ROCKY MOUNTAIN RESOURCES CORP.
MANAGEMENT'S DISCUSSION AND ANALYSIS
AUGUST 31, 2010

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 October 22, 2010 and should be read in conjunction with the August 31, 2010 unaudited consolidated financial statements and the February 28, 2010 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 junior mining company whose main focus is the development of its Gibellini property, located in Eureka County, Nevada. The Company's head office is located in Vancouver, Canada. The Company's shares are listed on the TSX Venture Exchange ("TSX-V") under the symbol "RKY".

Gibellini Project, Eureka County, Nevada

In June, 2010, the Company initiated a bulk sampling program, comprised of the collection of samples from both oxide, and transition vanadium zones from four different trenches on the project, and a diamond drill program which was two phased. In July, 2010, the Company completed the first phase of diamond drilling which obtained samples from 500 feet of core from each metallurgical types across six holes for a comprehensive metallurgical testing program. The second phase of diamond drilling, completed in August, 2010, obtained geotechnical data that will provide information for design of the open pit, waste dump and access road designs.

The samples from the trenching and drilling programs are being used in a metallurgical testing program that is building on historical metallurgical data and the AMEC Scoping Study to optimize the leaching process. This program will optimize sulfuric acid leach recovery/consumption, develop a custom bottle roll procedure and further improve recovery of vanadium extraction at the Gibellini Hill deposit. Column tests are being performed to test composite samples taken from the new trenches. The metallurgical program will directly support the feasibility study by further verifying ore body data, optimizing the vanadium pentoxide production process, and determining the degree of crushing required.

On September 9, 2010, the Company announced that it initiated a Feasibility Study of its Gibellini Project. AMEC of Sparks, Nevada has been engaged by the Company to complete the study in Q2, 2011. The Feasibility Study will build on the positive Scoping Study and Preliminary Economic Assessment prepared for the Company by AMEC in 2008. The unique disseminated, sedimentary deposit at Gibellini Hill allows for simple, sulfuric acid heap leach processing that present an

opportunity for the development of one of the lowest cost primary vanadium operations in the world. The Scoping Study proposed an open pit operation with a strip ratio of 0.2 (1 waste: 5 ore). The deposit consists of a NI 43-101 Compliant Resource (NI 43-101 Technical Report, Gibellini Vanadium Project, Nevada, USA by Hanson, Wakefield, Orbock, and Rust, October 8, 2008) of 18 million tons Indicated at a grade of 0.339% vanadium pentoxide and an additional 2.8 million tons Inferred grading 0.282% vanadium pentoxide.

On September 29, 2010 the Company announced the acquisition of the Del Rio Property, a new vanadium project located approximately eight miles south of the Gibellini Project. The Company discovered the extensive, vanadium-bearing shale exposure and now holds 100% ownership in the property with no royalty burden by staking 120 unpatented lode claims (2,400 acres) on BLM administered lands. The work program to the end of 2010 at the Del Rio Property is to complete geologic mapping and conduct geologic sampling on the four square mile claim block to delineate all surface exposures of vanadium and geologic controls in preparation for trenching and drilling for enriched zones at depth.

The vanadium bearing shale exposed at surface on the Del Rio Property is mineralized over 1800 feet (550m) of strike and 1200 feet (360 m) of width. Five trenches were sampled in this target area. All zones were oxidized suggesting this target has potential for an enriched transition zone at depth.

