

4 January 2023

Ms Angel He
Adviser, Listings Compliance (Sydney), ASX
Australian Securities Exchange

By Email: ListingsComplianceSydney@asx.com.au

Dear Ms. He,

Range International Limited (**RAN** or **Company**) refers to your letter dated 13 December 2022 and subsequent email dated 20 December 2022. The Company provides the following responses with specific reference to your Request for Information.

1. Does RAN expect to have a similar level of net operating cash flows in the December 2022 quarter as the September 2022 quarter?

RAN's net operating cashflow in Q3 2022 was a net outflow of USD\$266,000. The net operating cashflow for Q4 2022 is projected to be a net outflow of USD\$70,000. This reduced negative cash flow was impacted by three factors:

- i. The receipt of an R&D tax rebate (net of fees) of A\$116,567, which was received by the Company on 16 December 2022.
- ii. The effect of accounts receivables facilities, as previously mentioned in the last two Appendix 4C reports.
- iii. The effect of the account payable facility.

2. If the answer to Question 1 is "yes", please provide more detail for this view.

RAN Group operating cash flows are principally from the parent company and its two operating subsidiaries, Re>Pal Indonesia and Re>Pal Australia. The expected improvement in sales and revenues in Indonesia during H2 2022 and, in particular in Q4 2022, has not occurred.

The sales position of the Indonesian business for Q4 2022, and beyond, remains uncertain.

3. If the answer to Question 1 is "no", please provide more detail for this view.

Not Applicable

4. Does RAN expect its net operating cash flows for the quarter ending March 2023 to be closer to the September 2022 quarter or the December 2022 quarter? Please provide the basis for this view.

Sales from our Indonesian operation and, to a lesser extent, from our Australian operation have been volatile during 2022. Cash flow in Q1 2023 is therefore inherently unpredictable and we are using scenario planning to manage and forecast cashflow. On current trends, it seems likely that the net cash outflow in Q1 2023 will fall in between the level of Q3 2022 and Q4 2022.

In respect of the three factors noted in Q1, RAN does not expect to receive any additional research and development tax rebate in Q1 2023, however the Indonesian subsidiary's accounts receivables facilities and the accounts payable facility, as previously described, are both expected to assist, albeit to a lesser degree than in Q4 2022, the Company's cash flows in the forthcoming quarter.

Furthermore, the potential sale of the Company's Cairns assets in Q1 2023 would have a material beneficial impact to the Company's cash position during the quarter however the proceeds would not have a material impact on the financial condition of the Company.

5. Does RAN continue to anticipate an improvement in RAN's revenues and sales for the rest of this financial year and the next financial year (paragraph A)? Please provide the basis for this view.

RAN operates on a calendar year. With less than one week remaining of the current financial year to 31 December 2022, RAN does not expect to see any significant improvement in Q4 2022 to the disappointing Q4 sales results it has experienced, and mentioned, in response to your letters of the 7th and 13th of December 2022.

- **Please clarify if the reference to FY22 and FY23 in the Appendix 4C (paragraph A) are references to CY2022 and CY2023.**

Yes, our reference to the Company's 'Financial Year' refers to the Calendar Year 2022.

RAN expects that the Company's sales efforts in Indonesia and South East Asia will be successful and 2023 will see an improvement from the disappointing sales experienced in Q4 2022. At this time, the Company is not aware of any material factor that has negatively impacted the market opportunity for, or the pricing of, recycled plastic pallets in Indonesia.

6. Please provide ASX with a copy of the valuation report(s) (paragraph E) provided to its prior auditor for the annual report for the period ended 31 December 2021 and its current auditor for the Appendix 4D report for the period ended 30 June 2022 (not for release to the market).

In relation to the audit for the financial year ending 31 December 2021, the valuation report for Plant and Equipment for the period ended 31 December 2021 is attached. As not required by the Auditor for the half year review period, there was no valuation report prepared for the Appendix 4D report for the period ended 30 June 2022.

7. Has RAN obtained a new independent valuation of its Indonesian property (paragraph E)?

For the annual report of the year ended 31 December 2022, RAN has commissioned valuations as at November 30, 2022 of Property, Plant and Equipment from a qualified and independent Indonesian valuer. RAN expects to receive the valuations including the property valuation from the valuer before the end of December 2022. After receipt of the report, the Company intends to complete its normal review and finalization of valuations in January 2023.

