

RANGE ENERGY RESOURCES INC.

(formerly Hawkstone Energy Corp.)

INTERIM CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE NINE MONTH PERIOD ENDED SEPTEMBER 30, 2011

(Unaudited)

Expressed in Canadian dollars

NOTICE TO READER

The interim condensed consolidated statement of financial position as at September 30, 2011 and the interim condensed consolidated statements of changes in equity, the interim condensed consolidated statements of comprehensive loss and the condensed consolidated interim statements of cash flows for the nine month period then ended are the responsibility of the Company's management.

These interim condensed consolidated financial statements have not been reviewed on behalf of the shareholders by the independent external auditors of the Company. The condensed consolidated interim financial statements have been prepared by management and include the selection of appropriate accounting principles, judgments and estimates necessary to prepare these condensed consolidated interim financial statements in accordance with International Financial Reporting Standards.

RANGE ENERGY RESOURCES INC. (formerly Hawkstone Energy Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF FINANCIAL POSITION
(Unaudited)

Expressed in Canadian Dollars

	September 30, 2011	December 31, 2010	January 1, 2010
		(note 7)	(note 7)
Current assets			
Cash and cash equivalents	\$ 8,820,823	\$ 1,160,855	\$ 4,656,301
Accounts receivable	35,861	18,409	15,231
Deposits and prepaid expenses	23,162	17,833	10,167
	8,879,846	1,197,097	4,681,699
Non-current assets			
Property, plant and equipment	1,245	1,538	2,100
Long-term investment	21,042,886	20,136,258	18,083,940
	21,044,131	20,137,796	18,086,040
Total assets	\$ 29,923,977	\$ 21,334,893	\$ 22,767,739
Current liabilities			
Accounts payable and accrued liabilities	\$ -	\$ 10,918	\$ 94,114
Shareholders' equity			
Capital stock	34,367,455	24,725,267	24,512,767
Reserve	8,245,290	8,160,662	5,560,012
Deficit	(12,688,768)	(11,561,954)	(7,399,154)
	29,923,977	21,323,975	22,673,625
Total liabilities and shareholders' equity	\$ 29,923,977	\$ 21,334,893	\$ 22,767,739

Subsequent event (notes 4(c) & 6)

Approved on Behalf of the Board of Directors on November 29, 2011:

(signed) Toufic Chahine, Director

(signed) Pamela Powers, Director

RANGE ENERGY RESOURCES INC. (formerly Hawkstone Energy Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENT OF EQUITY
(Unaudited)

Expressed in Canadian Dollars

	Share capital		Reserve	Deficit	Total equity
	Number of Shares	Amount			
Balance - December 31, 2009	161,877,840	\$ 24,512,767	\$ 5,560,012	\$ (7,399,154)	\$ 22,673,625
Stock options exercised	1,500,000	112,500	-	-	112,500
Stock-based compensation	-	-	2,234,327	-	2,234,327
Net loss for period	-	-	-	(3,307,815)	(3,307,815)
Balance - September 30, 2010	163,377,840	24,625,267	7,794,339	(10,706,969)	21,712,637
Warrants exercised	1,000,000	100,000	366,323	-	466,323
Net loss for period	-	-	-	(854,985)	(854,985)
Balance - December 31, 2010	164,377,840	24,725,267	8,160,662	(11,561,954)	21,323,975
Private placements	67,900,000	10,185,000	-	-	10,185,000
Capital raising costs	-	(542,812)	-	-	(542,812)
Warrants issued for services	-	-	84,628	-	84,628
Net loss for period	-	-	-	(1,126,814)	(1,126,814)
Balance - September 30, 2011	232,277,840	\$ 34,367,455	\$ 8,245,290	\$ (12,688,768)	\$ 29,923,977

The accompanying notes are an integral part of these condensed interim consolidated financial statements

RANGE ENERGY RESOURCES INC. (formerly Hawkstone Energy Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS
(Unaudited)

