

Red Rock Energy Inc.
Management Discussion & Analysis
December 31, 2009

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 nine months ended December 31, 2009 should be read in conjunction with the applicable Financial Statements for the nine months ended December 31, 2009 and related notes, and the audited financial statements for the year ended March 31, 2009. The interim financial statements are un-audited and have not been reviewed by the Company's auditors.

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 33 Claims covering approximately 49,262 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

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the Report Authors believe this will make the recommended Phase 2 program both much more cost efficient and exploration effective.

Phase 2 – Drill Program

The assembled data sets for the RB1 and RB2 blocks include recommendations for the follow-up drilling of selected targets. As well, the data review done during preparation of the Qualifying Report by the Report Authors has supplemented these prior recommendations, by identifying other targets of potential exploration interest for drilling. In essence, the recommended Phase 2 drilling program is intended to 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, 2009.

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 any 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

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 September 30, 2008, approximately 5,658 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"). In September 2008, the drilling contractor completed the drilling target and ownership of the drill was subsequently transferred to the drilling contractor during first quarter of fiscal 2010.

Twelve months ended March 31 2009

During this period, the Company continued to drill on its properties, raise additional flow through funds and acquire additional exploration properties.

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. The warrants expired unexercised on April 12, 2008.

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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 4, 2008, the IPO warrants expired unexercised.

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, 2009, 75% 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 – 208 %, risk - free interest rate of 4.5 % and an expected life of five years. During the year ended March 31, 2009, the value assigned to the options was \$36,004 and recorded as stock option compensation expense and credited to contributed surplus.

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.

On August 28, 2008, the Company raised gross proceeds of \$784,000 by completing a private placement of 2,800,000 flow-through common shares at \$0.28 per share. A finder's fee of 6% of the gross proceeds is payable in connection with the placement. The Company's share of legal fees, listing fees and disbursements for the private placement totaled \$17,729. The transaction has received the approval of the TSX Venture Exchange.

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Effective June 11, 2009, the Company raised non cash proceeds of \$900,000 by issuing 5,000,000 common shares to UCR at \$.18 per share in settlement of purchase obligations related to the acquisition of exploration properties.

The Company announced on July 29, 2009 that it had completed, by way of a non-brokered private placement, the sale of 769,614 common shares ("Common Shares") at a price of \$0.13 per Common Share on a "flow through" basis for gross proceeds of \$100,050 (the "Offering"). Companies owned or controlled by a director of the Company acquired 384,614 of the Common Shares sold in the Offering. A finder's fee in the amount of \$3,504 was paid to an arm's length party who assisted with the placement of a portion of the shares. The hold period for the issued shares expires on November 29, 2009. Proceeds from the Offering will be used to advance the Company's current work program in its Uranium City, Saskatchewan camp.

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

Summer & fall drilling campaigns - 2007

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 uranium 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 uranium 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 uranium zones within Red Rock's Red Block

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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 uraniumiferous 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 uraniumiferous 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 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 uraniumiferous 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

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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 uraniumiferous 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.

Winter drilling campaign - 2008

In April 2008, Red Rock announced that it drilled a discovery hole (08RB2-03) indicating a new uraniumiferous 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 uraniumiferous 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 % U308 across 14.5m, including higher grade intercepts of .123% U308 across 7 m core length and .177% U308 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% U308 (1.02lbs/ ton) with higher grade intercepts within the zone grading up to 1.5m of .131% U308 (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

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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.

In June 2008, the Company announced that four consulting geological specialists were mobilized to Uranium City to begin detailed geological mapping and related studies intended to improve the focus of future drilling at the RB1 and RB2 claim blocks, and to identify selected targets warranting drilling at the RB3 block. This work is intended to follow-up targets identified by the extensive compilation of data that the Company has undertaken over the last two years. The Company believes that the field work will substantially aid in establishing better definition for the geological model. In turn, the intelligence so gathered can be extrapolated to further define the many showings identified in the Red Rock compilation. It is expected the ground follow up of these exploration targets will lead to targets that will warrant drill testing during either late 2008 or to be included in plans for 2009.

In July 2008, the Company announced that it had recently received assay test results which confirm an extension of the recently discovered Fusion uranium zone. These results suggest that both the length and breadth of the Fusion Zone continues to be significant with grades up to 0.612% U3O8 (12.24 lbs /ton) over 5 metres of core length.

