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## **RANGE RESOURCES LIMITED**

ACN 002 522 009

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### **NOTICE OF GENERAL MEETING**

The General Meeting of the Company will be held at 10.00am WST on Friday, 28 August 2015 at RSM Bird Cameron, 8 St Georges Terrace, Perth, Western Australia

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RSM Bird Cameron has prepared an independent expert's report on the proposed Transaction and has concluded that the proposed Transaction is NOT FAIR BUT REASONABLE to the existing Shareholders. Refer to Section 3.13 for further information.

*This Notice of General Meeting should be read in its entirety. If Shareholders are in doubt as to how they should vote, they should seek advice from their accountant, solicitor or other professional adviser prior to voting.*

**Should you wish to discuss any matter please do not hesitate to contact the Company by telephone on +44 (0) 20 7520 9486 or +61 (08) 6205 3012.**

# RANGE RESOURCES LIMITED

ACN 002 522 009

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## NOTICE OF GENERAL MEETING

Notice is hereby given that a general meeting of Shareholders of Range Resources Limited (**Company**) will be held in Perth, Western Australia (**Meeting**). The Meeting will be held 10.00am WST on Friday, 28 August 2015 at RSM Bird Cameron, 8 St Georges Terrace, Perth, Western Australia.

DI Holders may attend the Meeting but will not be permitted to vote at the Meeting. For their votes to be counted DI Holders must submit their CREST Voting Instruction to the Company's agent by the required cut-off time set out in Section 2.2 below. Alternatively, DI Holders can vote using the enclosed Form of Instruction as per the instruction set out in Section 2.3 below.

The Explanatory Memorandum to this Notice provides additional information on matters to be considered at the Meeting. The Explanatory Memorandum and the Proxy Form, or Form of Instruction if you are a DI Holder, form part of this Notice.

The Directors have determined pursuant to regulation 7.11.37 of the Corporations Regulations 2001 (Cth) that the persons eligible to vote at the Meeting are those who are registered as Shareholders on Wednesday, 26 August 2015 at 4.00pm (WST).

Terms and abbreviations used in this Notice and Explanatory Memorandum are defined in Schedule 1.

## AGENDA

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### 1. Resolution 1 – Approval for the issue of Securities to Sibo Investment

To consider and, if thought fit, to pass, with or without amendment, the following resolution as an **ordinary resolution**:

*“That for the purposes of Section 611 (Item 7) of the Corporations Act and for all other purposes, Shareholders approve the issue of Shares and Options (and Shares on exercise of the Sibo Options) under the terms of the Subscription Agreement, to Sibo Investment (or its Associates) on the terms and conditions set out in the Explanatory Statement accompanying this Notice.”*

**Expert's Report:** Shareholders should carefully consider the report prepared by the Independent Expert for the purposes of the Shareholder approval required under Section 611 Item 7 of the Corporations Act. The Independent Expert's Report comments on the fairness and reasonableness of the transactions the subject of this Resolution to the non-associated Shareholders in the Company.

#### Voting Exclusion

The Company will disregard any votes cast on this Resolution by a person (and any associate of such a person) who may participate in the issue of the Shares and Options pursuant to the Subscription Agreement.

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### 2. Resolution 2 – Ratify the issue of Shares to Sibo Investment

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.4, and for all other purposes, Shareholders approve and ratify the prior issue by the Company of 650,000,000 Shares to Sibo Investment on the terms and conditions set out in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Sibo Investment and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### **3. Resolution 3 – Approval for Director Share Subscription – Mr Yan Liu**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 6,333,333 Shares to Mr Yan Liu (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr Yan Liu (or his nominee) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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### **4. Resolution 4 – Approval for Director Share Subscription – Mr David Chen**

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 8,000,000 Shares to Mr David Chen (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."*

#### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Mr David Chen (or his nominee) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 5. Resolution 5 – Approval for Director Share Subscription – Mr Zhiwei Gu

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,083,333 Shares to Mr Zhiwei Gu (or his nominee) on the terms and conditions set out in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by Mr Zhiwei Gu (or his nominee) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 6. Resolution 6 – Approval for Director Share Subscription – Ms Juan Wang

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 10.11 and for all other purposes, approval is given for the Company to issue 2,083,333 Shares to Ms Juan Wang (or her nominee) on the terms and conditions set out in the Explanatory Memorandum."*

### Voting Exclusion

The Company will disregard any votes cast on this Resolution by Ms Juan Wang (or her nominee) and any of their associates.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

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## 7. Resolution 7 – Approval for Share Subscription

To consider and, if thought fit, to pass with or without amendment, the following resolution as an **ordinary resolution**:

*"That for the purposes of Listing Rule 7.1 and for all other purposes, approval is given for the Company to issue up to 6,500,000 Shares to Range Management (or their nominees) on the terms and conditions set out in the Explanatory Memorandum."*

### **Voting Exclusion**

The Company will disregard any votes cast on this Resolution by Range Management and their nominees and a person who might obtain a benefit, except a benefit solely in the capacity of a holder of ordinary securities, if the Resolution is passed, and any associates of those persons.

However, the Company will not disregard a vote if:

- (a) it is cast by the person as proxy for a person who is entitled to vote, in accordance with directions on the Proxy Form; or
- (b) it is cast by the person chairing the Meeting as proxy for a person who is entitled to vote, in accordance with a direction on the Proxy Form to vote as the proxy decides.

Dated 31 July 2015

**BY ORDER OF THE BOARD**

Mr Nick Beattie  
Company Secretary

## EXPLANATORY MEMORANDUM

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### 1. Introduction

This Explanatory Memorandum has been prepared for the information of Shareholders in connection with the business to be conducted at the Meeting. DI Holders are able to attend the Meeting, but may not vote at the Meeting.

This Explanatory Memorandum should be read in conjunction with and forms part of the accompanying Notice. The purpose of this Explanatory Memorandum is to provide information to Shareholders in deciding whether or not to pass the Resolutions set out in the Notice.

A Proxy Form, or Form of Instruction if you are a DI Holder, is enclosed with this Explanatory Memorandum.

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### 2. Action to be taken by Shareholders

Shareholders should read the Notice and this Explanatory Memorandum carefully before deciding how to vote on the Resolutions.

#### 2.1 Proxies

A Proxy Form is enclosed with this Notice. This is to be used by Shareholders if they wish to appoint a representative (a 'proxy') to vote in their place. All Shareholders are invited and encouraged to attend the Meeting or, if they are unable to attend in person, sign and return the Proxy Form to the Company in accordance with the instructions thereon. Lodgment of a Proxy Form will not preclude a Shareholder from attending and voting at the Meeting in person.

Please note that:

- (a) a member of the Company entitled to attend and vote at the General Meeting is entitled to appoint a proxy;
- (b) a proxy need not be a member of the Company; and
- (c) a member of the Company entitled to cast two or more votes may appoint two proxies and may specify the proportion or number of votes each proxy is appointed to exercise, but where the proportion or number is not specified, each proxy may exercise half of the votes.

The enclosed Proxy Form provides further details on appointing proxies and lodging Proxy Forms.

#### 2.2 United Kingdom (CREST Voting Instruction)

DI Holders in CREST may transmit voting instructions by utilising the CREST voting service in accordance with the procedures described in the CREST Manual. CREST personal members or other CREST sponsored members, and those CREST members who have appointed a voting service provider, should refer to their CREST sponsor or voting service provider, who will be able to take appropriate action on their behalf.

In order for instructions made using the CREST voting service to be valid, the appropriate CREST message (a "CREST Voting Instruction") must be properly authenticated in accordance with Euroclear's

specifications and must contain the information required for such instructions, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)).

To be effective, the CREST Voting Instruction must be transmitted so as to be received by the Company's agent (3RA50) no later than 24 August 2015 at 4.00pm (GMT). For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the CREST Voting Instruction by the CREST applications host) from which the Company's agent is able to retrieve the CREST Voting Instruction by enquiry to CREST in the manner prescribed by CREST. DI Holders in CREST and, where applicable, their CREST sponsors or voting service providers should note that Euroclear does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the transmission of CREST Voting Instructions. It is the responsibility of the DI Holder concerned to take (or, if the DI Holder is a CREST personal member or sponsored member or has appointed a voting service provider, to procure that the CREST sponsor or voting service provider takes) such action as shall be necessary to ensure that a CREST Voting Instruction is transmitted by means of the CREST voting service by any particular time.

In this connection, DI Holders and, where applicable, their CREST sponsors or voting service providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

### 2.3 United Kingdom (Form of Instruction)

DI Holders are invited to attend the Meeting but are not entitled to vote at the Meeting. In order to have votes cast at the Meeting on their behalf, DI holders must complete, sign and return the Forms of Instruction forwarded to them along with the Notice to the Company's agent, Computershare UK, 24 August 2015 at 4.00pm (GMT).

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## 3. Resolution 1 – Approval for the issue of Securities to Sibo Investment

### 3.1 Background

As announced on ASX on 26 May 2015, Range entered into a subscription agreement (**Subscription Agreement**) with Beijing Sibo Investment Management LP (**Sibo Investment**) which, subject to the terms and conditions summarised below, will result in the Company raising a minimum of US\$20 million and up to US\$35 million (**Transaction**). At the date of this Notice, Sibo Investment has indicated to the Company that it intends to subscribe for a total of US\$30 million, but as per the terms of the Subscription Agreement it may increase its subscription to US\$35 million prior to completion of the Transaction.

### 3.2 About Sibo Investment

Beijing Sibo Investment Management LP is a new investment vehicle headquartered in Beijing, China, which was set up for the purposes of investing into Range. The investors in Sibo Investment are comprised of a number of high net worth individual investors with strong interests in the global energy sector.

### 3.3 Subscription Agreement

The material terms and conditions of the Subscription Agreement are set out below.

#### (a) Share Shares and Sibo Options

Pursuant to the terms of the Subscription Agreement, Sibo Investment will subscribe for up to 2,258,333,333 new Shares at a price of £0.008 (US\$0.012) per Share (**Subscription**), which represents a premium of approximately 48% to the last traded share price of the Company prior to the suspension of Shares from trading on AIM on 11 December 2014 (being the last day of trading before the Subscription Agreement was entered into).

Sibo Investment will also be issued up to 436,250,000 Options. The number of Options will be equivalent to a total of 15% of the aggregate number of the Tranche 1 Subscription Shares and the Tranche 2 Subscription Shares (**Sibo Options**). 53% of the number of SibO Options issued (being up to 232,666,667 SibO Options) will be exercisable at £0.01, on or before that date that is four years from the issue date. 47% of the number of SibO Options issued (being up to 203,583,333 SibO Options) will be exercisable at £0.02, on or before that date that is four years from the issue date.

Further terms and conditions of the SibO Options are set out in Schedule 2.

Subject to the Company obtaining the required Shareholder approvals as set out in this Notice, the Subscription will be completed in two tranches, the first tranche of £5,200,000 (equivalent to approximately US\$7,900,000) (**Tranche 1 Subscription**) and the second tranche of a minimum of US\$12,000,000 and up to US\$27,100,000 (**Tranche 2 Subscription**). Completion of the Tranche 1 Subscription occurred on 9 June 2015.

(b) **Tranche 2 Subscription**

Completion of the Tranche 2 Subscription shall occur no later than 31 August 2015, or such later date as agreed between the parties. On completion of the Tranche 2 Subscription SibO Investment (or its nominees) will be issued the Tranche 2 Subscription Shares and the SibO Options.

(c) **Pre-completion advance**

On agreement between the Company and SibO Investment, SibO Investment may advance a portion of the Tranche 2 Subscription funds to the Company prior to completion of the Tranche 2 Subscription (**Pre-completion Advance**). If a Pre-completion Advance is made by SibO Investment and the Company does not obtain the necessary Shareholder approvals for completion of the Tranche 2 Subscription, the Company must repay any Pre-completion Advance received and pay interest on the amount of the Pre-completion Advance accrued from the payment date at an annual interest rate of 10%.

At the date of this Notice, SibO Investment has agreed to provide a Pre-completion Advance of up to US\$10million. The Company however has not requested or utilized any Pre-completion Advance.

(d) **Conditions Precedent**

At the date of this Notice, the remaining condition precedents to be satisfied for completion of the Transaction are:

- (i) the Company obtaining any necessary Shareholder approvals for completion of the Transaction; and
- (ii) completion of a US\$300,000 Share placement to Directors and Range Management, at the same subscription price as the Subscription. This placement will be pursuant to the Director Share Subscriptions and the Management Share Placement the subject of Resolutions 3 to 7.

The above conditions precedent must be satisfied (or waived) on or before 31 August 2015, or such later date as agreed between the parties.

The Company has received a notice from SibO Investment confirming that they have obtained all regulatory and government approvals required for completion of the Transaction and that this condition precedent has been satisfied.



If either party fails to perform its complete the Tranche 2 Subscription after the conditions precedent have been satisfied, a penalty is payable to the other party of US\$2 million.

(e) **Nominee Directors**

Pursuant to the terms of the Subscription Agreement, Sibio Investment may nominate up to three persons to be appointed as directors of the Company for as so long as Sibio Investment holds at least 10% of the issued share capital of the Company. Sibio Investment may nominate one Director should they hold less than 10% of the issued share capital of the Company (until any subsequent change in control of the Company).

At the date of this Notice, Sibio Investment has indicated that it will not seek to appoint nominee directors on Completion, but may exercise this right in the future. The election or re-election of these nominee directors (as relevant) will be subject to the provisions of the Company's Constitution and other applicable law.

### 3.4 Budget

Following the Transaction, the Company intends to apply funds as follows:

<b>PROPOSED BUDGET</b>	<b>AMOUNT US\$</b>
Existing Cash	10,000,000
Proceeds from Tranche 2 Subscription <sup>(1)</sup>	27,100,000
Proceeds from the Directors & Management Share Placement <sup>(2)</sup>	300,000
<b>Total Cash on completion of Transaction</b>	<b>37,400,000</b>
<b>USE OF FUNDS</b>	
Repayment of debt <sup>(3)</sup>	7,350,000
Refundable security deposit – trade financing deposit with Sinosure for LandOcean \$50m funding	7,500,000
First purchase order with LandOcean Energy Services Co under existing Master Services Agreement	5,000,000
Investment in exploration, development, production & acquisition activities (including provision of performance bonds)	17,000,000
Working Capital	450,000
Transaction Costs	100,000
<b>Total</b>	<b>37,400,000</b>

<sup>(1)</sup> Assuming the maximum potential Tranche 2 Subscription

<sup>(2)</sup> These proceeds will be subject to completion of the Directors and Management Share Placement; the subject of Resolutions 3 to 7.

<sup>(3)</sup> This amount represents the value of the statutory demand of the Lind Debt Facility (including estimated legal fees).

**Note:** The above table is a statement of the Board's current intention as at the date of this Notice. However, Shareholders should note that, as with any budget, the allocation of funds set out in the above table may change depending on a number of factors, including the outcome of operational and development activities, regulatory developments, market and general economic conditions and environmental factors. In light of this, the Board reserves the right to alter the way the funds are applied.

### 3.5 Effect of the Transaction on the Company

#### (a) Capital Structure

Below is a table showing the Company's current capital structure and the possible capital structure on completion of the Tranche 2 Subscription and upon conversion of the SibO Options. This table assumes the Company does not issue any additional Shares and no other Options expire, or are exercised, prior to the date that all of the SibO Options have been exercised.

	Shares	Options
<b>Balance at the date of this Notice</b>	5,767,169,188	723,853,454
<b>Balance following Completion of the Transaction (being the Tranche 2 Subscription and issue of the SibO Options)</b>	8,025,502,521 <sup>(1)</sup>	1,160,103,454 <sup>(1)</sup>
<b>Balance following exercise of the SibO Options</b>	8,461,752,521 <sup>(1)(2)</sup>	723,853,454 <sup>(1)(2)</sup>

(1) This number assumes an exchange rate of GBP1:US\$1.532 (being the exchange rate on 29 May 2015 and the relevant exchange rate to calculate the conversion price pursuant to the terms of the Subscription Agreement).

(2) Assumes all of the SibO Options (and no other Options) are exercised prior to the expiry date of those Options.

#### (b) Voting Power of SibO Investment and its Associates

Under the terms of the Transaction, the Company has agreed to issue Shares and Options to SibO Investment (or its nominees).

As a result of the Tranche 1 Subscription, SibO Investment, currently holds 650,000,000 Shares in the Company.

If all of the SibO Options are exercised (and assuming the Company does not issue any additional Shares and no other Options expire, or are exercised, prior to the date that all of the SibO Options are exercised), SibO Investment and its Associates will hold up to the following number of Shares and Options and exercise the following voting power in the Company.

In addition, Shanghai Anjin Investment Co Ltd, holds an interest of over 20% in the issued capital of SibO Investment, so will also be deemed to have the voting power set out below. Shanghai Anjin Investment Co Ltd is an equity investment company based in Shanghai focused on making investments in the energy industry.

Event causing the Share issue	Number of Shares issued to Sibo Investment or its Associates	% of Share capital held by Sibo Investment or its Associates
Prior to Completion of the Tranche 2 Subscription	650,000,000	11.27%
On Completion of the Tranche 2 Subscription	2,908,333,333 <sup>(1)</sup>	36.24% <sup>(1)</sup>
On exercise of the Sibo Options (following issue of the Tranche 2 Subscription Shares)	3,344,583,333 <sup>(1)(2)</sup>	39.53% <sup>(1)(2)</sup>

(1) This number assumes an exchange rate of GBP1:US\$1.532 (being the exchange rate on 29 May 2015 and the relevant exchange rate to calculate the conversion price pursuant to the terms of the Subscription Agreement).

(2) Assumes all of the Sibo Options and no other Options are exercised prior to the expiry date of those Options.

**(c) Increase or Decrease in Voting Power**

The voting power of Sibo Investment and its Associates in the Company may change as follows:

- (i) Increase in voting power:
  - (A) Transaction of Shares by Sibo Investment or its Associates on and off market. Sibo Investment and its Associates could increase its Shareholding under Section 611, item 9 of the Corporations Act allowing it to acquire 3% every 6 months.
  - (B) Cancellation of Shares held by Shareholders other than Sibo Investment and its Associates.
- (ii) Decrease in voting power:
  - (A) Disposal of Shares held by Sibo Investment or its Associates.
  - (B) Issue of Shares by the Company to Shareholders other than Sibo Investment and its Associates.
  - (C) Exercise of a proportion of Sibo Options rather than all of the Sibo Options.
  - (D) Exercise of other Options by other Option holders.

The Corporations Act and ASIC Regulatory Guide 74 set out a number of regulatory requirements which must be satisfied. These are summarised below.

### **3.6 Variable in Tranche 2 Subscription Amount and potential relevant interest**

Shareholders should note that Sibo Investment has advised the Company that it is likely to subscribe for a Tranche 2 Subscription Amount of US\$22,100,000 (being a total subscription amount under the

Transaction of US\$30,000,000. However, Shareholders should note that Sibo Investment may wish to increase the Tranche 2 Subscription Amount pursuant to the terms of the Subscription Agreement to a maximum amount of US\$27,100,000 prior to completion. As the Tranche 2 Subscription Amount is not yet known it is not possible to provide an exact number of Shares to be issued, or the total increase in the relevant interest of Sibo Investment or its Associates pursuant to the Transaction.

The calculations provided have been based on the maximum Tranche 2 Subscription Amount of US\$27,100,000 to show the potential maximum relevant interest that Sibo Investment or its Associates may obtain in the Company pursuant to the Transaction. If the Tranche 2 Subscription Amount is for a lesser amount, the effect of this would be that Sibo Investment or its Associates may acquire less Shares (and a smaller relevant interest) than the approval of Resolution 1 permits.

### 3.7 ASX Listing Rule 7.1

Listing Rule 7.1 prohibits a listed company from issuing in any 12 month period new securities equivalent in number to more than 15% of the total number of ordinary securities on issue at the beginning of the twelve month period (**15% Capacity**) without either the prior approval of shareholders, or the issue otherwise falls within one of the prescribed exceptions to Listing Rule 7.1.

ASX Listing Rule 7.2 (Exception 16) provides an exception to Listing Rule 7.1 whereby if Shareholder approval is obtained under Item 7 of Section 611 of the Corporations Act (that is, approval for the issue of the Tranche 2 Subscription Shares and Sibo Options), then separate shareholder approval under Listing Rule 7.1 is not required.

Accordingly, if Shareholders approve Resolution 1, the Company will retain the flexibility to issue equity securities in the future up to the 15% annual placement capacity set out in ASX Listing Rule 7.1 without the requirement to obtain prior Shareholder approval.

### 3.8 Item 7 of Section 611 of the Corporations Act

- (a) Section 606 of the Corporations Act prohibits a person acquiring a relevant interest in the issued voting shares of the Company if, because of the Transaction, that person's or another person's voting power in the Company increases from:
  - (i) 20% or below to more than 20%; or
  - (ii) a starting point that is above 20% and below 90%.
- (b) The voting power of a person in the Company is determined by reference to section 610 of the Corporations Act. A person's voting power in the Company is the total of the votes attaching to the Shares in the Company in which that person and that person's associates (within the meaning of the Corporations Act) have a relevant interest.
- (c) Under section 608 of the Corporations Act, a person will have a relevant interest in Shares if:
  - (i) the person is the registered holder of the Shares;
  - (ii) the person has the power to exercise or control the exercise of votes or disposal of the Shares; or
  - (iii) the person has over 20% of the voting power in a company that has a relevant interest in Shares, then the person has a relevant interest in said Shares.
- (d) For the purpose of determining who is an associate you need to consider section 12 of the Corporations Act. Any reference in chapters 6 to 6C of the Corporations Act to an associate is as that term is defined in section 12. The definition of 'associate' in section 12 is exclusive. If a person is an associate under section 11, 13 or 15 of the Corporations Act then it does not apply

to chapters 6 to 6C. A person is only an associate for the purpose of chapter 6 to 6C if he is an associate under section 12.

