

Q3, 2006

Third Quarter Report

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2006

Corporate Highlights

	Three months ended September 30, 2006	Three months ended June 30, 2006	Nine months ended September 30, 2006
Petroleum and natural gas revenues	\$ 2,549,696	\$ 3,131,892	\$ 8,808,151
Funds from operations	1,614,718	1,314,094	4,208,782
Per basic share	0.11	0.09	0.30
Per diluted share	0.11	0.09	0.30
Net income (loss)	360,651	(720,653)	(767,744)
Per basic share	0.03	(0.05)	(0.06)
Per diluted share	0.03	(0.05)	(0.06)
Bank debt and working capital deficiency	6,072,922	2,441,567	6,072,922
Capital expenditures	6,276,634	7,405,409	27,617,898
Weighted average shares outstanding			
Basic	14,410,619	14,084,655	13,941,472
Diluted	14,414,045	14,084,655	13,941,472
Production			
Natural gas (mcf per day)	3,951	4,320	4,103
Oil and NGL (bbls per day)	74	108	79
Total (@ 6:1) (boe per day)	733	828	763
Realized average sales prices			
Natural gas (\$/mcf)	5.78	6.28	6.65
Oil and NGL (\$/bbl)	65.71	64.31	63.12
Combined average (\$/boe)	37.82	41.14	42.29
Operating expenses (\$/boe)	7.51	12.37	8.78
Operating netback (\$/boe)	28.18	23.65	26.76
G&A expenses (\$/boe)	3.55	6.72	6.50

Message to Shareholders

Open Range Energy Corp. is pleased to announce the results of its third full quarter of operations and the nine months ended September 30, 2006. The results for the most recent quarter include the Company's most prolific well-test to date, demonstrating the continued strength and growth potential of Open Range's core Ansell/Sundance property.

DURING THE THREE MONTHS ENDED SEPTEMBER 30, 2006, OPEN RANGE:

- Drilled a significant Cadomin natural gas discovery (50 percent working interest) at Ansell/Sundance. As previously announced, on testing the well had a final flow-rate of 7.2 mmcf per day of natural gas;
- Increased funds from operations by 23 percent to \$1.6 million;
- Produced an average of 733 boe per day, slightly ahead of the Q2 average before non-operated volume adjustments;
- Reported net earnings of \$0.4 million or \$0.03 per share;
- Acquired five gross (1.1 net) sections of land at Ansell/Sundance;
- Received approval for reduced natural gas well spacing to four wells per section over 13 gross (5.0 net) sections of Company-interest lands at Ansell/Sundance;
- Confirmed a reduced-spacing development drilling inventory of approximately 25 locations; and
- Recorded a \$0.8 million gain on natural gas hedges resulting from the change in the mark-to-market valuation.

SUBSEQUENT TO SEPTEMBER 30, 2006, OPEN RANGE:

- Brought on-stream its recent Cadomin natural gas discovery at Ansell/Sundance at a restricted rate of 2.5 mmcf per day;
- Brought on-stream two wells at Ferrier and one well at Garrington that were drilled in the second quarter, at a combined restricted rate of 2.3 mmcf per day;
- Closed an \$8.3 million bought-deal financing agreement with a syndicate of underwriters; and
- Surpassed the production milestone of 1,000 boe per day.

ANSELL/SUNDANCE DRILLING ACTIVITY AND FUTURE INVENTORY

Open Range had a high-impact quarter in terms of drilling results with its significant natural gas discovery at its core property. The well, 8-27-53-20W5M, was drilled in August and rig-released in early September and was the first to utilize the Company's new proprietary 3D seismic, substantiating the value of seismic in optimizing the long-term development of the property. This well, with the highest flow-test rate of any of Open Range's wells drilled to date, high-grades the productive potential of the Company's Cadomin anchor play which is proving to be contiguous

throughout most of the Company's land. The 8-27 well was brought on-stream in October at a restricted rate of 2.5 mmcf per day.

The 8-27 well also encountered natural gas pay in the Bluesky Formation, and is believed to be an extension of the productive trend encountered in the offsetting 7-26 discovery well. This zone is planned for completion in early 2007 after commingling is approved and third-party gas processing capacity has been expanded.

The one gross (0.5 net) well drilled and cased in the third quarter brought Open Range's total for the nine months ended September 30, 2006 to 12 gross (4.11 net) wells, and extended its track record of 100 percent drilling success in the Cadomin play since the Company's inception. The limited drilling activity in Q3 was a result of drilling rig upgrades and delays caused by wet weather. The Company has initiated its three-well drilling program for the fourth quarter with the first well being completed and the second well being drilled.

At Ansell/Sundance the Company now estimates a development drilling inventory of 25 locations. This estimate is based on geological mapping and 3D seismic interpretation applied to quarter-section drilling spacing units directly offsetting producing wells.

Exploration drilling activity planned in Q4 2006 and 2007 is expected to further expand the Company's development drilling inventory. Open Range is currently planning its 2007 drilling forecast. It will be weighted towards low-risk multi-zone development drilling and will include exploitation and exploration locations.

