



OPEN RANGE ENERGY CORP.

ANNUAL INFORMATION FORM

For the year ended December 31, 2006

Dated: March 26, 2007

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ABBREVIATIONS

Crude Oil and Natural Gas Liquids (“NGLs”)

ARTC	Alberta Royalty Tax Credit
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
boe/d	barrels of oil equivalent per day
WTI	West Texas Intermediate
WI	working interest

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.

FORWARD LOOKING STATEMENTS

This AIF contains certain forward-looking statements and forward-looking information which are based on the Corporation's current internal expectations, estimates, projections, assumptions and beliefs, including, among other things, assumptions with respect to production, future capital expenditures, funds from operations, cash flow and debt levels. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. The use of any of the words "anticipate", "continue", "estimate", "expect", "may", "will", "project", "plan", "should", "believe" and similar expressions are intended to identify forward-looking statements and forward-looking information. These statements are not guarantees of future performance and 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 or information. The Corporation believes that the expectations reflected in those forward-looking statements and information are reasonable but no assurance can be given that these expectations, or the assumptions underlying these expectations, will prove to be correct and such forward-looking statements and information included in this AIF should not be unduly relied upon. Such forward-looking statements and information speak only as of the date of this AIF and the Corporation does not undertake any obligation to publicly update or revise any forward-looking statements or information, except as required by applicable laws.

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

- the quality of and future net revenues from the Corporation's reserves;
- oil, NGLs and natural gas production levels;
- commodity prices, foreign currency exchange rates and interest rates;
- capital expenditure programs and other expenditures;
- supply and demand for oil, NGLs and natural gas;
- expectations regarding the Corporation's ability to raise capital and to continually add to reserves through acquisitions and development;
- schedules and timing of certain projects and the Corporation's strategy for growth;
- the Corporation's future operating and financial results; and
- treatment under governmental and other regulatory regimes and tax, environmental and other laws.

The Corporation's actual results could differ materially from those anticipated in these forward-looking statements and information as a result of both known and unknown risks, including the risk factors set forth under "Risk Factors" in this AIF and those set forth below:

- risks associated with the exploration for and development of oil and natural gas reserves;
- operational risks and liabilities that are not covered by insurance;
- volatility in market prices for oil, NGLs and natural gas;
- the ability of the Corporation to fund its substantial capital requirements and operations;
- risks associated with ensuring title to the Corporation's properties;
- changes in environmental or other legislation applicable to the Corporation's operations, and the Corporation's ability to comply with current and future environmental and other laws;
- uncertainties associated with estimating reserves;
- the Corporation's success at acquisition, exploitation and development of reserves;
- the Corporation's reliance on key operational and management personnel;

- the ability of the Corporation to obtain and maintain all of its required permits and licenses;
- competition for, among other things, capital, drilling equipment, acquisitions of reserves, undeveloped lands and skilled personnel;
- changes in general economic, market and business conditions in Canada, North America and worldwide;
- actions by governmental or regulatory authorities including changes in income tax laws or changes in tax laws and incentive programs relating to the oil and gas industry; and
- risks associated with the nature of the Corporation's securities.

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

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:

“**1198311**” means 1198311 Alberta Ltd.;

“**1189249**” means 1189249 Alberta Ltd.;

“**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., 1189249 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”;

“**Escrow Agreement**” the escrow agreement among the Corporation, Valiant Trust Company and certain shareholders pursuant to which such shareholders initially deposited 2,000,000 Common Shares into Escrow with Valiant Trust Company as escrow agent;

“**Escrow Shares**” the 1,217,541 Common Shares subject to the terms of the Escrow Agreement;

“**EUB**” means Alberta Energy and Utilities Board;

“**Flow-Through Shares**” means common shares in the capital of the Corporation issued on a “flow-through” basis pursuant to the *Income Tax Act* (Canada);

“**Gj**” means Gigajoule;

“**GLJ**” means GLJ Petroleum Consultants Ltd.;

“**GLJ Report**” the report dated March 6, 2007 prepared by GLJ in which it has evaluated as at December 31, 2006 the oil and natural gas reserves attributable to the principal properties of the Corporation;

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

“**NGLs**” means natural gas liquids;

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

“**PUD**” means proven undeveloped, in reference to reserves in this AIF;

“**Tempest**” has the meaning ascribed thereto under “Name and Incorporation”; and

“**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. and Tempest transferred certain properties to 1198249 Alberta Ltd. 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 Suite 1600, 333 - 7th Avenue S.W., Calgary, Alberta, T2P 2Z1 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

On November 30, 2005, pursuant to a Plan of Arrangement, Daylight and Tempest transferred certain properties to separate wholly-owned subsidiaries, being 1198311 and 1198249, respectively, in exchange for shares and warrants which were distributed to their respective securityholders. Daylight conveyed approximately 400 boe/d 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 Daylight’s non-core areas for approximately 5.5 million common shares. Tempest transferred its interests in Ansell/Sudance for 2.9 million common shares. Concurrently, Open Range Finance Corp. was created and certain directors, officers and employees of Open Range and certain other parties were issued 2 million common shares 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. The wholly-owned subsidiaries amalgamated with Open Range Finance Corp. on November 30, 2005 to form Open Range Energy Corp.

On December 2, 2005, Open Range’s Common Shares began trading on TSX under the symbol ONR. Arrangement warrants exercisable at \$3.10 were also issued to Daylight and Tempest security holders in connection with the Arrangement. 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.

On January 10, 2006, Open Range issued 1.6 million Common Shares on a bought-deal private placement basis at a price of \$4.25 per share for aggregate gross proceeds of \$7 million. Proceeds from the issue were applied towards Open Range’s exploration and development activities for 2006.

On May 16, 2006, Open Range issued one million Flow-Through Shares on a bought-deal private placement basis at a price of \$5.70 per share for aggregate gross proceeds of \$5.7 million. Proceeds from the issue were applied to Open Range’s exploration program in 2006.

On November 9, 2006, Open Range issued 2.3 million Common Shares on a bought-deal private

placement basis at a price of \$3.55 per share for aggregate gross proceeds of \$8.3 million. Proceeds from the issue were applied towards Open Range's exploration and development activities for 2006 and the first quarter of 2007.

On February 22, 2007, Open Range issued three million Flow-Through Shares on a bought-deal private placement basis at a price of \$4.00 per share for aggregate gross proceeds of \$12 million. Proceeds from the issue are being applied to Open Range's exploration program for 2007.

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

	Common Shares
Daylight security holders, November 30, 2005	5,527,111
Tempest security holders, November 30, 2005	2,879,998
Initial management private placement, November 30, 2005 at \$3.10 for gross proceeds of \$6.2 million	2,000,000
Cancelled escrowed 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
May 16, 2006 private placement of Flow-Through Shares at \$5.70 for gross proceeds of approximately \$5.7 million	1,000,000
September 28, 2006 private placement at \$3.10 for gross proceeds of \$148,800	48,000
November 9, 2006 private placement at \$3.55 for gross proceeds of approximately \$8.3 million	2,324,300
Cancelled escrowed shares	(170,400)
Closing Balance as at December 31, 2006	16,763,841
February 22, 2007 private placement of Flow-Through Shares at \$4.00 for gross proceeds of \$12 million	3,000,000
Closing Balance as at March 26, 2007	19,763,841
Held by officers, directors and employees of Open Range as at March 26, 2007	14.2% (2,805,987 Common Shares)

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);
- Finalized the additions to its staff and continued to maintain 17 employees;
- Completed its review of seismic data over option lands from Daylight;
- Completed a proprietary 75 square-mile 3D seismic program over Ansell/Sundance in 2006;
- Drilled 15 gross (5.4 net) wells at a success rate of 100 percent, of which eight gross (3.6 net) wells were at its core Ansell/Sundance property;
- Established a low-risk development drilling inventory of approximately 25 locations;
- Completed a \$35 million capital program in 2006;
- Expanded its core lands in Ansell/Sundance to interests in approximately 42 gross sections;
- Utilized the EUB's recent approval of a Designated Entry Commingling (DE2) area to commingle all of its Cretaceous pay zones in each well bore to achieve significant multi-zone completion cost-savings;
- Raised approximately \$21.5 million (gross proceeds) to March 26, 2007, through the issue of 5,973,300 Common Shares;
- Raised approximately \$17.7 million (gross proceeds) to March 26, 2007, through the issue of 4,000,000 Flow-Through Shares;
- Entered into four commodity contracts in 2006 and expanded its natural gas hedging position for 2007 to an average of 4,975 mcf/d, representing 57% of its anticipated average 2007 production;
- Increased its banking facilities at the National Bank of Canada to \$18.2 million in bank lines (\$14 million operating and \$4.2 million acquisition);
- Realized 2006 average production of 806 boe/d, a 57% increase from the 2005 average of 512 boe/d;
- Approved a \$30 million capital budget for 2007; and
- Commenced its 2007 10-well drilling program at the 12-35-053-20W5M location at its Ansell/Sundance property.

Corporate Strategy

Open Range's strategy is to build quality assets that translate into per share results. Open Range is focused on an exploratory and development drilling program at its three properties in the Deep Basin of west central Alberta. Efforts are concentrated on long-life reserves supplemented by strategic acquisitions with all opportunities evaluated for their risk and return profiles.

Initially, Open Range has focused on exploration and development drilling of prospects in its core areas. It utilizes the latest geological and geophysical techniques to select premium multi-zone drilling locations, coupled with carefully developed drilling and completion practices. Open Range pursues strategic acquisitions of oil and natural gas properties where it believes further exploration, exploitation and development opportunities exist. Since inception, the focus has been on the Ansell/Sundance area and building a multi-year development drilling inventory with a land base that has the potential to expand that inventory significantly further. Open Range has established a drilling inventory of approximately 25 locations at the start of 2007 in its multi-zone objective Ansell/Sundance area. Open Range is the operator of this property and currently controls approximately 42 sections of land with an average working interest of 47 percent. Approximately \$30 million will be invested in 2007 on exploration and development opportunities. The capital program contemplates drilling 10 gross (4.5 net) wells targeted primarily towards Open Range's west central high growth property at

Ansell/Sundance and includes \$2.6 million for land and seismic and \$2.2 for facilities.

