RANGE ENERGY RESOURCES INC

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

FOR THE THREE MONTH PERIODS ENDED MARCH 31, 2011 AND 2010

RANGE ENERGY RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

THREE MONTHS ENDED MARCH 31, 2011

Table of Contents

Table of Contents	Page
Condensed Consolidated Interim Statements of Financial Position	4
Condensed Consolidated Interim Statements of Comprehensive Loss	5
Condensed Consolidated Interim Statements of Cash Flows	6
Condensed Consolidated Interim Statements of Changes in Equity	7
Notes to the Condensed Consolidated Financial Statements	8-25

RANGE ENERGY RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION

(Unaudited – Expressed in Canadian Dollars)

ASSETS	March 31, 2011	December 31, 2010 (Note 10)	January 1, 2010 (Note 10)
CURRENT ASSETS			
Cash and cash equivalents	$ 893,027	$ 1,160,855	$ 4,656,301
Amounts receivable	22,917	18,409	15,231
Prepaid expenses and deposits	17,833	17,833	10,167
	933,777	1,197,097	4,681,699
Equipment (Note 5)	1,422	1,538	2,100
Long-term investment (Note 6)	20,136,258	20,136,258	18,083,940
	$ 21,071,457	$ 21,334,893	$ 22,767,739
LIABILITIES			
CURRENT LIABILITIES			
Accounts payable and accrued liabilities	$ 72,272	$ 10,918	$ 94,114
SHAREHOLDERS' EQUITY (DEFICIENCY)			
SHARE CAPITAL (Note 7)	24,725,267	24,725,267	24,512,767
RESERVE	8,160,662	8,160,662	5,560,012
DEFICIT	(11,886,744)	(11,561,954)	(7,399,154)
	20,999,185	21,323,975	22,673,625
	$ 21,071,457	$ 21,334,893	$ 22,767,739

SUBSEQUENT EVENTS (Note 11)

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

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

"Donald R. Sheldon" — Donald R. Sheldon, Director

"R. Brian Murray" — R. Brian Murray, Director

RANGE ENERGY RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF COMPREHENSIVE LOSS

(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010 (Note 10)
REVENUES	$ –	$ –
ADMINISTRATIVE EXPENSES		
Amortization	115	158
Audit and accounting	50,150	31,413
Consulting	100,400	24,934
Corporate finance fees	46,881	50,000
Interest and bank charges	27	–
Legal fees	26,707	11,006
Management fees	18,000	16,000
Office and rent	26,581	14,449
Shareholder information and printing	1,490	3,786
Share-based compensation	–	2,198,058
Transfer agent and filing fees	5,279	3,084
Travel and promotion	49,221	45,945
	324,851	2,398,832
LOSS BEFORE OTHER ITEMS	(324,851)	(2,398,832)
OTHER ITEMS		
Interest income	61	8,403
	61	8,403
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (324,790)	$ (2,390,429)
LOSS PER SHARE – BASIC AND DILUTED	$ (0.002)	$ (0.015)
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	164,377,840	163,028,525

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

RANGE ENERGY RESOURCES INC.
CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOW

(Unaudited – Expressed in Canadian Dollars)

	Three Months Ended March 31, 2011	Three Months Ended March 31, 2010 (Note 10)
OPERATING ACTIVITIES		
Net loss for the period	$ (324,790)	$ (2,390,429)
Items not affecting cash:		
Amortization	115	157
Share-based compensation	-	2,198,058
	(324,675)	(192,214)
Changes in operating assets and liabilities:		
Amounts receivable	(4,507)	10,569
Prepaid expenses and deposits	-	(1,614,033)
Accounts payable and accrued liabilities	61,354	(9,030)
Net cash outflows from operating activities	(267,828)	(1,804,708)
FINANCING ACTIVITIES:		
Proceeds from the exercise of stock options	-	37,500
Net cash inflows from financing activities	-	37,500
INVESTING ACTIVITIES:		-
Net cash outflows from investing activities	-	-
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(267,828)	(1,767,208)
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	1,160,855	4,656,301
CASH AND CASH EQUIVALENTS, END OF YEAR	$ 893,027	$ 2,889,093

Cash and cash equivalents consist of:		
Demand deposits	$ 207,311	$ 2,700,000
Term deposit	685,716	189,093
	$ 893,027	$ 2,889,093

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

RANGE ENERGY RESOURCES INC.

CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY

(Unaudited – Expressed in Canadian Dollars)

	SHARE CAPITAL				
	NUMBER OF SHARES	AMOUNT $	RESERVE $	DEFICIT $	TOTAL $
Balance at January 1, 2010 (Note 10)	161,877,840	24,512,767	5,560,012	(7,399,154)	22,673,625
Shares issued upon exercise of stock options	500,000	37,500	-	-	37,500
Share-based compensation	-	-	2,198,058	-	2,198,058
Total comprehensive loss for period (Note 10)	-	-	-	(2,390,429)	(2,390,429)
Balance at March 31, 2010	162,377,840	24,550,267	7,758,070	(9,789,583)	22,518,754
Balance at January 1, 2011	164,377,840	24,725,267	8,160,662	(11,561,954)	21,323,975
Total comprehensive loss for period	-	-	-	(324,790)	(324,790)
Balance at March 31, 2011	164,377,840	24,725,267	8,160,662	(11,886,744)	20,999,185

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

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 is a development stage company engaged in the acquisition and exploration of oil and gas resource properties. As at March 31, 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 (see Note 6). 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 three months ended March 31, 2011 comprise the Company and its wholly-owned subsidiary Range Oil & Gas (North Iraq).

As at March 31, 2011, the Company has accumulated losses since inception of $11,886,774. 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 three months ended March 31, 2011, management recorded transition adjustments on applying IFRS as disclosed in Note 10.

The condensed consolidated interim 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 financials 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*

(Unaudited – Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS AND RISKS

(a) Fair Values of Financial Instruments

The fair values of financial instruments are summarized as follows:

	March 31, 2011		December 31, 2010		January 1, 2010	
	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $	Carrying Value $	Fair Value $
Financial Assets						
Fair value through profit or loss						
Cash and cash equivalents	893,027	893,027	1,160,855	1,160,855	4,656,301	4,656,301
Long-term investment	20,136,258	20,136,258	20,136,258	20,136,258	18,083,940	18,083,940
Loans and receivables						
Amounts receivable	22,917	22,917	18,409	18,409	15,231	15,231
Financial Liabilities						
Financial liabilities measured at amortized cost						
Accounts payable	72,272	72,272	10,918	10,918	94,114	94,114

As at March 31, 2011, the carrying value of the Company's long-term investment is $20,136,258 (December 31, 2010 - $20,136,258). The long-term investment does not have a reliably measurable fair value as it does not have a quoted market price in an active market.

(b) Fair Value Measurements

The Company has various financial instruments including cash and cash equivalents, amounts receivable and accounts payable.

IFRS 7, *Financial Instruments – Disclosures*, requires an entity to maximize the use of observable inputs and minimize the use of unobservable inputs when measuring fair value. IFRS 7 establishes a fair value hierarchy based on the level of independent, objective evidence surrounding the inputs used to measure fair value. A financial instrument's categorization within the fair value hierarchy is based upon the lowest level of input that is significant to the fair value measurement. IFRS 7 prioritizes the inputs into three levels that may be used to measure fair value:

<u>Level 1</u>

Level 1 applies to quoted prices (unadjusted) in active markets for identical assets or liabilities.

<u>Level 2</u>

Level 2 applies to inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (ie as prices) or indirectly (ie derived from prices).

<u>Level 3</u>

Level 3 applies inputs for the asset or liability that are not based on observable market data (unobservable inputs).

(Unaudited – Expressed in Canadian Dollars)

4. FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS AND RISKS (continued)

(b) Fair Value Measurements (continued)

The fair value of cash and cash equivalents is determined based on "Level 1" inputs, which consist of quoted prices in active markets for identical assets. As at March 31, 2011, the Company believes that the carrying values of amounts receivable and accounts payable approximate their fair values because of their nature and relatively short maturity dates or durations.

