MANAGEMENT DISCUSSION & ANALYSIS

The following is management's discussion and analysis ("MD&A") of the operating and financial results for the year ended December 31, 2006 of New Range Resources Ltd. ("New Range" or "the Company"), dated as of April 27, 2007. This discussion should be read in conjunction with the Company's financial statements and notes for the years ended December 31, 2006 and 2005. The reader must be aware that historical results are not necessarily indicative of the future performance. All amounts are reported in Canadian dollars. The aforementioned documents can be accessed on the SEDAR web site www.sedar.com.

Nature of Business and Basis of Presentation

New Range was incorporated as "Open Range Capital Corp." under the *Business Corporations Act* (Alberta) on April 7, 2004. On March 30, 2006, a plan of arrangement involving the Company, Siga Resources Limited and Open Range Resources Ltd. was consummated and marked the commencement of oil and natural gas operations for the amalgamated Company. Under the plan of arrangement, Open Range Resources Ltd. acquired all the issued and outstanding shares of Siga Resources Limited in exchange for cash, and immediately thereafter, the Company acquired all the issued and outstanding shares of Open Range Resources Ltd. in exchange for shares of the Company. As both the Company and Open Range Resources Ltd. were controlled by the same group of shareholders and had the same Board of Directors, no change of control occurred with the purchase of Open Range Resources Ltd., and as a result, for accounting purposes, this transaction is being treated as occurring effective January 1, 2006. This is in accordance with the CICA Handbook's EIC 89 – *Exchanges of Ownership Interests Between Enterprises Under Common Control*, which provides that in such circumstances, the accounting treatment for a purchase is to be done on a continuity of interest basis. This allows for the two companies to merge their operations together as if they had always operated as one company, which in this case, has been selected by management to be as of January 1, 2006, notwithstanding the transaction closed on March 30, 2006.

For the purposes of calculating revenues and costs on a per unit basis, natural gas volumes have been converted to barrels ("bbl") of oil equivalent ("boe") using six thousand cubic feet ("mcf") of natural gas equal to one boe. This conversion conforms to Canadian Securities Regulators National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*. Use of the term boe may be misleading, particularly if used in isolation. A boe conversion ratio of 6 mcf:1 bbl is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

Non GAAP Measures

This MD&A contains the term cash flow from operations, which should not be considered an alternative to, or more meaningful than, cash flows from operating activities as determined in accordance with Canadian Generally Accepted Accounting principles ("GAAP") as an indicator of New Range's performance. New Range's determination of cash flow from operations may not be comparable to that reported by other companies. The reconciliation between net earnings and cash flows from operating activities can be found in the statement of cash flows. The Company also presents cash flow per share whereby cash flow from operations is divided by the weighted average number of shares outstanding to determine per share amounts.

Forward-Looking Information

Certain statements contained in this annual management discussion and analysis may contain words such as "could", "should", "expect", "believe", "will" and similar expressions and statements relating to matters that are not historical facts but are forward-looking statements. Such forward-looking statements are subject to both known and unknown risks and uncertainties which may cause the actual results,

performances or achievements of New Range to be materially different from any future results, performances or achievements expressed or implied by such forward-looking statements. Such factors include, among other things, the receipt of required regulatory approvals, the availability of sufficient capital, the estimated cost and availability of funding for the continued exploration and development of New Range's prospects, political and economic conditions, commodity prices and other factors.

Corporate Financial and Operational Summary

	Years Ended December 31	
	2006	**2005**
Financial $		
Total revenue	**883,228**	**Nil**
Cash flow from operations	**(110,597)**	**(44,086)**
per share, basic and diluted	**(0.005)**	**(0.006)**
Loss for the period	**(494,729)**	**(44,086)**
per share, basic and diluted	**(0.025)**	**(0.006)**
Property, plant and equipment		
Capital additions	**1,853,537**	**0**
Dispositions	**31,000**	**0**
Working capital	**(1,089,440)**	**394,725**
Total assets	**4,965,800**	**413,079**
Total shares outstanding	**23,868,500**	**7,000,000**
Operations		
Production		
Gas (MMcfd)	**180**	**-**
Oil & NGL (Bopd)	**18**	**-**
BOEd (6Mcf = 1Bbl)	**48**	**-**
Product Prices		
Gas ($/Mcf)	**6.78**	**-**
Oil ($/Bbl)	**68.00**	**-**
NGL ($/Bbl)	**45.63**	**-**
Reserves (proved plus probable, future costs and prices)		
Gas (mmcf)	**965**	-
Oil (MBbl)	**137**	-
NGL (MBbl)	**12**	
BOE (MBOE)	**310**	-
Present value, before tax ($ Thousands at 10%)	**5,608**	**-**

