

# **RANGE ENERGY RESOURCES INC.**

## **Management's Discussion & Analysis**

**Nine month period ended September 30, 2014**

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Management's discussion and analysis ("MD&A") provides a review of the performance of Range Energy Resources Inc.'s ("Range" or the "Company") operations and has been prepared on the basis of available information up to November 25, 2014 and should be read in conjunction with the unaudited condensed interim consolidated financial statements for the nine month period ended September 30, 2014 ("YTD-2014") and the audited consolidated financial statements for the year ended December 31, 2013 and the related notes thereto ("fiscal 2013"), which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). The Company's reporting currency is Canadian dollars and all dollar amounts referred to in this discussion and analysis are expressed in Canadian dollars except where indicated otherwise.

Some of the statements made in this MD&A are forward-looking statements that are subject to risk factors set out in the cautionary note contained herein.

Range's common shares are listed on the Canadian Securities Exchange (the "CSE") trading symbol – RGO.

### **Caution on Forward-Looking Statements**

*The MD&A contains certain forward-looking statements concerning anticipated developments in Range's operation in future periods. Forward-looking statements are frequently, but not always, identified by words such as "expects", "anticipates", "believes", "intends", "estimates", "potential", "possible" and similar expressions, or statements that events, conditions or results "will", "may", "could" or "should" occur or be achieved. The forward-looking statements are set forth principally under the heading "Outlook" in the MD&A and may include statements regarding exploration results and budgets, petroleum reserves estimates, work programs, capital expenditures, timelines, strategic plans, market price of oil or natural gas or other statements that are not statements of fact. Forward-looking statements are statements about the future and are inherently uncertain, and actual achievements of Range may differ materially from those reflected in forward-looking statements due to a variety of risks, uncertainties and other factors. Range's forward-looking statements are based on the beliefs, expectations and opinions of management on the date the statements are made, and Range does not assume any obligation to update forward-looking statements if circumstances or management's beliefs, expectations or opinions should change except as required by law. For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Important factors that could cause actual results to differ materially from Range's expectations include uncertainties involved in disputes, arbitration and litigation, fluctuations in commodity prices and currency exchange rates; uncertainties relating to interpretation of drill results and the geology, continuity and estimation of reserves; uncertainty of estimates of capital and operating costs, recovery rates, production estimates and economic return; the need for cooperation of government agencies and native groups in the exploration and development of properties and the issuance of required permits; the need to obtain additional financing to develop properties and uncertainty as to the availability and terms of future financing; the possibility of delay in exploration or development programs or in construction projects and uncertainty in meeting anticipated program milestones; uncertainty as to timely availability of permits and other government approvals and other risks and uncertainties disclosed in other information released by Range from time to time and filed with the appropriate regulatory agencies.*

### **Corporate developments and outlook**

#### **Private Placements**

In May and June 2014, the Company completed non-brokered private placements totalling 54,791,726 units for gross proceeds of \$2,888,545. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional share at \$0.07 per share up to May or June 2019, as applicable.

In July 2014, the Company completed another non-brokered private placement totalling 20,000,000 units for gross proceeds of \$1,000,000. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional share at \$0.055 per share up to July 2019.

Proceeds from each private placement will be used to continue fulfilling the Company's exploration and development obligations on the Khalakan Block, evaluating new opportunities and for general corporate purposes.

### **Khalakan Block, Kurdistan Region of Iraq**

As at the date of this report, the Company's principal asset is an indirect investment in an oil and gas resource property referred to as the Khalakan Block which is domiciled in the Kurdistan Region of Iraq.

