

RELENTLESS RESOURCES LTD.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months and years ended December 31, 2017 and 2016

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 April 20, 2018. The MD&A should be read in conjunction with the audited financial statements for the years ended December 31, 2017, and 2016 together with the notes thereto. Relentless's Board of Directors reviewed and approved the December 31, 2017 audited financial statements and related MD&A on April 20, 2018.

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 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 and 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 (see "Business Risks" below). 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.

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Corporate Update

For the year ended December 31, 2017, total revenues increased by 43% to \$2,909,294 compared to \$2,030,043 in 2016, as average daily production increased by 12% (210 boed 60% oil and liquids) and average commodity prices increased by 29% (\$37.97/boe) compared to the same period in 2016 (\$29.53/boe).

Production, operating and transportation expenses increased by 5% to \$1,059,864 compared to \$1,011,344 in 2016 due to a 12% increase in production volumes. On a per boe basis, production, operating and transportation expenses decreased to \$13.53 per boe, as compared to \$14.71 per boe in 2016.

Cash flow from operations in 2017 was \$929,606 compared to \$232,977 in 2016, an increase of 299%. The increase is due to 43% growth in revenue with relatively flat production, operating and transportation expenses.

At December 31, 2017 net debt was \$2,502,798 down from \$4,055,718 at year end 2016. The decrease was mainly the result of a financing in January, 2017 for proceeds of \$1,000,000, and cash flow from operations of \$929,606. Subsequent to year end, the Relentless line of credit has been paid down to zero with proceeds from the March private placement. The line of credit remains undrawn, and has a limit of \$3 million.

Current production is estimated at 170 boed (60% oil and liquids) with approximately 80 boed of production shut in due to gas prices and facility restrictions.

Transition to a Cannabis Focused Business

In the first quarter of 2018, Relentless announced a recapitalization financing and the addition of Stanley J. Swiatek to its Board of Directors. Gross proceeds of \$8.25 million were realized and subsequent to the close of the financing, a new cannabis focused Management team was appointed.

Relentless appointed Stanley J. Swiatek as Chief Executive Officer, Craig Kolochuk as President, Jeff Swainson as Chief Financial Officer and Tara Johnson-Ouellette as Vice President, Compliance and Regulatory Affairs.

Mr. Swiatek is the former Chief Executive Officer and a current member of the board of directors of Sundial Growers. Mr. Swiatek was an early Applicant (78th) under Health Canada's Access to Cannabis for Medical Purposes Regulations (ACMPR). Mr. Swiatek is a founder of Sundial Growers and was instrumental in building it into the second largest Licensed Producer in Alberta, with operations also in British Columbia. Mr. Swiatek is a stakeholder that worked with the Alberta Provincial Government Cannabis Roundtable, as well as the Health Canada Cannabis Roundtable and he successfully applied for and received three cultivation licences. He has over 40 years' experience in construction, development and commercial greenhouse agricultural operations. In December 2017, Mr. Swiatek joined the board of directors of Grunewahl Organics, a Pre-licensed Health Canada Applicant. In March 2018, Mr. Swiatek joined the board of directors of Relentless.

Mr. Kolochuk has 20 years of experience in the Canadian oil and gas industry, holding roles in land, business development, acquisitions and divestitures, and management. He was a co-founder of Cardinal Energy Ltd. and played a significant role in acquiring over \$800 million of high quality oil and gas assets, ultimately building a publicly traded, dividend paying entity with a market capitalization of nearly \$1 billion at its peak.

Mr. Swainson has 10 years of public company accounting, finance, business development and capital markets experience. He began his career with an international accounting firm and, after receiving his Chartered Accountant designation, transitioned into the oil and gas industry. Mr. Swainson was most recently the Chief Financial Officer and Corporate Secretary of a high growth Montney focused exploration and production company, which grew to a market capitalization of approximately \$400 million at its peak.

Mrs. Johnson-Ouellette has 20 years of experience in regulatory and compliance, project execution, and business process management. She has spent most of her career in the oil and gas industry, predominantly with start-up companies. She transitioned into the cannabis space in late 2015, working as Manager of Operations for Sundial Growers.

