

Red Rock Energy Inc.
Management Discussion & Analysis
March 31, 2008

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 year ended March 31, 2008 should be read in conjunction with the audited Financial Statements for the year ended March 31, 2008 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 properties and to conduct exploration operations on such properties. Red Rock has no commercial production, and accordingly has realized no material revenues to date.

Overview

Red Rock is a mineral exploration company which 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 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.

Red Rock holds a 100% interest in and to the Saskatchewan Claims which are divided into Four blocks of mineral claims identified as RB1, RB2, RB3 and Rb4 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 1,84ha 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.

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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 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 3 of the Company's Annual Audited Financial Statements for the year ended March 31, 2008.

The Company is in the process of developing its mineral properties and hence, mining 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 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 production or proceeds from the disposition thereof.

On an annual basis, the Company reviews the carrying values of deferred mining property acquisition and exploration expenditures to assess whether there has been an impairment in value.

The Company recognizes write-downs for impairment where the carrying value of a mining 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.

Results of Operations

Twelve months ended March 31 2007

During this period, Red Rock was primarily focused on receiving the completed Qualifying Report, planning future exploration initiatives in respect of the Project, and arranging the financing necessary to pursue such exploration activities. As at March 31, 2007, Red Rock reported a net loss of \$955,655.

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Included in the loss was stock option compensation expense of \$869,833 which was recorded in connection with the issuance of 1,624,000 options to officers, directors, and employees of the Company.

The non-refundable portion of the Corporate Finance Fee (see "Plan of Distribution") of \$10,000 paid to the Agent in connection with the Offering was added to share issue costs, and \$174,946 of exploration expenses incurred during the period were capitalized. As of March 31, 2007, the Company had total assets of \$600,378 and long term liabilities of \$33,000 comprised entirely of future income tax liability.

Twelve months ended March 31 2008

During this period, Red Rock completed a private placement financing, acquired a drill to use in its exploration program, successfully completed an Initial Public Offering of shares in the Company, hired a Vice President of Exploration, completed a summer drilling program, a fall drilling program and completed a winter drilling program.

Acquisition of Drill

The Company entered into an agreement to purchase a drill for \$225,000 to be used in its exploration activities. A deposit of \$50,000 was paid to the vendor before March 31, 2007 and the balance paid during May 2007. The Company hired a drilling contractor as an employee to operate the drill. As part of the employment agreement, the employee will receive the drill as a bonus once all direct costs associated with conducting the Company's drill program exceeds a threshold amount. The threshold amount is \$225,000 and is calculated based on certain drill program costs incurred between May and December 2007 (scheduled costs) multiplied by a value added factor of 30%. The Company also has an agreement with the drilling contractor to have first call on the drill for a 5 year time period beginning after December 2007. As of December 31 2007, 4,428m of core were drilled under the initial contract agreement. At this time the employment contracted was modified to reflect a fixed cost per meter of drilling and it was agreed between Red Rock Energy and its drill contractor that an additional 6,000m of core would be drilled prior to the transfer of the drill as a bonus. As of March 31, 2008, approximately 2,040 m of a total 6,000m had been drilled. If the drilling contractor is terminated or otherwise unable to complete the contracted duties before the threshold amount is exceeded, there is no obligation for the Company to bonus the drill to the drilling contractor.

Financing update

On April 12, 2007, the Company raised gross proceeds of \$1,500,000 by way of a private placement of 2,500,000 units at \$0.60 per unit. These units were comprised of one Common Share and one common share purchase warrant entitling the holder thereof to acquire an additional Common Share from the treasury of the Company until April 12, 2008 at an exercise price of \$1.10. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5% and an expected life of one year. The value assigned to the warrants was \$334,038. The Agent was paid a finder's fee of \$120,000 and received a warrant to purchase up to 200,000 of the aforementioned units for 12 months at an exercise price of \$0.60 per unit.

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On May 31, 2007, the Company received approval to file a final prospectus in connection with an initial public offering ("IPO") of shares of the Company. The Company retained Union Securities Ltd. to act as agent on a commercially reasonable efforts basis in connection with the IPO. On July 4, 2007 and in connection with the IPO, the Company raised \$6,300,000 on a gross basis and \$5,526,000 after deduction of agent's commissions through the sale of 5,000,000 common shares ("Common Shares") to be issued on a "flow-through" basis and 4,000,000 ("Units") at a price of \$0.70 per Common Share and \$0.70 per Unit, with each Unit being comprised of one Common Share and one half of one common share purchase warrant. Each full warrant ("Warrant") entitles the holder thereof to purchase one additional Common Share from the treasury of the Company for a period of 12 months from July 4, 2007. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5% and an expected life of one year. The value assigned to the warrants was \$331,038. The Company's share of legal fees, listing fees and disbursements for the IPO totaled \$160,359.

