



Q3 REPORT

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2007

FINANCIAL AND OPERATING HIGHLIGHTS

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Petroleum and natural gas revenues, including realized gain on commodity contracts	\$ 6,823,151	\$ 2,549,696	\$ 16,814,951	\$ 8,808,151
Funds from operations	4,413,069	1,614,718	10,576,236	4,208,782
Per basic and diluted share	0.22	0.11	0.55	0.30
Net earnings (loss)	611,329	360,651	867,817	(767,744)
Per basic and diluted share	0.03	0.03	0.05	(0.06)
Net debt	13,975,614	6,072,922	13,975,614	6,072,922
Capital expenditures, net	\$ 8,779,831	\$ 6,005,134	\$ 32,649,628	\$ 27,346,398
Weighted average shares outstanding, basic	19,763,841	14,410,619	19,192,412	13,941,472
Weighted average shares outstanding, diluted	19,763,841	14,414,045	19,192,412	13,941,472
Production				
Natural gas (mcf per day)	9,545	3,951	7,353	4,103
Oil and NGL (bbls per day)	225	74	165	79
Total (@ 6:1) (boe per day)	1,815	733	1,391	763
Realized average sales prices				
Natural gas (\$ per mcf)	5.49	5.78	6.67	6.65
Realized gains on commodity contracts (\$ per mcf)	0.84	—	0.39	—
Oil and NGL (\$ per bbl)	61.32	65.71	58.74	63.12
Combined average (\$ per boe)	40.85	37.82	44.28	42.29
Royalties (\$ per boe)	3.68	2.13	4.76	6.75
Operating costs (\$ per boe)	6.74	7.51	6.75	8.78
Operating netback (\$ per boe)	30.43	28.18	32.77	26.76
General and administrative costs, net (\$ per boe)	3.47	3.55	4.75	6.50
Interest expense, net (\$ per boe)	0.54	0.68	0.17	0.05
Corporate netback (\$ per boe)	26.42	23.95	27.85	20.21

CORPORATE HIGHLIGHTS

DURING THE THREE MONTHS ENDED SEPTEMBER 30, 2007, OPEN RANGE:

- » Produced an average of 1,815 boe per day (88 percent natural gas), a 148 percent increase from the Q3 2006 average and a 37 percent increase from the Q2 2007 average;
- » Increased funds from operations by 173 percent and funds from operations per share by 100 percent over Q3 2006, to \$4.4 million and \$0.22 per share, respectively;
- » Increased operating netbacks by 8 percent over Q3 2006, to \$30.43 per boe;
- » Reduced cash costs by 8 percent over Q3 2006, to \$10.75 per boe;
- » Realized gains on natural gas hedging contracts of \$0.7 million or \$0.84 per mcf;
- » Increased its bank lines to \$30.5 million with the National Bank of Canada;
- » Drilled four gross (1.8 net) wells successfully at Ansell/Sundance, encountering a total of 16 productive pay zones; and
- » Entered into a five section rolling option farm-in agreement at Ansell/Sundance.

FINANCIAL UPDATE

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In the third quarter of 2007, Open Range achieved record quarterly cash flow from operations of \$4.4 million or \$0.22 per share. This record cash flow was due to strong operating results, primarily driven by an operating netback of \$30.43 per boe and cash costs of \$10.75 per boe. The Corporation's successful natural gas price hedging program also contributed to the record cash flow, with realized gains of \$0.7 million or \$0.84 per mcf in the third quarter. The Corporation continues to operate prudently with emphasis on managing debt levels. At September 30, 2007, Open Range had net debt of \$14 million with total available bank lines of \$30.5 million.

On October 25, 2007 the Alberta government announced a New Royalty Framework (NRF) that will result in changes to royalties levied on natural gas and conventional oil produced in Alberta effective January 1, 2009. Open Range has reviewed the announced NRF to assess the potential impact on the Corporation. This assessment has shown that further clarification is needed with regards to the royalty changes proposed, specifically as they relate to deep natural gas drilling.

Based on interpretation of the information that has been released to date, Open Range engaged its independent reserve evaluation engineers, GLJ Petroleum Consultants Ltd. (GLJ), to assess the impact of the NRF on the Corporation. GLJ previously conducted the evaluation of Open Range's reserves at December 31, 2006 which formed the basis of Open Range's disclosure as at December 31, 2006. The associated economic forecasts were modified by GLJ and recalculated to include the provisions of the NRF. A comparison of results from the base evaluation and the proposed royalty changes indicates that, if implemented, the NRF would have a positive impact on Open Range's net present value of approximately six percent (based on 10 percent discounted pre-tax cash flows of proved plus probable reserves).

Open Range also performed an internal evaluation based on the information currently available on the NRF and including, but not limited to, \$6.00 per mcf natural gas prices, existing production profiles and actual measured well depths at the Corporation's properties. The result of this evaluation, after the full utilization of all of the Corporation's current deep well royalty holidays prior to that program's potential

expiry on December 31, 2008, is that Open Range's average royalty rate would increase by approximately one percent and cash flow from operations would decrease by less than two percent. Further internal analysis of the NRF suggests that future wells drilled to 3,000 metres at the Corporation's Ansell/Sundance property after January 1, 2009 could potentially experience higher royalty rates during the first year of production but lower royalty rates in subsequent years, assuming current production profiles and practices. The result would be a minimal impact to Open Range's current well economics. The Corporation is continuing to evaluate methods to further optimize economic returns under the NRF with consideration to production rates, well depths and natural gas prices.

