

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the three and six months ended June 30, 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 August 23, 2017. The MD&A should be read in conjunction with the unaudited condensed interim financial statements for the three and six months ended June 30, 2017, together with the notes thereto. Relentless's Board of Directors reviewed and approved the June 30, 2017 condensed interim financial statements and related MD&A on August 23, 2017.

*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 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 and six months ended June 30, 2017 and 2016**

#### **Financial and operating results**

In Q2 2017, Relentless's total production increased 34% to 228 boe/d when compared to 170 boe/d for the same period a year ago mainly as a result of the two Heathdale oil wells which were brought on-stream in January 2017. Oil and NGLs production averaged 130 bbl/d in Q2 2017 as compared to 104 bbl/d in Q2 2016. Natural gas production averaged 588 mcf/d in the second quarter of 2017 compared to 397 mcf/d in the same period one year ago.

In Q2 2017, oil and gas prices increased 20% as compared to Q2 2016. The average price of oil and NGLs rose 15% from \$44.83/bbl to \$51.41/bbl. Natural gas prices rose 111% from \$1.42/mcf to \$2.99/mcf. Production revenues increased by 61% to \$766,946 in the second quarter of 2017 compared to \$477,228 in the same period in 2016.

For the three months ended June 30, 2017, production, operating and transportation expenses increased by 18% to \$273,193 as compared to \$231,628 for the same period a year ago due to a 34% increase in production volumes. On a per boe basis, production and operating expenses decreased by 12% to \$13.18 per boe, down from \$14.93 per boe for the same period in 2016 due to field operating efficiencies.

As of June 30, 2017, the Company had a \$3,000,000 demand operating loan facility (the "Facility"). The Facility is available until May 31, 2018, at which time it may be extended, at the lender's option. Interest payable on amounts drawn under the Facility is at the lender's prime rate plus 2.0 percent. As at June 30, 2017, the Company had drawn \$2,672,631 (2016 - \$2,648,098) on the Facility and the Company's net debt was \$2,992,271.

#### **Corporate update**

There is continued direct offsetting industry activity at Wembley, Alberta, with several Montney oil wells producing at rates above 500 boe/d (70% oil). In July 2017, Relentless acquired another section of land in the area and now has a 100% working interest in 5.75 sections of prospective Montney lands which it is seeking to either drill or monetize.

Current production is estimated at 200 boe/d with approximately 100 boe/d of production currently shut in due to low gas prices.

Although current commodity prices have reduced capital spending and inhibited production growth, the Heathdale property provides high impact oil projects which the Company believes can be readily ramped in a more favourable 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 considering several recompletions on its W5 asset base as well as contemplating further delineation drilling at Heathdale.

Relentless's 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 and conforming junior oil and gas company with low risk high working interest medium gravity oil opportunities at Heathdale and high impact, high working interest Montney drilling opportunities at Wembley. The Company's management and directors once again thank you for your patience and continued support.

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

### Financial summary

Three months ended June 30				
	2017	2016	% Change	
Oil and gas revenue	\$ 766,946	\$ 477,228	61	
Cash flow from operations <sup>(1)</sup>	229,514	41,716	450	
Per share - basic and diluted <sup>(1)</sup>	0.003	0.001	333	
Comprehensive income (loss)	16,691	(198,687)	(108)	
Per share - basic and diluted	0.00	(0.00)	(107)	
Total assets	11,350,157	10,303,063	10	
Net surplus debt <sup>(1)</sup>	(2,992,271)	(2,718,855)	10	
Capital expenditures, net	\$ 223,460	\$ 44,557	402	
Shares outstanding - end of period	88,950,484	70,061,595	27	