In September 2008, the Company announced that the latest analytical results from the 2008 Diamond Drilling Campaign confirm an up-dip extension of the Fusion Zone along the Lake Cinch Main Ore Fault. This discovery is of particular significance given that the Lake Cinch Main Ore Fault structure hosted the bulk of the historic production by former mine operator Lake Cinch Mines Ltd. The Company's Fusion Zone is located on the same structure and in close proximity to the former underground workings.

From July 26 to August 19, 2008 RRK continued to drill the up-dip extensions of the Fusion uranium zone, which is associated with a relatively wide shear zone named the Cinch MOF, in holes 08RB2-17 to 08RB2-26 and the down-dip extension at one locale in hole 08RB2-27. The core samples from holes 08RB2-23 to 08RB2-27 have been submitted for analysis for uranium and the results are expected shortly. The drill rig was moved from Cinch to the vicinity of the former Cenex underground mine in late August and to the end of September had drilled a total of 1,608.3 in 6 holes (08RB2-28 to 08RB2-33) at Cenex. Two more holes (08RB2-34 & 08RB2-35) will be drilled at Cenex between September and mid October.

In November 2008, the Company announced that results received from the first four holes drilled to test a new area approximately 1 km south of Red Rock's recently discovered Fusion Zone and just south of the Crackingstone River indicate the discovery of a new uranium-bearing zone. Called the River Zone, drilling on the River Zone fault yielded results consistent with grades and widths of historic production, including 1.073% (21.46 lbs /ton) over 2.0 m of core length in hole 08RB2-31 and 0.911% (18.2 lbs/ton) over 1.5 m of core length in hole 08RB2-29. The newly discovered Fusion Zone and River Zone both are in close proximity to the bulk of historic resources on Red Rock's property. These results are the product of a deliberate development plan which attempts to expand new zones of radioactivity on the periphery of existing historic resources in order to create better economics in a future production scenario.

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From August 20 to October 12, 2008 Red Rock Energy completed 2,121.2 m in nine holes (08RB2-28 to 08RB2-36) drilled proximally to the River Zone fault a productive host for historic mining operations. Core samples from holes 08RB2-28 to 08RB2-36 have been sent to Loring Laboratories Ltd. in Calgary, Alberta for analysis. Complete results for all of the holes are expected during the latter part of November.

Red Rock management continues to be encouraged by the results obtained to date from 2008 drilling, with positive uranium drill intercepts being present at both the Fusion Zone, where Red Rock Energy is working on a resource definition program and now at the River Zone. The intersections found to date on the River Zone represent possible extensions of former production faults mined as late as 1979.

On October 13 the drill was moved from the River Zone back to the Fusion Zone which is just east of the former Cinch Lake mine underground workings. Red Rock plans to continue drilling at the Lake Cinch area until at least early to mid-December 2008. The Company's geological staff currently is compiling subsurface geology and grade data using Gemcom Surpac 3D software as well as other supplemental data that will be needed to prepare a NI43-101 compliant report documenting the estimated Inferred Resources at the Fusion Zone. A site visit by the independent consulting group that will prepare the 43-101 report was planned for late November, 2008.

In January 2009, the Company released the latest analytical test results from its 2008 Diamond Drilling Campaign conducted at the Uranium City camp. Operational focus in the final quarter of 2008 was on the newly discovered Fusion zone at Lake Cinch and River zone at Cenex. At the Fusion Zone an additional six holes were drilled to test the zone during this period. The current results from holes 08RB2-37 to 08RB2-42 confirm the uranium-bearing Fusion Zone, which is along the Lake Cinch Main Ore Fault structure, continues at least locally between the intersections found in previous drilling. Of note in the latest series of holes are two higher grade intercepts in the foot wall of the controlling structure: hole 08RB2-41 intersected 0.209% U₃O₈ across a 1.50 m core length and hole 08RB2-42 intersected 0.323% across a 2.00 m core length. The higher grade intercept in hole 08RB2-42 in the foot wall of the Lake Cinch structure is open both up- and down-dip and laterally to the northeast.

