

31 January 2019

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## QUARTERLY ACTIVITIES REPORT

Range, an international company with oil and gas assets and oilfield services operations in Trinidad and Indonesia, provides its quarterly activities report for the period ended 31 December 2018 (Q2 FY19) with the following highlights:

- **Average production for the quarter of 572 barrels of oil per day (“bopd”);**
- **Production was slightly lower than prior quarter mainly due to adverse weather conditions in Trinidad and limited storage capacity at the Beach Marcelle field;**
- **Independent consultants engaged to undertake a new exploration study on the St Mary’s block. The study will be used to firm up future work plans for the block and confirm its potential;**
- **New geotool acquired with studies expected to lead to a future shallow drilling campaign on the Morne Diablo block;**
- **Accelerated work programme on the South Quarry block commenced, aimed at increasing production;**
- **Data collection and reservoir monitoring of the waterflood continued with a view of expanding the project;**
- **Corporate restructuring of Trinidad business underway, aimed at reducing costs, improving competitiveness and assisting with winning new contracts for RRDSL;**
- **Wells reopening and studies continued in Indonesia;**
- **Agreement signed to pay the interest of US\$1.6 million due under the convertible note by way of issuance new ordinary shares, subject to shareholder approval. The Notice of Meeting is expected to be published and sent to shareholders in early February; and**
- **Cash and liquid assets position of US\$5.8 million (unaudited).**

### Range’s Executive Chairman, Kerry Gu commented:

*"There are a number of key objectives that we are focusing on, which include balance sheet restructuring and improving operational efficiencies in Trinidad. We continue discussions with LandOcean and are working to reach a solution for the benefit of all parties during this year. In the meantime, we continue with prudent cash management and preservation of our liquidity.*

*At times when Trinidad is undergoing a rapid transition of its oil sector, we also recognise the need to undertake restructuring of our own operations in the country. The process has already commenced and we are hoping to achieve a reduction in costs and improve the competitiveness of our business. By delivering on our set objectives together with continuing with our work programme, we remain optimistic that we can achieve longer term value for our fellow shareholders."*

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## DETAILED REVIEW OF THE QUARTER

### TRINIDAD

#### *Production*

Total net production for the quarter was 52,589 barrels of oil (net 572 bopd), which is a 4% decrease from the previous quarter.

Production during the quarter was adversely affected by extreme weather conditions in Trinidad with record rainfall and extensive flooding. This resulted in prolonged periods of electrical power outages, and flooding at the Company's fields. As a result of limited access to its fields, the Company had to reduce its workover programme.

Separately, one of the sales tanks at the Beach Marcelle field had to be taken out of service due to a reported leak, with the Company being forced to shut in some of the producing wells. As previously announced, Range is undertaking a programme of infrastructure modernisation at the field to provide a greater resilience in the production infrastructure and enable future production growth. The programme is ongoing and is expected to be completed during Q3 2019.

Despite this, the Company is pleased to report that it was able to minimise the adverse impact on production levels with only minimal loss recorded for the quarter.

#### *New exploration studies on the St Mary's block*

During the quarter, Range engaged independent consultants LEAP Energy Partners Sdn. Bhd ("LEAP") to undertake a new exploration study of the St Mary's block. The objective of this study is to assess a detailed work scope for the block and establish its potential.

The Company believes St Mary's is one of the most prospective onshore blocks in Trinidad. It is located in a proven hydrocarbon basin with a world-class source rock and is on trend with several significant onshore discoveries and producing fields, including the Central block operated by Shell.

The results from LEAP's work will be available later in Q1 2019 and will be used to determine the upcoming work plan.

#### *New geological tool studies*

The Company acquired a new geological tool (Geode EM 3D) to undertake studies on its fields, expected to lead to a future shallow drilling campaign. The geotool is an enhanced version of the stratagem tool which was successfully used by Range in the past.

The geotool studies are expected to commence in Q1 / Q2 2019, and will initially be focused on the Morne Diablo field. The Company believes the studies will significantly enhance subsurface understanding, and assist in identifying shallow reservoirs and economic well locations as part of the future drilling programme.

***Accelerated production work at South Quarry***

The Company is undertaking a new accelerated work programme at the South Quarry field. The programme commenced subsequent to the quarter end, and mainly comprises rehabilitation activities (workover, swabbing, and clean out) on up to 20 existing wells. The Company is aiming to increase production from current 40 bopd to over 100 bopd.

