

Red Rock Energy Inc.
Management Discussion & Analysis
December 31, 2016

Management Discussion and Analysis

Management's discussion and analysis of the operating results and financial condition of Red Rock Energy Inc. ("Red Rock" or the "Company") for the three months and nine months ended December 31, 2016 is dated March 1st, 2017 and should be read in conjunction with the applicable audited Consolidated Financial Statements for the year ended March 31, 2016 and related notes.

The Company was incorporated on April 12, 2005. Red Rock's sole business to date has been to identify, evaluate and acquire mineral and oil and gas properties and to conduct exploration and development operations on such properties. Red Rock has no commercial production, and accordingly has realized no material revenues to date.

Additional information relating to Red Rock can be found on the SEDAR website at www.sedar.com.

FORWARD-LOOKING STATEMENTS

This document contains expectations, beliefs, plans, goals, objectives, assumptions, information and statements about future events, conditions, results of operations or performance that constitute "forward-looking information" or "forward-looking statements" (collectively, "forward-looking statements") under applicable securities laws. Undue reliance should not be placed on forward-looking statements. Forward-looking statements are based on current expectations, estimates and projections that involve a number of risks and uncertainties, which could cause actual results to differ materially from those anticipated by the Company and described in the forward-looking statements. We caution that the foregoing list of risks and uncertainties is not exhaustive. Events or circumstances could cause actual dates to differ materially from those estimated or projected and expressed in, or implied by, these forward-looking statements. The forward-looking statements contained in this press release are made as of the date hereof and the Company does not intend, and does not assume any obligation, to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise unless expressly required by applicable securities laws.

CRITICAL ACCOUNTING ESTIMATES

The following management's discussion and analysis ("MD&A") is dated March 1st, 2017 and should be read in conjunction with the Company's audited consolidated financial statements and related notes for the twelve months ended March 31, 2016. The accompanying financial statements of Red Rock have been prepared by management and approved by the Company's Board of Directors.

Overview

Red Rock Energy Inc. ("the Company") is a Canadian resource company and was established as an Alberta registered Company on April 12th, 2005. The Company and its subsidiary are also registered in the province of Saskatchewan, British Columbia and the North West Territories. The Company's principal assets are mineral properties located in Saskatchewan and oil and gas properties located in British Columbia. The Company is engaged in the acquisition, exploration and development of properties for the purpose of producing uranium and oil and gas. The Company holds a 100% interest in 13 Claims covering approximately 11,000 hectares located in close proximity to Uranium City, Saskatchewan and 5 additional Claims covering approximately 960 hectares in the Northwest Territories. Red Rock is in the process of pursuing uranium exploration prospects identified by management within its existing land base and in other strategically located areas with an initial focus on western Canada, beginning with the Phase 1 work program outlined in the Qualifying Report by its Report Authors and discussed below. Red Rock intends to

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expand its management, staff and consultants with technical experience as required such that it may be able to pursue further exploration or acquisition opportunities within those core areas.

The Company also acquired prospective oil and gas rights in North East British Columbia. The agreement was with a regional, mid-tier oil and gas company and the properties included two existing well bores and related well and processing equipment. The Company intended to re-enter and recomplete each of the acquired well bores with the intent of evaluating the potential for by-passed hydrocarbon production. One of the acquired well bores was designated as the discovery well for a Bluesky oil pool. On February 21, 2013, the Company executed a farm-out agreement with two arm's length parties ("the farmees") whereby in exchange for the farmees paying the costs associated with completing, acidizing and equipping well d-10-H/94-A-166 ("the Re-entry well") and conducting a pipeline test from the Caribou compressor station d-62-C to the Re-entry well ("the pipeline test), the farmees would earn a 75% working interest in the Re-entry well. During March, 2013, the Company carried out the procedures associated with re-entering and testing the Re-entry well. The procedures carried out did not identify whether there were any commercial accumulation of oil or gas. Decommissioning procedures were performed on the Re-entry well and the future rights and obligations associated with the Re-entry well were relinquished.

Red Rock holds a 100% interest the Saskatchewan Claims which are divided into four blocks of mineral claims identified as RB1, RB2, RB3 and Rb4. The claims are located in the Beaverlodge Uranium District in northern Saskatchewan north of Lake Athabasca.

