FORM 5

QUARTERLY LISTING STATEMENT

Name of CNSX Issuer: Rosehearty Energy Inc. (the "Issuer").

Trading Symbol: RHX

SCHEDULE A: FINANCIAL STATEMENTS

See attached as *Schedule "A"*, Q3 financial statements for period ending September 30, 2014.

SCHEDULE B: SUPPLEMENTARY INFORMATION

1. Related party transactions

See attached Schedule "A" Q3 financial statements which include the required supplementary information.

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

(a) summary of securities issued during the period,

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid
Aug 1, 2014	Common shares	Private placement	5,955,004	$0.10	$595,500.40	Cash	N/A	Nil
Aug 1, 2014	Common Shares	Private placement	260,840	$0.10	$26,084	Settlement of debt	N/A	Nil

3. Summary of securities as at the end of the reporting period.

	November 30, 2014	December 31, 2013	December 31, 2012
Common shares	11,838,132	56,222,880	56,222,880
Warrants	5,955,004	6,462,500	16,896,100
Stock options	Nil	3,975,000	3,975,000
Total fully diluted shares outstanding	17,793,136	66,660,380	77,093,980

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

Rosehearty Directors and Officers
Robin Dow, HBA, MBA, FCSI – Chairman, CEO and Director
Robert Schellenberg – Director
Douglas Wallis, CPA, CA – CFO
Patricia Purdy, Corporate Secretary and Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

See attached *Schedule "B",* Q3 Management Discussion and Analysis for the period ending September 30, 2014.

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.

2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.

3. The undersigned hereby certifies to CNSX that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all CNSX Requirements (as defined in CNSX Policy 1).

4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated December 1, 2014.

Robin B. Dow, CEO
Name of Director or Senior Officer

"Robin B. Dow"
Signature

Chief Executive Officer
Official Capacity

Issuer Details Name of Issuer ROSEHEARTY ENERGY INC.	For Quarter Ended 14/09/30	Date of Report 14/12/01
Issuer Address 3643 Marine Drive,		
City/Province/Postal Code West Vancouver, BC, V7N 1N3	Issuer Fax No. (604) 357-1508	Issuer Telephone No. (604) 925-9873
Contact Name Patricia Purdy	Contact Position Corp. Secretary	Contact Telephone No. 604 462-7571
Contact Email Address patricia@dowgroup.ca	Web Site Address www.rosehearty.ca	

Schedule “A”

Rosehearty Energy Inc.

(Formerly Galahad Metals Inc.)

Condensed Consolidated Interim Financial Statements

September 30, 2014 and 2013

(Unaudited)

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Notice of No Auditor Review

The accompanying unaudited condensed consolidated interim financial statements of Rosehearty Energy Inc. (formerly Galahad Metals Inc.) for the none months ended September 30, 2014 have been prepared by management and approved by the Audit Committee and the Board of Directors of the Company. These condensed consolidated interim financial statements have not been reviewed by the Company's external auditors.

Rosehearty Energy Inc.

(Formerly Galahad Metals Inc.)
Condensed Consolidated Interim Statements of Financial Position
(Expressed in Canadian Dollars)
(Unaudited)

	As at September 30, 2014	As at December 31, 2013
Assets	**$**	**$**
Current		
Cash and cash equivalents	4,572	1,172
Marketable securities	-	10,500
Amounts receivable (Notes 4 and 11)	108,970	19,820
Prepaid expenses and other	10,467	2,400
	124,009	33,892
Long term		
Investments in associates (Note 5)	2	-
Total assets	124,011	33,892
Liabilities		
Current		
Trade payables and accrued liabilities	173,480	170,306
Income tax payable	-	1,531
	173,480	171,837
Deficiency		
Share capital (Note 8)	16,250,031	15,628,447
Contributed surplus	-	1,342,321
Deficit	(16,299,500)	(17,108,713)
Total shareholders' deficiency	(49,469)	(137,945)
Total liabilities and shareholders' deficiency	124,011	33,892

Corporate Information and Going Concern Comments (Note 1) **and Subsequent Events** (Note 15)

Approved and authorized for issue by the Board on November 30, 2014

On behalf of the Board:

"Robin Dow" Director *"Bob Schellenberg"* Director

The accompanying notes are an integral part of these financial statements.

Rosehearty Energy Inc.

(Formerly Galahad Metals Inc.)
Condensed Consolidated Interim Statements of Income and Comprehensive Income
(Expressed in Canadian Dollars)
(Unaudited)

	Three months ended September 30		Nine months ended September 30	
	2014	2013	2014	2013
	$	**$**	**$**	**$**
Expenses				
Management and director fees	18,000	-	112,500	5,000
Promotion and investor confidence	28,678	2,475	85,593	4,763
Regulatory, exchange, AGM, and transfer agent	3,878	14,956	31,970	22,711
Professional fees	1,500	42,178	45,369	68,804
Other expenses (Note 9)	34,000	15,896	90,672	48,454
Exploration and evaluation expenditures	-	994	-	28,177
	(86,056)	(76,499)	(366,104)	(177,909)
Other income and expenses				
Gain on settlement of debts (Note 13)	-	(53,160	100,155	290,312
Finance costs	(27,374)	(2,307)	(29,881)	(4,466)
Gain on sale of marketable securities	-	-	1,360	-
Costs recovered	-	-	84,436	-
Foreign exchange gain (loss)	(424)	-	(9,315)	-
Loss in associate (Note 5)	-	-	(270,899)	-
Write down of investment in associate(Note 5)	(42,860)	-	(42,860)	-
	(70,658)	(55,467)	(167,004)	285,846
Net income (loss)and comprehensive income (loss) for the period	(156,714)	(131,966)	(533,108)	107,937
Earnings (loss) per share (Note 10)				
Basic and diluted	(0.02)	(0.02)	(0.08)	0.02
Weighted average number of common shares outstanding				
Basic and diluted	9,743,663	5,622,288	7,011,176	5,622,288

The accompanying notes are an integral part of these financial statements.

Rosehearty Energy Inc.
(Formerly Galahad Metals Inc.)
Condensed Consolidated Interim Statements of Cash Flows
(Expressed in Canadian Dollars)
Nine months ended September 30
(Unaudited)

	2014 $	2013 $
Cash flows used in operating activities		
Net income (loss) for the period	(533,108)	239,902
Gain on sale of marketable securities	(1,360)	-
Gain on settlement of debt	(100,154)	-
Fees settled for shares	60,500	-
Interest expense settled for shares	26,084	-
Prior losses in associate (Note 5)	270,899	-
Write down of investment in associate	42,860	-
Unrealized foreign exchange	(107,771)	-
Change in non-cash working capital items:		
Amounts receivable	(89,150)	(5,368)
Prepaid expenses	(8,067)	(125)
Income tax payable	(1,531)	-
Trade payables and accrued liabilities	3,174	(241,222)
	(437,624)	(6,813)
Cash flows from (used in) investing activities		
Proceeds from sale of marketable securities	11,860	-
Investments	(116,789)	-
	(104,929)	-
Cash flows from financing activities		
Shares issued - convertible notes	535,000	-
Total (decrease) in cash during the period	(7,553)	(6,813)
Cash - beginning of period	1,172	24,432
Cash acquired on corporate acquisition	10,953	-
Cash - end of period	4,572	17,619

Supplemental cash flow information (Note 13)

The accompanying notes are an integral part of these financial statements.