EXPLORATION & OPERATIONS UPDATE

During the third quarter of 2007, Open Range continued its successful drilling program at Ansell/Sundance. The Corporation drilled and cased four (1.8 net) wells, encountering a total of 16 natural gas pay zones. Notably, two of these wells intersected gas pay in and proved productive our eleventh and twelfth commercial natural gas horizons at Ansell/Sundance. Subsequent to September 30, 2007, Open Range drilled and cased one (0.7 net) exploratory well in the Alberta foothills that is currently under evaluation.

Open Range continued to expand its land position at Ansell/Sundance during the third quarter by entering into a farm-in agreement with a major oil and natural gas company operating in the Ansell/Sundance area. Terms of the farm-in agreement provide the Corporation with access to five sections of highly prospective land based on a commitment to commence drilling of an initial earning well before November 15, 2007.

Open Range's production in the three months ended September 30, 2007 established a new quarterly record averaging 1,815 boe per day, a 148 percent increase over the average of 733 boe per day for the comparative period in 2006 and a 37 percent increase from the production average of 1,324 boe per day in the second quarter of 2007. The increase was entirely from the Ansell/Sundance property where five (3.0 net) new wells were brought on production in the quarter.

Current net production from the Ansell/Sundance property is approximately 1,150 boe per day from 19 wells and 57 pay zones. The Corporation currently has approximately 300 boe per day of net production awaiting tie-in once capacity becomes available at this property. Four of the five new wells brought on production in the third quarter are connected to the Corporation's compressor station that was constructed in the first quarter of 2007. One (0.5 net) new well was brought on production subsequent to September 30, 2007 at an initial rate of approximately 1.9 mmcf per day. Open Range is on track to meet its original 2007 guidance for average production of 1,450 boe per day.

During the third quarter the Corporation and several partners committed to upgrading the 10 mmcf per day Ansell/Sundance compressor station constructed earlier in the year into a 20 mmcf per day natural gas plant. The estimated \$4.5 million (\$1.5 million net) plant is expected to commence construction in the first quarter of 2008 with a target completion date in the second quarter of 2008. The Open Range operated gas plant will have a beneficial effect in accommodating future production volumes, alleviating current production capacity constraints, reducing operating costs and minimizing production downtime.

Operations at Ansell/Sundance in the fourth quarter of 2007 are expected to include the completion of two (0.8 net) wells and the drilling of one (0.6 net) well. Open Range expects one of these wells to come on production late in the fourth quarter pending available third party processing capacity.

Production from Open Range's Big Bend, Ferrier, and Garrington properties averaged 465 boe per day in the third quarter. There was no drilling activity at these properties during the quarter.

OUTLOOK

Open Range has held a cautious outlook on natural gas market conditions throughout 2007 and prudently developed and executed a successful natural gas hedging strategy as a result. This approach has substantially mitigated the Corporation's exposure to the current natural gas price environment. The Corporation has extended its natural gas hedging program into 2008 as it remains concerned about the near-term volatility of natural gas price. To date, the Corporation has an average of 3.8 mmcf per day hedged at an average floor price of \$7.21 per mcf throughout 2008.

Open Range's strong third quarter results continued to propel the Corporation's growth and financial performance. The Corporation's strategy to deliver strong production growth along with a low cost structure is providing a measure of insulation through this current weak natural gas price cycle. Clearly, the natural gas price environment and recently announced changes to the provincial royalty regime have caused a sense of instability in the capital markets. Fortunately, Open Range has maintained an emphasis on prudent financial management while delivering compelling growth in production and cash flow on both an absolute and per share basis. The Corporation's lower cash costs, proven repeatability of its drilling inventory and low debt levels position it advantageously for the challenges ahead.

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Open Range is currently formulating its 2008 capital investment program while considering the near-term weakness in natural gas prices, lack of clarity on the NRF and potential reductions in service costs. This evaluation will determine the size and tempo of its 2008 capital budget, details of which are expected to be communicated in the near future.

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- and nine-month periods ended September 30, 2007 and 2006. This MD&A should be read in conjunction with the unaudited interim financial statements for the three and nine months ended September 30, 2007 and 2006, 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 ratio 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.

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. A summary of this reconciliation is presented as follows:

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Cash flow from operating activities (per GAAP)	\$ 3,727,615	\$ 1,507,452	\$ 10,722,915	\$ 4,063,005
Change in non-cash working capital	685,454	107,266	(146,679)	145,777
Funds from operations	\$ 4,413,069	\$ 1,614,718	\$ 10,576,236	\$ 4,208,782

FORWARD-LOOKING STATEMENTS

6 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, increased 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, changes in federal and provincial tax laws and legislation (including the adoption and the implementation of new royalty regimes), 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 "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.

This MD&A is dated November 7, 2007.

DETAILED FINANCIAL ANALYSIS

PRODUCTION

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Production				
Oil and NGL (bbls/d)	225	74	165	79
Natural gas (mcf/d)	9,545	3,951	7,353	4,103
Total (boe/d)	1,815	733	1,391	763
% natural gas	88	90	88	90

Open Range's production for the three and nine months ended September 30, 2007 increased significantly from the comparative periods in 2006. The increases in both periods resulted from the successful drilling activity in 2006 and continuing throughout the first nine months of 2007. Production in the three and nine months ended September 30, 2007 averaged 1,815 boe per day and 1,391 boe per day, respectively. These figures represented increases of 148 percent and 82 percent, respectively, from the average production of 733 boe per day and 763 boe per day for the respective three- and nine-month periods ended September 30, 2006. Natural gas production in the three and nine months ended September 30, 2007 increased to 9,545 mcf per day and 7,353 mcf per day, respectively, from 3,951 mcf per day and 4,103 mcf per day, respectively, for the three and nine months ended September 30, 2006. Oil and natural gas liquids (NGL) production in the three months ended September 30, 2007 increased by 204 percent to 225 barrels per day from 74 barrels per day in the third quarter of 2006. In the nine months ended September 30, 2007, oil and NGL production increased by 109 percent to 165 boe per day from 79 boe per day in the first nine months of 2006.