The Company owns 49.9% of the common shares of New Age Al Zarooni 2 Limited ("NAAZ2"), a company domiciled in Jersey, Channel Islands. NAAZ2 owns 50% of the common shares of Gas Plus Khalakan Limited ("GPK"), a company domiciled in Jersey, Channel Islands. New Age (African Global Energy) Limited ("New Age") owns the other 50% of the common shares of GPK. GPK holds an 80% interest in the Khalakan production sharing contract ("PSC") that governs exploration and production activities with respect to the Khalakan Block and the Kurdistan Regional Government of Iraq holds the remaining 20% interest. The Khalakan Block consists of two concessions, Blocks 28 and 29 (sometimes referred to as Blocks 6 and 7) and comprises 624 square kilometers located in the central part of the Kurdistan Region of Iraq. New Age is the current operator of the Khalakan Block under a Management Services Agreement.

In March 2010, the Company completed an independent, initial resource assessment of the Khalakan Block. In November 2010, the operator of the Khalakan Block completed a comprehensive seismic program. Processing was completed in July 2011.

Range and its board have spent considerable time and effort to gain intelligence on the activity of the operator of the Khalakan Block. As previously reported, Range has received limited information from its joint venture partners regarding progress of the exploration and development activities on the Khalakan Block. In fact, Range commenced an arbitration proceeding against its joint venture partners in an effort to obtain more information on these development activities and to secure the right to disseminate the material information to its shareholders (see "Outlook" below). Because of this lack of information and contractual limitations on its ability to disclose information to the public, Range has had to look for public disclosures regarding the activities on the Khalakan Block before it can report material information to its shareholders and the public.

On May 27, 2014, the International Chamber of Commerce (the "ICC") notified the Company of the final award issued in the arbitration proceeding that the Company commenced against NAAZ2 and Black Gold Khalakan Limited ("BGKL"). The result is that the Company should have more ready access to, and certain rights to disclose, material information concerning the status of work at the Khalakan Block. To date, neither NAAZ2 nor BGKL have provided such material information to the Company.

Rather than comply with the arbitration award, on June 20, 2014, NAAZ2 and BGKL commenced a proceeding in an English court to challenge the arbitration award that was recently issued in the Company's favour.

On July 25, 2014, the Company filed its response to the initial pleadings that NAAZ2 and BGKL filed with the English court.

On August 15, 2014, the Company commenced an action in Jersey seeking enforcement of that portion of the arbitration award whereby the Company was awarded the attorneys' fees and the expenses that it incurred in the course of the arbitration. On October 13, 2014, the Jersey court adjourned this proceeding until a ruling has been issued in the proceeding before the English court regarding the arbitration award.

On October 16, 2014, GPK, the sole contractor of the Khalakan Block in the Kurdistan Region of Iraq, announced by press release that it has declared the Shewashan light oil discovery on the Khalakan Block commercial under the terms of the PSC and is preparing a Field Development Plan for submission to the Ministry of Natural Resources of the Kurdistan Regional Government a full press release is available at the Company's website at [http://rangeenergyresources.com/news/2014/index.php?&content\\_id=129](http://rangeenergyresources.com/news/2014/index.php?&content_id=129).

### **Outlook**

Range continues to meet all relevant obligations related to the Khalakan PSC and anticipates the Khalakan Block operator will complete the exploration schedule in a timely manner. The Company's interest in the Khalakan PSC relies on third parties to provide the Company with information related to meeting the requirements and obligations of the PSC. The Company's Shareholders Agreement for NAAZ2 provides the Company with limited rights and remedies to pursue specific information if a joint venture participant or other third party fails to provide this information when the Company requests it.

On July 20, 2012, the Company commenced arbitration proceedings against NAAZ2 and BGKL, the other shareholder in NAAZ2. The arbitration took place before three arbitrators in London under the Arbitration Rules of the International Chamber of Commerce. Neither of the respondents asserted any counterclaims against the Company. The arbitration panel held a hearing on the merits of the dispute from April 29, 2013 until May 3, 2013.

On May 27, 2014, the ICC notified the Company of the final award issued in the arbitration proceeding. The arbitration tribunal has awarded the Company orders and declarations which support the Company's right to obtain material information as to its investments, and to use such material information (which the Company must otherwise hold confidential) to produce public summaries of the status of the work at the Khalakan Block as is necessary to comply with applicable securities laws. The tribunal awarded the Company with 100% of its costs incurred in connection with the arbitration.