Rosehearty Energy Inc.

(Formerly Galahad Metals Inc.)
Condensed Consolidated Interim Consolidated Statements of Changes in Equity (Deficiency)
(Expressed in Canadian Dollars)
(Unaudited)

		Share capital	Contributed Surplus	Deficit	Total
		$	$	$	$
Balance at December 31, 2012	5,622,288	15,628,447	1,342,321	(17,199,009)	(228,241)
Net income for the period				104,654	104,654
Balance at March 31, 2013	5,622,288	15,628,447	1,342,321	(17,094,355)	(123,587)
Net income for the period				135,248	135,248
Balance at June 30, 2013	5,622,288	15,628,447	1,342,321	(16,959,107)	11,661
Net loss for the period				(131,966	(131,966)
Balance at September 30, 2013	5,622,288	15,628,447	1,342,321	(17,091,073	(120,305)
Net loss for the period				(17,640)	(17,640)
Balance at December 31, 2013	5,622,288	15,628,447	1,342,321	(17,108,713)	(137,945
Net income for the period				49,791	49,791
Balance at March 31, 2014	5,622,288	15,628,447	1,342,321	(17,058,922)	(88,154)
Net loss for the period				(426,185)	(426,185)
Balance at June 30, 2014	5,622,288	15,628,447	1,342,321	(17,485,107)	(514,339)
Shares issued on exercise of convertible debt	5,955,004	595,500			595,500
Shares issued for interest on convertible debt	260,840	26,084			26,084
Cancellation of share options			(1,235,846)	1,235,846	-
Expiry of warrants			(106,475	106,475	-
Net loss for the period				(156,714)	(156,714)
Balance at September 30, 2014	11,838,132	16,250,031	-	(16,299,500)	(49,469)

The accompanying notes are an integral part of these financial statements.

1. CORPORATE INFORMATION AND GOING CONCERN COMMENTS

Rosehearty Energy Ltd. (the "Company") was incorporated in the Province of Ontario on Sept 1, 2000 under the name Phoenix Matachewan Mines Inc. Effective December 30, 2008, the Company changed its name to Galahad Metals Inc. Effective July 31, 2014, the Company changed its name to Rosehearty Energy Inc. The Company is the ultimate parent. The primary office of the Company is located at P.O. Box 915, Kemptville, Ontario K0G 1J0.

Effective July 31, 2014, the outstanding shares and warrants of the Company were consolidated, on the basis of ten old common shares for one new common share and the Company was continued to the province of British Columbia. The Company cancelled all outstanding share options on that date. All share disclosure and per share amounts in these financial statements reflect the consolidation of the share capital of the Company.

The Company is a development stage junior energy company engaged in the identification, acquisition, evaluation and exploration for oil and gas with a property in Russia

At the date of these financial statements the Company has not determined whether the property contains oil and gas reserves that are economically recoverable. Should the Company determine that the property contains oil and gas reserves that warrant continued exploration and development efforts, such efforts are dependent on the ability of the Company to obtain the necessary financing to complete the exploration and definition of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development of these reserves and upon attaining future profitable production from the properties or sufficient proceeds from disposition of the properties.

2. BASIS OF PREPARATION

Basis of presentation

Rosehearty Energy Inc. is presenting unaudited condensed interim financial statements as at September 30, 2014 and December 31, 2013 and for the three and six month periods ended September 30, 2014 and 2013.

These financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value, and are presented in Canadian dollars which is the Company's functional currency, except where otherwise indicated.

Going Concern

These financial statements have been prepared on a going concern basis, which contemplates the realization of assets and settlement of liabilities in the normal course of business.

The Company had cash and cash equivalents of $4,572 as at September 30, 2014 (December 31, 2013 - $1,172) and a working capital deficiency of $49,471 as at September 30, 2014 (December 31, 2013 - $137,945), but management cannot provide assurance that the Company will ultimately achieve profitable operations, become cash flow positive, or raise additional debt and/or equity capital. The Company's solvency, ability to meet its liabilities as they become due and to continue its operations, is essentially solely dependent on funding provided by potential and as yet unidentified investors. If such potential and unidentified investors are unwilling to provide ongoing funding to the Company and/or if the Company is unable to raise additional capital in the immediate future, the Company will need to curtail operations, liquidate assets, seek additional capital on less favourable terms and/or pursue other remedial measures or cease operations. Management is aware, in making its assessment, of material uncertainties related to events or conditions that may cast significant doubt upon the Company's ability to continue as a going concern. These financial statements do not include any adjustments that might be necessary should the Company be unable to continue as a going concern including adjustments related to employee severance pay and other costs related to ceasing operations.

Statement of compliance

These unaudited condensed interim financial statements of the Company, including comparatives, have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, Interim Financial Reporting. The unaudited condensed interim financial statements .should be read in conjunction with the annual audited financial statements for the year ended December 31, 2013 which have been prepared in accordance with IFRS as issued by the IASB.

The unaudited condensed interim financial statements were approved by the Board of Directors on November 30, 2014.

Adoption of new and revised standards and interpretations not yet adopted

At the date of authorization of these financial statements, the IASB and IFRIC have issued the following new and revised standards, amendments and interpretations which are not yet effective during the year ended December 31, 2014:

- IFRS 9 '*Financial Instruments'* is a new financial instruments standard effective for annual periods beginning on or after Jan 1, 2015 that replaces IAS 39 and IFRIC 9 for classification and measurement of financial assets and financial liabilities.
- IAS 12 *'Income Taxes'* removes subjectivity in determining on which basis an entity measures the deferred tax relating to an asset. The amendment introduces a presumption that an entity will assess whether the carrying value of an asset will be recovered through sale of the asset.
- IAS 32 (Amendment) *'Financial Instruments: Presentation'* is effective for annual periods beginning on or after Jan 1, 2014 and revises certain aspects of the requirements on offsetting.

The Company has not early adopted these standards, amendments and interpretations and anticipates that the application of these standards, amendments and interpretations will not have a material impact on the financial position and financial performance of the Company.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Significant accounting judgments, estimates and assumptions

The preparation of the Company's financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and reported amounts of income and expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. However, actual outcomes can differ from these estimates.

Areas requiring a significant degree of estimation and judgment relate to fair value measurements for financial instruments and share-based payments, the recognition and valuation of provisions for decommissioning liabilities, the recoverability and measurement of deferred tax assets and liabilities, and the ability to continue as a going concern. Actual results may differ from those estimates and judgments.

Investment in associate

An associate is an entity in which the Company has significant influence, and that is neither a subsidiary nor an interest in a joint venture. Significant influence is the power to participate in the financial and operating policy decisions of the investee but is not control or joint control over those policies and is presumed to exist when the Company holds between 20 and 50 percent of the voting power of another entity. Investments in associates are accounted for by using the equity method of accounting.

Under the equity method, the Company's investment in an associate is initially recognized at cost and subsequently increased or decreased to recognize the Company's share of earnings and losses of the associate and for impairment losses after the initial recognition date. The Company's share of an associate's losses that are in excess of its investment in the associate are recognized only to the extent that the Company has incurred legal or constructive obligations or made payments on behalf of the associate. The Company's share of earnings and losses of associates are recognized in profit or loss during the period.

