# ROCKY MOUNTAIN RESOURCES CORP.
# MANAGEMENT'S DISCUSSION AND ANALYSIS
# MAY 31, 2008

## Background

This discussion and analysis of financial position and results of operation for Rocky Mountain Resources Corp. (the "Company" or "Rocky Mountain") is prepared as at July 18, 2008 and should be read in conjunction with the May 31, 2008 unaudited and February 29, 2008 audited consolidated financial statements and related notes. Those financial statements have been prepared in accordance with Canadian generally accepted accounting principles. Except as otherwise disclosed, all dollar figures included therein and in the following Management's Discussion and Analysis ("MD&A") are quoted in Canadian dollars. Additional information relevant to the Company's activities can be found on SEDAR at www.sedar.com.

## Company Overview

The Company is a mineral exploration and development company. The Company's primary mineral properties, the Gibellini property and the Goodsprings property are both located in Nevada. Other regional prospects in the western United States are also being reviewed and acquired. The Company's head office is located in Vancouver, Canada and its U.S. operations are now conducted from a new office recently opened in Reno, Nevada. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "RKY".

## Gibellini Project, Eureka County, Nevada

- Metallurgical testing was initiated on the Vanadium Hill Property at Gibellini by Dawson Labs, in Salt Lake City, Utah. The work is focusing on testing the oxide, mixed, and reduced vanadium mineralization types for heap leach design.
- A scoping study by AMEC of Sparks, Nevada was initiated on the Vanadium Hill Property.
- Results were announced on the Rich Hill drilling which intercepted a vanadium and zinc discovery 1500 feet south of the Vanadium Hill resource. Results of the drilling were announced in a press release dated, February 25, 2008.
- A four hole diamond drill program was completed by December 23, 2007 and the core was shipped to Dawson Labs in Salt Lake City, Utah to conduct column leach and other metallurgical tests on the three types of vanadium mineralization within the Gibellini deposit. Results will be used to determine metallurgical designs and costs for scoping studies. A further drilling campaign was completed including 7 core holes totalling 1,500 ft. One hole was drilled on the Vanadium Hill deposit to obtain samples for metallurgical testing. Six holes were drilled on the Rich Hill deposit to confirm historical results. The drilling intercepted vanadium mineralization. Assays are still pending.

### Good Springs Project, Clark County, Nevada

- The Goodsprings Project is an early stage exploration project located along strike of the Yellow Pine Mine, one of the largest and highest grade zinc mines in Nevada. The Company has identified an exploration target hosted in limestone and dolomite rocks north of the Yellow Pine mine. The Company owns 160 unpatented mining claims of which 157 were staked by the Company and which the Company owns 100% with no royalty burdens. Three of the claims are subject to a 3% net smelter royalty. The Company is currently in the process of reviewing exploration plans for this property.

### Other Regional

- The Company is in the process of reviewing and acquiring other property prospects in the western United States.

The above information has been reviewed and approved by Alan Branham, (M. Sc. and CPG), a “qualified person” as that term is defined in National Instrument 43-101.

### Results of Operations

The following table sets forth selected data for the periods indicated:

| | Three Months Ended May 31 | |
|---|---|---|
| | **2008** | **2007** |
| Mineral property expenditures | $ 238,034 | $ 123,490 |
| General & Administrative expense: | | |
| Depreciation | 1,001 | 353 |
| Office facilities and administrative services | 13,055 | 7,813 |
| Professional fees | 32,871 | 14,624 |
| Salaries and benefits | 144,113 | 12,305 |
| Stock-based compensation | 29,000 | - |
| Transfer agent, listing and filing fees | 11,527 | 2,385 |
| Travel | 26,294 | 57 |
| Other | 16,000 | 1,350 |
| | 273,861 | 38,887 |
| Other items: | | |
| Interest income | (12,791) | (10,461) |
| Foreign exchange gain | (12,437) | (2,403) |
| Property review costs | 1,177 | 24,044 |
| Loss for the period | $ 487,844 | $ 173,557 |
| Basic and diluted loss per share | $0.03 | $0.01 |

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The Company incurred a loss of $487,844 for the three months ended May 31, 2008; compared to a loss of $173,557 for the comparable period of the prior year. As the Company has no operating revenues, the increased loss is due to increased expenditures.

Property exploration expenditures are the largest component of expenses for the current quarter and increased from $123,490 last year to $238,034 for the three months ended May 31, 2008. Most of the spending was concentrated on the Gibellini property and focused on drilling and metallurgical testing.

After exploration activities, salaries and benefits comprised the next largest expense. In 2007, the Company paid a salary of US$3,000 per month plus benefits to a director for his part-time services as Vice-President of Exploration. This arrangement was terminated in April 2008 after Mr. Tom DeMull was hired as President of the Company. The Company paid a US$50,000 recruitment fee to an employment consultant in connection with the executive search and also paid a US$40,000 signing bonus to the new president. Effective March 15, 2008, the Company paid a salary of US$12,500 per month plus benefits to Mr. DeMull. These amounts were all expensed as salaries and benefits.