The Company is not permitted under the ICC's rules to fully disclose the award.

On June 20, 2014, NAAZ2 and BGKL commenced a proceeding in an English court to challenge the arbitration.

On July 25, 2014, the Company filed its response to the initial pleadings that NAAZ2 and BGKL filed with the English court.

On August 15, 2014, the Company commenced an action in Jersey seeking enforcement of that portion of the arbitration award whereby the Company was awarded the attorneys' fees and the expenses that it incurred in the course of the arbitration. On October 13, 2014, the Jersey court adjourned this proceeding until a ruling has been issued in the proceeding before the English court regarding the arbitration award.

Range also is seeking other public sources of information to ascertain the progress of exploration in the Khalakan Block. As Range obtains reliable information on these activities in the Khalakan Block, Range will make disclosures to its Shareholders in accordance with regulatory requirements.

The Company continues to review other opportunities as they may arise but no agreements have been reached with any parties.

#### **Other**

On March 3, 2012, the Company entered into a Letter of Intent ("LOI") with Blackstairs Energy PLC ("Blackstairs") whereby the Company proposed to acquire 100% of the issued share capital of Blackstairs subject to a number of conditions set out in the LOI, including, satisfactory completion by the Company of its due diligence review of Blackstairs on or before April 30, 2012, entering into a Definitive Agreement and obtaining requisite regulatory and shareholders' approvals, if required. Under the terms of the LOI, the Company loaned Blackstairs CAD\$497,450 (US\$500,000) for working capital purposes. This loan was secured by the shares in Blackstairs held by certain shareholders. As the structure of a Definitive Agreement could not be agreed upon, the LOI was terminated on March 29, 2012 and as such, the loan was repayable within 180 days from April 30, 2012, bearing interest at the rate of US prime plus 1.5% per annum compounded monthly until repayment.

On November 13, 2012, the Company and Blackstairs entered into a letter agreement regarding this loan. Under this letter agreement, the Company agreed to waive Blackstairs' obligation to repay the outstanding loan and accrued interest, and to forbear from exercising remedies arising from Blackstairs' failure to timely repay this loan, for a period ending no later than December 1, 2012. The Company agreed to this waiver and forbearance to provide Blackstairs time to complete an equity financing transaction. In consideration for this waiver and forbearance, Blackstairs agreed to pay a higher interest rate on the loan if it was not timely repaid. Blackstairs failed to make payment by December 1, 2012. By letter dated December 11, 2012, and again by letter dated February 15, 2013, the Company demanded that Blackstairs make payment of all outstanding principal of, and interest on, the loan. Blackstairs did not timely repay these amounts by the February 18, 2013 date specified in the Company's February 15, 2013 letter. The Company subsequently took the steps necessary to cause the pledged shares to be transferred to the Company and registered in the name of the Company on Blackstairs' share register. Renegotiation of repayment of the loan receivable is ongoing.

Range has reserved the right to pursue all rights and remedies available to it. As the fair value of the pledged shares is indeterminable at December 31, 2013, the loan receivable has been written down to a nominal amount.

### Financial Position

As at September 30, 2014, the Company had current assets of \$512,436 and current liabilities of \$240,320 compared to current assets of \$4,139,447 and current liabilities of \$73,747 as at December 31, 2013. At September 30, 2014, the Company had working capital of \$272,116 compared to working capital of \$4,065,700 at December 31, 2013.

The Company had cash and cash equivalents of \$509,823 at September 30, 2014 compared to \$4,086,880 at December 31, 2013. During the nine month period ended September 30, 2014, the Company recorded cash outflows from operations of \$360,240 compared to cash outflows of \$916,806 in the comparable period of 2013.