- (e) A person (second person) will be an associate of the other person (first person) if:
  - (i) the first person is a body corporate and the second person is:
    - (A) A body corporate the first person controls;
    - (B) A body corporate that controls the first person: or
    - (C) A body corporate that is controlled by an entity that controls the first person;
  - (ii) the second person has entered, or proposes to enter into, a relevant agreement with the first person for the purpose of controlling or influencing the composition of the board of a body corporate or the conduct of the affairs of a body corporate; and
  - (iii) the second person is a person with whom the first person is acting or proposes to act, in concert in relation to the affairs of a body corporate.
- (f) The Corporations Act defines 'control' and 'relevant agreement' very broadly as follows:
  - (i) Under section 50AA of the Corporations Act control means the capacity to determine the outcome of decisions about the financial and operating policies of the Company. In determining the capacity you need to take into account the practical influence a person can exert and any practice or pattern of behaviour affecting the financial or operating policies of the Company.
  - (ii) Under section 9 of the Corporations Act relevant agreement means an agreement, arrangement or understanding:
    - (A) whether formal or informal or partly informal and partly informal;
    - (B) whether written or oral or partly written and partly oral; and
    - (C) whether or not having legal or equitable force and whether or not based on legal or equitable rights.
- (g) Associates are determined as a matter of fact. For example where a person controls or influences the Board or the conduct of the Company's business affairs, or acts in concert with a person in relation to the entity's business affairs.
- (h) Section 611 of the Corporations Act has exceptions to the prohibition in section 606 of the Corporations Act (**Prohibition**). Item 7 of section 611 of the Corporations Act provides a mechanism by which Shareholders may approve an issue of Shares to a person which results in that person's or another person's voting power in the Company increasing from:
  - (i) 20% or below to more than 20%; or
  - (ii) a starting point that is above 20% and below 90%.
- (i) To comply with the requirements of the Corporations Act (as contained in ASIC Regulatory Guide 74), the Company provides the information in Section 3.10 of the Explanatory Memorandum to Shareholders in relation to Resolution 1.

### 3.9 Reason Section 611 Approval is required

Resolution 1 seeks Shareholder approval, for the purpose of Item 7 of Section 611 of the Corporations Act, to allow the Company to issue the Tranche 2 Subscription to Sibio Investment and its Associates which will result in the deemed voting power of Sibio Investment and its Associates in the Company increasing to more than 20%, and to allow the Company to issue Shares on exercise of the Sibio Options.

Item 7 of Section 611 of the Corporations Act provides an exception to the Prohibition, whereby a person may acquire a relevant interest in a company's voting shares with shareholder approval.

### 3.10 Specific Information required by Section 611 Item 7 of the Corporations Act and ASIC Regulatory Guide 74

The following information is required to be provided to Shareholders under the Corporations Act and ASIC Regulatory Guide 74 in respect of obtaining approval for Item 7 of Section 611 of the Corporations Act. Shareholders are also referred to the Independent Expert's Report prepared by RSM Bird Cameron annexed to this Explanatory Statement.

(a) **The identity of Sibio Investment, its Associates and any person who will have a relevant interest in the Shares to be allotted to Sibio Investment or its Associates**

Beijing Sibio Investment Management LP is a new investment vehicle headquartered in Beijing, China, which was set up for the purposes of investing into Range. The investors in Sibio Investment are comprised of a number of high net worth individual investors with strong interests in the global energy sector.

In addition, Shanghai Anjin Investment Co Ltd, has a relevant interest in the Shares (including any Shares issued on exercise of the Sibio Options) to be allotted to Sibio Investment as the company holds an interest exceeding 20% of Sibio Investment.

(b) **Full particulars (including the number and percentage) of the shares in the Company to which Sibio Investment and its Associates will be entitled immediately before and after the Transaction**

Sibio Investment currently holds 650,000,000 Shares in the Company. These Shares were issued pursuant to the Tranche 1 Subscription. No Associates of Sibio Investment hold any Shares in the Company.

Refer to Section 3.5(b) for full particulars (including the number and percentage) of Shares in which Sibio Investment (and its Associates) and Shanghai Anjin Investment Co Ltd has, or will have, a relevant interest in immediately before and after the Tranche 2 Subscription and after exercise of the Sibio Options (assuming all of the Sibio Options are exercised).

(c) **The identity, associations (with the Company, Sibio Investment or any of their associates) and qualifications of any person who is intended to become a director if Shareholders agree to the Transaction**

Pursuant to the terms of the Subscription Agreement, Sibio Investment may nominate up to three persons to be appointed as directors of the Company for as so long as Sibio Investment holds at least 10% of the issued share capital of the Company. Sibio Investment may nominate one Director should they hold less than 10% of the issued share capital of the Company (until any subsequent change in control of the Company).

At the date of this Notice, Sibio Investment has advised the Company that it does not wish to appoint nominee directors, but may exercise this right in the future. The election or re-election of these nominee directors (as relevant) will be subject to the provisions of the Company's Constitution and other applicable law.

(d) **Sibo Investment's intentions regarding the future of the Company if Shareholders agree to the Transaction and the allotment of Shares and Options to Sibco Investment and/or its Associates**

Sibo Investment and/or its Associates will be a Shareholder in the Company following Completion of the Transaction and:

- (i) there is no intention to change the business of the Company;
- (ii) there is no intention to inject further capital into the Company (other than as disclosed in this Notice);
- (iii) there is no intention to change the future employment of the present employees of the Company;
- (iv) there is no proposal whereby any property will be transferred between the Company and Sibco Investment or and its Associates; and
- (v) there is no intention to otherwise redeploy any of the fixed assets of the Company.

These intentions are based on information concerning the Company, its business and the business environment which is known to Sibco Investment at the date of this document.

These present intentions may change as new information becomes available, as circumstances change or in the light of all material information, facts and circumstances necessary to assess the operational, commercial, taxation and financial implications of those decisions at the relevant time.

(e) **Particulars of the terms of the proposed allotment of Shares and Options and any contract or proposed contract between Sibco Investment and the Company or any of their Associates which is conditional upon, or directly or indirectly dependent on, Shareholders agreement to the allotment of Shares to Sibco Investment and its Associates pursuant to the Transaction**

The terms of the Subscription Agreement governing the issue of the Shares and Options are set out in Section 3.3.

Other than the Subscription Agreement, there are no contracts or proposed contracts between Sibco Investment and the Company or any of their associates which are conditional upon, or directly or indirectly dependent on, Shareholder agreement to the issue of the Shares and/or the Sibco Options to Sibco Investment or its Associates pursuant to the Transaction.

(f) **When the allotment of Shares under the Subscription Agreement is to be made**

The Tranche 2 Subscription and Sibco Options will be issued to Sibco Investment or its Associates on Completion. Completion is expected to occur shortly after approval of the Transaction by Shareholders.

(g) **An explanation of the reasons for the proposed allotment of Shares and Sibco Options to Sibco Investment and its Associates**

The Tranche 2 Subscription and Sibco Options will be issued to Sibco Investment, its Associates or its nominees on completion of the Tranche 2 Subscription pursuant to the terms of the Subscription Agreement.

(h) **The interests of the Directors in Resolution 1**

None of the Directors have an interest in Resolution 1.

- (i) **Identity of the Directors who approved or voted against the proposal to put Resolution 1 to Shareholders and the Explanatory Memorandum**  
  
All of the Directors voted in favour of the proposal to put the Transaction to the approval of Shareholders.
- (j) **Any intention of Sibor Investment to change significantly the financial or dividend policies of the Company**  
  
Sibor Investment does not intend to change significantly the financial or dividend policies of the Company at this time.
- (k) **Recommendation or otherwise of each Director as to whether Shareholders should agree to the proposed allotment and the reasons for the recommendation or otherwise**  
  
See Section 3.15 of this Explanatory Memorandum.
- (l) **An analysis of whether the proposed allotment of Shares and Sibor Options pursuant to the Transaction is fair and reasonable when considered in the context of the interests of the Shareholders other than Sibor Investment and its Associates.**  
  
See Section 3.15 of this Explanatory Memorandum.

### 3.11 Advantages of the Transaction

The Directors are of the view that the following non-exhaustive list of advantages may be relevant to a Shareholder's decision on how to vote in relation to the Transaction:

- (a) it will allow the Company to continue as a going concern, particularly given the Company's limited cash resources and current financial obligations;
- (b) it provides for the ongoing funding of the Company to develop its Trinidad operations;
- (c) it provides access to a US\$50 million financing facility made available by LandOcean Energy Services Co Ltd to be applied to the development of the Trinidad assets, including the waterflood program; and
- (d) will allow the Company increased financial capacity that could be applied to future growth opportunities.

### 3.12 Disadvantages of the Transaction

The Directors are of the view that the following non-exhaustive list of disadvantages may be relevant to a Shareholder's decision on how to vote in relation to the Transaction:

- (a) there is no guarantee of the market value of the Company's shares upon completion of the Transaction;
- (b) should the Tranche 2 Subscription be completed and/or the Sibor Options be exercised, Shareholders will have their voting power reduced. Consequently, the ability of existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets will be reduced accordingly;
- (c) Sibor Investment and its Associates may acquire an interest of up to 36.17% in the Company. Therefore, Sibor Investment and its Associates will be able to block special resolutions and will be able to have a significant influence over ordinary resolutions. In addition, Sibor Investment may nominate up to three persons to be nominated as non-executive directors of the Company; and



- (d) the amount of the Tranche 2 Subscription is not known and therefore the exact level of potential dilution to Shareholders cannot be measured. However, the maximum Tranche 2 Subscription will be for an amount of US\$27,100,000 which has been provided for in this Notice.

### **3.13 Independent Expert's Report**

The Independent Expert's Report assesses whether the issue of the Tranche 2 Subscription and the issue of Shares on exercise of the Sibo Options outlined in Resolution 1 is fair and reasonable to the Shareholders who are not associated with Sibo Investment.

The Independent Expert's Report also contains an assessment of the advantages and disadvantages of the proposed issue of the Tranche 2 Subscription and the issue of Shares on exercise of the Sibo Options the subject of Resolution 1. This assessment is designed to assist all Shareholders in reaching their voting decision.

The Independent Expert has provided the Independent Expert's Report and has provided an opinion that it believes the proposal as outlined in Resolution 1 IS **NOT FAIR BUT REASONABLE** to the Shareholders of the Company not associated with Sibo Investment. It is recommended that all Shareholders read the Independent Expert's Report in full.

The Independent Expert's Report is enclosed with this Notice of Meeting at Annexure 1.

### **3.14 Pro forma balance sheet**

A pro forma balance sheet of the Company post the completion of the Transaction is set out in Schedule 3.

### **3.15 Interests and Recommendations of Directors**

None of the current Board members have a material personal interest in the outcome of Resolution 1 other than their interests arising solely in their capacity as Shareholders of the Company. Each of the Directors who holds Shares in the Company (or whose associated entities hold Shares) and is entitled to vote will vote their Shares in favour of the Transaction.

All of the Directors are of the opinion that the Transaction is in the best interests of Shareholders and, accordingly, the Directors unanimously recommend that Shareholders vote in favour of Resolution.

The Director's recommendations are based on the reasons outlined in Section 3.11 above.

The Directors are not aware of any other information other than as set out in this Notice of Meeting that would be reasonably required by Shareholders to allow them to make a decision whether it is in the best interests of the Company to pass Resolution 1.

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## **4. Resolution 2 - Ratify the issue of Shares to Sibo Investment**

### **4.1 General**

On 9 June 2015, the Company issued 650,000,000 Shares at an issue price of £0.008 (US\$0.012) each to Sibo Investment pursuant to the Tranche 1 Subscription.

The Tranche 1 Subscription Shares were issued within the Company's 15% annual limit permitted under Listing Rule 7.1 without the need for Shareholder approval. A summary of Listing Rule 7.1 is provided in Section 3.7.

Listing Rule 7.4 provides that where a company in general meeting ratifies a previous issue of securities made pursuant to Listing Rules 7.1 and 7.1A (and provided that the previous issue did not breach Listing

Rule 7.1) the issue of those securities will be deemed to have been with shareholder approval for the purpose of Listing Rule 7.1.

Resolution 2 seeks Shareholder approval for the ratification of the issue of the Tranche 1 Subscription Shares pursuant to Listing Rule 7.4. The effect of Shareholders passing Resolution 2 will be to restore the Company's ability to issue securities within the 15% placement capacity under Listing Rule 7.1 during the next 12 months without obtaining prior Shareholder approval.

Resolution 2 is an ordinary resolution.

## **4.2 Information required by Listing Rule 7.5**

For the purposes of Listing Rule 7.5 information regarding the issue of the Tranche 1 Subscription Shares is provided as follows:

- (a) 650,000,000 were issued pursuant to the Tranche 1 Subscription.
- (b) The Shares were issued at £0.008 (US\$0.012) each.
- (c) The Tranche 1 Subscription Shares comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
- (d) The Tranche 1 Subscription Shares were issued to Sibor Investment.
- (e) The funds raised from the issue of the Tranche 1 Subscription Shares will be used by the Company to fund investment in exploration, development & acquisition activities in Trinidad, repayment of the Lind debt and working capital.
- (f) A voting exclusion statement is included in the Notice.

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## **5. Resolutions 3 to 6 – Approval for Director Share Subscription**

### **5.1 Background**

Pursuant to Resolutions 3 to 6, the Company proposes to issue a total of 18,500,000 Shares to Mr Yan Liu, Mr David Chen, Mr Zhiwei Gu and Ms Juan Wang (who are all Directors), and/or their nominees at an issue price of £0.008 per Share (**Director Share Subscription**). The purpose of the Director Share Subscription is to satisfy one of the conditions precedent to the Tranche 2 Subscription. Further details of this are set out in Section 3.3(d).

### **5.2 ASX Listing Rules**

Listing Rule 10.11 requires shareholder approval to be obtained where an entity issues, or agrees to issue, securities to a related party, or a person whose relationship with the entity or a related party is, in ASX's opinion, such that approval should be obtained, unless an exception in ASX Listing Rule 10.12 applies.

A summary of Listing Rule 7.1 is set out in Section 3.7. Approval pursuant to Listing Rule 7.1 is not required in order to issue the Shares as approval is being obtained under ASX Listing Rule 10.11.

By obtaining shareholder approval sought through this resolution, the Company retains the ability to issue further shares or options of up to 15% of its ordinary shares under Chapter 7 of the ASX Listing Rules to take advantage of opportunities to obtain further funds if required and available in the future.

Each of the Directors whom Shares will be issued is a related party of the Company by virtue of being a director of the Company.

The Board (other than each Director in relation to the approval for their participation in the Director Share Subscription, in which case they decline to make a recommendation) supports the participation of Directors in the Director Share Subscription.

Resolutions 3 to 6 are ordinary resolutions.

### **5.3 Related Party Approval**

Pursuant to Chapter 2E of the Corporations Act, a public company cannot give a 'financial benefit' to a 'related party' unless one of the exceptions to the section apply or shareholders have in a general meeting approved the giving of that financial benefit to the related party.

Section 210 of the Corporations Act provides that one of the exceptions to the requirement to obtain shareholder approval for giving a financial benefit to a related party is where the benefit is given on arm's length terms, that is on terms that:

- (a) would be reasonable in the circumstances if the public company and the related party were dealing at arm's length; or
- (b) are less favourable to the related party than the terms referred to in paragraph (a).

The Company considers that the proposed issue of securities the subject of Resolutions 3 to 6 will be on arm's length terms and, as such, fall within the exception set out in section 210 of the Corporations Act. The Company has reached this view as the subscription price of £0.008 per Share for the Director Share Subscription is the same as the subscription price to be paid by Sibio Investment pursuant to the terms of the Tranche 1 Subscription and Tranche 2 Subscription.

### **5.4 Information required by Listing Rule 10.13**

For the purposes of Listing Rule 10.13, information regarding the issue of the Shares is provided as follows:

- (a) The Shares will be issued to Mr Yan Liu, Mr David Chen, Mr Zhiwei Gu and Ms Juan Wang, and/or their nominees.
- (b) The maximum number of Shares the Company can issue to each of the Directors and/or their nominees under Resolutions 3 to 6 is as follows:
  - (i) Mr Yan Liu – 6,333,333 Shares; and
  - (ii) Mr David Chen – 8,000,000 Shares;
  - (iii) Mr Zhiwei Gu - 2,083,333 Shares; and
  - (iv) Ms Juan Wang – 2,083,333 Shares.
- (c) The Company will issue the Shares to the relevant Directors and/or their nominees no later than one month after the Meeting (or such later date to the extent permitted by any ASX waiver or modification of the Listing Rules) and it is anticipated the Shares will be issued on one date.
- (d) The Director Share Subscription Shares will be issued at an issue price of £0.008 (being the equivalent of US\$0.012) per Share.
- (e) The funds raised from the issue will be used by the Company to fund investment in exploration, development & acquisition activities in Trinidad.
- (f) A voting exclusion statement is included in the Notice.

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## 6. Resolution 7 – Approval for Management Share Placement

Resolution 7 seeks approval for the issue of up to 6,500,000 Shares to Range Management (and/or their nominees) at an issue price of £0.008 (being the equivalent of US\$0.012) per Share (**Management Share Placement**). The purpose of the Share placement to Range Management is to satisfy one of the conditions precedent to the Tranche 2 Subscription. Further details of this are set out in Section 3.3(d).

Resolution 7 is an ordinary resolution.

### 6.1 Information required by Listing Rule 7.3

For the purposes of Listing Rule 7.3, information regarding the issue of the Management Placement Shares is provided as follows:

- (a) The maximum number of Shares that the Company may issue under the Management Share Placement is 6,500,000.
  - (b) The Management Placement Shares may be issued no later than three months after the date of the Meeting (or such later date to the extent permitted by an ASX waiver or modification of the Listing Rules). The Management Placement Shares will be issued on one date.
  - (c) The Management Placement Shares will be issued at an issue price of £0.008 (US\$0.12) per Share.
  - (d) The Management Placement Shares will be issued to Range Management (or their nominees), none of who will be related parties of the Company.
  - (e) The Management Placement Shares will comprise fully paid ordinary shares of the Company ranking equally with all other fully paid ordinary shares of the Company.
  - (f) The funds raised from the issue will be used by the Company to fund investment in exploration, development & acquisition activities in Trinidad.
  - (g) A voting exclusion statement is included in the Notice.
-

## Schedule 1 - Definitions

**ASIC** means Australian Securities and Investments Commission.

**Associate** means has the meaning described in Section 3.8 and as otherwise defined in the Corporations Act.

**ASX** means ASX Limited (ACN 008 624 691) and, where the context permits, the Australian Securities Exchange operated by ASX.

**Board** means the board of Directors.

**Chairman** means the person appointed to chair the Meeting.

**Company** or **Range** means Range Resources Limited ACN 002 522 009.

**Constitution** means the constitution of the Company.

**Corporations Act** means the Corporations Act 2001 (Cth).

**DI Holder** means a DI holder.

**DI** means a depository interest representing a Share listed (or to be listed) on the AIM Market of the London Stock Exchange.

**Director** means a director of the Company.

**Explanatory Memorandum** means the explanatory memorandum attached to the Notice.

**GMT** means Greenwich Mean Time, being the time in London, United Kingdom.

**Group** means the Company and its subsidiaries.

**Lind Debt Facility** means the debt facility advanced to the Company by Lind Asset Management LLC.

**Listing Rules** means the listing rules of ASX.

**Meeting** has the meaning in the introductory paragraph of the Notice.

**Notice** means this notice of meeting.

**Noteholder** means the holder of an Option.

**Option** means an option which entitles the holder to subscribe for one Share.

**Proxy Form** means the proxy form attached to the Notice.

**Range Management** means executives, employees or consultants of the Company, excluding any Director.

**Resolution** means a resolution contained in this Notice.

**Schedule** means a schedule to this Notice.

**Section** means a section contained in this Explanatory Memorandum.

**Share** means a fully paid ordinary share in the capital of the Company.

**Shareholder** means a shareholder of the Company.

**Sibo Option** means an Option issued on the terms set out in Schedule 2.

**Trading Day** means a day determined by ASX to be a trading day in accordance with the Listing Rules.

**VWAP** means volume weighted average price.

**WST** means Western Standard Time, being the time in Perth, Western Australia.

In this Notice, words importing the singular include the plural and vice versa.

## Schedule 2 Terms and Conditions of SibO Options

The following terms and conditions of the SibO Options are as follows:

- (a) **SibO Option entitlement:** Each SibO Option issued entitles the holder to subscribe for one Share upon receipt by the Company of a SibO Option Notice duly executed by the holder and payment of the SibO Option Price at any time following issue of the SibO Option but before 5.00pm (London time) on the SibO Option Expiry Date (**SibO Option Exercise Period**).
- (b) **Exercise of SibO Options:** SibO Options must be exercised in tranches of not less than 10,000,000 SibO Options or, if less, any balancing amount in respect of the last tranche of any SibO Options held by the holder.
- (c) **Not transferrable:** The holder may not transfer the SibO Options to any other entity.
- (d) **Method of exercising SibO Options:** SibO Options may be exercised by:
  - (1) the holder delivering to the Company before 5:00pm on the SibO Option Expiry Date a SibO Option Notice duly executed by the holder specifying the number of SibO Options being exercised, which must not be less than the number specified in paragraph (b) above; and
  - (2) the holder paying to the Company in Immediately Available Funds of the total SibO Option Price for the SibO Options being exercised.
- (e) **Issue of Shares by Company:** The Company must, within 5 Business Days of receiving a duly executed SibO Option Notice and payment of the applicable SibO Option Price in accordance with paragraph (d) above from the holder:
  - (1) issue, or cause to be issued, to the holder the number of Shares corresponding to the number of SibO Options specified in the holder's SibO Option Notice; and
  - (2) issue, or cause to be issued, to the holder a holding statement for the number of Shares.
- (f) **Quotation:** As soon as practicable and, in any event, within 2 Business Days following the issue of Shares on exercise of SibO Options, the Company must:
  - (1) apply to ASX for official quotation of the Shares; and
  - (2) give to ASX a notice under section 708A(5)(e) of the Corporations Act, unless it cannot meet the criteria in "case 1" of section 708A of the Corporations Act, in which case the Company will comply with the criteria in "case 2" of section 708A of the Corporations Act and issue a disclosure document under chapter 6D.2 of the Corporations Act as soon as reasonably practicable after the date of exercise of the SibO Options and in any event within 20 Business Days of that date (and until the Company has issued the disclosure document, the holder may only transfer the relevant Shares to a person satisfying the requirements of section 708(8), (10) or (11) of the Corporations Act.
- (g) **Corporations Act:** The holder acknowledges and must comply with Chapter 6 of the Corporations Act in respect of the exercise of any SibO Options.
- (h) **Constitution:** On issue of Shares on exercise of SibO Options, the holder agrees to be bound by the Constitution.
- (i) **Ranking of Shares:** All Shares issued on exercise of SibO Options will be issued as fully paid and will rank equally in all respects with the other Shares on issue in the capital of the Company as at the date of issue.
- (j) **No dividends:** A SibO Option does not confer any rights to dividends.
- (k) **Participation in new issues:** A SibO Option does not confer any right on the holder to participate in a new issue unless the holder exercises the SibO Option before the record date for the issue.
- (l) **Bonus issues:** If there is a bonus issue to holders of Shares, then the number of Shares over which any outstanding SibO Option is exercisable will be adjusted in the manner provided for in the ASX Listing Rules.

