

Interim Report and Unaudited Interim
Condensed Financial Statements
for the six months ended 30 June 2017

REL
RIVERSTONE ENERGY

Riverstone
Energy
Limited
(LSE: RSE)

2017



A FOCUS ON LONG-TERM
CAPITAL GROWTH

Riverstone Energy Limited seeks to achieve superior risk adjusted returns through investing in the energy sector. The energy sector is global and a significant component of virtually all major economies.

Long-term market drivers of economic expansion, population growth, development of markets, deregulation and privatisation will continue to create opportunities globally for investors in energy.

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The registered office of the Company is Heritage Hall,
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Financial and Operational Highlights

Riverstone Energy Limited Interim Report 2017

→	Net Committed Capital to Date	\$1,718 million / 119 per cent. of net capital available ⁽¹⁾
→	Commitments reduced during the period ended 30 June 2017	Commitments reduced a total of \$116 million: (i) \$59 million in CanEra Inc. (ii) \$57 million in Origo Exploration Holding AS
→	Net Capital Invested to Date	\$1,314 million / 91 per cent. of net capital available ⁽¹⁾
→	Investments during the period ended 30 June 2017 ⁽²⁾	Invested a total of \$142 million ⁽³⁾ : (i) \$64 million in Canadian International Oil Corp. (ii) \$26 million in ILX Holdings III LLC (iii) \$16 million in Liberty Resources II LLC (iv) \$10 million in Three Rivers Natural Resources Holdings III LLC (v) \$7 million in Canadian Non-Operated Resources LP (vi) \$6 million in Eagle Energy Exploration, LLC (vii) \$5 million in Carrier Energy Partners II LLC (viii) \$4 million in Castex Energy 2014 LLC (ix) \$3 million in Meritage Midstream Services III, L.P. (x) \$1 million in Origo Exploration Holding AS
→	Realised Capital to Date	\$323 million / 21 per cent. of total capital invested
→	Realisations during the period ended 30 June 2017	Realised a total of \$13 million: (i) \$11 million in Riverstone Credit Opportunities, L.P. (ii) \$2 million in aggregate from CanEra Inc. and Fieldwood Energy LLC

Key Financials

	30 June 2017	31 December 2016	30 June 2016
NAV as at	\$1,668 million / £1,281 million⁽⁴⁾	\$1,699 million / £1,376 million ⁽⁴⁾	\$1,372 million / £1,035 million ⁽⁴⁾
NAV per Share as at	\$19.74 / £15.16⁽⁴⁾	\$20.11 / £16.29 ⁽⁴⁾	\$16.24 / £12.25 ⁽⁴⁾
Market capitalisation at	\$1,381 million / £1,060 million⁽⁴⁾	\$1,402 million / £1,135 million ⁽⁴⁾	\$1,006 million / £756 million ⁽⁴⁾
Share price at	\$16.35 / £12.55⁽⁴⁾	\$16.59 / £13.44 ⁽⁴⁾	\$11.91 / £8.95 ⁽⁴⁾
	30 June 2017	30 June 2016	
Total comprehensive (loss) profit for the six months ended	(\$30.55) million	\$25.23 million	
Basic (Loss) Earnings per Share for the six months ended	(36.17) cents	29.86 cents	

⁽¹⁾ Based on total capital raised of \$1,320 million, bank loan, realised profits and other income net of fees, expenses and performance allocation. The Board does not expect to fully fund all commitments in the normal course of business

⁽²⁾ Art. 105 of the Delegated Regulation 213/2013

⁽³⁾ Amounts may vary due to rounding

⁽⁴⁾ Based on exchange rate of 1.303 \$/£ at 30 June 2017 (1.234 \$/£ at 31 December 2016 and 1.326 \$/£ at 30 June 2016)



Low-Cost Positioning Provides Resilience and Growth

At the beginning of this year, we noted the rebalancing process in the oil market as both North American producers and OPEC restrained production, helping drive oil prices above \$55 per barrel. However, this proved only temporary as production growth in North America resumed in response to higher prices, and shale producers continued to reduce costs through innovation and productivity enhancements. The resilience of shale producers has surprised industry once again, resulting in lower prices as the market continues to seek equilibrium.

This resilience is evident within the REL portfolio where companies such as CIOC and Centennial continue to experience improvements in well costs and productivity, with CIOC having reduced drilling and completion costs by more than half since 2012, and Centennial under the leadership of Mark Papa forecasting oil production growth by a factor of ten through 2020. Elsewhere, companies such as Liberty II and Eagle II are seeing the benefits of early entry into plays such as the Powder River Basin and SCOOP, where operators can drive productivity gains.

The portfolio is now largely invested, having deployed 91 per cent. of net capital available. By establishing investment platforms with best-in-class management teams and a strong capital position, REL has been able to significantly expand its presence throughout the cycle to establish meaningful investments in some of North America's most attractive basins. For example, approximately two-thirds of the portfolio is invested in the Permian, Eagle Ford and Western Canada. This positioning, along with Riverstone's emphasis on conservative capital structures, has resulted in a portfolio which is well placed to withstand short term fluctuations in commodity prices.

With REL approaching its fourth anniversary, several of the investments are reaching the stage where they could become attractive candidates for acquisition or a public market exit over the next 12-18 months. For example, investments with vast and contiguous acreage packages are likely to be valued by both financial investors and trade buyers seeking to establish a meaningful presence in an attractive basin.

The North American energy sector, characterised by low breakeven costs, short cycle times and high asset liquidity remains an attractive investment prospect, and we believe that well managed companies that are exposed to these resources and have strong balance sheets will continue to offer investors the best opportunities for capital growth in the energy sector.

Performance

REL ended 30 June 2017 with an NAV of \$19.74 per share. This equates to a decrease of 36 cents (1.8 per cent.), when compared to NAV per share at 31 December 2016. The NAV per share decrease was larger on a Sterling basis, at 6.9 per cent., due to the strengthening of Pound Sterling over the period.

The primary driver of the decline in NAV was REL's second largest investment, Centennial, which is publicly traded and saw its share price decline from \$19.72 at the end of December to \$15.82 at 30 June 2017 as market sentiment for oil producers weakened. Fieldwood and Carrier II also suffered valuation declines as the lower oil price weighed on trading comparables and asset valuations, and Fieldwood was impacted by a number of short term production disruptions. However, these were largely offset by strong performance at other portfolio companies, most notably Three Rivers III, which grew from a Gross MOIC of 2.5x to 3.0x as acreage prices continued to appreciate in the Delaware Basin. Liberty II and Meritage III also experienced significant increases due to the emerging Powder River Basin position and ongoing operational successes, respectively.

This has meant that the NAV has held relatively steady against the backdrop of a 14 per cent. decline in West Texas Intermediate oil price benchmark during the first half of the year, and negative sentiment impacting energy shares, with the S&P Oil & Gas E&P Index and FTSE 350 Oil & Gas Producers Index declining by 23 per cent. and 12 per cent., respectively. While REL shares experienced a 6.6 per cent.

decline, they outperformed the above indices by 16 per cent. and 5 per cent., respectively. Shares closed the quarter at a 17 per cent. discount to NAV. The Board continues to consider options to narrow the discount, including open market purchases as authorised by the Shareholders at the AGM.

While REL did not make any new commitments during the period, the Company invested \$142 million in existing portfolio companies for the exercise of warrants in CIOC as well as drilling and other operational expenses elsewhere in the portfolio. CIOC received total warrant proceeds of C\$180 million (of which C\$84 million came from REL), which will allow the company to accelerate its drilling programme and fund opportunistic land acquisitions. The second largest investment during the period was made to ILX III for \$26 million to fund the drilling of three prospects in the Gulf of Mexico. Other investments were made to Liberty II and Three Rivers III, both of which have been actively drilling in the first half of this year. In total, REL has net invested capital of \$1,314 million, equating to 91 per cent. of net capital available at the end of June 2017.

We believe it is appropriate for the Company to maintain a level of over-commitment, in order to optimise the level of invested capital. Commitments are structured to maximise flexibility, and portfolio companies are often fully or partially monetised prior to drawing the full committed amounts. In addition, the Board continually evaluates commitments given the evolving opportunity set in the energy sector. In the first half of this year, we withdrew \$116 million of commitments to Origo and CanEra III. In both instances, we no longer felt there were attractive opportunities to deploy capital given the market for undeveloped discoveries in the North Sea and conventional oil and gas opportunities in Western Canada, respectively. While we are disappointed these investments did not meet our expectations at the time the commitments were made, we were able to limit capital exposure to \$11 million, highlighting the flexibility of Riverstone's investment strategy and build-up approach. As of 30 June 2017, REL has commitments of \$1,718 million to 14 current investments, equating to 119 per cent. of net capital available⁽¹⁾. REL, including the Partnership, had a cash balance of over \$124 million at this date.

Our investments continued to make strong operational progress in the first half of the year. Meritage III, which provides a range of midstream services in Western Canada, has signed additional offtake agreements with CIOC and third parties, which will result in additional volumes to support the construction of a second gas gathering and processing facility. Elsewhere in the Montney, CNOR continues to develop its Pipestone position, where it has accumulated nearly 25,000 acres and completed four delineation wells.

In the Delaware Basin of the Permian, Three Rivers III has now drilled five wells, which is helping prove out its 60,000 net acre position. ILX III made two additional discoveries during the period and has achieved a 73 per cent. success rate on exploration drilling to date.

Subsequent to the period end, Sierra announced a historic oil discovery in the shallow waters of the Gulf of Mexico. The Zama 1 well, located in Mexico's Block 7, confirmed the presence of a light oil resource estimated to be in the range 1.4 billion and 2.0 billion barrels of oil in place. Ongoing studies will allow estimation of likely recovery factors and other important parameters, but it is already clear that Zama will rank as one of the largest shallow water discoveries anywhere in the world over the last five years. Although the discovery remains at an early stage, the Board is pleased to see encouraging results from Riverstone's strategy of being an early mover as the Mexican government embarked on its historic energy market reform. We remain excited about future opportunities for REL in Mexico through Sierra's four additional upstream blocks it has secured, as well as Fieldwood, which is awaiting results from two offshore wells which it spud in the first half of the year.

