



ABN 88 002 522 009

5 October 2005

Company Announcements Office  
Australian Stock Exchange  
PO Box H224  
Australia Square  
Sydney NSW 2000

## EXCLUSIVE RIGHTS TO ALL MINERALS IN PUNTLAND

The Board of Range Resources Limited ("**Range**") is pleased to announce the entry into a conditional Heads of Agreement to acquire a 50.1% interest in the sole and exclusive rights to all mineral and hydrocarbon exploration and development in the Somali state of Puntland which covers an area of approximately 212,000 km<sup>2</sup>.

### Key Highlights

- The Company views Puntland as one of the last under-explored countries in the world that has high potential for vast reserves of hydrocarbons. And other minerals. During the late 1980's the State was divided into a number of concessions for oil exploration. Significant exploration was undertaken but this effectively ceased due to political instability in the early 1990's. The Company considers the political situation in Puntland to be stable (democratic elections January 2005) and importantly, the state does not experience the "*political unrest*" currently effecting Mogadishu and the southern half of Somalia.
- The mineral potential of Puntland has yet to be mapped, tested and exploited. It is believed that large deposits of iron ore, coal and base metals could be identified.
- Under the Agreement, Range will manage all exploration programs and enter into farm-in or joint venture arrangements with third parties in order to fully exploit the exploration potential of Puntland.
- Consort Private Limited ("**Consort**") has entered into a Contract of Work with the Government of Puntland which grants Consort the exclusive rights to exploit all sub soil resources in Puntland ("**Puntland Agreement**"). The agreement with the Government of Puntland was drafted by a leading London law firm specialising in international law in African countries.
- The Company's clearly defined goal is to facilitate the exploration and commercial development of the State's natural resources to bring the commensurate benefits to the people of Puntland and shareholders of the Company. Range will facilitate the use of third party farm ins and joint ventures to assist in funding its on going obligations under the Heads of Agreement as summarised in this Announcement.

## Puntland Summary

Somalia is situated in the most northeastern part of Africa, known as “the Horn of Africa”.

The Democratic State of Puntland (“**Puntland**”) is located in the northeastern sector of Somalia and covers approximately 212,000 km, (or one-third of Somalia).



The area is believed to have all the pre-requisites to become a major oil producing province whilst its other mineral potential is largely unexplored. Set out below are extracts of the speeches made by President of Puntland and the Honourable Minister for Finance at the recent signing ceremony of the Puntland Agreement:

*(His Excellency, President Mohamud Muse Hirse) “The contract we have signed tonight did not take a little time, but is the work of seven months. In this period we have received, maybe more than twenty companies interested in developing the natural resources of Puntland, but we decided to choose the company (Consort) that we are signing with tonight, for the simple reason that their agreement goes beyond developing minerals. We have looked at a lot of things, and we believe that they can make a huge difference.”*

*(The Honourable Minister for Finance, Mr MohamedAli Yusuf) “Our country needs a lot of development and there is been a lot of speculation for quite sometime that we have a lot of wealth in our subsoil, and because of our limitations to research it or even dig it, we decided to give to a company that can help us develop it so that our people can take advantage and move forward like other countries did in the past.”*

Somalia, and in particular Puntland, remain one of the last under-explored countries that have *high potential for vast reserves of hydrocarbons*. During the late 1980's the State was divided into a number of concessions for oil exploration. Significant exploration was undertaken but this effectively ceased due to political instability that arose in 1991. The mineral potential has yet to be mapped, tested and exploited. It is believed that large deposits of iron ore, coal and base metals could be identified.

## **OIL AND GAS POTENTIAL.**

In a 1991 a World Bank co-ordinated study intended to encourage private investment in the petroleum potential of eight African nations Somalia and the Sudan topped the list of potential commercial oil producers. Sudan is now a producer primarily due to the relatively calmer political climate of that country in the last decade.