- (m) **Pro rata issues:** If there is a pro rata issue (other than a bonus issue) to the holders of Shares, then the SibO Option Price of any outstanding SibO Option will be adjusted in the manner provided for in the ASX Listing Rules.
- (n) **Reorganisation of capital:** If the Company reorganises its capital, the rights attaching to the SibO Options will be changed to the extent necessary to comply with the ASX Listing Rules applying to a reorganisation of capital at the time of the reorganisation.
- (o) **Variation of terms:** Subject to the ASX Listing Rules, these terms and conditions of the SibO Options may be varied at any time by written agreement between the Company and the holder.



### Schedule 3 - Pro-forma Balance Sheet

Range	As at	Subsequent Events	Proforma Adjustments	Proforma as at
Pro-forma financial position	31-May-15 <i>Unaudited</i> US\$	US\$	US\$	31-May-15 <i>Pro-forma</i> US\$
<b>CURRENT ASSETS</b>				
Cash and cash equivalents	2,548,676	7,900,000	27,000,000	37,448,676
Trade and other receivables	5,550,722			5,550,722
Other current assets	2,518,445			2,518,445
	<u>10,617,843</u>	<u>7,900,000</u>	<u>27,000,000</u>	<u>45,517,843</u>
Asset classified as held for sale	5,000,000			5,000,000
<b>TOTAL CURRENT ASSETS</b>	<b>15,617,843</b>	<b>7,900,000</b>	<b>27,000,000</b>	<b>50,517,843</b>
<b>NON-CURRENT ASSETS</b>				
Deferred tax asset	283,478			283,478
Available for sale financial assets	134,188			134,188
Goodwill	46,198,975			46,198,975
Property, plant and equipment	1,518,332			1,518,332
Exploration & evaluation expenditure	670,076			670,076
Producing assets	89,473,390			89,473,390
Investments in Associates	2,179,358			2,179,358
Other non-current assets	1,000,000			1,000,000
<b>TOTAL NON-CURRENT ASSETS</b>	<b>141,457,797</b>	<b>-</b>	<b>-</b>	<b>141,457,797</b>
<b>TOTAL ASSETS</b>	<b>157,075,640</b>	<b>7,900,000</b>	<b>27,000,000</b>	<b>191,975,640</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	10,571,742			10,571,742
Current tax liabilities	71,456			71,456
Borrowings	7,212,608			7,212,608
Option liability	425,621			425,621
Provision	888,428			888,428
<b>TOTAL CURRENT LIABILITIES</b>	<b>19,169,855</b>	<b>-</b>	<b>-</b>	<b>19,169,855</b>
<b>NON-CURRENT LIABILITIES</b>				
Deferred tax liabilities	44,181,140			44,181,140
Employee service benefit	515,416			515,416
<b>TOTAL NON-CURRENT LIABILITIES</b>	<b>44,696,556</b>	<b>-</b>	<b>-</b>	<b>44,696,556</b>
<b>TOTAL LIABILITIES</b>	<b>63,866,411</b>	<b>-</b>	<b>-</b>	<b>63,866,411</b>
<b>NET ASSETS</b>	<b>93,209,229</b>	<b>7,900,000</b>	<b>27,000,000</b>	<b>128,109,229</b>
<b>EQUITY</b>				
Contributed equity	356,600,701	7,900,000	27,000,000	391,500,701
Reserves	31,416,472			31,416,472
Accumulated losses	(294,807,944)			(294,807,944)
<b>TOTAL EQUITY</b>	<b>93,209,229</b>	<b>7,900,000</b>	<b>27,000,000</b>	<b>128,109,229</b>

The pro-forma Statement of Financial Position includes the following pro-forma adjustments

1. The inclusion in cash and cash equivalents of the proceeds received from the Placement to Sibo Investment of the Tranche 1 (subsequent event) and Tranche 2 (pro-forma) Placements totalling US\$35 million, less transaction costs
2. The inclusion in contributed equity of the value of the Placement shares (less transaction costs)
3. Assumes the maximum investment is made by Sibo Investment
4. Proceeds of US\$300,000 from Share Placement to Directors and Range Management excluded from this pro-forma.



**RSM Bird Cameron Corporate Pty Ltd**

**Range Resources Limited**

**Financial Services Guide and  
Independent Expert's Report**

**July 2015**

## Financial Services Guide

RSM Bird Cameron Corporate Pty Ltd ABN 82 050 508 024 ("RSM Bird Cameron Corporate Pty Ltd" or "we" or "us" or "ours" as appropriate) has been engaged to issue general financial product advice in the form of a report to be provided to you.

In the above circumstances we are required to issue to you, as a retail client, a Financial Services Guide ("FSG"). This FSG is designed to help retail clients make a decision as to their use of the general financial product advice and to ensure that we comply with our obligations as financial services licensees.

This FSG includes information about:

- who we are and how we can be contacted;
- the services we are authorised to provide under our Australian Financial Services Licence, Licence No 255847;
- remuneration that we and/or our staff and any associates receive in connection with the general financial product advice;
- any relevant associations or relationships we have; and
- our complaints handling procedures and how you may access them.

### Financial services we are licensed to provide

We hold an Australian Financial Services Licence, which authorises us to provide financial product advice in relation to:

- deposit and payment products limited to:
  - (a) basic deposit products;
  - (b) deposit products other than basic deposit products.
- interests in managed investments schemes (excluding investor directed portfolio services); and
- securities (such as shares and debentures).

We provide financial product advice by virtue of an engagement to issue a report in connection with a financial product of another person. Our report will include a description of the circumstances of our engagement and identify the person who has engaged us. You will not have engaged us directly but will be provided with a copy of the report as a retail client because of your connection to the matters in respect of which we have been engaged to report.

Any report we provide is provided on our own behalf as a financial services licensee authorised to provide the financial product advice contained in the report.

### General Financial Product Advice

In our report we provide general financial product advice, not personal financial product advice, because it has been prepared without taking into account your personal objectives, financial situation or needs.

You should consider the appropriateness of this general advice having regard to your own objectives, financial situation and needs before you act on the advice. Where the advice relates to the acquisition or possible acquisition of a financial product, you should also obtain a product disclosure statement relating to the product and consider that statement before making any decision about whether to acquire the product.

### Benefits that we may receive

We charge fees for providing reports. These fees will be agreed with, and paid by, the person who engages us to provide the report. Fees will be agreed on either a fixed fee or time cost basis.

Except for the fees referred to above, neither RSM Bird Cameron Corporate Pty Ltd, nor any of its directors, employees or related entities, receive any pecuniary benefit or other benefit, directly or indirectly, for or in connection with the provision of the report.

#### **Remuneration or other benefits received by our employees**

All our employees receive a salary.

#### **Referrals**

We do not pay commissions or provide any other benefits to any person for referring customers to us in connection with the reports that we are licensed to provide.

#### **Associations and relationships**

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron, a large national firm of chartered accountants and business advisers. Our directors are partners of RSM Bird Cameron Partners.

From time to time, RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners, RSM Bird Cameron and / or RSM Bird Cameron related entities may provide professional services, including audit, tax and financial advisory services, to financial product issuers in the ordinary course of its business.

#### **Complaints Resolution**

##### *Internal complaints resolution process*

As the holder of an Australian Financial Services Licence, we are required to have a system for handling complaints from persons to whom we provide financial product advice. All complaints must be in writing, addressed to The Complaints Officer, RSM Bird Cameron Corporate Pty Ltd, P O Box R1253, Perth, WA, 6844.

When we receive a written complaint we will record the complaint, acknowledge receipt of the complaint within 15 days and investigate the issues raised. As soon as practical, and not more than 45 days after receiving the written complaint, we will advise the complainant in writing of our determination.

##### *Referral to External Dispute Resolution Scheme*

A complainant not satisfied with the outcome of the above process, or our determination, has the right to refer the matter to the Financial Ombudsman Service ("FOS"). FOS is an independent company that has been established to provide free advice and assistance to consumers to help in resolving complaints relating to the financial services industry.

Further details about FOS are available at the FOS website or by contacting them directly via the details set out below.

Financial Ombudsman Service  
GPO Box 3  
Melbourne VIC 3001  
Toll Free: 1300 78 08 08  
Facsimile: (03) 9613 6399  
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## Independent Expert's Report

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24 July 2015

The Directors  
Range Resources Limited  
Ground Floor  
BGC Centre  
28 The Esplanade  
Perth WA 6000

Dear Directors

## Independent Expert's Report

### 1. Introduction

- 1.1. This Independent Expert's Report (the "Report" or "IER") has been prepared to accompany the Notice of General Meeting and Explanatory Statement ("Notice") to shareholders for a General Meeting of Range Resources ("Range" or "the Company") to be held on or around 27 August 2015, at which, shareholder approval will be sought for the issue of securities under the subscription agreement ("Subscription Agreement") with Beijing Sibio Investment Management LP ("Sibo") which will result in the Company raising a minimum of US\$20 million and a maximum US\$35 million.
- 1.2. Subject to the Company obtaining the required shareholder approvals, the Subscription Agreement will be completed in two tranches, a first tranche of £5.2 million (equivalent to approximately US\$7.9 million) ("Tranche 1 Subscription") and the second tranche of a minimum of US\$12 million and up to US\$27 million ("Tranche 2 Subscription" or "the Proposed Transaction"). Completion of the Tranche 1 Subscription occurred on 5 June 2015.
- 1.3. The key terms of the Proposed Transaction are as follows:
  - Sibio will provide the Tranche 2 Subscription amount of a minimum of US\$12 million and a maximum of US\$27 million no later than 31 August 2015;
  - The remaining number of shares to be issued as part of the investment will be determined at Tranche 2 completion based on a subscription price of £0.008 per share. The number of Range shares that will be issued subject to the Proposed Transaction will change depending on the GBP:USD exchange rate. Based on an exchange rate of 1GBP:1.5USD, between 1,000.0 million and 2,258.3 million Range shares will be issued to Sibio;
  - At the completion of Tranche 2, Range will also issue unlisted options to Sibio, in two tranches totalling 15% of the total shares issued to Sibio (53.3% of the total options issued to Sibio will have an exercise price of £0.01 ("Tranche 1 Options") and 46.7% will have an exercise price of £0.02 ("Tranche 2 Options")). All options will expire four years after the date of issue ("Options");
  - Tranche 2 completion is subject to the subscription of US\$0.3 million in the issued capital in Range at an issue price of £0.008 by Board and Management of Range and is subject Range shareholder approvals and any applicable regulatory approvals; and
  - After all the conditions precedent are met, but in the event that either party fails to complete, a penalty is payable to the other party of US\$2 million.
- 1.4. Sibio currently holds approximately 11.3% of the issued capital of Range following completion of the Tranche 1 Subscription. Based on the exchange rate on 14 July 2015 of 1GBP:1.5USD, Range will issue a minimum

of 1,000.0 million and a maximum of 2,258.3 million Tranche 2 shares, increasing its holding in Range to between 24.3% and 36.1%.

- 1.5. If all the Options are exercised into ordinary shares, Range will issue between approximately 247.5 million and 436.2 million shares. This will result in an increase in Sibo's holding in Range to between 27.0% and 39.4%.
- 1.6. The Directors of Range have requested that RSM Bird Cameron Corporate Pty Ltd ("RSMBCC"), being independent and qualified for the purpose, express an opinion as to whether the Proposed Transaction is fair and reasonable to shareholders not associated with the Proposed Transaction ("Shareholders").
- 1.7. The ultimate decision whether to approve the Proposed Transaction should be based on each Shareholder's assessment of their circumstances, including their risk profile, liquidity preference, tax position and expectations as to value and future market conditions. If in doubt as to the action they should take with regard to the Proposed Transaction, or the matters dealt with in this Report, Shareholders should seek independent professional advice.

## 2. Summary and Conclusion

- 2.1. In our opinion, and for the reasons set out in Sections 10 and 11 of this Report, the Proposed Transaction is **not fair but reasonable** for the Shareholders of Range.

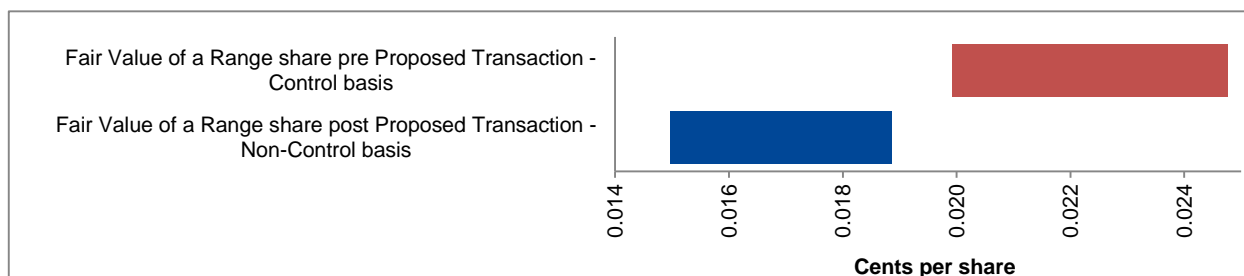
### Fairness

- 2.2. Our assessed values of a Range share prior to and immediately after the Proposed Transaction are summarised in the tables below.

Assessment of fairness	Ref:	Value per Share (minimum subscription)		Value per Share (maximum subscription)	
		Low	High	Low	High
US\$ Basis					
Fair Value of a Range share pre Proposed Transaction - Control basis	8.4	US\$0.015	US\$0.018	US\$0.015	US\$0.018
Fair Value of a Range share post Proposed Transaction - Non-Control basis	9.2	US\$0.011	US\$0.014	US\$0.011	US\$0.013
A\$ Basis					
Fair Value of a Range share pre Proposed Transaction - Control basis	8.4	A\$0.020	A\$0.025	A\$0.020	A\$0.025
Fair Value of a Range share post Proposed Transaction - Non-Control basis	9.2	A\$0.015	A\$0.019	A\$0.015	A\$0.018
£ Basis					
Fair Value of a Range share pre Proposed Transaction - Control basis	8.4	£0.010	£0.012	£0.010	£0.012
Fair Value of a Range share post Proposed Transaction - Non-Control basis	9.2	£0.007	£0.009	£0.007	£0.009

**Table 1:** Assessed values of a Range share pre and post the Proposed Transaction on an undiluted basis

- 2.3. This is shown graphically in AUD below:



**Figure 1:** Range Share Valuation Graphical Representation (Source: RSMBCC Analysis)

- 2.4. We have compared the value per Range Share pre the Proposed Transaction on a control basis to the value of a Range Share post the Proposed Transaction on a non-control basis. Accordingly, our assessment of fairness assumes that the change in equity structure is appropriately recognised.
- 2.5. As the value of a Range share pre the Proposed Transaction is greater than the value of a Range share post the Proposed Transaction, in our opinion the Proposed Transaction is not fair to Shareholders.

### Reasonableness

- 2.6. Regulatory Guide 111 *Content of Experts Reports* ("RG111") issued by the Australian Securities and Investment Commission ("ASIC") establishes that an offer is reasonable if it is fair. It might also be reasonable if, despite not being fair, there are sufficient reasons for the security holders to accept the offer in the absence of any higher bid before the offer closes. In assessing the reasonableness of the Proposed Transaction, we have considered the following factors in our assessment:



- The future prospects of the Company if the Proposed Transaction does not proceed; and
  - Any other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding.
- 2.7. If the Proposed Transaction does not proceed, Range will continue to seek the necessary capital to fund the exploration and development of its oil and gas assets. Range's current cash reserves will mostly be applied to settling the facility previously established with Lind Asset Management LLC. We note that Range's auditor has highlighted that Range requires additional capital in order for it to continue as a going concern.
- 2.8. We note that the current price for a Range share on the AIM market is £0.006. This is a discount to the price that Sibor will pay of £0.008. As such, Range is raising funds at a premium to its current share price.
- 2.9. The key advantages of the Proposed Transaction are:
- The Proposed Transaction will provide sufficient funding for Range to develop its Trinidad asset, including exploration commitments; and
  - The Proposed Transaction will provide sufficient liquidity to gain access to a US\$50 million financing facility made available by LandOcean Energy Services Co Ltd ("LandOcean") to be applied to the waterflood program on the Trinidad asset. This provides additional funding flexibility to fully exploit the Trinidad asset.
- 2.10. The key disadvantages of the Proposed Transaction are:
- The Company's Shareholders will have their voting power reduced. Consequently, the ability of the existing Shareholders to influence decisions, including the composition of the Board or the acquisition or disposal of assets will be reduced accordingly; and
  - As a minimum, Sibor will hold 24.3% of Range. Therefore, Sibor will be able to significantly influence special resolutions and will be able to have a significant influence over ordinary resolutions. In addition, Sibor may nominate three persons to be nominated as non-executive directors of the Company.
- 2.11. We are not aware of any alternative proposals which may provide a greater benefit to the Shareholders of Range at this time.
- 2.12. In our opinion, the position of the Shareholders of Range if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for the Shareholders of Range.

### 3. Summary of Proposed Transaction

#### Overview

3.1. As announced to the ASX on 26 May 2015 Range entered into a Subscription Agreement with Sibor which, subject to the terms and conditions summarised below, will result in the Company raising a minimum of US\$20 million and a maximum of US\$35 million.

3.2. The Subscription Agreement is to take place in two tranches, the key terms of the Subscription Agreement are as follows:

##### Tranche 1

- Sibor provided £5.2 million (approximately US\$7.9 million) in cash;
- Range issued 650 million fully paid ordinary shares to Sibor at an issue price of £0.008 per share;
- On agreement between the parties, a portion of the Tranche 2 sum to be invested can be provided by Sibor to Range prior to Tranche 2 completion ("Pre-completion Advance").
- Completion of Tranche 1 occurred on 5 June 2015

##### Tranche 2

- Sibor will provide the remaining sum of a minimum of US\$12 million and up to US\$27 million in cash no later than 31 August 2015
- The remaining number of shares to be issued as part of the investment will be determined at Tranche 2 completion based on a subscription price of £0.008 per share. The number of shares to be issued is dependent upon the GBP:USD exchange rate prevailing at the time.
- At Tranche 2 completion, Range will also issue unlisted options to Sibor, in two tranches totalling 15% of the total Shares issued to Sibor (53.3% of the options issued to Sibor will have an exercise price of £0.01 and 46.7% will have an exercise price of £0.02). All options will expire four years after the date of issue;
- Tranche 2 completion is subject to subscription by Range's Board and Management in aggregate for US\$0.3 million in cash at £0.008 per share;
- Range can request, and Sibor can provide, advanced funding of some or all of the Tranche 2 Subscription but, in the event that Range shareholder approval is not obtained by 31 August 2015 (or a later date as agreed), Range must repay any advance received and pay interest on the amount of the advance accrued from the payment date at an annual interest rate of 10%;
- After all the conditions precedent are met, but in the event that either party fails to complete, a penalty is payable to the other party of US\$2 million.

3.3. Sibor may nominate three persons to be appointed as non-executive directors of the Company provided Sibor holds a minimum of 10% of the total outstanding shares of the Company. If Sibor hold less than 10% of the issued capital of Range, it may nominate one person to be appointed to the Board. We note that Sibor currently holds 11.3% of the issued capital of Range so is in a position to appoint nominees to the Board at any time.

3.4. Based on the exchange rate of 1GBP:1.5USD, Range will issue between 1,000.0 million and 2,258.3 million shares under the Proposed Transaction and Options to convert into 247.5 million and 436.2 million shares under the Options if converted.

## Rationale for the Proposed Transaction

- 3.5. The purpose of the Proposed Transaction is to provide funding to expedite development of the Trinidad assets. An injection of cash could also provide the security necessary to access a US\$50 million financing facility organised by LandOcean Energy Services Co Ltd ("LandOcean") to be used to finance the waterflood program.

## Impact of Proposed Transaction on Range's Capital Structure

- 3.6. We set out in the table below the impact of the Proposed Transaction, assuming the Placement is completed and the Options are converted.