Assets measured at fair value on a recurring basis were presented on the Company's balance sheet as of March 31, 2011 are as follows:

	Fair Value Measurements Using			
	Quoted Prices in Active Markets For Identical Instruments (Level 1) $	Significant Other Observable Inputs (Level 2) $	Significant Unobservable Inputs (Level 3) $	March 31, 2011 $
Assets:				
Cash and cash equivalents	893,027	–	–	893,027
Long-term investment	–	–	20,136,258	20,136,258

(c) Financial Risks

(i) Credit Risk

Credit risk arises from the non-performance by counterparties of contractual financial obligations resulting in financial loss to the Company. The Company's credit risk is primarily attributable to its cash and cash equivalents and amounts receivable. Cash and cash equivalents are held with an investment grade Canadian financial institution as assessed by external rating agencies. The deposits held with this institution may exceed the amount of insurance provided on such deposits. Amounts receivable are due from an agency of the Canadian government. Management believes the risk of loss to be minimal. As at March 31, 2011, the Company's maximum credit risk is the carrying value of cash and cash equivalents and amounts receivable.

(ii) Commodity Price Risk

The Company is subject to price risk from fluctuations in market prices of the commodities underlying its long-term investment. This exposure includes the ability to raise capital with favourable terms. The Company does not currently hold any financial instruments that mitigate this risk.

(iii) Liquidity Risk

Liquidity risk refers to the risk that the Company will not be able to meet its financial obligations when they become due, or can only do so at excessive cost. As at March 31, 2011, the Company has working capital surplus of $861,505. The Company manages liquidity risk by maintaining adequate cash and cash equivalent balances including purchasing cash equivalents with early redemption features that may be sold into an active market. The Company continuously monitors and reviews both actual and forecasted cash flows, and also matches the maturity profile of financial assets and liabilities.

4. FINANCIAL INSTRUMENTS, FAIR VALUE MEASUREMENTS AND RISKS (continued)

(c) Financial Risks (continued)

(iv) Interest Rate Risk

As at March 31, 2011, the Company's cash equivalents consists bank account balances in the amount of $893,027. The Company does not engage in any hedging activity to interest rate risk. A plus or minus 1% change in market interest rates would not have a significant effect on the Company's loss and comprehensive loss for the year.

(v) Currency Risk

As the Company operates in an international environment, some of the Company's transactions and balances are denominated in currencies other than the Canadian dollar. The Company's foreign exchange risk arises primarily with respect to the United States dollar. The Company is required to make regular cash contributions denominated in United States dollars to fund the companies underlying its long-term investment (see Note 7). Fluctuations in the exchange rate between the United States dollar and the Canadian dollar could have a material effect on the Company's business, financial condition and results of operations. The Company does not engage in any hedging activity to mitigate this risk.

As at March 31, 2011, a strengthening (weakening) of the Canadian dollar against the United States dollar of 10% would have an insignificant impact on the Company's loss and comprehensive loss.

5. EQUIPMENT

March 31, 2011		Cost		Accumulated Amortization		Net Book Value
Computers and software	$	4,239	$	2,817	$	1,422

December 31, 2010		Cost		Accumulated Amortization		Net Book Value
Computers and software	$	4,239	$	2,701	$	1,538

January 1, 2010		Cost		Accumulated Amortization		Net Book Value
Computers and software	$	4,239	$	2,139	$	2,100

6. LONG-TERM INVESTMENT

On November 6, 2009, Range Oil & Gas Inc. entered into a share acquisition agreement with a privately held company (the "Vendor") under which the Company would purchase 49.9% of the common shares of New Age Al Zarooni 2 Limited ("NAAZ2"), a company domiciled in Jersey, Channel Islands. The consideration paid for the shares was as follows:

(a) US$16,367,000 ($16,862,774) cash;
(b) 2,000,000 common shares of the Company with an estimated fair value of $400,000 measured on the date of issuance;
(c) 1,500,000 warrants to purchase 1,500,000 common shares of the Company exercisable for a term of five years at a price of $0.30 per share, valued at $509,293 measured on the date of issuance using the Black-Scholes option-pricing model; and
(d) US$44,000 ($46,728) of expenses reimbursed to the Vendor.

