

31 July 2018

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## **QUARTERLY ACTIVITIES REPORT**

Range, an international oil and gas company with assets and oilfield services operations in Trinidad and Indonesia, provides its quarterly activities report for the period ended 30 June 2018 (Q4 FY18) with the following highlights:

### ***Trinidad***

- Production target of 800 bopd exceeded during the second half of the quarter;
- RRDSL successfully and safely completed workover services for Shell in Trinidad with no LTI or HSE incidents;
- Average daily production for the quarter of 663 bopd;
- Extensive programme of upgrades and investment in field infrastructure ongoing;
- In excess of 50 workovers, reactivation and swabbing activities completed;
- Active marketing campaign underway to secure further third-party drilling work during the current quarter.

### ***Indonesia***

- Field operations commenced with rig mobilised to site and well reactivation programme underway;
- Initial limited production achieved and operations ongoing to establish stable production;
- Oilfield services company established to provide operational support and oilfield services at the Perlak field and for other operators in Indonesia.

### ***Corporate***

- £1 million placement successfully completed (subsequent to the quarter end). The proceeds will be used to accelerate growth strategy and to continue investment in infrastructure and facilities upgrade in Trinidad;
- Strong liquidity position with cash and liquid assets of US\$8.2 million (including the proceeds from the subscription completed subsequent to quarter end);
- Cost focus continues to be demonstrated with 29% reduction in operating costs (development, production, staff and other G&A costs) compared to the prior quarter;
- Operating Netback from Trinidad operations of US\$12/bbl;
- Legacy issue in Colombia successfully resolved.

## **Range's Chief Executive Officer, Yan Liu commented:**

*"During this quarter our focus was on achieving our production target of 800 bopd in Trinidad and commencing operations in Indonesia. It is my pleasure to report that we have delivered on these objectives, which is a clear demonstration of our ability to deliver on set targets and strategy of production growth. Maintaining production rates at consistent levels is still a challenge that we face in Trinidad. We are actively working to address this and have already completed initial upgrades to the oil handling and storage capacity at the Beach Marcelle field.*

*Following successful completion of the placement (subsequent to the quarter end), we will make a further investment in an upgrade to the sales infrastructure. This should enable us to continue growing production and allow us to further develop our material assets with a view to unlocking the potential of our reserves base in the years ahead. With an active ongoing work programme, we are now focused on delivering on our key objectives of a production target of 1,000 bopd and cashflow growth.*

*We are also pleased with the commencement of well reactivations in Indonesia, with operations currently ongoing to establish stable production from the mature Perlak field.*

*We look forward to demonstrating continued progress across all assets to our shareholders."*

## **DETAILED REVIEW OF THE QUARTER**

### **TRINIDAD**

Total production for the quarter was 60,376 barrels of oil (663 bopd). This is a modest decrease of 9% from the previous quarter and this was due to lower production seen on a temporary basis early in the period, offset by growth during the second part of the quarter as Range reached its production objective of 800 bopd.

As previously announced, Range has been facing challenges in maintaining production rates at consistent levels largely due to the limitations associated with the infrastructure (particularly at the Beach Marcelle field). These infrastructure constraints caused production to be lower in the first half of the quarter as storage tanks were required to be shut in for cleaning and repairs. To resolve this issue and accommodate production growth at Beach Marcelle, during the period the Company:

- Completed an upgrade to oil handling and storage facilities;
- Acquired an additional tanker truck which has enabled an increase in the frequency of sales; and
- Installed an additional 500-barrel tank which increased the oil storage capacity at the field to 2,100 barrels. The tank was commissioned into operations during July.

This investment allows for greater resilience in the production infrastructure which should allow for more stabilised production. Further constraints remain as Petrotrin (to whom Range sells all its produced oil) has reduced the frequency of oil sales, resulting in storage tanks reaching full capacity and the Company having to shut off some of its producing wells to prevent overflow. To address this issue Range is planning to make a further investment in sales infrastructure upgrade including the purchasing of a new settling tank, transfer station, Lease Automatic Custody Transfer (LACT) unit, as well as additional general investment in facilities upgrades.

