



Form ADV Part 2A: Firm Brochure

Lime Rock Management LP

(January 18, 2019)

Principal Office

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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, Anu Mehta, at 713-345-2105 or email amehta@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

On January 18, 2019, Lime Rock amended this Form ADV Part 2A to remove the disclosure in Item 10 relating to Lime Rock's relying adviser, Lime Rock Management LLP. Lime Rock Management LLP voluntarily deregistered from the Financial Conduct Authority on December 21, 2018 as its activities no longer required registration thereunder.

Lime Rock filed its annual amendment to Form ADV Part 2A on March 28, 2018. This section is designed to make clients and investors aware of certain information that has changed since the last version of the Brochure and that may be important to them.

The March 28, 2018 annual amendment updated the description of the business practices of Lime Rock and its affiliates, including with respect to regulatory assets under management, certain risks, conflicts of interest, client referrals and other compensation. We encourage all recipients of this Brochure to read it carefully in its entirety.

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Item 4: Advisory Business

Lime Rock Management LP (“Lime Rock”) was founded in 1998, and as of December 31, 2017 manages approximately \$8.2 billion in client assets on a discretionary basis for investments in the energy industry through two types of private investment funds, its Lime Rock Partners funds and its Lime Rock Resources funds.

The Lime Rock Partners funds are long-term investors 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”) and four co-investment funds (the “Co-investment 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 for the purpose of acquiring mature, lower-risk producing oil and natural gas properties with long-lived production profiles, and currently consists of three private investment funds (collectively, the “Resources Funds”).

Lime Rock 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, the Resources Funds and the Co-investment 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”), and the Co-investment Funds share the general partner of one of the Funds that they are co-invested with. Unless, and only to the extent that the context otherwise requires, references to Lime Rock include the General Partners.

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 agreement, offering memorandum 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 generally 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 they may vary by Fund. The terms of the Agreements are generally established at the time of the formation of the applicable Fund.

Although it varies by 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 Lime Rock Partners Funds and Lime Rock Resources Funds, other than Lime Rock Partners III, L.P., pay Lime Rock an annual management fee (the “Management Fee”) that generally ranges between 1.5% to 2.0% (per annum) of committed capital during the investment period, subject to a downward adjustment in instances including, without limitation, Lime Rock raising a successor fund, the investment period expiring, or in the case of the Partners Funds, the aggregate remaining capital commitments of the limited partners being reduced below 10% of the aggregate commitments of all the partners. These fees are negotiable. The Co-investment Funds do not pay an annual management fee, except certain investors in the Co-investment Funds that are not also investors in the Lime Rock Partners Funds or the Lime Rock Resources Funds, who pay an annual management fee of 0.5% (per annum) of committed capital during the investment period of the applicable Co-investment Funds. The Management Fee is payable quarterly in advance and is typically based upon committed capital during the investment period and on remaining invested contributions 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. Lime Rock has waived its right to collect management fees from Lime Rock Partners III, L.P.

Carried Interest Allocations

A portion of each Fund’s (other than the Co-investment Funds) 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 after payment of a preferred return of 8% per annum to its Investors. Carried interest is subject to a clawback obligation and an escrow in certain Funds. The

Co-investment Funds do not allocate carried interest to such Co-investment Funds' General Partner. 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 circumstances it may receive portfolio company directors' fees, transaction fees, monitoring fees, break-up fees, and other similar advisory fees ("Fee Income"). An amount ranging from 80% to 100% of all Fee Income 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 future Management Fees 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. Investors who pay no management fees with respect to the Co-investment Funds are allocated their pro rata share of any monitoring fee payable to the Co-investment Funds as fee income. Additionally, Fee Income received by Lime Rock in respect of Funds for which it has *waived* the right to collect Management Fees will be retained by Lime Rock up to the amount of total Management Fees payable. At this time, only Lime Rock Partners III, L.P. falls into this category.