Oil prices could continue to prove volatile over the next several months as the market tests the ability of shale producers to respond to price signals by moderating drilling activity and capital expenditure budgets. In addition, the market will be carefully observing any rhetoric from OPEC regarding future production cuts, given that Libya, Nigeria and Iraq have increased volumes in recent months. While future cohesion among OPEC remains uncertain, oil demand growth continues to be robust, helping normalise the inventories which have been built-up over the cycle. Finally, geopolitical risks and sanctions against key producers could always surprise the market.

Throughout a period of protracted commodity price volatility, REL has benefited from Riverstone's strategy of deploying capital towards basins with low costs of production, prudent balance sheet management and an unwavering focus on operational excellence. While the portfolio would be impacted by a sharp decline in weaker energy prices, we are confident that the quality of the management teams and their assets will continue to prove resilient throughout the cycle. With 14 active investments across E&P and midstream in North America, REL offers investors a unique opportunity to invest in the most dynamic area of the energy market, and we believe those with a long-term outlook will be handsomely rewarded.



Richard Hayden

Chairman

8 August 2017

⁽¹⁾ Based on total capital raised of \$1,320 million, bank loan, realised profits and other income net of fees, expenses and performance allocation. The Board does not expect to fully fund all commitments in the normal course of business

North American Energy Producers Prove their Resilience

The oil market rebalancing, which we saw earlier in the year, has paused as drillers across North America responded to temporarily higher oil prices. This, along with plentiful access to equity and credit, has resulted in oil production once again increasing in North America. Throughout the cycle, we remain focussed on ensuring a resilient portfolio which is positioned in the most competitive basins to withstand volatility and deliver upside as the rebalancing process resumes.

Drilling activity in the United States, measured by oil rigs, remains at less than half of its peak in late 2014. Nevertheless, oil production continues to expand, approaching record levels, with 9.4 million barrels per day at the end of June. Several forces have contributed to this growth. Producers continue to be selective in where they choose to drill, focusing primarily on the most productive locations which allow them to extract hydrocarbons at the lowest cost. For this reason, areas such as the Permian Basin of Texas with its multiple layers of oil-bearing shale are seeing significantly increased rig activity and growing production, while activity in higher-cost regions remains muted. Second, the "revolution" of hydraulic fracturing continues to evolve as engineers increase well productivity through longer laterals, higher frac stages, tighter cluster spacing and more intense fracs. This has resulted in higher well productivity and lower per barrel well costs, and is further supported by cyclical declines in supply chain service costs. Finally, strong capital availability, particularly when oil traded above \$50 per barrel earlier in the year, has fueled drilling activity by allowing producers to access capital markets on relatively advantageous terms.

Energy prices are likely to continue to be volatile as the market, in search of equilibrium, parses through the abundance of data generated by both North American producers and OPEC. We continue to monitor a number of drivers, in addition to commodity prices, which could impact production growth going forward. These include cost inflation as producers pour into select geographies thereby increasing demand for water, sand, frac crews and other services and also the exploitation of core acreage within a basin, forcing drillers into fringe acreage following several years of "high-grading." As described above, credit conditions play a key role in enabling or curbing capital expenditure plans. With many producers free cashflow negative across the industry, a tightening of capital availability would significantly rein-in drilling activity.

This could have a pronounced impact on supply due to shale's larger share of North American production, which experiences sharp decline rates relative to conventional wells, and therefore requires continued expenditure to maintain production levels.

In this dynamic environment, Riverstone is able to leverage our extensive expertise across the energy value chain and capital structure to identify profitable opportunities for REL and its investors. There are several examples of this within the REL portfolio, including the formation of RCO to take advantage of energy credit markets and Sierra, which Riverstone formed as Mexico's first private oil and gas company ahead of the country's historic energy sector reform. Elsewhere, we have worked to establish platforms in emerging, low-cost basins through Three Rivers III, which was an early mover into the Delaware Basin of the Permian, and our investment in CIOC, which controls a vast acreage position in the Montney and Duvernay shale plays of Western Canada. By establishing investment platforms early in the cycle, and backing experienced and focussed management teams with significant lines of equity commitments, REL has been well positioned to move quickly as attractive assets became available.

The "build-up" approach remains a key component of Riverstone's investment strategy. Riverstone and its investment professionals have many years of experience successfully investing in, and operating, energy businesses through multiple commodity price cycles. The firm applies a disciplined approach to maintain maximum operational and financial flexibility through any commodity price environment. While energy prices have been particularly volatile since REL's IPO in October 2013, when prices hovered around \$100 per barrel, Riverstone's investment strategy has helped mitigate the impact of commodity price volatility on portfolio valuation. As a result, the REL portfolio has deployed capital at a weighted average oil price of approximately \$54 per barrel. Over the same time period,

NAV per share has increased by 23 per cent. on a USD basis and the share price by 26 per cent. on a Pounds Sterling basis, compared with a negative 52 per cent. total shareholder return for the U.S. E&P Index.

While the energy market remains volatile, we remain confident in our ability to deliver strong returns to shareholders given the quality of REL's investments and Riverstone's focussed strategy. We continue to manage risk through diversifying across basins and energy segments, while consistently focusing on build-up strategies, partnering with experienced, operationally-focussed management teams, hedging cash flows from producing assets, using moderate levels of debt with flexible covenant structures, and maintaining sufficiently high levels of liquidity to take advantage of attractive acquisition opportunities. With 14 active investments across North America's most attractive basins, REL is well positioned for continued value growth.

Investment Strategy

The Investment Manager's objective is to achieve superior risk adjusted after tax returns by making privately negotiated control investments primarily in the E&P and midstream energy sectors, which is a significant component of virtually all major economies. Long-term market drivers of economic expansion, population growth, development of markets, deregulation, and privatisation allied to near-term commodity price volatility are expected to continue to create opportunities globally for Riverstone.

Key Drivers:

- Capital constraints among companies with high levels of leverage;
- Industry distress and pressures to rationalise assets;
- Increases in ability to extract hydrocarbons from oil and gas-rich shale formations; and
- Historical under-investment in energy infrastructure.

The Investment Manager, through its affiliates, has a strong track record of building businesses with management teams and of delivering consistently attractive returns and significant outperformance against both crude oil and natural gas benchmarks. The Company aims to capitalise on the opportunities presented by Riverstone's pipeline of investments.

The Investment Manager, having made over 130 investments globally in the energy sector since being founded in 2000, utilises its extensive industry expertise and relationships to thoroughly evaluate investment opportunities and uses its significant experience in conducting due diligence, valuing assets and all other aspects of deal execution, including financial and legal structuring, accounting and compensation design. The Investment Manager also draws upon its extensive network of relationships with industry-focussed professional advisory firms to assist with due diligence in other areas such as accounting, tax, legal, employee benefits, environmental, engineering and insurance.



Investment Manager's Report (continued)

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Current Portfolio

	Target Basin	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Realised Capital (\$mm) ⁽¹⁾	Net Invested Capital (\$mm) ⁽²⁾	Gross Realised & Unrealised Value (\$mm) ⁽³⁾	Gross MOIC ⁽³⁾
CIOC	Deep Basin (Canada)	307	295	23	275	533	1.8x
Centennial	Permian (U.S.)	268	268	–	268	380	1.4x
Three Rivers III	Permian (U.S.)	167	86	–	86	259	3.0x
Liberty II	Bakken, PRB (U.S.)	142	137	–	137	171	1.3x
Carrier II	Permian (U.S.)	133	110	–	110	131	1.2x
ILX III	Deepwater GoM (U.S.)	200	94	–	94	122	1.3x
RCO ⁽⁴⁾	North America	125	87	81	24	109	1.3x
CNOR	Western Canada	90	80	–	80	80	1.0x
Eagle II	Mid-Continent (U.S.)	67	62	–	62	68	1.1x
Meritage III ⁽⁵⁾	Western Canada	67	32	–	32	45	1.4x
Castex 2014	Gulf Coast Region (U.S.)	67	40	–	40	40	1.0x
Fieldwood	GoM Shelf (U.S.)	82	58	3	58	35	0.6x
Castex 2005	Gulf Coast Region (U.S.)	50	48	–	48	5	0.1x
Sierra	Mexico	38	1	–	1	2	1.1x
Total Current Portfolio⁽⁶⁾		1,802	1,398	107	1,314	1,979	1.4x
Percentage of REL net capital available⁽⁷⁾					91 per cent.		

Realisations

	Target Basin	Gross Committed Capital (\$mm)	Invested Capital (\$mm)	Realised Capital (\$mm) ⁽¹⁾	Unrealised Value (\$mm)	Gross Realised & Unrealised Value (\$mm) ⁽³⁾	Gross MOIC ⁽³⁾
Rock Oil ⁽⁸⁾	Permian (U.S.)	–	114	216	24	240	2.1x
CanEra III	Western Canada	–	1	1	–	1	0.4x
Origo	North Sea (Norway, U.K.)	–	9	–	–	–	0.0x
Total Investments⁽⁶⁾			1,523	323		2,220	1.5x

⁽¹⁾ Realised capital is total gross proceeds realised on invested capital. Of the \$323 million of capital realised to date, \$199 million is the return of the cost basis, and the remainder is profit

⁽²⁾ Net invested capital is total invested capital less cost basis of the realised capital

⁽³⁾ Gross MOIC is Multiple of Invested Capital. Gross Unrealised Value and Gross MOIC are before transaction costs, taxes (approximately 35 to 41.5 per cent. of U.S. sourced taxable income) and 20 per cent. carried interest on gross profits (without a hurdle rate). Since there is no netting of losses against gains, 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 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 US 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

⁽⁴⁾ Credit investment

⁽⁵⁾ Midstream investment

⁽⁶⁾ Amounts may vary due to rounding

⁽⁷⁾ Based on total capital raised of \$1,320 million, bank loan, realised profits and other income net of fees, expenses and performance allocation. The Board does not expect to fully fund all commitments in the normal course of business

⁽⁸⁾ The unrealised value of the Rock Oil investment consists of sale proceeds in escrow of \$13 million and rights to mineral acres of \$11 million

Investment Portfolio Summary

As of 30 June 2017, REL's portfolio comprised fourteen active investments including twelve E&P investments, one midstream investment and one credit investment.

CIOC

As of 30 June 2017, REL, through the Partnership, has invested \$295 million of its \$307 million commitment to CIOC. CIOC is a private E&P company focussed 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 per cent. of this asset base, which comprises over 400,000 net acres in the Montney and Duvernay. CIOC has more than quadrupled production to over 16,000 boepd since time of entry.

