

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

### For the three months ended March 31, 2018 and 2017

This Management's Discussion and Analysis ("MD&A") of the financial condition and results of operations of Relentless Resources Ltd. ("Relentless", or the "Company"), is dated May 23, 2018. The MD&A should be read in conjunction with the condensed interim financial statements for the three months ended March 31, 2018, and 2017 together with the notes thereto. Relentless's Board of Directors reviewed and approved the March 31, 2018 condensed interim financial statements and related MD&A on May 23, 2018.

*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 surplus (debt) are not recognized measures under IFRS. Management believes that in addition to net income (loss), cash flow from operations, operating netback and net surplus (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 surplus (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. 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.**

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#### **Corporate update**

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 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 licenses. 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.

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.

#### **Oil and Gas**

In Q1 of 2018, total production decreased 41% to 161 boe/d when compared to 272 boe/d for the same period a year ago. Oil and NGLs production averaged 107 bbl/d in Q1 2018 as compared to 159 bb/d in Q1 2017. Natural gas production averaged 325 mcf/d in the first quarter of 2018 compared to 675 mcf/d in the same period a year ago.

## **RELENTLESS RESOURCES LTD.**

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

#### **For the three months ended March 31, 2018 and 2017**

Due to continued low natural gas prices, the Company shut in about 120 boe/day of production during the quarter.

Due to a 5% increase in average commodity prices and a 41% decrease in production volumes, production revenues decreased by 38% to \$578,539 in the first quarter of 2018 compared to \$925,887 in the same period in 2017. Oil and NGL revenues decreased by 30% and natural gas revenues decreased by 65%.

For the three months ended March 31, 2018, production, operating and transportation expenses decreased 45% to \$188,067 as compared to \$344,679 for the same period a year ago due to 41% decrease in production volumes. On a per boe basis, production and operating expenses decreased by 8% to \$12.96 per boe, down from \$14.10 per boe for the same period in 2017.

At March 31, 2018 net surplus was \$5,429,296 compared to net debt of \$2,502,798 at December 31, 2017. The improved net surplus achieved during Q1 of 2018 was mainly the result of the March, 2018 private placement discussed above. Relentless' line of credit remains undrawn and has a limit of \$3 million.

Relentless is well positioned with a strong balance sheet, a strong team and an improving commodity price environment.

## RELENTLESS RESOURCES LTD.

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For the three months ended March 31, 2018 and 2017

#### Financial summary

Three months ended March 31			
	2018	2017	% Change
Oil and gas revenue	\$ 578,539	\$ 925,887	(38)
Cash flow from operations <sup>(1)</sup>	(65,807)	359,641	118
Per share - basic and diluted <sup>(1)</sup>	(0.001)	0.004	115
Comprehensive income (loss)	(801,070)	(14,119)	5,574
Per share - basic and diluted	(0.01)	(0.00)	4,558
Total assets	16,796,460	11,532,218	46
Net surplus (debt) <sup>(1)</sup>	5,429,296	(2,998,325)	(281)
Capital expenditures, net	\$ 147,877	\$ 272,948	(46)
Shares outstanding - end of period	216,722,706	88,950,484	144

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

#### Production and pricing summary

Three months ended March 31			
	2018	2017	% Change
<b>Daily production</b>			
Oil and NGLs (bbl/d)	107	159	(33)
Natural gas (mcf/d)	325	675	(52)
Oil equivalent (boe/d @ 6:1)	161	272	(41)
<b>Realized commodity prices (\$CDN)</b>			
Oil and NGLs (bbl)	\$53.17	\$51.30	4
Natural gas (mcf)	\$2.25	\$3.14	(28)
Oil equivalent (boe @ 6:1)	\$39.87	\$37.87	5