Moving forward, Open Range intends to internally generate further 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 analyses, 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 strives to maximize its working interest ownership in its properties where reasonably possible. While Open Range believes that it has 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

The following is a general description of Open Range's principal producing properties.

Ansell/Sundance - Tempest entered into a farm-in and re-entered an existing well bore in May 2005 followed up by drilling one more well (0.4 net) in August 2005. Open Range drilled two (0.75 net) net wells in 2005, with a success rate of 100 percent. Open Range's first well in this area commenced production in mid November with a second well commencing production in late December of 2005. In the second quarter of 2006, Open Range commenced and completed a 75 square mile proprietary 3D seismic program. Over the course of 2006, Open Range drilled an additional eight (3.6 net) wells at a rate of success of 100 percent. Four wells selected using the new seismic data notably encountered better quality reservoir sands and a higher average number of pay zones. Two locations drilled in the fourth quarter of 2006 each encountered four productive pay zones. Open Range expanded its land position at Ansell/Sundance in 2006 to 42 gross sections with an average working interest of 47 percent. At year end 2006, Open Range had established a development drilling inventory of 25 locations all identified utilizing the 3D seismic. In 2006, production at Ansell/Sundance averaged 315 boe per day and the area represented 57 percent of Open Range's proved plus probable reserves.

Open Range is currently expanding its infrastructure capacity at this property with two new compression facilities. The first is a 10.0 mmcf/d sweet natural gas compression facility at 9-34-53-20W5M (33 percent working interest) which is expected to be on stream in April 2007. The second is a 3.0 mmcf per day sour compression facility at 06-03-54-19W5M (50 percent working interest) which will process natural gas from Open Range's Montney discoveries. The sour compression facility is also expected to be on stream in March 2007.

For 2007, Open Range has focused the majority of its \$30 million capital budget on multi-zone drilling at Ansell/Sundance with the majority allocated to drilling and completions.

Ferrier – In 2005, production at Ferrier was approximately 84 boe per day, consisting of 96 percent natural gas. Two non-operated wells (30 percent WI) were drilled in the second quarter of 2006, with the wells being brought on production in October 2006. These two new wells increased the Corporation's net production by approximately 100 boe per day. Open Range owns an average of 46 percent working interest in producing wells at Ferrier and is focused on the Ellerslie and Ostracod formations at 2,900 metres. Secondary uphole targets in this area are the Glauconitic, Belly River and Edmonton formations. This area represents 19 percent of Open Range's proved plus probable reserves. The Corporation has a land position of 5,440 (2,072 net) acres, of which 480 net acres are undeveloped.

In 2006, production at Ferrier averaged 120 boe per day, with December 2006 average production growing to 202 boe per day. At 8.7 years, Ferrier has the longest reserve life of the Corporation's assets.

Garrington - This area is the Corporation's smallest property by production and is also in the multi-zone Deep Basin. The principal Deep Basin formation at Garrington is the Ostracod. Other zones include the Manville Group, Rock Creek, Viking and the recently developing shallow Edmonton sand plays. In 2005, production at Garrington was approximately 73 boe per day and the area represented 13 percent of Open Range's total proved plus probable reserves. In the second quarter of 2006, Open Range participated in one gross (0.25 net) exploration well that resulted in an Ostracod natural gas completion capable of 1 mmcf per day. The well was brought on stream in October 2006 at a restricted rate of 0.3-0.4 mmcf per day. Open Range has interests in 6,560 gross (4,254 net) acres, of which 2,107 net acres are undeveloped. In 2006, production at Garrington averaged 93 boe per day and the area represented seven percent of the Corporation's total proved plus probable reserves.

Activity at Garrington in 2007 may include participating in up to three shallow gas opportunities in the Edmonton sands. In addition, Open Range is evaluating a down-spacing opportunity to drill a dual Ostracod/Rock Creek natural gas well.

Big Bend – In 2005, production at Big Bend was 230 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. A new well was drilled in the second quarter of 2006, and was brought on production in July 2006. In December 2006, this property accounted for approximately 335 boe of production per day. The Corporation's independent reserves engineers have assigned total proved plus probable reserves of 492 mboe, representing 17 percent 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. Producing formations include the Colony, Glauconitic, Ellerslie and Wabamun. Open Range has a 100 percent interest in a sweet gas facility consisting of inlet separation and compression, dehydration, refrigeration and water and oil storage tanks.

Open Range anticipates drilling several non-operated wells in 2007. In addition, an in-depth review of all wellbores for optimization, re-completions and re-activations will be done in 2007.

2007 Guidance

Open Range has set a production target of an average of 1,450 boe/d for 2007, with natural gas targeted to average approximately 90 percent at 7.8 mmcf/d. This would be a substantial increase from initial production of 400 boe/d at the time the Arrangement closed on November 30, 2005. Over 75% of its 2007 capital expenditures are scheduled to occur at its Ansell/Sundance property.

Open Range's 2007 planned program of 10 gross (4.5 net) wells commenced on January 3, 2007 at the 12-35-053-20W5M location at the Corporation's core Ansell/Sundance property. The 2007 10-well drilling program will be approximately two-thirds development wells that can add production and reserves at low risk and high capital efficiency, and about one-third medium risk exploration wells intended to prove up additional development lands for the 2008 and 2009 drilling programs. The exploration wells are multi-zone locations on lands covered by Open Range's proprietary 3D seismic program. In 2007, Open Range will continuously work towards expanding its play area through additional land capture possibilities and further farm-in opportunities.

At the end of 2006, Open Range had drawn \$3.8 million against its revolving credit facility of \$14 million. In addition, the Corporation has approximately 57 percent or 4,975 mcf per day of its

forecast average 2007 natural gas production hedged at a blended average floor price of \$7.38 per mcf and a blended average ceiling price of \$10.34 per mcf. Two of the 2007 hedges run through to March 2008 with 2,625 mcf per day hedged at a blended average floor price of \$7.67 per mcf and a blended average ceiling price of \$10.99 per mcf. To fund development and potential acquisition opportunities, Open Range completed an equity financing on February 22, 2007 where it issued 3 million Flow-Through Shares at \$4.00 per share.

Open Range drilled 15 gross (5.4 net) wells in 2006 with a success rate of 100 percent.

2006 Operations

Area	2006 Production (boe/d)	% of Total 2006 Production	Undeveloped Land (net acres) at December 31, 2006
Ansell/Sundance	315	39%	12,924
Big Bend	268	33%	3,848
Ferrier	120	15%	480
Garrington	93	12%	2,107
Other	10	1%	2,811
Total	806	100%	22,170

Foreign Operations

The Corporation's operations are all based in West Central Alberta. Open Range currently has no foreign operations.

STATEMENT OF RESERVES DATA AND OTHER INFORMATION

Reference is made to the Corporation's Statement of Reserves Data and Other Oil & Gas Information effective as of December 31, 2006; the Report of Independent Qualified Reserves Evaluator or Auditor dated March 6, 2007; and the Report of Management and Directors dated March 26, 2007, attached hereto as Appendix "A". Each of these were prepared pursuant to NI 51-101.

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:

Name and Municipality of Residence	Director Since	Position Held	Principal Occupation for Past Five Years
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.
John A. Mueller Calgary, Alberta	N/A	Vice-President, Engineering and Chief Operating Officer	18 years experience. Formerly Vice-President, Engineering and Operations of Tempest Energy; prior thereto employed with Viking Energy Royalty Trust, Archean Energy, Wiser Oil, Norcen.
Lyle Michaluk ⁽⁷⁾ Calgary, Alberta	N/A	Vice-President, Finance and Chief Financial Officer	11 years experience. Formerly Canadian Tax Manager of Halliburton Energy Services; prior thereto employed with Marathon Canada Ltd., Rio Alto Exploration Ltd., and Ernst & Young LLP.
James A. Bland Calgary, Alberta	N/A	Vice-President, Exploration	23 years experience. Formerly with Burlington Resources Canada and Canadian Hunter.
David M. Griffith Calgary, Alberta	N/A	Vice-President, Geophysics	20 years experience. Formerly with Tempest Energy, Vermillion Resources, Renaissance Energy and Mobil.
Jamie Beninger Calgary, Alberta	N/A	Vice-President, Land	19 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 an analyst with Raymond James Ltd; prior thereto employed with Richardson Greenshields of Canada 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.
Daniel M. Boyko ⁽⁶⁾ Calgary, Alberta	N/A	Vice-President, Business Development and Exploitation	23 years experience. Formerly an independent engineering consultant for Tempest Energy, Devon Canada Corporation, Compton Petroleum Corp. and Pioneer Natural Resources Canada Inc.; prior thereto a Senior Engineer with Poco Petroleum Ltd.

<u>Name and Municipality of Residence</u>	<u>Director Since</u>	<u>Position Held</u>	<u>Principal Occupation for Past Five Years</u>
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.
Harley L. Winger ⁽³⁾⁽⁴⁾ Calgary, Alberta	Inception, November 2005	Chairman and Director	Partner with Burstall Winger LLP (law firm).
Jarrod Isfeld Calgary, Alberta	N/A	Secretary	Partner with Burstall Winger LLP (law firm) from January 1, 2006 to present. Prior therto Mr. Isfeld was an Associate with Burstall Winger LLP.
Douglas N. Penner ⁽⁵⁾ Calgary, Alberta	N/A	Vice-President, Finance and Chief Financial Officer	Formerly Vice-President, Finance and Chief Financial Officer of Tempest Energy; prior thereto employed with Ketch Energy Ltd., Northrock Resources Ltd. and Tier One Energy Corp.

