# Rosita Mining Corporation
**(formerly Midlands Minerals Corporation)**

## Interim MD&A -

## Quarterly Highlights

## Three months ended June 30, 2016

August 25, 2016

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*This interim management discussion and analysis - quarterly highlights ("Interim MD&A") has been prepared as at June 30, 2016. This Interim MD&A is based on information available to Rosita Mining Corporation (formerly Midlands Minerals Corporation) ("Rosita" or the "Company") and updates disclosure previously provided in the Company's Interim MD&A ended March 31, 2016 and Annual MD&A ended December 31, 2015, up to the date of this Interim MD&A and should be read in conjunction with the Company's unaudited interim consolidated financial statements and the related notes as at and for the three and six months ended June 30, 2016 and 2015, the Company's audited consolidated financial statements for the years ended December 31, 2015 and 2014 (altogether, the "Consolidated Financial Statements"). The Consolidated Financial Statements have been prepared by management in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this Interim MD&A has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company may be found under its profile on SEDAR at [www.sedar.com](http://www.sedar.com).*

## *MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")*

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As the Company is a Venture Issuer (as defined under under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109.

## *CAUTIONARY NOTE ON FORWARD-LOOKING INFORMATION*

This document may contain or may refer to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law.

## *Project update*

During the quarter, the Company incurred approximately $87,000 of exploitation and exploration expenditures, mainly regarding test work and engineering expenditures regarding the stockpiles and within the Rosita D Concession.

## *Financial condition and performance*

### *Financial condition*

During the quarter ended June 30, 2016, the Company's net assets decreased by $159,306, the result of a decrease in assets of $130,887 plus an increase in liabilities of $28,419.

The Company's cash balance decreased by $141,688, a result of cash used for operating activities of $171,414 plus cash used for investing activities of $284 offset by advances from related parties totalling $30,010.

### *Performance*

The Company's operations are not generally subject to seasonal variations. The timing of exploration activities is influenced primarily by the availability of funds and the identification of suitable exploration targets. However, due to either their location or nature, the exploration of some properties may be restricted during certain times of the year due to climatic conditions.

During the quarter, the Company continued with its austerity measures to preserve its financial position. On July 20, 2016, the Company closed on a private placement (see note 20(i) of the interim consolidated financial statements) of 17,000,000 units ("Units") and raising gross proceeds of $850,000. Each Unit consisted of one common share and one common share purchase warrant, exercisable for one common share at $0.055 for up to 2 years after issuance. Cash finders' fees of $20,545 were paid on certain subscriptions, netting the Company $829,455. 363,300 finders' shares ("Finders' Shares") with a deemed value of $18,165 were also issued regarding certain subscriptions.

Operating expenditures for the quarter have been limited to the minimum amount necessary to maintain the Company's Rosita project in good standing and meet all of its reporting and disclosure requirements. Loss for the quarter totalled $159,306 and was the result of direct project expenditures totalling $87,451 together with general and administrative expenditures totalling $71,739. Forex losses of $247, offset by interest income of $131 comprise the remaining components of the loss for the quarter. The decreased loss from the comparative quarterly-period of approximately $132,000, is mainly due to decreased salaries and professional fees of approximately $132,000 (reflecting the Company's reduced head count and reduced incursion of legal fees related to project activity). This decrease was augmented with reduced office and administration and public company reporting cost of approximately $42,000. These decreases were offset by increased exploration and evaluation expenditures of approximately $57,000 for the Company's Rosita project.

### *Commitments, liquidity and capital resources*

The Company has not incurred any new commitments during the quarter. The Company continues its obligation to pay a 0.5% net smelter royalty ("NSR") on its interest in the Rosita project (see note 17 of the Consolidated Financial Statements).

As at June 30, 2016, the Company had a cash balance of $125,066 and a working capital deficiency of $365,787. Its properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. As noted above, the Company completed a private placement and raising net proceeds of approximately $829,000.

### *Related-party transactions and balances*

During the three months ended April 30, 2016, $45,000 of management fees were incurred and payable to RG Mining Investments Inc. ("RGMI"). The Company's Chairman of the Board and its CFO beneficially own RGMI. With the closing of the above-noted private placement, management fees deferred by RGMI since March 1, 2016, in the amount of $20,000, were paid.

During the three months ended June 30, 2016, $12,000 of fees were incurred and payable to Tormin Resources Inc. ("Tormin"). The Company's CEO beneficially owns Tormin. With the closing of the above-noted private placement, deferred by Tormin since February 1, 2016, in the amount of $20,000, were paid.

A total of 210,000 Finders' Shares with a deemed value of $10,500, was paid to a firm of which a director of the Company is a partner.