	Minimum subscription amount			Maximum subscription amount		
	Non-Associated Shareholders	Sibo	Total	Non-Associated Shareholders	Sibo	Total
<b>Shares on issue at the date of this report</b>	<b>5,117,169,188</b>	<b>650,000,000</b>	<b>5,767,169,188</b>	<b>5,117,169,188</b>	<b>650,000,000</b>	<b>5,767,169,188</b>
<i>Percent held at the date of this report</i>	<i>88.7%</i>	<i>11.3%</i>	<i>100.0%</i>	<i>88.7%</i>	<i>11.3%</i>	<i>100.0%</i>
Shares issued under the Proposed Transaction	-	1,000,000,000	1,000,000,000	-	2,258,333,333	2,258,333,333
Shares subscribed for by Directors	25,000,000	-	25,000,000	25,000,000	-	25,000,000
<b>Total shares issued post the Proposed Transaction</b>	<b>5,142,169,188</b>	<b>1,650,000,000</b>	<b>6,792,169,188</b>	<b>5,142,169,188</b>	<b>2,908,333,333</b>	<b>8,050,502,521</b>
<i>Percent held post the Proposed Transaction</i>	<i>75.7%</i>	<i>24.3%</i>	<i>100.0%</i>	<i>63.9%</i>	<i>36.1%</i>	<i>100.0%</i>
Shares issued on conversion of Options	-	247,500,000	247,500,000	-	436,250,000	436,250,000
<b>Total diluted shares issued post the Proposed Transaction</b>	<b>5,142,169,188</b>	<b>1,897,500,000</b>	<b>7,039,669,188</b>	<b>5,142,169,188</b>	<b>3,344,583,333</b>	<b>8,486,752,521</b>
<i>Percent held post the Placement</i>	<i>73.0%</i>	<i>27.0%</i>	<i>100.0%</i>	<i>60.6%</i>	<i>39.4%</i>	<i>100.0%</i>

**Table 2:** Range capital structure post the Proposed Transaction (Source: RSMBCC)

- 3.7. The shares issued pursuant to the Tranche 2 Subscription will give Sibco an interest in the Company of between 24.3% and 36.1% on an undiluted basis. Should the Options be converted, Sibco will hold between 27.0% and 39.4% on an undiluted basis immediately post the conversion of the Options.

## 4. Purpose of this Report

### Corporations Act

- 4.1. Section 606(1) of the Act provides that, subject to limited specified exemptions, a person must not acquire a "relevant interest" in issued voting shares in a public company if, as a result of the acquisition, any person's voting power in the company would increase from 20% or below to above 20%; or a starting point that is above 20% and below 90%. In broad terms, a person has a "relevant interest" in shares if that person holds shares or has the power to control the right to vote or dispose of shares. A person's voting power in a company is the number of voting shares in which the person (and its associates) has a relevant interest compared with the total number of voting shares in a company.
- 4.2. Completion of the Placement will result in Sibo acquiring a "relevant interest" in the Company above 20% and therefore in breach of Section 606(1) of the Act in the absence of an applicable exception.
- 4.3. Section 611, Item 7 of the Act provides an exemption to the rule noted in paragraph 4.1 above. Section 611, Item 7 allows a party (and its associates) to acquire a relevant interest in shares that would otherwise be prohibited under section 606(1) of the Act if the proposed acquisition is approved in advance by a resolution passed at a general meeting of the company, and:
  - (i) no votes are cast in favour of the resolution by the proposed acquirer or respective associates; and
  - (ii) there was full disclosure to shareholders of all information that was known to the proposed acquirer or its associates or known to the company that was material to a decision on how to vote on the resolution.
- 4.4. Section 611 of the Act states that shareholders must be given all information that is material to the decision on how to vote at the meeting. ASIC advises the commissioning of an Independent Expert's Report in such circumstances and provides guidance on the content.
- 4.5. Consequently Range is to hold a meeting of its shareholders where it will seek approval for the Proposed Transaction and the Company has engaged RSMBCC, to prepare a report which sets out our opinion as to whether the Proposed Transaction is fair and reasonable to the Shareholders.
- 4.6. We note that we have performed our analysis on the Tranche 2 Placement and have included the impact of the Options for illustrative purposes as they are out of the money.

### Basis of Evaluation

- 4.7. In determining whether the Proposed Transaction is "fair and reasonable" we have given regard to the views expressed by ASIC in Regulatory Guide 111 Contents of Expert's Reports ("RG 111").
- 4.8. RG 111 provides ASIC's views on how an expert can help security holders make informed decisions about transactions. Specifically, it gives guidance to experts on how to evaluate whether or not a proposed transaction is fair and reasonable.
- 4.9. RG 111 states that the expert report should focus on:
  - the issues facing the security holders for whom the report is being prepared; and
  - the substance of the transaction rather than the legal mechanism used to achieve it.
- 4.10. Where an issue of shares by a company otherwise prohibited under section 606 is approved under item 7 of section 611 and the effect on the company shareholding is comparable to a takeover bid, RG 111 states that the transaction should be analysed as if it was a takeover bid.

- 4.11. RG 111 applies the “fair and reasonable” test as two distinct criteria in the circumstance of a takeover offer, stating:
- A takeover offer is considered “fair” if the value of the offer price or consideration is equal to or greater than the value of the securities that are the subject of the offer; and
  - A takeover offer is considered “reasonable” if it is fair or, where the offer is “not fair”, it may still be “reasonable” if the expert believes that there are sufficient reasons for security holders to accept the offer.
- 4.12. Consistent with the guidelines in RG 111, in determining whether the Proposed Transaction is “fair and reasonable” to the Shareholders, the analysis undertaken is as follows:
- A comparison of the Fair Value of an ordinary share in Range prior to (on a control basis) and immediately following (on a non-control basis) the Proposed Transaction, being the ‘consideration’ for the Shareholders – fairness; and
  - A review of other significant factors which the Shareholders might consider prior to approving the Proposed Transaction – reasonableness.
- 4.13. In particular, we have considered the advantages and disadvantages of the Proposed Transaction in the event that it proceeds or does not proceed including:
- The future prospects of the Company if the Proposed Transaction does not proceed; and
  - Any other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding.

## 5. Profile of Range

### Overview and history

- 5.1. Range is a Perth based public company listed on the ASX and AIM. The Company's key focus is the exploration, development, and production of oil and gas in Trinidad. It also has direct and indirect interests in assets in Guatemala; Colombia and Georgia.
- 5.2. Range was incorporated in 1982 and admitted to the official list of the ASX in January 1985.
- 5.3. A brief overview of the Company's recent history is provided in the table below.

Year	Milestone
2014	<ul style="list-style-type: none"> <li>➤ 3 February, Range cancelled AUD \$100 million proposed acquisition of International Petroleum Limited</li> <li>➤ 22 April, Range forms alliance with LandOcean Energy Services for future projects</li> <li>➤ February, June, August, October and December Range announces management and Board changes</li> <li>➤ 29 September, Range cancelled the acquisition of a 100% working interest in Nugaal basin offshore block from the Puntland Government</li> <li>➤ 30 September, Range received US\$15 million in funding from Lind Asset Management, LLC ("Lind")</li> <li>➤ 2 November, Range announces letter of intent with Core Capital for up to US\$50 million funding</li> <li>➤ 23 December, Range agrees to sell Range Australia Resources (US) to Citation Resources for AUD \$1.7 million leaving interest in Citation at approximately 13%</li> <li>➤ 30 December, Range agrees to sell Range Resources Drilling Services to LandOcean Petroleum for US\$7.2 million including US\$2.8 million for repayment of intercompany loans</li> </ul>
	<ul style="list-style-type: none"> <li>➤ 14 January, Range announces receipt of letter from Lind seeking repayment of the full outstanding amount under the US\$15 million facility.</li> <li>➤ January, March, Range announces Board changes</li> <li>➤ 18 February, Range announced receipt of a statutory demand from Lind demanding repayment of US\$7.2 million.</li> <li>➤ 24 March, Range completed the sale of Range Australia Resources (US) to Citation Resources.</li> <li>➤ 27 March, Range receives shareholder approval for Core Capital funding</li> <li>➤ 1 May, Range completed the sale of Range Resources Drilling Services to LandOcean Petroleum</li> <li>➤ 14 May, Range announces the termination of proposed funding agreement with Core Capital</li> <li>➤ 21 May, Range announces the acquisition of a further interest in the Guayaguayare block from Niko Resources</li> <li>➤ 29 May, Range signs financing agreement for up to \$35 million with Sibor</li> <li>➤ 5 June, Range accounted the receipt of £5.2 million and completion of Tranche 1 of the Subscription Agreement</li> <li>➤ 30 June, Range announces withdrawal from the Nugaal and Dharoor blocks in Puntland, Somalia citing the withdrawal by the JV partner.</li> <li>➤ 2 July, Range application to the Supreme Court of Western Australia to set aside the statutory demand from Lind Asset Management was unsuccessful.</li> </ul>

Table 3: Range history (Source: Range ASX announcements)

## Directors

5.4. A profile of the current board of directors of Range is set out in the table below.

Name	Title	Experience
Mr David Yu Chen	Non-Executive Chairman	Mr Chen has over 15 years of corporate experience, having served as Chief Executive and Board member for companies listed both on US and Chinese stock markets. He founded Huashan Capital in 2009 to specialise in cross border investment transactions in the resources sector. His investment experience includes the establishment of a listed special purpose acquisition fund and venture capital investments. He has served as an independent director at Zhonglu Group, a Shanghai Stock Exchange listed diversified investment holding company, and serves as a director at SmartLink Ltd, a mobile payment service provider in China of which he is a lead investor. Mr Chen is currently the Vice Chairman and President of Hengxing Gold, a Hong Kong Stock Exchange listed gold mining company.
Mr Yan Liu	Chief Executive Officer and Executive Director	Mr Liu, has over 17 years of accounting and corporate advisory experience in China and Australia. Mr Liu was the Chief Financial Officer with AIM listed China Rerun Chemical Group Limited, a China-based lubricant oil company and a partner of Agile Partners, a financial advisory company based in China. Previously, Mr Liu was the Financial Controller at Legalwise Seminars Pty in Australia and he spent 8 years at Chinatex Corporation where he worked in project management positions. Mr Liu holds a Bachelor degree in Economics from Central University of Finance and Economics, China, and a Master degree in Commerce from the University of New South Wales, Australia.
Mr Zhiwei (Kerry) Gu	Non-executive Director	Mr Gu, is an experienced corporate lawyer, who has worked with numerous companies seeking listing approval on various stock markets including Chinese A share, NASDAQ, TSX and HKSE. He is currently a partner of Dacheng Law Offices, the largest law firm in China. During his time with China National Gold Group Corp., Mr Gu was in charge of mineral resource M&A activities. Mr Gu holds a LL.B. from the Jilin University in China; a LL.M. from the Northeast University in China; and a Master of Applied Finance from the Macquarie University in Australia. Mr Gu is a qualified lawyer and securities practitioner in China.
Ms Juan (Kiki) Wang	Non-executive Director	Ms Wang is currently an investment manager at Anterra Energy Inc. where she is responsible for Chinese investor liaisons. Prior to joining Anterra she was manager of corporate mergers and acquisitions at Land Ocean Energy Services Co. Ltd. Ms Wang has a commercial banking background, having previously worked for Deutsche Bank and Bank of East Asia.

**Table 4:** Profile of Range Directors (Source: ASX releases)

## Projects

5.5. The Company is engaged in the exploration of oil and gas projects in Trinidad, Guatemala, Colombia and Georgia. We have included a summary of the assets below.

### *Trinidad*

5.6. Range holds a 100% interest in three onshore production licenses. The asset has independently assessed (by Forrest Garb and Associates) Proved (1P) reserves in place of 19.0 million barrels of oil ("mmbbl") with 28.2 mmbbl of proved, probable and possible (3P) reserves. Range also holds 80% in the Deep Production Sharing Contract and 65% interest in the Shallow Production Sharing Contract in the Guayaguayare block, giving it exposure to prospective onshore and offshore acreage. In addition, Range holds 80% in the St Mary's block contiguous to Range's Morne Diablo and Guayaguayare licenses.

5.7. For the quarter ended 30 June 2015, production from the Trinidad asset is averaging approximately 602 barrels of oil per day ("bopd").

- 5.8. The majority of recent activities in Trinidad have focussed on maintaining production and making incremental production increases through infill drilling and workovers. However, Range is expecting to spud an exploration well in July 2015 in the Guayaguayare block with a P50 unrisked recoverable prospective resource of 8.64 million barrels of oil equivalent (“mmboe”). The well target has been given a 25% probability of success (“GPOS”), resulting in a risked recoverable prospective resource of 2.16 mmboe (net to Range).

#### *Guatemala*

- 5.9. Range has a 20% interest in Latin American Resources (“LAR”). LAR holds an 80-100% interest in two oil and gas development and exploration blocks in Guatemala with Canadian NI 51-101 certified proved plus probable (2P) reserves of 2.3 MMBBL (100% basis). The Guatemala asset is currently on Range’s balance sheet as an investment in associates for US\$2.1 million.

#### *Georgia*

- 5.10. Range has a 45% interest in the unlisted company, Strait Oil and Gas Limited, which holds a 100% interest in onshore block VIa, covering approx. 3,300sq.km.
- 5.11. The Georgian asset is currently on Range’s balance sheet as held for sale assets for US\$5 million.

#### *Colombia*

- 5.12. Range holds 10% interest in three exploration blocks, PUT-5, VMM-7, and VSM-1, located in mature basins of the Putumayo and Magdalena Valleys.

#### **Financial Information**

- 5.13. The financial information provided below has been extracted from the audited financial statements for the year ended 30 June 2014 and the reviewed half-year accounts for the six months ended 31 December 2014.
- 5.14. The Audit Reports for both the year ended 30 June 2014 and half-year ended 31 December 2014 were qualified in relation to the carrying value of the Company’s investment in Strait Oil and Gas (UK) Limited as at 30 June 2014 and 31 December 2014 as the auditors were unable to obtain sufficient evidence as to the carrying value of the investment as at those dates. At 31 December 2014, the investment was written down to its recoverable value of US\$5 million resulting in an impairment expense of US\$5 million for the half-year ended 31 December 2014.
- 5.15. The Audit Report for the half-year ended 31 December 2014 included an emphasis of matter stating that the ability of the consolidated entity to continue as a going concern is dependent upon the successful resolution of the statutory demand issued by Lind Asset Management, LLC (“Lind”) and the ability of the consolidated entity to operate its oil and gas properties profitably, the future successful raising of necessary funding through debt or equity and/or sale of non-core assets.



## Financial Performance

5.16. The financial performance of Range for the years ended 30 June 2013 ("FY13") and 30 June 2014 ("FY14") and the six months ended 31 December 2014 is set out in the table below.

Range Income statement	Ref:	6 months to 31-Dec-14 <i>Reviewed</i> US\$	Year ended 30-Jun-14 <i>Audited</i> US\$	Year ended 30-Jun-13 <i>Audited</i> US\$
<b>Revenue from continuing operations</b>	5.17	<b>7,840,168</b>	<b>21,185,745</b>	<b>26,073,811</b>
Operating expenses		(1,809,002)	(9,549,610)	(6,304,313)
Royalties		(2,883,740)	(7,353,237)	(6,990,430)
Depreciation, depletion and amortisation		(2,097,117)	(7,909,945)	(8,307,574)
<b>Cost of sales</b>	5.18	<b>(6,789,859)</b>	<b>(24,812,792)</b>	<b>(21,602,317)</b>
<b>Gross profit/(loss)</b>		<b>1,050,309</b>	<b>(3,627,047)</b>	<b>4,471,494</b>
Other income		351,358	1,221,108	484,539
Finance costs	5.19	(3,824,300)	(21,797,779)	(4,027,704)
General and administration costs		(7,519,111)	(14,485,854)	(13,404,402)
Assets write-off		-	(24,267,968)	-
Exploration expenditure		(198,183)	(1,163,920)	(5,839,253)
Share of net loss of investments in associates		(600,118)	(659,400)	-
<b>Loss before income tax from continuing operations</b>	5.20	<b>(10,740,045)</b>	<b>(64,780,860)</b>	<b>(18,315,326)</b>
Income tax expense		(578,666)	(906,620)	(2,628,763)
<b>Loss after income tax from continuing operations</b>		<b>(11,318,711)</b>	<b>(65,687,480)</b>	<b>(20,944,089)</b>
Profit/(loss) from discontinued operations, net of tax	5.21	(8,625,664)	(36,854,510)	639,828
<b>Loss after income tax attributable to the equity holders of Range</b>		<b>(19,944,375)</b>	<b>(102,541,990)</b>	<b>(20,304,261)</b>
<b>Other comprehensive income/(loss)</b>				
<b>Items that may be reclassified to profit or loss</b>				
Revaluation of available for sale financial assets		-	325,263	(1,105,172)
Exchange differences on translation of foreign operations		(10,815)	(411,110)	(681,064)
<b>Other comprehensive income/(loss) for the year, net of tax</b>		<b>(10,815)</b>	<b>(85,847)</b>	<b>(1,786,236)</b>
<b>Total comprehensive loss attributable to the equity holders of Range</b>		<b>(19,955,190)</b>	<b>(102,627,837)</b>	<b>(22,090,497)</b>

Table 5: Range financial performance for FY12, FY13 and FY14 (Source: Range 31 December 2014 half year report & FY14 annual financial reports)

- 5.17. Revenue from continuing operations represents oil and gas production from Range's Trinidad assets.
- 5.18. Cost of sales predominantly represent costs incurred in production of hydrocarbons and direct amortisation and royalties related to production.
- 5.19. Finance costs were significant in FY14 as a result of fair value movements in liabilities, corporate advisory fees and derivative losses on equity swap instruments.
- 5.20. The Company generated losses before tax from continuing operations of approximately US\$18.3 million in FY13, US\$64.8 million in FY14 and approximately US\$10.7 million in the six months ended 31 December 2014.
- 5.21. The losses for discontinued operations in FY14 of US\$36.9 million relate to amounts written off in relation to the Georgian and Texan assets which have been classified as assets held for sale on the balance sheet. The losses for the six months ended 31 December 2014 of US\$8.6 million relate mainly to the impairment

charge of Strait Oil and Gas and losses from discontinued operations, including Range Resources Drilling Services.

## Financial Position

5.22. The consolidated financial position of Range as at 31 December 2014 and 30 June 2014 is set out in the table below.

Range Financial position	Ref:	As at 31-Dec-14 <i>Reviewed</i> \$US	As at 30-Jun-14 <i>Audited</i> \$US
<b>CURRENT ASSETS</b>			
Cash and cash equivalents	5.24	1,383,895	2,977,410
Trade and other receivables		4,536,853	5,338,769
Other current assets		394,322	728,544
		<u>6,315,070</u>	<u>9,044,723</u>
Asset classified as held for sale		10,870,000	11,000,000
<b>TOTAL CURRENT ASSETS</b>		<b><u>17,185,070</u></b>	<b><u>20,044,723</u></b>
<b>NON-CURRENT ASSETS</b>			
Deferred tax asset		271,110	462,325
Available for sale financial assets		1,134,188	876,347
Goodwill	5.25	46,198,974	46,198,974
Property, plant and equipment	5.25	1,673,961	11,254,269
Exploration & evaluation expenditure		622,189	523,605
Producing assets	5.25	87,697,553	82,517,820
Investments in Associates	5.26	2,179,358	2,779,476
Other non-current assets		-	1,500,000
<b>TOTAL NON-CURRENT ASSETS</b>		<b><u>139,777,333</u></b>	<b><u>146,112,816</u></b>
<b>TOTAL ASSETS</b>		<b><u>156,962,403</u></b>	<b><u>166,157,539</u></b>
<b>CURRENT LIABILITIES</b>			
Trade and other payables		8,398,977	8,705,006
Current tax liabilities		71,456	310,335
Borrowings	5.27	7,212,608	-
Option liability		425,621	2,189,912
Provision		859,063	696,244
<b>TOTAL CURRENT LIABILITIES</b>		<b><u>16,967,725</u></b>	<b><u>11,901,497</u></b>
<b>NON-CURRENT LIABILITIES</b>			
Deferred tax liabilities	5.28	42,662,123	44,376,033
Employee service benefit		492,923	584,746
<b>TOTAL NON-CURRENT LIABILITIES</b>		<b><u>43,155,046</u></b>	<b><u>44,960,779</u></b>
<b>TOTAL LIABILITIES</b>		<b><u>60,122,771</u></b>	<b><u>56,862,276</u></b>
<b>NET ASSETS</b>	5.23	<b><u>96,839,632</u></b>	<b><u>109,295,263</u></b>
<b>EQUITY</b>			
Contributed equity		356,600,702	352,599,569
Reserves		31,349,617	27,862,006
Accumulated losses		(291,110,687)	(271,166,312)
<b>TOTAL EQUITY</b>		<b><u>96,839,632</u></b>	<b><u>109,295,263</u></b>

Table 6: Range financial position as at 31 December 2014 (Source: Range 31 December 2014 Half year report)

5.23. As at 31 December 2014, Range disclosed net assets of approximately US\$96.8 million and a net working capital deficit (current assets, excluding held for sale assets, less current liabilities) of approximately US\$10.6 million.

- 5.24. The Company had cash and cash equivalents as at 31 December 2014 of approximately US\$1.4 million.
- 5.25. The most significant assets on the balance sheet at 31 December 2014 were the goodwill and producing assets relating to the Trinidad assets. The majority of the plant and equipment also relates to the Trinidad assets.
- 5.26. The investment in associates balance relates to Range's Guatemalan assets accounted for using the equity method. A provision for impairment of US\$0.6 million has been applied against this investment, reducing the carrying value from US\$2.8 million to US\$2.2 million.
- 5.27. The borrowings reported at 31 December 2014 relate to a financing facility established with Lind. Repayment of this borrowing is currently due by 31 August 2015 and should be able to repaid from the funds raised from the Tranche 1 issue to Sibor.
- 5.28. A deferred tax liability has been recognised, as a result of the acquisition of the Trinidad assets, in relation to the difference between the carrying amount of the deferred exploration and development costs for accounting purposes and the cost base of the asset for tax purposes in accordance with Australian accounting standards. Range does not have a tax payable in relation to the deferred tax liability and it is anticipated that the deferred taxation liability will be reduced in the future as the deferred exploration and development costs are amortised in future periods.

## Capital Structure

- 5.29. As at the date of this Report the Company has approximately 5.8 billion shares on issue. The Company also has approximately 789.0 million options on issue as summarised in the table below.

