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Riverstone Energy Limited Announces 3Q22 Quarterly Portfolio Valuations & NAV

London, UK (27 October 2022) - Riverstone Energy Limited ("REL" or the "Company") is issuing this Interim Management Statement ("IMS") for the period from 1 July 2022 to 30 September 2022 (the "Period").

Summary Performance
30 September 2022

NAV	\$759 million[1] (£681million)[2]
NAV per share	\$14.58 / £13.08[2]
Profit/(loss) for Period ended	\$45.33 million
Basic profit/(loss) per share for Period ended	84.53 cents
Total liquidity (cash and public portfolio)	\$245 million (£219 million)[2]
Market capitalisation	\$364 million (£326 million)[2]
Share price	\$6.98 / £6.26[2]

Highlights

- As of 30 September 2022, REL had a NAV per share of \$14.58 (£13.08), an increase in USD and GBP of 7 & 16 per cent., respectively, compared to 30 June 2022. The quarter end closing share price was \$6.98 (£6.26), a decrease of 14 & 6 per cent., respectively, compared to 30 June 2022.
- Onyx, Permian Resources (formerly Centennial), Hammerhead and Enviva were the largest drivers of REL's NAV improvement over the Period.
- During the Period, REL invested \$9.7 million in one new decarbonisation investment bringing the total invested in this area to over \$199 million, which in aggregate were valued at \$247 million, or 1.2x Gross MOIC, at 30 September 2022.
- Total invested capital during the Period of \$9.7 million into Tritium DCFC through a loan financing.
- Total net realisations and distributions during the Period of \$10.0 million from Onyx.
- REL finished the Period with a cash balance of \$59.2 million and remaining potential unfunded commitments of \$13 million[3].
- Since the initial announcement of the Share Buyback Programme on 1 May 2020, the Company has bought back a total of 27,814,485 ordinary shares at an average price of approximately £3.77 per ordinary share, which has contributed to the share price increase of ~185 per cent. from £2.20 to £6.26 over the period to 30 September 2022.

Share Buyback Programme

Since the Company's announcement on 14 February 2022 of the authorised increase of £46 million for the share buyback programme, 2,855,353 ordinary shares have been bought back at a total cost of approximately £19 million (\$23 million) at an average share price of approximately £6.56 (\$8.19). As of 30 September 2022, £31 million was available for repurchasing and remains unchanged as of the release of this report; however, the Board has since taken a decision to limit the share buyback amount to £13 million (\$15 million) of the available £31 million (\$35 million) for the period to 31 December 2022, which will recommence with the release of this report.

The Investment Manager will continue to be required to apply each Performance Allocation (net of taxes) to acquire ordinary shares of the Company. In accordance with the Performance Allocation terms announced on 3 January 2020, effective from 30 June 2019, no further Performance Allocation will be payable until there is an increase of $88 million (largest deficit of $605.5 million at 30 June 2020) of realised and unrealised value to date at 30 September 2022. As such, the earned carried interest of $0.8 million at 30 September 2022 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. Further, since REL has not yet met the appropriate Cost Benchmark at 30 September 2022, $39.0 million in unearned Performance Allocation fees that would have been due under the prior agreement were not accrued. Based on the aforementioned Performance Allocation, net of estimated applicable taxes, the potential increase arising from the Investment Manager's share purchases would be $19.5 million as of 30 September 2022.

Richard Hayden, Chairman of Riverstone Energy Limited, commented:

"Geopolitical tensions in western Europe continue to strain the continent's energy supply chain, keeping the cost of electricity at historically high levels as the UK and the EU brace themselves for winter. Fluid government regulations relating to the closure of coal-fired power generation and, proposals for windfall profit taxes for energy producers and price caps on electricity are exacerbating precarious power markets. The tragedy playing itself out in Ukraine will continue to drive policy as Europe and former Soviet bloc countries seek to insulate themselves from Russian gas. Adding to this current predicament, the recently announced supply cuts from OPEC+ will ensure that volatility and uncertainty remain elevated for months to come. Given this turmoil, REL's conventional energy portfolio is well positioned for an environment of higher commodity and power prices, while policies relating to energy security and climate change are creating multi-year tailwinds for its decarbonization portfolio investments."

