



OPEN RANGE ENERGY CORP.

ANNUAL INFORMATION FORM

For the period ended December 31, 2005

Dated: March 14, 2006

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FORWARD LOOKING STATEMENTS

This Annual Information Form ("AIF") contains forward-looking statements which are based on management's beliefs and information currently available to management, as well as on a number of assumptions concerning future events made by management. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "should", "believe" and similar expressions are intended to identify forward-looking statements. These statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. Management believes the expectations reflected in these forward-looking statements are based on reasonable assumptions but no assurance can be given that these expectations will prove to be correct and the forward-looking statements included in this AIF should not be unduly relied upon. These statements speak only as of the date of this AIF.

In particular, this AIF contains forward-looking statements pertaining to the following:

- capital expenditure programs;
- projections of commodity prices and costs;
- supply and demand for oil and natural gas;
- expectations regarding the Corporation's ability to raise capital and to continually add to reserves through exploitation and development; and
- treatment under government regulatory regimes and tax laws.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements as a result of the risk factors set forth below and elsewhere in this AIF:

- general economic, market and business conditions;
- volatility in market prices for oil and natural gas;
- liabilities inherent in oil and natural gas operations;
- uncertainties associated with producing and estimating oil and natural gas reserves;
- competition for, among other things, capital, acquisitions of reserves, undeveloped lands and skilled personnel;
- incorrect assessments of the value of the acquisitions;
- actions by governmental authorities, including increases in taxes;
- geological, technical, drilling and processing problems;
- fluctuations in foreign exchange or interest rates and stock market volatility; and
- the other factors discussed under "Risk Factors" in this AIF.

These factors should not be construed as exhaustive. Except as required under applicable securities laws, we undertake no obligation to update or revise any forward-looking statements.

ABBREVIATIONS

Crude Oil and Natural Gas Liquids ("NGLs")

bbls	barrels of oil inclusive of NGLs
mbbls	thousand barrels
mmbbls	million barrels
bopd	barrels of oil per day
boe	barrels of oil equivalent converting gas to oil at a ratio of six mcf of gas to one bbl of oil
mboe	thousand barrels of oil equivalent
boepd	barrels of oil equivalent per day
WTI	West Texas Intermediate

Natural Gas

mcf	thousand cubic feet
mmcf	million cubic feet
bcf	billion cubic feet
mcf/d	thousand cubic feet per day
mmcf/d	million cubic feet per day

CONVERSION

The following table sets forth certain standard conversions from Standard Imperial units to the International System of Units (or metric units).

<u>To Convert From</u>	<u>To</u>	<u>Multiply By</u>
Mcf	Cubic metres ("m ³ ")	28.174
Cubic metres ("m ³ ")	Cubic feet	35.494
Bbls	Cubic metres ("m ³ ")	0.159
Cubic metres ("m ³ ")	Bbls	6.290
Feet	Metres	0.305
Metres	Feet	3.281
Miles	Kilometres	1.609
Kilometres	Miles	0.621
Acres	Hectares	0.405
Hectares	Acres	2.471

In this Annual Information Form, unless otherwise noted, all dollar amounts are expressed in Canadian dollars.

GLOSSARY OF TERMS

Unless the context otherwise requires, the following terms shall have the respective meanings set out below when used in this Annual Information Form:

"**ABCA**" means *Business Corporations Act* (Alberta);

"**AIF**" means this annual information form including the appendices hereto;

"**Arrangement**" means the plan of arrangement involving Daylight, Daylight Energy Ltd., Tempest, 1198311 Alberta Ltd., 1198249 Alberta Ltd., Open Range Finance Corp., the unitholders and convertible debentureholders of Daylight, the exchangeable shareholders of Daylight Energy Ltd., the shareholders of Tempest and the shareholders of Open Range Energy Corp. completed on November 30, 2005;

"**Board of Directors**" or "**Board**" means the board of directors of the Corporation;

"**Common Share**" or "**Common Shares**" means, respectively, one or more common shares in the capital of Open Range;

"**Corporation**" or "**Open Range**" means Open Range Energy Corp.;

"**Daylight**" has the meaning ascribed thereto under "Name and Incorporation";

"**GLJ**" means GLJ Petroleum Consultants Ltd.;

"**Information Circular**" means the October 28, 2005 information circular and proxy statement with respect to the Arrangement;

"**NI 51-101**" means National Instrument 51-101 Standards of Disclosure for Oil and Gas Activities;

"**Tempest**" has the meaning ascribe thereto under "Name and Incorporation";

"**TSX**" or "**Exchange**" means The Toronto Stock Exchange;

NAME AND INCORPORATION

Open Range was formed on November 30, 2005 through a plan of arrangement ("the Arrangement") involving, among others, Daylight Energy Trust ("Daylight") and Tempest Energy Corp. ("Tempest") as described in the Information Circular. Under the Arrangement, Daylight transferred certain properties to 1198311 Alberta Ltd. ("1198311") and Tempest transferred certain properties to 1198249 Alberta Ltd. ("1189249"). Pursuant to the Arrangement, 1198311, 1198249 and Open Range Finance Corp. were amalgamated pursuant to the ABCA to form Open Range Energy Corp.

The registered office of the Corporation is located at 3100, 324 - 8th Avenue S.W., Calgary, Alberta, T2P 2Z2 and its head office is located at Suite 1100, 645 - 7th Avenue S.W., Calgary, Alberta, T2P 4G8.

