

Financial Corruption: How a Small Company wanted to Usurp Puntland's Whole Natural Resources

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(In a three part series we shall look firstly at the Financial and Technical viability of Range Resources and then in Our second part we shall look at how such deals have destroyed the Developing world and in our last part we shall suggest solutions posed by the prevailing challenges of Oil Exploration and Extraction: Email:nurelmigashaan@hotmail.com)

About ten Months ago a small unknown company by the name of **Consort Pty Ltd** with registration in the **Maldives** went to Puntland's leaders and did a deal that would ultimately lead to the total **Usurpation** of the resources of that state and we shall look further at how it has evolved around.

First, we need to be clear about who Consort is? Who owns it? Are they a front for "some companies" that does not want Oil and Gas to be explored in Puntland? Are there Puntland Government officials as stakeholders in Consort? The company may have other motives that will become clear as time goes by – mainly the legal challenges that will come for both the State and the company. As for the companies involved they can and will declare bankruptcy and disappear from the scene if things 'Hots-up" but as for **Puntland State** the price will be on us for generations to come. We know that Mr.Terry and his associates first come to Puntland as an NGO and latter converted to being an Exploration Company.

We can also reveal from the Research we have done that some Ministers in the Puntland Government opposed the deal were pushed from their Ministries. There were also Puntlanders from Australia who were also thrown out of the deal since they might pose a challenge to the "negotiations" and latter Mr.Liban Muse Boqor an Uncle of President Adde Muse was the only person remaining in this highly secretive deal. Latter when Range saw that investors were not coming forth and the TFG was opposed to their deal they decided to bring into the board of directors Mr.Liban Boqor which will surely test the small democracy that is present in Puntland.

After that dubious affair with the **Puntland Government**, Consort went to another small company in Australia with no track record in Oil and Gas and with limited mining experience – they sold them 50.1% Interest and remained with the other 49.1% this is only to give Range a controlling stake. Then Range went to another small company called **MEPS** and then tried to bring in other Multinationals but on all occasions they have failed miserably. We also know from research we have done on the company that **Range Resources** does not have **Rigs** and they are going to sub-contract that work to MEPS which also does not have **Rigs** at the moment and will sub-contract to another company and the chain reaction will go on and on until they either relinquish the acreage or the price of **Oil** makes it economically unviable to go ahead with drillings mind you the average oil projects are 25 years and above. On average an onshore well will cost around \$15million dollars to just drill let alone extraction and processing that is almost 15 times the capital of Range Resources following on their Balance sheet of 2005- in short they do not have the necessary capital required to execute the project.

One also needs to understand and be cautious that there might be **Economic Hit Men or Companies** that are hired by Multinational Corporation and other Developed Governments to sabotage governments across the developing world. These men come there because they claim to “**know**” what is needed by Government “X” and they ransack the whole **Treasury** with the collusion of some Government officials.

In the case of the Puntland Government that has annual revenues of almost **\$35Million** why surrender to the orders of a small company that is going to tarnish the name of **Puntland Government**. Furthermore, as a **Government, the Puntland Administration** should have looked at other options of tapping their natural resources.

Before I conclude the Public should know the following about Range Resources:

1. Share trading has been suspended in the ASX on a number of occasions
2. The Share price has crashed from a high of 0.05 cents to a low of 0.02 and most share holders have been duped into believing it was worth something
3. The TFG has objected to the deal
4. The company’s financial history is very questionable(please see the following table)
5. No Revenues since 1996
6. No Sales Since 1996
7. Negative Cash Flow for the last couple of years
8. The company could be persecuted for abetting Human rights violations in Majiahan in Puntland
9. The Puntland Parliament is to see to the legality of the deal on 15th June
10. The Company has only three directors
11. Some of the Directors have resigned recently
12. The Company has no track record in Oil and Petroleum Exploration
13. There might be legal challenge from Previous Concession holders who declared Force Majeure
14. The Deal did not pass through either the TFG or the Puntland Parliament or even the Council of Ministers

Lastly, I would appeal to the Puntland Parliament to consider on whether a conflict of interest exists in having an Uncle in the Range Resources Board while President Adde Muse runs Puntland. The Government of Puntland and Parliament should also focus on how it might allow other companies to participate in the resource sector of Puntland.

