



**MANAGEMENT'S DISCUSSION & ANALYSIS  
DECEMBER 31, 2007**

The following is management's discussion and analysis ("MD&A") of the operating and financial results for the year ended December 31, 2007 of New Range Resources Ltd. ("New Range" or "the Company"), dated as of April 22, 2008. This discussion should be read in conjunction with the Company's financial statements and notes for the years ended December 31, 2007 and 2006. 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](http://www.sedar.com).

## **Nature of Business and Basis of Presentation**

### **Corporate Profile**

New Range Resources Ltd. ("New Range" or the "Company") is a Calgary based junior oil and natural gas corporation, engaged in the exploration, development, acquisition and production of natural gas and medium to light gravity crude oil reserves in Alberta.

New Range's common shares trade on the TSX Venture Exchange under the symbol RGE.

The Company's primary corporate objective is to achieve non-dilutive growth and enhance shareholder value through internal prospect development, strategic production acquisitions, and prudent financial management.

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.

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	
	2007	2006
<b>Financial \$</b>		
Total revenue	1,404,055	883,228
Cash flow from operations	219,364	(110,597)
per share, basic and diluted	.010	(0.005)
Loss for the period	(563,925)	(494,729)
per share, basic and diluted	(0.024)	(0.025)
Property, plant and equipment		
Capital additions	787,005	1,853,537
Dispositions	48,000	31,000
Working capital	(1,674,418)	(1,089,440)
Total assets	4,945,321	4,965,800
Total shares outstanding	23,678,500	23,868,500
<b>Operations</b>		
Field operating cash flow	655,087	510,357
Per share, basic and diluted	.030	.020
<b>Production</b>		
Gas (MMcfd)	297	180
Oil & NGL (Bopd)	30	18
BOEd (6Mcf = 1Bbl)	80	48
<b>Product Prices</b>		
Gas (\$/Mcf)	6.09	6.78
Oil (\$/Bbl)	74.03	68.00
NGL (\$/Bbl)	37.10	45.63
<b>Reserves</b> (proved plus probable, future costs and prices)		
Gas (mmcf)	679	965
Oil (MBbl)	138	137
NGL (MBbl)	19	12
BOE (MBOE)	270	310
Present value, before tax (\$ Thousands at 10%)	5,213	5,608

## **Operations Discussion**

The year 2007 began with tremendous promise as the Company's new gas well at Knopcik was on stream at an unrestricted rate, and the new oil well at Pembina was flow tested at significant initial rates. Average production in January, 2007 was 145 Boe/day, and with the pending tie-in of the Pembina oil well, production was expected to increase to 200 Boe/day.

In 2007 several events occurred which precluded the Company from achieving its financial and production targets.

### **Knopcik**

On January 31, 2007 the Knopcik well was shut in by the facility operator as the composition of the sour gas increased beyond the facilities licensed capabilities. In order to bring the well back on-stream the Company and its partners had to construct a new facility with an H2S Analyser and sweet gas blending plant. The facility took several months to build and the well did not come back on-stream until mid May, 2007. Furthermore the cost of the facility was \$450,000 (\$135,000 net).

When the well was placed back on production the flow rate was severely restricted since the amount of sweet blend gas that could be supplied by the area operator was limited. Also, due to the highly technical nature of the facility the well had significant downtime for the balance of 2007.

In February 2008 as result of the optimization program which included a new downhole choke and recalibration of the blending system, the well was stabilized and began producing at a sustained average rate of 1.2 mmcf/day. As of the date of this MD&A the well continues to produce at that average daily rate.

In May 2008 the area plant will undergo its annual turnaround which will result in the Knopcik well being shut-in for 2 weeks. As part of the plant turnaround the operator is planning to reconfigure the sweet gas supply system which will provide additional sweet blend gas to the Knopcik 14-9 well and the flow rate can be increased. The amount of additional sweet blend gas to be supplied cannot be confirmed at this time. New Range has a 30% working interest in the well.