Organizational Expenses

Each Fund bears all legal and other expenses incurred in the formation of such 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

With respect to Funds other than the Resources Funds, Lime Rock will pay all normal operating expenses incidental to the provision of the day-to-day administrative services of the Funds, including its own overhead and costs related to compliance with applicable laws and regulations. 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 their operations, including, without limitation: fees, costs, and expenses (including travel expenses) related to the investigations, pursuits, acquisitions, holding, and disposition of portfolio investments (each, to the extent not reimbursed by a portfolio company); software costs; D&O insurance costs (including with respect to the coverage of Lime Rock); taxes; fees and expenses of consultants and operating partners for advising on a portfolio company matter that a portfolio company was not charged; legal, custodial and accounting expenses, including costs of reporting to the limited partners, expenses associated with the preparation of financial statements, tax returns and Schedule K-1s and the representation of the Funds or the partners by the tax matters representative; auditing, accounting, and banking expenses; costs and expenses of the investor advisory committee and the annual meeting; litigation expenses; indemnification of covered employees, officers and managers of the Funds and their affiliates, and other extraordinary expenses. The Funds will also bear third-party expenses incurred in connection with transactions not consummated.

For the Resources Funds, Lime Rock will pay all compensation and employee benefit expenses allocable to the top five executives of the Resources Funds (the "Executive Team"), travel costs, rent and other occupancy costs allocable to the Executive Team, and certain other overhead and

administrative expenses. The Resources Funds will pay all costs, expenses (including travel expenses) and liabilities in connection with its operations and the operation and development of investments, including, without limitation, the fees and expenses relating to consummated portfolio investments, proposed but unconsummated investments, and temporary investments, including the identification, evaluation, arrangement, negotiation, structuring, acquisition, holding and disposition thereof, including, without limitation, any reasonable travel, legal, tax and accounting expenses in connection therewith, to the extent that any such fees and expenses are not otherwise reimbursed by any third person; costs, fees and expenses of monitoring, holding, hedging, valuing or selling portfolio investments, including record-keeping expenses; premiums for insurance protecting the investments as well as D&O insurance (including with respect to the coverage of Lime Rock), the Resource Funds and any covered persons from liabilities to third persons in connection with Resource Fund affairs; legal, custodial and accounting expenses, including costs of reporting to the limited partners, expenses associated with the preparation of financial statements, tax returns and Schedule K-1s and the representation of the Resource Funds or the partners by the tax matters representative; auditing, accounting, banking, engineering, and consulting expenses; appraisal expenses; expenses related to organizing persons through or in which portfolio investments may be made; expenses of the advisory committees of the Resources Funds; costs and expenses that are classified as extraordinary expenses under generally accepted accounting principles; taxes and other governmental charges, fees and duties levied against the Resources Funds or on its income or assets or in connection with its business or operations; damages; costs of reporting to the partners and of the annual meeting; costs of any audit, investigation, proceedings, litigation and threatened litigation; costs and expenses of computer software specific to the affairs of a fund; capital payments, interest and other expenses in respect of indebtedness for borrowed money; costs of winding up and liquidating; costs and expenses related to compliance with applicable laws and regulations; and the pro rata portion of the expenses of Lime Rock personnel (other than the Executive Team) and Lime Rock Resources Operating Company, Inc. personnel with respect to the operation and development of a fund's properties and review of potential investments and compliance with the policies of the organization.

The Partners and the Resources Funds will pay all costs, expenses and liabilities in connection with dead deal costs, including dead deal costs relating to transactions that have been offered to co-investors. In the event that a transaction in which a co-investment was planned, including a transaction for which a co-investment was believed necessary in order to consummate such transaction or would otherwise be beneficial, in the judgement of the applicable General Partner, ultimately is not consummated, all dead deal costs relating to such proposed transaction will be borne by the Funds, and not by any potential co-investors, that were to have participated in such transaction.

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

As described above, the General Partner (other than the General Partner of the Co-investment Funds as it relates to contributed capital of the co-investors to the portfolio companies) 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 amongst 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.

Lime Rock's allocation of investment opportunities among the Funds and in the manner discussed herein may not, and often will not, result in proportional allocations among such Funds, and such allocations may be more or less advantageous to some Funds relative to others. While Lime Rock will allocate investment opportunities in a manner that it believes in good faith is fair and equitable to its clients under the circumstances over time and considering relevant factors, there can be no assurance that a Fund's actual allocation of an investment opportunity, if any, or the terms on which that allocation is made, will be as favorable as they would be if the conflicts of interest to which Lime Rock and its affiliates may be subject, did not exist.