Expressed in Canadian Dollars

	Three month period ended September 30,		Nine month period ended September 30,	
	2011	2010	2011	2010
		(note 7)		(note 7)
Expenses				
Amortization	\$ 71	\$ 135	\$ 293	\$ 438
Audit and accounting	51,788	30,363	153,263	136,025
Consulting	35,669	75,708	195,835	166,772
Corporate finance fees	24,553	6,737	71,434	163,757
Contract termination costs	176,015	-	200,015	-
General and administrative	12,987	18,259	62,255	64,859
Legal fees	21,005	90,345	84,975	155,055
Management and directors fees	90,092	42,800	212,361	166,430
Shareholder information	3,260	6,165	13,785	23,345
Stock-based compensation	-	111,054	-	2,234,327
Transfer agent and filing fees	4,724	3,587	16,779	16,983
Travel and promotion	29,591	60,586	115,919	188,335
Loss before the following	(449,755)	(445,739)	(1,126,912)	(3,316,326)
Interest income	-	44	99	8,511
Net loss and comprehensive loss for period	\$ (449,755)	\$ (445,695)	\$ (1,126,813)	\$ (3,307,815)
Loss per share	\$ (0.002)	\$ (0.00)	\$ (0.01)	\$ (0.02)
Weighted average number of shares	221,090,456	162,461,173	196,729,996	163,028,525

The accompanying notes are an integral part of these condensed interim consolidated financial statements

RANGE ENERGY RESOURCES INC. (formerly Hawkstone Energy Corp.)
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW

Unaudited

Expressed in Canadian Dollars

	Three month period ended September 30,		Nine month period ended September 30,	
	2011	2010	2011	2010
Operating activities				
Net loss for period	\$ (449,755)	\$ (445,695)	\$ (1,126,813)	\$ (3,307,815)
Amortization	71	135	293	438
Warrants issued for services	-	-	84,628	-
Stock-based compensation	-	111,054	-	2,234,327
	(449,684)	(334,506)	(1,041,892)	(1,073,050)
Changes in non cash working capital items				
Accounts receivable	(17,623)	(11,736)	(17,452)	(6,217)
Deposits and prepaid expenses	12,362	34,146	(5,329)	(28,852)
Accounts payable and accrued liabilities	(18,254)	3,767	(10,919)	(76,900)
Cash provided by (used in) operating activities	(473,199)	(308,329)	(1,075,592)	(1,185,019)
Investing activities				
Cash calls	(769,982)	-	(906,628)	(1,374,282)
Cash provided by (used in) investing activities	(769,982)	-	(906,628)	(1,374,282)
Financing activities				
Private placements, net of issue costs	5,927,941	-	9,642,188	-
Exercise of stock-options	-	-	-	112,500
Cash provided by (used in) financing activities	5,927,941	-	9,642,188	112,500
Increase (decrease) in cash and cash equivalents	4,684,760	(308,329)	7,659,968	(2,446,801)
Cash and cash equivalents - beginning of period	4,136,063	2,517,829	1,160,855	4,656,301
Cash and cash equivalents - end of period	\$ 8,820,823	\$ 2,209,500	\$ 8,820,823	\$ 2,209,500
Cash and cash equivalents consist of:				
Cash	\$ 820,823	\$ 109,500	\$ 820,823	\$ 109,500
Cash equivalents	8,000,000	2,100,000	8,000,000	2,100,000
	\$ 8,820,823	\$ 2,209,500	\$ 8,820,823	\$ 2,209,500

The accompanying notes are an integral part of these condensed interim consolidated financial statements

RANGE ENERGY RESOURCES INC. (formerly Hawkstone Energy Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 (unaudited)