The above information has been reviewed and approved by Alan Branham, is a member of the American Institute of Professional Geologists, is a Certified Professional Geologist, and is 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 August 31		Six Months Ended August 31	
	2010	2009	2010	2009
Exploration expenditures	$518,620	$29,686	$605,972	$61,415
General expenses:				
Depreciation	1,655	5,080	3,281	10,225
Investor relations	52,000	750	72,969	750
Office facilities and administrative services	25,693	19,478	49,904	39,103
Professional fees	13,461	798	27,719	15,331
Salaries and benefits	40,797	62,137	72,876	159,489
Stock-based compensation	32,119	29,238	62,568	52,995
Transfer agent, listing and filing fees	8,241	5,026	10,117	11,525
Travel	31,737	8,504	40,072	12,912
Other	12,374	6,145	24,666	13,884
	218,077	137,156	364,172	316,214
Interest income	(1,288)	(136)	(1,295)	(269)
Foreign exchange	(40,271)	(2,106)	(42,468)	9,195
Property review costs	-	-	-	700
Loss on sale of equipment	-	4,101	-	4,101
Unrealized gain on short-term investments	1,020,000		-	
Gain on short-term investments	(888,009)	-	(888,009)	-
Loss for the period	$ 827,129	$ 168,701	$ 38,372	$ 391,356
Loss per share	$0.05	$0.01	$0.00	$0.02

The Company incurred losses of $827,129 and $38,372 for the three months and six months ended August 31, 2010 respectively; compared to losses of $168,701 and $391,356 for the comparable periods of the prior year.

During the prior year the Company was short of working capital and it was necessary for the directors to advance funds to permit the Company to continue operations. Exploration activity was cut back drastically and all discretionary corporate costs were cut back as well. Ultimately the Reno office was closed, staff were laid off and the previous president left the Company to pursue other work.

In November 2009, the Company sold its interest in the Paris Hills mineral property to Stonegate Agricom Ltd ("Stonegate") for $1,000,000 cash and 6 million shares of Stonegate. Proceeds from this sale were used to finance the expansion of activities in the current year. In the first quarter of the current year, after Stonegate went public, Rocky recorded an unrealized gain of $1,020,000 relating to the increase in value of its shares of Stonegate. In the current quarter, Rocky sold all of its shares of Stonegate, reversed the unrealized gain of $1,020,000, and recorded a realized gain of $888,009. Year to date spending on exploration activities has increased significantly, rising from $61,415 for the six

months ended August 31, 2009 to $605,972 for the current year, as the Company concentrates on developing its Gibellini property. Due to the increase in corporate activity, administrative spending has increased as well, notably in the areas of investor relations and travel. Salaries and benefits were higher in the previous year due to the number of executives on the payroll last year and their levels of pay.

Financial Position, including Cash Flows, Liquidity and Capital Resources

At August 31, 2010, the Company had working capital of $3,518,097 compared with working capital of $3,515,200 at February 28, 2010. Cash at the end of the current quarter was $3,713,977.

During the quarter ended August 31, 2010, Rocky received proceeds of $3,888,009 from the sale of 6 million shares of Stonegate. As of February 28, 2010, these shares were included in working capital as a short-term investment and were valued at $3,000,000. Spending for the current year has been for corporate and administrative matters and property and exploration activities. Subsequent to August 31, 2010, the Company received proceeds of approximately $690,000 from the exercise of warrants which were otherwise set to expire on October 3, 2010.

Rocky plans to use its existing working capital to fund corporate activities and to cover option payments and exploration, development and feasibility study costs on the Gibellini property. Funding requirements for the next 12 months through to the end of August 2011 include: $750,000 for corporate and administrative costs, US$144,000 for option payments and US$3,275,000 for exploration, development and feasibility study costs on the Gibellini property. Fluctuations in the exchange rate between the Canadian and US dollar will have an impact on the adequacy of current working capital.

As of the date of this MD&A, the following were “in the money”: 1,199,999 warrants, exercisable into common shares at $0.40, 1,175,000 stock options exercisable into common shares at $0.35 and 25,000 stock options exercisable into common shares at $0.40. If all these warrants and stock options were exercised, this would provide the Company with approximately $900,000. While it is likely that some of these warrants and options will be exercised, it is not possible to predict the extent or timing of any exercise.

It is likely that the Company will require additional equity financing within the next 12 months. Although the Company has been successful with its equity financings in the past, there is no assurance that future financings will be successful in the future.

