



Q1 REPORT FOR THE THREE MONTHS ENDED MARCH 31, 2007

FINANCIAL HIGHLIGHTS

	Three months ended March 31, 2007	Three months ended March 31, 2006
Petroleum and natural gas revenues	\$ 4,435,843	\$ 3,126,563
Funds from operations	2,454,468	1,279,970
Per basic and diluted share	0.14	0.10
Net loss	(1,020,964)	(407,742)
Per basic and diluted share	(0.06)	(0.03)
Net debt	(3,273,675)	(1,144,049)
Capital expenditures, net	\$ 12,585,273	\$ 13,935,855
Weighted average shares outstanding		
Basic and diluted	18,030,508	13,378,719
Production		
Natural gas (mcf per day)	5,460	3,990
Oil and NGL (bbls per day)	115	54
Total (@ 6:1) (boe per day)	1,025	719
Realized average sales prices		
Natural gas (\$ per mcf)	\$ 7.87	\$ 7.93
Oil and NGL (\$ per bbl)	55.05	57.50
Combined average (\$ per boe)	48.08	48.31
Royalties (\$ per boe)	(7.27)	(13.47)
Operating costs (\$ per boe)	(7.45)	(6.04)
Operating netback (\$ per boe)	33.36	28.80
General and administrative costs (\$ per boe)	(6.69)	(9.02)
Corporate netback (\$ per boe)	\$ 26.67	\$ 19.78

CORPORATE HIGHLIGHTS

DURING THE THREE MONTHS ENDED MARCH 31, 2007, OPEN RANGE:

- » Drilled four gross (1.8 net) wells at Ansell/Sundance encountering a total of 12 productive pay zones and continuing its 100 percent drilling success;
- » Expanded Ansell/Sundance area compression capacity from 10 mmcf per day to 23 mmcf per day;
- » Produced an average of 1,025 boe per day, a 43 percent increase over the Q1 2006 average;
- » Increased funds from operations by 92 percent and funds from operations per share by 40 percent over the comparative period in 2006, to \$2.5 million and \$0.14, respectively; and
- » Closed a \$12 million flow-through common share financing.

SUBSEQUENT TO MARCH 31, 2007, OPEN RANGE:

- » Drilled one (100 percent working interest) well which encountered four potential productive pay zones; and
- » Increased its bank lines to \$25.5 million with the National Bank of Canada.

EXPLORATION UPDATE

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During the first quarter of 2007, Open Range has continued its 100 percent drilling success with four (1.8 net) new wells at Ansell/Sundance. Each of these wells encountered multiple pay zones, resulting in an average of three productive pay zones per well drilled in the quarter. Subsequent to the end of the first quarter, Open Range has finished drilling one (100 percent working interest) well at Ansell/Sundance which encountered four potential productive pay zones. The Corporation anticipates that all 2007 wells drilled to date will be brought on-production by August.

Open Range is 16-for-16 in drilling at Ansell/Sundance, achieving 100 percent success over more than 17 months of exploration and development drilling, and has now discovered commercial gas in nine different reservoir horizons at its core property. The results of the first quarter drilling program reinforce Open Range's belief that the integration of the Corporation's proprietary 3D seismic data into its exploration and development programs has allowed it to reduce drilling risk and increase both the number and quality of pay zones encountered per well-bore. In addition, the results continue to validate the Ansell/Sundance property as an excellent multi-zone Deep Basin natural gas complex with extensive future infill development and exploration potential. To date, the Corporation has identified more than 30 future development drilling locations on its greater than 42 gross sections of land at Ansell/Sundance.

OPERATIONS UPDATE

Open Range's production averaged 1,025 boe per day in the first quarter of 2007, a 43 percent increase over the average of 719 boe per day for the comparative period in 2006. The first quarter of 2007 included the tie-in of three (1.1 net) new wells at Ansell/Sundance. A fourth well was brought on-stream in late January and produced for only 14 days in the quarter due to third-party facility capacity constraints. The restriction on this well reduced projected first quarter volumes by approximately 133 boe per day.

Current net production from Ansell/Sundance is approximately 700 boe per day from 12 gross wells and 26 pay zones. By August 2007, area production is expected from a total of 16 wells and 39 pay zones.

To accommodate volumes from future wells and minimize third party-facility capacity constraints, Open Range constructed a 10 mmcf per day gross sweet natural gas compressor station at Ansell/Sundance during the quarter. The Corporation also constructed a 3 mmcf per day gross sour natural gas compressor station at Ansell/Sundance in the first quarter of 2007 to produce sour natural gas volumes from the Montney Formation. These new compressor stations were tied into an area midstream company's facilities and were commissioned in late March. In total, the Corporation now operates 23 mmcf per day of gross compression capacity in the area with an average working interest of 37 percent.

In the three months ended March 31, 2007, Open Range also participated in drilling and completion operations on four (0.1 net) wells at Big Bend and one (0.25 net) well at Garrington. Current combined net production from Big Bend, Ferrier and Garrington is estimated at 500 boe per day.

OUTLOOK

Open Range is pleased with the drilling and operational results achieved during the first quarter of 2007. The Corporation has continued the evolution of its multi-zone geological model, advancing the calibration of its proprietary 3D seismic through repeated exploration success and its accumulating technical understanding.

The integration of the 3D data into the drilling program has resulted in a significant increase in the average number of productive zones intersected per well, helping the Corporation achieve its objective of maximizing reserves per well and increasing the average production rate per well. Importantly, the 3D has increased the repeatability of Open Range's exploration model, aiding in the discovery of new productive zones and reducing drilling risks.