1. NATURE OF OPERATIONS

Range Energy Resources Inc. (the "Company") was incorporated under the laws of British Columbia, Canada on March 1, 2005. On October 24, 2006, the Company's common shares were listed and called for trading on the Canadian National Stock Exchange ("CNSX") and its current symbol is RGO. On February 12, 2007, the Company listed on the Frankfurt stock exchange. The Company's corporate head office is located at Suite 2000, 1177 West Hastings Street, Vancouver, BC V6E 2K3. The Company is a development stage company engaged in the acquisition and exploration of oil and gas resource properties. As at September 30, 2011, the Company's principal asset is an indirect investment in an oil and gas resource property referred to as the Khalakan Block, which is domiciled in the Kurdistan Region of Iraq. The Company also intends to pursue other opportunities in the Middle East. The condensed consolidated interim financial statements of the Company as at and for the nine months ended September 30, 2011 comprise the Company and its wholly-owned subsidiary Range Oil & Gas (North Iraq).

As at September 30, 2011, the Company has accumulated losses since inception of \$12,688,768. The continuance of the Company's operations is dependent on obtaining sufficient additional financing in order to realize the recoverability of the Company's long-term investment, which is subject to the existence of economically recoverable reserves and market prices for the underlying resources.

These condensed consolidated interim financial statements have been prepared using International Financial Reporting Standards applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business as they become due.

2. SIGNIFICANT ACCOUNTING POLICES

(a) Statement of Compliance

The Company has adopted International Financial Reporting Standards ("IFRS") for the year ending December 31, 2011. These condensed consolidated financial statements, including comparatives, have been prepared in accordance with International Accounting Standard ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC"). These condensed consolidated financial statements do not include all of the information required for full annual financial statements.

The Company's consolidated financial statements were prepared in accordance with Canadian Generally Accepted Accounting Principles ("Canadian GAAP") until December 31, 2010. Canadian GAAP differs in some areas from IFRS. In preparing the Company's condensed consolidated interim financial statements for the nine month period ended September 30, 2011, management recorded transition adjustments on applying IFRS as disclosed in Note 7.

The condensed interim consolidated financial statements are presented in Canadian dollars. The accounting policies set out below have been consistently applied to all the periods presented.

2. SIGNIFICANT ACCOUNTING POLICES - continued

(b) Basis of Presentation and Consolidation

These unaudited condensed consolidated interim financial statements have been prepared by the Company in accordance with IFRS. The preparation of these financial statements is based on accounting policies and practices in accordance with IFRS and should not be compared to those used in the preparation of the audited annual consolidated financial statements, as the annual consolidated financial statements were prepared under accounting policies and practices in accordance with Canadian GAAP. The accompanying unaudited condensed consolidated interim financial statements should not be read in conjunction with the notes to the Company's audited consolidated financial statements for the year ended December 31, 2010, since they do not contain all disclosures required by IFRS for annual financial statements. These unaudited condensed interim consolidated financial statements reflect all normal and recurring adjustments which are, in the opinion of management, necessary for a fair presentation of the respective interim periods presented.

(c) Estimation Uncertainty

When preparing the condensed consolidated financial statements management undertakes a number of judgements, estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts about recognition and measurement of assets, liabilities, income and expenses. Significant areas requiring the use of management estimates relate to the valuation or recoverability of deposits and due from former related party, asset retirement obligations, expected tax rates and the utilization of future income tax assets, fair value measurements for financial instruments and the measurement of share-based transactions. Financial results as determined by actual events could differ from those estimates. The actual results are likely to differ from the judgements, estimates and assumptions made by management, and will seldom equal the estimated results.

(d) Cash Equivalents

Cash equivalents include money market investments or term deposits where the initial maturity is less than 90 days or which can be redeemed without significant penalty.

(e) Long-lived Assets and Impairment

The carrying values of long-lived assets with fixed or determinable lives are reviewed for impairment whenever events or changes in circumstances indicate recoverable values may be less than carrying amounts. Recoverable value determinations are based on management's estimates of undiscounted and discounted future net cash flows expected to be recovered from specific assets or groups of assets through use or future disposition. Impairment charges are recorded in the period in which determination of impairment is made by management.