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

OIL AND NATURAL GAS REVENUES

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Revenue				
Oil and NGL	\$ 1,266,842	\$ 449,324	\$ 2,652,833	\$ 1,365,289
Natural gas	4,822,899	2,100,372	13,383,955	7,442,862
Realized gains on commodity contracts	733,410	–	778,163	–
Total	\$ 6,823,151	\$ 2,549,696	\$ 16,814,951	\$ 8,808,151
Average realized price				
Oil and NGL (\$/bbl)	61.32	65.71	58.74	63.12
Natural gas (\$/mcf)	5.49	5.78	6.67	6.65
Realized gains on commodity contracts (\$/mcf)	0.84	–	0.39	–
Combined average (\$/boe)	40.85	37.82	44.28	42.29
Benchmark pricing				
Edmonton Par (Cdn\$/bbl)	78.11	80.67	73.83	76.02
Alberta Spot (Cdn\$/mcf)	5.06	5.58	6.47	6.26

Revenue, including realized gains on commodity contracts, for the three months ended September 30, 2007 increased by 168 percent to \$6.8 million from \$2.5 million in the comparative period in 2006. The increase in revenue was a result of a 148 percent increase in production volumes and an 8 percent increase in the combined average sales price from the third quarter of 2006. In the first nine months of 2007, revenue increased by 91 percent to \$16.8 million from \$8.8 million in the comparative period in 2006. The increase was due to an 82 percent increase in production volumes and a 5 percent increase in the combined average sales price. The changes in average sales prices for oil, NGL and natural gas realized by Open Range for the three and nine months ending September 30, 2007 from the comparative periods in 2006, respectively, are consistent with the fluctuations in benchmark oil and natural gas prices over the same periods. 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.

Open Range realized gains on commodity contracts of \$0.7 million and \$0.8 million for the three and nine months ended September 30, 2007, respectively. These realized gains related to natural gas commodity contracts and amounted to an additional \$0.84 per mcf and \$0.39 per mcf on the Corporation's respective natural gas production for the three and nine months ended September 30, 2007.

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UNREALIZED GAIN 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 third quarter and first nine months of 2007, the Corporation recorded unrealized gains on commodity contracts of \$0.6 million in each period. These amounts represented the change in the fair value of the commodity contracts held by the Corporation during the three- and nine-month periods ended September 30, 2007.

Natural gas hedging contracts entered into by the Corporation are as follows:

Period	Volume (GJ/d)	Type	Average Monthly AECO Spot Floor (Cdn\$/GJ)	Average Monthly AECO Spot Ceiling (Cdn\$/GJ)	Unrealized Gain (Loss) for the Three Months Ended September 30, 2007	Unrealized Gain for the Three Months Ended September 30, 2006	Unrealized Gain (Loss) for the Nine Months Ended September 30, 2007	Unrealized Gain for the Nine Months Ended September 30, 2006
May to Dec. 2006	2,500	Costless Collar	\$5.00	\$10.50	\$ -	\$ 82,704	\$ -	\$ 90,111
Jan. to Dec. 2007	2,500	Costless Collar	\$7.00	\$10.20	(125,284)	704,908	(418,492)	689,048
Jan. to Dec. 2007	1,250	Costless Collar	\$7.00	\$8.00 - \$9.90	(53,383)	-	(128,213)	-
Apr. 2007 to Mar. 2008	1,000	Costless Collar	\$7.00	\$10.16	10,501	-	220,599	-
Nov. 2007 to Mar. 2008	1,500	Costless Collar	\$7.50	\$10.67	158,452	-	328,034	-
Jan. to Dec. 2008	3,000	Costless Collar	\$6.75	\$7.50 - \$9.12	619,446	-	619,446	-
					\$ 609,732	\$ 787,612	\$ 621,374	\$ 779,159

For more details on these contracts refer to note 7, Commodity Price Risk Management, in the unaudited interim financial statements for the three and nine months ended September 30, 2007.

ROYALTIES

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Royalty expense – oil and NGL	\$ 335,216	\$ 99,153	\$ 638,745	\$ 299,869
Royalty expense – natural gas	279,376	44,126	1,167,119	1,105,309
Total	\$ 614,592	\$ 143,279	\$ 1,805,864	\$ 1,405,178
\$ per boe	3.68	2.13	4.76	6.75
% of sales	10	6	11	16

Royalties totalled \$0.6 million and \$1.8 million for the third quarter and first nine months of 2007, respectively, compared to \$0.1 million and \$1.4 million, respectively, for the comparative periods in 2006. On a per unit of production basis, royalty costs were down by 29 percent from the first nine months in 2006, mainly due to the receipt of deep well royalty holiday payments for wells at Ansell/Sundance. Royalties as a percentage of revenue for the nine months ended September 30, 2007 also decreased to 11 percent from 16 percent in the comparative period in 2006.