Note:

- (1) Audit committee member
- (2) Reserves committee member.
- (3) Compensation committee member.
- (4) Corporate governance member.
- (5) Mr. Penner ceased to hold office with the Corporation as of May 18, 2006.
- (6) Mr. Boyko was elected to his position as Vice President, Business Development and Exploitation on May 18, 2006.
- (7) Mr. Michaluk was elected to his position as Vice President, Finance and Chief Financial Officer on September 5, 2006.

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 2,651,687 Common Shares or approximately 13.4 percent 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 (including Open Range) 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 CONSOLIDATED FINANCIAL INFORMATION

The following table summarizes selected financial information for the Corporation for the year ended December 31, 2006:

(\$ thousands, except per share amounts)	<u>Year Ended</u> <u>December 31, 2006</u>
<u>Balance Sheet</u>	
Current Assets	18,833
Capital Assets	58,495
Future Income Taxes (Asset)	1,328
Total Assets	78,656
Current Liabilities	22,114
Other	1,995
Total Liabilities	24,109
Shareholders' Equity	54,547
<u>Consolidated Income</u>	
Revenue, net of royalties	11,819
Net Income (Loss)	(928)
- per Common Share (basic) ⁽¹⁾	\$ (0.06)
- per Common Share (diluted) ⁽²⁾	\$ (0.06)
Funds Flow from Operations	6,140
- per Share (basic) ⁽¹⁾	\$ 0.42
- per Share (diluted) ⁽²⁾	\$ 0.42
Dividends	-

Notes:

- (1) Reference to Common Share (basic) totals 14,447,464.
(2) Reference to Common Share (diluted) amounts assumes that the 1,673,000 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 Open Range for each of the periods indicated, since the Corporation's inception.

	Three months ended December 31, 2006	Three months ended September 30, 2006	Three months ended June 30, 2006	Three months ended March 31, 2006	Period from November 30, 2005 to December 31, 2005
Average Daily Production ⁽¹⁾					
Oil & NGL (Bbls/d)	81	74	109	54	45
Gas (Mcf/d)	5,111	3,951	4,368	3,990	2,800
Total (Boe/d)	933	733	837	719	512
Oil & NGL Netbacks ⁽⁴⁾ (\$/Bbls)					
Revenue	\$ 49.41	\$ 65.71	\$ 64.10	\$ 57.50	\$ 57.02
Royalties	(11.35)	(6.12)	(9.85)	(32.95)	(3.67)
Operating costs ⁽²⁾⁽³⁾	(8.56)	(7.51)	(12.37)	(6.04)	(10.14)
Netback	\$ 29.50	\$ 52.08	\$ 41.88	\$ 18.51	\$ 43.21
Natural Gas Netbacks ⁽⁴⁾ (\$/Mcf)					
Revenue	\$ 7.09	\$ 5.78	\$ 6.29	\$ 7.93	\$ 12.98
Royalties	(0.87)	(0.34)	(0.93)	(1.93)	(2.86)
Operating costs ⁽²⁾⁽³⁾	(1.43)	(1.23)	(2.42)	(0.73)	(1.69)
Netback	\$ 4.79	\$ 4.21	\$ 2.94	\$ 5.27	\$ 8.43
Combined Netback ⁽⁴⁾ (\$/Boe)					
Revenue	\$ 43.67	\$ 37.82	\$ 41.14	\$ 48.31	\$ 76.04
Royalties	(4.95)	(2.13)	(5.12)	(13.47)	(16.00)
Operating costs ⁽²⁾⁽³⁾	(8.56)	(7.51)	(12.37)	(6.04)	(10.14)
Netback	\$ 30.16	\$ 28.18	\$ 23.65	\$ 28.80	\$ 49.90

Notes:

- (1) Before deduction of royalties.
- (2) Operating costs have been allocated based on product proportion of total production. 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 (including transportation costs) from revenues.

SHARE CAPITAL

Common Shares

The Corporation is authorized to issue an unlimited number of Common Shares. 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 year ended December 31, 2006:

	Common Shares		Trading Volume
	Trading Price (\$) Close	Price Range (\$) High Low	
2006			
January	4.81	5.01 4.25	2,587,774
February	3.91	5.00 3.61	1,305,664
March	4.55	4.80 3.65	1,322,266
April	4.46	4.60 4.16	517,524
May	4.03	4.52 3.76	637,030
June	3.60	4.00 3.21	845,733
July	3.66	3.77 3.24	236,086
August	3.52	3.96 3.20	393,461
September	3.15	3.54 2.90	644,141
October	3.36	3.75 2.90	823,640
November	3.33	3.35 3.00	509,504
December	3.30	3.76 3.12	702,120

PRIOR SALES

In the year ended December 31, 2006 and to the date hereof, 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
May 16, 2006	1,000,000	\$5.70
September 28, 2006	48,000	\$3.10
November 9, 2006	2,324,300	\$3.55
February 22, 2007	3,000,000	\$4.00

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	1,217,541	6.2%

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 had deposited 2,000,000 Common Shares (the “**Escrowed Shares**”) into escrow with Valiant Trust Company as escrow agent. Subsequent to entering into the Escrow Agreement, the Corporation repurchased or cancelled a total of 173,700 Escrowed Shares. The Escrow Agreement provides that 1/3 of the number of shares held thereunder were released on November 30, 2006, and a further 1/3 will be released on each of November 30, 2007 and November 30, 2008.

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.

The Canadian Federal Government has announced its intention to regulate greenhouse gases ("GHG") and other air pollutants. The Government is currently developing a framework that outlines its clean air and climate change action plan, including a target to reduce GHG emissions by 45 % to 65 % by 2050 and a commitment to regulate industry on an emissions intensity basis in the short-term. Currently there are few technical details regarding the implementation of the Government's plan to regulate industrial GHG emissions, but the Government has made a commitment to work with industry to develop the specifics. As this federal program is under development, Open Range is unable to predict the total impact of the potential regulations upon its business. It is possible that the Open Range's customers could face increases in operating costs in order to comply with GHG emissions legislation which could have the effect of curtailing exploration and development by oil and natural gas producers and that in turn, could adversely effect Open Range's operations by reducing demand for its services.

Changes in Legislation

The return on an investment in securities of Open Range is subject to changes in Canadian federal and provincial tax laws and government incentive programs and there can be no assurance that such laws or programs will not be changed in a manner that adversely affects Open Range or the holding or disposing of the securities of Open Range.

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 and Borrowing

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.

Open Range's lenders have been provided with security over a large portion of the assets of Open Range. If Open Range becomes unable to pay its debt service charges or otherwise commits an event of default, such as bankruptcy, these lenders may foreclose on or sell some or all of Open Range's properties. The proceeds of any such sale would be applied to satisfy amounts owed to Open Range's lenders and other creditors and only the remainder, if any, would be available to Open Range.

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.

Financial Instruments

Open Range is currently a party to four natural gas commodity contracts, and from time to time it may enter into additional agreements to receive fixed prices on its oil and natural gas production to offset the risk of revenue losses if commodity prices decline. If, however, 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.

Seasonal Impact of Industry

The level of activity in the Canadian oil and natural gas industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Also, certain oil and gas producing areas are located in areas that are inaccessible other than during the winter months because the ground surrounding the sites in these areas consists of wet, swampy terrain. Seasonal factors and unexpected weather patterns could lead to declines in exploration and production activity of Open Range.

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.

Aboriginal Claims

Aboriginal peoples have claimed aboriginal title and rights to certain portions of Western Canada. Open Range is not aware of any claims made in respect of its property and assets, however, if a claim arose and was successful this could have an adverse effect on the Corporation and its operations.

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.

Reliance on Industry Partners

The Corporation relies on industry partners with respect to the evaluation, acquisition and development of, and future production from, its properties and a failure or inability to perform by such partners could materially affect the prospects of the Corporation.

Common Share Price Volatility

The market price of the common shares could be subject to wide fluctuations in response to Open Range's results of operations, changes in earnings estimates by analysts, changing conditions in the oil and gas industry, or changes in general market, economic or political conditions.

Dilution

Open Range may make future property or corporate acquisitions or enter into financing or other transactions involving the issuance of securities of Open Range which may be dilutive.

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 affect 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 or regulatory actions 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 the commodity contracts previously mentioned and contracts entered into the ordinary course of business, there are no other 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, 2006 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, 2006.

None of the above experts hold greater than one percent, 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 "B" to this AIF.

Composition of Audit Committee

The following table sets forth the name of each current member of the audit committee, whether such member is considered independent under Multilateral Instrument 52-110 *Audit Committees*, whether such member is financially literate and the relevant education and experience of such member.

<u>Name</u>	<u>Independent</u>	<u>Financially Literate</u>	<u>Relevant Education and Experience</u>
Dean R. Jensen	Yes	Yes	Mr. Jensen is the Chairman of the Audit Committee. He 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.
Kenneth S. Woolner	Yes	Yes	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.

<u>Name</u>	<u>Independent</u>	<u>Financially Literate</u>	<u>Relevant Education and Experience</u>
Kenneth J. Faircloth	Yes	Yes	Mr. Faircloth is a recently retired Oil Analyst with 34 years of experience in the oil and gas industry. Most recently, Mr. Faircloth worked as an Analyst for six years at Raymond James of Canada. Previously, he had an impressive career of 28 years at Richardson Greenshields of Canada Ltd. Mr. Faircloth obtained his Bachelor of Arts (Economics) degree from The University of Manitoba in 1967.

Pre-Approval Policies and Procedures

Open Range has a Pre-Approval Policy with the Corporation's auditors 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 Chief Financial Officer 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 Chief Financial Officer 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 (By Category)

The following table provides information about the fees billed to the Corporation, respectively, for professional services rendered by KPMG LLP, Chartered Accountants, during the year ended 2006. The Corporation paid \$35,000 to KPMG LLP in 2005.