Qualifying Transaction

On March 30, 2006, the Company (formerly named Open Range Capital Corp., referred to herein as "Open Range") completed its qualifying transaction and was promoted to a Tier I TSX Venture Exchange issuer. The qualifying transaction involved the acquisition of Siga Resources Limited ("Siga"), pursuant to a plan of arrangement involving Open Range, Siga and Open Range Resources Ltd. ("OR Resources"), a private company created by the management of Open Range in order to facilitate the financing of the acquisition. Pursuant to the arrangement: (i) OR Resources acquired all the issued and outstanding common shares of Siga from SIGA's shareholders for cash consideration of $0.20 per Siga share; (ii) Open Range acquired all of the issued and outstanding common shares of OR Resources from shareholders of OR Resources on the basis of one common share of Open Range for each OR Resources share; and (iii) OR Resources and Open Range were vertically amalgamated into Open Range which was renamed New Range Resources Ltd. As a result of the amalgamation on March 30, 2006 New Range had daily production of approximately 50 Boe consisting of 15 Bbl of oil and liquids and 210 mcf/day of natural gas. The quantity and value of these reserves at June 30, 2005 were as follows:

	Reserves							
	Oil		Natural Gas		Natural Gas Liquids		Total Boe	
	Gross (Mbbs)	Net (Mbbls)	Gross (MMcf)	Net (MMcf)	Gross (Mbbls)	Net (Mbbls)	Gross	Net
Proved	43.5	42.0	321.0	256.0	4.1	2.9	101.1	87.6
Probable	99.7	88.0	198.0	159.0	3.1	2.2	135.8	116.7
Total proved plus probable	143.2	130.0	519.0	415.0	7.2	5.1	236.9	204.3

	Value ($) % discount				
	0	5	10	15	20
Proved	2,736.0	2,291.9	1,983.8	1,759.4	1,589.1
Probable	3,577.6	2,521.1	1,915.4	1,525.9	1,254.6
Total proved plus probable	6,313.6	4,813.0	3,899.2	3,285.3	2,843.7

The qualifying transaction of the Company has, for accounting purposes, been treated as occurring on January 1, 2006 in accordance with accounting guideline EIC 89 – *Exchanges of Ownership Interests Between Enterprises Under Common Control.*

Review of Oil & Gas Operations

Knopcik, Alberta

In August 2006, New Range participated in earning a 30% working interest in the completion of an existing well bore at 14-09-74-11W6 ("14-9 well") in the Halfway zone at 2,398-2,410 metres. The zone was perforated, fraced with a 30 tonne oil based gel frac and then production tested.

New Range's discovery well was flow tested over a 63-hour period at a stabilized rate of 3.0 mmcf per day of slightly sour natural gas from the Halfway zone. The well flowed through a 6.35 mm choke with a final flowing pressure of 17,350 kPa. The 14-9 well remained shut-in for 17 days with pressure recorders down hole. Final bottom hole pressure was 23,376 Kpa.

In the fall of 2006, New Range and its Partners completed the construction of a 4" (114.3 mm) 1.8-mile (2.875 Km) pipeline and related well site facilities.

The Knopcik 14-9 well was initially put on production in December, 2006. Due to hydrate blockage in a non-operated section of pipeline, production was limited in December, 2006. Once the hydrate blockage was resolved, the Knopcik 14-9 well re-commenced production in early January 2007, producing a total of 57,475 mmcf (17,242 mmcf net), averaging 1,854 mcf/day (556 mcf/day net) of gas during January, with production during the last week of January averaging 3.55 mmcf/day (1.065 mmcf/day net). The Knopcik 14-9 well was shut-in on February 1, 2007 as the H2S level had increased from 6.3% to 7.8% which was in excess of the pipeline specifications.

