

Red Rock Energy Inc.
Consolidated Financial Statements
For the three and nine months ended
December 31, 2015

The accompanying notes are part of the financial statements.

Notice of No Auditor Review of Condensed Consolidated Financial Statements

In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its auditors have not reviewed these unaudited condensed consolidated financial statements as at and for the three and nine months ended December 31, 2015 and 2014.

Red Rock Energy Inc.
Consolidated statement of financial position

	<i>December 31, 2015 March 31, 2015</i>	
Assets		
Current assets		
Cash and cash equivalents (Note 6)	\$6,233	\$4,555
Goods and services taxes receivable	17,653	10,314
Deposits and prepaids	265,907	265,907
Non-current assets	289,793	280,776
Exploration and evaluation assets		
Mineral properties (Note 7)	1,233,723	1,223,638
Total Assets	\$1,523,516	\$1,504,414
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 8,13)	\$706,631	\$557,628
Term Loan (Note 9)	1,194,994	1,124,428
Due to Shareholder (Note 13)	517,854	478,427
	2,419,479	2,160,483
Decommissioning obligation (Note 10)	99,855	98,572
	2,519,334	2,259,055
Shareholders' equity (deficiency)		
Common shares (Note 11 (a,b))	11,146,365	11,146,365
Contributed surplus (Note 11 (e))	166,775	166,775
Deficit	(12,308,958)	(12,067,781)
	(995,818)	(754,641)
Total Liabilities and Shareholders' Equity	1,523,516	\$1,504,414
<i>Director "Sandy Loutitt"</i> <i>Director "David Pinkman"</i>		

The accompanying notes are part of the financial statements.

Red Rock Energy Inc.
Consolidated statement of loss and comprehensive loss

	<i>Three months ended December 31, 2015</i>	<i>Three months ended December 31, 2014</i>	<i>Nine months ended December 31, 2015</i>	<i>Nine months ended December 31, 2014</i>
Interest and other income	\$0	\$5	\$0	\$13
Expenses				
General and administration	48,844	44,215	140,483	139,606
Exploration and evaluation expenses	3,187	3,408	6,423	24,337
Interest expense (Note 9,13)	31,808	30,825	94,271	90,970
Total expenses	83,839	78,448	241,177	254,913
Net loss and comprehensive loss	(83,839)	(78,443)	(241,177)	(254,900)
Deficit - start of period	(12,225,119)	(11,970,120)	(12,067,781)	(11,793,663)
Deficit - end of period	(\$12,308,958)	(\$12,048,563)	(\$12,308,958)	(12,048,563)
Weighted average shares outstanding	51,137,679	51,137,679	51,137,679	51,137,679
Basic and diluted loss per share	(\$ 0.0016)	(\$ 0.0015)	(\$ 0.0047)	(\$ 0.0050)

The accompanying notes are part of the financial statements.

Red Rock Energy Inc.
Consolidated statement of Cash flow

	<i>Three months ended December 31, 2015</i>	<i>Three months ended December 31, 2014</i>	<i>Nine months ended December 31, 2015</i>	<i>Nine months ended December 31, 2014</i>
Cash flows related to the following activities				
Operating				
Net loss for the period	(83,839)	(78,443)	(241,177)	(254,900)
Accretion on decommissioning obligation	431	422	1,283	1,255
Accrued interest	23,607	30,391	70,566	89,632
Goods and services taxes receivable	(2,301)	2,127	(7,339)	2,162
Deposits and prepaids	-	(1,000)	-	(1,000)
Accounts payable and accrued liabilities	50,557	40,225	149,003	124,742
Cash used in operating activities	(11,545)	(6,278)	(27,664)	(38,109)
Financing				
Due to shareholder	17,641	6,297	39,427	40,566
Cash used by financing activities	17,641	6,297	39,427	40,566
Investing				
Purchases of mineral properties, machinery, equipment and buildings	(164)	-	(10,085)	-
Cash provided by (used in) investing activities	(164)	-	(10,085)	-
Net (decrease) increase in cash	5,932	19	1,678	2,457
Cash, beginning of period	301	5,950	4,555	3,512
Cash, end of period	6,233	5,969	\$6,233	\$5,969
Supplementary information				
Interest paid	-	-	-	-
Taxes paid	-	-	-	-

The accompanying notes are part of the financial statements.

