



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

**13 February 2015**

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

## **Investor Q&A**

The Company is pleased to provide its ongoing 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**

#### **1. When are the Directors expecting to issue a circular to shareholders in respect of the US\$60 million equity based financing with Core Capital?**

The Notice of Meeting relating to Core Capital financing will be released to shareholders towards the end of February.

#### **2. With the Core Capital due diligence completed successfully in January, why is there a 3 month wait for an EGM? Or is this often-mentioned date merely a backstop?**

The backstop completion date for the transaction is 30 April 2015. A draft of the Notice of Meeting has been provided to ASX and ASIC for their approval and will be dispatched to Shareholders once this has been obtained. The EGM will be held thereafter, aimed for the end of March.

#### **3. Has it been a requirement that RRL have an independent “expert review” before proposing the Core Capital transaction to shareholder vote and if so what level of access will be provided to this review?**

Correct, the Australian Corporations Act (Section 611) requires that when a party proposes to acquire a substantial interest (over 20%) in a company, that company must provide its existing shareholders with all information that is material to the decision on how to vote at the meeting. Range, therefore has engaged an independent third party to prepare a report. This assessment is designed to assist all Shareholders in reaching their voting decision relating to Core Capital transaction. The Independent Expert’s Review will be published to all shareholders with the Notice of Meeting.

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- 4. Sentiment and trust are an important factor when making an investment in a small cap O&G company. Previous RRL management have failed in delivering a reasonable return on investment for shareholders. Will the Chairman include a covering letter with the EGM documentation to explain why they see the plans they have been put in place will make RRL an attractive investment?**

Yes, the Notice of Meeting will include a letter from the Chairman.

- 5. Assuming that the shareholders agree to the financing, how quickly do the Directors expect to receive the cash proceeds from Core Capital?**

Once the shareholder approval is obtained and any other final conditions precedent are satisfied, the Company expects to receive the proceeds within 5 business days.

- 6. In the past financial deals have been advised to shareholders, only to find that options have been added at a later stage. Can you confirm that Core Capital will not receive such Options.**

Yes, confirmed.

- 7. Is Core Capital responsible for their own fees associated with advice on their investment.**

Yes.

- 8. Why has Core Capital apparently prematurely installed directors to the Range Board (Mr Liu and Mr Gu)?**

Mr Liu and Mr Gu are not appointees of Core Capital. They were brought in by the Board to help facilitate the due diligence process by Core Capital and assist in working with our strategic partner LandOcean.

- 9. Do you envisage there will be any plans for a consolidation of shares if or when the Core Capital funding gets voted through given the very large number of shares then in issue?**

The Company is not considering a share consolidation at the present time.

- 10. Is Abraham Ltd required to issue a notice of their reduction in % holding following the approval and issue of shares to Core Capital?**

Yes. Abraham has an obligation to submit a substantial shareholder notice.

- 11. Have the Directors had any feedback from Abraham whether they are happy with the proposed financing (especially as they had a significant impact at the AGM)?**

Abraham is aware of the proposed funding transaction. They will study the materials that will be released to all shareholders with the Notice of Meeting and will action it accordingly.

**12. The Q4 2014 actual results (published on 2 February 2015) and the previous estimated cash flows (issued on 30 October 2014) were as follows; Exploration & evaluation \$732K (previous estimate \$250K), Development \$3,227K (\$2,000K), Production \$3,073K (\$2,750K) and Administration \$2,050K (\$1,500K), giving an overall total of \$9,082K (estimate \$6,500K). Whilst we welcome the fact that forecasting appears to be significantly better than it has been in the past, please provide a brief commentary for each variance.**

There are obviously a large number of variables which can influence the actual cashflow spend in a quarter vs the forecast provided (including the timing for payment of invoices). In addition, the forecast is generally set on a conservative basis to provide headroom in funding availability for any unforeseen costs that can occur. There are no specific one-off items which account for the majority of the variance in each category but in summary, the differences are accounted for by:

- Exploration & Evaluation – additional unanticipated spend on Georgia of approximately \$370k plus other small variances to plan;
- Development – various costs different than planned including principally higher personnel costs with recruitment of additional ex-pat drilling staff in period;
- Production – no material difference; and
- G&A – additional consultancy fees which were not forecast (approx. \$100k) combined with higher than anticipated costs for certain activities.

**13. Please provide a detailed analysis of the utilisation of the \$5.5m cash from the Lind deal.**

The Lind financing was used to partially finance the expenditure during the period on exploration and development assets (as detailed in question 12 above) plus funding of other capital expenditure totaling US\$807K (which included spend on rigs of approx. US\$600K during Q2) and also ongoing G&A costs of the business.