(f) Investments

Investments not subject to significant influence are designated as available-for-sale and accounted for at fair value. In limited circumstances, cost may be an appropriate estimate of the fair value of an investment with no quoted price in an active market. Transaction costs related to the acquisition of investments are recognized as expenses in the statement of operations when incurred.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(g) Share-Based Payment Transactions

The Company has a plan for granting stock options to management, directors, employees and consultants. The share option plan allows Company employees and consultants to acquire shares of the Company. The fair value of options granted is recognized as an employee or consultant expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee.

Stock options issued to employees or those providing similar services, the fair value is measured at grant date and each tranche is recognized on a straight line basis over the period during which the options vest. The fair value of the options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

Stock options issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of the goods or services received.

(h) Share Capital

Common shares are classified as equity. Transaction costs directly attributable to the issue of common shares and share options are recognized as a deduction from equity, net of any tax effects.

(i) Foreign Currencies

The functional and presentation currency of the Company is the Canadian dollar. Transactions in currencies other than the functional currency are recorded at the rates of exchange prevailing on dates of transactions. At each financial position reporting date, monetary assets and liabilities that are denominated in foreign currencies are translated at the rates prevailing at the date when the fair value was determined. Non-monetary items that are measured in terms of historical cost in a foreign currency are not retranslated.

(h) Income Taxes

The Company provides for income taxes using the liability method tax allocation. Under this method deferred income tax assets and liabilities are determined based on temporary differences between the accounting and tax bases of existing assets and liabilities, and are measured using enacted or substantially enacted tax rates expected to apply when these differences reverse. A valuation allowance is recorded against any deferred income tax asset to the extent that it is not probable the asset will be realized.

2. SIGNIFICANT ACCOUNTING POLICIES - continued

(i) Loss per Share

Basic loss per share is computed by dividing net loss available to common shareholders by the weighted average number of common shares outstanding during the period. The Company applies the treasury stock method in calculating diluted loss per share. Diluted loss per share excludes all dilutive potential common shares if their effect is anti-dilutive.

(j) Financial Instruments

The Company classifies its financial instruments in the following categories: financial assets at fair value through profit or loss, available-for-sale financial assets, loans and receivables, held to maturity investments, financial liabilities through profit or loss and financial liabilities measured at amortized cost. The classification depends on the purpose for which the financial instruments were acquired or incurred. Management determines the classification of its financial instruments at initial recognition.

Financial assets and liabilities classified as fair value through profit or loss are measured at fair value, with gains and losses recognized in net earnings. Available-for-sale financial assets are measured at fair value, with unrealized gains and losses recognized in other comprehensive income.

Financial assets classified as loans and receivables are measured at amortized cost using the effective interest method of amortization. Financial liabilities classified as financial liabilities measured at amortized cost are measured at amortized cost using the effective interest method of amortization.

The Company classifies its cash and cash equivalents as fair value through profit or loss, amounts receivable as loans and receivables, long-term investment as available for sale and accounts payable as other financial liabilities.

3. NEW ACCOUNTING STANDARDS NOT YET ADOPTED

Standards and interpretations issued but not yet effective:

- Amendments to IFRS 1, *First-time Adoption of International Financial Reporting Standards*
- Amendments to IFRS 7, *Financial Instruments: Disclosures*
- IFRS 9, *Financial Instruments*
- Amendments to IAS 12, *Income Taxes*

RANGE ENERGY RESOURCES INC. (formerly Hawkstone Energy Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 (unaudited)

4. CAPITAL STOCK

(a) Authorized

The authorized share capital of the Company consists of an unlimited number of shares without par value and an unlimited number of preferred shares, issuable in series. The preferred share rights and restrictions may be set by the Company's directors upon issue.

