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Riverstone Energy Limited Announces 3Q23 Quarterly Portfolio Valuations & NAV

London, UK (19 October 2023) - Riverstone Energy Limited (“REL” or the “Company”) is issuing this Interim Management Statement (“IMS”) for the period from 1 July 2023 to 30 September 2023 (the “Period”).

Highlights

- **Key Financials (unaudited)**

○ NAV as at 30 September 2023	\$659 million (£540 million) ¹
○ NAV per share as at 30 September 2023	\$15.57 / £12.76 ¹
○ Profit/(loss) for Period ended	\$87.24 million
○ Basic profit/(loss) per share for Period ended	190.74 cents
○ Market capitalization as at 30 September 2023	\$336 million (£276 million) ¹
○ Share price as at 30 September 2023	\$7.95 / £6.52 ¹

- As of 30 September 2023, REL had a NAV per share of \$15.57 (£12.76), an increase in USD and GBP of 21 & 25 per cent., respectively, compared to 30 June 2023. The quarter end closing share price was \$7.95 (£6.52), a decrease of 3 & 4 per cent., respectively, compared to 30 June 2023.
- The increase of REL’s NAV over the Period was due to gains in the Permian Resources and Hammerhead investments, which were partially offset by declines in the fair value of the Enviva and FreeWire.
- During the Period, under the Company’s modified investment programme, REL invested an aggregate amount of \$13.8 million in energy transition and decarbonisation investments, bringing the total invested in this area to over \$227.6 million across thirteen investments, which in aggregate were valued at \$153 million, or 0.69x Gross MOIC, at 30 September 2023.
- Total invested capital in follow-on investments to existing portfolio companies during the Period of \$13.8 million: Infinitum (\$10.0 million) and T-Rex (\$3.8 million).
- Total net realisations and distributions during the Period of \$21.1 million: Onyx (\$19.8 million), Permian Resources (\$1.1 million), and DCFC Loan (\$0.2 million).
- REL finished the Period with a cash balance of \$127 million and remaining potential unfunded commitments of \$6 million².
- Since the initial announcement of the Share Buyback Programme on 1 May 2020, the Company has bought back a total of 34,408,339 ordinary shares at an average price of approximately £4.18 per ordinary share, over the same period the share price has increased by ~194 per cent. from £2.20 to £6.46 to 30 September 2023.
- On 29 September 2023, Riverstone Energy Limited acquired 3,182,196 of the Company’s ordinary shares (the “Shares”), pursuant to the tender offer announced on 17 August 2023 (the “Tender Offer”). All Shares repurchased by the Company have been cancelled. Each Share acquired by the Company in the Tender Offer was purchased at the Tender Price of £5.78 per Share. This represents approximately 22 per cent. of the available £80 million earmarked for the Tender Offer.

Share Buyback Programme

At the Company's AGM on 23 May 2023, the authorized increase of £30 million for the share buyback programme was approved. Since then, 3,015,616 ordinary shares have been bought back at a total cost of approximately £17.0 million (\$21.7 million) at an average share price of approximately £5.65 (\$7.19). As of 30 September 2023, £22.2 million was available for repurchasing.

In addition, pursuant to changes to the Investment Management Agreement announced on 3 January 2020, the Investment Manager agreed for the Company to be required to repurchase shares or pay dividends equal to 20 per cent. of net gains on dispositions. No further carried interest will be payable until the \$103.2 million of realised and unrealised losses to date at 30 September 2023 are made whole with future gains. REL continues to seek opportunities to purchase shares in the market at prices at or below the prevailing NAV per share..

Richard Horlick, Chair of Riverstone Energy Limited, commented:

“The Tender Offer announced on 17 August 2023 and closed on 29 September 2023, resulted in in 3,182,196 shares being acquired at a total cost of approximately £18.4 million. This represents approximately 22 per cent. of the available £80 million earmarked for the Tender Offer. All shares repurchased by the Company have been cancelled. We will continue to provide opportunities for investors to access liquidity and will continue to assiduously deploy capital where we see the most attractive risk-reward uses of our capital, and the most compelling growth prospects. We continue to follow closely the deeply unfortunate events developing in Israel and Palestine and our thoughts go out to all affected.”