Six months ended June 30				
	2017	2016	% Change	
Oil and gas revenue	\$ 1,692,834	\$ 958,241	77	
Cash flow from operations <sup>(1)</sup>	589,155	59,294	894	
Per share - basic and diluted <sup>(1)</sup>	0.007	0.001	691	
Comprehensive income (loss)	2,572	(576,746)	(100)	
Per share - basic and diluted	0.00	(0.01)	(100)	
Total assets	11,350,157	10,303,063	10	
Net surplus debt <sup>(1)</sup>	(2,992,271)	(2,718,855)	10	
Capital expenditures, net	\$ 496,408	\$ 85,976	477	
Shares outstanding - end of period	88,950,484	70,061,595	27	

<sup>(1)</sup> Non IFRS measure

### Production and pricing summary

Three months ended June 30				
	2017	2016	% Change	
<b>Average daily production</b>				
Oil and NGLs (bbl/d)	130	104	25	
Natural gas (mcf/d)	588	397	48	
Oil equivalent (boe/d @ 6:1)	228	170	34	
<b>Realized commodity prices (\$CDN)</b>				
Oil and NGLs (bbl)	\$51.41	\$44.83	15	
Natural gas (mcf)	\$2.99	\$1.42	111	
Oil equivalent (boe @ 6:1)	\$37.01	\$30.76	20	

Six months ended June 30				
	2017	2016	% Change	
<b>Average daily production</b>				
Oil and NGLs (bbl/d)	144	112	29	
Natural gas (mcf/d)	631	534	18	
Oil equivalent (boe/d @ 6:1)	250	201	24	
<b>Realized commodity prices (\$CDN)</b>				
Oil and NGLs (bbl)	\$51.35	\$37.79	36	
Natural gas (mcf)	\$3.07	\$1.98	55	
Oil equivalent (boe @ 6:1)	\$37.48	\$26.32	42	

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

### Cash flow and comprehensive income (loss)

Three months ended June 30,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)	% Change
Oil and natural gas sales	766,946	477,228	61	37.01	30.76	20
Royalties	(84,842)	(27,439)	209	(4.09)	(1.77)	132
Revenue after royalties	682,104	449,789	52	32.92	28.99	14
Production, operating and transportation expenses	(273,193)	(231,628)	18	(13.18)	(14.93)	(12)
Operating cash flow <sup>(1)</sup>	408,911	218,161	87	19.73	14.06	40
General & administrative expenses	(148,516)	(146,153)	2	(7.17)	(9.42)	(24)
Interest and other financing charges	(30,881)	(30,292)	2	(1.49)	(1.95)	(24)
Cash flow from operations <sup>(1)</sup>	229,514	41,716	450	11.08	2.69	312
Accretion	(1,569)	(14,337)	(89)	(0.08)	(0.92)	(92)
Impairment	-	(16,352)	(100)	0.00	(1.05)	(100)
Depletion and depreciation	(211,254)	(209,714)	1	(10.19)	(13.52)	(25)
Comprehensive income (loss)	16,691	(198,687)	(108)	0.80	(12.82)	(106)
\$ Per Share – Basic	0.00	(0.00)				
\$ Per Share - Diluted	0.00	(0.00)				

Six months ended June 30,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)	% Change
Oil and natural gas sales	1,692,834	958,241	77	37.48	26.32	42
Royalties	(170,233)	(59,816)	185	(3.77)	(1.64)	129
Revenue after royalties	1,522,601	898,425	69	33.71	24.68	37
Production, operating and transportation expenses	(617,873)	(505,324)	22	(13.68)	(13.88)	(1)
Operating cash flow <sup>(1)</sup>	904,728	393,101	130	20.03	10.80	85
General & administrative expenses	(266,453)	(255,894)	4	(5.90)	(7.03)	(16)
Interest and other financing charges	(49,120)	(77,913)	(37)	(1.09)	(2.14)	(49)
Cash flow from operations <sup>(1)</sup>	589,155	59,294	894	13.04	1.63	701
Accretion	(3,198)	(30,550)	(90)	(0.07)	(0.84)	(92)
Impairment	(117,835)	(139,218)	(15)	(2.61)	(3.82)	(32)
Depletion and depreciation	(465,550)	(466,272)	(0)	(10.31)	(12.81)	(20)
Comprehensive income (loss)	2,572	(576,746)	(100)	0.06	(15.84)	(100)
\$ Per Share – Basic	0.00	(0.01)				
\$ Per Share - Diluted	0.00	(0.01)				