After application of the equity method, the Company determines whether it is necessary to recognize an impairment loss on the Company's investment in its associates. The Company determines at each reporting date whether there is any objective evidence that the investment in the associate is impaired. If there is objective evidence, the Company calculates the amount of impairment as the difference between the recoverable amount of the associate and its carrying value and recognizes the amount in profit or loss. When a group entity transacts with an associate of the Company, profit and losses are eliminated to the extent of the Company's interest in the relevant associate.

Exploration and evaluation expenditures

Exploration and evaluation expenditure relates to costs incurred on the exploration and evaluation of potential oil and gas reserves includes costs such as exploratory drilling and sample testing and the costs of pre-feasibility studies. Exploration and evaluation expenditures for each area of interest are expensed

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Exploration and evaluation expenditures (continued)

in the year in which they are incurred. Purchased exploration and evaluation assets are expensed at their cost of acquisition or at fair value if purchased as part of a business combination.

For tax credits and mining rights receivable relating to eligible exploration expenditures, the Company has elected the policy of including them in "other income" in the period in which it is more likely than not that the Company will be receiving the tax credit or mining rights receivable.

4. AMOUNTS RECEIVABLE

The Company's amounts receivables are as follows:

	September 30 2013	December 31, 2013
	$	$
GST/HST and QST receivable	3,303	6,675
Due from related parties (Note 11)	23,162	13,144
Red Ore convertible note receivable	1	1
Recoverable from investor in OAO Technition	82,505	-
Total trade and other receivables	108,970	19,820

Included in amounts receivable of the Company are amounts due from related parties which are disclosed in Note 11. The amounts are unsecured, interest-free and repayable upon written notice given from the Company.

Amounts receivable include a convertible note receivable (the "Convertible Note") from Red Ore with a principal amount of $186,419 bearing interest at 10%, per annum, unsecured and due on May 30, 2017. Related interest is due and payable annually on May 30 of each year. During the year ended December 31, 2012, the Company recognized a write down of the convertible note receivable of $ $186,418 to reduce the carrying value to $1, and a write-down of interest receivable of $10,981 related to the above convertible note (Note 5).

The Company has the option to convert any unpaid principal anytime or from time to time on May 30, 2014 into fully paid and non-assessable common shares of Red Ore at a conversion price of $0.50 per common share. Red Ore has the option to repay the interest portion in cash or in shares at a conversion price equal to the market price of the common shares if the shares are publicly listed. If the shares are not publicly listed, the conversion price is to be determined by the board of Red Ore, acting reasonably, representing the then fair market value of the shares.

5. INVESTMENTS IN ASSOCIATES

The Company's investments in associates are as follows:

	Number of	**Company's**	**Quoted**	**Carrying value**

	shares	interest	price/share	
				$
Red Ore (at Sept 30, 2014 and Dec 31, 2013	6,609,089	34%	N/A	$1
OAO Techniton		47%	N/A	42,861
Provision for decline in OAO Techniton				(42,860)
Total				2

On September 9, 2013, the Company entered into an agreement with Red Ore whereby Red Ore would re-acquire the Company's 6,609,089 shares of Red Ore for proceeds of $135,000. The agreement will be completed concurrent with payment of the proceeds, which had not occurred at March 31, 2014. The agreement also provides for the cancellation of the Convertible Note for no proceeds. It is anticipated that Red Ore will cancel the acquired shares on completion of the agreement.

The investment in OA) Techniton ("Techniton"), consisting of investment and advances, is held in Arax Energy Inc. ("Arax) which is a subsidiary of the Company. Arax had ceased recognizing its share of losses of Techniton as the recognized losses were equal to the carrying value of the investment. During the three months ended June 30, 2014, Arax made further advances of $270,899 to Techniton which triggered the recognition of previously unrecognized losses of Techniton equal to the advances. The Company has recognized a decline in value of the investment in the amount of $42, 860 (Note 15).

6. CONVERTIBLE NOTES PAYABLE

The Company issued notes payable in the amount of $599,500 that were unsecured, interest bearing at 15% per annum and convertible into units at a price of 10 cents per unit. Each unit comprised one post-consolidation (see Note 1) common share of the Company and one common share purchase warrant, each of which is exercisable to purchase one post-consolidation common share of the Company at 20 cents per share until 2 years after the conversion date.. The conversion of the note to units of the Company was to be automatically triggered upon completion of the proposed share consolidation. (see Note 1)

Effective August 1, 2014, the notes were converted to 5,955,004 common shares. The Company incurred interest expense of $26,084 which was settled by issue of 260,840 common shares.

7. EXPLORATION AND EVALUATION EXPENDITURES

The Company did not incur any exploration and evaluation expenditures in the nine months ended September 30, 2014. Such expenditures during the nine months ended September 30, 2013 were as follows:

	Regcourt	Bargold	Total
	$	$	$
Data	20,825		20,825
Geological and field expenses	1,025	500	1,525
Report preparation	2,000	1,000	3,000
Renewal fees	1,833		1,833
Balance, September 30, 2013	25,683	1,500	27,183

Project overview:

Regcourt, Quebec

The Regcourt property consisted of interests in 20 claims located in Vauquelin Township. The Company disposed of the property in May 2013 for proceeds of $43,500 resulting in a gain of $43,500.

Montrose, Ontario

The Company holds one mining lease in Montrose Township, Ontario that had a 1% NSR on the property subject to the mining lease.

Kellyn Gold, Ontario

The Company held options on nine claims (56 claim units) in the Thunder Bay area. The Company had additionally staked and optioned 2 additional claim blocks. During the year ended December 31, 2013, the Company terminated the options.

Bargold, Quebec

In October, 2013, the Company received 150,000 Class B common shares of Abcourt, valued at $10,500, and cash proceeds of $5,500 as a result of the sale of the Bargold claims, resulting in a gain of $16,000.

Environmental and reclamation obligations

At the present time and to the best knowledge of its Management, the Company is in conformity with the laws and regulations in effect respecting environment protection and the requirements respecting reclamation of mineral properties and retirement of long-term assets. In managements view, there is no material liability respecting such requirements.

8. SHARE CAPITAL

Common shares

The Company is authorized to issue an unlimited number of common shares.

Preferred shares

The Company is authorized to issue an unlimited number of preferred shares with the rights, privileges and restrictions determined by the Board of Directors at the time of issuance.

Company has no preferred shares outstanding.

Share purchase warrants

The following is a summary of the changes in the Company's share purchase warrants during the 9 month period ended September 30, 2014 and the year ended December 31, 2013.