Cash used in investing activities during the nine month period ended September 30, 2014 includes \$7,087,310 (2013 - \$1,864,805) being cash called for its share of expenditures on the Khalakan Block.

Cash provided by financing activities during the nine month period ended September 30, 2014 ("Q3-2014") was \$3,870,493 (2013 - \$3,475,000) from a private placement, consisting of gross proceeds of \$3,888,545 less capital raising costs of \$18,052.

### Results of Operations

(Nine month period ended September 30, 2014 ("YTD-2014") compared with nine month period ended September 30, 2013 ("YTD-2013"))

	YTD-2014	YTD-2013
	(Unaudited)	(Unaudited)
<b>Expenses</b>		
Audit and related fees	\$ (9,300)	\$ -
Consulting	73,435	86,860
Depreciation	169	240
Directors fees	75,000	77,383
General and administrative	49,841	74,134
Legal fees	175,952	858,702
Management fees	76,500	76,500
Transfer agent and filing fees	14,727	14,960
Travel and promotion	-	31,393
Loss before the following	(456,324)	(1,220,172)
Interest income	29,947	36,886
Foreign exchange gain or (loss)	(114,003)	-
Write-down of amounts receivable	(13,244)	-
Write-down of loan receivable	(23,312)	-
<b>Net loss and comprehensive loss for period</b>	<b>\$ (576,936)</b>	<b>\$ (1,183,286)</b>
<b>Loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
Weighted average number of shares used in calculation of loss per share - basic and diluted	484,342,237	310,723,037

#### Net loss

The Company reported a net loss of \$576,936 (\$0.00 per share) for YTD-2014 as compared to a net loss of \$1,183,286 (\$0.00 per share) for the same period in 2013. Included in the current period's results is interest earned of \$29,947 (2013 - \$36,886) on surplus funds from the financings and interest accrued on the loan receivable. Surplus funds were invested in variable rate term deposits.

#### Expenses

Operating expenses for YTD-2014 totalled \$456,324 compared to YTD-2013 expenses of \$1,220,172. The significant factors that contributed to the variances are discussed below:

Consulting fees for YTD-2014 totalled \$73,435 compared to \$86,860 for YTD-2013 representing a decrease of \$13,425. Previously, fees of US\$15,000 per month were paid or accrued to EMK Energy MetriKs Limited for Farid Zouiouèche to provide various consulting services to the Company, including acting as the Range-nominated director on the board of NAAZ2. This agreement was terminated in January 2013.

Directors' fees of \$25,000 per annum are being paid to each independent director who is not being compensated for management and consulting services. Fees are accrued and paid on a quarterly basis.

General and administrative expenses totalled \$49,841 for YTD-2014 compared to \$74,134 for YTD-2013 representing a decrease of \$24,293. Included in this category are bank fees, communications lines (telephone, facsimile and internet), delivery, office supplies, printing, insurance and rent.

Legal fees for YTD-2014 totalled \$175,952 compared to \$858,702 for the comparable period in the prior year. The increase in fees accrued and paid during YTD-2013 is primarily a result of increased legal fees incurred on the arbitration proceedings initiated by the Company.

Management fees totalled \$76,500 for YTD-2014 and YTD-2013. Management fees are paid to a private company solely owned by the Company's Chief Financial Officer for accounting and other fees.

*Three month period ended September 30, 2014 (Q3-2014) compared with three month period ended September 30, 2013 (Q3-2013)*

	<b>Q3 - 2014</b>	<b>Q3 - 2013</b>
	(Unaudited)	(Unaudited)
<b>Expenses</b>		
Audit and related fees	\$ 2,200	\$ -
Consulting	24,133	22,939
Depreciation	57	80
Directors fees	25,000	25,713
General and administrative	15,084	16,516
Legal fees	155,525	76,589
Management fees	25,500	25,500
Transfer agent and filing fees	4,951	3,879
Travel and promotion	-	206
Loss before the following	(252,450)	(171,422)
Interest income	7,646	13,641
Foreign exchange gain or (loss)	1,343	-
Write-down of amounts receivable	(13,244)	-
Write-down of loan receivable	(8,602)	-
<b>Net loss and comprehensive loss for period</b>	<b>\$ (265,307)</b>	<b>\$ (157,781)</b>
<b>Loss per share</b>	<b>\$ (0.00)</b>	<b>\$ (0.00)</b>
Weighted average number of shares used in calculation of loss per share - basic and diluted	526,273,914	333,158,934