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

“Continued geopolitical turmoil and tight supply dynamics due to underinvestment from the industry and production cuts from Saudi Arabia continue to support our two investments in oil and gas companies. Our conventional energy investments continue to drive positive returns in REL's portfolio while rising interest rates have simultaneously taken their toll on earlier stage growth companies, namely our decarbonization related investments. Higher rates globally are negatively impacting growth-stage companies' ability to raise capital and finance their growth. While rates remain high and investors' return expectations remain elevated (or risk appetite remains subdued...), the environment will remain challenging for our decarbonisation investments. Only those companies with the best prospects will retain the ability to finance themselves. We believe that our earlier stage growth companies are well-positioned to survive this higher rate environment, tighter financing markets and muted investor risk appetite. It is our belief that the secular tailwinds supporting the energy transition will continue driving the shift from fossil fuels to lower-carbon sources of energy.”

Current Portfolio – Conventional

Investment <i>(Public/Private)</i>	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm)³	Gross Unrealised Value (\$mm)⁴	Gross Realised Capital & Unrealised Value (\$mm)	30 June 2023 Gross MOIC⁴	30 Sep 2023 Gross MOIC⁴
Permian Resources⁶ <i>(Public)</i>	268	268	224	140	364	1.24x	1.36x
Onyx <i>(Private)</i>	66	60	101	78	179	3.00x	3.00x
Hammerhead Energy⁶ <i>(Public)</i>	308	296	24	185	209	0.46x	0.71x
Total Current Portfolio - Conventional – Public^{5,6}	\$576	\$564	\$247	\$326	\$573	0.83x	1.02x
Total Current Portfolio - Conventional – Private⁵	\$66	\$60	\$101	\$78	\$179	3.00x	3.00x
Total Current Portfolio - Conventional – Public & Private⁵	\$642	\$624	\$404	\$349	\$753	1.04x	1.21x

Current Portfolio - Decarbonisation

Investment (Public/Private)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ³	Gross Unrealised Value (\$mm) ⁴	Gross Realised Capital & Unrealised Value (\$mm)	30 Jun 2023 Gross MOIC ⁴	30 Sep 2023 Gross MOIC ⁴
GoodLeap (formerly Loanpal) (Private)	25	25	2	36	38	1.50x	1.50x
Infinitum (Private)	27	27	-	29	29	1.05x	1.05x
T-REX Group (Private)	21	21	-	21	21	1.00x	1.00x
Solid Power⁶ (Public)	48	48	-	15	15	0.39x	0.31x
Our Next Energy (Private)	13	13	-	13	13	1.00x	1.00x
Tritium DCFC⁶ (Public)	25	25	1	11	12	0.56x	0.47x
FreeWire (Private)	10	10	-	10	10	2.00x	1.00x
Enviva⁶ (Public)	22	22	0	6	6	0.41x	0.29x
Group 14 (Private)	4	4	-	4	4	1.00x	1.00x
Ionic I & II (Samsung Ventures) (Private)	3	3	-	3	3	1.00x	1.00x
Hyzon Motors⁶ (Public)	10	10	-	1	1	0.10x	0.13x
Anuvia Plant Nutrients (Private)	20	20	-	-	-	0.00x	0.00x
Total Current Portfolio - Decarbonisation – Public^{5,6}	\$105	\$105	\$1	\$33	\$34	0.41x	0.32x
Total Current Portfolio -	\$123	\$123	\$2	\$115	\$117	1.03x	0.95x