The transaction closed on November 17, 2009. In connection with the transaction, the Company issued 3,250,000 common shares of the Company for corporate advisory services to unrelated third parties. The estimated fair value of these shares of $650,000, measured on the date of issuance, was recorded as transaction costs in the statement of operations during the year ended December 31, 2009.

NAAZ2 holds 50% of the common shares of Gas Plus Khalakan Limited ("GPK"), a company domiciled in Jersey, Channel Islands. GPK holds an 80% interest in the Khalakan production sharing contract ("PSC") for an oil and gas resource property referred to as the Khalakan Block. The Kurdistan Regional Government of Iraq holds the remaining 20% interest in the PSC. The Khalakan Block consists of two concessions, Blocks 28 and 29 (sometimes referred to as Blocks 6 and 7), and comprises 624 square kilometres located in the central part of the Kurdistan Region of Iraq. The Khalakan Block lies between the concession which contains the Taq Taq oilfield and the concession which contains the recent discovery at Miran by Heritage Oil Limited.

Under the GPK Shareholders' Agreement, a company beneficially owned by a third party is entitled to a 40% interest in the net profits ("NPI") of the project. At any time, the 40% NPI may be exchanged for 40% of the issued common shares of GPK for a price equal to US$1 per common share. In addition, a 3.5% interest in the net profits is payable under management services agreement.

Under the NAAZ2 shareholders' agreement, each shareholder is required to fund its relative portion of cash calls by NAAZ2. Should a shareholder fail to fund its portion of these cash calls, the non-defaulting shareholder will have the option to fund any shortfalls and thereby increase its relative interest in NAAZ2. Should the non-defaulting shareholder decline to fund any shortfalls, a buy-out event may be triggered under which the defaulting party's interest may be purchased by the non-defaulting party for a price pre-determined by a formula in the shareholders' agreement. During the period ended March 31, 2011, there were no cash calls (December 31, 2010: US$1,964,565 ($2,052,318)) to cover its portion of cash calls to NAAZ2.

Under the GPK shareholders' agreement, each shareholder is required to fund its relative portion of cash calls by GPK. Should a shareholder fail to fund its portion of these cash calls, the non-defaulting shareholder will have the option to fund any shortfalls and thereby increase its relative interest in GPK. Should the non-defaulting shareholder decline to fund any shortfalls, a buy-out event may be triggered under which the defaulting party's interest may be purchased by the non-defaulting party for a price pre-determined by a formula in the shareholders' agreement.

(Unaudited – Expressed in Canadian Dollars)

7. SHARE CAPITAL

(a) Authorized Share Capital

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) Issued and Outstanding Share Capital

The issued and outstanding common shares are as follows:

	Number of Shares		Amount
Balance, January 1, 2010	161,877,840	$	24,512,767
Issued upon exercise of stock options	1,500,000		112,500
Issued upon exercise of warrants	1,000,000		100,000
Balance, December 31, 2010 and March 31, 2011	164,377,840	$	24,725,267

As at March 31, 2011 there are no preferred shares issued and outstanding.

(c) Stock Options

The Company has adopted an amended stock option incentive plan (the "Plan") that was approved by the board of directors on January 6, 2010 and by the shareholders on May 27, 2010. The aggregate number of shares of the Company's capital stock issuable pursuant to options granted under the Plan may not exceed 16,237,784 shares. Options granted under the Plan may have a maximum term of ten years. The exercise price of options granted under the Plan shall be determined by the Company's directors, provided that such price shall not be lower than the closing sales price of the Company's shares for the market trading day immediately prior to the time of grant, less any discount permitted by CNSX. Stock options granted under the Plan may be subject to vesting terms that are set at the discretion of the Directors at the time of grant.