Securities currently on issue	Number
Shares on issue	5,767,169,188
<b>Ordinary shares on issue at date of this Report</b>	<b>5,767,169,188</b>
Listed options exercisable at \$0.05 on or before 31 January 2016	80,508,341
Unlisted options	708,489,947
<b>Total options on issue</b>	<b>788,998,288</b>

**Table 7:** Range capital structure (Source: ASX announcements)

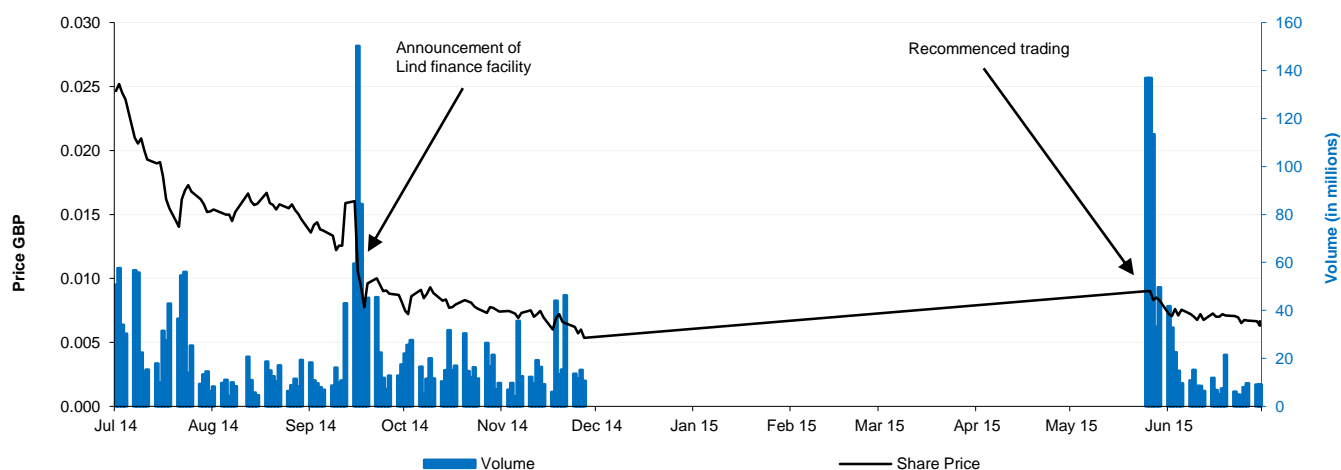
- 5.30. Approximately 73.0% of the Company's ordinary shares are held by the top 10 shareholders as summarised in the table below.

Range Top 10 Shareholders	Number held	% of total shares issued
Abraham Limited	712,377,560	12.4
Beijing Sibio Investment Management LP	650,000,000	11.3
TD Direct Investing Nominees (Europe) Limited	531,284,193	9.2
Barclayshare Nominees Limited	496,794,358	8.6
Investor Nominees Limited	466,041,528	8.1
Hargreaves Lansdown (Nominees) Limited	449,787,772	7.8
HSDL Nominees Limited	367,225,558	6.4
HSBC Client Holdings Nominee (UK) Limited	190,558,045	3.3
Wealth Nominees Limited	178,895,120	3.1
State Street Nominees Limited	167,000,000	2.9
<b>Top 10 shareholders</b>	<b>4,209,964,134</b>	<b>73.0</b>
Other shareholders	1,557,205,054	27.0
<b>Total shares on issue</b>	<b>5,767,169,188</b>	<b>100.0</b>

**Table 8:** Range major shareholders (Source: Range share register July 2015)

## Share Price and Performance

- 5.31. A summary of Range's recent share price and volume is set out in the figure below (AIM pricing and combined ASX/AIM volume).



**Figure 2:** Range Daily Closing Share Price and Traded Volumes (Source: S&P Capital IQ)

- 5.32. We make the following comments with regard to Range's recent share price performance:

- In the 12 months prior to the Proposed Transaction, Range's shares have traded between a low of £0.005 on 10 December 2014 and a high of £0.025 on 17 July 2014. The low price was immediately prior to a voluntary trading halt, following which Range placed its shares into voluntary suspension so that it could finalise financing terms;

- We note a spike in volume and substantial fall in share price in September 2014 which followed the announcement of the Lind facility and release of the 2014 annual report. There was a price increase prior to the spike in volume. The initial price increase was the result of the market becoming aware that a financing deal was possible.
- Trading in Range shares recommenced on 8 June 2015. Range shares closed at £0.009 per share on 8 June 2015 and have declined to a low of £0.006 as at 13 July 2015. During this period a number of announcements were made as to the progress of the dispute of payment timing related to the Lind facility and continued rationalisation of Range's assets;
- Traded volumes in Range shares were significant following the recommencement of trading but volumes have declined to more average levels since; and
- Further analysis on the recent volume and price at which Range shares have traded is set out at paragraph 8.39 to 8.48.

## **6. Profile of Sibor**

- 6.1. Sibor is a new investment vehicle headquartered in Beijing, China, which was set up for the purposes of investing into Range.
- 6.2. The investors in Sibor are comprised of a number of high net worth individual investors with interests in the global energy sector.

## **7. Valuation approach**

### **Valuation methodologies**

- 7.1. In assessing the Fair Value of an ordinary Range share prior to and immediately following the Proposed Transaction, we have considered a range of valuation methodologies. RG 111 proposes that it is generally appropriate for an expert to consider using the following methodologies:
- the discounted cash flow (“DCF”) method and the estimated realisable value of any surplus assets;
  - the application of earnings multiples to the estimated future maintainable earnings or cash flows added to the estimated realisable value of any surplus assets;
  - the amount which would be available for distribution on an orderly realisation of assets;
  - the quoted price for listed securities; and
  - any recent genuine offers received.
- 7.2. We consider that the valuation methodologies proposed by RG 111 can be split into three valuation methodology categories, as follows:
- Market based methods;
  - Income based methods; and
  - Asset based methods.
- 7.3. These methodologies are discussed in more detail below.

### **Market based methods**

- 7.4. Market based methods estimate the Fair Value by considering the market value of a company’s securities or the market value of comparable companies. Market based methods include;
- The quoted price for listed securities; and
  - Industry specific methods.
- 7.5. The recent quoted price for listed securities method provides evidence of the fair market value of a company’s securities where they are publicly traded in an informed and liquid market.
- 7.6. Industry specific methods usually involve the use of industry rules of thumb to estimate the fair market value of a company and its securities. Generally rules of thumb provide less persuasive evidence of the fair market value of a company than other market based valuation methods because they may not account for company specific risks and factors.

### **Income based methods**

- 7.7. Income based methods estimate value by calculating the present value of a company’s estimated future stream of earnings or cash flows. Income based methods include:
- Capitalisation of maintainable earnings; and
  - Discounted cash flow methods.
- 7.8. The capitalisation of earnings methodology is generally considered a short form DCF, where an estimation of the Future Maintainable Earnings (“FME”) of the business, rather than a stream of cash flows is capitalised

based on an appropriate capitalisation multiple. Multiples are derived from the analysis of transactions involving comparable companies and the trading multiples of comparable companies.

- 7.9. The DCF technique has a strong theoretical basis, valuing a business on the net present value of its future cash flows. It requires an analysis of future cash flows, the capital structure and costs of capital and an assessment of the residual value or the terminal value of the company's cash flows at the end of the forecast period. This method of valuation is appropriate when valuing companies where future cash flow projections can be made with a reasonable degree of confidence.

### **Asset based methods**

- 7.10. Asset based methodologies estimate the Fair Value of a company's securities based on the realisable value of its identifiable net assets. Asset based methods include:
- orderly realisation of assets method;
  - liquidation of assets method; and
  - net assets on a going concern basis.
- 7.11. The value achievable in an orderly realisation of assets is estimated by determining the net realisable value of the assets of a company which would be distributed to security holders after payment of all liabilities, including realisation costs and taxation charges that arise, assuming the company is wound up in an orderly manner. This technique is particularly appropriate for businesses with relatively high asset values compared to earnings and cash flows.
- 7.12. The liquidation of assets method is similar to the orderly realisation of assets method except the liquidation method assumes that the assets are sold in a shorter time frame.
- 7.13. The net assets on a going concern method estimates the market values of the net assets of a company but unlike the orderly realisation of assets method it does not take into account realisation costs. Asset based methods are appropriate when companies are not profitable, a significant proportion of the company's assets are liquid, or for asset holding companies.

### **Selection of valuation methodologies**

#### **Basis of fairness assessment**

- 7.14. In forming our opinion as to whether we consider the Proposed Transaction to be fair to the Shareholders we have assessed and compared:
- The Fair Value of Range and a Range share pre the Proposed Transaction; and
  - The Fair Value of Range and a Range share post the Proposed Transaction.
- 7.15. In accordance with the guidance set out in RG 111, our assessment of the Fair Value of a Range share pre the Proposed Transaction is on a controlling basis, and on a non-controlling basis post the Proposed Transaction.



### **Valuation of an ordinary Range share pre the Proposed Transaction**

- 7.16. In assessing the Fair Value of Range and a Range share pre the Proposed Transaction, our primary valuation methodology has been derived by determining the Fair Value of Range using a sum of parts comprising:
- the Company's Trinidad operations which we have derived through a DCF valuation based on the forecast production and cash flows of the business;
  - the Company's held for sale assets based on current market offers and/or expectation of sale price based on preliminary negotiations, less costs to sell; and
  - other assets and liabilities of the Company at book value.
- 7.17. We note that our sum of parts valuation is inclusive of a premium for control.

### **Secondary valuation methodology**

- 7.18. Range's securities are listed on the ASX and AIM. Therefore we have used the quoted price of Range on the ASX and AIM to assess the market value as a cross check to our valuation of Range derived under the sum of parts. We note that Range's shares were in suspension for approximately six months prior to the announcement of the Proposed Transaction. As such, we consider prior trading in Range shares to act as a cross check only to our primary valuation.

### **Valuation of a Range share post the Proposed Transaction**

- 7.19. Should the Shareholders approve the Proposed Transaction they will relinquish control of Range. Accordingly, we have assessed the value of an ordinary Range share immediately post the Proposed Transaction on a non-control basis, through the application of an appropriate portfolio discount to the assessed Fair Value of a Range share on a control basis, after the impact of the Proposed Transaction.
- 7.20. The Fair Value of Range and a Range share on a non-controlling basis immediately post the Proposed Transaction, using the sum of parts methodology, has been assessed by taking the Fair Value of Range pre the Proposed Transaction and reflecting the impact of the Tranche 2 Subscription and the funds raised through the issue of shares to Directors.

## **8. Valuation of an ordinary Range share pre the Proposed Transaction (control basis)**

- 8.1. As stated in paragraph 7.16 we have assessed the Fair Value of Range and a share in Range prior to the Proposed Transaction on a control basis using a sum of parts methodology and have also considered the market price of its listed securities. In both valuations we have included a premium for control.

### **Sum of parts value**

- 8.2. As stated in paragraph 7.16, our primary valuation methodology has been derived by determining the Fair Value of a Range share using a sum of parts approach as summarised below:
- The Company's Trinidad operations which we have derived through a DCF valuation based on the forecast projections and cash flows of the business;
  - The Company's held for sale assets based on current market offer and/or expectation of sale price, less costs to sell; and
  - Other assets and liabilities of the company at book value.

- 8.3. Set out in the table below is the allocation of assets and liabilities of Range as at 31 December 2014 between certain asset classes:

Range	31-Dec-14 Trinidad Assets	31-Dec-14 Assets for sale	31-Dec-14 Other Assets and Liabilities	31-Dec-14 Consolidated
Financial Position	\$US'000	\$US'000	\$US'000	\$US'000
<b>CURRENT ASSETS</b>				
Cash and Cash equivalents	-	-	1,384	1,384
Trade and other receivables	-	-	4,537	4,537
Other Current Assets	-	-	394	394
Assets classified as held for sale	-	10,870	-	10,870
<b>TOTAL CURRENT ASSETS</b>	<b>-</b>	<b>10,870</b>	<b>6,315</b>	<b>17,185</b>
<b>NON CURRENT ASSETS</b>				
Deferred Tax Asset	-	-	271	271
Available for sale financial assets	-	1,134	-	1,134
Goodwill	46,199	-	-	46,199
Property, Plant and Equipment	1,674	-	-	1,674
Exploration and evaluation expenditure	622	-	-	622
Producing assets	87,698	-	-	87,698
Investment in associate	-	-	2,179	2,179
<b>TOTAL NON CURRENT ASSETS</b>	<b>136,193</b>	<b>1,134</b>	<b>2,450</b>	<b>139,777</b>
<b>TOTAL ASSETS</b>	<b>136,193</b>	<b>12,004</b>	<b>8,766</b>	<b>156,962</b>
<b>CURRENT LIABILITIES</b>				
Trade and other payables	-	-	8,399	8,399
Current Tax Liabilities	-	-	71	71
Borrowings	-	-	7,213	7,213
Option Liabilities	-	-	426	426
Provision	-	-	859	859
<b>TOTAL CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>16,968</b>	<b>16,968</b>
<b>NON CURRENT LIABILITIES</b>				
Deferred Tax Liability	-	-	42,662	42,662
Employee Service Benefit	-	-	493	493
<b>TOTAL NON CURRENT LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>43,155</b>	<b>43,155</b>
<b>TOTAL LIABILITIES</b>	<b>-</b>	<b>-</b>	<b>60,123</b>	<b>60,123</b>
<b>NET ASSETS</b>	<b>136,193</b>	<b>12,004</b>	<b>(51,357)</b>	<b>96,840</b>

**Table 9: Allocation of asset and liability values of Range as at 31 December 2014 between the parts (Source: RSMBCC analysis)**

- 8.4. We have assessed the Fair Value of a Range share to be in the range of US\$0.015 (A\$0.020; GBP0.010) to US\$0.018 (A\$0.025; GBP0.012) per share, prior to the Proposed Transaction, based on the sum of parts valuation methodology and inclusive of a control premium, as summarised in the table below.

Valuation of Range and a Range share pre the Proposed Transaction	Ref:	Carrying value 31-Dec-14 US\$'000	Low US\$'000	High US\$'000
Fair value of Trinidad assets	8.5	136,193	128,808	143,530
Value of assets held for sale	8.32	12,004	-	6,000
Cash and cash equivalents		1,384	9,284	9,284
Net value of other assets and liabilities	8.37	(52,741)	(52,741)	(52,741)
<b>Net assets sum of parts</b>		<b>96,840</b>	<b>85,351</b>	<b>106,073</b>
Number of Range shares on issue at the date of this Report	5.29		5,767,169	5,767,169
<b>Fair Value of a Range share on a control basis</b>			<b>US\$0.015</b>	<b>US\$0.018</b>
AUD:USD exchange rate			0.743	0.743
<b>AUD Fair Value of a Range share on a control basis</b>			<b>A\$0.020</b>	<b>A\$0.025</b>
AUD:GBP exchange rate			1.552	1.552
<b>GBP Fair Value of a Range share on a control basis</b>			<b>£0.010</b>	<b>£0.012</b>

**Table 10: Assessed Fair Value of a Range share pre Proposed Transaction (Source: RSMBCC analysis)**

#### Valuation of Trinidad assets

- 8.5. The carrying value of the Trinidad assets in the Statement of Financial Position is based on accumulated costs less an amount for amortisation, utilising the units of production method based on the rates of actual production to remaining proved reserves. We have replaced this carrying value with a DCF valuation (refer Table 11).
- 8.6. The DCF methodology requires the future cash flow estimates over the forecast production period and assessment of an appropriate discount rate. The DCF methodology is generally preferred to other methodologies as it recognises that:
- the ultimate value of an asset depends upon the cash flow that will be generated during its economic life;
  - there is a benefit in receiving cash flow today rather than in the future; and
  - the inducement to make an investment in an asset with a high level of risk is the expected higher return from the higher risk assets.
- 8.7. Utilising technical inputs provided by Forrest A Garb and Associates, Inc ("FGA") in a reserves report as at 1 January 2014, the Company has prepared 16 year projections for the Trinidad assets to 31 December 2031 ("the Model"). FGA has confirmed to us that the key inputs into the financial projections from their report have not materially changed in the period from 1 January 2014 to the date of this Report. The reserve report only considers the Morne Diablo, Beach Marcelle and South Quarry assets. No reserves are attributed to the Guayaguayare or St Mary's exploration blocks.
- 8.8. We have reviewed the projections which have been prepared on a real basis (not a nominal basis) and where appropriate, made changes to key assumptions based on our review of current market factors and recent production.

8.9. Our review of projections has included:

- Confirmation that the model reflects the key inputs of the FGA reserves report;
- Review of the integrity and accuracy of the calculations in the financial projections; and
- Consideration of the key assumptions in the Model and the performance of sensitivity analysis on the assumptions to highlight the impact of movements in the key assumptions on the value of the Trinidad assets.

8.10. The table below provides a summary of the DCF valuation of the Trinidad assets. We have assessed the fair value of the assets to be in the range of US\$128.8 million and US\$143.5 million.

Discounted Cash Flows	Ref	Total	2015	2016	2017	2018	2019	2020	2021	2022	2023 - 2031
Production (mbbl)	8.11	20,814	184	803	2,534	3,129	2,589	2,229	2,472	1,873	5,001
Oil price (US\$/bbl)	8.17	n/a	53	62	69	74	77	79	79	79	79
<b>Total oil revenue (US\$'000)</b>		<b>1,581,995</b>	<b>9,767</b>	<b>49,865</b>	<b>175,136</b>	<b>231,880</b>	<b>199,650</b>	<b>176,328</b>	<b>195,528</b>	<b>148,199</b>	<b>395,641</b>
Operating costs (including taxes and royalties)	8.20	1,190,439	5,165	29,772	122,695	170,821	148,334	135,149	152,297	115,959	310,247
General and administration costs	8.20	66,310	3,750	5,187	6,455	6,600	6,588	6,393	5,478	4,634	21,224
<b>Total operating expenditure (US\$'000)</b>		<b>1,256,749</b>	<b>8,915</b>	<b>34,959</b>	<b>129,150</b>	<b>177,420</b>	<b>154,922</b>	<b>141,542</b>	<b>157,775</b>	<b>120,594</b>	<b>331,471</b>
CAPEX	8.25	73,063	15,464	14,404	18,217	13,611	5,110	450	5,807	-	0
<b>Net cash flows (US\$'000)</b>		<b>252,144</b>	<b>(14,613)</b>	<b>503</b>	<b>27,770</b>	<b>40,849</b>	<b>39,619</b>	<b>34,335</b>	<b>31,946</b>	<b>27,605</b>	<b>64,130</b>
<b>NPV (US\$)</b>											
@ 9.5%		143,530									
@ 10.5%		135,916									
@ 11.5%		128,808									

Table 11: Summary of DCF valuation for Trinidad assets (Source: RSMBCC analysis)

## Key assumptions

### Production

8.11. Production is based on the 1P and 2P reserves calculated for the Trinidad assets. A reserves report was prepared by FGA for reserves at 1 January 2014. We have deducted the production of 246,177 barrels of oil for the 15 months to 31 March 2015 in order to estimate the 1P and 2P reserve as at the date of our report.

	1P (mbbl)	2P (excl 1P) (mbbl)	Total (1P & 2P) (mbbl)
Reserve as at 1 January 2014	18,327	2,733	21,060
Production to date of our report	(246)	-	(246)
<b>Current reserve</b>	<b>18,081</b>	<b>2,733</b>	<b>20,814</b>

Table 12: Range reserve estimate (Source: FGA reserve report and Range)

- 8.12. The reserves were calculated inclusive of the use of a waterflood program. As such, there are three sources of production; current conventional production, new wells and the waterflood program. Production from each source is summarised in the table below:

Annual oil production (mbbl)	Total	2015	2016	2017	2018	2019	2020	2021	2022	2023 - 2031
<b>Morne Diablo</b>										
Existing production	579	122	122	94	61	46	34	26	21	52
Waterflood program	1,920	1	205	259	199	172	177	167	138	601
New drilling	4,465	16	340	684	960	896	562	370	249	389
<b>Total</b>	<b>6,964</b>	<b>139</b>	<b>667</b>	<b>1,037</b>	<b>1,220</b>	<b>1,115</b>	<b>772</b>	<b>564</b>	<b>408</b>	<b>1,042</b>
<b>South Quarry</b>										
Existing production	205	26	19	15	16	16	14	14	14	72
Waterflood program	-	-	-	-	-	-	-	-	-	-
New drilling	721	13	62	60	157	126	98	70	49	87
<b>Total</b>	<b>926</b>	<b>39</b>	<b>80</b>	<b>74</b>	<b>173</b>	<b>141</b>	<b>112</b>	<b>85</b>	<b>63</b>	<b>159</b>
<b>Beach Marcelle</b>										
Existing production	66	6	9	7	6	6	5	5	4	18
Waterflood program	12,127	-	10	1,344	1,639	1,238	1,258	1,747	1,337	3,554
New drilling	723	-	37	72	91	90	82	71	61	220
<b>Total</b>	<b>12,916</b>	<b>6</b>	<b>56</b>	<b>1,423</b>	<b>1,736</b>	<b>1,333</b>	<b>1,345</b>	<b>1,823</b>	<b>1,403</b>	<b>3,792</b>
<b>Combined</b>										
Existing production	850	154	150	115	83	68	53	45	39	143
Waterflood program	14,055	1	215	1,604	1,838	1,410	1,435	1,915	1,475	4,163
New drilling	5,909	29	438	815	1,208	1,112	741	512	359	695
<b>Total</b>	<b>20,814</b>	<b>184</b>	<b>803</b>	<b>2,534</b>	<b>3,129</b>	<b>2,589</b>	<b>2,229</b>	<b>2,472</b>	<b>1,873</b>	<b>5,001</b>

Table 13: per field production (Source: RSMBCC analysis and FGA reserve report)

- 8.13. The field decline is approximately 4% per month. The field production curve is set out below:

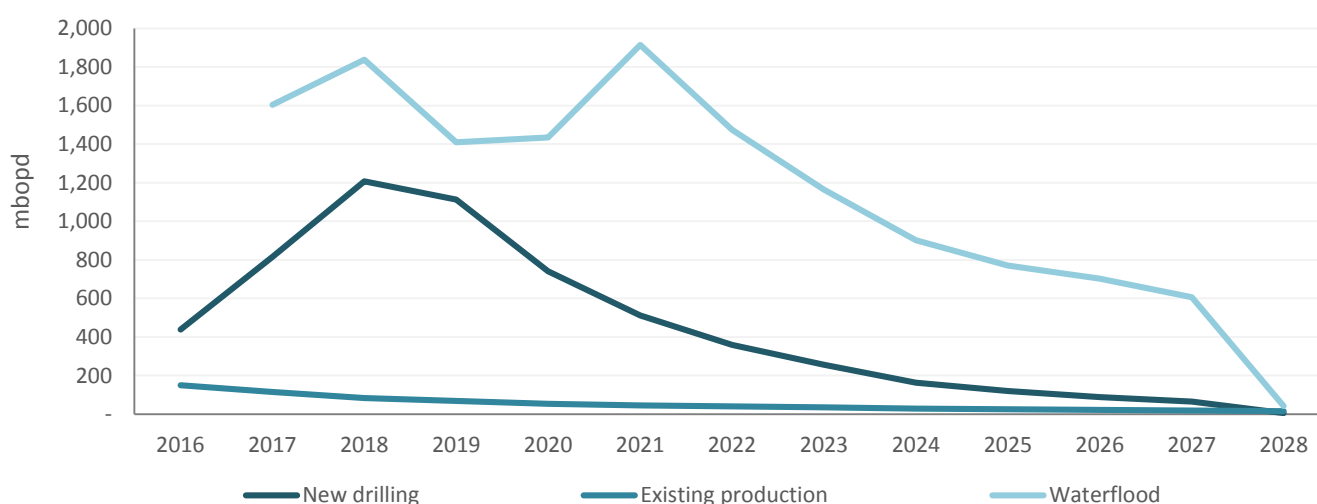


Figure 3: Graphical presentation of production decline (Source: RSMBCC Analysis)

- 8.14. The decline curve above shows that the drilling of new wells will continue into 2018, at which point natural field decline will no longer be offset by new wells. The waterflood program is expected to occur in two stages, initially impacting production in 2017 and then again in 2021. Peak field production is expected to occur in 2018.
- 8.15. We have performed per well analysis of new wells drilled. Range proposes to drill 175 new wells that will have average daily production rates of 24 barrels of oil per day ("BOPD") and average estimated ultimate

recoveries (“EURs”) of 23,071 barrels of oil. Per well production is based on rates estimated by FGA. The reduction in EUR in 2019 is due to most new wells being drilled in the Beach Marcelle field where final well flow rates are not expected to be significant.