At the River Zone, which is believed to be the eastern extension of the uranium zones mined underground at the former Cenex mine, drilling was complicated by technical factors that required three of the nine holes (08RB2-30, -34 & -35) to be abandoned prior to reaching their targeted end of hole depth.

Nevertheless, this initial drilling has confirmed that at least some of the uranium zones that were mined underground at Cenex continue to the east and to depth, as predicted by former operators. At present, because of the relatively wide spacing between the six completed holes at the Cenex River Zone, correlation between uranium intercepts lacks certainty, hence estimates of the true widths of the intersected zones is difficult. Nonetheless, Red Rock management remains encouraged by these preliminary exploratory drill results at the Cenex River Zone and plans further drilling on this target.

By consistently returning intercepts with significant radioactivity in every hole, the 2008 drill results continue to add validity to the exploration method and model employed by Red Rock. Management feels the core corporate objective of exploring for new uranium zones that are in close proximity to Red Rock's

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historic resources is beginning to meet its potential given the strong exploration results from the 2008 program. In addition to the new Fusion Zone discovery east of the former Lake Cinch mine underground workings, the 2008 program also resulted in the discovery at Cenex of an extension to the River uranium zone which was previously mined underground to the west.

Discovery of 1,340,000 lbs U3O8 (Based on a Cut-Off Grade of 0.05%)

In August, 2009 the Company announced that it has received two National Instrument 43-101 ("NI 43-101") compliant technical reports in respect of its new Fusion Zone property and the East Target Project. The Fusion Zone report was prepared by Scott Wilson Roscoe Postle Associates Inc. ("Scott Wilson RPA"), while the East Target Project report, which relates to property recently acquired from Strategic Resources Inc. (formerly Uranium City Resources Inc.) ("Strategic"), was prepared by Watts, Griffis and McOuatt Limited. ("WGM"). These technical reports (the "Reports") estimate an inferred mineral resource in the case of the Scott Wilson RPA report and an inferred mineral resource in the WGM report. The tables below summarize the estimates from the respective reports which were completed using accepted methods mandated by NI 43-101 and Canadian Institute of Mining, Metallurgy and Petroleum standards.

TABLE 17-3 MINERAL RESOURCE ESTIMATE Fusion Zone Project - APRIL 21, 2009

Zone	Cut-off % U3O8	Tonnes x 1,000	INFERRED RESOURCES	
			% U3O8	Contained U3O8 lbs x 1,000
MOF-1	0.050	320	0.114	803
MOF-1	0.075	165	0.162	591
MOF-1	0.100	94	0.221	460
MOF-2	0.050	91	0.069	139
MOF-2	0.075	23	0.100	51
MOF-2	0.100	11	0.115	28
Total	0.050	411	0.104	942
Total	0.075	188	0.155	641
Total	0.100	105	0.201	487

Notes:

1. CIM definitions were followed for Mineral Resources.
2. Mineral Resources are estimated at a cut-off grade of 0.075% (U)3(O)8 (within) wireframe shells of the MOF-1 and MOF-2 zones.
3. Mineral Resources are estimated using an average long-term uranium price of (US\$70/lb U)3(O)8 (and an exchange rate of US\$1.00=C\$) 1.20.
4. The Mineral Resources estimate was prepared using Gemcom software. A block model was developed and grades interpolated using inverse distance cubed.

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5. A density value of 2.67 tonnes/m(3) was used.

6. Figures may not add exactly due to rounding.

TABLE 7.

WGM EAST TARGET INFERRED MINERAL RESOURCES ESTIMATE (using 0.01% U3O8 Cut-off and 1% U3O8 Composite Top-Cap)

Inferred Resources	Tonnes	Specific Gravity	% U3O8
(0.01 to 0.02% U3O8)	109,900	2.79	0.015
(0.02 to 0.05% U3O8)	149,600	2.79	0.031
(0.05% U3O8 and up)	143,100	2.79	0.139
Total	402,600	2.79	0.065

Fusion Zone Development:

In 2008 Red Rock began a diamond drilling program on the RB2 claim group to investigate the Fusion Zone. Scott Wilson RPA visited the project on November 23-26, 2008 as part of its preparations to complete the NI 43-101-compliant Report. The drill program at the RB2 block was designed: (1) primarily to search for undiscovered uraniumiferous zones within the RB2 claim block; (2) to follow up selected uraniumiferous drill intersections found during prior drilling by other explorers; and (3) to test selected radioactive or uraniumiferous zones known to exist within the property. Exploration drilling by Red Rock along the projected northeasterly extension of the Cinch Lake Mine, Main Ore Fault (MOF) ductile-brittle zone, intersected two parallel, mineralized brittle fault structures designated MOF-1 and MOF-2 (collectively termed the "Fusion Zone"). Scott Wilson RPA interprets that the MOF has split into these two features, but this remains to be determined. The mineral resource estimate for the Fusion Zone on the RB2 claim block was prepared using data from 52 drill holes including historic drill holes and Red Rock's 2008 drill program with data up to April 21, 2009. A set of cross-sections and plan views were used to construct three-dimensional wireframes of the MOF-1 and MOF-2 zones. High-grade values were cut to 1.00% U3O8 prior to compositing assays into zone composites for each drill hole.

According to the subject Report, the discovery of the Fusion Zone MOF-1 and MOF-2 structures northeast of the historic Cinch Lake mine workings indicates that Red Rock's primary objective in its 2007 / 2008 drill program has been accomplished and that there is good potential to expand on the new discovery.

East Target Development

Drilling commenced on the East Target site at the end of September 2006, concluding in the spring of 2008, by former operator UCR. The site was selected for drilling after the conducting of both airborne and ground surveys. The airborne surveys were performed by Geotech Ltd. in the summer of 2006 for magnetic and EM profiles. A follow up ground radiometric survey was

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started in the fall of 2006. More than 1,340 readings were measured along the grid lines and an additional 60 readings made between the grid lines to check the extension of anomalous readings found on the grid lines. The prospects are further enhanced due to the proximity of former mining operations conducted by Eldorado Nuclear Ltd., a crown corporation which operated the Verna Mine within 500 meters of this site. UCR conducted drilling on the East Target totaling 13,224.22 M in 89 holes. Seventy-six holes were drilled on land, eleven holes were drilled on Verna Lake and two holes were drilled on the adjacent Ace Lake. WGM reprocessed the drill logs supplied by UCR staff geologists into 35 south-west cross sections to coincide with the sections interpreted by UCR geologists. Drill hole spacing across sections were on average measuring 25 and 35 m apart. In total, twenty-two northeast-looking, vertical cross-sections were defined for the East Target mineralized zone.

The WGM report recommends a 60 day follow up drilling program of 20 holes for a total of 3,000 m to increase the resources of the East Target uranium mineralization.

In discussing the Reports, Sandy Loutitt, President of Red Rock, stated: "The preparation and delivery of these Reports represents the completion of another important stage in the development plans we have set for Red Rock. The review and analysis of our exploration program and the program conducted by Strategic and the data obtained from it confirms that we are on the right path, and with a positive indication of inferred uranium resources of approx 1,340,000 lbs. (based on a cutoff grade of .05%) in hand, we are clearly justified in vigorously continuing the expansion of our activities in the Uranium City camp."

This NI 43-101 technical report, entitled "TECHNICAL REPORT ON THE FUSION URANIUM ZONE PROJECT, RB2 CLAIM GROUP, URANIUM CITY, SASKATCHEWAN, CANADA" and dated July 10, 2009, has been filed and is available for viewing in its entirety on SEDAR. The report was authored by William E. Roscoe Ph.D., P.Eng. and R. Barry Cook M.Sc., P.Eng., each of whom being Qualified Persons as defined by Canadian Securities Administrators' NI 43-101, and who have reviewed and verified the technical disclosures.

This NI 43-101 technical report, entitled "A Mineral Resource Estimate of the East Target Project Area and A review of the Uranium Properties in Northern Saskatchewan for Uranium City Resource Inc" and dated December 15th, 2008, has been filed and is available for viewing in its entirety on SEDAR. The report was authored by Albert Workman, P.Geo., Kurt Breede, P.Eng., and David Power-Fardy, P.Geo. each of whom are Qualified Persons as defined by Canadian Securities Administrators' NI 43-101, and who have reviewed and verified the technical disclosures.

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Summer field work 2009

The Company announced in September, 2009 that it had successfully completed a program of summer fieldwork on its extensive landholdings in the Beaverlodge Uranium District in Northern Saskatchewan.

