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## Riverstone Energy Limited Announces 4Q20 Quarterly Portfolio Valuations

London, UK (29 January 2021) - Riverstone Energy Limited ("REL") announces its quarterly portfolio summary as of 31 December 2020, inclusive of updated quarterly unaudited fair market valuations:

### Current Portfolio

Investment (Initial Investment Date)	Target Basin	Gross	Gross	Gross	Gross	Gross	30 Sep 2020 Gross MOIC <sup>2</sup>	31 Dec 2020 Gross MOIC <sup>2</sup>
		Committed Capital (\$mm)	Invested Capital (\$mm)	Realised Capital (\$mm) <sup>1</sup>	Unrealised Value (\$mm)	Unrealised Capital & Value (\$mm)		
<b>Centennial</b> (6 Jul 2016)	Permian (U.S.)	\$268	\$268	\$172	\$23	\$195	0.7x	0.7x
<b>ILX III</b> (8 Oct 2015)	Deepwater GoM (U.S.)	200	174	5	135	140	0.7x	0.8x
<b>Onyx</b> (30 Nov 2019)	Europe	66	53	-	53	53	1.0x	1.0x
<b>Hammerhead Resources</b> (27 Mar 2014)	Deep Basin (Canada)	307	295	23	22	45	0.2x	0.2x
<b>Carrier II</b> (22 May 2015)	Permian & Eagle Ford (U.S.)	133	110	29	15	44	0.4x	0.4x
<b>Enviva</b> (22 Jul 2020)	Southeast (U.S.)	25	18	-	29	29	1.0x	1.6x
<b>CNOR</b> (29 Aug 2014)	Western Canada	90	90	16	6	22	0.2x	0.2x
<b>Fieldwood</b> (17 Mar 2014)	GoM Shelf (U.S.)	89	88	8	-	8	0.1x	0.1x
<b>Liberty II</b> (30 Jan 2014)	Bakken, PRB (U.S.)	142	142	-	-	-	0.1x	0.0x
<b>Total Current Portfolio<sup>3</sup></b>		<b>\$1,320</b>	<b>\$1,237</b>	<b>\$252</b>	<b>\$283</b>	<b>\$535</b>	<b>0.4x</b>	<b>0.4x</b>

## Realisations

Investment (Initial Investment Date)	Target Basin	Gross		Gross Realised Capital (\$mm) <sup>1</sup>	Gross Unrealised Value (\$mm)	Gross Realised Capital & Unrealised Value (\$mm)	30 Sep 2020 Gross MOIC <sup>2</sup>	31 Dec 2020 Gross MOIC <sup>2</sup>
		Committed Capital (\$mm)	Invested Capital (\$mm)					
<b>Rock Oil<sup>4</sup></b> (12 Mar 2014)	Permian (U.S.)	114	114	231	2	233	2.0x	2.0x
<b>Three Rivers III</b> (7 Apr 2015)	Permian (U.S.)	94	94	204	-	204	2.2x	2.2x
<b>Meritage III<sup>5</sup></b> (17 Apr 2015)	Western Canada	40	40	83	-	83	2.1x	2.1x
<b>RCO<sup>6</sup></b> (2 Feb 2015)	North America	80	80	80	-	80	1.0x	1.0x
<b>Sierra</b> (24 Sept 2014)	Mexico	18	18	39	-	39	2.1x	2.1x
<b>Aleph</b> (9 Jul 2019)	Vaca Muerta (Argentina)	23	23	23	-	23	1.0x	1.0x
<b>Ridgebury</b> (19 Feb 2019)	Global	18	18	22	-	22	1.2x	1.2x
<b>Castex 2014</b> (3 Sept 2014)	Gulf Coast Region (U.S.)	52	52	8	3	11	0.2x	0.2x
<b>Total Realisations<sup>3</sup></b>		<b>\$440</b>	<b>\$440</b>	<b>\$692</b>	<b>\$5</b>	<b>\$697</b>	<b>1.6x</b>	<b>1.6x</b>
Withdrawn Commitments and Impairments <sup>7</sup>		121	121	1	-	1	0.0x	0.0x
<b>Total Investments<sup>3</sup></b>		<b>\$1,881</b>	<b>\$1,798</b>	<b>\$945</b>	<b>\$288</b>	<b>\$1,233</b>	<b>0.7x</b>	<b>0.7x</b>
<b>Cash and Cash Equivalents</b>					<b>\$99</b>			
<b>Total Investments &amp; Cash and Cash Equivalents<sup>3</sup></b>					<b>\$387</b>			