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The Company is well positioned to build and maintain a diversified portfolio of cannabis sector businesses. The Company's growth strategy will initially include the production, distribution and sale of cannabis in all acceptable forms, through the acquisition of, or an investment in, a licensed producer or a late stage applicant to become a licensed producer under ACMPR. The Company will also work towards retail distribution, the investment and development of ancillary products and services for the fast-growing cannabis market, and the acquisition of complementary production and manufacturing facilities.

For further information regarding the cannabis focused strategy, visit the Relentless Resources website at www.relentless-resources.com or contact Stan Swiatek at 403.651.7590 or Craig Kolochuk at 403.875.5665.

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Financial summary

Three months ended December 31				
		2017	2016	% Change
Oil and gas revenue	\$	616,093	\$ 606,421	2
Cash flow from operations ⁽¹⁾		163,163	106,149	54
Per share - basic and diluted ⁽¹⁾		0.002	0.002	21
Comprehensive income (loss)		179,753	511,847	(65)
Per share - basic and diluted		0.00	0.01	(72)
Total assets		11,011,283	11,653,213	(6)
Net (debt) ⁽¹⁾		(2,502,798)	(4,055,718)	(38)
Capital expenditures, net	\$	(272,774)	\$ 1,497,236	(118)
Shares outstanding - end of period		88,950,484	70,061,595	27

Years ended December 31				
		2017	2016	% Change
Oil and gas revenue	\$	2,909,294	\$ 2,030,043	43
Cash flow from operations ⁽¹⁾		929,606	232,977	299
Per share - basic and diluted ⁽¹⁾		0.011	0.003	216
Comprehensive income (loss)		184,724	(244,894)	(175)
Per share - basic and diluted		0.00	(0.00)	(160)
Total assets		11,011,283	11,653,213	(6)
Net (debt) ⁽¹⁾		(2,502,798)	(4,055,718)	(38)
Capital expenditures, net	\$	347,386	\$ 1,611,522	(78)
Shares outstanding - end of period		88,950,484	70,061,595	27

(1) Non IFRS measure

Production and pricing summary

Three months ended December 31				
		2017	2016	% Change
Average daily production				
Oil and NGLs (bbl/d)		101	96	5
Natural gas (mcf/d)		419	581	(28)
Oil equivalent (boe/d @ 6:1)		171	192	(11)
Realized commodity prices (\$CDN)				
Oil and NGLs (bbl)		\$57.49	\$50.17	15
Natural gas (mcf)		\$2.11	\$3.10	(32)
Oil equivalent (boe @ 6:1)		\$39.17	\$34.26	14

Years ended December 31				
		2017	2016	% Change
Average daily production				
Oil and NGLs (bbl/d)		127	103	23
Natural gas (mcf/d)		496	511	(3)
Oil equivalent (boe/d @ 6:1)		210	188	12
Realized commodity prices (\$CDN)				
Oil and NGLs (bbl)		\$52.34	\$42.18	24
Natural gas (mcf)		\$2.65	\$2.37	12
Oil equivalent (boe @ 6:1)		\$37.97	\$29.53	29

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Cash flow and comprehensive income (loss)

Three months ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)	% Change
Oil and natural gas sales	616,093	606,421	2	39.17	34.26	14
Royalties	(47,107)	(53,717)	(12)	(3.00)	(3.03)	(1)
Revenue after royalties	568,986	552,704	3	36.18	31.23	16
Production, operating and transportation expenses	(246,980)	(309,960)	(20)	(15.70)	(17.51)	(10)
Operating cash flow ⁽¹⁾	322,006	242,744	33	20.48	13.71	49
General & administrative expenses	(126,800)	(102,106)	24	(8.06)	(5.77)	40
Interest and other financing charges	(32,043)	(34,489)	(7)	(2.04)	(1.95)	5
Cash flow from operations ⁽¹⁾	163,163	106,149	54	10.37	6.00	73
Other income	-	393,750	(100)	0.00	22.25	1652
Gain on disposition	237,395	99,504		15.09	0.00	100
Accretion	(61,294)	(10,799)	468	(3.90)	(0.61)	539
Impairment	-	59,050	(100)	0.00	3.34	(100)
Depletion and depreciation	(159,511)	(135,807)	17	(10.14)	(7.67)	32
Comprehensive income (loss)	179,753	511,847	(65)	11.44	23.30	(51)
\$ Per Share – Basic	0.00	0.01				
\$ Per Share - Diluted	0.00	0.01				