Open Range's timely expansion of its compression capacity at Ansell/Sundance, as discussed above, will alleviate capacity restrictions experienced during the first quarter. Going forward it will enhance Open Range's operational control, particularly the Corporation's ability to maintain timely tie-ins of new wells.

Although Open Range is continuing to accumulate undeveloped land, the Corporation is focusing an increased proportion of its capital expenditures on the drill bit. This focus, combined with other efficiency measures being undertaken in operations, is designed to reduce average finding and development costs per boe of reserves added in 2007. Open Range is also working to limit its cash costs, which should translate into improved netbacks per boe as production continues to grow.

Open Range remains excited about its prospects. The Corporation is well-positioned to continue delivering growth through drilling of repeated high-impact yet relatively low-risk wells. Although its growth is not predicated on acquisitions, Open Range will also consider taking advantage of potentially improving metrics in the acquisitions market. With its 2007 drilling program approximately 50 percent completed, the Corporation is currently developing its 2008 drilling schedule.

As in its most recent report covering the fourth quarter of 2006, Open Range is maintaining its previously announced capital budget of \$30 million for the year. With 16 gross wells planned, the Corporation continues to forecast average production of 1,450 boe per day for the year and an exit rate of 1,650 boe per day. Under these assumptions, Open Range would generate cash flow of approximately \$12 million or \$0.62 per share in 2007.

Management's Discussion and Analysis

The following management's discussion and analysis (MD&A) is a review of operations, current financial position and outlook for Open Range Energy Corp. ("Open Range" or the "Corporation") for the three-month period ended March 31, 2007. This MD&A should be read in conjunction with the unaudited interim financial statements for the three months ended March 31, 2007 and the audited financial statements for the year ended December 31, 2006.

Open Range was formed and commenced operations on November 30, 2005. Open Range is an oil and natural gas exploration company, actively engaged in the exploration, development and acquisition of oil and natural gas primarily in the Deep Basin region of Alberta. The Corporation is traded on the Toronto Stock Exchange under the symbol "ONR".

BOE PRESENTATION

The use of barrels of oil equivalent (boe) may be misleading, particularly if used in isolation. A boe conversion of 6 mcf:1 barrel is based on an energy equivalency conversion method primarily applicable at the burner tip and is not intended to represent a value equivalency at the wellhead.

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NON-GAAP MEASUREMENTS

The terms "funds from operations", "funds from operations per share" and "operating netback" 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 and operating netback are useful supplemental measurements. Funds from operations 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. Operating netback is a benchmark used in the oil and natural gas industry to measure the contribution of oil and natural gas sales following the deduction of royalties, operating expenses and transportation costs. Users are cautioned, however, that these measures should not be construed as an alternative to net earnings determined in accordance with GAAP as an indication of Open Range's performance.

RECONCILIATION OF CASH FLOW PER GAAP TO FUNDS FROM OPERATIONS

Open Range's method of calculating funds from operations may differ from that of other corporations and, accordingly, may not be comparable to measures used by other 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 statements of cash flows in the financial statements present the reconciliation between earnings and funds from operations. A summary of this reconciliation is presented as follows:

	Three months ended March 31, 2007	Three months ended March 31, 2006
Cash flow from operating activities (per GAAP) (\$)	2,371,073	1,653,054
Change in non-cash working capital (\$)	83,395	(373,084)
Funds from operations (\$)	2,454,468	1,279,970

FORWARD-LOOKING STATEMENTS

This MD&A contains certain forward-looking statements, which include assumptions with respect to (i) production; (ii) future capital expenditures; (iii) funds from operations; (iv) cash flow; and (v) debt levels. The reader is cautioned that assumptions used in the preparation of such information may prove to be incorrect. All such forward-looking statements involve substantial known and unknown risks and uncertainties, certain of which are beyond the Corporation's control. Such risks and uncertainties include, without limitation, risks associated with oil and natural gas exploration, development, exploitation, production, marketing and transportation, loss of markets, volatility of commodity prices, currency fluctuations, imprecision of reserve estimates, environmental risks, competition from other producers, inability to retain drilling rigs and other services, delays resulting from or inability to obtain required regulatory approvals and ability to access sufficient capital from internal and external sources, the impact of general economic conditions in Canada, the United States and overseas, industry conditions, changes in laws and regulations (including the adoption of new environmental laws and regulations) and changes in how they 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 companies with respect to announced transactions and the final valuations thereof, and obtaining required approvals of regulatory authorities. The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and, accordingly, no assurances 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, that the Corporation will derive therefrom. Readers are cautioned that the foregoing list of factors is not exhaustive and reference is made to the items under the heading "Risk Factors" in the Corporation's Annual Information Form (AIF) for the year ended December 31, 2006. All subsequent forward-looking statements, whether written or oral, attributable to the Corporation or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Furthermore, the forward-looking statements contained in this MD&A are made as at the date hereof and the Corporation does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

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This MD&A is dated May 14, 2007.

DETAILED FINANCIAL ANALYSIS

PRODUCTION

	Three months ended March 31, 2007	Three months ended December 31, 2006	Three months ended March 31, 2006
Production			
Oil and NGL (bbls/d)	115	81	54
Natural gas (mcf/d)	5,460	5,111	3,990
Total (boe/d)	1,025	933	719
% natural gas	89	91	92

Open Range's production for the three months ended March 31, 2007 averaged 1,025 boe per day, of which 89 percent was natural gas. This represented an increase of 43 percent from the average of 719 boe per day for the three months ended March 31, 2006. The increase resulted from the successful drilling activity in the last half of 2006 and the first quarter of 2007. Natural gas production in the three months ended March 31, 2007 increased to 5,460 mcf per day from 3,990 mcf per day in the three months ended March 31, 2006. Oil and natural gas liquids (NGL) production in the three months ended March 31, 2007 increased to 115 barrels per day from 54 barrels per day in the first quarter of 2006.

