RELENTLESS RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS
For the three and six months ended June 30, 2016 and 2015

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 August 25, 2016. The MD&A should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended June 30, 2016, together with the notes thereto. Relentless's Board of Directors reviewed and approved the June 30, 2016 condensed interim financial statements and related MD&A on August 25, 2016.

Additional information about Relentless is available on SEDAR at www.sedar.com or on the Company`s website at 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 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.

Operational and Financial Highlights

Relentless averaged 170 boed (61% oil and liquids) in Q2 2016, down 52% from the same period last year. Approximately 100 boed of gas production continues to be shut in from properties in the Peace River Arch and Pageant due to low natural gas pricing. Royalties payable increased 14% to $1.77/boe compared to the previous quarter. Operating costs increased 14% to $14.93/boe compared to the previous quarter due to surface lease rentals, property taxes and the AER administration fee. General and administration costs also increased to $9.42/boe as a result of legal fees incurred during the quarter.

As of today's date, Relentless has a net debt of approximately $2.72 million dollars on a credit line of $3.0 million dollars. Current production, based on field estimates, is approximately 175 boed (60% oil and liquids).

Although current commodity prices have reduced capital spending and have not allowed for production growth, the Heathdale property provides high impact oil projects which are easily ramped given a better price environment. Relentless views the industry downturn as an opportunity to optimize the Heathdale asset and potentially align itself inside a larger company, with similar corporate direction. In the meantime, Relentless is moving forward several recompletion opportunities on its W5M asset base as well as contemplating further delineation drilling at Heathdale.

Relentless' go forward capital program depends on the price of oil and natural gas and the ability to finance. Without further increases to realized pricing, the Company will defer any drilling projects to conserve reserves and cash flow for future benefit. Relentless continues to explore various opportunities to grow and enhance shareholder value.

Relentless is a unique low G&A, high insider ownership, conforming junior oil and gas company with low risk high working interest medium gravity oil opportunities at Heathdale. The Management and Directors once again thank you for your patience and continued support.

Financial summary

Three months ended June 30					
		2016		2015	% Change
Oil and gas revenue	$	477,228	$	1,261,288	(62)
Cash flow from operations (1)		41,716		463,421	(91)
Per share - basic and diluted (1)		0.00		0.01	(92)
Comprehensive loss		(198,687)		(686,787)	(71)
Per share - basic and diluted		(0.00)		(0.01)	(74)
Total assets		10,303,063		11,950,979	(14)
Net debt (1)		2,718,855		2,619,511	4
Capital expenditures, net	$	44,457	$	443,343	(90)
Shares outstanding - end of period		70,061,595		63,759,095	10

Six months ended June 30					
		2016		2015	% Change
Oil and gas revenue	$	958,241	$	1,893,314	(49)
Cash flow from operations (1)		59,294		483,459	(88)
Per share - basic and diluted (1)		0.00		0.01	89
Comprehensive loss		(576,746)		(915,414)	(37)
Per share - basic and diluted		(0.01)		(0.01)	(43)
Total assets		10,303,063		11,950,979	(14)
Net debt (1)		2,718,855		2,619,511	4
Capital expenditures, net	$	85,976	$	4,086,988	(98)
Shares outstanding - end of period		70,061,595		63,759,095	10

(1) Non IFRS measure

Production and pricing summary

Three months ended June 30			
	2016	2015	% Change
Daily production			
Oil and NGLs (bbl/d)	104	204	(49)
Natural gas (mcf/d)	397	901	(56)
Oil equivalent (boe/d @ 6:1)	170	354	(52)
Realized commodity prices ($CDN)			
Oil and NGLs (bbl)	$44.83	$56.84	(21)
Natural gas (mcf)	$1.42	$2.53	(44)
Oil equivalent (boe @ 6:1)	$30.76	$39.17	(21)

Six months ended June 30			
	2016	2015	% Change
Daily production			
Oil and NGLs (bbl/d)	112	156	(28)
Natural gas (mcf/d)	534	835	(36)
Oil equivalent (boe/d @ 6:1)	201	295	(32)
Realized commodity prices ($CDN)			
Oil and NGLs (bbl)	$37.79	$51.69	(27)
Natural gas (mcf)	$1.98	$2.87	(31)
Oil equivalent (boe @ 6:1)	$26.32	$35.44	(26)