In the first half of 2017, REL and other investors exercised warrants which resulted in C\$180 million of proceeds to CIOC and will be used to fund drilling for continued development and delineation of its asset base.

As of 30 June 2017, REL's interest in CIOC, through the Partnership, was valued at 1.8x Gross MOIC⁽¹⁾ or \$533 million (Realised \$23 million, Unrealised \$510 million). While the headline multiple on REL's investment in CIOC decreased over the period due to the \$64 million warrant exercise investment being valued at cost, the value of the company remains unchanged.

Centennial

As of 30 June 2017, REL, through the Partnership, has invested in full its \$268 million commitment to Centennial. Centennial is an E&P company focussed on the acquisition and development of oil and liquids-rich natural gas resources in the Permian Delaware Basin, West Texas. The company, led by Mark Papa, former chief executive of EOG Resources, Inc., has rapidly aggregated an 88,000 net acre position in the Delaware Basin of the Permian with no debt on the balance sheet at the end of the first quarter. The company's development plan envisages growing oil production from approximately 5,700 boepd in 2016 to 60,000 boepd in 2020.

REL, through the Partnership, owns approximately 23.9 million shares which are publicly traded (NASDAQ:CDEV), at a weighted average share price of \$11.21. REL, through the Partnership, has financed \$93 million of its investment through a bank loan secured by REL's investment in Centennial. In addition, REL has interests in approximately \$2 million of sponsor warrants.

As of 30 June 2017, REL's interest in Centennial, through the Partnership, was valued at 1.4x Gross MOIC⁽¹⁾ or \$380 million. The valuation for Centennial decreased over the period, reflecting the mark-to-market value of REL's shareholding.

Three Rivers III

As of 30 June 2017, REL, through the Partnership, has invested \$86 million of its \$167 million commitment to Three Rivers III. Similar to Riverstone's two prior successful partnerships with this management team, Three Rivers III focuses on oil and gas acquisition and development opportunities in the Permian Basin. Through a series of acquisitions, Three Rivers III has built a position of 60,000 net acres in the Permian Delaware basin, primarily in Culberson & Reeves counties. The company drilled five wells in the first half of 2017 as the team continues to delineate its position and is producing approximately 3,900 boepd.

As of 30 June 2017, REL's interest in Three Rivers III, through the Partnership, was valued at 3.0x Gross MOIC⁽¹⁾ or \$259 million. The valuation for Three Rivers III increased over the period, reflecting increased acreage multiples in the Permian.

Carrier II

As of 30 June 2017, REL, through the Partnership, has invested \$110 million of its \$133 million commitment to Carrier II. Carrier II is focussed on the acquisition and exploitation of upstream oil and gas assets by partnering with select operators that are developing both unconventional and conventional reservoirs in North America. Shortly after its establishment in May 2015, Carrier II entered into a joint venture agreement with a highly experienced operator group made up of Henry Resources and PT Petroleum targeting 19,131 net acres for development in the southern Midland Basin. Subsequently through three separate acquisitions the company has acquired 3,489 net acres in Karnes County in the Eagle Ford basin, targeting the Sugarloaf Project and the Chisholm Project, both operated by Marathon Oil Corp. As of end of the Period, Carrier II was producing over 8,000 boepd net.

As of 30 June 2017, REL's interest in Carrier II, through the Partnership, was valued at 1.2x Gross MOIC⁽¹⁾ or \$131 million. The valuation for Carrier II decreased over the period, reflecting a lower net asset value largely driven by weaker commodity prices.

⁽¹⁾ Gross MOIC is Gross Multiple of Invested Capital before transaction costs, taxes, 20 per cent. carried interest on gross profit, management fees of 1.5 per cent. of net assets per annum and other expenses. Given these costs and expenses are in aggregate expected to be considerable, Net MOIC will be materially less than the Gross MOIC

Investment Manager's Report (continued)

Riverstone Energy Limited Interim Report 2017

Liberty II

As of 30 June 2017, REL, through the Partnership, has invested \$137 million of its \$142 million commitment to Liberty II. As of December 2016, Liberty II had established a c. 62,000 net acre position in the Williston and Powder River Basins through a series of acquisitions, which benefit from Liberty II's sophisticated and proprietary well completion technology. In the first half of 2017, Liberty II acquired an additional 34,000 net acres in Bakken, bringing its total position to 96,000 net acres. Liberty has an inventory of over 240 gross drilling locations, and is currently producing approximately 8,000 boepd.

As of 30 June 2017, REL's interest in Liberty II, through the Partnership, was valued at 1.3x Gross MOIC⁽¹⁾ or \$171 million. The valuation for Liberty II increased over the period, reflecting production growth, an increase in the Bakken acreage position, and an improvement in the valuation of the company's Powder River Basin acreage.

RCO

As of 30 June 2017, REL, through the Partnership, has invested \$87 million of its \$125 million commitment to RCO, of which \$81 million has been realised to result in \$6 million of remaining unrealised invested capital. RCO was formed in January 2015 to take advantage of the dislocation in the leveraged capital markets for energy companies. Since its inception, RCO has made a total of 32 investments, 27 of which have already been fully exited.

As of 30 June 2017, REL's total interest in RCO, through the Partnership, was valued at 1.3x Gross MOIC⁽¹⁾ or \$109 million (Realised \$81 million, Unrealised \$28 million). The valuation decreased slightly over the period, reflecting the mark-to-market value of RCO's remaining underlying securities.

ILX III

As of 30 June 2017, REL, through the Partnership, has invested \$94 million of its \$200 million commitment to ILX III. ILX III, based in Houston, Texas, is a repeat joint-venture with Ridgewood Energy Corporation. The new entity maintains the same strategy of acquiring non-operated working interests in oil-focussed exploration projects in the shallow Gulf of Mexico. ILX III acquired offshore leases with 15 defined deepwater prospects at inception, but has since opportunistically farmed into two additional prospects and added 12 additional prospects through the 2016 central Gulf of Mexico Lease Sale.

ILX III, in the first half of 2017, drilled three wells, of which two were discoveries. The company has a 73 per cent. success rate on its 11 wells drilled to date and is currently progressing plans to develop its eight discoveries.

As of 30 June 2017, REL's interest in ILX III, through the Partnership, was valued at 1.3x Gross MOIC⁽¹⁾ or \$122 million. The valuation multiple remained unchanged over the period.

CNOR

As of 30 June 2017, REL, through the Partnership, has invested \$80 million of its \$90 million commitment to CNOR. CNOR is a Calgary-based oil and gas company focussed on the Western Canadian Sedimentary Basin. CNOR has invested in a joint venture with Tourmaline Oil targeting the Peace River High area and is currently also pursuing a delineation programme in the Pipestone Montney, where it recently accumulated an approximately 25,000 net acre position.

As of 30 June 2017, REL's interest in CNOR, through the Partnership, was valued at 1.0x Gross MOIC⁽¹⁾ or \$80 million. The valuation remained unchanged over the period.

Fieldwood

As of 30 June 2017, REL, through the Partnership, has invested \$58 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 Fund V. Fieldwood has made two material acquisitions (Apache and SandRidge), with three further bolt-on acquisitions, and now has an interest in approximately 500 leases covering over two million gross acres and over 1,000 wells in the Gulf of Mexico, making it one of the largest oil and gas producers in the shallow Gulf of Mexico. Fieldwood continued to make strong operational progress during the Period, with 42 recompletions, 32 workover projects and spudding two appraisal wells for its Mexico offshore appraisal program.

As of 30 June 2017, REL's interest in Fieldwood, through the Partnership, was valued at 0.6x Gross MOIC⁽¹⁾ or \$35 million (Realised \$3 million, Unrealised \$32 million). The valuation for Fieldwood decreased over the period, reflecting lower trading multiples and commodity prices, as well as temporary production disruptions due to infrastructure availability and inclement weather.