Red Rock Energy Inc.
Consolidated statement of changes in shareholders' equity

	Period	Shares issued	Share Issue Costs	Future tax on flow through shares	Contributed surplus	Accumulated deficit	Net Shareholders' Equity
Balance December 31, 2013		\$12,252,841	(\$1,106,476)	\$256,617	\$214,467	(\$11,714,946)	(\$354,114)
Loss for quarter	Q4 2014					(\$78,717)	(\$78,717)
Balance March 31, 2014		\$12,252,841	(\$1,106,476)	\$256,617	\$214,467	(\$11,793,663)	(\$432,831)
Loss for quarter	Q1 2015					(\$79,451)	(\$79,451)
Balance June 30, 2014		\$12,252,841	(\$1,106,476)	\$256,617	\$214,467	(\$11,873,114)	(\$512,282)
Loss for quarter	Q2 2015					(\$97,006)	(\$97,006)
Balance September 30, 2014		\$12,252,841	(\$1,106,476)	\$256,617	\$214,467	(\$11,970,120)	(\$609,288)
Loss for quarter	Q3 2015					(\$78,443)	(\$78,443)
Balance December 31, 2014		\$12,252,841	(\$1,106,476)	\$256,617	\$214,467	(\$12,048,563)	(\$687,731)
Expired stock options	Q4 2015				(\$47,692)	\$47,692	-
Loss for quarter	Q4 2015					(\$66,910)	(\$66,910)
Balance March 31, 2015		\$12,252,841	(\$1,106,476)	\$256,617	\$166,775	(\$12,067,781)	(\$754,641)
Loss for quarter	Q1 2016					(\$75,699)	(\$75,699)
Balance June 30, 2015		\$12,252,841	(\$1,106,476)	\$256,617	\$166,775	(\$12,143,479)	(\$830,348)
Loss for quarter	Q2 2016					(\$81,639)	(\$81,639)
Balance September 30, 2015		\$12,252,841	(\$1,106,476)	\$256,617	\$166,775	(\$12,225,118)	(\$911,979)
Loss for quarter	Q3 2016					(\$83,839)	(\$83,839)
Balance December 31, 2015		\$12,252,841	(\$1,106,476)	\$256,617	\$166,775	(\$12,308,957)	(\$995,818)

The accompanying notes are part of the financial statements.

Red Rock Energy Inc.

Notes to the consolidated financial statements

As at December 31 2015 and March 31, 2015 and for the three and nine months ended December 31, 2015 and December 31, 2014

1. Business of the Company

Red Rock Energy Inc. ("the Company") is a Canadian resource company and was established as an Alberta registered Company on April 12th, 2005 with its head office located at Suite 405, 1210-8 Street S.W. Calgary, Alberta. The Company and its subsidiary are 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 ability of the Company to realize the costs it has incurred to date on these and other properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mining claims, the ability to obtain necessary financing and attain profitable operations, or alternatively, upon the disposal of properties, or the Company's interests therein, on an advantageous basis.

At December 31, 2015, the Company had a working capital deficit of \$2,129,686 (March 31, 2015 – deficit \$1,879,707) and an accumulated deficit of \$ 12,308,958 (March 31, 2015 – \$12,067,781). The Company's ability to continue its operations is dependent on the Company's success in developing its mineral and oil and gas interests, obtaining required funds to continue exploration activities and attaining profitable operations. The Company plans to meet its future expenditures and obligations by raising funds through a combination of private placements, asset sales, and other methods as market conditions warrant while continuing to limit expenditures over the next twelve months.

These un-audited consolidated financial statements have been prepared on the basis that the Company will be able to discharge its obligations and realize its assets in the normal course of business at the values at which they are carried in these consolidated financial statements, and that the Company will be able to continue its business activities. Management believes that steps being taken will enable the Company to obtain additional capital as its commitments become due. However, there is no certainty that the Company will be able to continue as a going concern, in which case the Company may not be able to meet its obligations as they come due or realize its assets at the amounts at which they are carried in these financial statements. Should the going concern assumption not be appropriate, certain assets and liability amounts would require adjustment and reclassification and such adjustments may be significant.

2. Basis of operations

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 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 from production or proceeds from the disposition thereof.

On an annual basis, the Company reviews the carrying values of its exploration and evaluation assets to assess whether there has been impairment in value. 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

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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.

(a) Statement of compliance:

The consolidated financial statements have been prepared by management and reported in Canadian dollars in accordance with International Financial Reporting Standards ("IFRS"). These consolidated financial statements were authorized for issue by the Board of Directors on February 26th, 2016.

(b) Basis of measurement:

The financial statements have been prepared on the historical cost basis except for held for trading financial assets which are measured at fair value with changes in fair value recorded in the statement of loss.

The methods used to measure fair values are discussed in Note 5.

(c) Functional and presentation currency:

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

(d) Use of estimates and judgments:

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected. Information about significant areas of estimation uncertainty and critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements is included in the following notes:

- Note 5 - determination of fair values;
- Note 7 - exploration and evaluation assets;
- Note 11 - measurement of warrants;
- Note 11 - measurement of share-based payments; and
- Note 10 - Decommissioning obligations
- Note 12 - valuation allowance applied to deferred tax assets.

In the process of applying the Company's accounting policies, management has made the following judgments, apart from those involving estimates, which may have the most significant effect on the amounts recognized in the financial statements.

(i) Impairment indicators and calculation of impairment:

Red Rock Energy Inc.

Notes to the consolidated financial statements

As at December 31 2015 and March 31, 2015 and for the three and nine months ended December 31, 2015 and December 31, 2014

At each reporting date, the Company assesses whether or not there are circumstances that indicate a possibility that the carrying values of exploration and evaluation assets and property and equipment are not recoverable, or impaired. Such circumstances include incidents of physical damage, deterioration of

commodity prices, changes in the regulatory environment, or increases in estimates of costs required to reach technical feasibility and related estimates of proved and probable reserves.