In summary the total group cash spend during Q2 was US\$10,662K and this was funded by:

- |                       |            |
|-----------------------|------------|
| • Lind financing      | US\$5,500K |
| • Production revenues | US\$4,005K |
| • Tax refund          | US\$637K   |
| • IOP loan repayment  | US\$500K   |
| • Other               | US\$20K    |

**14. RRL accounts show that Lind provided a loan to RRL in late 2013 along with 8M collateral shares. Subsequent announcements related to the settlement of debts with funds from Abraham are silent on this transaction, despite the fact that Lind is a named party. Can you confirm that this debt was fully settled with funds from Abraham and that the collateral shares were returned?**

All debt was settled from the proceeds of the Abraham investment at the time. We are not intending to disclose the details of each individual settlement.

**15. Why have Core Capital not taken up the option of providing a reasonable debt facility to clear the Lind debt? Establishing their equity position with the proposed offer, it would seem to be in their interest. Surely they could have made the debt conditional on the equity deal?**

Core Capital has committed to a US\$60 million investment (comprising of US\$40 million in equity and US\$20 million in debt) but only wish to invest following a positive vote at the EGM. They do not want to make partial investments.

**16. When do you estimate the shares will resume trading again on AIM and ASX?**

The Company continues to work with ASX and AIM to satisfy their concerns relating to the Company's financial stability and will update the market in due course.

**17. In the Company's presentation released on 22 January, it was stated that Range's vision is to become a mid-cap company within 3-5 years. Can you please clarify what market cap value that implies?**

We cannot provide definitive market cap value, but envisage it to be above US\$500 million.

**18. Does the previous Director of the Company Peter Landau have any connection to Range either formal or informal, and does he or any of his companies have any consultancy engagements with Range or stand to benefit from any of the deals currently being discussed? If so, please provide details.**

Peter Landau is a director of Citation Resources Limited, in which Range (following the Texas disposal) holds an approx. 13% equity interest. Other than that, Mr Landau has no involvement with Range and the Company has no consultancy engagements with Mr Landau.

**19. With Range's interim accounts being prepared and audited at the present time, have the necessary items of information been secured from Strait by the auditors to ensure that Range does not suffer the same qualification to its accounts as it has recently?**

Shareholders should note that the interim accounts are not audited; BDO will provide a review of the interim accounts but this is not an audit. The interim accounts will be released on or prior to 16 March 2015 and the Company is discussing with Strait to obtain information for the auditor review.

**20. Could you please confirm the status of "Partly Paid Shares" owed by past directors of Range and the Board's plans regarding ensuring "making good" the payment on those shares?**

During the 2007 financial year, partly paid shares were issued to certain directors at an issue price of AU\$0.60 each and were deemed to have been paid up to AU\$0.30 each, leaving AU\$0.30 payable by the holder within 13 months of the date of issue. The terms of the partly paid shares were ambiguous, given they state that the holder is able to elect, at their sole and absolute discretion, to pay up the shares. It was never the intention of the Board to issue partly paid shares that would require the Directors to pay up any unpaid portion of the shares. Therefore, in 2008 the Company resolved that the shares be forfeited and that payment will not be enforced with regards to the unpaid balance of capital. The Company has commenced the process of cancelling these shares.

**21. Will the new Board be personally investing (or increasing) their own stake within the Company's shares come out of suspension?**

The Company will be discussing it with the Directors.

**22. Range Resources Upstream Services (RRUS) is registered with Companies House (No. 08958981001). Range 2014 YE accounts pg. 83 confirm 100% ownership of the subsidiary. It is noted that the Directors of RRUS have been updated to reflect recent Board changes. It is noted that a debenture No. 08958981001 in favor of HSBC signed by the MD and Company Secretary was lodged on the 19/08/2014. Could you please explain what the purpose of this subsidiary is and the associated debenture.**

RRUS is a UK registered company set up in 2014 by the Company to provide various services for the group in the UK. This includes employment of staff, office lease and other similar services. RRUS does not hold any of the oil & gas assets of the group. RRUS has a small corporate credit card facility and the debenture was granted to provide security to HSBC to provide this facility.

## Trinidad

**23. What date is planned for LandOcean to undertake their first paid drill in Trinidad?**

The sale of Range Resources Drilling Services Limited to LandOcean is expected to complete during February and LandOcean will run that company from that point onwards.

**24. Previous announcements have indicated that LandOcean will receive additional incentives above a set production level. Can you advise if these additional incentives form part of the current contracts with LandOcean?**

Yes, the same incentive basis applies. Where services under a purchase order have been provided and have directly resulted in increased production for Range, LandOcean may be entitled to an incremental production bonus share (please refer to announcement on 2 June 2014).