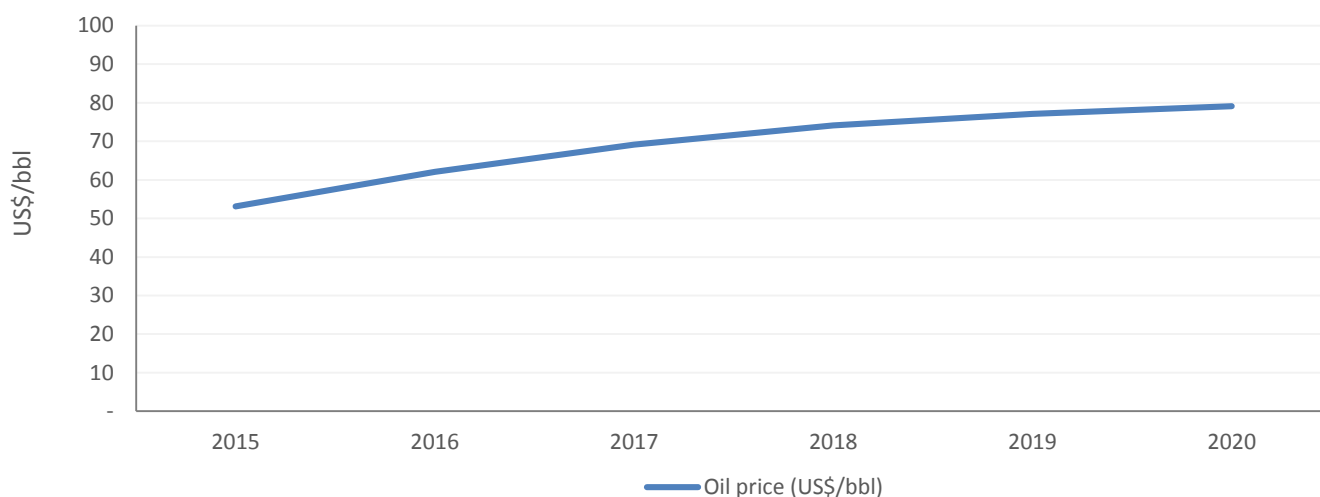
	Total	2015	2016	2017	2018	2019
Number of new wells	175	9	56	49	53	8
Average initial flow rate of a new well (BOPD)	24	24	29	21	25	2
Average EUR (bbl)	23,071	20,056	23,137	23,280	31,751	9,935

**Table 14:** New well production summary (Source: RSMBCC analysis)

- 8.16. The per well analysis indicates that the Trinidad asset is dependent upon a large number of wells being drilled and a successful waterflood program required in order to boost production.

#### Oil price

- 8.17. We have considered the West Texas Intermediate (“WTI”) crude oil pricing as the benchmark oil price for the asset. Historically, Range has received a US\$0.89 discount to the WTI price. As such, when considering future oil prices, we have deducted US\$0.89 from the forecast price. Also, a facilitation fee of US\$2 per barrel is paid by Range to the Trinidad authorities. This facilitation fee has been deducted from the oil price received by Range.
- 8.18. We have reviewed forecast oil price data compiled by Capital IQ. The data compiled by Capital IQ is taken from a number of economic and market analyst forecasts and averaged to present an estimated forecast price. Our assumed forecast oil prices are set out in the chart below:



**Figure 4:** Forecast oil price (Source: Capital IQ)

- 8.19. We have used a long term oil price of US\$82 from 2020 onwards.

## Expenditure, royalties and production taxes

- 8.20. The table below summarises the last three years' royalties, taxes and expenses and compares them to the next four years' forecast royalties, taxes and expenses.

	FY12 US\$'000	FY13 US\$'000	FY14 US\$'000	FY15 US\$'000	FY16 US\$'000	FY17 US\$'000	FY18 US\$'000
Royalties	9,320	7,869	7,353	5,427	7,658	42,538	63,084
Taxes	1,142	1,220	1,881	2,072	3,151	30,997	45,278
Other production costs <i>per barrel</i>	1,522 6	2,059 9	4,706 24	1,359 7	2,654 8	11,981 8	17,349 9
General and administration	4,985	5,586	7,008	3,006	5,003	5,911	6,527

**Table 15:** Expenses, royalties and taxes (Source: RSMBCC analysis)

- 8.21. We note that other production costs for FY14 included an increase in repairs and maintenance costs of approximately US\$1.4 million and land rent of US\$0.6 million. These costs are not expected to be maintained at such levels.
- 8.22. Royalties are calculated based on contractual obligations with the Trinidadian authorities as set out below:

Type of royalty	Rate
Government royalty	12.50%
Base overriding royalty (sliding scale based on oil price)	10-27% (up to 40% for BM)
Enhanced overriding royalty (calculated on production above the base ORR measure and a sliding scale based on oil price)	10-17% (up to 34% for BM)

**Table 16:** Expenses, royalties and taxes (Source: RSMBCC analysis)

- 8.23. Other production costs are calculated as a percentage of revenue, being 12% for 2015 and reducing to 10% for 2016 onwards (due to economies of scale). This is broadly consistent with the historic direct cost levels of the asset. Direct costs include items such as fuel and oil, electricity, equipment rental and land costs.
- 8.24. General and administration expenses are calculated as a percentage of revenue (8% in 2015 and 6% for all subsequent years), with a floor of US\$5 million and a ceiling of US\$6.6 million. In 2019, following final drilling of new wells, the floor for general and administration costs reduces to US\$2.5 million. General and administration costs include items such as salaries and wages, professional fees and insurance.



### Capital costs

- 8.25. Capital costs are based on historic well costs and depend on the complexity and depth of expected wells. Capital costs vary from between US\$60,000 for a simple shallow well to US\$900,000 for a more complex and deeper well. In addition, there is approximately US\$25 million in capital expenditure expected to be incurred as a result of the waterflood program.

Capital expenditure	Total US\$'000	2015 US\$'000	2016 US\$'000	2017 US\$'000	2018 US\$'000	2019 US\$'000	2020 US\$'000	2021 US\$'000	2022 US\$'000	2023 US\$'000
Drilling capex	48,845.0	5,325.0	14,403.8	14,118.8	13,611.3	936.3	450.0	-	-	-
Waterflood capex	24,256.8	10,139.1	-	4,098.0	-	4,173.5	-	5,807.0	-	39.2
<b>Total capex</b>	<b>73,101.8</b>	<b>15,464.1</b>	<b>14,403.8</b>	<b>18,216.8</b>	<b>13,611.3</b>	<b>5,109.7</b>	<b>450.0</b>	<b>5,807.0</b>	<b>-</b>	<b>39.2</b>

**Table 17:** Capital expenditure (Source: RSMBCC analysis)

- 8.26. The projections assume that capital expenditure will be funded through project cash flows. There is expected to be a cash deficit which could be funded by the US\$50 million financing facility secured to fund the waterflood program with LandOcean on the basis Range can secure the security deposit required to support the financing.

### Calculation of an appropriate discount rate

- 8.27. The discount rate we have selected allows for both the time value of money and the risks attached to future cash flows. In addition, it is a real discount rate on the basis that the Model does not consider inflation. The applicable discount rate is the likely rate of return an acquirer of the Trinidad asset would require for the risks inherent in investing in the asset.
- 8.28. We have utilised the weighted average cost of capital ("WACC") as our discount rate. We have assessed the WACC to be in the range of 9.5% to 11.5%. Details of our assessment of the preferred range for the WACC are included in Appendix B.

## Sensitivity Analysis

8.29. We have performed four key sensitivities on our DCF for the Trinidad asset. We have selected our sensitivities based on the likelihood of changes in the key assumptions that underpin the Model. We consider the key sensitivities to be:

- Changes in the price of oil received by Range;
- Changes in the total recoverable oil (production);
- Changes in the amount of capital expenditure; and
- Changes in the operating costs.

8.30. The tables below summarise the impact of the changes in our key assumptions assuming a range of discount rates (figures in US\$m).

		Oil Price (US\$/bbl)				
Discount Rate		-20%	-10%	0%	10%	20%
	9.5%	108	125	144	158	175
	10.5%	102	118	136	150	166
	11.5%	97	112	129	142	158

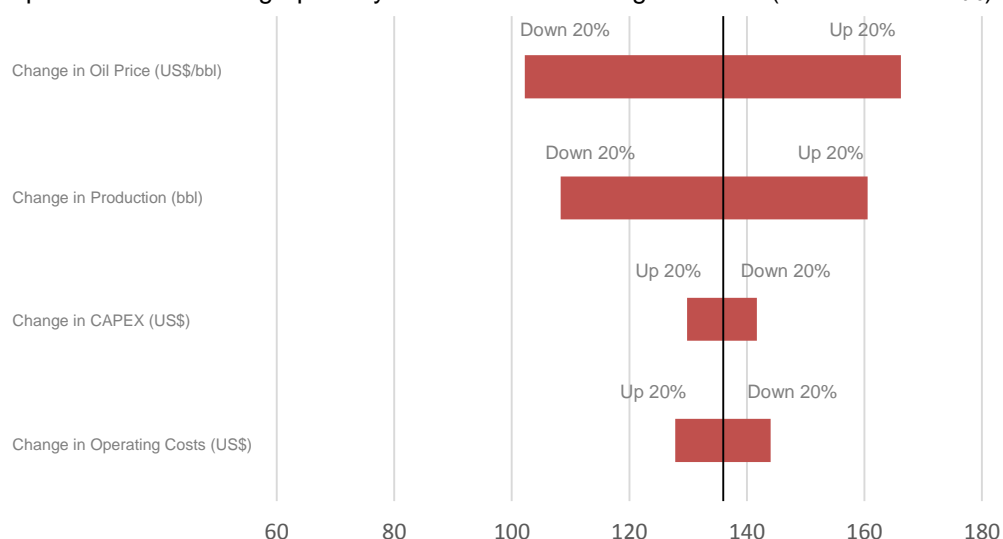
		Change in production				
Discount Rate		-20%	-10%	0%	10%	20%
	9.5%	115	131	144	154	169
	10.5%	108	124	136	147	161
	11.5%	102	117	129	139	153

		Change in CAPEX				
Discount Rate		-20%	-10%	0%	10%	20%
	9.5%	149	146	144	140	137
	10.5%	142	139	136	133	130
	11.5%	135	132	129	126	123

		Change in operating costs (excluding royalties and taxes)				
Discount Rate		-20%	-10%	0%	10%	20%
	9.5%	152	148	144	139	135
	10.5%	144	140	136	132	128
	11.5%	137	133	129	125	121

**Table 18:** Impact of sensitivities on value (Source: RSMBCC analysis)

The previous tables are graphically summarised in the figure below (based on NPV<sub>10.5</sub>):



**Figure 5:** Graphical presentation of impact on NPV from change in assumptions (Source: RSMBCC analysis)

8.31. Our analysis indicates that the asset is most sensitive to movements in the oil price but will also experience material movements in value if production rates vary.

#### Valuation of assets held for sale

8.32. Our assessment of the assets held for sale by Range is set out in the table below.

Valuation of Range's assets held for sale	Ref:	Low US\$'000	High US\$'000
Fair value of Georgian assets	8.33	-	5,000
Financial assets held for sale	8.34	-	1,000
Total assets held for sale		-	<b>6,000</b>

**Table 19:** Valuation of assets held for sale (Source: RSMBCC analysis)

8.33. The values for each asset are based on management's assessment of expected sales price to be achieved on agreed values with potential buyers of the assets as at the date of this report.

- Georgian assets – a prior draft heads of agreement supported a minimum value of US\$10 million based on the interest in two blocks. However, this transaction did not eventuate and management have reduced the value of the Georgian assets. We consider the written down value to be appropriate considering one block has been relinquished and a transaction was not able to be completed, with a minimum value of nil.

8.34. The financial assets held for sale relate to shares in International Petroleum Limited ("IOP") held by Range. The shares were awarded to Range at a value of US\$1 million. We note that the shares in IOP are not currently trading on an exchange and that IOP are not actively producing hydrocarbons so have recorded the minimum value as nil and the maximum value as US\$1 million.

8.35. At 31 December 2014, Range also had shares in Range Resources Drilling Services Ltd and other listed investments that have since been sold.

## Cash and cash equivalents

8.36. We have increased cash by the Tranche 1 Subscription amount of US\$7.9 million.

## Valuation of other assets and liabilities

8.37. We have accepted the book value as fair value for the other assets and liabilities of Range as at 31 December 2014, as set out in the table below.

Valuation of Range's other assets and liabilities	Ref:	US\$'000
Deferred tax liabilities	5.28	(42,662)
Borrowings	5.27	(7,213)
Other assets and liabilities		(2,866)
Total other assets and liabilities		<u>(52,741)</u>

**Table 20:** Valuation of other assets and liabilities (Source: RSMBCC analysis)

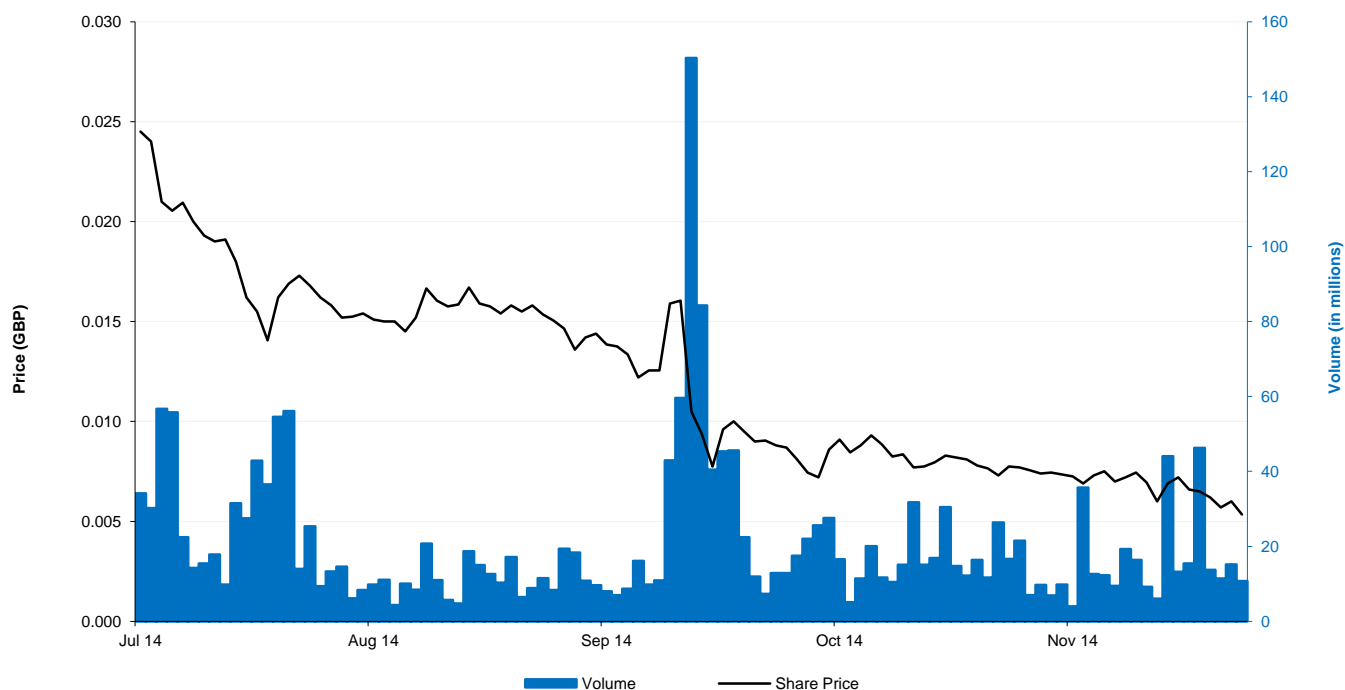
8.38. Other assets and liabilities mostly comprise trade debtors and trade creditors.

## Quoted Price of Listed Securities

8.39. In order to provide a comparison and a cross-check to our sum of parts valuation of a Range share, we have considered the quoted market prices of Range's shares on a public exchange. Range's shares were in suspension for an approximate six month prior to the announcement of the Proposed Transaction. As such, we have not been able to utilise a recent trading history. Rather, we have commented on the Range share price prior to going into suspension in order to provide a cross reference to our DCF valuation. We note that the time that has elapsed between the last traded date and the date of the announcement of the Proposed Transaction is such that the use of the quote market price of a Range share as a sole indication of value is not appropriate. Given the high volume of Range shares traded on the AIM market, we have performed our initial analysis based on the AIM traded shares.

### Analysis of recent trading in Range shares

8.40. Figure 6 below sets out a summary of Range's closing share price and volume of Range shares traded in the 12 months to 11 December 2014 (total volumes are included in the table below).



**Figure 6: Daily closing price and traded volumes of Range from 12 months prior to date of announcement.**

8.41. Over the trading period prior to the announcement of the Proposed Transaction, Range shares have traded between a low of £0.005 (A\$0.010) on 11 December 2014 and a high of £0.025 (A\$0.046) on 17 July 2014.

- 8.42. In order to provide further analysis of the market prices for Range shares, we have considered the volume weighted average market price ("VWAP") for 1 day, 10 day, 30 day, 60 day, 90 day, 120 day and 180 trading day periods:

VWAP as at 10 December 2014	1 Day	10 Day	30 Day	60 Day	90 Day	120 Day	180 Day
<b>VWAP - ASX (A\$)</b>	<b>0.010</b>	<b>0.011</b>	<b>0.012</b>	<b>0.013</b>	<b>0.015</b>	<b>0.021</b>	<b>0.021</b>
<b>VWAP - AIM (£)</b>	<b>0.006</b>	<b>0.006</b>	<b>0.007</b>	<b>0.009</b>	<b>0.011</b>	<b>0.015</b>	<b>0.013</b>
Total Volume (000's)	15,204	186,862	495,298	1,305,226	1,645,954	2,762,821	4,802,399
Total Volume as a % of Total Shares	0.30%	3.65%	9.68%	25.51%	32.17%	53.99%	93.85%

**Table 21: VWAP Range share pre Proposed Transaction (Source: RSMBCC analysis)**

- 8.43. The table indicates an historically high volume and liquidity in Range shares with approximately 10% of the Company's share capital being traded in 30 trading days.
- 8.44. We note that the VWAP trended downwards over the 180 trading days prior to the suspension. The falling price reflected the fall in the oil price over a similar period.

#### *Value of a Range Share on a non-control minority basis*

- 8.45. In our opinion, given the liquidity of Range's shares, the 1 to 60 day VWAPs of £0.006 (A\$0.010) and £0.009 (A\$0.013) are an appropriate measure of the quoted market price valuation of a Range share.

#### **Valuation of a Range Share**

- 8.46. Our valuation of a Range share, on the basis of the recent quoted market price including a premium for control is between \$0.014 and \$0.022, as summarised in the table below.

	Ref.	Low	High
Quoted market price of Range share	8.45	£0.006	£0.009
Add premium for control	8.47	25%	30%
<b>Quoted market price controlling value (GBP)</b>		<b>£0.008</b>	<b>£0.012</b>
<b>Quoted market price controlling value (AUD)</b>		<b>\$0.013</b>	<b>\$0.017</b>

**Table 22: Assessed value of a Range Share – Quoted Price of Listed Securities (Source: RSMBCC analysis)**

#### **Key assumptions**

##### *Control Premium*

- 8.47. The value derived at paragraph 8.46 is indicative of the value of a marketable parcel of shares assuming the shareholder does not have control of Range. RG 111.11 states that when considering the value of a company's shares the expert should consider a premium for control. If the Proposed Transaction is successful, Sibo will hold an interest in Range of between 24.3% and 36.1% of the issued share capital of Range on the completion of the Placement and between 27.0% and 39.4% on exercise of the Options. Therefore, our assessment of the fair value of a Range share must include a premium for control.
- 8.48. In selecting a control premium we have given consideration to the RSM Bird Cameron 2013 Control Premium Study. The study performed an analysis of control premiums paid over a 7-year period to 31 December 2012 in 345 successful takeovers and schemes of arrangements of companies listed on the ASX. Our study concluded that, on average, control premiums in takeovers and schemes of arrangements involving Australian companies was in the range of 20% to 35%. In valuing an ordinary Range Share prior to the

Proposed Transaction using the quoted price of listed securities methodology we have reflected a premium for control in a range determined either side of the midpoint of 27.5%.