Open Range anticipates an average royalty rate for the remainder of 2007 of approximately 12 to 15 percent of revenue, reflecting the deep well royalty holidays being partially offset by the elimination of the Alberta Royalty Tax Credit program by the Alberta government on January 1, 2007. The Corporation expects the deep well royalty holiday to have a continuing beneficial effect on royalty expenses through 2008, due to Open Range's continued drilling of deep natural gas wells on qualifying lands.

On October 25, 2007 the Alberta government announced a New Royalty Framework (NRF) that will result in changes to royalties levied on natural gas and conventional oil produced in Alberta effective January 1, 2009. Open Range expects the NRF, if enacted as proposed, to increase its average royalty rate commencing January 1, 2009, subject to transitional rules which have not yet been made available to the Corporation. The Corporation anticipates that the proposed changes to royalties will also have a negative impact on net earnings, funds from operations, cash flow from operating activities, operating netbacks, and reserve values, which may create uncertainty as to the recoverability of the carrying value of the Corporation's petroleum and natural gas assets.

OPERATING COSTS & NETBACK

(\$ per boe)	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Average realized sales price	40.85	37.82	44.28	42.29
Royalty expenses	3.68	2.13	4.76	6.75
Operating costs (including transportation costs)	6.74	7.51	6.75	8.78
Operating netback	30.43	28.18	32.77	26.76

The Corporation's operating netback for the third quarter and first nine months of 2007 increased to \$30.43 per boe and \$32.77 per boe, respectively, from \$28.18 per boe and \$26.76 per boe for the respective periods in 2006. The operating netback increased by 8 percent and 22 percent, respectively, for the three and nine months ended September 30, 2007 from the respective periods in 2006. This was mainly due to an increase in realized average sales price and lower operating costs.

Operating costs including transportation costs were \$1.1 million and \$2.6 million for the three- and nine-month periods ending September 30, 2007, respectively, compared to \$0.5 million and \$1.8 million for the comparative periods in 2006. On a per unit of production basis, operating costs for the third quarter and first nine months of 2007 were \$6.74 per boe and \$6.75 per boe, respectively. These amounts

represent a 10 percent and 23 percent respective reduction from \$7.51 per boe and \$8.78 per boe for the comparative periods in 2006. The reductions were due primarily to operating efficiencies being realized at Ansell/Sundance as newly drilled wells are tied in. With production continuing to grow, Open Range expects operating costs, including transportation costs, to average approximately \$6.00 to \$7.00 per boe for the balance of 2007. Of the Corporation's operating costs, transportation costs were \$0.1 million or \$0.75 per boe for the third quarter and \$0.3 million or \$0.82 per boe for the first nine months of 2007.

GENERAL AND ADMINISTRATIVE (G&A) EXPENSES

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Gross	\$ 1,346,689	\$ 831,332	\$ 3,899,328	\$ 2,918,410
Partner recovery	(166,750)	(202,803)	(374,089)	(257,106)
Capitalized G&A costs	(600,633)	(389,078)	(1,722,293)	(1,307,273)
Net G&A	\$ 579,306	\$ 239,451	\$ 1,802,946	\$ 1,354,031
\$ per boe net	3.47	3.55	4.75	6.50

G&A costs for the three months ended September 30, 2007 totalled \$0.6 million or \$3.47 per boe after overhead recoveries and capitalization of \$0.6 million. On a per boe basis G&A costs in the third quarter of 2007 declined by 2 per cent from \$3.55 per boe in the third quarter of 2006. In the first nine months of 2007, net G&A costs per boe decreased by 27 percent to \$4.75 from \$6.50 in the comparable period of 2006. The reduction per boe was mainly due to increased production in the third quarter and first nine months of 2007 more than offsetting the impact of increased net G&A costs. Capitalized G&A costs represented 45 percent of gross G&A costs in the third quarter of 2007 as the Corporation continued to focus on exploration activities and capitalized its exploration, geological and geophysical expenses.

Open Range expects its net G&A costs to average approximately \$3.00 to \$4.00 per boe for the remainder of 2007, reflecting the Corporation's continued forecast production growth combined with no significant planned increase in quarterly G&A spending.

INTEREST EXPENSE

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Interest income	\$ (12,046)	\$ (3,143)	\$ (101,743)	\$ (42,116)
Interest expense	102,536	49,012	167,677	53,093
Net interest expense	\$ 90,490	\$ 45,869	\$ 65,934	\$ 10,977
\$ per boe net	0.54	0.68	0.17	0.05

Net interest expense for the three and nine months ended September 30, 2007 was \$90,490 or \$0.54 per boe and \$65,934 or \$0.17 per boe, respectively. The interest earned on available cash balances through short-term interest-bearing instruments at the beginning of the year partially offset the interest expense paid on the Corporation's credit facility through the balance of the first nine months of 2007. The Corporation has no exposure to the Canadian Asset-Backed Commercial Paper liquidity issue as at September 30, 2007.

Open Range's continuing exploration activity will require incurring some debt during the year. The Corporation continues to manage debt levels prudently and expects net interest expense to be relatively low for the year. Open Range had drawn \$10.4 million on its credit facility at September 30, 2007.

STOCK-BASED COMPENSATION

During the third quarter of 2007, stock-based compensation of \$146,960 was expensed and \$130,631 was capitalized. This resulted in total stock-based compensation for the three months ended September 30, 2007 of \$277,591, compared to \$184,081 for the third quarter of 2006. For the nine months ended September 30, 2007 stock-based compensation of \$398,848 was expensed and \$379,515 was capitalized, compared to \$365,354 expensed and \$174,389 capitalized for the comparative nine-month period in 2006. The increases in stock-based compensation expense were due to the additional expense associated with the stock options granted subsequent to September 30, 2006. At September 30, 2007 there were 1,922,500 stock options outstanding compared to 1,363,000 outstanding at September 30, 2006.