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018 and 2017

### Cash flow and comprehensive loss

Three months ended March 31,	2018	2017	% Change	2018	2017	% Change
	\$	\$		(\$ / boe)	(\$ / boe)	
Oil and natural gas sales	578,539	925,887	(38)	39.87	37.87	5
Royalties	(63,791)	(85,391)	(25)	(4.40)	(3.49)	26
Revenue after royalties	514,748	840,496	(39)	35.47	34.38	3
Production, operating and transportation expenses	(188,067)	(344,679)	(45)	(12.96)	(14.10)	(8)
Operating cash flow <sup>(1)</sup>	326,681	495,817	(34)	22.51	20.28	11
General & administrative expenses	(371,113)	(117,937)	215	(25.57)	(4.82)	430
Interest and other financing charges	(21,375)	(18,239)	17	(1.47)	(0.75)	(97)
Cash flow from operations <sup>(1)</sup>	(65,807)	359,641	(118)	(4.53)	14.71	131
Accretion	(16,536)	(1,629)	915	(1.14)	(0.07)	1,610
Depletion and depreciation	(102,604)	(254,296)	(60)	(7.07)	(10.40)	(32)
Stock based compensation	(616,123)	-	100	(42.45)	0.00	100
Impairment	-	(117,835)	(100)	0.00	(4.82)	(100)
Comprehensive loss	(801,070)	(14,119)	5,574	(55.19)	(0.58)	9,457
\$ Per Share – Basic	(0.01)	(0.00)				
\$ Per Share - Diluted	(0.01)	(0.00)				

(1) Non-IFRS measure

## Eight Quarter Analysis

### Daily Production and Commodity Prices

Three months ended	2018		2017		2017		2016		2016
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30	
<b>Daily production</b>									
Oil and NGLs (bbl/d)	107	101	119	130	159	96	94	104	
Natural gas (mcf/d)	325	419	309	588	675	581	395	397	
Oil equivalent (boe/d @ 6:1)	161	171	171	228	272	192	159	170	
<b>Realized commodity prices (\$CDN)</b>									
Oil and NGLs (bbl)	\$53.17	\$57.49	\$50.20	\$51.41	\$51.30	\$50.17	\$44.28	\$44.83	
Natural gas (mcf)	\$2.25	\$2.11	\$1.72	\$2.99	\$3.14	\$3.10	\$2.31	\$1.42	
Oil equivalent (boe @ 6:1)	\$39.87	\$39.17	\$38.19	\$37.01	\$37.87	\$34.26	\$31.72	\$30.76	

### Oil and Natural Gas Revenue by Product

Three months ended	2018		2017		2017		2016		2016
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30	
Oil and NGL revenue	512,648	534,588	551,617	606,945	735,120	440,936	381,558	425,810	
Natural gas revenue	65,891	81,500	48,751	160,001	190,767	165,485	83,823	51,418	
Total revenue	578,539	616,088	600,368	766,946	925,887	606,421	465,381	477,228	
% Oil and NGLs	89%	87%	92%	79%	79%	73%	82%	89%	
% Natural gas	11%	13%	8%	21%	21%	27%	18%	11%	

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For the three months ended March 31, 2018 and 2017

### Cash Flow from Operations

<i>Three months ended</i>	2018	2017	2017	2017	2017	2016	2016	2016
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
Oil and natural gas sales	578,539	616,088	600,368	766,946	925,887	606,421	465,381	477,228
Royalties	(63,791)	(47,107)	(65,320)	(84,842)	(85,391)	(53,717)	(57,532)	(27,439)
Revenue after royalties	514,748	568,981	535,048	682,104	840,496	552,704	407,849	449,789
Production, operating and transportation expenses	(188,067)	(246,980)	(195,007)	(273,193)	(344,679)	(309,960)	(196,061)	(231,628)
<b>Operating cash flow (1)</b>	<b>326,681</b>	<b>322,001</b>	<b>340,041</b>	<b>408,911</b>	<b>495,817</b>	<b>242,744</b>	<b>211,788</b>	<b>218,161</b>
General & administrative expenses	(371,113)	(126,795)	(127,938)	(148,516)	(117,937)	(102,106)	(117,095)	(146,153)
Interest and other financing charges	(21,375)	(32,043)	(34,815)	(30,881)	(18,239)	(34,489)	(27,159)	(30,292)
<b>Cash flow from operations (1)</b>	<b>(65,807)</b>	<b>163,163</b>	<b>177,288</b>	<b>229,514</b>	<b>359,641</b>	<b>106,149</b>	<b>67,534</b>	<b>41,716</b>