(ii) Income taxes:

The Company recognizes deferred income tax assets to the extent that it is probable that taxable profit will be available to allow the benefit of that deferred income tax asset to be utilized. Assessing the recoverability of deferred income tax assets requires the Company to make significant estimates related to expectations of future taxable income. Estimates of future taxable income are based on forecast cash flows from operations and the application of existing tax laws. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Company to realize the deferred income tax assets recorded at

The reporting date could be impacted. Additionally, future changes in tax laws in the jurisdictions in which the Company operates could limit the ability of the Company to obtain tax deductions in future periods.

(iii) Contingencies:

By their nature, contingencies will only be resolved when one or more future events occur or fail to occur. The assessment of contingencies inherently involves the exercise of significant judgment and estimates of the outcome of future events.

4. Significant Accounting Policies

The accounting policies set out below have been applied consistently to all periods presented in these financial statements, and have been applied consistently by the Company.

(a) Basis of consolidation:

(i) Subsidiaries:

The Company has one wholly-owned subsidiary - Red Rock Projects Inc. Subsidiaries are entities controlled by the Company. Control exists when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that currently are exercisable are taken into account. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases.

The purchase method of accounting is used to account for acquisitions of subsidiaries and assets that meet the definition of a business under IFRS. The cost of an acquisition is measured as the fair value of the assets given, equity instruments issued and liabilities incurred or assumed at the date of exchange. Identifiable assets acquired and liabilities and contingent liabilities assumed in a business combination are measured initially at their fair values at the acquisition date. The excess of the cost of acquisition over the fair value of the identifiable assets, liabilities and contingent liabilities acquired is recorded as goodwill. If the cost of acquisition is less than the fair value of the net assets of the subsidiary acquired, the difference is recognized immediately in the statement of comprehensive loss.

Red Rock Energy Inc.

Notes to the consolidated financial statements

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(ii) Transactions eliminated on consolidation:

Intercompany balances and transactions, and any unrealized income and expenses arising from intercompany transactions, are eliminated in preparing the consolidated financial statements.

(c) Financial instruments:

(i) Non-derivative financial instruments:

Non-derivative financial instruments comprise cash, trade and other payables, term loan and due to shareholders. Non-derivative financial instruments are recognized initially at fair value plus, for instruments not at fair value through profit or loss, any directly attributable transaction costs. Subsequent to initial recognition non-derivative financial instruments are measured as described below:

Financial assets at fair value through profit or loss

An instrument is classified at fair value through profit or loss if it is held for trading or is designated as such upon initial recognition. Financial instruments are designated at fair value through profit or loss if the Company manages such investments and makes purchase and sale decisions based on their fair value in accordance with the Company's risk management or investment strategy. Upon initial recognition, attributable transaction costs are recognized in profit or loss when incurred. Financial instruments at fair value through profit or loss are measured at fair value, and changes therein are recognized in profit or loss.

The Company has classified cash and cash equivalents as fair value through profit or loss.

Other

Other non-derivative financial instruments, such as trade and other payables, term loan and due to shareholders are measured at amortized cost using the effective interest method, less any impairment losses. Due to the short-term nature of accounts payable, their carrying values approximate fair value. For loans and due to shareholders, fair value approximates their carrying value due to the proximity of interest rates to market interest rates.

(ii) Derivative financial instruments:

The Company has not entered into any financial derivative contracts.

(iii) Share capital:

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

(d) Property and equipment:

Red Rock Energy Inc.

Notes to the consolidated financial statements

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Property and equipment are recorded at cost. Depreciation is determined using the straight line method over the estimated service lives of the assets at the following annual rates:

Buildings	10%
Office equipment	20%
Vehicles	20%
Computer equipment	33%
Computer software	100%

Depreciation methods, service lives and residual values are reviewed at each reporting date.

Leases entered into are classified as either capital or operating leases. Leases that transfer substantially all of the benefits and risks of ownership of property to the company are accounted for as capital leases.

Equipment acquired under capital leases is depreciated over the period of expected use on the same basis as other similar property, plant and equipment. Rental payments under operating leases are expensed as incurred.

(e) Exploration and evaluation assets:

Exploration and evaluation expenditures include the costs of acquiring licenses, costs associated with exploration and evaluation activity, and the acquisition date fair value of exploration and evaluation assets acquired in a business combination. Exploration and evaluation expenditures are capitalized as exploration and evaluation (“E&E”) assets. Costs incurred before the Company has obtained the legal rights to explore an area are recognized in profit or loss.

Acquisition costs, including general and administrative costs, are only capitalized to the extent that these costs can be related directly to operational activities in the relevant area of interest where it is considered likely to be recoverable by future exploitation or sale or where the activities have not reached a stage which permits a reasonable assessment of the existence of reserves.

Where the Company’s exploration commitments for a mineral or oil and gas property are performed under option agreements with a third party, the proceeds of option payments under such agreements are applied to the mineral property to the extent costs are incurred. The excess, if any, is recorded to the statement of loss. Provincial government mining credits are applied against the related mineral properties.

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.

Industry specific indicators for an impairment review arise typically when one of the following circumstances applies:

- Substantive expenditure on further E&E activities is neither budgeted nor planned;
- Title to the asset is compromised;
- Adverse changes in the taxation and regulatory environment and ;
- Adverse changes in variations in commodity prices and markets.