### **Pembina**

The Pembina 2-12-47-9W5 oil well was drilled and completed in December 2006. The well flowed oil and gas upon completion, and the tested gas rate of 300 mcf/day meant that the well had to be tied in. In early 2007 New Range negotiated the purchase of a 6 km gas pipeline that was 500 m away from the 2-12 well. As a result of regulatory timeframes and spring break-up, the battery construction, pipeline and tie in was delayed and the project was not completed until July 1, 2007. The initial production rates were 50 BBL/day oil and 180 mcf/day natural gas, however the natural pool declines occurred, and by December 2007 the rates had declined to 16 BBL/day oil and 110 mcf/day. New Range has a 64% working interest in the well and is the operator.

The upside at Pembina is that New Range has identified 2 additional exploration targets on land which can be drilled directionally from the existing 2-12 surface location and the new wells can be tied in to the existing pipeline system owned by New Range which provides direct access to the area plant.

The estimated cost to drill and complete the 2 new wells is \$1.5 million (\$960,000 net).

## Niton 6-1-55-12W5

In December 2007 New Range participated in the drilling of a well at Niton 6-1-4-55-12W5. The well was cased and completed as a potential oil/gas well. Due to landowner and environmental issues the well could not be tested for oil and natural gas flow rates and pressures because of the inability to flare solution gas. These restrictions are expected to be lifted after spring breakup. At that time the well can be properly tested. New Range has a 22.5% working interest in the well before penalty payout.

### **Outlook**

Natural gas prices have recovered from 2006 lows and have steadily increased into 2008. Oil prices have risen to all time highs. As a result of increased commodity prices the Company expects to increase its cash flow substantially in 2008. The Company's current production is 120 Boe/day and the cash flow for 2008 is expected to be \$750,000. Once the working capital deficit is reduced the Company will begin planning for the drilling of 2 new wells at Pembina.

In the meantime optimization efforts at Knopcik will continue and the Niton well will be tested and, if warranted, tied in.

### **Revenue from Oil and Natural Gas Operations**

For the year ended December 31, 2007, New Range's production was comprised of 62% natural gas, 28% oil and 10% NGLs.

	<b>Q4 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>Q4 2006</b>	<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q1 2006</b>
Oil sales (\$)	179,489	217,802	81,242	115,429	84,276	79,606	117,534	117,718
Natural gas sales (\$)	168,466	156,722	147,276	215,179	108,456	102,280	96,524	138,301
NGL sales (\$)	26,998	58,585	18,032	13,576	8,829	9,588	10,757	9,359
Total petroleum and natural gas sales (\$)	374,953	433,110	246,550	344,177	201,561	191,474	224,815	265,378
Bbl Oil /day	24	31	13	21	12	13	18	22
Mcf Natural gas/day	297	339	231	322	162	213	152	194
NGL volume/day	11	14	6	4	2	2	2	2
Average production rates (boe/day)	85	101	58	79	42	50	46	56
\$/Bbl Oil	81.89	77.18	68.48	61.07	77.37	68.75	70.30	60.36
\$/mcf gas	5.94	4.82	6.70	7014	7.27	5.23	6.99	7.93
\$/Bbl NGL	24.98	44.18	35.18	38.78	39.19	43.53	50.68	50.12
\$/boe	48.08	45.85	47.52	48.40	53.03	42.29	53.72	52.62

Revenues for the year ended December 31, 2007, were \$1,404,055 compared to \$883,228 for the same period last year, an increase of 59%

Oil, natural gas and natural gas liquids ("NGLs") sales averaged 85 barrels of oil equivalent per day ("boepd") during the fourth quarter of 2007 compared to 48 boepd during the same period of 2006. For the year, production averaged 80 boepd compared to 48 boepd during 2006.

During the fourth quarter of 2007, average commodity prices received were \$81.89 per bbl of oil, \$24.98 per bbl of NGLs and \$5.94 per mcf of gas. For the year 2007, average commodity prices received were \$74.03 per bbl of oil, \$37.10 per bbl of NGLs and \$6.09 per mcf of gas.

## Royalties

	<b>Q4 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>Q4 2006</b>	<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q1 2006</b>
Royalties (\$)	61,730	81,865	27,173	67,861	25,047	25,165	25,165	37,089
Royalties (\$/boe)	7.91	8.77	5.24	9.74	5.99	5.43	5.91	7.66
Royalties Rate (% of revenue)	17	19	11	20	13	13	13	14

The increase in royalties/boe in 2007 is related to higher royalty rates on new gas production at Knopcik.

