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## Riverstone Energy Limited Announces 2Q21 Quarterly Portfolio Valuations & NAV

London, UK (30 July 2021) - Riverstone Energy Limited (“REL” or the “Company”) announces its quarterly portfolio summary as of 30 June 2021, inclusive of updated quarterly unaudited fair market valuations.

### Current Portfolio – Private

Investment (Initial Investment Date)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) <sup>1</sup>	Gross Unrealised Value (\$mm) <sup>2</sup>	Gross Realised Capital & Unrealised Value (\$mm)	31 Mar 2021 Gross MOIC <sup>2</sup>	30 Jun 2021 Gross MOIC <sup>2</sup>
<b>ILX III</b> (8 Oct 2015)	200	179	4	168	172	0.9x	1.0x
<b>Hammerhead Resources</b> (27 Mar 2014)	307	295	23	65	88	0.2x	0.3x
<b>Carrier II</b> (22 May 2015)	133	110	29	37	66	0.6x	0.6x
<b>Onyx</b> (30 Nov 2019)	66	60	-	60	60	1.0x	1.0x
<b>Enviva</b> (22 Jul 2020)	25	18	-	31	31	1.6x	1.7x
<b>GoodLeap (formerly Loanpal)</b> (13 Jan 2021)	25	25	1	24	25	1.0x	1.0x
<b>FreeWire</b> (20 Jan 2021)	10	10	-	10	10	1.0x	1.0x
<b>Fieldwood</b> (17 Mar 2014)	89	88	8	-	8	0.1x	0.1x
<b>Total Current Portfolio – Private<sup>3</sup></b>	<b>\$856</b>	<b>\$784</b>	<b>\$64</b>	<b>\$395</b>	<b>\$459</b>	<b>0.5x</b>	<b>0.6x</b>

## Current Portfolio - Public

Investment (Initial Investment Date)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) <sup>1</sup>	Gross Unrealised Value (\$mm) <sup>2</sup>	Gross Realised Capital & Unrealised Value (\$mm)	31 Mar 2021	30 Jun 2021		
						Gross MOIC <sup>2</sup>	Closing Price per Share <sup>4</sup>	Gross MOIC <sup>2</sup>	Closing Price per Share <sup>4</sup>
<b>Centennial</b> (6 Jul 2016)	\$268	\$268	\$172	\$103	\$275	0.9x	\$4.20	1.0x	\$6.78
<b>CNOR</b> (29 Aug 2014)	90	90	16	22	38	0.3x	\$1.27	0.4x	\$1.68
<b>DCRN<sup>5</sup></b> (3 Feb 2021)	1	1	-	4	4	1.0x	n/a	7.3x	\$9.87
<b>DCRC<sup>5</sup></b> (22 Mar 2021)	1	1	-	4	4	1.0x	n/a	8.2x	\$10.37
<b>Total Current Portfolio – Public<sup>36</sup></b>	<b>\$359</b>	<b>\$359</b>	<b>\$188</b>	<b>\$133</b>	<b>\$321</b>	<b>0.7x</b>		<b>0.9x</b>	
<b>Cash and Cash Equivalents</b>				<b>\$53</b>					
<b>Cash and Cash Equivalents (pro forma for ILX III sale)</b>				<b>\$221</b>					
<i>Total Liquidity</i>				<i>\$186</i>					
<i>Total Liquidity (pro forma for ILX III sale)</i>				<i>\$354</i>					
<i>Total Market Capitalisation</i>				<i>\$295</i>					