Cash flow and comprehensive loss

Three months ended June 30,	2016	2015	% Change	2016 ($ / boe)	2015 ($ / boe)	% Change
Oil and natural gas sales	**477,228**	**1,261,288**	(62)	**30.76**	39.17	(21)
Royalties	**(27,439)**	**(212,643)**	(87)	**(1.77)**	(6.60)	(73)
Revenue after royalties	**449,789**	**1,048,645**	(57)	**28.99**	32.56	(11)
Production, operating and transportation expenses	**(231,628)**	**(398,239)**	(42)	**(14.93)**	(12.37)	21
Operating cash flow (1)	**218,161**	**650,406**	(66)	**14.06**	20.20	(30)
General & administrative expenses	**(146,153)**	**(174,748)**	(16)	**(9.42)**	(5.43)	74
Interest and other financing charges	**(30,292)**	**(12,237)**	148	**(1.95)**	(0.38)	414
Cash flow from operations (1)	**41,716**	**463,421**	(91)	**2.69**	14.39	(81)
Other income	**-**	**-**	100	**0.00**	0.00	100
Share based compensation	**-**	**(132,027)**	(100)	**0.00**	(4.10)	(100)
Accretion	**(14,337)**	**(19,608)**	(27)	**(0.92)**	(0.61)	52
Impairment	**(16,352)**	**(126,228)**	(87)	**(1.05)**	(3.92)	(73)
Depletion and depreciation	**(209,714)**	**(414,185)**	(49)	**(13.52)**	(12.86)	5
Comprehensive loss	**(198,687)**	**(228,627)**	(13)	**(12.82)**	(7.11)	80
$ Per Share – Basic	(0.00)	(0.00)				
$ Per Share - Diluted	(0.00)	(0.00)				

Six months ended June 30,	2016	2015	% Change	2016 ($ / boe)	2015 ($ / boe)	% Change
Oil and natural gas sales	**958,241**	**1,893,314**	(49)	**26.32**	35.44	(26)
Royalties	**(59,816)**	**(278,361)**	(79)	**(1.64)**	(5.21)	(68)
Revenue after royalties	**898,425**	**1,614,953**	(44)	**24.68**	30.23	(18)
Production, operating and transportation expenses	**(505,324)**	**(821,312)**	(38)	**(13.88)**	(15.37)	(10)
Operating cash flow (1)	**393,101**	**793,641**	(50)	**10.80**	14.86	(27)
General & administrative expenses	**(255,894)**	**(299,056)**	(14)	**(7.03)**	(5.60)	26
Interest and other financing charges	**(77,913)**	**(11,126)**	600	**(2.14)**	(0.21)	928
Cash flow from operations (1)	**59,294**	**483,459**	(88)	**1.63**	9.05	(82)
Other income	**-**	**166,666**	100	**0.00**	3.12	100
Share based compensation	**-**	**(132,027)**	(100)	**0.00**	(2.47)	(100)
Accretion	**(30,550)**	**(69,773)**	(56)	**(0.84)**	(1.31)	(36)
Impairment	**(139,218)**	**(511,397)**	(73)	**(3.82)**	(9.57)	(60)
Depletion and depreciation	**(466,272)**	**(852,342)**	(45)	**(12.81)**	(15.95)	(20)
Comprehensive loss	**(576,746)**	**(915,414)**	(37)	**(15.84)**	(17.13)	(8)
$ Per Share – Basic	(0.01)	(0.01)				
$ Per Share - Diluted	(0.01)	(0.01)				

(1) Non IFRS measure

Eight Quarter Analysis

Daily Production and Commodity Prices

Three months ended	2016 June 30	2016 March 31	2015 December 31	2015 September 30	2015 June 30	2015 March 31	2014 December 31	2014 September 30
Daily production								
Oil and NGLs (bbl/d)	104	120	125	162	204	107	145	93
Natural gas (mcf/d)	397	674	600	745	901	769	691	744
Oil equivalent (boe/d @ 6:1)	170	232	225	286	354	235	260	217
Realized commodity prices ($CDN)								
Oil and NGLs (bbl)	$44.83	$31.58	$40.62	$46.73	$56.84	$42.12	$62.58	$90.72
Natural gas (mcf)	$1.42	$2.32	$2.67	$1.91	$2.53	$3.27	$4.08	$4.40
Oil equivalent (boe @ 6:1)	$30.76	$23.03	$29.68	$31.40	$39.17	$29.85	$45.70	$53.97