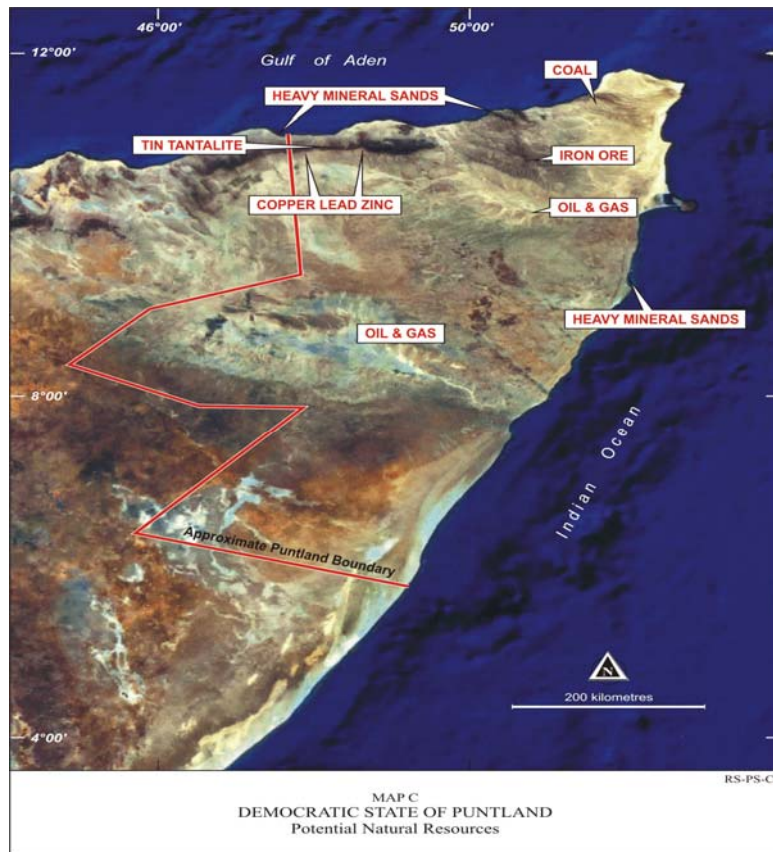
The earliest indication of oil in Somalia was a large oil seep southeast of Berbera and several other seeps in various locations within the country. However, early exploration concentrated on an anticlinal structural approach since this had met with success in the Arabian peninsula it took the oil companies a number of years to abandon this approach in Somalia. There is no evidence of large scale compressive folding in Somalia and the anticlines in the north of the country appear to be associated with the Miocene separation of Africa and Arabia and hence post-Mesozoic and early Tertiary oil and gas accumulations. Therefore, hydrocarbon accumulations must be sought in older structures and stratigraphic traps.

Somalia had been previously identified to possess all the requirements for a petroleum province. Hydrocarbons had been generated in the Jurassic, Cretaceous and Tertiary rocks and has a sedimentary column thickening to 8830m. Many porous reservoirs are known both in carbonate and clastic rocks and various types of traps are believed to be present.

This view was further reinforced in the mid 1980's following the successful exploration efforts of Hunt Oil Corp across the Gulf of Aden in Yemen. There Hunt discovered an estimated 1 billion barrel oil reserves that their geologists believed were part of a great underground rift or valley that arced into and across northern Somalia.

Several major oil companies obtained exploration concessions and conducted considerable exploration and drilling over large parts of the State both onshore and offshore during the late 1980's and early 90's. These companies included AGIP, Shell (Pecten), Conoco, Phillips and Amoco.

Most data relating to previous exploration has been destroyed but Range was able to view and photograph some fragmentary data (mainly old maps) that was recovered by Puntland politicians and public servants about previous exploration.



## Mineral Potential

The mineral potential of Puntland is largely unexplored but work by Bulgarian geologists during the 1970's has shown occurrences of:

**Lead-Zinc:** Some localities of lead-zinc mineralisation occur within Puntland. The number of the known lead-zinc mineral occurrences up to 1977, was close to 35, but no proven ore deposits have been identified;

**Copper :** Copper mineralisation has been recorded from the Inda Ad Series in Puntland south and south west of Bossaso;

**Iron Ore:** Iron ore deposits of unknown size and grade have been identified in the northeastern sector of Puntland;

**Manganese:** Manganese occurrences have been discovered in the north-eastern part of the country;

**Tin:** Tin ore deposits occur only in the north-eastern part of the country. Areas of interest include Madjayan and Dalan.

