

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Relentless Resources Ltd. ("Relentless", or the "Company"), is dated May 19, 2015. The MD&A should be read in conjunction with the unaudited condensed interim financial statements for the three months ended March 31, 2015, together with the notes thereto. Relentless's Board of Directors reviewed and approved the March 31, 2015 condensed interim financial statements and related MD&A on May 19, 2015.

Additional information about Relentless is available on SEDAR at [www.sedar.com](http://www.sedar.com) or on the Company's website at [www.relentless-resources.com](http://www.relentless-resources.com).

**IFRS** - This MD&A and the financial statements and comparative information have been prepared in accordance with International Financial Reporting Standards ("IFRS").

**NON-IFRS MEASURES** - This MD&A provides certain financial measures that do not have a standardized meaning prescribed by IFRS. These non-IFRS financial measures may not be comparable to similar measures presented by other issuers. Cash flow from operations, operating netback and net debt are not recognized measures under IFRS. Management believes that in addition to net income (loss), cash flow from operations, operating netback and net debt are useful supplemental measures that demonstrate the Company's ability to generate the cash necessary to repay debt or fund future capital investment. Investors are cautioned, however, that these measures should not be construed as an alternative to net income (loss) determined in accordance with IFRS as an indication of Relentless's performance. Relentless's method of calculating these measures may differ from other companies and accordingly, they may not be comparable to measures used by other companies. Cash flow from operations is calculated by adjusting net income (loss) for deferred income taxes, other income, accretion, share based compensation, decommissioning obligations, impairment and depletion and depreciation. Operating netback is calculated based on oil and gas revenue less royalties and operating expenses. Net debt is the total of accounts receivable plus prepaids and deposits, less accounts payable plus bank debt.

**BOE REFERENCE** - Reference is made to barrels of oil equivalent ("BOE" or "boe"). BOE may be misleading, particularly if used in isolation. In accordance with National Instrument 51-101, a BOE conversion ratio of six mcf of natural gas to one bbl of oil has been used, which is based on an energy equivalency conversion method primarily applicable at the burner tip and does not represent a value equivalency at the wellhead.

**READER ADVISORY REGARDING FORWARD LOOKING INFORMATION** - Certain information set forth in this document, including management's assessment of Relentless's future plans and operations, contains forward-looking statements including: (i) forecasted capital expenditures and plans; (ii) exploration, drilling and development plans; (iii) prospects and drilling inventory and locations; (iv) anticipated production rates; (v) expected royalty rates; (vi) anticipated operating and service costs; (vii) financial strength; (viii) incremental development opportunities; (ix) total shareholder return; (x) growth prospects; (xi) sources of funding; (xii) decommissioning costs; (xiii) future crude oil and natural gas prices; (xiv) future drilling completion and tie-in of wells; and future acquisitions, which are provided to allow investors to better understand our business. Words such as "may", "will", "should", "could", "anticipate", "believe", "expect", "intend", "plan", "potential", "continue", "budget", "outlook", "forecast" and similar expressions have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management. Forward-looking statements involve significant risk and uncertainties. A number of factors could cause actual results to differ materially from the results discussed in the forward-looking statements including, but not limited to, changes in general economic and market conditions and other risk factors. Although the forward-looking statements contained herein are based upon what management believes to be reasonable assumptions, management cannot assure that actual results will be consistent with these forward-looking statements. Investors should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and the Company assumes no obligation except as required by law to update or review them to reflect new events or circumstances.

Forward-looking statements and other information contained herein concerning the oil and gas industry and the Company's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Company believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market shares and performance characteristics. While the Company is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

## **RELENTLESS RESOURCES LTD.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

**For the three months ended March 31, 2015 and 2014**

#### **Corporate Update**

##### **Heathdale**

In Q1 2015, Relentless drilled, completed and tied in two new Glauconite horizontal wells (100% working interest) at Heathdale, Alberta. The 14-8 and 7-8-27-9 W4 wells were brought on-stream in March 2015 through a multiwell oil treating battery. The two wells have averaged a combined rate of 185 boe/d (80% oil) total over 44 days of production and are currently producing at approximately 140 boe/d combined. The Heathdale 9-7-27-9 W4 multiwell battery is now fully operational. Approximately \$3.0 million dollars was incurred drilling, completing, equipping the two horizontal wells and building the multiwell battery in winter conditions in Q1 2015.

Heathdale production was restricted in Q1 2015 due to the facility construction work and spring access conditions. As of May 1, 2015 all three Heathdale horizontal wells were producing.