## Realisations

Investment (Initial Investment Date)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) <sup>1</sup>	Gross Unrealised Value (\$mm) <sup>2</sup>	Gross Realised Capital & Unrealised Value (\$mm)	31 Mar 2021 Gross MOIC <sup>2</sup>	30 Jun 2021 Gross MOIC <sup>2</sup>
<b>Rock Oil<sup>7</sup></b> (12 Mar 2014)	114	114	232	3	235	2.0x	2.1x
<b>Three Rivers III</b> (7 Apr 2015)	94	94	204	-	204	2.2x	2.2x
<b>Meritage III<sup>8</sup></b> (17 Apr 2015)	40	40	86	-	86	2.1x	2.2x
<b>RCO<sup>9</sup></b> (2 Feb 2015)	80	80	80	-	80	1.0x	1.0x
<b>Sierra</b> (24 Sept 2014)	18	18	38	-	38	2.1x	2.1x
<b>Aleph</b> (9 Jul 2019)	23	23	23	-	23	1.0x	1.0x
<b>Ridgebury</b> (19 Feb 2019)	18	18	22	-	22	1.2x	1.2x
<b>Castex 2014</b> (3 Sep 2014)	52	52	14	-	14	0.2x	0.3x
<b>Total Realisations<sup>3</sup></b>	<b>\$440</b>	<b>\$440</b>	<b>\$699</b>	<b>\$3</b>	<b>\$702</b>	<b>1.8x</b>	<b>1.6x</b>
<i>Withdrawn Commitments and Impairments<sup>10</sup></i>	262	262	1	-	1	0.0x	0.0x
<b>Total Investments<sup>3</sup></b>	<b>\$1,917</b>	<b>\$1,846</b>	<b>\$952</b>	<b>\$531</b>	<b>\$1,483</b>	<b>0.8x</b>	<b>0.8x</b>
<b>Total Investments &amp; Cash and Cash Equivalents<sup>3</sup></b>				<b>\$584</b>			
<b>Draft Unaudited Net Asset Value</b>				<b>\$582</b>			

## **Quarterly Performance Commentary**

*Following a significantly challenged macro environment for energy during 2020, the market has experienced a strong recovery during the first half of the year as oil demand picked up globally following the rollout of coronavirus vaccines. These positive developments led to an increase in WTI of approximately 24 per cent. during the second quarter of 2021. Additionally, the S&P Oil and Gas Index and S&P Energy Select Index increased by approximately 19 per cent. and 10 per cent. during the same period, respectively. REL continues to remain focussed on managing liquidity at the portfolio company level, while continuing to execute on its modified investment programme, which includes a pivot from E&P investments towards energy transition and decarbonisation assets, including its recent investments in GoodLeap (formerly Loanpal), FreeWire, Decarbonization Plus Acquisition Corp II, and Decarbonization Plus Acquisition Corp III. Further detail on REL's five largest positions, which account for approximately 81 per cent. of the portfolio's gross unrealised value, is set forth below:*

### **ILX III**

*The Gross MOIC for ILX III increased from 0.9x to 1.0x during the second quarter supported by the increased commodity price environment. As of 30 June 2021, the company has participated in nine commercial discoveries, of which five are currently producing oil, and one is temporarily shut in. As of 30 June 2021, ILX III has approximately 1.9 MMbbl hedged through October 2024 at a weighted average price of ~\$49/bbl. As of 30 June 2021, ILX III was producing approximately 5,058 boepd.*

*In July 2021, REL sold its one-third ownership interest in ILX III to an institutional investment fund managed by Ridgewood Energy Corporation for net proceeds of \$168 million. As of 30 June 2021, pro forma for this sale, REL holds total cash of \$221 million. With this transaction, REL no longer owns any interest in ILX III<sup>1</sup>.*

### **Centennial Resource Development**

*The Gross MOIC for Centennial increased from 0.9x to 1.0x during the second quarter. Centennial is running two rigs and one completion crew as part of their "maintenance program", which is expected to generate strong free cash flow at current strip prices. As of 30 April 2021, Centennial has hedged approximately 33 per cent. of forecasted oil production in 2H 2021 with WTI swaps at a weighted average price of \$45.74/bbl, Brent swaps at a weighted average price of \$48.38/bbl and WTI collars at a weighted average price of \$44.60/bbl / \$53.28/bbl, and has hedged approximately 37 per cent. of forecasted 2H 2021 gas production at a weighted average price of \$2.92/mmbtu.*