## Operating Costs

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

	<b>Q4 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>Q4 2006</b>	<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q1 2006</b>
Operating Costs (\$)	138,592	146,244	108,488	117,093	47,052	97,848	67,379	62,983
Operating Costs (\$/boe)	17.75	15.67	20.92	16.80	11.25	21.10	14.20	13.00
Operating Costs (% of revenue)	37	34	43	34	23	51	28	24

Operating costs averaged \$17.43 per Boe in 2007 as compared to \$15.71 in 2006.

## Netbacks

	<b>Q4 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>Q4 2006</b>	<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q1 2006</b>
Average Production Rates (boepd)	85	101	57	76	46	50	52	54
Total Revenue (\$/boe)	48.08	45.85	47.51	48.40	53.03	41.29	48.16	53.97
Royalties (\$/boe)	7.91	8.77	5.24	9.74	5.99	5.43	5.91	7.66
Operating Costs (\$/boe)	17.75	15.74	20.94	14.62	22.90	12.47	15.14	13.00
Operating Netback (\$/boe)	22.42	21.30	21.33	25.31	23.54	23.39	31.88	33.31
G & A Costs (\$/boe)	13.43	4.92	30.31	6.20	29.50	12.33	13.43	68.67
Interest (\$/boe)	1.58	3.09	5.07	1.72	16.28	0	0	0.52
Corporate Netback (\$/boe)	11.85	13.29	(14.05)	17.39	(5.96)	11.06	18.45	(37.54)

Field operating netbacks in 2007 were \$22.36/BOE which represents 47% of revenues.

### General & Administrative (“G & A”) Expenses

	<b>Q4 2007</b>	<b>Q3 2007</b>	<b>Q2 2007</b>	<b>Q1 2007</b>	<b>Q4 2006</b>	<b>Q3 2006</b>	<b>Q2 2006</b>	<b>Q1 2006</b>
G & A Costs (\$)	104,772	45,707	158,418	49,676	112,083	57,175	56,197	332,570
G & A Costs (\$/boe)	13.43	4.90	30.54	6.99	29.50	12.33	13.43	65.95
G & A Costs (% of revenue)	28	11	64	14	56	30	25	-

### Interest Expenses

At times during 2007, the Company drew down on its credit facility with a Canadian chartered bank. The balance outstanding under the credit facility at December 31, 2007 was \$698,369. The bank loan bears interest at prime + .25% annually.

The Company has a loan from a related party. At December 31, 2007 the balance outstanding was \$700,000. The loan payable bears interest at prime +4% annually.

### 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 \$22.63 per boe produced.

	<b>2007</b>	<b>2006</b>
DD & A Costs (\$)	659,573	447,974
DD & A Costs (\$/boe)	22.63	25.36

The book value of the Company’s PNG assets at year end is \$4,641,153 while the net present value of the Company’s proved plus probable producing reserves at a 10% discount factor is \$5,213,000.

### Income Taxes

The Company had a current tax recovery of \$19,200 in 2007 which was related to a refund of part XII.6 tax for flow through shares. As at December 31, 2007, the Company had approximately \$3,750,000 of Canadian tax pools available for deduction against future taxable income. The Company also has non-capital tax losses of approximately \$567,045 available for deduction against future taxable income that expire between 2014 and 2026.

### Stock Based Compensation

	<b>Year 2007</b>	<b>Year 2006</b>
Stock Based Compensation (\$)	123,716	275,262

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 February 9 and 15, 2007, the Company granted an aggregate of 510,000 options to purchase common shares to officers, directors and consultants. These options vested immediately, carry an exercise price of \$0.30, and expire on February 9 and 15 2012. 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 \$123,716 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, 50,000 options expired.

### Cash Flow and Earnings

Net loss for the year ended December 31, 2007 was \$563,925 on net revenues of \$1,165,504 as compared to a loss of \$494,729 on net revenues of \$785,619 during the same period in 2006.