The RB1 block consists of six mineral claims, encompasses about 1,184 ha and is about 14 km northeast of the hamlet of Uranium City at and near the former Dubyna mine. The RB1 block has at its center a small Crown Reserve (CR683) approximately 400m by 700m that is not owned by Red Rock. The RB2 block consists of four mineral claims, encompassing about 1,819 ha and is about 3 km southwest of Uranium City at and near the former Lake Cinch and Cenex mines. The RB3 block is made up of one mineral claim totaling 184 ha located 25 km south of Uranium City on the Crackingstone peninsula north of the former Gunner mine site. The RB4 block is comprised of four claims totaling 6,375 ha located 35 km due south of Uranium city on Lake Athabasca. The RB3 and RB4 properties were acquired after the initial public offering and as part of Red Rock Energy's on going operations.

Red Rock engaged two qualified persons to prepare a 43-101 technical report specifically on RB1 and RB2. Based on the information provided to the Report Authors by Red Rock, there are believed to be no significant encumbrances on either the RB1, RB2, RB3 or RB4 claim blocks.

The Report Authors recommend that Red Rock should, initially at least, conduct the following two phases of exploratory work within its RB1 and RB2 claim blocks.

Phase 1 – Data Compilation/Data Verification

The intent of Phase 1 was to continue to assemble data, compile selected data (preferably into an appropriate digital format) and verify selected key data, both by office and selected fieldwork. Phase 2 is not contingent on Phase 1 being done in whole or in part, but if Phase 1 is done as recommended then the Report Authors believe this will make the recommended Phase 2 program both much more cost efficient and exploration effective.

Phase 2 – Drill Program

The assembled data sets for the RB1 and RB2 blocks include recommendations for the follow-up drilling of selected targets. As well, the data review done during preparation of the Qualifying Report by the Report Authors has supplemented these prior recommendations, by identifying other targets of potential exploration interest for drilling. In essence, the recommended Phase 2 drilling program is intended to

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follow-up on the targets identified from the existing data sets assembled for the Red Rock RB1 and RB2 properties.

Significant Accounting Policies

A detailed summary of the Company's significant accounting policies is included in note 4 of the Company's Consolidated Financial Statements for the twelve months ended March 31, 2016.

The Company is in the process of developing its mineral and oil and gas properties and hence, mining and oil and gas property acquisition costs and related direct exploration and development expenditures, net of recoveries, are deferred until the properties are placed into production. These net costs will be amortized against income using the unit-of-production method based on estimated recoverable and proved reserves if the properties are brought into commercial production, or written off if the properties are abandoned or the carrying value is determined to be in excess of possible recoverable amounts.

The recoverability of amounts shown for mining and oil and gas properties is dependent upon the discovery of economically recoverable reserves, confirmation of the Company's interest in the underlying mining claims, the ability of the Company to obtain financing to complete development of the properties, and on future profitability production or proceeds from the disposition thereof.

Exploration and evaluation (E&E) assets are assessed for impairment only when facts and circumstances suggest that the carrying amount of an E&E asset may exceed its recoverable amount.

The Company recognizes write-downs for impairment where the carrying value of a mining or oil and gas property exceeds its estimated long term net recoverable value.

Recoverable value is estimated based upon current exploration results and upon management's assessment of the future probability of positive cash flows from the property or from the sale of the property.

Year ended March 31, 2016

On July 16, 2015 the Company announced that it has completed a filing in the United States and Canada of a patent application to protect the intellectual property rights associated with the alternative mining method for hard rock environments currently being developed in-house by the Company's technical team. This new mining method employs a varied form of in-situ recovery technique (ISR) utilizable in hard rock environments, such as those found in the Uranium City project area. The multi stage process involves the creation of permeability in a non-permeable rock through hydraulic and mechanical cataclastization which then allows for fluid recovery of uranium through in-situ leaching. The hard rock in-situ recovery ("H- ISR") system was developed after reviewing the results of the Company's commissioned technical study by Baker Hughes geo-mechanical division. The Company's technical team continues to refine its proprietary methodology in conjunction with pumping specialists who are assisting with technical support in preliminary engineering process design and methodologies to enhance proposed recovery techniques.

The Company has received a proposal from LDIS LLC, (LDIS) of Denver Colorado, an engineering firm with extensive experience in the planning, design and implementation of ISR facilities. The scoping level study proposes to examine the project economics based on the utilization of Red Rock's H-ISR technique. The study area will be Red Rock's Fusion Uranium Zone Project within the Company's Uranium City project area and the subject of a previously released 43-101 report by Scott Wilson Mining dated July 10, 2009.