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

"The REL portfolio continues to benefit from energy commodity price volatility and increasing interest in emerging decarbonisation technologies. Widespread recognition of the role of hydrocarbons in the energy transition and incremental progress toward that goal coalesce around themes promulgated by REL's modified investment programme. DCRD's recently announced merger with Hammerhead Resources, both REL portfolio companies, highlight the tensions at work within the energy transition with a concrete example of the greening of fossil fuels. We will continue to seek exit opportunities for the conventional energy portfolio without sacrificing value for our investors, judiciously capture value through the board-mandated share repurchase programme and reinvest legacy energy proceeds into REL's decarbonisation investment themes."

Current Portfolio – Conventional

Investment (*Public/Private*)	Gross Committed Capital ($mm)	Invested Capital ($mm)	Gross Realised Capital ($mm)[4]	Gross Unrealised Value ($mm)[5]	Gross Realised Capital & Unrealised Value ($mm)	30 Jun 2022 Gross MOIC[5]	30 Sep 2022 Gross MOIC[5]
Permian Resources[6] *(Public)*	268	268	194	85	279	1.00x	1.04x
Onyx *(Private)*	66	60	10	169	179	2.50x	3.00x
Hammerhead Resources *(Private)*	307	295	23	152	175	0.53x	0.59x
Carrier II *(Private)*	133	110	29	48	77	0.70x	0.70x
Total Current Portfolio - Conventional – Public[6, 7]	**$268**	**$268**	**$194**	**$85**	**$279**	**1.00x**	**1.04x**
Total Current Portfolio - Conventional – Private[6]	**$507**	**$465**	**$62**	**$370**	**$432**	**0.82x**	**0.93x**

Current Portfolio - Decarbonisation

Investment (*Public/Private*)	Gross Committed Capital ($mm)	Invested Capital ($mm)	Gross Realised Capital ($mm)[4]	Gross Unrealised Value ($mm)[5]	Gross Realised Capital & Unrealised Value ($mm)	30 Jun 2022 Gross MOIC[5]	30 Sep 2022 Gross MOIC[5]
GoodLeap (formerly Loanpal) *(Private)*	25	25	2	61	63	2.75x	2.50x
Enviva[7] *(Public)*	22	18	-	39	39	2.03x	2.16x
Solid Power[7] *(Public)*	48	48	-	38	38	0.82x	0.80x
Anuvia Plant Nutrients *(Private)*	20	20	-	21	21	1.00x	1.05x
FreeWire *(Private)*	10	10	-	20	20	2.00x	2.00x
Tritium[7] *(Public)*	25	25	-	19	19	1.07x	0.75x
Infinitum Electric *(Private)*	18	18	-	18	18	1.00x	1.00x
T-REX Group *(Private)*	18	18	-	18	18	1.00x	1.00x
Group14 *(Private)*	4	4	-	4	4	1.00x	1.00x
DCRD[7, 8] *(Public)*	1	1	-	3	3	1.00x	5.13x
Ionic I & II (Samsung Ventures) *(Private)*	3	3	-	3	3	1.00x	1.00x
Hyzon Motors[7] *(Public)*	10	10	-	2	2	0.29x	0.17x
Total Current Portfolio - Decarbonisation – Public[6, 7]	**$105**	**$102**	**-**	**$101**	**$101**	**1.04x**	**1.00x**
Total Current Portfolio - Decarbonisation – Private[6]	**$97**	**$97**	**$2**	**$143**	**$145**	**1.56x**	**1.50x**

Cash and Cash Equivalents	**$59**
Total Liquidity (Cash and Cash Equivalents & Public Portfolio)	*$245*
Total Market Capitalisation	*$364*