**Beryl, Tantalum and Niobium:** These minerals are normally emplaced in pegmatites, associated with the Precambrian structural stage rock formations. The known occurrences are observed mainly in the north-eastern sector of the Puntland.

**Uranium** : A belt of uranium deposits is disposed in the Mudug Province: Some of these deposits may present within the southern and northern sectors of Puntland.

**Non metallic raw materials and minerals:** The following industrial minerals and hydrocarbons are present in Puntland in unquantified amounts;

- Kyanite
- Ornamental & facing stones (granite, marble, gabbro, syenite) -Feldspars:.
- Quartz sands for glass industry:
- Road raw materials, ceramic production, Gypsum – many places in the country;
- Kaolin:
- Coals (Jurassic in age)
- Salt
- Raw materials for cement industry.
- Gypsum and anhydrite
- Bituminous shales – in north-eastern Somalia;

### **Political Background**

The Democratic State of Puntland is located in the northeastern sector of Somalia and covers an area of approximately 212,500 km<sup>2</sup>. Puntland considers itself as an autonomous state within Somalia; Puntland declared autonomy under the presidency of Abdullahi Yusuf as a nation with clan confederation as one of its top priorities. Since 1998, unlike the other self-declared state of Somaliland, Puntland is not seeking international recognition as a sovereign nation at this time. It wants to be a federal division in a united Somalia that is a federal republic. President Yusuf served as President of Puntland until October 2004 when he was elected President of the Transitional National Government of Somalia. He was succeeded as President of Puntland by Muhammad Abdi Hashi Moh who served until January 2005 when he was defeated for reelection by Parliament, which elected His Excellency, President Mohamud Muse Hersi.

The political situation in Puntland is considered stable and does not experience the problems currently afflicting Mogadishu. Company Chairman Michael Povey visited Puntland, in April 2005 and encountered no security issues.

The agreements entered into follow intense negotiations between the Parties and their legal advisors. As part of this process the Parties have satisfied themselves that all previous mining concessions have lapsed.

## Heads of Agreement

The Heads of Agreement entered into between Range & Consort is subject to a number of conditions precedents namely:

- a) The obtaining of any regulatory consents required to effect the terms of the Heads of Agreement in particular, the consent of the Puntland Government;
- b) The shareholders of Range passing any resolutions as are required under the ASX Listing Rules and the Corporations Act to give effect to the transactions contemplated by the Heads of Agreement;
- c) Range completing a proposed 1 for 2 non - renounceable Rights Issue (with 1 free attaching option (existing listed class - 5 cents, 1 October 2007) for every 2 Rights Shares subscribed for) to raise approximately \$3.45m ("Rights Issue"). An Appendix 3B is attached;
- d) Formal documentation being entered into which reflects the terms of the Heads of Agreement.

The consideration terms payable under the Heads of Agreement are as follows:

- Range in order to earn a 50.1% interest in Consort's rights under the agreement with the Puntland Government (including the management and control of farming out the rights to third parties):
  - US\$1,500,000 payable on or before 20 October by way of refundable advance in the event that the Conditions Precedent are not satisfied by the due date. The amount represents part of the consideration payable by Consort under the Puntland Agreement. The payment will be funded by a loan facility which will, in full (or part) convert as part of any Shortfall under the Rights Issue ;
  - US\$1,000,000 payable on the Completion Date (all relevant approvals being obtained and proposed Rights Issue completed).
  - 17 monthly payments of US\$200,000 per month commencing on 15 November 2005 representing part of the consideration payable by Consort under the Puntland Agreement;
  - 85,000,000 Range Shares and 85,000,000 Range Options to be allotted and issued on the Completion Date;
  - US\$500,000, 85,000,000 Range Shares and 255,000,000 Range Options to be allotted and issued upon Consort introducing a legally binding third party farm in partner with committed exploration and development expenditure of at least US\$5,000,000; and

- o commitment by Range to spend (or introduce third party funding) of US\$5,000,000 over a 4 year period commencing on the Completion Date.

