



Form ADV Part 2A: Firm Brochure

Lime Rock Management LP

(September 2012)

Principal Office

Lime Rock Management LP
274 Riverside Avenue, 3rd Floor
Westport, CT 06880
Phone: 203.293.2750; Fax: 203.293.2760
www.lrpartners.com
www.limerockresources.com

This brochure provides information about the qualifications and business practices of Lime Rock Management LP and its affiliates (collectively, “Lime Rock” or the “Adviser”). If you have any questions about the contents of this Brochure, please contact our Chief Compliance Officer, Kris Agarwal at 203-293-2785 or email kagarwal@lrpartners.com).

Additional information about Lime Rock is also available on the SEC’s website at: www.adviserinfo.sec.gov.

Lime Rock is registered as an investment adviser with the United States Securities and Exchange Commission (the “SEC”) under the Investment Advisers Act of 1940, as amended (the “Advisers Act”). Registration as an investment adviser with the SEC does not imply a certain level of skill or training. In addition, the information in this Brochure has not been approved or verified by the SEC or by any state securities authority.

Item 2: Material Changes

In February 2012, Lime Rock filed its initial application to register as an investment adviser with the SEC. In September 2012, Lime Rock updated the Brochure to include, among other things, a disclosure about LRR Energy, L.P. (see Item 10). This Brochure is intended to provide new and prospective U.S. clients and investors with current disclosure of Lime Rock's business practices, conflicts of interest and background of its advisory personnel. We encourage all recipients of this Brochure to read it carefully in its entirety.

In the future, this Item will identify and discuss the material changes since the last annual update to assist clients and investors and make them aware of certain information that has changed since the prior year's Brochure and that may be important to them.

Item 3: Table of Contents

Item 2: Material Changes	2
Item 3: Table of Contents	3
Item 4: Advisory Business.....	4
Item 5: Fees and Compensation	5
Item 6: Performance Based Fees and Side-by-Side Management.....	6
Item 7: Types of Clients	7
Item 8: Methods of Analysis, Investment Strategies and Risk of Loss	7
Item 9: Disciplinary Information.....	12
Item 10: Other Financial Industry Activities and Affiliations.....	12
Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading...	13
Item 12: Brokerage Practices.....	13
Item 13: Review of Accounts	14
Item 14: Client Referrals and Other Compensation	14
Item 15: Custody	15
Item 16: Investment Discretion	15
Item 17: Voting Client Securities	15
Item 18: Financial Information.....	16

Item 4: Advisory Business

Lime Rock was founded in 1998, and as of June 30, 2012 manages approximately \$4.7 billion of private capital on a discretionary basis for investments in the energy industry through two types of private investment funds, its Lime Rock Resources funds and its Lime Rock Partners funds.

The Lime Rock Partners funds are a long-term investor of growth capital in energy companies worldwide. Lime Rock Partners' objective is to generate long-term capital appreciation through investments of private growth capital in energy companies in three principal sectors: (i) exploration and production; (ii) energy service; and (iii) oil service technology. Lime Rock Partners consists of six private investment funds (the "Partners Funds"). Lime Rock Partners does not invest directly in oil and natural gas properties, but its exploration and production portfolio companies do invest in those types of assets.

The Lime Rock Resources funds were formed by Lime Rock Management for the purpose of acquiring mature, low-risk producing oil and natural gas properties with long-lived production profiles, and currently consists of two private investment funds, LRR Fund I, formed in 2005, and LRR Fund II, formed in 2008 (the "Resources Funds").

Lime Rock Management LP is principally owned by Jonathan Farber, John Reynolds and their estate planning vehicles.

Lime Rock serves as an investment manager and provides discretionary advisory services to the Partners Funds and Resources Funds (collectively the "Funds"). Investors in the Funds include large institutional investors such as endowments, foundations and pension funds as well as fund of funds, family trusts and high net worth individuals.

The Funds include private investment partnerships and foreign investment companies, together with any respective parallel funds, special purpose and/or subsidiary investment vehicles. Typically, within each Fund structure is a designated general partner (the "General Partner(s)"). Unless and only to the extent that the context otherwise requires, references to Lime Rock includes the General Partner(s).