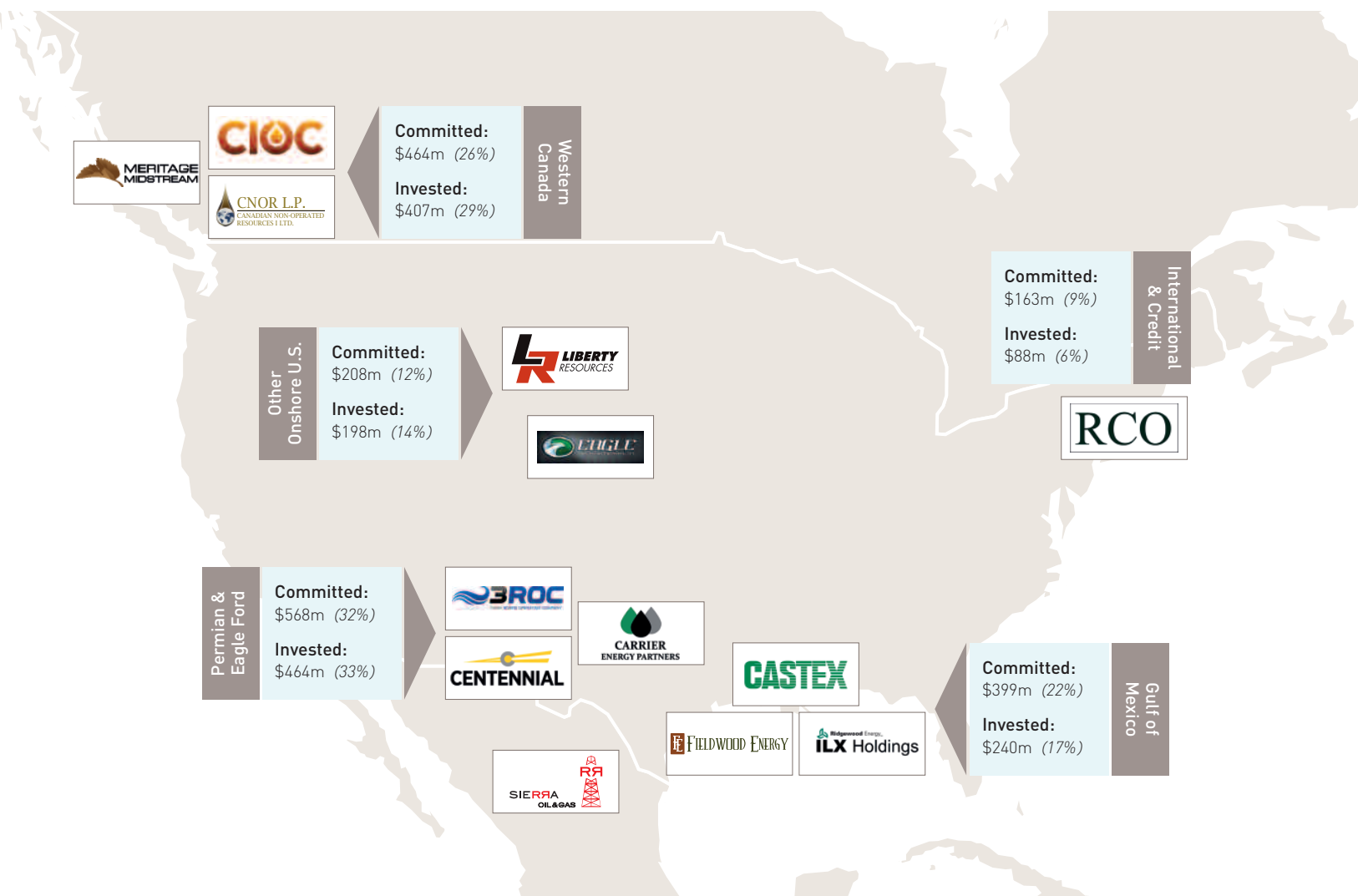
Eagle II

As of 30 June 2017, REL, through the Partnership, has invested \$62 million of its \$67 million commitment to Eagle II. The company owns approximately 16,100 net acres in the SCOOP and approximately 13,800 net acres in the Mississippi Lime, and is currently producing approximately 2,700 boepd.

The company has continued to develop its core SCOOP and Merge acreage in the first half of 2017, where it has spud six horizontal wells to date.

As of 30 June 2017, REL's interest in Eagle II, through the Partnership, was valued at 1.1x Gross MOIC⁽¹⁾ or \$68 million. The valuation for Eagle II increased over the period, reflecting an increase in the value of the company's SCOOP assets.

⁽¹⁾ Gross MOIC is Gross Multiple of Invested Capital before transaction costs, taxes, 20 per cent. carried interest on gross profit, management fees of 1.5 per cent. of net assets per annum and other expenses. Given these costs and expenses are in aggregate expected to be considerable, Net MOIC will be materially less than the Gross MOIC



CNOR



Investment Manager's Report (continued)

Riverstone Energy Limited Interim Report 2017

Castex 2014

As of 30 June 2017, REL, through the Partnership, has invested \$40 million of its \$67 million commitment to Castex 2014. Castex 2014 is a Houston-based oil and gas company focussed on gas exploration opportunities in the U.S. Gulf Coast Region, in partnership with Castex 2005. Castex 2014 has achieved a 100 per cent. success rate on the six exploration prospects drilled since inception.

Castex 2014 resumed drilling in the first half of 2017, focusing on the first well within the Coastal Terrebonne Seismic area. The companies encountered commercial amounts consistent with pre-drill estimates.

As of 30 June 2017, REL's interest in Castex 2014, through the Partnership, was valued at 1.0x Gross MOIC⁽¹⁾ or \$40 million. The valuation remained unchanged over the period.

Meritage III

As of 30 June 2017, REL, through the Partnership, has invested \$32 million of its \$67 million commitment to Meritage III. REL's investment to date is related to construction of gas gathering, gas processing, and oil gathering infrastructure in support of CIOC's drilling program in Western Canada. In April 2016, Meritage's Patterson Creek plant entered service.

Since completing its initial midstream infrastructure, the company has successfully entered into additional gas gathering and processing agreements with CIOC and third parties. The company will begin construction of its second gas processing facility and related infrastructure to accommodate higher volumes in the second half of 2017.

As of 30 June 2017, REL's interest in Meritage III, through the Partnership, was valued at 1.4x Gross MOIC⁽¹⁾ or \$45 million. The valuation for Meritage III increased over the period, reflecting the company securing contracts for additional volumes.

Castex 2005

As of 30 June 2017, REL, through the Partnership, has invested \$48 million of its \$50 million commitment to Castex 2005. Castex 2005 is a partnership focussed on a portfolio of properties in Southern Louisiana and the Gulf of Mexico Shelf which produce approximately 75 mmcfpd, 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.

As of 30 June 2017, REL's interest in Castex 2005, through the Partnership, was valued at 0.1x Gross MOIC⁽¹⁾ or \$5 million, reflecting its over-leveraged balance sheet and the challenging environment for gas-focussed producers in the Gulf Coast and Gulf of Mexico shelf. The valuation remained unchanged over the period.

Sierra

As of 30 June 2017, REL, through the Partnership, has invested \$1 million of its \$38 million commitment to Sierra. Sierra is an independent Mexican energy company established to pursue select upstream and midstream opportunities in Mexico. Sierra's consortiums have won five offshore blocks to date, which make Sierra the third-largest non-state owned E&P company in Mexico by net acreage, with approximately 560,000 net acres.

Subsequent to the period end, a consortium consisting of Sierra, Talos (a Riverstone portfolio company) and Premier Oil PLC announced a historic oil discovery in the shallow waters of the Gulf of Mexico. The Zama 1 well, located in Mexico's Block 7, confirmed the presence of a light oil resource estimated to be in the range 1.4 billion and 2 billion barrels of oil in place.

As of 30 June 2017, REL's interest in Sierra, through the Partnership, was valued at 1.1x Gross MOIC⁽¹⁾ or \$2 million. The valuation remained unchanged over the period.

Realised Investments

Rock Oil

Rock Oil was formed in March 2014 with the strategy of applying Rock Oil's land and technical expertise to the acquisition and development of assets in top-tier North American plays. Since formation, Rock Oil entered into a series of acquisitions to establish a position of approximately 24,783 net acres in the Midland Basin of the Permian, producing approximately 4,900 boepd.

In the third quarter of 2016, Rock Oil agreed to the sale of 100 per cent. of its membership interests to SM Energy Company (NYSE: SM), a U.S. based E&P company. The transaction subsequently closed on 4 October 2016, resulting in gross proceeds to REL of approximately \$230 million. This implies a gross multiple of invested capital of 2.0x, a gross IRR of 78 per cent. and a gain of \$116 million on the Company's investment, through the Partnership, of \$114 million. The MOIC and IRR, net of performance allocation and estimated taxes, are approximately 1.6x and 44 per cent., respectively. The Investment Manager, through RELCP, has subsequently invested the net proceeds of its performance allocation, resulting in the purchase of approximately 590,000 shares in REL.

Approximately \$24 million of value is unrealised consisting of escrow payments, and mineral acre reserves not included in the sale. As of 30 June 2017, REL's total interest in Rock Oil, through the Partnership, was valued at 2.1x Gross MOIC(1) or \$240 million (Realised \$216 million, Unrealised \$24 million).

CanEra III

During Q1 2017, REL, through the Partnership, terminated its commitment to CanEra III and realised \$0.6 million of its \$1.4 million investment, or 0.4x Gross MOIC⁽¹⁾.

Origo

In June 2017, REL, through the Partnership, transferred its interest in Origo to Norwegian oil and gas operator DNO ASA for no proceeds.

Going Concern

The Company retained \$11.5 million of cash in the IPO and Placing and Open Offer, and received distributions of \$5.5 million and \$1.1 million from the Partnership in Q1 2016 and Q1 2017, respectively, of which \$2.7 million remains at 30 June 2017 (31 December 2016: \$3.2 million). This cash balance is sufficient to cover the Company's liabilities as they fall due over the next six months, but the Company will require a \$1.0 million distribution in Q1 2018 to cover its forecasted expenses for the initial six months of 2018 of \$1.7 million. In accordance with section 4.1(a) of the Partnership Agreement, in the event of the Company requiring additional funds for working capital, it is entitled to receive another distribution from the Partnership.

As at 30 June 2017, the Partnership had \$122 million of uninvested funds held as cash and money market fixed deposits (31 December 2016: \$268 million), and has no material going concern risk. Although the Company's commitments, through the Partnership, exceed its available liquid resources, it is not expected that all commitments will be drawn due to a variety of factors, such as a portfolio company being sold earlier than anticipated or a targeted investment opportunity changing or disappearing. In addition, the board of each underlying portfolio company, more often than not controlled by Riverstone, has discretion over whether or not that capital is ultimately invested. Moreover, REL's arrangements with Riverstone allow excess commitments to be amended by the Investment Manager with consideration from the Board.

In light of the above facts, the Directors are satisfied that it is appropriate to adopt the going concern basis in preparing the interim condensed financial statements.

Principal Risks and Uncertainties

The Company's assets consist of investments, through the Partnership, within the global energy industry, with a particular focus on opportunities in the global exploration and production and midstream energy sub-sectors. Its principal risks are therefore related to market conditions in the energy sector in general, but also the particular circumstances of the businesses in which it is invested through the Partnership. The Investment Manager to the Partnership seeks to mitigate these risks through active asset management initiatives and carrying out due diligence work on potential targets before entering into any investments.

The key areas of risk faced by the Company are the following: 1) concentration risk from investing only in the global energy sector, 2) Ordinary Shares trading at a discount to NAV per Share and 3) inherent risks associated with the exploration and production and midstream energy subsectors.

The principal risks and uncertainties of REL were identified in further detail in the 2016 Annual Report and Financial Statements. There have been no changes to REL's principal risks and uncertainties in the six-month period to 30 June 2017 and no changes are anticipated in the second half of the year.

Subsequent Events

There are no material events after the period end to the date on which these Financial Statements were approved as disclosed in Note 11 on page 25.

Riverstone International Limited

8 August 2017

⁽¹⁾ Gross MOIC is Gross Multiple of Invested Capital before transaction costs, taxes, 20 per cent. carried interest on gross profit, management fees of 1.5 per cent. of net assets per annum and other expenses. Given these costs and expenses are in aggregate expected to be considerable, Net MOIC will be materially less than the Gross MOIC

Directors' Responsibilities Statement

Riverstone Energy Limited Interim Report 2017

The Directors are responsible for preparing this Interim Financial Report in accordance with applicable law and regulations. The Directors confirm that to the best of their knowledge:

- The unaudited interim condensed financial statements have been prepared in accordance with IAS 34 Interim Financial Reporting as adopted by the EU; and
- The Chairman's Statement and Investment Manager's Report include a fair review of the information required by:
 - (i) DTR 4.2.7R of the Disclosure Guidance and Transparency Rules, being an indication of important events that have occurred during the first six months of the financial year and their impact on the unaudited interim condensed financial statements; and a description of the principal risks and uncertainties for the remaining six months of the year; and
 - (ii) DTR 4.2.8R of the Disclosure Guidance and Transparency Rules, being related party transactions that have taken place in the first six months of the financial year and that have materially affected the financial position and performance of the entity during that period; and any changes in the related party transactions described in the last annual report that could do so.

