



# Quarterly Activities Report

For the period ended 31 March 2017

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

13 April 2017

**THE INFORMATION CONTAINED WITHIN THIS ANNOUNCEMENT IS DEEMED BY THE COMPANY TO CONSTITUTE INSIDE INFORMATION AS STIPULATED UNDER THE MARKET ABUSE REGULATIONS (EU) NO. 596/2014 (“MAR”). UPON THE PUBLICATION OF THIS ANNOUNCEMENT VIA REGULATORY INFORMATION SERVICE (“RIS”), THIS INSIDE INFORMATION IS NOW CONSIDERED TO BE IN THE PUBLIC DOMAIN.**

The Company provides its quarterly activities report for the period ended 31 March 2017.

## **Trinidad operations**

### ***Production***

The Company’s oil production for the period was 51,055 barrels (average of 567 barrels of oil per day (“bopd”)) net to Range, which is a 4% increase from the previous quarter.

During the period, the Company continued with implementation of the waterflood projects in Trinidad with a view of delivering production growth and sustainable positive cashflow.

### ***Beach Marcelle waterflood***

Range is pleased to advise that during the period production commenced at the South East Block of Beach Marcelle field at an average rate of 60 bopd. As the implementation of the waterflood programme continues, Range has accumulated abundant new data and is in the process of making adjustments to the original plan based on the analysis of this data and expediting the surface construction schedule.

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Once the remaining work programme has been completed, the water injection rates are expected to increase to approximately 6,000 bwpd.

In the meantime, the Company signed agreements with Petrotrin to use produced water from their operations, which will increase injection rates by a further 700 bwpd. The Company has recently received environmental approvals for this work and commenced construction of the pipeline, which is currently 65% completed. The Company is required to obtain third party approval for a pipeline crossing before it can be fully completed.

### ***Morne Diablo waterflood***

During the period, production at the project continued at an average rate of 50 bopd. To increase water injection rates by approximately 3,000 bwpd, the Company signed an agreement with Petrotrin to use produced water from Petrotrin's existing operations. The Company will be required to construct a new water pipeline, as well as the gathering and transfer stations to access this additional water supply with all major approvals already in place. The engineering designs and plans for this remaining work programme are being finalised.

### ***Waterflood injectivity testing***

The Company has identified additional areas on its fields which could be suitable for waterflooding. During the period, the Company commenced injectivity testing on the MD 10 area of the Morne Diablo field and the QU 280 and QU 444 areas of the South Quarry field. The results to date have been encouraging and the Company is in the process of preparing an application for pilot waterflood on the MD 10 area.

The Company is preparing to undertake injectivity testing on the Central Block of the Beach Marcelle field.

### ***Exploration work***

During the period, the Company continued its negotiations with the government with regards to the Production Sharing Contract ("PSC") extension over the Guayaguayare block. In addition, the Company commenced re-evaluation of the Canari North exploration well prospect.

On the St Mary's block, the Company is undertaking integrated geology studies on part of the block, which borders with the Morne Diablo field. As part of these studies, the Company prepared a well sensitivity analysis on one of the areas, which has been submitted to Petrotrin for further evaluation.

### ***Future work programme***

Following the proposed agreement to acquire RRDSL, the Trinidad work programme is currently under review. As part of the reverse takeover, the Company will be publishing a Competent Person's Report ("CPR") to be included in the admission document. Once the CPR has been finalised, the Company will be in a position to publish its updated work programme and production forecast to shareholders.

## **Corporate**

### ***Agreement to acquire RRDSL***

During the period, Range signed a binding Heads of Agreement (the "Heads of Agreement") for the acquisition of 100% of RRDSL. RRDSL is an established oilfield services company in Trinidad with a large modern fleet of 12 rigs, including 4 drilling rigs purchased during 2014. RRDSL currently employs over 160 staff.

The Board believes the acquisition will provide Range with substantial operational flexibility and significantly decrease the operating costs associated with Range's upstream operations in Trinidad. It will allow Range's business in Trinidad to grow and prosper as a part of a unified group, and realise increased value for shareholders.