(1) Non IFRS measure

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

### Eight Quarter Analysis

#### Daily Production and Commodity Prices

<i>Three months ended</i>	2017 June 30	2017 March 31	2016 December 31	2016 September 30	2016 June 30	2016 March 31	2015 December 31	2015 September 30
<b>Daily production</b>								
Oil and NGLs (bbl/d)	130	159	96	94	104	120	125	162
Natural gas (mcf/d)	588	675	581	395	397	674	600	745
Oil equivalent (boe/d @ 6:1)	228	272	192	159	170	232	225	286
<b>Realized commodity prices (\$CDN)</b>								
Oil and NGLs (bbl)	\$51.41	\$51.30	\$50.17	\$44.28	\$44.83	\$31.58	\$40.62	\$46.73
Natural gas (mcf)	\$2.99	\$3.14	\$3.10	\$2.31	\$1.42	\$2.32	\$2.67	\$1.91
Oil equivalent (boe @ 6:1)	\$37.01	\$37.87	\$34.26	\$31.72	\$30.76	\$23.03	\$29.68	\$31.40

#### Oil and Natural Gas Revenue by Product

<i>Three months ended</i>	2017 June 30	2017 March 31	2016 December 31	2016 September 30	2016 June 30	2016 March 31	2015 December 31	2015 September 30
Oil and NGL revenue	606,945	735,120	440,936	381,558	425,810	340,505	465,946	694,579
Natural gas revenue	160,001	190,767	165,485	83,823	51,418	140,508	147,363	130,742
Total revenue	766,946	925,887	606,421	465,381	477,228	481,013	613,309	825,321
% Oil and NGLs	79%	79%	73%	82%	89%	71%	76%	84%
% Natural gas	21%	21%	27%	18%	11%	29%	24%	16%

#### Cash Flow from Operations

<i>Three months ended</i>	2017 June 30	2017 March 31	2016 December 31	2016 September 30	2016 June 30	2016 March 31	2015 December 31	2015 September 30
Oil and natural gas sales	766,946	925,887	606,421	465,381	477,228	481,013	613,309	825,321
Royalties	(84,842)	(85,391)	(53,717)	(57,532)	(27,439)	(32,376)	(35,565)	(99,679)
Revenue after royalties	682,104	840,496	552,704	407,849	449,789	448,637	577,744	725,642
Production, operating and transportation expenses	(273,193)	(344,679)	(309,960)	(196,061)	(231,628)	(273,696)	(303,177)	(382,359)
<b>Operating cash flow (1)</b>	<b>408,911</b>	<b>495,817</b>	<b>242,744</b>	<b>211,788</b>	<b>218,161</b>	<b>174,941</b>	<b>274,567</b>	<b>343,283</b>
General & administrative expenses	(148,516)	(117,937)	(102,106)	(117,095)	(146,153)	(109,742)	(109,994)	(142,395)
Bad debt expense	-	-	-	-	-	-	(181,018)	-
Interest and other financing charges	(30,881)	(18,239)	(34,489)	(27,159)	(30,292)	(47,621)	(36,305)	(25,197)
Flow through share indemnification expense	-	-	-	-	-	-	(15,732)	-
<b>Cash flow from operations (1)</b>	<b>229,514</b>	<b>359,641</b>	<b>106,149</b>	<b>67,534</b>	<b>41,716</b>	<b>17,578</b>	<b>(68,482)</b>	<b>175,691</b>

