

14 May 2015

## Riverstone Energy Limited – Interim Management Statement

**Guernsey (14 May 2015)** - Riverstone Energy Limited ("REL") is issuing this Interim Management Statement ("IMS") in accordance with FCA Disclosure and Transparency Rule 4.3. This statement relates to the period from 1 January 2015 to 31 March 2015 (the "period").

### Highlights

- Key Financials (unaudited)
  - NAV as at 31 March 2015 \$1,236 million
  - NAV per share as at 31 March 2015 \$16.26
  - Profit/(loss) during period (\$3.7 million)
  - Basic profit/(loss) per share during period (4.86 cents)
  - Market capitalisation at 31 March 2015 \$1,236 million / £833 million<sup>1</sup>
  - Share price at 31 March 2015 \$15.82 / £10.66<sup>1</sup>
- Total committed capital during the period of \$193 million
  - \$125 million to Riverstone Credit Opportunities ("RCO")
  - \$60 million to CanEra Resources III
  - \$8 million to Canadian International Oil Corporation ("CIOC")
- Total invested capital during the period of \$77 million
  - \$51 million in RCO
  - \$14 million in CIOC
  - \$7 million in Liberty Resources II
  - \$4 million in Castex Energy 2014
  - \$1 million in CanEra Resources III
- Total committed capital as at 31 March 2015 of \$917 million or 75 per cent. of total capital raised<sup>2</sup>
- Total invested capital as at 31 March 2015 of \$453 million or 37 per cent. of total capital raised<sup>2</sup>

Sir Robert Wilson, Chairman of REL, commented:

“It has been a busy quarter for the company with fresh commitments of \$185 million to RCO and CanEra III and a further \$77 million of capital invested. Despite the continued volatility in the energy market, we are confident that our disciplined investment strategy, strong capital position and close partnerships with world-class management teams will enable us to capitalise on the current market dislocation. While the investment pace remains robust and we are 91% committed as of today, it is important to note that we have over \$700 million of cash available to be invested in the current environment.”

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

“The REL portfolio continues to progress well and provides investors with a broad level of exposure to a range of energy opportunities across multiple geographies. We have also taken a number of strategic steps at the portfolio company level in order to maintain the maximum amount of operational and capital flexibility under any commodity price context. The investments made to date by REL are all led by proven management teams, and there is ample capital within REL ready to be invested. Our sizable cash position in addition to our proven

<sup>1</sup> Converted at exchange rate of 1.484 USD/GBP as of 31 March 2015; as of 13 May 2015 the exchange rate is 1.575 USD/GBP.

<sup>2</sup> Based on total capital raised of \$1,221 million.

operating teams puts us in a strong position to take advantage of the investment opportunities arising from the current lower oil price environment.”

## **Portfolio Summary**

Below is a brief update on each of the investments that have been made by the Company as of 31 March 2015.

### **Canadian International Oil Corporation (“CIOC”)**

As of 31 March 2015, REL, through the Partnership, has invested in full its \$68 million commitment to CIOC. CIOC is a private exploration & production company focused on liquids-rich unconventional resources in Western Canada. Since its establishment in 2010, CIOC has aggregated one of the largest and most advantaged land positions in the emerging Montney and Duvernay formations of Western Canada’s Deep Basin. The company controls and operates 100% of this asset base, which comprises approximately 400,000 acres.

### **Liberty Resources II LLC (“Liberty II”)**

As of 31 March 2015, REL, through the Partnership, has invested \$74 million of its \$100 million commitment to Liberty II. On 12 March 2014, Liberty II acquired approximately 53,000 net acres with net production of approximately 4,000 boepd in North Dakota’s Williston Basin. During 3Q 2014, Liberty II closed a transaction with Emerald Oil, Inc. in which Liberty II agreed to sell approximately 31,500 non-core net acres in McKenzie County to Emerald in exchange for approximately 4,175 core net acres in Williams County and \$78 million in cash. Liberty II completed 6 wells during the quarter and has an additional 9 wells in inventory.

### **Canadian Non-Operated Resources (“CNOR”)**

As of 31 March 2015, REL, through the Partnership, has invested \$70 million of its \$90 million commitment to CNOR. CNOR is a Calgary-based oil and gas company focused on the Western Canadian Sedimentary Basin. The company is led by industry veteran Richard Grafton, who has an outstanding track record in the Canadian oil and gas sector as director of multiple successful exploration and production companies. CNOR is currently investing actively in new wells through its JV with Tourmaline Oil in the Peace River High area. Start of operations for the JV with Bellatrix Exploration continues to be expected for 2016.

