

**RED ROCK CAPITAL CORP.**  
**MANAGEMENT'S DISCUSSION AND ANALYSIS**  
**FOR THE DECEMBER 31, 2016**

## **Introduction**

The following Management's Discussion and Analysis ("MD&A") is dated January 31, 2017 and should be read in conjunction with the audited financial statements of Red Rock Capital Corp. ("Red Rock" or the "Company") for the December 31, 2016. The MD&A should also be read in conjunction with the audited annual financial statements for the year ended December 31, 2016. Red Rock prepares its audited annual financial statements in accordance with International Accounting Standards ("IAS") 34 Interim Financial Reporting, under International Financial Reporting Standards ("IFRS"), as set out in Part 1 of the Handbook of the Canadian Institute of Chartered Accountants ("CICA Handbook").

For the purposes of preparing this MD&A, management, in conjunction with the Board of Directors, considers the materiality of information. Information is considered material if: (i) such information results in, or would reasonably be expected to result in, a significant change in the market price or value of Red Rock common shares; or (ii) there is a substantial likelihood that a reasonable investor would consider it important in making an investment decision; or (iii) if it would significantly alter the total mix of information available to investors. Management, in conjunction with the Board of Directors, evaluates materiality with reference to all relevant circumstances, including potential market sensitivity.

Further information about the Company and its operations can be obtained from the offices of the Company or from [www.sedar.com](http://www.sedar.com).

## **Cautionary Note Regarding Forward-Looking Information**

Certain statements contained in the following MD&A constitute forward-looking statements. Such forward looking statements involve a number of known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements.

## **Description of Business**

Red Rock Capital Corp. (the "Company") is classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company commenced trading its common shares on the TSX-V on March 22, 2015, under the symbol "RCC.P.". The Company will not carry on any business other than the identification and evaluation of assets or businesses with a view to completing a Qualifying Transaction. The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on February 9, 2012.

The Company's head office and registered and records office address is 1920 -1177 West Hastings Vancouver, BC, Canada, V6E 3K4.

The financial statements of the Company are presented in Canadian dollars, which is the functional currency of the Company.

The Company did not complete a qualifying transaction within the 24 months from listing on the TSX-V and is therefore subject to halt of trading and delisting from the TSX Venture Exchange. The Company's continuing operations are dependent upon its ability to identify evaluate and negotiate an agreement to acquire an interest in a material asset or business. These conditions may cause significant doubt as to the Company's ability to continue as a going concern.

## OVERALL PERFORMANCE

### Performance Highlights

	December 31, 2016	December 31, 2015	December 31, 2014
Revenue	\$ -	\$ -	\$ -
Net loss	(77,245)	(67,092)	(96,648)
Net loss per share – basic and diluted	(0.01)	(0.01)	(0.01)
Cash used in operations	(59,270)	(62,920)	(79,150)
Total assets	\$ 435,400	\$ 496,319	\$ 559,162

The loss for the year ended December 31, 2016 was \$77,245 compared to \$67,092 for the year ended December 31, 2015 and \$96,648 for the year ended December 31, 2014. The increase in the loss for the year ended December 31, 2016 compared to December 31, 2015 is the result of travel expenses incurred for the analysis on a potential qualifying transaction, offset by lower legal fees resulting from a reduction in legal costs on services incurred for a qualified transactions. The decrease in loss from the 2015 year compared to the 2014 year is attributed to lower legal fees resulting from the reduction of costs resulting in finding a qualified transaction in addition to the reduction of the impairment of GST receivable. In addition, the company has incurred an increase monthly rent fees associated with office space and has written off GST receivable of \$17,683 since the Company is not eligible to collect GST. Cash used in operations for the year decreased to \$59,270 at December 31, 2016 from \$62,920 at December 31, 2015. The decrease in the cash used from operations is the result of the timing of the payment of general and administrative expenses resulting from the loss during the year. Cash used in operations decreased \$16,230 to \$62,920 at December 31, 2015 compared to \$79,150 at December 31, 2014 resulting from the timing of the payments to vendors. At December 31, 2016, the Company has total assets of \$435,400 compared to \$496,319 at December 31, 2015. The decrease is attributed to reduction of cash from operations.