Realisations

Investment (*Initial Investment Date*)	Gross Committed Capital ($mm)	Invested Capital ($mm)	Gross Realised Capital ($mm)[4]	Gross Unrealised Value ($mm)[5]	Gross Realised Capital & Unrealised Value ($mm)	30 Jun 2022 Gross MOIC[5]	30 Sep 2022 Gross MOIC[5]
Rock Oil[9] *(12 Mar 2014)*	114	114	233	4	237	2.07x	2.07x
Three Rivers III *(7 Apr 2015)*	94	94	204	-	204	2.17x	2.17x
ILX III *(8 Oct 2015)*	179	179	172	-	172	0.96x	0.96x
Meritage III[10] *(17 Apr 2015)*	40	40	87	-	87	2.20x	2.20x
RCO[11] *(2 Feb 2015)*	80	80	80	-	80	0.99x	0.99x
Pipestone Energy (formerly CNOR) *(29 Aug 2014)*	90	90	58	-	58	0.64x	0.64x
Sierra *(24 Sept 2014)*	18	18	38	-	38	2.06x	2.06x
Aleph *(9 Jul 2019)*	23	23	23	-	23	1.00x	1.00x
Ridgebury *(19 Feb 2019)*	18	18	22	-	22	1.22x	1.22x
Castex 2014 *(3 Sep 2014)*	52	52	14	-	14	0.27x	0.27x
Total Realisations[6]	**$709**	**$709**	**$932**	**$4**	**$936**	**1.32x**	**1.32x**
Withdrawn Commitments and Impairments[12]	350	350	9	-	9	0.02x	0.02x
Total Investments[6]	**$2,036**	**$1,990**	**$1,198**	**$704**	**$1,902**	**0.93x**	**0.96x**
Total Investments & Cash and Cash Equivalents[6]				**$763**			
Unaudited Net Asset Value				**$759**			

Total Shares Repurchased to-date	**27,814,485**	**at average price per share of £3.77 ($4.89)**
Current Shares Outstanding	**52,082,246**	

Regulatory Tailwinds and the Energy Market

In mid-August the United States Congress enacted the Inflation Reduction Act, a landmark law that will drive over $400 billion in investment to energy security and climate change. It is the largest regulatory action the US has taken on climate change, and the energy industry has responded in kind. Domestic coal stockpiles have plunged to record lows as natural gas stockpiles, largely recognized as the most appropriate transition fuel for decarbonization, expanded at the highest rate since 2015. The bill will foster emissions reductions in the oil and gas sector through initiatives addressing methane, ensuring energy security while the US works to integrate incremental renewable energy onto the grid.

Europe continues to reorganize its energy supply chain in the face of continued fuel supply instability. Britain faces going into winter with the smallest margin of back-up reserves in seven years. Maintaining supply may necessitate power cuts to consumers on calm winter days. Reduced natural gas flows from Europe and reduced output from France's nuclear generation facilities will further impact the continent that has already committed $225 billion to alleviate the impact of power prices charged to British retail customers. Henry Hub prices reflect this market tightness as natural gas prices are up 25 per cent. quarter-over-quarter and 78 per cent. since the beginning of the year.

The global economy is also reeling from OPEC's intention to curtail production by two million barrels per day in response to a slump in quarter-over-quarter oil prices. While WTI prices are up 4.5 per cent. on the year, they are down 38 per cent. since mid-June, and 25 per cent. quarter-over-quarter. In response, the United States is considering amending existing legislation that would allow the Justice Department to sue OPEC for trying to control oil production to affect crude prices. The effects of such legislation might include behavioral change on the part of OPEC but could also cause OPEC to abandon is market balancing role, leading to massive supply selloff and elimination of global space capacity.[a] Irrespective, this incentivizes the global community to insulate itself from energy supply chain instability and price volatility by developing alternative power generation infrastructure.