### **Fieldwood Energy LLC (“Fieldwood”)**

As of 31 March 2015, REL, through the Partnership, has invested \$54 million of its \$82 million commitment to Fieldwood. Riverstone formed Fieldwood in partnership with CEO Matt McCarroll and his team in December 2012 with a commitment from Riverstone Global Energy and Power Fund V. Fieldwood has made three material acquisitions (Apache, SandRidge and Black Elk) and now has leasehold comprising more than 650 blocks in the Gulf of Mexico (“GoM”). During the quarter Fieldwood extended its drilling success record, with 3 successful wells out of 4 wells drilled, and executed 18 recompletions.

### **Riverstone Credit Opportunities, L.P. (“RCO”)**

On 9 January 2015, REL, through the Partnership, committed \$125 million. A total of \$51 million has been invested as of 31 March 2015. RCO is a newly created business formed to take advantage of the dislocation in the leveraged capital markets for energy companies. RCO is advised by Riverstone's credit investment team, led by Christopher Abbate and Jamie Brodsky, both of whom joined Riverstone in July 2014 after a decade of leading the energy leveraged finance efforts at Citi, Nomura and UBS. RCO has thus far made seven investments, including three primary and four secondary transactions.

### **Castex Energy 2005, LLC (“Castex 2005”)**

As of 31 March 2015, REL, through the Partnership, has invested \$48 million of its \$50 million commitment to Castex 2005. Castex 2005 is a partnership focused on a portfolio of properties in Southern Louisiana and the GoM Shelf which produce approximately 120 mmcfepd, as well as a seismic-driven exploration program.

Castex is managed by Castex Energy, Inc., which has a 27 year operating history in exploration and development in the region.

#### **Eagle Energy Exploration LLC (“Eagle II”)**

As of 31 March 2015, REL, through the Partnership, has invested \$37 million of its \$50 million commitment to Eagle II. Eagle II’s primary strategy is to accumulate acreage for delineation and development in the Mid-Continent region of the United States. To date, the company has acquired approximately 6,800 net acres in the South Central Oklahoma Oil Province and approximately 18,000 net acres in the Mississippi Lime. These assets are currently producing approximately 3,600 boepd.

#### **Castex Energy 2014, LLC (“Castex 2014”)**

As of 31 March 2015, REL, through the Partnership, has invested \$27 million of its \$67 million commitment to Castex 2014. Castex 2014 is a Houston-based oil and gas company focused on testing and developing Castex's current and future portfolio of exploration opportunities in the U.S. Gulf Coast Region, in partnership with Castex 2005. To date, the company has made four discoveries and is producing approximately 2,900 mmcfepd. Castex is managed by Castex Energy, Inc., which has a 27 year operating history in exploration and development in the Gulf Coast Region.

#### **Rock Oil Holdings LLC (“Rock Oil”)**

As of 31 March 2015, REL, through the Partnership, has invested \$20 million of its \$83 million commitment to Rock Oil. Rock Oil is a newly formed, Denver and Houston-based oil and gas company focused on the acquisition and development of assets in top-tier North American plays. As of quarter end, Rock Oil has acquired 13,200 net acres in Howard County and is expecting first production later in 2015.

#### **Sierra Oil and Gas (“Sierra”)**

As of 31 March 2015, REL, through the Partnership, has invested \$2 million of its \$75 million commitment to Sierra. Sierra is an independent Mexican energy company established to pursue select upstream and midstream opportunities in Mexico. Led by a team of experienced energy executives from the region, Sierra’s core business plan is to access and develop low-to-medium risk oil and gas opportunities as the Mexican energy industry undergoes a historic period of reform and liberalisation. Sierra has prequalified for Mexico’s first two license tenders, ahead of bidding in July and September 2015.

#### **CanEra Resources III (“CanEra III”)**

On 21 January 2015, REL, through the Partnership, committed \$60 million to CanEra III. A total of \$1 million has been invested as of 31 March 2015. CanEra III is a private Calgary-based oil and gas company formed to pursue oil and gas exploration and production opportunities in the Western Canadian Sedimentary Basin. CanEra III is led by Paul Charron, David Broshko and other members of the team of CanEra Resources Inc. and CanEra Resources Inc. II, both of which were successful prior Riverstone portfolio companies. Similar to the strategy employed by these predecessor companies, CanEra III will focus on the acquisition, exploitation and exploration of large hydrocarbon deposits in the WCSB.

#### **Origo Exploration AS (“Origo”)**

As of 31 March 2015, REL, through the Partnership, has invested \$1 million of its \$67 million commitment to Origo. Origo is a newly formed, Norway-based oil and gas company focused on exploration on the Norwegian and U.K. continental shelves. The company is led by a team who previously founded and sold two successful North Sea focused exploration companies: Revus Energy, founded in 2003 and acquired by Wintershall in 2008; and Agora Oil & Gas, founded in 2009 and acquired by Cairn Energy in 2012. Origo targets participating in the drilling of three to five exploration wells per year through farm-ins and licensing rounds.