Based on field estimates, Heathdale is currently producing 200 bbl/d of oil and 420 mcf/d of gas at 100% working interest. Two additional horizontal wells are currently licensed and ready to be drilled. Relentless has greater than 25 future Glauconite locations on working interest lands.

##### **Operational and Financial Highlights**

Relentless' current corporate production, with the three Heathdale wells producing, is approximately 430 boe/d (60% oil).

At March 31, 2015, net debt was \$2.64 million. Current net debt is \$2.55 million on a newly expanded credit facility of \$4.0 million.

Even though commodity prices were low in Q1 2015, Relentless posted a number of positive achievements:

- Daily production volumes increased by 263% to 235 boe/d from 65 boe/d in the same period last year.
- Oil and gas revenues increased by 81% to \$632,026 despite a 50% decrease in realized commodity prices between Q1 2015 and Q1 2014.
- Operating expenses decreased 18% to \$19.98/boe compared to Q1 2014.
- General and administration expense decreased 60% to \$5.87/boe compared to Q1 2014.

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

#### Financial summary

Three months ended March 31				
		2015	2014	% Change
Oil and gas revenue	\$	632,026	\$ 349,807	81
Cash flow from operations (1)		20,038	75,618	(74)
Per share - basic and diluted (1)		0.000	0.002	(86)
Comprehensive loss		(686,787)	(127,051)	441
Per share - basic and diluted		(0.011)	(0.004)	178
Total assets		12,710,273	3,246,717	291
Net surplus (debt) (1)		(2,639,589)	541,339	(588)
Capital expenditures, net	\$	3,643,653	\$ 139,101	2,519
Shares outstanding - end of period		63,759,095	34,310,799	86

(1) Non IFRS measure

#### Production and pricing summary

Three months ended March 31			
		2015	2014 % Change
<b>Daily production</b>			
Oil and NGLs (bbl/d)		107	23 365
Natural gas (mcf/d)		769	250 208
Oil equivalent (boe/d @ 6:1)		235	65 263
<b>Realized commodity prices (\$CDN)</b>			
Oil and NGLs (bbl)		\$42.12	\$98.90 (57)
Natural gas (mcf)		\$3.27	\$6.45 (49)
Oil equivalent (boe @ 6:1)		\$29.85	\$60.10 (50)

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

### Cash flow and comprehensive loss

Three months ended March 31	2015	2014	% Change	2015 (\$ / boe)	2014 (\$ / boe)	% Change
Oil and natural gas sales	632,026	349,807	81	29.85	60.10	(50)
Royalties	(65,718)	(33,112)	98	(3.10)	(5.69)	(45)
Revenue after royalties	566,308	316,695	79	26.75	54.41	(51)
Production, operating and transportation expenses	(423,073)	(141,546)	199	(19.98)	(24.32)	(18)
Operating cash flow <sup>(1)</sup>	143,235	175,149	(18)	6.77	30.09	(78)
General & administrative expenses	(124,308)	(85,172)	46	(5.87)	(14.63)	(60)
Interest and other financing charges	1,111	(14,362)	(108)	0.05	(2.47)	(102)
Cash flow from operations <sup>(1)</sup>	20,038	75,615	(73)	0.95	12.99	(93)
Other income	166,666	-	100	7.87	0.00	100
Share based compensation	-	(104,096)	(100)	0.00	(17.89)	(100)
Accretion	(50,165)	(12,037)	317	(2.37)	(2.07)	15
Impairment	(385,169)	-	100	(18.19)	-	100
Depletion and depreciation	(438,157)	(86,533)	406	(20.70)	(14.87)	39
Comprehensive loss	(686,787)	(127,051)	441	(32.45)	(21.81)	49
\$ Per Share – Basic	(0.01)	(0.00)				
\$ Per Share - Diluted	(0.01)	(0.00)				

(1) Non IFRS measure

### Eight Quarter Analysis

#### Daily Production and Commodity Prices

Three months ended	2015	2014	2014	2014	2014	2013	2013	2013
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
<b>Daily production</b>								
Oil and NGLs (bbl/d)	107	145	93	37	23	24	38	35
Natural gas (mcf/d)	769	691	744	308	250	239	306	253
Oil equivalent (boe/d @ 6:1)	235	260	217	88	65	63	89	77
<b>Realized commodity prices (\$/CDN)</b>								
Oil and NGLs (bbl)	\$42.12	\$62.58	\$90.72	\$95.98	\$98.90	\$85.59	\$90.14	\$86.63
Natural gas (mcf)	\$3.27	\$4.08	\$4.40	\$5.16	\$6.45	\$3.93	\$2.78	\$3.87
Oil equivalent (boe @ 6:1)	\$29.85	\$45.70	\$53.95	\$58.92	\$60.10	\$46.76	\$48.05	\$52.54

