

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

31 October 2014

ASX Code: RRS
AIM Code: RRL

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Quarterly Activities Report

For the Period Ended 30 September 2014

Highlights

- Average oil production in Trinidad increased by 7% from previous quarter;
- Revenue increased by 11% from previous quarter;
- Administration costs decreased by 50% from previous quarter;
- Loan financing of up to US\$15 million completed;
- Loan settlement agreement signed with International Petroleum;
- Refocused strategy in Colombia – exit from high cost commitments to fully-carried positions;
- Ian Olson appointed as Non-Executive Director;
- Amy Just appointed as Joint Company Secretary; and
- Graham Lyon appointed as Non-Executive Chairman, effective from the conclusion of AGM in November (announced subsequent to quarter end).

A message from CEO – Rory Scott Russell

“This quarterly report is a continuation of the message we delivered in the Annual Financial Report published on 30 September 2014; a message of continued stabilisation of the Company during the year leading to future growth potential. During the quarter, we reported production growth, and consequently increased revenue from our core assets in Trinidad, which hold over 19 million barrels of proved reserves.

Having received the first tranche of financing associated with the US\$15 million loan, we have commenced the process of improving our rig fleet in Trinidad and we aim to complete three to five development wells in Q4'14 depending on the speed of those maintenance and preparation activities. Increasing our development drilling and underlying production is our number one priority and we are pleased to have the funding in place to execute on this strategy.

In line with our portfolio rationalisation strategy, we relinquished positions in assets in Colombia and decided not to pursue offshore Puntland acreage that would have required significant investment from Range. The divestment of other non-core assets within the portfolio continued during the period and discussions with potential acquirers are ongoing.

Post the period end, we have seen a number of other developments which help us evolve further and provide us with confidence in our strategy for future growth. We were pleased to have completed the loan settlement with International Petroleum (IOP). The funds received as part of that agreement will be put to good use and we will continue to evaluate all options to best realise value through our equity holding in IOP. In addition, Range is very pleased that Graham Lyon will assume the role of Non-Executive Chairman with effect from the conclusion of the AGM in November. I look forward to working with Graham and benefitting from his extensive industry experience.”

Production Overview

The Company’s oil and gas production for the period is as follows:

- **Trinidad:** 52,037 bbls (average of 566 bopd) net to Range;
- **Texas:** 29.8 MMcf and 1,015 bbls (average 67 boepd) net to Range;
- **Guatemala:** 3,230 bbls (average 35 bopd) net to Range;
- **Total average production:** 668 boepd net to Range;

Operations Summary

Trinidad

- Two development wells drilled during the quarter, with one of the wells subsequently put on production and the second well preparing for production testing;
- 51 work-over operations completed during the quarter using the Company’s production rigs;
- Operations continued without any significant Health, Safety, Security and the Environment (HSSE) incidents;

Drilling rig fleet

- Two rigs drilling at the end of the quarter;
- Two rigs operational and ready to drill once final permits from the government are finalised;
- One rig undergoing short-term enhancement work;
- One rig in long-term maintenance;

Waterflood programme

- **Beach Marcelle:** A programme of well re-entry commenced during the quarter using a work-over rig to help refine subsurface understanding as well as prepare existing wells for re-use as water injectors;
- **Morne Diablo:** The planned work programme is focussed on duplicating the existing pilot infrastructure to create three new water injection stations while using existing infrastructure and storage facilities to handle the forecast increase in production. The waterflood will be conducted in several phases with the conversion of the furthest downdip producers to water injection wells to create a peripheral line flood. This is expected to commence in Q1 2015, subject to environmental approvals being received;
- LandOcean Energy Services Co Ltd (“LandOcean”; SHE:300157) has mobilised a team to deliver various technical studies to assist Range with further engineering and design work for the waterflood and secondary recovery projects.



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Colombia

In line with the previously stated strategy of portfolio rationalisation Range made the strategic decision to refocus its Colombia portfolio, and will not be proceeding with a farm-in option for the PUT-6 block in the Putumayo basin, given the high cost of work commitments associated with the block.

Instead, the Company will focus on its fully-carried 10% interests in three exploration blocks, PUT-5, VMM-7, and VSM-1. The three blocks are found in mature basins of the Putumayo and Magdalena Valley with hydrocarbon accumulations found in the vicinity of each block.