In order to fund the meaningful development of the Red Rock H-ISR system, the Company also announced that it intends to complete a private placement to raise a maximum of \$1,000,000 by the issuance of

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common shares at or near the prevailing market rate post. The contemplated financing remains subject to regulatory approval.

The Company also intends to implement the steps of a share consolidation resolution approved by shareholders at a Special and Annual General Meeting of Shareholders of the Company held on November 18, 2013. According to the terms of that resolution, the Board of Directors could conduct a share consolidation based on a ratio of up to 1 for 20 or such ratio as the Board determines to be appropriate.

The Board of Directors has determined that, in the circumstances, a share consolidation ratio of 1 for 5 is appropriate, and will instruct counsel and the Company's transfer agent to proceed accordingly. As of the date of this Management Discussion and Analysis, the share consolidation has not been executed.

On March 10, 2016, the Company announced effective at the opening of trading on Monday, March 14, 2016, the Company's listing will transfer from the TSX-Venture Exchange to NEX, the Company's Tier classification will change from Tier 2 to NEX, and the Filing and Service Office will change from Calgary to NEX.

In discussing these developments, Sandy Loutitt, President of Red Rock, stated: "Red Rock is embarking on a new venture as it transitions to the NEX trading system. We plan to embrace this system and use the opportunity it presents to the fullest. In particular, we are confident that, given current commodities market conditions, the transfer to the NEX platform will offer economic benefits to the Company which will position it well to take advantage of any rebounds in market conditions as they occur."

Summary Financial Results

As at December 31, 2016, Red Rock reported a net loss of \$245,219 had total assets of \$1,5223,683 and current liabilities \$2,736,968 of long-term liabilities of \$101,578 comprised of decommissioning obligations.

The Company incurred expenditures to develop its uranium and oil and gas properties as follows:

	December 31, 2016	March 31, 2016
Opening balance	\$1,233,723	\$1,223,638
Additions	-	10,085
Closing balance	<u>\$1,233,723</u>	<u>\$1,233,723</u>
Allocation		
Mining claims	134,000	134,000
Mineral properties	1,099,723	1,099,723
Closing balance	<u>\$1,233,723</u>	<u>\$1,233,723</u>

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Quarterly results

Period	Interest and other Income	Net income (Loss)	General and administration (net of stock option compensation expense)	Exploration and evaluation expenses	Loss per share		Total Assets	Total Long-term Liabilities	Dividends
					Basic	Fully diluted			
2017 - Q3	-	(90,199)	52,047	5,438	0.0018	0.0018	1,523,683	101,578	-
2017 - Q2	-	(81,180)	46,692	2,123	0.0016	0.0016	1,521,440	101,144	-
2017 - Q1	-	(73,840)	39,909	2,216	0.0014	0.0014	1,519,232	100,712	-
2016 - Q4	-	(73,826)	42,304	-	0.0014	0.0014	1,520,315	100,282	-
2016 - Q3	-	(83,839)	48,844	3,187	0.0016	0.0016	1,523,516	99,855	-
2016 - Q2	-	(81,639)	48,001	2,123	0.0016	0.0016	1,515,118	99,424	-
2016 - Q1	-	(75,699)	43,638	1,113	0.0015	0.0015	1,502,720	98,995	-
Total - 2016	-	(315,003)	182,787	6,423	0.0061	0.0061			
2015 - Q4	-	(66,910)	34,236	2,233	0.0013	0.0013	1,504,414	98,572	-
2015 - Q3	5	(78,443)	44,215	3,408	0.0015	0.0015	1,504,816	98,173	-
2015 - Q2	3	(97,006)	45,792	20,850	0.0019	0.0019	1,504,013	97,751	-
2015 - Q1	5	(79,451)	49,595	79	0.0016	0.0016	1,502,521	97,329	-
Total - 2015	13	(321,810)	173,842	26,570	0.0063	0.0063			
2014 - Q4	5	(78,717)	51,972	(1,580)	0.0015	0.0015	1,503,521	96,918	-

General and administration costs

A comparative analysis of general and administration costs is as follows:

	Three months ended December 31, 2016	Three months ended December 31, 2015	Nine months ended December 31, 2016	Nine months ended December 31, 2015
Management compensation ¹	\$ 42,500	\$ 37,500	\$ 117,500	\$ 114,000
Premises rent and utilities	38	-	54	1,265
Professional services - audit, legal marketing and advertising	3,485	7,620	9,793	14,453
Membership, filing fees and government dues	6,024	3,819	11,301	10,627
Repairs and maintenance	-	60	-	60
Office expenses	-	(155)	-	78
	\$ 52,047	\$ 48,844	\$ 138,648	\$ 140,483

1. Increased \$3,500 over 2016 reflecting efforts expended to explore re-organization options.

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Liquidity and Capital Resources

The Company is in the development stage and therefore has no regular cash flow. As at December 31, 2016, the Company had a working capital deficit of \$2,713,727. Red Rock had a commitment to repay a term loan of \$750,000 on December 15, 2012, such loan secured by a first charge against the Company's Saskatchewan mineral properties. As of the date of the financial statements the loan remains outstanding.