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

### Oil and Natural Gas Revenue by Product

<i>Three months ended</i>	2015	2014	2014	2014	2014	2013	2013	2013
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
Oil and NGL revenue	406,163	834,781	777,090	326,729	204,732	186,900	315,127	278,941
Natural gas revenue	225,863	259,110	300,885	144,628	145,075	86,266	78,338	89,965
Total revenue	632,026	1,093,891	1,077,975	471,357	349,807	273,166	393,465	368,906
% Oil and NGLs	64%	76%	72%	69%	59%	68%	80%	76%
% Natural gas	36%	24%	28%	31%	41%	32%	20%	24%

### Cash Flow from Operations

<i>Three months ended</i>	2015	2014	2014	2014	2014	2013	2013	2013
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
Oil and natural gas sales	632,026	1,093,891	1,077,975	471,357	349,807	273,166	393,465	368,906
Royalties	(65,718)	(133,678)	(134,559)	(54,795)	(33,112)	(32,076)	(42,299)	(21,656)
Revenue after royalties	566,308	960,213	943,416	416,562	316,695	241,090	351,166	347,250
Production, operating and transportation expenses	(423,073)	(518,526)	(261,177)	(177,491)	(141,546)	(136,075)	(111,262)	(120,020)
<b>Operating cash flow (1)</b>	<b>143,235</b>	<b>441,687</b>	<b>682,239</b>	<b>239,071</b>	<b>175,149</b>	<b>105,015</b>	<b>239,904</b>	<b>227,230</b>
General & administrative expenses	(124,308)	(178,093)	(144,663)	(175,178)	(85,172)	(99,206)	(70,823)	(101,848)
Interest and other financing charges	1,111	1,582	178	664	(14,362)	579	(545)	(3,546)
Flow through share indemnification expense	-	(350,186)	-	-	-	-	-	-
<b>Cash flow from operations (1)</b>	<b>20,038</b>	<b>(85,010)</b>	<b>537,754</b>	<b>64,557</b>	<b>75,615</b>	<b>6,388</b>	<b>168,536</b>	<b>121,836</b>

### Operating and Cash Flow Netbacks

<i>Three months ended</i>	2015	2014	2014	2014	2014	2013	2013	2013
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
<b>(\$/boe)</b>								
Revenue	29.85	45.70	53.95	58.92	60.10	46.76	48.05	52.54
Royalties	(3.10)	(5.58)	(6.73)	(6.85)	(5.69)	(5.49)	(5.17)	(3.08)
Production, operating and transportation expenses	(19.98)	(21.66)	(13.07)	(22.19)	(24.32)	(23.29)	(13.59)	(17.09)
<b>Operating netback (1)</b>	<b>6.77</b>	<b>18.46</b>	<b>34.15</b>	<b>29.88</b>	<b>30.09</b>	<b>17.98</b>	<b>29.30</b>	<b>32.36</b>
General and administrative expenses	(5.87)	(7.44)	(7.24)	(21.90)	(14.63)	(14.08)	(8.65)	(14.50)
Interest expense	0.05	0.07	0.01	0.08	(2.47)	0.10	(0.07)	(0.50)
Current income taxes	-	(14.63)	-	-	-	-	-	-
<b>Cash flow netback (1)</b>	<b>0.95</b>	<b>(3.55)</b>	<b>26.92</b>	<b>8.07</b>	<b>12.99</b>	<b>4.00</b>	<b>20.58</b>	<b>17.35</b>

(1) Non IFRS measure

### Daily Production and Commodity Prices

In Q1 of 2015, total production increased 263% to 235 boe/d when compared to 65 boe/d for the same period a year ago. The increase is due to the addition of oil volumes from the three Heathdale HZ wells and the acquisition of 127 boe/d in May, 2014. Oil and NGLs production averaged 107 bbl/d in Q1 2015 as compared to 23 bb/d in Q1 2014. Natural gas production averaged 769 mcf/d in the first quarter of 2015 compared to 250 mcf/d in the same period a year ago.