<u>KPMG LLP</u>	<u>2006</u>	<u>2005</u>
	<u>(\$)</u>	<u>(\$)</u>
Audit Fees ⁽¹⁾	55,500	35,000
Audit Related Fees ⁽²⁾	34,500	Nil
Tax Fees ⁽³⁾	6,000	Nil
All Other Fees ⁽⁴⁾	12,000	Nil
Total: ⁽⁵⁾	108,000	35,000

Notes:

- (1) Audit fees were for professional services rendered by the auditors for the audit of the Corporation's annual consolidated financial statements as well as services provided in connection with statutory and regulatory filings.
- (2) Audit-related fees are for services related to performance of limited procedures performed by the Corporation's auditors related to interim reports.
- (3) Tax fees are for tax compliance, tax advice and tax planning.
- (4) All other fees for services performed by the Corporation's auditors.
- (5) These fees only represent professional services rendered and do not include any out-of-pocket disbursements or fees associated with filings made on the Corporation's behalf. These additional costs are not material as compared to the total professional services fees for each year.

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. Additional financial information is contained in the Corporation's financial statements for the year ended December 31, 2006 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.

APPENDIX "A"
FORM 51-101F1
STATEMENT OF RESERVES DATA AND
OTHER OIL AND GAS INFORMATION
OF OPEN RANGE ENERGY CORP.

Part 1 Relevant Dates

Item 1.1. Date of Statement and Statement Information

This Statement of Reserves Data and Other Oil and Gas Information of Open Range Energy Corp. ("**Open Range**" or the "**Corporation**") is dated March 26, 2006. The effective date of the information provided in this Statement is December 31, 2006 unless otherwise indicated. The information was prepared between December 31, 2006 and March 26, 2007.

Part 2 Disclosure of Reserves Data

GLJ has prepared a report dated March 6, 2007 (the "**GLJ Report**"), in which it has evaluated as at December 31, 2006 the oil and natural gas reserves attributable to the principal properties of the Corporation.

The GLJ Report also presents the estimated net value of future revenue of Open Range's properties before and after taxes, at various discount rates. Assumptions and qualifications relating to costs, prices for future production and other matters are summarized in the notes to the following tables.

The extent and nature of all information supplied by Open Range and/or the operator of its properties, which may have included ownership data, well information, geological information, reservoir studies, timing and future production, gas sales contract information, current product prices, operating cost data, capital budget forecasts and future operating plans, have been relied upon by GLJ in preparing the GLJ Report and were accepted as represented without independent verification. In the absence of such information, GLJ relied, with the approval of Open Range, upon its opinion of reasonable practice in the industry. All information provided to GLJ was as at December 31, 2006 and, accordingly, certain of such information may not be representative of current conditions.

The definitions of the various categories of reserves and expenditures are those set out in National Instrument 51-101 *Standards of Disclosure for Oil and Gas Activities* ("**NI 51-101**").

BOEs may be misleading, particularly if used in isolation. A boe conversion ratio of 6 Mcf: 1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

It should not be assumed that the present worth of estimated future net revenue represents the fair market value of the reserves. There is no assurance that the escalating price and cost assumptions contained in the GLJ Report will be attained and variances could be material. The reserve and revenue estimates set forth below are estimates only and the actual reserves and realized revenue may be greater or less than those calculated.

Item 2.1. Reserves Data - Constant Prices and Costs

The following table discloses, in the aggregate, the Corporation's gross and net proved reserves, estimated using constant prices and costs, by product type. "Constant prices and costs" means the prices and costs used by GLJ in the GLJ Report that are either the Corporation's prices or costs at the effective date of the estimate, held constant throughout the life of the properties to which the estimate applies, or fixed or currently determinable future prices or costs to which the Corporation is bound.

**Table 2.1.1
NI 51-101**

SUMMARY OF RESERVES AS OF DECEMBER 31, 2006 (Constant Prices & Costs)

<u>RESERVES CATEGORY</u>	Light & Medium Oil		Natural Gas (1)		Natural Gas Liquids	
	Gross (2) (Mbbbls)	Net (3) (Mbbbls)	Gross (2) (MMcf)	Net (3) (MMcf)	Gross (2) (Mbbbls)	Net (3) (Mbbbls)
PROVED						
Developed Producing	18	18	6,843	5,910	166	115
Developed Non-Producing	-	-	645	451	11	7
Undeveloped	-	-	2,508	2,269	34	28
Total Proved	18	18	9,996	8,629	211	149
PROBABLE	9	8	5,464	4,421	94	65
TOTAL PROVED + PROBABLE	26	26	15,460	13,050	305	214

(1) Estimates of Reserves of natural gas include associated and non-associated gas.

(2) "Gross Reserves" are Company's working interest share of remaining reserves before the deduction of royalties.

(3) "Net Reserves" are Company's working interest share of remaining reserves less all Crown, freehold, and overriding royalties and interests owned by others.

The following table discloses, in the aggregate, the net present value of the Corporation's future net revenue attributable to the reserves categories in the previous table, estimated using constant prices and costs, before and after deducting future income tax expenses.

Table 2.1.2
NI 51-101

SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2006 (Constant Prices & Costs)

RESERVES CATEGORY	Net Present Value (NPV) of Future Net Revenue (FNR)									
	Before Income Taxes - Discounted at (%/yr)					After Income Taxes - Discounted at (%/yr)				
	0 (MM\$)	5 (MM\$)	10 (MM\$)	15 (MM\$)	20 (MM\$)	0 (MM\$)	5 (MM\$)	10 (MM\$)	15 (MM\$)	20 (MM\$)
PROVED										
Developed Producing	24.0	20.7	18.3	16.5	15.0	24.0	20.7	18.3	16.5	15.0
Developed Non-Producing	2.4	2.0	1.7	1.5	1.3	2.4	2.0	1.7	1.5	1.3
Undeveloped	4.5	3.0	2.0	1.3	0.7	4.5	3.0	2.0	1.3	0.7
Total Proved	30.9	25.7	22.0	19.2	17.1	30.9	25.7	22.0	19.2	17.1
PROBABLE										
	15.1	10.5	7.7	5.8	4.5	15.1	10.5	7.7	5.8	4.5
TOTAL PROVED + PROBABLE	46.0	36.2	29.6	25.0	21.6	46.0	36.2	29.6	25.0	21.6

NPV of FNR includes all resource income: Sale of oil, gas, by-product reserves; Processing of third party reserves; Other income.

Income Taxes includes all resource income, appropriate income tax calculations and prior tax pools

The following two tables provide additional information regarding the future net revenue attributable to total proved reserves outlined in the previous table.

This table discloses, in the aggregate, certain elements of the Corporation's future net revenue attributable to its proved and proved plus probable reserves, estimated using constant prices and costs, and calculated without discount.

Table 2.1.3
NI 51-101

TOTAL FUTURE NET REVENUE (Undiscounted)
AS OF DECEMBER 31, 2006 (Constant Prices & Costs)

RESERVES CATEGORY	Revenue (M\$)	Royalties (M\$)	Operating Cost (M\$)	Development Costs (M\$)	Well Aband. Costs (M\$)	BT Future Net Revenue (1) (M\$)	Income Taxes (M\$)	AT Future Net Revenue (1) (M\$)
Proved Producing	52,101	8,337	18,774	68	896	24,025	-	24,025
Proved Developed Nonproducing	4,565	1,286	781	107	26	2,366	-	-
Proved Undeveloped	17,369	1,424	4,202	7,085	146	4,513	-	-
TOTAL PROVED	74,035	11,047	23,757	7,260	1,068	30,904	-	30,904
Total Probable	39,175	6,963	10,260	6,806	71	15,074	-	-
TOTAL PROVED + PROBABLE	113,210	18,010	34,017	14,066	1,139	45,978	-	45,977

(1) BT = Before Taxes and AT = After Taxes

This table discloses, by production group, the net present value of the Corporation's future net revenue attributable to its proved and its proved plus probable reserves, before deducting future income tax expenses, estimated using constant prices and costs, and calculated using a 10 percent discount rate.

Table 2.1.3 (c)
NI 51-101

NET PRESENT VALUE OF FUTURE NET REVENUE BY PRODUCTION GROUP
AS OF DECEMBER 31, 2006 (Constant Prices & Costs)

<u>RESERVES CATEGORY</u>	<u>PRODUCTION GROUP</u>	<u>BT Discounted (10%/Yr) Future Net Revenue(1)</u> <u>(M\$)</u>
PROVED PRODUCING	Light & Medium Oil (1)	290
	Natural gas (2)	17,999
TOTAL PROVED PRODUCING		18,289
PROVED	Light & Medium Oil (1)	289
	Natural gas (2)	21,684
TOTAL PROVED		21,973
PROVED + PROBABLE	Light & Medium Oil (1)	395
	Natural gas (2)	29,250
TOTAL PROVED PLUS PROBABLE		29,645

(1) Including solution gas and other natural by-products

(2) Including by-products but excluding solution gas

(3) Other company revenue and costs not related to a specific production group (e.g. ARTC) have been allocated proportionately to production groups

Item 2.2. Reserves Data - Forecast Prices and Costs

The following table discloses, in the aggregate, the Corporation's gross and net proved reserves, estimated using forecast prices and costs, by product type. "Forecast prices and costs" means future prices and costs used by GLJ in the GLJ Report that are generally accepted as being a reasonable outlook of the future, or fixed or currently determinable future prices or costs to which the Corporation is bound.

