

Range Energy Resources Inc.

Condensed Interim Consolidated Financial Statements

As at and for the six month period ended June 30, 2016

Expressed in Canadian dollars

(Unaudited – prepared by management)

RANGE ENERGY RESOURCES INC.

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Range Energy Resources Inc.
Condensed Interim Consolidated Statements of Financial Position
(Unaudited)

Expressed in Canadian Dollars

	June 30 2016	December 31, 2015
Current assets		
Cash	\$ 87,104	\$ 66,815
Loan receivable (note 5)	1	1
Prepaid expenses	23,517	36,292
	110,622	103,108
Non-current assets		
Property and equipment (note 6)	312	367
Long-term investment (note 7)	56,413,424	49,779,641
	56,413,736	49,780,008
Total assets	\$ 56,524,358	\$ 49,883,116
Current liabilities		
Accounts payable and accrued liabilities	\$ 118,439	\$ 465,509
Loan payable (Note 9)	908,697	-
	1,027,136	465,509
Shareholders' equity		
Share capital (note 8(a) & (b))	49,791,768	44,748,640
Reserves (note 8(c))	21,660,054	20,388,140
Deficit	(15,954,600)	(15,719,173)
	55,497,222	49,417,607
Total liabilities and shareholders' equity	\$ 56,524,358	\$ 49,883,116

Nature of operations and going concern (note 1)
Commitment (note 11)
Subsequent event (note 15)

Approved on Behalf of the Board of Directors:

(signed) Toufic Chahine

(signed) Allan Bezanson

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Range Energy Resources Inc.
Condensed Interim Consolidated Statements of Changes in Equity
(Unaudited)

Expressed in Canadian Dollars

	Share capital		Reserves		Deficit	Total equity
	Number of shares	Amount	Warrants	Contributed surplus		
Balance - December 31, 2014	579,969,566	\$ 41,395,590	\$ 8,388,744	\$ 10,945,548	\$ (14,410,612)	\$ 46,319,270
Warrants expired	-	-	(1,552,587)	1,552,587	-	-
Net loss for period	-	-	-	-	(486,596)	(486,596)
Balance - June 30, 2015	579,969,566	\$ 41,395,590	\$ 6,836,157	\$ 12,498,135	\$ (14,897,208)	\$ 45,832,674
Private placements	101,248,075	3,366,012	927,303	-	-	4,293,315
Stock-based compensation	-	-	-	126,498	-	126,498
Capital raising costs	-	(12,962)	47	-	-	(12,915)
Net loss for period	-	-	-	-	(821,965)	(821,965)
Balance - December 31, 2015	681,217,641	\$ 44,748,640	\$ 7,763,507	\$ 12,624,633	\$ (15,719,173)	\$ 49,417,607
Private placements	175,008,336	5,062,703	1,269,464	-	-	6,332,167
Capital raising costs	-	(19,575)	2,450	-	-	(17,125)
Net loss for period	-	-	-	-	(235,427)	(235,427)
Balance - June 30, 2016	856,225,977	49,791,768	9,035,421	12,624,633	(15,954,600)	55,497,222

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Range Energy Resources Inc.
Condensed Interim Consolidated Statements of Comprehensive Loss
(Unaudited)

Expressed in Canadian Dollars

	Three month period ended June 30,		Six month period ended June 30,	
	2016	2015	2016	2015
Expenses				
Audit and related fees	\$ 9,425	\$ 14,700	\$ 9,925	\$ 14,700
Consulting	18,684	25,638	61,965	50,641
Depreciation	28	40	55	79
Directors fees	-	25,000	-	50,000
General and administrative	27,686	20,832	50,710	37,650
Interest on loan payable	1,392	-	1,392	-
Legal fees	5,464	183,779	16,546	436,401
Management fees	30,723	25,500	60,176	51,000
Transfer agent and filing fees	9,473	6,620	15,177	9,787
Travel and promotion	-	956	-	8,512
Loss before other income	(102,875)	(303,065)	(215,946)	(658,770)
Foreign exchange gain or (loss)	7,013	(78,986)	(19,481)	172,174
Net loss and comprehensive loss for period	\$ (95,862)	\$ (382,051)	\$ (235,427)	\$ (486,596)
Loss per share - basic and diluted	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Weighted average number of common shares - basic and diluted	833,501,977	579,969,566	786,750,097	579,969,566