The Company reported a net loss of \$265,307 for Q3-2014 as compared to a net loss of \$157,781 for the same period in 2013. The fluctuations in line item amounts are due to the same factors discussed in the YTD-2014 analysis.

## Summary of Quarterly Results - Unaudited

The following table summarizes quarterly results for the past eight quarters:

Quarter Ended	Net revenues	Net income (loss)*	Loss per share - basic	Loss per share - diluted
	\$'s	\$'s	\$'s	\$'s
30-Sep-14	-	(265,307)	(0.00)	(0.00)
30-Jun-14	-	(131,178)	(0.00)	(0.00)
31-Mar-14	-	(180,451)	(0.00)	(0.00)
31-Dec-13	-	(845,169)	(0.00)	(0.00)
30-Sep-13	-	(157,781)	(0.00)	(0.00)
30-Jun-13	-	(645,494)	(0.00)	(0.00)
31-Mar-13	-	(380,011)	(0.00)	(0.00)
31-Dec-12	-	(85,637)	(0.00)	(0.00)

\* Values may not add to reported amount for the years then ended due to rounding

There are no meaningful trends evident from analysis of the summary of quarterly financial information over the last eight quarters. Factors that can cause fluctuations in the Company's quarterly results are the timing of stock option grants, exploration property impairments and sales of available-for-sale investments.

## Liquidity and Capital Resources

From May to July 2014, the Company issued a total of 74,791,726 common shares for gross proceeds of \$3,888,545. However, cash on hand at September 30, 2014 is not adequate to meet requirements for the year ending December 31, 2014, based on the Company's current budgeted expenditures for operations and exploration. There is material uncertainty related to these conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to realize its assets and discharge its liabilities in the normal course of business. To meet working capital requirements, the Company will have to access financial resources through equity placements in the junior resource market, procure industry partners for its primary exploration project and/or sell its project in exchange for equity/cash. However, there can be no assurance that the Company will have access in the future to these financial resources.

### Capital Resources

The Company has been successful in meeting its exploration capital requirements through the completion of equity placements. Range may be impacted by any potential downward trend in market conditions. Trends affecting Range's liquidity are dictated by the demands on financial resources created by the advancing nature of the Company's current exploration assets and the Company's ability to access the financial resources required to meet these demands. As the exploration properties advance through exploration, they typically require more capital-intensive programs that apply pressure to the Company's financial resources. Additional planned exploration programs on the non-producing leaseholds or other areas of interest will result in a steady drain to the Company's liquidity.

In acquiring the required capital to pursue the Company's business plan, the Company anticipates that capital will be generated from a combination of accessing equity markets, procuring industry partners for its primary exploration assets or sale of exploration assets for equity positions or cash.

Trends that affect the market generally, and the perception of Range within the marketplace, can affect the Company's ability to access capital in both a positive and negative way. Trends in this general market are defined by fluctuations in the global economy and the demand for petroleum or natural gas and commodity prices. Trends in the perception of Range in the resource marketplace will be affected by general trends in the resource equity markets,



the Company's performance in creating shareholder value and in demonstrating the ability to manage the Company's affairs and achieve mandated objectives.

Uncertainty is a prevalent element in exploration for petroleum resources and therefore can, on occasion, impede the Company's ability to meet its financial requirements and result in an inability to advance exploration assets and meet objectives in a timely manner.

As of September 30, 2014, the Company has no long-term debt.