**Table 2.2.1
NI 51-101**

SUMMARY OF RESERVES AS OF DECEMBER 31, 2006 (Forecast Prices & Costs)

<u>RESERVES CATEGORY</u>	Light & Medium Oil		Natural Gas (1)		Natural Gas Liquids	
	Gross (2) (Mbbbls)	Net (3) (Mbbbls)	Gross (2) (MMcf)	Net (3) (MMcf)	Gross (2) (Mbbbls)	Net (3) (Mbbbls)
PROVED						
Developed Producing	18.0	18.0	6,955.0	6,003.0	171.0	118.0
Developed Non-Producing	0.0	0.0	634.0	435.0	11.0	7.0
Undeveloped	0.0	0.0	2,487.0	2,197.0	34.0	27.0
Total Proved	18.0	18.0	10,076.0	8,635.0	215.0	151.0
PROBABLE	8.0	7.0	5,495.0	4,402.0	95.0	65.0
TOTAL PROVED + PROBABLE	25.0	25.0	15,571.0	13,037.0	311.0	216.0

(1) Estimates of Reserves of natural gas include associated and non-associated gas.

(2) "Gross Reserves" are Company's working interest share of remaining reserves before the deduction of royalties.

(3) "Net Reserves" are Company's working interest share of remaining reserves less all Crown, freehold, and overriding royalties and interests owned by others.

The following table discloses, in the aggregate, the net present value of the Corporation's future net revenue attributable to the reserves categories in the previous table, estimated using forecast prices and costs, before and after deducting future income tax expenses, and calculated without discount and using discount rates of 0%, 5%, 10%, 15% and 20%.

Table 2.2.2
NI 51-101

SUMMARY OF NET PRESENT VALUE OF FUTURE NET REVENUE
AS OF DECEMBER 31, 2006 (Forecast Prices & Costs)

RESERVES CATEGORY	Net Present Value (NPV) of Future Net Revenue (FNR)									
	Before Income Taxes - Discounted at (%/yr)					After Income Taxes - Discounted at (%/yr)				
	0 (MM\$)	5 (MM\$)	10 (MM\$)	15 (MM\$)	20 (MM\$)	0 (MM\$)	5 (MM\$)	10 (MM\$)	15 (MM\$)	20 (MM\$)
PROVED										
Developed Producing	32.5	27.6	24.1	21.5	19.5	32.5	27.6	24.1	21.5	19.5
Developed Non-Producing	3.1	2.5	2.1	1.9	1.7	3.1	2.5	2.1	1.9	1.7
Undeveloped	7.9	5.7	4.2	3.2	2.4	7.9	5.7	4.2	3.2	2.4
Total Proved	43.5	35.8	30.4	26.5	23.5	43.5	35.8	30.4	26.5	23.5
PROBABLE	23.7	16.1	11.8	9.0	7.1	21.6	14.7	10.7	8.2	6.5
TOTAL PROVED + PROBABLE	67.2	51.9	42.2	35.5	30.6	65.2	50.4	41.1	34.7	30.0

NPV of FNR includes all resource income: Sale of oil, gas, by-product reserves; Processing of third party reserves; Other income.

Income Taxes includes all resource income, appropriate income tax calculations and prior tax pools

The following two tables provide additional information regarding the future net revenue attributable to total proved reserves outlined in the previous table.

This table discloses, in the aggregate, certain elements of the Corporation's future net revenue attributable to its proved reserves and its proved plus probable reserves, estimated using forecast prices and costs, and calculated without discount.

Table 2.2.3
NI 51-101

TOTAL FUTURE NET REVENUE (Undiscounted)
AS OF DECEMBER 31, 2006 (Forecast Prices & Costs)

RESERVES CATEGORY	Revenue (MM\$)	Royalties (MM\$)	Operating Cost (MM\$)	Development Costs (MM\$)	Well Aband. Costs (MM\$)	BT Future Net Revenue (1) (MM\$)	Income Taxes (MM\$)	AT Future Net Revenue (1) (MM\$)
PROVED	95.6	14.7	28.8	7.3	1.3	43.5	0.0	43.5
TOTAL PROVED + PROBABLE	149.7	24.6	42.1	14.1	1.5	67.2	2.1	65.2

(1) BT = Before Taxes and AT = After Taxes

This table discloses, by production group, the net present value of the Corporation's future net revenue attributable to its proved reserves and its proved plus probable reserves, before deducting future income tax expenses, estimated using forecast prices and costs, and calculated using a 10 percent discount rate.

Table 2.2.3 (c)
NI 51-101

NET PRESENT VALUE OF FUTURE NET REVENUE BY PRODUCTION GROUP
AS OF DECEMBER 31, 2006 (Forecast Prices & Costs)

RESERVES CATEGORY	PRODUCTION GROUP	BT Discounted (10%/Yr)
		Future Net Revenue(1) (M\$)
PROVED PRODUCING	Light & Medium Oil (1)	276
	Natural gas (2)	23,805
TOTAL PROVED PRODUCING		24,081
PROVED	Light & Medium Oil (1)	275
	Natural gas (2)	30,137
TOTAL PROVED		30,413
PROVED + PROBABLE	Light & Medium Oil (1)	378
	Natural gas (2)	41,796
TOTAL PROVED PLUS PROBABLE		42,174

(1) *Including solution gas and other natural by-products*

(2) *Including by-products but excluding solution gas*

(3) *Other company revenue and costs not related to a specific production group (e.g. ARTC) have been allocated proportionately to production groups*

Item 2.3. Subsidiaries

There are no subsidiaries of the Corporation.

Part 3 Pricing Assumptions

Item 3.1. Constant Prices Used in Estimates

The benchmark reference prices (reflecting the posted prices corresponding to the last day of the Corporation's most recent financial year) used in the constant price analysis are provided in the table below.

Table 3.1
NI 51-101

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF DECEMBER 31, 2006 (Constant Prices and Costs)

RESERVES CATEGORY	OIL		GAS	NATURAL GAS LIQUIDS			INFLATION	
	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40 degree API (\$Cdn/bbl)	Natural Gas (1) AECO Price (\$Cdn/MMBtu)	Edmonton Pentanes Plus FOB Field Gate (\$Cdn/bbl)	Edmonton Butanes FOB Field Gate (\$Cdn/bbl)	Edmonton Propane FOB Field Gate (\$Cdn/bbl)	Inflation Rate (2) (%/Yr)	Exchange Rate (3) (\$US/\$Cdn)
Year-end 2006	60.85	67.58	6.07	71.55	54.06	43.25	0.00	0.8581

(1) Summary table identifies benchmark reference pricing schedules that may apply to a reporting issuer.

(2) Inflation rates for forecasting prices and costs.

(3) Exchange rates used to generate the benchmark reference prices in table.

Note: Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.

Item 3.2. Forecast Prices Used in Estimates

The forecast reference prices used in preparing Open Range's reserves data are provided in the below table.

Table 3
NI 51-101

SUMMARY OF PRICING AND INFLATION RATE ASSUMPTIONS
AS OF DECEMBER 31, 2006 (Forecast Prices & Costs)

RESERVES CATEGORY	OIL		GAS	NATURAL GAS LIQUIDS			INFLATION	
	WTI Cushing Oklahoma (\$US/bbl)	Edmonton Par Price 40 degree API (\$Cdn/bbl)	Natural Gas (1) AECO Price (\$Cdn/MMBtu)	Edmonton Pentanes Plus FOB Field Gate (\$Cdn/bbl)	Edmonton Butanes FOB Field Gate (\$Cdn/bbl)	Edmonton Propane FOB Field Gate (\$Cdn/bbl)	Inflation Rate (2) (%/Yr)	Exchange Rate (3) (\$US/\$Cdn)
Historical								
Year 2003	31.07	43.66	6.66	44.23	34.36	32.14	2.80	0.7210
Year 2004	41.38	52.96	6.88	54.07	39.97	34.70	1.80	0.7680
Year 2005	56.58	69.11	8.58	69.47	51.80	43.04	2.20	0.8250
Year 2006 (e)	66.22	73.16	7.02	75.69	66.64	43.97	2.10	0.8820
Issuers Weighted Avg. Prices (4)								
Year 2006		69.06	6.78	76.66	53.02	39.15		
Forecast								
Year 2007	62.00	70.25	7.20	71.75	56.25	45.00	2.00	0.8700
Year 2008	60.00	68.00	7.45	69.25	50.25	43.50	2.00	0.8700
Year 2009	58.00	65.75	7.75	67.00	48.75	42.00	2.00	0.8700
Year 2010	57.00	64.50	7.80	65.75	47.75	41.25	2.00	0.8700
Year 2011	57.00	64.50	7.85	65.75	47.75	41.25	2.00	0.8700
Thereafter	Various	Various	Various	Various	Various	Various	2.00	0.8700

(1) Summary table identifies benchmark reference pricing schedules that may apply to a reporting issuer.

(2) Inflation rates for forecasting prices and costs.

(3) Exchange rates used to generate the benchmark reference prices in table.

(4) Issuers weighted average historical prices received for the financial year 2006

Note: Product sale prices will reflect these reference prices with further adjustments for quality and transportation to point of sale.

This price forecast is GLJs standard price forecast effective January 1, 2007.

In 2006, Open Range received a weighted average price of \$69.06 per barrel (before transportation, marketing fees and hedging) for its crude oil, \$6.78 per mcf for natural gas, \$39.15 per barrel for its propane, \$53.02 per barrel for its butane and \$76.66 per barrel for its pentanes plus.

Part 4 Reconciliation Of Changes In Reserves And Future Net Revenue

Item 4.1. Reserves Reconciliation

The following table provides a reconciliation of Open Range's net reserves based on forecast prices and costs.