Quarterly Performance Commentary

Investments comprising REL's legacy portfolio maintained or improved their valuations in the third quarter of the year. This is reflective of the assets' reliability from a power generation and energy security perspective in the midst of continued geopolitical strife and fuel shortages across the European continent. It is also reflective of a general consensus that hydrocarbons will continue to support renewable integration with base power supply in Europe as the continent reorganises its energy supply chain, and in North America, as the region develops the onshore supply chain it needs to support a domestic energy transition. Onyx's valuation demonstrates the former phenomenon—the Company continues to provide crucial base load power generation to western Europe, which is the driving force behind its 20 per cent. increase in value, from 2.50x to 3.00x Gross MOIC. On September 27, DCRD, part of REL's decarbonisation portfolio and part of Riverstone's decarbonisation SPAC franchise, announced plans to merge with Hammerhead Resources at the end of September. The spike in value of REL's DCRD investment, from 1.00x to 5.36x Gross MOIC, underscores public understanding of the role for grey-to-green E&P companies in a just and equitable energy transition.

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[a] Why 'NOPEC' Keeps Arising as a US Answer to OPEC: QuickTake (bnef.com)

Legacy production and generation assets still predominate REL's gross unrealised investment value (65 per cent. at 30 September 2022). Continued debt paydown and prudent hedging programs by our upstream oil and gas companies have created a resilient and substantially de-risked portfolio of high-quality assets that have benefited from global commodity price volatility. Despite stock market instability—the S&P 500 is down 24 per cent. year-to-date—REL's public holdings held their value on the aggregate.

Further information on REL's five largest positions, which account for 73 per cent. of the portfolio's gross unrealised value is set forth below:

Onyx

The Gross MOIC for Onyx increased in the third quarter to 3.00x. Power prices in Europe remain high and volatile due to the Russian invasion of Ukraine and associated concerns over gas supply. Management continues to monitor the prospect of government and regulatory intervention in response to high energy prices. In addition to prioritising plant availability, the management team continues to work on several organic growth initiatives, including the implementation of operational performance improvements and the development of potential capital projects related to the energy transition.

Hammerhead

The Gross MOIC for Hammerhead increased from 0.53x to 0.59x during the third quarter. Given the strong macro environment, Hammerhead plans to continue ramping development in the fourth quarter of 2022. Hammerhead has hedged approximately 47 per cent. of forecasted 2022 crude oil production at a weighted average price of $72.25 per barrel, 17 per cent. of forecasted 2023 crude oil production at a weighted average price of $71.84 per barrel, 61 per cent. of forecasted 2022 natural gas production at a weighted average price of $3.57 per MMBtu, and 53 per cent. of forecasted 2023 natural gas production at a weighted average price of $3.44 per MMBtu. As of 3Q 2022, Hammerhead was producing approximately 31,764 Boepd.

On 26 September 2022, Hammerhead and Decarbonization Plus Acquisition Corporation IV announced that they have entered into a definitive agreement for a business combination that values Hammerhead at C$1.39 billion. Upon closing of the transaction, the combined company is expected to be listed on the Nasdaq Capital Market ("Nasdaq") and trade under the ticker symbol "HHRS". Closing of the transaction is expected to occur in Q1 2023.

Permian Resources (formerly Centennial Resource Development)

The Gross MOIC for Permian increased from 1.00x to 1.04x in the third quarter. In Q3, Centennial closed its merger with Colgate and began its first day of trading as Permian Resources (NYSE: PR) on 12 September 2022. The combined company is the largest pure-play E&P company in the Delaware Basin with approximately 180,000 net leasehold acres, 40,000 net royalty acres and ~157,500 Boe/d of FY 2023E production. Permian is targeting ~$65mm in annual cost synergies across D&C capital, LOE and G&A.