#### Operating and Cash Flow Netbacks

<i>Three months ended</i>	2017 June 30	2017 March 31	2016 December 31	2016 September 30	2016 June 30	2016 March 31	2015 December 31	2015 September 30
<b>(\$/boe)</b>								
Revenue	37.01	37.87	34.26	31.72	30.76	23.03	29.68	31.40
Royalties	(4.09)	(3.49)	(3.04)	(3.92)	(1.77)	(1.55)	(1.72)	(3.79)
Production, operating and transportation expenses	(13.18)	(14.10)	(17.51)	(13.36)	(14.93)	(13.10)	(14.67)	(14.55)
<b>Operating netback (1)</b>	<b>19.73</b>	<b>20.28</b>	<b>13.72</b>	<b>14.44</b>	<b>14.06</b>	<b>8.38</b>	<b>13.29</b>	<b>13.06</b>
General and administrative expenses	(7.17)	(4.82)	(5.77)	(7.98)	(9.42)	(5.25)	(5.32)	(5.42)
Bad debt expense	-	-	-	-	-	-	(8.76)	-
Interest expense	(1.49)	(0.75)	(1.95)	(1.85)	(1.95)	(2.28)	(1.76)	(0.96)
Flow through share indemnification expense	-	-	-	-	-	-	(0.76)	-
<b>Cash flow netback (1)</b>	<b>11.08</b>	<b>14.71</b>	<b>6.00</b>	<b>4.60</b>	<b>2.69</b>	<b>0.84</b>	<b>(3.31)</b>	<b>6.68</b>

(1) Non IFRS measure

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

#### Daily Production and Commodity Prices

In Q2 of 2017, total production increased 34% to 228 boe/d when compared to 170 boe/d for the same period a year ago mainly as a result of new production from HZ 02/05-07-27-9W4 and 06-12-27-10W4 which were brought on-stream in January, 2017. Oil and NGLs production averaged 130 bbl/d in Q2 2017 as compared to 104 bbl/d in Q2 2016. Natural gas production averaged 588 mcf/d in the second quarter of 2017 compared to 397 mcf/d in the same period a year ago.

In Q2 2017, oil and gas prices increased 20% as compared to Q2 2016. The average price of oil and NGL rose 15% from \$44.83/bbl to \$51.41/bbl. Natural gas prices rose 111% from \$1.42/mcf to \$2.99/mcf.

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<b><u>Three months ended June 30,</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>% Change</u></b>
<b>Average daily production</b>			
Oil and NGLs (bbl/d)	<b>130</b>	104	24
Natural gas (mcf/d)	<b>588</b>	397	48
Oil equivalent (boe/d @ 6:1)	<b>228</b>	170	34

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<b>Realized commodity prices (\$CDN)</b>			
Oil and NGLs (bbl)	\$ <b>51.41</b>	\$ 44.83	15
Natural gas (mcf)	<b>2.99</b>	1.42	111
Oil equivalent (boe @ 6:1)	\$ <b>37.01</b>	\$ 30.76	20

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Oil and NGLs production averaged 144 bbl/d in the six months ended June 30, 2017 as compared to 112 bbl/d in the same period last year. Natural gas production averaged 631 mcf/d in the six months ended June 30, 2017 compared to 534 mcf/d in the same period a year ago.

In the six months ended June 30, 2017, oil and gas prices increased 42% as compared to the same period in 2016. The average price of oil and NGL rose 36% from \$37.79/bbl to \$51.35/bbl. Natural gas prices rose 55% from \$1.98/mcf to \$3.07/mcf.

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<b><u>Six months ended June 30,</u></b>	<b><u>2017</u></b>	<b><u>2016</u></b>	<b><u>% Change</u></b>
<b>Average daily production</b>			
Oil and NGLs (bbl/d)	<b>144</b>	112	29
Natural gas (mcf/d)	<b>631</b>	534	18
Oil equivalent (boe/d @ 6:1)	<b>250</b>	201	24

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<b>Realized commodity prices (\$CDN)</b>			
Oil and NGLs (bbl)	\$ <b>51.35</b>	\$ 37.79	36
Natural gas (mcf)	<b>3.07</b>	1.98	55
Oil equivalent (boe @ 6:1)	\$ <b>37.48</b>	\$ 26.32	42

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## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

#### Oil and Natural Gas Revenues

Production revenues increased by 61% to \$766,946 in the second quarter of 2017 compared to \$477,228 in the same period in 2016 as a result of a 20% increase in average commodity prices and a 34% increase in production volumes. Oil/NGL sales increased by 43% while natural gas sales increased by 211%.