The Operator, Optima, will pay 100% of all costs and expenses incurred up to production under the Joint Operating Agreement ("JOA"). The initial exploration term expires in December 2015 during which time 2D seismic and one exploration well will need to be drilled on each block. The Operator is currently working towards fulfilling the Phase 1 work programme commitments.

Puntland

Onshore: During the quarter, the Operator and 60% interest holder, Horn Petroleum Corporation ("Horn Petroleum"; TSXV:HRN) continued to assess the operating environment in the Dharoor and Nugaal exploration areas from logistical, community and security perspectives to progress planned exploration activities. Efforts are now focused on preparing for a seismic acquisition campaign in the Dharoor Valley area which will include a regional seismic reconnaissance grid in the previously unexplored eastern portion of the basin, as well as prospect specific seismic to delineate a drilling candidate in the western portion of the basin. Horn Petroleum has identified a suitable location to drill an exploration well in the Nugaal Valley block. However, given continued operational and political issues a decision to move ahead with drilling will not be taken until adequate resolution is achieved.

Offshore: The Company has made a decision that it will not be pursuing any formal agreements relating to potential offshore blocks in Puntland.

Guatemala

During the quarter, Range's share of production from Guatemala was 3,230 bbls (average 35 bopd).

In line with Range's divestment strategy, the Company's equity interest in Citation Resources Limited ("Citation"; ASX:CTR) reduced to 4.8%. Subsequent to quarter end, the Company's equity interest in Citation has reduced further to below 2%. Following this change, Range has a direct and indirect interest of approximately 21% in the Guatemalan project.

Georgia

During the quarter, Strait Oil and Gas ("Strait"), of which Range is a 45% shareholder, continued to market its Production Sharing Contracts (PSCs) in Georgia with respect to a potential disposal of these assets. Strait also signed a one year extension of the PSC for Block VIb with the State Agency for Regulation of Oil and Gas, which includes drilling of one exploration well on the Block within that extension period.

Texas

During the quarter, Range's share of production from Texas was 29.8 MMcf and 1,015 bbls (average 67 boepd).

The Company continues to market its Texas assets, in order to divest this non-core project.

Financial

During the quarter, Range successfully completed the financing arrangement of up to US\$15 million with Lind Asset Management LLC. This financing will be used primarily to invest in the Company's rig fleet, accelerate development drilling of Range's Trinidad portfolio and for general working capital purposes of the Company. Full details and the terms of the financing can be found in the Company's announcement published on 17 October 2014.

In addition, the Company signed a settlement agreement with International Petroleum Ltd ("IOP"; NSX:IOP) with regards to the repayment of Range's US\$8 million loan by IOP. Subsequent to quarter end, and in line with the settlement agreement, IOP has made a cash payment of US\$500,000 to Range and all other outstanding monies have converted into 147,803,270 ordinary shares of IOP. Following conversion, Range holds approximately 9% of the enlarged share capital of IOP. In addition, IOP has issued 5 million unlisted options to Range exercisable at AU\$0.06 per option on or before 2 October 2016.

Sales revenue for the 3 months to 30 September 2014 was US\$5.15 million, compared with US\$4.65 million in the previous quarter. The positive movement in revenue was largely a result of higher volumes of oil produced from the Trinidad assets during the period.

The Group's capital expenditure was US\$5.57 million, down from US\$6.45 million in the previous quarter with the decrease due to reduced exploration spend. Investment in production and development activities of US\$5.17 million was broadly flat compared to US\$5.03 million in the previous quarter.

Cash at 30 September of US\$1.44 million was lower than the US\$6.47 million in the previous quarter. The decrease was primarily due to the restricted cash of US\$3.48 million, held in respect of the performance bond issued for PUT-6 block in Colombia, being written off as a result of Range's exit from the block (as announced in the annual report released on 30 September). Subsequent to quarter end, the Group received US\$5 million from Tranche 1 of the Lind Asset Management LLC loan facility (as announced on 17 October 2014).

Corporate

Directorate and Management Changes

During the quarter, the Company announced the resignation of Non-Executive Director Mr Ian Macliver and the subsequent appointment of Mr Ian Olson as a Non-Executive Director of the Company. Mr Olson is a Chartered Accountant with over 25 years of experience whose areas of expertise include corporate finance, audit and assurance across a broad range of industries including energy. Ian is Non-Executive Chairman of two ASX-listed companies and consults to KPMG's M&A practice in Australia. Previously Managing Partner of PKF Chartered Accountants in Perth, Western Australia, Ian also spent numerous years working with global investment banks in London and New York. He is a member of the Institute of Chartered Accountants in Australia and the Australian Institute of Company Directors. Ian brings a wealth of commercial and financial experience and his skills add immense value to the Board as it focuses on the future growth of the Company.