### **Valuation of the Portfolio**

Previously on 17 April 2015, REL announced its quarterly portfolio summary as of 31 March 2015, inclusive of updated quarterly unaudited fair market valuations:

	<b>Date Announced</b>	<b>Target Basin</b>	<b>Subsector</b>	<b>Committed Capital (\$mm)</b>	<b>Invested Capital (\$mm)</b>	<b>Gross Unrealized Value (\$mm)<sup>3</sup></b>	<b>Gross MOIC<sup>3</sup></b>
<b>CIOC</b>	27 Mar 2014	Deep Basin (Canada)	E&P	\$68	\$68	\$102	1.5x
<b>Liberty II</b>	7 Nov 2013	Bakken (U.S.)	E&P	100	74	74	1.0x
<b>CNOR</b>	12 Aug 2014	Western Canada	E&P	90	70	70	1.0x
<b>Fieldwood</b>	13 Mar 2014	Gulf of Mexico Shelf (U.S.)	E&P	82	54	65	1.2x
<b>RCO</b>	9 Jan 2015	n/a	Credit	125	51	52	1.0x
<b>Castex 2005</b>	18 Dec 2014	Gulf Coast Region (U.S.)	E&P	50	48	48	1.0x
<b>Eagle II</b>	13 Dec 2013	Mid-Continent (U.S.)	E&P	50	37	37	1.0x
<b>Castex 2014</b>	4 Sep 2014	Gulf Coast Region (U.S.)	E&P	67	27	27	1.0x
<b>Rock Oil</b>	13 Mar 2014	Permian (U.S.)	E&P	83	20	20	1.0x
<b>Sierra</b>	18 Sep 2014	Mexico	E&P	75	2	2	1.0x
<b>CanEra III</b>	21 Jan 2015	Western Canada	E&P	60	1	1	1.0x
<b>Origo</b>	26 Aug 2014	North Sea (Norway, U.K.)	E&P	67	1	1	1.0x
<b>Total</b>				<b>\$917</b>	<b>\$453</b>	<b>\$499</b>	<b>1.1x</b>
<b>Percentage of total REL capital<sup>4</sup></b>				<b>75%</b>	<b>37%</b>		

## Subsequent Events and Outlook

After the end of the quarter, REL announced a \$167 million commitment to Three Rivers Natural Resource Holdings III, a newly-formed exploration and production company focused on the U.S. Permian Basin, and a

<sup>3</sup> Gross MOIC is Multiple of Invested Capital. Gross Unrealized Value and Gross MOIC are before transaction costs, taxes, carried interest, management fees and other expenses. Given these costs and expenses are in aggregate expected to be considerable, Total Net Value and Net MOIC will be materially less than Gross Unrealized Value and Gross MOIC. Local taxes 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.

<sup>4</sup> Based on total capital raised of \$1,221 million.

\$33 million commitment to Meritage Midstream Services III, a newly-formed partnership dedicated to the provision of midstream services and infrastructure in Western Canada's emerging resource plays.

Despite continued pricing volatility impacting global energy markets, we are confident that the long term outlook for the sector remains favourable. REL is well resourced with proven operating teams and significant capital to deploy, both in the form of committed but un-invested capital within the existing portfolio companies as well as in the form of uncommitted capital. The investment pipeline is robust and the company is well positioned in the current commodity price environment.

- Ends -

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### **About Riverstone Energy Limited:**

REL is a closed-ended investment company that invests exclusively in the global energy industry, with a particular focus on the exploration & production and midstream sectors. The company is uniquely positioned to benefit from the large number of investment opportunities being driven by the North American energy revolution and the continued growth in global energy demand. REL aims to capitalise on the opportunities presented by Riverstone's energy investment platform. REL is a member of the FTSE 250 and its ordinary shares are listed on the London Stock Exchange, trading under the symbol RSE. To date, REL has made 14 investments spanning conventional and unconventional oil and gas activities in the Gulf of Mexico, Continental U.S., Western Canada, the U.K. North Sea, the Norwegian Sea, Mexico and credit.

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.

### **Note:**

This IMS aims to give an update of material events and transactions that have taken place during the period from 1 January 2015 to 31 March 2015 and their impact on the financial position of the Company. This update reflects REL's and the Board's current views. They are subject to a number of risks and uncertainties and could change. Factors which could cause or contribute to such differences include, inter alia, general economic and market conditions and specific factors affecting the financial prospects or performance of individual investments within the portfolio of REL.

This IMS contains forward-looking statements that are based on current expectations or beliefs, as well as assumptions about future events. Undue reliance should not be placed on any such statements because they speak only as at the date of this document and, by their very nature, they are subject to known and unknown risks and uncertainties and can be affected by other factors that could cause actual results and REL's actions to differ materially from those expected or implied in the forward-looking statements.

This IMS has been prepared solely to provide additional information to shareholders as a body to meet the relevant requirements of the FCA's Disclosure and Transparency Rules and this IMS should not be relied on by any other party or for any other purpose.