Rosita Mining Corporation
(formerly Midlands Minerals Corporation)

Annual Management's Discussion and Analysis

Year ended December 31, 2016

April 25, 2017

ANNUAL MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2016

This annual management discussion and analysis ("MD&A") has been prepared based on information available to Rosita Mining Corporation ("Rosita" or the "Company") (formerly Midlands Minerals Corporation, "Midlands") as at April 25, 2017. The MD&A of the operating results and financial condition of the Company for the year ended December 31, 2016, should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the years ended December 31, 2016 and 2015 (the "Consolidated Financial Statements"). The Consolidated Financial Statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Consolidated Financial Statements. Additional information relating to the Company can be found on SEDAR at 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.

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 evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109, nor has it completed such an evaluation. Inherent limitations on the ability of the certifying officers to design and implement on a cost-effective bases DC&P and ICFR for the issuer may result in additional risks of quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

CAUTIONARY NOTE

This document contains or refers 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. See the section entitled ***RISK FACTORS***.

OVERVIEW

Rosita Mining Corporation ("Rosita" or the "Company"), formerly Midlands Minerals Corporation ("Midlands") is an exploration-stage, publicly-traded Company (TSXV: RST) incorporated in Ontario, Canada with its registered office address at 120 Adelaide Street West, Suite 2400, Toronto, Ontario, M5H 1T1. The Company is a junior prospecting and natural-resource company, focused on growing a mineral asset inventory to build shareholder value.

On July 24, 2015, Rosita acquired all the outstanding shares of Alder Resources Ltd. ("Alder") pursuant to a statutory plan of arrangement (the "Acquisition"), contemporaneously consolidated its outstanding common shares, options and warrants on a 1-for-10 basis (the "Consolidation") and changed its name to Rosita Mining Corporation.

As the Company's assets are located outside North America, they are subject to the risk of foreign investment, including additional local taxation and royalties, renegotiation of contracts, possible expropriation, currency exchange fluctuations and political uncertainty.

The Company employs responsible exploration methods in politically stable, low-risk and mining-friendly countries and retains the opportunity to develop select projects if they benefit the Company's strategic objectives. The Company works to minimize the social and environmental impact in all its exploration and mining activities, and puts the health and safety of its employees first and foremost. The Company and its employees interact effectively with the host and local communities to ensure that its activities do not compromise the values of the local communities.

Rosita D Concession (the "Rosita Project")

Work was assumed by the Company upon completion of the Acquisition. This Concession is centrally situated in the Región Autónoma del Atlántico Norte (RAAN) autonomous region, Nicaragua and is located 275 air kilometres northeast of the capital city of Managua and 120 kilometres west of the port town of Puerto Cabezas.