Oil and Natural Gas Revenue by Product

Three months ended	2016 June 30	2016 March 31	2015 December 31	2015 September 30	2015 June 30	2015 March 31	2014 December 31	2014 September 30
Oil and NGL revenue	425,810	340,505	465,946	694,579	1,053,383	406,163	834,781	777,090
Natural gas revenue	51,418	140,508	147,363	130,742	207,905	225,863	259,110	300,885
Total revenue	477,228	481,013	613,309	825,321	1,261,288	632,026	1,093,891	1,077,975
% Oil and NGLs	89%	71%	76%	84%	84%	64%	76%	72%
% Natural gas	11%	29%	24%	16%	16%	36%	24%	28%

Cash Flow from Operations

Three months ended	2016 June 30	2016 March 31	2015 December 31	2015 September 30	2015 June 30	2015 March 31	2014 December 31	2014 September 30
Oil and natural gas sales	477,228	481,013	613,309	825,321	1,261,288	632,026	1,093,891	1,077,975
Royalties	(27,439)	(32,376)	(35,565)	(99,679)	(212,643)	(65,718)	(133,678)	(134,559)
Revenue after royalties	449,789	448,637	577,744	725,642	1,048,645	566,308	960,213	943,416
Production, operating and transportation expenses	(231,628)	(273,696)	(303,177)	(382,359)	(398,239)	(423,073)	(518,526)	(261,177)
Operating cash flow (1)	**218,161**	**174,941**	**274,567**	**343,283**	**650,406**	**143,235**	**441,687**	**682,239**
General & administrative expenses	(146,153)	(109,742)	(109,994)	(142,395)	(174,748)	(124,308)	(178,093)	(144,663)
Bad debt expense	-	-	(181,018)	-	-	-	-	-
Interest and other financing charges	(30,292)	(47,621)	(36,305)	(25,197)	(12,237)	1,111	1,582	178
Flow through share indemnification expense	-	-	(15,732)	-	-	-	(350,186)	-
Cash flow from operations (1)	**41,716**	**17,578**	**(68,482)**	**175,691**	**463,421**	**20,038**	**(85,010)**	**537,754**

Operating and Cash Flow Netbacks

Three months ended	2016 June 30	2016 March 31	2015 December 31	2015 September 30	2015 June 30	2015 March 31	2014 December 31	2014 September 30
($/boe)								
Revenue	30.76	23.03	29.68	31.40	39.17	29.85	45.70	53.97
Royalties	(1.77)	(1.55)	(1.72)	(3.79)	(6.60)	(3.10)	(5.58)	(6.74)
Production, operating and transportation expenses	(14.93)	(13.10)	(14.67)	(14.55)	(12.37)	(19.98)	(21.65)	(13.07)
Operating netback (1)	**14.06**	**8.38**	**13.29**	**13.06**	**20.20**	**6.77**	**18.47**	**34.16**
General and administrative expenses	(9.42)	(5.25)	(5.32)	(5.42)	(5.43)	(5.87)	(7.44)	(7.24)
Bad debt expense	-	-	(8.76)	-	-	-	-	-
Interest expense	(1.95)	(2.28)	(1.76)	(0.96)	(0.38)	0.05	0.07	0.01
Flow through share indemnification expense	-	-	(0.76)	-	-	-	(14.63)	-
Cash flow netback (1)	**2.69**	**0.84**	**(3.31)**	**6.68**	**14.39**	**0.95**	**(3.53)**	**26.93**

(1) Non IFRS measure

Daily Production and Commodity Prices

In Q2 of 2016, total production decreased 52% to 170 boe/d when compared to 354 boe/d for the same period a year ago mainly as a result of the shut-in of approximately 100 boe/d of natural gas due to low prices.

Oil and NGLs production averaged 104 bbl/d in Q2 2016 as compared to 204 bb/d in Q2 2015. Natural gas production averaged 397 mcf/d in the first quarter of 2016 compared to 901 mcf/d in the same period a year ago.

In Q2 2016, oil and gas prices decreased 21% as compared to Q2 2015. The average price of oil and NGL dropped 21% from $56.84/bbl to $44.83/bbl. Natural gas prices dropped 44% from $2.53/mcf to $1.42/mcf.