INTERCORPORATE RELATIONSHIPS

The Corporation has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Pursuant to the Arrangement, Daylight and Tempest transferred certain properties to Open Range in exchange for shares, which were distributed to their respective securityholders. Daylight conveyed approximately 400 boepd of primarily natural gas production in the Big Bend, Ferrier, Garrington and Pembina areas and approximately 16,800 net acres of undeveloped land focused in the West 5 area and granted a seismic review option in several of the Trust's non-core areas for approximately 5.5 million shares of Open Range. Tempest transferred its interests in Ansell/Sudance for 2.9 million shares of Open Range. Open Range Finance Corp. was created and certain directors, officers and employees of Open Range and certain other parties were issued 2.0 million shares of Open Range at \$3.10 per share as part of the Arrangement. The shares issued under this private placement are held in escrow and are released as to 1/3 on each of November 30, 2007, 2008 and 2009. Open Range assumed all abandonment, reclamation and environmental obligations in respect to the assets conveyed to it.

Open Range's Common Shares began trading on TSX on December 2, 2005 under the symbol ONR. Arrangement warrants exercisable at \$3.10 were also issued to Daylight and Tempest security holders as part of the Company's formation. These warrants traded on the TSX under the symbol ONR.wt until their expiry on December 30, 2005. By the time of expiry 1,509,132 warrants, or approximately 90 percent, had been exercised (for proceeds of approximately \$4.7 million) with the balance of the warrants expiring.

The following table gives a summary of the Common Shares issued to this point:

	Common Shares
Issued on incorporation	1
Daylight security holders, November 30, 2005	5,527,110
Tempest security holders, November 30, 2005	2,879,998
Management placement, November 30, 2005 at \$3.10 for gross proceeds of \$6.2 million	2,000,000

Cancelled shares	(3,300)
Exercised warrants at \$3.10 for gross proceeds of approximately \$4.7 million	1,509,132
Closing Balance as at December 31, 2005	11,912,941
January 10, 2006 Private placement at \$4.25 for gross proceeds of approximately \$7.0 million	1,649,000
Closing Balance as at March 14, 2006	13,561,941
Held by employees, officers and directors of Open Range	19.67% (2,668,092 Common Shares)

As at December 31, 2005, the Corporation had 16 full-time employees.

Corporate Highlights

To date, following its creation on November 30, 2005 pursuant to the Arrangement, Open Range has:

- Commenced trading on the TSX on December 2, 2005 under the symbols ONR and ONR.WT (now expired),
- Initiated its first production at the Ansell/Sundance property, adding reserves and significant drilling inventory,
- Approved a \$20 million capital budget for 2006,
- Finalized the additions to its staff of 16,
- Expanded its core lands in Ansell/Sundance to interests in approximately 30 sections,
- Begun a proprietary 74 square kilometer 3D seismic program over Ansell/Sundance,
- Added 2 (0.6 net) natural gas infill locations at Ferrier and 1 (0.4 net) light oil exploration locations at Pembina,
- Commenced review of seismic data over option lands from Daylight,
- Raised \$7 million (gross) on January 10, 2006, through the issue of 1,649,000 Common shares at a price of \$4.25 per Common share, and
- Committed its banking facilities to the National Bank to establish \$10.4 million in bank lines (\$8.0 Operating and \$2.4 Acquisition/Development).

Corporate Strategy

Open Range intends to focus on building quality assets that translate to per share results. Open Range has laid out an exploratory and development drilling program focused on West five properties in the deep basin. Efforts are focused on long-life reserves supplemented by strategic acquisitions with all opportunities evaluated for their risk and return profiles.

Initially, Open Range expects to focus on exploration and development drilling of prospects in its core areas. Open Range also intends to pursue strategic acquisitions of oil and natural gas properties where it believes further exploration, exploitation and development opportunities exist. Since inception, the focus has been in the Ansell/Sundance area building a two year development drilling inventory and a land base with the potential to expand that inventory significantly further. Open Range has a drilling inventory of 15 locations for 2006 primarily situated in its multi-zone objective Ansell/Sundance area. Open Range is

the operator of this property and currently controls approximately 30 sections of land with working interests generally between 27 and 50 percent. Approximately \$20 million will be invested in 2006 on exploration and development opportunities. The capital program contemplates drilling 15 wells targeted primarily towards Open Range's west central high growth property at Ansell/Sundance and includes \$5 million for land and seismic and \$500,000 for facilities.

Moving forward, Open Range intends to internally generate exploration and development opportunities possessing medium risk and multi-zone potential. Open Range intends to maintain a balance between exploration, development and exploitation drilling, combined with acquisition opportunities that meet Open Range's business parameters. To achieve sustainable and profitable growth, management of Open Range intends to build detailed short and long term project economic analysis, allowing it to control the timing and costs of its projects wherever possible. Open Range plans, wherever possible and when the opportunities arise, to seek to become the operator of its properties. Further, to minimize competition within its geographic areas of interest, Open Range will strive to maximize its working interest ownership in its properties where reasonably possible. While Open Range believes that it will have the skills and resources necessary to achieve its objectives, participation in the exploration and development in the oil and natural gas industry has a number of inherent risks. See "Risk Factors".