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

Range Energy Resources Inc.
Condensed Interim Consolidated Statements of Cash Flows

Expressed in Canadian Dollars

	Six month period ended June 30,	
	2016	2015
Operating activities		
Net loss for period	\$ (235,427)	\$ (486,596)
Depreciation	55	79
Accrued interest	1,392	-
Unrealized foreign exchange gain	-	(202,270)
	(233,980)	(688,787)
Changes in non cash working capital items		
Amounts receivable	-	(5,522)
Prepaid expenses	12,775	21,575
Accounts payable and accrued liabilities	(347,070)	236,356
Arbitration awards	-	3,429,408
Cash provided by (used in) operating activities	(568,275)	2,993,030
Investing activities		
Cash call payments to New Age Al Zarooni 2 Limited (note 7)	(6,633,783)	(3,785,630)
Cash used in investing activities	(6,633,783)	(3,785,630)
Financing activities		
Loan received (note 9)	907,305	-
Private placements (note 8(b))	6,332,167	-
Capital raising costs	(17,125)	-
Cash provided by financing activities	7,222,347	-
Increase in cash	20,289	(792,600)
Cash - beginning of period	66,815	850,416
Cash - end of period	\$ 87,104	\$ 57,816

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. Nature of operations and going concern

Range Energy Resources Inc. (the “Company”) was incorporated under the laws of British Columbia, Canada on March 1, 2005. On October 24, 2006, the Company’s common shares were listed and called for trading on the Canadian Securities Exchange (“CSE”) and its current symbol is RGO. On February 12, 2007, the Company listed on the Frankfurt Stock Exchange. The Company’s corporate head office is located at Suite 1128, 789 West Pender Street, Vancouver, BC V6C 2V6. The Company is a development stage company engaged in investing in entities involved in the acquisition, exploration and development of oil and gas properties. As at June 30, 2016, the Company’s principal asset is an indirect investment in an oil and gas property referred to as the Khalakan Block, which is domiciled in the Kurdistan Region of Iraq.

These condensed interim consolidated financial statements are prepared on a going concern basis, which contemplates that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of business. During the six month period ended June 30, 2016, the Company incurred a net loss totalling \$235,427. The accumulated deficit at June 30, 2016 is \$15,954,600. 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 it may be unable to realize its assets and discharge its liabilities in the normal course of business.

The ability of the Company to meet its commitments and ongoing operating expenses will depend upon the following:

- The ability to raise further funds through the issue of equity or debt financing; and,
- The sale of assets in the ordinary course of business.

Although the Company has been successful in obtaining the necessary financing to continue operations in the past, there can be no assurance that it will be able to continue to do so in the future.

If the going concern assumption were not appropriate for these consolidated financial statements, then adjustments would be necessary in the carrying values of assets, liabilities, the reported income and expenses and the consolidated statement of financial position classifications used. Such adjustments could be material.

Based on the financial position at June 30, 2016, available funds are not considered adequate to meet requirements for fiscal 2016 based on budgeted expenditures for operations and project exploration and investigation. To meet working capital requirements, the Company will have to access financial resources through equity placements or by incurring debt. There can be no assurances that such funds will be available and/or on terms acceptable by the Company.

2. Statement of compliance

These condensed interim consolidated financial statements are prepared in accordance with International Financial Standard 34 Interim Financial Reporting of the International Financial Reporting Standards as issued by the International Accounting Standards Board (“IFRS”) and interpretations of the International Financial Reporting Committee (“IFRIC”). Accordingly, these condensed interim consolidated financial statements do not include all of the information and footnotes required by IFRS for complete financial statements for year-end reporting process.

