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Riverstone Energy Limited Announces 2Q22 Quarterly Portfolio Valuations & NAV

London, UK (29 July 2022) - Riverstone Energy Limited ("REL" or the "Company") announces its quarterly portfolio summary as of 30 June 2022, inclusive of updated quarterly unaudited fair market valuations.

Current Portfolio – Conventional

Investment (*Public/Private*)	**Gross Committed Capital ($mm)**	**Invested Capital ($mm)**	**Gross Realised Capital ($mm)[1]**	**Gross Unrealised Value ($mm)[2]**	**Gross Realised Capital & Unrealised Value ($mm)**	**31 Mar 2022 Gross MOIC[2]**	**30 June 2022 Gross MOIC[2]**
Centennial[3] *(Public)*	268	268	194	75	269	1.10x	1.00x
Hammerhead Resources *(Private)*	307	295	23	133	156	0.50x	0.53x
Onyx *(Private)*	66	60	-	149	149	2.50x	2.50x
Carrier II *(Private)*	133	110	29	48	77	0.70x	0.70x
Total Current Portfolio - Conventional – Public[4]	**$268**	**$268**	**$194**	**$75**	**$269**	**1.10x**	**1.00x**
Total Current Portfolio - Conventional – Private[4]	**$507**	**$465**	**$52**	**$330**	**$382**	**0.80x**	**0.82x**

Current Portfolio - Decarbonisation

Investment (*Public/Private*)	**Gross Committed Capital ($mm)**	**Invested Capital ($mm)**	**Gross Realised Capital ($mm)**[1]	**Gross Unrealised Value ($mm)**[2]	**Gross Realised Capital & Unrealised Value ($mm)**	**31 Mar 2022 Gross MOIC**[2]	**30 Jun 2022 Gross MOIC**[2]
GoodLeap (formerly Loanpal) *(Private)*	25	25	2	67	69	2.75x	2.75x
Solid Power[3] *(Public)*	48	48	-	39	39	1.29x	0.82x
Enviva[3] *(Public)*	22	18	-	37	37	2.79x	2.03x
FreeWire *(Private)*	10	10	-	20	20	2.17x	2.00x
Anuvia Plant Nutrients *(Private)*	20	20	-	20	20	1.00x	1.00x
T-REX Group *(Private)*	18	18	-	18	18	1.00x	1.00x
Infinitum *(Private)*	18	18	-	18	18	1.00x	1.00x
Tritium DCFC[3] *(Public)*	16	16	-	17	17	1.78x	1.07x
Group14 *(Private)*	4	4	-	4	4	n/a	1.00x
Hyzon Motors[3] *(Public)*	10	10	-	3	3	0.64x	0.29x
Ionic I & II (Samsung Ventures) *(Private)*	3	3	-	3	3	1.00x	1.00x
DCRD[3, 5] *(Public)*	1	1	-	1	1	1.00x	1.00x
Total Current Portfolio - Decarbonisation – Public[4]	**$96**	**$92**	**-**	**$96**	**$96**	**1.59x**	**1.04x**
Total Current Portfolio -	**$97**	**$97**	**$2**	**$149**	**$151**	**1.60x**	**1.56x**

Decarbonisation – Private[4]	
Cash and Cash Equivalents	**$72**
Total Liquidity (Cash and Cash Equivalents & Public Portfolio)	*$243*
Total Market Capitalisation	*$425*

Realisations

Investment (*Initial Investment Date*)	Gross Committed Capital ($mm)	Invested Capital ($mm)	Gross Realised Capital ($mm)[1]	Gross Unrealised Value ($mm)[2]	Gross Realised Capital & Unrealised Value ($mm)	31 Mar 2022 Gross MOIC[2]	30 Jun 2022 Gross MOIC[2]
Rock Oil[6] *(12 Mar 2014)*	114	114	233	4	237	2.06x	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[7] *(17 Apr 2015)*	40	40	87	-	87	2.20x	2.20x
RCO[8] *(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[4]	**$709**	**$709**	**$932**	**$4**	**$936**	**1.32x**	**1.32x**
Withdrawn Commitments and Impairments[9]	350	350	9	-	9	0.02x	0.02x
Total Investments[4]	**$2,026**	**$1,980**	**$1,188**	**$654**	**$1,842**	**0.97x**	**0.93x**
Total Investments & Cash and Cash Equivalents				**$726**			
Draft Unaudited Net Asset Value[10]				**$719**			
Total Shares Repurchased to-date				**27,182,444**	**at average price per share of £3.70 ($4.82)**		