## Quarterly Performance Commentary

*Following a significantly challenged macro environment for energy during the first three quarters of 2020, the market started to see a modest recovery during the fourth quarter as oil demand picked up globally following the lifting of global lockdowns put in place during the first half of the year, coronavirus vaccine approvals, and additional OPEC+ production cut agreements. These positive developments led to an increase in WTI of approximately 21 per cent., quarter-over-quarter. Additionally, the S&P Oil and Gas Index and S&P Energy Select Index increased by approximately 39 per cent. and 27 per cent. during the same period, respectively. However, significant uncertainty around energy demand remains, and many producers within the energy sector continue to operate at reduced levels of activity as they navigate through these unprecedented market conditions. REL remains 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 investment in Loanpal. Further detail on REL's five largest positions, which account for approximately 87 per cent. of the portfolio's gross unrealised value, is set forth below:*

### *ILX III*

*The Gross MOIC for ILX III increased from 0.7x to 0.8x during the fourth quarter supported by the increased commodity price environment. As at 31 December 2020, the company has participated in nine commercial discoveries, of which four are currently producing oil, and one is temporarily shut in. During the period, 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 online 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. As of 31 December 2020, ILX III was producing approximately 5,770 boepd.*

### *Onyx*

*The Gross MOIC for Onyx remained flat during the fourth quarter at 1.0x. The company's Rotterdam plant remains out of service as a result of 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. The management team continues to work on several initiatives related to regulatory developments, cost optimisation, and future site development options.*

### *Enviva*

*The Gross MOIC for Enviva increased from 1.0x to 1.6x during the fourth quarter. The company continues to focus on the integration and optimization of recent acquisitions, namely the Greenwood/Lucedale and Georgia Biomass acquisitions, along with continuing to expand into newer markets. 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 MPTV of capacity.*

## *Centennial Resource Development*

*The Gross MOIC for Centennial remained flat during the fourth quarter at 0.7x. Centennial recommenced its drilling program and is currently operating a one-rig program, after it temporarily suspended its drilling program due to the poor commodity price environment experienced during the first half of 2020. 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 period, at current strip prices. As of 31 December 2020, 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.*

## *Hammerhead*

*The Gross MOIC for Hammerhead remained flat during the fourth quarter at 0.2x. While Hammerhead remains focussed on liquidity and the pay down of outstanding indebtedness under its reserve-based lending facility, 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 65 per cent. of forecasted 2021 oil production at a weighted average price of CAD\$56 per barrel. As of 31 December 2020, Hammerhead was producing approximately 30,200 boepd.*

## **Other Investments**

*In other developments, the economic terms of the pending restructuring of Liberty Resources II's reserve-based lending facility have been agreed to in principle. REL will 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, we have decreased the Gross MOIC to 0.0x, from 0.1x in the prior period, to reflect the implied valuation of REL's position following completion of the restructuring.*

*Additionally, 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.*

## **Subsequent Events**

*Subsequent to quarter-end, REL, through the Partnership, funded a \$25 million commitment to Loanpal and a \$10 million commitment to FreeWire. Each of these commitments provide an opportunity to create shareholder value while supporting REL's long-term focus on ESG and energy transition 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 11 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 31 December 2020 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 \$945 million of capital realised to date, \$649 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. 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> The unrealised value of the Rock Oil investment consists of rights to mineral acres.

<sup>5</sup> Midstream investment.

<sup>6</sup> Credit investment.

<sup>7</sup> 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).