Decarbonisation – Private⁵							
Total Current Portfolio - Decarbonisation – Public & Private⁵	\$228	\$228	\$3	\$148	\$151	0.73x	0.66x
Total Current Portfolio – Conventional & Decarbonisation – Public & Private⁵	\$870	\$851	\$352	\$552	\$904	0.96x	1.06x
Cash and Cash Equivalents				\$127			
<i>Total Liquidity (Cash and Cash Equivalents & Public Portfolio)</i>				<i>\$486</i>			
<i>Total Market Capitalisation</i>				<i>\$336</i>			

Realisations

Investment (Initial Investment Date)	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Gross Realised Capital (\$mm) ³	Gross Unrealised Value (\$mm) ⁴	Gross Realised Capital & Unrealised Value (\$mm)	30 Jun 2023 Gross MOIC ⁴	30 Sep 2023 Gross MOIC ⁴
Rock Oil⁷ (12 Mar 2014)	114	114	233	4	237	2.06x	2.08x
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 III⁸ (17 Apr 2015)	40	40	88	-	88	2.20x	2.20x
RCO⁹ (2 Feb 2015)	80	80	80	-	80	0.99x	0.99x
Carrier II (22 May 2015)	110	110	67	-	67	0.61x	0.61x
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 Realisations⁵	\$819	\$819	\$1,000	\$4	\$1,004	1.22x	1.23x
<i>Withdrawn Commitments and Impairment¹⁰</i>	350	350	9	-	9	0.02x	0.02x
Total Investments⁵	\$2,038	\$2,020	\$1,360	\$557	\$1,917	0.90x	0.95x
Total Investments & Cash and Cash Equivalents⁵				\$684			

Draft Unaudited Net Asset Value¹¹	\$659	
Total Shares Repurchased to-date	42,173,868	at average price per share of £5.15 (\$6.58)
Current Shares Outstanding	42,306,196	

Rates, rates, rates...

While the United States Federal Reserve left rates unchanged at its September meeting, it indicated that that it still expects one more hike before the end of the year and fewer cuts than previously indicated next year. While this provided some relief to the market, it represents only a pause after four rate hikes this year for a 100bps increase to the Fed Funds target rate and has come on the back of a blistering seven rate hikes in 2022 representing a total of 425bps. The last 18 months have seen the benchmark rate go from 0.20 per cent. to the current target range of 5.25-5.50 per cent. While turbulent geo-political events continue to roil investor sentiment, the real impact on financial markets is being played out through the current rate-hiking cycle we find ourselves in. This global phenomenon has had an impact on fund-raising, depriving growth-stage companies from much needed capital, and on the appetite for growth as an investment factor. Higher “risk-free” rates require higher returns from earlier stage companies. The inverse correlation between risk-free rates and risk appetite is being felt through our decarbonization growth equity companies, with our publicly traded decarbonization growth portfolio companies down measurably during the third quarter.

In mid-August, Saudi Arabia’s crude oil exports hit a 28-month low after they extended their “additional voluntary production cuts” of one million barrels a day first announced in July. This reduction of 1 per cent of daily global demand will likely last through the end of the year supporting crude prices at their current levels. West Texas Intermediate (WTI) crude oil prices are up 13.2 per cent. year-to-date and 28.5 per cent. quarter-over-quarter, Brent Crude is similarly up 10.9 per cent. year-to-date and 27.2 per cent. quarter-over-quarter. Henry Hub natural gas spot prices on the other hand are down 23.9 per cent. year-to-date and up just 8.1 per cent. quarter-over-quarter, reflecting mild seasonal temperatures and, increased production and reserves. Global production quotas providing support for oil prices and a continued focus on energy security has increased investment and supported a renewed interest in the sector. Announced after the quarter’s end, Exxon’s \$59.5 billion acquisition of Pioneer Natural Resources speaks to a pick-up in capital market activities for the Oil & Gas sector. All of these factors are a net positive for our listed conventional energy companies, Permian Resources Corp. and Hammerhead Energy Inc., which have performed very well over the quarter.

Quarterly Performance Commentary

REL’s conventional energy portfolio performed well, gaining 16 per cent. in value over the quarter. This improvement was driven largely by Hammerhead’s 64.6 per cent. improvement in share price, from \$7.25 to \$11.32 quarter-over-quarter. Permian Resources enjoyed a bump as well, with a share price improvement of 27.4 per cent over the quarter, from \$10.96 to \$13.96.