Once the technical feasibility and commercial viability of the extraction of mineral resources and oil and gas properties in an area of interest are demonstrable, E&E assets attributable to that area of interest are

Red Rock Energy Inc.

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first tested for impairment and then reclassified to mining or oil and gas property and development assets within property and equipment. To date, none of the Company's mineral or oil and gas properties has demonstrated technical feasibility and commercial viability.

Recoverability of the carrying amount of any E&E assets is dependent on successful development and commercial exploitation, or alternatively, sale of the respective areas of interest.

(f) Impairment:

(i) Financial assets:

A financial asset is assessed at each reporting date to determine whether there is any objective evidence that it is impaired. A financial asset is considered to be impaired if objective evidence indicates that one or more events have had a negative effect on the estimated future cash flows of that asset.

An impairment loss in respect of a financial asset measured at amortized cost is calculated as the difference between its carrying amount and the present value of the estimated future cash flows discounted at the original effective interest rate. Individually significant financial assets are tested for impairment on an individual basis. The remaining financial assets are assessed collectively in groups that share similar credit risk characteristics.

All impairment losses are recognized in the statement of loss.

An impairment loss is reversed if the reversal can be related objectively to an event occurring after the impairment loss was recognized. For financial assets measured at amortized cost the reversal is recognized in profit or loss.

(ii) Non-financial assets:

The carrying amounts of the Company's non-financial assets, other than E&E assets and deferred tax assets, are reviewed at each reporting date to determine whether there is any indication of impairment. If any such indication exists, then the asset's recoverable amount is estimated. The Company does not have any other non-financial assets.

(g) Share based payments:

As the fair value of the services rendered cannot be estimated reliably, the Black-Scholes option valuation model has been used to estimate the fair value of equity instruments granted. The grant date fair value of options granted to employees and non-employees is recognized as compensation expense, within general and administrative expenses, with a corresponding increase in contributed surplus over the vesting period.

A forfeiture rate is estimated on the grant date and is adjusted to reflect the actual number of options that vest.

(h) Decommissioning obligation:

The Company's activities give rise to dismantling, decommissioning and site disturbance remediation activities. Provision is made for the estimated cost of site restoration and capitalized in the relevant asset

Red Rock Energy Inc.

Notes to the consolidated financial statements

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category. The Company's asset retirement obligation is measured at the present value of management's best estimate of expenditure required to settle the present obligation at the statement of financial position date. Subsequent to the initial measurement, the obligation is adjusted at the end of each period to reflect the passage of time and changes in the estimated future cash flows underlying the obligation. The increase in the provision due to the passage of time is recognized as finance costs whereas increases/decreases due to changes in the estimated future cash flows are capitalized. Actual costs incurred upon settlement of the asset retirement obligation are charged against the provision to the extent the provision was established.

To date, the Company's mineral properties have not advanced past the exploration stage and, accordingly, all site restoration costs are expensed as incurred. Mineral property security deposits have been paid to the Government of Saskatchewan and are refundable upon completion of required expenditures.

To date, the Company's oil and gas properties are in the exploration and development stage, and will give rise to future remediation liabilities. Security deposits have been paid to the Government of British Columbia in order to secure the future remediation associated with the abandonment of the Company's well bores.

(i) Finance expense:

Finance expense comprises interest expense on term loans, late payments of trade and other payables, and impairment losses recognized on financial assets.

(j) Income tax:

Income tax expense comprises current and deferred tax. Income tax expense is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

Deferred tax is recognized using the statement of financial position method, providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized on the initial recognition of assets or liabilities in a transaction that is not a business combination. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date. Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized to the extent that it is probable that future taxable profits will be available against which the temporary difference can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

(k) Flow-through shares

Red Rock Energy Inc.

Notes to the consolidated financial statements

As at December 31 2015 and March 31, 2015 and for the three and nine months ended December 31, 2015 and December 31, 2014

The Company has financed a portion of its exploration activities through the issuance of flow through shares. Under the terms of the flow-through share agreements, the tax attributes of the related expenditures are renounced to subscribers. The amount initially recorded in share capital is limited to the market value of the common shares on the issue date and the difference between the actual proceeds and the amount recorded in share capital is set up as a flow-through share premium liability. As flow-through expenditures are incurred, the related flow-through share premium liability is reversed and the related tax effect is recorded as a deferred tax liability.

(l) Per share amounts

The Company presents basic and diluted earnings per share data for its common shares. Earnings per share are calculated by dividing the net earnings attributable to equity holders of the Company by the weighted average number of common shares outstanding.

Diluted earnings per share is determined by adjusting the net earnings attributable to equity holders of the Company and the weighted average number of common shares outstanding, for the effects of all dilutive potential common shares. The calculation of diluted earnings per share assumes that outstanding options which are dilutive to earnings per share are exercised and the proceeds are used to repurchase shares of the Company at the average market price of the shares for the period. The effect is to increase the number of shares used to calculate diluted earnings per share.

(m) Segment reporting:

As at December 31, 2015, the Company operated in two reportable operating segments – the exploration and evaluation of mineral resource properties in Canada and the exploration and evaluation of oil and gas properties in Canada.