On July 16, 2007, the Board of Directors of Red Rock approved the granting of options to officers, employees and consultants of the Company entitling them to acquire an aggregate of 485,000 common shares at an exercise price of \$0.70 per share. The options are generally exercisable for five years and will vest as to 25% semi-annually over two years. As of March 31, 2008, 25% of these options have vested. The fair value of these options was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 128%, risk - free interest rate of 4.5 % and an expected life of five years. The value assigned to the options was \$39,824 and recorded as stock option compensation expense and credited to contributed surplus in fiscal 2008.

On July 17, 2007, the Company's common shares were listed and posted for trading on the TSX Venture Exchange under the trading symbol "RRK".

On August 7, 2007, the Company, pursuant to the Stock Option Plan approved by shareholders, and concurrent with the hiring of a Vice-president Exploration, granted options to an officer to acquire an aggregate of 300,000 common shares. These options are exercisable at a price of \$0.70 per share until August 7, 2012 and fully vested upon grant. The fair value of these options was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5 % and an expected life of five years. The value assigned to the options was \$158,832 recorded as stock option compensation expense and credited to contributed surplus in fiscal 2008.

Hiring of Vice President Exploration

During August, 2007, Dr. Reg A. Olson, B.Sc., M.Sc., Ph.D., was appointed to the position of Vice-President of Exploration by the Board of Directors. Dr. Olson brings a long and distinguished career in mineral exploration and mineral deposits geology to the Company, having been continuously employed in various facets of this industry since 1965. In particular, as the principal of R.A. Olson Consulting Ltd. (1992-2007) and a partner in Trigg, Woollett, Olson Consulting Ltd. (1969-1991), Dr. Olson worked extensively with clients ranging from major to junior mineral exploration and mining companies, private investors, and government agencies. During this period, he had extensive experience in uranium exploration and

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uranium deposit geology, including work in the Beaverlodge and Athabasca Basin, Saskatchewan uranium districts.

Summer & fall drilling campaigns

The initial summer drilling campaign was completed during August and comprised diamond drilling of 1389.8 m in nine (9) holes. The program was principally designed to follow-up prior drill intersections by others (i.e., holes drilled by the former crown corporation Eldorado Nuclear Limited) and to search for undiscovered uraniferous zones within Red Rock's Red Block 1 mineral property.

Management considers results to be encouraging because they indicate that in places within the Red Block 1 property (a) there are anomalously uraniferous zones with widths up to several metres or more, and (b) at least locally there are uranium grades of potential economic interest. Red Rock is continuing to search for locales where elevated uranium grades over wide widths. The Red Rock drilling team was redeployed to Uranium City to continue with the drilling of additional holes on Red Block 1 during drill campaign #2 from early September to mid October 2007.

As of October 17, 2007, the Company completed its Diamond Drilling Campaign #2 at its Red Block 1 property in the Uranium City area. The total metres drilled to date is 3095.7 m in 14 holes, with 1705.9 m completed in 5 holes (07RB1-010 to 07RB1-014) during drilling campaign #2 and 1389.8 m completed in 9 holes (07RB1-001 to 07RB1-009) during drilling campaign #1. The drilling program to this date was principally designed to follow-up prior drill intersections by others (i.e., the former crown corporation Eldorado Nuclear Limited) and to search for undiscovered uraniferous zones within Red Rock's Red Block 1 mineral property. A total of 764 drill core samples have been submitted for analysis (756 samples for uranium and 8 samples for gold). The eight samples that were submitted for gold assay all returned low results.