These condensed interim consolidated financial statements follow the same accounting policies and methods of application as the Company’s audited financial statements for the year ended December 31, 2015. The policies applied in these condensed interim consolidated financial statements are based on IFRS issued as of the date the Board of Directors approved the financial statements. These condensed interim consolidated financial statements should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2015.

These condensed interim consolidated financial statements have been authorized for release by the Company’s Board of Directors on August 25, 2016.

3. Significant accounting policies

Basis of presentation

The condensed interim consolidated financial statements have been prepared on an accrual basis and are on a historical cost basis, except for certain financial instruments, which are measured at fair value. The preparation of condensed interim consolidated financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant are disclosed in note 4.

These condensed interim consolidated financial statements are prepared in Canadian dollars. The functional currency of the Company is Canadian dollars.

4. Significant accounting estimates and judgments

The preparation of the condensed interim consolidated financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in future periods affected.

The Company has identified the valuation of loan receivable and long-term investment, expected tax rates and the utilization of deferred income tax assets, the measurement of share-based transactions and the fair value measurement of financial instruments as areas where significant judgments, estimates and assumptions are made, where actual results may differ from these estimates and this may materially affect the Company's financial results or consolidated statement of financial position in future periods.

5. Loan receivable

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 US\$500,000 for working capital purposes. As security for this loan, certain shares in Blackstairs were pledged to the Company. 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 became 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.

By letter dated December 22, 2014, the Company was informed that Deloitte & Touche was appointed liquidator of Blackstairs.

Range Energy Resources Inc.
Notes to the Condensed Interim Consolidated Financial Statements – unaudited
June 30, 2016

5. Loan receivable – continued

On December 21, 2015, the annual general meeting of Blackstairs’s creditors was held. The Blackstairs liquidator disclosed at that meeting that the liquidation process is continuing. The Company continues to be in contact with the Blackstairs liquidator. The Company continues to consider what, if any, actions it may take to obtain recovery out of Blackstairs’s assets of all or some portion of the outstanding principal of, and accrued and unpaid interest on, the loan.

As the fair value of the pledged shares is indeterminable, the loan receivable was written down by \$575,347 to a nominal amount during the year ended December 31, 2013. As at June 30, 2016, total principal of US\$500,000 and accrued interest of US\$40,944, is due to the Company.

6. Property and equipment

	Computer hardware and software		
	Cost	Accumulated depreciation	Net book value
Balance - December 31, 2014	\$ 4,639	\$ (4,114)	\$ 525
Depreciation	-	(158)	(158)
Balance - December 31, 2015	\$ 4,639	\$ (4,272)	\$ 367
Depreciation	-	(55)	(55)
Balance - June 30, 2016	4,639	(4,327)	312

7. Long-term investment

On November 6, 2009, the Company entered into a share acquisition agreement with a privately held company (the “Vendor”) under which the Company purchased 49.9% of the common shares of New Age Al Zarooni 2 Limited (“NAAZ2”), a company domiciled in Jersey, Channel Islands. The consideration paid for the shares was as follows:

- (a) US\$16,367,000 (\$16,862,774) cash;
- (b) 2,000,000 common shares of the Company with an estimated fair value of \$400,000 measured on the date of issuance;
- (c) 1,500,000 warrants to purchase 1,500,000 common shares of the Company exercisable for a term of five years at a price of \$0.30 per share, valued at \$509,293 measured on the date of issuance using the Black-Scholes Option-Pricing Model; and,
- (d) US\$44,000 (\$46,728) of expenses reimbursed to the Vendor.

The transaction closed on November 17, 2009. In connection with the transaction, the Company issued 3,250,000 common shares of the Company for corporate advisory services to unrelated third parties. The estimated fair value of these shares was \$650,000 measured on the date of issuance and recorded as transaction costs in the consolidated statement of operations and comprehensive loss during the year ended December 31, 2009.