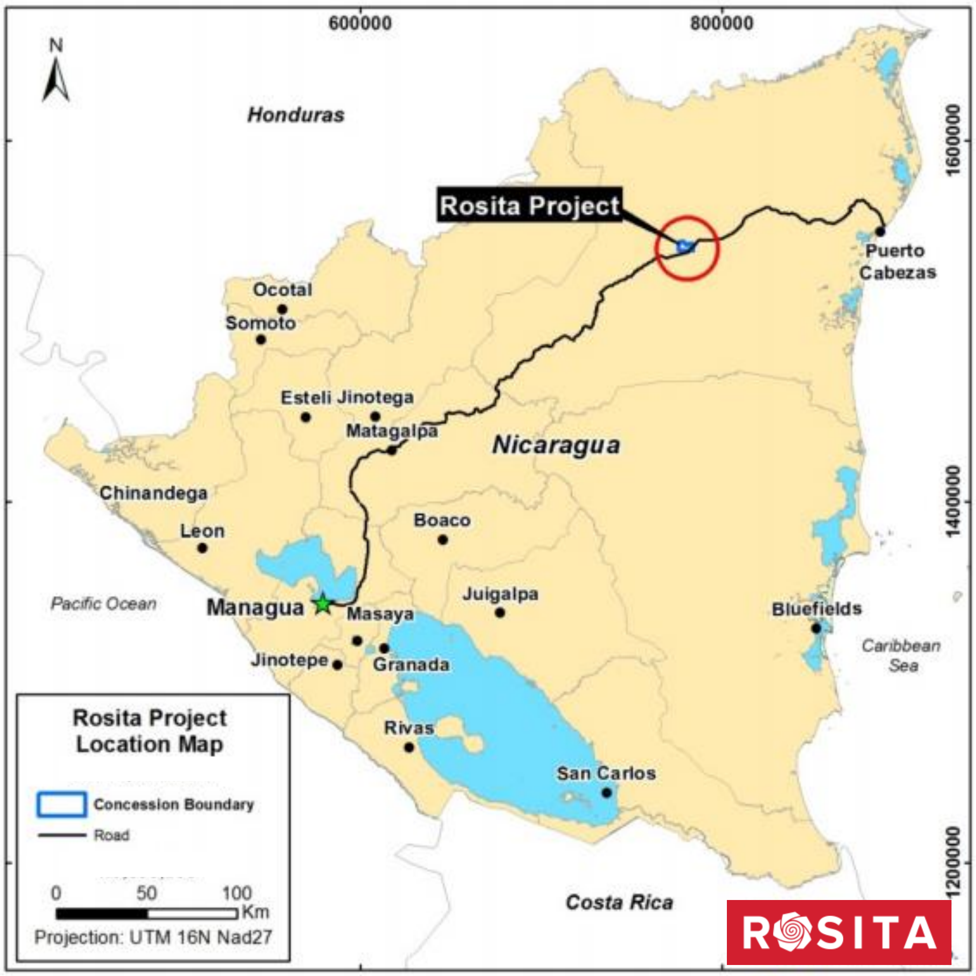
The Company continued to advance the work started by Alder through technical studies for the exploitation of defined resources at the old Santa Rita Mine and exploration of other targets within the Concession.

On November 23, 2015, the Company received confirmation from Calibre Mining Corp. ("Calibre") that it had fulfilled the requirements under an option agreement that it had earned a 65% interest in the Rosita Project. On September 14, 2016, a formal joint venture agreement (the "JV Agreement") was executed with Calibre governing the go-forward management, accounting and possible dilution of the Rosita Project. For accounting purposes, the Company has determined that the JV Agreement does not meet the criteria set forth in IFRS 11 *Joint Arrangements*.

Cumulative to-date, the Company (including Alder prior to its acquisition by Rosita) has expended approximately $4.7 million on the Rosita Project. Pursuant to the JV Agreement, all approved expenditures in excess of $4,000,000 (the amount at which the Company earned its 65% interest in the project) are to be borne by the joint venture by each joint venture partner at its current participation percentage. To date, the Company has funded the entire excess amount on behalf of the joint venture. The Company has received notice from Calibre that it would not be participating in excess expenditures of approximately $507,000, resulting in a dilution of its participating interests of approximately 2.1% to 32.9%. Should Calibre indicate that it will not be participating in the additional excess expenditures of $193,000 (bringing the total excess expenditures to approximately $700,000, as noted above), the Company's and Calibres' participating interests would be approximately 68.0% and 32.0%, respectively.

On June 30, 2014, Alder entered into a royalty agreement with Forbes & Manhattan, Inc. ("Forbes") for the settlement of a dated accounts payable totaling $508,500 (including HST). The royalty is a 0.5% net smelter royalty ("NSR") multiplied by Alder's participating interest in the Rosita project at the time. The royalty becomes effective upon Alder earning the 65% interest in the Rosita property (completed in November 2015). The Company may reacquire the NSR by paying to Forbes $1,000,000 plus $508,500.

Location of Rosita Project



In May 2012, Coffey Mining completed a maiden NI 43-101 inferred resource for the stockpiles around the old pits of the Santa Rita Mine. In 2016, Rosita updated this resource following a drill program in 2015 (see the Company's press release dated February 8, 2016 and filed on SEDAR).

The Concession contains a combination of stockpiles and tailings resources, suitable for rapid exploitation. The development of these Resources has been the recent focus of the Company's work.

The Company commissioned additional metallurgical test work on the resources, together with appropriate engineering for a mineral processing plant and thus confirm a method of metals recovery in a positive economic manner.

