

NSX Announcement  
26 April 2013

## **STRATEGIC MERGER OFFER BY RANGE RESOURCES LIMITED**

International Petroleum Limited (**NSX: IOP**) (**International Petroleum** or the **Company**), an oil and gas exploration and production company with assets in Russia and Kazakhstan, advises its shareholders that Range Resources Limited (**ASX: RRS, AIM: RRL**) (**Range**) announced on 24 April 2013 (**RRS Announcement**) its intention to undertake a strategic merger to acquire all of the issued shares in International Petroleum either by making an off-market scrip takeover offer to International Petroleum shareholders or by way of scheme or arrangement (**Merger**). Range intends to offer three Range shares for every two International Petroleum shares (**Range Offer**).

The Board of International Petroleum supports and recommends the Range Offer in the absence of a superior proposal.

As stated in the RRS Announcement, the Merger will create a leading ASX & AIM listed oil and gas company with a strong production growth profile from the ongoing development of its significant reserves and resources base. The key near-term focus of the merged entity will be the expansion and development of the projects in Trinidad, Russia and onshore Africa.

### **Conditions of Merger**

The Merger is subject to the satisfaction of the following conditions:

- (a) if undertaken by way of an off-market takeover bid, minimum acceptance by International Petroleum shareholders of 51% or, if undertaken by way of scheme of arrangement, the necessary approval from International Petroleum shareholders at an extraordinary general meeting;
- (b) confirmatory due diligence by Range on International Petroleum and its assets;
- (c) an acceptable relationship agreement (**Relationship Agreement**) being entered into with Mr Frank Timis, a director and the major shareholder of International Petroleum, with a current 37.7% shareholding via Safeguard Management Limited. As a result of the proposed Merger and the issue of new Range shares pursuant to a proposed A\$20 million equity placing, Mr Timis would ordinarily end up with a shareholding of approximately 14% in the enlarged Range. The Relationship Agreement will be entered into pursuant to which (i) Mr Timis's shareholding in Range at the time of completion of the proposed Merger will be below 10% through a sell down or other arrangement, and (ii) Mr Timis will not seek to appoint any directors to the board of Range or otherwise influence or become involved in the management of Range. The precise terms of such Relationship Agreement are yet to be agreed, but will be disclosed in the proposed takeover or scheme documentation.

- (d) all necessary consents and approvals for the Merger (if any) including any regulatory approvals being obtained;
- (e) Range maintaining its ASX and AIM listings; and
- (f) Range completing a capital raising of A\$20 million at A\$0.059 (GB£0.04) and providing US\$15 million to International Petroleum by way of a loan secured over International Petroleum's Russian assets (see below).

### **Placement**

Range has received commitments from a number of institutional investors to raise approximately A\$20 million through the issue of approximately 338.983 million Range ordinary shares at an issue price of £0.04 per share (A\$0.059) (**Placement Shares**) along with an attaching unlisted warrant for every two shares subscribed for (with exercise price of GB£0.04 per warrant and expiry date of 30 April 2016) (**Placement**) with the warrants subject to Range shareholder approval. Application will be made by Range for the Placement shares to be admitted for trading on the ASX and AIM markets, with trading in the Placement shares expected to commence on or around 29 April 2013.

Funds raised by Range through the Placement will be used to fund a secured loan to International Petroleum (see below) and for Range's operational and working capital requirements.

### **Loan Funds to International Petroleum**

Range has agreed to advance a total of US\$15 million of the Placement proceeds to International Petroleum by way of a secured loan in the coming days (**Loan**). International Petroleum will use these monies to repay debt and meet working capital requirements. Security over International Petroleum's Russian assets will be provided by International Petroleum to Range.

The Loan will bear a coupon interest rate of 8% per annum and, in the event that the proposed Merger is not completed, will be repayable by the earlier to occur of (a) 30 April 2014 and (b) in the event of a default by International Petroleum, five business days after the date on which International Petroleum receives a notice from Range requesting repayment.

The Company anticipates that trading in its securities will resume following receipt of the Loan proceeds from Range.

For further details in respect of the Range Offer, Placement and the Loan, shareholders should refer to the RRS Announcement. Further information in relation to Range can be found at [www.rangeresources.com.au](http://www.rangeresources.com.au).

The Company will continue to keep its shareholders fully informed of further developments as they occur, to ensure shareholders are able to make an informed decision about what, if any, action to take.

The Board's focus will be on the maximisation of shareholder value and the Range Offer, or any other offers or proposals, is and will be considered in that context.

Yours faithfully  
International Petroleum Limited

Tony Sage  
**Non-Executive Chairman**

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## About International Petroleum

International Petroleum is an oil and gas exploration and production company. The Company is listed on the National Stock Exchange of Australia (**NSX: IOP**).

The Company owns:

1. a 100% equity interest in a licence over the Zapadno-Novomolodezhny field for geological study of subsoil, prospecting and extraction of oil and gas in the Khanty-Mansiysk Autonomous Region in Western Siberia (the **“Zapadno-Novomolodezhny Project”**).
2. a 100% equity interest in a licence over the Yuzhno-Sardakovsky field for geological study of subsoil, prospecting and extraction of oil and gas in the Khanty-Mansiysk Autonomous Region in Western Siberia (the **“Yuzhno-Sardakovsky Project”**).
3. a 100% equity interest in a licence over the the Yanchinsky block for geological study of subsoil and prospecting for oil and gas in the Khanty-Mansiysk Autonomous Region in Western Siberia (the **“Yanchinsky Project”**).
4. a 75% equity interest in the exploration rights to four blocks, covering a total area of 1,467 km<sup>2</sup>, located in the Khanty-Mansiysk Autonomous Region in Western Siberia, the largest oil-producing region of Russia in Western Siberia (the **“Krasnoleninsky Project”**). During 2011, the Company drilled two exploration wells in the Krasnoleninsky Project and discovered commercial quantities of oil in both wells and registered these two oil fields as the Vostochno-Kamskoye field and the Yanlotskoye field.
5. a 75% equity interest in an exploration licence in the Tomsk region of Western Siberia (the **“Tomsk Exploration Licence”** or the **“Druzhny Project”**).
6. a 50% interest in an early stage project covering 24,649 km<sup>2</sup> in eastern and south eastern Kazakhstan (the **“Alakol Project”**), which borders the western boundary of the People’s Republic of China. International Petroleum’s subsidiary company, North Caspian Petroleum Limited, has exclusive exploration rights to the Kazakhstan Project until November 2012.
7. a 100% interest in four production sharing contracts and four Exclusive Exploration Authorisations relating to four blocks in the Republic of Niger known as Manga 1, Manga 2, Aborak and Ténéré Ouest.

Whilst the Company is focused on exploration at its existing projects in Russia and Kazakhstan, it continues to review other companies and areas, such as Russia and Africa, for opportunities to acquire additional exploration and/or production projects.