(b) Private placements

On May 18, 2011, the Company completed a non-brokered private placement consisting of 26,800,000 units at a price of \$0.15 per unit. The gross proceeds of the unit placement totalled \$4,020,000. Each unit comprised of one common share and one share purchase warrant entitling the holder to acquire one common share at a price of \$0.15 per share up to May 18, 2012. An additional 1,072,000 finders' warrants were issued, each entitling the holder to purchase one common share for \$0.15 on or before May 18, 2013. Gulf LNG America, LLC ("Gulf") purchased 13,400,000 units for gross proceeds of \$2,010,000.

On July 26, 2011, the Company completed a non-brokered private placement consisting of 41,100,000 units at a price of \$0.15 per unit with Gulf. The gross proceeds of the unit placement totalled \$6,165,000. Each unit comprised of one common share and one share purchase warrant entitling the holder to acquire one common share at a price of \$0.15 per share up to July 26, 2012. A finder's fee equal to 3% of the gross proceeds of the private placement were paid to a related party.

(c) Stock options

The following table summarizes stock option activity during the period ended September 30, 2011 and the year ended December 31, 2010:

	Number of Shares Under Option	Weighted Average Exercise Price
Balance, January 1, 2010	5,837,500	\$ 0.32
Granted	10,500,000	0.30
Exercised	(1,500,000)	(0.075)
Balance, December 31, 2010	14,837,500	0.30
Expired	(200,000)	(0.62)
Balance, September 30, 2011	14,637,500	\$ 0.30

Subsequent to September 30, 2011, 6,812,500 stock options were cancelled.

The following table summarizes stock options outstanding and exercisable at September 30, 2011:

Exercise Price	Options Outstanding			Options Exercisable		
	Number of Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price	Number of Shares Exercisable	Weighted Average Exercise Price	
\$			\$		\$	
0.62	800,000	1.83	0.62	800,000	0.62	
0.55	750,000	0.33	0.55	750,000	0.55	
0.35	937,500	2.75	0.35	937,500	0.35	
0.30	11,350,000	3.33	0.30	11,350,000	0.30	
0.20	800,000	1.66	0.20	800,000	0.20	
0.20 – 0.62	14,637,500	2.97	0.35	14,637,500	0.35	

RANGE ENERGY RESOURCES INC. (formerly Hawkstone Energy Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 (unaudited)

4. CAPITAL STOCK - continued

Stock options outstanding at September 30, 2011 expire between February 7, 2012 and January 7, 2015.

(d) Warrants

The following table summarizes warrant activity during the period ended September 30, 2011 and the year ended December 31, 2010:

	Number of Warrants	Purchase Price per Share
Balance, January 1, 2010	137,194,900	\$ 0.39
Warrants exercised during the year	(1,000,000)	0.10
Balance, December 31, 2010	136,194,900	\$ 0.39
Issued private placements	67,900,000	0.15
Finders' warrants issued	1,072,000	0.15
Balance, September 30, 2011	205,166,900	\$ 0.26

Warrants outstanding at September 30, 2011 expire between October 21, 2011 and May 18, 2013.

The following table summarizes share purchase warrants outstanding at September 30, 2011:

Number of Warrants	Exercise Price	Expiry Date
7,254,900	\$0.20	November 17, 2011
1,500,000	\$0.30	November 17, 2011
120,540,000	\$0.40	October 21, 2011
5,650,000	\$0.40	October 21, 2011
1,250,000	\$0.40	November 2, 2011
26,800,000	\$0.15	May 18, 2012
41,100,000	\$0.15	July 26, 2012
1,072,000	\$0.15	May 18, 2013
205,166,900		

5. SEGMENTED INFORMATION

The Company's operations comprise one reportable segment. The carrying value of the Company's non-current assets on a country-by-country basis is as follows:

	September 30, 2011			December 31, 2010		
	Canada	Channel Islands	Total	Canada	Channel Islands	Total
Property, plant and equipment	\$ 1,245	\$ -	\$ 1,245	\$ 1,538	\$ -	\$ -
long-term investment	-	21,042,886	21,042,886	-	20,136,258	20,136,258
Total	\$ 1,245	\$21,042,886	\$21,044,131	\$ 1,538	\$20,136,258	\$20,136,258

6. SUBSEQUENT EVENT

Name and Stock Exchange Symbol Change

Effective November 17, 2011, the Company changed its name from Hawkstone Energy Corp. to Range Energy Resources Corp. and trades the new (former) symbol "RGO" on the Canadian National Stock Exchange (CNSX).