In providing services to the Funds, Lime Rock provides portfolio management and administrative services, including investigating, analyzing, structuring, and negotiating potential investments, monitoring the performance of portfolio companies, and advising the Funds as to disposition opportunities. Investment advice is provided directly to the Funds and not tailored individually to the limited partners or shareholders of the Funds (the "Investors" or "Limited Partners"). Lime Rock manages the assets of the Funds in accordance with the terms of each Fund's individual limited partnership agreements and other governing documents applicable to each Fund (the "Governing Fund Documents"). All terms are generally established at the time of the formation of a Fund, and are only terminable once the applicable Fund is dissolved, wound up, and terminated. The Investors may not restrict investments by the Funds in any capacity beyond the Governing Fund Documents, and except in limited circumstances, Limited Partners are not permitted to withdraw from a Fund prior to the Fund's dissolution.

Equity interests in the Funds are not registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), and the Funds are not registered under the Investment Company Act of 1940, as amended (the “Investment Company Act”). Accordingly, equity interests in the Funds are offered and sold exclusively to investors satisfying the applicable eligibility and suitability requirements, either in private transactions within the United States or in offshore transactions.

Item 5: Fees and Compensation

General

Lime Rock provides investment advisory services to each of the Funds pursuant to separate management agreements (the “Agreements”). The Agreements for each Fund, along with the applicable Governing Fund Documents, set forth in detail the fee structure relevant to each such Fund, and may vary by Fund. The terms of the Agreements are generally established at the time of the formation of the applicable Fund.

Lime Rock typically receives compensation from fees based on a percentage of assets under management, carried interest allocations and certain other fees or expenses related to transactions (see below). Investors should review all fees charged by Lime Rock and others to fully understand the total amount of fees to be paid by a Fund and, indirectly, by their Limited Partners.

Management Fee

The Funds pay Lime Rock an annual management fee (the “Management Fee”) that generally ranges between 1.50% to 2.0% (per annum). The Management Fee is payable quarterly in advance and typically based upon committed capital during the commitment period and on invested capital thereafter, in each case in accordance with the terms of the applicable Governing Fund Documents. As described more fully below, the Management Fee is subject to reduction due to other types of collected fees; and Lime Rock or the General Partner each reserves the right to waive or reduce management fees in its sole discretion.

Carried Interest Allocations

A portion of each Fund’s net investment profit may be allocated to the capital account of its General Partner as “carried interest.” The manner of calculation of such carried interest is disclosed in the Governing Fund Documents, and may vary by Fund. Generally, however, 20% of the investment profits of the Funds are allocated as carried interest to such Fund’s General Partner with a preferred return of 8% per annum, subject to a clawback and an escrow. Please refer to Item 6 for further details regarding such performance-based compensation.

Transaction, Break-Up and Other Fees And Other Fees Earned by Lime Rock

While Lime Rock does not typically charge transaction or monitoring fees, in certain circumstance it may receive portfolio company directors’ fees, transaction fees, monitoring fees, break-up fees, and other similar advisory fees. An amount ranging from 80% to 100% of all such fees paid by portfolio companies that are received by Lime Rock, the General Partner or any of its affiliates, net of any related expenses, will be applied to reduce the Management Fee otherwise payable. All such fees will be allocated between the applicable Fund and any related co-investing entities on the basis of capital committed by each to the relevant investment. Management Fee reductions will be carried forward if necessary.

Organizational Expenses

The Funds will bear all legal and other expenses incurred in the formation of a Fund and the offering of the interests, up to an amount not to exceed \$1 million. Organizational expenses in excess of this amount will be paid by the Fund, but borne by Lime Rock through a 100% offset against the Management Fee.

Other Expenses

Lime Rock will pay all normal operating expenses incidental to the provision of the day-to-day administrative services to the Funds, including its own overhead. To the extent possible, third-party costs will be charged to portfolio companies. The Funds will pay all costs, expenses, and liabilities in connection with its operations, including: fees, costs, and expenses (including travel expenses) related to the investigations, pursuits, acquisitions, holding, and disposition of portfolio investments (to the extent not reimbursed); taxes; fees and expenses of accountants and counsel; costs and expenses of the investor advisory committee and the annual meeting; litigation expenses; and other extraordinary expenses. The Funds will also bear third-party expenses incurred in connection with transactions not consummated.