Q1 daily oil production decreased from Q4 2014 as the 8-7-27-9W4 Heathdale HZ well was shut in for 43 days in Q1 2015 during the multi well battery construction period. The two new Heathdale HZ wells were placed on-stream on March 5, 2015 and produced for 6 days before being shut in due to spring road conditions. The 8-7 well was shut in from February 12, 2015 and did not come back on-stream until May 2, 2015.

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

In Q1 2015 Oil and gas prices decreased significantly from Q1 2014. The average price of oil and NGL dropped 57% from \$98.90/bbl to \$42.12/bbl. Natural gas prices dropped 49% from \$6.45/mcf to \$3.27/mcf.

<b>Three months ended March 31,</b>	<b>2015</b>	<b>2014</b>	<b>% Change</b>
<b>Daily production</b>			
Oil and NGLs (bbl/d)	107	23	366
Natural gas (mcf/d)	769	250	207
Oil equivalent (boe/d @ 6:1)	235	65	263

<b>Realized commodity prices (\$CDN)</b>			
Oil and NGLs (bbl)	\$ 42.12	\$ 98.90	(57)
Natural gas (mcf)	3.27	6.45	(49)
Oil equivalent (boe @ 6:1)	\$ 29.85	\$ 60.10	(50)

### Oil and Natural Gas Revenues

In spite of a 50% decrease in average commodity prices production revenues increased 81% to \$632,026 in the first quarter of 2015 compared to \$349,807 in the same period in 2013, due to a 264% increase in production volumes.

<b>Three months ended March 31,</b>	<b>2015</b>	<b>2014</b>	<b>% Change</b>
Oil and NGLs	\$ 406,163	\$ 204,732	98
Natural gas	225,863	145,075	56
Total revenue	\$ 632,026	\$ 349,807	81
% Oil and NGLs	64%	59%	
% Natural gas	36%	41%	

### Royalties

For the three months ended March 31, 2015, royalties increased by 98% to \$65,718 from \$33,112 for the same period a year ago due to an 81% increase in production revenues.

<b>Three months ended March 31,</b>	<b>2015</b>	<b>2014</b>	<b>% Change</b>	<b>2015</b>	<b>2014</b>
				<b>(\$ / boe)</b>	<b>(\$ / boe)</b>
Royalties	\$ 65,718	\$ 33,112	98	\$ 6.73	\$ 5.17

### Production, Operating and Transportation Expenses

For the three months ended March 31, 2015, production, operating and transportation expenses increased 199% to \$423,073 as compared to \$141,546 for the same period a year ago. On a per boe basis production and operating expenses decreased 18% to \$19.98 per boe, down from \$24.32 per boe for the same period in 2014.

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

---

Three months ended March 31,	2015	2014	% Change	2015 (\$ / boe)	2014 (\$ / boe)
Production, operating and transportation	\$ 423,073	\$ 141,546	199	\$ 19.98	\$ 24.32

---

#### General & Administrative Expenses

General and administrative expenses, after overhead recoveries, increased 46% to \$124,308 for the three months ended March 31, 2015 up from \$85,172 in Q1 2014. General and administrative expenses per boe decreased by 60% to \$5.87 from \$14.63 in Q1 2014 as total production volumes increased by 264%.

---

Three months ended March 31,	2015	2014	% Change	2015 (\$ / boe)	2014 (\$ / boe)
General & administrative expenses	\$ 124,308	\$ 85,172	46	\$ 5.87	\$ 14.63

---

#### Finance Expense

---

Three months ended March 31,	2015	2014	% Change	2015 (\$ / boe)	2014 (\$ / boe)
Interest expense (income)	\$ (1,111)	\$ 14,362	(108)	\$ (0.05)	\$ 2.47
Accretion	50,165	12,037	317	2.37	2.07
	\$ 49,054	\$ 26,399	86	\$ 2.32	\$ 4.54

---

#### Share Based Compensation

---

Three months ended March 31,	2015	2014	% Change	2015 (\$ / boe)	2014 (\$ / boe)
Share Based Compensation	\$ -	\$ 104,096	(100)	\$ -	\$ 17.89

---

#### Depletion and Depreciation

In Q1 2015 depletion and depreciation increased by 406% to \$438,157 as compared to \$86,533 in Q1 2014. Q1 2015 production volumes totaled 21,172 boe and based on year end 2014 proved plus probable reserves of 658,500 boe the depletion rate was 3.2%. Depletion per boe increased by 39% as reserve addition from the two new Heathdale HZ wells were not included in the total Company reserves but the capital spent on the wells and facilities was included.