RANGE ENERGY RESOURCES INC. (formerly Hawkstone Energy Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 (unaudited)

7. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

The accounting policies in Note 2 have been applied in preparing the condensed consolidated interim financial statements for the nine months ended September 30, 2011, the comparative information for the nine months ended September 30, 2010 and the financial statements for the year ended December 31, 2010.

In preparing its opening IFRS statement of financial position, comparative information for the nine months ended September 30, 2010 and financial statements for the year ended December 31, 2010, the Company has adjusted amounts reported previously in financial statements prepared in accordance with Canadian GAAP. An explanation of how the transition from previous Canadian GAAP to IFRS has affected the Company's financial position, financial performance and cash flows is set out in the following tables.

The guidance for the first time adoption of IFRS are set out in IFRS 1. IFRS 1 provides for certain mandatory exceptions and optional exemptions for first time adopters of IFRS. The Company elected to take the following IFRS 1 optional exemptions:

- To apply requirements of IFRS 3, *Business Combinations*, prospectively from the Transition Date; and
- To apply the requirements of IFRS 2, *Share-based payments*, only to equity instruments granted after November 7, 2001 which had not vested as of the Transition Date.
- Not to retrospectively apply the requirements of IAS 32, *Financial Instruments – Presentation* to compound financial instruments settled before the Transition Date.

Reconciliation of Assets, Liabilities and Equity

	note	As at January 1, 2010			As at September 30, 2010			As at December 31, 2010		
		GAAP	Effect of transition to IFRS	IFRS	GAAP	Effect of transition to IFRS	IFRS	GAAP	Effect of transition to IFRS	IFRS
ASSETS										
Current assets										
Cash and cash equivalents		\$ 4,656,301	\$ -	\$ 4,656,301	\$ 2,209,500	\$ -	\$ 2,209,500	\$ 1,160,855	\$ -	\$ 1,160,855
Accounts receivable		15,231	-	15,231	21,448	-	21,448	18,409	-	18,409
Deposits and prepaid expenses		10,167	-	10,167	39,019	-	39,019	17,833	-	17,833
		4,681,699	-	4,681,699	2,269,967	-	2,269,967	1,197,097	-	1,197,097
Property, plant and equipment		2,100	-	2,100	1,662	-	1,662	1,538	-	1,538
Long-term investments		18,083,940	-	18,083,940	19,458,222	-	19,458,222	20,136,258	-	20,136,258
		\$22,767,739	\$ -	\$22,767,739	\$21,729,851	\$ -	\$21,729,851	\$21,334,893	\$ -	\$21,334,893
LIABILITIES										
Current liabilities										
Accounts payable and accrued liabilities		\$ 94,144	\$ -	\$ 94,144	\$ 17,214	\$ -	\$ 17,214	\$ 10,918	\$ -	\$ 10,918
SHAREHOLDERS' EQUITY										
Capital stock		24,512,767	-	24,512,767	24,625,267	-	24,625,267	24,725,267	-	24,725,267
Reserve	(a)	5,539,324	20,688	5,560,012	7,737,932	56,407	7,794,339	8,104,255	56,407	8,160,662
Deficit	(a)	(7,378,466)	(20,688)	(7,399,154)	(10,650,562)	(56,407)	(10,706,969)	(11,505,547)	(56,407)	(11,561,954)
		22,673,625	-	22,673,625	21,712,637	-	21,712,637	21,323,975	-	21,323,975
		\$22,767,769	\$ -	\$22,767,769	\$21,729,851	\$ -	\$21,729,851	\$21,334,893	\$ -	\$21,334,893