(1) Non IFRS measure

### Operating and Cash Flow Netbacks

<i>Three months ended</i>	2018	2017	2017	2017	2017	2016	2016	2016
	March 31	December 31	September 30	June 30	March 31	December 31	September 30	June 30
<b>(\$/boe)</b>								
Revenue	39.87	39.17	38.19	37.01	37.87	34.26	31.72	30.76
Royalties	(4.40)	(3.00)	(4.15)	(4.09)	(3.49)	(3.04)	(3.92)	(1.77)
Production, operating and transportation expenses	(12.96)	(15.70)	(12.40)	(13.18)	(14.10)	(17.51)	(13.36)	(14.93)
<b>Operating netback (1)</b>	<b>22.51</b>	<b>20.47</b>	<b>21.63</b>	<b>19.73</b>	<b>20.28</b>	<b>13.72</b>	<b>14.44</b>	<b>14.06</b>
General and administrative expenses	(25.57)	(8.06)	(8.14)	(7.17)	(4.82)	(5.77)	(7.98)	(9.42)
Interest expense	(1.47)	(2.04)	(2.21)	(1.49)	(0.75)	(1.95)	(1.85)	(1.95)
<b>Cash flow netback (1)</b>	<b>(4.53)</b>	<b>10.37</b>	<b>11.28</b>	<b>11.08</b>	<b>14.71</b>	<b>6.00</b>	<b>4.60</b>	<b>2.69</b>

(1) Non IFRS measure

### Daily Production and Commodity Prices

In Q1 of 2018, total production decreased 41% to 161 boe/d when compared to 272 boe/d for the same period a year ago. Oil and NGLs production averaged 107 bbl/d in Q1 2018 as compared to 159 bb/d in Q1 2017. Natural gas production averaged 325 mcf/d in the first quarter of 2018 compared to 675 mcf/d in the same period a year ago.

Due to continued low natural gas prices, the Company shut in approximately 120 boe/day of production during the quarter.

In Q1 2018, oil and gas prices increased slightly from Q1 2017. The average price of oil and NGL increased 4% from \$51.30/bbl to \$53.17/bbl. Natural gas prices decreased 28% from \$3.14/mcf to \$2.25/mcf.

<b>Three months ended March 31,</b>	<b>2018</b>	<b>2017</b>	<b>% Change</b>
<b>Daily production</b>			
Oil and NGLs (bbl/d)	<b>107</b>	159	33
Natural gas (mcf/d)	<b>325</b>	675	(52)
Oil equivalent (boe/d @ 6:1)	<b>161</b>	272	(41)

### Realized commodity prices (\$CDN)

Oil and NGLs (bbl)	\$	<b>53.17</b>	\$	51.30	4
Natural gas (mcf)		<b>2.25</b>		3.14	(28)
Oil equivalent (boe @ 6:1)	\$	<b>39.87</b>	\$	37.87	5

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018 and 2017

#### Oil and Natural Gas Revenues

Due to a 5% increase in average commodity prices and a 41% decrease in production volumes, production revenues decreased by 38% to \$578,539 in the first quarter of 2018 compared to \$925,887 in the same period in 2017. Oil and NGL revenues decreased by 30% and natural gas revenues decreased by 65%.

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Three months ended March 31,	2018	2017	% Change
Oil and NGLs	\$ 512,648	\$ 735,120	(30)
Natural gas	65,891	190,767	(65)
Total revenue	\$ 578,539	\$ 925,887	(38)
% Oil and NGLs	89%	79%	
% Natural gas	11%	21%	

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#### Royalties

For the three months ended March 31, 2018, royalties decreased by 25% to \$63,791 from \$85,291 for the same period a year ago due to a 38% decrease in production revenues. In Q1 2018 the royalty rate was 11% of revenue as compared to 9% in Q1 2017.

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Three months ended March 31,	2018	2017	% Change	2018 (\$ / boe)	2017 (\$ / boe)
Royalties	\$ 63,791	\$ 85,391	(25)	\$ 4.40	\$ 3.49

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#### Production, Operating and Transportation Expenses

For the three months ended March 31, 2018, production, operating and transportation expenses decreased 45% to \$188,067 as compared to \$344,679 for the same period a year ago due to 41% decrease in production volumes. On a per boe basis, production and operating expenses decreased by 8% to \$12.96 per boe, down from \$14.10 per boe for the same period in 2017.

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Three months ended March 31,	2018	2017	% Change	2018 (\$ / boe)	2017 (\$ / boe)
Production, operating and transportation	\$ 188,067	\$ 344,679	(45)	\$ 12.96	\$ 14.10

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#### General & Administrative Expenses

General and administrative expenses, after overhead recoveries, increased 215% to \$371,113 for the three months ended March 31, 2018 up from \$117,937 in Q1 2017. The increase is due to new officers and consultants and legal fees related to the Company's Cannabis business segment. General and administrative expenses per boe increased by 430% to \$25.57 from \$4.82 in Q1 2017.