Company Profile

Last update: 23 May, 2006


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ASX Code: **RRS** **Range Resources Limited**

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Company Historicals

PER SHARE STATISTICS											
	6/96	6/97	6/98	6/99	6/00	6/01	6/02	6/03	6/04	6/05	
Sales(\$)	--	--	--	--	--	0.01	0.01	--	--	--	
Cash Flow(cents)	0.2	--	-0.4	-0.5	-0.6	-1.1	-0.5	-0.4	-0.4	-0.5	
Earnings(cents)	0.3	0.5	-1.5	-0.5	-0.8	-0.8	-0.9	-0.6	-0.3	-0.7	
Dividends(cents)	--	--	--	--	--	--	--	--	--	--	
Franking(%)	--	--	--	--	--	--	--	--	--	--	
Capital Spending(cents)	--	--	-0.9	-0.2	--	--	--	-0.1	--	--	
Book Value(\$)	0.04	0.07	0.03	0.03	0.05	0.02	0.01	0.01	0.01	0.01	
Shares Outstanding(m)	35	35	37	37	59	67	87	167	299	471	
Avg annual PE ratio	--	9.1	--	--	--	--	--	--	--	--	
Relative P/E(%)	--	62.5	--	--	--	--	--	--	--	--	
Total Return(%)	--	63.6	33.3	-16.7	--	-68.3	72.2	-78.5	7.1	61.0	
+/- Market(%)	--	35.9	30.7	-30.8	--	-78.5	76.9	-76.5	-14.3	35.0	
+/- ASX sector(%)	--	84.7	56.9	-17.1	--	-91.8	-8.1	--	--	--	

HISTORICAL FINANCIALS											
	6/96	6/97	6/98	6/99	6/00	6/01	6/02	6/03	6/04	6/05	

Revenues (\$million)				--	--	0	0	0		
Operating margin(%)	--	--	--	-2,365.4	-7,695.4	-77.0	-122.1	-291.8	--	--
Depreciation (\$million)	--	--	--	--	--	--	--	--	--	--
Amortisation (\$million)	--	--	--	--	--	--	--	--	--	--
Net profit before abnormals (\$million)	0	0	-0	-0	-0	-0	-0	-0	-0	-2
Net profit (\$million)	0	1	-1	-0	0	-1	-1	-0	-0	-2
Income tax rate(%)	20.7	2.5	--	--	--	--	--	--	--	--
Net profit margin(%)	--	--	--	-2,050.6	-9,035.7	-115.3	-145.7	-292.5	--	--
Employees (thousands)	--	--	--	--	--	--	--	--	--	--
Long term debt (\$million)						0				
Shareholders equity (\$million)	1	2	1	1	2	1	0	1	4	5
Return on capital(%)	11	10	-48	-20	-14	-23	-116	-44	-12	-50
Return on equity(%)	6.8	7.3	-47.9	-19.7	-13.6	-26.7	-118.4	-44.5	-11.9	-50.2
Payout ratio(%)	--	--	--	--	--	--	--	--	--	--

Balance Sheet

CAPITAL STRUCTURE (\$ 000s)

Total Debt	--
Long Term Debt	--
Preferred Stock	
Shareholders equity	

CURRENT POSITION (\$ 000s)

	2003	2004	2005
Cash Assets	286	673	1,114
Receivables	27	36	77
Inventory	--	--	--
Others	10	6	10
TOTAL CURRENT ASSETS	324	716	1,201
Accounts Payable	10	499	95
Debt Due	--	--	--
Others	--	--	--
CURRENT LIABILITIES	10	499	95

Source: Commonwealth Securities Australia

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