As of September 30, 2014, the Company has no long-term contractual agreements to acquire properties.

### **Transactions with Related Parties**

In the normal course of business, Range has had transactions with individuals and companies considered related parties. Related party transactions involve normal commercial compensation for services rendered by senior management, officers, directors or insiders of the Company and by companies with which they are associated as owners, contractors or employees.

The management functions of the Company are performed by our directors and senior officers and we have no management agreements or arrangements under which such management functions are performed by persons other than the directors and senior officers of the Company other than the contract described below. The Board has approved this contract having taken into consideration the level of service provided and compensation offered by companies comparable to the Company in terms of size, assets and stage of development. The Board is satisfied that the level of compensation continues to be competitive with that of comparable companies.

Pender Street Corporate Consulting Ltd. ("Pender") is an entity solely owned by Mr. Eugene Beukman. On January 1, 2012, Range entered into a service agreement with Pender to provide management and administrative services for a 12 month period for a fee of \$3,500 (increased to \$8,500 on September 1, 2012) per month plus GST and reimbursement of out-of-pockets costs. Mr. Eugene Beukman is the Chief Financial Officer of Range. As of September 30, 2014, Pender charged fees of \$76,500 for services rendered.

Additionally, the Company paid consulting fees to Cantel Mining and Exploration Ltd. ("Cantel"), a private company solely owned by Roger Bethell, a director. Cantel is paid on a per diem basis. As of September 30, 2014, fees of \$18,747 were paid or accrued to Cantel compared to \$22,913 for the comparable period in the prior year.

As of September 30, 2014, \$70,000 in aggregate has been paid or accrued to Allan Bezanson, Toufic Chahine, Michelle Upton and Pamela Powers to compensate them for their time to fulfill their duties and obligations to the Company in their capacity as directors for the respective quarter.

### **Proposed Transactions**

As at September 30, 2014, Range does not have any proposed material transactions.

### **Critical Accounting Estimates**

The significant accounting policies used by Range are disclosed in note 3 to the audited consolidated financial statements for the year ended December 31, 2013. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses. Management reviews its estimates on a regular basis. The emergence of new information and changed circumstances may result in actual results or changes to estimated amounts that differ materially from current estimates. The following discussion helps to assess the critical accounting policies and practises of the Company and the likelihood of materially different results being reported.

### **Exploration and evaluation assets**

Exploration and evaluation costs related to an area of interest are carried forward as an intangible asset in the balance sheet where the rights to tenure of an area of interest are current and its expected expenditure will be recovered through the successful development and exploration of the area of interest or alternatively by its sale. Where these conditions are not met, such costs are written off as incurred. The expenditure is carried at cost less impairment. Unproven oil and gas properties are assumed to have an indefinite life until such time as production of the associated property commences at which time the definite life of the assets will be assessed based on the estimated reserves life.

Development expenditure incurred by or on behalf of the Company or acquired from a third party is also classified as an intangible asset and is accumulated separately for each area of interest in which economically recoverable resources have been identified. Such expenditure comprises acquisition cost and other costs directly attributable to the drilling of a well and the related infrastructure. This expenditure is carried at cost less impairment.

Exploration, evaluation and development costs are disclosed under intangible assets in the Consolidated Statement of Financial Position. Exploration, evaluation and development costs include all directly attributable expenditure together with the relevant depreciation of property equipment utilized within the project.

Once a development decision has been made, the carrying amount of the exploration, evaluation and development expenditure in respect of the area of interest is aggregated with the development expenditure and classified under non-current assets as “oil and natural gas property”.

No amortization is recognized in respect of exploration, evaluation and development expenditures until it is reclassified as an oil and natural gas property.

Exploration, evaluation and development expenditure and oil and natural gas property are tested annually for impairment if facts and circumstances indicate that impairment may exist. Exploration, evaluation and development expenditure is also tested for impairment once commercial reserves are found, before the assets are transferred to oil and natural gas property.