The results indicate that the drilling to date within Red Block 1 has: (a) intersected anomalously uraniferous zones with widths up to several metres or more, and (b) at least locally there are uranium grades ranging from 0.10% to over 0.30% U₃O₈, which are the range of grades typical for most of the past producing mines in the Beaverlodge Uranium District. The uraniferous intercepts are associated with intensely cataclasticized leucocratic to melanocratic (mafic poor to mafic rich) gneiss and granitoid rocks, and with various major to secondary faults. Two holes (07RB1-009 and 07RB1-010) were drilled to test the anomalously radioactive Red Fault zone. The anomalously radioactive intervals continue to depth, and one zone may be widening with depth and possibly controlled by the intersection of the Red Fault with either or both the Baseline and Donaldson faults. It is planned during Drilling Campaign #3, which will begin in early November 2007, to further test the strike and depth potential of the Red Fault radioactive zone.

The Red Rock drilling and geological team was redeployed to Uranium City on November 1 to continue drill testing selected targets on Red Block 1 from early November to mid-December 2007. Further, after a break for the Christmas - New Year holidays, drilling resumed in mid-January 2008.

The principle exploration and development philosophy of Red Rock is a) to conduct exploratory and follow-up drilling to generate targets that have intersections of U₃O₈ indicating the presence of

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prospective uranium mineralized zones, and b) to attempt to determine if selected zones have sufficient extension and grade to begin to classify the uranium-bearing bodies into economically viable resources and reserves categories as required by National Instrument 43-101. At this initial stage of exploration all the holes tested to date have assay results that indicate at least one or more radioactive uraniferous zone. This provides encouragement that the chemical and mechanical processes necessary to create uranium ore bodies are present within the areas drilled. However, the progression of these zones to resource definition will not begin until a clearer picture of the geological setting and confirmation of the geological model being employed are determined.

During October, 2007 the deep-penetrating airborne Megatem survey of its RB3 and RB4 properties south of the Beaverlodge - Uranium City mining district was conducted. The survey was conducted by Fugro Airborne Surveys and data generated from the program has been sent to the appropriate laboratory for further processing. Results are expected to be available in the next few months.

In January 2008, the Company announced that it successfully completed the last of its 2007 diamond drilling campaigns at its Red Block 1 property in the Uranium City area. February 1, 2008 marked the start of the first campaign of the new year.

The results obtained to date have been very encouraging. In particular, 4,428 metres of core were drilled from July 9 to December 15. This represents 20 drill holes from which 1,227 samples were taken. In evaluating these results, management has applied a cut-off grade of 0.05% U₃O₈, which equates roughly to 1 lb. of U₃O₈ per ton of rock. Consequently, Red Rock has intersections of importance in all fourteen of the first fourteen holes from which it has received results. There have been a minimum of two intersections per hole consistent with the grades and widths of a large part of the historic production in the Uranium City area. Management is encouraged to see continued intersections down-hole and is particularly encouraged given that three of these four holes have multiple intercepts. It should be noted that epigenetic vein type deposits in this region often have ore shoots ranging from 2 - 6 feet (0.6m - 1.82m).

The three campaigns conducted in 2007 focused on a previously under-tested area, including a locale known as the Red Fault radioactive zone. The consistency of drill intersections illustrates the validity of the exploration model developed by the Red Rock geological team. The 2007 program has placed Red Rock on target with its corporate and scientific goals of, first, generating new drill intersections that are important by historical production standards, and, second, determining if the intersections will correlate through from hole-to-hole in order to define potential ore. To achieve this Red Rock has commenced a process of integrating its extensive two dimensional geological GIS database with a three dimensional program. Named Gemcom, this program is typically utilized for mine planning and exploration. The added three dimensional geometry from Gemcom will assist in both determining any correlation of uraniferous zones and geology from drill hole to drill hole and expediting any future resource definition.

Red Rock's drill results continue to provide encouraging uranium intersections of definite exploration interest.

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Winter drilling campaign

In April 2008, Red Rock announced that it drilled a discovery hole (08RB2-03) indicating a new uraniferous mineralized zone located about 600 metres northeast of the former producing Lake Cinch Mine main shaft near Uranium City, Saskatchewan. This zone is a new discovery that is not included in Red Rock's estimates of historic uranium resources, nor has the zone been intersected by any known previous surface drilling. Dubbed the Fusion zone, this new area of mineralization was discovered early in the first phase of Red Rock's 2008 diamond drilling program.