The decarbonisation portfolio lost 9.6 per cent. of value, driven entirely by publicly traded positions in Enviva, Solid Power, and Tritium (despite a slight rise in the share price of Hyzon). Despite downward pressure on share price and smaller market capitalization, these underlying companies continue to pursue their growth plans and meet their target benchmarks. Tritium customer, evyve completed its 150th Tritium fast charger installation in the UK, achieving 98 per cent. uptime, and received a major order from Driveco, delivering 200 fast chargers to the leading French charging network. FreeWire announced an exclusive partnership with Virginia Automobile Dealers Association to offer chargers to franchisees.

Enviva continues to prosecute its turnaround following its disappointing financial guidance at the end of the first quarter, and announced in August the appointment of Glenn Nunziata, in the role of Chief Financial Officer.

Further information on REL's five largest positions, which account for ~84 per cent. of the portfolio's gross unrealised value is set forth below:

Permian Resources

The valuation for Permian Resources (NYSE: PR) increased from 1.24x to 1.36x Gross MOIC in the third quarter of 2023. In Q3 2023, Permian Resources agreed to acquire Earthstone Energy, Inc. (NYSE: ESTE) in an all-stock transaction valued at ~\$4.5 billion. PR will issue ~211 million shares of stock in the transaction and will own 73% of the pro-forma company. The company expects to close the transaction by YE 2023 and expects leverage at closing to be <1.0x. The pro-forma company has hedged approximately 36 per cent. of forecasted 2023 crude oil production at a weighted average price of \$79.00 per barrel and 35 per cent. of forecasted 2023 natural gas production at a weighted average price of \$4.83 per mcf.

Onyx

The valuation multiple for Onyx remained flat in the third quarter at 3.00x Gross MOIC. Power prices in Europe have softened since the highs of late 2022. However, the prospect of ongoing volatility remains due to gas demand recovery, global LNG pricing, nuclear availability and hydro levels. During the quarter a new COO was recruited and joined Onyx (following predecessor retirement), his focus will be on ensuring safe and reliable operations. 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

Hammerhead's valuation increased from 0.46x to 0.71x Gross MOIC during the third quarter of 2023. This increase in value reflects the performance of its publicly-traded stock and is reflective of its underlying operating performance which remains strong and on plan. Given the supportive macro environment, Hammerhead plans to continue ramping development in 2023. Hammerhead has hedged approximately 52 per cent. of forecasted 2023 crude oil production at a weighted average price of \$75.94 per barrel and 44 per cent. of forecasted 2023 natural gas production at a weighted average price of \$3.34 per MMBtu. In Q2 2023, the Company produced 39,009 boe/d (46% liquids) representing 15% growth on a year over year basis. Crude oil production of 13,389 bbl/d in the quarter represents 34% growth on a year over year basis.

GoodLeap (formerly Loanpal)

The valuation multiple for GoodLeap remained flat during the third quarter at 1.50x Gross MOIC, the company returned to profitability as the former macro inflation headwinds are beginning to shift towards neutral and potential tailwinds.

Infinitum

The valuation multiple for Infinitum remained flat at 1.05x Gross MOIC during the third quarter of 2023. The Company has made substantial progress in increasing manufacturing capacity, producing more motors in 1Q23 than in all of 2022. Additionally, the Company acquired Circuit Connect, a printed circuit board (PCB) fabricator based in New Hampshire. The acquisition supports Infinitum's strategy to become vertically integrated and increase the production capacity of PCB stators. The Company is ahead of schedule with production cost

reductions and is implementing a semi-automated line to ensure continuity of operations while the Company transitions to fully automated manufacturing. Early in the third quarter, the Company closed a \$160 million Series E funding round led by Just Climate.