In February, 2007 design and construction began on a sour gas dilution facility to bring the H2S level back in line with pipeline specifications. The facility should be completed and installed by early May, 2007. At that time, the Knopcik 14-9 well is expected to be put on production at a restricted rate of 3 mmscf/day (900 mcf/day net).

Pembina, Alberta

In December, 2006 New Range's Pembina 100/2-12-47-9W5/00 ("2-12 well") was drilled to a depth of 1,655 meters to evaluate the Cardium formation for oil production. The 2-12 well was cased, perforated and fractured and flowed oil at an initial rate of in excess of 150 Bbl per day (96 Bbl/day net), and natural gas at a rate in excess of 400 mcf/day (256 mcf/day net).

In February 2007, New Range moved a temporary facility on location at Pembina 2-12 well to further test the productivity of the well. During the nine day test, the Pembina 2-12 well flow tested oil and natural gas without pumping equipment as follows:

Day	Hours on production	Wellhead Pressure (psi)	Oil rate (Bbl/day)	Gas rate (mcf/day)
1	24	300	157	410
2	24	250	147	455
3	24	260	133	455
4	24	270	95	440
5	24	260	74	460
6	24	260	70	465
7	24	250	48	420
8	24	250	50	420
9	22	230	45	419

Design and construction of a single well oil battery and a 400 metre natural gas pipeline has commenced with an expected completion date of May, 2007. New Range is the operator of the Pembina 2-12 well and holds a 64% working interest.

Once the Knopcik 14-9 well and the Pembina 2-12 well are on-stream, the Company expects its daily production to increase from its current 48 boe/day to approximately 250 - 300 boe/day.

Reserves and Production of Petroleum and Natural Gas

New Range retained the services of Fekete Associates Inc. ("Fekete") to conduct the evaluation of New Range's petroleum and natural gas reserves as at December 31, 2006. Fekete's report was complied pursuant to the guidelines of National Instrument 51 – 101. All values presented in below are before income tax.

Company Gross Reserves as at December 31, 2006

SUMMARY OF OIL AND GAS RESERVES (Forecast)

	Light and Medium Oil		Heavy Oil		Natural Gas		Natural Gas Liquids	
	Company							
Reserve Category	Gross (Mstb)	Net (Mstb)	Gross (Mstb)	Net (Mstb)	Gross (MMcf)	Net (MMcf)	Gross (Mstb)	Net (Mstb)
PROVED								
Producing	40.6	38.7	0	0	267	214	7.2	5.3
Developed - Non-producing	38.8	34.1	0	0	517	308	1.8	1.2
Undeveloped	0	0	0	0	0	0	0	0
TOTAL PROVED	**79.4**	**72.8**	**0**	**0**	**784**	**522**	**9.0**	**6.5**
TOTAL PROBABLE	**57.7**	**53.8**	**0**	**0**	**181**	**131**	**3.0**	**2.2**
TOTAL PROVED PLUS PROBABLE	**137.1**	**126.6**	**0**	**0**	**965**	**653**	**12.0**	**8.7**

Forecast Net Revenue as at December 31, 2006

	(FORECAST VALUES) BEFORE TAX PRESENT VALUE (M$) DISCOUNTED AT				
	0%	5%	10%	15%	20%
Proved Producing	2,769	2,189	1,815	1,556	1,369
Proved Developed (Non-producing)	3,047	2,582	2,249	1,999	1,804
Proved (Undeveloped)	0	0	0	0	0
Total Proved	**5,816**	**4,771**	**4,064**	**3,555**	**3,173**
Total Probable	**3,133**	**2,082**	**1,544**	**1,227**	**1,018**
Total Proved Plus Probable	**8,949**	**6,853**	**5,608**	**4,782**	**4,191**

Five-Year Forecast of Future Prices

Future prices used in the forecast of net revenue as based on those estimated by Fekete as at December 31, 2006, as summarized below.

Year	Oil WTI ($US/stb)	Oil Edmonton Light ($Cdn/stb)	Natural Gas AECO Hub ($Cdn/Mmbtu)	Sask. Cromer ($/stb)
2007	63.00	70.55	7.35	60.55
2008	61.50	68.80	7.65	59.80
2009	60.00	67.10	7.80	58.60
2010	58.00	64.85	7.90	56.35
2011	58.00	64.85	7.95	56.35

Reserve Reconciliation

As the Company did not commence operations until March 30, 2006, no reconciliation of its working interest in reserves from December 31, 2005 to December 31, 2006 is available.