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For the three months ended March 31, 2018 and 2017

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Three months ended March 31,	2018	2017	% Change	2018 (\$ / boe)	2017 (\$ / boe)
General & administrative	\$ 371,113	\$ 117,937	215	\$ 25.57	\$ 4.82

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#### Finance Expense

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Three months ended March 31,	2018	2017	% Change	2018 (\$ / boe)	2017 (\$ / boe)
Interest expense	\$ 21,375	\$ 18,239	17	\$ 1.47	\$ 0.75
Accretion	16,536	1,629	915	1.14	0.07
Finance expense	\$ 37,911	\$ 19,868	91	\$ 2.61	\$ 0.82

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#### Depletion and Depreciation

In Q1 2018, depletion and depreciation decreased by 60% to \$102,604 as compared to \$254,296 in Q1 2017. Q1 2018 production volumes totaled 14,514 boe and based on year end 2017 proved plus probable reserves of 1,517,100 boe the depletion rate was 1.0% as compared to 1.5% in Q1 2017.

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Three months ended March 31,	2018	2017	% Change	2018 (\$ / boe)	2017 (\$ / boe)
Depletion and depreciation	\$ 102,604	\$ 254,296	(60)	\$ 7.07	\$ 10.40

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#### Stock based compensation

In Q1 2018 the company issued 10,400,000 options and recorded stock based compensation of \$616,123.

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Three months ended March 31,	2018	2017	% Change	2018 (\$ / boe)	2017 (\$ / boe)
Stock based compensation	\$ 616,123	\$ -	100	\$ 42.45	\$ -

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#### Impairment

At March 31, 2018, there were no indications of impairment. Impairment is based on the difference between the net book value of the assets and the recoverable amount.

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Three months ended March 31,	2018	2017	% Change	2018 (\$ / boe)	2017 (\$ / boe)
Impairment	\$ -	\$ 117,835	(100)	\$ -	\$ 4.82

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

		<b>PP&amp;E Assets</b>
<b>Assets</b>		
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
Additions		147,877
Change in decommissioning obligations		-
Balance at March 31, 2018	\$	21,070,485
<b>Depletion, depreciation and impairment</b>		
Balance at December 31, 2016	\$	(9,329,533)
Impairment		(117,835)
Depletion and depreciation		(798,297)
Balance at December 31, 2017		(10,245,665)
Depletion and depreciation		(102,604)
Balance at March 31, 2018	\$	(10,348,269)
<b>Net book value</b>		
Balance at December 31, 2016	\$	11,246,285
Balance December 31, 2017		10,676,943
Balance at March 31, 2018	\$	10,722,216

#### Capital expenditure summary

<b>Area</b>	<b>Description</b>	<b>Three months ended March 31, 2018</b>	<b>Three months ended March 31, 2017</b>
Alberta	Equip and tie-in	\$ -	248,216
	Land and lease	341	-
	Seismic	15,006	-
	Computer equipment	8,694	-
	Other	123,836	24,732
Total		\$ 147,877	\$ 272,948

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#### Demand operating facilities

As at March 31, 2018, the Company had a \$3,000,000 demand operating loan facility, subject to the banks' annual review of the Company's petroleum and natural gas properties. Interest payable on amounts drawn under the facility is at the lenders' prime rate plus 2.0 percent. The credit facility is secured by a general security agreement and a first ranking charge on all lands and assets of the Company. Under the terms of the facility, the Company is required to maintain a working capital ratio of not less than 1:1. The Company's working capital ratio at March 31, 2018 was 11.2:1.0. As at March 31, 2018 the Company had drawn \$nil on this loan facility.

The operating facility will be reviewed by the bank no later than May 31, 2018.

#### Working Capital Ratio

	March 31, 2018		
Current assets	\$	6,254,244	
Add: Undrawn amount from Credit facility		3,000,000	
	\$	9,254,244	A
Current liabilities		824,948	
Less: Current portion of bank debt		-	
	\$	824,948	B

(The working capital ratio is calculated as A/B = 11.2)

#### Cash Flow from Operations

Three months ended March 31	2018		2017
Comprehensive loss for the period	\$	(801,070)	\$ (14,119)
Accretion expense		16,536	1,629
Stock based compensation		616,123	-
Impairment		-	117,835
Depletion and depreciation		102,604	254,296
Cash flow from operations <sup>(1)</sup>	\$	(65,807)	\$ 359,641
Cash flow from operations per share – basic and diluted	\$	(0.00)	\$ 0.00

(1) Non IFRS measure

## RELENTLESS RESOURCES LTD.

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#### Net surplus (debt)