Item 4.1
NI 51-101

RECONCILIATION OF COMPANY NET RESERVES BY PRINCIPLE PRODUCT TYPE (Forecast Prices & Costs)

Factors	Light/Medium Oil			Associated and Non-Associated Gas			Natural Gas Liquids			TOTAL		
	Proved (mbl)	Probable (mbl)	Proved Plus Probable (mbl)	Proved (mmcf)	Probable (mmcf)	Proved Plus Probable (mmcf)	Proved (mbl)	Probable (mbl)	Proved Plus Probable (mbl)	Proved (mboe)	Probable (mboe)	Proved Plus Probable (mboe)
December 31, 2004	-	-	-	-	-	-	-	-	-	-	-	-
Discoveries				1,039	256	1,295	13	3	16	186	46	232
Extensions												
Infill Drilling												
Improved Recovery												
Technical Revisions												
Acquisitions	31	10	40	4,246	881	5,127	59	12	71	797	168	965
Dispositions												
Economic Factors												
Production	(1)		(1)	(67)		(67)	(2)		(2)	(13)		(13)
December 31, 2005	30	10	40	5,218	1,137	6,355	70	15	85	970	214	1,184
Discoveries				1,125	519	1,644	10	5	15	198	92	289
Extensions				2,604	1,131	3,735	65	23	88	499	212	711
Infill Drilling				744	1,468	2,212	9	18	28	133	263	396
Improved Recovery												
Technical Revisions	(4)	(3)	(7)	196	147	343	13	4	17	41	26	67
Acquisitions												
Dispositions	(3)		(3)							(3)		(3)
Economic Factors												
Production	(5)		(5)	(1,253)		(1,253)	(16)		(16)	(230)		(230)
December 31, 2006	18	7	25	8,635	4,402	13,037	151	65	216	1,608	806	2,414

Item 4.2. Future Net Revenue Reconciliation

The following table summarizes the changes during the year ended December 31, 2006 in Open Range's after tax, and before tax, net present values of future net revenue attributable to net proved reserves, estimated using constant prices and costs and calculated using a 10 percent discount rate.

Item 4.2 Future Net Revenue Reconciliation NI 51-101

RECONCILIATION OF CHANGES IN *AFTER TAX* AND *BEFORE TAX* NET PRESENT VALUES OF FUTURE NET REVENUES DISCOUNTED AT 10% PER YEAR (Constant Prices and Costs)

<u>Period and Factor</u>	<u>After Tax (\$M)</u>	<u>Before Tax (\$M)</u>
Estimated net present value at December 31, 2005	29,098	33,646
Oil and Gas Sales During the Period Net of Production Costs and Royalties (1)	(8,114)	(8,114)
Changes due to Prices, Production Costs and Royalties Related to Forecast Production (2)	19,662	19,662
Development Costs During the Period (3)	6,913	6,913
Changes in Forecast Development Costs (4)	(13,209)	(13,209)
Changes Resulting from Extensions and Improved Recovery (5)	9,026	9,026
Changes Resulting from Discoveries (5)	-	-
Changes Resulting from the Acquisitions of Reserves (5)	-	-
Changes Resulting from the Dispositions of Reserves (5)	(48)	(48)
Accretion of Discount (6)	3,365	3,365
Net Change in Income Taxes (7)	346	-
Changes Resulting from Technical Reserves Revisions	821	821
All Other Changes	(25,887)	(30,089)
Estimated future net revenue at December 31, 2006	<u>21,973</u>	<u>21,973</u>

(1) Company actual before income taxes, excluding G&A

(2) The impact of changes in prices and other economic factors on future net revenue

(3) Actual capital expenditures relating to the exploration, development and production of oil and gas reserves.

(4) The change in forecast development costs for the properties evaluated at the beginning of the period.

(5) End of period net present value of the related reserves.

(6) Estimated as 10% of the beginning of period net present value.

(7) The difference between forecast income taxes at the beginning of the period and the actual taxes for the period plus forecast income taxes at the end of the period.

Part 5 Additional Information Relating To Reserves Data

Item 5.1. Undeveloped Reserves

In general, once proved and/or probable undeveloped reserves are identified they are scheduled into Open Range's development plans. Normally, the Corporation plans to develop its proved and probable undeveloped reserves within two years. A number of factors that could result in the delay or cancellation of the planned development are as follows:

- Changing economic conditions (due to pricing, operating or capital expenditure fluctuations);
- Changing technical conditions such as production anomalies;
- Multi-zone developments (such as delaying a prospective zone completion until the initial zone is no longer economic);
- Larger development programs may need to be spread out over several years to optimize capital allocation and facility utilization; and
- Surface access issues (landowners, weather conditions, regulatory approvals)

Item 5.2. Significant Factors or Uncertainties

The Corporation does not anticipate any significant economic factors or significant uncertainties will affect any particular components of the reserves data. However, the reserves can be affected significantly by fluctuations in product pricing, capital expenditures, operating costs, royalty regimes and well performance that are beyond the Corporation's control (see "Risk Factors").

Item 5.3. Future Development Costs

The following table provides information regarding the development costs deducted in the estimation of future net revenue attributable to the Corporations reserves.

TABLE 5.3
NI 51-101

FUTURE DEVELOPMENT COSTS (1)

YEAR	Consttant Prices & Costs	Forecast Prices & Costs	
	For Proved Reserves (M\$)	For Proved Reserves (M\$)	For Proved + Probable Reserves (M\$)
2007	7,201	7,201	11,383
2008	0	0	2,618
2009	27	28	0
2010	0	0	58
2011	0	0	0
2012	18	20	0
2013	0	0	0
2014	0	0	42
2015	12	14	0
2016	0	0	0
2017	0	0	0
2018	0	0	30
Subtotal	7,259	7,264	14,132
Remainder	0	0	0
TOTAL	7,259	7,264	14,132
Undiscounted	7,259	7,264	14,132
Discounted @ 10%/Yr	6,904	6,907	13,195

(1) Future Development Costs shown are associated with booked reserves in the Reserves Report and do not necessarily represent the Company's full exploration and development budget.

The Corporation expects that such funds will be obtained from internally-generated cash flow and debt or equity financing.

Part 6 Other Oil and Gas Information

Item 6.1. Oil and Gas Properties and Wells

Ansell/Sundance - Open Range drilled two (0.75 net) wells in 2005, which resulted in two natural gas wells, for a success ratio of 100 %. Open Range's first well in this area commenced production in mid November with a second well commencing production in late December of 2005. Over the course of 2006, Open Range drilled an additional eight (3.6 net) wells encountering up to four productive pay zones per well. A compressor station was installed in January 2006 to accommodate production from the new gas wells. Open Range expanded its land position to 42 gross sections in 2006. In the second quarter of 2006, Open Range commenced and completed its proprietary 3D seismic program, and subsequently expanded its drilling inventory to 25 locations all identified on the 3D seismic survey.

Open Range is currently expanding its infrastructure capacity at this property with two new compression facilities. The first is a 10.0 mmcf/d sweet natural gas compression facility at 9-34-53-20W5M (33% working interest) which is expected to be on stream in April 2007. The second is a 3.0 mmcf per day sour compression facility at 06-03-54-19W5M (50% working interest) which will process natural gas from Open Range's Montney discoveries. The sour compression facility is expected to be on stream in March, 2007.

For 2007, Open Range has focused the majority of its \$30 million capital budget on multi-zone drilling at Ansell/Sundance with a lesser proportion allocated to land and seismic expenditures.

Big Bend – In December 2005, production at Big Bend was 230 boe per day (100% natural gas) from over 40 wells with varied working interests covering approximately 42,000 gross acres and 15,500 net acres of land. A new gas well was drilled in the second quarter of 2006, and was brought on production in July 2006. In December 2006, the property produced 335 boe per day. This area, straddling the West 4 and West 5 meridian, is characterized by multi-zoned gas prospects, 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. In 2007 Open Range will continue to exploit the area for drilling and optimization potential.

Ferrier – In December 2005, production at Ferrier was approximately 84 boe per day (85% natural gas) from 13 producing wells with varied working interests. Two wells were drilled in the second quarter of 2006 and were brought on production in October. In December 2006, the property produced 202 boe per day. Open Range owns an average 46% interest in producing wells and is focused on the Ellerslie and Ostracod zones in its 5,440 gross acres and 2072 net acres of lands. Currently there are no drilling locations identified in the 2007 capital budget.

Garrington - This area, also in the multi-zone deep basin, is characterized by production from the Ostracod and Rock Creek formations. Other zones include the Manville group and recently developing Edmonton sands plays. In December 2005, production at Garrington was approximately 73 boe per day (90% natural gas). The company owns 6,560 gross (4,254 net) acres of land with varied working interests in 8 producing wells. In the second quarter of 2006, Open Range participated in one gross (0.25 net) exploration well that encountered gas in the Ostracod formation. The well was brought on stream in October 2006 at a restricted rate of 0.3-0.4 mmcf per day. Open Range anticipates some non-operated drilling activity for Edmonton gas sands in 2007.

The following table shows information regarding the Corporation's wells at December 31, 2006.

TABLE 6.1.2
NI 51-101

OIL AND GAS WELLS

	Producing		Non-Producing	
	Gross (1)	Net (2)	Gross (1)	Net (2)
Wells				
Alberta				
Oil	56.0	20.0	72.0	30.1
Natural gas	3.0	1.4	3.0	2.0
TOTAL	59.0	21.4	75.0	32.1

- (1) "Gross" wells means the number of wells in which the Corporation has a working interest or a royalty interest that may be converted to a working interest
- (2) "Net" wells means the aggregate number of wells obtained by multiplying each gross well by the Corporation's percentage working interest therein.

Item 6.2. Properties with No Attributed Reserves

The following table sets forth information respecting Open Range's undeveloped lands as at December 31, 2006.

TABLE 6.2
NI 51-101

PROPERTY WITH NO ATTRIBUTED RESERVES

LOCATION	Unproved Properties		2007 Expiring
	Gross Acres	Net Acres	Net Acres
Alberta	47,360.0	21,697.0	1,728.0
TOTAL	47,360.0	21,697.0	1,728.0

- (1) Unproved Properties have no attributed reserves as of December 31, 2006. Undeveloped acreage within properties where reserves have been booked as of December 31, 2006 has not been included.

As of December 31, 2006 Open Range has no outstanding material work commitments in any areas of its operations as all Open Range's significant obligations are discretionary.

