

ASX Announcement
15 August 2023

COMPANY UPDATE - SALE OF PLANT AND EQUIPMENT TO RELATED PARTY

Range International Limited (ASX:RAN, **Company** or **Range**), manufacturer of Re>Pal™ 'zero-waste', recycled plastic pallets provides the following update in relation to its previously announced sale of the plant and equipment of its Cairns pilot plant.

Following receipt of a letter from the ASX dated 25 July 2023 (**Letter**), the Company is required to address various matters outlined in the Letter relating to the sale of the plant and equipment of its Cairns pilot plant by releasing an announcement to the ASX. The items required to be addressed are emphasised under the following headings.

1. Notification to the market that ASX has taken enforcement action against RAN for breaching Listing Rule 10.1 and why

As previously notified to shareholders, in February 2023, the cash flow challenges of the Company resulted in the Board's decision to sell the non-core Cairns pilot plant as quickly as possible and, on 8 March 2023, requested approval from ASX for the transaction.

The requested approval from the ASX was never forthcoming.

The Company needed to act immediately due to looming liquidity constraints and proceeded with the sale in May 2023. The subsequent sale to a Related Party was made at a price equivalent to an independent valuation received in February 2023 and after a period of unsuccessful advertising online and in the major regional newspaper. The delay did not find any other buyers willing to pay A\$140,660 and take on the associated staff and rent obligations that total approximately A\$20,000 a month and extend to September 2024.

The Company holds the view that as the sale of the plant and equipment represents less than 2.5% of net assets, being significantly less than the Listing Rule 10.2 threshold of 5%, and therefore does not breach Listing Rules 10.1 and 10.2.

The 2022 Annual Report audit qualification was determined due to the uncertainty inherent in the Company's current dispute with the Indonesian tax office (**ITO**) and the liquidity challenge currently facing the Company exacerbated by its suspension from its ASX listing.

Notwithstanding the above, the Company acknowledges that the ASX has formed a different opinion due to the 'disclaimer of opinion' audit report as released to the ASX on 4 May 2023.

The ASX has advised the Company that it considers that RAN has breached Listing Rule 10.1 (Breach) as it has made its assessment of a substantial asset with reference to financial accounts which cannot be relied upon due to the disclaimer of opinion of RAN's auditors.

2. Notification to the market as to what RAN is proposing to do to ameliorate the Breach and the timeframe under which RAN expects it will be able to remedy the breach

The Company has obligations under the Corporations Act to act in the best interest of shareholders. The sale of the non-core Cairns pilot plant provided essential liquidity to the listed entity in May and ended the monthly cost to RAN of carrying the non-core Cairns pilot plant. The funds from the sale have subsequently been used, and to unwind the transaction, the Company would need to repay significantly more than the sale value of the assets to account for running costs incurred during the interim period, which it is currently not able to do and of course, would not be in the best interests of shareholders.

The Company's preferred approach is to finalise the ITO issues, which, according to strong legal advice, it is confident of positively resolving and following that, to recapitalise the Company so that its operations are adequately funded (**Finalise ITO Issues**).

It should be noted that the Indonesian operation has for the first time in the Company's history, posted positive cash flow and EBITDA for Q2 2023 and, pending an expected improvement in sales, will remain so. The Company is advanced in preparedness for the sale of its oversized Indonesian factory with a short-term lease-back arrangement which would recapitalise the Company and allow it to consider strategic opportunities to relocate its operations closer to its customers and the sources of waste plastic essential to its operations (**Sale and Leaseback Arrangement**).

The Company cannot predict when Finalise ITO Issues or the Sale and Leaseback Arrangement will be resolved, and therefore providing the ASX and shareholders with precise timing of the resolution of these issues is currently not possible. Still, the Company is hopeful that these events will unfold during FY 2023 or early FY 2024.

3. Notification to the market that the securities of RAN will not be reinstated until the Breach has been remedied and RAN has demonstrated compliance with Listing Rules 12.1 and 12.2

The ASX has advised the Company that RAN will not be reinstated until the Breach has been remedied and RAN has demonstrated compliance with Listing Rules 12.1 and 12.2

Listing Rule 12.1 states that "The level of an entity's operations must, in the ASX's opinion, be sufficient to warrant the continued quotation of the entity's securities and its continued listing."

Listing Rule 12.2 states that "An entity's financial condition (including operating results) must, in the ASX's opinion, be adequate to warrant the continued quotation of the entity's securities and its continued listing."

Following the above events, being Finalise ITO Issues and the Sale and Leaseback Arrangement, the Company expects to receive an unqualified audit report and following the receipt of an unqualified audit report, the breach of Listing Rules 10.1 will be remedied. Furthermore, the recapitalisation of the Company would also be complete, allowing RAN to demonstrate compliance with Listing Rules 12.1 and 12.2.

The Company reiterates its preparedness, along with its auditors, to meet with the ASX, to discuss the disclaimer in the 2022 audit report and its impact on the test for 'substantiality' with regard to the Cairns pilot plant, and the sequencing of events as described above.

This announcement has been approved for release by the Board of the Company.

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