### **Share-Based Compensation and Warrants**

Compensation expense for options and warrants granted is determined based on estimated fair values of the options and warrants at the time of grant, the cost of which is recognized over the vesting period of the respective options and grants. The key parameters impacting the calculation of fair value of options and warrants are the share volatility and the expected life.

### **Income taxes**

The determination of income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded by management.

### **Financial Instruments**

#### **Designation and Fair Value**

Range classified its cash and cash equivalents as financial assets held-for-trading. Accounts receivable are classified as loans and receivables. Accounts payable are classified as other liabilities. At September 30, 2014 and December 31, 2013, there were no significant differences between the carrying amounts of the financial instruments reported on the balance sheet and their estimated fair values due primarily to the short-term maturity of the financial instruments.

## **Internal Control over Financial Reporting and Disclosure Controls and Procedures**

Currently, the certification required by the Company's certifying officers under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings (NI 52-109F), the Venture Issuer Basic Certificate, does not include representations relating to the establishment and maintenance of disclosure controls and procedures (DC&P) and internal control over financial reporting (ICFR), as defined in NI 52-109. This includes:

- i. Controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and,
- ii. A process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The Company's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they make in the certificate.

Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Additional Disclosure for Venture Issuers without Significant Revenues**

Refer to elsewhere in the MD&A or the Company's consolidated financial statements for capitalized or expensed exploration and development costs, general and administrative expenses and other material costs. Additional information relating to the Company is available on SEDAR [www.sedar.com](http://www.sedar.com).

## **Share Data**

The share capital of the Company consists of an unlimited number of common shares without par value and an unlimited number of preferred shares, issuable in series, the rights and restrictions of which may be set by the Company's directors.

As at the date of this report, Range had 579,969,566 common shares issued, 335,244,948 warrants and 6,000,000 options issued and outstanding.

## **Risks and Uncertainties**

Companies in the oil and gas exploration and development industry sectors are subject to many and varied kinds of risks, including but not limited to various technical risks including geological and engineering risks, and environmental, commodity price, political and economic risks.

### *Financial Capability and Additional Financing*

The Company relies on equity financings to fund its activities. While it has been successful in raising funds in the past, there is no assurance that adequate funds will be available in the future. The Company has cash and cash equivalents of \$509,823 and working capital of \$272,116 at September 30, 2014. Based on current budgeted expenditures for operations and exploration, cash on hand at September 30, 2014 is not adequate to meet capital requirements for the year ending December 31, 2014. There is a material uncertainty related to these conditions that may cast significant doubt on the Company's ability to continue as a going concern and, therefore, to realize its assets and discharge its liabilities in the normal course of business. To meet working capital requirements, the Company will have to access financial resources through equity placements in the junior resource market, procure industry partners for its primary exploration projects and/or sell its projects in exchange for equity/cash. However, there can be no assurance that the Company will have access in the future to these financial resources.

The Company's failure to obtain additional funding to meet its funding obligations could result in the Company's forfeiture, or forced sale at a discount, of its interest in the Khalakan Block. Additionally, if a joint venture participant in the Khalakan Block fails to meet its obligation to fund certain cash calls and the Company or another entity does not fund that cash call, the PSC could be terminated or the Company could be required to forfeit, or sell at a discount, its interest in the Khalakan Block.

A discussion of risk factors particular to the financial instruments is presented in note 12 of the unaudited condensed interim consolidated financial statements for the nine month period ended September 30, 2014.

#### *Exploration Risk*

The Company has no significant source of operating cash flow and no revenues from operations. The Company's primary asset is a 24.95% indirect interest in GPK, which holds an 80% interest in the Khalakan PSC. The Company's ability to direct the management of NAAZ2 and GPK is extremely limited. The Company has no oil and gas interests that are economically viable. The Company has limited financial resources. Substantial expenditures are required to be made by the Company to establish commercial viability of the current projects in which it has an interest. The Company has limited access to information on the current state of exploration and development of the Khalakan Block.