Chemical assays indicate two intersections of note, with the primary intersection being on a key structural feature of the former Lake Cinch Mine, described as the Main Ore Fault. Hole 08RB2 03 was drilled northerly with the intent being to intersect both the Main Ore Fault and any easterly trending uraniferous splays off the Main Ore Fault; both structure directions formed ore in the prior Lake Cinch mine. Sample grades are highest near the Main Ore Fault, being .079 % U3O8 across 14.5m, including higher grade intercepts of .123% U3O8 across 7 m core length and .177% U3O8 across a 2.5 m core length. This intersection of the Fusion zone is approximately 225 m below surface. In addition, a separate intersection closer to surface representing a possible easterly trending cross fracture gave a grade of .067% across 4.0 m (13.1 ft) of core length.

In May 2008 Red Rock announced that it received analytical results from the 2008 Diamond Drilling Campaign up to and including hole 08RB2-07. The Fusion Zone, which is located on Red Rock Energy's RB 2 property in the Uranium City area near the former Lake Cinch and Cenex mines, has been extended up dip approximately 85 m on the Cinch Main Ore Fault. Hole 08RB2-07 intersected 11.50m with average grade across width of .051% U3O8 (1.02lbs/ ton) with higher grade intercepts within the zone grading up to 1.5m of .131% U3O8 (2.62 lbs /ton). The drill program to date has also confirmed the existence of mineralized cross fractures in the hanging wall of the Cinch Main Ore Fault, both west and east from the Fusion Zone discovery hole 08RB2-03. These mineralized cross fractures, as represented by hole, 08RB2-04 with 1.0m of .183% U3O8 (3.66 lbs/ton) and hole 08RB2-06 with .7m of .180% U3O8 (3.6 lbs/ton), are analogous with much of the ore extracted from historical production in the Lake Cinch Mine.

Red Rock continues to work on expanding the intercepts found in and around the Fusion Zone. The geological staff have logged and split core for four additional holes with the samples being sent to Loring Laboratories of Calgary for chemical assay.

Since drilling began in early February the focus of drilling has been to try and identify radioactive zones in the area east of the former Lake Cinch Mine workings. This locale is between two faults, the northeasterly trending Lake Cinch Main Ore Fault and the more easterly trending late Crackingstone River Fault.

Summary Financial Results

As at March 31, 2008, Red Rock reported a net loss of \$864,959, had total assets of \$7,038,526 and long-term liabilities of \$1,188,000 comprised entirely of future income tax liability. Assets and long term liabilities have increased since the start of the fiscal period as a result of the successful IPO which raised net proceeds of \$5,365,641 after commissions and share issue costs. A portion of the IPO proceeds were received from the issuance of 5,000,000 flow-through shares, and a future tax liability of \$1,155,000 was recorded on renouncement of qualified exploration expenses.

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Quarterly results

Period	Interest Income	Net Loss	Loss per share		Total Assets	Total Long-term Liabilities	Dividends
			Basic	Fully diluted			
2008 - Q4	43,510	(137,412)	(\$0.005)	(\$0.005)	7,038,526	1,188,000	
2008 - Q3	30,764	(166,718)	(\$0.007)	(\$0.007)	7,087,733	1,188,000	
2008 - Q2	-	(380,255)	(\$0.016)	(\$0.016)	7,341,809	1,188,000	-
2008 - Q1	-	(180,574)	(\$0.011)	(\$0.011)	1,815,889	33,000	-
Total 2008	74,274	(864,959)	(\$0.039)	(\$0.039)			-
2007 - Q4	2,035	(937,488)	(\$0.074)	(\$0.074)	600,378	33,000	-
2007 - Q3	-	(10,858)	(\$0.001)	(\$0.001)	636,553	37,620	
2007 - Q2	-	(6,912)	(\$0.001)	(\$0.001)	703,663	37,620	-
2007 - Q1	-	(397)	\$0.000	\$0.000	251,064	37,620	-
Total 2007	2,035	(955,655)	(\$0.076)	(\$0.076)			

Liquidity and Capital Resources

The Company is in the development stage and therefore has no regular cash flow. As at March 31, 2008, the Company had a working capital surplus of \$3,243,006. Other than the commitments to incur \$3,500,000 of renounced Canadian exploration expenses, Red Rock has no other outstanding commitments, and as at the date hereof has not pledged any of its assets as security for loans or otherwise and is not subject to any debt covenants. Management believes that the Company has sufficient working capital at this time to meet its ongoing financial obligations and to pursue its short term business objectives.