8. If the answer to Question 7 is "yes", please provide ASX with a copy of the report (not for release to the market).

Not Applicable

9. If the answer to Question 7 is “no”,

9.1 When does RAN expect to have obtained an independent valuation of the Indonesian property?

RAN expects to receive the November 30, 2022 independent valuations from the valuer before the end of December 2022. After receipt of the report, the Company intends to complete its normal review and finalization of valuation in January 2023.

9.2 Will the valuation report provide sufficient evidence to satisfy the auditors’ concerns (paragraphs C and D)? Please describe the steps RAN has taken to ensure this.

We have commissioned valuations from the same Indonesian provider who undertook the valuations for the year end December 2021, received in January 2022. The scope and basis of the valuations were discussed with RAN’s external auditor prior to the November 30, 2022 valuation commencing. The independent valuations of selected and significant assets will be on the basis of ‘disposal’ and/or ‘fair value’ depending on the asset and its level of use and for selected key revenue-generating assets the valuer will also be providing a ‘value in use’ valuation.

RAN has taken, and will take, steps to address BDO’s and LNP’s concerns that they each could not corroborate the methodology and key assumptions employed to value the plant and equipment in Indonesia. During the half year review LNP commented on the previous Audit Report’s but did not examine or attempt to corroborate the methodology and key assumptions employed and as were provided to BDO in Feb 2022. RAN will be closely engaged with LNP Audit to ensure that the methodology and key assumptions employed to value the property, plant and equipment in Indonesia are understood and comply with Australian accounting standards. RAN has commissioned a new report with valuations of assets determined either as ‘Fair Value’, or ‘Disposal Value’, in the case of assets that are not in expected to be employed by the Company in the immediate future.

10 Does RAN expect the ITO audit (paragraphs F and G) to have a material impact on its current financial condition? Please provide details.

There is considerable uncertainty about the quantum of any amended assessment that the ITO will give to us relating to the audit of our FY 2018 accounts. Several informal meetings have taken place between RAN, its advisors and the ITO, and we expect that any amended assessment will be received before the end of CY 2022. Depending on the outcome of the quantum, the Company will consider its position which could include mediation and legal appeals. The Company will keep the ASX Market informed of the status of this position, at which time the Company will have a better understanding on the effect on its financial condition. Noting this uncertainty, the outcome of the ITO audit may have a material impact on RAN’s financial condition.

The Company will continue to update the market in respect of the ITO audit and comply in respect of Chapter 3 of the ASX Listing Rules.

11 Is RAN aware of any other information regarding the ITO audit (paragraphs F and G) that should be provided to ASX under Listing Rule 3.1? If so, please provide details.

No further information pertaining to the ITO audit of our FY 2018 accounts needs to be provided at this time. We have stated in our July and September 4C commentary that the ITO is conducting an audit of our FY 2018 accounts.

Please refer to the information provided in Q10.

The Company will continue to update the market in respect of the ITO audit and comply in respect of Chapter 3 of the ASX Listing Rules.

12 ASX observes that RAN's Cairns Operations have been operating for approximately a year (paragraph H). Does RAN expect the potential sale of its Cairns Operations to have a material impact on its financial condition? Please provide details.

The possible sale of the Cairns operation will not have a material impact on the financial condition of RAN.

For response to additional ASX questions relating to Q4 & Q12, please refer to additional response in Q4.

13 Please confirm that RAN is complying with the Listing Rules and, in particular, Listing Rule 3.1.

RAN has and is complying with ASX's Listing Rules and, in particular with the ASX's continuous disclosure requirements (Listing Rule 3.1).

14 Please confirm that RAN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RAN with delegated authority from the board to respond to ASX on disclosure matters.

RAN confirms that the responses to your Request for Information, above, have been authorised and approved under its published continuous disclosure policy and by the Chairman of the Company on behalf of the Board.

Yours sincerely

Mr Richard Jenkins
Executive Chairman,
Range International Limited



13 December 2022

Reference: 65563

Ms Robyn Slaughter
Company Secretary
Range International Limited
Level 5
126 Phillip Street
Sydney NSW 2000

By email only.