***Waterflood programme***

During the quarter, production from the South East area of Beach Marcelle field (the "SE Project") continued at an increased average rate of 160 bopd. The average injection rate was approximately 600 bwpd of the 1,500 bwpd currently available. The injection rates were impacted by occasional pump outages at the water source well, and unstable water supply from the state-owned oil and gas company of Trinidad and Tobago, Heritage Petroleum Company Limited ("Heritage"). The Company is looking at additional water sources from nearby operators to increase the injection rates.

The Company has also been undertaking a programme of low-cost data collection on some of the identified wells on the SE project with a view to incorporating additional wells into the scheme. As part of the programme, the Company has been adjusting injection of the individual wells and monitoring pressure at the reservoir level, aimed at optimising production. The overall water cut (i.e. the ratio of water produced compared to the volume of total liquids produced) has remained relatively constant at about 35%.

***Optimization***

During the quarter, the Company completed 10 workovers, reactivation and swabbing activities on the existing wells against 50 originally planned. As mentioned earlier in this report, the number of completed workovers was significantly lower due to severe weather conditions in Trinidad. Up to 20 workovers are planned for the current quarter.

***Restructuring of Range Resources Drilling Services Limited ("RRDSL")***

During the quarter, the Company has initiated a corporate restructuring of RRDSL. The Company believes that this exercise will enable RRDSL to reduce the costs of its services, improve competitiveness and assist with winning new contracts.

***Restructuring of the Petroleum Company of Trinidad and Tobago Limited***

Effective 1 December 2018, the former state petroleum company of Trinidad and Tobago, Petrotrin, transferred its upstream assets to the newly formed state oil and gas company, Heritage.

Whilst Range's operations have not been materially impacted during the transition period, there were some inefficiencies with the oil sales process at the Company's Beach Marcelle field. This resulted in storage tanks reaching full capacity and the Company having to shut in some of its producing wells to prevent overflow.

In addition, during the quarter the Company experienced small delays in the timings of payments for its oil sales. Subsequent to the quarter end, all revenues were received in full by the Company.

**INDONESIA**

During the quarter, the operator of the project continued with the reopening of wells, and geological, geophysical and integrity studies. The operator completed the reopening of three wells as part of the work programme to date. Range was advised that difficulties were encountered during reopening operations mainly due to complexity of the wellheads and poor casing of the old wells. Re-opening operations on the fourth well commenced in January 2019.

The Company and the operator are continuing with efforts to establish stable production from the field, and are evaluating an appropriate future development strategy for this asset.

**CORPORATE*****Director and management changes***

During the quarter, Mr Yan Liu and Dr Yi Zeng tendered their resignations as Chief Executive Officer & Executive Director and Non-Executive Director, respectively.

Subsequent to the quarter end, the Company appointed Dr Mu (Robin) Luo as a Non-Executive Director, effective 11 January 2019. Dr Luo is a senior oil and gas professional with 36 years' experience working for leading international E&P and oilfield services companies. He has worked on various conventional and unconventional projects across all levels from research to operations. He is currently a principal development geophysicist to Inpex Corporation, leading a multi-billion Ichthys LNG project in Australia. Prior to that, he held principal roles with Sinopec Oil and Gas, PGS, Japan Petroleum Exploration Company Limited, and Japan Oil, Gas and Metals National Corporation.

***Convertible note interest payment***

During the quarter, the Company signed an agreement with LandOcean Energy Services Co., Ltd. ("LandOcean") to pay the annual interest payment of US\$1.6 million due under the convertible note by way of issuance new ordinary shares in the Company to LandOcean. The interest payment is due for the 12-month period to the end of November 2018 as per terms of the existing US\$20 million convertible note entered into on 30 October 2016 and a maturity date of 28 November 2019. The agreement to pay the interest in shares will allow the Company to preserve its existing cash position. The issue of these shares is subject to shareholder approval at a General Meeting of the Company. Further details will be provided in the Notice of Meeting of the Company and an Independent Expert's Report which will accompany the Notice of Meeting, expected to be published in early February.

As at 31 December 2018, the total net outstanding payable position with LandOcean is approximately US\$69.4 million (excludes the convertible note).