- On April 12, 2005, the Company issued 4,165,000 founders shares for cash proceeds of \$1.
- On May 15, 2005, the Company issued 2,975,549 common shares for cash proceeds of \$50,000.
- On July 7, 2005, the Company issued 2,776,117 common shares for cash proceeds of \$84,000.
- On October 28, 2005 the Company issued 1,666,667 flow-through common shares for total cash proceeds of \$100,000.
- On March 3, 2006 the Company issued 416,667 common shares for total cash proceeds of \$25,000.
- On April 6, 2006, the Company entered into an agreement with Union Securities Ltd (Union) for a pre-IPO placement of common shares and an IPO offering of up to \$2,000,000 units at a suggested price subject to market conditions of \$0.70 per unit and an offering of up to \$2,000,000 flow-through shares at a suggested price subject to market conditions of \$0.70 per flow through share. The Company paid \$15,000 to Union on account of an initial corporate finance fee of \$10,000 and a \$5,000 legal retainer.

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- On September 22, 2006, pursuant to the private placement, the Company issued a total of 1,371,723 common shares at \$0.35 per share for gross proceeds of \$480,103. Netted from the gross proceeds were cash commissions of \$18,000 and corporate finance fees of \$10,000 paid to Union as well as Union's legal fees and disbursements in the amount of \$10,006. Union also received 51,428 non-transferable broker's warrants. Each warrant can be exchanged for one common share of the Company at \$0.35 per share until September 22, 2008. The Company's share of legal fees, listing fees and disbursements for the brokered private placement totaled \$31,718.
- On April 12, 2007, the Company raised gross proceeds of \$1,500,000 by way of a private placement of 2,500,000 units at \$0.60 per unit. These units were comprised of one Common Share and one common share purchase warrant entitling the holder thereof to acquire an additional Common Share from the treasury of the Company until April 12, 2008 at an exercise price of \$1.10. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5% and an expected life of one year. The value assigned to the warrants was \$334,038.
- The Agent was paid a finder's fee of \$120,000 and received a warrant to purchase up to 200,000 of the aforementioned units for 12 months at an exercise price of \$0.60 per unit. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5% and an expected life of one year. The value assigned to the warrants was \$47,622.
- On May 31, 2007, the Company received approved to file a final prospectus in connection with an initial public offering ("IPO") of shares of the Company. The Company retained Union Securities Ltd. to act as agent on a commercially reasonable efforts basis in connection with the IPO. On July 4, 2007 and in connection with the IPO, the Company raised \$6,300,000 on a gross basis and \$5,526,000 after deduction of agent's commissions through the sale of 5,000,000 common shares ("Common Shares") to be issued on a "flow-through" basis and 4,000,000 ("Units") at a price of \$0.70 per Common Share and \$0.70 per Unit, with each Unit being comprised of one Common Share and one half of one common share purchase warrant. Each full warrant ("Warrant") entitles the holder thereof to purchase one additional Common Share from the treasury of the Company for a period of 12 months from July 4, 2007. The fair value of these warrants was estimated using the Black-Scholes option model with the following assumptions: expected dividend yield – 0%, expected volatility – 100%, risk - free interest rate of 4.5% and an expected life of one year. The value assigned to the warrants was \$331,038. The Company's share of legal fees, listing fees and disbursements for the IPO totaled \$160,359.

As of March 31, 2008, 24,871,723 common shares are outstanding.

The following table shows the number of outstanding warrants and share purchase options as of March 31, 2008:

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<u>Expiry Date</u>	Type	<u>Exercise Price</u>	Options Outstanding	Options Exercisable	Fair Value of Options Granted
April 12, 2008	private placement warrants	\$1.10	2,500,000	2,500,000	\$ 334,038
April 12, 2008	broker warrants	\$0.60	200,000	200,000	47,622
May 31, 2008	IPO – agent warrants	\$0.71	720,000	720,000	185,691
July 4, 2008	IPO – warrants	\$1.10	2,000,000	2,000,000	331,038
September 22, 2008	broker warrants	\$0.35	51,428	51,428	15,057
January 22, 2012	options	\$0.70	1,624,000	1,624,000	869,833
July 16, 2012	options	\$0.70	485,000	121,250	39,824
August 7, 2012	options	\$0.70	300,000	300,000	158,832
			7,880,428	7,516,678	\$ 1,981,935

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, 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.