DEPLETION, DEPRECIATION AND ACCRETION

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Depletion and depreciation	\$ 3,855,701	\$ 1,632,448	\$ 9,212,417	\$ 5,167,813
Accretion	45,043	40,480	132,102	117,456
Total	\$ 3,900,744	\$ 1,672,928	\$ 9,344,519	\$ 5,285,269
Depletion and depreciation (\$/boe)	23.09	24.21	24.26	24.81
Accretion (\$/boe)	0.27	0.60	0.35	0.56
Total (\$/boe)	23.36	24.81	24.61	25.37

II

Depletion, depreciation and accretion (DD&A) are calculated based upon cumulative capital expenditures, production rates and reserves. Open Range recorded \$3.9 million or \$23.36 per boe in DD&A for the three months ended September 30, 2007 compared to \$1.7 million or \$24.81 per boe for the comparative period in 2006. DD&A for the nine months ended September 30, 2007 increased to \$9.3 million or \$24.61 per boe from \$5.3 million or \$25.37 per boe in the first nine months of 2006. The per boe decrease is due to reserve additions in the first nine months of 2007 being partially offset by higher average production and the increased capital expenditures associated with drilling since September 30, 2006.

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 \$12 million have been excluded in the calculation and future development costs of \$1.9 million have been included in the capital base used in the calculation.

INCOME TAXES

For the quarter ended September 30, 2007 the Corporation recorded a future income tax expense of \$0.4 million. In the nine-month period ended September 30, 2007, a future income tax expense of \$0.6 million 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 nine months 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 September 30, 2007, the Corporation had incurred all of the required qualifying expenditures relating to this flow-through share issuance.

The Corporation estimates that at September 30, 2007 tax pools of \$78.8 million are available for deduction against future taxable income.

EARNINGS (LOSS)

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Earnings (loss)	\$ 611,329	\$ 360,651	\$ 867,817	\$ (767,744)
Earnings (loss) per basic and diluted share	\$ 0.03	\$ 0.03	\$ 0.05	\$ (0.06)

The Corporation recorded net earnings of \$0.6 million or \$0.03 per basic and diluted share in the third quarter of 2007, compared to net earnings of \$0.4 million or \$0.03 per basic and diluted share for the comparative period in 2006. Net earnings for the nine months ended September 30, 2007 were \$0.9 million or \$0.05 per basic and diluted share compared to a net loss of \$0.8 million or \$0.06 per basic and diluted share for the comparative period in 2006.

FUNDS FROM OPERATIONS

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Funds from operations	\$ 4,413,069	\$ 1,614,718	\$ 10,576,236	\$ 4,208,782
Funds from operations per boe	26.42	23.95	27.85	20.21
Funds from operations per basic and diluted share	\$ 0.22	\$ 0.11	\$ 0.55	\$ 0.30

I2

In the third quarter and first nine months of 2007 Open Range generated funds from operations of \$4.4 million and \$10.6 million, respectively, compared to \$1.6 million and \$4.2 million for the comparative periods in 2006. During the three months ended September 30, 2007 funds from operations increased by 173 percent and funds from operations per share increased by 100 percent from the third quarter of 2006. For the first nine months of 2007 funds from operations increased by 151 percent and funds from operations per share increased by 83 percent from the same period in 2006. The significant increase in funds from operations was due to stronger operating results, primarily driven by higher average production, as well as stronger netbacks which in turn were caused mainly by higher average realized sales prices and reductions to per-unit operating costs.

CAPITAL EXPENDITURES

(millions)	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Land	\$ —	\$ 0.3	\$ 3.8	\$ 5.7
Seismic	—	(0.6)	0.2	2.7
Drilling and intangibles	8.1	4.8	22.7	13.9
Facilities and equipment	0.2	1.1	4.5	1.9
Other assets	—	—	—	2.0
Capitalized G&A and stock-based compensation	0.6	0.4	1.9	1.3
Total capital expenditures	\$ 8.9	\$ 6.0	\$ 33.1	\$ 27.5

Open Range's capital budget during both the current and previous reporting periods was focused heavily on drilling and completing wells. During the three months ended September 30, 2007, Open Range drilled four gross natural gas wells (1.8 net) at its core Ansell/Sundance property with a 100 percent success rate. In the first nine months of 2007, the Corporation drilled 16 gross wells (5.95 net) with a 100 percent success rate. Facilities and equipment expenditures for the nine months ended September 30, 2007 relate mainly to the costs associated with connecting successful wells to existing infrastructure and the construction costs related to expanding compression capacity at Ansell/Sundance. The Corporation's average working interest on new wells during the third quarter of 2007 was 45 percent. Open Range's average working interest on new wells drilled at Ansell/Sundance in the first nine months of 2007 was 51 percent, with a combined average working interest on new wells at all the Corporation's properties of 37 percent for the same period.