OPERATIONS

The Company's production averaged 733 boe per day in the third quarter, of which 90 percent or 4.0 mmcf per day was natural gas. This brings year-to-date average production to 763 boe per day, which represents a 91 percent increase since the Company's inception. Currently at Ansell/Sundance there are seven natural gas wells on production from a total of 12 pay zones and the property is producing 5.3 mmcf per day (400 boe per day net). At Big Bend a new well drilled in Q2 was brought on production in July and currently produces at a rate of 1.0 mmcf per day (80 boe per day net). Corporate production at Big Bend is currently 315 boe per day.

Production expected from the two wells drilled in the second quarter at Ferrier was delayed by surface access. The wells have been brought on production subsequent to September 30, 2006 at restricted rates of 1.2 mmcf per day and 0.8 mmcf per day, respectively, with a 30 percent working interest. The exploration discovery at Garrington was brought on-stream in October at a restricted rate of 0.3-0.4 mmcf per day with a 25 percent working interest.

Tie-in of the Company's sour Montney discovery drilled in Q2 at Ansell/Sundance is under evaluation and will depend largely on future exploration success in the area and third party processing discussions. Stabilized behind-pipe production capability from this well is estimated at 600 mcf per day (50 boe per day net). Open Range is optimistic about the potential for further similar sour gas discoveries in the area.

The Company continues to work successfully with two large area operators at Ansell/Sundance to process its production on a third-party basis. With additional drilling success Open Range foresees expanding its facilities throughout 2007.

LAND

In the third quarter the Company acquired five gross (1.1 net) sections of land at Ansell/Sundance. As of the end of Q3 the Company's land position in the area stands at 34.5 gross (15.5 net) sections, representing an increase of 214 percent from the 11 gross sections held at year-end 2005.

To date Holding Application approvals have been received from the EUB on 13 sections of land in Ansell/Sundance. These approvals permit reduced-spacing drilling at up to four natural gas wells per section. Applications for nine further gross sections of land are in the final stages of approval and are expected sometime in Q1 2007.

FINANCIAL

The Company had revenue and funds flow in the quarter of \$3.2 million and \$1.6 million (\$0.11 per basic share), respectively. Revenues were essentially flat from Q2, with the recent softness in natural gas prices being offset by unrealized gains related to the Company's hedging transactions. Funds flow increased by 23 percent from Q2 primarily as a result of decreased operating and general and administrative costs as operational efficiencies began to be realized following the Company's inception.

The Company had net income for the quarter of \$0.4 million, largely attributable to the hedging gain and the decrease in operating and general and administrative costs. The Company anticipates continued improvement in profitability through the remainder of 2006. Capital expenditures in the quarter were \$6.3 million, down from \$7.4 million in Q2. During the first half of 2006 \$9.0 million in capital was expended to acquire land and seismic data to augment the Ansell/Sundance core growth property. In the last quarter of 2006 the Company currently has planned capital expenditures of approximately \$4.5 million and will be focused on drilling, completion and tie-in activities at Ansell/Sundance; however, Open Range may supplement its Q4 capital expenditures should accretive acquisition opportunities arise.

OUTLOOK

Open Range is very pleased to have established a solid presence over the past nine months in the multi-zone, natural gas-prone Deep Basin of west central Alberta. At Ansell/Sundance we have demonstrated nine months of consistent production history and continued top-tier exploration drilling results, establishing the area as a corporate growth engine with significant further upside. Following the end of the quarter Open Range surpassed the significant production milestone of 1,000 boe per day. Current production is approximately 1,050 boe per day.

The Company's technical team is the key to delivering shareholder value over the longer term. Utilizing the latest geological and geophysical techniques to select the premium multi-zone drilling locations, coupled with carefully developed drilling and completion practices, is yielding consistently productive well results.

At Ansell/Sundance, Open Range is positioned to expand upon its multi-year inventory of 25 gross drilling locations, providing the foundation for low-risk growth in reserves, production and funds flow on a per share basis.

The Company will continue to operate prudently given current natural gas market conditions. Open Range will preserve its balance sheet and its shareholders' equity, drilling and investing at a level consistent with the current pricing environment. Open Range has entered into production price hedging contracts for 2006 and 2007, closed an \$8.3 million bought-deal common share financing as of November 9, 2006 and attained a current net cash position to maintain the Company's financial flexibility.

On behalf of the Board of Directors,

(Signed) "A. Scott Dawson"

A. Scott Dawson

President, Chief Executive Officer and Director

November 13, 2006

Management's Discussion and Analysis

Open Range Energy Corp. ("Open Range" or the "Corporation") was formed on November 30, 2005 pursuant to a Plan of Arrangement including Daylight Energy Trust and Tempest Energy Corp. Open Range was formed through the amalgamation of 1198311 Alberta Ltd. (Daylight's exploreco), 1198249 Alberta Ltd. (Tempest's exploreco), and Open Range Finance Corp., all of which were incorporated on October 13, 2005.