(1) Non-IFRS measure

Year ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)	% Change
Oil and natural gas sales	2,909,294	2,030,043	43	37.97	29.53	29
Royalties	(282,659)	(171,064)	65	(3.69)	(2.49)	48
Revenue after royalties	2,626,635	1,858,979	41	34.28	27.05	27
Production, operating and transportation expenses	(1,059,864)	(1,011,344)	5	(13.83)	(14.71)	(6)
Operating cash flow ⁽¹⁾	1,566,771	847,635	85	20.45	12.34	66
General & administrative expenses	(521,186)	(475,096)	10	(6.80)	(6.91)	(2)
Interest and other financing charges	(115,979)	(139,562)	(17)	(1.51)	(2.03)	(25)
Cash flow from operations ⁽¹⁾	929,606	232,977	299	12.13	3.39	258
Other income	-	393,750	(100)	0.00	5.73	(100)
Gain on disposition	237,395	99,504		3.10	0.00	100
Accretion	(66,145)	(54,681)	21	(0.86)	(0.80)	9
Impairment	(117,835)	(96,725)	22	(1.54)	(1.41)	9
Depletion and depreciation	(798,297)	(819,719)	(3)	(10.42)	(11.92)	(13)
Comprehensive income (loss)	184,724	(244,894)	(175)	2.41	(3.56)	(168)
\$ Per Share – Basic	0.00	(0.00)				
\$ Per Share - Diluted	0.00	(0.00)				

(1) Non-IFRS measure

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Eight Quarter Analysis

Daily Production and Commodity Prices

<i>Three months ended</i>	2017	2017	2017	2017	2016	2016	2016	2016
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Daily production								
Oil and NGLs (bbl/d)	101	119	130	159	96	94	104	120
Natural gas (mcf/d)	419	309	588	675	581	395	397	674
Oil equivalent (boe/d @ 6:1)	171	171	228	272	192	159	170	232
Realized commodity prices (\$CDN)								
Oil and NGLs (bbl)	\$57.49	\$50.20	\$51.41	\$51.30	\$50.17	\$44.28	\$44.83	\$31.58
Natural gas (mcf)	\$2.11	\$1.72	\$2.99	\$3.14	\$3.10	\$2.31	\$1.42	\$2.32
Oil equivalent (boe @ 6:1)	\$39.17	\$38.19	\$37.01	\$37.87	\$34.26	\$31.72	\$30.76	\$23.03

Oil and Natural Gas Revenue by Product

<i>Three months ended</i>	2017	2017	2017	2017	2016	2016	2016	2016
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Oil and NGL revenue	534,588	551,617	606,945	735,120	440,936	381,558	425,810	340,505
Natural gas revenue	81,505	48,751	160,001	190,767	165,485	83,823	51,418	140,508
Total revenue	616,093	600,368	766,946	925,887	606,421	465,381	477,228	481,013
% Oil and NGLs	87%	92%	79%	79%	73%	82%	89%	71%
% Natural gas	13%	8%	21%	21%	27%	18%	11%	29%