	Three months ended				Nine months ended			
	Sept. 30, 2007		Sept. 30, 2006		Sept. 30, 2007		Sept. 30, 2006	
Wells drilled	Gross	Net	Gross	Net	Gross	Net	Gross	Net
Exploration	4	1.8	1	0.5	11	5.60	7	2.99
Development	–	–	–	–	5	0.35	5	1.12
Total	4	1.8	1	0.5	16	5.95	12	4.11
Average working interest	45.0%		50%		37.2%		34.3%	
Success rate	100%		100%		100%		100%	

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SHARE CAPITAL

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Weighted average common shares outstanding, basic	19,763,841	14,410,619	19,192,412	13,941,472
Weighted average common shares outstanding, diluted	19,763,841	14,414,045	19,192,412	13,941,472

Options to purchase 1,922,500 common shares for the three and nine months ended September 30, 2007 and 1,237,000 common shares for the three and nine months ended September 30, 2006 were not included in the computation of weighted average diluted shares outstanding because they were anti-dilutive.

Outstanding securities	As at November 7, 2007
Common shares	19,763,841
Stock options	1,922,500
Total outstanding securities	21,686,341
Proportion of outstanding securities held by officers and directors	19%

During the first nine months of 2007, Open Range raised \$12 million through a flow-through common share private placement. Also in the nine months ended September 30, 2007, the Corporation issued 252,500 stock options to employees. At September 30, 2007 the Corporation had 1,922,500 stock options outstanding with an average exercise price of \$4.09.

RELATED-PARTY AND OFF-BALANCE-SHEET TRANSACTIONS

Open Range was not involved in any related-party or off-balance-sheet transactions during the three and nine months ended September 30, 2007.

LIQUIDITY AND CAPITAL RESOURCES

Open Range had a working capital deficiency of \$14 million at September 30, 2007. In the third quarter of 2007, the Corporation had its bank lines increased to \$30.5 million following the completion of its bank's semi-annual review of the extendable revolving credit facility and the acquisition and development facility. The facilities were increased to \$25 million and \$5.5 million, respectively. The Corporation's credit facilities are subject to semi-annual review with the next review occurring before April 30, 2008. 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 Sept. 30, 2007
Bank lines available	\$ 30,500,000
Working capital deficiency	(13,975,614)
Capital resources available	\$ 16,524,386

I4

The Corporation's capital expenditure budget for 2007 is anticipated to be \$40 million. The capital program has been and is expected to continue to be funded through a combination of cash flow from operations, the credit facility and the flow-through common share financing that closed in February 2007.

QUARTERLY DATA

	2007				2006			2005
	Q3	Q2	Q1	Q4	Q3	Q2	Period from November 30 to December 31	Q1
Production								
Natural gas (mcf/d)	9,545	7,009	5,460	5,111	3,951	4,320	3,990	2,800
Oil and NGL (bbls/d)	225	156	115	81	74	108	54	45
Total (boe/d)	1,815	1,324	1,025	933	733	828	719	512
% natural gas	88	88	89	91	90	87	92	91
Financial								
(\$000s except per share amounts and share numbers)								
Revenue ⁽¹⁾	6,823	5,556	4,436	3,699	2,550	3,132	3,126	1,207
Net earnings (loss)	611	1,277	(1,021)	(160)	361	(721)	(408)	128
Net earnings (loss) per basic and diluted share (\$)	0.03	0.06	(0.06)	(0.01)	0.03	(0.05)	(0.03)	0.01
Funds from operations	4,413	3,709	2,454	1,931	1,615	1,314	1,280	617
Funds from operations per basic and diluted share (\$)	0.22	0.19	0.14	0.12	0.11	0.09	0.10	0.06
Total assets (end of period)	93,289	86,746	85,984	78,656	64,303	62,759	52,821	48,319
Capital expenditures	8,780	11,285	12,585	6,985	6,277	7,405	13,936	31,300
Weighted average basic and diluted shares (000s)	19,764	19,764	18,031	15,779	14,410	14,085	13,379	10,467

⁽¹⁾ Revenue includes realized gains on commodity contracts.

Open Range's quarterly growth in production volumes, revenues, funds from operations, funds from operations per share and total assets is attributable to the active exploration and development drilling program at the Corporation's Deep Basin properties, particularly the Ansell/Sundance core area.

CONTRACTUAL OBLIGATIONS ⁽¹⁾⁽²⁾

As at September 30, 2007 (\$000s)	Total	Less than 1 Year	1-3 Years	4-5 Years	After 5 Years
Payments for office lease	2,833	895	1,938	–	–
Payments for office equipment lease	45	13	32	–	–
Total	2,878	908	1,970	–	–

⁽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 interim financial statements for the three and nine months ended September 30, 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 interim financial statements for the three and nine months ended September 30, 2007. 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.

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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 GAAP. 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 November 7, 2007. The financial statements have been prepared using policies and procedures established by management in accordance with Canadian GAAP 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 Sept. 30, 2007	As at Dec. 31, 2006
ASSETS		
Current assets:		
Accounts receivable	\$ 8,254,493	\$ 16,900,727
Prepaid expenses and deposits	727,773	887,345
Fair value of commodity contracts (note 7)	1,666,677	1,045,303
	10,648,943	18,833,375
Future income taxes	–	1,328,179
Property, plant and equipment (note 2)	82,639,830	58,494,758
	\$ 93,288,773	\$ 78,656,312
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current liabilities:		
Bank indebtedness (note 3)	\$ 10,354,353	\$ 3,836,468
Accounts payable and accrued liabilities	13,734,867	18,278,212
Future income taxes	535,337	–
	24,624,557	22,114,680
Future income taxes	484,600	–
Asset retirement obligations (note 4)	2,314,716	1,994,891
Shareholders' equity:		
Share capital (note 5)	64,198,871	54,526,892
Contributed surplus (note 5)	1,597,697	819,334
Retained earnings (deficit)	68,332	(799,485)
	65,864,900	54,546,741
Commitments (note 6)		
	\$ 93,288,773	\$ 78,656,312

See accompanying notes to financial statements.