The following discussion and analysis is a review of operations, current financial position and outlook for the Corporation for the three- and nine-month periods ended September 30, 2006 (which will be described below as Q3). As the Corporation commenced operations on November 30, 2005, there are no prior-year comparative figures for the three months and the nine months ended September 30, 2006. This information should be read in conjunction with the audited financial statements and related notes for the period from November 30, 2005 to December 31, 2005 and the unaudited financial statements for the three and nine months ended September 30, 2006. Additional information relating to Open Range is available at www.sedar.com or on the Corporation's website at www.openrangeenergy.com.

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

Open Range's method of calculating funds from operations may differ from that of other corporations, and accordingly it may not be comparable to measures used by those corporations. Open Range calculates funds from operations by taking cash flow from operating activities as determined under GAAP before the change in non-cash working capital related to operating activities. The following is the reconciliation between cash flow from operating activities and funds from operations:

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

Three and nine months ended September 30, 2006		
	Three months ended September 30, 2006	Nine months ended September 30, 2006
Funds from operations	\$ 1,614,718	\$ 4,208,782
Change in non-cash working capital	(107,266)	(145,777)
Cash flow from operating activities (GAAP)	\$ 1,507,452	\$ 4,063,005

All barrel of oil equivalent (boe) numbers are calculated by converting a given volume of natural gas to boe at a ratio of six thousand cubic feet (mcf) to one boe.

This disclosure contains certain forward-looking statements that involve substantial known and unknown risks and uncertainties, certain of which are beyond Open Range's control. These include, but are not limited to: the impact of general economic conditions in Canada and the United States, commodity price fluctuations, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations), changes in how those laws and regulations are interpreted and enforced, increased competition, the lack of availability of qualified personnel or management, fluctuations in foreign exchange or interest rates, stock market volatility and market valuations of corporations with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. Open Range's actual results, performance or achievement could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do, what benefits, including the amount of proceeds, Open Range will derive there from.

This Management's Discussion and Analysis is dated November 13, 2006.

PRODUCTION

Production in Q3 averaged 733 boe per day, of which 90 percent or 4.0 mmcf per day was natural gas. This was slightly ahead of the Q2 average before non-operated volume adjustments in that quarter. Tie-in delays for three new wells drilled in the first half of the year at Ferrier and Garrington and two weeks of downtime at one Ansell/Sundance well for turnaround of a third-party gas plant resulted in lower than expected Q3 production. Production in the first nine months of the year averaged 763 boe per day which is a 49 percent increase from the December 2005 average rate of 512 boe per day. Open Range estimates that its exit production for 2006 will be 1,200 boe per day, representing a 200 percent increase over production rate at inception of 400 boe per day.

Drilling Activity

	Exploration		Development		Total		Success rate	Average W.I.
	Gross	Net	Gross	Net	Gross	Net		
Q1	3.0	1.24	0.0	0.00	3.0	1.24	100%	41.3%
Q2	3.0	1.25	5.0	1.12	8.0	2.37	100%	29.6%
Q3	1.0	0.50	0.0	0.00	1.0	0.50	100%	50.0%
YTD	7.0	2.99	5.0	1.12	12.0	4.11	100%	34.3%

Open Range drilled and cased one gross (0.5 net) natural gas well in Q3 at Ansell/Sundance. Open Range plans to drill up to three additional gross wells in Q4 2006, all at Ansell/Sundance.

PETROLEUM AND NATURAL GAS REVENUES

Open Range's revenues in Q3 were \$2.5 million, compared to \$3.1 million in Q2. The decrease was driven by a combination of natural gas price declines and decreased reported production. Revenues in Q3 were comprised mainly of natural gas sales totalling \$2.1 million. In the first nine months of 2006, Open Range's revenues were \$8.8 million. In Q3 Open Range received weighted average prices (before transportation and marketing fees) of \$72.82 per barrel for its crude oil, \$5.78 per mcf for its natural gas and \$64.27 per barrel for its natural gas liquids. In Q2 Open Range received weighted average prices (before transportation and marketing fees) of \$75.74 per barrel for its crude oil, \$6.28 per mcf for its natural gas and \$60.49 per barrel for its natural gas liquids.

These realized prices compare to the following Q3 average benchmarks: West Texas Intermediate (WTI) oil price of Cdn\$78.98 per barrel, Edmonton oil par price of \$79.69 per barrel and Alberta natural gas spot price of \$5.56 per mcf.

FINANCIAL INSTRUMENTS

Open Range's management considers hedging a risk management technique to protect exploration and development economics, reduce volatility in cash flows and mitigate the unpredictable commodity price environment.

A listing of natural gas hedging contracts in place at November 13, 2006 follows:

Period	Volume (Gj/day)	Type	Average monthly AECO spot floor (Cdn\$/Gj)	Average monthly AECO spot ceiling (Cdn\$/Gj)
May 1, 2006 to December 31, 2006	2,500	Costless Collar	\$ 5.00	\$ 10.50
November 1, 2006 to December 31, 2006	1,500	Put	\$ 5.00	n/a
January 1, 2007 to December 31, 2007	2,500	Costless Collar	\$ 7.00	\$ 10.20

These hedging contracts are marked to market with the corresponding valuation recorded on the balance sheet. No settlement payments were paid or received on the transactions during the quarter.