	September 30, 2014		December 31, 2013	
	Number of warrants	**Weighted average exercise price**	Number of warrants	Weighted average exercise price
		$		$
Outstanding, beginning	646,250	1.20	1,689,610	2.00
Issued	5,955,004	0.20	-	-
Expired	(646,250)	1.20	(1,043,360)	(2.50)
Outstanding, end of period	5,955,004	0.20	646,250	1.20

8. SHARE CAPITAL (Continued)

Stock options

The following is a summary of the changes in the Company's stock option plan for the 9 months ended September 30, 2014 and the year ended December 31, 2013:

	September 30,2014		December 31, 2013	
	Number of options	**Weighted average exercise price**	Number of options	Weighted average exercise price
		$		$
Outstanding, beginning of period	397,500	1.10	397,500	1.10
Expired / cancelled	(397,500)	1.10	-	1.10
Outstanding, end of period	-	-	397,500	1.10

The following table summarizes information regarding stock options outstanding and exercisable as at September 30, 2014 and December 31, 2013:

Exercise price	**Number of options outstanding**	**Weighted-average remaining contractual life (years)**	**Weighted average exercise price**
$1.00 - $1.50	-	1.80	1.10
Total options outstanding and exercisable	-	1.80	1.10

9. OTHER EXPENSES

	Three months ended September 30		Nine months ended September30	
	2014	2013	2014	2013
	$	**$**	**$**	**$**
Rent, phone, utilities, supplies and other	5,100	5,767	14,623	6,846
Contractor fees	19,798	8,814	64,764	13,212
Insurance	3,250	-	5,433	12,500
Ontario transition tax	5,852	-	5,852	(85,520)
Total	34,000	14,581	90,672	(52,962

10. INCOME (LOSS) PER SHARE

The calculation of basic and diluted income per share is based on the following data:

	September 30, 2014	September 30, 2013
	$	$
Net income (loss) for the period	(533,108)	107,937
Weighted average number of shares – basic and diluted	7,011,176	5,622,288
Income (loss) per share, basic and diluted	(0.08)	0.02

11. RELATED PARTY TRANSACTIONS

The Company's related parties are:

- Desiree Resources Inc., a company with management and certain directors in common with the Company.
- Pueblo Minerals Inc., a company with management and certain directors in common with the Company.
- D & J Wallis Enterprises Ltd., a company controlled by an officer of the Company.
- Red Ore Gold Inc., a company with a Chairman in common with the Company.

Due from/to related parties

The assets of the Company include the following amounts due from related parties:

	September 30, 2014	December 31, 2013
	$	$
Desiree Resources Inc.	12,376	4,461

Pueblo Minerals Inc.	10,786	8,683
Total amount due from related parties (Note 5)	23,162	13,144

Key management personnel compensation

The remuneration of directors and other members of key management for the 9 months ended June 30, 2014 and 2013 were as follows:

	2014	2013
	$	$
Short-term benefits - management fees, consulting fees and salaries	95,000	5,000
Short-term benefits – directors fees	17,500	
Total key management personnel compensation	112,500	5,000

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair values

The Company's financial instruments are cash and accounts payables. The Company considers that the carrying amount of its financial instruments approximates their fair value due to the demand nature or short term maturity of these instruments.

Credit risk

Financial instruments that potentially subject the Company to credit risk consist of cash and cash equivalents and amounts receivable. The Company deposits cash and cash equivalents with high credit quality financial institutions as determined by rating agencies. The Company is not subject to significant credit risk.

Currency risk

The Company is not exposed to significant currency risk.

Liquidity risk

The Company manages liquidity risk by maintaining an adequate level of cash and cash equivalents to meet its ongoing obligations. The Company has been successful in raising equity financing in the past; however, there is no assurance that it will be able to do so in the future. As at September 30, 2014, the Company had a working capital deficit of $ 49,471 (December 31, 2013 – $137,945).

Other risks

Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest rate risk and commodity price risk arising from financial instruments.

13. SUPPLEMENTAL CASH FLOW INFORMATION

The Company made the following cash payments for interest and income taxes:

Nine months ended June 30	2014	2013
	$	$
Interest	-	-
Income taxes	7,383-	-

During the nine month period ended September 30, 2014, the Company reached settlements with various creditors that resulted in a gain on settlement of debts in the amount of $100,154 (2013 - $76,798). The Company paid interest of $26, 084 which was settled for 260,840 shares of the Company.

14. CORPORATE ACQUISITION

On April 8, 2014, the company acquired 25,375,205 common shares and 28.8 million convertible preference shares (65.0%) of Arax Energy Inc. ("Arax"), a Canadian non-listed company, for the sum of $1. The operations and changes in cash flow of Arax have been included from the date control was acquired (April 8, 2014) to the date of these consolidated financial statements.

Fair value of Arax assets acquired and liabilities assumed

	$
Cash	10,953
Investments and advances to Associate	42,861
Accounts payable	(25,908)
Other liabilities	(27,905)
Total	1

The vendors of the Arax shares are Firebird Global Master Fund Holdings Ltd. and Firebird Global Master Fund Holdings II Ltd. (together "Firebird"), both of which are hedge funds located in the Cayman Islands.

In the event that Arax's indirectly held Russian Associate, OAO Techniton, produces more than an average of 500 barrels of oil equivalent per day for a period of six months ending no later than December 31, 2016, then the Company agrees to pay to Firebird a bonus payment of $3,027,978.73 in cash. Should Firebird elect to receive such payment in common shares of the Company, the number of common shares to be issued shall be determined by dividing the bonus amount by the higher of 50 cents or the four-week volume-weighted average price prior to the payment.

Between April 9 and June 30, 2014, five other Arax shareholders accepted the same $1 offer, representing 7,218,129 Arax shares (8.6%).

The Company has the option until April 8, 2015 to terminate Firebird's bonus payment for $750,000 cash and the other 5 shareholders bonus payments for $99,560 cash.

No value has been assigned to the conditional additional payments due to the high degree of uncertainty surrounding them.

15. SUBSEQUENT EVENT

Effective November 30, 2014 the Company sold 100% of its interest (shares and advances) in its subsidiary Arax Energy Ltd. to an arms-length private company for $1.

Schedule “B”

ROSEHEARTY ENERGY INC.

(Formerly Galahad Metals Inc.)
MANAGEMENT’S DISCUSSION AND ANALYSIS
For the Nine Months Ended September 30, 2014
(Information as at November 30, 2014 unless otherwise noted)

Cautionary Statements

Forward ‑ Looking Information

Except for statements of historical fact relating to Rosehearty Energy Inc. and its subsidiaries (“RHX”), certain statements contained in this MD&A constitute forward ‑ looking information, future oriented financial information, or financial outlooks (collectively "forward ‑ looking information") within the meaning of Canadian securities laws.

Forward ‑ looking information may relate to this document and other matters identified in RHX's public filings, RHX's future outlook and anticipated events or results and, in some cases, can be identified by terminology such as "may", "will", “could”, "should", "expect", "plan", "anticipate", "believe", "intend", "estimate", “projects”, "predict", "potential", "targeted", "possible", "continue", "objective" or other similar expressions concerning matters that are not historical facts and include, commodity prices, access to sufficient capital resources, mineral resources, mineral reserves, realization of mineral reserves, existence or realization of mineral resource estimates, results of exploration activities, the timing and amount of future production, the timing of construction of the proposed mine and process facilities, the timing of cash flows, capital and operating expenditures, the timing of receipt of permits, rights and authorizations, communications with local stakeholders and community relations, employee relations, settlement of disputes, status of negotiations of joint ventures, availability of financing and any and all other timing, development, operational, financial, economic, legal, regulatory and political factors that may influence future events or conditions.