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 (to the extent relevant to such Investor).

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, each Investor 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 its 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 (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

The Partners Funds are long-term investors of growth capital in energy companies worldwide targeting investments ranging in size from \$25 million to \$150 million. The 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. The Partners Funds consist of six private investment funds (exclusive of the Co-investment Funds). The 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.

The Co-investment Funds were formed to enable investors to invest additional funds alongside Lime Rock Partners Funds in certain portfolio companies.

The Resources Funds were formed by Lime Rock for the purpose of acquiring mature, low-risk producing oil and natural gas properties with long-lived production profiles. The Resources Funds currently consist of three investment funds.

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

The Partners Funds' strategy is to differentiate itself by being a creative, value-adding, and long-term investor, which seeks to enable these 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. The Partners Funds seek to pursue this strategy through a four-part investment process: identify high quality opportunities within a variety of growth strategies; structure investments creatively and flexibly; seek to 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 differentiated 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 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. Investors should review the risks detailed in the relevant Fund's Governing Documents for more information.

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 Partners Funds' portfolio companies and the Resources Funds, likely severely, those companies and future portfolio companies may 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 experienced 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. It is uncertain as to when profits, if any, will be realized. Losses on unsuccessful investments may be realized before gains on successful investments are realized. The return of capital and the realization of gains, if any, generally will occur only upon the partial or complete disposition of an investment. 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. Before such time, there may be no current return on investment and expenses of operating a Fund may exceed its income.

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. The Funds' Limited Partners will be required to bear Management Fees through such Funds during the commitment period based on the entire amount of the Limited Partners commitment to such Funds and other expenses pursuant to the Governing Fund Documents.

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 circumstances 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. There can be no assurance that the Adviser will have all the information necessary to make valuation decisions in respect of these investments, or that any information provided by third parties on which such decisions are based will be correct. There can be no assurance that the valuation decision of the Adviser with respect to an investment will represent the value realized by the relevant Fund on the eventual disposition of such investment or that would, in fact, be realized upon an immediate disposition of such investment on the date of its valuation. Accordingly, the valuation decisions made by the Adviser may cause it to ineffectively manage the relevant Fund's investment portfolios and risks, and may also affect the diversification and management of such Fund's portfolio of investments.

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.

Leverage

Certain of the Funds may make equity investments in companies whose capital structures may include leverage in significant amounts. While the use of leverage may increase the potential returns on equity, leverage also increases the risk of loss since borrowings represent a prior claim on assets and require fixed payments regardless of the profitability of particular investments encumbered by such borrowings. In the case of default under any borrowing, some or all of the assets of the borrower could be taken by the lenders in payment of their claims. Moreover, the leveraged capital structures of portfolio companies will increase the exposure of a Fund's investments to any deterioration in a company's condition or industry, competitive pressures, an

adverse economic environment or rising interest rates (which have been at or near historic lows) and could accelerate and magnify declines in the value of such Fund's investments in the leveraged portfolio companies in a down market.

Derivatives

The Funds do not intend to trade in derivatives for speculative purposes but may use such transactions at the portfolio company level (or in the case of the Resources Funds, at the fund level) to reduce commodity price risk associated with their investments. The prices of commodities and related derivative instruments may be subject to periods of extreme volatility. Price movements in commodities and derivatives are influenced by many factors, including, without limitation, supply and demand relationships, fiscal, monetary, and trade policies, and political events. As a result, a portfolio company's (or a Resource Fund's) use of derivative transactions may be affected by such volatility as well as by any market disruption and unanticipated changes in interest rates, securities prices, or currency exchange rates, all of which may expose the portfolio company (or Resource Fund) to the risk of material financial loss or may reduce a Fund's ability to hedge commodity prices. In addition, the portfolio company (or Resource Fund) will be at risk for the performance of the counterparty on the derivative transaction. In the event that the counterparty defaults, the cost of replacing the transaction or the counterparty could be significant.