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Open Range estimates that its average production for 2007 will be 1,450 boe per day and that its exit production for 2007 will be 1,650 boe per day.

DRILLING ACTIVITY

Three months ended	Exploration		Development		Total		Success Rate	W.I. %
	Gross	Net	Gross	Net	Gross	Net		
March 31, 2007	4.0	1.80	5.0	0.35	9.0	2.15	100%	23.9
December 31, 2006	3.0	1.30	0.0	0.00	3.0	1.30	100%	43.3
September 30, 2006	1.0	0.50	0.0	0.00	1.0	0.50	100%	50.0
June 30, 2006	3.0	1.25	5.0	1.12	8.0	2.37	100%	29.6
March 31, 2006	3.0	1.24	0.0	0.00	3.0	1.24	100%	41.3

During the three months ended March 31, 2007, Open Range participated in the drilling of nine (2.15 net) wells. Of the wells drilled, four (1.8 net) wells were at its core Ansell/Sundance property. The remaining five (0.35 net) wells were drilled at the Corporation's Big Bend and Garrington properties.

OIL AND NATURAL GAS REVENUES

	Three months ended March 31, 2007	Three months ended March 31, 2006
Revenue ⁽¹⁾		
Oil and NGL	\$ 569,793	\$ 280,260
Natural gas	3,866,050	2,846,303
Total	\$ 4,435,843	\$ 3,126,563
Average realized price		
Oil and NGL (\$/bbl)	55.05	57.51
Natural gas (\$/mcf)	7.87	7.93
Combined average(\$/boe)	48.08	48.31
Benchmark pricing		
Edmonton Par (Cdn\$/bbl)	67.61	69.27
Alberta Spot (Cdn\$/mcf)	7.26	7.34

⁽¹⁾ Revenue includes realized gains of commodity contracts for the three months ended March 31, 2007 of \$24,190.

Revenues for the three months ended March 31, 2007 increased by 42 percent to \$4.4 million from \$3.1 million in the comparative period in 2006. The increase in revenue was mainly a result of the 43 percent increase in production volumes from the first quarter in 2006. The decrease in the average sales price realized by Open Range is consistent with the decrease in benchmark oil and natural gas prices. Open Range's average sales price for natural gas is at a premium to the Alberta natural gas spot benchmark price due to the high energy content of the Corporation's natural gas production.

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UNREALIZED GAINS (LOSSES) ON COMMODITY CONTRACTS

Open Range's management utilizes commodity contracts as a risk management technique to protect exploration and development economics, reduce volatility in cash flows and mitigate the unpredictable commodity price environment. During the first quarter of 2007, the Corporation recorded an unrealized loss on commodity contracts of \$1.2 million. This amount represented the change in the fair value of the commodity contracts held by the Corporation from December 31, 2006 to March 31, 2007.

A listing of natural gas hedging contracts entered into as at March 31, 2007 are as follows:

Period	Volume (GJ/d)	Type	Average Monthly AECO Spot Floor (Cdn\$/GJ)	Average Monthly AECO Spot Ceiling (Cdn\$/GJ)
January 1, 2007 to December 31, 2007	2,500	Costless Collar	\$7.00	\$10.20
January 1, 2007 to December 31, 2007	1,250	Costless Collar	\$7.00	\$8.00–\$9.90
April 1, 2007 to March 31, 2008	1,000	Costless Collar	\$7.00	\$10.16
November 1, 2007 to March 31, 2008	1,500	Costless Collar	\$7.50	\$10.67

For more details on these contracts refer to note 7, Commodity Price Risk Management, in the unaudited interim financial statements for the three months ended March 31, 2007.

ROYALTIES

	Three months ended March 31, 2007	Three months ended March 31, 2006
Royalty expense – oil and NGL	\$ 119,259	\$ 162,192
Royalty expense – natural gas	551,241	709,608
Total	\$ 670,500	\$ 871,800
\$ per boe	7.27	13.47
% of sales	15	28

Royalties totaled \$0.7 million or \$7.27 per boe for the first quarter of 2007 compared to \$0.9 million or \$13.47 per boe for the comparative period in 2006. On a per unit of production basis, royalty costs were down by 46 percent from the first quarter in 2006 mainly due to the receipt of deep well royalty holiday payments for wells at Ansell/Sundance. Royalties as a percentage of revenue also decreased to 15 percent from 28 percent in the comparative period in 2006.

Open Range anticipates an average royalty rate for 2007 of approximately 20-22 percent of revenue after the elimination of the Alberta Royalty Tax Credit program by the Alberta government on January 1, 2007 and before any future royalty holiday payments.

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OPERATING COSTS & NETBACK

(\$ per boe)	Three months ended March 31, 2007	Three months ended March 31, 2006
Average realized sales price	48.08	48.31
Royalty expenses	7.27	13.47
Operating costs (including transportation costs)	7.45	6.04
Operating netback	33.36	28.80

Operating costs including transportation costs were \$0.7 million or \$7.45 per boe for the three months ended March 31, 2007 compared to \$0.4 million or \$6.04 per boe for the same period in 2006. With production continuing to grow, Open Range expects operating costs, including transportation costs, to average \$7.00-\$8.00 per boe for the balance of 2007. Of the Corporation's operating costs, transportation costs were \$0.1 million or \$0.92 per boe for the first quarter of 2007, a 47 percent reduction from \$1.75 per boe for the comparative period ended March 31, 2006.

During the first quarter of 2007, operating costs including transportation costs decreased 13 percent or \$1.11 on a per boe basis from \$8.56 per boe in the fourth quarter of 2006. The decrease is mainly attributable to operating efficiencies being realized at Ansell/Sundance.