This additional investment should allow for more regular sales to be made relieving the pressure on storage facilities. The total cost of this investment is estimated at approximately US\$800,000 and this will be funded from the equity subscription which completed after the quarter end.

## ***Waterflood***

During the quarter, waterflood production from the South East area of Beach Marcelle field continued at an average rate of 136 bopd. Similar to previous periods, the injection rates continued to fluctuate during the quarter with peak injection of 1,450 bwpd. The Company will complete repairs on the existing pumps during the current quarter which will allow for stabilised water injection rates of 1,500 bwpd. Maximum current potential injection rates are 1,700 bwpd based on volumes transferred from the Petrotrin watersource. Range is also actively working on activities to further optimise production at the South East area.

## ***Upcoming Trinidad work programme***

The Company continues to target production of 1,000 bopd prior to the end of 2018 (calendar year). Range has a comprehensive and full work programme for the remainder of this year which will include:

- Drilling of two new development wells;
- Pumps upgrade at Beach Marcelle to increase water injection rates;
- Comprehensive sales infrastructure and facilities upgrade;
- Optimisation of southeast area waterflood producers; and
- Optimisation work on approximately 30 existing wells (workovers).

In addition, Range intends to acquire a new geological tool which will allow for enhanced data acquisition. This will assist in prioritising the lowest risk and highest return drilling prospects for 2019 (primarily in Morne Diablo). This new tool is anticipated to allow the Company to move towards an active shallow drilling programme at Morne Diablo in 2019.

## ***Range Resources Drilling Services Limited ("RRDSL")***

During the quarter, RRDSL successfully completed a contract for Shell Trinidad Central Block Limited, a subsidiary of Royal Dutch Shell plc ("Shell"). The work scope under the contract consisted of a one-well workover using RRDSL's Rig 19 at Shell's operations onshore Trinidad. Operations were completed safely with no HSE or LTI incidents recorded. RRDSL also continues to provide swabbing services on a regular basis to another onshore operator in Trinidad.

RRDSL has an active ongoing marketing campaign in Trinidad and South America and expects to secure further third-party work during the current quarter.

## **INDONESIA**

During the quarter, operations commenced at the Perlak field comprising the reopening and workover of selected wells. Following the reactivation operations on the first well (POG-D), the well produced 145 barrels of high-quality light oil from one of the multiple production zones over intermittent pumping periods of approximately 117 hours during a two-week timeframe. Further studies and tests are underway to establish a stable production rate and a pump unit has been installed.

The rig subsequently mobilised to the second well in the work programme (POG-E) and commenced reopening and workover operations on the well.

During the quarter, the Company also established an oilfield services company in Indonesia (PT Jasmine Oil & Gas Services). This new company will be focused on the provision of operational support and certain oilfield services to the Perlak field and ultimately it is intended to develop this company in a similar fashion to RRDSL and provide services to other onshore operators in Indonesia.

## CORPORATE

### Colombia

During the quarter, the Company reached an agreement with Agencia Nacional de Hidrocarburos ("ANH") to settle all outstanding historic claims and disputes between ANH and the consortium of Optima Oil Corporation and the Company (the "Consortium"). The agreement between the Consortium and ANH is subject to court approval in Colombia which is anticipated to be received during 2018. Range has also commenced the process of closing its Colombian branch office which is expected to be completed during the current quarter and this will ultimately result in cost savings of approximately US\$100,000 per annum.

### Completion of £1m subscription

Subsequent to the quarter end, Range announced a subscription for new ordinary shares to raise £1 million before expenses (the "Subscription"). As detailed earlier, the Company intends to use the proceeds from the Subscription in Trinidad to fund sales infrastructure upgrade, as well as other general investment in asset upgrades.