---

Three months ended March 31,	2015	2014	% Change	2015 (\$ / boe)	2014 (\$ / boe)
Depletion and Depreciation	\$ 438,157	\$ 86,533	406	\$ 20.70	\$ 14.87

---

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

### Cash Flow from Operations

Three months ended March 31	2015	2014
Comprehensive loss for the period	\$ (686,787)	\$ (127,051)
Other income	(166,666)	-
Accretion expense	50,165	12,037
Share based compensation expense	-	104,096
Impairment	385,169	-
Depletion and depreciation	438,157	86,533
Cash flow from operations <sup>(1)</sup>	\$ 20,038	\$ 75,615
Cash flow from operations per share – basic and diluted	\$ 0.00	\$ 0.00

(1) Non IFRS measure

### Property plant and equipment assets (PP&E)

	PP&E Assets
<b>Assets</b>	
Balance at December 31, 2013	\$ 4,573,204
Additions	4,983,276
Acquisitions	3,301,535
Dispositions	(134,309)
Change in decommissioning obligations	693,843
Balance at December 31, 2014	13,417,549
Additions	3,643,654
Change in decommissioning obligations	158,985
Balance at March 31, 2015	\$ 17,220,188
<b>Depletion, depreciation and impairment</b>	
Balance at December 31, 2013	\$ (2,370,630)
Impairment	(1,745,934)
Depletion and depreciation	(1,002,526)
Balance at December 31, 2014	(5,119,090)
Impairment	(385,169)
Depletion and depreciation	(438,157)
Balance at March 31, 2015	\$ (5,942,416)
<b>Net book value</b>	
Balance at December 31, 2013	\$ 2,202,574
Balance December 31, 2014	8,298,459
Balance at March 31, 2015	\$ 11,277,772



## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

At December 31, 2014, the Company evaluated its PP&E assets for impairment and recorded an impairment of \$1,745,934 on the Willesden Green, Heathdale, Niton, and Peace River Arch CGU's. The impairment was based on the difference between the net book value of the assets and the recoverable amount. The recoverable amount was determined using fair value less costs to sell (2%) based on discounted cash flows of proved plus probable reserves using forecast future prices and a discount rate of 15%. The CGU's were written down to their recoverable amount based on the future value of cash flows less costs to sell.

At March 31, 2015, the Company evaluated its PP&E assets for impairment and recorded an impairment of \$332,145 on the Gordondale CGU and \$53,024 on the Peace River Arch CGU. The impairment was based on the difference between the net book value of the assets and the recoverable amount. The recoverable amount was determined based on discounted cash flows of proved plus probable reserves using forecast future prices and a discount rate of 15%. The CGU's were written down to their recoverable amount based on the future value of cash flows.

#### Capital expenditure summary

Area	Description	Three months ended March 31, 2015	Three months ended March 31, 2014
Alberta	P&NG Acquisitions	\$ -	\$ -
	Drill and complete	2,444,427	63,319
	Equip and tie-in	725,104	16,131
	Land and lease	21,463	54,827
	Abandonment	352,134	-
	Other	100,526	4,824
Total		\$ 3,643,654	\$ 139,101

#### Demand operating facilities

As at March 31, 2015, the Company had a \$3,000,000 demand operating loan facility, subject to the banks' annual review of the Company's petroleum and natural gas properties. Interest payable on amounts drawn under the facility is at the lenders' prime rate plus 1.375 percent. The credit facility is secured by a general security agreement and a first ranking charge on all lands of the Company. Under the terms of the facility, the Company is required to maintain a working capital ratio of not less than 1:1. The Company was in compliance with this ratio at March 31, 2015. As at March 31, 2015 the Company had drawn \$nil on this loan facility.

#### Working Capital (deficiency) surplus

March 31	2015	2014
Cash	\$ 599,962	\$ 644,702
Accounts receivable	781,256	151,068
Prepaid expenses and deposits	51,282	158,995
Accounts payable and accrued liabilities	(4,072,089)	(413,426)
Working capital (deficiency) surplus	\$ (2,639,589)	\$ 541,339

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

#### Decommissioning Obligations

A reconciliation of the decommissioning obligations is provided below:

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Balance, beginning of year	\$3,791,022	\$1,626,558
Additions	158,985	-
Change in estimate	-	36,810
Accretion	50,165	12,037
Balance, end of period	<u>4,000,172</u>	<u>1,675,405</u>
Less current portion of decommissioning obligations	<u>43,105</u>	<u>(161,418)</u>
Non-current decommissioning obligations	<u>\$3,957,067</u>	<u>\$1,513,987</u>

The Company's decommissioning obligations result from its ownership interest in oil and natural gas assets including well sites and gathering systems. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells and facilities, estimated costs to reclaim and abandon these wells and facilities and the estimated timing of the costs to be incurred in future years. The current decommissioning obligation is \$43,105.