This work has been continued and a PEA study has been completed. The results of this study were disclosed via a press release dated March 9, 2017. The full study was filed on SEDAR on April 20, 2017. The Resources estimated and the results of the test work and engineering previously disclosed, allowed the following Project to be defined for the PEA:

- Anticipated Life-of-Mine of 10 years, utilizing 4.67 million tonnes of the material included in the resource tabulation categorized as Indicated Mineral Resources grading at 0.51 grams per tonne gold, 8.2 grams per tonne silver and 0.59% copper and 1.53 million tonnes categorized as Inferred Mineral Resources grading at 0.61 grams per tonne gold, 11.3 grams per tonne silver and 0.65% copper.
- Anticipated capacity of the treatment plant (milling plus heap leach) of 1,000 tonnes per day for the first 5 years, expanding to 2,000 tonnes per day for the subsequent 5 years.

The metal prices assumed for the economic model are as follows:

- Gold: USD$1,250 per ounce
- Silver: USD$18 per ounce
- Copper: USD$2.50 per pound

Other criteria, assumptions and conclusions from the PEA may be summarised as follows:

- All monetary amounts are in USD
- Pre-production capital costs including 30% contingencies, $11.4 Million
- Total capital over life of mine, $26.1 Million
- Operating costs over the life of mine per tonne of throughput, $ 18.5 per tonne
- The Nicaraguan royalty rate of 3% NSR and 0.5% to an independent 3rd party applied to all saleable products
- The Nicaraguan income tax rate of 30% after depreciation of fixed assets at 10%

The Concession also contains many exploration targets which previous Concession holders have examined. Alder had previously identified near surface metal enriched, skarn and porphyry copper-gold-silver exploration targets at the R13, Tipispan and El Rastro. At the appropriate time this exploration work will be examined further and these targets and others, will be a focus of follow-up work. They potentially contain mineralisation that would be treatable by the mineral processing plant in the Santa Rita Project

The technical information contained in this update has been reviewed and considered accurate by John F. Cook, a director of Rosita Mining Corporation, a "Qualified Person", under *National Instrument 43-101 Standard of Disclosure for Mineral Projects*.

CORPORATE UPDATE

Private Placement

On July 20, 2016, the Company completed a non-brokered private placement (the "Private Placement") of 17,000,000 units ("Units") at a price of $0.05 per Unit, for gross proceeds of $850,000 (the "July Financing"). Each Unit is comprised of one common share and one common share purchase warrant, with each warrant entitling the holder to acquire a further common share of the Company at a price of $0.055 for a period of two years following the date of issuance. The fair value of the issued warrants was calculated at $413,785 using the Black-Scholes option pricing model with the following variables: Risk-free return rate of 1.15%;

dividend yield of 0%, expected volatility of 252.1%, expected life of 2 years and an underlying stock price of $0.11.

Cash finders' fees in the amount of $29,294 and finders' units ("Finders' Units") consisting of 363,300 common shares with a fair value of $39,963 together with 363,300 finders' warrants ("Finders' Warrants") with a fair value of $37,783, were paid and issued on certain subscriptions. Cash finders' fees were allocated among common shares and warrants based on the relative fair value of the warrants issued. Finders' Warrants were accounted for as a deduction from equity.

Issuance of Options

On August 2, 2016, the Company issued an aggregate of 3,400,000 stock options, with a grant-date fair value of $340,000 (the "Options") to eligible participants of its stock option plan. The Options vested immediately and are exercisable at $0.11 each for a period of up to 5 years from the date of issuance. The Black-Scholes option pricing model with the following variables was used to calculate the fair value of the issued options: Risk-free return rate of 0.63%; dividend yield of 0%, expected volatility of 343.7%, expected life of 5 years and an underlying stock price of $0.105.

Dissolution of a subsidiary

On July 25, 2016 (the "Dissolution Date"), the Company dissolved its Barbadian subsidiary, Harbour Capital Corporation.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected consolidated financial information of the Company for the years ended December 31, 2016, 2015 and 2014. The selected consolidated financial information should be read in conjunction with the Consolidated Financial Statements of the Company.

	Year ended		
	December 31, 2016	December 31, 2015	December 31, 2014
Consolidated statements of operations	**$**	$	$
Total revenue	**-**	-	-
Net loss	**(1,021,840)**	(2,493,802)	(1,927,896)
Basic and diluted net earnings (loss) per share[1]	**(0.02)**	(0.09)	(0.10)
Exploration and evaluation expenses	**391,356**	568,147	845,622

[1]2014 has been adjusted to account for the Consolidation.