For LRR Fund II, Lime Rock will pay all compensation and employee benefit expenses allocable to its Managing Directors and its Vice Presidents (the “Executive Team”), rent and other occupancy costs allocable to the Executive Team, and certain other overhead and administrative expenses. LRR Fund II will pay all costs, expenses and liabilities in connection with its operations and the operation and development of investments, including fees, costs and expenses related to the purchase, holding, operation, development and sale of properties; taxes; fees and expenses of accountants, engineering and counsel; insurance; costs and expenses of investor advisory committee and the annual meeting; litigation expenses; and other extraordinary expenses. This will include the pro rata portion of the expenses of Lime Rock’s personnel (other than the Executive Team) with respect to the operation and development of the LRR Fund II’s properties and review of potential fund investments.

Item 6: Performance Based Fees and Side-by-Side Management

As described above, the General Partner is allocated carried interest, which amount is based on the profits generated on the sale or disposition of Fund assets. The fact that a significant portion of the Adviser’s compensation (and its affiliates and investment professionals compensation) is directly computed on the basis of profits generated by the sale or disposition of Fund assets may create an incentive for Lime Rock to make investments on behalf of the Funds that are riskier or more speculative than would be the case in the absence of such compensation. However, this incentive may be mitigated by the fact that losses will reduce a Fund’s performance and thus Lime Rock’s compensation.

Allocation of Investment Opportunities

Lime Rock and its affiliates are required to act in a manner that is considered fair, reasonable and equitable in allocating investment opportunities to the Funds. In allocating investment opportunities among the Funds, Lime Rock will act in good faith and will consider factors reasonably appropriate for such determinations, including, but not limited to, investment strategies, risk tolerances, the nature of the investment, investment time frames and other similar

factors. Lime Rock and its affiliates are generally not required to accord exclusivity or priority to the Funds in the event of limited investment opportunities.

Item 7: Types of Clients

Lime Rock provides discretionary management and advisory services directly to the Funds, which are pooled investment vehicles exempt from registration under the Investment Company Act, subject to the direction and control of the General Partner of each Fund, and not individually to the Limited Partners. Investors in the Funds may include, but are not limited to, pension plans, endowments, foundations, pooled investment vehicles (e.g., funds-of-funds), trusts, estates or charitable organizations, high net worth individuals, and corporate or business entities.

The minimum commitment for a Limited Partner is outlined in the Governing Fund Documents; however, Lime Rock maintains discretion to accept less than the minimum investment threshold. In addition, the Funds may enter into separate agreements, commonly referred to as “side letters” with certain Investors. Side letters waive certain terms or allow such Investors to invest on different terms including idiosyncratic and non-economic issues. Pursuant to the terms of the Governing Fund Documents, all side letter provisions are shared with all other Investors in the relevant Fund and each Investor is allowed to select any such provision from which it may benefit.

Investors will be required to meet certain suitability qualifications, such as being an “accredited investor” within the meaning set forth in Rule 501(a) of Regulation D under the Securities Act. Also, Investors will be required to make certain representations when investing in a Fund, including, but not limited to that (i) it is acquiring an interest for their own account, (ii) it received or had access to all information it deemed relevant to evaluate the merits and risks of the prospective investment and that (iii) it has the ability to bear the economic risk of an investment in the Fund. Details concerning applicable Investor suitability criteria are set forth in the respective Governing Fund Documents and subscription materials, which are furnished to each Investor.

Item 8: Methods of Analysis, Investment Strategies and Risk of Loss

Partners Funds are long-term investors of growth capital in energy companies worldwide. Partners Funds’ objectives are to generate long-term capital appreciation through investments of private growth capital in energy companies in three principal sectors: (i) exploration and production; (ii) energy service; and (iii) oil service technology. Partners Funds consists of six private investment funds. Partners Funds do not invest directly in oil and natural gas properties, but their exploration and production portfolio companies do invest in those types of assets. For the Partners Funds, Lime Rock will generally target investments ranging in size from \$25 million to \$150 million in companies primarily in three sectors of the energy industry: exploration and production, energy service, and oil service technology.

Resources Funds were formed by Lime Rock Management for the purpose of acquiring mature, low-risk producing oil and natural gas properties with long-lived production profiles. Resources Funds currently consist of two investment funds, LRR Fund I, formed in 2005, and LRR Fund II, formed in 2008.

The Lime Rock investment team is led by senior investment professionals with prior experience from leading organizations in finance, private equity, and energy. Lime Rock believes that its

team's interdisciplinary skills and on-the-ground presence in Aberdeen, Scotland; Houston, Texas; Dubai, UAE; London, England; and Westport, Connecticut give it a competitive advantage in its investment process.