Finding, Development and Acquisition Costs (FD&A)

FD&A costs are derived by dividing all costs incurred in exploratory, development and acquisition activities in a period by the proved and proved plus probably reserves added in that period. These FD&A costs are further adjusted to include any future development activity estimated to be required to place the reported reserves on production. The Company commenced operations as an oil and natural gas

exploration and development company on March 30, 2006, upon the completion of the acquisition of OR Resources and Siga. In 2006, including the reserves acquired pursuant to that transaction, the Company expended $4,747,418 to increase its proved plus probable reserves by 309.9 Mboe. The finding costs for the year ended December 31, 2006 was $15.31 per boe.

Revenue from Oil and Natural Gas Operations

For the year ended December 31, 2006, New Range's production was comprised of 63% natural gas, 30% oil and 7% NGLs.

	2006 Q4	2006 Q3	2006 Q2	2006 Q1	2006 Year	2005 Year
Oil sales ($)	84,276	79,606	117,534	117,718	399,134	-
Natural gas sales ($)	108,456	102,280	96,524	138,301	445,561	-
NGL sales ($)	8,829	9,588	10,757	9,359	38,533	-
Total petroleum and natural gas sales ($)	201,561	191,474	224,815	265,378	883,228	-
Bbl Oil /day	12	13	18	22	16	-
Mcf Natural gas/day	162	213	152	194	180	-
NGL volume/day	2	2	2	2	2	-
Average production rates (boe/day)	42	50	46	56	48	-
$/Bbl Oil	77.37	68.75	70.30	60.36	68.00	-
$/mcf gas	7.27	5.23	6.99	7.93	6.78	-
$/Bbl NGL	39.19	43.53	50.68	50.12	45.63	-
$/boe	53.03	42.29	53.72	52.62	49.99	-

Revenues for the year ended December 31, 2006, were $883,228 compared to $nil for the same period last year. The Company began operations in 2006 with the acquisition of Siga Resources Limited ("Siga") on March 30, 2006. Since effective control of Siga occurred in December, 2005 the operating results of Siga are included for the period January 1, 2006 to December 31, 2006.

Oil, natural gas and natural gas liquids ("NGLs") sales averaged 42 barrels of oil equivalent per day ("boepd") during the fourth quarter of 2006 compared to nil boepd during the same period of 2005. For the year, production averaged 48 boepd compared to nil boepd during 2005.

During the fourth quarter of 2006, average commodity prices received were $77.37 per bbl of oil, $39.19 per bbl of NGLs and $7.27 per mcf of gas. For the year 2006, average commodity prices received were $68.00 per bbl of oil, $45.63 per bbl of NGLs and $6.78 per mcf of gas.

Royalties

	Q4 2006	Q4 2005	Year 2006	Year 2005
Royalties ($)	25,048	nil	115,340	nil
Royalties ($/boe)	6.59	nil	6.53	nil
Royalties Rate (% of revenue)	12	nil	13	nil

The average royalty rate of 12% is very low compared to industry average. The low rates are due to a combination of lower rate producing wells that are subject to Crown royalties and only minor overriding royalties, if any.

Netbacks

	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Year 2006	Year 2005
Average Production Rates (boepd)	41	50	46	56	48	-
Total Revenue ($/boe)	53.03	41.29	53.72	52.62	49.99	-
Royalties ($/boe)	6.59	5.43	6.70	7.35	6.53	-
Operating Costs ($/boe)	22.90	12.47	15.14	13.28	15.58	-
Operating Netback ($/boe)	23.54	23.39	31.88	31.99	27.88	-
G & A Costs ($/boe)	29.50	12.33	13.43	65.95	31.59	-
Corporate Netback ($/boe)	(5.96)	11.06	18.45	(33.96)	(3.71)	-

Field operating netbacks were $27.88/BOE which represents 56% of revenues. However the annual G & A costs of $558,026 exceeded the operating cash flow of $492,626 resulting in a negative corporate netback of $3.71/BOE for the year.