Statements of Operations and Retained Earnings (Deficit)

(Unaudited)	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Revenues:				
Petroleum and natural gas	\$ 6,089,741	\$ 2,549,696	\$ 16,036,788	\$ 8,808,151
Royalties (net of Alberta Royalty Tax Credit)	(614,592)	(143,279)	(1,805,864)	(1,405,178)
Interest and other	12,046	3,143	101,743	42,116
Realized gain on commodity contracts (note 7)	733,410	–	778,163	–
Unrealized gain (loss) on commodity contracts (note 7)	609,732	787,612	621,374	779,159
	6,830,337	3,197,172	15,732,204	8,224,248
Expenses:				
Operating	1,125,694	506,379	2,563,971	1,829,182
General and administrative	579,306	239,451	1,802,946	1,354,032
Stock-based compensation	146,960	97,454	398,848	365,354
Interest	102,536	49,012	167,677	53,093
Depletion and depreciation	3,855,701	1,632,448	9,212,417	5,167,813
Accretion of asset retirement obligations	45,043	40,480	132,102	117,456
	5,855,240	2,565,224	14,277,961	8,886,930
Earnings (loss) before income taxes	975,097	631,948	1,454,243	(662,682)
Future income tax expense	363,768	271,297	586,426	105,062
Net earnings (loss)	611,329	360,651	867,817	(767,744)
Retained earnings (deficit), beginning of period	(542,997)	(1,000,237)	(799,485)	128,158
Retained earnings (deficit), end of period	\$ 68,332	\$ (639,586)	\$ 68,332	\$ (639,586)
Earnings (loss) per share (note 5):				
Basic	\$ 0.03	\$ 0.03	\$ 0.05	\$ (0.06)
Diluted	\$ 0.03	\$ 0.03	\$ 0.05	\$ (0.06)

See accompanying notes to financial statements.

Statements of Cash Flows

(Unaudited)	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Cash provided by (used in):				
Operating:				
Net earnings (loss)	\$ 611,329	\$ 360,651	\$ 867,817	\$ (767,744)
Items not involving cash:				
Depletion and depreciation	3,855,701	1,632,448	9,212,417	5,167,813
Accretion of asset retirement obligations	45,043	40,480	132,102	117,456
Future income tax expense	363,768	271,297	586,426	105,062
Stock-based compensation	146,960	97,454	398,848	365,354
Unrealized gain on commodity contracts	(609,732)	(787,612)	(621,374)	(779,159)
Change in non-cash working capital	(685,454)	(107,266)	146,679	(145,777)
	3,727,615	1,507,452	10,722,915	4,063,005
Financing:				
Issue of common shares, net of issue costs	1,488	142,983	11,293,046	11,928,162
Repurchase of common shares	-	(60,140)	-	(528,240)
Bank indebtedness	5,620,013	6,065,789	6,517,885	6,065,789
	5,621,501	6,148,632	17,810,931	17,465,711
Investing:				
Acquisition of property, plant and equipment	(8,779,843)	(6,276,634)	(32,649,640)	(27,617,898)
Disposition of property, plant and equipment	12	271,500	12	271,500
Change in non-cash working capital	(569,285)	(3,979,126)	4,115,782	(1,210,367)
	(9,349,116)	(9,984,260)	(28,533,846)	(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	\$ 12,046	\$ 3,143	\$ 101,743	\$ 42,116
Interest paid	\$ 102,536	\$ 49,012	\$ 167,677	\$ 53,093

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

Notes to Financial Statements

For the three and six months ended September 30, 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 to 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.

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 concerning the Corporation's financial instruments as well as its capital and how it is managed.

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2. PROPERTY, PLANT AND EQUIPMENT

	Sept. 30, 2007	Dec. 31, 2006
Petroleum and natural gas properties	\$ 97,332,537	\$ 64,003,179
Other assets	2,299,928	2,271,797
	99,632,465	66,274,976
Accumulated depletion and depreciation	(16,992,635)	(7,780,218)
Net book value	\$ 82,639,830	\$ 58,494,758

During the three and nine month periods ended September 30, 2007, the Corporation capitalized \$731,264 and \$2,101,808 (September 30, 2006 – \$475,705 and \$1,481,662), respectively, of overhead-related costs to petroleum and natural gas properties, of which \$130,631 and \$379,515 (September 30, 2006 – \$86,627 and \$174,389), respectively, related to stock-based compensation. The future tax liability of \$48,404 and \$140,623 (September 30, 2006 – \$42,844 and \$92,219) associated with the capitalized stock-based compensation has also been capitalized for the three and nine months ended September 30, 2007, respectively.

Costs associated with unproved properties excluded from costs subject to depletion as at September 30, 2007 totalled \$11,987,000 (September 30, 2006 – \$9,948,000). Future development costs of proved reserves of \$1,924,000 at September 30, 2007 (September 30, 2006 – \$671,000) 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, eliminating associated asset retirement obligations of \$183,850.