The Partners Funds' strategy is to differentiate itself by being a creative, value-adding, and long term investor, which will enable the Funds to benefit from capital appreciation in investments in existing portfolio companies and to provide Lime Rock a competitive advantage in sourcing attractive new investment opportunities. Lime Rock's strategy to be a different kind of investment partner consists of five elements: taking a creative and flexible approach; being a true investment partner; bringing to investments its strong track record of value creation; pursuing a global, cross sector strategy; and investing for the long term. Partners Funds pursue this strategy through a four-part investment process: identify the best opportunities within a variety of growth strategies; structure investments creatively and flexibly; create value through active partnering; and exit investments at the right time and in the right way.

The Resources Funds target a minimum gross IRR along with three other objectives: a lower-risk investment; long-term capital gains and cash distributions; and direct exposure to oil and natural gas prices. The Resources Funds have developed a differentiated strategy emphasizing flexibility, creativity, patience, and discipline. There are six key parts to this strategy: pursue proprietary opportunities whenever possible; target niche acquisitions with better competitive dynamics; seek opportunities in disrupted or difficult marketed asset processes; patiently wait for quality acquisitions at the right price; capture opportunities made available by the Resources Funds' capital structure; and balance building core operating areas with entering new ones.

Associated Risks

All investing involves a risk of loss and the investment strategy offered by Lime Rock and the Funds could lose money over short or even long periods. An investment in the Funds may be deemed a speculative investment and is not intended as a complete investment program. It is designed for sophisticated investors who fully understand and are capable of bearing the risk of an investment in the Funds. No guarantee or representation is made that a Fund will achieve its investment objective or that Limited Partners will receive a return of their capital.

Identifying and participating in portfolio company investments and assisting in building successful enterprises is challenging. Many investment decisions made by Lime Rock will be dependent upon the ability of its investment professionals to obtain relevant information predominantly from non-public sources, and reliance upon information provided by third parties that is impossible or impracticable to verify. The marketability and value of each investment will depend upon many factors beyond the control of Lime Rock.

Key risk areas inherent to investing in portfolio companies include operational, investment and market risks. Lime Rock seeks to mitigate these risks through a variety of mechanisms, including operational due diligence, risk modeling, physical and financial hedging where possible and appropriate investment structuring.

The descriptions contained below provide a brief overview of certain material market risks related to Lime Rock's investment strategy; however, it is not intended to serve as an exhaustive list or a

comprehensive description of all risks that may arise in connection with the management and operations of the Funds.

Lime Rock faces both general industry risks and company-specific risks. The general industry risks arise from volatility in energy commodity prices. Because of shifting commodity prices, short-term financial performance of energy companies is often more volatile than in other industries. Lime Rock attempts to mitigate commodity price risk in several ways:

- Invest in well-managed companies in attractive business niches that will grow in a neutral commodity price environment;
- During periods of high commodity prices, remain disciplined in the investment process in terms of valuation and investment terms;
- Maintain prudent capital structures in portfolio companies;
- When appropriate, encourage portfolio companies in the E&P sector to hedge oil and gas production to protect cash flows necessary for development; and
- Invest in companies in the oil service technology sector whose performance is less correlated to oil and gas prices.

While any sustained commodity price decline would impact business conditions at Lime Rock portfolio companies and the Resources Funds, likely severely, those companies and future portfolio companies would also find opportunities, Lime Rock believes, to acquire assets and operations currently managed by under-experienced management teams or leveraged with imprudent capital structures.

Company-specific risks include geographic risk, exploration risk, development stage risk, management execution risk, and financial risk. Lime Rock believes that investments with a slightly increased geographic, exploration, or development stage risk are appropriate at this time; and that the rewards available have increased to compensate for the higher risk. Furthermore, Lime Rock has put processes in place to mitigate increased risks.

When investing in new areas, the Partners Funds seek to invest with management teams with extensive experience in those areas or alongside local co-investors. Lime Rock will be particularly cautious about investing in certain markets given the political sensitivity of foreign resource ownership in many countries. Lime Rock also believes that it can manage exploration risk in certain investments by using the latest technology to lower exploration risk, backing proven management teams with expertise in a particular field, hedging a portion of its commodity exposure, and by seeking control of significant capital expenditures on exploration-oriented projects on either a board or investment committee level.