PRINCIPAL PRODUCING PROPERTIES

Ansell/Sundance - Tempest entered into a farm-in and re-entered a well bore in May 2005 followed up by drilling one more well (0.4 net) in August 2005. Open Range drilled 3 (1.0 net) net wells in 2005, which resulted in three gross natural gas wells, for a success ratio of 100 percent. The drilling program highlights Open Range's production mix of over 90 percent natural gas. Open Range's first well in this area commenced production in mid November with a second well commencing production in late December and current production now exceeds 375 boe per day. Open Range has access to approximately 30 sections of land and has drilled 2 wells in 2006 in this area with a third anticipated to spud before break-up. Two additional wells were tied-in and brought on production in February, 2006 with a third well currently being tied-in for production in late March. For 2006 Open Range has budgeted a major proprietary 3-D seismic program to be completed by June as well as the drilling of 5 to 7 additional wells. Its partner is involved in the Wild River area to the North-West and that arrangement has already contributed greatly to the value creation in this area. As well, Open Range was successful at a number of land sales acquiring a significant portion of the open Crown lands in this area.

Big Bend - 200 boe per day from this area comes from over 40 wells with varied working interests covering approximately 48,100 gross acres and 20,400 net acres of lands. Our independent reserves engineers have assigned total Proved Plus Probable Reserves of 552 MBoes, representing 38% of Open Range's total Proved Plus Probable reserves. This area, straddling the West 4 and West 5 meridian, is characterized by multi-zoned gas prospects produced from several Lower Cretaceous aged zones, primarily within the Manville group. Open Range has a 100% interest in a sweet gas facility consisting of inlet separation and compression, dehydration, refrigeration and water and oil storage tanks. Open Range has begun an in-depth review of all well-bores for optimization, re-completions and re-activations. One by-passed drilling opportunity has already identified and Open Range anticipates that this property will grow modestly as a result of its area review.

Ferrier - Current production is approximately 100 boe per day 96% natural gas and a 7.6 year reserve life. Open Range owns an average of 46% interest in producing wells and is focused on the elerslie and ostracod zones in its 5,280 gross acres and 2,016 net acres of undeveloped lands. This area represents 19% of Open Range's Proved Plus Probable reserves. This area in the multi-zone deep basin is characterized by shallow Cardium oil and Belly River gas production to deeper gas prospects produced from several lower Cretaceous aged zones, primarily with the Manville group. Open Range will

participate in the partner operated drilling of one down-spaced in-fill locations in 2006, with the potential for additional follow-up locations. The tight rock is characteristic of the existing long life pool and drilling was identified as an offsetting well encountered near virgin pressure connected to the same pool.

Garrington - This area, also in the multi-zone deep basin, is characterized by some shallow gas from the Bears paw formation and the rest is from deeper gas prospects produced from several lower Cretaceous aged zones, primarily with the Manville group, although offsetting gas production from the Edmonton sands may lead to some additional value recognition in the future. Current production is approximately 85 boe per day and 13% of Open Range's total Proved Plus Probable reserves are booked in this area. Open Range has interests in 6,720 gross acres and 4,646 net acres and Open Range is evaluating a potential Glauconitic Channel opportunity for 2006.

2006 Guidance

Open Range has set a production target of an average of 900 barrels of oil equivalent per day (boepd) for 2006, with natural gas targeted to average over 90% at 5.0 million cubic feet per day (mmcf/d). This would be a substantial increase from initial production of 400 boepd at the time the Arrangement closed on November 30, 2005. Two (0.75 net) wells had commenced production at the Company's Ansell/Sundance property by December 31, 2005 with two more wells on-stream in February and one more well currently being tied-in. Open Range is currently shooting a proprietary 3D seismic program over lands in our Ansell/Sundance area and expects to have this data in-house by the end of the second quarter 2006. This new 3D will be utilized to maximize drilling potential and land accumulation for the balance of 2006 and well into the future.

Open Range intends to focus on the development and accumulation phase in the Ansell/Sundance area to complement our current 2 year drilling inventory. However, based on our successes and related follow-up development activity, we expect to expand out from our core areas in 2006 with complimentary acquisitions in the way of land, assets or entities.

At year-end 2005 the Company had no debt, an unutilized bank line of \$8 million and a debt and working capital surplus of approximately \$5 million. To fund development and potential acquisition opportunities, Open Range completed an equity financing on January 10, 2006. The Company issued 1,649,000 Common shares at \$4.25 per share.

Open Range drilled 3 (1.0 net) net wells in 2005, resulting in 3 (1.0 net) natural gas wells, for a success ratio of 100 percent.

2005 Operations

Area	December 2005 Production (boepd)	% of Total 2005 Production	2005 Undeveloped Land (net acres)
Ansell/Sundance	100	20	4,036
Big Bend	200	40	8,302
Ferrier	100	20	400

Garrington	90	15	2,947
<u>Other</u>	<u>22</u>	<u>5</u>	<u>5,223</u>
Total	512	100	20,907

STATEMENT OF RESERVES DATA AND OTHER INFORMATION

Reference is made to the Corporation's Statement of Reserves Data and Other Oil & Gas Information dated March 14, 2006 attached hereto as Appendix "A"; the Report of Independent Qualified Reserves Evaluator or Auditor dated March 7, 2006; and the Report of Management and Directors dated March 14, 2006. Each of these were prepared pursuant to NI 51-101 and filed on SEDAR. They are incorporated by reference herein and are available at www.sedar.com.