Such forward ‑ looking statements are based on a number of material factors and assumptions, including, but not limited in any manner, those disclosed in any other of RHX’s public filings, and include the ultimate determination of mineral reserves, availability and final receipt of required approvals, licenses and permits, ability to acquire necessary surface rights, sufficient working capital to develop and operate the proposed mine, access to adequate services and supplies, economic conditions, commodity prices, foreign currency exchange rates, interest rates, access to capital and debt markets and associated cost of funds, availability of a qualified work force, positive employee relations, lack of social opposition and legal challenges, ability to settle disputes, and the ultimate ability to mine, process and sell mineral products on economically favorable terms. While RHX considers these assumptions to be reasonable based on information currently available to it, they may prove to be incorrect. Actual results may vary from such forward-looking information for a variety of reasons, including but not limited to risks and uncertainties disclosed in other RHX’s filings.

Forward-looking statements are based upon management’s beliefs, estimate and opinions on the date the statements are made and, other than as required by law, RHX does not intend, and undertakes no obligation to update any forward-looking information to reflect, among other things, new information or future events.

INTRODUCTION

The following provides management’s discussion and analysis of the financial position of Rosehearty Energy Inc. (“the Company”) and the results of operations of the Company for the nine months ended September 30, 2014.

Management's Discussion and Analysis was prepared by Company management and approved by the Board of Directors on
November 30, 2014.

This MD&A complements and supplements the condensed interim financial statements for the nine months ended September 30, 2014, and should be read in conjunction with the condensed interim financial statements. All figures are presented in Canadian dollars (unless otherwise indicated) and are in accordance with International Financial Reporting Standards ("IFRS"). These statements together with the following management discussion and analysis are intended to provide investors with a reasonable basis for assessing the financial performance of the Company as well as forward-looking statements relating to potential future performance. All amounts in this MD&A are expressed in Canadian dollars ("CAD"), unless otherwise noted. Additional information relating to the Company may be found on SEDAR at www.sedar.com.

NATURE OF OPERATIONS

Corporate summary

Rosehearty Energy Inc. (“RHX”) was incorporated under the name “Phoenix Matachewan Mines Inc.” under the laws of the Province of Ontario by Articles of Incorporation dated September 1, 2000. During 2000, Patrician Diamonds Inc. (formerly Patrician Consolidated Gold Mines Ltd.), a related party, received shareholder approval to transfer all of its property assets and cash of $150,284 to the Company in exchange for 183,755 common shares and 57,219 warrants for common shares of the Company. On December 3, 2008, at a Special meeting of the Company, the shareholders approved a ten-for-one consolidation of the shares of the Company, and the change of the name of the Company from Phoenix Matachewan Mines Inc. to Galahad Metals Inc. On December 30, 2008, the Company obtained the required regulatory approvals for the share consolidation and name change.

(i) On April 9, 2014 the Company announced that it had purchased 65 per cent of Arax Energy Inc. (“Arax”), a Canadian non-listed company, through the acquisition of 25,375,205 common shares and 28.8 million convertible preference shares of Arax, for the sum of $1. The Company has entered into a subscription agreement to acquire a further 60 million Arax shares for $0.005 per share.

(ii) The vendors of the Arax shares are Firebird Global Master Fund Holdings Ltd. and Firebird Global Master Fund Holdings II Ltd. (together “Firebird”), both of which are hedge funds located in the Cayman Islands.

(iii) In the event that Arax's indirectly held Russian subsidiary, OAO Techniton, produces more than an average of 500 barrels of oil equivalent per day for a period of six months ending no later than Dec. 31, 2016, then the Company agrees to pay to Firebird a bonus payment of $3,027,978.73 in cash. Should Firebird elect to receive such payment in common shares of the Company, the number of common shares to be issued shall be determined by dividing the bonus amount by the higher of 50 cents or the four-week volume-weighted average price prior to the payment.

(iv) The Company has the option until April 8, 2015 to terminate Firebird's bonus payment for $750,000 cash.

(v) Between April 9 and June 30, 2014, five other Arax shareholders accepted the same $1 offer, representing 7,218,129 Arax shares (8.6%). The potential bonus payment of approximately $2,604,406 to those other Arax shareholders can be terminated for $99,560 cash.

(vi) On April 10, 2014, the Company made application to list on the Canadian Securities Exchange (CSE). On July 30th, the Company was listed for trading on the CSE under the name Rosehearty Energy Inc. under the symbol “RHX” and was subsequently de-listed from the NEX.

(vii) Effective July 31, 2014, the outstanding shares and warrants of the Company were consolidated, on the basis of ten old common shares for one new common share and the Company was continued to the province of British Columbia. The Company cancelled all outstanding share options on that date. The share disclosure and per share amounts in this MD&A for the year to date and in the September 30, 2014 financial statements reflect the consolidation of the share capital of the Company.

Rosehearty is a development stage junior energy company engaged in the identification, acquisition, evaluation and exploration for oil and gas with a property in Russia.

RHX’s common shares are listed on the CSE under the symbol RHX. The primary office of the Company is located at 3643 Marine Drive, West Vancouver, BC, V7V 1N3.

STRATEGY AND OUTLOOK

Management's objective is to maximize the value of RHX for our shareholders and our strategy to obtain this result is to continually develop our energy properties.

ON-GOING PROJECT

Listed below is the Company's main project and its status:

Country	Project	Commodity	Status at June 30, 2014	Future Plans	RHX Ownership	Company held in
Russia	South Temryuk	Oil, gas and condensate	Project Review	To re-enter ST #1	47% + 8% indirect control	Arax Energy Inc.

Effective November 30, 2014, the Company sold 100% of its interest in the project by way of the sale of its interest (shares and advances) in its subsidiary Arax Energy Ltd. to an arms-length private company for $1.

Exploration and evaluation expenditures

During the nine month period ended September 30, 2014, RHX did not incur any exploration and evaluation Expenditures on its ST #1 project.

SELECTED ANNUAL AND INTERIM INFORMATION

The following table contains selected financial information of the Company for the Third Quarter ending September 30, 2014. This information is derived from the December 31, 2013 audited consolidated financial statements as well as the December 31, 2012 audited consolidated financial statements of the Company.

	Nine Months ended Sept 30, 2014 $	Year ended Dec 31, 2013 $	Year ended Dec 31, 2012 $	Year-ended Dec 31, 2011 $
Revenue	Nil	Nil	Nil	Nil
Total expenses	(533,108)	(207,304)	(760,149)	(2,942,027)
Net income (loss) for the period	(533,108)	90,296	606,959	(2,696,976)
Net income (loss) attributed to owners of the parent	(533,108)	90,296	606,959	(2,382,927)
Basic and diluted income (loss) per common share	0.08	0.001	0.01	(0.05)
	As at Sept 30, 2014 $	**As at Dec 31, 2013 $**	**As at Dec 31, 2012 $**	**As at Dec 31, 2011 $**
Total assets	124,011	33,892	158,249	956,221
Total long-term financial liability	-	-	-	55,076
Cash dividends per common share	NIL	NIL	NIL	NIL

Comprehensive Income/(Loss)

The Company reported Comprehensive income (loss) for the nine month period ended September 30, 2014 of $(533,108) (2013 – $107,937). RHX deconsolidated its investment in Red Ore Gold Inc. ("RXX") when it lost control effective January 1, 2012. Up to and including December 31, 2011, Galahad accounted for its investment in RXX on a consolidated basis.