(n) New standards and interpretations not yet adopted:

Recent accounting pronouncements

The following are the IFRS pronouncements that have been issued and adopted by the Company during the year-ended March 31, 2015. The adoption of these pronouncements did not have a material effect on the Company.

IAS 32 financial instruments – presentation

Amendments to IAS 32 provides clarification on the application of the offsetting rules. The amendment was effective and adopted by the Company as of April 1, 2014. The amendment did not have any impact on these financial statements.

IAS 36 impairment of assets

Amendments to IAS 36 require entities to disclose the recoverable amount of an impaired CGU. The amendment was effective and adopted by the Company as of April 1, 2014. The amendment did not have any impact on these financial statements.

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□ IFRIC 21 levies

IFRIC 21 provides an interpretation of IAS 37 which sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event (known as an obligating event). The interpretation clarifies that the obligating event that gives rise to a liability to pay a levy is the activity described in the relevant legislation that triggers payment of the levy. The amendment did not have any impact on these financial statements.

Future accounting pronouncements

The following are new IFRS pronouncements that have been issued, although not yet effective and have not been early adopted. The Company is currently assessing the impact that these pronouncements will have.

□ IAS 1 Amendment

On July 1, 2016, the Company will be required to adopt amendments to IAS 1 which involve applying professional judgment in determining what information to disclose in the financial statements. Furthermore, the amendments state that professional judgment should be used in determining where and in what order information is presented in the financial disclosures. The changes are not expected to have a significant impact on disclosures in the Company's financial statements.

□ Investment Entities: Applying the Consolidation Exception (Amendments to IFRS 10, IFRS 12 and IAS 28)

On July 1, 2016, the Company will be required to adopt amendments to IFRS 10 Consolidated Financial Statements, IFRS 12 Disclosure of Interests in Other Entities and IAS 28 Investments in Associates and Joint Ventures introduce clarifications to the requirements when accounting for investment entities. The amendments also provide relief in particular circumstances, which will reduce the costs of applying the Standards. These changes are not expected to have any impact on the Company's financial position or comprehensive loss.

□ Revenue from Contracts with Customers

On July 1, 2017, the Company will be required to adopt IFRS 15, "Revenue from Contracts with Customers". IFRS 15 was issued in May 2014 and will replace IAS 11, "Construction Contracts," IAS 18, "Revenue Recognition," IFRIC 13, "Customer Loyalty Programs," IFRIC 15, "Agreements for the Construction of Real Estate," IFRIC 18, "Transfers of Assets from Customers," and SIC-31, "Revenue – Barter Transactions Involving Advertising Services." IFRS 15 provides a single, principle-based five-step model that will apply to all contracts with customers with limited exceptions, including, but not limited to, leases within the scope of IAS 17 and financial instruments and other contractual rights or obligations within the scope of IFRS 9 "Financial Instruments," IFRS 10, "Consolidated Financial Statements" and IFRS 11, "Joint Arrangements." In addition to the five-step model, the standard specifies how to account for the incremental costs of obtaining a contract and the costs directly related to fulfilling a contract. The standard's requirements will also apply to the recognition and measurement of gains and losses on the sale of some non-financial assets that are not an output of the entity's ordinary activities. These changes are not expected to have any impact on the Company's financial position or comprehensive loss.

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□ IFRS 9 “Financial Instruments”

On July 1, 2018, the Company will be required to adopt IFRS 9 “Financial Instruments”, which is the result of the first phase of the International Accounting Standards Board (“IASB”) project to replace IAS

39 “Financial Instruments: Recognition and Measurement”. The new standard replaces the current multiple classification and measurement models for financial assets and liabilities with a single model that has only two classification categories: amortized cost and fair value.

Portions of the standard remain in development and the full impact of the standard on the financial statements will not be known until the project is complete. These changes are not expected to have any impact on the Company’s financial position or comprehensive loss.

□ IFRS 11 “ Joint Arrangements”

On July 1, 2016, the Company will be required to adopt the amendment to IFRS 11 “Joint Arrangements” for accounting for acquisitions of interest in joint operations. The amendment requires an acquirer of an interest in a joint operation in which the activity constitutes a business to apply all of the business combinations accounting principles in IFRS 3 and other IFRSs, except for those principles that conflict with the guidance in IFRS 11 and disclose the information required by IFRS 3 and other IFRSs for business combinations. The Company is in the process of assessing the impact of the above newly issued IFRS pronouncements. These changes are not expected to have any impact on the Company’s financial position or comprehensive loss.

5. Determination of fair values

A number of the Company’s accounting policies and disclosures require the determination of fair value, for both financial and non-financial assets and liabilities. Fair values have been determined for measurement and/or disclosure purposes based on the following methods. When applicable, further information about the assumptions made in determining fair values is disclosed in the notes specific to that asset or liability.

□ Level 1 Fair Value Measurements – Level 1 fair value measurements are based on unadjusted quoted market prices.

□ Level 2 Fair Value Measurements – Level 2 fair value measurements are based on valuation models and techniques where the significant inputs are derived from quoted indices.