Much of the impetus for conducting an expanded summer program was the recent completion of additional land acquisitions from Uranium City Resources Inc. and GLR Resources Inc. by Red Rock. By virtue of these transactions, Red Rock has expanded its regional holdings from 9,668 ha in the original four claim blocks (RB1 to RB4) to a 75% or 100% interest in a total of some 74,801 ha in the heart of the Beaverlodge Uranium District. Commencing May 25 and ending September 4, 2009, this program included the completion of 390 field days of exploration by Red Rock personnel (two geologists, prospector and geological technologist) with and under the supervision of Red Rock's VP of Exploration. The field work mainly comprised prospecting and geological examination of 283 reported radioactive occurrences and included a ground check of in excess of 290 old trenches that had been excavated by prior explorers from the late 1940s to the early 1980s. This work was mainly performed north and northwest of the former Eldorado Nuclear Limited Ace-Fay-Verna mines, and in the vicinity of the former Gunnar mine at the southwest end of the Crackingstone Peninsula. The follow-up work identified over a dozen radioactive targets that warrant further assessment, including assembly and review of publicly available assessment and other exploration data, in order to determine next steps for further fieldwork which may include drill testing. These newly identified targets are in addition to those previously identified within Red Rock's original core claim holdings within the RB1 to RB4 claim blocks.

Red Rock also conducted detailed geological mapping at four selected locales, including the East Target uranium zone. This area was the subject of the August 31, 2009 press release advising that Watts, Griffis and McOuat Limited (WGM) had calculated a NI 43-101 compliant resource at a cut-off grade of 0.05% U₃O₈ to be 143,100 tonnes with an average grade of 0.139% U₃O₈, or about 438,500 lbs U₃O₈. In addition, detailed geological mapping was done by a Queens University doctoral candidate at the Lake Cinch Fusion Zone target area, and this work has been provided to Red Rock. The detailed geological mapping will be highly useful to assist with the planning for future drill testing at both the East Target and Fusion Zone.

Sandy Loutitt, President of Red Rock, commented that "The results from the summer field program, coupled with the data assembly, review and interpretation that Red Rock will be complete during fall/winter 2009, will set the stage for completing new drilling programs in 2010 at our highest priority targets. Thanks to the substantial expansion of prospective land holdings that we completed this year, Red Rock now has effective control of the majority of the Beaverlodge Uranium District. The information culled from our summer program already indicates that the exploration potential of both our existing and new lands is significant

Finally, during 2009 Red Rock prepared an internal estimate of the tonnes and grade of inferred resources identified by the 2008 exploratory drilling. If this internal study indicates the level of inferred resources is material, then Red Rock will commission an independent consultant to

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prepare a NI 43-101 compliant report documenting the estimated resources that have been identified.

Summary Financial Results

As at December 31, 2009, Red Rock reported a net loss of \$212,436, had total assets of \$7,890,666 and long-term liabilities of \$1,400,015 comprised entirely of future income tax liabilities.

The Company continued to incur expenditures on its drilling program and during the quarter spent funds on capitalized exploration and development costs, mineral properties and machinery and equipment as follows:

	Nine months ended December 31 2009	Year ended March 31 2009
Opening Balances	7,618,479	3,638,745
Capitalized exploration and development costs	471,343	3,015,063
Acquisition of exploration properties	-	975,000
Computer and office equipment	-	22,247
Machinery and equipment ⁽¹⁾	(492,812)	640
amortization of machinery and equipment	(8,716)	(33,216)
Closing Balances	7,588,294	7,618,479