The Company also appointed Ms Amy Just to the role of Joint Company Secretary. Ms Just's experience includes corporate advisory, company secretarial and financial management services. Amy has ten years of experience as a Chartered Accountant and is a member of the Governance Institute of Australia. Amy has acted as the Financial Controller and Company Secretary of numerous domestic and international oil & gas and mineral exploration companies, and has significant ASX compliance, statutory reporting, and corporate governance experience.

Subsequent to quarter end, the Company announced that Sir Sam Jonah, Non-Executive Chairman, has decided to step down from the Board of the Company effective from the conclusion of the Company's next Annual General Meeting ("AGM"). Mr Graham Lyon, who joined the Board in February 2014 as a Non-Executive Director, will assume the role of Non-Executive Chairman of the Board with effect from the conclusion of the AGM. Mr Lyon has over 30 years' international experience, working for several private and listed companies. A Petroleum Engineer, he has held Chief Executive and Non-Executive Board positions. Mr Lyon's international experience spans Europe, FSU, Middle East, North Africa, North and South America. Mr Lyon spent 25 years with Petro-Canada and its predecessor companies. Graham is an outstanding candidate for the role of Non-Executive Chairman and his extensive skills and experience make him the ideal person to lead the business through its next phase of evolution.

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	32.5%	Range
Guayaguayare Deep*	Trinidad	40%	Range
St Mary's Block*	Trinidad	100%	Range
Block 1-2005, South Peten Basin**	Guatemala	24%	Latin American Resources Ltd
North Chapman Ranch	Texas, USA	20-25%	Western Gulf Oil & Gas
East Cotton Valley	Texas, USA	22%	Crest Resources
Block VIa	Georgia	45%	Strait Oil & Gas
Block VIb	Georgia	45%	Strait Oil & Gas
Dharoor Block	Puntland	20%	Horn Petroleum Corp
Nugaal Block	Puntland	20%	Horn Petroleum Cord
PUT-5, Putumayo basin	Colombia	10%	Optima Oil Corp
VMM-7, Magdalena Valley	Colombia	10%	Optima Oil Corp
VSM-1, Magdalena Valley	Colombia	10%	Optima Oil Corp

Notes:

* Pending completion of final agreements and government approvals.

**The Company's equity interest in the Guatemalan project reduced from 24% to 23% during the quarter. No petroleum tenements or farm-in, farm-out interests were acquired during the quarter.

Disclaimer

This information in this report contains certain forward-looking statements that are subject to the usual risk factors and uncertainties associated with the oil and gas exploration and production business. While Range believes the expectations reflected herein to be reasonable in light of the information available to them at this time, the actual outcome may be materially different owing to factors beyond the Company's control or within the Company's control where, for example, the Company decides on a change of plan or strategy. The Company undertakes no obligation to revise any such forward-looking statements to reflect any changes in the Company's expectations or any change in circumstances, events or the Company's plans and strategy. Accordingly no reliance may be placed on the figures contained in such forward looking statements.

Qualified Petroleum Reserves and Resources evaluator

This report contains information on petroleum reserves which is based on and fairly represents information and supporting documentation reviewed by Dr Douglas Field who holds a position of Vice President of Engineering with the Company. Dr Field is a petroleum and reservoir engineer who is a suitably qualified person with over 30 years' experience in assessing hydrocarbon reserves, and holds a Ph.D. in Organic Chemistry. Dr Field has reviewed the release and consents to the inclusion of the technical information.

Hydrocarbon Reporting Standard

Range reports hydrocarbons in accordance with the SPE Petroleum Resources Management System 2007 (SPE-PRMS).

Appendix 5B

Mining exploration entity quarterly report

Introduced 1/7/96. Origin: Appendix 8. Amended 1/7/97, 1/7/98, 30/9/2001, 01/06/10.