Stock-based compensation costs are a non-cash cost and are computed using the Black-Scholes option pricing model to estimate the fair value of stock options granted. During the three months ended March 31, 2008, a $29,000 expense was recorded with respect to the vesting of certain options granted in February 2008. No options were granted and none vested during the corresponding period of 2007.

The increases for all other categories of expenses are a reflection of increased corporate activity. During the current quarter the Company hired a new president, re-located its US corporate office to Reno Nevada, expanded the work and started a scoping study on the Gibellini property and continued the search for new mineral projects.

The Company's only source of income is interest earned from funds on deposit.

## Financial Position, including Cash Flows, Liquidity and Capital Resources

At May 31, 2008, cash was $1,870,913, down from $2,215,100 at February 29, 2008. Working capital at May 31, 2008 was $1,673,333. The Company's cash resources are on deposit with a major Canadian chartered bank. The Company does not invest in asset-backed commercial paper.

Administrative costs (excluding stock-based compensation of $29,000, a non-cash expense) were $244,861 for the three months ending May 31, 2008 but the largest use of funds was related to mineral property activity. The Company spent $45,071 on property acquisition costs (advance royalty payments, option payments and staking costs) and $238,034 on mineral property exploration expenditures. There were no equity financings during the quarter.

The Company has sufficient funds to cover anticipated administrative and property option payments for the coming year but may require additional funding to cover proposed acquisitions and exploration work. If required, additional funding would probably take the form of an equity financing, either public or private. Although the Company has been successful with its equity financings in the past, there is no assurance they will be successful in the future.

## Summary of Quarterly Results:

| | Mineral Exploration ($) | General Expenses ($) | Stock-based Compensation ($) | Interest Income ($) | Net Loss ($) | Basic & Diluted Loss Per Share ($) |
|---|---|---|---|---|---|---|
| Q1 – May 31, 2008 | 238,034 | 244,861 | 29,000 | (12,791) | 487,844 | 0.03 |
| Q4 – February 29, 2008 | 85,787 | 62,594 | 267,696 | (19,081) | 503,548 | 0.03 |
| Q3 – November 30, 2007 | 286,171 | 32,056 | - | (20,300) | 317,118 | 0.02 |
| Q2 – August 31, 2007 | 356,713 | 36,597 | - | (6,262) | 435,840 | 0.04 |
| Q1 – May 31, 2007 | 123,490 | 38,887 | - | (10,461) | 173,557 | 0.01 |
| Q4 – February 28, 2007 | 64,419 | 49,752 | - | (5,584) | 111,383 | 0.01 |
| Q3 – November 30, 2006 | 119,822 | 25,703 | - | (2,773) | 139,382 | 0.01 |
| Q2 – August 31, 2006 | 167,267 | 23,831 | - | (5,664) | 189,514 | 0.02 |

**Explanatory Notes:**

1. The Company was incorporated on March 2, 2006 and earns interest income but has no operating revenue. Interest income is dependant upon the amount of funds on deposit and interest rates paid. The Company completed an initial private placement for approximately $820,000 during May and June of 2006, an additional private placement for approximately $1,120,000 during January 2007 and its IPO for approximately $2,236,000 (net) during September 2007. Between the beginning of January 2008 and the end of May 2008, interest rates paid by the bank dropped by approximately 40%.

2. General expenses have been trending upward since incorporation reflecting increased levels of activity. Costs for Q4 – February 29, 2008 were elevated primarily due to higher professional fees, including an accrual for the year end-audit and legal costs associated with documents for proposed property lease acquisitions.

3. Mineral exploration expenses tend to have a seasonal trend as exploration activity is easier during the late spring, summer and early fall. Although there is year round access to the Gibellini property, the Lake Owen property, the option for which was dropped in February 2008, was at elevation and was inaccessible from mid-fall to late spring.

4. Stock-based compensation costs are a non-cash expense and represent an estimate of the fair value of stock options granted. During the quarter ended Q4 - February 29, 2008, the Company granted to certain consultants a total of 690,000 options, of which 650,000 were subject to vesting provisions.

5. During Q1 – May 31, 2008, the Company hired a full-time president and commenced paying US$12,500 per month plus benefits. In addition to the monthly salary, the Company paid a US$40,000 signing bonus and a US$50,000 placement fee to the recruitment consultant who conducted the executive search.

## Transactions with Related Parties

The Company paid Ionic Management Corp. (“Ionic”), formerly Quest Management Corp., a company related by virtue of one director and two officers in common, a monthly fee of $4,000 for accounting and various administrative office services provided in Canada. For the three months ended May 31, 2008, the Company paid a total of $12,000. In addition, the Company reimburses Ionic for out of pocket direct costs incurred on behalf of the Company. Such costs include travel, postage, courier charges, printing and long distance telephone charges.