On behalf of the Board



Richard Hayden

Chairman

8 August 2017

Independent Review Report to Riverstone Energy Limited

Riverstone Energy Limited Interim Report 2017

We have been engaged by the Company to review the condensed set of financial statements in the Interim Financial Report for the six months ended 30 June 2017 which comprises the Condensed Statement of Financial Position, the Condensed Statement of Comprehensive Income, the Condensed Statement of Changes in Equity, the Condensed Statement of Cash Flows and the related Notes 1 to 11. We have read the other information contained in the Interim Financial Report and considered whether it contains any apparent misstatements or material inconsistencies with the information in the condensed set of financial statements.

This report is made solely to the Company in accordance with guidance contained in International Standard on Review Engagements 2410 (UK and Ireland) "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company, for our work, for this report, or for the conclusions we have formed.

Directors' Responsibilities

The Interim Financial Report is the responsibility of, and has been approved by, the Directors. The Directors are responsible for preparing the Interim Financial Report in accordance with the Disclosure and Transparency Rules of the United Kingdom's Financial Conduct Authority.

As disclosed in Note 2, the Financial Statements of the Company are prepared in accordance with IFRSs as adopted by the European Union. The condensed set of financial statements included in this Interim Financial Report has been prepared in accordance with International Accounting Standard 34, "Interim Financial Reporting", as adopted by the European Union.

Our Responsibility

Our responsibility is to express to the Company a conclusion on the condensed set of financial statements in the Interim Financial Report based on our review.

Scope of Review

We conducted our review in accordance with International Standard on Review Engagements (UK and Ireland) 2410, "Review of Interim Financial Information Performed by the Independent Auditor of the Entity" issued by the Auditing Practices Board for use in the United Kingdom. A review of interim financial information consists of making enquiries, primarily of persons responsible for financial and accounting matters, and applying analytical and other review procedures. A review is substantially less in scope than an audit conducted in accordance with International Standards on Auditing (UK and Ireland) and consequently does not enable us to obtain assurance that we would become aware of all significant matters that might be identified in an audit. Accordingly, we do not express an audit opinion.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the condensed set of financial statements in the Interim Financial Report for the six months ended 30 June 2017 is not prepared, in all material respects, in accordance with International Accounting Standard 34 as adopted by the European Union and the Disclosure Guidance and Transparency Rules of the United Kingdom's Financial Conduct Authority.



Ernst & Young LLP

Guernsey

8 August 2017

⁽¹⁾ The maintenance and integrity of the Company's website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website

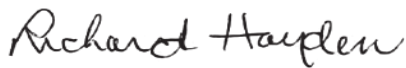
⁽²⁾ Legislation in Guernsey governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions

Condensed Statement of Financial Position As at 30 June 2017

Riverstone Energy Limited Interim Report 2017

	Notes	30 June 2017 \$'000 (Unaudited)	31 December 2016 \$'000 (Audited)
Assets			
Non-current assets			
Investment at fair value through profit or loss	6	1,665,417	1,695,406
Total non-current assets		1,665,417	1,695,406
Current assets			
Trade and other receivables		308	545
Cash and cash equivalents		2,652	3,230
Total current assets		2,960	3,775
Total assets		1,668,377	1,699,181
Current liabilities			
Trade and other payables		373	623
Total current liabilities		373	623
Total liabilities		373	623
Net assets		1,668,004	1,698,558
Equity			
Share capital		1,317,496	1,317,496
Retained earnings		350,508	381,062
Total equity		1,668,004	1,698,558
Number of Shares in issue at period/year end	10	84,480,064	84,480,064
Net Asset Value per Share (\$)	10	19.74	20.11

The interim condensed financial statements on pages 14 to 25 were approved and authorised for issue by the Board of Directors on 8 August 2017 and signed on their behalf by:



Richard Hayden
Chairman



Patrick Firth
Director

The accompanying notes form an integral part of these interim condensed financial statements.

Condensed Statement of Comprehensive Income

For the six months ended 30 June 2017 (Unaudited)

Riverstone Energy Limited Interim Report 2017

		1 January 2017 to 30 June 2017 \$'000	1 January 2016 to 30 June 2016 \$'000
	Notes		
Investment (loss) gain			
Change in fair value of investment at fair value through profit or loss	6	(28,889)	27,498
Expenses			
Directors' fees and expenses		(445)	(384)
Legal and professional fees		(153)	(252)
Other operating expenses		(1,097)	(1,376)
Total expenses		(1,695)	(2,012)
Operating (loss) profit for the period		(30,584)	25,486
Finance income and expenses			
Foreign exchange gain (loss)		25	(259)
Interest income		5	–
Total finance income and expenses		30	(259)
(Loss) profit for the period		(30,554)	25,227
Total comprehensive (loss) income for the period		(30,554)	25,227
Basic (Loss) Earnings per Share (cents)	10	(36.17)	29.86
Diluted (Loss) Earnings per Share (cents)	10	(36.17)	29.86

All activities derive from continuing operations.

The accompanying notes form an integral part of these interim condensed financial statements.

Condensed Statement of Changes in Equity

For the six months ended 30 June 2017 (Unaudited)

Riverstone Energy Limited Interim Report 2017

	Share capital \$'000	Retained earnings \$'000	Total Equity \$'000
As at 1 January 2017	1,317,496	381,062	1,698,558
Loss for the period	–	(30,554)	(30,554)
As at 30 June 2017	1,317,496	350,508	1,668,004

For the six months ended 30 June 2016 (Unaudited)

	Share capital \$'000	Retained earnings \$'000	Total Equity \$'000
As at 1 January 2016	1,317,537	29,652	1,347,189
Profit for the period	–	25,227	25,227
Total comprehensive income for the period	–	25,227	25,227
Transactions with owners			
Share issue costs	(42)	–	(42)
Total transactions with owners	(42)	–	(42)
As at 30 June 2016	1,317,495	54,879	1,372,374

The accompanying notes form an integral part of these interim condensed financial statements.

Condensed Statement of Cash Flows

For the six months ended 30 June 2017 (Unaudited)

Riverstone Energy Limited Interim Report 2017

	1 January 2017 to 30 June 2017 \$'000	1 January 2016 to 30 June 2016 \$'000
Cash flow used in operating activities		
Operating (loss) profit for the financial period	(30,584)	25,486
Adjustments for:		
Net finance income	5	–
Change in fair value of investment at fair value through profit or loss	28,889	(27,498)
Movement in trade receivables	237	431
Movement in trade payables	(250)	(667)
Net cash used in operating activities	(1,703)	(2,248)
Cash flow generated from investing activities		
Distribution from the Partnership	1,100	5,500
Net cash generated from investing activities	1,100	5,500
Cash flow used in financing activities		
Share issue costs	–	(42)
Net cash used in financing activities	–	(42)
Net movement in cash and cash equivalents during the period	(603)	3,210
Cash and cash equivalents at the beginning of the period	3,230	2,539
Effect of foreign exchange rate changes	25	(259)
Cash and cash equivalents at the end of the period	2,652	5,490

The accompanying notes form an integral part of these interim condensed financial statements.

Notes to the Unaudited Interim Condensed Financial Statements

For the six months ended 30 June 2017

Riverstone Energy Limited Interim Report 2017

1. General information

Riverstone Energy Limited is a company limited by shares, which was incorporated on 23 May 2013 in Guernsey with an unlimited life and registered with the GFSC as a Registered Closed-ended Collective Investment Scheme pursuant to the POI Law. The Company's ordinary shares were admitted to the premium segment of the UK Listing Authority's Official List and to trading on the Main Market of the London Stock Exchange as part of its IPO which completed on 29 October 2013. The registered office of the Company is Heritage Hall, PO Box 225, Le Marchant Street, St Peter Port, Guernsey, GY1 4HY, Channel Islands.

The Company makes its investments through the Partnership, a Cayman Islands registered exempted limited partnership, in which the Company is the sole limited partner. The principal place of business of the Partnership is the Cayman Islands. Both the Company and the Partnership are subject to the Investment Management Agreement with the Investment Manager, a company registered in the Cayman Islands.

The Partnership invests alongside Private Riverstone Funds in all Qualifying Investments in which the Private Riverstone Funds participate. These funds are managed and advised by affiliates of the Investment Manager. Further detail of these investments is provided in the Investment Manager's Report.

2. Accounting policies

Basis of preparation

The Financial Statements for the year ended 31 December 2016 were prepared in accordance with IFRS.

These interim condensed financial statements have been prepared in accordance with International Accounting Standard 34 "Interim Financial Reporting". They do not contain all the information and disclosures presented in the Financial Statements and should be read in conjunction with the Financial Statements for the year ended 31 December 2016.

The same accounting policies and methods of computation have been followed in the preparation of these interim condensed financial statements as were followed in the Financial Statements for the year ended 31 December 2016.

The Company has not early adopted IFRS 9 and IFRS 15 which are effective from 1 January 2018. The impact of these standards is not expected to be significant as disclosed below:

- IFRS 9: Financial Instruments – The investment in the Partnership is accounted for at fair value through profit or loss. This treatment, and the related measurement methods, will not change after implementing IFRS 9. Accordingly, the Company does not expect that the implementation of IFRS 9 will have any material impact on its Financial Statements.
- IFRS 15: Revenue from Contracts with Customers – The Company considers that it does not have any material revenue that falls within the scope of IFRS 15 and hence that the implementation of IFRS 15 will not have a material impact on its Financial Statements.

These interim condensed financial statements are presented in U.S. dollars and are rounded to the nearest \$'000, unless otherwise indicated.

The Company's results do not vary significantly during reporting periods as a result of seasonal activity.

3. Critical accounting judgement and estimation uncertainty

The estimates and judgements made by management are consistent with those made in the Financial Statements for the year ended 31 December 2016.

4. Taxation

The taxation basis of the Company remains consistent with that disclosed in the Financial Statements for the year ended 31 December 2016.