Name of entity

RANGE RESOURCES LIMITED

ABN

88 002 522 009

Quarter ended ("current quarter")

30 September 2014

Consolidated statement of cash flows

Cash flows related to operating activities		Current quarter	Year to date (3 months)
		\$US'000	\$US'000
1.1	Receipts from product sales and related debtors	5,152	5,152
1.2	Payments for (a) exploration & evaluation	(403)	(403)
	(b) development	(2,566)	(2,566)
	(c) production	(2,606)	(2,606)
	(d) administration	(1,191)	(1,191)
1.3	Dividends received	-	-
1.4	Interest and other items of a similar nature received	3	3
1.5	Interest and other costs of finance paid	-	-
1.6	Taxes paid/refunded	(205)	(205)
1.7	Other – Colombia performance bond*	(3,480)	(3,480)
Net Operating Cash Flows		(5,296)	(5,296)
Cash flows related to investing activities			
1.8	Payment for purchases of:		
	(a) prospects	-	-
	(b) equity investments	-	-
	(c) other fixed assets	(696)	(696)
1.9	Proceeds from sale of:		
	(a) prospects	-	-
	(b) equity investments	89	89
	(c) other fixed assets	-	-
1.10	Loans to other entities	-	-
1.11	Loans repaid by other entities	-	-
1.12	Other – net cash acquired on acquisition of subsidiary	-	-
Net investing cash flows		(607)	(607)
1.13	Total operating and investing cash flows (carried forward)	(5,903)	(5,903)

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1.13	Total operating and investing cash flows (brought forward)	(5,903)	(5,903)
	Cash flows related to financing activities		
1.14	Proceeds from issues of shares, options, etc.	924	924
1.15	Proceeds from sale of forfeited shares	-	-
1.16	Proceeds from borrowings	-	-
1.17	Repayment of borrowings	-	-
1.18	Dividends paid	-	-
1.19	Other (provide details if material)	-	-
	Net financing cash flows	924	924
	Net increase (decrease) in cash held	(4,979)	(4,979)
1.20	Cash at beginning of quarter/year to date	6,468	6,468
1.21	Exchange rate adjustments to item 1.20	(44)	(44)
1.22	Cash at end of quarter	1,445**	1,445**

*As announced in the annual report released on 30 September, the restricted cash held in respect of the performance bond issued for PUT-6 block in Colombia was written off

**Subsequent to quarter end, the Group received US\$5 million from Tranche 1 of the Lind Asset Management LLC loan facility (as announced on 17 October 2014).

Payments to directors of the entity and associates of the directors

Payments to related entities of the entity and associates of the related entities

		Current quarter \$US'000
1.23	Aggregate amount of payments to the parties included in item 1.2	120
1.24	Aggregate amount of loans to the parties included in item 1.10	-

1.25 Explanation necessary for an understanding of the transactions

payment of directors' fees

Non-cash financing and investing activities

2.1 Details of financing and investing transactions which have had a material effect on consolidated assets and liabilities but did not involve cash flows

N/A

2.2 Details of outlays made by other entities to establish or increase their share in projects in which the reporting entity has an interest

N/A

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Financing facilities available

Add notes as necessary for an understanding of the position.

	Amount available \$US'000	Amount used \$US'000
3.1 Loan facilities	15,000	5,000
3.2 Credit standby arrangements	-	-

Estimated cash outflows for next quarter

	\$US'000
4.1 Exploration and evaluation	250
4.2 Development	2,000
4.3 Production	2,750
4.4 Administration	1,500
Total	6,500

Reconciliation of cash

Reconciliation of cash at the end of the quarter (as shown in the consolidated statement of cash flows) to the related items in the accounts is as follows.

	Current quarter \$US'000	Previous quarter \$US'000
5.1 Cash on hand and at bank	1,445	2,988
5.2 Deposits at call	-	-
5.3 Bank overdraft	-	-
5.4 Other (provide details)	-	3,480
Total: cash at end of quarter (item 1.22)	1,445	6,468

Changes in interests in mining tenements

	Tenement reference	Nature of interest (note (2))	Interest at beginning of quarter	Interest at end of quarter
6.1	Interests in mining tenements relinquished, reduced or lapsed	Refer Appendix A		
6.2	Interests in mining tenements acquired or increased	Nil		

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Issued and quoted securities at end of current quarter

Description includes rate of interest and any redemption or conversion rights together with prices and dates.