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	As at Dec. 31, 2016	As at Dec. 31, 2015	As at Dec. 31, 2014
Consolidated statements of financial position	**$**	$	$
Cash	**274,869**	446,826	1,549,250
Working capital (deficit)	**77,983**	(66,707)	1,553,789
Total assets	**332,674**	477,373	1,676,583

	Year ended		
	December 31, 2016	December 31, 2015	December 31, 2014
Consolidated statements of cash flows	**$**	$	$
Cash used in operating activities	**(979,895)**	(1,371,475)	(1,805,319)
Cash provided from (used in) investing activities	**(2,613)**	270,557	29,075
Cash provided from (used in) financing activities	**810,551**	(1,506)	108,853

SUMMARY OF QUARTERLY RESULTS

Selected consolidated financial information for the 8 most recently completed quarters is as follows:

Three months ended	**Dec. 31, 2016**	**Sep. 30, 2016**	**Jun. 30, 2016**	**Mar. 31, 2016**
	$	$	$	$
Revenue	-	-	-	-
Net income/(loss)	(310,206)	(548,649)	(159,306)	(3,669)
Basic and fully-diluted income (loss) per share	(0.01)	(0.01)	(0.00)	(0.00)

Three months ended	**Dec. 31, 2015**	**Sep. 30, 2015**	**Jun. 30, 2015**	**Mar. 31, 2015**
	$	$	$	$
Revenue	-	-	-	-
Gain on sale of subsidiary / project	-	-	-	311,500
Net income/(loss)	(238,485)	(1,977,621)	(291,171)	13,475
Basic and fully-diluted income/(loss) per share	(0.02)	(0.06)	(0.01)	0.00

NEW ACCOUNTING STANDARDS

Issued by IASB July 2014; effective for the Company's annual period beginning January 1, 2018.

IFRS 9 will replace IAS 39 Financial *Instruments: Recognition and Measurement* and IFRIC 9 *Reassessment of Embedded Derivatives*. The final version of this new standard supersedes the requirements of earlier versions of IFRS 9.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

- **Classification and measurement of financial assets.** Debt instruments are classified and measured on the basis of the entity's business model for managing the asset and its contractual cash flow characteristics as either: "amortized cost", "fair value through other comprehensive income", or "fair value through profit or loss" (default). Equity instruments are classified and measured as "fair value through profit or loss" unless upon initial recognition elected to be classified as "fair value through other comprehensive income".
- **Classification and measurement of financial liabilities.** When an entity elects to measure a financial liability at fair value, gains or losses due to changes in the entity's own credit risk is recognized in other comprehensive income (as opposed to previously profit or loss). This change may be adopted early in isolation of the remainder of IFRS 9.
- **Impairment of financial assets.** An expected credit loss impairment model replaced the incurred loss model and is applied to financial assets at "amortized cost" or "fair value through other comprehensive income", lease receivables, contract assets or loan commitments and financial guarantee contracts. An entity recognizes twelve-month expected credit losses if the credit risk of a financial instrument has not increased significantly since initial recognition and lifetime expected credit losses otherwise.
- **Hedge accounting:** Hedge accounting remains a choice, however, is now available for a broader range of hedging strategies. Voluntary termination of a hedging relationship is no longer permitted. Effectiveness testing now needs to be performed prospectively only. Entities may elect to continue to applying IAS 39 hedge accounting on adoption of IFRS 9 (until the IASB has completed its separate project on the accounting for open portfolios and macro hedging).

The Company is currently assessing the implications IFRS 9 will have on the Consolidated Financial Statements.

IFRS 15 *Revenue from Contracts with Customers*

Issued by IASB May 2014; effective for the Company's annual period beginning January 1, 2018.

This new standard establishes a comprehensive framework for the recognition, measurement and disclosure of revenue replacing IAS 11 *Construction Contracts*, IAS 18 *Revenue*, IFRIC 13 *Customer Loyalty Programmes*, IFRIC 15 *Agreements for the Construction of Real Estate*, IFRIC 18 *Transfers of Assets from Customers* and SIC-31 *Revenue — Barter Transactions Involving Advertising Services*.

The main features introduced by this new standard compared with predecessor IFRS are as follows:

Revenue is recognized based on a five-step model:

1. Identify the contract with customer;
2. Identify the performance obligations;
3. Determine the transaction price;
4. Allocate the transaction price to the performance obligations; and,
5. Recognize revenue when (or as) the performance obligations are satisfied.