1 - includes transfer of drill with a value of \$464,080 to drilling contractor

Quarterly results

Period	Interest Income	Net Loss	General and administration (net of stock option compensation expense)	Stock option compensation expense	Loss per share		Total Assets	Total Long-term Liabilities	Dividends
					Basic	Fully diluted			
2010 - Q3	\$500	(64,945)	55,249	-	\$ (0.00)	\$ (0.00)	7,890,666	1,400,015	-
2010 - Q2	\$500	(116,969)	96,013	11,261	\$ (0.01)	\$ (0.01)	8,003,224	1,400,015	-
2010 - Q1	\$508	(95,467)	86,529	-	\$ (0.00)	\$ (0.00)	8,072,050	1,370,000	-
2009 - Q4	(5,887)	(41,005)	70,740	7,346	\$ (0.00)	\$ (0.00)	8,643,315	1,370,000	-
2009 - Q3	7,438	(154,870)	162,308	-	\$ (0.01)	\$ (0.01)	7,850,709	1,446,720	-
2009 - Q2	11,661	(141,852)	116,799	28,658	\$ (0.01)	\$ (0.01)	8,005,486	1,446,720	-
2009 - Q1	20,687	(103,095)	115,735	-	\$ (0.00)	\$ (0.00)	6,907,555	1,188,000	-
Total 2009	33,899	(440,822)	465,582	36,004	\$ (0.02)	\$ (0.02)			-
2008 - Q4	43,510	(137,412)	144,545	39,824	\$ (0.01)	\$ (0.01)	7,038,526	1,188,000	-

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General & administration costs

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

	Three months ended December 31, 2009	Three months ended December 31, 2008	Nine months ended December 31, 2009	Nine months ended December 31, 2008
Management compensation	40,500	40,500	121,500	121,620
Wages and salaries - administration	17,069	21,017	55,952	69,075
Premises rent and utilities	3,292	12,133	12,372	29,092
Repairs and maintenance	1,237	12,653	11,061	12,759
Membership, filing fees and government dues	1,116	923	1,661	3,317
Bank charges	543	150	1,320	556
Travel	464	12,070	1,102	18,055
Office expenses	125	690	539	6,381
Insurance	(670)	12,460	-	17,554
Professional services - audit, legal, marketing and advertising	(2,475)	39,109	31,613	94,677
Other operating expenses	(5,952)	289	670	11,422
	55,249	151,992	237,791	384,506

Liquidity and Capital Resources

The Company is in the development stage and therefore has no regular cash flow. As at December 31, 2009, the Company had a working capital surplus of \$212,921. 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, 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 warrants expired unexercised on April 12, 2008.
- 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

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4.5% and an expected life of one year. The value assigned to the warrants was \$47,622. The warrants expired unexercised on April 12, 2008.

- 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. On July 4, 2008, the warrants expired unexercised.
- Upon completion of the IPO and the start of trading of the Company's shares, the Issuer granted to the Agent warrants (IPO 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 May 31, 2007, which was the date on which the Company received final approval for the prospectus. 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 Agent warrants was \$185,691. On May 31, 2008, the IPO agent warrants expired unexercised.
- On August 28, 2008, the Company raised gross proceeds of \$784,000 by completing a private placement of 2,800,000 flow-through common shares at \$0.28 per share. A finder's fee of 6% of the gross proceeds is payable in connection with the placement. The Company's share of legal fees, listing fees and disbursements for the private placement \$17,729. The transaction has received the approval of the TSX Venture Exchange.
- Effective June 11, 2009, the Company raised non cash proceeds of \$900,000 by issuing 5,000,000 common shares to UCR at \$.18 per share in settlement of purchase obligations related to the acquisition of exploration properties.
- On July 29, 2009, the Company completed, by way of a non-brokered private placement, the sale of 769,614 common shares ("Common Shares") at a price of \$0.13 per Common Share on a "flow through" basis for gross proceeds of \$100,050 (the "Offering"). Companies owned or controlled by a director of the Company acquired 384,614 of the Common Shares sold in the Offering. A

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finder's fee in the amount of \$3,504 was paid to an arm's length party who assisted with the placement of a portion of the shares. The hold period for the issued shares expires on November 29, 2009. Proceeds from the Offering will be used to advance the Company's current work program in its Uranium City, Saskatchewan camp.

As of December 31, 2009, 33,441,337 common shares are outstanding.

The following table shows the number of outstanding share purchase options as of December 31, 2009:

<u>Expiry Date</u>	Type	<u>Exercise Price</u>	Options Outstanding	Options Exercisable	Fair Value of Options Granted
January 22, 2012	options	\$0.70	1,624,000	1,624,000	869,833
July 16, 2012	options	\$0.70	485,000	485,000	87,089
August 7, 2012	options	\$0.70	300,000	300,000	158,832
			2,409,000	2,409,000	1,115,754

Off Balance Sheet Arrangements

The Company has no off balance sheet arrangements.