## Valuation summary and conclusion

- 8.49. A summary of our assessed values of an ordinary Range Share on a control basis pre the Proposed Transaction, derived under the two methodologies, is set out in the table below.

	Ref.	Low	High
Sum of parts	8.4	£0.010 (A\$0.020)	£0.012 (A\$0.025)
Quoted market price of Range share	8.46	£0.008 (A\$0.013)	£0.012 (A\$0.017)
<b>Preferred value</b>		<b>£0.010 (A\$0.020)</b>	<b>£0.012 (A\$0.025)</b>

**Table 23:** Range Share valuation summary (Source: RSMBCC analysis)

- 8.50. In our opinion the sum of parts valuation methodology is supported by the quoted market price of a Range share. However, the quoted market price values above are outdated and do not factor recent changes in market perception in relation to oil prices. The price and outlook for oil in December 2014 was not clear or well understood and there has been a stability in the past four to five months in oil price expectation and the market has established some normalcy around price expectations. Therefore, we have only relied on our sum of parts valuation methodology when considering the value of a Range share.

## 9. Valuation of an ordinary Range share post the Proposed Transaction

9.1. In determining the Fair Value of Range and a Range share on a non-controlling basis immediately post the Proposed Transaction, using the sum of parts methodology, we have taken the Fair Value of Range pre the Proposed Transaction and reflected the impact of the Proposed Transaction assuming both the minimum and maximum amount is raised under the Tranche 2 Subscription.

9.2. Our assessed value of Range following the Proposed Transaction is set out in the table below.

Valuation of Range and a Range share post the Proposed Transaction	Ref:	Minimum subscription of US\$12m		Maximum subscription of US\$27m	
		Low US\$'000	High US\$'000	Low US\$'000	High US\$'000
<b>Fair Value of a Range share pre the Proposed Transaction</b>	8.4	85,351	106,073	85,351	106,073
Cash raised from issue of shares to Directors	3.2	300	300	300	300
Cash raised from issue of shares to Sibio	3.2	12,000	12,000	27,100	27,100
Transaction costs		(74)	(74)	(74)	(74)
		<b>97,576</b>	<b>118,299</b>	<b>112,676</b>	<b>133,399</b>
<i>Minority discount</i>	9.4	23%	20%	23%	20%
<b>Fair Value of Range post the Proposed Transaction on a minority basis</b>		<b>75,134</b>	<b>94,639</b>	<b>86,761</b>	<b>106,719</b>
Number of Range shares on issue pre the Proposed Transaction	5.29	5,767,169	5,767,169	5,767,169	5,767,169
Shares issued to Directors	3.6	25,000	25,000	25,000	25,000
Shares issued to Sibio	3.6	1,000,000	1,000,000	2,258,333	2,258,333
<b>Total Range shares on issue following the Proposed Transaction</b>		<b>6,792,169</b>	<b>6,792,169</b>	<b>8,050,503</b>	<b>8,050,503</b>
<b>Fair Value of a Range share on a control basis, post the Proposed Transaction</b>		<b>US\$0.011</b>	<b>US\$0.014</b>	<b>US\$0.011</b>	<b>US\$0.013</b>
AUD:USD exchange rate		0.743	0.743	0.743	0.743
<b>AUD Fair Value of a Range share on a control basis, post the Proposed Transaction</b>		<b>\$0.015</b>	<b>\$0.019</b>	<b>\$0.015</b>	<b>\$0.018</b>
GBP:USD exchange rate		1.532	1.532	1.532	1.532
<b>GBP Fair Value of a Range share on a control basis, post the Proposed Transaction</b>		<b>£0.007</b>	<b>£0.009</b>	<b>£0.007</b>	<b>£0.009</b>

**Table 24:** Assessed Fair Value of a Range share post Proposed Transaction (Source: RSMBCC analysis)

9.3. The table above indicates that the value of a Range share following the Proposed Transaction is between US\$0.011 (A\$0.015, £0.007) and US\$0.014 (A\$0.019, £0.009). The table above indicates that there is little impact on the value of a Range share between the minimum and maximum subscription available under the terms of the Proposed Transaction.

9.4. In selecting a minority discount we have given consideration to our control premium applied in Paragraph 8.48, where we established a range for a control premium of between 25% and 30%. The resulting corresponding minority discount range based on said control premiums is between 20% and 23%.



- 9.5. We have also considered the impact of the Options on our valuation post the Proposed Transaction. This is set out in the table below:

Valuation of Range and a Range share post the Proposed Transaction	Ref:	Minimum subscription of US\$12m		Maximum subscription of US\$27m	
		Low US\$'000	High US\$'000	Low US\$'000	High US\$'000
<b>Fair Value of a Range share post the Proposed Transaction</b>	9.2	97,576	118,299	112,676	133,399
Cash from Options		3,792	3,792	6,683	6,683
Fair Value of Range post the Proposed Transaction on a control basis		<b>101,368</b>	<b>122,090</b>	<b>119,360</b>	<b>140,082</b>
Minority discount	9.4	23%	20%	23%	20%
Diluted Fair Value of Range post the Proposed Transaction on a minority basis		<b>78,053</b>	<b>97,672</b>	<b>91,907</b>	<b>112,066</b>
Number of Range shares on issue post the Proposed Transaction	9.2	6,792,169	6,792,169	8,050,503	8,050,503
Shares issued on conversion of Options	3.6	247,500	247,500	436,250	436,250
<b>Total Range shares on issue following the Proposed Transaction</b>		<b>7,039,669</b>	<b>7,039,669</b>	<b>8,486,753</b>	<b>8,486,753</b>
<b>Fair Value of a Range share on a control basis, post the Proposed Transaction</b>		<b>US\$0.011</b>	<b>US\$0.014</b>	<b>US\$0.011</b>	<b>US\$0.013</b>
AUD:USD exchange rate		0.743	0.743	0.743	0.743
<b>AUD Fair Value of a Range share on a control basis, post the Proposed Transaction</b>		<b>\$0.015</b>	<b>\$0.019</b>	<b>\$0.015</b>	<b>\$0.018</b>
GBP:USD exchange rate		1.532	1.532	1.532	1.532
<b>GBP Fair Value of a Range share on a control basis, post the Proposed Transaction</b>		<b>£0.007</b>	<b>£0.009</b>	<b>£0.007</b>	<b>£0.009</b>

**Table 25:** Assessed diluted Fair Value of a Range share post Proposed Transaction (Source: RSMBCC analysis)

- 9.6. The table above indicates that there is no change in the value of a Range share following conversion of the Options.
- 9.7. The cash raised from the Options has been calculated as set out below:

	Minimum subscription ('000)	Maximum subscription ('000)
<b>£0.01 Options</b>		
Options issued	132,000	232,667
Cash raised upon exercise (GBP)	£1,320	£2,327
Cash raised upon exercise (USD)	US\$2,022	US\$3,564
<b>£0.02 Options</b>		
Options issued	115,500	203,583
Cash raised upon exercise (GBP)	£1,155	£2,036
Cash raised upon exercise (USD)	US\$1,769	US\$3,119
<b>Total</b>		
Options issued	247,500	436,250
Cash raised upon exercise (GBP)	£2,475	£4,363
Cash raised upon exercise (USD)	US\$3,792	US\$6,683

**Table 26:** Assessed diluted Fair Value of a Range share post Proposed Transaction (Source: RSMBCC analysis)

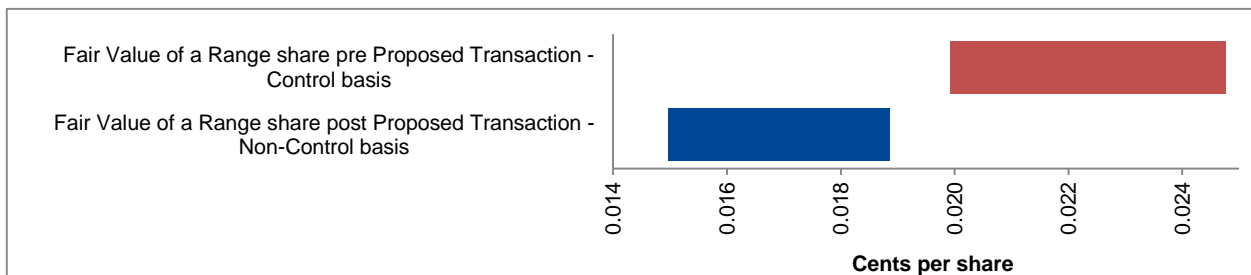
## 10. Is The Proposed Transaction Fair?

10.1. Our assessed values of a Range share prior to and immediately after the Proposed Transaction are summarised in the tables below.

Assessment of fairness	Ref:	Value per Share (minimum subscription)		Value per Share (maximum subscription)	
		Low	High	Low	High
US\$					
Fair Value of a Range share pre Proposed Transaction - Control basis	8.4	US\$0.015	US\$0.018	US\$0.015	US\$0.018
Fair Value of a Range share post Proposed Transaction - Non-Control basis	9.2	US\$0.011	US\$0.014	US\$0.011	US\$0.013
A\$					
Fair Value of a Range share pre Proposed Transaction - Control basis	8.4	A\$0.020	A\$0.025	A\$0.020	A\$0.025
Fair Value of a Range share post Proposed Transaction - Non-Control basis	9.2	A\$0.015	A\$0.019	A\$0.015	A\$0.018
£					
Fair Value of a Range share pre Proposed Transaction - Control basis	8.4	£0.010	£0.012	£0.010	£0.012
Fair Value of a Range share post Proposed Transaction - Non-Control basis	9.2	£0.007	£0.009	£0.007	£0.009

**Table 27:** Assessed values of a Range share pre and post the Proposed Transaction on an undiluted basis

10.2. This is shown graphically in AUD below:



**Figure 7: Range Share Valuation Graphical Representation (Source: RSBCC Analysis)**

10.3. We have compared the value per Range Share pre the Proposed Transaction on a control basis to the value of a Range Share post the Proposed Transaction on a non-control basis. Accordingly, our assessment of fairness assumes that the change in equity structure is appropriately recognised.

10.4. As the value of a Range share pre the Proposed Transaction is greater than the value of a Range share post the Proposed Transaction, in our opinion the Proposed Transaction is not fair to Shareholders.

## **11. Is The Proposed Transaction Reasonable?**

11.1. RG111 establishes that an offer is reasonable if it is fair. If an offer is not fair it may still be reasonable after considering the specific circumstances applicable to the offer. In our assessment of the reasonableness of the Proposed Transaction, we have given consideration to:

- The stated intentions of Sibor in relation to the Proposed Transaction;
- The future prospects of Range if the Proposed Transaction does not proceed; and
- Other commercial advantages and disadvantages to the Shareholders as a consequence of the Proposed Transaction proceeding.

### **Stated Intentions of Sibor in Relation to the Proposed Transaction**

11.2. As stated in the Notice of Meeting, Sibor's intentions regarding the future of the Company if Shareholders approve the Proposed Transaction are:

- There is no intention to change the business of the Company;
- There is no intention to inject further capital into the Company (other than as disclosed in the Notice);
- There is no intention to change the future employment of the present employees of the Company;
- There is no proposal whereby any property will be transferred between the Company and Sibor or any parties associated with Sibor; and
- There is no intention to otherwise redeploy any of the fixed assets of the Company.

### **Future Prospects of Range if the Proposed Transaction Does Not Proceed**

11.3. If the Proposed Transaction does not proceed, Range will continue to seek the necessary capital to fund the exploration and development of its oil and gas assets. Capital could be source from debt or equity capital raisings or the sale of non-core assets, however, there is no certainty as to possible timing or the ability to raise alternative capital.

### **Advantages and Disadvantages**

11.4. In assessing whether the Shareholders are likely to be better off if the Proposed Transaction proceeds than if it does not, we have compared various advantages and disadvantages that are likely to accrue to the Shareholders.

#### **Advantages**

*Advantage 1 – Provides capital for operational expansion*

11.5. The Proposed Transaction will provide Range with significant funds that can be used to develop the Trinidad asset. Range intends to drill multiple wells and implement a waterflood program which will increase production from the Trinidad asset. As such, the funds from the Proposed Transaction should result in an increase in future cash flows as Range is able to advance the development of the Trinidad asset.

*Advantage 2 – It provides leverage to borrow additional capital*

- 11.6. LandOcean has committed to arranging a facility of US\$50 million to fund the waterflood program on the Trinidad asset. The terms of the LandOcean facility are such that it is not available to Range without additional cash being offered as security. As such, the Proposed Transaction will make available the LandOcean finance facility. This will give Range further flexibility in financing the Trinidad asset development.

### **Disadvantages**

*Disadvantage 1 – Dilution of Shareholders' Interests*

- 11.7. The Proposed Transaction will result in dilution of the Shareholders' interests from 88.7% to between 63.9% (maximum subscription) and 75.7% (minimum subscription) following the Tranche 2 Subscription and to at least 60.6% (maximum subscription) and 73.0% (minimum subscription) assuming the Options are exercised.

*Disadvantage 2 – Sibor will gain significant influence over Range*

- 11.8. As a minimum, Sibor will hold 24.3% of Range. Therefore, as a minimum, Sibor will have significant influence over special resolutions and ordinary resolutions. In addition, Sibor may nominate three persons to be nominated as non-executive directors of the Company.

### **Alternative Proposal**

- 11.9. We are not aware of any alternative proposal at the current time which might offer the Shareholders of Range a greater benefit than the Proposed Transaction.

### **Conclusion on Reasonableness**

- 11.10. In our opinion, the position of the Shareholders if the Proposed Transaction is approved is more advantageous than the position if it is not approved. Therefore, in the absence of any other relevant information and/or a superior offer, we consider that the Proposed Transaction is reasonable for the Shareholders of Range.
- 11.11. An individual shareholder's decision in relation to the Proposed Transaction may be influenced by his or her individual circumstances. If in doubt, shareholders should consult an independent advisor.

Yours faithfully

**RSM BIRD CAMERON CORPORATE PTY LTD**



**A J GILMOUR**  
Director



**G YATES**  
Director

## APPENDIX A

### Declarations and Disclosures

RSM Bird Cameron Corporate Pty Ltd holds Australian Financial Services Licence 255847 issued by ASIC pursuant to which they are licensed to prepare reports for the purpose of advising clients in relation to proposed or actual mergers, acquisitions, takeovers, corporate reconstructions or share issues.

### Qualifications

Our report has been prepared in accordance with professional standard APES 225 “Valuation Services” issued by the Accounting Professional & Ethical Standards Board.

RSM Bird Cameron Corporate Pty Ltd is beneficially owned by the partners of RSM Bird Cameron (RSMBC) a large national firm of chartered accountants and business advisors.

Mr Andrew Gilmour and Mr Glyn Yates are directors of RSM Bird Cameron Corporate Pty Ltd. Both Mr Gilmour and Mr Yates are Chartered Accountants with extensive experience in the field of corporate valuations and the provision of independent expert’s reports for transactions involving publicly listed and unlisted companies in Australia. Mr Peter Gray, of RSM Bird Cameron, provided assistance in the preparation of this report. Prior to joining RSM Bird Cameron Mr Gray was an oil and gas analyst at a major stock broking firm in Perth.

### Reliance on this Report

This report has been prepared solely for the purpose of assisting the Shareholders of Range in considering the Proposed Transaction. We do not assume any responsibility or liability to any party as a result of reliance on this report for any other purpose.

### Reliance on Information

Statements and opinions contained in this report are given in good faith. In the preparation of this report, we have relied upon information provided by the directors and management of Range and we have no reason to believe that this information was inaccurate, misleading or incomplete. However, we have not endeavoured to seek any independent confirmation in relation to its accuracy, reliability or completeness. RSM Bird Cameron Corporate Pty Ltd does not imply, nor should it be construed that it has carried out any form of audit or verification on the information and records supplied to us.

The opinion of RSM Bird Cameron Corporate Pty Ltd is based on economic, market and other conditions prevailing at the date of this report. Such conditions can change significantly over relatively short periods of time.

In addition, we have considered publicly available information which we believe to be reliable. We have not, however, sought to independently verify any of the publicly available information which we have utilised for the purposes of this report.

## **Disclosure of Interest**

At the date of this report, none of RSM Bird Cameron Corporate Pty Ltd, RSMBC, Andrew Gilmour, Glyn Yates, nor any other member, director, partner or employee of RSM Bird Cameron Corporate Pty Ltd and RSMBC has any interest in the outcome of the Proposed Transaction, except that RSM Bird Cameron Corporate Pty Ltd are expected to receive a fee of \$25,000 based on time occupied at normal professional rates for the preparation of this Report. In addition RSM Bird Cameron Partners will invoice Range fees for the provision of due diligence services, taxation and accounting advice in relation to the Proposed Transaction. All fees are payable regardless of whether Range receives Shareholder approval for the Proposed Transaction, or otherwise.

## **Consents**

RSM Bird Cameron Corporate Pty Ltd consents to the inclusion of this report in the form and context in which it is included with the Explanatory Memorandum to be issued to Shareholders. Other than this report, none of RSM Bird Cameron Corporate Pty Ltd, RSM Bird Cameron Partners or RSMBC has been involved in the preparation of the Notice of General Meeting and Explanatory Statement. Accordingly, we take no responsibility for the content of the Notice of General Meeting and Explanatory Statement as a whole.

## APPENDIX B

In preparing this report we have relied upon the following principal sources of information:

- Range financial statements for the three years ended 30 June 2014;
- Range unaudited financial information for the period ended 31 May 2015;
- Forecast cash flows for the Trinidad asset for the period ending 31 December 2031;
- Notice of General Meeting and Explanatory Statement for the meeting of Range shareholders;
- Various draft purchase agreements related to Range's exploration and production assets;
- Subscription Agreement between Range and Sibor;
- Estimated Reserves, Prospective Resources and Future Net Revenue report prepared by Forrest A Garb and Associates, Inc, dated 1 January 2014;
- Comfort letter provided by Forrest A Garb and Associates, Inc, supporting key technical assumptions used in the Model are still reasonable;
- Information provided by Range management through meetings and correspondence;
- Capital IQ, IBIS World and other financial databases and subscription services; and
- Publicly available information including ASX announcements.

## APPENDIX C – WACC Assessment

When assessing an appropriate discount rate to use in a discounted cash flow valuation, due regard must be given to the rates of return available in the marketplace, the degree of risk attached to the business, shares or project and the required rate of return.

Businesses are normally funded by a mix of debt and equity. The Weighted Average Cost of Capital ("WACC") is a widely used and accepted basis to calculate the "representative" rate of returns required by debt and equity investors. We have applied the WACC methodology to determine an appropriate discount rate to be used in assessing the fair value of Range cashflows.

The Capital Asset Pricing Model ("CAPM") is the most frequently used model in determining the cost of equity of an investment or project and the required rate of return for debt funding is determined having regard to current borrowing costs and prevailing credit ratings. The cost of equity and cost of debt are weighted by the respective proportions of equity and debt funding to arrive at the WACC.

### WACC

The generally accepted WACC formula is the post-tax WACC as shown below:

$$\text{WACC} = [\text{Re} * \text{E/V}] + [\text{Rd} (1 - t) * \text{D/V}]$$

Where:

Re	=	Expected equity investment return or cost of equity
Rd	=	Interest rate on debt (pre-tax)
t	=	Corporate tax rate
E	=	Market value of equity
D	=	Market value of debt
V	=	Market value of debt plus equity

### CAPM

The CAPM is based on the theory that the prudent investor will price investments so that the expected return is equal to the risk free rate of return plus a premium for risk. CAPM assumes that there is a positive relationship between risk and return; that is, investors are risk averse and therefore demand higher returns for accepting higher levels of risk.

The CAPM calculates the cost of equity through the following formula:

$$\text{Re} = \text{Rf} + \beta[\text{E(Rm)} - \text{Rf}]$$

Where:

Re	=	Cost of equity capital or expected return on the investment.
Rf	=	Risk free rate of return.
E(Rm)	=	Expected return on the market.
E(Rm) - Rf	=	Market risk premium
β	=	Beta



We have considered each component of the CAPM below.

#### *Risk free rate - $R_f$*

We have assumed a risk free rate of 2.53% being the average yield on the United States Treasury Government Bond for the last 10 years, calculated from CapitalIQ Database. We have used the 10-year bond rate as this is typically used as a proxy for the long-term risk-free rate.

#### *Market Risk Premium – $E(R_m) - R_f$*

Market risk premium represents the level of return investors require over and above the risk free rate in order to compensate them for the non-diversifiable risks associated with an investment in a market portfolio. Strictly speaking, the market risk premium is equal to the expected return from holding shares over and above the return from holding risk-free government securities.

Various empirical studies undertaken show that historical market risk premiums vary across markets; the US market is generally in line with the overall range of other developed countries but is slightly higher than the world average.

Having regard to this information, we have assumed a market risk premium of 6.0% in our determination of the discount rate.

#### *Beta - $\beta$*

The beta coefficient measures the systematic risk of the company compared to the market as a whole. A beta of 1 indicates that the company's risk is comparable to that of the market.

The choice of a beta requires judgement and necessarily involves subjective assessment as observations of beta in comparable companies may be subject measurement issues and other variations. Accordingly, depending upon circumstance, a sector average, or a basket of comparable companies may present a more reliable beta, rather than relying on a single comparable company.

Beta can be expressed as an equity beta (which includes the effect of gearing on equity returns) or as an asset beta (where the impact of gearing is removed). The asset beta will be lower than the equity beta for any given investments, with the difference dependent upon the level of gearing in the capital structure.

The selection of an appropriate beta involves a degree of professional judgement, particularly where the performance drivers of the company being valued are not directly aligned with the most comparable listed companies.

The comparable company data included in the table below illustrates the observed beta coefficients for public listed companies we consider most comparable to Range.