Results of Operations, for the nine month period ended September 30, 2014, ("Q3, 2014") compared with the nine month period ended September 30, 2013 ("Q3, 2013')

RHX reported net income (loss) of ($533,108)for Q3, 2014 compared to $107,937 for Q3, 2013, a reduction of $647,045.
Significant differences arise from the acquisition of Arax and additional financing provided to OA0 Techniton, which holds the Company's oil and gas interest in Russia. Further, the Company provided for a decline in the investment in OAO Techniton.

Further details on the variance are:

- $190,157 reduction in gain on settlement of debts ($100,155 in Q3, 2014 versus $290,312 in Q3, 2013)
- $84,436 in recovery of development costs from another shareholder of Arax

Partially offset by:

- $28,177 reduction in exploration and evaluation expenditures, ($Nil in Q3, 2014 versus $28,177 in Q3, 2013) as a result of the sale or abandonment of various projects in the prior year and no currently planned activity on the Montrose project.
- $80,830 increase in promotion and investor confidence costs($85,593 in Q3, 2014 versus $4,763 in Q3, 2013) as a result of travel and expenses relating to seeking funding for the Russian oil project
- $107,500 increase in management and directors fees ($112,500 in Q3, 2014 versus $5,000 in Q3, 2013) due to significantly higher levels of activity and management and directors partially resuming payments as a result of those higher levels of activity.
- $270,899 increase in loss in Techniton, a non-cash cost arising from recognition of previously unrecorded losses in Techniton which was triggered by the additional advances to Techniton.
- $42,860 as provision for decline in value of investment in Techniton

No cash dividends have been paid by RHX. The Company has no present intention of paying cash dividends on its common shares as it anticipates that all available funds will be invested to finance new and existing exploration activities.

Selected Financial Data quarterly

Quarter	Net Income (Loss) ($)	Income (Loss)/share ($)	Total Assets ($)	Shareholder's Equity attributable to owners of the Parent ($)	Non-controlling interest ($)
Q3/2014	(156,714)	(0.02)	124,011	(49,469)	-
Q2/2014	(426,185)	(0.08)	184,990	(514,339)	
Q1/2014	49,791	0.001	15,934	(88,154)	
Q3/2013	107,937	0.0020	82,898	(120,304)	
Q2/2013	108,065	0.00	156,929	11,661	-
Q1/2013	104,654	0.00	185,345	(118,340)	-
Q4/2012	(22,104)	(0.00)	158,249	(228,241)	-
Q3/2012	(375,574)	(0.01)	468,637	(84,288)	-
Q2/2012	(73,193)	(0.00)	641,011	255,025	-
Q1/2012	(1,082,830)	(0.01)	707,554	226,619	-
Q4/2011	(457,455)	(0.01)	956,221	(304,393)	133,184
Q3/2011	(705,774)	(0.01)	940,646	(1,317,887)	1,623,961
Q2/2011	(805,796)	(0.01)	1,441,680	(578,950)	1,356,926
Q1/2011	(727,651)	(0.02)	1,968,907	23,869	1,304,233
Q4/2010	(1,871,270)	(0.04)	277,462	(134,622)	(19,483)

LIQUIDITY AND CAPITAL RESOURCES

At September 30, 2014, RHX had cash totaling at $4,572 (December 2013 - $1,172). During the nine months ended September 30, 2014, RHX received net cash of $535,000 from financing activities, and utilized cash of $104,929 for investing activities and $437,624 for operating activities.

RHX has financed its operations from inception to date through the issuance of equity securities. RHX has budgeted exploration work programs, administrative and other expenses that exceed available cash resources. From inception to date, RHX has incurred losses from operations and has had negative cash flow from operating activities. RHX requires additional funding to be able to further its existing exploration projects and to meet ongoing requirements for general operations. The ability of RHX to continue as a going concern is dependent on raising additional financing, development of its properties and generation of profitable operations in the future.

Rosehearty Energy Inc. Financing Transactions

2013 issuances

There have been no issuances in 2013.

2014 issuances

On April 9, 2014, the Company sold to Firebird a 15-per-cent convertible note in the principal amount of $400,000, (cash proceeds to the Company of $400,000) which is convertible into four million units of the issuer at a price of 10 cents per unit. Each unit comprises one post-consolidation (see Note 1) common share of the issuer and one common share purchase warrant, each of which is exercisable to purchase one post-consolidation common share of the issuer at 20 cents per share until April 8, 2016. The conversion of the note to shares of the Company is automatically triggered upon completion of the proposed share consolidation.

On April 14, 2014, the Company sold to a non-related party an additional $100,000 15% convertible note with the same terms as above.

On May 19, 2014, the Company agreed to pay to the Black Vulcan Resources LLC. (the "Finder"), a fee of $40,000 cash, which was used to subscribe to a $40,000 Convertible Note in RHX, which is convertible into 400,000 Units as compensation Units to the Finder in consideration of the Finder having assisted the Corporation in the sale of 4,000,000 Units @ $0.10, each Unit comprised of one post-consolidation common share and one post consolidation common share purchase warrant, exercisable for two years from the date of completion of the private placement, where the compensation Units are to equal 10% of the number of Units arranged for sale by the Finder.

On July 14, 2014, the Company sold a further $32,500 in convertible notes with the same terms as above.

Effective August 1, 2014 the Company issued 5,955,004 common shares as a result of the conversion of notes payable. Further, the Company issued 260,840 shares as consideration for interest of $26,084 on the notes payable.

RHX OUTSTANDING SHARE DATA

Information with respect to outstanding common shares, warrants, compensation options, compensation option warrants and stock options as at November 30, 2014, December 31, 2013 and December 31, 2012 is as follows:

	November 30, 2014	December 31, 2013	December 31, 2012
Common shares	11,838,132	56,222,880	56,222,880
Warrants	5,955,004	6,462,500	16,896,100
Stock options	Nil	3,975,000	3,975,000
Total fully diluted shares outstanding	17,793,136	66,660,380	77,093,980

Warrant and Stock Option information

2012

There were a total of 4,800,000 common share warrants issued by the Company. All of the warrants had an exercise price of $0.12 and maturity dates February 14, 2014. There were a total of 18,105,304 common share warrants with exercise prices between $.010 and $0.20 expired unexercised.

No share purchase options were issued by the Company. A total of 115,000 share purchase options with an exercise price of $1.10 expired unexercised.

2013

No common share warrants were issued. A total of 10,433,600 common share warrants with exercise prices between $0.15 and $0.20 expired unexercised.

No share purchase options were issued by the Company and no share purchase options expired.

2014

The Company issued 5,955,004 common share purchase warrants to acquire a common share at $0.20 until August 1, 2016. A total of 646,250 common share purchase warrants with an exercise price of $1.20 expired unexercised. A total of 5,955,004 common share purchase warrants remain outstanding.

No share purchase options were issued by the Company and 397,500 share purchase options with exercise prices between $1.00 and $1.50 expired or were cancelled. There are no share purchase options outstanding.

CRITICAL ACCOUNTING ESTIMATES

Preparing financial statements in conformity with IFRS requires the Corporation to select from possible alternative accounting principles. Estimates also affect classification and reported amounts for various assets, liabilities, equity balances, revenues and expenses. Prior estimates are revised as new information is obtained and are subject to change in future periods. Management believes the accounting policies and estimates used in preparing the consolidated financial statements are considered appropriate in the circumstances, but are subject to numerous judgments and uncertainties inherent in the financial reporting process.