	<u>Q4</u> <u>2007</u> \$	<u>Q3</u> <u>2007</u> \$	<u>Q2</u> <u>2007</u> \$	<u>Q1</u> <u>2007</u> \$	<u>Q4</u> <u>2006</u> \$	<u>Q3</u> <u>2006</u> \$	<u>Q2</u> <u>2006</u> \$	<u>Q1</u> <u>2006</u> \$
Revenues	374,953	433,110	246,550	344,176	201,561	191,474	224,815	265,378
Royalties	61,730	81,865	27,173	67,861	25,048	25,165	28,037	37,090
Other income	1,475	725	2,307	764	(2,821)	3,852	3,298	13,402
Revenues after Royalties	314,699	351,970	221,684	277,080	173,692	170,161	204,075	237,691
Operating Costs	138,592	146,244	108,488	117,093	87,052	57,848	67,379	62,983
G&A Costs	104,772	45,707	158,418	49,676	112,084	57,175	56,197	332,570
Interest	29,237	28,751	26,065	12,296	60,294	0	0	2,534
Cash Flow	42,098	146,163	(71,217)	98,015	(88,837)	55,138	80,499	(160,396)
Cash Flow per Share (basic)	.001	(0.006)	(0.003)	0.004	(0.0036)	0.0023	0.0034	(0.0177)
Cash Flow per Share (diluted)	.001	(0.006)	(0.003)	0.004	(0.0033)	0.0021	0.0031	(0.0164)
DD&A	128,430	220,321	141,512	169,310	(153,828)	332,857	204,402	64,543
Stock Based Compensation	123,716	0	0	0	272,293	0	0	0
Future Income Tax Recover	-	(14,895)	0	(4,305)	(336,135)	0	0	0
Net Income (loss)	(210,048)	(74,158)	(212,729)	(66,990)	131,932	(277,719)	(123,903)	(225,039)
Income (Loss) per Share (basic)	(.001)	(0.003)	(0.009)	(0.003)	0.0055	(0.0116)	(0.0052)	(0.0249)
Net Income(loss) per Share (diluted)	(.001)	(0.003)	(0.009)	(0.003)	0.0055	(0.0116)	(0.0052)	(0.0249)

### Capital Expenditures

During 2007, New Range recorded \$739,005 in net capital expenditures compared to \$1,822,537 in the year 2006. Included are non-cash capital additions relating to asset retirement obligations in the amount of \$258,412 for 2007 and \$163,822 for 2006.

### Liquidity and Capital Resources

	<u>Year ended</u> <u>December 31, 2007</u> \$	<u>Year ended</u> <u>December 31, 2006</u> \$
Working Capital (Deficiency)	(1,674,418)	(1,089,440)



New Range has a working capital deficiency of \$1,674,418 at the end of the fourth quarter 2007 compared to a working capital deficiency of \$1,089,440 at the end of 2006.

As of December 31, 2007, New Range had a utilized \$698,369 of its revolving loan facility with a Canadian chartered bank. Also during the year, 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. During 2007, amounts totaled \$45,115 for such legal services (2006 - \$ 19,909).

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, 2007, the Company had accounts receivable from the private oil and gas company in the amount of \$54,172, and accounts payable and accrued liabilities to the private company in the amount of \$9,000 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, 2007, the Company paid \$45,200 general and administrative expenses (2006 - \$43,650) 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 \$60,000 to the Company in 2007.

### **Share Information**

As of April 22, 2007, there are 23,678,500 common shares of the Company outstanding and 25,918,500 common shares diluted. There are 2,240,000 options to purchase common shares outstanding. The Company's common shares are listed for trading on the TSX Venture Exchange under the symbol "RGE".

	<b>December 31 2007</b>	<b>December 31 2006</b>
Common Shares issued and outstanding	23,678,500	23,868,500
Common shares issuable on conversion:		
Stock Options	2,240,000	1,780,000
Diluted common shares outstanding	25,918,500	25,648,500

## **Critical Accounting Estimates**

The significant accounting policies of New Range are disclosed in Note 4 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.

## **New Standards in 2007**

Effective January 1, 2007 the Corporation adopted the following new accounting standards: "Financial Instruments – Recognition and Measurement" (section 3855); "Financial Instruments – Disclosure and Presentation" (section 3861); "Comprehensive Income" (section 1530); and "Hedges" (section 3865). These standards require all financial instruments other than held-to-maturity investments, loans and receivables, and non-speculative financial instruments would be measured at their amortized cost. The standards create a new statement of comprehensive income that includes changes in the fair value of certain financial instruments, specifically designated as hedges.