NAAZ2 owns 50% of the common shares of Gas Plus Khalakan Limited (“GPK”), a company domiciled in Jersey, Channel Islands. GPK holds an 80% interest in the Khalakan production sharing contract (“PSC”) for an oil and gas resource property (“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 originally comprised 624 square kilometres located in the central part of the Kurdistan Region of Iraq.

Under the GPK shareholders agreement, a company beneficially owned by a third party is entitled to a 40% interest in the net profits (“NPI”) of the project. At any time, the 40% NPI may be exchanged for 40% of the issued common shares of GPK for a price equal to US\$1 per common share. In addition, a 3.5% interest in the net profits is payable to the current operator under a management services agreement.

7. Long-term investment – continued

On August 15, 2016, New Age (African Global Energy) Limited (“New Age”, which owns 50% of GPK and is the operator of the Khalakan Block, publicly disclosed that GPK and the Kurdistan Regional Government negotiated a change to the PSC to bring it in line with other Production Sharing Contracts in Kurdistan in respect of the infrastructure payment arrangements between the Kurdistan Regional Government and its other PSC contractors. New Age reported that this PSC change was neutral to GPK at current oil prices.

The NAAZ2 shareholders agreement requires each shareholder to fund its cash calls based on its ownership interest. If a shareholder fails to fund its portion of these cash calls, the non-defaulting shareholder has the option to fund any shortfalls and thereby increase its relative interest in NAAZ2, and in turn its indirect interest in GPK. Should the non-defaulting shareholder decline to fund any shortfalls, a buy-out event may be triggered under which the defaulting party’s interest may be purchased by the non-defaulting party for a price pre-determined by a formula in the shareholders agreement. During the six months ended June 30, 2016, the Company funded cash calls made by NAAZ2 totalling \$6,633,783 (US \$4,965,050) (December 31, 2015 - \$7,229,865 (US \$5,694,089)).

The GPK shareholders agreement requires each shareholder to fund its proportional share of cash calls based on its shareholdings. If a shareholder fails to fund its portion of these cash calls, the non-defaulting shareholder will have the option to fund any shortfalls and thereby increase its relative interest in GPK. Should the non-defaulting shareholder decline to fund any shortfalls, a buy-out event may be triggered under which the defaulting party’s interest may be purchased by the non-defaulting party for a price pre-determined by a formula in the shareholders agreement.

8. Equity

(a) Authorized

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

(b) Private placements

On July 14, 2015, the Company closed a non-brokered private placement of 17,800,000 units at \$0.05 per unit for gross proceeds of \$890,000. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire an additional common share at a price of \$0.05 per share up to July 14, 2020.

On August 20, 2015, the Company closed a non-brokered private placement of 6,545,500 units at \$0.05 per unit for gross proceeds of \$327,274. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.05 per share up to August 20, 2020.

On October 7, 2015, the Company closed the first tranche of a non-brokered private placement of 29,750,000 units at \$0.04 per unit for gross proceeds of \$1,190,000. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.05 per share up to October 7, 2020.

On October 30, 2015, the Company closed the second tranche of a non-brokered private placement of 16,403,750 units at \$0.04 per unit for gross proceeds of \$656,150. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.05 per share up to October 30, 2020.

8. Equity – continued

(b) Private placements - continued

On November 6, 2015, the Company closed the third tranche of a non-brokered private placement of 10,727,500 units at \$0.04 per unit for gross proceeds of \$429,100. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.05 per share up to November 6, 2020. The Company paid a finders' fee of \$5,000 and issued 125,000 finders' warrants with an estimated fair value of \$34, which are included in the \$12,962 capital raising costs on the consolidated statement of changes in equity. The fair value of warrants issued has been included in warrants on the consolidated statement of changes in equity. Each finder's warrant entitles the finder to purchase one common share for \$0.05 on or before November 6, 2016.