The recent oil price recovery is having a favourable impact on drilling activities in the E&P sector globally, and consequently on oilfield service providers. The Board believes that the acquisition will provide the Company with a platform to capitalise on this recovering market.

Currently there is a limited number of drilling rigs available in Trinidad, with RRDSL's drilling fleet being the most efficient and modern in the market. Range believes there is potential to capitalise on this and to substantially increase upon the existing levels of business with other upstream companies in Trinidad. RRDSL is in discussions with other operators in Trinidad and South America with a view to assisting them in monetising their oil and gas resources and believes it will be in a position to secure further contract work for the drilling fleet based on interest seen to date.

Following the acquisition, Range will aim to take further steps to reduce costs, improve drilling efficiency, secure contracts and diversify the customer base. The Company plans to establish RRDSL as a profitable oilfield services company, providing onshore operations to Range and a wide range of counterparties Trinidad, as well as internationally.

The consideration for the proposed acquisition is US\$5.5 million. In addition, RRDSL has a loan from LandOcean which totals approximately US\$19.5 million ("Existing Debt"). Payment of the consideration is due by no later than the date falling three years after completion and is subject to 6% interest per annum. Similarly, repayment of the Existing Debt will be due to be made in cash no later than three years from the completion date, and is subject to 6% interest per annum.

Full terms of the Heads of Agreement are provided in the Company's announcement published on 13 March 2017.

### ***Proposed Reverse Takeover***

The proposed transaction to acquire RRDSL, if completed, would constitute a reverse takeover that will be subject to a vote of the Company's shareholders and relevant regulatory stock exchange approvals. Accordingly, as required by Rule 14 of the AIM Rules for Companies, an admission document will be published and a notice of general meeting will be sent to the Company's shareholders which will, among other things, convene a general meeting of the Company at which a resolution approving the transaction will be proposed. The Company currently anticipates the general meeting will take place during the second half of the 2017 financial year.

## ***US\$20 million convertible note financing***

During the period, Range received shareholder approval for the convertible element of a US\$20 million convertible note with LandOcean. The issue of the convertible note replaced a portion of the outstanding payable balance due to LandOcean under the terms of the Integrated Master Services Agreement.

## ***Georgia update***

Subsequent to the period end, the Government of Georgia represented by the LEPL State Agency of Oil and Gas of the Ministry of Energy of Georgia ("the Agency"), announced an open international tender on Block VIA in Georgia.

Range, through its 45% shareholding in Strait Oil and Gas Limited ("SOG"), holds an interest in the PSC over Block VIA dated 29 March 2007. Range has been involved in the project since 2009 and has invested very substantial capital since that time with funds used to complete the minimum work programme stipulated by the PSC. The Agency has previously confirmed to SOG that this minimum work programme has been satisfactorily completed.

Range firmly believes that the PSC over Block VIA remains valid and is in good standing. Range believes that any purported relicensing of Block VIA by the Agency pursuant to the Tender Announcement would be a flagrant breach of the terms of the PSC.

Range has contacted the Agency to seek an amicable resolution and has requested an urgent meeting. In the meantime, Range has engaged legal advisers and is exploring relevant routes to preserve the value of its investment. As at 31 December 2016, Range has a carried value of US\$1.25 million attributed to its interest in the project on its balance sheet.

## ***Acquisition strategy***

In line with the growth strategy of the Company to create value for shareholders, and to provide Range with additional production and revenue, the Board continues to evaluate potential acquisitions of high quality upstream assets at attractive valuations.

## **Financial**

*Receipts from product sales and related debtors (for the 3 months to 31 March 2017):* of US\$2.5 million, compared with US\$2.0 million in the previous quarter. This increase was due to a combination of increased production and the steadily improving oil price.

*Capital expenditure (for the 3 months to 31 March 2017):* of US\$0.7 million, compared with US\$0.7 million in the previous quarter.