## 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 20 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.*

## Note relating to statutory disclosure of significant shareholdings

*Statutory disclosure of significant shareholdings (as defined in the AIM Rules) is different for Australian companies and may not always ensure compliance with the requirements of Rule 17 of the Aim Rules. All shareholders who are holding (directly or indirectly), 3% or more of the issued and outstanding Ordinary Shares are requested to notify the Company without delay of any changes to their holding which increase or decrease such holding through any single percentage. Likewise, shareholders who acquire 3% or more of the issued and outstanding Ordinary Shares are requested to notify the Company without delay.*

## Glossary

**bopd** - barrels of oil per day

**bwpd** – barrels of water per day

**Operating Netback** – expressed as US\$/bbls. Calculated by dividing (the sum of petroleum revenues, less royalties and operating expenses) by total production.

## 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")

30 June 2018

Consolidated statement of cash flows	Current quarter \$US'000	Year to date (12 months) \$US'000
<b>1. Cash flows from operating activities</b>		
1.1 Receipts from customers	2,210	10,803
1.2 Payments for		
(a) exploration & evaluation	-	-
(b) development	(359)	(3,453)
(c) production	(665)	(1,827)
(d) staff costs	(1,476)	(4,288)
(e) administration and corporate costs	(996)	(3,266)
1.3 Dividends received (see note 3)	-	-
1.4 Interest received	18	123
1.5 Interest and other costs of finance paid	-	-
1.6 Income taxes (paid)/refunded	(178)	1,260
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>(1,446)</b>	<b>(648)</b>

<b>2. Cash flows from investing activities</b>		
2.1 Payments to acquire:		
(a) property, plant and equipment	(203)	(431)
(b) tenements (see item 10)	-	-
(c) investments	(960)	(2,560)
(d) other non-current assets	-	-

+ See chapter 19 for defined terms.

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

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
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*	-	(5,029)
2.4	Dividends received (see note 3)	-	-
2.5	Other (provide details if material)**	-	(2,800)
<b>2.6</b>	<b>Net cash from / (used in) investing activities</b>	<b>(1,163)</b>	<b>(10,820)</b>

\* Loans to other entities are funding of Aceh Timur Kawai Energi and pre-acquisition loans to RRDSL

\*\* Refundable payment in advance for RRDSL purchase consideration

<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	-	(1,600)
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>(1,600)</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	6,676	17,458
4.2	Net cash from / (used in) operating activities (item 1.9 above)	(1,446)	(648)
4.3	Net cash from / (used in) investing activities (item 2.6 above)	(1,163)	(10,820)
4.4	Net cash from / (used in) financing activities (item 3.10 above)	-	(1,600)

+ See chapter 19 for defined terms.

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

Consolidated statement of cash flows		Current quarter \$US'000	Year to date (12 months) \$US'000
4.5	Effect of movement in exchange rates on cash held	(31)	(354)
4.6	<b>Cash and cash equivalents at end of period</b>	<b>4,036</b>	<b>4,036</b>

5.	Reconciliation of cash and cash equivalents at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts	Current quarter \$US'000	Previous quarter \$US'000
5.1	Bank balances	4,036	6,676
5.2	Call deposits	-	-
5.3	Bank overdrafts	-	-
5.4	Other	-	-
5.5	<b>Cash and cash equivalents at end of quarter (should equal item 4.6 above)</b>	<b>4,036</b>	<b>6,676</b>

6.	Payments to directors of the entity and their associates	Current quarter \$US'000
6.1	Aggregate amount of payments to these parties included in item 1.2	138
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 and Directors' consulting fees		

7.	Payments to related entities of the entity and their associates	Current quarter \$US'000
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

8.	<b>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

9.	<b>Estimated cash outflows for next quarter</b>	<b>\$US'000</b>
9.1	Exploration and evaluation	-
9.2	Development	400
9.3	Production	1,900
9.4	Staff costs	1,500
9.5	Administration and corporate costs	1,000
9.6	Other (provide details if material)	-
9.7	<b>Total estimated cash outflows</b>	<b>4,800</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 July 2018

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.