DIRECTORS AND OFFICERS

The names, municipalities of residence, positions with the Corporation and the principal occupations of the directors and officers of the Corporation are set out below. The board of directors presently consists of five directors, all of whom are elected annually to hold office until the next annual meeting of shareholders or until his successor is duly elected or appointed unless his office is earlier vacated in accordance with the provisions of the ABCA or the Corporation's by-laws.

The name, address and principal occupation of each of the directors and officers of the Corporation are as follows:

<u>Name and Municipality of Residence</u>	<u>Director Since</u>	<u>Position Held</u>	<u>Principal Occupation for past five years</u>
A. Scott Dawson ⁽²⁾ Calgary, Alberta	Inception, November 2005	President, Chief Executive Officer and Director	President and Chief Executive Officer of the Corporation. Formerly President and Chief Executive Officer of Tempest Energy; prior thereto, President and Chief Executive Officer of Tier One Energy Corp. from October 1996 to November 1999.
Gerald R. Costigan Calgary, Alberta	N/A	Executive Vice-President	Executive Vice-President of the Corporation. Formerly Vice President, Exploration of Tempest Energy; prior thereto, Vice President, Exploration of Marathon Canada Ltd., prior thereto Exploration Manager of Tarragon Oil and Gas Limited.
Douglas N. Penner Calgary, Alberta	N/A	Vice-President, Finance and Chief Financial Officer	16 Years experience. Formerly Vice-President, Finance and Chief Financial Officer of Tempest Energy; prior thereto employed with Ketch Energy Ltd., Northrock Resources Ltd. and prior thereto, Controller of Tier One Energy Corp.
John A. Mueller Calgary, Alberta	N/A	Vice-President, Engineering and Operations	17 years experience. Formerly Vice-President, Engineering and Operations of Tempest Energy; prior thereto employed with Viking Energy Royalty Trust, Archean Energy, Wiser Oil, Norcen.

James A. Bland Calgary, Alberta	N/A	Vice-President, Exploration	22 years experience. Formerly with Burlington Resources Canada and Canadian Hunter.
David M. Griffith Calgary, Alberta	N/A	Vice-President, Geophysics	19 years experience. Formerly with Tempest Energy, Vermillion Resources, Renaissance Energy and Mobil.
Jamie Beninger Calgary, Alberta	N/A	Vice-President, Land	18 years experience. Formerly Vice-President, Land of Tempest Energy; prior thereto employed with Addison Energy Inc.
Kenneth J. Faircloth ⁽¹⁾⁽³⁾ Calgary, Alberta	Inception, November 2005	Director	Retired since March 2002; prior thereto, analyst with Raymond James Ltd.
Kenneth S. Woolner ⁽¹⁾⁽²⁾⁽⁴⁾ Calgary, Alberta	Inception, November 2005	Director	Chairman of privately owned Oban Energy Ltd., prior thereto; Executive Chairman White Fire Energy Ltd. prior thereto; a senior officer at Lightning Energy Ltd. and Velvet Exploration Ltd.
Harley L. Winger ⁽³⁾⁽⁴⁾ Calgary, Alberta	Inception, November 2005	Director	Partner with Burstall Winger LLP (law firm).
Dean R. Jensen ⁽¹⁾⁽²⁾⁽³⁾⁽⁴⁾ Calgary, Alberta	Inception, November 2005	Director	Partner with Toscana Capital Corporation, a private merchant bank; prior thereto; Senior lending positions with the National Bank of Canada.
Jarrod Isfeld Calgary, Alberta	N/A	Secretary	Partner with Burstall Winger LLP (law firm).

Note:

- (1) Audit committee member
- (2) Reserves committee member.
- (3) Compensation committee member.
- (4) Corporate governance member.

The Corporation does not have an executive committee of its board of directors.

Ownership of Shares

As the date hereof, the directors and officers of the Corporation, as a group, owned or controlled, directly or indirectly, in aggregate 2,668,092 Common Shares or approximately 19.67% of the issued and outstanding Common Shares.

Cease Trade Orders

No director, executive officer or shareholder holding a sufficient number of securities to affect materially the control of Open Range is, as of the date of this AIF, or has been, within the last 10 years, been a director or executive officer of any company that, while such person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the company access to any statutory exemption for a period of more than 30 consecutive days or was declared a bankrupt or made a voluntary assignment in bankruptcy, made a proposal under any legislation relating to bankruptcy or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver-manager or trustee appointed to hold the assets of that person.

Penalties or Sanctions

No director, executive officer or shareholder holding a sufficient number of securities to affect materially the control of Open Range, within the last 10 years, has been subject to any penalties or sanctions imposed by a court or securities regulatory authority relating to trading in securities, promotion or management of a publicly traded issuer or theft or fraud.

Personal Bankruptcies

No director, executive officer or shareholder holding a sufficient number of securities to affect materially the control of Open Range, or a personal holding company of any such persons, has, within the 10 years preceding the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or being subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

Conflicts of Interest

Harley Winger, a director of the Corporation, and Jarrod Isfeld, secretary of the Corporation, are partners with Burstall Winger LLP, which provides legal services to the Corporation on a fee for services basis.