General Business and Management Risk

Investments in portfolio companies subject the Funds to the general risks associated with the underlying businesses, including market conditions, changes in regulatory requirements, reliance on management at the company level, interest rate and currency fluctuations, general economic downturns, domestic and foreign political situations and other factors. With respect to management at the portfolio company level, many portfolio companies rely on the services of a limited number of key individuals, the loss of any one of whom could significantly adversely

affect the portfolio company's performance. While in all cases the Adviser will monitor portfolio company management, management of each portfolio company will have day-to-day responsibility regarding the operation of such portfolio company.

Liquidity Issues

The Funds generally invest in instruments where there is likely to be no actively traded market. Moreover, many of the Fund's investments may be held by relatively few other Investors. Under adverse market or economic conditions or in the event of adverse changes in the financial condition of the issuer or of the asset, a Fund may find it more difficult to sell such instruments when the Adviser believes it advisable to do so or may be forced to sell them at prices lower than if the instruments were widely held. Thus, the range of disposal strategies available to the Funds may be further limited. Finally, dispositions of investments may be subject to contractual and other limitations on transfer, or other restrictions that would interfere with subsequent sales of such investments or adversely affect the terms obtainable upon a disposition.

Highly Competitive Market for Investment Opportunities

The activity of identifying, completing and realizing attractive investments is highly competitive and involves a high degree of uncertainty. The Funds face competition from numerous competitors in all fields of activity. The Funds will be competing for investments with a variety of other investment vehicles, as well as with individuals, financial institutions and other institutional investors. Additional private investment funds with similar investment objectives may be formed in the future by other unrelated parties. There can be no assurance that a Fund will be able to locate and complete investments which satisfy its investment objectives or that it will be able to invest fully its available capital.

Valuation of Assets

Most of the securities owned by the Funds are not publicly traded and are required to be fair valued by the Adviser. When estimating fair value, the Adviser will apply a methodology based on its best judgment that is appropriate in light of the nature, facts and circumstance of the investments. Valuations are subject to multiple levels of review for approval and ensuring that portfolio investments are fairly valued is an important focus of the Adviser.

No Assurance of Returns

There is no assurance that the Funds will be able to generate returns for its Investors or that the returns will be commensurate with the risks of investing in the types of companies and transactions described herein. There can be no assurance that the Funds investment objectives will be achieved or that there will be any return of capital. Therefore, an investor should only invest in a Fund if the investor can withstand a total loss of its investment. The past investment performance of the entities with which officers and employees of the Adviser have been associated cannot be taken to guarantee future results of any investment in the Funds.

Industry Concentration and Diversification

Since the Funds' investments are concentrated within a particular industry or related group of industries (the energy sector), an investment in a Fund may be subject to greater market fluctuations than an investment in a portfolio of securities representing a broader range of industries. As a consequence, the aggregate return on a Limited Partner's investment in the Funds

may be substantially adversely affected by the unfavorable performance of even a single portfolio investment.

Nature of Investments in the Energy Sector

Investments in the energy sector may be subject to a variety of risks, not all of which can be foreseen or quantified. Such risks may include but are not limited to: (i) the risk that the technology employed in an energy project will not be effective or efficient; (ii) uncertainty about the availability or efficacy of energy sales agreements or fuel supply agreements that may be entered into in connection with a project; (iii) risks that regulations affecting the energy industry will change in a manner detrimental to the industry; (iv) environmental liability risks related to energy properties and projects; (v) risks of equipment failures, fuel interruptions, loss of sale, and supply contracts or fuel contracts, decreases or escalations in power contract or fuel contract prices, bankruptcy of key customers or suppliers, tort liability in excess of insurance coverage, inability to obtain desirable amounts of insurance at economic rates, acts of God and other catastrophes; (vi) uncertainty about the extent, quality, and availability of oil and gas reserves; (vii) the risk that interest rates may increase, making it difficult or impossible to obtain project financing, or impairing the cash flow of leveraged projects; and (viii) the risk of changes in values of companies in the energy sector whose operations are affected by changes in prices and supplies of energy fuels (prices and supplies of energy fuels can fluctuate significantly over a short period of time due to changes in international politics, energy conservation, the success of exploration projects, the tax and other regulatory policies of various governments, and the economic growth of countries that are large consumers of energy, as well as other factors). The occurrence of events related to the foregoing may have a material adverse effect on the Funds and their investments.