March 31	2018		2017	
Cash	\$	2,238,522	\$	-
Accounts receivable		241,479		330,968
Share subscriptions receivable		3,622,419		-
Prepaid expenses and deposits		151,824		60,077
Accounts payable and accrued liabilities		(824,948)		(679,876)
Bank debt		-		(2,709,494)
Net surplus (debt) <sup>(1)</sup>	\$	5,429,296	\$	(2,998,325)

(1) Non IFRS measure

#### Net debt to cash flow from operations

Three months ended March 31	2018		2017	
Net surplus (debt) <sup>(1)</sup>	\$	5,429,296	\$	(2,998,325)
Annualized cash flow from operations <sup>(1)</sup>	\$	(65,807)	\$	1,438,564
Net surplus (debt) to annualized cash flow		-		2.08

(1) Non-IFRS measure

#### Decommissioning Obligations

A reconciliation of the decommissioning obligations is provided below:

	Three months ended <u>March 31, 2018</u>	Year ended <u>December 31, 2017</u>
Balance, beginning of period	\$4,001,215	\$4,173,061
Dispositions	-	(295,071)
Change in estimate	-	57,080
Accretion	16,536	66,145
Balance, end of period	\$4,017,751	\$4,001,215

The total undiscounted amount of the estimated cash flows required to settle the decommissioning obligations is approximately \$4,286,875 (2017 – \$4,402,671) which will be incurred over the next 30 years (2017 – 30 years) with the majority of costs to be incurred between 2020 and 2042. An average risk-free rate of 1.63% (2017 – 1.28%) and an inflation rate of 2.00% (2017 – 2.00%) were used to calculate the net present value of the decommissioning obligations. Accretion expense is included in finance expense on the statement of comprehensive loss.

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018 and 2017

#### Share Capital

	Three months ended March 31, 2018		Year ended December 31, 2017	
	Shares	Amount	Shares	Amount
Balance, beginning of period	88,950,484	\$14,940,681	70,061,595	\$13,969,981
Issuance of common shares	122,222,222	8,250,000	18,888,889	1,000,000
Exercise of warrants	3,400,000	187,000	-	-
Exercise of stock options	2,150,000	107,500	-	-
Exercise of stock options	-	70,567	-	-
Share issuance costs	-	(398,722)	-	(29,300)
Balance, end of period	216,722,706	\$23,157,026	88,950,484	\$14,940,681

On January 10, 2017, Relentless completed two private placements.

In connection with the first private placement, the Company issued 10 million units at a price of \$0.05 per unit for gross proceeds of \$500,000. Each unit consists of one common share of the Company and one common share purchase warrant. Each warrant gives the holder the option, exercisable for a period of one year, to purchase one common share for \$0.055 per common share.

In connection with the second private placement, the Company issued 8,888,889 units at a price of \$.05625 per unit for gross proceeds of \$500,000. Each warrant issued under the second private placement gives the holder the option, exercisable for a period of one year, to purchase one common share for \$0.075 per common share.

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

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 Relentless closed a private placement. The Company issued 122,222,222 million units at a price of \$0.0675 per unit for gross proceeds of \$8,250,000. Each unit comprises one common share of the Company and, in the case of subscriptions by the board of directors, officers, other insiders of the company, together with additional subscribers identified by such persons, one common share purchase warrant and, in the case of all other subscribers, one-half of one common share purchase 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.

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018 and 2017

#### Stock options

	Three months ended March 31, 2018		Three months ended March 31, 2017	
	Options	Weighted average exercise price	Options	Weighted average exercise price
Outstanding, beginning of period	-	-	-	-
Issued	10,400,000	0.08	-	-
Exercised	2,150,000	0.05	-	-
Outstanding and exercisable, end of period	8,250,000	0.09	-	-

On January 4, 2018, the Company issued a total of 8,400,000 incentive stock options, granted under the company's stock option plan to certain officers and directors of the Company. The options have a five-year term. The options vest immediately and are exercisable at a price of five cents per common share. Share based compensation expense of \$275,704 was recorded.

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, 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. Share based compensation expense of \$320,420 was recorded.

#### Warrants

	Three months ended March 31, 2018		Year ended December 31, 2017	
	Warrants	Amount	Warrants	Amount
Balance, beginning of period	21,031,745	-	2,142,856	-
Warrants exercised	(3,400,000)	-	-	-
Warrants expired	(15,488,889)	-	-	-
Warrants issued	88,727,560	-	18,888,889	-
Balance, end of period	90,870,416	-	21,031,745	-

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

On January 10, 2018, 15,488,889 warrants expired.

