



**Range Resources Limited**  
(‘Range’ or ‘the Company’)

**16 January 2015**

**ASX Code: RRS**  
**AIM Code: RRL**

## **Investor Q&A**

The Company is pleased to provide its first investor Q&A setting out responses to questions from investors. It should be noted that the wording of similar questions has been amalgamated to better reflect a broader spread of investor interests.

### **Corporate – Core Capital / Abraham / LandOcean**

#### **1. Can you please clarify relationship between Abraham Ltd, Core Capital Management and LandOcean? Are they related parties? Who are the main players and what are their vested interests?**

a) Abraham is an existing private institutional investor with c. 14% equity holding in Range, based in Hong Kong.

b) LandOcean Energy Services (“LandOcean”) is the preferred oilfield services contractor for Range in Trinidad. LandOcean is one of the largest listed oil and gas services companies in China and provides a wide variety of services across the upstream development cycle, from frontier geological studies through to engineering and procurement for development and production projects. LandOcean does not hold any equity interest in Range.

c) Core Capital Management Co., Ltd (“Core Capital”) is a Chinese private equity firm that makes investments and provides other financial services through a variety of affiliated investment strategies. Range and Core Capital are currently working on due diligence for US\$60 million equity based financing (subject to shareholder approval) expected to complete, on or before 30 April 2015.

There is no common ownership or directors between the three parties. Abraham is not related to Core Capital or LandOcean.

Core Capital was introduced to Range by LandOcean as the potential funding source for the Trinidad oil projects.

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**2. Please confirm how each set of funding streams proposed in the 11 December announcement will be used moving forward, if approved. Please also confirm the company's plans for either servicing or removing the Lind debt, disclosing any restrictive terms.**

The proceeds from the US\$60 million funding package with Core Capital will be used to repay existing loan facility provided by Lind Asset Management, LLC ("Lind"), and accelerate the Company's oil production targets through drilling, secondary recovery and strategic acquisition of current producing projects in Trinidad.

The proceeds from the US\$50 million trade financing package with Sinosure will be used to pay for LandOcean's technical services in relation to the Integrated Master Services Agreement ("IMSA") between the Company and LandOcean.

The Company has entered into a second purchase order with LandOcean over the next two years. Under this second purchase order, LandOcean shall provide technical services to implement waterflooding plans for the Company's blocks in Trinidad. The waterflooding operations follow on from the first purchase order for geological and engineering study services (including waterflooding) also performed by LandOcean for the Company under the IMSA. Services provided under the purchase order include extending the waterflooding field work, drilling engineering design, surface facility engineering design, geological design management, and extensional exploration across the blocks.

**3. Can Range provide guarantees from Abraham / Core Capital that there will be no takeover below a price that is several multiples of the existing share price with a minimum takeover consideration of at least 3p, and ongoing disclosure of their current holdings?**

Range cannot provide any guarantees with respect to any potential takeover acquisition by any party. That said the management is not aware of any plans to take the Company into private ownership. The Company intends to remain listed on AIM and ASX and will continue to focus on growing its core business in Trinidad.

The management believes that through its strong supportive strategic partnership with LandOcean and US\$60 million equity based financing from Core Capital, the Company has the capabilities to achieve the incremental production plans, improve productivity efficiency and increase market value in the interests of all shareholders. It is reasonable to assume that if Core Capital was indeed intending to take the Company into private ownership, they would have made a takeover offer rather than making a US\$60 million equity based financing. The return for Core Capital's investment is through the appreciation of our stock price, which remains the key objective of the management.

The Company is obligated to provide the disclosure of major shareholders in accordance with ASX and AIM listing rules requirements.

**4. Is it the intention to include any restrictions on Core Capital in terms of share sales or purchase for example lock in periods or no-takeover provisions? A lock in period would be well received by investors and a no takeover provision would be of some comfort.**

No, there is no such restriction in the subscription agreement. If Core Capital was to make a takeover offer to the Company, it would be subject to shareholder approval.

**5. The Core Capital bond is described in \$, but has a Par value of £1 and is converted in sterling. Using this as an example of other transactions which use a mix of currencies and potentially more with LO contracts from Beijing & Hong Kong. Can future announcements be more consistent and include a conversion rate where appropriate?**

Noted with thanks. The Company will always aim to make announcements as clear as possible.

**6. LandOcean has made a number of announcements that have included material matters of relevance to Range Resources, on which Range Resources have remained silent. On the basis that Range Resources should be leading communications to its shareholders, rather than one of its contractor, how do you intend to address this?**

LandOcean and Range are listed on different stock / security exchanges. As such, they have different requirements to report on their activities. Our IR departments work closely together to ensure both companies are in compliance with the respective exchange disclosure requirements. We have reviewed their releases and believe we have adequately disclosed all necessary information to our shareholders.

**7. Can you provide a brief description of how you intend to ensure that LandOcean services are priced in line with market rates and comparative efficiency?**

Range's management is focused on cost control to ensure the best interests of all shareholders. In addition, oilfield services providers are subject to procurement rules in Trinidad, therefore all services will have to be priced in line with market rates in Trinidad. In addition, under our existing PSCs, Petrotrin has the right to audit the costs charged for activities.