Cash Flow from Operations

<i>Three months ended</i>	2017	2017	2017	2017	2016	2016	2016	2016
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
Oil and natural gas sales	616,093	600,368	766,946	925,887	606,421	465,381	477,228	481,013
Royalties	(47,107)	(65,320)	(84,842)	(85,391)	(53,717)	(57,532)	(27,439)	(32,376)
Revenue after royalties	568,986	535,048	682,104	840,496	552,704	407,849	449,789	448,637
Production, operating and transportation expenses	(246,980)	(195,007)	(273,193)	(344,679)	(309,960)	(196,061)	(231,628)	(273,696)
Operating cash flow (1)	322,006	340,041	408,911	495,817	242,744	211,788	218,161	174,941
General & administrative expenses	(126,800)	(127,938)	(148,516)	(117,937)	(102,106)	(117,095)	(146,153)	(109,742)
Interest and other financing charges	(32,043)	(34,815)	(30,881)	(18,239)	(34,489)	(27,159)	(30,292)	(47,621)
Cash flow from operations (1)	163,163	177,288	229,514	359,641	106,149	67,534	41,716	17,578

Operating and Cash Flow Netbacks

<i>Three months ended</i>	2017	2017	2017	2017	2016	2016	2016	2016
	December 31	September 30	June 30	March 31	December 31	September 30	June 30	March 31
(\$/boe)								
Revenue	39.17	38.19	37.01	37.87	34.26	31.72	30.76	23.03
Royalties	(3.00)	(4.15)	(4.09)	(3.49)	(3.04)	(3.92)	(1.77)	(1.55)
Production, operating and transportation expenses	(15.70)	(12.40)	(13.18)	(14.10)	(17.51)	(13.36)	(14.93)	(13.10)
Operating netback (1)	20.47	21.63	19.73	20.28	13.72	14.44	14.06	8.38
General and administrative expenses	(8.06)	(8.14)	(7.17)	(4.82)	(5.77)	(7.98)	(9.42)	(5.25)
Interest expense	(2.04)	(2.21)	(1.49)	(0.75)	(1.95)	(1.85)	(1.95)	(2.28)
Cash flow netback (1)	10.37	11.28	11.08	14.71	6.00	4.60	2.69	0.84

(1) Non IFRS measure

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Oil and Natural Gas Revenues

For the three months ended December 31, 2017, total revenue decreased by 2% as compared to the same period last year, as average daily production decreased by 11% and average commodity prices increased by 14% compared to the same period in 2016.

Three months ended December 31,	2017	2016	% Change
Oil and NGLs	\$ 534,588	\$ 440,936	21
Natural gas	81,505	165,485	(51)
Total revenue	\$ 616,093	\$ 606,421	2
% Oil and NGLs	87%	73%	
% Natural gas	13%	27%	

For the year ended December 31, 2017, total revenues increased by 43% as average daily production increased by 12% and average commodity prices increased by 29% compared to the same period in 2016.

Years ended December 31,	2017	2016	% Change
Oil and NGLs	\$ 2,429,882	\$ 1,588,809	53
Natural gas	479,412	441,234	9
Total revenue	\$ 2,909,294	\$ 2,030,043	43
% Oil and NGLs	84%	78%	
% Natural gas	16%	22%	

Royalties

For the three months ended December 31, 2017, royalties decreased by 12% to \$47,107 from \$53,717 for the same period a year ago. Royalties as a percentage of sales were 8% in 2017 as compared to 9% in 2016.

Three months ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Royalties	\$ 47,107	\$ 53,717	(12)	\$ 3.00	\$ 3.03

For the year ended December 31, 2017, royalties increased by 65% to \$282,659 from \$171,064 as compared to the same period a year ago. The decrease was due to a 43% increase in total production revenue. Royalties as a percentage of sales increased from 8% in 2016 to 10% in 2017.

Years ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Royalties	\$ 282,659	\$ 171,064	65	\$ 3.69	\$ 2.49

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Production, Operating and Transportation Expenses

For the three months ended December 31, 2017, production, operating and transportation expenses decreased by 20% to \$246,980 as compared to \$309,960 for the same period a year ago.

On a per boe basis production, operating and transportation expenses decreased 10% to \$15.70 per boe, down from \$17.51 per boe for the same period in 2016.

Three months ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Production, operating and transportation	\$ 246,980	\$ 309,960	(20)	\$ 15.70	\$ 17.51

For the year ended December 31, 2017, production, operating and transportation expenses increased by 5% to \$1,059,864 as compared to \$1,011,344 in 2016 due to a 12% increase in production volumes.