New disclosure requirements on information about the nature, amount, timing and uncertainty of revenue and cash flows from contracts with customers.

The Company is currently assessing the implications IFRS 15 will have on the Consolidated Financial Statements.

Annual Improvements 2012-2014 Cycle

Issued by IASB September 2014; effective for the Company's annual period beginning January 1, 2017.

The following standards have been revised to incorporate amendments issued by the IASB:

- IFRS 5 *Non-current Assets Held for Sale and Discontinued Operations* – Clarifies the application of guidance when an entity reclassifies an asset (or disposal group) from held for sale to held for distribution (or vice versa), and the circumstances in which an asset (or disposal group) no longer meets the criteria for held for distribution.
- IFRS 7 *Financial Instruments: Disclosures* – Clarifies guidance on servicing contracts and the applicability of the amendments to IFRS 7 regarding offsetting financial assets and financial liabilities to interim financial statements.
- IAS 19 *Employee Benefits* – Clarifies the application of the discount rate requirements for currencies for which there is no deep market in high quality corporate bonds.
- IAS 34 *Interim Financial Reporting* – Clarifies the meaning of disclosure of information "elsewhere in the interim financial report".

The Company does not expect these amendments will have a significant impact on the Consolidated Financial Statements.

IFRS 16 Leases

Issued by IASB January 2016; effective for the Company's annual period beginning January 1, 2019.

Earlier application permitted for entities that also apply IFRS 15 *Revenue from Contracts with Customers.*

This new standard sets out the principles for the recognition, measurement, presentation and disclosure of leases for both the lessee and the lessor. The new standard introduces a single lessee accounting model that requires the recognition of all assets and liabilities arising from a lease.

The main features of the new standard are as follows:

- An entity identifies as a lease a contract that conveys the right to control the use of an identified asset for a period of time in exchange for consideration.
- A lessee recognizes an asset representing the right to use the leased asset, and a liability for its obligation to make lease payments. Exceptions are permitted for short-term leases and leases of low-value assets.
- A lease asset is initially measured at cost, and is then depreciated similarly to property, plant and equipment. A lease liability is initially measured at the present value of the unpaid lease payments.
- A lessee presents interest expense on a lease liability separately from depreciation of a lease asset in the statement of profit or loss and other comprehensive income.
- A lessor continues to classify its leases as operating leases or finance leases, and to account for them accordingly.
- A lessor provides enhanced disclosures about its risk exposure, particularly exposure to residual-value risk.
- The new standard supersedes the requirements in IAS 17 Leases, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases – Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease.*

The Company is currently assessing the implications IFRS 16 will have on the Consolidated Financial Statements.

Disclosure Initiative (Amendments to IAS 7 *Statement of Cash Flows*)

Issued by IASB January 2016; effective for the Company's annual period beginning January 1, 2017.

The amendments require entities to provide disclosures that enable users of financial statements to evaluate changes in liabilities arising from financing activities.

The Company is currently assessing the implications Amendments to IAS 7 will have on the Consolidated Financial Statements.

SIGNIFICANT ACCOUNTING POLICIES

The Company's accounting policies are disclosed in full in note 3 of the Consolidated Financial Statements. Listed below are the policies that the Company has determined are significant in nature.

Statement of compliance

The Consolidated Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee with an effective date of December 31, 2016. The Consolidated Financial Statements were approved for issuance by the Board on April 24, 2017.

Basis of consolidation

The Consolidated Financial Statements include the financial statements of the Company and its wholly-owned subsidiaries; Midlands Minerals Ghana Limited, Midenka Resources Limited, Midlands Minerals Tanzania Limited, Manonga Minerals Limited, Harbour Capital Corporation (up to the Dissolution Date), Alder (since the Acquisition) and ALR Nicaragua S.A. (since the Acquisition). Subsidiaries are entities over which the Company is exposed to, or has rights to, variable returns as well as the ability to affect those returns through the power to direct the relevant activities of the entity. The existence and effect of potential voting rights that are presently exercisable or convertible are considered when assessing whether the Company controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Company and are deconsolidated from the date on which control ceases. The consolidated statements of operations include losses of the Company's subsidiaries, including those purchased through the Acquisition and for Harbour Capital Corporation, for the period from January 1, 2016 through to July 25, 2016.