*Cash at 31 March 2017:* of US\$19.9 million, compared with US\$20.6 million in the previous quarter. The decrease was mostly due to amounts advanced to RRDSL pending completion of the acquisition net of money generated from operations.

## Petroleum tenements held at the end of the quarter (Appendix A)

Tenement Reference	Location	Working Interest	Operator
Morne Diablo	Trinidad	100%	Range
South Quarry	Trinidad	100%	Range
Beach Marcelle	Trinidad	100%	Range
Guayaguayare Shallow*	Trinidad	65%	Range
Guayaguayare Deep*	Trinidad	80%	Range
St Mary's	Trinidad	80%	Range
Block 1-2005	Guatemala	20%	Latin American Resources Ltd
Block VIa**	Georgia	45%	Strait Oil & Gas

### Notes:

\*Subject to final government approvals.

\*\*Please refer section above titled Georgia Update for further details.

No other petroleum tenements or farm-in, farm-out interests were acquired during the quarter.

### Competent Person statement

In accordance with AIM Rules, Guidance for Mining and Oil & Gas Companies, the information contained in this announcement has been reviewed and approved by Mr Lijun Xiu. Mr Xiu is a suitably qualified person with over 30 years' experience in assessing hydrocarbon reserves, and holds a Bachelor degree in Geological Prospecting. In addition, he holds a number of professional titles, including Reserves Evaluation Specialist from the Ministry of Land and Resources of the People's Republic of China. Mr Xiu is a member of the SPE (Society of Petroleum Engineers). Mr Xiu holds a role of a Vice President of Operations and Production with the Company.

### Contact Details

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## Appendix 5B

Mining exploration entity and oil and gas exploration entity  
quarterly report

Introduced 01/07/96 Origin Appendix 8 Amended 01/07/97, 01/07/98, 30/09/01, 01/06/10, 17/12/10, 01/05/13, 01/09/16

## Name of entity

Range Resources Limited

## ABN

88 002 522 009

## Quarter ended ("current quarter")

31 March 2017

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (9 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,530	6,069
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(211)	(715)
(c) production	(478)	(1,644)
(d) staff costs	(750)	(2,187)
(e) administration and corporate costs	(352)	(1,215)
1.3 Dividends received (see note 3)		
1.4 Interest received	51	64
1.5 Interest and other costs of finance paid		
1.6 Income taxes paid		
1.7 Research and development refunds		
1.8 Other (provide details if material)		
<b>1.9 Net cash from / (used in) operating activities</b>	<b>790</b>	<b>372</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	-	-
(b) tenements (see item 10)	-	-
(c) investments	-	-
(d) other non-current assets	-	-

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (9 months) \$US'000</b>
2.2	Proceeds from the disposal of:		
	(a) property, plant and equipment	-	-
	(b) tenements (see item 10)	-	-
	(c) investments	-	-
	(d) other non-current assets	-	-
2.3	Cash flows from loans to other entities*	(1,561)	(1,561)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)	-	-
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,561)</b>	<b>(1,561)</b>

<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	-
3.2	Proceeds from issue of convertible notes	-	-
3.3	Proceeds from exercise of share options	-	-
3.4	Transaction costs related to issues of shares, convertible notes or options	-	-
3.5	Proceeds from borrowings	-	-
3.6	Repayment of borrowings	-	-
3.7	Transaction costs related to loans and borrowings	-	-
3.8	Dividends paid	-	-
3.9	Other (provide details if material)	-	-
<b>3.10</b>	<b>Net cash from / (used in) financing activities</b>	<b>-</b>	<b>-</b>

<b>4.</b>	<b>Net increase / (decrease) in cash and cash equivalents for the period</b>		
4.1	Cash and cash equivalents at beginning of period	20,643	21,041
4.2	Net cash from / (used in) operating activities (item 1.9 above)	790	372
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,561)	(1,561)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	-

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration entity quarterly report

<b>Consolidated statement of cash flows</b>		<b>Current quarter \$US'000</b>	<b>Year to date (9 months) \$US'000</b>
4.5	Effect of movement in exchange rates on cash held	15	35
<b>4.6</b>	<b>Cash and cash equivalents at end of period</b>	<b>19,887</b>	<b>19,887</b>