Options granted for officers, directors, employees and consultants

	Number of options granted	Expiry date	Exercise price
Officers	810,000	January 21, 2012	\$0.70
Directors who are not officers	464,000	January 21, 2012	\$0.70
Employees and consultants	350,000	January 21, 2012	\$0.70
Officers, employees and consultants	485,000	July 16, 2012	\$0.70
Officers	300,000	August 7, 2012	\$0.70
Total	2,409,000		

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Commitments

Pursuant to the issuance of 1,666,667 flow-through shares for \$100,000 during the year ending March 31, 2006, the Company was required to spend \$100,000 on Canadian Exploration Expenditures in 2006. The Company met its commitments under this program within the stipulated time frame.

Pursuant to the issuance of 5,000,000 flow-through shares during the year March 31, 2008, the Company renounced \$3,500,000 on qualified exploration expenditures with an effective date of March 31, 2008 in August 2007. As of March 31, 2008, the Company has incurred approximately \$2,081,000 related to these flow through funds. The Company is engaged to spend the remaining flow through commitment of \$1,419,000 before the end of the current calendar year.

The Company entered into a leasing transaction for some heavy equipment with a leasing company. The lease term is for 60 months and began in March 2007. Annual payments over the next 5 years are as follows:

2008	\$ 29,448
2009	29,448
2010	29,448
2011	29,448
2012	26,994
Total	<u>\$ 144,786</u>

As noted under the "Acquisition of Drill" section, the Company entered into an agreement to purchase a drill for \$225,000 to be used in its exploration activities and also entered into various agreements with an employee who subsequently became the Company's drilling contractor. It was agreed between Red Rock Energy and its drill contractor that an additional 6,000m of core would be drilled prior to the transfer of the drill as a bonus. As of March 31, 2008, approximately 2,040m of a total of 6,000m had been drilled. If the drilling contractor is terminated or otherwise unable to complete the contracted duties before the threshold amount of 6,000m is exceeded, there is no obligation for the Company to bonus the drill to the drilling contractor.

Disclosure Controls & Procedures

Disclosure controls and procedures have been designed to ensure that information required to be disclosed by the company is accumulated and communicated to the Company's management as appropriate to allow timely decisions regarding required disclosure. Red Rock's President and Chief Executive Officer and Chief Financial Officer have concluded, based on their evaluation as of the end of the period covered by the annual filings that the Company's disclosure controls and procedures for the year ended March 31, 2008 are effective to provide reasonable assurance that material information related to Red Rock is made known to them. During the Corporation's assessment of its system of internal controls as defined under Multilateral Instrument 52-109, the Corporation identified the following weakness in internal controls over financial reporting:

"Due to the limited number of staff, it is not feasible to achieve the complete segregation of incompatible duties."

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The broad scope of senior management's oversight and strong entity level control are expected to compensate for any individual internal control weakness. In addition, the weakness identified is mitigated by: the active involvement of senior management in all the affairs of the Corporation; open lines of communication within the Corporation; the present levels of activities within the Corporation being relatively transparent; and the thorough review of the Corporation's financial statements by management. However these mitigating factors will not necessarily eliminate the likelihood that a material restatement will occur as a result of the aforesaid weakness in the Corporation's internal controls over financial reporting.

It should be noted that while Red Rock's President and Chief Executive Officer and Chief Financial Officer believe that the Company's disclosure controls and procedures provide a reasonable level of assurance that they are effective, they do not expect that the disclosure controls and procedures will prevent all errors and fraud. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objectives of the control system are met.

Outlook

The Company completed an initial public offering of common shares and share units on the TSX-Venture Exchange. It is the intention of management to proceed with the development of the business principally by fulfilling the commitments made relative to the use of funds so raised in the prospectus. This includes mobilization of a dedicated geological services and drilling crew to the company's properties and the conduct of diamond drilling activities thereon for the balance of the next fiscal year. Associated with the implementation of this drilling program will be the conduct of analytical and evaluative activities on drill core, as well as ongoing ground-based exploration of the properties. To further enhance the in-house capabilities of the Company, management may retain the services of additional specialized personal. Management of the Company is also prepared to contemplate expansion of its property holdings, and for this reason is prepared to seek out both unstaked, unexplored lands which may offer exploration potential, or enter negotiations with existing land and interest holders for the purpose of establishing exploration joint ventures.

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. 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.

Sandy Loutitt – July 29, 2008