There are potential conflicts of interest to which the directors and officers of the Corporation will be subject in connection with the operations of the Corporation. Conflicts, if any, will be subject to the procedures and remedies available under the ABCA. The ABCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the ABCA.

SELECTED FINANCIAL INFORMATION

The following table summarizes selected financial information for the Corporation for the period from inception on November 30, 2005 and December 31, 2005:

(\$ thousands, except per share amounts)	Period from Inception to December 31, 2005
<u>Balance Sheet</u>	
Current Assets	16,307
Capital Assets	30,989
Future Income Taxes (Asset)	1,023
Total Assets	48,319
Current Liabilities	11,310
Other	1,896
Total Liabilities	13,206
Shareholders' Equity	35,113
<u>Income</u>	
Revenue, net of royalties	953

Net Income	128
- per Common Share (basic) ⁽¹⁾	0.01
- per Common Share (diluted) ⁽²⁾	0.01
Funds Flow from Operations	617
- per Share (basic) ⁽¹⁾	0.06
- per Share (diluted) ⁽²⁾	0.06
Dividends	Nil

Notes:

- (1) Reference to Common Share (basic) totals 10,467,302 assume.
(2) Reference to Common Share (diluted) amounts assume that the 1,034,000 options are not exercised.

Production History

The following table sets forth certain information in respect of production, product prices received, royalties, operating costs and netbacks received by Tempest and Daylight in respect of the Open Range Assets for each of the periods indicated, prior to the Plan of Arrangement.

	6 Months ended 2005		Year Ended 2004		3 Months Ended 2004			
	June 30	June 30	March 31	Dec 31	Dec. 31	Sept. 30	June 30	Mar. 31
Average Daily Production⁽¹⁾								
Light Crude Oil (Bbls/d)	29	27	30	30	31	39	30	22
NGL (Bbls/d)	37	41	33	43	34	44	47	45
Gas (Mcf/d)	2,844	2,824	2,865	3,099	2,739	3,066	3,207	3,390
Total (Boepd)	540	539	541	589	521	594	611	632
Oil & NGL Netbacks⁽⁴⁾ (\$/Bbls)								
Revenue	52.26	54.56	52.01	44.58	49.93	48.03	42.32	37.63
Royalties	12.85	12.90	12.80	11.50	12.47	12.21	11.10	10.13
Operating costs ⁽²⁾⁽³⁾	8.25	6.70	9.82	8.76	13.39	6.99	7.98	7.32
Netback	31.16	34.96	29.39	24.32	24.07	28.83	23.24	20.18
Natural Gas Netbacks⁽⁴⁾ (\$/Mcf)								
Revenue	6.97	7.24	6.71	6.01	6.23	5.68	6.41	5.77
Royalties	1.37	1.39	1.36	1.29	1.30	1.26	1.31	1.30
Operating costs ⁽²⁾⁽³⁾	1.38	1.12	1.64	1.44	2.23	1.17	1.33	1.22
Transportation costs	0.09	0.09	0.09	0.08	0.08	0.08	0.07	0.08
Netback	4.13	4.64	3.62	3.20	2.62	3.17	3.70	3.17
Combined Netback⁽⁴⁾ (\$/Boe)								
Revenue	43.12	44.62	41.60	37.12	38.94	36.01	38.93	34.92
Royalties	8.79	8.89	8.68	8.22	8.39	8.22	8.25	8.05
Operating costs ⁽²⁾⁽³⁾	8.25	6.70	9.82	8.76	13.39	6.99	7.98	7.32
Transportation costs	0.46	0.45	0.48	0.41	0.42	0.39	0.39	0.43
Netback	25.62	28.58	22.62	19.73	16.74	20.41	22.30	19.12

Notes:

- (1) Before deduction of royalties.
(2) Operating costs have been allocated to the primary product for the expense. A number of assumptions have been made in allocating these costs between oil and natural gas.
(3) Operating recoveries associated with operated properties were excluded from operating costs and accounted for as a reduction to general and administrative costs.
(4) Netbacks are calculated by subtracting royalties, operating costs, and transportation costs from revenues.

Selected Quarterly Information

The Corporation was formed on November 30, 2005 and does not have any prior operations.

The terms "funds from operations", "funds from operations per share" and "debt-to-cash-flow ratio" in this discussion are not recognized measures under Canadian generally accepted accounting principles (GAAP). Company management believes that in addition to net earnings, funds from operations is a useful supplemental measure as it provides an indication of the results generated by the Company's principal business activities before the consideration of how those activities are financed or how the results are taxed. Users are cautioned, however, that this measure should not be construed as an alternative to net earnings determined in accordance with GAAP as an indication of Open Range's performance.

Reconciliation of "Funds from Operations" to Cash Flow per GAAP

Funds from Operations	616,958
Change in non-cash working capital	(616,958)
Cash Flow from Operating Activities (per GAAP)	-

Open Range's method of calculating funds from operations may differ from that of other companies, and accordingly it may not be comparable to measures used by those companies. Open Range calculates funds from operations by taking cash flow from operating activities as determined under GAAP before the change in non-cash working capital related to operating activities. The statements of cash flows in the audited financial statements present the reconciliation between earnings and funds from operations. All barrel of oil equivalent (boe) numbers are calculated by converting an mcf of natural gas to boe at a ration of 6 mcf to 1 boe.