All inter-Company transactions, balances, income and expenses are eliminated on consolidation.

Exploration and evaluation expenditures

All exploration and evaluation expenditures, the elements of which include: Acquisition of rights to explore; studies of all nature (topographical, geological, geochemical and geophysical), exploratory drilling, coring, sampling, trenching, and in general, all activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

Exploration expenditures capitalized by Alder prior to the Acquisition, have been charged to retained earnings and subsequently eliminated together with Alder's share capital and equity reserves.

Share-based payment transactions

The Company has a share-based compensation plan (the "Plan") whereby participants (including directors, senior executives, employees and consultants) may receive a portion of their remuneration or fees in the form of share-based payment transactions. The participants render their services in consideration for equity instruments ("equity-settled transactions").

If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense and is applied as an offset to the specific obligation on the statement of financial position.

Accounting judgments and estimates

The preparation of the Consolidated Financial Statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; impairment testing of property and equipment, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. The most significant judgements relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

Earnings (loss) per share

The basic earnings (loss) per share is computed by dividing the net profit (loss) by the weighted average number of common shares outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share-purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the years ended December 31, 2016 and 2015, all the outstanding stock options and warrants were antidilutive and were not included.

EXPLORATION AND EVALUATION EXPENDITURES

The exploration and evaluation expenditures for the Company are broken down as follows:

	Year ended		
	December 31, 2016	December 31, 2015	**Cumulative to-date[3]**
	$	$	**$**
Serbia:			
Parlozi project	**-**	78,854	**-**
Total	**-**	78,854	**-**
Ghana:			
Kaniago[1][3]	**-**	-	**-**
Others[2][3]	**-**	74,564	**-**
Total	**-**	74,564	**-**
Nicaragua:			
Rosita project	**391,356**	414,729[4]	**806,085**
Total	**391,356**	414,729	**806,085**
Exploration and evaluation expenditures	**391,356**	568,147	**806,085**
Acquisition costs-rights to explore[5]	**-**	1,901,326	**1,901,326**

(1) The Kaniago project was sold in February 2015 - see note 14 of the Consolidated Financial Statements.

(2) Comparative and cumulative amounts include all exploration expenditures that are not directly related to any of the listed projects.

(3) Only current properties are included in cumulative-to-date amounts.

(4) Expenditures included from July 24, 2015 to December 31, 2015. In addition, see note 18 regarding the expenditures incurred to acquire the rights to explore the Rosita project.

(5) See note 18 of the Consolidated Financial Statements regarding the expenditures incurred to acquire the rights to explore the Rosita project.

RESULTS OF OPERATIONS

For the year ended December 31, 2016, the Company's loss was $1,021,840, as compared to a loss of $2,493,802 for the year ended December 31, 2015. The major differences relate to the following nine categories:

1. Exploration and evaluation expenditures.
2. Office and administrative expenses.
3. Professional fees.
4. Salaries and consulting fees.
5. Share-based compensation.
6. Shareholder information.

7. Acquisition costs.
8. Interest income.
9. Gains and losses.

Explanations of the significant changes for year ended December 31, 2016, compared to the year ended December 31, 2015, are as follows:

1. Exploration and evaluation expenditures decreased from $568,147 in 2015 to $391,356 in 2016. The decrease of approximately $177,000, is attributable to reduced activity on the Rosita Project as the Company preserves its cash until completion of it next financing.

2. Office and administrative expenses decreased from $298,910 in 2015 to $167,492 in 2016. The decrease of approximately $131,000 is attributable to the following reduced costs: Office rental costs of approximately $23,000, as the Company closed its offices in Vancouver; travel costs of approximately $20,000 as travel made between Vancouver and Toronto was curtailed with the change in the Company's CEO; an agreed-upon reduction of $30,000 to RGMI's monthly fees; Company health-tax reduction of approximately $14,000, as its payroll burden is now under the provincial threshold and health taxes are not due at this level of payroll; board of directors' fees of $27,000, as the board members agreed on taking zero cash compensation for 2016; and reduced computer and telephone costs of approximately $17,000.