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. Because of the Fund's sector focus, investment-related decisions and determinations, such as portfolio construction and diversification, may generally differ as compared to a more broadly-focused private equity fund. When making such decisions and determinations, the Adviser may emphasize factors in a different manner and consider different factors, in each case, as compared to such decisions and determinations relating to a more broadly-focused private equity fund.

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.

Investments in the energy sector may entail risks associated with more mature businesses and heavily regulated industries. The energy and natural resources industries are subject to comprehensive U.S. federal, state and local laws and regulations as well as non-U.S. laws and regulations. Further, environmental laws, rules, regulations and regulatory initiatives play a significant role in the energy and natural resources industries and can have a substantial impact on investments in these industries. Failure to comply with any such requirements could have a material adverse effect on a portfolio company, and there can be no assurance that portfolio companies will at all times comply with all applicable environmental laws, rules, regulations and permit requirements.

Material Non-Public Information

As a result of the operations of the Adviser and its affiliates, the Adviser frequently comes into possession of confidential or material non-public information. Therefore, the Adviser and its affiliates may have access to material, non-public information that may be relevant to an investment decision to be made by a Fund. Consequently, a Fund may be restricted from initiating a transaction or selling an investment which, if such information had not been known to it, may have been undertaken on account of applicable securities laws or the Adviser's internal policies. Due to these restrictions, a Fund may not be able to make an investment that it otherwise might have made or sell an investment that it otherwise might have sold.

Cybersecurity Risk

With the increased use of technologies such as the Internet to conduct business, the Adviser and the Funds are susceptible to operational, information security and related risks. In general, cyber incidents can result from deliberate attacks or unintentional events. Cyber attacks include, but are not limited to, gaining unauthorized access to digital systems (e.g., through "hacking" or malicious software coding) for purposes of misappropriating assets or sensitive information, corrupting data,

or causing operational disruption. Cyber attacks may also be carried out in a manner that does not require gaining unauthorized access, such as causing denial-of-service attacks on websites (*i.e.*, efforts to make network services unavailable to intended users). Cyber incidents affecting the Adviser's and other service providers (including, but not limited to, accountants, prime brokers and financial intermediaries) have the ability to cause disruptions and impact business operations, potentially resulting in financial losses, interference with the Funds' ability to value its securities or other investments, impediments to trading, the inability of investors to transact business, violations of applicable privacy and other laws, regulatory fines, penalties, reputational damage, reimbursement or other compensation costs, or additional compliance costs. Similar adverse consequences could result from cyber incidents affecting issuers of securities in which the Funds invest, counterparties with which the Funds engage in transactions, governmental and other regulatory authorities, exchange and other financial market operators, banks, brokers, dealers, insurance companies and other financial institutions (including financial intermediaries and service providers for investors) and other parties. To the extent that a portfolio company is subject to cyber-attack or other unauthorized access is gained to a portfolio company's systems, such portfolio company may be subject to substantial losses in the form of stolen, lost or corrupted (i) customer data or payment information; (ii) customer or portfolio company financial information; (iii) portfolio company software, contact lists or other databases; (iv) portfolio company proprietary information or trade secrets; or (v) other items. In certain events, a portfolio company's failure or deemed failure to address and mitigate cybersecurity risks may be the subject of civil litigation or regulatory or other action.

In addition, substantial costs may be incurred in order to prevent any cyber incidents in the future. While the Funds' significant service providers have established business continuity plans in the event of, and risk management systems to prevent, such cyber incidents, there are inherent limitations in such plans and systems including the possibility that certain risks have not been identified. Furthermore, the Funds cannot control the cyber security plans and systems put in place by its service providers or any other third parties whose operations may affect the Funds or their investors. The Funds and their investors could be negatively impacted as a result.

Item 9: Disciplinary Information

On January 17, 2017, the SEC instituted administrative proceedings against Lime Rock, pursuant to Sections 203(e) and 203(k) of the Advisers Act, finding that Lime Rock had violated Advisers Act Rule 206(4)-5 when an employee made a \$1,000 personal contribution to the campaign of a candidate for President of the United States, and then governor of Ohio, while Lime Rock advised a pooled investment vehicle where an Ohio public entity was an investor. The SEC found that after the contribution was made, its return was sought and received, and noted that Advisers Act Rule 206(4)-5 does not require a showing of quid pro quo or actual intent to influence an elected official or candidate. Without admitting or denying liability, Lime Rock agreed to pay \$75,000 to resolve the matter.