The following table summarizes stock option activity during the period ended March 31, 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 and March 31, 2011	14,837,500	$	0.30

(Unaudited – Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(c) Stock Options

The following table summarizes stock option activity during the period ended March 31, 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 and March 31, 2011	14,837,500	$ 0.30

The following table summarizes stock options outstanding and exercisable at March 31, 2011:

	Options Outstanding			Options Exercisable	
Exercise Price $	Number of Shares	Weighted Average Remaining Contractual Life (years)	Weighted Average Exercise Price $	Number Exercisable	Weighted Average Exercise Price $
0.62	1,000,000	2.31	0.62	1,000,000	0.62
0.55	750,000	0.85	0.55	750,000	0.55
0.35	937,500	2.31	0.35	937,500	0.35
0.30	11,350,000	3.66	0.30	11,350,000	0.30
0.20	800,000	2.20	0.20	800,000	0.20
0.20 – 0.62	14,837,500	3.32	0.35	14,837,500	0.35

Stock options outstanding at March 31, 2011 will expire between February 7, 2012 and January 7, 2015.

(d) Warrants

The following table summarizes warrant activity during the period ended March 31, 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 and March 31, 2011	136,194,900	$ 0.39

Warrants outstanding at March 31, 2011 expire between October 21, 2011 and November 17, 2011.

(Unaudited – Expressed in Canadian Dollars)

7. SHARE CAPITAL (continued)

(d) Warrants (continued)

The following table summarizes share purchase warrants outstanding at March 31, 2011:

Number of Warrants	Exercise Price $	Expiry Date	Weighted Average Remaining Contractual Life
7,254,900	0.20	November 17, 2011	0.63 years
1,500,000	0.30	November 17, 2011	0.63 years
120,540,000	0.40	October 21, 2011	0.56 years
5,650,000	0.40	October 21, 2011	0.56 years
1,250,000	0.40	November 2, 2011	0.58 years
136,194,900			0.56 years

(e) Shares Held in Escrow

At March 31, 2011, 18,906 of the issued and outstanding common shares were held in escrow, subject to release with only regulatory approval.

8. RELATED PARTY TRANSACTIONS AND BALANCES

As at March 31, 2011, the Company has accrued $10,260 due to a company controlled by a director of the Company in accounts payable for travel expenses. The amounts are non-interest bearing, unsecured and due on demand.

9. COMMITMENTS

The Company leases its premises under an agreement expiring on December 1, 2012. Minimum lease payments over the remaining term of the lease are as follows:

Year	Amount
2011	$ 49,883
2012	60,969
	$ 110,852

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS

As disclosed in Note 2, these are the Company's first condensed consolidated interim financial statements for the period covered by the first annual consolidated financial statements prepared in accordance with IFRS. The accounting policies in Note 2 have been applied in preparing the condensed consolidated interim financial statements for the three months ended March 31, 2011, the comparative information for the three months ended March 31, 2010, the financial statements for the year ended December 31, 2010 and the preparation of an opening IFRS statement of financial position on Transition Date, January 1, 2010.

In preparing its opening IFRS statement of financial position, comparative information for the three months ended March 31, 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.

(Unaudited – Expressed in Canadian Dollars)

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Assets, Liabilities and Equity

	As at January 1, 2010			
	Canadian GAAP	**Effect of transition to IFRS**	**Notes**	**IFRS**
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 4,656,301	$ -		$ 4,656,301
Amounts receivable	15,231	-		15,231
Prepaid expenses and deposits	10,167	-		10,167
	4,681,699	-		4,681,699
Equipment	2,100	-		2,100
Long-term investment	18,083,940	-		18,083,940
	$ 22,767,739	$ -		$ 22,767,739
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$ 94,114	$ -		$ 94,114
SHAREHOLDERS' EQUITY (DEFICIENCY)				
SHARE CAPITAL	24,512,767	-		24,512,767
RESERVE	5,539,324	20,688	(a)	5,560,012
DEFICIT	(7,378,466)	(20,688)	(a)	(7,399,154)
	22,673,625	-		22,673,625
	$ 22,767,739	$ -		$ 22,767,739