3. Professional fees decreased from $373,154 in 2015 to $25,431 in 2016. The decrease of approximately $348,000 was the result of reduced legal fees of approximately $239,000, mainly the result of the Acquisition in 2015; reduced audit expenses of $24,000, a result the minimal operating and exploration activities during 2016 and the Acquisition in the comparative period; and reduced consulting expenses of approximately $85,000, again mainly the result of reduced operations during 2016 and the Acquisition in 2015.

4. Salaries and consulting fees decreased from $390,756 in 2015 to $55,883 in 2016. The decrease of approximately $335,000 is the result of the following: Approximately $50,000 savings from VP Operations position terminated in 2015; approximately $145,000 savings from President and CEO position; and $140,000 paid in change-of-control payments (pursuant to the Acquisition) in 2015.

5. Share-based compensation costs in the year ended December 31, 2016 was $340,000 compared to $nil during the comparative period. In 2016, the Company issued 3,400,000 new options that fully vested upon issuance. The fair value of the options was estimated using the Black-Scholes option pricing model with weighted average input variable as noted in the *Corporate Update* section of this MD&A. In 2015, no options were issued (other than for Alder options issued regarding the Acquisition, with those options valued at $nil).

6. Shareholder information costs decreased from $76,090 in 2015 to $40,896 in 2016. The decreased costs in 2016 of approximately $35,000 is attributable to reduced public filing costs of approximately $28,000 due to the Acquisition in 2015; investor relations costs of approximately $5,000; and costs of maintaining and updating the Company's web-site of approximately $2,000, again the result of updating due to the Acquisition.

7. In 2015, the Acquisition resulted in a charge to the consolidated statements of loss and comprehensive loss in the amount of $1,091,326, with no such charges in the current period.

8. Interest income decreased by approximately $7,000 from the 2015 amount of $10,186. The decrease was entirely due to a reduction of investment income as the Company's GIC's were drawn down in 2015 for working capital purposes.

9. Gains and losses decreased in 2016, by $304,192. During 2015, the Company recorded a gain of $311,500, on the sale of its Kaniago project. This gain was offset by a loss on the sale of the Company's Ghanaian vehicles in 2015. The Company had no such activity during the current period.

LIQUIDITY AND CAPITAL RESOURCES

The working capital as at December 31, 2016, was $77,983 as compared to a working capital deficit of $66,707 as at December 31, 2015.

For the year ended December 31, 2016, cash decreased by $171,957 (2015 – $1,102,424) because of cash used for operating activities of $979,884 (2015 - $1,371,475) plus cash used for investing activities of $2,613 (2015 – less cash provided from investing activities of $270,557) less cash provided from financing activities of $810,550 (2015 – plus cash used for financing activities of $1,506).

USE OF OFF-STATEMENT-OF-FINANCIAL-POSITION ARRANGEMENTS

The Company has not entered into any specialized financial agreement to minimize its investment, currency or commodity risk. There are no off-statement-of-financial-position arrangements, such as a guarantee contract, contingent interest in assets transferred to an entity, derivative instruments obligations and/or any obligations that trigger financing, liquidity, market or credit risk to the Company.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Other than previously stated regarding its Rosita project, the Company does not have any commitments, or contractual obligations, long-term debt, capital lease obligations, or purchase obligations.

RELATED-PARTY TRANSACTIONS

During the year ended December 31, 2016, $150,000 (2015 - $180,000) of management fees were paid or payable to RG Mining Investments Inc. ("RGMI"). RGMI provides management and administrative services to the Company pursuant to an agreement that had an original term of 1 year and expired on September 30, 2012. It has been renewed for successive 12-month periods. The agreement may be terminated upon 60 days' prior notice by either party or upon the criminal conviction, death, disability, incapacity, bankruptcy, insolvency, gross negligence, gross dereliction of duty or gross misconduct, of RGMI. The Company's Chairman of the Board and CFO beneficially own RGMI. Effective March 1, 2016, RGMI agreed to defer payment of $5,000 of its monthly management fees until the Company completed the Private Placement. Upon completion of the Private Placement, RGMI was paid these deferred fees and agreed to reduce its monthly fee to $10,000, effective July 1, 2016.

During 2015, the Company made a change-of-control payment of $50,000, regarding the Acquisition, to a director of Alder that continued as a director of the Company.