ROYALTIES

Royalty expense in Q3 was \$0.1 million or \$2.13 per boe of production, representing 5.6 percent of petroleum and natural gas revenue. Royalties on a per boe basis were down significantly from Q2 due to the receipt of deep well royalty holiday payments for wells at Ansell/Sundance and the recording of Alberta Royalty Tax Credits. In the first nine months of 2006 royalty expense was \$1.4 million or \$6.75 per boe of production, representing 16.4 percent of petroleum and natural gas revenue. For the remainder of 2006 Open Range anticipates an average royalty rate of approximately 20 to 22 percent of revenue before any future royalty holiday payments.

OPERATING COSTS

Operating costs in Q3 were \$0.5 million or \$7.51 per boe. In the first nine months of 2006 operating costs were \$1.8 million or \$8.78 per boe. The Q3 rate was a decrease of 39 percent from the Q2 average of \$12.37 per boe. The decrease is attributable to a plant turnaround performed at Big Bend in Q2 as well as property taxes being recorded in Q2. With production continuing to grow, Open Range expects operating costs to average \$7.00-\$8.00 per boe for the remainder of the year.

Corporate Average Netbacks

(\$ per boe except production figures)	Three months ended September 30, 2006	Three months ended June 30, 2006	Nine months ended September 30, 2006
Average production (boe per day)	733	828	763
Average realized sales price	\$ 37.82	\$ 41.14	\$ 42.29
Royalty expenses	2.13	5.12	6.75
Operating costs	7.51	12.37	8.78
Average netback from production	28.18	23.65	26.76
G&A expense	3.55	6.72	6.50
Interest expenses	0.73	0.05	0.25
Funds from operations	\$ 23.90	\$ 16.88	\$ 20.01

GENERAL AND ADMINISTRATIVE EXPENSES

General and administrative (G&A) costs in Q3 totalled \$0.2 million after capitalization of \$0.4 million. In the first nine months of 2006 G&A costs were \$1.4 million after capitalization of \$1.3 million. On a unit-of-production basis, G&A costs excluding interest declined from \$6.72 per boe in Q2 to \$3.55 per boe in Q3. The 47 percent decrease was due mainly to the reduction in office lease costs as a result of sub-leasing the Corporation's excess office space, and also to the levelling off of the high initial G&A costs on start-up as the Corporation engaged a full complement of management and staff to explore the full potential of its Deep Basin asset base.

Capitalized G&A equated to 45 percent of total G&A costs in Q3. In the first nine months capitalized G&A represented 47 percent of total G&A costs. These significant percentages of capitalized G&A are attributable to Open Range being in a high-growth phase, with a substantial proportion of costs being directly attributable to exploration activity. Open Range expects its overall G&A costs to remain relatively flat over the short term and to decrease on a per boe basis as production increases.

Interest expense was \$49,012 or \$0.73 per boe in Q3 as the Corporation's continued exploration activity required incurring some debt in the quarter. On a year-to-date basis the Corporation recorded \$53,093 or \$0.25 per boe of interest expense. Management intends to manage debt levels carefully and expects interest expense per boe to decrease through the remainder of 2006 as a result of increased funds from operations and the recent common equity financing.

OTHER INCOME AND EXPENSES

During Q3 the Corporation earned interest income of \$3,143 or \$0.05 per boe on available cash balances through short-term interest-bearing instruments. Year-to-date the Corporation recorded \$42,116 or \$0.20 per boe of interest income.

Stock-based compensation in Q3 totalled \$0.2 million, or \$2.73 per boe of production, of which \$86,627 was capitalized. Open Range expects stock-based compensation to remain relatively flat for the balance of 2006 as the Corporation is sufficiently staffed in anticipation of future growth.

FUNDS FROM OPERATIONS

The Corporation generated funds from operations of \$4.2 million in the first nine months of 2006, or \$0.30 per basic and diluted share. Funds from operations in Q3 were \$1.6 million or \$0.11 per basic and diluted share. Funds from operations increased by 23 percent over Q2 largely as a result of decreased operating and G&A costs as operational efficiencies began to be realized following the Corporation's start-up.

DEPLETION, DEPRECIATION AND ACCRETION

Open Range's depletion, depreciation and accretion expense in Q3 totalled \$1.7 million or \$24.81 per boe of production, a decrease from \$2.0 million or \$26.68 per boe in Q2. The decrease was mainly a result of significant reserve additions from the Cadomin discovery at Ansell/Sundance. The Corporation anticipates the rate to continue to decrease to approximately \$22-\$24 per boe for the balance of the year as further reserve additions from the drilling program are realized.

TAXES

The Corporation recorded future income tax expense of \$0.3 million in Q3. Due to the Corporation having a future tax asset at September 30, 2006, the reduction in Canadian tax rates enacted in Q2 contributed to the future income tax expense for the year-to-date period of \$0.1 million.