A risk-free rate of 2.0% (2014 – 2.0%) based on the Bank of Canada long term bond rate and an inflation rate of 1.8% (2014 – 2.0%) were used to calculate the net present value of the decommissioning obligations. Accretion expense is included in finance expense on the statement of comprehensive loss.

#### Share Capital

	<u>March 31, 2015</u>		<u>March 31, 2014</u>	
	<u>Shares</u>	<u>Amount</u>	<u>Shares</u>	<u>Amount</u>
Balance, beginning of year	63,759,095	\$13,413,878	30,025,085	\$6,925,722
Issuance of common shares	-	-	4,285,714	450,000
Share issuance costs	-	-	-	(26,820)
Balance, end of period	<u>63,759,095</u>	<u>\$13,413,878</u>	<u>34,310,799</u>	<u>\$7,348,902</u>

On February 11, 2014, the Company closed a non-brokered private placement offering of units, by issuing 4,285,714 units at a price of \$0.105 per unit for gross proceeds of \$450,000. Share issuance costs were \$26,820 resulting in net proceeds of \$423,180.

Each unit comprises one common share and one-half of a share purchase warrant of the Company, resulting in the issuance of 4,285,714 common shares and 2,142,856 warrants under the offering. Subject to vesting, each whole warrant is exercisable into one common share until February 10, 2019, at a price of \$0.14 per share. The warrants vest and become exercisable as to one-third upon the 20-day weighted-average trading price of the common shares equalling or exceeding \$0.20, an additional one-third upon the market price equalling or exceeding \$0.25, and a final one-third upon the market price equalling or exceeding \$0.30. All securities issued under the offering, including the common shares issuable upon exercise of the warrants, and are subject to a four-month-plus-a-day hold period from the date of issuance expiring February 11, 2019, in accordance with applicable securities laws. All the warrants vested in 2014.

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### For the three months ended March 31, 2015 and 2014

On June 30, 2014, Relentless closed a non-brokered private placement for gross proceeds of \$3,750,000. The Company issued 4,166,666 common shares on a flow-through basis at 24 cents per share and 13,750,000 million common shares at 20 cents per common share. Share issuance costs were \$50,167 resulting in net proceeds of \$3,699,743.

As a result of the flow-through share issuance in June of 2014, the Company recorded a flow-through share premium liability of \$166,667 with an offsetting adjustment to share capital. At December 31, 2014, the Company had expended \$1,000,000 on eligible flow-through development costs and \$166,667 was credited to other income on settlement of the flow-through share liability.

On December 12 and 18, 2014, Relentless closed a non-brokered private placement for gross proceeds of \$2,846,965. The Company issued 6,782,740 common shares on a flow-through basis at 27 cents per share for gross proceeds of \$1,831,340 and 4,513,890 common shares at 22.5 cents per common share for gross proceeds of \$1,015,625. Share issuance costs were \$64,281 resulting in net proceeds of \$2,782,684.

As a result of the flow-through share issuance in December of 2014, the Company recorded a flow-through share premium liability of \$305,223 with an offsetting adjustment to share capital. At December 31, 2014 the Company has a commitment to spend \$1,831,340 on eligible flow through expenditures in 2015. In Q1 2015 the Company had expended \$1,000,000 on eligible flow-through development costs and \$166,666 was credited to other income on partial settlement of the flow-through share liability. At March 31, 2015 the Company had an obligation to expend \$831,340 on eligible flow-through exploration costs by December 31, 2015.

#### Warrants

	Three months ended March 31, 2015		Three months ended March 31, 2014	
	Warrants	Amount	Warrants	Amount
Balance, beginning of year	2,142,857	-	-	-
Warrants issued	-	-	2,142,857	-
Balance, end of period	2,142,857	-	2,142,857	-

In conjunction with the February 11, 2014 private placement offering of units the company issued 2,142,857 warrants.

As at March 31, 2015, 2,142,857 warrants (2014 – 2,142,857) were outstanding.