**8. It was reported that at the end of the 28th November 2014 AGM, an Abraham representative attempted to read out a letter explaining the reasons for the proxy voting that removed four of the directors, but was prevented from doing so by officials in Perth. A copy of what was purported to be this letter was widely circulated on the internet over the following weekend and subsequently sent to RIG. Please could you arrange for this letter to be released via RNA or uploaded onto the Range website to add substance to reports of its legitimacy.**

We acknowledge that a copy of the letter was circulated and have confirmed with Abraham that the letter was genuine. Range does not feel it is appropriate to post shareholder letters via RNS.

**9. Will Mr Chen as Abraham's representative be putting himself forward for re-election as a Director at the next AGM?**

Yes, in accordance with the Company's constitution, any director appointed during the year holds office only until the next annual general meeting and is then eligible for re-election.

**Corporate – Other**

**10. Recent RNS advising that Lind has called its loan has raised considerable concern in the Range investors community, many fearing this is the end of their investment. Can the management provide some words of comfort that Range is simply progressing with normal commercial discussions?**

Management has reviewed the Lind facility, and believed it does not fit with the Company's growth requirements and corporate objectives, and therefore Range has communicated to Lind that it wishes to repay this facility in cash and intend on using the Core Capital financing to meet such final repayment. Management submitted a settlement proposal to Lind for their consideration and remains confident to achieve an acceptable outcome.

**11. The announcement on 14 January 2015 states that the initial facility has a face value of US\$7.25 million, however only approx. US\$5.5 million under the Lind facility has been drawn down? Was the increase triggered by a default?**

No, the face value of the initial tranche was always US\$7.25 million after the initial US\$5 million is drawn down under the contract signed on 15 October 2014.

**12. Why has the Company not appointed other directors to the Board immediately after resignation of two Australian Directors? That way the Company would have been properly constituted and would have avoided being suspended from trading in excess of 5 days as allowed under Lind agreement?**

The Company appointed two Directors (Mr Yan Liu and Mr Kerry Gu) the same day that Mr Ian Olson and Mr David Riekie resigned. However, as part of AIM listing rules, every Director has to go through extensive due diligence check before their appointment can be announced. Therefore, we could not make an announcement on Director appointments until all due diligence was completed.

**13. Why did Range make a share payment to Empire Equity totalling US\$300,000?**

Empire Equity acted as a financial advisor to Range on various historic financing transactions prior to the appointment of the current Board. Empire claimed outstanding fees due under a mandate agreement with the previous Board and the share payment to Empire was in full settlement of any outstanding amounts as detailed in an agreement signed between Range and Empire in November 2014 by the ex CEO.

**14. With reference to the forthcoming EGM, can you confirm that no existing shareholders will be the subject of a voting exclusion?**

As at today, there will be no shareholders subject to a voting exclusion with regards to the Core Capital financing resolutions.

**15. Please could you confirm at least some General Meetings will be held in London or held jointly as we feel this was a successful format for the AGM despite being overtaken by events?**

Yes, we plan to hold some General Meetings in the UK. At this stage we do not anticipate the meetings to be held jointly as we are trying to substantially reduce our G&A costs. Having reviewed costs vs attendance at the last AGM where only 14 shareholders attended in the UK, we do not believe it is cost effective for the Company to host the meetings in more than one location simultaneously.

**16. Range has announced lower salaries for the new BOD to set examples of cost savings. What size of BOD do you consider to be appropriate in terms of costs and efficiency?**

All BOD salaries have to be in accordance with the constitution of the Company. There is no plan to seek any increases in salaries until the Company's financial health improves and the Board is actively looking at all other options to reduce employee and other costs across the Company.

We consider a BOD comprising of four to five directors to be the right size for a Company with sub GB£100 million market cap. It is the Company's intention to instigate a nomination process for an experienced industry veteran to complement the current skills matrix of the Board.

**17. ASX listed companies are able to increase shares in issue by 15% per annum without shareholder approval. Do your current plans see reason to use this facility in the future, other than for exceptional circumstances?**

Once Core Capital financing is in place, we do not currently envisage any immediate need to utilise the additional placing capacity. That said, it provides valuable flexibility for the Company to raise finance should the need arise.

**18. Range's shares were suspended on 12th December 2014. It has been suggested that this is linked to the appointment of replacement Australia-based Non-Executive Directors. Please could you confirm if this is the primary reason for suspension and how long you envisage this suspension is likely to continue?**

Range shares on both AIM and ASX remain suspended from trading. Initially the shares were suspended following the AGM, due to an incomplete BOD being in place, however, both exchanges then subsequently raised concerns relating to the financial stability of Range and they have required additional comfort on this point prior to permitting shares to trade.

As stated in the announcement on 14 January 2015, the Company's shares will remain in trading suspension until such time as an agreement is reached with Lind, or the Company has sufficient alternative financing to repay the Lind facility in full.