On June 20, 2011, the Company drew \$750,000 on a loan made available from a private arm's length Alberta corporation. Interest on the loan accrues at the rate of 12% per annum and is payable every two months. The loan has a term of one year, and is secured by a first charge against the Company's Saskatchewan mineral properties only, which are prospective for uranium. As additional consideration, the Company issued to the lender warrants to acquire common shares. The warrants are non-transferrable and entitle the Lender to acquire up to 468,750 Common Shares at an exercise price of \$0.25 per share for a period of 12 months from the closing of the transaction which occurred on June 20, 2011. The Warrants, and any shares obtained on the exercise were subject to a 4 month hold period which expired on October 20, 2011. The warrants were non-transferrable and entitled the Lender to acquire up to 468,750 Common Shares at an exercise price of \$0.25 per share for a period of 12 months from the closing of the transaction which occurred on June 20, 2011. The Warrants, and any shares obtained on the exercise there-to were subject to a 4 month hold period which expired on October 20, 2011. On June 20, 2012, the warrants expired unexercised. On June 8, 2012, in exchange for the issuance of 100,000 common shares of the Company, the Company negotiated an extension for the term loan to December 15, 2012.

On May 24, 2013, the Company announced that it received a demand notice in relation to the loan of \$750,000 received from 1262430 Alberta Ltd. ("the lender") on June 13, 2011. Pursuant to the terms of the agreement entered into by the parties, interest on the loan was to accrue at a rate of 12% per annum and was initially to have a term of one year. By mutual consent that term was extended by 18 months, however management of the lender has since determined to grant no further extensions and has demanded full repayment of monies due. The loan was secured by a first charge against Red Rock's Saskatchewan mineral properties. Management of Red Rock is exploring alternative strategies to settle this demand for payment.

Management continues to investigate several funding alternatives and believes that the Company will raise sufficient working capital to meet its ongoing financial obligations and to pursue its short-term business objectives.

On March 7, 2014, an additional \$30,500 was borrowed from 1262430 Alberta Ltd.

- The fair value of the debt portion was determined using the assumption that an interest rate of 20% was appropriate under the circumstances. Accordingly, the warrants were valued using the residual method which resulted in a value of \$50,384 being assigned to the warrants.
- On February 1st, 2011, the Company issued 1,050,000 fully vested options to consultants who are neither directors nor officers at a price of \$0.15 and an expiry date of February 1st, 2016. The fair value of these options were estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 264%, risk - free interest rate of 4.5% and an expected life of five years. The value assigned to the options was \$157,062. The options expired unexercised on February 1st, 2016.

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- On January 6, 2012, the Company issued options to employees to acquire an aggregate of 150,000 common shares of the Company. These options: (i) vested as to one twelfth per month during the first 12 months following the date of grant; (ii) and were exercisable at a price of \$0.09 per share, being the closing price on January 6, 2012.

The fair value of these options were estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 214%, risk – free interest rate of 4.5% and an expected life of five years. The value assigned to the options was \$9,713. On June 6, 2016, the stock options expired without exercise.

As of December 31, 2016, 51,137,679 common shares are outstanding

Date of Issue	Number of Shares Issued	Gross Proceeds	Share Issue Costs	Expired or exercised warrants	Net Proceeds
Balance March 31, 2014	51,137,679	\$10,846,866	(\$1,106,476)	\$1,405,975	\$11,146,365
Balance March 31, 2015	51,137,679	\$10,846,866	(\$1,106,476)	\$1,405,975	\$11,146,365
Balance March 31, 2016	51,137,679	\$10,846,866	(\$1,106,476)	\$1,405,975	\$11,146,365
Balance December 31, 2016	51,137,679	\$10,846,866	(\$1,106,476)	\$1,405,975	\$11,146,365

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Transactions with Related Parties

Red Rock has from time to time acquired professional management, travel services, accounting and legal services from directors and officers of Red Rock. Such services were provided in the normal course of operations and at prices which were at or below those which could be negotiated with arm's length third parties. There are, however, no ongoing commitments related to these arrangements.