Other Investments

Enviva

Subsequent to the close of the second quarter, on August 2nd, Enviva's management released its second quarter 2023 earnings results, which reflected results in line with expectations and progress with initiatives to reduce costs and improve productivity. In Q3 2023, Enviva heightened its focus on initiatives to improve productivity and costs across its current platform in conjunction with progressing contract negotiations, including repricing certain legacy contracts. Enviva completed a reduction in force designed to reduce cash costs by approximately \$16 million on an annualized basis. The Company lowered its FY 2023 total capital expenditures guidance range to \$335-\$365 million from \$365-\$415 million, representing a decrease of 10 per cent. at the midpoint of the ranges; total capital expenditures reductions were primarily driven by updated timing of cash flow spending on the Epes and Bond projects, partially offset by higher expected spending on several smaller growth projects.

Tritium DCFC

In September 2023, Tritium secured a financing commitment of up to \$75 million, with an initial funding of \$25 million. The company plans to use proceeds to continue its investment in working capital to meet expected continued strong customer demand in the 2024 calendar year.

Tritium achieved record revenue of \$112 million for H1 2023, a 286 per cent. increase from H1 2022. Tritium announced it will change its fiscal year-end from June 30 to December 31, effective beginning in the 2024 calendar year.

The company is projecting 2023 revenue in excess of \$200 million, corresponding to a 100+ per cent. YoY increase with expected gross margins of 10 per cent. to 12 per cent. as the company benefits from manufacturing scale up, improved product pricing, and planned produce suite streamlining. The company expects to become EBITDA positive during the first half of the 2024 calendar year.

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 \$207 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 16 active investments spanning decarbonisation, oil and gas, renewable energy and power in the Continental U.S., Western Canada, Europe and Australia.

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 2023 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 GBP:USD FX rate of 1.2197 as of 30 September 2023

² Excludes the remaining unfunded commitments for Hammerhead of \$12 million, which is not expected to be funded. The expected funding of the remaining unfunded commitments at 30 September 2023 are \$nil in 2023 and 2024. The residual amounts are to be funded as needed in 2025 and later years.

³ Gross realised capital is total gross proceeds realised on invested capital. Of the \$1,360 million of capital realised to date, \$1,017 million is the return of the cost basis, and the remainder is profit.

⁴ 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 \$103.2 million of realised and unrealised losses to date at 30 September 2023 are made whole with future gains, so the earned carried interest of \$0.8 million at 30 September 2023 has been deferred and expired in October 2023 as the aforementioned losses were not made whole. Since REL has not yet met the appropriate Cost Benchmark at 30 September 2023, \$33.2 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.

⁵ Amounts may vary due to rounding.

⁶ Represents closing price per share in USD for publicly traded shares Permian Resources Corporation (formerly Centennial Resource Development, Inc.) (NASDAQ:PR – 30-09-2023: \$13.96 per share / 30-06-2023: \$10.96 per share); Enviva, Inc. (NYSE:EVA – 30-09-2023: \$7.47 per share / 30-06-2023: \$10.85 per share); Solid Power, Inc. (NASDAQ:SLDP – 30-09-2023: \$2.02 per share / 30-06-2023: \$2.54 per share); Hyzon Motors, Inc. (NASDAQ:HYZN – 30-09-2023: \$1.25 per share / 30-06-2023: \$0.96 per share); Tritium DCFC Limited (NASDAQ:DCFC – 30-09-2023: \$0.30 per share / 30-06-2023: \$1.09 per share); and Hammerhead (NASDAQ: HHRS – 30-09-2023: \$11.93 per share / 30-06-2023: \$7.25)

⁷ The unrealized value of Rock Oil Investment consists of rights to mineral acres.

⁸ Midstream investment

⁹ Credit Investment

¹⁰ 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)

¹¹ Since REL has not yet met the appropriate Cost Benchmark at 30 September 2023, \$33.2 million in Performance Allocation fees that would have been due under the prior agreement were not accrued and thereby would have reduced the NAV on a pro forma basis to \$626 million or \$14.79 per share