Dear Ms Slaughter

Range International Limited ('RAN'): Query Letter

ASX refers to the following:

- A. RAN's Appendix 4C report for the period ended 30 September 2022 and released on the ASX Market Announcements Platform ('MAP') on 28 October 2022, which disclosed that:
- (1) RAN had net cash outflows of US\$266,000 for the quarter ended 30 September 2022;
 - (2) RAN had an estimated 0.67 quarters of available funding;
 - (3) RAN anticipated a "continued improvement in revenues and sales for the rest of FY22 and FY23"; and
 - (4) RAN is "exploring ways to raise short-term secured financing against the value of its unencumbered Indonesian property".
- B. RAN's response to ASX's emailed queries regarding RAN's Appendix 4C report dated 9 December 2022.
- C. The Independent Audit Report by RAN's then auditors, BDO Audit Pty Ltd, published in RAN's annual report for the year ended 31 December 2021 and released on MAP on 31 March 2022, which stated the following as a basis for their qualified opinion:
- "Property, plant and equipment are carried at \$6,742,000 on the consolidated statement of financial position as at 31 December 2021. This balance includes an amount of \$3,580,977 and \$757,838 relating to plant and equipment and capital work in progress located in Indonesia, respectively. We were unable to obtain sufficient appropriate audit evidence about this amount as we were unable to corroborate the methodology and key assumptions employed by management's expert in valuing these assets. As at the date of this audit report, we have been unable to communicate with management's expert and have been unable to substantiate the value of these assets by alternative means..."*
- D. The Independent Audit Report by RAN's current auditors, LNP Audit and Assurance Pty Ltd, published in RAN's Appendix 4D for the half-year ended 30 June 2022 and released on MAP on 7 September 2022, which stated the following as a basis for their qualified opinion:
- "Property, plant and equipment are carried at \$5,836,000 (31 December 2021: \$6,742,000) on the consolidated statement of financial position as at 30 June 2022. This balance includes an amount of \$2,935,000 and \$682,000 relating to plant and equipment and capital work in progress respectively located in Indonesia. The independent valuation performed in February 2022 did not provide sufficient appropriate evidence about this amount as we were unable to corroborate the methodology and key assumptions employed by Management's expert in valuing these assets."*

- E. RAN's response to ASX's letter dated 20 September 2022, and released on MAP on 27 September 2022, which disclosed:

"The valuation of the Company's property, plant and equipment in Indonesia (as raised by the Company's auditor) was obtained from an independent and appropriately licensed and credentialed firm of valuers in Indonesia in December 2021 (with addendum for a new piece of equipment provided in February 2022) - 3 months before BDO Audit signed their audit report... The Directors have committed to obtain another fair value valuation of property, plant and equipment for the audit of the full year ending 31 December 2022."

- F. RAN's Quarterly Activities Report for the quarter ended 30 June 2022 and released on MAP on 29 July 2022, which disclosed that the Indonesian Tax Office ('ITO') had notified RAN of ITO's intention to audit RAN's 2018 tax reporting.
- G. RAN's Quarterly Activities Report for the quarter ended 30 September 2022 and released on MAP on 28 October 2022, which disclosed that the ITO audit continues with requests for additional documents.
- H. RAN's Appendix 4D for the period ended 30 June 2022 and released on MAP on 7 September 2022, which disclosed that:

"The Australian manufacturing operations are located in Cairns and have been operational for less than 1 year"

(the 'Cairns Operations').

- I. Listing Rule 3.1, which requires a listed entity to immediately give ASX any information concerning it that a reasonable person would expect to have a material effect on the price or value of the entity's securities.

- J. The definition of "aware" in Chapter 19 of the Listing Rules, which states that:

"an entity becomes aware of information if, and as soon as, an officer of the entity (or, in the case of a trust, an officer of the responsible entity) has, or ought reasonably to have, come into possession of the information in the course of the performance of their duties as an officer of that entity" and section 4.4 in Guidance Note 8 Continuous Disclosure: Listing Rules 3.1 – 3.1B "When does an entity become aware of information."

- K. Listing Rule 3.1A, which sets out exceptions from the requirement to make immediate disclosure, provided that each of the following are satisfied.

"3.1A Listing rule 3.1 does not apply to particular information while each of the following is satisfied in relation to the information:

3.1A.1 One or more of the following applies:

- It would be a breach of a law to disclose the information;*
- The information concerns an incomplete proposal or negotiation;*
- The information comprises matters of supposition or is insufficiently definite to warrant disclosure;*
- The information is generated for the internal management purposes of the entity; or*
- The information is a trade secret; and*

3.1A.2 The information is confidential and ASX has not formed the view that the information has ceased to be confidential; and

3.1A.3 *A reasonable person would not expect the information to be disclosed."*

L. Listing Rule 12.2 which states:

"An entity's financial condition (including operating results) must, in ASX's opinion, be adequate to warrant continued quotation of its securities and its continued listing."