Exploration and evaluation costs – Costs of rights to explore a property and exploration and evaluation costs of mineral exploration properties together with direct exploration and development expenditures are only capitalized when the Board of Directors is convinced that the Company has an economically feasible mineral reserve located on one of its exploration properties. Until that point all exploration and evaluation costs are expensed until an economically feasible reserve is identified.

Income taxes - The Corporation is subject to income taxes in numerous jurisdictions. Significant judgment is required in determining the worldwide provision for income taxes. There are many transactions and calculations undertaken during the ordinary course of business for which the ultimate tax determination is uncertain. The Corporation recognizes liabilities based on the Corporation's current understanding of tax laws as applied to the Corporation's circumstances. Where the final tax outcome of these matters is different from the amounts that were initially recorded, such differences will impact the current and deferred tax provisions in the period in which such determination is made.

Stock option valuation - Issuances and grants of share options are valued using the fair value method. Management uses the Black-Scholes valuation model to estimate the fair value of options determined at grant date. Grants of options result in non-cash charges to expense or development property and a corresponding credit to share-based payment reserves. Charges associated with granted options are recorded over the vesting period. Significant assumptions affecting valuation of options include the trading value of the Corporation's shares at the date of grant, the exercise price, the term allowed for exercise, a volatility factor relating to the Corporation's historical share price, forfeiture rates, dividend yield and the risk-free interest rate.

FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

RHX's financial instruments consist of cash, amounts receivable, and accounts payable and accrued liabilities. It is management's opinion that RHX is not exposed to significant interest, currency or credit risk arising from these financial instruments.

TRANSACTIONS WITH RELATED PARTIES

Related parties include the Board of Directors, close family members and enterprises that are controlled by these individuals as well as certain persons performing similar functions.

Transactions with key management personnel

Key management of the company are members of the board of directors, the chief executive officer, and the chief financial officer. Key management remuneration includes the following:

	June 30 2014 $	**31 December 2013 $**	**31 December 2012 $**
<u>Short term employee benefits</u>			
RHX compensation including bonuses	112,500	5,000	112,299
	-	-	
	112,500	-	112,299
			-
<u>Long term employee benefits</u>	-	-	-
Total remuneration	112,500	5,000	112,229

The Company has no employees. Compensation includes the Chief Executive and Chief Financial Officers fees and fees to the Board of Directors. Key Management is entitled to stock options for their services. Total Stock option compensation granted to key management for the year ended December 31, 2013 was $Nil (31 December 2012- $5,000).

The Company has a management contract with Robin Dow, the Chairman and CEO of RHX whereby the Company pays $7,500 a month for management fees, payable if as or when funds are available.

CONTRACTUAL OBLIGATIONS

RHX does not have any fixed contractual obligations or commitments for capital or operating leases, purchase obligations or other long-term commitments except for those related to property option agreements. Any commitments under exploration property option agreements are cancellable at RHX's option but would result in forfeiture of rights under those agreements. During 2013 and 2012, RHX had prepaid in advance for its operating lease for office premises.

OFF-BALANCE SHEET ARRANGEMENTS

RHX has not entered into any material off-balance sheet arrangements such as guarantee contracts, contingent interests in assets transferred to unconsolidated entities, derivative instrument obligations, or with respect to any obligations under a variable interest entity arrangement.

BOARD PURPOSE AND FUNCTION

The Directors and management of the parent company have extensive experience operating in foreign countries and taking projects through to various stages of exploration and development. There is a balanced representation of directors with operational, corporate and financial backgrounds.

The board's purpose is to ensure corporate governance, risk, strategy and shareholder interests are priorities at all times. At the end of the financial year under review, the board consisted of four members.

Except as disclosed below RHX is not aware of any director, or of the families of any directors, having any interest, direct or indirect, in any transaction during the last financial year or in any proposed transaction with any company in RHX which has affected or will materially affect RHX.

DIRECTORS AND OFFICERS, CHANGES

Effective January 18, 2012, Mr. Robert Schellenberg and Mr. Michael Newman resigned from the Board of Directors of the Company. Mr. Schellenberg and Mr. Newman agreed to continue to make themselves available to the Company from time to time as part of an ad hoc advisory committee. They will not be paid by the Company for these advisory roles. The Company would like to thank both gentlemen for their contribution to the Company while members of the Board.

Effective October 3, 2013, Patricia Purdy was appointed a director and Kevin Rivers resigned as a director.

Effective November 5, 2013, Douglas Wallis was appointed CFO.

Effective February 26, 2014, Patricia Purdy resigned as a director and Mr. Robert Schellenberg was appointed an interim director to serve until the AGM on May 29, 2014..

Effective May 1, 2014, Mr. Larry Hoover resigned as a director and Mr. Donald Padgett was appointed an interim director to serve until the AGM on May 29, 2014. The Company would like to thank Mr. Hoover for his long term contribution to the Company while a member of the Board.

At the annual general meeting, held May 28, 2014, Donald Padgett, Anthony Milewski and Patricia Purdy were elected directors of the Company.

Effective October 13, 2014, Donald Padgett and Anthony Milewski resigned as directors.

QUALIFIED PERSON

RHX relies on AGO-TRACS of Moscow, as the Qualified Person as defined under National Instruments 51-101.

INVESTOR RELATIONS

<u>Pearl Communication</u>

As of September 30, 2012 RHX has a month to month contract with Pearl Communications. Pearl Communications is paid a monthly fee of $2,500 and will be reimbursed reasonable expenses up to $1,000 per month. As of the date of this MD&A, Pearl has not been paid in 2014. Pearl Communications will be responsible for assisting the Chief Executive Officer with shareholder and investor communications. The objective will be to create effective communication between the Company, its shareholders and the investment community.

SUBSEQUENT EVENT

Effective November 30, 2014 the Company sold 100% of its interest (shares and advances) in its subsidiary Arax Energy Ltd. to an arms-length private company for $1.

PROPOSED TRANSACTIONS

As is typical of the energy exploration and development industry, RHX is continually reviewing potential merger, acquisition, investment and joint venture transactions and opportunities that could enhance shareholder value. Currently, there are no material transactions being pursued or negotiated by the Company that is not otherwise disclosed herein.

RISKS AND UNCERTAINTIES

The Company is subject to a number of risks and uncertainties due to the nature of its business and the present stage of development of its business. Investment in the natural resource industry in general, and the exploration and development sector in particular, involves a great deal of risk and uncertainty. Current and potential investors should give special consideration to the risk factors involved.

Exploration Stage Company

The Company is engaged in the business of acquiring and exploring energy properties in the hope of locating economic deposits, with the discovery of oil and gas being the Company's focus. The Company's property interests are in the exploration stage only and are without a known economic mineral deposit. Accordingly, there is little likelihood that the Company will realize any profits in the short to medium term. Any profitability in the future from the Company's business will be dependent upon locating an economic mineral deposit, which itself is subject to numerous risk factors. Further, there can be no assurance, even if an economic deposit of oil and gas is located, that any of the Company's property interests can be commercially produced. The exploration and development of energy deposits involve a high degree of financial risk over a significant period of time of which even a combination of careful evaluation, experience and knowledge of management may not eliminate. While discovery of additional energy-bearing structures may result in substantial rewards, few properties which are explored are ultimately developed into producing wells. Major expenses may be required to establish reserves by drilling and to construct production and processing facilities at a particular site. It is impossible to ensure that the current exploration programs of the Company will result in profitable commercial energy operations. The profitability of the Company's operations will be, in part, directly related to the cost and success of its exploration and development programs which may be affected by a number of factors. Substantial expenditures are required to establish reserves which are sufficient to commercially mine and to construct, complete and install production and processing facilities in those properties that are actually completed and developed.