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 and employees acting on behalf of the GP Entities 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.

Furthermore, decisions regarding whether and to whom to offer co-investment opportunities may be made by Lime Rock or its related persons in consultation with other participants in the relevant transactions, such as a co-sponsor. Co-investment opportunities may, and typically will, be offered to some and not to other Lime Rock clients. When and to the extent that employees and related persons of Lime Rock and its affiliates make capital investments in or alongside certain Funds, Lime Rock and its affiliates are subject to conflicting interests in connection with these investments. There can be no assurance that any Fund's return from a transaction would be equal to and not less than another Fund participating in the same transaction or that it would have been as favorable as it would have been had such conflict not existed.

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. Any of these situations subjects Lime Rock and/or its affiliates to potential conflicts of interest. Lime Rock attempts to resolve such conflicts of interest in light of its obligations to investors in its Funds and the obligations owed by Lime Rock's advisory affiliates to investors in investment vehicles managed by them, and attempts to allocate investment opportunities among a Fund, other Funds and such investment vehicles in a fair and equitable manner. To the extent that an investment or relationship raises particular conflicts of interest, Lime Rock will review the

circumstances of such investment or relationship with a view to addressing and reducing the potential for conflict. Where necessary, Lime Rock consults and receives consent to conflicts from an advisory committee consisting of limited partners of the relevant Fund(s) and such other investment vehicles.

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 employees from purchasing or selling securities that are held by the Funds. Additionally, Lime Rock 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 the 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 Employees. 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, consistent with its fiduciary obligations, 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.

Trade Allocation

The Adviser is required to act in a manner that is considered fair, reasonable, and equitable in allocating investment opportunities to the Funds and any other Lime Rock investment vehicles. In allocating investment opportunities among the Funds and any other Lime Rock investment vehicles, the Adviser 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.

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 communications and formal updates on Lime Rock portfolio companies 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 of the Partners Funds, the Resources Funds and the Co-investment Funds 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 for the first three quarters of a year; (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 of the Partners Funds and Resources Funds.

Item 14: Client Referrals and Other Compensation

From time to time, Lime Rock may enter into solicitation arrangements pursuant to which it compensates third parties for referrals that result in a potential investor becoming a limited partner in a Fund. Any fees payable to any such placement agents will be borne by Lime Rock indirectly through an offset against the Management Fee. Related expenses incurred pursuant to the relevant placement agent or similar agreement, including but not limited to placement agent travel, meal

and entertainment expenses, typically are borne by the relevant Funds as part of their syndication costs.

As described in Section 5 above, Lime Rock does not typically charge transaction or monitoring fees, but in certain circumstances it may receive Fee Income. An amount ranging from 80% to 100% of all Fee Income 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 future Management Fees 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. Investors who pay no management fees with respect to the Co-investment Funds are allocated their pro rata share of any monitoring fee payable to the Co-investment Funds as fee income. Additionally, Fee Income received by Lime Rock in respect of funds for which it has *waived* the right to collect Management Fees will be retained by Lime Rock up to the amount of total Management Fees payable. At this time, only Lime Rock Partners III, L.P. falls into this category.

Item 15: Custody

All assets of the Funds (other than privately offered securities) are held in custody by unaffiliated qualified custodians (i.e., broker-dealers or banks). Lime Rock has access to client accounts since it or an affiliate serves as the investment manager or general partner of each Fund. Investors will not receive statements from the custodian. Instead, the Funds, pursuant to Advisers Act Rule 206(4)-2, are subject to an independent annual audit by an independent public accountant that is registered with, and subject to regular inspection by, the Public Company Accounting Oversight Board. Each such Fund's audited financial statements is prepared in accordance with generally accepted accounting principles and are generally distributed within 90 days of the applicable Fund's fiscal year end, pursuant to the Governing Fund Documents. 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 shall vote client proxies in the best interests of its clients. 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 clients. 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 clients.

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' best 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.