

# MERGER SET TO BOOST RANGE PRODUCTION AND CASH FLOW

Dual-listed oil and gas company **Range Resources Ltd (ASX: RRS, AIM: RRL)** is set to turbo charge its global production profile and significantly grow its exploration footprint through a merger with NSX-listed International Petroleum Ltd (NSX: IOP)

The recently announced merger between Range Resources and International Petroleum will capitalise on the obvious project and management synergies that exist between the two companies to create an entity with a considerable reserve and resource base underpinned by solid flows of product and revenue and with significant “blue-sky” exploration potential.

Range Resources executive director Peter Landau said Range’s dual listings on the Australian Securities Exchange and London’s AIM market would also provide International Petroleum shareholders with greater liquidity.

The result would be a stronger company with greater financial and technical resources and a particular focus on applying its onshore exploration and development expertise to growing production from its pipeline of projects.

The merged entity aims to lift conventional production by a factor of 10 – to 10,000 barrels per day equivalent (bopde) – by the

end of 2015 from its projects in Trinidad and Russia. The company will also be targeting an additional 3,000 bopde from unconventional operations in Trinidad in the same timeframe.

The companies hold advanced oil and gas projects across Eastern Europe, Trinidad, Central Asia, Latin America and Africa.

Upon completion of the merger, the company will hold estimated net 1P, 2P and 3P reserves of 21.2 mmbbls, 97 mmbbls and 259 mmbbls of oil respectively, and best estimate net prospective resources of 408 mmbbls of oil and 61 Bcf of gas.

International Petroleum holds highly prospective assets in Russia, Kazakhstan, and Niger with total 3P reserves of 233 mmbbls of oil and best estimate net prospective resources of 367 mmbbls of oil and 61 Bcf of gas.

**“The merged entity aims to lift production by a factor of 13 by the end of 2015”**

In December 2012, International was awarded production-sharing contracts over four highly prospective licenses in the south-east of Niger covering a combined area of more than 70,000sq km.

The blocks are located in the highly sought-after West African rift sub-system, which is a component of the Western Central African rift system and includes parts of the Termit and N’Dgel Edgi rift basins.

Recently increased activities by a range of international organisations have highlighted the significant untapped potential of this vastly under-explored region.

“International Petroleum’s recently acquired assets in the African nation of Niger will also be a strong exploration upside fit with our own portfolio of large potential onshore projects,” Landau said.

The transaction is conditional on Range raising AU\$20 million and providing US\$15 million to International Petroleum by way of a secured loan to be used to retire debt and meet working capital requirements.

“International Petroleum’s production assets in Russia will complement our own core Trinidad assets in building a very significant production base to grow from,” Landau said.



Range Resources holds 100 per cent of three onshore production licenses and a fully operational drilling subsidiary in Trinidad.

Range currently has independently assessed proved (1P) reserves in place of 17.5 mmbbls, and proved, probable and possible (3P) reserves of 25.2 mmbbls and an additional 40.5 mmbbls of unrisks best estimate prospective resources.

Current production across the fields is circa 800 bopd, with a number of activities currently under way using Range's own drilling and work-over equipment. This work aims to increase conventional production to 6,000 bopd in 2015 along with 3,000 bopd from the company's water-flood projects.

Subject to satisfactory due diligence, the merger will proceed by way of an off-market takeover offer by Range Resources to International Petroleum shareholders.

The all-scrip transaction of three Range ordinary shares for every two ordinary shares of International Petroleum will require the acceptance of 51 per cent of International shareholders.

Alternatively, a scheme of arrangement has been proposed, subject to regulatory requirements under Australian law and the necessary approval from International Petroleum shareholders at an extraordinary general meeting.

"We will be able to share people and technical resources in order to maximise returns for our shareholders," Landau said.

The board of the merged entity will be led by current Range non-executive chairman Sir Sam Jonah and will also include Landau and current Range directors Anthony Eastman and Marcus Edwards-Jones.

Two of International Petroleum's directors, current CEO Christopher Hopkinson and Pierre Godec, will



be invited to join the new board on completion of the merger.

Hopkinson, who has held senior management positions with BG Group, TNK-BP and Yukos during a career spanning nearly a quarter of a century, will be appointed managing director.

Hopkinson has had considerable experience in North Africa and Russia, including four years as CEO of Imperial Energy Corporation PLC.

Landau said Hopkinson possessed "immense technical and operational experience which will drive the merged company's production growth in the short and medium term".

The appointments of Hopkinson and Godec to the Range board will be subject to due diligence checks and agreement on acceptable service contracts.

"We feel confident that our respective shareholders will be excited by the value-creating opportunities that will be generated through this transaction," Landau said.

The rest of the board of International Petroleum has unanimously agreed to recommend the proposed merger, which, based on Range's current AIM share price, values International Petroleum at AU\$105 million.

DIRECTORS	
SIR SAM JONAH Non-Executive Chairman	ANTHONY EASTMAN Executive Director
PETER LANDAU Executive Director	MARCUS EDWARDS-JONES Non- Executive Director
REGISTERED OFFICE	CONTACT
Ground Floor 1 Havelock Street West Perth WA 6005 AUSTRALIA	P: + 61 (0) 8 9488 5220 F: + 61 (0) 8 9324 2400 E: admin@rangeresources.com.au
ASX/AIM: RRS/RRL	
www.rangeresources.com.au	