### **Onyx**

*The Gross MOIC for Onyx remained flat during the second quarter at 1.0x. The company's Rotterdam plant recommenced operations in April 2021 following an unplanned outage after damage to the boiler. The plant returned to service for a couple of weeks before being pre-emptively shut down due to pipe blockages. The unit returned to service in July 2021. The management team continues to work on several key value creation opportunities and improving operational performance.*

### **Carrier II**

*The Gross MOIC for Carrier II remained the same at 0.6x during the second 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 54 per cent. of forecasted oil production in 2021 at a weighted average price of \$60.32 per barrel WTI. As of 30 June 2021, the company was producing approximately 3,431 boepd.*

### ***Hammerhead***

*The Gross MOIC for Hammerhead increased during the second quarter from 0.2x to 0.3x. While Hammerhead remains focussed on the pay down of outstanding indebtedness, the company does have a modest drilling program planned for 2021 and expects the majority of drilling activity to occur during the second half of 2021. Hammerhead has hedged approximately 75 per cent. of forecasted 2H 2021 oil production at a weighted average price of CAD\$56 per barrel and has hedged approximately 55 per cent. of forecasted 2021 gas production at a weighted average price of CAD\$2.50 per gigajoule. As of 30 June 2021, Hammerhead was producing approximately 29,000 boepd.*

### ***Other Investments***

*In other developments, Fieldwood Energy continues to negotiate its restructuring with lenders, after the company filed for Chapter 11 bankruptcy on 3 August 2020. REL does not expect any recovery to its equity position, and as such, Fieldwood's remaining value has been marked at zero.*

*The company's investments in GoodLeap (formerly Loanpal) and FreeWire remain unchanged at 1.0x given the early nature of these investments.*

### **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 12 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](http://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 June 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.

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<sup>1</sup> Gross realised capital is total gross proceeds realised on invested capital. Of the \$952 million of capital realised to date, \$656 million is the return of the cost basis, and the remainder is profit.

<sup>2</sup> 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 \$362 million of realised and unrealised losses to date at 30 June 2021 are made whole with future gains, so the earned carried interest of \$0.8 million at 30 June 2021 has been deferred and will expire in October 2023 if the aforementioned losses are not made whole. 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.

<sup>3</sup> Amounts may vary due to rounding.

<sup>4</sup> Represents closing price per share in USD for publicly traded shares of Centennial Resource Development, Inc. (NASDAQ:CDEV – 30 June 2021: \$6.78 price per share) for Centennial investment, as well as USD-equivalent closing price per share for Pipestone Energy Corp. (TSX-V:PIPE – 30 June 2021: \$1.68 price per share) for CNOR investment.

<sup>5</sup> SPAC Sponsor investment for Decarbonization Plus Acquisition Corporation II (NASDAQ:DCRN) and Decarbonization Plus Acquisition Corporation III (NASDAQ:DCRC).

<sup>6</sup> This figure reflects REL's holding of \$125 million of freely marketable securities as at 30 June 2021. An REL RNS announcement dated 22 July 2021 incorrectly referred to a figure of \$86 million of freely marketable securities as of 30 June 2021. This was based on a preceding date's closing share price and should have referred to as \$125 million using the closing share price as of 30 June 2021.

<sup>7</sup> The unrealised value of the Rock Oil investment consists of rights to mineral acres.

<sup>8</sup> Midstream investment.

<sup>9</sup> Credit investment.

<sup>10</sup> Withdrawn commitments consist of Origo (\$9 million) and CanEra III (\$1 million), and impairments consist of Liberty II (\$142 million), Eagle II (\$62 million) and Castex 2005 (\$48 million).

<sup>11</sup> REL will continue to own 43,333 shares of Talos Energy Inc stock (NYSE:TALO) in connection with its former investment in ILX III.