SHARE CAPITAL

Common Shares

The Corporation has an unlimited number of Common Shares authorized. The holders of Common Shares are entitled to dividends if, as and when declared by the board of directors; to one vote per share at any meeting of the shareholders of the Corporation; and upon liquidation to receive all assets of the Corporation as are distributable to the holders of shares.

Preferred Shares

The Corporation is also authorized to issue an unlimited number of Preferred Shares, issuable in series, without nominal or par value, as determined from time to time by the Board of Directors of the Corporation. Any series of Preferred Shares, as fixed by the Board of Directors, may have any manner of voting rights, if any, dividend rights, if any, or such other rights as the directors may determine, including priority on dividends and winding-up.

Price Range and Trading Volume

The Common Shares are listed for trading on the Toronto Stock Exchange under the symbol ONR.

The following charts show trading information for the Open Range shares for the period from inception on November 30, 2005 and the first day of trading on December 2, 2005 to the year December 31, 2005:

Common Shares

	Trading Price (\$)	Price Range (\$)		Trading Volume
	Close	High	Low	
2005 December	4.75	5.43	4.26	2,837,700

PRIOR SALES

In the preceding 12 months, Open Range has issued the following Common Shares:

Date	Number of Common Shares	Issued Price Per Share
January 10, 2006	1,649,000	\$4.25

ESCROWED SECURITIES

The following table sets out the securities of the Corporation which are to the Corporation's knowledge held in escrow restrictions:

Designation of Class	Number of Securities In Escrow	Percentage of Class
Common Shares	2,000,000	14.7%

Certain shareholders of the Corporation described below have entered into an escrow agreement with Valiant Trust Company and the Corporation (the "**Escrow Agreement**"), pursuant to which such shareholders have deposited 2,000,000 Common Shares (the "**Escrowed Shares**") into escrow with Valiant Trust Company as escrow agent. The Escrow Agreement provides that 1/3 of the number of shares held thereunder will be released on each of November 30, 2007, 2008 and 2009.

DIVIDEND POLICY

No dividends have been paid on any shares of the Corporation since the date of its incorporation. The Corporation currently intends to retain its earnings to finance the growth and development of its business and therefore it is not expected that dividends will be paid on the Common Shares in the immediate or foreseeable future. Any decision to pay dividends in the future will be made by the Board of Directors on the basis of the Corporation's earnings, financial requirements and other conditions at such time.

RISK FACTORS

Open Range's securities should be considered highly speculative due to the nature of Open Range's business. An investor should consider carefully the risk factors set out below. In addition, investors should carefully review and consider all other information contained in this AIF before making an investment decision. An investment in securities of Open Range should only be made by persons who can afford a significant or total loss of their investment.

Exploration, Development and Production Risks

Oil and gas operations involve many risks that even a combination of experience and knowledge and careful evaluation may not be able to overcome. The long-term commercial success of Open Range depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. Without the continual addition of new reserves, any existing reserves Open Range may have at any particular time and the production there from will decline over time as such existing reserves are exploited. A future increase in Open Range's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that Open Range will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, Open Range may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further commercial quantities of oil and natural gas will be discovered or acquired by Open Range.

Future oil and gas exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after drilling, operating and other costs. Completion of a well does not assure a profit on the investment or recovery of drilling, completion and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, production delays and declines from normal field operating conditions cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees.

Oil and natural gas exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering, sour gas releases and spills, each of which could result in substantial damage to oil and natural gas wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, Open Range will not be fully insured against all of these risks, nor are all such risks insurable. Although Open Range will maintain liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event Open Range could incur significant costs that could have a material adverse effect upon its financial condition. Oil and natural gas production operations are also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. Losses resulting from the occurrence of any of these risks could have a materially adverse effect on future results of operations, liquidity and financial condition.

Competition

The petroleum industry is competitive in all its phases. Open Range competes with numerous other participants in the search for the acquisition of oil and natural gas properties and in the marketing of oil and natural gas. Open Range's competitors include oil and gas companies that have substantially greater financial resources, staff and facilities than those of Open Range. Open Range's ability to increase reserves in the future will depend not only on its ability to explore and develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling.

Competitive factors in the distribution and marketing of oil and natural gas include price and methods and reliability of delivery.

Regulatory

Oil and natural gas operations (exploration, production, pricing, marketing and transportation) are subject to extensive controls and regulations imposed by various levels of government that may be amended from time to time. Open Range's operations may require licenses from various governmental authorities. There can be no assurance that Open Range will be able to obtain all necessary licenses and permits that may be required to carry out exploration and development at its projects.

In December 2002 the Government of Canada ratified and signed the Kyoto Protocol. This protocol calls for Canada to reduce its greenhouse gas emissions to 6% below 1990 levels during the period between 2008 and 2012. Implementation of the Kyoto Protocol is expected to affect the operation of all industries in Canada, including the oil and gas industry. Such effects may include increased operating and capital expenditures and reduction in the production of crude oil and natural gas. As details of the implementation of the Protocol have yet to be announced, the effect on Open Range cannot be determined at this time.

Environmental

All phases of the oil and natural gas business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with oil and gas operations. The legislation also requires that wells and facility sites be operated, maintained, abandoned and reclaimed to the satisfaction of applicable regulatory authorities. Compliance with such legislation can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of oil, natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require Open Range to incur costs to remedy such discharge. Although Open Range believes that it will be in material compliance with current applicable environmental regulations no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect Open Range 's financial condition, results of operations or prospects.