***Refundable payment update***

During the quarter, the Company published an update with regards to the refundable payment of US\$2.8 million due to Range ("Refundable Payment") from LandOcean. Following a repayment request, LandOcean advised that it was unable to return the Refundable Payment immediately due to foreign exchange controls and the need for routine examination and approval of the payment from the State Administration of Foreign Exchange of China ("SAFE"). LandOcean confirmed that the Refundable

Payment remains refundable to Range, and they will use all reasonable endeavours to arrange the payment to Range as soon as possible. A backstop date for the Refundable Payment of 30 June 2019 was agreed between Range and LandOcean.

## 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
St Mary's	Trinidad	80%	Range
Guayaguayare Shallow <sup>1</sup>	Trinidad	65%	Range
Guayaguayare Deep <sup>1</sup>	Trinidad	80%	Range
Perlak <sup>2</sup>	Indonesia	23%	Aceh Timur Kawai Energi

### Notes:

1. The Production Sharing Contracts relating to Guayaguayare expired in 2015. Any renewal will be subject (inter alia) to government and other regulatory approvals.
2. Range's indirect interest in the Perlak field is held through its 60% shareholding in Hengtai, which holds a 78% interest in Lukar which in turn holds a 49% interest in Aceh Timur Kawai Energi.

### Competent Person statement

The information contained in this announcement has been reviewed and approved by Mr Lubing Liu. Mr Liu is a suitably qualified person with over 23 years of industry experience. He holds a BSc in Petroleum Engineering from the Southwest Petroleum University, China and is a member of the SPE (Society of Petroleum Engineers). Mr Liu holds the role of Chief Operating Officer and Trinidad General Manager 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 December 2018

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (6 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,519	4,321
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(142)	(310)
(c) production	(625)	(1,482)
(d) staff costs	(1,060)	(2,226)
(e) administration and corporate costs	(859)	(1,777)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	12	23
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid)/refunded	(371)	(603)
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>(526)</b>	<b>(2,054)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(462)	(642)
(b) tenements (see item 10)	-	-
(c) investments	(20)	(20)
(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 (6 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	-	-
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>(482)</b>	<b>(662)</b>
<b>3.</b>	<b>Cash flows from financing activities</b>		
3.1	Proceeds from issues of shares	-	1,251
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>1,251</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	3,790	4,036
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(526)	(2,054)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(482)	(662)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	1,251

+ 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 (6 months) \$US'000</b>
4.5	Effect of movement in exchange rates on cash held	173	384
4.6	<b>Cash and cash equivalents at end of period</b>	<b>2,955</b>	<b>2,955</b>

<b>5. 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	2,955	3,790
5.2 Call deposits	-	-
5.3 Bank overdrafts	-	-
5.4 Other	-	-
<b>5.5 Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>2,955</b>	<b>3,790</b>

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

<b>Current quarter \$US'000</b>
-------------------------------------

6.1 Aggregate amount of payments to these parties included in item 1.2

221

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

Directors' fees, Directors' consulting fees and payments in lieu of notice for departing Executive Director

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

<b>Current quarter \$US'000</b>
-------------------------------------

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

-

+ 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\$20,000,000 convertible loan facility are as follows:

Issuer:	Range Resources Limited
Noteholder:	LandOcean Energy Services Co., Ltd
Amount:	US\$20,000,000
Maturity Date:	28 November 2019
Repayment:	Bullet at maturity date
Interest:	8% per annum, payable annually in arrears
Security:	None
Conversion Price:	£0.0088 per share
Lender Conversion Right:	At any time, in a minimum amount of US\$10,000,000

<b>9. Estimated cash outflows for next quarter</b>	<b>\$US'000</b>
9.1 Exploration and evaluation	100
9.2 Development	50
9.3 Production	900
9.4 Staff costs	1,000
9.5 Administration and corporate costs	800
9.6 Other (provide details if material)	-
<b>9.7 Total estimated cash outflows</b>	<b>2,950</b>

+ See chapter 19 for defined terms.

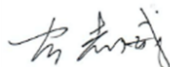
## Mining exploration entity and oil and gas exploration entity quarterly report

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	-	-	-	-
10.2	Interests in mining tenements and petroleum tenements acquired or increased	-	-	-	-

**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: 31 January 2019

Director

Print name: Zhiwei Gu

**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.