Operating Costs

Operating costs can vary significantly depending on such factors as production rates, reservoir quality, water content and available infrastructure.

	Q4 2006	Q4 2005	Year 2006	Year 2005
Operating Costs ($)	87,052	nil	275,262	nil
Operating Costs ($/boe)	22.90	nil	15.58	nil
Operating Costs (% of revenue)	43	nil	31	nil

Operating costs per boe have been substantially higher than industry average due to two factors:

1. The production base of 48 boe/day is comprised of a large number of lower productivity wells which bear a higher cost per boe due to economies of scale.

2. The Company expended significant funds on repairs and maintenance in 2006 upon taking over the properties to enhance production rates.

In 2007, once the Company's new production is on-stream, operating costs per BOE should decrease to be closer to industry average.

General & Administrative ("G & A") Expenses

	Q4 2006	Q3 2006	Q2 2006	Q1 2006	Q4 2005	Year 2006	Year 2005
G & A Costs ($)	112,083	57,175	56,197	332,570	23,788	558,025	52,640
G & A Costs ($/boe)	29.50	12.33	13.43	65.95	nil	31.59	n/a
G & A Costs (% of revenue)	56	30	25	1.25	nil	63	n/a

Of the total G & A costs of $558,025 for the year, $332,570 (60%) were incurred in the first quarter of 2006. The majority of the G&A costs in Q1 2006 are one-time expenses relating to the qualifying transaction of the Company whereby it acquired OR Resources and Siga and the subsequent amalgamation of the companies. G & A for Q2 and Q3 were much lower as there were no one time or exceptional costs.

In Q4 the increase in G & A was related to the costs of the annual reserve report and the year end audit.

Interest Expenses

Interest expense was nil in 2005. At times during 2006, the Company drew down on its credit facility with a Canadian chartered bank. The balance outstanding under the credit facility at December 31, 2006 was $285,662, the credit facility is for $850,000 with interest payable at the bank's prime rate plus 0.25% annually. Interest on the credit facility was $4,111 during 2006. Interest on the Company's Flow Through share commitment was $58,817 during 2006.

Interest Income

Interest income for the year ended December 31, 2006 was $17,731 as compared to $8,693 for the same period in 2005. All of the interest income consists of income earned on cash and cash equivalents.

Depletion, Depreciation and Accretion ("DD&A") Costs

The rate of depletion and depreciation with respect to petroleum and natural gas properties, excluding administrative assets, was $25.36 per boe produced.

	Year 2006	Year 2005
DD & A Costs ($)	447,974	nil
DD & A Costs ($/boe)	25.36	nil

DD&A costs were based on a reserve decline rate of 9%. The book value of the Company's PNG assets at year end is $4,299,444 while the net present value of the Company's proved producing reserves at a 10% discount factor is $5,607,800.

Income Taxes

The Company did not incur any current income or capital taxes in 2006. As at December 31, 2006, the Company had approximately $3,390,000 of Canadian tax pools available for deduction against future taxable income. The Company also has non-capital tax losses of approximately $425,255 available for deduction against future taxable income that expire between 2014 and 2026.

Stock Based Compensation

	Year 2006	Year 2005
Stock Based Compensation ($)	275,262	nil

Stock-based compensation expense represents the costs associated with expensing the value of stock options granted to officers, directors and contractors.

The fair value of the stock options granted in the year have been determined using the Black-Scholes option-pricing model using the following assumptions; dividend yield (nil), expected volatility (110%), market risk-free interest rate (3.0%), and expected life of 5 years.

On April 1, 2006, the Company granted 1,275,000 options to purchase common shares to officers, directors and consultants. These options vested immediately, carry an exercise price of $0.25, and expire on April 1, 2011. Upon cessation of employment of an officer, director or consultant, the options will expire 90 days from the cessation date. Stock-based compensation expense of $358,874 was recorded, with a corresponding credit to contributed surplus. The amount of compensation expense was based on the fair value of the options. Also, during the year, upon cessation of a consultant’s contract, 275,000 options expired.

On August 15, 2006, the Company granted 80,000 options to purchase common shares to officers, directors and consultants. These options vested immediately, carry an exercise price of $0.25, and expire on August 15, 2011. Stock-based compensation expense of $18,122 was recorded, with a corresponding credit to contributed surplus.