The Company paid a monthly rent of US$200 for its Montana office to Mr. Alan Branham, a director, for a total of US$400 during the current fiscal quarter. This arrangement was terminated on April 30, 2008.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**Changes in Accounting Policy Including Initial Adoption**

**Financial instruments**

Effective March 1, 2007 the Company adopted the new standards announced by the Canadian Institute of Chartered Accountants (CICA); Sections 3855 Financial Instruments – Recognition and Measurement; Section 3865 Hedges; and Section 1530 Comprehensive Income. Under the new standards, all financial assets must be classified as held-to-maturity, loans and receivables, held-for-trading or available-for-sale and all financial liabilities must be classified as held-for-trading and other financial liabilities. Financial instruments classified as held-for-trading will be measured at fair value with changes in fair value recognized in net income. Financial assets classified as held-to-maturity or as loans and receivables and financial liabilities not classified as held-for-trading will be measured at amortized cost. Available-for-sale financial assets will be measured at fair value with changes in fair value recognized in other comprehensive income. All derivative financial instruments will be reported on the balance sheet at fair value with changes in fair value recognized in net income unless the derivative is part of a hedging relationship that qualifies as a fair value hedge, cash flow hedge or hedge of a net investment in a self-sustaining foreign operation. As a result, the Company has no comprehensive income or hedges that affect the current financial statements and therefore, the Company has not included a statement of other comprehensive income.

The adoption of these sections had no impact on the Company's financial statements.

**Accounting Changes**

Effective March 1, 2007 the Company implemented the new CICA accounting section 1506 (Accounting Changes). Under these new recommendations, voluntary changes in accounting policy are permitted only when they result in the financial statements providing reliable and more relevant information. This section requires changes in accounting policy to be applied retrospectively unless doing so is impracticable, requires prior period errors to be corrected retrospectively and requires enhanced disclosures about the effects of changes in accounting policies, estimates and errors on the financial statements. These recommendations also require the disclosure of new primary sources of generally accepted accounting principles that have been issued but not yet effective.

The impact that the adoption of this section will have on the Company's financial statements will depend on the nature of future accounting changes and the required additional disclosure on Recent Accounting Pronouncements.

**New Accounting Pronouncements**

**Financial Instruments**

Effective March 1, 2008, the Company will implement the new CICA accounting sections: 3862 (Financial Instruments – Disclosure), 3863 (Financial Instruments – Presentation), which replaced section 3861 Financial Instruments – Disclosures and Presentation. These new standards revise and enhance the disclosure requirements, and carry forward, substantially unchanged, the presentation requirements. Sections 3862 and 3863 emphasize the significance of financial instruments for the entity's financial position and performance, the nature and extent of the risks arising from financial instruments, how these risks are managed. These new standards are applicable to interim and annual periods relating to fiscal years beginning on or after October 1, 2007. These new Sections relate to disclosure and presentation only and will not have an impact on the Company's financial results.

**Capital Disclosures**

Effective March 1, 2008, the Company will implement the new CICA accounting section 1535 (Capital Disclosures). Section 1535 specifies the disclosure of (i) an entity's objectives, policies, and processes for managing capital; (ii) quantitative data about what the entity regards as capital; (iii) whether the entity has complied with any capital requirements; and (iv) if it has not complied, the consequences of such non-compliance. This new Section relates to disclosure and will not have an impact on the Company's financial results.

**Assessing Going Concern**

The Accounting Standards Board ("AcSB") amended CICA Handbook Section 1400, to include requirements for management to assess and disclose an entity's ability to continue as a going concern. This section applies to interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company is currently assessing the impact of this section.

**International Financial Reporting Standards ("IFRS")**

In January 2006 the AcSB announced that accounting standards in Canada are to converge with IFRS. The AcSB has indicated that Canadian entities will need to begin reporting under IFRS by the first quarter of 2011 with appropriate comparative data from the prior year. Under IFRS, the primary audience is capital markets and as a result, there is significantly more disclosure required, specifically for quarterly reporting. Further, while IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in accounting policy which must be addressed. While the Company has begun assessing the adoption of IFRS for 2011, the financial reporting impact of the transition to IFRS cannot be reasonably estimated at this time.

## Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

## Outstanding Share Data

The following securities are outstanding at July 18, 2008:

| | |
|---|---|
| Common shares issued and outstanding | 14,549,950 |
| Shares issuable on the exercise of outstanding stock options | 690,000 |
| Shares issuable on the exercise of warrants | 154,050 |

## Risks and Uncertainties

Exploration of mineral properties involves a high degree of risk and the successful achievement of a profitable operation cannot be assured. Costs of finding and evaluating an ore body are substantial, and may take several years to complete. The Company must overcome many risks associated with an early stage exploration property. Outstanding items to be completed include, but are not limited to, identification and quantification of a commercially viable ore body, confirmation of the Company's interest in the underlying claims and leases, completion of a feasibility study, funding of all costs related to a commercial operating venture, completion of the permitting process, detailed engineering and the procurement of a processing plant, and constructing a facility to support the property. Construction and operational risks including, but not limited to, equipment and plant performance, metallurgical, environmental, cost estimation accuracy, and workforce performance and dependability will all affect the profitability of an operating property.

External financing, primarily through the issuance of common shares will be required to fund its activities. There can be no assurance that it will be able to do so in the future.