RANGE ENERGY RESOURCES INC. (formerly Hawkstone Energy Corp.)
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
SEPTEMBER 30, 2011 (unaudited)

7. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Loss and Comprehensive Loss

	Three months ended September 30, 2010			Nine months ended September 30, 2010			Year ended December 31, 2010			
	note	GAAP	Effect of transition to IFRS	IFRS	GAAP	Effect of transition to IFRS	IFRS	GAAP	Effect of transition to IFRS	IFRS
Expenses										
Amortization		\$ 135	\$ -	\$ 135.00	\$ 438	\$ -	\$ 438	\$ 563	\$ -	\$ 563
Audit and accounting		30,363	-	30,363	136,025	-	136,025	166,562	-	166,562
Consulting		75,708	-	75,708	166,772	-	166,772	254,539	-	254,539
Corporate finance fees		6,737	-	6,737	163,757	-	163,757	392,603	-	392,603
General and administrative		18,259	-	18,259	64,859	-	64,859	105,391	-	105,391
Legal fees		90,345	-	90,345	155,055	-	155,055	165,244	-	165,244
Management and directors fees		42,800	-	42,800	166,430	-	166,430	168,000	-	168,000
Shareholder information		6,165	-	6,165	23,345	-	23,345	17,374	-	17,374
Stock-based compensation	(a)	41,424	69,630	111,054	2,198,608	35,719	2,234,327	2,564,931	35,719	2,600,650
Transfer agent and filing fees		3,587	-	3,587	16,983	-	16,983	19,085	-	19,085
Travel and promotion		60,586	-	60,586	188,335	-	188,335	303,702	-	303,702
Loss before the following		(376,109)	(69,630)	(445,739)	(3,280,607)	(35,719)	(3,316,326)	(4,157,994)	(35,719)	(4,193,713)
Interest income		44	-	44	8,511	-	8,511	30,913	-	30,913
Net loss and comprehensive loss for the period		\$ (376,065)	\$ (69,630)	\$ (445,695)	\$ (3,272,096)	\$ (35,719)	\$ (3,307,815)	\$ (4,127,081)	\$ (35,719)	\$ (4,162,800)
Loss per share		\$ (0.00)	\$ (0.00)	\$ (0.02)	\$ (0.02)	\$ (0.02)	\$ (0.03)	\$ (0.03)	\$ (0.03)	\$ (0.03)
Weighted average number of shares		162,461,173		162,461,173	162,461,173		163,028,525	163,028,525		163,028,525

Notes to Reconciliations

(a) Share-based Payment

Under Canadian GAAP, the Company measured share-based compensation related to share purchase options at fair value of the options granted using the Black-Scholes option pricing model and recognized this expense over the vesting period of the options granted. For the purpose of accounting for share based payment transactions an individual is classified as an employee when the individual is consistently represented to be an employee under law. The fair value of the options granted to employees is measured on the date of grant. The fair value of options granted to consultants were re-measured each reporting period over the vesting period of the options granted. Forfeitures were recognized as they occurred.

Similar to Canadian GAAP, IFRS 2 requires the Company to measure share-based compensation related to share purchase options granted to employees at the fair value of the options on the date of grant and to recognize such expense over the vesting period of the options. However, for options granted to non-employees, IFRS 2 requires that share-based compensation be measured at fair value of the services received unless the fair value cannot be reliably measured. For the purpose of accounting for share based-payment transactions an individual is classified as an employee when the individual is an employee for legal or tax purposes or provides services similar to those performed by a direct employee. This definition of an employee is broader than that previously applied by the Company and resulted in a consultant being classified as an employee under IFRS 2.

For the share purchase options granted to the individual reclassified, changes in fair value after the grant date previously recognized for Canadian GAAP purposes have been adjusted. The adjustments were calculated only for vested options issued and outstanding as of and after the Transition Date.