**25. Can you confirm if the 720 day terms for LandOcean / Sinosure are calendar days and from what date this 720 days is effective.**

Yes, these are calendar days. 720 days will be effective from the date of each invoice to be issued to Range by LandOcean for the provision of services.

**26. There was a proposed partnership with LGO which appeared to lapse (although this was not announced at the time by Range - why not?). Given the success of LGO recently on adjacent territory, does Range see potential for reviving a deal in the future?**

We are not aware why the proposed partnership lapsed. Range will be assessing all attractive opportunities in Trinidad, and if we enter into formal agreements with any party, it will be announced by the Company in the usual manner.

**27. Will Range be taking on any offshore drilling on the Niko block given it can be drilled from onshore?**

Not at this stage. Range is currently renegotiating its farm in agreement, to replace its offshore commitment with two onshore wells instead.

**28. Can you confirm that all data and intellectual property associated with exploration, development and production licenses remains the property of Range and has not transferred to LandOcean?**

Yes, confirmed. All data and intellectual property associated with exploration, development and production licenses remains the property of Range and has not transferred to LandOcean.

**29. Can you confirm that all surface and sub-surface assets in the field and in particular the assets associated with waterflood remain the property of Range?**

Yes, confirmed. All surface and sub-surface assets in the field and in particular the assets associated with waterflood have not been transferred to any other party.

**30. The current fiscal incentives in Trinidad are due to expire in 2017. At what date in 2017 do they expire? Additionally, given the government's publicly expressed desire to increase oil production in Trinidad at a time when depressed oil prices are curtailing exploration investment around the globe, is an extension of these terms likely or under discussion?**

The capital allowances in respect of exploration costs were effective from 1 January 2014 for a 3-year period (so ending 31 December 2017), at which time the government has stated that it will review its position on this matter.

**31. Can you advise when "year 1" commences for any activity, for example once TD is reached, or at completion.**

Year 1 commences immediately upon any activity taking place.

**32. Does the Trinidad's 18% SPT reduce to zero if the price of oil falls below \$50?**

Yes, in broad terms when weighted average crude prices are below US\$50/bbl the applicable Supplementary Petroleum Tax is 0%.

**33. We were informed that there were 57 work-over operations completed during the last quarter. What are the average economics of these: cost, increase in BOPD and expected longevity?**

Workovers, as Range has used the term, includes any work on existing wells other than drilling. This includes perforating of untested oil zones remaining in existing wells, well clean out of sand/mud/wax in a well bore, change of well pumping down hole equipment, repair to tubing/rods/pump, capping of uneconomic wells, and any other well bore maintenance operations. Each of these types of varied workovers has their own economics and justification.

- 34. Of the 5 development wells from the last quarter - 2 were subsequently put into production. 2 wells await completion. Are these on Morne Diablo? Have these now been completed? 1 well drilling - Is it on Morne Diablo license? Is this one of our current 6? Have these now been completed? What was the production rate for these well?**

The two wells that were awaiting completion are on Morne Diablo field. Those wells have since been completed. 1 well that was drilling was a South Quarry well. Yes, it is one of the six wells. The well has not yet been completed. The Company is not looking to provide well by well production figures; however, in total the two wells that were put into production during the last quarter have added 38 bopd to total production.

- 35. What is the total projected footage to be drilled over the proposed 6 wells during this quarter in comparison with feet drilled in the last quarter and what is the cost per foot to be paid?**

The cost per foot will depend on the depths of the wells and the types of wells to be drilled. The Company is still reviewing its drilling programme together with its partner LandOcean, however the estimated footage from the 6 proposed wells is 11,700 ft compared to 4,035 ft drilled in the same quarter last year.

- 36. What happened to the five / six wells which were drilled in Trinidad last year, but do not appear to have been completed or brought into production i.e. why were they not completed, what were the findings from these and when is it the intention to complete them (if at all)?**

All but one well drilled last year were completed and the Company has plans to complete the testing of this well in the near term.

- 37. What are the future plans for well MD248? Does the geology restrict further drilling in the area, or was Rig 8 to blame?**

The MD248 well remains a valid target for the Lower Cruse horizon. The target depth was not reached in that well due to continued issues with Rig 8, however, the Company does intend to test the Lower Cruse horizon with another well.

- 38. What was the outcome of well QUN135? This well was announced as having interesting interim results in a new zone, but full details of the well have not yet been released.**

Currently the QUN 135 well is producing from a shallow zone. This well tested two other zones in 2013 and did show up sand at a deeper level which the Company may want to follow up in the future.