Consort's 49.9% interest is free carried (unless otherwise agreed) across all project areas until such time as a decision is made, in respect of certain delineated project areas, to proceed to mine or likewise commercially exploit the mineral / hydrocarbon potential of a specific project. There is also a facilitation fee to third parties (subject to shareholder approval) of 35m shares and 60m options.

### Proposed Capital Structure

A summary of the Company's capital structure following completion of the Puntland proposal is set out below.

	Current	Peru <sup>2</sup> - to be issued	Forrestania - to be issued	Rights Issue <sup>4</sup>	Puntland	Total
<b>Shares</b>	461m	65m	35m <sup>3</sup>	230.5	120 <sup>5</sup>	<b>911.5</b>
<b>Options</b>	366m <sup>1</sup>	80m	35m <sup>3</sup>	115 <sup>1</sup>	185 <sup>5</sup>	<b>741</b>

<sup>1</sup> Does not include 20 m unlisted directors options

<sup>2</sup> Subject to Shareholder approval (announced 24-06-05)

<sup>3</sup> Shareholder Approval (upon granting of EL's) 29-04-05

<sup>4</sup> Rights Issue - 1 for 2 at 1.5 cents to raise \$3.5m

<sup>5</sup> Does not include milestone as summarised above, does include introduction fee of 35m shares and 60m options

The Rights Issue is a fully underwritten pro-rata non-renounceable rights issue to shareholders of approximately 230.5m Rights Shares at an issue price of \$0.015 each on the basis of one (1) Rights Share for every two (2) Shares held at the Record Date. In addition shareholders will receive one free attaching option exercisable at \$0.05 on or before 1 October 2007 ("**Rights Option**") for every two (2) Rights Shares subscribed for. The Rights Issue is conditional on the key conditions precedent under the Puntland Heads of Agreement being satisfied.

The \$3.46 million issue is fully underwritten by Findlay and Co. Underwriters Pty Ltd and subject to standard conditions. The new Rights Shares will rank equally in all respects with existing shares of the Company. The new Rights Options will rank equally in all respects with existing listed options of the Company. The funds raised will be applied to the Puntland Project as summarised above and working capital.

### Peru and Forrestania

The Company is committed to further developing both its Peru uranium deposit and its Forrestania tenement holdings. Drilling contractors are currently being organised in Peru to commence drilling to further define and enhance the deposit. The Company is also looking to enter into commercial farm in or joint venture arrangements with respect to conducting another drilling campaign in its Forrestania tenements.

The Board looks forward to updating you on the progress of what, in its opinion, is a very exciting opportunity for the Company.

Yours faithfully

**Mike Povey**  
**Executive Chairman**

For Further Information:

Mike Povey, Executive Chairman (m) 0439311255

Jim Marinis, Executive Director (w) 03 9662 1407 (m) 0419 343 619

# Appendix 3B

## New issue announcement, application for quotation of additional securities and agreement

*Information or documents not available now must be given to ASX as soon as available. Information and documents given to ASX become ASX's property and may be made public.*

Introduced 1/7/96. Origin: Appendix 5. Amended 1/7/98, 1/9/99, 1/7/2000, 30/9/2001, 11/3/2002, 1/1/2003.

Name of entity

**RANGE RESOURCES LIMITED**

ABN

**88 002 522 009**

We (the entity) give ASX the following information.

### Part 1 - All issues

*You must complete the relevant sections (attach sheets if there is not enough space).*

- |   |  |  |
|---|--|--|
| 1 | +Class of +securities issued or to be issued   | Ordinary Fully Paid Shares<br><br>Listed Options (5 cents, 10 Oct 2007)                            |
| 2 | Number of +securities issued or to be issued (if known) or maximum number which may be issued  | 230,571,920 Ordinary Fully Paid Shares<br><br>115,285,960 Listed Options (5 cents, 1 October 2007) |
| 3 | Principal terms of the +securities (eg, if options, exercise price and expiry date; if partly paid +securities, the amount outstanding and due dates for payment; if +convertible securities, the conversion price and dates for conversion) | Ordinary Fully Paid Shares<br><br>Listed Options (5 cents, 1 October 2007)                         |

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+ See chapter 19 for defined terms.