The Company has made an election to, and currently expects to conduct its activities so as to be treated as a partnership for U.S. federal income tax purposes. Therefore, the Company expects that it generally will not be liable for U.S. federal income taxes. Instead, each of the Company's Shareholders who are liable to U.S. taxes will take into account its respective share of the Company's items of income, gain, loss and deduction in computing its U.S. federal income tax liability as if such shareholder had earned such income directly, even if no cash distributions are made to the shareholder.

The Company is exempt from taxation in Guernsey under the provisions of the Income Tax (Exempt Bodies) (Guernsey) Ordinance, 2008 and is charged an annual exemption fee of £1,200.

The Cayman Islands at present impose no taxes on profit, income, capital gains or appreciations in value of the Partnership. There are also currently no taxes imposed in the Cayman Islands by withholding or otherwise on the Company as a limited partner of the Partnership on profit, income, capital gains or appreciations in respect of its partnership interest nor any taxes on the Company as a limited partner of the Partnership in the nature of estate duty, inheritance or capital transfer tax.

Local taxes may apply at the jurisdictional level on profits arising in operating entity investments. Further taxes may apply on distributions from such operating entity investments. Based upon the current commitments and investments in Liberty II, Eagle II, Rock Oil, Fieldwood, Castex 2014, Castex 2005, Three Rivers III, Carrier II and ILX III, and Centennial, the future U.S. tax liability on profits is expected to be in the range of 35 to 41.5 per cent.

5. Fair value

IFRS 13 'Fair Value Measurement' requires disclosure of fair value measurement by level. The level in the fair value hierarchy within which the financial assets or financial liabilities are categorised is determined on the basis of the lowest level input that is significant to the fair value measurement, adjusted if necessary.

Financial assets and financial liabilities are classified in their entirety into only one of the three levels:

- Level 1 – quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 – inputs other than quoted prices included within Level 1 that are observable for the assets or liabilities, either directly (i.e. as prices) or indirectly (i.e. derived from prices);
- Level 3 – inputs for the assets or liabilities that are not based on observable market data (unobservable inputs).

The Company's only financial instrument carried at fair value is its investment in the Partnership which has been classified within Level 3 as it is derived using unobservable inputs. Amounts classified under Level 3 for the period ended 30 June 2017 were \$1,665 million (31 December 2016: \$1,695 million).

The fair value of all other financial instruments approximates their carrying value.

Transfers during the period

There have been no transfers between levels during the period ended 30 June 2017 and the year ended 31 December 2016. Any transfers between the levels will be accounted for on the last day of each financial period. Due to the nature of the investment, it is always expected to be classified under Level 3.

Valuation methodology and process

The same valuation methodology and process was deployed in June 2017 and December 2016.

For the period ended 30 June 2017, the valuations of the Company's investments, through the Partnership, are detailed in the Investment Manager's Report.

Notes to the Unaudited Interim Condensed Financial Statements

For the six months ended 30 June 2017

Riverstone Energy Limited Interim Report 2017

5. Fair value (continued)

Quantitative information about Level 3 fair value measurements as at 30 June 2017

Industry: Energy

Fair value

(in thousands)

30/06/2017	Valuation technique(s)	Unobservable input(s)	Range		Weighted Average ⁽¹⁾	Sensitivity of the input to total fair value of investments	# of investments ⁽²⁾
			Low ⁽¹⁾	High ⁽¹⁾			
\$1,464,235	Public comparables	1P Reserve multiple (\$/Boe)	\$12	\$16	\$14	10% weighted average change in the input would result in 1% change in the total fair value of investments	5
		2P Reserve multiple (\$/Boe)	\$9	\$9	\$9	10% weighted average change in the input would result in 1% change in the total fair value of investments	1
		EV / 2017E EBITDA multiple	4.6x	10.4x	7.1x	10% weighted average change in the input would result in 1% change in the total fair value of investments	4
		EV / 2018E EBITDA multiple	5.3x	8.6x	6.2x	10% weighted average change in the input would result in 1% change in the total fair value of investments	3
	Transaction comparables	Acreage Multiple (\$/Boepd per Acre)	\$3,300	\$13,100	\$7,900	10% weighted average change in the input would result in 3% change in the total fair value of investments	4
	NAV analysis ⁽³⁾	Oil Price Curve (\$/bbl)	\$44	\$54	\$52	10% weighted average change in the input would result in 6% change in the total fair value of investments	5
		Gas Price Curve (\$/mcf)	\$2	\$3	\$3	10% weighted average change in the input would result in 2% change in the total fair value of investments	4
\$52,384	Other						
\$1,516,619	Total						

Quantitative information about Level 3 fair value measurements as at 31 December 2016

Industry: Energy
Fair value

(in thousands)

31/12/2016	Valuation technique(s)	Unobservable input(s)	Range		Weighted Average ⁽¹⁾	Sensitivity of the input to total fair value of investments	# of investments ⁽²⁾
			Low ⁽¹⁾	High ⁽¹⁾			
\$1,241,851	Public comparables	1P Reserve multiple (\$/Boe)	\$3	\$13	\$12	10% weighted average change in the input would result in 1% change in the total fair value of investments	7
		EV / 2017E EBITDA multiple	6.6x	11.2x	7.7x	10% weighted average change in the input would result in 1% change in the total fair value of investments	4
	Transaction comparables	Acreage Multiple (\$/Boepd per Acre)	\$2,200	\$16,800	\$6,300	10% weighted average change in the input would result in 2% change in the total fair value of investments	4
	NAV analysis ⁽³⁾	Oil Price Curve (\$/bbl)	\$43	\$54	\$51	20% weighted average change in the input would result in 10% change in the total fair value of investments	6
		Gas Price Curve (\$/mcfe)	\$3	\$3	\$3	20% weighted average change in the input would result in 4% change in the total fair value of investments	4
\$1,389	Last round of financing						
\$65,494	Other						
\$1,308,734	Total						

⁽¹⁾ Calculated based on fair values

⁽²⁾ Each of the Partnership's investments are valued using one or more of the techniques which utilise one or more of the unobservable inputs, so the amounts in the "# of investments" column will not aggregate to the total number of the Partnership's investments

⁽³⁾ Discounted cash flow technique which involves the use of a discount factor of 10 per cent.

The Board reviews and considers the fair value of the Partnership's investments arrived at by the Investment Manager before incorporating such values into the fair value of the Partnership. The variety of valuation bases adopted, quality of management information provided by the underlying investee companies and the lack of liquid markets for the investments mean that there are inherent difficulties in determining the fair value of these investments and such difficulties cannot be eliminated. Therefore the amounts realised on the sale of investments may differ from the fair values reflected in these interim condensed financial statements and the differences may be significant.

The Board approves the valuations performed by the Investment Manager and monitors the range of reasonably possible changes in significant observable inputs on a regular basis.

The Directors have considered whether a discount or premium should be applied to the net asset value of the Partnership. In view of the investment in the Partnership and the nature of the Partnership's assets, no adjustment to the net asset value of the Partnership has been deemed to be necessary.

Notes to the Unaudited Interim Condensed Financial Statements

For the six months ended 30 June 2017

Riverstone Energy Limited Interim Report 2017

6. Investment at fair value through profit or loss

The movement in fair value is derived from the fair value movements in the underlying investments held by the Partnership, net of income and expenses of the Partnership and its related Investment Undertakings, including any Performance Allocation and applicable taxes.

REL US Centennial Holdings, LLC, a wholly owned subsidiary of the Partnership, has borrowed \$100 million under the terms of the Margin Loan Agreement to finance the Company's additional investment in Centennial, through the Partnership. The Margin Loan Agreement is for a term of 18 months and has an annual interest rate cost of 3 month LIBOR plus 3.25 per cent.. A security interest has been granted by REL US Centennial Holdings, LLC over the shares in Centennial, as collateral for any amounts which may become due under the Margin Loan Agreement.

	30 June 2017 \$'000	31 December 2016 \$'000
Cost		
Brought forward	1,303,435	1,308,935
Distribution from the Partnership	(1,100)	(5,500)
Carried forward	1,302,335	1,303,435
Fair value movement through profit or loss		
Brought forward	391,971	36,215
Fair value movement during period/year	(28,889)	355,756
Carried forward	363,082	391,971
Fair value at period/year end	1,665,417	1,695,406

Summary financial information for the Partnership

	30 June 2017 \$'000	31 December 2016 \$'000
Summary Balance Sheet		
Investments at fair value (net)	1,554,023	1,461,145
Cash and cash equivalents	39,644	147,882
Money market fixed deposits	77,317	91,786
Management fee payable – see Note 8	(6,255)	(6,370)
Other net assets	688	963
Fair value of REL's investment in the Partnership	1,665,417	1,695,406

	30 June 2017 \$'000	31 December 2016 \$'000
Reconciliation of Partnership's investments at fair value		
Investments at fair value – Level 1 (gross)	380,231	476,591
Investments at fair value – Level 3 (gross) – see Note 5	1,516,619	1,308,734
Investments at fair value (gross)	1,896,850	1,785,325
Margin Loan Agreement – see above	(100,000)	(100,047)
Accrued General Partner performance allocation – see Note 8	(134,529)	(132,164)
Provision for taxation – see Note 4	(113,217)	(120,785)
Cash and cash equivalents	4,919	28,816
Partnership's investments at fair value (net)	1,554,023	1,461,145

	1 January 2017 to 30 June 2017 \$'000	1 January 2016 to 30 June 2016 \$'000
Summary Income Statement		
Unrealised and realised (loss) gain on Partnership's investments (net)	(12,848)	37,000
Interest and other income	790	1,075
Management fee expense – see Note 8	(12,712)	(10,168)
Other operating expenses	(4,119)	(409)
Portion of the operating (loss) profit for the period attributable to REL's investment in the Partnership	(28,889)	27,498
	1 January 2017 to 30 June 2017 \$'000	1 January 2016 to 30 June 2016 \$'000
Reconciliation of unrealised and realised (loss) gain on Partnership's investments		
Unrealised (loss) gain on Partnership's investments (gross)	(14,152)	45,914
Realised loss on Partnership's investments (gross)	(8,917)	–
Income from Partnership's investments (gross)	5,018	1,314
General Partner's performance allocation	(2,365)	(10,228)
Provision for taxation	7,568	–
Unrealised and realised (loss) gain on Partnership's investments (net)	(12,848)	37,000

7. Contingent liabilities

Contingent liabilities are potential future cash outflows where the likelihood of payment is considered more than remote but is not considered probable or cannot be measured reliably.