On a per boe basis production, operating and transportation expenses decreased to \$13.53 per boe, as compared to \$14.71 per boe in 2016.

Years ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Production, operating and transportation	\$ 1,059,864	\$ 1,011,344	5	\$ 13.83	\$ 14.71

General & Administrative Expenses

General and administrative expenses, after overhead recoveries, increased by 24% to \$126,800 for the three months ended December 31, 2017 compared to \$102,106 in Q4 2016. General and administrative expenses per boe increased by 40% to \$8.06 up from \$5.77 in Q4 2016.

Three months ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
General & administrative expenses	\$ 126,800	\$ 102,106	24	\$ 8.06	\$ 5.77

General and administrative expenses, after overhead recoveries, increased by 10% to \$521,186 for the year ended December 31, 2017 up from \$475,096 in 2016. General and administrative expenses per boe decreased by 2% to \$6.80 from \$6.91 in 2016.

Years ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
General & administrative expenses	\$ 521,186	\$ 475,096	10	\$ 6.80	\$ 6.91

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Finance Expense

Three months ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Interest expense	\$ 32,043	\$ 34,489	(7)	\$ 2.04	\$ 1.95
Accretion	61,294	10,799	468	3.90	0.61
Finance expense	\$ 93,337	\$ 45,288	106	\$ 5.94	\$ 2.56

Years ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Interest expense	\$ 100,979	\$ 126,562	(25)	\$ 1.31	\$ 1.84
Transaction costs	15,000	13,000	15	0.20	0.19
Accretion	66,145	54,681	21	0.86	0.80
Finance expense	\$ 182,124	\$ 194,243	58	\$ 2.37	\$ 2.83

Depletion and Depreciation

For the year ended December 31, 2017, depletion and depreciation decreased by 3% to \$798,297 as compared to \$819,719 in 2016.

Years ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Depletion and depreciation	\$ 798,297	\$ 819,719	(3)	\$ 10.42	\$ 11.92

Impairment

Due to continued low oil and gas prices, the Company evaluated its PP&E assets for impairment during the year ended December 31, 2016, and recorded an impairment of \$96,725 on the Niton CGU. The impairment was based on the difference between the net book value of the assets and the recoverable amount.

The Company evaluated its PP&E assets for impairment during the year ended December 31, 2017, and recorded an impairment of \$117,835 on the Niton and Gordondale 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 PP&E assets were written down to their recoverable amount based on the fair value of cash flows less costs to sell.

The Company has 8 CGU's (cash generating units) located in Alberta, at Eyermore, Hays, Niton, Gordondale, Willesden Green, Peace River Arch, Heathdale and Morinville.

Years ended December 31,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Impairment	\$ 117,835	\$ 96,725	22	\$ 1.54	\$ 1.41

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Property plant and equipment (PP&E)

Cost:		PP&E Assets
Balance at December 31, 2015	\$	18,910,831
Additions		1,611,522
Change in decommissioning obligations		53,465
Balance at December 31, 2016	\$	20,575,818
Additions		739,776
Disposals		(154,995)
Change in decommissioning obligations		(237,991)
Balance at December 31, 2017	\$	20,922,608

Depletion, depreciation and impairment:

Balance at December 31, 2015	\$	(8,413,089)
Impairment		(96,725)
Depletion and depreciation		(819,719)
Balance at December 31, 2016	\$	(9,329,533)
Impairment		(117,835)
Depletion and depreciation		(798,297)
Balance at December 31, 2017	\$	(10,245,665)

Net book value:

Balance at December 31, 2016	\$	11,426,285
Balance at December 31, 2017	\$	10,676,943

Liquidity and capital resources

Net debt

	December 31, 2017	December 31, 2016
Accounts receivable	\$ 323,601	\$ 386,613
Prepaid expenses and deposits	10,739	20,315
Accounts payable and accrued liabilities	(564,739)	(2,070,616)
Bank debt	(2,272,399)	(2,392,030)
Net debt (1)	\$ (2,502,798)	\$ (4,055,718)

(1) Non-IFRS measure

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Working capital ratio

As at December 31, 2017, the Company had a \$3,000,000 demand operating loan facility, subject to the financial institutions 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 2 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 current assets plus the undrawn balance of the loan facility divided by current liabilities less any amount drawn under the facility. The Company was in compliance with this covenant at December 31, 2017 as the working capital ratio was 1.9:1.0.