The tax effect of the \$5.7 million of flow-through shares issued during Q2 will be recorded when the expenditures are renounced to investors in the first quarter of 2007. At September 30, 2006 the Corporation had incurred \$4.0 million of qualifying expenditures and is required to incur an additional \$1.7 million before December 31, 2007. The Corporation estimates that at September 30, 2006 tax pools of \$56.0 million are available for deduction against future taxable income.

NET INCOME (LOSS)

The Corporation recorded earnings of \$0.4 million (\$0.03 per share) in the third quarter of 2006, compared to a loss of \$0.7 million (\$0.05 per share) in Q2. The increase in earnings is attributable mainly to unrealized gains related to the Corporation's hedging transactions and decreased operating and G&A costs. On a year-to-date basis the Corporation recorded a loss of \$0.8 million (\$0.06 per share).

CAPITAL EXPENDITURES

Open Range's capital program in Q3 resulted in net expenditures of \$6.0 million. The majority of the capital spending occurred at Ansell/Sundance, funding land acquisition, drilling and completion activities. Capital was also spent at Big Bend, Ferrier and Garrington for the completion and tie-in of new wells drilled in Q2. Partially offsetting the Q3 capital expenditures was the sale of \$0.2 million of seismic data and the first-half 2006 3D seismic project coming in \$0.4 million under budget.

Capital Expenditure Summary

(\$ millions)	Three months ended September 30, 2006	Three months ended June 30, 2006	Three months ended March 31, 2006	Nine months ended September 30, 2006
Land	\$ 0.3	\$ 0.1	\$ 5.3	\$ 5.7
Seismic	(0.6)	2.1	1.2	2.7
Drilling and intangibles	4.8	4.4	4.7	13.9
Facilities and equipment	1.1	0.0	0.8	1.9
Corporate assets	0.0	0.0	2.0	2.0
Capitalized G&A	0.4	0.9	0.0	1.3
Total	\$ 6.0	\$ 7.5	\$ 14.0	\$ 27.5

LIQUIDITY AND CAPITAL RESOURCES

Open Range had a working capital deficiency as at September 30, 2006 of \$6.1 million, which will be funded through a combination of funds from operations, the Corporation's bank line and proceeds from the recent \$8.3 million common share private placement financing. Open Range currently has a \$14 million extendable revolving-credit facility and a \$4.2 million acquisition/development facility with a Canadian chartered bank. Open Range uses bank lines to facilitate short-term liquidity management and has raised equity to reduce debt leverage and increase the Corporation's flexibility.

SHARE CAPITAL

As at November 13, 2006 there were 16,763,841 common shares and 1,363,000 stock options outstanding.

Common Shares	
Closing December 31, 2005	11,912,941
Issued pursuant to private placements	1,697,000
Issued pursuant to flow-through offering	1,000,000
Repurchase of stock	(170,400)
September 30, 2006	14,439,541
Issued pursuant to private placement on November 9, 2006	2,324,300
November 13, 2006	16,763,841
Proportion held by management and directors	15%

Weighted Shares	Nine months ended September 30, 2006	Period ended December 31, 2005
Weighted common shares	13,941,472	10,467,302
Stock option dilution (treasury method)	Nil	Nil
Weighted diluted shares outstanding	13,941,472	10,467,302

Q3 2006 Stock Option Activity

Opening	Issued	Cancelled	Closing
1,302,000	126,000	65,000	1,363,000
Average price of \$4.53	Average price of \$3.23	Average price of \$4.47	Average price of \$4.41

During Q3 the Corporation repurchased 19,400 escrowed private placement common shares at their original price of \$3.10 per share as a result of an employee's departure. In addition, the Corporation issued 48,000 common shares at a price of \$3.10 per share in Q3 to the new Vice-President of Finance and Chief Financial Officer. On November 9, 2006 the Corporation closed an \$8.3 million bought-deal financing agreement with a syndicate of underwriters. The bought-deal financing arrangement consisted of 2,324,300 common shares sold on a private placement basis at a price of \$3.55 per common share.

During the quarter the Corporation cancelled 65,000 stock options as a result of an employee's departure. Also, 126,000 stock options were issued to new management and staff personnel commencing employment with the Corporation.

OTHER ITEMS

Other than the hedging transactions and the mark-to-market policy adopted by the Corporation for those transactions and the flow-through share commitment of \$5.7 million as discussed above, there have been no changes to commitments, off-balance-sheet transactions, related-party transactions, or changes in policies or critical estimates from those outlined in the Management's Discussion and Analysis for the period ended December 31, 2005.