Economic Risk

The price of oil and gas fluctuate. The future direction of the price of any mineral will depend on numerous factors beyond the Company's control including international, economic and political trends, expectations of inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and increased production due to new extraction developments and improved extraction and production methods. The effect of these factors on the price of minerals, and therefore on the economic viability of the Company's properties, cannot accurately be predicted. As the Company is only at the exploration stage, it is not yet possible for it to adopt specific strategies for controlling the impact of fluctuations in the price of energy.

Management

Dependence on Key Personnel, Contractors and Service Providers Shareholders of our Company rely on the good faith, experience and judgment of the Company's management and advisors in supervising and providing for the effective management of the business and the operations of the Company and in selecting and developing new investment and expansion opportunities. The Company may need to recruit additional qualified contractors and service providers to supplement existing management. The Company will be dependent on a relatively small number of key persons, the loss of any one of whom could have an adverse effect on the Company.

Industry Conditions

The exploration and development of oil and gas deposits involve significant risks which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of a deposit may result in substantial rewards, few properties which are explored are ultimately developed into producing wells. Major expenses may be required to establish reserves, to develop processes and to construct production and processing facilities at a particular site. It is impossible to ensure that the current exploration and development programs planned by the Company will result in a profitable commercial operation.

Whether an oil and gas deposit will be commercially viable depends on a number of factors, some of which are the particular attributes of the deposit and proximity to infrastructure, as well as energy prices which are highly cyclical and government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting production and environmental protection. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Company not receiving an adequate return on invested capital.

Energy operations generally involve a high degree of risk. The Company's operations will be subject to all the hazards and risks normally encountered in the exploration and development of oil and gas, including unusual and unexpected geology formations, rock bursts, cave-ins, flooding and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage and possible legal liability.

Value of Our Common Shares

The value of the Company's common shares could be subject to significant fluctuations in response to variations in quarterly and annual operating results, the success of the Company's business strategy, competition or other applicable regulations which may affect the business of the Company and other factors.

Competition

There is aggressive competition within the energy industry for the discovery and acquisition of properties considered to have commercial potential. The Company competes with other interests, many of which have greater financial resources than it has, for the opportunity to participate in promising projects. Significant capital investment is required to achieve commercial production from successful exploration efforts.

Additional Funding and Financing Risk

Additional funds will be required for future exploration and development. The source of future funds available to the Company is through the sale of additional equity capital or borrowing of funds. There is no assurance that such funding will be available to the Company. Furthermore, even if such financing is successfully completed, there can be no assurance that it will be obtained on terms favorable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. In addition, any future equity financings by the Company may result in substantial dilution for existing shareholders.

Environmental Risk

Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. There can be no assurance that future changes to environmental regulation, if any, will not adversely affect the Company's operations. Environmental hazards may exist on the properties in which the Company holds interests that have been caused by previous or existing owners or operators.

Title to Property

Although the Company has obtained title opinions with respect to certain of its properties and has taken reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged or impugned. Third parties may have valid claims underlying portions of the Company's interests.

Uninsured Hazards

The Company currently carries minimal insurance coverage. The nature of the risks the Company faces in the conduct of its operations are such that liabilities could exceed policy limits in any insurance policy or could be excluded from coverage under an insurance policy. The potential costs that could be associated with any liabilities not covered by insurance or in excess of insurance coverage or compliance with applicable laws and regulations may cause substantial delays and require significant capital outlays, adversely affecting the Company's financial position.

Conflicts of Interest

Certain directors of the Company also serve as directors of other companies involved in natural resource exploration, development and production. Consequently, there exists the possibility that such directors will be in a position of conflict of interest. Any decision made by such directors involving the Company are made in accordance with their duties and obligations to deal fairly and in good faith with the Company and such other companies. In addition, such directors will declare, and refrain from voting on, any matter in which such directors may have a material conflict of interest.

Permits, Licenses and Approvals

The operations of the Company may require licenses and permits from various governmental authorities. The Company believes it holds or is in the process of obtaining all necessary licenses and permits to carry on the activities which it is currently conducting under applicable laws and regulations. Such licenses and permits are subject to changes in regulations and in various operating circumstances. There can be no guarantee that the Company will be able to obtain all necessary licenses and permits that may be required to maintain its oil and gas activities, construct production or other facilities and commence operations of any of their exploration properties. In addition, if the Company proceeds to production on any exploration property, it must obtain and comply with permits and licenses which may contain specific conditions concerning operating procedures, water use, the discharge of various materials into or on land, air or water, waste disposal, spills, environmental studies, abandonment and restoration plans and financial assurances. There can be no assurance that the Company will be able to obtain such permits and licenses or that it will be able to comply with any such conditions.

Land Claims
At the present time, none of the properties in which the Company has an interest or an option to acquire an interest is the subject of an aboriginal land claim. However, no assurance can be provided that such will not be the case in the future.

Regulatory Matters
The Company's business is subject to various federal, provincial and local laws governing prospecting and development, taxes, labor standards and occupational health, mine safety, toxic substances, environmental protection and other matters. Exploration and development are also subject to various federal, provincial and local laws and regulations relating to the protection of the environment. These laws impose high standards on the mining industry to monitor the discharge of waste water and report the results of such monitoring to regulatory authorities, to reduce or eliminate certain effects on or into land, water or air, to progressively rehabilitate mine properties, to manage hazardous wastes and materials and to reduce the risk of worker accidents. A violation of these laws may result in the imposition of substantial fines and other penalties.

Mineral Price Fluctuations
The marketability of any mineral is subject to numerous factors beyond the control of the Company. The price of oil and gas can experience volatile and significant movements over short periods of time. Factors impacting price include, but are not limited to, demand for the particular mineral, political and economic conditions and production levels and costs of production in other areas or countries.

Operating in Foreign Jurisdictions
The Company is exposed to a level of political, economic and other risks and uncertainties associated with operating in a foreign jurisdiction. Changes, if any, in mining or investment policies or shifts in political attitude in a foreign country in which it operates may adversely affect business operations. Foreign exchange fluctuations pose a significant risk for RHX.

OTHER INFORMATION

Other information and additional disclosure of RHX's technical reports, material change reports, new releases, and other information may be found on the SEDAR website at www.SEDAR.com.

CORPORATE INFORMATION

Rosehearty Directors and Officers
Robin Dow, HBA, MBA, FCSI – Chairman, CEO and Director
Robert Schellenberg – Director
Douglas Wallis, CPA, CA – CFO
Patricia Purdy, Corporate Secretary and Director

Corporate Office
3643 Marine Drive, West Vancouver, BC, V7V 1N3

Company Web Site

www.rosehearty.ca

Trading Symbol
CSE: RHX

Independent Auditor
James Stafford Chartered Accountants

Corporate Banker
Royal Bank of Canada, Orleans, Ontario

Transfer Agent
Capital Transfer Agency Inc., Toronto, ON