<b>Three months ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>
Oil and NGLs	\$ 606,945	\$ 425,810	43
Natural gas	160,001	51,418	211
Total revenue	\$ 766,946	\$ 477,228	61
% Oil and NGLs	79%	89%	
% Natural gas	21%	11%	

Production revenues increased 77% to \$1,692,834 in the first half of 2017 compared to \$958,241 in the same period in 2016 as a result of a 42% increase in average commodity prices and a 24% increase in production volumes. Oil/NGL sales increased by 75% while natural gas sales decreased by 83%.

<b>Six months ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>
Oil and NGLs	\$ 1,342,066	\$ 766,315	75
Natural gas	350,768	191,926	83
Total revenue	\$ 1,692,834	\$ 958,241	77
% Oil and NGLs	79%	80%	
% Natural gas	21%	20%	

#### Royalties

For the three months ended June 30, 2017, royalties increased to \$84,842 from \$27,439 for the same period a year ago mainly due to a 61% increase in production revenues. Royalties as a percentage of sales were 11% in the three months ended June 30, 2017.

<b>Three months ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>2017 (\$ / boe)</b>	<b>2016 (\$ / boe)</b>
Royalties	\$ 84,842	\$ 27,439	209	\$ 4.09	\$ 1.77

For the six months ended June 30, 2017, royalties increased to \$170,233 from \$59,816 for the same period a year ago mainly due to a 77% increase in production revenues. Royalties as a percentage of sales were 10% in the six months ended June 30, 2017.

<b>Six months ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>2017 (\$ / boe)</b>	<b>2016 (\$ / boe)</b>
Royalties	\$ 170,233	\$ 59,816	185	\$ 3.77	\$ 1.64

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

#### Production, Operating and Transportation Expenses

For the three months ended June 30, 2017, production, operating and transportation expenses increased by 18% to \$273,193 as compared to \$231,628 for the same period a year ago due to 34% increase in production volumes. On a per boe basis production and operating expenses decreased by 12% to \$13.18 per boe, down from \$14.93 per boe for the same period in 2016 due to field efficiencies.

<b>Three months ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>2017 (\$ / boe)</b>	<b>2016 (\$ / boe)</b>
Production, operating and transportation	\$ 273,193	\$ 231,628	18	\$ 13.18	\$ 14.93

For the six months ended June 30, 2017, production, operating and transportation expenses increased by 22% to \$617,873 as compared to \$505,324 for the same period a year ago due to a 24% increase in production volumes. 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 2016.

<b>Six months ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>2017 (\$ / boe)</b>	<b>2016 (\$ / boe)</b>
Production, operating and transportation	\$ 617,873	\$ 505,324	22	\$ 13.68	\$ 13.88

#### General & Administrative Expenses

General and administrative expenses, after overhead recoveries, increased by 2% to \$148,516 for the three months ended June 30, 2017 compared to \$146,153 in Q2 2016. General and administrative expenses per boe decreased by 24% to \$7.17, down from \$9.42 in Q2 2016 as total production volumes increased by 34%.

<b>Three months ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>2017 (\$ / boe)</b>	<b>2016 (\$ / boe)</b>
General & administrative expenses	\$ 148,516	\$ 146,153	2	\$ 7.17	\$ 9.42

General and administrative expenses, after overhead recoveries, increased by 4% to \$266,453 for the six months ended June 30, 2017 up from \$255,894 in 2016. General and administrative expenses per boe decreased by 16% to \$5.90, down from \$7.03 in 2016 as total production volumes increased by 24%.