Three months ended June 30,	2016	2015	% Change
Daily production			
Oil and NGLs (bbl/d)	**104**	204	(49)
Natural gas (mcf/d)	**397**	901	(56)
Oil equivalent (boe/d @ 6:1)	**170**	354	(52)

	2016	2015	% Change
Realized commodity prices ($CDN)			
Oil and NGLs (bbl)	$ **44.83**	$ 56.84	(21)
Natural gas (mcf)	**1.42**	2.53	(44)
Oil equivalent (boe @ 6:1)	$ **30.76**	$ 39.17	(21)

Oil and NGLs production averaged 201 bbl/d in the six months ended June 30, 2016 as compared to 295 bb/d in the same period last year. Natural gas production averaged 534 mcf/d in the six months ended June 30, 2016 compared to 835 mcf/d in the same period a year ago.

For the six months ended June 30, 2016 oil and gas prices decreased 26% as compared to the same period in 2015. The average price of oil and NGL dropped 27% from $51.80/bbl to $37.79/bbl. Natural gas prices dropped 31% from $2.87/mcf to $1.98/mcf.

Six months ended June 30,	2016	2015	% Change
Daily production			
Oil and NGLs (bbl/d)	**112**	156	(28)
Natural gas (mcf/d)	**534**	835	(36)
Oil equivalent (boe/d @ 6:1)	**201**	295	(32)

	2016	2015	% Change
Realized commodity prices ($CDN)			
Oil and NGLs (bbl)	$ **37.79**	$ 51.69	(27)
Natural gas (mcf)	**1.98**	2.87	(31)
Oil equivalent (boe @ 6:1)	$ **26.32**	$ 35.44	(26)

Oil and Natural Gas Revenues

As a result of a 21% decrease in average commodity prices and a 52% decrease in production volumes, production revenues decreased 62% to $477,228 in the second quarter of 2016 compared to $1,261,288 in the same period in 2015. Oil/NGL sales decreased by 60% while natural gas sales decreased by 75%.

Three months ended June 30,		2016		2015	% Change
Oil and NGLs	$	**425,810**	$	1,053,383	(60)
Natural gas		**51,418**		207,905	(75)
Total revenue	$	**477,228**	$	1,261,288	(62)
% Oil and NGLs		**89%**		84%	
% Natural gas		**11%**		16%	

As a result of a 26% decrease in average commodity prices and a 32% decrease in production volumes, production revenues decreased 49% to $958,241 in the first half of 2016 compared to $1,893,314 in the same period in 2015.

Oil/NGL sales decreased by 47% while natural gas sales decreased by 56%.

Six months ended June 30,		2016		2015	% Change
Oil and NGLs	$	**766,315**	$	1,459,545	(47)
Natural gas		**191,926**		433,769	(56)
Total revenue	$	**958,241**	$	1,893,314	(49)
% Oil and NGLs		**80%**		77%	
% Natural gas		**20%**		23%	

Royalties

For the three months ended June 30, 2016, royalties decreased by 87% to $27,439 from $212,643 for the same period a year ago mainly due to a 62% decrease in production revenues. Also, royalties per boe decreased by 73% due to lower overall sliding scale crown royalties on oil and natural gas. Royalties as a percentage of sales decreased to 5.7% from 16.8% in the prior year.

Three months ended June 30,		2016		2015	% Change		2016 ($ / boe)		2015 ($ / boe)
Royalties	**$**	**27,439**	$	212,643	(87)	**$**	**1.77**	$	6.60

For the six months ended June 30, 2016, royalties decreased by 79% to $59,816 from $278,361 for the same period a year ago mainly due to a 49% decrease in production revenues. Royalties as a percentage of sales decreased to 6.2% from 14.7% in the prior year.

Six months ended June 30,		2016		2015	% Change		2016 ($ / boe)		2015 ($ / boe)
Royalties	**$**	**59,816**	$	278,361	(79)	**$**	**1.64**	$	5.21

Production, Operating and Transportation Expenses

For the three months ended June 30, 2016, production, operating and transportation expenses decreased by 42% to $231,628 as compared to $398,329 for the same period a year ago. On a per boe basis production and operating expenses increased 21% to $14.93 per boe, up from $12.37 per boe for the same period in 2015.