GPK, the operator of the Khalakan Block, recently declared the Shewashan light oil discovery located on the block to be a commercial discovery under the terms of the Khalakan PSC. GPK is now required under the Khalakan PSC to agree on a development plan for the Shewashan discovery with the Kurdistan Regional Government. The Company has no information as to whether these parties have agreed on such a development plan. Moreover, once such development plan is implemented, the Company will have limited or no control over how GPK implements any such development plan. Oil and gas development and production activities are subject to a high degree of risk—both operational and political—and requires significant financial resources. The Company will therefore require additional financing to carry on its business, and such financing may not be available when it is needed. It is uncertain as to the quantities of commercial grade oil and gas (if any) that may be developed and produced from the Khalakan Block and whether or when the Company could receive proceeds from the sale of any such oil or gas.

#### *Environmental Risk*

The Company is subject to the laws and regulations relating to environmental matters in all jurisdictions in which it operates, including provisions relating to property reclamation, discharge of hazardous material and other matters. Environmental hazards may exist on the properties on which the Company is seeking an interest, which are unknown to the Company at present and which may have been caused by previous or existing owners or operators of the properties. The Company may become liable for such environmental hazards caused by previous owners and operators of the properties even where it has attempted to contractually limit its liability. Government approvals and permits are currently, and may in the future, be required and obtained in connection with the Company's operations.

#### *Political Policy Risk*

All of the Company's oil and gas property interests are located in Kurdistan. As such, the Company's oil and gas property interests are subject to political, economic, and other uncertainties, including, but not limited to, the uncertainty of negotiating with foreign governments, expropriation of property without fair compensation, adverse determination or rulings by governmental authorities, adverse actions by governmental authorities, changes in energy policies or in the personnel administering them, nationalization, currency fluctuations and devaluations, disputes between various levels of authorities, arbitrating and enforcing claims against entities that may claim sovereignty, authorities claiming jurisdiction, potential implementation of exchange controls and royalty and government take increases and other risks arising out of foreign governmental sovereignty over the areas in which the Company's oil and gas property interests are located, as well as risks of loss due to civil strife, acts of war, guerrilla activities, and insurrections. The Company's oil and gas property interests may be adversely affected by changes in government policies and legislation or social instability and other factors which are not within the control of the Company including, among other things, adverse legislation in Iraq and/or Kurdistan, a change in crude oil or natural gas pricing policy, the risks of war, terrorism, abduction, expropriation, nationalization, renegotiation or nullification of existing concessions and contracts, taxation policies, economic sanctions, the imposition of specific drilling obligations, and the development and abandonment of fields.

The political and security situation in Iraq (outside Kurdistan) is unsettled and volatile. Kurdistan is the only region that is constitutionally established pursuant to the Iraq Constitution. The political issues of federalism and the autonomy of Regions in Iraq are matters about which there are major differences between the various political factions in Iraq. These differences could adversely impact the PSC and the Company's interest in Kurdistan.

No federal Iraq legislation has yet been agreed to or enacted by the Iraq Council of Ministers (Cabinet) and Council of Representatives (Parliament) to address the future organization of Iraq's petroleum industry or the sharing of petroleum and other revenues with Iraq. Failure to enact legislation or the enactment of federal legislation contradictory to Kurdistan legislation could materially adversely impact the PSC and the Company's interest in Kurdistan.

Forces aligned with the Islamic State of Iraq and al-Sham (ISIS) recently commenced large-scale military type operations in significant portions of northern and western Iraq. It remains unclear the effect these events will have on the Kurdistan Region of Iraq generally and the exploration, development, and production industry in Kurdistan Region of Iraq specifically. While the Khalakan Block is located in the north east of the Kurdistan Region of Iraq, the Issuer is not able to predict whether recent hostilities involving ISIS near Mosul, Tikrit and western Iraq will adversely impact activities on the Khalakan Block.