The Corporation's operating netback for the first quarter of 2007 increased to \$33.36 per boe from \$28.80 per boe for the comparative period in 2006. The increase in operating netback is due primarily to a decrease in royalties, partially offset by the increase in operating costs and the decrease in realized average sales price.

GENERAL AND ADMINISTRATIVE EXPENSES (G&A)

	Three months ended March 31, 2007	Three months ended March 31, 2006
Gross	1,340,302	1,083,113
Partner recovery	(160,212)	(76,446)
Capitalized G&A	(533,793)	(403,920)
Net G&A	646,297	602,747
\$ per boe net	7.01	9.31

General and administrative costs for the first three months of 2007 totalled \$0.6 million or \$7.01 boe after overhead recoveries and capitalization of \$0.7 million. On a per boe basis G&A costs declined by 25 per cent from \$9.31 per boe in the first quarter of 2006. This reduction was mainly due to the increased production volumes in the first three months of 2007, while G&A costs remained nearly flat as the overall size of the business has grown. This is a result of a full complement of management and staff being in place from start-up to execute the Company's Deep Basin exploration strategy. Capitalized G&A represented 40 percent of gross G&A costs in the first quarter of 2007 as the Corporation capitalized exploration, geological and geophysical expenses.

Open Range expects its net G&A costs to average approximately \$4.00 per boe for the remainder of 2007, reflecting the Corporation's continued forecast production growth.

INTEREST INCOME AND EXPENSE

Net interest income for the first quarter of 2007 was \$22,820 or \$0.25 per boe. The net interest income was earned on available cash balances in the quarter through short-term interest-bearing instruments. The cash balances were a result of the proceeds from the February 2007 common equity flow-through financing which will be used to fund a portion of the Corporation's capital program for 2007.

Open Range's continuing exploration activity will require incurring some debt during the year. The Corporation intends to manage debt levels prudently for the balance of 2007 and expects net interest expense to be relatively low for the year. Open Range has recently expanded its available credit facility, of which no amounts are drawn at this date (see Liquidity and Capital Resources, below).

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STOCK-BASED COMPENSATION

During the first quarter of 2007, stock-based compensation of \$125,911 was expensed and \$115,496 was capitalized. This resulted in total stock-based compensation for the three months ended March 31, 2007 of \$241,407 compared to \$182,641 for the first quarter of 2006. The increase in stock-based compensation expense is due to the additional expense associated with the stock options granted subsequent to March 31, 2006. At March 31, 2007 there were 1,693,000 stock options outstanding compared to 1,174,000 outstanding at March 31, 2006.

DEPLETION, DEPRECIATION AND ACCRETION

	Three months ended March 31, 2007	Three months ended March 31, 2006
Depletion	\$ 2,543,273	\$ 1,543,150
Accretion	42,423	37,921
Total	\$ 2,585,696	\$ 1,581,071
Depletion (\$/boe)	27.57	23.84
Accretion (\$/boe)	0.46	0.59
Total (\$/boe)	28.03	24.43

Depletion and depreciation are calculated based upon cumulative capital expenditures, production rates and reserves. Open Range recorded \$2.5 million or \$27.57 per boe in depletion and depreciation for the three months ended March 31, 2007 compared to \$1.5 million or \$23.84 per boe for the comparative period in 2006. The increase is due to higher average production in the first quarter of 2007 and the increased capital expenditures associated with drilling in the last half of 2006 and the first quarter of 2007.

Open Range estimates depletion on a quarterly basis throughout the year using independent inputs such as reserve and land reports when available. Undeveloped land and seismic and salvage value of \$9.7 million have been excluded in the calculation and future development costs of \$3 million have been included in the capital base used in the calculation.

The accretion of the asset retirement obligations was \$42,423 or \$0.46 per boe for the first quarter of 2007, compared to \$37,921 or \$0.59 per boe for the same period in 2006.

INCOME TAXES

For the three months ended March 31, 2007 the Corporation recorded a future income tax reduction of \$0.4 million. In the period ended March 31, 2006, a future income tax reduction of \$76,000 was recorded. The Corporation does not expect to be cash taxable in 2007 based on current oil and natural gas prices and the planned capital expenditures for the year. During 2006, the Corporation issued \$5.7 million in flow-through common shares. The future income tax liability associated with this flow-through share issuance was recorded during the first quarter of 2007.

The tax effect of the \$12 million in flow-through shares issued during the first quarter of 2007 will be recorded in the first quarter of 2008 as the expenditures will be renounced to investors at that time. At March 31, 2007, the Corporation had incurred \$3.1 million of qualifying expenditures and is required to incur an additional \$8.9 million of expenditures relating to this flow-through share issuance.

The Corporation estimates that at March 31, 2007 tax pools of \$67.1 million are available for deduction against future taxable income.

LOSS

	Three months ended March 31, 2007	Three months ended March 31, 2006
Loss	\$ (1,020,964)	\$ (407,742)
Loss per basic and diluted share	(0.06)	(0.03)

The Corporation recorded a net loss of \$1 million or \$0.06 per basic and diluted share in the first quarter of 2007, compared to a net loss of \$0.4 million or \$0.03 per basic and diluted share for the comparative period in 2006. The loss for the three months ended March 31, 2007 is attributable to the recording of a \$1.2 million unrealized loss on commodity contracts.

FUNDS FROM OPERATIONS

	Three months ended March 31, 2007	Three months ended March 31, 2006
Funds from operations	\$ 2,454,468	\$ 1,279,970
Funds from operations per boe	26.61	19.78
Funds from operations per basic and diluted share	0.14	0.10

In the first quarter of 2007 Open Range generated funds from operations of \$2.5 million or \$0.14 per share compared to \$1.3 million or \$0.10 per share for the comparative period in 2006. The 92 percent increase in funds from operations and 40 percent increase in funds from operations per share were due to stronger operating results, primarily driven by higher average production as well as stronger netbacks which in turn were caused mainly by lower average royalties.