<p>4 Do the <sup>+</sup>securities rank equally in all respects from the date of allotment with an existing <sup>+</sup>class of quoted <sup>+</sup>securities?</p> <p>If the additional securities do not rank equally, please state:</p> <ul style="list-style-type: none"> <li>• the date from which they do</li> <li>• the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment</li> <li>• the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment</li> </ul>	<p>Yes</p>						
<p>5 Issue price or consideration</p>	<p>1.5 cents per Shares with a 1 for 2 attaching Option</p>						
<p>6 Purpose of the issue (If issued as consideration for the acquisition of assets, clearly identify those assets)</p>	<p>Fund Puntland Project and working capital.</p>						
<p>7 Dates of entering <sup>+</sup>securities into uncertificated holdings or despatch of certificates</p>	<p>TBA</p>						
<p>8 Number and <sup>+</sup>class of all <sup>+</sup>securities quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1021 970 1055">Number</th> <th data-bbox="970 1021 1291 1055"><sup>+</sup>Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1055 970 1088">691,715,761</td> <td data-bbox="970 1055 1291 1088">Ordinary fully paid shares</td> </tr> <tr> <td data-bbox="695 1088 970 1142">481,462,220</td> <td data-bbox="970 1088 1291 1142">Listed Options (\$0.05, 1 October 2007)</td> </tr> </tbody> </table>	Number	<sup>+</sup> Class	691,715,761	Ordinary fully paid shares	481,462,220	Listed Options (\$0.05, 1 October 2007)
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<p>9 Number and <sup>+</sup>class of all <sup>+</sup>securities not quoted on ASX (<i>including</i> the securities in clause 2 if applicable)</p>	<table border="1"> <thead> <tr> <th data-bbox="695 1176 970 1209">Number</th> <th data-bbox="970 1176 1291 1209"><sup>+</sup>Class</th> </tr> </thead> <tbody> <tr> <td data-bbox="695 1209 970 1263">20,000,000</td> <td data-bbox="970 1209 1291 1263">Unlisted (Directors) Incentive Options (\$0.05, 1 October 2010)</td> </tr> </tbody> </table>	Number	<sup>+</sup> Class	20,000,000	Unlisted (Directors) Incentive Options (\$0.05, 1 October 2010)		
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20,000,000	Unlisted (Directors) Incentive Options (\$0.05, 1 October 2010)						
<p>10 Dividend policy (in the case of a trust, distribution policy) on the increased capital (interests)</p>	<p>Not applicable</p>						

**Part 2 - Bonus issue or pro rata issue**

<p>11 Is security holder approval required?</p>	<p>Rights Issue is subject to shareholders approving the proposed Puntland opportunity as summarised in ASX Announcement dated 5 Oct 2005</p>
<p>12 Is the issue renounceable or non-renounceable?</p>	<p>Non-Renounceable</p>
<p>13 Ratio in which the <sup>+</sup>securities will be offered</p>	<p>1 Rights Shares for every 2 Shares held with 1 free attaching Rights Option for every 2 Rights Shares subscribed for.</p>
<p>14 <sup>+</sup>Class of <sup>+</sup>securities to which the offer relates</p>	<p>Ordinary Fully Paid Shares and Listed Options</p>

15	+Record date to determine entitlements	TBA
16	Will holdings on different registers (or subregisters) be aggregated for calculating entitlements?	N/A
17	Policy for deciding entitlements in relation to fractions	Rounding Down
18	Names of countries in which the entity has +security holders who will not be sent new issue documents  Note: Security holders must be told how their entitlements are to be dealt with.  Cross reference: rule 7.7.	USA, UK, Japan, Singapore, FIJI, South Africa, Northern Ireland, Switzerland, Hong Kong, Vanuatu, The Netherlands, Philippines, Papua New Guinea, China
19	Closing date for receipt of acceptances or renunciations	TBA
20	Names of any underwriters	Findlay & Co Underwriters Pty Ltd
21	Amount of any underwriting fee or commission	5%
22	Names of any brokers to the issue	Findlay & Co Underwriters Pty Ltd
23	Fee or commission payable to the broker to the issue	1% (Management Fee)
24	Amount of any handling fee payable to brokers who lodge acceptances or renunciations on behalf of +security holders	N/A
25	If the issue is contingent on +security holders' approval, the date of the meeting	On or about 25 November 2005
26	Date entitlement and acceptance form and prospectus or Product Disclosure Statement will be sent to persons entitled	TBA
27	If the entity has issued options, and the terms entitle option holders to participate on exercise, the date on which notices will be sent to option holders	10 business days before Record Date
28	Date rights trading will begin (if applicable)	N/A
29	Date rights trading will end (if applicable)	N/A
30	How do +security holders sell their entitlements <i>in full</i> through a broker?	N/A
31	How do +security holders sell <i>part</i> of their entitlements through a broker and accept for the balance?	N/A
32	How do +security holders dispose of their entitlements (except by sale through a broker)?	TBA