(Unaudited – Expressed in Canadian Dollars)

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Assets, Liabilities and Equity (continued)

	As at March 31, 2010			
	Canadian GAAP	**Effect of transition to IFRS**	**Notes**	**IFRS**
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 2,889,093	$ -		$ 2,889,093
Amounts receivable	4,662	-		4,662
Prepaid expenses and deposits	1,624,200	-		1,624,200
	4,517,955	-		4,517,955
Equipment	1,943	-		1,943
Long-term investment	18,083,940	-		18,083,940
	$ 22,603,838	$ -		$ 22,603,838
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$ 85,083	$ -		$ 85,083
SHAREHOLDERS' EQUITY (DEFICIENCY)				
SHARE CAPITAL	24,550,267	-		24,550,267
RESERVE	7,778,091	(20,021)	(a)	7,758,070
DEFICIT	(9,809,604)	20,021	(a)	(9,789,583)
	22,518,754	-		22,518,754
	$ 22,603,838	$ -		$ 22,603,838

(Unaudited – Expressed in Canadian Dollars)

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Assets, Liabilities and Equity (continued)

	As at December 31, 2010			
	Canadian GAAP	**Effect of transition to IFRS**	**Notes**	**IFRS**
ASSETS				
CURRENT ASSETS				
Cash and cash equivalents	$ 1,160,855	$ -		$ 1,160,855
Amounts receivable	18,409	-		18,409
Prepaid expenses and deposits	17,833	-		17,833
	1,197,097	-		1,197,097
Equipment	1,538	-		1,538
Long-term investment	20,136,258	-		20,136,258
	$ 21,334,893	$ -		$ 21,334,893
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	$ 10,918	$ -		$ 10,918
SHAREHOLDERS' EQUITY (DEFICIENCY)				
SHARE CAPITAL	24,725,267	-		24,725,267
RESERVE	8,104,255	56,407	(a)	8,160,662
DEFICIT	(11,505,547)	(56,407)	(a)	(11,561,954)
	21,323,975	-		21,323,975
	$ 21,334,893	$ -		$ 21,334,893

(Unaudited – Expressed in Canadian Dollars)

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Loss and Comprehensive Loss

	Three months ended March 31, 2010			
	Canadian GAAP	**Effect of transition to IFRS**	**Notes**	**IFRS**
REVENUES	$ -	$ -		$ -
ADMINISTRATIVE EXPENSES				
Amortization	158	-		158
Audit and accounting	34,413	-		34,413
Consulting	24,934	-		24,934
Corporate finance fees	50,000	-		50,000
Legal fees	11,006	-		11,006
Management fees	16,000	-		16,000
Office and miscellaneous	14,449	-		14,449
Shareholder information and printing	3,786	-		3,786
Share-based compensation	2,238,767	(40,709)	(a)	2,198,058
Transfer agent and filing fees	3,084	-		3,084
Travel and promotion	45,945	-		45,945
	2,439,541	(40,709)		2,398,832
LOSS BEFORE OTHER ITEMS	(2,439,541)	40,709		(2,398,832)
OTHER ITEMS				
Interest income	8,403	-		8,403
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (2,431,138)	$ 40,709		$ (2,390,429)

(Unaudited – Expressed in Canadian Dollars)

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Loss and Comprehensive Loss (continued)