<b>Six months ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>2017 (\$ / boe)</b>	<b>2016 (\$ / boe)</b>
General & administrative expenses	\$ 266,453	\$ 255,894	4	\$ 5.90	\$ 7.03

#### Finance Expense

<b>Three months ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>2017 (\$ / boe)</b>	<b>2016 (\$ / boe)</b>
Interest expense	\$ 30,881	\$ 30,292	2	\$ 1.49	\$ 1.95
Accretion	1,569	14,337	(89)	.08	0.92
	\$ 32,450	\$ 44,629	(27)	\$ 1.57	\$ 2.87

<b>Six months ended June 30,</b>	<b>2017</b>	<b>2016</b>	<b>% Change</b>	<b>2017 (\$ / boe)</b>	<b>2016 (\$ / boe)</b>
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## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

Interest expense	\$ 49,120	\$ 77,913	(37)	\$ 1.09	\$ 2.14
Accretion	3,198	30,550	(90)	0.07	0.84
	\$ 52,318	\$ 108,463	(52)	\$ 1.16	\$ 2.98

#### Depletion and Depreciation

In Q2 2017, depletion and depreciation increased by 1% to \$211,254 as compared to \$209,714 in Q2 2016. The average depletion rate for the second quarter of 2017 was 1.25%.

Three months ended June 30,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Depletion and depreciation	\$ 211,254	\$ 209,714	1	\$ 10.19	\$ 13.52

In the first half of 2017, depletion and depreciation was \$465,550 as compared to \$466,272 in Q2 2016. The average depletion rate for the first half of 2017 was 2.7%.

Six months ended June 30,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Depletion and depreciation	\$ 465,550	\$ 466,272	-	\$ 10.31	\$ 12.81

#### Impairment

During the year ended December 31, 2016, the Company evaluated its PP&E assets for impairment and recorded an impairment of \$96,725 on the 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 PP&E assets were written down to their recoverable amount based on the future value of cash flows less costs to sell.

At March 31, 2017, the Company evaluated its PP&E assets for impairment 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 CGU's were written down to their recoverable amount based on the future value of cash flows.

Three months ended June 30,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Impairment	\$ -	\$ 16,352	(100)	\$ -	\$ 1.05

Six months ended June 30,	2017	2016	% Change	2017 (\$ / boe)	2016 (\$ / boe)
Impairment	\$ 117,835	\$ 139,218	(15)	\$ 2.61	\$ 3.82

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

#### Cash flow from operations

<b>Three months ended June 30</b>	<b>2017</b>		<b>2016</b>	
Comprehensive income (loss) for the period	\$	16,691	\$	(198,687)
Accretion expense		1,569		14,337
Impairment		-		16,352
Depletion and depreciation		211,254		209,714
Cash flow from operations <sup>(1)</sup>	\$	229,514	\$	41,716
Cash flow from operations per share – basic and diluted	\$	0.00	\$	0.00

<b>Six months ended June 30</b>	<b>2017</b>		<b>2016</b>	
Comprehensive income (loss) for the period	\$	2,572	\$	(576,746)
Accretion expense		3,198		30,550
Impairment		117,835		139,218
Depletion and depreciation		465,550		466,272
Cash flow from operations <sup>(1)</sup>	\$	589,155	\$	59,294
Cash flow from operations per share – basic and diluted	\$	0.00	\$	0.00

(1) Non IFRS measure

#### Net debt

<b>June 30</b>	<b>2017</b>		<b>2016</b>	
Accounts receivable	\$	295,965	\$	225,673
Prepaid expenses and deposits		65,939		85,509
Accounts payable and accrued liabilities		(591,544)		(381,939)
Bank debt		(2,762,631)		(2,648,098)
Net debt <sup>(1)</sup>	\$	(2,992,271)	\$	(2,718,855)