Three months ended June 30,	2016	2015	% Change	2016 ($ / boe)	2015 ($ / boe)
Production, operating and transportation	**$ 231,628**	$ 398,329	(42)	**$ 14.93**	$ 12.37

For the six months ended June 30, 2016, production, operating and transportation expenses decreased 35% to $505,324 as compared to $821,312 for the same period a year ago. On a per boe basis production and operating expenses decreased 10% to $13.88 per boe, down from $15.37 per boe for the same period in 2015.

Six months ended June 30,	2016	2015	% Change	2016 ($ / boe)	2015 ($ / boe)
Production, operating and transportation	**$ 505,324**	$ 821,312	(38)	**$ 13.88**	$ 15.37

General & Administrative Expenses

General and administrative expenses, after overhead recoveries, decreased by 16% to $146,153 for the three months ended June 30, 2016 compared to $174,748 in Q2 2015. General and administrative expenses per boe increased by 73% to $9.42 up from $5.43 in Q2 2015 as total production volumes decreased by 52%.

Three months ended June 30,	2016	2015	% Change	2016 ($ / boe)	2015 ($ / boe)
General & administrative expenses	**$ 146,153**	$ 174,748	(16)	**$ 9.42**	$ 5.43

General and administrative expenses, after overhead recoveries, decreased by 14% to $255,894 for the six months ended June 30, 2016 down from $174,748 in 2015. General and administrative expenses per boe increased by 26% to $7.03 from $5.60 in 2015 as total production volumes decreased by 32%.

Six months ended June 30,	2016	2015	% Change	2016 ($ / boe)	2015 ($ / boe)
General & administrative expenses	**$ 255,894**	$ 299,056	(14)	**$ 7.03**	$ 5.60

Finance Expense

Three months ended June 30,	2016	2015	% Change	2016 ($ / boe)	2015 ($ / boe)
Interest expense	**$ 30,292**	$ 12,237	148	**$ 1.95**	$ 0.38
Accretion	**14,337**	19,608	(27)	**0.92**	0.61
	$ 44,629	$ 31,845	40	**$ 2.87**	$ 0.99

Six months ended June 30,	2016	2015	% Change	2016 ($ / boe)	2015 ($ / boe)
Interest expense	**$ 77,913**	$ 11,126	600	**$ 2.14**	$ 0.21
Accretion	**30,550**	69,773	(56)	**0.84**	1.31
	$ 108,463	$ 80,899	34	**$ 2.98**	$ 1.52

Share Based Compensation

On April 27, 2015, the Company issued options to various Directors and Officers to purchase 1,129,830 common shares of the Company at a price of $0.145 per share, exercisable until April 27, 2020. Based on the Black-Scholes model calculation share based compensation was charged $132,027 with an offsetting entry to contributed surplus.

On February 4, 2016, the Company cancelled a total of 5,698,410 incentive stock options, granted under the Company's stock option plan to certain officers, directors, employees and consultants of the Company. The cancelled options were voluntarily surrendered by the holders thereof for no consideration. The exercise prices of the cancelled options ranged from 14 cents to 30 cents per common share. Following the cancellation of the options, the Company has no options outstanding.

Three months ended June 30,	**2016**	2015	% Change	**2016 ($ / boe)**	2015 ($ / boe)
Share Based Compensation	**$ -**	$ 132,027	(100)	**$ -**	$ 4.10

Six months ended June 30,	**2016**	2015	% Change	**2016 ($ / boe)**	2015 ($ / boe)
Share Based Compensation	**$ -**	$ 132,027	(100)	**$ -**	$ 2.47

Depletion and Depreciation

In Q2 2016, depletion and depreciation decreased by 49% to $209,714 as compared to $414,185 in Q2 2015. The average depletion rate for the second quarter of 2016 was 1.4%.

Three months ended June 30,	**2016**	2015	% Change	**2016 ($ / boe)**	2015 ($ / boe)
Depletion and depreciation	**$ 209,714**	$ 414,185	(49)	**$ 13.52**	$ 12.86

In the first half of 2016, depletion and depreciation decreased by 45% to $466,272 as compared to $852,342 in Q2 2015. The average depletion rate for the first half of 2016 was 1.6%.

Six months ended June 30,	**2016**	2015	% Change	**2016 ($ / boe)**	2015 ($ / boe)
Depletion and depreciation	**$ 466,272**	$ 852,342	(45)	**$ 12.81**	$ 15.95

Impairment

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.