## RESULTS OF OPERATIONS

### Professional Fees

	December 31, 2016	December 31, 2015
Professional fees	\$ 14,517	\$ 19,824

During the December 31, 2016, the Company incurred \$14,517 of professional fees compared to \$19,824 for 2015. The decrease in the professional fees relate to legal fees incurred for legal services on potential qualifying transactions in 2015 with a reduction of these expenses incurred in 2016.

## Travel Expense

	December 31, 2016	December 31, 2015
Travel expense	\$ 16,668	\$ -

During the year, the Company incurred \$16,668 of travel costs for the purpose of analysis on a qualifying transaction. These costs were not incurred in the prior year.

## LIQUIDITY AND CAPITAL RESOURCES

### Liquidity

Red Rock utilizes existing cash and the issuance of equity instruments to provide liquidity to the Company and finance development projects. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due.

The following table shows how the activities of the Company were financed:

	December 31, 2016	December 31, 2015
Cash on hand, beginning of period	\$ 494,670	\$ 557,590
Cash flow from operations	(59,270)	(62,920)
Cash flow from financing	-	-
Available for investments	435,400	494,670
Cash flow used in investing	-	-
Cash on hand, end of period	\$ 435,400	\$ 494,670

The decrease in funds used in operations of \$3,650 from \$62,920 at December 31, 2015 compared to \$59,270 at December 31, 2016 is the result in the decrease in the net loss in the period.

There were no financing activities in 2016 or 2015.

The following table shows the capital of the Company:

	December 31, 2016	December 31, 2015
Shareholders' equity	\$ 394,434	\$ 471,679

The decrease in the shareholders' equity in the year is primarily the increase in the accumulated deficit due to operations.

### Working Capital

Working capital decreased from \$471,679 at December 31, 2015 to \$394,434 at December 31, 2016. This was attributed to a decrease of \$60,919 in current assets and an increase of \$16,326 in current liabilities resulting from the loss from operations.

Cash decreased \$59,270 from \$494,670 at December 31, 2015 to \$435,400 at December 31, 2016 resulting from the payments to vendors. In addition, prepaid expenses decrease to nil at December 31, 2016 from \$1,649 at December 31, 2015 resulting from the termination of the lease agreement at the end of 2016.

The increase in current liabilities is due to the increase in accounts payable and accrued liabilities, resulting from the timing of payments from operating and general and administrative activities.

### Contractual Obligations

There are no significant contractual obligations.

## SELECTED QUARTERLY FINANCIAL INFORMATION

### Financial Quarter Ended (Unaudited)

	2016			
	Dec 31	Sept 30	June 30	Mar 31
Revenue	\$ -	\$ -	\$ -	\$ -
Loss	\$ (19,949)	\$ (11,774)	\$ (35,427)	\$ (10,095)
Basic loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total assets	\$ 435,400	\$ 441,005	\$ 452,082	\$ 489,348

	2015			
	Dec 31	Sept 30	June 30	Mar 31
Revenue	\$ -	\$ -	\$ -	\$ -
Loss	\$ (19,511)	\$ (9,146)	\$ (24,309)	\$ (12,132)
Basic loss per share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)
Total assets	\$ 496,319	\$ 519,899	\$ 524,874	\$ 550,073

In the fourth, third and second quarters of 2016, the Company incurred regular costs of rent, professional fees, and transfer agent fees in addition to Travel and entertainment costs associated with locating a transaction for the company during the second quarter. In the second, third and fourth quarters of 2015 along with the first quarter of 2016, the Company incurred costs associated with professional fees for corporate services and general and administrative costs including rent. In the first quarter of 2015, the company had expense related to management and rent for the period.

### OFF-BALANCE SHEET ARRANGEMENTS

Disclosure is required of all off-balance sheet arrangements that are reasonably likely to have a current or future effect on the results of operations or financial condition of the Company. Red Rock does not have such off-balance sheet arrangements.

### Risk Factors

Investing in the common shares of the Company involves risk. Prospective investors should carefully consider the risks described below, together with all of the other information included in this MD&A before making an investment decision. If any of the following risks actually occurs, the business, financial condition or results of operations of the Company could be harmed. In such an event, the trading price of the common shares could decline and prospective investors may lose part or all of their investment.