□ Level 3 Fair Value Measurements – Level 3 fair value measurements are based on unobservable information.

(a) Cash, trade and other receivables, deposits and trade and other payables:

The fair value of cash and trade and other payables approximated their carrying value due to their liquidity and relatively short terms to maturity, respectively.

(b) Stock options and warrants:

The fair values of stock options and warrants are measured based on a Level 2 fair value

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measurement using a Black Scholes option pricing model. Measurement inputs include share price on measurement date, exercise price of the instrument, forfeiture rate, expected volatility (based on weighted average historic volatility adjusted for changes expected due to publicly available information), weighted average expected life of the instruments (based on historical experience and general option holder behavior), expected dividends, and the risk-free interest rate (based on government bonds).

6. Cash and cash equivalents

Cash and cash equivalents include cash on deposit and temporary investments with maturity dates of ninety days or less.

7. Exploration and Evaluation assets: Mineral and Oil and Gas Properties

	December 31, 2015	March 31, 2015
Opening balance	\$1,223,638	\$1,223,638
Capitalized license costs	10,085	-
Closing balance	<u>\$1,233,723</u>	<u>\$1,223,638</u>
Allocation		
Mining claims	134,000	134,000
Mineral properties	<u>1,099,723</u>	<u>1,089,638</u>
Closing balance	<u>\$1,233,723</u>	<u>\$1,223,638</u>

These mineral properties are all located on Lake Athabasca, Northern Saskatchewan. The Company owns a 100% interest in a total of 33 claims covering 49,262 hectares. As the Company is still in the development stage, no amortization has been provided on the mineral properties or the mining claims.

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. 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 1262430 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.

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8. Accounts payable and accrued liabilities

Accounts payable and accrued liabilities are allocated as follows:

	December 31, 2015	March 31, 2015
Accounts payable	\$697,631	\$ 545,628
Accrued liabilities	<u>9,000</u>	<u>12,000</u>
	<u>\$ 706,631</u>	<u>\$ 557,628</u>

9. Term loan

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 had a term of one year, and was 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. Legal fees and exchange filing fees of \$28,961 were paid in connection with the financing.

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 were subject to a 4 month hold period which expired on October 20, 2011. 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 residual method which resulted in a value of \$50,384 being assigned to the warrants. On June 20, 2012, the warrants expired unexercised.

As the term loan contained features that were considered debt and equity, an allocation was made to equity based on the value of the warrant. This allocation was as follows at the issue date of June 20, 2011 based on the Company's valuation of the warrant using the residual method:

	At issue Date - June 20, 2011	Accrued Interest	Accretion on Term Loan	Total
Term Loan	699,616	414,494	50,384	1,164,494
Warrant	50,384	-	-	50,384
Expired Warrant	-	-	-	(50,384)
Loan draw	<u>30,500</u>	-	-	<u>30,500</u>
Total	<u>780,500</u>	<u>414,494</u>	<u>50,384</u>	<u>1,194,994</u>

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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. As of March 31, 2015, the loan remains outstanding.

On May 24, 2013, the Company announced that it received a demand notice in relation to the loan \$750,000 received from 1262430 Alberta Ltd. 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 to 18 months, however management of 1262430 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.

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

The effective interest rate incurred on the term loan during the nine months ended December 31, 2015 was 12% (2015 – 12%).

10. Decommissioning obligation

The Company's decommissioning obligation results from net ownership interests in oil and natural gas well sites. The Company estimates the total undiscounted amount of expenditures required to settle its decommissioning liability is approximately \$102,000 (2015 – \$102,000) which will be incurred over the next 6 years. A risk-free rate of approximately 1.72% (2015 – 1.72%) was used to discount this amount. A reconciliation of the decommissioning liabilities is provided below:

Balance, beginning of year	\$ 98,572
Accretion expense	<u>1,283</u>
Balance, end of period	<u>\$ 99,855</u>

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11. Shareholders' equity

Share capital

(a) **Authorized:** unlimited common shares
unlimited preferred shares issuable in series

(b) Issued and outstanding:

Date of Issue	Price per Share	Number of Shares Issued	Gross Proceeds	Share Issue Costs	Future tax on flow through shares	Expired or exercised warrants	Net Proceeds
Balance March 31, 2010		43,486,265	\$10,114,651	(\$1,018,866)	(\$1,467,635)	\$913,446	\$8,541,596
IFRS adjustment - April 1, 2010					\$1,261,154		\$1,261,154
Exercise warrants - March 15, 2011	\$0.18	527,778	\$95,000	-	-	\$31,478	\$126,478
Balance March 31, 2011		44,014,043	\$10,209,651	(\$1,018,866)	(\$206,481)	\$944,924	\$9,929,228
Issue common shares, warrants and flow through shares December 21, 2011	\$0.11	7,023,636	\$752,500	(\$58,808)	(\$50,136)		\$643,556
Allocate portion of proceeds to warrants			(\$121,285)	(\$28,802)			(\$150,087)
Expired warrants - March 29, 2012						\$268,072	\$268,072
Balance March 31, 2012		51,037,679	\$10,840,866	(\$1,106,476)	(\$256,617)	\$1,212,996	\$10,690,769
Expired warrants - June 20, 2012						\$50,384	\$50,384
Issue common shares June 20, 2012		100,000	\$6,000				\$6,000
Future income tax recovery					\$256,617		\$256,617
Balance March 31, 2013		51,137,679	\$10,846,866	(\$1,106,476)	-	\$1,263,380	\$11,003,770
Expired warrants - June 21, 2013						\$142,595	\$142,595
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 December 31, 2015		51,137,679	\$10,846,866	(\$1,106,476)	-	\$1,405,975	\$11,146,365