At June 30, 2015, the Company evaluated its PP&E assets for impairment and recorded an impairment of $86,761 on the Willesden Green CGU and $39,467 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.

At March 31, 2016, the Company evaluated its PP&E assets for impairment and recorded an impairment of $122,866 on the Hayes, Gordondale, Peace River Arch and Willesden Green 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 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.

At June 30, 2016, the Company evaluated its PP&E assets for impairment and recorded an impairment of $16,352 on the Hayes, Gordondale, Peace River Arch and Willesden Green 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 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.

Three months ended June 30,	**2016**	2015	% Change	**2016 ($ / boe)**	2015 ($ / boe)
Impairment	**$ 16,352**	$ 126,228	(87)	**$ 1.05**	$ 3.92

Six months ended June 30,	**2016**	2015	% Change	**2016 ($ / boe)**	2015 ($ / boe)
Impairment	**$ 139,218**	$ 511,397	(73)	**$ 3.82**	$ 9.57

Cash flow from operations

Three months ended June 30	**2016**	2015
Comprehensive loss for the period	**$ (198,687)**	$ (228,627)
Accretion expense	**14,337**	19,608
Share based compensation expense	**-**	132,027
Impairment	**16,352**	126,228
Depletion and depreciation	**209,714**	414,185
Cash flow from operations (1)	**$ 41,716**	$ 463,421
Cash flow from operations per share – basic and diluted	**$ 0.00**	$ 0.01

Six months ended June 30	**2016**	2016
Comprehensive loss for the period	**$ (576,746)**	$ (915,414)
Other income	**-**	(166,666)
Accretion expense	**30,550**	69,773
Share based compensation expense	**-**	132,027

Impairment		**139,218**		511,397
Depletion and depreciation		**466,272**		852,342
Cash flow from operations (1)	**$**	**59,294**	$	483,459
Cash flow from operations per share – basic and diluted	**$**	**0.00**	$	0.01

(1) Non IFRS measure

Net debt

June 30		2016		2015
Cash	**$**	**-**	$	-
Accounts receivable		**225,673**		682,207
Prepaid expenses and deposits		**85,509**		88,069
Accounts payable and accrued liabilities		**(381,939)**		(1,312,734)
Bank debt		**(2,648,098)**		(2,077,053)
Net debt (1)	**$**	**(2,718,855)**	$	(2,619,511)

(1) Non IFRS measure

Net debt to cash flow from operations

Six months ended June 30		2016		2015
Net debt (1)	**$**	**(2,718,855)**	$	(2,619,511)
Annualized cash flow from operations (1)	**$**	**118,588**	$	966,918
Net debt to annualized cash flow		**22.9**		2.7

(1) Non IFRS measure

Property Plant and Equipment Assets (PP&E)

		PP&E Assets
Assets		
Balance at December 31, 2014	$	13,417,549
Additions		5,184,786
Change in decommissioning obligations		308,496
Balance at December 31, 2015		18,910,831
Additions		85,976
Change in decommissioning obligations		13,653
Balance at June 30, 2016	$	19,010,460
Depletion, depreciation and impairment		
Balance at December 31, 2014	$	(5,119,090)
Impairment		(1,903,931)
Depletion and depreciation		(1,390,068)

		PP&E Assets
Balance at December 31, 2015		(8,413,089)
Impairment		(139,218)
Depletion and depreciation		(466,272)
Balance at June 30, 2016	$	(9,018,579)
Net book value		
Balance at December 31, 2014	$	8,298,459
Balance December 31, 2015		10,497,742
Balance at June 30, 2016	$	9,991,881

Capital expenditure summary

Area	Description		Three months ended June 30, 2016		Three months ended June 30, 2015
Alberta	P&NG Acquisitions	$	-	$	-
	Drill and complete		-		247,943
	Equip and tie-in		17,925		112,980
	Land and lease		11,815		72,477
	Abandonment		8,834		-
	Other		5,983		9,943
Total		$	44,557	$	443,343
Area	**Description**		**Six months ended June 30, 2016**		**Six months ended June 30, 2015**
Alberta	P&NG Acquisitions	$	-	$	-
	Drill and complete		-		2,692,371
	Equip and tie-in		52,782		838,085
	Land and lease		11,556		194,051
	Abandonment		8,834		354,200
	Other		12,804		8,291
Total		$	85,976	$	4,086,998

Demand operating facilities

As at June 30, 2016, 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. The facility is available until May 31, 2017, 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 1.5 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 working capital ratio is calculated as accounts receivable plus prepaid expenses and the undrawn balance of the loan facility, divided by accounts payable. The Company's working capital ratio at June 30, 2016 was 1.4:1. As at June 30, 2016, the Company had drawn $2,648,098 on this loan facility.

