

22 February 2016

Strategy and 2016 work programme update

Range is pleased to provide its strategy and work programme update for 2016. A detailed operations presentation has been published by the Company and is available on the Company’s website at: <http://www.rangeresources.co.uk/framework/documents/displaydocument.asp?doc=1415>.

Highlights

- **Most active onshore work programme in Trinidad for 2016 amongst independents;**
- **Largest scale waterflood projects in recent times in Trinidad commenced;**
- **Five high impact wells to spud this year;**
- **The Company revises its production guidance with stabilised production goal from current work programme of 2,500 barrels of oil per day (bopd) by the end of 2017;**
- **Fully funded work programme;**
- **Strong cash position of US\$22 million; and**
- **Range continues to seek suitable value enhancing production and / or development acquisitions.**

Strategy

Despite the current challenging commodity price environment, the Company's strategy remains the growth of its current production opportunities in Trinidad while maintaining maximum operating efficiency. Execution of Range’s growth strategy is underpinned by ongoing large scale work programme, combined with substantial reductions in operating, general and administrative costs.

Work programme update

Given the current volatility in oil prices and slower than anticipated availability of the new drilling rigs, the Company has completed a review of its 2016 work programme, and has selected the most attractive wells based on anticipated production and economic returns.

The Company has identified implementation of its waterflood projects as the highest priority, and expediting these will be key for Range’s operations. As a result, a minimum of two projects are planned for water injection and production for the year. Waterflood is a more cost efficient way to grow production in the current oil price environment.

This method of oil recovery, whilst not new to Trinidad oilfields, has not been practiced by an independent onshore operator in decades. Texaco used this technique successfully in parts of the Beach Marcelle field and the nearby Navette field in the 1950 / 1960s. Range is the first operator to re-introduce this method recently onshore Trinidad.

The Company revises its production guidance with a stabilised production goal from the current work programme of 2,500 bopd by the end of 2017. This supersedes the previous production guidance given. The average production year to date in Trinidad is approximately 570 bopd.

Waterflood projects

1. Morne Diablo expansion

The Morne Diablo expansion is an extension of the existing successful pilot scheme. As previously announced, the government approvals are in place, and water injection of 150 barrels of water per day (bwpd) commenced in December 2015. There are currently approximately 130 wells in the area approved for waterflooding, therefore no new wells will need to be drilled. The initial waterflood plan involves the use of up to 14 injectors and 14 producers, with 3 of these wells converted to injectors so far. More wells will be converted to injectors and producers as the project develops.

Range currently uses water from its existing operations as the water source for the project. In addition, the Company plans to use produced water from Petrotrin's existing operations going forward (subject to Petrotrin's approval), which will increase water injection to 3,000 bwpd. This produced water is considered as a waste by-product of the oil and gas industry and has to be treated before being released into the ocean and other waterways. Re-injection of produced water is an environmentally friendly solution, as it significantly reduces the quantities of produced water being discharged into the ocean and waterways, thereby, reducing the risk of pollutants in the environment.

The original oil-in-place in the expansion area is estimated at 6.5 million barrels of oil (mmbbls), of which 1.3 mmbbls (20%) has been produced by primary depletion. Waterflooding is estimated by the Company to recover another 0.6 mmbbls over the next 8 years.

With injection already underway, first production as a result of waterflooding is expected to commence in 2H 2016. Average production over the 8-year period referred to above is expected to be approximately 200 bopd, with peak production estimated at approximately 250 bopd.

2. Beach Marcelle South East block

Beach Marcelle is Range's flagship waterflood project, with 63% (14 mmbbls) of Range's total 2P reserves in Trinidad found in the block. As announced on 13 January 2016, government approvals were received in December 2015, and the project implementation is underway.

Beach Marcelle has been split into a number of individual "projects", based on the fault blocks within the field. The South East block is the largest of the projects and will be the first to be waterflooded.

The initial limited injection plan of the block comprises 6 injector wells, 3 observation wells and 5 water source wells. The Company will need to drill two new injector wells as part of this plan. The other wells for the limited plan are already in place. Rig 2 has been moved to the South East block to commence workover operations on the four injector wells.

The additional wells to complete the full scheme for the South East block will be finalised later in 2016.

Currently there is very limited production from the reservoir. At the start of the injection, the production wells will remain shut-in to allow re-pressurization of the reservoir. This will be monitored via observation wells which will then be converted to production wells. To minimise capex, existing field infrastructure and wells will be utilised where possible. The Company will initially use water from shallow aquifer wells as its water source, supplemented by produced water as the waterflood progresses.

The original oil-in-place in the South East block is estimated by the Company at 37.5 mmbbls, of which 6.2 mmbbls (17%) has been produced by primary depletion. Waterflooding is estimated by the Company to recover another 4.8 mmbbls over the next 8 years.