In addition to the foregoing, certain of the companies in which the Funds invest may be subject to the risks inherent in acquiring or developing recoverable oil and natural gas reserves, including capital expenditures for the identification and acquisitions of projects, the drilling and completing of wells, and the conduct of development and production operations. The presence of unanticipated pressures or irregularities in formations, miscalculations, or accidents may cause such activity to be unsuccessful, which may result in losses. Furthermore, successful investment in oil and natural gas properties and other related facilities and properties requires an assessment of (i) recoverable reserves, (ii) future oil and natural gas prices, (iii) operating and capital costs, (iv) potential environmental and other liabilities, and (v) other factors; such assessments are necessarily inexact and their accuracy inherently uncertain. Also, the revenues generated by certain of the companies in which the Funds invest may be dependent on the future prices of and the demand for oil and natural gas. Oil and gas investments may have significant shortfalls in projected cash flow if oil and gas prices decline from levels projected at the time the investment is made. Various factors beyond the control of the Funds will affect prices of oil, natural gas, and natural gas liquids, including the worldwide supply of oil and natural gas, political instability or armed conflict in oil and natural gas producing regions, the price of foreign imports, the level of consumer demand, the price and availability of alternative fuels, the availability of pipeline capacity, and changes in existing government regulation, taxation, and price control. Prices for oil and natural gas have fluctuated greatly during the past, and markets for oil, natural gas, and natural gas liquids continue to be volatile.

Item 9: Disciplinary Information

Neither the Advisers nor its employees have been involved in any legal or disciplinary events in the past 10 years that would be material to a client's evaluation of the Adviser's business or the integrity of its management. In connection with litigation filed against portfolio companies, certain principals of the Adviser may be named as co-defendants in their capacity as directors of such portfolio companies.

Item 10: Other Financial Industry Activities and Affiliations

Lime Rock organizes and sponsors the Funds, which are private investment companies. These pooled investment vehicles managed by Lime Rock are controlled by affiliated General Partner entities ("GP Entities"). Lime Rock or the GP Entities will be responsible for all decisions regarding portfolio transactions of the Funds and have full discretion over the management of the Funds' investment activities. While the GP Entities are not separately registered as investment advisers with the SEC, all of their investment advisory activities are subject to the Advisers Act and the rules thereunder. In addition, employees and persons acting on behalf of the GP Entities are subject to the supervision and control of Lime Rock. Thus, the GP Entities, all of its employees and the persons acting on its behalf would be "persons associated with" the registered investment adviser so that the SEC could enforce the requirements of the Advisers Act on the GP Entities.

Certain GP Entities will have an investment in a Fund or Funds. Therefore, Lime Rock may be considered to participate indirectly in transactions effected for those clients. The foregoing relationships, fees, and any other actual or potential conflicts of interest arising therefrom are disclosed in the respective Governing Fund Documents.

Employees of the Adviser may serve as directors and officers of certain portfolio companies and, in that capacity, will be required to make decisions that consider the best interests of such portfolio companies and their respective shareholders. In certain circumstances, for example in situations involving bankruptcy or near-insolvency of a portfolio company, actions that may be in the best interests of the portfolio company may not be in the best interests of the Fund, and vice versa. Accordingly, in these situations, there will be conflicts of interest between such individual's duties as an employee of the Adviser and such individual's duties as a director or officer of such portfolio company.

Investors should be aware that there may be occasions where the General Partner and its affiliates encounter potential conflicts of interest in connection with the Funds' activities. The General Partner and its affiliates may engage in activities involving the energy industry including financial advisory activities and investment activities that are independent from, and may from time to time conflict with, that of the Funds. In the future, there may be instances where the interests of the General Partner and its affiliates conflict with the interest of the Funds and its Investors. Also, as a result of existing investments and activities, the Lime Rock investment team and their affiliates may from time to time acquire confidential information that they will not be able to use for the benefit of the Funds.