Subsequent Event – Reorganization Plan

On January 25, 2017, the Company announced a reorganization plan (the "Reorganization") comprised of a number of steps including the issuance of shares for debt, two non-brokered private placements to raise gross proceeds of up to \$2.5 million, reactivation of the Company onto the TSX Venture Exchange (the "TSXV") and related matters.

In general terms, the Reorganization contemplates the following steps:

1. Shares for Debt Transaction

The Company proposes to issue up to 18,000,000 common shares ("Pre-Consolidation Common Shares") at \$0.05 per Pre-Consolidation Common Share to satisfy up to \$900,000 of existing indebtedness, including indebtedness to related parties (the "Shares for Debt Transaction").

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2. The Consolidation

The Company will consolidate its issued and outstanding Pre-Consolidation Common Shares on the basis of 15 Common Shares for 1 post consolidation share (a "Post Consolidation Share") such that, post-consolidation and inclusive of the shares issued under the Shares for Debt Transaction, there will be 4,500,000 Post Consolidation Shares issued and outstanding (the "Consolidation"). Shareholders of the Company approved a resolution approving the Consolidation at a special meeting of shareholders held on February 14, 2017 (the "Meeting").

3. First Tranche Private Placement

The Company will issue, via non-brokered private placement, up to 10,000,000 units ("Units") at \$0.05 per Unit for gross proceeds of \$500,000 to a new investor group. Each Unit shall be comprised of one Post Consolidation Common Share and one warrant (a "Warrant"), with each Warrant entitling the holder thereof to purchase one additional Post Consolidation Common Share at a price of \$0.10 for a period of 12 months from date of issuance of the Warrants. It is anticipated that a new investor group, including Jose Francisco Arata, Marino Ostos, William Mauco and Krishna Vathyam, will each subscribe for 2,500,000 Units, thereby becoming new Control Persons (as defined in TSXV Policy 4.1) in respect of Red Rock. The new investor group will bring a broad range of experience and expertise in assisting the Company with its Reactivation efforts.

Shareholders of the Company will be asked to approve a resolution authorizing the creation of such new Control Persons at the Meeting. Additional details regarding these individuals and the share issuance will be disclosed in the management information circular prepared in connection with the Meeting.

4. Reactivation

The Company also intends to explore various strategic options to seek re-listing of the Company on the TSXV (the "Reactivation"), which options may include the commissioning of a new work program on one of the Company's existing properties, or other opportunities that may present itself to the Company.

5. Second Tranche Private Placement

Concurrent with the closing of the Reactivation and the re-listing of the Company on the TSXV, the Company intends to complete, by way of non-brokered private placement, of an additional 20,000,000 Post Consolidation Shares at \$0.10 per share for gross proceeds to Red Rock of \$2,000,000. Proceeds of the financings will be used as required for the Reactivation, to continue the Company's projects and for general working capital.

It is also anticipated that the Company will pay a finder's fee of up to \$50,000 via the issuance of up to 500,000 Post Consolidation Shares to arm's-length finders in connection with the financings.

Completion of the Reorganization is conditional upon satisfaction of a number of conditions precedent, including completion of the financings, execution of formal documentation and the receipt of all necessary corporate, shareholder and regulatory approvals, including approval of the TSXV.

Forward Looking Statements

The annual report, including this MD&A, contains certain forward-looking statements related to, among other things, expected future events, future spending levels and the future financial and operating results of the Company. Forward-looking statements are encouraged to enhance communication but are subject to inherent risks and uncertainties including but not limited to, market and general economic conditions, changes arising as exploration results unfold, changes in regulatory environments affecting the Company and the availability and terms of subsequent financings. Other risks and uncertainties are detailed above.

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Consequently, actual results and events may differ materially from those included in, contemplated or implied by such forward-looking statements for a wide variety of reasons.

Outlook

In a difficult market for junior exploration companies the uranium sector continues to be out of favor. Despite this, management believes that the fundamentals of the Uranium market still point to tighter supply on rising demand. The timing of a more favorable uranium market is uncertain, thus management is exploring options to generate sustainability for the corporation that will not require excessive dilution of the existing shareholder assets. It is management's intent to review alternative strategies to meet the previously stated goals.

Sandy Loutitt – March 1st, 2017