Common Share Trading Information

	High	Low	Close	Average price	Average daily volume
Q2, 2006	4.60	3.21	3.60	3.95	31,800
July	3.77	3.24	3.66	3.39	11,850
August	3.96	3.20	3.52	3.64	17,923
September	3.54	2.90	3.15	3.12	32,260
Q3, 2006	3.96	2.90	3.15	3.39	20,589

Quarterly Financial Summary

(\$ thousands, except per share amounts)	Q3 2006	Q2 2006	Q1 2006	Period ended Dec. 31, 2005
Petroleum and natural gas sales	\$ 2,550	\$ 3,132	\$ 3,127	\$ 1,207
Funds from operations	1,615	1,314	1,280	617
Per share basic and diluted	0.11	0.09	0.10	0.06
Net earnings (loss)	361	(721)	(408)	128
Per share basic and diluted	0.03	(0.05)	(0.03)	0.01
Total assets	64,303	62,759	52,821	48,319
Working capital (deficiency)	(6,073)	(2,442)	(1,144)	4,997

Quarterly funds from operations have increased over the past three quarters beginning January 1, 2006 mainly due to operational efficiencies being realized since the Corporation's inception. The bank debt and working capital deficiency have increased as a result of funding the Corporation's extensive drilling, land and seismic acquisition program.

OUTLOOK

Open Range continues to focus on expanding its inventory of exploration and development drilling locations in its Deep Basin properties. Based on the results to date, the Corporation plans to continue to direct its resources towards drilling and completing these locations. With only 16.8 million shares issued and outstanding as of November 13, 2006, Open Range is positioned for significant per share growth in reserves, production and funds flow.

Management's Report to Shareholders

The management of Open Range Energy Corp. is responsible for the integrity of the information contained in this quarterly report and for the consistency between the Management's Discussion and Analysis and the financial statements. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgements and have been properly reflected. The financial statements have been prepared using policies and procedures established by management and reflect fairly Open Range's financial position, results of operations and funds flow. Management has established and maintains a system of internal controls designed to ensure that financial information is reliable and accurate and to provide assurance that assets are safeguarded from loss or unauthorized use.

The Board of Directors and the Audit Committee have reviewed and approved the financial statements and the Management's Discussion and Analysis.

This Management's Discussion and Analysis is for the nine-month period ended September 30, 2006 and is dated November 13, 2006.

Balance Sheets

(Unaudited)

As at	September 30, 2006	December 31, 2005
ASSETS		
Current assets:		
Cash and cash equivalents	\$ –	\$ 7,028,049
Accounts receivable	8,191,325	8,665,108
Prepaid expenses and deposits	684,425	613,783
Unrealized gain on commodity contracts (note 6)	667,765	–
	<u>9,543,515</u>	<u>16,306,940</u>
Future income taxes	1,153,278	1,022,539
Unrealized gain on commodity contracts (note 6)	111,394	–
Property, plant and equipment (note 2)	53,494,918	30,989,097
	<u>\$ 64,303,105</u>	<u>\$ 48,318,576</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank indebtedness (note 3)	6,065,789	–
Accounts payable and accrued liabilities	\$ 9,550,648	\$ 11,309,933
	<u>15,616,437</u>	<u>11,309,933</u>
Asset retirement obligations (note 4)	2,091,797	1,896,045
Shareholders' equity:		
Share capital (note 5)	46,643,043	34,925,714
Contributed surplus (note 5)	591,414	58,726
Retained earnings (deficit)	(639,586)	128,158
	<u>46,594,871</u>	<u>35,112,598</u>
Commitments (note 6)		
Subsequent events (note 7)		
	<u>\$ 64,303,105</u>	<u>\$ 48,318,576</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

(Signed) "Dean R. Jensen"
Dean R. Jensen
Director

(Signed) "Kenneth S. Woolner"
Kenneth S. Woolner
Director

Statements of Operations and Retained Earnings (Deficit)

(Unaudited)

	Three months ended September 30, 2006	Nine months ended September 30, 2006
Revenues:		
Petroleum and natural gas	\$ 2,549,696	\$ 8,808,151
Royalties (net of Alberta Royalty Tax Credit)	(143,279)	(1,405,178)
Interest	3,143	42,116
Unrealized gain on commodity contracts (note 6)	787,612	779,159
	3,197,172	8,224,248
Expenses:		
Operating	506,379	1,829,182
General and administrative	239,451	1,354,032
Interest	49,012	53,093
Stock-based compensation	97,454	365,354
Depletion and depreciation	1,632,448	5,167,813
Accretion of asset retirement obligations	40,480	117,456
	2,565,224	8,886,930
Net income (loss) before income taxes	631,948	(662,682)
Future income tax	271,297	105,062
Net income (loss)	360,651	(767,744)
Retained earnings (deficit), beginning of period	(1,000,237)	128,158
Deficit, end of period	\$ (639,586)	\$ (639,586)
Income (loss) per share (note 5):		
Basic	\$ 0.03	\$ (0.06)
Diluted	\$ 0.03	\$ (0.06)

See accompanying notes to financial statements.

