Rosita Mining Corporation
(formerly Midlands Minerals Corporation)

Interim Management's Discussion and Analysis

Quarterly Highlights

Three months ended March 31, 2017

May 26, 2017

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This interim management discussion and analysis - quarterly highlights ("Interim MD&A") has been prepared based on information available to Rosita Mining Corporation ("Rosita" or the "Company") (formerly Midlands Mining Corporation) as at May 26, 2017. This Interim MD&A updates disclosure previously provided in the Company's annual and interim MD&A's, 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 months ended March 31, 2017 and 2016 (the "Unaudited Interim Consolidation Financial Statements"), the Company's audited consolidated financial statements for the years ended December 31, 2016 and 2015 (the "Consolidated Financial Statements"). Both the Unaudited Interim Consolidated Financial Statements and 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.

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 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.

Financial condition and performance

Financial condition

During the quarter ended March 31, 2017, the Company's net assets decreased by $183,163, the result of a decrease in assets of $169,744 together with an increase in liabilities of $13,419.

The Company's cash balance decreased by $148,204, a result of cash raised through financing activities (advances from related parties) of $23,915 plus cash provided from investing activities of $6,062 (refund of short-term deposits of $10,000 less equipment purchase of $3,938) offset by cash used for operating activities of $178,181.

Expiry of options

In January 2017, 9,050 and 95,025 options with maturity dates of January 3 and January 31, 2017 and exercise prices of $0.66 and $1.22, respectively, expired.

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.

Operating expenditures for the quarter have been limited to the amount necessary advance the Company's Rosita project under the current limited work plan and to allow the Company to meet all of its reporting and disclosure requirements. Loss for the quarter totalled $183,163 and was the result of direct project expenditures totalling $127,531 together with general and administrative expenditures totalling $54,253. Forex losses of $1,576 and other income of $197, increased the operating losses.

The increased loss over the comparative quarterly-period of approximately $39,000 is mainly due to increased exploration costs of approximately $73,000 offset by lower administrative costs of approximately $32,000 as the Company continues on its austerity program while working toward its next financing.

Rosita D Concession update

Cumulative to-date, the Company (including Alder prior to its acquisition by Rosita) has expended approximately $4.8 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 $293,000 (bringing the total excess expenditures to approximately $800,000, as noted above), the Company's and Calibres' participating interests would be approximately 68.9% and 31.1%, respectively.

The Company also continued with base-line aspects and reporting for the permitting application and completed engineering for a PEA that was file 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, $18.50 per tonne;
Nicaraguan royalty rate of 3% NSR and 0.5% to an independent 3rd-party applied to all saleable products;
Nicaraguan income tax rate of 30%, after depreciation of fixed assets at 10%;
internal rate of return (after all government taxes) of 41%;
net present value at 7% discount rate (after all government taxes) of $28.8M, and
payback of initial pre-production capital (after all government taxes) of 2.8 years.

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 14 of the Unaudited Interim Consolidated Financial Statements).

As at March 31, 2017, the Company had a cash balance of $126,655 and a working capital deficiency of $107,340. Its property is 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 and/or debt of the Company or the sale by the Company of an interest in its Rosita property, in whole or in part.

Related-party transactions and balances

During the three months ended March 31, 2017, $30,000 (2016 - $45,000) of management fees were incurred and 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 1-year 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 its CFO beneficially own RGMI. Effective February 1, 2017, RGMI has agreed to defer payment of its entire monthly management fee until the Company completes a financing.

During the three months ended March 31, 2017, $12,000 (2016 - $12,000) was incurred and payable to the Company's CEO, with regards to management fees. Effective February 1, 2017, the Company's CEO has agreed to defer payment of the entire monthly management fee of $4,000 until the Company completes a financing.