Formation and initial expenses

The formation and initial expenses of the Company totalling \$22.5 million were paid in full by the Investment Manager. However, if the Investment Management Agreement is terminated by the Company on or before the seventh anniversary of Admission (other than for a material breach by the Investment Manager attributable to its fraud) the Company will be required to reimburse the Investment Manager in respect of the formation and initial expenses of the Company and the costs and the expenses of the Issue to the full extent that such costs and expenses were borne by the Investment Manager. At this time, the Directors consider the likelihood of the Investment Management Agreement being terminated by the Company to be remote.

8. Related party transactions

Parties are considered to be related if one party has the ability to control the other party or exercise significant influence over the party in making financial or operational decisions.

Directors

The Company has eight non-executive Directors (31 December 2016: eight).

Directors' fees and expenses for the period ended 30 June 2017 amounted to \$444,645, (30 June 2016: \$383,791), none of which was outstanding at period end (31 December 2016: \$4,137).

Notes to the Unaudited Interim Condensed Financial Statements

For the six months ended 30 June 2017

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8. Related party transactions (continued)

Partnership

In accordance with section 4.1(a) of the Partnership Agreement, the Company received distributions from the Partnership of \$5.5 million and \$1.1 million in Q1 2016 and Q1 2017, respectively, to meet the Company's forecasted liabilities over the course of the next twelve months.

Investment Manager

For the provision of services under the Investment Management Agreement, the Investment Manager is paid in cash out of the assets of the Partnership an annual Management Fee equal to 1.5 per cent. per annum of the Company's Net Asset Value. The fee is payable quarterly in arrears and each payment is calculated using the quarterly Net Asset Value as at the relevant quarter end as further outlined on page 60 in the Financial Statements to 31 December 2016. During the period to 30 June 2017, the Partnership incurred Management Fees of \$12,712,420 (30 June 2016: \$10,167,646) of which \$6,255,015 remained outstanding as at the period/year end (31 December 2016: \$6,369,594). No management fee is paid by the Company.

General Partner

The General Partner makes all management decisions, other than investment management decisions, in relation to the Partnership and controls all other actions by the Partnership and is entitled to receive a Performance Allocation, calculated and payable at the underlying investment undertaking level, equal to 20 per cent. of the realised profits (if any) on the sale of any underlying asset of the Company. During the period to 30 June 2017, the General Partner was entitled to receive incremental Performance Allocation of \$2,364,973 (30 June 2016: \$10,227,726) of which \$134,529,381 (31 December 2016: \$132,164,408) remained outstanding as at the period/year end. No Performance Allocation is paid by the Company.

The General Partner is entitled to receive its Performance Allocation in cash, all of which, after tax, Riverstone, through its affiliate RELCP, intends to reinvest in Ordinary Shares of the Company on the terms summarised in Part I and Part VIII of the IPO Prospectus.

Cornerstone Investors

Each of the Cornerstone Investors has acquired an indirect economic interest in each of the General Partner and the Investment Manager depending on the size of their commitment and the total issue size, up to an aggregate maximum indirect economic interest of 20 per cent. in each, for nominal consideration. These interests entitle the Cornerstone Investors to participate in the economic returns generated by the General Partner, including from the Performance Allocation, and the Investment Manager, which receives the Management Fee.

9. Segmental reporting

Operating segments are reported in a manner consistent with the internal reporting provided to the chief operating decision-maker. The chief operating decision-maker, who is responsible for allocating resources and assessing performance of the operating segments, has been identified as the Board of Directors, as a whole. The key measure of performance used by the Board to assess the Company's performance and to allocate resources is the total return on the Company's Net Asset Value, as calculated under IFRS, and therefore no reconciliation is required between the measure of profit or loss used by the Board and that contained in the Financial Statements and Interim Financial Report.

For management purposes, the Company is organised into one main operating segment, which invests in one limited partnership.

All of the Company's income is derived from within Guernsey and the Cayman Islands.

All of the Company's non-current assets are located in the Cayman Islands.

Due to the Company's nature, it has no customers.

10. (Loss) Earnings per Share and Net Asset Value per Share

(Loss) Earnings per Share

	1 January 2017 to 30 June 2017		1 January 2016 to 30 June 2016	
	Basic	Diluted	Basic	Diluted
(Loss) profit for the period (\$'000)	(30,554)	(30,554)	25,227	25,227
Weighted average numbers of Shares in issue	84,480,064	84,480,064	84,480,064	84,480,064
(Loss) Earnings Per Share (cents)	(36.17)	(36.17)	29.86	29.86

The (Loss) Earnings per Share is based on the profit or loss of the Company for the period and on the weighted average number of Shares the Company had in issue for the period.

There are no dilutive Shares in issue as at 30 June 2017 (30 June 2016: none).

Net Asset Value per Share

	30 June 2017	31 December 2016	30 June 2016
NAV (\$'000)	1,668,004	1,698,558	1,372,374
Number of Shares in issue	84,480,064	84,480,064	84,480,064
Net Asset Value per Share (\$)	19.74	20.11	16.24
Net Asset Value per Share (£)	15.16	16.29	12.25

The Net Asset Value per Share is arrived at by dividing the net assets as at the date of the Statement of Financial Position by the number of Ordinary Shares in issue at that date.

11. Subsequent events

There are no material events after the period end to the date on which these Financial Statements were approved.

Glossary of Capitalised Defined Terms

Riverstone Energy Limited Interim Report 2017

“**1P reserve**” means proven reserves;

“**2P reserve**” means proven and probable reserves;

“**Administrator**” means Heritage International Fund Managers Limited;

“**Admission**” means admission, on 29 October 2013, to the Official List and/or admission to trading on the London Stock Exchange, as the context may require, of the Ordinary Shares becoming effective in accordance with the Listing Rules and/or the LSE Admission Standards as the context may require;

“**AEOI Rules**” means Automatic Exchange of Information;

“**AIC**” means the Association of Investment Companies;

“**AIC Code**” means the AIC Code of Corporate Governance;

“**AIC Guide**” means the AIC Corporate Governance Guide for Investment Companies;

“**AIF**” means Alternative Investment Funds;

“**AIFM**” means AIF Manager;

“**AIFMD**” means EU Alternative Investment Fund Managers Directive (No. 2011/61EU);

“**Annual General Meeting**” or “**AGM**” means the general meeting of the Company;

“**Annual Report and Financial Statements**” means the annual publication of the Company provided to the Shareholders to describe their operations and financial conditions, together with their Financial Statements;

“**AQRT**” means Audit Quality Review Team of the Financial Reporting Council;

“**Articles of Incorporation**” or “**Articles**” means the articles of incorporation of the Company;

“**Audit Committee**” means a formal committee of the Board with defined terms of reference;

“**bbl**” means barrel of crude oil;

“**Board**” or “**Directors**” means the directors of the Company;

“**boepd**” means barrels of equivalent oil per day;

“**CAD**” or “**C\$**” means Canadian dollar;

“**CanEra III**” means CanEra Inc.;

“**CAR**” means Capital Adequacy Ratio;

“**Carrier II**” means Carrier Energy Partners II LLC;

“**Castex 2005**” means Castex Energy 2005 LLC;

“**Castex 2014**” means Castex Energy 2014 LLC;

“**Centennial**” means Centennial Resource Development, Inc.;

“**CIOC**” means Canadian International Oil Corp.;

“**CNOR**” means the Canadian Non-Operated Resources LP;

“**Companies Law**” means the Companies (Guernsey) Law, 2008, (as amended);

“**Company**” or “**REL**” means Riverstone Energy Limited;

“**Company Secretary**” means Heritage International Fund Managers Limited;

“**Cornerstone Investors**” means those investors who have acquired Ordinary Shares and acquired a minority economic interest in the General Partner and in the Investment Manager, being AKRC Investments LLC, Casita, L.P., KFI, Hunt and McNair;

“**Corporate Brokers**” means Goldman Sachs International and JP Morgan Cazenove

“**Corporate Governance Code**” means The UK Corporate Governance Code 2014 as published by the Financial Reporting Council;

“**CRAR**” means Capital to Risk (Weighted) Assets Ratio;

“**CRS**” means Common Reporting Standard;

“**Depository**” means Heritage Depository Company (UK) Limited;

“**E&P**” means exploration and production;

“**Eagle II**” means Eagle Energy Exploration, LLC;

“**Earnings per Share**” or “**EPS**” means the Earnings per Ordinary Share and is expressed in U.S. dollars and

“**Loss per Share**” means the Loss per Ordinary Share and is expressed in U.S. dollars;

“**EBITDA**” means earnings before interest, taxes, depreciation and amortisation;

“**EBITDAX**” means earnings before interest, taxes, depreciation, amortisation and exploration expenses;

“**ECI**” means effectively connected income;

“**EEA**” means European Economic Area;

“**EGM**” means an Extraordinary General Meeting of the Company;

“**EU**” means the European Union;

“**EV**” means enterprise value;

“**farm-in**” means an arrangement whereby an operator buys in or acquires an interest in a lease owned by another operator on which oil or gas has been discovered or is being produced;

“**FATCA**” means Foreign Account Tax Compliance Act;

“**FCA**” means the UK Financial Conduct Authority (or its successor bodies);

“**Fieldwood**” means Fieldwood Energy LLC;

“**Financial Statements**” means the audited financial statements of the Company, including the Statement of Financial Position, the Statement of Comprehensive Income, the Statement of Cash Flows, the Statement of Changes in Equity and associated notes;

“**FTSE 350**” means Financial Times Stock Exchange 350 Index;

“**Fund V**” means Riverstone Global Energy & Power Fund V, L.P.;

“**Fund VI**” means Riverstone Global Energy & Power Fund VI, L.P.;

“**General Partner**” means REL IP General Partner LP (acting through its general partner, REL IP General Partner Limited), the general partner of the Partnership and a member of the Riverstone group;

“**GFSC**” or “**Commission**” means the Guernsey Financial Services Commission;

“**GFSC Code**” means the GFSC Finance Sector Code of Corporate Governance;

“**Gross IRR**” means an aggregate, annual, compound, gross internal rate of return on investments. Gross IRR does not reflect expenses to be borne by the relevant investment vehicle or its investors including, without limitation, carried interest, management fees, taxes and organisational, partnership or transaction expenses;