Section 3855 requires that an asset or liability be recognized for embedded derivatives by separating them from their host contracts and measuring them at fair values. The Corporation's evaluation of its contracts pursuant to this standard did not result in the identification of any embedded derivatives.

The impact on the Corporation was not significant and included additional disclosure only.

## **Future Accounting Standards**

The Accounting Standards Board issued the following new accounting standards that apply to the Corporation for fiscal periods beginning on or after October 1, 2007, CICA Handbook Section 1535, Capital Disclosures; CICA Handbook Sections 3862 and 3863, Financial Instruments – Presentation and Disclosure and CICA Handbook Section 3031, Inventories. The standards will be adopted prospectively.

## Section 1535 – Capital Disclosures

This standard requires that an entity disclose information that enables users of its financial statements to evaluate an entity's objectives, policies and processes for managing capital, including disclosures of any externally imposed capital requirements and the consequences of non-compliance. The new standard applies to interim and annual financial statements relating to fiscal periods beginning on or after October 1, 2007, specifically January 1, 2008 for the Corporation. The adoption of this standard will have no impact on amounts in the financial statements as the standard requires additional disclosure only.

## Sections 3862 and 3863 – Financial Instruments Presentation and Disclosure

These standards, which replace Section 3861 – Financial Instruments Presentation and Disclosure, require an increased emphasis on disclosures about the nature and extent of risk arising from financial instruments and how an entity manages those risks. The new standards apply to interim and annual financial statements relating to fiscal periods beginning on or after October 1, 2007, specifically January 1, 2008 for the Corporation. The Corporation has determined that the adoption of the new standards will not have a material effect on the Corporation's financial statements.

## Section 3031 – Inventories

This standard was issued to harmonize accounting standards for inventories under Canadian GAAP with International Financial Reporting Standards. This standard requires the measurement of inventories at the lower of cost and net realizable value and includes guidance on the determination of cost, including allocation of overheads and other costs to inventory. The new standard applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008, specifically January 1, 2008 for the corporation. The Corporation has determined that the adoption of the new standard will not have a material effect on the Corporation's financial statements.

## International Financial Reporting Standards

In January 2006, the Accounting Standards Board ("AcSB") adopted a strategic plan for the direction of accounting standards in Canada. As part of the plan, accounting standards in Canada for public companies are expected to converge with International Financial Reporting Standards ("IFRS") by the end of 2011. The Corporation continues to monitor and assess the impact of the convergence of Canadian GAAP and IFRS.

## **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, 2007, that the Company's disclosure controls and procedures are effective to provide reasonable assurance that material information related to New Range, is made 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, 2007 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.

## **CORPORATE INFORMATION**

### **Directors**

Hugh M. Thomson (1)  
Calgary, Alberta

Leigh D. Stewart  
Calgary, Alberta

Thomas W. Robinson (1)  
Calgary, Alberta

Geoffrey Paskuski (1)  
Calgary, Alberta

(1) Audit Committee

### **Officers**

Hugh M. Thomson,  
President & Chief Executive Officer

Leigh D. Stewart  
Chief Financial Officer and Corporate Secretary

### **Stock Exchange Listing**

TSX Venture Exchange

Trading Symbol: RGE

### **Head Office**

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### **Auditors**

Hudson LLP  
Chartered Accountants  
300, 625 – 11<sup>th</sup> Avenue S.W  
Calgary, Alberta T2R 0E1

### **Register and Transfer Agent**

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Calgary, Alberta T2G 0P6

### **Solicitors**

Gowlings Lafleur Henderson LLP  
Suite 1200, 700 – 2<sup>nd</sup> Street S.W  
Calgary, Alberta T2P 4V5

### **Banker**

Canadian Western Bank  
606 – 4<sup>th</sup> Street S.W  
Calgary, Alberta

### **Abbreviations**

bbl	barrels
bpd	barrels of oil per day
mcf	thousand cubic feet
mmcf	million cubic feet
mcfpd	thousand cubic feet per day
NGL	natural gas liquids
boe	barrel of oil equivalent (6:1)
boepd	barrel of oil equivalent per day

All sums of money are expressed in  
Canadian Dollars