On December 18, 2015, the Company closed the first tranche of a non-brokered private placement of 14,840,375 units at \$0.04 per unit for gross proceeds of \$593,553. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.05 per share up to December 18, 2020.

On December 29, 2015, the Company closed the second tranche of a non-brokered private placement of 5,180,950 units at \$0.04 per unit for gross proceeds of \$207,238. Each unit is comprised of one common share and one common share purchase warrant entitling the holder to acquire one additional common share at a price of \$0.05 per share up to December 29, 2020. The Company paid a finders' fee of \$2,000 and issued 50,000 finders' warrants with an estimated fair value of \$13, which are included in the \$12,962 capital raising costs on the consolidated statement of changes in equity. The fair value of warrants issued has been included in warrants on the consolidated statement of changes in equity. Each finder's warrant entitles the finder to purchase one common share for \$0.05 on or before December 29, 2016.

The Company incurred \$5,915 (2014 – NIL) in legal fees which is included in \$12,692 capital raising costs on the statement of changes in equity.

On January 15, 2016, the Company closed the third tranche of a non-brokered private placement for a total of 41,375,000 units of the Company at a price of \$0.04 per unit for gross proceeds of \$1,655,000. Each unit consists of one common share and one transferrable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company on or before January 15, 2021 at a price of \$0.05 per common share. The Company paid a finders' fee of \$4,000 and 100,000 finders' warrants. Each finder's warrant entitles the finder to purchase one common share of the Company on or before January 15, 2017 at a price of \$0.05 per common share.

On February 19, 2016, the Company closed the first tranche of a non-brokered private placement for a total of 29,700,000 units of the Company at a price of \$0.035 per unit for gross proceeds of \$1,039,500. Each unit consists of one common share and one transferrable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company on or before February 19, 2021 at a price of \$0.05 per common share.

On March 1, 2016, the Company closed the second tranche of a non-brokered private placement for a total of 6,247,908 units of the Company at a price of \$0.035 per unit for gross proceeds of \$218,677. Each unit consists of one common share and one transferrable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company on or before March 1, 2021 at a price of \$0.05 per common share. The Company paid a finders' fee of \$2,625 and 75,000 finders' warrants. Each finder's warrant entitles the finder to purchase one common share of the Company on or before March 1, 2017 at a price of \$0.05 per common share.

On March 14, 2016, the Company closed the third tranche of a non-brokered private placement for a total of 42,029,728 units of the Company at a price of \$0.035 per unit for gross proceeds of \$1,471,030. Each unit consists of one common share and one transferrable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company on or before March 14, 2021 at a price of \$0.05 per common share.

8. Equity – continued

(b) Private placements - continued

On April 15, 2016, the Company closed the first tranche of a non-brokered private placement for a total of 18,836,000 units of the Company at a price of \$0.035 per unit for gross proceeds of \$659,260. Each unit consists of one common share and one transferrable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company on or before April 15, 2021 at a price of \$0.05 per common share. The Company paid a finders' fee of \$10,500 and 300,000 finders' warrants. Each finder's warrant entitles the finder to purchase one common share of the Company on or before April 15, 2017 at a price of \$0.05 per common share.

On May 20, 2016, the Company closed the second and final tranche of a non-brokered private placement for a total of 36,820,000 units of the Company at a price of \$0.035 per unit for gross proceeds of \$1,288,700. Each unit consists of one common share and one transferrable share purchase warrant. Each warrant entitles the holder thereof to purchase one additional common share of the Company on or before May 20, 2021 at a price of \$0.05 per common share.

(c) Reserves

Reserves consist of share purchase warrants and the accumulated fair value of common share stock options recognized as share-based compensation.