### *No Operating History*

The Company was incorporated on February 9, 2015, has not commenced commercial operations and has no assets other than cash. The Company has neither a history of earnings nor has it paid any dividends and it is unlikely to produce earnings or pay dividends in the immediate or foreseeable future. Until Completion of the Qualifying Transaction, the Company is not permitted to carry on any business other than the identification and evaluation of potential Qualifying Transactions. The Company has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that the Company will be able to identify a suitable Qualifying Transaction. Even if a proposed Qualifying Transaction is identified, there can be no assurance that the Company will be able to successfully complete the transaction.

### *Possible Trading Suspension or Delisting*

The Exchange may suspend from trading or delist the securities of the Company where the Company has failed to complete a Qualifying Transaction within the 24 months of the date of listing or if the Company fails to meet initial listing requirements of the Exchange upon Completion of the Qualifying Transaction. Suspension from trading of the common shares may, and delisting of the common shares will, result in the regulatory securities authorities issuing an interim cease trade order against the Company. In addition, delisting of the common shares will result in the cancellation of all of the currently issued and outstanding common shares of the Company held by Insiders. Trading in the common shares of the Company may be halted at other times for other reasons, including for failure by the Company to submit documents to the Exchange in the time periods required.

### ***Halt of Trading***

Upon public announcement of a potential Qualifying Transaction, trading in the common shares of the Company will be halted and will remain halted until Completion of the Qualifying Transaction, or sooner pursuant to Policy 2.4. Neither the Exchange nor any securities regulatory authority passes upon the merits of the potential Qualifying Transaction.

### ***Exchange May Not Approve a Qualifying Transaction***

Completion of a Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and in the case of a Non-Arm's Length Qualifying Transaction, Majority of the Minority Approval as such terms are defined in Policy 2.4.

Notwithstanding that a transaction may meet the definition of a Qualifying Transaction; the Exchange may not approve a Qualifying Transaction:

- (a) if the Company fails to meet the initial listing requirements prescribed by Policy 2.1 – Initial Listing Requirements of the Exchange upon Completion of the Qualifying Transaction;
- (b) if, following Completion of the Qualifying Transaction, the Company will be a finance company or a mutual fund as defined under applicable securities laws;
- (c) the consideration proposed to be paid by the Company in connection with the Qualifying Transaction is not acceptable to the Exchange; or
- (d) for any other reason at the sole discretion of the Exchange.

### ***Approval by the Majority of the Minority***

Where Majority of the Minority Approval is required, unless the shareholder has the right to dissent and be paid fair value in accordance with the applicable corporate or other law, a shareholder who votes against a proposed Non-Arm's Length Qualifying Transaction for which Majority of the Minority Approval by shareholders has been given, will have no rights of dissent and no entitlement to payment by the Company of fair value for the common shares.

### ***Dilution***

If the Company issues treasury shares to finance acquisition or participation opportunities, control of the Company may change and subscribers may suffer dilution of their investment.

### ***Directors and Officers***

The directors and officers of the Company will not be devoting all of their time to the affairs of the Company but will be devoting such time as required to effectively manage the Company. Some of the directors and officers of the Company are engaged and will continue to be engaged in the search for assets or businesses on their own behalf or on behalf of others such that conflicts may arise from time to time. As a consequence of such conflicts, the Company may be exposed to liability and its ability to

achieve its business objectives may be impaired.

### ***Reliance on Management***

The Company is relying solely on the past business success of its directors and officers to identify a Qualifying Transaction of merit. The success of the Company is dependent upon the efforts and abilities of its directors and officers. The loss of any of its directors or officers could have a material adverse effect upon the business and prospects of the Company.

### ***Foreign Acquisition***

In the event the Company identifies a foreign business as a proposed Qualifying Transaction, investors may find it difficult or impossible to effect service or notice to commence legal proceedings upon any management resident outside of Canada or upon the foreign business and may find it difficult or impossible to enforce against such persons, judgments obtained in Canadian courts.

### **Critical Accounting Estimates**

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. The financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the financial statements, and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised and the revision affects both current and future periods.

Significant assumptions about the future that management has made that could result in a material adjustment to the carrying amounts of assets and liabilities, in the event that actual results differ from assumptions made, relate to, but are not limited to, the following:

- the inputs used in measurement for warrants in the statement of financial position;
- the inputs used in measurement for share based payments expense in the statement of operations and comprehensive loss.

## **NEW AND PENDING ACCOUNTING STANDARDS**

### **Future Accounting Pronouncements**

The following accounting pronouncements have been made, but are not yet effective for the Company as at December 31, 2016. The Company is currently evaluating the impact of these new and amended standards on its consolidated financial statements.