Cash Flow and Earnings

Net loss for the year ended December 31, 2006 was $494,729 on net revenues of $785,619 as compared to a loss of $44,086 on net revenues of $8,693 during the same period in 2005.

	Q4 **2006** **$**	**Q3** **2006** **$**	**Q2** **2006** **$**	**Q1** **2006** **$**	**Year** **2006** **$**
Revenues	201,561	191,474	224,815	265,378	883,228
Royalties	25,048	25,165	28,037	37,090	115,340
Other income	(2,821)	3,852	3,298	13,402	17,731
Revenues after Royalties	173,692	170,161	204,075	237,691	785,619
Operating Costs	87,052	57,848	67,379	62,983	275,262
G&A Costs	112,084	57,175	56,197	332,570	558,025
Interest	60,294	0	0	2,534	62,928
Cash Flow	(88,837)	55,138	80,499	(160,396)	(110,597)
Cash Flow per Share (basic)	(0.0036)	0.0023	0.0034	(0.0177)	(0.0056)
Cash Flow per Share (diluted)	(0.0033)	0.0021	0.0031	(0.0164)	(0.0051)
DD&A	(153,828)	332,857	204,402	64,543	447,974
Stock Based Compensation	272,293	0	0	0	272,293
Future Income Tax Recover	(336,135)	0	0	0	(336,136)
Net Income (loss)	131,932	(277,719)	(123,903)	(225,039)	(494,729)
Income (Loss) per Share (basic)	0.0055	(0.0116)	(0.0052)	(0.0249)	(0.0249)

	Q4 **2005** **$**	**Q3** **2005** **$**	**Q2** **2005** **$**	**Q1** **2005** **$**	**Year** **2005** **$**
Revenues	-	-	-	-	-
Royalties	-	-	-	-	-
Other income	5,220	1,160	1,181	1,132	8,693
Revenues after Royalties	5,220	1,160	1,181	1,132	8,693
Operating Costs	-	-	-	-	-
G & A Costs	23,649	9,509	9,195	10,287	52,640
Interest	139	-	-	-	139
Cash Flow	(18,568)	(8,349)	(8,014)	(9,155)	(44,086)
Cash Flow per Share (basic)	(0.0030)	(0.0011)	(0.0011)	(0.0011)	(0.0063)
DD&A	-	-	-	-	-
Stock Based Compensation	-	-	-	-	-
Future Income Tax Recover	-	-	-	-	-
Net Income (loss)	(18,568)	(8,349)	(8,014)	(9,155)	(44,086)
Loss per Share (basic)	(0.0030)	(0.0011)	(0.0011)	(0.0011)	(0.063)

Capital Expenditures

During 2006, New Range recorded $4,747,418 in net capital expenditures compared to $nil in the year 2005. Included are non-cash capital additions relating to asset retirement obligations in the amount of $163,822 for 2006 and $ nil for 2005.

In December, 2005, the Company raised $1,046,500 through the issuance of Flow Through shares. Under the "Look Back" rules of the tax regulations New Range was required to expend the fund on exploration and development expenditures in the 2006 year. At December 31, 2006 the fund were fully expended and the Flow Through commitment has been satisfied.

In connection with the Flow Through expenditures under the "Look Back" rules New Range paid interest in the amount of $58,817 to the Canada Revenue Agency.

Liquidity and Capital Resources

	Year ended December 31, 2006 $	**Year ended December 31, 2005 $**
Working Capital (Deficiency)	(1,089,440)	394,725

New Range has a working capital deficiency of $1,089,440 at the end of the fourth quarter 2006 compared to positive working capital of $394,725 at the end of 2005.

As of December 31, 2006, New Range had a utilized $285,662 of its $850,000 revolving loan facility with a Canadian chartered bank. Subsequent to year end, the Company obtained additional short term financing to cover its working capital deficiency.

Related Parties

An officer and director of the Company is a lawyer whose firm provides legal services to the Company at market rates. Prior thereto, the officer and director of the Company was a partner with another director of the Company at a firm that provided legal services of the Company at market rates. During 2006, amounts totaled $58,239 for such legal services (2005 - $ 14,223).