Statement of Cash Flows

(Unaudited)

	Three months ended September 30, 2006	Nine months ended September 30, 2006
Cash provided by (used in):		
Operating:		
Net income (loss) for the period	\$ 360,651	\$ (767,744)
Items not involving cash:		
Depletion and depreciation	1,632,448	5,167,813
Accretion of asset retirement obligations	40,480	117,456
Future income tax	271,297	105,062
Stock-based compensation	97,454	365,354
Unrealized gain on commodity contracts	(787,612)	(779,159)
	1,614,718	4,208,782
Change in non-cash working capital	(107,266)	(145,777)
	1,507,452	4,063,005
Financing:		
Issue of common shares, net of issue costs	142,983	11,928,162
Repurchase of common shares	(60,140)	(528,240)
Bank indebtedness	6,065,789	6,065,789
	6,148,632	17,465,711
Investing:		
Acquisition of property, plant and equipment	(6,276,634)	(27,617,898)
Disposition of property, plant and equipment	271,500	271,500
Change in non-cash working capital	(3,979,126)	(1,210,367)
	(9,984,260)	(28,556,765)
Change in cash	(2,328,176)	(7,028,049)
Cash, beginning of period	2,328,176	7,028,049
Cash, end of period	\$ -	\$ -
Interest received	\$ 3,143	\$ 42,116
Interest paid	\$ 49,012	\$ 53,093

Cash is defined as cash and cash equivalents.

See accompanying notes to financial statements.

Notes to Financial Statements

For the three and nine months ended September 30, 2006

(Unaudited)

The interim financial statements of Open Range Energy Corp. (“Open Range” or the “Corporation”) have been prepared by management in accordance with Canadian generally accepted accounting principles (GAAP). The interim financial statements have been prepared following the same accounting policies and methods of computation as the financial statements for the period ended December 31, 2005, except as noted below. The following disclosure is incremental to the disclosure included with the annual financial statements. These interim financial statements should be read in conjunction with the financial statements and notes thereto in the Corporation’s annual report for the year ended December 31, 2005. As the Corporation commenced operations on November 30, 2005 there are no comparable figures for the three and nine months ended September 30, 2006.

1. SIGNIFICANT ACCOUNTING POLICIES

Financial Instruments:

The Corporation uses various types of derivative financial instruments to manage risk associated with crude oil and natural gas price fluctuations. These instruments are not used for trading or speculative purposes. Proceeds and costs realized from holding the related contracts are recognized in the statement of operations and retained earnings at the time that each transaction under a contract is settled. For the unrealized portion of such contracts, the Corporation utilizes the fair value method of accounting. The fair value is based on an estimate of the amounts that would have been paid to or received from counterparties to settle these instruments given future market prices and other relevant factors. The method requires the fair value of the derivative financial instruments to be recorded at each balance sheet date.

2. PETROLEUM AND NATURAL GAS PROPERTIES

September 30, 2006	Cost	Accumulated depletion and depreciation	Net book value
Petroleum and natural gas properties	\$ 56,379,824	\$ 5,260,282	\$ 51,119,542
Other assets	\$ 2,623,323	\$ 247,947	\$ 2,375,376
Total	\$ 59,003,147	\$ 5,508,229	\$ 53,494,918
December 31, 2005			
Petroleum and natural gas properties	\$ 30,748,907	\$ 335,427	\$ 30,413,480
Other assets	\$ 580,606	\$ 4,989	\$ 575,617
Total	\$ 31,329,513	\$ 340,416	\$ 30,989,097

The Corporation capitalized for the three- and nine-month periods ended September 30, 2006 \$403,466 and \$1,300,822, respectively, of overhead-related costs to petroleum and natural gas properties, of which \$86,627 and \$174,389 related to stock-based compensation for each respective period. The future tax liability of \$74,551 associated with the capitalized stock-based compensation has also been capitalized.

Costs associated with unproved properties excluded from costs subject to depletion for the period ended September 30, 2006 totalled \$9,948,000. Future development costs of proved reserves of \$671,000 have been included in the depletion calculation.

3. BANK DEBT

The Corporation has a \$14,000,000 extendable revolving credit facility and a \$4,200,000 non-revolving acquisition/development demand facility. These facilities are with a Canadian chartered bank and bear interest at the bank's prime rate plus 0.125 percent per annum. The credit facilities are secured by a first fixed and floating charge debenture in the minimum face amount of \$25,000,000 and a general security agreement. At September 30, 2006, \$6,065,789 was drawn on the extendable revolving credit facility.

4. ASSET RETIREMENT OBLIGATIONS

The Corporation's asset retirement obligations result from net ownership interests in petroleum and natural gas assets including well sites, gathering systems and processing facilities. The Corporation estimates the total undiscounted amount of cash flows required to settle its asset retirement obligations is approximately \$5,678,000, which will be incurred between 2006 and 2040. The majority of the costs will be incurred between 2020 and 2040. A credit-adjusted risk-free rate of 8 percent was used to calculate the fair value of the asset retirement obligations.