“**Gross MOIC**” means gross multiple of invested capital;

“**Hunt**” means Hunt REL Holdings LLC together with various members of Ray L. Hunt’s family and their related entities;

“**IAS**” means international accounting standards as issued by the Board of the International Accounting Standards Committee;

“**IFRS**” means the International Financial Reporting Standards, being the principles-based accounting standards, interpretations and the framework by that name issued by the International Accounting Standards Board, as adopted by the EU;

“**ILX III**” means ILX Holdings III LLC;

“**Interim Financial Report**” means the Company’s half yearly report and unaudited interim condensed financial statements for the period ended 30 June;

“**Investment Manager**” or “**RIL**” means Riverstone International Limited which is majority-owned and controlled by Riverstone;

“**Investment Management Agreement**” means the investment management agreement dated 24 September 2013 between RIL, the Company and the Partnership (acting through its General Partner) under which RIL is appointed as the Investment Manager of both the Company and the Partnership;

“**Investment Undertaking**” means the Partnership, any intermediate holding or investing entities that the Company or the Partnership may establish from time to time for the purposes of efficient portfolio management and to assist with tax planning generally and any subsidiary undertaking of the Company or the Partnership from time to time;

“**IPEV Valuation Guidelines**” means the International Private Equity and Venture Capital Valuation Guidelines;

Glossary of Capitalised Defined Terms (continued)

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“**IPO**” means the initial public offering of shares by a private company to the public;

“**ISAE 3402**” means International Standard on Assurance Engagements 3402, “Assurance Reports on Controls at a Service Organisation”;

“**ISA**” means International Standards on Auditing (UK and Ireland);

“**ISIN**” means an International Securities Identification Number;

“**KFI**” means Kendall Family Investments, LLC, a cornerstone investor in the Company;

“**Liberty II**” means Liberty Resources II LLC;

“**Listing Rules**” means the listing rules made by the UK Listing Authority under section 73A Financial Services and Markets Act 2000;

“**London Stock Exchange**” or “**LSE**” means London Stock Exchange plc;

“**LSE Admission Standards**” means the rules issued by the London Stock Exchange in relation to the admission to trading of, and continuing requirements for, securities admitted to the Official List;

“**LTM**” means last twelve months;

“**Management Engagement Committee**” means a formal committee of the Board with defined terms of reference;

“**Management Fee**” means the management fee to which RIL is entitled;

“**Margin Loan Agreement**” means the margin loan agreement dated 27 December 2016 entered into by REL US Centennial Holdings, LLC;

“**McNair**” means RCM Financial Services, L.P. for the purposes of acquiring Ordinary Shares and Palmetto for the purposes of acquiring a minority economic interest in the General Partner and the Investment Manager;

“**Meritage III**” means Meritage Midstream Services III, L.P.;

“**mmboe**” means million barrels of oil equivalent;

“**mcfe**” means thousand cubic feet equivalent (natural gas);

“**mmcfepd**” means million cubic feet equivalent (natural gas) per day;

“**NASDAQ**” means National Association of Securities Dealers Automated Quotations Stock Market;

“**NAV per Share**” means the Net Asset Value per Ordinary Share;

“**Net Asset Value**” or “**NAV**” means the value of the assets of the Company less its liabilities as calculated in accordance with the Company’s valuation policy and expressed in U.S. dollars;

“**Net IRR**” means an aggregate, annual, compound, gross internal rate of return on investments, net of taxes and carried interest on gross profit;

“**Net MOIC**” means gross multiple of invested capital net of taxes and carried interest on gross profit;

“**Nomination Committee**” means a formal committee of the Board with defined terms of reference;

“**NURS**” means non-UCITS retail schemes;

“**NYSE**” means The New York Stock Exchange;

“**Official List**” is the list maintained by the Financial Conduct Authority (acting in its capacity as the UK Listing Authority) in accordance with Section 74(1) of the Financial Services and Markets Act 2000;

“**OPEC**” means Organisation of the Petroleum Exporting Countries;

“**Ordinary Shares**” means redeemable ordinary shares of no par value in the capital of the Company issued and designated as “Ordinary Shares” and having the rights, restrictions and entitlements set out in the Articles;

“**Origo**” means Origo Exploration Holding AS;

“**Other Riverstone Funds**” means other Riverstone-sponsored, controlled or managed entities, including Fund V/VI, which are or may in the future be managed or advised by the Investment Manager or one or more of its affiliates, excluding the Partnership;

“**Partnership**” or “**RELIP**” means Riverstone Energy Investment Partnership, LP, the Investment Undertaking in which the Company is the sole limited partner;

“**Partnership Agreement**” means the partnership agreement in respect of the Partnership between inter alios the Company as the sole limited partner and the General Partner as the sole general partner dated 23 September 2013;

"Performance Allocation" means the Performance Allocation to which the General Partner is entitled;

"Placing and Open Offer" means the issuance of 8,448,006 new Ordinary Shares at £8.00 per Ordinary Share on 11 December 2015

"POI Law" means the Protection of Investors (Bailiwick of Guernsey) Law, 1987;

"Private Riverstone Funds" means Fund V and all other private multi-investor, multi-investment funds that are launched after Admission and are managed or advised by the Investment Manager (or one or more of its affiliates) and excludes Riverstone employee co-investment vehicles and any Riverstone managed or advised private co-investment vehicles that invest alongside either Fund V or any multi-investor multi-investment funds that the Investment Manager (or one or more of its affiliates) launches after Admission;

"Prospectuses" means the prospectus published on 24 September 2013 by the Company in connection with the IPO of Ordinary Shares and further prospectus published on 23 November 2015;

"PV-10" means present value of estimated future oil and gas revenues, net of estimated direct expenses, at an annual discount rate of 10 per cent.;

"Qualifying Investments" means all investments in which Private Riverstone Funds participate which are consistent with the Company's investment objective where the aggregate equity investment in each such investment (including equity committed for future investment) available to the relevant Private Riverstone Fund and the Company (and other co-investees, if any, procured by the Investment Manager or its affiliates) is \$100 million or greater, but excluding any investments made by Private Riverstone Funds where both (a) a majority of the Company's independent directors and (b) the Investment Manager have agreed that the Company should not participate;

"RCO" means Riverstone Credit Opportunities, L.P.;

"recompletions" means the action and techniques of re-entering a well and redoing or repairing the original completion to restore a well's productivity;

"RELCP" means Riverstone Energy Limited Capital Partners, LP (acting by its general partner Riverstone Holdings II (Cayman) Ltd.) a Cayman exempted limited partnership controlled by affiliates of Riverstone;

"RIL" or **"Investment Manager"** means Riverstone International Limited;

"Riverstone" means Riverstone Holdings LLC and its affiliated entities (other than the Investment Manager and the General Partner), as the context may require;

"Rock Oil" means Rock Oil Holdings, LLC;

"SCOOP" means South Central Oklahoma Oil Province;

"SEC" means the U.S. Securities and Exchange Commission;

"Sierra" means Sierra Oil and Gas Holdings, L.P.;

"SIFI" means Systemically Important Financial Institutions;

"Shareholder" means the holder of one or more Ordinary Shares;

"Stewardship Code" means the UK Stewardship Code;

"Three Rivers III" means Three Rivers Natural Resources Holdings III LLC;

"UCITS" means undertakings for collective investment in transferable securities;

"UK" or **"United Kingdom"** means the United Kingdom of Great Britain and Northern Ireland;

"UK Listing Authority" or **"UKLA"** means the Financial Conduct Authority;

"U.S." or **"United States"** means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;

"workover" means an oil well intervention involving invasive techniques, such as wireline, coiled tubing or snubbing, to pull and replace a completion;

"WTI" means West Texas Intermediate which is a grade of crude oil used as a benchmark in oil pricing;

"£" or **"Pounds Sterling"** or **"Sterling"** means British pound sterling and **"pence"** means British pence; and

"\$" or **"USD"** means United States dollars and **"cents"** means United States cents.

Directors and General Information

Riverstone Energy Limited Interim Report 2017

Directors

Richard Hayden (Chairman)
Peter Barker
Patrick Firth
Pierre Lapeyre
David Leuschen
Ken Ryan
Jeremy Thompson
Claire Whittet

Audit Committee

Patrick Firth (Chairman)
Peter Barker
Richard Hayden
Jeremy Thompson
Claire Whittet

Management Engagement Committee

Claire Whittet (Chairman)
Peter Barker
Patrick Firth
Richard Hayden
Jeremy Thompson

Nomination Committee

Richard Hayden (Chairman)
Peter Barker
Patrick Firth
Jeremy Thompson
Claire Whittet

Investment Manager

Riverstone International Limited
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Website:

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ISIN: GG00BBHXCL35

Ticker: RSE

Investment Manager's Valuation Committee

Pierre Lapeyre
David Leuschen
Tom Walker

Administrator and Company Secretary

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Cautionary Statement

The Chairman's Statement and Investment Manager's Report have been prepared solely to provide additional information for Shareholders to assess the Company's strategies and the potential for those strategies to succeed. These should not be relied on by any other party or for any other purpose.

The Chairman's Statement and Investment Manager's Report may include statements that are, or may be deemed to be, "forward-looking statements". These forward-looking statements can be identified by the use of forward-looking terminology, including the terms "believes", "estimates", "anticipates", "expects", "intends", "may", "will" or "should" or, in each case, their negative or other variations or comparable terminology.

These forward-looking statements include all matters that are not historical facts. They appear in a number of places throughout this document and include statements regarding the intentions, beliefs or current expectations of the Directors and the Investment Manager, concerning, amongst other things, the investment objectives and investment policy, financing strategies, investment performance, results of operations, financial condition, liquidity, prospects, and distribution policy of the Company and the markets in which it invests.

By their nature, forward-looking statements involve risks and uncertainties because they relate to events and depend on circumstances that may or may not occur in the future. Forward-looking statements are not guarantees of future performance.

The Company's actual investment performance, results of operations, financial condition, liquidity, distribution policy and the development of its financing strategies may differ materially from the impression created by the forward-looking statements contained in this document.

Subject to their legal and regulatory obligations, the Directors and the Investment Manager expressly disclaim any obligations to update or revise any forward-looking statement contained herein to reflect any change in expectations with regard thereto or any change in events, conditions or circumstances on which any statement is based.