In October 2010, the IASB issued IFRS 9, Financial Instruments (“IFRS 9”), which represents the completion of the first part of a three-part project to replace IAS 39, and Financial Instruments: Recognition and Measurement, with a new standard. Per the new standard, an entity choosing to measure a liability at fair value will present the portion of the change in its fair value due to changes in the entity’s own credit risk in the other comprehensive income or loss section of the entity’s statement of comprehensive loss, rather than within profit or loss. Additionally, IFRS 9 includes revised guidance related to derecognition of financial instruments. IFRS 9 applies to financial statements for annual periods beginning on or after January 1, 2018, with early adoption permitted.

Amendments to IAS 36, Impairment of Assets (“IAS 36”) will address the disclosures required regarding the recoverable amount of impaired assets or cash generating units (CGU) for periods in which an impairment loss has been recognized or reversed. This amendment will be effective for annual financial periods beginning on or after July 1, 2016.

## **CONTROLS AND PROCEDURES**

Disclosure controls and procedures ('DC&P') are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ('ICFR') are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS.

TSX Venture listed companies are not required to provide representations in filings relating to the establishment and maintenance of DC&P and ICFR, as defined in Multinational Instrument MI- 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding absence of misrepresentations and fair disclosures of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in MI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

## **Financial Instruments and Risk Management**

The Board of Directors has overall responsibility for the establishment and oversight of the Company's risk management framework. The Board has established the Audit and Risk Management Committee, which is responsible for developing and monitoring the Company's compliance with risk management policies and procedures. The committee reports regularly to the Board of Directors on its activities.

As at December 31, 2016, the Company's risk exposure and the impact on the Company's financial instruments are summarized below:

### **(a) Credit risk**

Credit risk arises from the possibility that a counterparty to which the Company provides goods or services is unable or unwilling to fulfill their obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash. During the year ended December 31, 2016, the Company wrote off its GST receivable, since the Company has not yet completed its Qualifying Transaction, and is not eligible to collect GST.

### **(b) Liquidity risk**

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's approach to managing liquidity is through regular monitoring of cash requirements by preparing short-term and long-term cash flow analyses. When necessary, the Company obtains financing from various investors to ensure all future obligations are fulfilled. The Company does not have any contractual obligations other than the trade accounts payable and accrued liabilities reported on the statement of financial position. The Company has sufficient cash as at December 31, 2016 to settle its current liabilities as they come due.

### **(c) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of three types of market price changes: foreign currency exchange rates, interest rates and commodity prices.

*i. Foreign currency exchange risk*

The Company is not exposed to foreign currency exchange rate fluctuations as the Company conducts all of its business in Canada.

*ii. Interest rate risk*

Interest rate risk is the risk of change in the borrowing rates of the Company. The Company does not have any exposure to changes in interest rates and is therefore not exposed to this risk.

*iii. Commodity price risk*

Commodity price risk is the risk of price volatility of commodity prices, such as mineral prices. Currently the Company does not have commercial operations and is therefore not exposed to this risk. Commodity prices generally fluctuate beyond the control of the Company. Factors which contribute to the fluctuation are, but not limited to, demand, forward sales, worldwide production, speculative hedging activities, and bank lending rates.

(d) Fair value of financial instruments

Fair value represents the price at which a financial instrument could be exchanged in an orderly market, in an arm's length transaction between knowledgeable and willing parties who are under no compulsion to act. The Company classifies the fair value of the financial instruments according to the hierarchy based on the amount of observable inputs used to value the instrument. The carrying value of trade accounts payable and accrued liabilities equals fair value due to the short-term nature. Cash is measured at fair value using level 1 inputs.

## RELATED PARTY TRANSACTIONS

During the year ended December 31, 2016, the Company paid \$9,917 or accrued (2015 - \$19,751) for rent to a Company with a director in common and \$6,484 (2015 – nil) in legal fees to a law firm in which a director is a partner.

As at December 31, 2016, \$6,484 was owed to a law firm in which a director is a partner.

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

## OUTSTANDING SHARE DATA

### Common shares

The following table sets forth the Company's outstanding share data:

Total common shares December 31, 2016	10,700,000
Total outstanding stock options	270,000
Total diluted common shares at January 31, 2017	10,970,000