	December 31, 2017	
Current assets	\$	334,340
Add: Undrawn amount from Credit facility		727,601
	\$	1,061,941
		A
Current liabilities		2,837,138
Less: Current portion of bank debt		(2,272,399)
	\$	564,739
		B

(The working capital ratio is calculated as A/B = 1.9)

Cash flow from operations

Years ended December 31	2017		2016	
Comprehensive income (loss) for the period	\$	184,724	\$	(244,894)
Other income		-		(393,750)
Depletion and depreciation		798,297		819,719
Impairment		117,835		96,725
Gain on disposition		(237,395)		(99,504)
Accretion expense		66,145		54,681
Cash flow from operations (1)	\$	929,606	\$	232,977
Cash flow from operations per share – basic and diluted	\$	0.01	\$	0.00

(1) Non IFRS measure

Net debt to cash flow from operations

	Year ended December 31, 2017		Year ended December 31, 2016	
Net debt (1)	\$	2,502,798	\$	4,055,718
Annualized cash flow from operations (1)	\$	929,606	\$	232,977
Net debt to annualized cash flow		2.7		17.4

(1) Non IFRS measure

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Subsequent events

On January 10, 2018, 3,400,000 warrants were exercised at \$0.055 per share for total proceeds of \$187,000.

On January 11, 2018, pursuant to the terms and conditions of its stock option plan, the Company granted 8,400,000 stock options to the current directors and officers of the Company. The options expire five years from the date of grant and each option will allow the holder to purchase one common share in the capital of the Company. The options vested immediately and are exercisable at a price of \$0.05 per common share.

On March 12, 2018, 2,150,000 options were exercised at a price of \$0.05 per share for total proceeds of \$107,500.

On March 21, 2018 the Company closed a non-brokered private placement of 122,222,222 units for aggregate gross proceeds of \$8,250,000. Each unit is comprised of one common share and in the case of subscriptions by the board of directors, officers, other insiders of the Company (Insider Group) together with other subscribers identified by the Insider Group, one common share purchase warrant and, in the case of all other subscribers, one half of one warrant. Each whole warrant will entitle the holder to purchase one common share at a price of \$0.10 for a period of five years. The warrants will vest and become exercisable as to one-third upon the 20-day weighted average trading price of the common shares equaling or exceeding \$0.12, an additional one-third upon the market price equaling or exceeding \$0.16 and a final one-third upon the market price equaling or exceeding \$0.20.

On March 21, 2018, pursuant to the terms and conditions of its stock option plan, the Company granted 2,000,000 stock options to a director and officer of the Company. The options expire five years from the date of grant and each option will allow the holder to purchase one common share in the capital of the company. The options vest immediately and are exercisable at a price of \$0.21 per common share.

On March 22, 2018, the Company entered into an asset purchase agreement to acquire a building and six acres of land in Crossfield, Alberta for total consideration of \$4,000,000. The Company has paid two deposits of \$100,000.

On April 10, 2018, 3,100,000 options were exercised at a price of \$0.05 per share for total proceeds of \$155,000.

On April 11, 2018, pursuant to the terms and conditions of its stock option plan, the Company granted 9,750,000 stock options to directors and officers of the Company. The options expire five years from the date of grant and each option will allow the holder to purchase one common share in the capital of the company. The options vest immediately and are exercisable at a price of \$0.1425 per common share.

