Range Resources Ltd. (RRS) is an Australian minerals exploration company with projects in Puntland (Somalia), Peru and Western Australia. RRS and a JV partner (49.9%) were awarded all hydrocarbon and mineral rights over the whole State of Puntland by the elected Government of Puntland. The State of Puntland has a land area of 200,000 km\(^2\) and was explored by multi-national oil companies prior to the outbreak of civil unrest in the area in 1991. The area is highly prospective for oil and gas and RRS has access to former concession holders’ exploration data detailing 4 “ready to drill” prospects. RRS intends to “fast track” drilling of the Prospect A which contains a “most likely” estimate of 516 MMBO.

**Market Statistics**

<table>
<thead>
<tr>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
<th></th>
</tr>
</thead>
<tbody>
<tr>
<td>1,110.18</td>
<td>0.04</td>
<td>758.58</td>
<td>0.048/0.0136</td>
<td>1,868.77</td>
<td>5.00</td>
</tr>
<tr>
<td>1,868.77</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
</tbody>
</table>

**Key Points:** The Puntland Oil/Gas Project currently has 4 drill ready targets. The risk adjusted value of Prospect A is $0.38/share to Range Resources.

- RRS has exclusive mineral exploration rights to all oil, gas and minerals in the State of Puntland (>200,000 km\(^2\)) for a minimum (but extendable term) of 4 years. RRS holds a 50.1% controlling interest and Consort Private Ltd. the remaining 49.9%.
- RRS have the right to divide the work in the contract area and manage third party farmins and joint ventures. In this respect RRS have partnered with MEPS (Middle East Petroleum Services Ltd.) for the ongoing exploration phase in Puntland.
- MEPS (Middle East Petroleum Services Ltd.) will have the right to earn a 15% interest in an initial 2,000 sq. km. of the concession by expending 200%, 150%, 125% and 100% of its cost for the first 4 wells. This will have the effective of reducing RRS’ share of discovery to 35.1%.
- Puntland has all the geological characteristics to host major oil and gas deposits, as it is effectively the extension of the Yemen Rift Systems and the Arabian Basin. Prior to the civil unrest in 1991, concessions were held by oil majors and exploration expenditure in excess of US$150 million was spent on prospect identification. RRS has access to detailed exploration data with which to commence drilling of previously identified prospects.
- Prospect A is one “drill-ready” prospect containing a “most likely” estimate of 516 MMBO and located within 150 km of a potential trans-shipment located at Eyl on the Indian Ocean side of Puntland. It is anticipated that oil might be trans-shipped to a nearby third party export terminal (such as Nexen’s Ash Shihir Terminal in Yemen) thereby reducing infrastructure costs.
- We estimate that a discovery at Prospect A could produce between 5 – 15 thousand bbl/day. Based on a US$5/bbl discount to a WTI price of $55/bbl we expect an NPV of $A15.5/bbl. Assuming a probability of success of 25.0% we value this project at $0.38/share for discovery of the “most likely” reserve.

**Recommendation:** Speculative Buy  
12 month Target Share: $0.12

Range Resources is a company with an excellent opportunity to take advantage of strong global energy demand in an under-explored, politically stable area which is located in close proximity to existing trans-shipment infrastructure. We view the petroleum supply outlook as precarious with supplies inadequate to satisfy increasing world demand. Thus oil and gas prices should be robust for the foreseeable future.
Project Valuation
The reserves summary for Prospect A indicates 2 reservoirs each thought to contain 516 MMBO. The other 3 prospective drill targets are also estimated to contain 500 MMBO each. The modelling of RRS' potential NPV for discovered oil has only assumed initial production from 1 of 4 "drill ready" prospects, Prospect A. We have assumed that initial production might average 5,000 bbl/day, oil is valued at a $US5/bbl discount to WTI at $US55/bbl to produce an NPV of $A14.50/bbl. The valuation of only the most detailed of the 4 prospective drill targets has been evaluated using the $14.50/bbl and a probability of success of 25.0%. This values production from this well at $0.38/share.