In assessing companies comparable to Range, we have considered companies in oil and gas industry in North and South America, whose securities are listed on the New York Stock Exchange.

The ungeared equity beta's for the companies selected ranged from a low of 0.093 to a high of 2.640, with an average of 1.0979 as set out in the table below. We have relied on the average ungeared beta of 0.979. We assume that the preferred funding structure for an asset such as the Trinidad asset would result in a debt to equity of 50%. As such, we have relevered the beta at our assumed debt to equity ratio, resulting in a levered beta of 1.3.

Company	Mkt Cap	Levered beta	Total debt/equity	Unlevered beta	Relevered beta
Rooster Energy Ltd.	\$28.7	0.648	280.3%	0.209	0.287
Goodrich Petroleum Corp.	\$107.1	2.942	716.9%	0.459	0.632
Harvest Natural Resources Inc.	\$81.8	2.591	12.2%	2.374	3.264
BNK Petroleum Inc.	\$80.5	3.409	39.4%	2.640	3.630
Midstates Petroleum Company, Inc.	\$60.9	2.706	3735.9%	0.093	0.128
Swift Energy Co.	\$51.2	2.267	2880.9%	0.100	0.138
<b>Average</b>	<b>\$68.4</b>	<b>2.427</b>	<b>1,277.51%</b>	<b>0.979</b>	<b>1.346</b>
<b>Median</b>	<b>\$70.7</b>	<b>2.648</b>	<b>498.6%</b>	<b>0.334</b>	<b>0.459</b>

We provide descriptions of the comparable companies in the table below.

Ticker	Company Description
TSXV:COQ	Rooster Energy Ltd., through its subsidiaries, explores for, develops, and produces oil and gas properties in the United States. The company focuses on the development of resources in the shallow waters of the Gulf of Mexico. As of June 30, 2014, its primary assets consist of operating rights interests and/or record title interests in 15 oil and gas leases or blocks that contain 22 producing oil and/or natural gas wells. The company is headquartered in Houston, Texas.
NYSE:GDP	Goodrich Petroleum Corporation, an independent oil and natural gas company, is engaged in the exploration, development, and production of oil and natural gas. The company holds interest in the Eagle Ford Shale Trend located in South Texas; the Haynesville Shale and Cotton Valley Taylor Sand in northwest Louisiana and East Texas; and the Tuscaloosa Marine Shale located in southwest Mississippi and southeast Louisiana. It owns working interests in 436 producing oil and natural gas wells located in 44 fields in 8 states. As of December 31, 2013, the company had estimated proved reserves of approximately 452.2 billion cubic feet equivalent of natural gas, 6.3 million barrels of crude oil or other liquid hydrocarbons (MMBbls) of natural gas liquids, and 14.1 MMBbls of oil and condensate. Goodrich Petroleum Corporation was founded in 1995 and is headquartered in Houston, Texas.
NYSE:HNR	Harvest Natural Resources, Inc., an independent energy company, is engaged in the acquisition, exploration, development, production, and disposition of oil and natural gas properties. It primarily holds interests in the Bolivarian Republic of Venezuela; exploration acreage, including in the offshore of the Republic of Gabon; onshore of West Sulawesi, Indonesia; and offshore of the People's Republic of China. As of December 31, 2013, the company, through its 20.4 percent interest in Petrodelta, S.A., had proved reserves of 20.7 million barrels of oil equivalent (MMBOE), probable reserves of 41.5 MMBOE, and possible reserves of 62.9 MMBOE; and proved plus probable reserves of 62.2 MMBOE. Harvest Natural Resources, Inc. was founded in 1988 and is headquartered in Houston, Texas.
NYSE:MPO	Midstates Petroleum Company, Inc. is engaged in the exploration, development, and production of oil, natural gas liquids, and natural gas in the United States. It primarily focused on oilfields in the Mississippian Lime trend in northwestern Oklahoma; the Anadarko Basin in Texas and Oklahoma; and the Upper Gulf Coast Tertiary trend in central Louisiana. The company was founded in 1993 and is headquartered in Houston, Texas.
NYSE:MTR	Mesa Royalty Trust holds net overriding royalty interests in various oil and gas properties in the United States. It has interests in properties located in the Hugoton field of Kansas; the San Juan Basin field of New Mexico and Colorado; and the Yellow Creek field of Wyoming. The company was founded in 1979 and is based in Austin, Texas.

NYSE:SFY

Swift Energy Company is engaged in acquiring, exploring, developing, and operating oil and natural gas properties. It focuses on oil and natural gas reserves in Texas, as well as onshore and in the inland waters of Louisiana. As of December 31, 2013, the company had estimated proved reserves of 219.2 million barrels of oil equivalent. Swift Energy Company was founded in 1979 and is headquartered in Houston, Texas.

#### *Company specific risk premium and cost of equity assessment*

We have also included a company specific risk factor in our calculation of the cost of equity to reflect conditions specific to the asset. We apply an additional company specific risk factor based on factors specific to an asset and its operations. These are detailed by below.

- Production from a single asset;
- Requirement for continual low production drilling; and
- Dependence on successful waterflood program.

The latest relative country risk rating published by the Economist Intelligence Unit ("EIU") for Trinidad and Tobago is BBB. As such, we have considered sovereign risk to be low.

#### *Cost of debt*

We have assumed a cost of debt for the Trinidad asset of 10%. This has been assumed based on publicly available information on the companies included in the table above.

We have assumed that the best capital structure to employ for the Trinidad asset is to have a debt to enterprise value of 50%, as discussed in the beta section above.

## WACC summary

We set out the detailed calculation of the WACC in the table below.

WACC	
<b>Cost of Equity (CAPM) (<math>K_e</math>)</b>	
Market Risk Premium, Mrp	6.0%
Beta, $\beta$	1.3
<b>Adjusted market risk premium (AMrp = Mrp x <math>\beta</math>)</b>	<b>8.1%</b>
Risk Free Rate, $R_f$	2.4%
Company specific risk a	2.0%
<b>Standard (Vanilla) Capm Cost Of Equity (Pre-Tax Nominal) (<math>K_e = (AMrp + R_f + a) / (1 - t)</math>) where t is corporate tax rate of 25%</b>	<b>16.6%</b>
Proportion of $K_e$ included in WACC (equity / debt + equity)	50%
<b><math>K_e</math> portion of WACC</b>	<b>8.3%</b>
<b>Cost of Debt (<math>K_d</math>)</b>	
Cost of Debt, $K_d$	10.0%
Proportion of $K_d$ included in WACC (debt / debt + equity)	50%
<b><math>K_d</math> portion of WACC</b>	<b>5.0%</b>
<b>Weighted Average Cost Of Capital (Pre-Tax Nominal)</b>	<b>13.3%</b>
Inflation	2.5%
<b>Weighted Average Cost of Capital (Pre-Tax Real) = <math>(1 + \text{pre-tax nominal}) / (1 + \text{inflation}) - 1</math></b>	<b>10.5%</b>

Based on the assumptions set out above, we have assessed the pre-tax, nominal WACC to be 13.3%. We note that the Trinidad asset cash flows have been prepared on a real basis so we have adjusted our WACC for inflation of 2.5% in order to arrive at a pre-tax real WACC.

This results in a pre-tax, real WACC of 10.5%. We have selected a range of 9.5% to 11.5% as our range of discount rates in order to reflect a value range and sensitivity on changes in discount rates.

## APPENDIX D

### Glossary of Terms and Abbreviations

Term or Abbreviation	Definition
<b>\$</b>	Australian Dollar
<b>Act</b>	Corporations Act 2001 (Cth)
<b>AIM</b>	The Alternative Investment Market of the London Stock Exchange
<b>APES</b>	Accounting Professional & Ethical Standards Board
<b>ASIC</b>	Australian Securities & Investments Commission
<b>ASX</b>	Australian Securities Exchange
<b>CAPM</b>	Capital Asset Pricing Model
<b>Company</b>	Range Resources Limited
<b>Control basis</b>	As assessment of the fair value on an equity interest, which assumes the holder or holders have control of entity in which the equity is held
<b>DCF</b>	Discounted Cash Flow
<b>Directors</b>	Directors of Range Resources Limited
<b>Equity</b>	The owner's interest in property after deduction of all liabilities
<b>Fair Value</b>	the amount at which an asset could be exchanged between a knowledgeable and willing but not anxious seller and a knowledgeable and willing but not anxious buyer, both acting at arm's length
<b>FATF</b>	Financial Action Taskforce
<b>FGA</b>	Forrest A Garb and Associates, Inc
<b>FSG</b>	Financial Services Guide
<b>FY##</b>	Financial year ended 30 June
<b>IBIS</b>	IBIS World, producer of industry reports
<b>IER</b>	This Independent Expert Report
<b>The Model</b>	The forecast of cash flows for the Trinidad asset
<b>Non control basis</b>	As assessment of the fair value on an equity interest, which assumes the holder or holders do not have control of entity in which the equity is held
<b>Notice</b>	The notice of meeting to vote on the Proposed Transaction
<b>NRI</b>	Net Revenue Interest
<b>Options</b>	The Tranche 1 Options and Tranche 2 Options
<b>PDS</b>	Product Disclosure Statement
<b>Proposed Transaction</b>	The issue of Placement shares and the Notes
<b>Range</b>	Range Resources Limited
<b>Relevant Interest</b>	If that person holds shares or has the power to control the right to vote or dispose of shares
<b>Regulations</b>	Corporations Act Regulations 2001 (Cth)
<b>Report</b>	This Independent Experts Report prepared by RSMBCC dated February 2015
<b>RG 111</b>	ASIC Regulatory Guide 111 Contents of Expert's Reports
<b>RSMBCC</b>	RSM Bird Cameron Corporate Pty Ltd
<b>Sibo</b>	Beijing Sibio Investment Management LP
<b>S&amp;P Capital IQ</b>	An entity of Standard and Poors which is a third party provider of company and other financial information
<b>Tranche 1 Options</b>	Options issued to Sibio exercisable at £0.01 per share
<b>Tranche 2 Options</b>	Options issued to Sibio exercisable at £0.02 per share
<b>Tranche 2 Subscription</b>	The issue of shares to Sibio at £0.008 with free attaching options
<b>Tkibuli</b>	Tkibuli-Shaori
<b>VWAP</b>	Volume weighted average share price
<b>WACC</b>	Weighted Average Cost of Capital
<b>WTI</b>	West Texas Intermediate

## APPENDIX E

### The International Oil and Gas industry Profile

The International Oil and Gas industry consists of two segments, being the upstream and downstream segments. The upstream segment explores, produces and processes crude oil and natural gas. The downstream segment refines these outputs into fuels, lubricants and petroleum products and then markets them for sale.

#### International oil exploration and production industry

The oil industry supplies product to a number of downstream markets, but the biggest is petroleum refining, which according to producer of industry reports IBIS World Inc (“IBIS”) accounted for 68% of the industry’s output. Crude oil is used to manufacture petroleum products, primarily gasoline and automotive distillate (“diesel”).

There are many grades of crude oil produced worldwide, ranging from the highest quality light sweet crude oil to poor quality heavy, sour crude oil.

In 2014 the world consumed approximately 92.1 million barrels of oil per day (“MMBLS/day”). The biggest consumers of oil in the world based on 2014 consumption are the USA (19.0 MMBLS/day), China (11.1 MMBLS/day), Japan (4.3 MMBLS/day) and India (3.8 MMBLS/day)<sup>1</sup>.

Combined, the global oil and gas exploration and production industries expect to generate total revenues of approximately \$4.3 trillion in 2015, up from \$3.4 trillion in 2010.

#### Crude Oil Demand

The level of demand for petroleum products and as such crude oil is heavily influenced by global economic growth and underlying levels of economic activity.

Global primary energy consumption accelerated in 2013 despite stagnant global economic growth. Global oil consumption grew by 0.8 MMBLS/day, or 0.8% – this is below the historical average. Countries outside the OECD now account for the majority (51%) of global oil consumption and they once again accounted for all of the net growth in global consumption. OECD consumption declined by 1.4%, the eighth decrease in the past nine years.

#### Oil Supply

The world’s crude oil is effectively supplied by two suppliers as follows:

- State owned producers located in countries which are members of the Organisation of Petroleum Exporting Countries (“OPEC”); and
- Private and state owned producers located in non OPEC countries.

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<sup>1</sup> BP Statistical Review of World Energy 2015

In 2014 the world had proven oil reserves of 1,700.1 billion barrels of which OPEC accounted for 71.6%. Global oil production did not keep pace with the growth in global consumption, rising by just 2.1 mmbopd or 2.3%. The US (1.6 mmbopd) recorded the largest growth in the world and the largest annual increment in the country's history for a second consecutive year. The US accounted for nearly all (76%) of the non-OPEC output increase of 2.1 mmbopd to reach a record 53.5 mmbopd. The table below sets out a breakdown of the world's proven oil reserves by region as at 31 December 2014.

Region	Proven Reserve (Billion Barrels)	% share
Middle East	810.7	47.7%
South & Central America	330.2	19.4%
North America	232.5	13.7%
Europe & Eurasia	154.8	9.1%
Africa	129.2	7.6%
Asia Pacific	42.7	2.5%
<b>Total</b>	<b>1,700.1</b>	<b>100.0%</b>

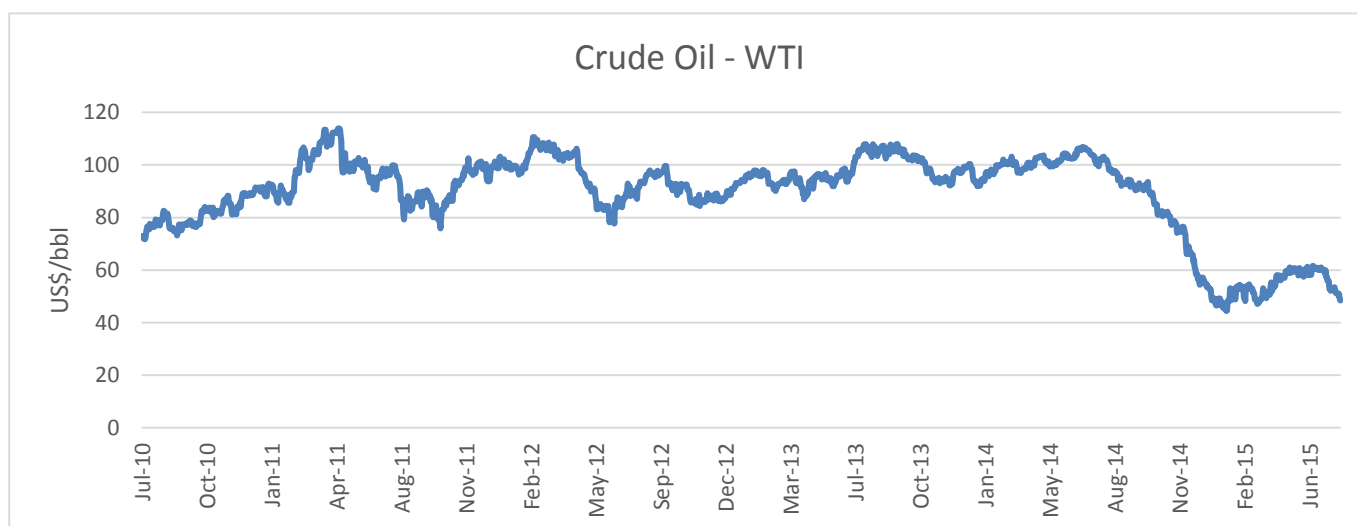
**Table 14:** Worlds' Proven Oil reserves (Source: BP Statistical Review of World Energy 2015)

Global oil production in 2014 was the highest of the last 24 years with a production of 88.7 mmbopd.

### Oil Price

Crude oil is one of the most actively traded commodities in the world, and over 50% of annual world production is traded internationally. There are a number of different types of traded crude oil products and today there are over 150 different types of crude oil (known as markers), traded internationally.

As the Trinidad asset is located near the US we have set out the historical daily closing price for WTI over the period 2010 to 2015.



**Figure 18:** Historical WTI crude oil price 2010 – 2015 (Source: Capital IQ)

Recent price declines have seen a return to GFC oil prices.

## Outlook

Oil is expected to be one of the slowest growing of the major fuels to 2035, with demand growing at an average of just 0.7% a year. Nonetheless, this will still result in demand for oil and other liquid fuels being nearly 19 million barrels a day higher in 2040 than 2015. All the net demand growth is expected to come from outside the OECD – demand growth from China, India and the Middle East will together account for almost all of net demand growth.

Global oil consumption is expected to grow from around 92.3 mmbopd in 2015 to 111.1 mmbopd by 2040.<sup>2</sup> 100% of this growth is expected to come from non OECD Asian countries primarily China and India. Most of the growth in demand is expected to come from the transportation industries.

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<sup>2</sup> OPEC World Energy Review 2014





Our one-firm structure enables us to provide strong connections and a focus on client relationships. Clients can readily connect to our national and international expertise and networks, our extensive understanding of Australian business and to our senior advisors. With RSM Bird Cameron you really are... [Connected for Success](#)

For more information please contact:

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RSM Bird Cameron is a member of the RSM network. Each member of the RSM network is an independent accounting and advisory firm which practises in its own right. The RSM network is not itself a separate legal entity in any jurisdiction.

# RANGE

Range Resources Ltd  
ABN 88 002 522 009

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### Your access information that you will need to vote:

Control Number: 9999999

SRN/HIN: I9999999999

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PLEASE NOTE: For security reasons it is important that you keep your SRN/HIN confidential.



**For your vote to be effective it must be received by 10:00am (WST) Wednesday, 26 August 2015**

### How to Vote on Items of Business

All your securities will be voted in accordance with your directions.

#### Appointment of Proxy

**Voting 100% of your holding:** Direct your proxy how to vote by marking one of the boxes opposite each item of business. If you do not mark a box your proxy may vote or abstain as they choose (to the extent permitted by law). If you mark more than one box on an item your vote will be invalid on that item.

**Voting a portion of your holding:** Indicate a portion of your voting rights by inserting the percentage or number of securities you wish to vote in the For, Against or Abstain box or boxes. The sum of the votes cast must not exceed your voting entitlement or 100%.

**Appointing a second proxy:** You are entitled to appoint up to two proxies to attend the meeting and vote on a poll. If you appoint two proxies you must specify the percentage of votes or number of securities for each proxy, otherwise each proxy may exercise half of the votes. When appointing a second proxy write both names and the percentage of votes or number of securities for each in Step 1 overleaf.

**A proxy need not be a securityholder of the Company.**

### Signing Instructions for Postal Forms

**Individual:** Where the holding is in one name, the securityholder must sign.

**Joint Holding:** Where the holding is in more than one name, all of the securityholders should sign.

**Power of Attorney:** If you have not already lodged the Power of Attorney with the registry, please attach a certified photocopy of the Power of Attorney to this form when you return it.

**Companies:** Where the company has a Sole Director who is also the Sole Company Secretary, this form must be signed by that person. If the company (pursuant to section 204A of the Corporations Act 2001) does not have a Company Secretary, a Sole Director can also sign alone. Otherwise this form must be signed by a Director jointly with either another Director or a Company Secretary. Please sign in the appropriate place to indicate the office held. Delete titles as applicable.

### Attending the Meeting

Bring this form to assist registration. If a representative of a corporate securityholder or proxy is to attend the meeting you will need to provide the appropriate "Certificate of Appointment of Corporate Representative" prior to admission. A form of the certificate may be obtained from Computershare or online at [www.investorcentre.com](http://www.investorcentre.com) under the help tab, "Printable Forms".

**Comments & Questions:** If you have any comments or questions for the company, please write them on a separate sheet of paper and return with this form.

**GO ONLINE TO VOTE,  
or turn over to complete the form →**

MR SAM SAMPLE  
FLAT 123  
123 SAMPLE STREET  
THE SAMPLE HILL  
SAMPLE ESTATE  
SAMPLEVILLE VIC 3030



**Change of address.** If incorrect, mark this box and make the correction in the space to the left. Securityholders sponsored by a broker (reference number commences with 'X') should advise your broker of any changes.



I 9999999999

I ND

## Proxy Form

Please mark ☒ to indicate your directions

### STEP 1 Appoint a Proxy to Vote on Your Behalf

XX

I/We being a member/s of Range Resources Limited hereby appoint

☐

the Chairman  
of the Meeting **OR**

**PLEASE NOTE:** Leave this box blank if you have selected the Chairman of the Meeting. Do not insert your own name(s).

or failing the individual or body corporate named, or if no individual or body corporate is named, the Chairman of the Meeting, as my/our proxy to act generally at the meeting on my/our behalf and to vote in accordance with the following directions (or if no directions have been given, and to the extent permitted by law, as the proxy sees fit) at the General Meeting of Range Resources Limited to be held at RSM Bird Cameron, 8 St Georges Terrace, Perth, Western Australia on Friday, 28 August 2015 at 10:00am (WST) and at any adjournment or postponement of that meeting.

### STEP 2 Items of Business

**PLEASE NOTE:** If you mark the **Abstain** box for an item, you are directing your proxy not to vote on your behalf on a show of hands or a poll and your votes will not be counted in computing the required majority.

	For	Against	Abstain
Resolution 1 Approval for the issue of Securities to Sibio Investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 2 Ratify the issue of Shares to Sibio Investment	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 3 Approval for Director Share Subscription – Mr Yan Liu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 4 Approval for Director Share Subscription – Mr David Chen	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 5 Approval for Director Share Subscription – Mr Zhiwei Gu	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 6 Approval for Director Share Subscription – Ms Juan Wang	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
Resolution 7 Approval for Share Subscription	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>

The Chairman of the Meeting intends to vote undirected proxies in favour of each item of business. In exceptional circumstances, the Chairman of the Meeting may change his/her voting intention on any resolution, in which case an ASX announcement will be made.

### SIGN Signature of Securityholder(s) *This section must be completed.*

Individual or Securityholder 1

Sole Director and Sole Company Secretary

Securityholder 2

Director

Securityholder 3

Director/Company Secretary

Contact  
Name

\_\_\_\_\_

Contact  
Daytime  
Telephone

\_\_\_\_\_

Date / /