\*Loans to other entities represent amounts advanced to Range Resources Drilling Services Limited pending completion of the acquisition

<b>5.</b>	<b>Reconciliation of cash and cash equivalents</b> at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	<b>Current quarter \$US'000</b>	<b>Previous quarter \$US'000</b>
5.1	Bank balances	19,887	20,643
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other (provide details)	-	-
<b>5.5</b>	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>19,887</b>	<b>20,643</b>

**6. Payments to directors of the entity and their associates**

- 6.1 Aggregate amount of payments to these parties included in item 1.2
- 6.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 6.3 Include below any explanation necessary to understand the transactions included in items 6.1 and 6.2

**Current quarter  
\$US'000**

149

-

**7. Payments to related entities of the entity and their associates**

- 7.1 Aggregate amount of payments to these parties included in item 1.2
- 7.2 Aggregate amount of cash flow from loans to these parties included in item 2.3
- 7.3 Include below any explanation necessary to understand the transactions included in items 7.1 and 7.2

**Current quarter  
\$US'000**

-

-

+ See chapter 19 for defined terms.



## Mining exploration entity and oil and gas exploration entity quarterly report

<b>8. Financing facilities available</b> <i>Add notes as necessary for an understanding of the position</i>	<b>Total facility amount at quarter end \$US'000</b>	<b>Amount drawn at quarter end \$US'000</b>
8.1 Loan facilities	20,000	20,000
8.2 Credit standby arrangements	-	-
8.3 Other (please specify)	-	-
8.4 Include below a description of each facility above, including the lender, interest rate and whether it is secured or unsecured. If any additional facilities have been entered into or are proposed to be entered into after quarter end, include details of those facilities as well.		

The details of the US\$20.0m loan facility are as follows:

Issuer:	Range Resources Limited
Noteholder:	LandOcean Energy Services Co., Ltd
Amount:	US\$20,000,000
Tenor:	3 years
Repayment:	Bullet at maturity date
Interest:	8% per annum, payable annually in arrears
Security:	None
Conversion Price:	0.88p per share
Lender Conversion Right:	At any time, in a minimum amount of US\$10 million

<b>9. Estimated cash outflows for next quarter</b>	<b>\$US'000</b>
9.1 Exploration and evaluation	
9.2 Development	220
9.3 Production	900
9.4 Staff costs	750
9.5 Administration and corporate costs	400
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>2,270</b>

+ See chapter 19 for defined terms.

## Mining exploration entity and oil and gas exploration entity quarterly report

10.	Changes in tenements (items 2.1(b) and 2.2(b) above)	Tenement reference and location	Nature of interest	Interest at beginning of quarter	Interest at end of quarter
10.1	Interests in mining tenements and petroleum tenements lapsed, relinquished or reduced	Nil			
10.2	Interests in mining tenements and petroleum tenements acquired or increased	Nil			

**Compliance statement**

- 1 This statement has been prepared in accordance with accounting standards and policies which comply with Listing Rule 19.11A.
- 2 This statement gives a true and fair view of the matters disclosed.

Sign here:



Date: 12 April 2017

Director

Print name: Yan Liu

**Notes**

1. The quarterly report provides a basis for informing the market how the entity's activities have been financed for the past quarter and the effect on its cash position. An entity that wishes to disclose additional information is encouraged to do so, in a note or notes included in or attached to this report.
2. If this quarterly report has been prepared in accordance with Australian Accounting Standards, the definitions in, and provisions of, AASB 6: Exploration for and Evaluation of Mineral Resources and AASB 107: Statement of Cash Flows apply to this report. If this quarterly report has been prepared in accordance with other accounting standards agreed by ASX pursuant to Listing Rule 19.11A, the corresponding equivalent standards apply to this report.
3. Dividends received may be classified either as cash flows from operating activities or cash flows from investing activities, depending on the accounting policy of the entity.

+ See chapter 19 for defined terms.