Request for information

Having regard to the above, ASX asks RAN to respond separately to each of the following questions and requests for information:

1. Does RAN expect to have a similar level of net operating cash flows in the December 2022 quarter as the September 2022 quarter?
2. If the answer to Question 1 is "yes", please provide more detail for this view.
3. If the answer to Question 1 is "no", please provide more detail for this view.
4. Does RAN expect its net operating cash flows for the quarter ending March 2023 to be closer to the September 2022 quarter or the December 2022 quarter? Please provide the basis for this view.
5. Does RAN continue to anticipate an improvement in RAN's revenues and sales for the rest of this financial year and the next financial year (paragraph A)? Please provide the basis for this view.
6. Please provide ASX with a copy of the valuation report(s) (paragraph E) provided to its prior auditor for the annual report for the period ended 31 December 2021 and its current auditor for the Appendix 4D report for the period ended 30 June 2022 (not for release to the market).
7. Has RAN obtained a new independent valuation of its Indonesian property (paragraph E)?
8. If the answer to Question 7 is "yes", please provide ASX with a copy of the report (not for release to the market).
9. If the answer to Question 7 is "no"
 - 9.1 When does RAN expect to have obtained an independent valuation of the Indonesian property?
 - 9.2 Will the valuation report provide sufficient evidence to satisfy the auditors concerns (paragraphs C and D)? Please describe the steps RAN has taken to ensure this.
10. Does RAN expect the ITO audit (paragraphs F and G) to have a material impact on its current financial condition? Please provide details.
11. Is RAN aware of any other information regarding the ITO audit (paragraphs F and G) that should be provided to ASX under Listing Rule 3.1? If so, please provide details.
12. ASX observes that RAN's Cairns Operations have been operating for approximately a year (paragraph H). Does RAN expect the potential sale of its Cairns Operations to have a material impact on its financial condition? Please provide details.
13. Please confirm that RAN is complying with the Listing Rules and, in particular, Listing Rule 3.1.
14. Please confirm that RAN's responses to the questions above have been authorised and approved in accordance with its published continuous disclosure policy or otherwise by its board or an officer of RAN with delegated authority from the board to respond to ASX on disclosure matters.

When and where to send your response

This request is made under Listing Rule 18.7. Your response is required as soon as reasonably possible and, in any event, by no later than **9 AM AEDT Wednesday, 4 January 2023**. You should note that if the information requested by this letter is information required to be given to ASX under Listing Rule 3.1 and it does not fall within the exceptions mentioned in Listing Rule 3.1A, RAN's obligation is to disclose the information 'immediately'. This may require the information to be disclosed before the deadline set out in the previous paragraph and may require RAN to request a trading halt immediately.

Your response should be sent to me by e-mail at **ListingsComplianceSydney@asx.com.au**. It should not be sent directly to the ASX Market Announcements Office. This is to allow me to review your response to confirm that it is in a form appropriate for release to the market, before it is published on the ASX Market Announcements Platform.

Trading halt

If you are unable to respond to this letter by the time specified above, you should discuss with us whether it is appropriate to request a trading halt in RAN's securities under Listing Rule 17.1. If you wish a trading halt, you must tell us:

- the reasons for the trading halt;
- how long you want the trading halt to last;
- the event you expect to happen that will end the trading halt;
- that you are not aware of any reason why the trading halt should not be granted; and
- any other information necessary to inform the market about the trading halt, or that we ask for.

We require the request for a trading halt to be in writing. The trading halt cannot extend past the commencement of normal trading on the second day after the day on which it is granted. You can find further information about trading halts in Guidance Note 16 *Trading Halts & Voluntary Suspensions*.

Suspension

If you are unable to respond to this letter by the time specified above, ASX will likely suspend trading in RAN's securities under Listing Rule 17.3.

Listing Rules 3.1 and 3.1A

In responding to this letter, you should have regard to RAN's obligations under Listing Rules 3.1 and 3.1A and also to Guidance Note 8 *Continuous Disclosure*: Listing Rules 3.1 – 3.1B. It should be noted that RAN's obligation to disclose information under Listing Rule 3.1 is not confined to, nor is it necessarily satisfied by, answering the questions set out in this letter.

Release of correspondence between ASX and entity

We reserve the right to release a copy of this letter, your reply and any other related correspondence between us to the market under listing rule 18.7A.

Questions

If you have any questions in relation to the above, please do not hesitate to contact me.

Yours sincerely

Angel He
Adviser, Listings Compliance (Sydney)