance.

Carrier II

The Gross MOIC for Carrier II increased to 0.7x from 0.6x during the third quarter. The company continues to operate prudently and remains focused on continuing to pay down outstanding indebtedness on the company's term loan. Carrier II has hedged approximately 68 percent of forecasted oil production in 2021 at a weighted average price of \$61.72 per barrel WTI. As of 30 September 2021, the company was producing approximately 3,923 boepd.

Other Investments

On 15 October 2021, Enviva announced its intent to convert from a master limited partnership organization structure to that of a c-corporation. This simplification transaction, in which Enviva acquired all ownership interests in its holding company, Enviva Holdings, LP, also entails the cancellation of the holding company's incentive distribution rights in exchange for 16 million shares of Enviva common stock for a total transaction value of \$870 million.

On 17 August 2021, REL announced the purchase of an interest in one of Samsung Ventures' battery technology focused venture capital portfolios (the "Samsung Portfolio") for \$30.0 million. The majority of the Samsung Portfolio consists of 1.66 million shares of Solid Power, Inc., which is currently in a pending merger with DCRC. REL's investment in the Samsung Portfolio is marked at 1.0x at 30 September 2021.

During the quarter, CNOR's shares of Pipestone Energy Corp. were distributed to underlying owners, including Riverstone GEP Fund V and REL. CNOR LP was subsequently dissolved.

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About Riverstone Energy Limited:

REL is a closed-ended investment company that invests exclusively in the global energy industry across all sectors. REL aims to capitalise on the opportunities presented by Riverstone's energy investment platform. REL's ordinary shares are listed on the London Stock Exchange, trading under the symbol RSE. REL has 13 active investments spanning decarbonisation, oil and gas, renewable energy and power in the Continental U.S., Western Canada, Gulf of Mexico and Europe.

For further details, see www.RiverstoneREL.com

Neither the contents of Riverstone Energy Limited's website nor the contents of any website accessible from hyperlinks on the websites (or any other website) is incorporated into, or forms part of, this announcement.

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Note:

The Investment Manager is charged with proposing the valuation of the assets held by REL through the Partnership. The Partnership has directed that securities and instruments be valued at their fair value. REL's valuation policy follows IFRS and IPEV Valuation Guidelines. The Investment Manager values each underlying investment in accordance with the Riverstone valuation policy, the IFRS accounting standards and IPEV Valuation Guidelines. The Investment Manager has applied Riverstone's valuation policy consistently quarter to quarter since inception. The value of REL's portion of that investment is derived by multiplying its ownership percentage by the value of the underlying investment. If there is any divergence between the Riverstone valuation policy and REL's valuation policy, the Partnership's proportion of the total holding will follow REL's valuation policy. There were no valuation adjustments recorded by REL as a result of differences in IFRS and U.S. Generally Accepted Accounting Policies for the period ended 30 September 2021 or in any period to date. Valuations of REL's investments through the Partnership are determined by the Investment Manager and disclosed quarterly to investors, subject to Board approval.

Riverstone values its investments using common industry valuation techniques, including comparable public market valuation, comparable merger and acquisition transaction valuation, and discounted cash flow valuation.

For development-type investments, Riverstone also considers the recognition of appreciation or depreciation of subsequent financing rounds, if any. For those early stage privately held companies where there are other indicators of a decline in the value of the investment, Riverstone will value the investment accordingly even in the absence of a subsequent financing round.

Riverstone reviews the valuations on a quarterly basis with the assistance of the Riverstone Performance Review Team ("PRT") as part of the valuation process. The PRT was formed to serve as a single structure overseeing the existing Riverstone portfolio with the goal of improving operational and financial performance.

The Board reviews and considers the valuations of the Company's investments held through the Partnership.

¹ GBP:USD FX rate of 1.344 as of 30 September 2021

² Excludes the remaining unfunded commitments for Carrier II and Hammerhead \$36 million, in aggregate, which are not expected to be funded. The expected funding of the remaining unfunded commitments at 30 September 2021 are \$20 million in Q4 2021 and \$nil in 2022. The residual amounts are to be funded in 2023 and later years.

³ Gross realised capital is total gross proceeds realised on invested capital. Of the \$1,121 million of capital realised to date, \$824 million is the return of the cost basis, and the remainder is profit.

⁴ Gross Unrealised Value and Gross MOIC (Gross Multiple of Invested Capital) are before transaction costs, taxes (approximately 21 to 27.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on applicable gross profits in accordance with the revised terms announced on 3 January 2020, but effective 30 June 2019. Since there was no netting of losses against gains before the aforementioned revised terms, the effective carried interest rate on the portfolio as a whole will be greater than 20 per cent. No further carried interest will be payable until the \$272 million of realised and unrealised losses to date at 30 September 2021 are made whole with future gains, so the earned carried interest of \$0.8 million at 30 September 2021 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. Since REL has not yet met the appropriate Cost Benchmark at 30 September 2021, \$15.4 million in Performance Allocation fees that would have been due under the prior agreement were not accrued. In addition, there is a management fee of 1.5 per cent. of net assets (including cash) per annum and other expenses. Given these costs, fees and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealised Value and Gross MOIC. Local taxes, primarily on U.S. assets, may apply at the jurisdictional level on profits arising in operating entity investments. Further withholding taxes may apply on distributions from such operating entity investments. In the normal course of business, REL may form wholly-owned subsidiaries, to be treated as C Corporations for US tax purposes. The C Corporations serve to protect REL's public investors from incurring U.S. effectively connected income. The C Corporations file U.S. corporate tax returns with the U.S. Internal Revenue Service and pay U.S. corporate taxes on its taxable income.

⁵ Amounts may vary due to rounding.

⁶ Represents closing price per share in USD for publicly traded shares of Centennial Resource Development, Inc. (NASDAQ:CDEV – 30 September 2021: \$6.70 price per share) for Centennial investment, as well as USD-equivalent closing price per share for Pipestone Energy Corp. (TSX-V:PIPE – 30 September 2021: \$2.09 price per share) for Pipestone Energy (formerly CNOR) investment.

⁷ SPAC Sponsor investment for Decarbonization Plus Acquisition Corporation II (NASDAQ:DCRN), Decarbonization Plus Acquisition Corporation III (NASDAQ:DCRC) and Decarbonization Plus Acquisition Corporation IV (NASDAQ:DCRD) (see note 13 below for further information regarding the SPAC PIPE commitment for DCRC).

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

⁹ The unrealised value of the ILX III investment consists of 43,333 shares of Talos Energy Inc stock (NYSE:TALO) in connection with its former investment in ILX III.

¹⁰ Midstream investment.

¹¹ Credit investment.

¹² Withdrawn commitments consist of Origo (\$9 million) and CanEra III (\$1 million), and impairments consist of Liberty II (\$142 million), Fieldwood (\$80 million), Eagle II (\$62 million) and Castex 2005 (\$48 million).

¹³ As the funding of the DCRC PIPE commitment of \$20 million will occur in conjunction with the respective business combination during Q4 2021, it has not been included in this table of the Company's investments at 30 September 2021.