CAPITAL EXPENDITURES

	Three months ended March 31, 2007	Three months ended March 31, 2006
Land	\$ 21,961	\$ 5,286,856
Seismic	194,520	1,200,000
Drilling and intangibles	8,319,999	4,666,540
Facilities and equipment	3,515,000	782,459
Other assets	-	2,000,000
Capitalized G&A and stock-based compensation	698,664	586,561
Total capital expenditures and acquisitions	12,750,144	14,522,416
Asset retirement obligations	110,352	44,744
Total capital	\$ 12,860,496	\$ 14,567,160

During the three months ended March 31, 2007, Open Range's capital expenditure program was focused on drilling natural gas prospects at its core property at Ansell/Sundance and expanding the area's compression capacity. The Corporation's capital expenditures totalled \$12.9 million in the first quarter of 2007.

II

SHARE CAPITAL

	Three months ended March 31, 2007	Three months ended March 31, 2006
Weighted average common shares outstanding		
Basic and diluted	18,030,508	13,378,719

Options to purchase 1,693,000 and 1,174,000 common shares for the three months ended March 31, 2007 and the three months ended March 31, 2006, respectively, were not included in the computation of weighted average diluted shares outstanding because they were anti-dilutive.

Outstanding securities

Common shares	19,763,841
Stock options	1,693,000
Total outstanding securities at May 14, 2007	21,456,841
Proportion of outstanding securities held by officers and directors at May 14, 2007	18%

During the first quarter of 2007, Open Range raised \$12 million through a flow-through common share private placement. Also in the three months ended March 31, 2007, the Corporation issued 20,000 stock options to employees. At March 31, 2007 the Corporation had 1,693,000 stock options outstanding with an average exercise price of \$4.15.

RELATED-PARTY AND OFF-BALANCE-SHEET TRANSACTIONS

Open Range was not involved in any related-party or off-balance-sheet transactions during the three months ended March 31, 2007.

LIQUIDITY AND CAPITAL RESOURCES

Open Range had a working capital deficiency of \$3.3 million at March 31, 2007. Subsequent to the quarter-end, the Corporation had its bank lines increased to \$25.5 million following the completion of the bank's annual review of the extendable revolving credit facility and the acquisition and development facility. The facilities were increased to \$20 million and \$5.5 million, respectively. The Corporation's credit facilities are subject to semi-annual review with the next review occurring in August 2007. The facilities are borrowing base facilities that are determined based on, among other things, the Corporation's reserve report, production and operating results, and current and forecast commodity prices.

	As at May 14, 2007
Bank lines available	\$ 25,500,000
Estimated working capital deficiency	(4,000,000)
Estimated capital resources available	\$ 21,500,000

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The Corporation's initial capital expenditure budget for 2007 is anticipated to be \$30 million. The capital program will be funded through a combination of cash flow from operations, the credit facility and the \$12 million flow-through common share financing agreement that closed on February 22, 2007.

QUARTERLY DATA

	2007		2006		2005	
	Q1	Q4	Q3	Q2	Period from November 30 Q1 to December 31	
Production						
Natural gas (mcf/d)	5,460	5,111	3,951	4,368	3,990	2,800
Oil and NGL (bbls/d)	115	81	74	109	54	45
Total (boe/d)	1,025	933	733	837	719	512
% natural gas	89	91	90	87	92	91
Financial						
(\$000s except per share amounts)						
Revenue	4,436	3,699	2,550	3,132	3,126	1,207
Net earnings (loss)	(1,021)	(160)	361	(721)	(408)	128
Net earnings (loss) per share	(0.06)	(0.01)	0.03	(0.05)	(0.03)	0.01
Net earnings (loss) per diluted share	(0.06)	(0.01)	0.03	(0.05)	(0.03)	0.01
Funds from operations	2,454	1,931	1,615	1,314	1,280	617
Funds from operations per share	0.14	0.12	0.11	0.09	0.10	0.06
Funds from operations per diluted share	0.14	0.12	0.11	0.09	0.10	0.06
Total assets	85,984	78,656	64,303	62,759	52,821	48,319
Capital expenditures	12,585	6,985	6,277	7,405	13,936	31,300
Weighted average basic and diluted shares	18,031	15,779	14,410	14,085	13,379	10,467

Open Range's quarterly growth in production volumes, revenues, funds from operations, and funds from operations per share is attributable to the active exploration and development drilling program at the Corporation's Deep Basin properties. The net loss for the first quarter of 2007 is a result of the recording of a \$1.2 million unrealized loss on commodity contracts.

CONTRACTUAL OBLIGATIONS ⁽¹⁾⁽²⁾

As at March 31, 2007 (\$ 000s)	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Payments for office lease	3,281	895	2,386	–	–
Payments for office equipment lease	51	13	38	–	–
Minimum payments relating to a Master Daywork					
Contract for a one-rig term drilling program	1,136	1,136	–	–	–
Total	4,468	2,044	2,424	–	–

⁽¹⁾ The Corporation has entered into farm-in agreements in the normal course of its business which are not included in this table.

⁽²⁾ The Corporation has entered into commodity contracts which are not included in this table. For a complete listing refer to note 7, Commodity Price Risk Management, in the financial statements for the three months ended March 31, 2007.