	Year ended December 31, 2010			
	Canadian GAAP	Effect of transition to IFRS	Notes	IFRS
REVENUES	$ -	$ -		$ -
ADMINISTRATIVE EXPENSES				
Amortization	563	-		563
Audit and accounting	166,562	-		166,562
Consulting	254,539	-		254,539
Corporate finance fees	392,603	-		392,603
Interest and bank charges	175	-		175
Legal fees	165,244	-		165,244
Management fees	168,000	-		168,000
Office and rent	105,216	-		105,216
Shareholder information and printing	17,374	-		17,374
Share-based compensation	2,564,931	35,719	(a)	2,600,650
Transfer agent and filing fees	19,085	-		19,085
Travel and promotion	303,702	-		303,702
	4,157,994	35,719		4,193,713
LOSS BEFORE OTHER ITEMS	(4,157,994)	(35,719)		(4,193,713)
OTHER ITEMS				
Interest income	30,913	-		30,913
NET LOSS AND COMPREHENSIVE LOSS FOR THE PERIOD	$ (4,127,081)	$ (35,719)		$ (4,162,800)

(Unaudited – Expressed in Canadian Dollars)

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

Reconciliation of Cash Flows

	Three months ended March 31, 2010			
	Canadian GAAP	Effect of transition to IFRS	Notes	IFRS
OPERATING ACTIVITIES				
Net loss for period	$ (2,431,138)	$ 40,709	(a)	$ (2,390,429)
Amortization	157	-		157
Share-based compensation	2,238,767	(40,709)	(a)	2,198,058
Changes in non-cash working capital	(1,612,494)	-		(1,612,494)
CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	(1,804,708)	-		(1,804,708)
CASH PROVIDED FROM INVESTING ACTIVITIES	-	-		-
CASH PROVIDED FROM FINANCING ACTIVITIES	37,500	-		37,500
DECREASE IN CASH AND CASH EQUIVALENTS	(1,767,208)	-		(1,767,208)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,656,301	-		4,656,301
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 2,889,093	$ -		$ 2,889,093

	Year ended December 31, 2010			
	Canadian GAAP	Effect of transition to IFRS	Notes	IFRS
OPERATING ACTIVITIES				
Net loss for period	$ (4,127,081)	$ (35,719)	(a)	$ (4,162,800)
Amortization	563	-		563
Share-based compensation	2,564,931	35,719	(a)	2,600,650
Changes in non-cash working capital	(94,041)	-		(94,041)
CASH AND CASH EQUIVALENTS USED IN OPERATING ACTIVITIES	(1,655,628)	-		(1,655,628)
CASH USED IN INVESTING ACTIVITIES	(2,052,318)	-		(2,052,318)
CASH PROVIDED FROM FINANCING ACTIVITIES	212,500	-		212,500
DECREASE IN CASH AND CASH EQUIVALENTS	(3,495,446)	-		(3,495,446)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	4,656,301	-		4,656,301
CASH AND CASH EQUIVALENTS, END OF PERIOD	$ 1,160,855	$ -		$ 1,160,855

10. TRANSITION TO INTERNATIONAL FINANCIAL REPORTING STANDARDS (continued)

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 unvested options issued and outstanding as of and after the Transition Date.

11. SUBSEQUENT EVENTS

(a) On April 15, 2011, the Company and Crest Investment Company, an affiliate of Gulf LNG America, LLC ("Gulf"), entered into a non-binding letter of intent pursuant to which Gulf and the Company intend to negotiate a transaction in which Gulf will invest $16,350,000 in a private placement of common shares of the Company at a price of $0.15 per share, subject to due diligence review and other conditions.

(b) On May 18, 2011, the Company completed a private placement consisting of 26,800,000 units for gross proceeds of $4,020,000. Each units comprises of one common share in the Company and one common share purchase warrant, entitling the holder to purchase one additional common share at an exercise price of $0.15 for one year. Gulf, purchased 13,400,000 units for gross proceeds of $2,010,000. This investment represents the first $2,010,000 of the anticipated total of $16,350,000 investment. 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. The Company and Gulf anticipate that the remainder of the investment will be funded in two equal tranches, one to occur in July 2011 and the other within year of the first tranche.

(c) On May 18, 2011, the Company and Gulf entered into an Investor Agreement. In addition to certain interim non-solicitation and operating covenants, the agreement provides that, at Gulf's request, the Company shall as soon as reasonably practicable use all reasonable efforts to have two new directors, as shall be designated by Gulf, appointed to Range's board of directors and to designate one of such directors as Chairman of the Board.