In November 2011, LRR Energy, L.P. (“LRE”), a master limited partnership, completed its initial public offering (“IPO”). LRE’s general partner, LRE GP, LLC, is controlled by Lime Rock. LRE has entered into a services agreement with Lime Rock and Lime Rock Resources Operating Company, Inc., who provide services to the Resources Funds. Concurrently with and following the IPO, LRE purchased a majority of the assets of LRR Fund I. These purchases (and potential similar ones in the future) present potential conflicts of interest. As a result, Lime Rock takes steps to help mitigate these potential conflicts of interest, including obtaining the approval of the Advisory Committees of the applicable Resources Funds for transactions between the Resources Funds and LRE. In addition, for transactions between the Resources Funds and LRE that occur after the IPO, the independent directors of LRE negotiate the price and terms of the transaction on behalf of the unitholders of LRE and have the right to hire advisors and receive a fairness opinion from a financial institution. It is possible that the Resources Funds and LRE compete to acquire the same oil and gas properties, which could create a potential conflict of interest. Lime Rock will ensure that both the Resources Funds and LRE are represented fairly in any potential oil and gas property acquisitions where both parties have an interest.

Item 11: Code of Ethics, Participation or Interest in Client Transactions and Personal Trading

Pursuant to Rule 204A-1 of the Advisers Act, Lime Rock has adopted a written Code of Ethics (the “Code”) predicated on the principle that the Adviser owes a fiduciary duty to the Funds. The Code is designed to address and avoid potential conflicts of interest and is applicable to all officers, directors, members, partners or employees of Lime Rock (the “Employees”). The Adviser requires its Employees to act in the Funds’ best interests, abide by all applicable regulations and avoid any action that is, or could even appear to be, legally or ethically improper.

Lime Rock generally prohibits the purchase or sale of securities that are held by the Funds; requires pre-clearance before purchasing an IPO or limited offering (i.e., private placement); requires periodic reporting of access persons’ personal securities transactions and holdings; and requires prompt internal reporting of Code violations. Lime Rock endeavors to maintain current and accurate records of all personal securities accounts of its access persons in an effort to monitor all such activity. A copy of Lime Rock’s Code is available to investors upon request.

Certain transactions in which Lime Rock engages may require, for either business or legal reasons that no Employees trade in the subject securities for specified time periods. Such securities will appear on a list (the “Restricted List”) that will be circulated to all. No Employee may engage in any sort of trading activity with respect to a security or a derivative thereof on the Restricted List without obtaining prior written approval from the Chief Compliance Officer.

Item 12: Brokerage Practices

The Adviser focuses on making investments in private securities, and does not ordinarily deal with any financial intermediary such as a broker-dealer; therefore commissions are not ordinarily payable in connection with such investments. To the limited extent Lime Rock transacts in public securities, or other non-private equity investments (e.g., currency hedging), Lime Rock will seek to obtain best execution. Lime Rock intends to select brokers based upon the broker’s ability to

provide best execution for the Funds. Lime Rock and/or the General Partner are generally authorized to make the following determinations, subject to each Fund's investment objectives and restrictions, without obtaining prior consent from the relevant Fund or any of its Investors: (1) which securities or other instruments to buy or sell; (2) the total amount of securities or other instruments to buy or sell; (3) the executing broker or dealer for any transaction; and (4) the commission rates or commission equivalents charged for transactions.

The Adviser does not participate in any soft dollar arrangements outside of receiving research generally available to other institutional investors. Research services received from brokers and dealers are supplemental to Lime Rock's own research effort. To the best of Lime Rock's knowledge, these services are generally made available to all institutional investors doing business with such broker-dealers. The Adviser does not separately compensate such broker-dealers for the research and does not believe that it "pays-up" for such broker-dealers' services due to the difficulty associated with the broker-dealers not breaking out the costs for such services.

Item 13: Review of Accounts

All investments are reviewed and approved by the relevant Fund's Investment Committee. The Partners Funds' portfolio companies and the resources Funds' oil and gas properties are reviewed on a continuous basis and the investment personnel meet regularly to discuss investment ideas, economic developments, industry outlook and other issues related to current holdings and potential investment opportunities. Some of the processes and procedures utilized by Lime Rock to monitor and review portfolio companies and oil and gas properties and to mitigate risk include the following:

- Regular weekly communication and formal updates on each Lime Rock portfolio company and weekly communications on the Resources Funds' performance;
- Active hedging program for Resources Funds, to limit the funds' commodity price risk, with regular meetings of hedging committee;
- Quarterly valuation exercises and annual audit/third-party reserve report to analyze, monitor, and judge individual portfolio company performance and reserve base; and
- Firm-wide discussions in person twice per year to review and highlight important events or risks.