+ See chapter 19 for defined terms.

33 +Despatch date

N/A

### Part 3 - Quotation of securities

*You need only complete this section if you are applying for quotation of securities*

34 Type of securities  
(tick one)

(a)  Securities described in Part 1

(b)  All other securities

Example: restricted securities at the end of the escrowed period, partly paid securities that become fully paid, employee incentive share securities when restriction ends, securities issued on expiry or conversion of convertible securities

#### Entities that have ticked box 34(a)

##### Additional securities forming a new class of securities

*Tick to indicate you are providing the information or documents*

35  If the +securities are +equity securities, the names of the 20 largest holders of the additional +securities, and the number and percentage of additional +securities held by those holders

36  If the +securities are +equity securities, a distribution schedule of the additional +securities setting out the number of holders in the categories  
1 - 1,000  
1,001 - 5,000  
5,001 - 10,000  
10,001 - 100,000  
100,001 and over

37  A copy of any trust deed for the additional +securities

#### Entities that have ticked box 34(b)

38 Number of securities for which +quotation is sought

39 Class of +securities for which quotation is sought

40 Do the +securities rank equally in all respects from the date of allotment with an existing +class of quoted +securities?

If the additional securities do not rank equally, please state:

- the date from which they do
- the extent to which they participate for the next dividend, (in the case of a trust, distribution) or interest payment
- the extent to which they do not rank equally, other than in relation to the next dividend, distribution or interest payment

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41 Reason for request for quotation now

Example: In the case of restricted securities, end of restriction period

(if issued upon conversion of another security, clearly identify that other security)

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42 Number and +class of all +securities quoted on ASX (*including* the securities in clause 38)

Number	+Class

## Quotation agreement

1 +Quotation of our additional +securities is in ASX's absolute discretion. ASX may quote the +securities on any conditions it decides.

2 We warrant the following to ASX.

- The issue of the +securities to be quoted complies with the law and is not for an illegal purpose.
- There is no reason why those +securities should not be granted +quotation.
- An offer of the +securities for sale within 12 months after their issue will not require disclosure under section 707(3) or section 1012C(6) of the Corporations Act.

Note: An entity may need to obtain appropriate warranties from subscribers for the securities in order to be able to give this warranty

- Section 724 or section 1016E of the Corporations Act does not apply to any applications received by us in relation to any +securities to be quoted and that no-one has any right to return any +securities to be quoted under sections 737, 738 or 1016F of the Corporations Act at the time that we request that the +securities be quoted.
- We warrant that if confirmation is required under section 1017F of the Corporations Act in relation to the +securities to be quoted, it has been provided at the time that we request that the +securities be quoted.
- If we are a trust, we warrant that no person has the right to return the +securities to be quoted under section 1019B of the Corporations Act at the time that we request that the +securities be quoted.

3 We will indemnify ASX to the fullest extent permitted by law in respect of any claim, action or expense arising from or connected with any breach of the warranties in this agreement.

4 We give ASX the information and documents required by this form. If any information or document not available now, will give it to ASX before +quotation of the +securities begins. We acknowledge that ASX is relying on the information and documents. We warrant that they are (will be) true and complete.

Sign here:



Date: 5 October 2005

Print name:

PETER LANDAU, COMPANY SECRETARY

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