Current Shares Outstanding	**52,714,287**

Geopolitical Dynamics and Commodity Market Volatility

Global commodity price volatility and pervasive tightness has created distinct winners and losers in the market. We would be remiss not to acknowledge that the benefit dispersed over the last six months arrives alongside incredible human toll, whether Ukrainian lives and socioeconomic progress lost to war and the effects thereof. One small, but not insignificant silver lining is an increase in momentum toward long-term decarbonisation. For example, the influx of capital available to the beneficiaries of market volatility—namely oil and gas producers—may for the first time facilitate major consolidation among traditional and renewable power producers. The major oil producers, including Shell, Equinor, and TotalEnergies have recently completed cost-benefit analyses of prospective renewable utility buy-out acquisitions to facilitate decarbonisation. This would be a divergence and acceleration from thus-far incremental build-out of renewable generation to satisfy net-zero pledges, and opportunistic capital expenditure for hydrocarbon E&P.

In the meantime, Europe will be reliant on legacy coal-fired generation to balance intermittency on the grid in the context of repudiation of Russian gas. We continue to feel the effects of the bullwhip, as energy commodity price volatility persists into the second half of the year. Whilst WTI and Brent prices are up 42 per cent. and 45 per cent. since the beginning of the year, they increased by only 7.2 per cent. and 6.4 per cent. over the quarter. While some deceleration in price increases in oil may signify an absorption of war-driven energy supply adjustments, oil prices have reached heights not seen since 2008. Gasoline prices have risen commensurately, but market conditions for natural gas are worse than when systematic market failure threw the globe into recession.

While current geopolitical tensions persist and the global economy continues to recover from pandemic conditions, we expect our energy trilemma: security, affordability, and the need to decarbonise to mitigate the worst effects of climate change and drive global market dynamics.

Quarterly Performance Commentary

REL's legacy portfolio investments have maintained their valuations quarter over quarter due to volatility in global energy prices. The market dynamics of particular benefit to the portfolio include the increase in liquefied natural gas exports powering the UK's net-exporter role in the European power landscape. They also include European mandates to maintain or increase generation from coal-fired assets in efforts to arrest runaway power prices on the continent. Macroeconomic tailwinds driving the constructive commodity environment have dovetailed with strong operational results from several of REL's legacy investments. Centennial Resource Development generated record free cash flows in the second quarter of the year and now represents half of the largest pure-play E&P company in the Delaware Basin post its business combination with Colgate. Legacy production and generation assets still predominate REL's gross unrealised investment value (62 per cent. at 30 June 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.

In the second quarter of the year, each of REL's privately held, conventional investments maintained or improved their marks. Investments with exposure to public markets were predominately marked down. This included REL's investments in Hyzon, Tritium, Enviva, and Solid Power, and is consistent with the market's overall performance—the S&P 500 is down 21 per cent. year-to-date, and 16 per cent. over the quarter. REL's investments in private decarbonisation companies largely maintained their value.

Over the quarter, REL invested $4 million in Group14, which is described below. Continued liquidity management at the legacy portfolio coupled with persistent, incremental efforts to decarbonise has continued to position REL's portfolio to benefit from the energy transition and decarbonisation movements.

Further information on REL's five largest positions, which account for 72 per cent. of the portfolio's gross unrealised value is set forth below:

Onyx

The Gross MOIC for Onyx remained flat from the first quarter at 2.50x. Power markets in Europe, while highly volatile, remain elevated due to the Russian invasion of Ukraine and associated concerns over gas supply. 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 0.50x to 0.53x during the second quarter. Given the strong macro environment, Hammerhead plans to continue ramping development in the second half of 2022. Hammerhead has hedged approximately 52 per cent. of forecasted 2022 crude oil production at a weighted average price of $76.55 per barrel, 12 per cent. of forecasted 2023 crude oil production at a weighted average price of $71.84 per barrel, 59 per cent. of forecasted 2022 natural gas production at a weighted average price of $3.41 per MMBtu, and 10 per cent. of forecasted 2023 natural gas production at a weighted average price of $3.04 per MMBtu. As of 2Q 2022, Hammerhead was producing approximately 34,400 Boepd.