A reconciliation of the asset retirement obligations is provided below:

	September 30, 2006	December 31, 2005
Balance, beginning of period	\$ 1,896,045	\$ -
Transfer through Plan of Arrangement	-	1,199,710
Accretion expense	117,456	13,000
Liabilities incurred	78,296	48,490
Revisions to estimates	-	634,845
Balance, end of period	\$ 2,091,797	\$ 1,896,045

5. SHARE CAPITAL

(a) Issued and outstanding:

	Number of shares	Amount
Common shares:		
Issued on incorporation	1	\$ 1
Issued pursuant to private placement	2,000,000	6,200,000
Issued pursuant to Plan of Arrangement	8,407,108	23,889,068
Share issue costs (net of tax of \$24,605)	-	(47,571)
Share repurchase	(3,300)	(10,230)
For cash on exercise of warrants	1,509,132	4,678,309
Stock-based compensation on exercise of warrants	-	216,137
Balance, December 31, 2005	11,912,941	\$ 34,925,714
Issued pursuant to private placements	1,697,000	7,157,050
Issued pursuant to flow-through share offering	1,000,000	5,700,000
Share repurchase	(170,400)	(521,185)
Share issue costs (net of tax of \$310,352)	-	(618,536)
Balance, September 30, 2006	14,439,541	\$ 46,643,043

(b) Share option plan:

	Period ended September 30, 2006		Period ended December 31, 2005	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
Stock options outstanding, beginning of period	1,034,000	\$ 4.61	-	\$ -
Granted	470,000	4.02	1,034,000	4.61
Cancelled	(141,000)	4.55	-	-
Stock options outstanding, end of period	1,363,000	\$ 4.41	1,034,000	\$ 4.61
Exercisable at period-end	-	\$ -	-	\$ -

(c) **Stock-based compensation:**

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted average assumptions used for grants during the nine-month period ended September 30, 2006: zero dividend yield; expected average volatility ranging from 34 to 40 percent; risk-free rate of 3.89 to 4.38 percent; and expected life of five years. The weighted average fair value of stock options granted during the nine-month period ended September 30, 2006 was \$1.63 per option.

(d) **Contributed surplus:**

Compensation expense	\$ 34,050
Expired warrants	24,676
Balance, December 31, 2005	58,726
Compensation expense	539,743
Excess of share redemption amount over share stated amount (note 5(a))	(7,055)
Balance, September 30, 2006	\$ 591,414

(e) **Per share amounts:**

	Three months ended September 30, 2006	Nine months ended September 30, 2006
Weighted average common shares	14,410,619	13,941,472
Stock option dilution	3,426	-
Weighted diluted common shares outstanding	14,414,045	13,941,472

Options to purchase common shares for the three and nine month periods ended September 30, 2006 that were not included in the computation were 1,248,000 and 1,363,000 shares, respectively, because they were anti-dilutive.

6. COMMITMENTS

(a) Future minimum lease payments relating to operating lease commitments are:

2006	\$ 216,996
2007	867,984
2008	867,984
2009	867,984
2010	867,984
Total	\$ 3,688,932

(b) Commodity price risk management:

During April 2006, the Corporation entered into a natural gas hedging transaction for 2,500 Gj per day for the period May 1, 2006 to December 31, 2006. This transaction consisted of the purchase of a \$5.00 per Gj put option and the sale of a \$10.50 per Gj call option. During the nine months ended September 30, 2006 there were no net settlement payments. The Corporation would have received \$90,111 if the contract had been settled at September 30, 2006.

During June 2006, the Corporation entered into a natural gas hedging transaction for 2,500 Gj per day for the period January 1, 2007 to December 31, 2007. This transaction consisted of the purchase of a \$7.00 per Gj put option and the sale of a \$10.20 per Gj call option. During the nine months ended September 30, 2006 there were no net settlement payments. The Corporation would have received \$689,048 if the contract had been settled at September 30, 2006.

(c) Flow-through common shares:

On May 16, 2006 the Corporation issued 1,000,000 flow-through common shares for gross proceeds of \$5,700,000. Under the terms of the flow-through share agreements, the Corporation is required to renounce the \$5,700,000 of qualifying oil and natural gas expenditures effective December 31, 2006 and has until December 31, 2007 to incur the expenditures. At September 30, 2006 the Corporation had incurred \$4,037,000 of qualifying expenditures and is required to incur an additional \$1,663,000.

7. SUBSEQUENT EVENTS:

(a) Commodity price risk management:

On October 6, 2006 the Corporation entered into a natural gas hedging transaction for 1,500 Gj per day for the period November 1, 2006 to December 31, 2006. This transaction consisted of the purchase of a \$5.00 per Gj put option at a cost of \$12,810 or \$0.14 per Gj.

(b) Private placement common share financing:

On November 9, 2006 the Corporation closed a private placement for 2,324,300 common shares at a price of \$3.55 per share, resulting in gross proceeds of \$8,251,265.

Corporate Information

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Dean R. Jensen
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Executive Vice-President

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and Chief Operating Officer

Lyle D. Michaluk
Vice-President, Finance
and Chief Financial Officer

James F. Bland
Vice-President, Exploration

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ABBREVIATIONS

bbls	barrels of oil inclusive of NGL
boe	barrels of oil equivalent converting gas to oil at a ratio of six mcf of gas to one bbl of oil
Gj	Gigajoule
mcf	thousand cubic feet
mmcf	million cubic feet
NGL	natural gas liquids
WTI	West Texas Intermediate
G&A	general and administrative
GAAP	generally accepted accounting principles
W.I.	working interest



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