During the year ended December 31, 2016, $48,000 (2015 - $237,331) was earned or paid to key management personnel or to companies controlled by them, regarding professional fees and salaries and benefits. The Company identifies key management personnel as current and former officers of the Company including the President and CEO as well as current and former directors of the Company. The Company's CFO is also considered key management but payments are made to RGMI (noted above) pursuant to the management services agreement.

During the year ended December 31, 2016, officers and directors earned non-cash, share-based compensation of $320,000 (2015 - $nil).

Due to related-parties

As at December 31, 2016, the statement of financial position includes a balance of $11,354 (2015 – $21,509) due to RGMI.

CAPITAL STOCK

The following table sets forth information concerning the outstanding securities of the Company as at April 25, 2017:

	Number
Shares	54,147,282
Options	3,991,725
Warrants	17,888,200

RISK FACTORS

The Company is a prospecting mineral exploration and development company and is exposed to a number of risks and uncertainties that are common to other companies in the same business. These risks and uncertainties include exploration and development, commodity, operating, ownership, political, funding, currency and environmental risk.

Exploration and development

Mineral exploration and development involves several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from the Company's operations.

Many exploration programs do not result in the discovery of an economic deposit. The commercial viability of exploiting any precious metal deposit is dependent on several factors including infrastructure and governmental regulation, in particular those relating to the environment, taxes, and royalties. No assurance can be given that minerals will be discovered of sufficient quality, size and grade on any of the Company's properties to justify a commercial operation.

Uncertainty of reserve and resource estimates

The mining business relies upon the accuracy of determinations as to whether a given deposit has significant mineable reserves. This reliance is important in that reported mineral reserves and resources are only estimates and do not represent any certainty that the estimated mineral reserves and resources will be recovered. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and resources uneconomic.

Political

Political and related legal and economic uncertainties exist in countries where the Company operates. Risk of foreign operation in these countries may include political unrest, corruption, war, civil disturbances and terrorist actions, arbitrary changes in the law or policies, changes to governmental regulation, foreign taxation, price and currency controls, delays in obtaining, or the inability to obtain, necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitation on the repatriation of earnings, limitation on gold exports and increased financing costs. These risks may limit or disrupt the Company's activities.

Future financing

Continued development of the Company's properties will require significant financial resources. As such, the Company may need to raise significant funds to complete its business plans. Failure to obtain such additional financing at critical times could lead to delay and indefinite postponement in the exploration and development of the Company's projects. There is no assurance that such funding will be available or that it will be obtained on favourable terms.

Lack of operating profit

The Company has incurred operating losses on an annual basis, for a number of years, arising from administrative costs related to continued exploration and development of mineral resources properties. It is anticipated that the Company will continue to experience operating losses for the foreseeable future. There can be no assurance that the Company will ever achieve significant revenues or profitable operations.

Precious metal price

The price of precious metals can fluctuate widely and is affected by numerous factors including demand, inflation, strength of the US dollar and other currencies, interest rates, gold sales by the central banks, forward sales by producers, global or regional political or financial events, and production and cost levels in major producing regions. In addition, the gold price is sometimes subject to rapid short-term changes because of speculative activities.

Even if the Company discovers commercial amounts of precious metals on its properties, it may not be able to place the property into commercial production if precious metal prices are not at sufficient levels.

Currency

A substantial portion of the Company's activities is expected to be carried on outside Canada. Such activities are subject to risk associated with the fluctuation in the rate of exchange of the Canadian dollar versus foreign currencies.

Environmental and permitting

All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. 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 is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Competition

The mining industry is intensely competitive in all its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Segregation of duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to the Company's small size and limited resources, a complete segregation of duties within the Company's accounting group cannot be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during the process of compiling and completing its financial statements to ensure the financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

Internal controls over financial reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. 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 evaluation, design, establishment and/or maintenance of disclosure controls and procedures ("DC&P) and/or ICFR, as defined in NI 52-109, nor has it completed such an evaluation. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Key personnel

The success of the Company depends to a large extent upon its abilities to retain the services of its senior management and key personnel. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. The Company has entered into an management agreement with its CEO and maintains an agreement with RGMI (such agreement providing the services of the Company's CFO and Corporate Secretary) but there is no assurance the Company can maintain these services on the expiration of these agreements nor that it can maintain the services of its directors, other officers or other qualified personnel required to operate is business.