Summary of Quarterly Results:

	Mineral Exploration ($)	General Expenses ($)	Stock-based Compensation ($)	Interest Income ($)	Net (Income) Loss ($)	Basic & Diluted (Income) Loss Per Share ($)
Q2 – August 31, 2010	518,620	185,958	32,119	(1,288)	827,129	0.05
Q1 – May 31, 2010	87,352	115,646	30,449	(7)	(788,757)	(0.04)
Q4 – February 28, 2010	8,380	84,539	252,767	(12)	420,816	0.03
Q3 – November 30, 2009	6,013	43,982	(42,464)	(9)	(3,677,337)	(0.19)
Q2 – August 31, 2009	29,686	107,918	29,238	(136)	168,701	0.01
Q1 – May 31, 2009	31,729	155,301	23,757	(133)	222,655	0.01
Q4 – February 28, 2009	306,832	204,148	40,713	(540)	553,730	0.04
Q3 – November 28, 2008	478,718	264,491	60,122	(3,154)	767,946	0.05

Explanatory Notes:

1. During Q1 – May 31, 2008, the Company hired a full-time president and commenced paying US$12,500 per month plus benefits. During Q3 – November 30, 2008, the Company hired a part-time VP – Business Development and as a result, salary costs increased by US$8,333 per month. This position was eliminated during Q1 – May 31, 2009 as part of a number of cost saving measures. Following the resignation of the former President in September 2009, this position was without compensation until January 2010 when Mr. Radvak, the new President was hired.

2. The Company reduced mineral exploration expenses commencing Q1 – May 31, 2009 and for the succeeding quarters of fiscal 2010 to preserve cash resources. Spending activity recommenced during Q1 – May 31, 2010 under the direction of the new President as the Company began feasibility study work on the Gibellini property.

3. Stock-based compensation costs are a non-cash expense and represent an estimate of the fair value of stock options granted. The recovery of stock-based compensation costs in Q3 – November 30, 2009 is due to termination of unvested stock options held by the former president of the Company.

4. In November 2009, the Company sold its interest in the Paris Hills Phosphate/Vanadium Property, located in Bear Lake County in Idaho, USA for gross cash consideration of $1,000,000 and 6,000,000 shares of Stonegate Agricom Ltd. valued at $0.50 per share, resulting in a gain of $3,698,631. The Company recorded a $1,020,000 unrealized gain in value of these shares as at May 31, 2010 which was the major contributor to the earnings recorded in Q1 – May 31, 2010. These shares were sold during Q2-August 31, 2010 for an actual realized gain of $888,009.

Transactions with Related Parties

The Company paid Ionic Management Corp. ("Ionic"), a company related by virtue of one director and two officers in common, a fee of $24,000 ($4,000 per month) for accounting and various administrative office services provided. 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.

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.

New Accounting Pronouncements:

Business combinations, consolidated financial statements and non-controlling interest

In January 2009, the CICA issued CICA Handbook Section 1582, "Business Combinations", Section 1601, "Consolidations", and Section 1602, "Non-Controlling Interests". These sections replace the former Section 1581, "Business Combinations", and Section 1600, "Consolidated Financial Statements, and establish a new section for accounting for a non-controlling interest in a subsidiary. Section 1582 establishes standards for the accounting for a business combination, and states that all assets and liabilities of an acquired business will be recorded at fair value. Obligations for contingent considerations and contingencies will also be recorded at fair value at the acquisition date. The standard also states that acquisition-related costs will be expensed as incurred and that restructuring charges will be expensed in the periods after the acquisition date. It provides the Canadian equivalent to IFRS 3, Business Combinations (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

Section 1601 establishes standards for the preparation of consolidated financial statements.

Section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in the preparation of consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS International Accounting Standards ("IAS") 27, Consolidated and Separate Financial Statements (January 2008).