(d) Warrants

	June 30, 2016		December 31, 2015	
	Number of warrants	Amount	Number of warrants	Amount
Opening balance	348,214,801	\$ 7,763,507	335,244,948	\$ 8,388,744
Warrants issued	175,483,336	1,271,914	101,423,075	927,350
Warrants expired	-	-	(88,453,222)	(1,552,587)
Closing balance	523,698,137	\$ 9,035,421	348,214,801	\$ 7,763,507

During the six months ended June 30, 2016, the fair value of the 175,483,636 warrants issued (December 31, 2015: 101,423,075) in connection with the unit private placements totalled \$1,271,914 (December 31, 2015: \$927,350), which includes \$2,450 in finders' warrants (December 31, 2015: \$47). The fair value of warrants issued was recognized as warrants on the consolidated statement of changes in equity.

During the six months ended June 30, 2016, Nil warrants expired (December 31: 2015: 88,453,222) and \$Nil (December 31, 2015: \$1,552,587) was transferred from warrants to contributed surplus on the statement of changes in equity.

Range Energy Resources Inc.
Notes to the Condensed Interim Consolidated Financial Statements – unaudited
June 30, 2016

8. Equity – continued

(d) Warrants (continued)

At June 30, 2016, warrants outstanding are as follows:

Number of warrants outstanding and exercisable	Exercise price	Fair value of warrants	Expiry dates
125,000	\$0.05	\$ 34	November 6, 2016
50,000	\$0.05	13	December 29, 2016
100,000	\$0.05	898	January 15, 2017
75,000	\$0.05	427	March 1, 2017
300,000	\$0.05	1,125	April 15, 2017
122,000,000	\$0.05	3,653,849	November 1, 2018
29,791,726	\$0.07	816,889	May 21, 2019
25,000,000	\$0.07	623,215	June 19, 2019
20,000,000	\$0.055	497,823	July 17, 2019
20,000,000	\$0.05	497,882	October 20, 2019
30,000,000	\$0.05	746,500	November 14, 2019
17,800,000	\$0.05	145,935	July 14, 2020
6,545,500	\$0.05	73,977	August 20, 2020
29,750,000	\$0.05	322,757	October 7, 2020
16,403,750	\$0.05	149,318	October 30, 2020
10,727,500	\$0.05	98,166	November 6, 2020
14,840,375	\$0.05	101,656	December 18, 2020
5,180,950	\$0.05	35,493	December 29, 2020
41,375,000	\$0.05	371,735	January 15, 2021
29,700,000	\$0.05	169,046	February 19, 2021
6,247,908	\$0.05	35,562	March 1, 2021
42,029,428	\$0.05	331,748	March 14, 2021
18,836,000	\$0.05	149,367	April 15, 2021
36,820,000	\$0.05	212,006	May 20, 2021
523,698,137		\$ 9,035,421	

Black-Scholes Option Pricing Model requires the use of highly subjective estimates and assumptions including the expected stock price volatility. Changes in the underlying assumptions can materially affect the fair value estimates. The fair value of the warrants issued during the period was calculated using the Black-Scholes Option Pricing Model with the following weighted average assumptions and resulting grant date fair value:

	June 30, 2016	December 31, 2015
Weighted average assumptions:		
Risk-free interest rate	0.70%	0.89%
Expected dividend yield	0%	0%
Expected option life	4.99 years	4.99 years
Expected stock price volatility	50%	50%
Expected forfeiture rate	-	-

The weighted average grant date fair value of warrants issued during the period ended June 30, 2016 was \$0.01 per warrant (December 31, 2015: \$0.01 per warrant)

Range Energy Resources Inc.
Notes to the Condensed Interim Consolidated Financial Statements – unaudited
June 30, 2016

(e) Stock options

The Company adopted the 2015 Stock Option Incentive Plan (the “Plan”) that was approved by the shareholders on July 3, 2015. The aggregate number of shares of the Company’s share capital issuable pursuant to options granted under the Plan may not exceed 86,995,435 common shares. Options granted under the Plan may have a maximum term of 10 years. The exercise price of options granted under the Plan shall be determined by the Company’s directors, provided that such price shall not be lower than the closing share price on the day before the grant date less the applicable discount permitted under CSE policies. Stock options granted under the Plan may be subject to vesting terms that are set at the discretion of the directors at the time of grant.