On December 21, 2011 the Company completed a non-brokered private placement (the "Offering") to raise aggregate gross proceeds of \$752,500 as described below. Pursuant to the Offering, the Corporation issued 2,010,000 units ("Units") at price of \$0.10 per Unit and 5,013,636 common shares ("common shares") of the Corporation on a flow-through basis (the "flow-through shares") at a price of \$0.11 per flow-through share. Each Unit consists of one common share and one common share purchase warrant ("warrant"), with each warrant entitling the holder thereof to purchase one additional common share from the treasury of the Corporation at a price of \$0.15 per share for a period of 18 months from the closing date.

There was a four month hold period on the common shares, flow-through shares and warrants issued pursuant to the Offering which expired on April 24, 2012.

The Company paid a cash finder's fee of \$37,440 to certain arm's length parties who assisted with the placement of the Units and Flow-Through Shares (collectively, the "Securities") equal to 8% of the value of the Securities placed by such parties, and issued non-transferable finder's warrants to such parties entitling the holders to acquire that number of common shares equal to 7% of the number of Securities sold by such parties.

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The fair value of this warrant was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 215%, risk - free interest rate of 4.5% and an expected life of one and one half years. The value assigned to the warrants was \$21,310. On June 21, 2013, warrants with a value of \$ 21,310 expired un-exercised. Other costs incurred in connection with the financing totaled \$21,369.

(c) Warrants

In connection with the private placement financing on March 29, 2010, 5,022,464 warrants were issued to participants. These warrants vested immediately and were exchangeable for one common share of the company at \$0.18 until March 29, 2012. The fair value of these warrants was 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 two years. The value assigned to the warrants was \$299,550. On March 15, 2011, 527,778 warrants were exercised for gross proceeds of \$95,000. The remaining warrants expired un- exercised on March 29, 2012.

In connection with the private placement financing on December 21, 2011, 2,010,000 warrants were issued to participants. These warrants vested immediately and are exchangeable for one common share of the company at \$0.15 until June 21, 2013. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 215%, risk - free interest rate of 4.5% and an expected life of one and one half years. The value assigned to the warrants was \$121,285. On June 21, 2013, warrants with a value of \$121,285 expired un-exercised.

(d) Stock option plan

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.

On March 1st, 2011, the Company issued 150,000 fully vested options to a consultant who is neither a director nor an officer at a price of \$0.23 and an expiry date of March 1st, 2013. The fair value of these options were estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 225%, risk - free interest rate of 4.5% and an expected life of two years. The value assigned to the options was \$32,470.

On June 6, 2011, the Company issued options to a consultant to acquire an aggregate of 150,000 common shares of the Company. These options will: (i) vest as to one twelfth per month during the first 12 months following the date of grant; (ii) be exercisable at a price of \$0.20 per share, being the closing price on June 3, 2011, until June 6, 2016; and (iii) expire 30 days after the expiration of the governing consulting agreement.

The fair value of these options were estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 219%, risk – free interest rate of 4.5% and an expected life of five years. The value assigned to the options was \$12,772.

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On January 6, 2012, the Company issued options to employees and a consultant to acquire an aggregate of 300,000 common shares of the Company. These options will: (i) vest as to one twelfth per month during the first 12 months following the date of grant; (ii) be exercisable at a price of \$0.09 per share, being the closing price on January 6, 2012, until June 6, 2016; and (iii) expire 30 days after the expiration of the governing consulting agreement.

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 January 22nd, 2012, 1,599,000 options that had a fair value of \$856,443 at the issue date of January 22nd 2007 expired without exercise. Accordingly, the accumulated deficit was reduced by the amount of the expired options.

On July 16th, 2012, 245,000 options that had a fair value of \$43,993 at the issue date of July 16th 2007 expired without exercise. Accordingly, the accumulated deficit was reduced by the amount of the expired options.

On August 7th, 2012, 300,000 options that had a fair value of \$158,832 at the issue date of August 7th, 2007 expired without exercise. Accordingly, the accumulated deficit was reduced by the amount of the expired options.

During the quarter ended September 30, 2012, the consultant, who was neither an officer nor a director, ceased his contract with the Company with the result that options outstanding of 450,000 were cancelled. The value assigned to the cancelled options was \$52,062. Accordingly, the accumulated deficit was reduced by the amount of the cancelled options.