**19. Should shareholders be expecting any asset acquisitions in the near term?**

At this stage, the main priority for the management is to complete Core Capital financing in order to accelerate work programme on existing acreage, as well as explore additional large highly prospective acreage on Guayaguayare block with Niko and newly awarded St Mary's licence. However, as stated in previous announcements, the investment may be used to fund potential acquisition opportunities, which provides Range with additional production and revenue with priority in Trinidad.

In the current environment of low oil prices, there might be many attractive opportunities for us to expand our portfolios through asset acquisitions at lower prices. Range is not looking at any particular potential acquisitions at this moment, but we are open to it when the right opportunity presents itself in the future.

## Operations – Trinidad

**20. Please could a full operations / production report be provided by the first week in January 2015 to include the current status and activity of each drilling rig in Trinidad as well as a report of historic 2014 operations (as shareholders do not believe these have been adequately explained e.g. the status of 5 wells reported as completed in 2014)?**

As previously highlighted, we are looking to adopt more regular operational updates on developments, exploration and most importantly waterflood programmes in Trinidad (on a monthly basis). Range's new CEO, Mr Yan Liu is currently visiting our operations in Trinidad, therefore, we believe we will be best positioned to provide the next operational update following his trip, towards the end of January.

We are not looking to provide retrospective reports as we do not believe it would add any value to the shareholders.

**21. Please advise when an updated Field development Plan (FDP) will be published?**

It is not common practice for companies to release FDP due to commercially sensitive information. The main focus for 2015 is to implement waterflood programmes. The latest update on the waterflood progress was published in the Company's announcement on 30 December 2014. The Company will be publishing further updates on the waterflood progress as well as its development drilling plans with its ongoing monthly Trinidad operational updates.

**22. How does the company plan to increase production in Trinidad with the same equipment that has failed Range in the past? Or are there proposals for new / contracted-in rigs?**

As announced on 30 December 2014, Range has signed a Sale & Purchase Agreement ("SPA") for the disposal of Range Resources Drilling Services Limited ("RRDS") to LandOcean Petroleum Corp. Ltd ("LandOcean Petroleum"). RRDS has a fleet of 12 drilling and workover rigs and currently employs over 250 staff. LandOcean Petroleum is looking to inject additional investment into purchasing new equipments and adding in new rig capacity of at least two further rigs (one shallow and one deep) to the existing fleet. RRDS will continue to provide full oilfield operations services to Range in Trinidad, to accelerate its planned development and exploration drilling programme. The management believes that this partnership will allow RRDS to grow and prosper as a part of a larger and more focused oilfield services provider with better capital support and more cost effective technical supports.

## Other Assets

**23. It was announced that the Texas assets have been sold to Citation Resources for little over \$1m. Please explain how the value of the Texas assets could be impaired so greatly from previous carrying values and how this deal represents good value for Range's shareholders.**

Range's management reviewed these assets both from technical and commercial prospective, and as a result these assets were written down to US\$1 million at 30 June 2014 financial year end. Hence, we believe the sale price of US\$1.4 million fairly reflects the value of these assets. The deal also releases Range from its imminent spending commitments in both Texas and Guatemala amounting to more than US\$1.5 million. We do not intend to comment on previous valuations.

**24. Georgia assets have been valued at US\$10 million in the most recent accounts. This followed a significant write down primarily writing off the recoverable loan from Strait. Can you confirm that any sale agreement will seek to include the recovery of these loans and funds attributable to current shareholders? What is the status regarding sale of Georgian assets?**

The management of Range will seek to recover maximum value from any potential asset disposal. Due to the unsuccessful initial exploration results and our focus on investing capital in Trinidad, the Georgian assets are non-core and are held for sale. Range is seeking to restrict any further investments into all non-core assets.

Although Range has only valued the investment at US\$10 million in its financial accounts, it fully intends to maximise the recovery of the total investment should a sale or any revenue materialize in the future. Range is currently reviewing its position in relation to further financial commitments to Georgia and will be updating on its progress in due course.

**25. What are Range's intentions for Guatemala and Range's shareholding in Citation? Once Texas asset sale completes, are you planning on selling 200 m CTR shares that you will receive as part of the transaction? Will you be accepting the invitation to take a seat on their Board?**

We aim to monitor Citation's performance closely both at the project and corporate level. This shareholding will provide Range and its shareholders with any upside in the Texas assets as well as any potential upside from the Guatemala project drilling activity. Any potential exit decision will need to be based on the more detailed review of the prospects. We have the right to appoint one director to the board, and will be considering exercising this option after the deal is completed.

**26. Range Resources were silent on the Tubatse assets when advising its shareholders of the IOP loan resolution. IOP have however highlighted the significant value assigned under a sales agreement with NKWE Platinum and the intention to progress the sales agreement via legal channels if necessary. Can you confirm that Range Resources would make representation that the proceeds should not be used other than for re-invest in IOP assets.**

Range holds 9% equity stake in IOP. Any decision relating to the use of proceeds is a matter for IOP's Board of Directors and Range cannot comment on their behalf. We suggest any queries relating to IOP activities are directed to IOP's management directly ([www.internationalpetroleum.com.au](http://www.internationalpetroleum.com.au)).