Two officers and directors of the Company, and an insider of the Company (holding in excess of 10% of the Company's common shares) are also officers, directors or insiders of a private oil and gas company that entered into a sub-participation agreement with the Company pursuant to which the Company had the right to earn a 30% working interest in the Knopcik 14-9 well. The Company earned a 30% interest in the Knopcik 14-9 well and as at the year ended December 31, 2006, the Company had accounts receivable from the private oil and gas company in the amount of $156,000, and accounts payable and accrued liabilities to the private company in the amount of $310,785 in connection with the Company's share of expenses for development and production activity on the Knopcik 14-9 well.

In addition, during the year ended December 31, 2006, the Company paid $43,650 general and administrative expenses (2005 - $12,000) to the private oil and gas company in connection with sharing of administrative services with the private company.

A company wholly owned by an officer and director of the Company charged consulting fees of $36,000 to the Company in 2006.

Share Information

As of April 27, 2007, there are 23,868,500 common shares of the Company outstanding and 25,648,500 common shares diluted. There are 1,780,000 options to purchase common shares outstanding. The Company's common shares are listed for trading on the TSX Venture Exchange under the symbol "RGE".

	December 31 2006	**December 31 2005**
Common Shares issued and outstanding	23,868,500	7,000,000
Common shares issuable on conversion:		
Stock Options	1,780,000	700,000
Agent's Warrants	-	400,000
Diluted common shares outstanding	25,648,500	8,100,000

Subsequent Events

(a) New Range Resources Ltd. received all required regulatory approvals including approval by the TSX Venture Exchange in compliance with applicable securities laws, rules and regulations, to make a normal-course issuer bid to repurchase up to 2,053,350 of its common voting shares, being 10 per cent of New Range's public float as defined in the policies of the TSX-V. The bid will commence on Jan. 17, 2007, and continue until the earlier of Jan. 16, 2008, and the date by which New Range has acquired the maximum 2,053,350 shares that may be purchased under the bid.

(b) In February 2007, the Company granted 60,000 options to purchase common shares to officers, directors and employees. These options vested immediately, carry an exercise price of $0.32, and expire on February 9, 2012.

(c) In February 2007, the Company granted 450,000 options to purchase common shares to officers, directors and employees. These options vested immediately, carry an exercise price of $0.30, and expire on February 15, 2012.

Critical Accounting Estimates

The significant accounting policies of New Range are disclosed in Note 2 to the Financial Statements. Certain accounting policies require that management make appropriate decisions with respect to the formulation of estimates and assumptions that affect the reported amounts of assets, liabilities, and revenues and expenses. New Range's management reviews its estimates regularly.

There are a number of critical estimates underlying the accounting policies employed in preparing the Financial Statements including cost estimates for services received but not yet billed which are estimated based on original quotes and historical cost information. In addition, estimates are provided for income taxes, stock based compensation, asset retirement obligations and depreciation, depletion and amortization of property and equipment.

The Company's financial statements have been prepared on a going concern basis which contemplates the realization of certain assets and the payment of liabilities in the ordinary course of business. Should the Company be unable to continue as a going concern, it may be unable to realize the carrying value of its assets and to meet its liabilities as they become due. The financial statements do not include any adjustments relating to the recoverability and the classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue in existence.

The determination of the Company's income and other tax liabilities requires interpretation of complex laws and regulations. All tax filings are subject to audit and potential reassessment after the lapse of consideration time. Accordingly, the actual income tax liability may differ significantly from estimated and recorded in the Company's financial statements.

Proved Petroleum and Natural Gas Reserves

The full cost method of accounting, which is used to account for oil and gas activities, relies on estimates of proved reserves that will ultimately be recovered from the properties. These estimates are utilized in calculating unit of production depletion, potential impairment of asset carrying costs and future site restoration expense. The process of estimating reserves is complex and requires judgment on available geological, engineering and economic data.

Reserves are evaluated at year-end by an independent engineering firm. Although the Company makes every effort to ensure the estimates are accurate, changing economic and operational conditions, and governmental regulations can significantly affect these estimates which may cause fluctuations in earnings and cash flows.