On March 21, 2018 88,727,560 warrants were issued in conjunction with the private placement.

As at March 31, 2018, 90,870,416 warrants (December 31, 2017 – 21,031,745) were outstanding.

#### Subsequent events

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

## RELENTLESS RESOURCES LTD.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

#### For the three months ended March 31, 2018 and 2017

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.

On April 20, 2018, 700,000 options were exercised at a price of \$0.05 per share for total proceeds of \$35,000.

In April 2018, the Company collected \$3,622,419 in share subscriptions related to the March 2018 private placement.

#### Historical Quarterly Information

	2018 Q1	2017 Q4	2017 Q3	2017 Q2
Oil and Gas Revenue	\$ 578,539	\$ 616,093	\$ 600,368	\$ 766,946
Cash Flow from operations <sup>(1)</sup>	(65,807)	163,163	177,288	229,514
Cash Flow / share - basic	0.00	0.00	0.00	0.00
Comprehensive Income (Loss)	(801,070)	179,753	2,399	16,691
Comprehensive Income (Loss) / share - basic	(0.01)	0.00	0.00	0.00
Capital Expenditures	147,877	(272,774)	123,752	223,460
Total Assets	16,976,640	11,011,283	11,125,120	11,350,157
Net surplus (debt)	5,429,296	(2,502,798)	(2,938,735)	(2,992,271)
Shareholders' Equity	\$ 12,133,761	\$ 4,172,930	\$ 3,993,177	\$ 3,990,778
Shares outstanding	216,722,706	88,950,484	88,950,484	88,950,484
Production (boe/d)	161	171	171	228
Oil and NGLs (bbl/d)	107	101	119	130
Natural gas (mcf/d)	325	419	309	588

	2017 Q1	2016 Q4	2016 Q3	2016 Q2
Oil and Gas Revenue	\$ 925,887	\$ 606,421	\$ 465,381	\$ 477,228
Cash Flow from operations <sup>(1)</sup>	359,641	106,149	67,534	41,716
Cash Flow / share - basic	0.00	0.00	0.00	0.00
Comprehensive income (Loss)	(14,119)	511,847	(179,995)	(198,687)
Comprehensive income (Loss) / share - basic	(0.00)	0.01	(0.00)	(0.00)
Capital Expenditures	272,948	1,497,236	28,310	44,557
Total Assets	11,532,218	11,653,213	10,096,418	10,303,063
Net debt	(2,998,325)	(4,055,718)	(2,679,631)	(2,718,855)
Shareholders' Equity	\$ 3,974,087	\$ 3,017,506	\$ 2,490,659	\$ 2,670,654
Shares outstanding	88,950,484	70,061,595	70,061,595	70,061,595
Production (boe/d)	272	192	159	170
Oil and NGLs (bbl/d)	159	96	94	104
Natural gas (mcf/d)	675	581	395	397

(1) Non-IFRS measure

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018 and 2017

### 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 in which they occur. The provision is calculated by discounting the expected future cash flows to settle the obligations at the risk-free interest rate. The liability is adjusted each reporting three months to reflect the passage of time, with accretion charged to net income, any other changes whether it be changes in interest rates or changes in estimated future cash flows are capitalized to property, plant and equipment.
- e) Income taxes - The determination of Relentless's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. All tax filings are subject to audit and potential reassessment after the lapse of considerable time. Accordingly, the actual income tax liability may differ significantly from that estimated and recorded.

# RELENTLESS RESOURCES LTD.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2018 and 2017

### 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

### **Stan Swiatek**

Chief Executive Officer & Director  
Calgary, Alberta

### **Craig Kolochnik**

President  
Calgary, Alberta

### **Jeff Swainson**

Vice President Finance & Chief Financial Officer  
Calgary, Alberta

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

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

### **Hugh M. Thomson**

Vice President - Finance, Oil & Gas Operations  
Calgary, Alberta

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

Director  
Calgary, Alberta

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

Director  
Calgary, Alberta

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

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

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

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

## Corporate Information

### **Head Office**

Suite 620, 634-6<sup>th</sup> Avenue SW  
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Telephone: 403-532-4466  
Facsimile: 587-955-9668  
E-mail: [info@relentless-resources.com](mailto:info@relentless-resources.com)  
Website: <http://www.relentless-resources.com/>

### **Legal Counsel**

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Calgary AB T2P 4K9

### **Bank**

ATB Financial  
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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 - 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