From an operational standpoint, Permian continues to see strong results on the back of a highly constructive commodity environment and strong capital efficiency. Permian Resources expects to generate $1.1 - $1.3bn of free cash flow FY 2023. The company anticipates ~0.9x Net Debt / LQA EBITDA at Q3 2022.

GoodLeap (formerly Loanpal)

The Gross MOIC for GoodLeap decreased from 2.75x to 2.50x during the third quarter. During the quarter, the company announced its ABS offering of GoodLeap Sustainable Home Solutions Trust, which included $493mm of residential solar and sustainable home efficiency loans. This is the 14th securitization of loans originated by GoodLeap. Management continues to execute on its growth plans.

Carrier II

The Gross MOIC for Carrier II remained flat at 0.70x during the third quarter. The company continues to operate prudently and remains focused on using free cash flow for high commodity prices to fund development and reduce outstanding indebtedness on the company's term loan. Carrier II has hedged approximately 47 per cent. of forecasted oil production during the remainder of 2022 at a weighted average price of $57.33 per barrel WTI. As of 30 September 2022, the company was producing approximately 3,609 Boepd.

Other Investments

Tritium (DCFC) Loan Financing

In September 2022, REL funded an additional $9.7 million commitment to Tritium's $150 million debt financing. The injection will be used to accelerate production, further product development and support operations around the world. Tritium will employ 500 people over the next five years, produce over 10,000 DC fast chargers units annually, and will ultimately reach peak production capacity of 30,000 units annually.

LEI: 213800HAZOW1AWRSZR47

About Riverstone Energy Limited:

REL is a closed-ended investment company which invests in the energy industry that has since 2020 been exclusively focussed on pursuing and has committed $181 million to a global strategy across decarbonisation sectors presented by Riverstone's investment platform. REL's ordinary shares are listed on the London Stock Exchange, trading under the symbol RSE. REL has 20 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 2022 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] Since REL has not yet met the appropriate Cost Benchmark at 30 September 2022, $39.8 million in Performance Allocation was not accrued in accordance with the performance allocation terms announced on 3 January 2020, effective from 30 June 2019, which would have been accrued under the prior terms, and thereby would have reduced the NAV on a pro forma basis to $720 million or $13.82 per share

[2] GBP:USD FX rate of 1.115 as of 30 September 2022

[3] 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 2022 are $nil for the remainder of 2022, nil in 2023 and the residual amounts to be funded in 2024 and later years, if needed.

[4] Gross realised capital is total gross proceeds realised on invested capital. Of the $1,198 million of capital realised to date, $898 million is the return of the cost basis, and the remainder is profit.

[5] 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 $88 million of realised and unrealised losses to date at 30 September 2022 (largest deficit of $605.5 million at 30 June 2020) are made whole with future gains, so the earned carried interest of $0.8 million at 30 September 2022 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 2022, $39.8 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.

[6] Amounts may vary due to rounding.

[7] Represents closing price per share in USD for publicly traded shares of Permian Resources Corp. (formerly Centennial Resource Development, Inc. (NASDAQ:PR – 30-09-2022: $6.80 price per share / NASDAQ:CDEV 30-06-2022: $5.98 price per share); Enviva, Inc. (NYSE:EVA – 30-09-2022: $60.06 price per share / 30-06-2022: $57.22 price per share); Solid Power, Inc. (NASDAQ:SLDP – 30-09-2022: $5.26 price per share / 30-06-2022: $5.38 price per share); Hyzon Motors, Inc. (NASDAQ:HYZN – 30-09-2022: $1.70 price per share / 30-06-2022: $2.94 price per share); and Tritium DCFC Limited (formerly Decarbonization Plus Acquisition Corporation II) (NASDAQ:DCFC – 30-09-2022 $3.19 price per share / 30-06-2022: $6.09 price per share).

[8] SPAC Sponsor investment for Decarbonization Plus Acquisition Corporation IV (NASDAQ:DCRD)

[9] The unrealised value of the Rock Oil investment consists of rights to mineral acres.

[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).