Item 6.3. Forward Contracts

Open Range is not currently party to any forward sale contracts.

Item 6.4. Additional Information Concerning Abandonment and Restoration Costs

**Table 6.4
NI 51-101**

ABANDONMENT & RECLAMATION COSTS (Forecast Prices & Costs)

	Total Abandonment and Reclamation Costs Including Well Abandonment and Disconnect Costs all Net of Salvage (1) (M\$)	Discounted 10%
Total Proved Reserves (Yr)		
2007	2	2
2008	54	49
2009	144	119
Proved + Probable Reserves (Yr)		
2007	2	2
2008	3	3
2009	52	43

(1) Costs shown are greater than those included in the Reserves Report as all disconnect and facility reclamation is included.

The number of net wells included in the well abandonment and reclamation costs are based on the December 31, 2006 GLJ Report. In the GLJ Report well abandonment costs were included for each well in the specific year that the well reached its economic limit. The well abandonment costs included in GLJ are for abandonment of the well bore only and the values used by GLJ are based on EUB published data by region in Alberta. The GLJ Report does not include reclamation costs for the wells. Reclamation costs for the wells were estimated by Open Range by using the EUB published reclamation costs by Alberta region as published in EUB Directive 011. There were no facility reclamation costs assumed in the analysis since Open Range has no plans to shut down any facilities in 2007, 2008 or 2009. In this analysis there was no value assigned to equipment salvage to offset well abandonment and reclamation costs.

Item 6.5. Tax Horizon

Open Range forecasts its tax horizon assuming a continuing business model. Tax forecasting involves a number of variables including commodity prices, interest rates, inflation, production additions, production declines and the nature and amount of capital spending. Open Range does not forecast paying income taxes in 2007 based on current oil and natural gas prices and its initial capital program of \$30 million weighted approximately 75 percent to exploration and development drilling.

Item 6.6. Costs Incurred

The following table summarizes certain expenditures for the Corporation during the year ended December 31, 2006.

Table 6.6
NI 51-101

**PROPERTY ACQUISITION / DISPOSITION COSTS AND
CAPITAL EXPENDITURES FOR THE YEAR ENDING DECEMBER 31, 2006**

	Amount (M\$)
Property Acquisition	
Proved	0
Unproved	6,276
Capital Expenditures	
Exploration Costs	14,877
Development Costs	13,792
TOTAL	34,945

Item 6.7. Exploration and Development Activities

The following table sets forth the number of gross and net wells completed by Open Range during the year ended December 31, 2006.

TABLE 6.7
NI 51-101

OIL AND GAS WELL ACTIVITY IN YEAR 2006⁽¹⁾

WELLS	Well Activity	
	Gross (2)	Net (3)
Development		
Gas	5.0	1.12
Oil	0.0	0.00
Service	0.0	0.00
<u>Dry</u>	0.0	0.00
TOTAL	5.0	1.12
Exploratory		
Gas	10.0	4.29
Oil	0.0	0.00
Service	0.0	0.00
<u>Dry</u>	0.0	0.00
TOTAL	10.0	4.29
TOTAL	15.0	5.41

(1) Results of Development and Exploratory activities during the financial year ending December 31, 2006

(2) "Gross" wells means the number of wells in which the Corporation has a working interest or a royalty interest that may be converted to a working interest

(3) "Net" wells means the aggregate number of wells obtained by multiplying each gross well by the Corporation's percentage working interest therein.

Item 6.8. Production Estimates

The following table summarizes the Corporation's estimated future average daily production volumes from total proved reserves at December 31, 2006 for each product type for 2007:

Table 6.8
NI 51-101

SUMMARY OF PRODUCTION ESTIMATES BY PRODUCTION GROUP
TOTAL PROVED RESERVES FOR YEAR 2007 (Constant Prices & Costs)

<u>RESERVES CATEGORY</u>	Light & Medium Oil		Natural Gas (1)		Natural Gas Liquids	
	Gross (2) (Bbls/d)	Net (3) (Bbls/d)	Gross (2) (Mcf/d)	Net (3) (Mcf/d)	Gross (2) (Bbls/d)	Net (3) (Bbls/d)
PROVED						
Ansell/Sundance	0.0	0.0	3354.0	3081.0	46.0	41.0
Big Bend	0.0	0.0	1516.0	1300.0	0.0	0.0
Other Properties	7.0	7.0	1168.0	885.0	60.0	40.0
TOTAL PROVED	7.0	7.0	6038.0	5266.0	106.0	81.0
PROVED & PROBABLE						
Ansell/Sundance	0.0	0.0	4520.0	4115.0	62.0	55.0
Big Bend	0.0	0.0	1598.0	1361.0	0.0	0.0
Other Properties	7.0	7.0	1193.0	903.0	61.0	41.0
TOTAL PROVED & PROBABLE	7.0	7.0	7312.0	6380.0	123.0	96.0

SUMMARY OF PRODUCTION ESTIMATES BY PRODUCTION GROUP
TOTAL PROVED RESERVES FOR YEAR 2007 (Forecast Prices & Costs)

<u>RESERVES CATEGORY</u>	Light & Medium Oil		Natural Gas (1)		Natural Gas Liquids	
	Gross (2) (Bbls/d)	Net (3) (Bbls/d)	Gross (2) (Mcf/d)	Net (3) (Mcf/d)	Gross (2) (Bbls/d)	Net (3) (Bbls/d)
PROVED						
Ansell/Sundance	0.0	0.0	3354.0	3058.0	46.0	41.0
Big Bend	0.0	0.0	1516.0	1300.0	0.0	0.0
Other Properties	7.0	7.0	1168.0	885.0	60.0	40.0
TOTAL PROVED	7.0	7.0	6038.0	5243.0	106.0	81.0
PROVED & PROBABLE						
Ansell/Sundance	0.0	0.0	4520.0	4078.0	62.0	54.0
Big Bend	0.0	0.0	1598.0	1361.0	0.0	0.0
Other Properties	7.0	7.0	1193.0	903.0	61.0	41.0
TOTAL PROVED & PROBABLE	7.0	7.0	7312.0	6343.0	123.0	95.0

(1) Barrels of Oil Equivalent (boe) have been reported based on natural gas conversion of 6 Mcf/1 bbl.

(2) Net production is Company interest before all royalty deductions.

Item 6.9. Production History

The following table summarizes the Corporation's average daily production volumes, before deduction of royalties, for the financial year ended December 31, 2006.

Product Type Yearly Quarter	Production Volume	Average Per Unit of Volume (\$/bbl, \$/Mcf)			
		Price	Royalties	Costs*	Netbacks
Light and Medium Oil (bbls/d)					
1 Quarter	17	\$62.42	\$8.37	\$4.40	\$49.65
2 Quarter	27	77.84	8.20	14.53	55.11
3 Quarter	13	62.34	8.48	7.37	46.49
4 Quarter	5	\$61.76	\$6.72	\$8.56	\$46.48
Natural Gas (Mcf/d)					
1 Quarter	3,990	\$7.93	\$1.93	\$0.73	\$5.27
2 Quarter	4,368	6.29	0.93	2.42	2.94
3 Quarter	3,951	5.78	0.34	1.23	4.21
4 Quarter	5,111	\$7.09	\$0.87	\$1.43	\$4.79
Natural Gas Liquids (bbls/d)					
1 Quarter	37	\$57.04	\$31.89	\$4.40	\$20.75
2 Quarter	81	60.94	12.89	14.53	33.52
3 Quarter	62	64.62	5.79	7.37	51.46
4 Quarter	75	\$48.89	\$11.67	\$8.56	\$28.66

* Operating costs have been allocated based on product proportion of total production. A number of assumptions have been made in allocating these costs between oil, natural gas and natural gas liquids.

The following table summarizes the Corporation's production volumes during the year ended December 31, 2006 for each field comprising in excess of 20 percent of production and in total, by product type.

Table 6.9.2
NI 51-101

PRODUCTION HISTORY (1) BY MAJOR FIELD - YEAR 2006

FIELD	Light & Medium Oil (bbl/d)	Natural Gas (2) (Mcf/d)	Natural Gas Liquids (bbl/d)	TOTAL (boe/d)
Ansell/Sundance	0	1,756	22	315
Big Bend		1,608	0	268
Other	15	993	42	223
TOTAL	15	4,357	64	806

(1) Daily production is taken from average for 2006.

(2) Natural Gas includes Associated and Non-Associated sales gas volumes.

FORM 51-101F2
REPORT OF RESERVES DATA BY INDEPENDENT
QUALIFIED RESERVES EVALUATOR OR AUDITOR

To the board of directors of Open Range Energy Corp. (the “**Company**”):

1. We have prepared an evaluation of the Company’s reserves data as at December 31, 2006. The reserves data consist of the following:
 - (a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2006, using forecast prices and costs; and
 - (ii) the related estimated future net revenue; and
 - (b) (i) proved oil and gas reserves estimated as at December 31, 2006, using constant prices and costs; and
 - (ii) the related estimated future net revenue.
2. The reserves data are the responsibility of the Company’s management. Our responsibility is to express an opinion on the reserves data based on our evaluation.

We carried out our evaluation in accordance with standards set out in the Canadian Oil and Gas Evaluation Handbook (the “**COGE Handbook**”) prepared jointly by the Society of Petroleum Evaluation Engineers (Calgary Chapter) and the Canadian Institute of Mining, Metallurgy & Petroleum (Petroleum Society).