FINANCIAL INSTRUMENTS

On January 1, 2007, the Corporation adopted the new Canadian accounting standards for financial instruments – *Recognition and Measurement, Financial Instruments – Presentations and Disclosures, Hedging and Comprehensive Income*. These accounting policies are detailed in note 1 to the financial statements. Prior periods have not been restated. The adoption of these standards did not impact the financial statements of the Corporation and did not result in any adjustments for the recognition or measurement of financial instruments as compared to the financial statements for periods prior to the adoption of these standards.

FINANCIAL REPORTING

The Chief Executive Officer and Chief Financial Officer of the Corporation are responsible for designing internal controls over financial reporting or causing them to be designed under their supervision in order to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with Canadian generally accepted accounting principles. The Corporation has assessed the design of its internal controls over financial reporting and has not identified any weaknesses other than those disclosed in the MD&A for the year ended December 31, 2006.

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 the financial 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 judgments and have been properly reflected with all information available up to May 14, 2007. The financial statements have been prepared using policies and procedures established by management in accordance with Canadian generally accepted accounting principles and reflect fairly Open Range's financial position, results of operations and cash flow.

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

Balance Sheets

(Unaudited)

As at March 31, 2007 As at December 31, 2006

ASSETS

Current assets:

Cash and cash equivalents	\$ 4,386,572	\$ –
Accounts receivable	11,812,151	16,900,727
Prepaid expenses and deposits	924,154	887,345
Fair value of commodity contracts (note 7)	–	1,045,303
	17,122,877	18,833,375
Future income taxes	49,412	1,328,179
Property, plant and equipment (note 2)	68,811,981	58,494,758
	\$ 85,984,270	\$ 78,656,312

LIABILITIES AND SHAREHOLDERS' EQUITY

Current liabilities:

Bank indebtedness (note 3)	\$ –	\$ 3,836,468
Accounts payable and accrued liabilities	20,285,358	18,278,212
Fair value of commodity contracts (note 7)	111,194	–
	20,396,552	22,114,680
Asset retirement obligations (note 4)	2,147,666	1,994,891
Shareholders' equity:		
Share capital (note 5)	64,199,760	54,526,892
Contributed surplus (note 5)	1,060,741	819,334
Deficit	(1,820,449)	(799,485)
	63,440,052	54,546,741
Commitments (note 6)		
	\$ 85,984,270	\$ 78,656,312

See accompanying notes to financial statements.

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Statements of Operations and Retained Earnings (Deficit)

(unaudited)	Three months ended March 31, 2007	Three months ended March 31, 2006
Revenues:		
Petroleum and natural gas	\$ 4,411,653	\$ 3,126,563
Royalties (net of Alberta Royalty Tax Credit)	(670,500)	(871,800)
Interest	52,106	18,688
Realized gain on commodity contracts (note 7)	24,190	–
Unrealized loss on commodity contracts (note 7)	(1,156,497)	–
	2,660,952	2,273,451
Expenses:		
Operating	687,398	390,734
General and administrative	646,297	602,747
Stock-based compensation	125,911	182,641
Interest	29,286	–
Depletion and depreciation	2,543,273	1,543,150
Accretion of asset retirement obligations	42,423	37,921
	4,074,588	2,757,193
Loss before income taxes	(1,413,636)	(483,742)
Future income tax reduction	392,672	76,000
Net loss	(1,020,964)	(407,742)
Retained earnings (deficit), beginning of period	(799,485)	128,158
Deficit, end of period	\$ (1,820,449)	\$ (279,584)
Loss per share (note 5):		
Basic	\$ (0.06)	\$ (0.03)
Diluted	\$ (0.06)	\$ (0.03)

See accompanying notes to financial statements.

Statements of Cash Flows

(unaudited)	Three months ended March 31, 2007	Three months ended March 31, 2006
Cash provided by (used in):		
Operating:		
Net loss	\$ (1,020,964)	\$ (407,742)
Items not involving cash:		
Depletion and depreciation	2,543,273	1,543,150
Accretion of asset retirement obligations	42,423	37,921
Future income tax reduction	(392,672)	(76,000)
Stock-based compensation	125,911	182,641
Unrealized loss on commodity contracts	1,156,497	–
Change in non-cash working capital	(83,395)	373,084
	2,371,073	1,653,054
Financing:		
Issue of common shares, net of issue costs	11,294,932	6,514,829
Bank indebtedness	(3,836,468)	–
	7,458,464	6,514,829
Investing:		
Acquisition of property, plant and equipment	(12,585,273)	(13,935,855)
Change in non-cash working capital	7,142,308	(257,081)
	(5,442,965)	(14,192,936)
Change in cash	4,386,572	(6,025,053)
Cash, beginning of period	–	7,028,049
Cash, end of period	\$ 4,386,572	\$ 1,002,996
Interest received	\$ 52,106	\$ 18,688
Interest paid	\$ 29,286	\$ –

Cash is defined as cash and cash equivalents.
See accompanying notes to financial statements

Notes to Financial Statements

For the three months ended March 31, 2007
(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 year ended December 31, 2006, 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, 2006. Certain comparative figures have been reclassified to conform with the current period’s presentation.

1. SIGNIFICANT ACCOUNTING POLICIES

FINANCIAL INSTRUMENTS

On January 1, 2007, the Corporation adopted the new Canadian accounting standards for financial instruments – recognition and measurement, financial instruments – presentations and disclosures, hedging and comprehensive income. Prior periods have not been restated.

(A) FINANCIAL INSTRUMENTS – RECOGNITION AND MEASUREMENT

This new standard requires all financial instruments within its scope, including all derivatives, to be recognized on the balance sheet initially at fair value. Subsequent measurement of all financial assets and liabilities except those held-for-trading and available for sale are measured at amortized cost determined using the effective interest rate method. Held-for-trading financial assets are measured at fair value with changes in fair value recognized in earnings. Available-for-sale financial assets are measured at fair value with changes in fair value recognized in comprehensive income and reclassified to earnings when derecognized or impaired. There were no changes to the measurement of existing financial assets and liabilities at the date of adoption.