Injection is expected to commence in Q2 2016 with first production anticipated during Q4 2016. Average production over the 8-year period referred to above is expected to be approximately 1,600 bopd, with production estimated over the plateau period of three years of 2,000 bopd.

The other blocks on Beach Marcelle project (North East and South West blocks) will be waterflooded from 2017 onwards.

3. Additional Morne Diablo areas

The Company has identified additional areas around the previously drilled development wells in Morne Diablo field which could be suitable for waterflooding. Subject to approvals, one of these areas may be waterflooded during 2016. Further details will be published once approvals are in place and plans have been finalised.

New drilling

Management has reviewed the previous drilling schedule and has prioritised a number of wells based on risk and economic returns. As a result, the following wells are planned for drilling during 2016:

Well	Location	Development / Exploration	Depth (feet)
MD 51-1	Morne Diablo	Development	4,200
LD 3	Morne Diablo	Development	3,000
QUN 158R	Morne Diablo	Development	2,150
GY 218 SE	Beach Marcelle	Development	4,535
Canari North	Guayaguayare	Exploration	5,000

The four development wells are designed to explore the potential of out-step drilling and to test deeper horizons of the fields. The QUN 158R well will also be drilled to establish the waterflooding potential.

The Canari North well is a committed exploration well on the Guayaguayare licence.

The wells will be drilled by RRDSL, a wholly owned subsidiary of LandOcean Energy Services Co., Ltd (LandOcean) using the four new rigs and rig 8, subject to certification of the new rigs by the government and approvals relating to the previously completed mast repairs on rig 8.

2016 capex budget

The capex budget for 2016 is estimated at approximately US\$26 million, with the majority of the budget allocated to waterflood projects. The major components of the capex spend include the following activities:

Activity	Capex (US\$ m)
Morne Diablo waterflood	3.5
Beach Marcelle waterflood	13.5
Drilling 5 new wells (4 development and 1 exploration)	9.2
TOTAL	26.2

Strong financial position

Range remains in a strong financial position from which to fund its work programme in Trinidad. As of 31 December 2015 (the date of its latest published results), the Company had a cash position of approximately US\$22 million (unaudited).

Range and LandOcean continue to progress with finalising the terms for the US\$50 million trade financing package with Sinosure and it is expected that this will be completed in the coming months. The delay in finalising the financing has not impacted on any of the Company's plans and Range is pleased to advise that LandOcean has confirmed that pending completion of the Sinosure facility, LandOcean will provide Range with credit terms of 720 days for all work undertaken as part of purchase order 2 of US\$50 million (which included the capex detailed above for the waterflood and drilling programme). This is in addition to the existing credit facility with LandOcean for drilling services provided.

Range is therefore fully funded for its exploration, development and waterflood programme and has significant financial flexibility to consider any potential acquisition opportunities in accordance with its strategy.

Attractive financial returns

Despite the low oil price environment, Trinidad operating netbacks continue to be attractive and at a level which justifies further investment. Assuming an average oil price for 2016 of US\$ 40 / barrel, the netback (in US\$ per barrel) for current and projected production is estimated by the Company as follows:

US\$ per barrel	Current production (~600 bopd)	Projected production (2,500 bopd)
Revenue	40.0	40.0
Royalties	11.0	11.0
Operating costs	20.3	12.9
Operating netback per barrel	8.7	16.1

Notes: (i) Oil price is based on assumed average oil price for 2016, (ii) operating costs are an average per barrel over field life for Trinidad producing fields and (iii) operating netback is on a pre-taxation basis

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 assets at attractive valuations.

The Company has witnessed an increase in the available attractive opportunities in recent months, and given Range's strong cash position, the Company is well positioned to take advantage of this opportune environment for acquirers, as well as continuing to accelerate its 2016 work programme.

Further updates will be provided as appropriate.

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). The reserves information in this announcement has been prepared in accordance with the guidelines of the Society of Petroleum Engineers (SPE).

Glossary

Original oil in place is that quantity of petroleum that is estimated to exist originally in naturally occurring accumulations. It includes that quantity of petroleum that is estimated, as contained in known accumulations prior to production plus those estimated quantities in accumulations yet to be discovered.

Proved Reserves are those quantities of petroleum, which by analysis of geoscience and engineering data, can be estimated with reasonable certainty to be commercially recoverable, from a given date forward, from known reservoirs and under defined economic conditions, operating methods, and government regulations. Probable Reserves are those additional Reserves which analysis of geoscience and engineering data indicate are less likely to be recovered than Proved Reserves but more certain to be recovered than Possible Reserves. 1P refers to Proved Reserves, 2P refers to Proved plus Probable Reserves.

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