Prices, Markets and Marketing

The marketability and price of oil and natural gas that may be acquired or discovered by Open Range will be affected by numerous factors beyond its control. Open Range's ability to market its natural gas may depend upon its ability to acquire space on pipelines that deliver natural gas to commercial markets. Open Range may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities and extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business.

Both oil and natural gas prices are unstable and are subject to fluctuation. Any material decline in prices could result in a reduction of Open Range's net production revenue. The economics of producing from some wells may change as a result of lower prices, which could result in a reduction in the volumes of

Open Range's reserves. Open Range might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in Open Range's net production revenue causing a reduction in its oil and gas acquisition, development and exploration activities. In addition, bank borrowings available to Open Range are in part determined by Open Range's borrowing base. A sustained material decline in prices from historical average prices could further reduce Open Range's borrowing base, therefore reducing the bank credit available to Open Range and could require that a portion of Open Range's bank debt be repaid.

Substantial Capital Requirements

Open Range anticipates making substantial capital expenditures for the acquisition, exploration, development and production of oil and natural gas reserves in the future. If Open Range's revenues or reserves decline, it may have limited ability to expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing, or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to Open Range. Moreover, future activities may require Open Range to alter its capitalization significantly. The inability of Open Range to access sufficient capital for its operations could have a material adverse effect on Open Range's financial condition, results of operations or prospects.

Additional Funding Requirements

Open Range's cash flow from its reserves may not be sufficient to fund its ongoing activities at all times. From time to time, Open Range may require additional financing in order to carry out its oil and gas acquisition, exploration and development activities. Failure to obtain such financing on a timely basis could cause Open Range to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations. If Open Range's revenues from its reserves decrease as a result of lower oil and natural gas prices or otherwise, it will affect Open Range's ability to expend the necessary capital to replace its reserves or to maintain its production. If Open Range's cash flow from operations is not sufficient to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to Open Range.

Issuance of Debt

From time to time Open Range may enter into transactions to acquire assets or the shares of other corporations. These transactions may be financed partially or wholly with debt, which may increase Open Range's debt levels above industry standards. Depending on future exploration and development plans, Open Range may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. Neither Open Range's articles nor its by-laws limit the amount of indebtedness that Open Range may incur. The level of Open Range's indebtedness from time to time, could impair Open Range's ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

Accounting

Open Range uses the full cost method of accounting for oil and natural gas properties. Under this accounting method, capitalized costs are reviewed for impairment to ensure that the carrying amount of these costs is recoverable based on expected future cash flows. To the extent that such capitalized costs (net of accumulated depreciation and depletion) less future taxes exceed the present value of estimated future net cash flows from Open Range's proved oil and natural gas reserves, those excess costs would be required to be charged to operations.

Hedging

From time to time Open Range may enter into agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, Open Range would not benefit from such increases. Similarly, from time to time Open Range may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, Open Range would not benefit from the fluctuating exchange rate.

Availability of Drilling Equipment and Access

Oil and natural gas exploration and development activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to Open Range and may delay exploration and development activities. To the extent Open Range is not the operator of its oil and gas properties, Open Range will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

Title to Assets

Although title reviews will generally be conducted prior to the purchase of most oil and natural gas producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat Open Range's claim which could result in a reduction of the revenue received by Open Range.

Reserve Estimates

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows to be derived therefrom, including many factors that are beyond the control of Open Range. The reserve and cash flow information set forth herein represent estimates only. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of oil and natural gas, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. These assumptions were based on price forecasts in use at the date the relevant evaluations were prepared and many of these assumptions are subject to change and are beyond the control of Open Range. Actual production and cash flows derived therefrom will vary from these evaluations, and such variations could be material. The foregoing evaluations are based in part on the assumed success of activities Open Range intends to undertake in future years. The reserves and estimated cash flows to be derived therefrom contained in such evaluations will be reduced to the extent that such activities do not achieve the level of success assumed in the evaluations.

Insurance

Open Range's involvement in the exploration for and development of oil and gas properties may result in Open Range becoming subject to liability for pollution, blow outs, property damage, personal injury or other hazards. Although prior to drilling Open Range will obtain insurance in accordance with industry standards to address such risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, Open Range may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured

liabilities would reduce the funds available to Open Range. The occurrence of a significant event that Open Range is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on Open Range's financial position, results of operations or prospects.

Reserves Replacement

Open Range's future oil and natural gas reserves, production, and cash flows to be derived therefrom are highly dependent on Open Range successfully acquiring or discovering new reserves. Without the continual addition of new reserves, any existing reserves Open Range may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in Open Range's reserves will depend not only on Open Range's ability to develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. There can be no assurance that Open Range's future exploration and development efforts will result in the discovery and development of additional commercial accumulations of oil and natural gas.

Dividends

Open Range does not anticipate the payment of any dividends on the Open Range Shares for the foreseeable future.

Conflicts of Interest

Certain directors of Open Range are also directors of other oil and gas companies and as such may, in certain circumstances, have a conflict of interest requiring them to abstain from certain decisions. Conflicts, if any, will be subject to the procedures and remedies of the ABCA. See "Conflicts of Interest".