The following table depicts the stock options transactions during the periods:

	December 31, 2015		March 31, 2015	
	Number of	Weighted	Number of	Weighted
	stock	average	stock	average
	options	exercise	options	exercise
		price		price (\$)
		(\$)		
Balance, beginning of period	1,200,000	\$0.14	1,450,000	\$0.13
Expired	-	-	(250,000)	(0.10)
Balance, end of period	1,200,000	\$0.14	1,200,000	\$0.14

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As at December 31 2015 and March 31, 2015 and for the three and nine months ended December 31, 2015 and December 31, 2014

(e) Contributed surplus

The following table reflects the stock options outstanding as at December 31, 2015:

Expiry Date	Exercise Price	Options Outstanding	Options Exercisable	Value of Options Granted
01-Feb-16	\$0.15	1,050,000	1,050,000	157,062
06-Jan-17	\$0.09	150,000	150,000	9,713
		<u>1,200,000</u>	<u>1,200,000</u>	<u>\$166,775</u>

Stock options have been allocated as follows:

	December 31, 2015	March 31, 2015
Balance, beginning of period	\$166,775	\$214,467
Stock options granted (expired)		
Consultants	-	(19,077)
Employees	-	(28,615)
Balance, end of period	<u>\$ 166,775</u>	<u>\$ 166,775</u>

12. Income Taxes

The estimated taxable loss for the nine months ended December 31, 2015 is (\$239,480). The tax benefit of tax pools in excess of carrying values has not been recognized to the extent of the future tax renounced for the flow-through shares issued in fiscal 2006, fiscal 2008, fiscal 2009, fiscal 2010 and fiscal 2012. It cannot be reasonably estimated at this time, if it is more likely than not that the Company will realize the benefits from future income tax assets or the amounts owing from future income tax liabilities.

Consequently, the future recovery or loss arising from differences in tax values and accounting values has been reduced by a valuation allowance. The estimated valuation allowance will be adjusted in the period that it is determined that it is more likely than not that some portion of or all of the future tax assets or future tax liabilities will be realized

At December 31, 2015, the Company had non-capital losses in Canada of approximately \$5,525,497 (\$5,284,320 – March 31, 2015) which are available under certain circumstances to reduce future taxable income. These losses expire in 2026 (\$12,290), 2027 (\$103,328), 2028 (\$878,170), 2029 (\$ 685,930), 2030 (\$586,075), 2031 (\$688,951), 2032 (\$1,064,683), 2033 (\$577,016), 2034 (\$366,067), 2035 (\$321,810) and

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2036 (\$241,177).

13. Related Party Transactions

A shareholder and director of the Company provided legal services to the Company. During the nine months ended December 31, 2015, fees and disbursements incurred to this shareholder and director's law firm totaled \$5202 (2015 - \$5,312). As of December 31, 2015, \$4,851 (2015 - \$3,824) is outstanding in accounts payable. Estimated unbilled fees and disbursements at December 31, 2015 are nil.

An officer of the Company provided financial management services to the Company. During the nine months ended December 31, 2015, fees payable to this officer totaled \$10,500 (2015 - \$9,000). As of December 31, 2015, \$11,025 (2015 - nil) is outstanding in accounts payable.

A director of the Company provided consulting services to the Company. During the nine months ended December 31, 2015, fees and disbursements incurred for amounts due to this director totaled \$13,500 (2015 - \$13,500). As of December 31, 2015, \$75,075 (2015 - \$60,900) is outstanding in accounts payable.

A company controlled by a shareholder and director provided CEO services to the Company. During the nine months ended December 31, 2015, fees and disbursements incurred for amounts due to this shareholder and director's management company totaled \$90,000 (2015 - \$90,000). As of December 31, 2015, \$551,246 (2015 - \$456,746) is outstanding in accounts payable.

A company controlled by a shareholder and director initially advanced \$300,000 to the Company. Such advance bears interest at the rate of 6% and is repayable on demand. As of December 31, 2015, the advance was \$517,854 including \$92,579 of accrued interest.

All of the above transactions are in the normal course of operations and are measured at the exchange amount which is the amount of consideration established and agreed to by the related parties.

Key management personnel were compensated as follows: CEO - \$90,000 (2015 - \$90,000), VP - \$13,500 (2015 - \$13,500), CFO - \$10,500 (2015 - \$9,000).

14. Capital Disclosures

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company includes equity, comprised of issued capital stock, warrants, contributed surplus and deficit, in the definition of capital.

The Company's primary objective with respect to its capital management is to ensure that it has sufficient cash resources to further exploration on its properties. To secure the additional capital necessary to pursue these plans, the Company may attempt to raise additional funds through the issuance of equity and warrants, or by securing strategic partners.

The Company is not subject to externally imposed capital requirements and there has been no change with respect to the overall capital risk management strategy during the Nine months ended December 31, 2015.

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15. Financial Risk Management

The Company is exposed to liquidity risk by virtue of its activities. Liquidity risk is the risk that the Company will not be able to meet its obligations as they fall due.

The Company manages its liquidity risk by forecasting cash flows from operations and anticipated investing and financing activities. Senior management is also actively involved in the review and approval of planned expenditures.

As at December 31, 2015, the Company has accounts payable and accrued liabilities of \$706,331, a note due to shareholder of \$517,854 and a term loan of \$1,194,994 inclusive of interest at 12% per annum currently due and cash and cash equivalents of \$6,233. As a result, the Company currently has liquidity risk and is dependent on raising additional capital.