Sections 1601 and 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

International financial reporting standards ("IFRS")

In February 2008, The Canadian Accounting Standards Board confirmed that convergence to International Financial Reporting Standards ("IFRS") will be required in Canada. The Company will be required to report using IFRS beginning March 1, 2011 for interim and annual financial statements with appropriate comparative data from the prior year. The Company has begun the process of evaluating the impact of the change to IFRS.

While IFRS uses a conceptual framework similar to Canadian GAAP, there are significant differences in recognition, measurement and disclosures. The Company's accounting staff has attended several training courses on the adoption and implementation of IFRS. Additionally, the Company, with the assistance of an independent consultant, is currently performing a review of major differences between Canadian GAAP and IFRS. The Company will implement a comprehensive IFRS conversion plan, which takes into account matters such as changes in accounting policies, restatement of comparative periods, organizational and internal controls and any required changes to business processes.

The Company's conversion plan involves the following phases: 1 – scoping and planning, 2 – detailed assessment, 3 – implementation, and 4 – post-implementation.

Scoping and Planning

In the scoping and planning phase, the Company has commenced its review of accounting policies and the changes that may be required on conversion to IFRS. The following discussion highlights some of the initial findings of this exercise:

IFRS 1, "First Time Adoption of International Financial Reporting Standards", provides entities adopting IFRS for the first time with a number of optional exemptions and mandatory exceptions in certain areas, relating to the general requirement for full retrospective application of IFRS. The various accounting policy choices available are being assessed and those determined to be most appropriate will be implemented.

The Company has also identified, in broad terms, certain key areas of financial reporting which may be significantly affected by the adoption of IFRS. These initial findings are discussed in the table below:

Standards	Difference from Canadian GAAP	Potential Impact
Presentation and disclosure	IFRS requires significantly more disclosure than Canadian GAAP for certain standards.	The increased disclosure requirements will cause the Company to change financial reporting processes to ensure the appropriate data is collected.
Stock-based compensation	Under Canadian GAAP, vesting of employee stock options can be recognized on a straight-line basis whereas IFRS requires that each tranche of stock option vesting is treated as having a separate fair value.	The amount of the expense recognized under IFRS may be different to that under Canadian GAAP and is recognized more upfront.
Impairment of long-lived assets	IFRS requires the assessment of asset impairment to be based on discounted cash flows while Canadian GAAP only requires discounting if the carrying value of the assets exceeds the undiscounted cash flows. IFRS also requires the reversal of any previous asset impairment, excluding goodwill, where circumstances have changed. GAAP prohibits the reversal of impairment losses.	The differences in methodology may result in asset impairments upon transition to IFRS. The potential for asset impairments may increase in the future.

It should be note that at this time, the full impact of the transition of IFRS cannot be reasonably estimated. It is anticipated that there will not be a significant impact on the Company's internal and disclosure control processes with the adoption of IFRS.

Detailed Assessment

Phase 2, the detailed assessment phase, will involve further technical analysis of the potential impacts, quantification of alternatives where there are accounting policy choices, detailed analysis, and conclusions regarding IFRS 1 ("First Time Adoption of IFRS") exemptions and exceptions available to the Company.

Implementation

In Phase 3, the implementation phase, the Company will apply management's accounting choices under IFRS, prepare reconciliations, calculate the opening balance sheet at the transition date of March 1, 2010, develop disclosure requirements and develop sample financial statements.

Post-Implementation

Finally, in Phase 4, the post implementation phase, the Company will continuously monitor changes in IFRS and update its accounting policies and internal and disclosure controls as required.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Outstanding Share Data

The following securities are outstanding at October 22, 2010:

Common shares issued and outstanding	19,964,481
Shares issuable on the exercise of outstanding stock options	1,490,000
Shares issuable on the exercise of share purchase warrants	1,199,999

Risks and Uncertainties

Exploration and development of mineral properties involves a high degree of risk and the successful achievement of a profitable operation cannot be assured. Costs of evaluating an ore body are substantial, and may take several years to complete. 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.

The ability of the Company to meet option payments on its mineral properties is dependent upon there being sufficient financial resources. 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.