Lime Rock provides each Limited Partner with the following reports in accordance with the terms of the applicable Governing Fund Documents: (i) audited annual financial statements; (ii) unaudited quarterly financial statements; (iii) individual capital account statements on a quarterly basis, and (iv) annual tax information necessary to complete any applicable tax returns. Lime Rock also holds annual meetings with the Limited Partners.

Item 14: Client Referrals and Other Compensation

Lime Rock does not regularly engage third party placement agents (i.e., solicitors) to introduce prospective investors to the Funds. If Lime Rock does utilize a solicitor during a fundraising cycle, the amount paid will be based on a point-in-time negotiation and all placement fees will be fully disclosed to investors referred by such solicitors.

While Lime Rock does not typically charge transaction or monitoring fees, in certain circumstance it may receive portfolio company directors' fees, transaction fees, monitoring fees, break-up fees, and other similar advisory fees. An amount ranging from 80% to 100% of all such fees paid by portfolio companies that are received by Lime Rock, the General Partner or any of its affiliates, net of any related expenses, will be applied to reduce the Management Fee otherwise payable. All such fees will be allocated between the appropriate Fund and any related co-investing entities on the basis of capital committed by each to the relevant investment. Management Fee reductions will be carried forward if necessary.

Item 15: Custody

The Adviser may be deemed to have custody of client funds and securities, within the meaning of the Advisers Act, since it or an affiliate serves as the General Partner of each Fund. The Adviser relies on an exception (available to pooled investment vehicles) from the reporting and surprise audit obligations imposed by the SEC custody rule. As such, all client assets are held by qualified custodians that are unaffiliated broker/dealers or banks; however the Adviser has access to client accounts. Additionally, the Funds are audited on an annual basis by a Public Company Accounting Oversight Board-registered independent account firm in accordance with generally accepted accounting principles (GAAP) and the financial statements are distributed to each Limited Partner (or member or owner) within 120 days of each Fund's fiscal year end. Limited Partners should carefully review these statements, and should compare these statements to any account information provided by the Adviser.

Item 16: Investment Discretion

In accordance with the terms and conditions of the Governing Fund Documents, and subject to the direction and control of the General Partner of each Fund, the Adviser generally has discretionary authority to determine, without obtaining specific consent from the Funds or its Limited Partners, the securities and the amounts to be bought or sold on behalf of the Funds, and to perform the day-to-day investment operations of the Funds.

Item 17: Voting Client Securities

In accordance with its fiduciary duty to clients and Rule 206(4)-6 of the Advisers Act, Lime Rock has adopted and implemented written policies and procedures governing the voting of client securities.

Lime Rock's Funds are primarily invested in privately-held portfolio company investments which typically do not issue proxies. However, in the event proxies have to be voted, Lime Rock shall be responsible for voting proxies on behalf of the Funds. Lime Rock shall vote client proxies in a way that it believes will maximize shareholder value. Lime Rock's investment professionals are generally responsible for making voting decisions with respect to proxies received.

In exercising its voting discretion, Lime Rock and its employees will seek to avoid any direct or indirect conflict of interest raised by such voting decision. All conflicts of interest will be resolved in the interests of Lime Rock's Funds. In situations where Lime Rock perceives a material conflict of interest, Lime Rock may defer to the voting recommendation of an independent third

party provider of proxy services, or take such other action in good faith which would protect the interests of Lime Rock's Funds.

Certain investment professionals of Lime Rock may serve as board members for the Funds' portfolio companies. In situations where Lime Rock votes the proxy for a company in which an employee of Lime Rock serves on the board of directors, Lime Rock has determined that this does not inherently present a conflict of interest as the purpose for serving on the board is to maximize the return on the Funds' investment and to ensure that the Funds' interests are protected.

All proxies that Lime Rock receives will be treated in accordance with these policies and procedures. A copy of Lime Rock's written proxy voting policies and procedures, as well as a record of how Lime Rock has voted in the past, will be maintained and available for review upon written request.

Item 18: Financial Information

A balance sheet is not required to be provided as Lime Rock (i) does not solicit fees more than six months in advance, (ii) does not have a financial condition that is likely to impair its ability to meet contractual commitments to clients or (iii) has not been subject to any bankruptcy proceeding during the past 10 years.