Transactions with Related Parties

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

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 and contingencies

The Company was subject to a sales tax audit in Saskatchewan covering its operations from inception to March 31, 2008. The audit has now been completed and notices of re-assessment resulting from the audit have been received and settled. The amounts that were settled were not significant and were classified as part of machinery and equipment.

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 December 31, 2007 in August 2007. As of March 31, 2009, the Company has incurred \$3,500,000 related to these flow through funds.

Pursuant to the issuance of 2,800,000 flow-through shares during the quarter December 31, 2008, the Company renounced \$784,000 on qualified exploration expenditures with an effective date of March 31, 2009 in August 2008. As of March 31, 2009, the Company has incurred \$784,000 related to these flow through funds.

Pursuant to the issuance of 769,614 flow-through shares during the quarter ended December 31, 2009, the Company renounced \$100,050 on qualified exploration expenditures with an effective date of December 31, 2009 in August 2009. As of December 31, 2009, the Company had incurred \$100,050 related to these flow through funds.

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 4 years are as follows:

2010	29,448
2011	29,448
2012	<u>26,994</u>
Total	<u><u>\$85,890</u></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. 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. In September 2008, the drilling contractor completed the drilling target and ownership of the drill was subsequently transferred to the drilling contractor during the first quarter of fiscal 2010.

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Acquisition of Exploration properties

On November 27, 2008, the Company announced it entered an agreement with Strategic Resources Inc., formerly known as Uranium City Resources Inc., ("UCR") in which the Company has agreed to purchase all of UCR's exploration property claims located in northern Saskatchewan (the "Claims").

UCR is a junior exploration corporation with property interests in northern Saskatchewan, many of which are near or adjacent to the main property blocks held by the Company in the Uranium City camp. The purchase price for the Claims is \$975,000 and was paid by the Company on the following basis:

- \$75,000 paid to UCR in cash upon completion of the transaction (the "transaction"); and
- \$900,000 paid to UCR at the option of The Company in cash or by the issuance of 5 million common shares of The Company from treasury at a deemed price of \$0.18 per common share.

The Claims were subject to an option agreement between UCR and GLR Resources Inc. ("GLR"), made as of November 22, 2004, under which GLR had a preemptive right to purchase the Claims on the same terms and conditions as those proposed by the Company. Completion of the transaction was conditional on the receipt from GLR of a written waiver of its preemptive right. The parties' obligations to complete the transaction were also subject to the satisfaction of the usual conditions for transactions of this nature, including the receipt of all regulatory approvals, shareholder approval, and the completion of a satisfactory due diligence review by the Company. No finder's fee was payable in connection with the transaction.

On February 18, 2009 the Company announced that it had been advised by management of UCR that the transaction received shareholder approval at a meeting duly held on February 13, 2009. Completion of the transaction was conditional on the receipt from GLR of a written waiver of its preemptive right, and this waiver has now been obtained.

Effective June 11, 2009, cash of \$75,000 was disbursed and 5,000,000 shares at \$.18 per share were issued to UCR by the Company in settlement of purchase obligations related to the acquisition of exploration properties.

Subsequent event

The Company announced on February 26, 2010 that it had completed, by way of a non-brokered private placement, the sale of 10,044,928 Units at a price of \$0.10 per Unit for gross proceeds of \$1,004,492.80 (the "Offering"). Each Unit consists of one common share ("Common Share") and one half of one transferable common share purchase warrant. Each whole warrant (a "Warrant") entitles the holder to acquire one additional Common Share for a period of 24 months from the issuance thereof at a price of \$0.18. Directors and officers acquired 1,500,000 of the Units sold in the Offering. A finder's fee in the amount of \$35,000 was paid to an arm's length party who assisted with the placement of a portion of the Units. The hold period for the Common Shares and Warrants comprising the issued Units expires on June

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24, 2010. Proceeds from the Offering will be used to advance the Company's efforts in identifying alternative investment opportunities.

Outlook

It is the intention of management to continue with the development of the business principally by fulfilling the commitments made relative to the use of funds previously raised. This includes targeted use of a dedicated geological services and drilling crew to the company's properties and the conduct of diamond drilling activities thereon. Associated with the continuation of the 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 un-staked, 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 – February 26, 2010