

Red Rock Energy Inc.
Management Discussion & Analysis
March 31, 2007

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 twelve months ended March 31, 2007 should be read in conjunction with the audited financial statements for the year ended March 31, 2007.

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 10,800 hectares located in close proximity to Uranium City, Saskatchewan and 5 additional Claims covering approximately 960 hectares in the Northwest Territories. Red Rock plans to pursue 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 two blocks of mineral claims identified as RB1 and RB2 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) that is not owned by Red Rock. The RB2 block consists of three mineral claims, encompasses about 1,649 ha and is about 3 km southwest of Uranium City at and near the former Lake Cinch and Cenex mines.

Based on the information provided to the Report Authors by Red Rock, there are believed to be no significant encumbrances on either the RB1 or RB2 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 is 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. Having said this, 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. The cost of the recommended Phase 1 work, including a provision for selected office and field verification during Stage 1.4, is estimated to be

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\$500,000. It is anticipated that completion of data assembly and compilation will cost about \$125,000, and data verification fieldwork will cost about \$375,000.

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 2 of the Company's Annual Audited Financial Statements for the year ended March 31, 2007.

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.

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Results of Operations

Period from inception to March 31, 2006

Red Rock spent much of this period completing its initial financings, assembling a land position and generating prospects on the land base. In the fourth quarter of 2005, Red Rock initiated its 2005 exploration program for the Project. The said exploration program included airborne electro-magnetic and magnetic surveys, and the subsequent analysis of the data and creation of data maps by an independent geophysics consultant. Encouraged by the results of the 2005 exploration program, Red Rock contracted the Report Authors to review all available technical data and, ultimately, to prepare the Qualifying Report.

During the period, Red Rock reported a net loss of \$12,440 due to start-up initiatives. As of March 31, 2006, the Company had total assets of \$256,375 and long-term liabilities of \$37,620 consisting entirely of future income tax payable. During the period, Red Rock completed the sale, by way of private placement, of an aggregate of 12,000,000 Common Shares (on a post split basis) for gross cash proceeds of \$259,001, with 1,666,667 of such shares (\$100,000) being issued on a "flow through" basis.

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. 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.

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Quarterly results

Period	Interest Income	Net Income (Loss)	Earnings (Loss) per share		Total Assets	Total Long term Liabilities	Dividends
			Basic	Fully diluted			
2007 - Q4	2,035	(937,488)	(0.07412)	(0.07412)	600,378	33,000	-
2007 - Q3	-	(10,858)	(0.00081)	(0.00081)	636,553	37,620	-
2007 - Q2	-	(6,912)	(0.00057)	(0.00057)	703,663	37,620	-
2007 - Q1	-	(397)	0.00000	0.00000	251,064	37,620	-
Total 2007	2,035	(955,655)	(0.07551)	(0.07551)			
2006 - Q4	-	(9,556)	(0.00093)	(0.00093)	256,375	37,620	-
2006 - Q3	-	(2,102)	(0.00019)	(0.00019)	273,972	37,620	-
2006 - Q2	-	(745)	(0.00008)	(0.00008)	145,678	-	-
2006 - Q1	-	(37)	0.00000	0.00000	49,964	-	-
Total 2006	-	(12,440)	(0.00120)	(0.00120)			

Liquidity and Capital Resources

The Company is in the development stage and therefore has no regular cash flow. As at March 31, 2007, the Company had a working capital surplus of \$76,355. Red Rock has no 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

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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.

- 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.

As of March 31, 2007, 13,371,723 common shares are outstanding

The following table shows the number of outstanding broker warrants and share purchase options as of March 31, 2007:

<u>Expiry Date</u>	Type	<u>Exercise Price</u>	Options Outstanding	Options Exercisable	Fair Value of Options Granted
22-Sep-2008	warrants	\$0.35	51,428	51,428	\$ 15,057
22-Jan-2012	options	\$0.70	1,624,000	1,624,000	869,833
			1,675,428	1,624,000	\$ 884,890

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Transactions with Related Parties

On or about June 7, 2005, the Company acquired from one of its founders a one-third interest in three Claims for \$10,000 cash. Subsequently, on or about July 7, 2005, the Company acquired a 100% working interest in 10 additional Claims for aggregate consideration of \$94,000 paid to the 3 founders of the Company, including \$17,000 of which was received by a director and senior officer of the Company. See "Property Acquisitions" and "Promoters". The aforementioned Claims cover a total of 13 uraniferous mineral exploration properties located in northern Saskatchewan, and form the cornerstone of the Company's assets and current exploration initiatives. Terms of the acquisitions were negotiated and approved on behalf of Red Rock by its independent directors.

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

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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
Total	1,624,000		

Commitments

Pursuant to the flow-through issue, the Company was required to spend \$100,000 on Canadian Exploration Expenditures in 2006. As of March 31, 2007, the Company had spent \$100,000 (\$99,254 – March 31, 2006) on Canadian Exploration Expenditures.

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>

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.

Subsequent Events

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 Agent was paid a finder's

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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.

Subsequent to March 31, 2007, the Company filed a final prospectus and 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 Corporation for a period of 12 months from July 4, 2007. The Company retained Union Securities Ltd. to act as agent on a commercially reasonable efforts basis in connection with the offering.

Upon completion of the Offering, the Issuer granted to the Agent warrants entitling the Agent to purchase 320,000 Agent's Units and 400,000 Common Shares which is equal to 8% of the number of Units and Flow Through Shares placed through the offering, respectively, at an exercise price of \$0.71 per Unit and \$0.71 per Common Share exercisable for a period equal to 12 months from July 17, 2007, the date on which the Common Shares were listed on the Exchange.

The Company retained Union Securities Ltd. as agent who acted on a commercially reasonable efforts basis in connection with the offering.

On July 16, 2007 the board of directors of Red Rock approved the granting of options to officers, employees and consultants of the Corporation 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 year and will vest as to 25% semi-annually over two years.

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".

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 twelve months ended March 31, 2007 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:

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

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 subsequently 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

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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 30, 2007