Historical Quarterly Information

		2016 Q2		2016 Q1		2015 Q4		2015 Q3
Oil and Gas Revenue	$	477,228	$	481,013	$	613,309	$	825,321
Cash Flow from operations [1]		41,716		17,578		(68,482)		175,691
Cash Flow / share - basic		0.00		0.00		0.00		0.00
Comprehensive Income (Loss)		(198,687)		(378,059)		(393,538)		(1,286,084)
Comprehensive Income (Loss) / share - basic		(0.00)		(0.01)		(0.01)		(0.02)
Capital Expenditures		44,557		41,419		47,543		1,050,245
Total Assets		10,303,063		11,505,813		11,708,587		11,360,785
Net surplus (debt)		(2,718,855)		(2,701,014)		(2,677,173)		(3,426,314)
Shareholders' Equity	$	2,670,654	$	2,884,341	$	3,262,400	$	3,184,520
Shares outstanding		70,061,595		70,061,595		70,061,595		64,436,595
Production (boe/d)		170		232		225		286
Oil and NGLs (bbl/d)		104		120		125		162
Natural gas (mcf/d)		397		674		600		745

		2015 Q2		2015 Q1		2014 Q4		2014 Q3
Oil and Gas Revenue	$	1,261,288	$	632,026	$	1,093,891	$	1,077,975
Cash Flow from operations[1]		463,421		20,038		(85,010)		537,754
Cash Flow / share - basic		0.00		0.00		0.00		0.01
Comprehensive (Loss)		(228,627)		(686,787)		(2,722,305)		388,978
Comprehensive (Loss) / share - basic		(0.00)		(0.01)		(0.04)		0.00
Capital Expenditures		443,343		3,643,655		1,181,989		1,737,930
Total Assets		11,950,979		12,710,273		10,541,170		9,036,918
Net surplus (debt)		(2,619,511)		(2,639,589)		984,028		(509,823)
Shareholders' Equity	$	4,402,855	$	4,499,455	$	5,186,242	$	5,009,285
Shares outstanding		63,759,095		63,759,095		63,759,095		52,462,466
Production (boe/d)		354		235		260		217
Oil and NGLs (bbl/d)		204		107		145		93
Natural gas (mcf/d)		901		769		691		744

[1] Non-IFRS measure

Disclosure controls and procedures - Disclosure controls and procedures have been designed to ensure that information to be disclosed by Relentless is accumulated and communicated to management, as appropriate, to allow timely decisions regarding required disclosures. The Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, disclosure controls and procedures, as defined by National Instrument 52-109 Certification, to provide reasonable assurance that (i) material information relating to the Company is made known to the Company's Chief Executive Officer and Chief Financial Officer by others, particularly during the period in which the annual and interim filings are prepared; and (ii) information required to be disclosed by the Company in its annual filings, interim filings or other reports filed or submitted by it under securities legislation is recorded, processed, summarized and reported within the time period specified in securities legislation. All control systems by their nature have inherent limitations and, therefore, the Company's disclosure controls and procedures are believed to provide reasonable, but not absolute, assurance that the objectives of the control system are met.

Internal control over financial reporting - The Company's Chief Executive Officer and Chief Financial Officer have designed, or caused to be designed under their supervision, internal controls over financial reporting, as defined by National Instrument 51-109. Internal controls over financial reporting is a process designed to provide reasonable assurance that all assets are safeguarded, transactions are appropriately authorized and to facilitate the preparation of relevant, reliable and timely information. A control system, no matter how well conceived or operated, can provide only reasonable, not absolute, assurance that the objective of the control system is met. There were no changes made to Relentless's internal controls over financial reporting during the period beginning on January 1, 2016 and ending on June 30, 2016 that have materially affected, or are reasonably likely to materially affect, the Company's internal controls over financial reporting.

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 and six 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 and six 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.

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^3	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

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[3] Member of the Governance Committee
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