#### Subsequent events

On April 21, 2015, the Company renewed its demand operating loan facility increasing it from \$3,000,000 to \$4,000,000. The facility is available until May 31, 2016 at which time it may be extended, at the lenders option. Interest payable on amounts drawn under the facility is at the lenders' prime rate plus 1.375 percent. The credit facility is collateralized by a general security agreement and a first ranking charge on all lands of the Company.

On April 27, 2015 pursuant to the terms and conditions of its stock option plan the Company granted, in the aggregate, 1,129,830 stock options to purchase common shares. The grant of options to the current directors and officers of the Company are for a five year term. The options vested immediately and are exercisable at a price of \$0.145 per common share.

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

### Historical Quarterly Information

	2015 Q1	2014 Q4	2014 Q3	2014 Q2
Oil and Gas Revenue	\$ 632,026	\$ 1,093,891	\$ 1,077,975	\$ 471,357
Cash Flow from operations <sup>(1)</sup>	20,038	(85,010)	537,754	64,557
Cash Flow / share - basic	0.00	0.00	0.01	0.00
Comprehensive Income (Loss)	(686,787)	(2,722,305)	388,978	(153,532)
Comprehensive Income (Loss) / share - basic	(0.01)	(0.04)	0.00	(0.00)
Capital Expenditures	3,643,654	1,181,989	1,737,930	3,646,534
Total Assets	12,710,273	10,541,170	9,036,918	8,790,090
Net surplus (debt)	(2,639,589)	984,028	(509,823)	719,511
Shareholders' Equity	\$ 4,499,455	\$ 5,186,242	\$ 5,009,285	\$ 4,816,132
Shares outstanding	63,759,095	63,759,095	52,462,466	52,462,466
Production (boe/d)	235	260	217	88
Oil and NGLs (bbl/d)	107	145	93	37
Natural gas (mcf/d)	769	691	744	308

  

	2014 Q1	2013 Q4	2013 Q3	2013 Q2
Oil and Gas Revenue	\$ 349,807	\$ 273,166	\$ 393,465	\$ 368,906
Cash Flow from operations <sup>(1)</sup>	75,615	23,376	168,536	121,836
Cash Flow / share - basic	0.00	0.00	0.01	0.00
Comprehensive (Loss)	(127,051)	(1,153,943)	(109,402)	(122,205)
Comprehensive (Loss) / share - basic	(0.00)	(0.04)	(0.00)	(0.00)
Capital Expenditures	139,101	36,384	46,353	(192,829)
Total Assets	3,246,717	2,650,046	2,940,618	2,830,668
Net surplus (debt)	541,339	181,645	194,655	72,471
Shareholders' Equity	\$ 1,157,886	\$ 757,661	\$ 1,860,604	\$ 1,858,468
Shares outstanding	34,310,799	30,025,085	30,025,085	30,025,085
Production (boe/d)	65	63	88	77
Oil and NGLs (bbl/d)	23	24	38	35
Natural gas (mcf/d)	250	239	301	253

<sup>1</sup> Non-IFRS measure

Production revenues and cash flow have fluctuated over the past eight quarters due to the volatility of commodity prices and changes in production volumes.

In Q1 2015 Relentless has incurred capital expenditures of \$3,643,654 primarily on the drilling and completion of two horizontal oil wells at the Company's 100% property at Heathdale, Alberta.

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

### CRITICAL ACCOUNTING ESTIMATES

The financial statements have been prepared in accordance with IFRS. A summary of the significant accounting policies are presented in note 4 of the Notes to the Financial Statements. Certain Accounting policies are critical to understanding the financial condition and results of operations of Relentless.

- a) Proved and probable oil and natural gas reserves - Reserve estimates are based on engineering data, estimated future prices, expected future rates of production and the timing of future capital expenditures, all of which are subject to interpretation and uncertainty. Relentless expects that over time its reserve estimates will be revised either upward or downward depending upon the factors as stated above. These reserve estimates can have a significant impact on net income, as it is a key component in the calculation of depletion, depreciation and amortization, and also for the determination of potential asset impairments.
- b) Depreciation and depletion - property, plant and equipment is measured at cost less accumulated depreciation and depletion. Relentless's oil and natural gas properties are depleted using the unit-of-production method over proved and probable reserves for each cash-generating unit (CGU). The unit-of-production method takes into account capital expenditures incurred to date along with future development capital required to develop both proved and probable reserves
- c) Impairment - Relentless assesses its property, plant and equipment for impairment when events or circumstances indicate that the carrying value of its assets may not be recoverable. If any indication of impairment exists, Relentless performs an impairment test on the CGU which is the lowest level at which there are identifiable cash flows. The determination of fair value at the CGU level again requires the use of judgements and estimates that include quantities of reserves and future production, future commodity pricing, development costs, operating costs and royalty obligations. Any changes in these items may have an impact on the fair value of the assets.
- d) Decommissioning liabilities - Relentless estimates its decommissioning liabilities based upon existing laws, contracts or other policies. The estimated present value of the Company's decommissioning obligations are recognized as a liability in the three months in which they occur. The provision is calculated by discounting the expected future cash flows to settle the obligations at the risk-free interest rate. The liability is adjusted each reporting three months to reflect the passage of time, with accretion charged to net income, any other changes whether it be changes in interest rates or changes in estimated future cash flows are capitalized to property, plant and equipment.
- e) Income taxes - The determination of Relentless's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2015 and 2014