<table>
<thead>
<tr>
<th>Nogal Field</th>
<th>RRS</th>
<th>Prospect Size</th>
<th>Prospect NPV</th>
<th>Risk</th>
<th>Risked Adjusted</th>
<th>Adjusted Discovery Value</th>
<th>Discovery Value</th>
</tr>
</thead>
<tbody>
<tr>
<td></td>
<td></td>
<td>M M bbl</td>
<td>$m</td>
<td>%</td>
<td>NPV$m</td>
<td>NPV$m</td>
<td>$/share (fd)</td>
</tr>
<tr>
<td>Prospect A</td>
<td>35.1%</td>
<td>516</td>
<td>8,050</td>
<td>25%</td>
<td>2,012</td>
<td>704.48</td>
<td>0.38</td>
</tr>
</tbody>
</table>

1.) All values stated in $A @ $US = $A0.75
The mineral potential of Range Resources Puntland concessions are currently unexplored but include the Qandala lead, zinc, silver occurrences, the Majia Yahan Gold prospect and the Dhurbo coal deposits.

Field reconnaissance of the main mineral prospect areas in Puntland has recently been completed by consulting geologist, Mr. Geoff Blackburn OAM, of these main mineral prospects with samples collected and assay results to be announced.

Range Resources has advised that while minerals exploration is a longer-term activity, with the company focusing its immediate efforts on the significant hydrocarbon prospects. The application of modern exploration techniques to Puntland's vast concession area will likely add to prospective mineral occurrences.

**Corachapi Uranium Project**

RRS has recently completed the acquisition of 80% of Sormirelco, a Peruvian Company that holds the concession leases for the Corachapi uranium project. The project contains initial inferred resources of 1.600M tonnes of U3O8 grading 0.15%. This prospective uranium project is located at 4,700m in the southeastern part of Peru. RRS intends to commence an RC drilling program to upgrade the resources to indicated and measured and fly a radiometric survey to delineate additional deposits.
Mr. Michael Povey  
Executive Chairman

Mr. Povey is a Mining Engineer with post graduate qualifications in engineering and commerce and 25 years experience in the mining industry. Previous experience has been gained in mining operations in Southern Africa, North America and Australia and has included senior management positions with Rio Tinto Ltd and the Anglo Group of Companies. He has served as a director of several Australian Stock Exchange (ASX) listed companies including Aztec Resources Ltd, Synergy Metals Ltd. and Conquest Mining.

Mr. Jim Marinis  
Executive Director

Mr. Marinis has extensive management and marketing skills gained from working with several multi-nationals including; Shell, Toyota and Phillips Corp. Mr. Marinis has not served as a Director of any other publicly listed companies on the ASX.

Mr. Peter Landau  
Company Secretary & Director

Mr. Landau is a corporate lawyer and advisor with Grange Consulting Group Pty. Ltd. Peter has previously worked with Clayton Utz and as general counsel at Co-operative Bulk Handling. He is responsible for providing general corporate, capital raising, transaction and strategic advice and is a Director and Company Secretary of a number of ASX listed companies.

DISCLAIMER

This research report has been prepared exclusively for our clients and is not be relied upon by anyone else. In compiling this research report, we are of necessity unable to take account of the particular investment objectives, financial situation and needs of any of our individual clients. Accordingly, each client should evaluate the recommendations obtained in this research report in the light of their own particular investment objectives, financial situation and needs. If you wish to obtain further advice regarding any recommendation made in this research report to take account of your particular investment objectives, financial situation and needs, you should contact your Findlay’s investment advisor. We believe that the advice and information herein are accurate and reliable, but no warranty of accuracy, reliability or completeness is given and (except insofar as liability under any statute cannot be excluded) no responsibility arising in any way for errors or omissions or in negligence is accepted by FINDLAY & CO. STOCKBROKERS LIMITED or any employee or agent. For private circulation only. This document is not intended to be an offer, or solicitation of an offer, to buy or sell relevant securities (i.e. securities mentioned herein or of the same issuer and options, warrants, or rights with respect to or interests in any such securities). We do not guarantee the accuracy or completeness of the information herein, or upon which opinions herein are based. At any time we or any of our connected or affiliated companies (or our or their employees) may have a position, subject to change, and we or any such companies may make a market or act as principal in transactions, in any relevant securities or provide advisory or other services to an issuer of relevant securities or any company therewith. Unless otherwise stated all views expressed herein (including estimates or forecasts) are solely those of the author and subject to change without notice. This document may not be reproduced or copies circulated without authority.

DISCLOSURE: This research has been prepared using information and experts reports supplied by Range Resources Ltd. Findlay & Co. Stockbroking Ltd. discloses that from time to time its officers and employees and related bodies may have an interest in the securities, directly or indirectly which are the subject of these statements.

Ken Read  
Consulting Analyst
Findlay & Co Stockbrokers Limited
A.C.N 065 943 982
AFS License 247085
Member Organization of The Australian Stock Exchange Ltd
Level 12, 10 Spring Street, Sydney, NSW 2000