(B) DERIVATIVES

The Corporation uses various types of derivative financial instruments to manage risks associated with 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 as revenues 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 counterparts 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 with unrealized gains or losses on these contracts recorded through net earnings.

The Corporation has elected to account for its commodity sales and other non-financial contracts, which were entered into and continue to be held for the purpose of receipt or delivery of non-financial items in accordance with its expected purchase, sale or usage requirements as executory contracts on an accrual basis rather than as non-financial derivatives. Prior to adoption of the new standards, physical receipt and delivery contracts did not fall within the scope of the definition of a financial instrument and were also accounted for as executory contracts.

(C) EMBEDDED DERIVATIVES

On adoption, the Corporation elected to recognize, as separate assets and liabilities, only for those embedded derivatives in hybrid instruments issued, acquired or substantively modified after January 1, 2003. The Corporation did not identify any material embedded derivatives which required separate recognition and measurement.

(D) OTHER COMPREHENSIVE INCOME

The new standards establish a new statement of comprehensive income, which is comprised of net earnings and other comprehensive income. As the Corporation currently has no comprehensive income items requiring disclosure this statement of comprehensive income is not required.

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There are also two new Canadian accounting standards that have been issued which will require additional disclosure in the Corporation's financial statements commencing January 1, 2008 about the Corporation's financial instruments as well as its capital and how it is managed.

2. PROPERTY, PLANT AND EQUIPMENT

	March 31, 2007	December 31, 2006
Petroleum and natural gas properties	\$ 76,863,932	\$ 64,003,179
Other assets	2,271,540	2,271,797
	79,135,472	66,274,976
Accumulated depletion and depreciation	(10,323,491)	(7,780,218)
Net book value	\$ 68,811,981	\$ 58,494,758

During the three month period ended March 31, 2007, the Corporation capitalized \$698,664 (March 31, 2006 – \$403,920) of overhead-related costs to petroleum and natural gas properties, of which \$115,496 (March 31, 2006 – \$nil) related to stock-based compensation. The future tax liability of \$49,375 (March 31, 2006 – \$nil) 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 March 31, 2007 totalled \$9,735,000 (March 31, 2006 – \$8,906,000). Future development costs of proved reserves of \$2,965,000 at March 31, 2007 (March 31, 2006 – \$933,750) have been included in the depletion calculation.

During 2006, the Corporation disposed of certain interests in petroleum and natural gas properties for cash of \$271,500, with associated asset retirement obligations of \$183,850 also eliminated.

3. BANK DEBT

The Corporation has a \$20,000,000 extendable revolving credit facility and a \$5,500,000 non-revolving acquisition/development demand facility with a Canadian chartered bank. These facilities bear interest at bank prime rates plus 0.125 percent per annum and bank prime rates plus 0.75 percent per annum, respectively. The credit facilities are secured by a first fixed and floating charge debenture in the minimum face amount of \$50,000,000 and a general security agreement. As at March 31, 2007 \$nil (December 31, 2006 – \$3,836,468) had been drawn against the revolving credit facility and \$nil (December 31, 2006 – \$nil) had been drawn against the non-revolving demand facility.

The revolving facility had an effective interest rate of 6.125 percent at March 31, 2007 (December 31, 2006 – 6.125 percent).

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 \$6,184,000 (December 31, 2006 – \$5,335,000), to be incurred between 2007 and 2040. The majority of the costs will be incurred between 2020 and 2040. A credit-adjusted, risk-free rate of 8 percent (2006 – 8 percent) was used to calculate the fair value of the asset retirement obligations.

A reconciliation of the asset retirement obligations is provided below:

	Three months ended March 31, 2007	Year ended December 31, 2006
Balance, beginning of period	\$ 1,994,891	\$ 1,896,045
Liabilities incurred	110,352	127,488
Dispositions (note 2)	–	(183,850)
Accretion expense	42,423	155,208
Balance, end of period	\$ 2,147,666	\$ 1,994,891

5. SHARE CAPITAL

(A) ISSUED AND OUTSTANDING

	Number of Shares	Amount
Balance, December 31, 2005	11,912,941	\$ 34,925,714
Issued pursuant to private placements	4,021,300	15,408,315
Share repurchase	(170,400)	(526,230)
Issued pursuant to flow-through share offering	1,000,000	5,700,000
Share issue costs (net of tax of \$459,314)	–	(980,907)
Balance, December 31, 2006	16,763,841	\$ 54,526,892
Issued pursuant to flow-through share offering	3,000,000	12,000,000
Share issue costs (net of tax of \$208,776)	–	(496,292)
Tax effect of flow-through shares issued in 2006	–	(1,830,840)
Balance, March 31, 2007	19,763,841	\$ 64,199,760

(B) SHARE OPTION PLAN

Under the Corporation's share option plan it may grant options to its employees for up to 1,976,384 shares, of which 1,693,000 had been granted as at March 31, 2007 (December 31, 2006 – 1,673,000). The exercise price of each option equals the market price of the Corporation's stock on the date of grant and options have terms of five years and vest as to one-third on each of the first, second and third anniversaries from the date of grant.