(1) Non IFRS measure

#### Net debt to cash flow from operations

<b>Six months ended June 30</b>	<b>2017</b>		<b>2016</b>	
Net debt <sup>(1)</sup>	\$	2,992,271	\$	2,718,855
Annualized cash flow from operations <sup>(1)</sup>	\$	1,178,310	\$	118,588
Net debt to annualized cash flow from operations		2.54		22.93

(1) Non IFRS measure

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

#### Property Plant and Equipment Assets (PP&E)

		<b>PP&amp;E Assets</b>
<b>Assets</b>		
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		496,408
Change in decommissioning obligations		(171,055)
Balance at June 30, 2017	\$	20,901,171
<b>Depletion, depreciation and impairment</b>		
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		(465,550)
Balance at June 30, 2017	\$	(9,912,918)
<b>Net book value</b>		
Balance at December 31, 2015	\$	10,497,742
Balance at December 31, 2016		11,246,285
Balance at June 30, 2017	\$	10,988,253

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

#### Capital expenditure summary

Area	Description	Three months ended June 30, 2017	Three months ended June 30, 2016
Alberta	P&NG Acquisitions	\$ 35,525	\$ -
	Equip and tie-in	91,825	17,925
	Land and lease	58,014	11,815
	Abandonment	12,504	8,834
	Other	25,592	5,983
Total		\$ 223,460	\$ 44,557

  

Area	Description	Six months ended June 30, 2017	Six months ended June 30, 2016
Alberta	P&NG Acquisitions	\$ 35,525	\$ -
	Equip and tie-in	340,041	52,782
	Land and lease	58,014	11,556
	Abandonment	12,504	8,834
	Other	50,324	12,804
Total		\$ 496,408	\$ 85,976

#### Demand operating facilities

As at June 30, 2017, 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, 2018, 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 2.0 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, 2017 was 1:1. As at June 30, 2017, the Company had drawn \$2,762,631 (2016 - \$2,648,098) on this loan facility.

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

### Historical Quarterly Information

	2017 Q2	2017 Q1	2016 Q4	2016 Q3
Oil and Gas Revenue	\$ 766,946	\$ 925,887	\$ 606,421	\$ 465,381
Cash Flow from operations <sup>(1)</sup>	229,514	359,641	106,149	67,534
Cash Flow / share - basic	0.00	0.00	0.00	0.00
Comprehensive Income (Loss)	16,691	(14,119)	511,847	(179,995)
Comprehensive Income (Loss) / share - basic	0.00	0.00	0.01	(0.00)
Capital Expenditures	223,460	272,948	1,497,236	28,310
Total Assets	11,350,157	11,532,218	11,653,213	10,096,418
Net debt	(2,992,271)	(2,998,325)	(4,055,718)	(2,679,631)
Shareholders' Equity	\$ 3,990,778	\$ 3,974,087	\$ 3,017,506	\$ 2,490,659
Shares outstanding	88,950,494	88,950,494	70,061,595	70,061,595
Production (boe/d)	228	272	192	159
Oil and NGLs (bbl/d)	130	159	96	94
Natural gas (mcf/d)	588	675	581	395

	2016 Q2	2016 Q1	2015 Q4	2015 Q3
Oil and Gas Revenue	\$ 477,228	\$ 481,013	\$ 613,309	\$ 825,321
Cash Flow from operations <sup>(1)</sup>	41,716	17,578	(68,482)	175,691
Cash Flow / share - basic	0.00	0.00	0.00	0.00
Comprehensive (Loss)	(198,687)	(378,059)	(393,538)	(1,286,084)
Comprehensive (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 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

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

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the three and six months ended June 30, 2017 and 2016

**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 June 30, 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 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.

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three and six months ended June 30, 2017 and 2016

### 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

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Facsimile: 587-955-9668  
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Website: [www.relentless-resources.com](http://www.relentless-resources.com)

### Legal Counsel

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

### Bank

ATB Financial  
600, 585 - 8<sup>th</sup> Avenue SW,  
Calgary, Alberta T2P 1G1

### Reserves Evaluator

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

### Auditor

MNP LLP  
Chartered Professional 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