The following table summarizes stock option activity during the six month period ended June 30, 2016 and the year ended December 31, 2015:

	June 30, 2016		December 31, 2015	
	Number of options	Weighted average exercise price of options exercisable	Number of options	Weighted average exercise price of options exercisable
Opening balance	12,250,000	\$0.12	6,000,000	\$0.27
Options granted	-	-	10,250,000	\$0.10
Options expired	-	-	(4,000,000)	\$0.30
Closing balance	12,250,000	\$0.12	12,250,000	\$0.12

At June 30, 2016, stock options outstanding are as follows:

Number of options outstanding and exercisable	Exercise prices	Expiry date
2,000,000	\$0.20	February 28, 2017
10,250,000	\$0.10	September 11, 2020
12,250,000		

9. Loan payable

During the six month period ended June 30, 2016, the Company received \$907,305 from Gulf LNG America LLC, a significant shareholder of the Company. The loan is interest bearing at a rate of 7% per annum. The total outstanding principal amount of the loan, together with all accrued and unpaid interest, will be due on September 26, 2016. The Company may pay the loan in whole or in part, at any time without penalty. The loan is unsecured (Note 10).

If the Company fails to repay the loan when due, the overdue amount of the loan shall bear interest at 9% per annum from the date of such non-payment until such amount is paid in full.

During the six month period ended June 30, 2016, the Company accrued interest expense of \$1,392 related to this loan.

10. Related party transactions

During the six month period ended June 30, 2016, the Company received \$907,305 from Gulf LNG America LLC, a significant shareholder of the Company. The loan is interest bearing at a rate of 7% per annum. The total outstanding principal amount of the loan, together with all accrued and unpaid interest, will be due on September 26, 2016. The Company may pay the loan in whole or in part, at any time without penalty. The loan is unsecured (Note 9).

If the Company fails to repay the loan when due, the overdue amount of the loan shall bear interest at 9% per annum from the date of such non-payment until such amount is paid in full.

During the six month period ended June 30, 2016, the Company accrued interest expense of \$1,392 related to this loan

Key Management Personnel Compensation

Key management personnel are those persons that have the authority and responsibility for planning, directing and controlling the activities of the Company directly or indirectly. Key management personnel include the Company's directors and members of the senior management group.

The Company entered into a corporate management agreement for accounting services with a company controlled by the Chief Financial Officer of the Company (Note 11).

Details of key management personnel compensation are as follows:

Six month period ended June 30,	2016		2015	
Services provided:				
Consulting fees	\$	-	\$	6,249
Directors fees		-		25,000
Management fees		62,800		28,500
Key management personnel compensation	\$	62,800	\$	59,749
<hr/>				
As at		June 30,		December 31,
		2016		2015
Balances payable to key management personnel	\$	101,036	\$	162,526

11. Commitment

The Company is party to a corporate management and accounting services agreement which automatically renewed for additional 12 months until December 31, 2016 (Note 9). The future minimum payments are \$57,000 for the year ending December 31, 2016.

12. Segmented information

The Company's operations comprise one reportable segment. The carrying value of the Company's non-current assets on a country-by-country basis is as follows:

	June 30, 2016			December 31, 2015		
	Canada	Channel Islands	Total	Canada	Channel Islands	Total
Property and equipment	\$ 312	\$ -	\$ 312	\$ 486	\$ -	\$ 486
Long-term investment	-	56,413,424	56,413,424	-	44,382,978	44,382,978
Total	\$ 312	\$ 56,413,424	\$ 56,413,736	\$ 486	\$ 44,382,978	\$ 44,383,464

13. Financial instruments

The Company's financial instruments include cash, loan receivable, long-term investment and accounts payable. The carrying value of cash, amounts receivable and accounts payable as presented in these consolidated financial statements are reasonable estimates of fair values due to the relatively short periods to maturity and the terms of these instruments. Long-term investment does not have a reliably measurable fair value as it does not have a quoted market price in an active market.