		Total number	Number quoted	Issue price per security (see note 3) (cents)	Amount paid up per security (see note 3) (cents)
7.1	Preference *securities <i>(description)</i>	Nil			
7.2	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs, redemptions				
7.3	*Ordinary securities	4,990,740,816	4,990,740,816		
7.4	Changes during quarter (a) Increases through issues (b) Decreases through returns of capital, buy-backs	469,538,948	469,538,948		
7.5	*Convertible debt securities <i>(description)</i>	Nil	Nil		
7.6	Changes during quarter (a) Increases through issues (b) Decreases through securities matured, converted				

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7.7	Options (description and conversion factor)		80,508,341	80,508,341	Exercise price	Expiry date
		80,508,341			A\$0.05	31 January 2016
		855,166			£0.04	30 June 2015
		7,058,824			£0.17	30 April 2016
		5,180,000			£0.075	31 January 2017
		9,000,000			£0.125	31 March 2015
		15,708,801			£0.0615	19 October 2015
		32,275,862			£0.05075	30 November 2015
		5,000,000			A\$0.10	31 January 2016
		5,000,000			A\$0.06	10 February 2016
		146,533,850			£0.04	30 April 2016
		5,000,000			£0.037	11 July 2016
		476,190			£0.021	25 July 2016
		952,381			£0.021	29 July 2016
		6,714,284			£0.021	31 August 2016
		9,000,000			£0.020	31 August 2016
		3,947,369			£0.019	30 September 2016
		8,666,670			£0.018	30 September 2016
		694,445			£0.018	31 October 2016
		2,205,885			£0.017	31 October 2016
		1,250,000			£0.016	31 October 2016
		17,333,336			£0.015	31 October 2016
		3,000,001			£0.015	30 November 2016
		5,153,846			£0.013	30 November 2016
		2,000,000			\$0.0321	11 December 2016
		2,000,000			£0.012	31 December 2016
		5,000,000			£0.011	31 December 2016
		23,636,364			£0.011	31 January 2017
		7,500,000			£0.03	9 September 2017
		161,472,247			£0.01	14 July 2018
		118,729,593			£0.02	14 July 2018
		1,000,000			\$0.05	31 January 2018
7.8	Issued during quarter	7,500,000			£0.03	9 September 2017
		1,000,000			\$0.05	31 January 2018
		161,472,247			£0.01	14 July 2018
		118,729,593			£0.02	14 July 2018

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7.9	Exercised during quarter	15,545,456		£0.011	31 December 2016
		2,083,334		£0.012	31 December 2016
		4,615,385		£0.013	30 November 2016
		1,428,572		£0.014	30 November 2016
		10,000,000		£0.011	31 January 2017
		1,450,690		£0.010	28 February 2017
		7,500,000		£0.012	1 March 2017
		6,250,000		£0.006	31 March 2017
		3,125,000		£0.008	31 March 2017
		14,583,334		£0.006	30 April 2017
		7,500,000		£0.005	30 April 2017
		1,136,364		£0.008	30 April 2017
		35,500,000		£0.005	31 May 2017
		9,166,667		£0.006	31 May 2017
7.10	Expired during quarter	Nil			
7.11	Debentures <i>(totals only)</i>	Nil			
7.12	Unsecured notes <i>(totals only)</i>	Nil			
7.13	Converting Performance Shares	Nil			

Compliance statement

- 1 This statement has been prepared under accounting policies which comply with accounting standards as defined in the Corporations Act or other standards acceptable to ASX (see note 4).
- 2 This statement does give a true and fair view of the matters disclosed.



Rory Scott Russell
Chief Executive Officer
31 October 2014

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.

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An entity wanting to disclose additional information is encouraged to do so, in a note or notes attached to this report.

- 2 The “Nature of interest” (items 6.1 and 6.2) includes options in respect of interests in mining tenements acquired, exercised or lapsed during the reporting period. If the entity is involved in a joint venture agreement and there are conditions precedent which will change its percentage interest in a mining tenement, it should disclose the change of percentage interest and conditions precedent in the list required for items 6.1 and 6.2.
- 3 **Issued and quoted securities** The issue price and amount paid up is not required in items 7.1 and 7.3 for fully paid securities.
- 4 The definitions in, and provisions of, *AASB 1022: Accounting for Extractive Industries* and *AASB 1026: Statement of Cash Flows* apply to this report.
- 5 Accounting Standards ASX will accept, for example, the use of International Accounting Standards for foreign entities. If the standards used do not address a topic, the Australian standard on that topic (if any) must be complied with.

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