Outstanding Share Data

As at the date hereof, there are issued and outstanding:

- (i) 219,822,706 common shares
- (ii) 17,400,000 options
- (iii) 87,023,641 warrants
- (iv) 3,846,775 broker warrants

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Historical Quarterly Information

	2017 Q4	2017 Q3	2017 Q2	2017 Q1
Oil and Gas Revenue	\$ 616,093	\$ 600,368	\$ 766,946	\$ 925,887
Cash Flow from operations ⁽¹⁾	163,163	177,288	229,514	359,641
Cash Flow / share - basic	0.00	0.00	0.00	0.00
Comprehensive Income (Loss)	179,753	2,399	16,691	(14,119)
Comprehensive Income (Loss) / share - basic	0.00	0.00	0.00	0.00
Capital Expenditures	(272,774)	123,752	223,460	272,948
Total Assets	11,011,283	11,125,120	11,350,157	11,532,218
Net debt	(2,502,798)	(2,938,735)	(2,992,271)	(2,998,325)
Shareholders' Equity	\$ 4,172,930	\$ 3,993,177	\$ 3,990,778	\$ 3,974,087
Shares outstanding	88,950,484	88,950,484	88,950,484	88,950,484
Production (boe/d)	171	171	228	272
Oil and NGLs (bbl/d)	101	119	130	159
Natural gas (mcf/d)	419	309	588	675

	2016 Q4	2016 Q3	2016 Q2	2016 Q1
Oil and Gas Revenue	\$ 606,421	\$ 465,381	\$ 477,228	\$ 481,013
Cash Flow from operations ⁽¹⁾	106,149	67,534	41,716	17,578
Cash Flow / share - basic	0.00	0.00	0.00	0.00
Comprehensive (Loss)	511,847	(179,995)	(198,687)	(378,059)
Comprehensive (Loss) / share - basic	0.01	(0.00)	(0.00)	(0.01)
Capital Expenditures	1,497,236	28,310	44,557	41,419
Total Assets	11,653,213	10,096,418	10,303,063	11,505,813
Net debt	(4,055,718)	(2,679,631)	(2,718,855)	(2,701,014)
Shareholders' Equity	\$ 3,017,506	\$ 2,490,659	\$ 2,670,654	\$ 2,884,341
Shares outstanding	70,061,595	70,061,595	70,061,595	70,061,595
Production (boe/d)	192	159	170	232
Oil and NGLs (bbl/d)	96	94	104	120
Natural gas (mcf/d)	581	395	397	674

(1) Non-IFRS measure

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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, 2017 and ending on December 31, 2017 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 3 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 and years 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 and years 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.

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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

RELENTLESS RESOURCES LTD.

Directors and Officers

Stan Swiatek

Chief Executive Officer & Director
Calgary, Alberta

Craig Kolochuk

President
Calgary, Alberta

Jeff Swainson

Vice President Finance & Chief Financial Officer
Calgary, Alberta

Daniel T. Wilson ^(1, 2,4)

Vice President, Oil & Gas Operations & Director
Calgary, Alberta

Hugh M. Thomson

Vice President, Oil & Gas Operations
Calgary, Alberta

William C. Macdonald ^(1,2,3)

Director
Calgary, Alberta

Murray Frame ^(1,2,3,4)

Director
Calgary, Alberta

¹ Member of the Audit Committee

² Member of the Compensation Committee

³ Member of the Governance Committee

⁴ Member of the Reserves Committee

Corporate Information

Head Office

Suite 320, 700-4th Avenue SW
Calgary, Alberta T2P 3J4
Telephone: 403-532-4466
Facsimile: 587-955-9668
E-mail: info@relentless-resources.com
Website: www.relentless-resources.com

Legal Counsel

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

Bank

ATB Financial
600, 444-7th Avenue SW
Calgary, Alberta T2P 0X8

Reserves Evaluator

Trimble Engineering Associates Ltd.
Suite 2200, 801-6 Avenue SW
Calgary, Alberta T2P 3W2

Auditor

MNP LLP
Chartered Professional Accountants
1500, 640 - 5th Avenue SW
Calgary, Alberta T2P 3G4

Registrar and Transfer Agent

Computershare
600, 530 – 8th Avenue SW
Calgary, Alberta T2P 3S8

Stock Listing

TSX Venture Exchange
Trading Symbol: RRL