	Three months ended March 31, 2007		Year ended December 31, 2006	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Granted and outstanding, beginning of period	1,673,000	\$ 4.17	1,034,000	\$ 4.61
Granted	20,000	2.65	780,000	3.65
Forfeited	–	–	(141,000)	4.55
Granted and outstanding, end of period	1,693,000	4.15	1,673,000	4.17
Exercisable at period-end	349,333	\$ 4.63	302,666	\$ 4.61

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The following table summarizes information about the fixed stock options outstanding at March 31, 2007:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding	Weighted Average Exercise Price	Weighted Average Contractual Life (years)	Number Exercisable	Weighted Average Exercise Price
\$2.65 – \$3.40	455,000	\$ 3.12	4.6	–	\$ –
\$3.90 – \$4.75	1,238,000	\$ 4.53	3.8	349,333	\$ 4.63
\$2.65 – \$4.75	1,693,000	\$ 4.15	4.0	349,333	\$ 4.63

(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 assumptions used for grants in the period ended March 31, 2007: zero dividend yield, average expected volatility of 50 percent (December 31, 2006 – 41 percent), risk-free rate of 3.96 percent (December 31, 2006 – 4.04 percent), and expected life of five years (December 31, 2006 – five years). The fair value of stock options granted during the period was \$1.27 (December 31, 2006 – \$1.53) per option. The Corporation has not re-priced any stock options. The Corporation has not incorporated an estimated forfeiture rate for stock options that will not vest; rather, the Corporation accounts for actual forfeitures as they occur.

(D) CONTRIBUTED SURPLUS

Balance, December 31, 2005	58,726
Stock-based compensation expense	762,618
Excess of share redemption amount over share stated amount (note 5 (a))	(2,010)
Balance, December 31, 2006	\$ 819,334
Stock-based compensation expense	241,407
Balance, March 31, 2007	\$ 1,060,741

(E) PER SHARE AMOUNTS

Per share amounts have been calculated using the weighted average number of shares outstanding. The following table details the basic and diluted common shares outstanding:

	Three months ended March 31, 2007	Three months ended March 31, 2006
Weighted average basic and diluted common shares outstanding	18,030,508	13,378,719

Options to purchase 1,693,000 common shares for the three months ended March 31, 2007 (March 31, 2006 – 1,174,000) were not included in the computation because they were anti-dilutive.

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6. COMMITMENTS

(A) Future minimum payments relating to master daywork drilling rig contract and operating lease for office space and equipment are:

2007	1,816,364
2008	907,554
2009	907,554
2010	832,989
2011	3,194
	\$ 4,467,655

(B) FLOW-THROUGH COMMON SHARES

On February 22, 2007 the Corporation issued 3,000,000 flow-through common shares for gross proceeds of \$12,000,000. Under the terms of the flow-through share agreements, the Corporation is required to renounce the \$12,000,000 of qualifying oil and natural gas expenditures effective December 31, 2007 and has until December 31, 2008 to incur the expenditures. As at March 31, 2007 the Corporation had incurred \$3,100,000 of qualifying expenditures and is required to incur an additional \$8,900,000 of expenditures.

7. COMMODITY PRICE RISK MANAGEMENT

On June 23, 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 three months ended March 31, 2007 there was a net settlement payment to the Corporation of \$16,127 relating to this contract. The Corporation would have received \$61,279 if the contract had been settled at March 31, 2007 (December 31, 2006 – \$750,940).

On November 20, 2006, the Corporation entered into a natural gas hedging transaction for 1,250 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, the sale of an \$9.90 per GJ January 1, 2007 to March 31, 2007 call option, the sale of an \$8.00 per GJ April 1, 2007 to October 31, 2007 call option and the sale of a \$9.90 per GJ November 1, 2007 to December 31, 2007 call option. During the three months ended March 31, 2007 there was a net settlement payment to the Corporation of \$8,063 relating to this contract. The Corporation would have been required to pay \$72,111 if the contract had been settled at March 31, 2007 (December 31, 2006 – Corporation would have received \$294,363).

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On February 8, 2007, the Corporation entered into a natural gas hedging transaction for 1,000 GJ per day for the period April 1, 2007 to March 31, 2008. This transaction consisted of the purchase of a \$7.00 per GJ put option and the sale of a \$10.16 per GJ call option. During the three months ended March 31, 2007 there were no net settlement payments relating to this contract. The Corporation would have been required to pay \$43,158 if the contract had been settled at March 31, 2007.

On February 8, 2007, the Corporation entered into a natural gas hedging transaction for 1,500 GJ per day for the period November 1, 2007 to March 31, 2008. This transaction consisted of the purchase of a \$7.50 per GJ put option and the sale of a \$10.67 per GJ call option. During the three months ended March 31, 2007 there were no net settlement payments relating to this contract. The Corporation would have been required to pay \$57,204 if the contract had been settled at March 31, 2007.

Corporate Information

Directors

A. Scott Dawson
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Calgary, Alberta

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Independent Businessman
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Harley L. Winger
Chairman
Partner, Burstall Winger LLP
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Kenneth S. Woolner
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Toscana Capital Corporation
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Officers

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President and
Chief Executive Officer

Gerald R. Costigan
Executive Vice-President

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

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

James F. Bland
Vice-President, Exploration

James L. Beninger
Vice-President, Land

David M. Griffith
Vice-President and
Chief Geophysicist

Daniel M. Boyko
Vice-President, Business
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Stock Exchange Listing

Toronto Stock Exchange
Symbol: ONR

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Abbreviations

bbls	barrels of oil inclusive of NGL
bcf	billion cubic feet
boe	barrels of oil equivalent, converting natural gas to oil at a ratio of six mcf of gas to one barrel of oil
boe/d	barrels of oil equivalent per day
G&A	general and administrative
GAAP	generally accepted accounting principles
GJ	Gigajoule
mbbls	thousand barrels
mboe	thousand barrels of oil equivalent
mcf	thousand cubic feet
mcf/d	thousand cubic feet per day
mmcf	million cubic feet
NGL	natural gas liquids
W.I.	working interest