Reliance on Key Personnel

Open Range's success will depend in large measure on certain key personnel. The loss of the services of such key personnel could have a material adverse effect on Open Range. Open Range does not have key person insurance in effect for management. The contributions of these individuals to the immediate operations of Open Range are likely to be of central importance. In addition, the competition for qualified personnel in the oil and natural gas industry is intense and there can be no assurance that Open Range will be able to continue to attract and retain all personnel necessary for the development and operation of its business. Investors must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of Open Range.

Legal Proceedings

Management of Open Range is not aware of any existing or contemplated legal proceedings material to Open Range.

Interests of Management and Others in Material Transactions

No insider of the Corporation, any director or executive officer of the Corporation or any associate or affiliate of any such person has had any material interest, direct or indirect, in any transaction since the commencement of the Corporation's last completed financial year, or in any proposed transaction, that has materially affected or would materially affect the Corporation or any of its subsidiaries.

Auditors, Registrar and Transfer Agent

The auditors of Open Range are KPMG LLP, Calgary, Alberta. Valiant Trust Company of Calgary, Alberta is registrar and transfer agent for the Common Shares.

Material Contracts

Except for contracts entered into the ordinary course of business, there are no contracts entered into by Open Range in the most recently completed financial year which can be reasonably regarded as presently material to Open Range.

Interests of Experts

GLJ prepared the independent report filed with the Form 51-101F1 in which it evaluated as at December 31, 2005 the oil and natural gas reserves attributable to the principal properties of the Corporation.

An independent evaluation report was not prepared on Open Range's non-reserve oil and gas properties as at December 31, 2005.

None of the above experts hold greater than 1%, directly or indirectly, in any securities or other property of the Corporation either at the time of such reports or since that time.

AUDIT COMMITTEE

Audit Committee Charter

The committee's mandate includes reviewing financial statements, press releases and MD&A and recommending the external auditors their compensation, overseeing their work and approving non-audit services. The committee will also establish processes that allow employees to confidentially voice concerns regarding accounting issues. The full text of the audit committee charter is attached as Appendix "A" to this AIF.

Composition of Audit Committee

The audit committee is currently composed of Dean R. Jensen, Kenneth Faircloth and Ken S. Woolner. All are financially literate. As none of Messer Jensen, Faircloth or Woolner are officers of otherwise employed by the Corporation they are considered independent directors under Multilateral Instrument 52-110.

Relevant Education and Experience

Dean R. Jensen is the Chairman of the Audit Committee. Mr. Jensen is a career banker by profession who has gained his broad base of banking experience from exposure to a wide variety of commercial, corporate and energy related concerns over the past 27 years. Mr. Jensen is currently a partner of Toscana Capital Corporation, a private merchant bank specializing in providing mezzanine debt. Prior thereto Mr. Jensen held various senior commercial, corporate and energy lending positions with the National Bank of Canada. Mr. Jensen holds a Canadian Investment Manager designation and is a Fellow of the Institute of Canadian Bankers

Mr. Woolner has over 20 years experience in the oil and gas industry. He is currently Chairman for the privately owned Oban Energy Ltd. Previous to he was the Executive Chairman at White Fire Energy Ltd. until acquired by a plan of arrangement with Highpine Oil & Gas Ltd. on February 21, 2006. Previously

Mr. Woolner was the President and Chief Executive Officer of Lightning Energy Ltd., from December 2001 until their February 2005 merger with Argo Energy Ltd. which combined the two entities and created Sequoia Oil & Gas Trust and a public exploration-focused junior producer, White Fire Energy Ltd. Mr. Woolner was the President, Chief Executive Officer and a Director of Velvet Exploration Ltd. from April 1997 to July 2002 when it was acquired by El Paso Oil & Gas Canada Inc. Mr. Woolner is a Professional Engineer and is a graduate of the University of Toronto in 1983 with a B.Sc. (Geological Engineer) degree.

Kenneth Faircloth was an analyst for many years with various companies, most recently with Raymond James Ltd. until he retired in 2002.

Pre-Approval Policies and Procedures

Open Range has approved for the year ended December 31, 2005 a Pre-Approval Policy with KPMG LLP which provides that a request for services where the aggregate fees are estimated to be less than or equal to \$20,000 will be submitted by the Vice President, Finance and CFO to the Audit Committee Chairman for consideration and approval. In cases where services where the aggregate fees are estimated to be greater than \$20,000, recommendations, in respect of each engagement, will be submitted by the Vice President, Finance and CFO to the full Audit Committee for consideration and approval, generally at its next meeting or at a special meeting called for the purpose of approving such services.

External Auditor Service Fees

The Company commenced operations on November 30, 2005 and has not paid any fees to KPMG LLP, the Corporation's auditors, since inception. An amount of \$35,000 has been estimated to cover costs related to the audit of the 2005 Financial Statements.

ADDITIONAL INFORMATION

Additional information, including directors' and officers' remuneration and indebtedness, principal holders of the Corporation's securities and securities authorized for issuance under equity compensation plans, is contained in the Information Circular in connection with the Arrangement. Additional financial information is contained in the Corporation's financial statements for the year ended December 31, 2005 and the Corporation's management's discussion and analysis (MD&A) for such financial year. Additional information relating to Open Range may be found on the System for Electronic Document Analysis and Retrieval (SEDAR) at www.sedar.com.