Financial Disclosures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by New Range is accumulated and communicated to our management as appropriate to allow timely decisions regarding required disclosure. The Company's Chief Executive Officer ("CEO") and the Chief Financial Officer ("CFO") have concluded, based on their evaluation as of December 31, 2006, that the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to New Range, is make known to them by employees or third part consultants working for the Company.

Internal Control Over Financial Reporting

The design and effectiveness of the Company's disclosure controls and procedures were evaluated by the CEO and the CFO and the design of the Company's internal control over financial reporting was assessed as of December 31, 2006 pursuant to the requirements of Multilateral Instrument 52-109 of the Canadian Securities Administrators. During this process, management identified no weaknesses in the design of the disclosure controls and procedures, but did identify weaknesses in internal control over financial reporting which are as follows:

(a) Due to the limited number of staff, it is not possible to achieve a segregation of duties: and
(b) Due to the limited number of staff there is no independent review of more complex areas of accounting. This may result in inadvertent errors in the accounting for income taxes, complex or non-routine accounting transactions that may arise.

These weaknesses in the Company's internal controls over financial reporting results in a more than remote likelihood that a material misstatement would not be prevented or detected. Management and the board of directors work to mitigate the risk of material misstatement in financial reporting. In addition, when complex accounting and technical issues arise during the preparation of the quarterly financial statements, outside consulting expertise is engaged.

Exploration, development and production risks

New Range is engaged in the exploration, development and production of crude oil and natural gas. The oil and gas business is inherently risky and there is no assurance that hydrocarbon reserves will be discovered and economically produced. Operational risks include competition, reservoir performance uncertainties, environmental factors, regulatory, and environment concerns. Financial risks associated with the petroleum industry include fluctuations in commodity prices, interest rates, currency exchange rates and cost of goods and services.

While the Company currently has a limited number of specific identified exploration or development prospects, management will continue to evaluate prospects on an ongoing basis in a manner consistent with industry standards. The long-term commercial success of the Company depends on its ability to find, acquire, develop and commercially produce oil and natural gas reserves. No assurance can be given that the Company will be able to locate satisfactory properties for acquisition or participation. Moreover, if such acquisition or participation opportunities are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

New Range employs highly qualified people, uses operating and business practices, and evaluates all potential and existing wells using up to date technology. New Range complies with government regulations and environment and safety policies are adhered. Liabilities for future abandonment and restoration costs are assessed and provided annually. New Range maintains property and liability insurance coverage. The coverage provides a reasonable amount of protection from risk of loss, however not all risks are foreseeable or insurable.

The Company and its securities should be considered a highly speculative investment and investors should carefully consider all of the information before making an investment in the Company. The Company's limited operating history makes it difficult to predict how its business will develop and its future operating results.

Prices, markets and marketing of crude oil and natural gas

Oil and natural gas are commodities whose prices are determined based on world and/or continental demand, supply and other factors, all of which are beyond the control of the Company. World prices for oil and continental prices for natural gas have fluctuated widely in recent years. Any material decline in prices could result in a reduction of net production revenue. Certain wells or other projects may become uneconomic as a result of a decline in oil and/or natural gas prices, leading to a reduction in the volume of the Company's oil and natural gas reserves. The Company might also elect not to produce from certain wells at lower prices. All of these factors could result in a material decrease in the Company's future net production revenue, causing a reduction in its oil and natural gas acquisition and development activities. In addition, bank borrowings available to the Company are in part determined by the borrowing base of the Company. A sustained material decline in prices could limit or reduce the Company's borrowing

base, thereby reducing the bank credit available to the Company, and could require that a portion of any existing bank debt of the Company be repaid.

The Company must successfully market its oil and natural gas to prospective buyers. The marketability and price of oil and natural gas will be affected by numerous factors beyond the Company's control. The Company may be affected by the differential between the price paid by refiners for light-gravity oil and the grades of oil that may be produced by the Company. The ability of the Company to market its natural gas may depend upon its ability to acquire space on pipelines which deliver natural gas to commercial markets. The Company may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities and related to operational problems with such pipelines and facilities.

Government Regulation

There is extensive government regulation relating to taxes, royalties, land tenure, allowable production, the export of oil and natural gas and many other aspects of the oil and natural gas business. The Company has no control over any changes to the existing regulatory regime that might adversely affect the Company's properties and prospects.