

ASX Announcement : 18 May 2012

Managing Director on Puntland Drilling and Outlook

Open Briefing interview with Managing Director Peter Landau

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Range Resources Limited (ASX: RRS, AIM: RRL) ("Range" or the "Company") is an oil & gas producer and explorer with producing assets in Trinidad and Texas, US and with exploration interests in Puntland, Somalia and the Republic of Georgia.

Market capitalisation: \$255 million

In this Open Briefing®, Peter Landau discusses

- Update on Shabeel-1 well
- Spudding of the Shabeel North Well in early June

Record of interview:

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Range Resources Limited (ASX: RRS, AIM: RRL) yesterday announced the completion by operator Horn Petroleum of drilling of the Shabeel-1 well (Range Resources Limited 20%, Horn Petroleum 60%, Red Emperor Resources NL 20%) in the Dharoor Block in Puntland approximately 300 metres above planned target depth (TD). You've suspended drilling the well for future testing. What is your assessment of the result?

MD Peter Landau

The well has been a significant success to date with the discovery of a 12 to 20 metres net hydrocarbon pay zone in the Jesomma sands. The zone needs to be commercially flow tested and this will be undertaken after the completion of the second well, Shabeel North, which will spud early June. Based on Range's internal technical team's review of the net pay zone and results to date, a successful flow test could result in 70 to 130mm barrels of recoverable oil from the well of which 14 to 26mm bbls would be attributable to Range.

It is also important to remember that this is the first hydrocarbon well drilled in the Dharoor Valley for over 50 years and it is a massive credit to all involved, namely Horn Petroleum, the Puntland Government and the local Puntland communities that the well has been successfully drilled to date. Globally, the average discovery rate is between one in five and one in 10 for a 'wildcat' well, which essentially is what Shabeel-1 is, hence we consider the well successful to date with both the net pay and the confirmation of an active petroleum system.

Whilst the market and short term traders may have been anticipating further success in the deeper sections of the well, what we have discovered is extremely significant and the chances of a commercial hydrocarbon operation in Puntland are far greater now than when the well was spudded. And it must be remembered that we did encounter additional potential net pay sands in a Jurassic aged formation over a 184 metre section at a depth of 3,246 metres to 3,430 metres. The fact that hydrocarbons were encountered at a number of levels is particularly significant moving ahead.

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Is there a reason the commercial flow test cannot occur immediately before moving to Shabeel North?

MD Peter Landau

Obviously the preference would be to flow test immediately but timing and logistics would mean that the rig and crew would be idle for four to six weeks at what are expensive day rates in the region. Previous test equipment flown in was designed for open hole, smaller diameter testing as opposed to the now cased well requiring high performance perforation. This is quite standard practice across the world, particularly in remote areas.

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You've already begun preparing for Shabeel North with a 50 metre pre-drill hole and drill pad constructed at. What is the expected timing for drilling at Shabeel North and to what extent will this well be contingent on the Shabeel-1 outcome?

MD Peter Landau

The Shabeel North well is scheduled to spud early June with a revised Target Depth of 2,400 metres. The well has an identified Jessoma formation significantly thicker and of better quality than the Shabeel-1 well providing the joint venture is with great comfort in moving the rig immediately to drill the second well. Internal technical estimates suggest recoverable oil of between 100 to 150mm barrels from a successful discovery in the Jessoma formation, of which 20 to 30mm barrels would be attributable to Range.

It is also important to note that given the Jessoma discovery in the first well, the second well will be drilled with smaller casing to ensure that open hole testing can be undertaken with the equipment already on site. So no, the well is not contingent on the Shabeel-1 outcome, but the success there certainly gives us greater confidence moving forward.

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It has been suggested that some of the wells in Yemen were successful after drilling through metamorphic basement, do you have a comment to that?

MD Peter Landau

It's not that simple with regards to understanding the lithology comparison of what was encountered in the fractured basement formations in Yemen and what was encountered within the Dharoor metamorphic section. There is a consensus view across the joint venture technical team that the correct decision has been made, remembering that their collective knowledge on what occurred in Yemen is immense.

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With a revised target of just the Jessoma formation, are you still confident of a commercial discovery?

MD Peter Landau

Absolutely. If the Shabeel-1 well successfully flows and the Shabeel North well delivers to current expectations, we would have discovered between 170 to 280mm barrels of recoverable oil in our first two wells (with 34 to 56mm barrels attributable to Range) with the remainder of the basin still to be tested. Investors must also remember the well's proximity to the coast (approx 60 km) and the relative ease of constructing a pipeline to an offshore loading facility based on a commercial discovery.

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What are your priorities for Range over the coming months?

MD Peter Landau

Nothing changes for Range in the immediate future and we are working head down, bum up. We are fully funded and look forward to updating the market on a number of fronts including Colombia and our flagship operations in Trinidad and of course hopefully on further drilling success in Puntland.

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Thank you Peter.

For more information about Range Resources, visit www.rangeresources.com.au or call Anthony Eastman or Peter Landau on (+61 8) 9488 5220

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