Centennial Resource Development

The Gross MOIC for Centennial was 1.00x at the end of the second quarter. In Q2, Centennial announced that they had entered into an agreement to combine with Colgate Energy for a total consideration of 269.3 million shares of Centennial stock, $525 million of cash and the assumption of $1.4 billion of Colgate's outstanding net debt. The company expects leverage at closing to be 1.0x. The combined company will be the largest pure-play E&P company in the Delaware Basin with approximately 180,000 net leasehold acres, 40,000 net royalty acres and total current production of 135,000 Boe/d.

From an operational standpoint, Centennial continues to see strong results on the back of a highly constructive commodity environment and strong capital efficiency. In Q1 2022, Centennial generated record free cash flow of $89 million and reduced Net Debt/LTM EBITDAX to 1.1x compared to 1.4x at YE 2021. The Company expects leverage to fall to <1.0x by Q2 2022.

GoodLeap (formerly Loanpal)

The Gross MOIC for GoodLeap remained flat at 2.75x during the second quarter. During the quarter, the company closed on its 13th securitisation which was oversubscribed despite volatile markets. 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 and informs our implied 2.75x valuation.

Carrier II

The Gross MOIC for Carrier II remained flat at 0.70x during the second 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 50 per cent. of forecasted oil production during the remainder of 2022 at a weighted average price of $57.40 per barrel WTI. As of 30 June 2022, the company was producing approximately 2,713 Boepd.

Other Investments

Anuvia

On 8 March 2022, REL invested $20 million into Anuvia Plant Nutrients' $65.5 million Series D funding round. Anuvia, a bio-based crop nutrition technology company, produces a sustainable, organic fertiliser product that provides delayed-release nutrient delivery better aligned with crop needs, allowing for more efficient nutrient absorption in agriculture. Anuvia's products improve soil health, reduce nutrient runoff, and reduce reliance on carbon-intensive synthetic fertilisers. During Q2 2022, the Company engaged McKinsey plant operations specialists for on-site consulting to help the Company establish best practices and identify root causes of production bottlenecks and potential solutions to further enhance Anuvia's ability to ramp production volumes.

Group14

In April 2022, REL invested $4 million into Group14 Technologies, Inc.'s $400 million Series C funding round. The Series C round was led by Porsche AG, with participation from OMERS Capital Markets, Decarbonization Partners, Vsquared Ventures, and others. Group14 is a battery materials technology company founded in 2015. The Company has developed a proprietary silicon-based anode battery material to replace graphite in conventional lithium-ion batteries.

LEI: 213800HAZOW1AWRSZR47

About Riverstone Energy Limited:

REL is a closed-ended investment company that has since 2020 been exclusively focussed on pursuing and has committed $171 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 19 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 June 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] Gross realised capital is total gross proceeds realised on invested capital. Of the $1,188 million of capital realised to date, $888 million is the return of the cost basis, and the remainder is profit.

[2] 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 $138.4 million of realised and unrealised losses to date at 30 June 2022 are made whole with future gains, so the earned carried interest of $0.8 million at 30 June 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 June 2022, $34.1 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.

[3] Represents closing price per share in USD for publicly traded shares of Centennial Resource Development, Inc. (NASDAQ:CDEV – 30-06-2022: $5.98 per share / 31-03-2022: $8.07 price per share); Enviva, Inc. (NYSE:EVA – 30-06-2022: $57.22 per share / 31-03-2022: $79.15 price per share); Solid Power, Inc. (NASDAQ:SLDP – 30-06-2022: $5.38 per share / 31-03-2022: $8.67 price per share); Hyzon Motors, Inc. (NASDAQ:HYZN – 30-06-2022: $2.94 per share / 31-03-2022: $6.39 price per share); and Tritium DCFC Limited (NASDAQ:DCFC – 30-06-2022: $6.09 price per share / 31-03-2022 $10.04 price per share.)

[4] Amounts vary due to rounding

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

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

[7] Midstream investment

[8] Credit investment

[9] 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)

[10] Since REL has not yet met the appropriate Cost Benchmark at 30 June 2022, $34.1 million in Performance Allocation fees that would have been due under the prior agreement were not accrued and thereby reduced the NAV on a pro forma basis to $685 million or $12.99 per share