### BUSINESS RISKS

Relentless is exposed to risks inherent in the oil and gas business. Operationally, the Company faces risks associated with finding, developing and producing oil and gas reserves, such as the availability of rigs and inclement weather. The Company continues to follow strict exploration criteria on each prospect to ensure high profitability and rate of return on capital investment. Exploration risks are managed by hiring skilled technical staff and by concentrating exploration activity on areas in which Relentless has experience and expertise. Relentless operates most of its production, allowing the Company to manage costs, timing and sales of production. Estimates of economically recoverable reserves and the future net cash flow are based on factors such as commodity prices, projected production and future capital and operating costs. These estimates may differ from actual results. The Company has its reserves evaluated annually by an independent engineering firm. Relentless is also exposed to environmental risks and risks associated with the reliance upon relationships with partners. Relentless carries environmental liability, property, drilling and general liability insurance to mitigate its risks. The Company is also exposed to financial risks in the form of commodity prices, interest rates, the Canadian to U.S. dollar exchange rate and inflation.

**NOTE:** In this report all currency values are in Canadian dollars (unless otherwise noted). Figures, ratios and percentages in this MD&A may not add due to rounding.

### ABBREVIATIONS

bbl	barrel	M <sup>3</sup>	cubic meters
bbls	barrels	Mbbls	thousands of barrels
bcf	billion cubic feet	mcf	thousand cubic feet
bhp	brake horsepower	mcf/d	thousand cubic feet per day
boe	barrel of oil equivalent (1 boe = 6 mcf)	MMbbls	millions of barrels
bbls/d	barrels per day	mmcf	million cubic feet
boe/d	barrels of oil equivalent per day	mmcf/d	million cubic feet per day
FNR	future net revenue	NGLs	natural gas liquids
GJ	gigajoule	NPV	net present value
GJs/d	gigajoules per day	HZ	horizontal

# RELENTLESS RESOURCES LTD.

## Directors and Officers

**Daniel T. Wilson** <sup>(1,2,4)</sup>

Chief Executive Officer & Director  
Calgary, Alberta

**Ronald J. Peshke** <sup>(4)</sup>

President & Director  
Calgary, Alberta

**Hugh M. Thomson**

Vice President Finance & Chief Financial Officer  
Calgary, Alberta

**William C. Macdonald** <sup>(1,2,3)</sup>

Director  
Calgary, Alberta

**Murray Frame** <sup>(1,2,3,4)</sup>

Director  
Calgary, Alberta

<sup>1</sup> Member of the Audit Committee

<sup>2</sup> Member of the Compensation Committee

<sup>3</sup> Member of the Governance Committee

<sup>4</sup> Member of the Reserves Committee

## Corporate Information

### Head Office

Suite 320, 700-4<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3J4

Telephone: 403-532-4466

Facsimile: 587-955-9668

E-mail: [info@relentless-resources.com](mailto:info@relentless-resources.com)

Website: **Error! Hyperlink reference not valid.**

### Legal Counsel

McCarthy Tétrault LLP  
4000, 421 - 7<sup>th</sup> Avenue SW  
Calgary AB T2P 4K9

### Bank

ATB Financial  
600, 444-7<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 0X8

### Reserves Evaluator

Sproule  
900, 140-4<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3N2

### Auditor

MNP LLP  
Chartered Accountants  
1500, 640 - 5<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3G4

### Registrar and Transfer Agent

Computershare  
600, 530 – 8<sup>th</sup> Avenue SW  
Calgary, Alberta T2P 3S8

### Stock Listing

TSX Venture Exchange  
Trading Symbol: RRL