3. Those standards require that we plan and perform an evaluation to obtain reasonable assurance as to whether the reserves data are free of material misstatement. An evaluation also includes assessing whether the reserves data are in accordance with principles and definitions in the COGE Handbook.
4. The following table sets forth the estimated future net revenue (before deduction of income taxes) attributed to proved plus probable reserves, estimated using forecast prices and costs and calculated using a discount rate of 10 percent, included in the reserves data of the Company evaluated by us for the year ended December 31, 2006, and identifies the respective portions thereof that we have audited, evaluated and reviewed and reported on to the Company’s board of directors:

Independent Qualified Reserves Evaluator	Description and Preparation Date of Evaluation Report	Location of Reserves (Country or Foreign Geographic Area)	Net Present Value of Future Net Revenue (before income taxes, 10% discount rate - \$M)			
			Audited	Evaluated	Reviewed	Total
GLJ Petroleum Consultants	January 29, 2007	Canada	-	\$42,174	-	\$42,174

5. In our opinion, the reserves data respectively evaluated by us have, in all material respects, been determined and are in accordance with the COGE Handbook.
6. We have no responsibility to update our reports referred to in paragraph 4 for events and circumstances occurring after their respective preparation dates.
7. Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

EXECUTED as to our report referred to above:

“GJL Petroleum Consultants Ltd.”

GLJ Petroleum Consultants Ltd., Calgary, Alberta, Canada, March 6, 2007

FORM 51-101F3

REPORT OF MANAGEMENT AND DIRECTORS ON OIL AND GAS DISCLOSURE

This is the form referred to in item 3 of section 2.1 of National Instrument 51-101 *Standard of Disclosure for Oil and Gas Activities* (NI 51-101”).

Management of Open Range Energy Corp. (the “**Corporation**”) are responsible for the preparation and disclosure of information with respect to the Corporation’s oil and gas activities in accordance with securities regulatory requirements.¹ This information includes reserves data, which consist of the following:

- (a) (i) proved and proved plus probable oil and gas reserves estimated as at December 31, 2006 using forecast prices and costs; and
- (ii) and the related estimated future net revenue; and
- (b) (i) proved oil and gas reserves estimated as at December 31, 2006 using constant prices and costs; and
- (ii) the related estimated future net revenue.

An independent qualified reserves auditor has evaluated the Corporation’s reserves data. The report of the independent qualified reserves auditor will be filed with securities regulatory authorities concurrently with this Report.

The Reserves Committee of the board of directors of the Corporation has:

- (a) reviewed the Corporation’s procedures for providing information to the independent qualified reserves auditor;
- (b) met with the independent qualified reserves auditor to determine whether any restrictions affected the ability of the independent qualified reserves auditor to report without reservation; and
- (c) reviewed the reserves data with management and the independent qualified reserves auditor.

The Reserves Committee of the board of directors has reviewed the Corporation’s procedures for assembling and reporting other information associated with oil and gas activities and has reviewed that information with management. The board of directors has approved:

- (a) the content and filing with securities regulatory authorities of the reserves data and other oil and gas information;
- (b) the filing of the report of the independent qualified reserves auditor on the reserves data; and
- (c) the content and filing of this report.

¹ Appendix 1 to Companion Policy 51-101CP sets out the meanings of terms that are printed in italics in this Form or in NI 51-101, Form 51-101F1, Form 51-101F2 or the Companion Policy.

Because the reserves data are based on judgements regarding future events, actual results will vary and the variations may be material.

“Scott A. Dawson”

A. Scott Dawson
President and Chief Executive Officer

“John A. Mueller”

John A. Mueller
Vice-President, Engineering and Chief
Operating Officer

“Kenneth S. Woolner”

Kenneth S. Woolner
Director

“Dean R. Jensen”

Dean R. Jensen
Director

March 26, 2007

**APPENDIX “B”
AUDIT COMMITTEE CHARTER**

**OPEN RANGE ENERGY CORP.
(the “Corporation”)**

December 13, 2005

OVERALL ROLE AND RESPONSIBILITY

The Audit Committee shall:

- (a) assist the Board of Directors in its oversight role with respect to:
 - (i) the quality and integrity of financial information;
 - (ii) the independent auditor’s performance, qualifications and independence;
 - (iii) the performance of the Corporation’s internal audit function, if applicable; and
 - (iv) the Corporation’s compliance with legal and regulatory requirements and
- (b) prepare such reports of the Audit Committee required to be included in the Proxy Circular in accordance with applicable laws or the rules of applicable securities regulatory authorities.

MEMBERSHIP AND MEETINGS

The Audit Committee shall consist of three or more Directors appointed by the Board of Directors, all of whom shall be independent and unrelated to the Corporation and as such shall not be officers (other than a non-executive Chairman or Corporate Secretary who is not an employee of the Corporation) or employees of or have a meaningful business relationship with the Corporation or any of the Corporation’s affiliates or be an immediate family member of any of the foregoing. Each of the members of the Audit Committee shall satisfy the applicable independence and financial literacy of the laws governing the Corporation, the applicable stock exchanges on which the Corporation’s securities are listed and applicable securities regulatory authorities.

The Board of Directors shall designate one member of the Audit Committee as the Committee Chair. Each member of the Audit Committee shall be financially literate as such qualification is interpreted by the Board of Directors in its business judgment.

STRUCTURE AND OPERATIONS

The affirmative vote of a majority of the members of the Audit Committee participating in any meeting of the Audit Committee is necessary for the adoption of any resolution.

The Audit Committee shall meet as often as it determines, but not less frequently than quarterly. The Committee shall report to the Board of Directors on its activities after each of its meetings at which time minutes of the prior Committee meeting shall be tabled for the Board.

The Audit Committee shall review and assess the adequacy of this Charter periodically and, where necessary, will recommend changes to the Board of Directors for its approval.

The Audit Committee is expected to establish and maintain free and open communication with management and the independent auditor and shall periodically meet separately with each of them.

SPECIFIC DUTIES

Oversight of the Independent Auditor

- Make recommendations to the board for the appointment and replacement of the independent auditor.
- Responsibility for the compensation and oversight of the work of the independent auditor (including resolution of disagreements between management and the independent auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or related work. The independent auditor shall report directly to the Audit Committee.
- Authority to pre-approve all audit services and permitted non-audit services (including the fees, terms and conditions for the performance of such services) to be performed by the independent auditor.
- Evaluate the qualifications, performance and independence of the independent auditor, including (i) reviewing and evaluating the lead partner on the independent auditor's engagement with the Corporation, and (ii) considering whether the auditor's quality controls are adequate and the provision of permitted non-audit services is compatible with maintaining the auditor's independence.
- Obtain from the independent auditor and review the independent auditor's report regarding the management internal control report of the Corporation to be included in the Corporation's annual proxy circular, as required by applicable law.
- Ensure the rotation of the lead (or coordinating) audit partner having primary responsibility for the audit and the audit partner responsible for reviewing the audit as required by law (currently at least every 5 years).

Financial Reporting

- Review and discuss with management and the independent auditor:

- prior to the annual audit the scope, planning and staffing of the annual audit,
 - the annual audited financial statements,
 - the Corporation’s annual and quarterly disclosures made in management’s discussion and analysis,
 - approve any reports for inclusion in the Corporation’s Annual Report, as required by applicable legislation,
 - the Corporation’s quarterly financial statements, including the results of the independent auditor’s review of the quarterly financial statements and any matters required to be communicated by the independent auditor under applicable review standards,
 - significant financial reporting issues and judgments made in connection with the preparation of the Corporation’s financial statements,
 - any significant changes in the Corporation’s selection or application of accounting principles,
 - any major issues as to the adequacy of the Corporation’s internal controls and any special steps adopted in light of material control deficiencies, and
 - other material written communications between the independent auditor and management, such as any management letter or schedule of unadjusted differences.
- Discuss with the independent auditor matters relating to the conduct of the audit, including any difficulties encountered in the course of the audit work, any restrictions on the scope of activities or access to requested information and any significant disagreements with management.

AUDIT COMMITTEE’S ROLE

The Audit Committee has the oversight role set out in this Charter. Management, the Board of Directors, the independent auditor and the internal auditor (if any) all play important roles in respect of compliance and the preparation and presentation of financial information. Management is responsible for compliance and the preparation of financial statements and periodic reports. Management is responsible for ensuring the Corporation’s financial statements and disclosures are complete, accurate, in accordance with generally accepted accounting principles and applicable laws. The Board of Directors in its oversight role is responsible for ensuring that management fulfills its responsibilities. The independent auditor, following the completion of its annual audit, opines on the presentation, in all material respects, of the financial position and results of operations of the Corporation in accordance with Canadian generally accepted accounting principles.

FUNDING FOR THE INDEPENDENT AUDITOR AND RETENTION OF OTHER INDEPENDENT ADVISORS

The Corporation shall provide for appropriate funding, as determined by the Audit Committee, for

payment of compensation to the independent auditor for the purpose of issuing an audit report and to any advisors retained by the Audit Committee. The Audit Committee shall also have the authority to retain such other independent advisors as it may from time to time deem necessary or advisable for its purposes and the payment of compensation therefor shall also be funded by the Corporation.

Approval of Audit and Remitted Non-Audit Services Provided by External Auditors

Over the course of any year there will be two levels of approvals that will be provided. The first is the existing annual Audit Committee approval of the audit engagement and identifiable permitted non-audit services for the coming year. The second is in-year Audit Committee pre-approvals of proposed audit and permitted non-audit services as they arise.

Any proposed audit and permitted non-audit services to be provided by the External Auditor to the Corporation or its subsidiaries must receive prior approval from the Audit Committee, in accordance with this Protocol. The Chief Financial Officer shall act as the primary contact to receive and assess any proposed engagements from the External Auditor.

Following receipt and initial review for eligibility by the primary contacts, a proposal would then be forwarded to the Audit Committee for review and confirmation that a proposed engagement is permitted.

In the majority of such instances, proposals may be received and considered by the Chair of the Audit Committee (or such other member of the Audit Committee who may be delegated authority to approve audit and permitted non-audit services), for approval of the proposal on behalf of the Audit Committee. The Audit Committee Chair will then inform the Audit Committee of any approvals granted at the next scheduled meeting.