Financial instruments must be classified at one of three levels within a fair value hierarchy according to the relative reliability of the inputs used to estimate their values. The three levels of the hierarchy are as follows:

Level 1: Unadjusted quoted prices in active markets for identical assets and liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and,

Level 3: Inputs that are not based on observable market data.

The Company's financial instruments have been classified as follows:

Financial instrument	Classification	Fair value hierarchy
Cash	Financial assets held-for-trading	Level 1
Loan receivable	Loans and receivables	n/a
Long-term investment	Available-for-sale	n/a
Accounts payable	Other financial liabilities	n/a
Loan payable	Other financial liabilities	n/a

See the Company's Condensed Interim Consolidated Statements of Financial Position for financial instrument balances as at June 30, 2016 and December 31, 2015.

Risk exposure and management

The Company is exposed to various financial instrument risks and continuously assesses the impact and likelihood of this exposure. These risks include credit risk, commodity price risk, liquidity risk, interest rate risk and currency risk. Where material these risks are reviewed and monitored by the Board of Directors.

(a) Credit risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its cash and loan receivable. Cash is held with an investment grade Canadian financial institution as assessed by external rating agencies. Management believes the risk of loss to be minimal. As at June 30, 2016, the Company's maximum credit risk is the carrying value of cash and loan receivable.

13. Financial instruments – continued

(b) Commodity price risk

The Company is subject to price risk from fluctuations in market prices of the commodities underlying its long-term investment. This exposure includes the ability to raise capital with favourable terms. The Company does not currently hold any financial instruments that mitigate this risk.

(c) Liquidity risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. As at June 30, 2016, the Company has a working capital deficiency of \$916,514 (December 31, 2015: deficiency of \$362,401). The Company manages liquidity risk by maintaining an adequate cash balance. The Company continuously monitors and reviews both actual and forecasted cash flows and matches the maturity profile of financial assets and liabilities.

(d) Interest rate risk

As at June 30, 2016, the Company does not hold any variable rate term deposits. The Company is not subject to any significant interest rate risk.

(e) Currency risk

As the Company operates in an international environment, some of the Company's transactions and balances are denominated in currencies other than the Canadian dollar. The Company's foreign exchange risk arises primarily with respect to the United States dollar. The Company is required to make regular cash contributions denominated in United States dollars to fund the companies underlying its long-term investment (note 7). Fluctuations in the exchange rate between the United States dollar and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

As at June 30, 2016, a strengthening (weakening) of the Canadian dollar against the United States dollar of 10% would have an insignificant impact on the Company's consolidated loss and comprehensive loss.

14. Management of capital

The Company manages its capital to ensure it will be able to continue as a going concern and continue the funding of its long-term investment. The Company has no operations that generate cash flow and depends on financings to fund its long-term investment and administrative expenses. The success of each financing depends on numerous factors including a positive oil and gas environment, positive stock market conditions, a company's track record and the experience of management. The capital structure of the Company consists of shareholders' equity, which is comprised of share capital, reserves and deficit. The Board of Directors does not establish quantitative return on capital criteria for management due to the nature of the Company's business. The Company does not pay dividends and is not exposed to any externally imposed capital requirements.

15. Subsequent event

(a) The Company received a loan of \$943,696 from Gulf LNG America LLC. The loan is unsecured and evidenced by a loan agreement bearing an interest of 7% for the duration of the outstanding loan. The total outstanding principal amount of the loan, together with all accrued and unpaid interest, will be due on September 26, 2016. The Company may pay the loan in whole or in part, at any time without penalty. If the Company fails to repay the loan when due, the overdue amount of the loan shall bear interest at 9% per annum from the date of such non-payment until such amount is paid in full.

(b) The Company funded cash calls made by NAAZ2 totalling \$942,555 (US \$713,570).