- 39. Given that the fiscal incentives allow for drill costs to be recovered on a successfully completed well coupled with the fact many drills in Trinidad target multiple horizons, in some instances feasibly as many as five or six once deep drilling commences, could you please clarify if full drill costs are recoverable regardless of the producing horizon or is it a case that only partial costs would be recoverable if production commenced from upper horizons and lower targeted horizons were deemed to be non-commercial?**

The fiscal incentives provide for cost recovery for development and exploration wells and are not zone dependent.

- 40. If it was decided to fracture stimulate wells as part of the completion process to enhance oil recovery rates, would this be a recoverable part of well costs?**

Yes, under the fiscal regime the cost of the well is a recoverable cost (irrespective of how the well is drilled or completed).

- 41. Range is in the envious position of being the operator with the largest onshore acreage in Trinidad but to what subsurface extent does this acreage extend on each of the five currently held blocks?**

The surface land acreage predominantly overlaps the subsurface acreage. However, there are excluded areas within Range's acreage where pre-existing fields occur.

- 42. In the recent presentation it was revealed that the Stratagem tool had been upgraded to facilitate the imaging of deeper targets, to what depth is it now expected accurate imaging will be possible and could you please advise of the Stratagem benefits that prompted the upgrade rather than for instance using data from the aerial survey?**

The Company is currently testing the difference in depth resolution between the high and low frequency modules. Our focus with the Stratagem tool is on shallower small scale features, whereas we believe acquired aerial survey data is more of a deeper regional focus.

- 43. As it is now imperative given the reduced oil price to make each and every planned drill as efficient as possible, is the Company considering drilling multiple deviated wells from a single pad to reduce site preparation costs and increase rig efficiencies given there would be much less rig move down time and minimise any possible Petrotrin / Ministry approval delays?**

The Company continues to optimize its drilling efficiencies and drill costs as required, however this is dependent on the drill targets and the locations in which the Company will be drilling.

- 44. Under old management the Morne Diablo acreage was to a large extent proven up and reservoirs delineated leaving large tracts ready for low risk infill drilling. Given LandOcean's experience in horizontal drilling and completion techniques is this under consideration, especially given that under the current fiscal regime the added expense of horizontal drilling would be a recoverable cost?**

The Company is currently reviewing its development drilling options together with the added expertise of LandOcean and will make best practice decisions based on these efforts. The current fiscal regime applies to development and exploration drilling.

- 45. Could you please confirm that plans are in place for the sourcing of the necessary volume of water to complete the waterflood programme as planned and what that source is?**

Range has approval to source sea water as Texaco used historically in their waterflood at Beach Marcelle. Additionally, there may be sufficient formation water from water bearing reservoirs, within the field that has been previously underutilized.

#### Other Assets

- 46. From your answers in the previous Q&A, it would appear that the Guatemala project is not immediately in Range's disposal programme and that, with successful results, Range could very well remain as a longer term partner in Guatemala. How long does Range expect that "review" will take before a decision is made either way, and what factors will be used to determine that decision? Will you be awaiting the results of Atzam 5 well and the two Tortugas wells?**

Guatemala is a non-core asset for Range. The deal with Citation Resources (Texas assets sale) removes any immediate spending commitment by Range in Guatemala. Range will aim to make a decision with regard to these assets during the year.

- 47. Will Range still be a player in the Puntland onshore asset and take part in the future drilling?**

As reported in the last quarterly financial report, Horn Petroleum made a decision to close down its office in Somalia, in order to reduce the cost exposure until there is clarity and contractual certainty around the Production Sharing Agreements and the legal regime that currently exists in Puntland. Horn Petroleum has proposed that the Puntland government offers a two year extension on both PSAs, free of any consideration, so that an adequate resolution can be achieved with regards to progressing the exploration programme.

- 48. Given that the Puntland Offshore block had no immediate costs involved the last Board decided to give it away without good reason. Will you be looking at getting back involved in the offshore Puntland asset or is it gone for good?**

In 2012, Range agreed a non-binding Memorandum of Understanding with the government of Puntland. No formal agreements were ever executed, as it would have required immediate cash commitments of US\$5 million. No licenses were ever awarded to Range, and the Company has no interest in pursuing expensive, frontier offshore exploration acreage.

**49. Why is Range not participating in a Georgia drill on block VIb? Surely the value of the block is worth much more than the net drilling costs to Range? What will happen to the block if it is not drilled in March? What happened to the mooted disposal of the Georgian assets? What active steps are being taken i.e. what has been done on it since the start of the year?**

As stated in the previous Q&A, the management of Range will seek to recover maximum value from any potential asset disposal. Due to the previous unsuccessful 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. Range is currently reviewing its position in relation to further financial commitments to Georgia and will be updating on its progress in due course.