3. BANK DEBT

The Corporation has a \$25,000,000 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 the bank's prime rate plus 0.125 percent per annum and the bank's prime rate 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. The Corporation's credit facilities are subject to semi-annual review with the next review occurring on or before April 30, 2008. As at September 30, 2007 \$10,354,353 (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 6.375 percent at September 30, 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 as at September 30, 2007 is approximately \$6,491,000 (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 interest 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:

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	Nine months ended Sept. 30, 2007	Year ended Dec. 31, 2006
Balance, beginning of period	\$ 1,994,891	\$ 1,896,045
Liabilities incurred	187,723	127,488
Dispositions (note 2)	–	(183,850)
Accretion expense	132,102	155,208
Balance, end of period	\$ 2,314,716	\$ 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 \$209,773)	–	(497,181)
Tax effect of flow-through shares issued in 2006	–	(1,830,840)
Balance, September 30, 2007	19,763,841	\$ 64,198,871

(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 1,922,500 had been granted as at September 30, 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 of the date of grant.

	Nine months ended Sept. 30, 2007		Year ended Dec. 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	252,500	3.52	780,000	3.65
Forfeited	(3,000)	3.53	(141,000)	4.55
Granted and outstanding, end of period	1,922,500	4.09	1,673,000	4.17
Exercisable at period-end	454,000	\$ 4.29	302,666	\$ 4.61

The following table summarizes information about the fixed stock options outstanding at September 30, 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	454,000	\$ 3.12	4.1	–	\$ –
\$3.60 – \$4.75	1,468,500	\$ 4.39	3.5	454,000	\$ 4.29
\$2.65 – \$4.75	1,922,500	\$ 4.09	3.6	454,000	\$ 4.29

(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 during the nine month period ended September 30, 2007: zero dividend yield, average expected volatility of 52 percent (December 31, 2006 – 41 percent), risk-free interest rate of 4.31 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 \$1.75 per option (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	778,363
Balance, September 30, 2007	\$ 1,597,697

(E) PER SHARE AMOUNTS

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

	Three months ended		Nine months ended	
	Sept. 30, 2007	Sept. 30, 2006	Sept. 30, 2007	Sept. 30, 2006
Weighted average common shares	19,763,841	14,410,619	19,192,412	13,941,472
Stock option dilution	–	3,426	–	–
Weighted diluted common shares outstanding	19,763,841	14,414,045	19,192,412	13,941,472

Options to purchase 1,922,500 common shares for the three and nine months ended September 30, 2007 (September 30, 2006 – 1,363,000) were not included in the computation because they were anti-dilutive.

6. COMMITMENTS

(A) Future minimum payments relating to operating leases for office space and equipment are:

2007	\$	226,889
2008		907,554
2009		907,554
2010		832,989
2011		3,194
	\$	<u>2,878,180</u>

(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 September 30, 2007 the Corporation had incurred all of the required qualifying expenditures.

7. COMMODITY PRICE RISK MANAGEMENT

As at September 30, 2007, the Corporation had entered into the following natural gas hedging transactions:

Period	Volume (GJ/d)	Type	Average Monthly AECO Spot Floor (Cdn\$/GJ)	Average Monthly AECO Spot Ceiling (Cdn\$/GJ)	Fair Value of Contract as at September 30, 2007	Realized Gains for the Three Months Ended September 30, 2007	Realized Gains for the Nine Months Ended September 30, 2007
Jan. to Dec. 2007	2,500	Costless Collar	\$7.00	\$10.20	\$ 332,449	\$ 386,005	\$ 412,955
Jan. to Dec. 2007	1,250	Costless Collar	\$7.00	\$8.00-\$9.90	166,150	193,003	206,477
Apr. 2007 to Mar. 2008	1,000	Costless Collar	\$7.00	\$10.16	220,599	154,402	158,731
Nov. 2007 to Mar. 2008	1,500	Costless Collar	\$7.50	\$10.67	328,034	–	–
Jan. to Dec. 2008	3,000	Costless Collar	\$6.75	\$7.50-\$9.12	619,445	–	–
					\$1,666,677	\$ 733,410	\$ 778,163

Corporate Information

Directors

A. Scott Dawson
President and
Chief Executive Officer
Open Range Energy Corp.
Calgary, Alberta

Kenneth J. Faircloth
Independent Businessman
Calgary, Alberta

Harley L. Winger
Chairman
Partner, Burstall Winger LLP
Calgary, Alberta

Kenneth S. Woolner
Chairman, Oban Energy Ltd.
Calgary, Alberta

Dean R. Jensen
Partner
Toscana Capital Corporation
Calgary, Alberta

Officers

A. Scott Dawson
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
Development and Exploitation

Corporate Secretary

Jarrod J. Isfeld
Burstall Winger LLP
Calgary, Alberta

Head Office

Open Range Energy Corp.
1100, 645-7th Ave. S.W.
Calgary, Alberta T2P 4G8
Tel: (403) 262-2936
Fax: (403) 262-3924

Legal Counsel

Burstall Winger LLP
Calgary, Alberta

Auditors

KPMG LLP
Calgary Alberta

Evaluation Engineers

GLJ Petroleum Consultants Ltd.
Calgary, Alberta

Banker

National Bank of Canada
Calgary, Alberta

Transfer Agent

Valiant Trust Company
Suite 310, 606-4th Street S.W.
Calgary, Alberta T2P 1T1
Tel: (403) 233-2801
Fax: (403) 233-2857

Stock Exchange Listing

Toronto Stock Exchange
Symbol: ONR

Investor Relations Contact

A. Scott Dawson
President and Chief Executive Officer
Tel: (403) 262-2936
Email: sdawson@openrangeenergy.com
www.openrangeenergy.com

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



1100, 645-7th Avenue S.W.

Calgary, Alberta T2P 4G8

Tel: (403) 262-2936

Fax: (403) 262-3924

www.openrangeenergy.com