Rosita Mining Corporation

Unaudited Interim Consolidated Financial Statements

As at and for the three and six month periods ended June 30, 2017 and 2016

Rosita Mining Corporation

NOTICE OF NO AUDITOR REVIEW OF INTERIM CONSOLIDATED FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3 (3) (a), if an auditor has not performed a review of the interim consolidated financial statements, they must be accompanied by a notice indicating that the interim consolidated financial statements have not been reviewed by an auditor.

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by management and approved by the Audit Committee and Board of Directors of the Company.

The Company's independent auditors have not performed a review of these interim consolidated financial statements in accordance with the standards established by the Canadian Institute of Chartered Accountants for a review of interim consolidated financial statements by an entity's auditors.

August 29, 2017

Rosita Mining Corporation

Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	June 30, 2017 $ (Unaudited)	December 31, 2016 $ (Audited)
Assets		
Current Assets		
Cash (Note 8)	21,982	274,869
Short-term investment (note 9)	-	10,000
Other receivables and prepaid expenses (Note 10)	38,020	41,115
Total current assets	60,002	325,984
Non-current assets		
Property and equipment (Note 15)	7,290	6,690
Total non-current assets	7,290	6,690
Total assets	67,292	332,674
Liabilities		
Current liabilities		
Trade payables and accrued liabilities (Note 11)	228,792	236,647
Loans payable	3,978	
Due to related parties	93,194	11,354
Total current liabilities	325,964	248,001
Total liabilities	325,964	248,001
Shareholders' equity		
Share capital (Note 12)	19,451,007	19,451,007
Reserve for warrants (Note 12)	437,308	437,308
Contributed surplus (Note 12)	14,272,141	14,272,141
Deficit	(34,419,128)	(34,075,783)
Total shareholders' equity	(258,672)	84,673
Total liabilities and shareholders' equity	67,292	332,674

Going concern (note 2)
Related-party transactions (note 13)

Approved for issuance by the Board on August 29, 2017:

Signed "John Cook"
John Cook, Director

Signed "Nick Tintor"
Nick Tintor,Director

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements.)

Rosita Mining Corporation

Unaudited Interim Consolidated Statements of Comprehensive Loss

(Expressed in Canadian dollars)

	Three months ended		Six months ended	
	June 30, 2017 $	June 30, 2016 $	June 30, 2017 $	June 30, 2016 $
Operating expenses				
Depreciation	1,559	2,129	3,337	4,369
Exploration and evaluation expenditures (Note 14)	87,784	87,451	215,315	141,562
Office and administrative expenses	33,089	47,757	66,678	102,190
Professional fees	2,411	3,236	2,411	10,736
Salaries and benefits	14,025	13,725	28,050	27,450
Shareholder information	19,897	4,892	24,758	13,694
Total operating expenses	158,765	159,190	340,549	300,001
Loss before taxes and undernoted items	(158,765)	(159,190)	(340,549)	(300,001)
Other items				
Other income	5	131	202	751
Foreign exchange loss	(1,422)	(247)	(2,998)	(3,916)
Comprehensive loss	(160,182)	(159,306)	(343,345)	(303,166)
Basic and fully-diluted loss per common share	(0.00)	(0.00)	(0.01)	(0.01)
Weighted average number of shares outstanding	54,147,282	36,783,982	54,147,282	36,783,982

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements.)

Rosita Mining Corporation

Unaudited Interim Consolidated Statements of Changes in Equity

(Expressed in Canadian dollars)

	Share Capital					
	Number of shares	Amount $	Warrants $	Contributed Surplus $	Accumulated deficit $	Total $
Balance at January 1, 2016	36,783,982	19,067,609	-	13,932,141	(33,053,942)	(54,192)
Net loss for the period	-	-	-	-	(303,166)	(303,166)
Balance at June 30, 2016	36,783,982	19,067,609	-	13,932,141	(33,357,108)	(357,358)
Balance at January 1, 2017	54,147,282	19,451,007	437,308	14,272,141	(34,075,783)	84,673
Net loss for the period	-	-	-	-	(343,345)	(343,345)
Balance at June 30, 2017	54,147,282	19,451,007	437,308	14,272,141	(34,419,128)	(258,672)

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements.)

Rosita Mining Corporation

Unaudited Interim Consolidated Statements of Cash Flow

(Expressed in Canadian dollars)

	Six months ended	
	June 30, 2017 $	June 30, 2016 $
Operating activities		
Net loss	(343,345)	(303,166)
Adjustments to non-cash items:		
Depreciation	3,337	4,369
Net change in non-cash working capital items:		
Other receivables and prepaid expenses	3,095	(9,053)
Shareholders loan	3,978	-
Trade payables and accrued liabilities	(7,855)	(48,638)
Cash used in operating activities	(340,790)	(356,488)
Financing activities		
Advances from related parties	81,840	35,012
Cash provided from financing activities	81,840	35,012
Investing activities		
Purchase of equipment	(3,937)	(284)
Sale of short-term investment	10,000	-
Cash provided from investing activities	6,063	(284)
Net decrease in cash	(252,887)	(321,760)
Cash at beginning of year	274,869	446,826
Cash at end of period	21,982	125,066

(The accompanying notes are an integral part of these unaudited interim consolidated financial statements.)

1. Company description and nature of operations

Rosita Mining Corporation ("Rosita" or the "Company"), is an exploration-stage, publicly-traded Company on the TSX Venture Exchange ("TSXV") – symbol RST. Rosita was incorporated in Ontario, Canada with its registered office address at 6012 – 85 Ave., Edmonton, AB, T6B 0J5. The Company is a junior prospecting and natural-resource company, focused on growing exploration and mineral assets to build shareholder value. The Company employs responsible exploration methods in politically stable, low-risk and mining-friendly countries. 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.

2. Going concern

These unaudited consolidated financial statements (the "Consolidated Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, as they come due for the foreseeable future. The Company is in the process of exploring and developing its mineral properties and has not yet realized profitable operations. The Company requires additional financing for its working capital and for the costs of exploration and development of its mineral properties. Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. The Company will continue to seek additional forms of debt or equity financing, however, there is no assurance that it will be successful in doing so or that funds will be available on terms acceptable to the Company or at all. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. Further, in order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed at their renewal date. These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, the Consolidated Financial Statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the accompanying Consolidated Financial Statements.

At June 30, 2017, the Company had a working capital deficit of $265,962 (December 31, 2016 – working capital of $77,983), a cash position of $21,982 (December 31, 2016 – $274,869) and an accumulated deficit of $34,419,128 (December 31, 2016 – $34,075,783) and for the six month period ended June 30, 2017, cash used for operating activities of $340,790 (2016 - $356,488). In order to meet its work commitments and planned exploration expenditures for its projects as well as further working capital requirements, it will be required to complete further financings (debt or equity). Management continues to work toward completing additional financings.

The reader is also directed to review note 6 (ii) – Financial instruments - liquidity risk.

3. Basis of preparation and significant accounting policies

3.1 Statement of compliance

The Consolidated Financial Statements, including comparatives, have been prepared in accordance with *International Accounting Standards 34 'Interim Financial Reporting'*, using accounting policies consistent with the IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC").

The Consolidated Financial Statements were approved by the Company's Board of Directors on August 29, 2017.

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in note 6. The Consolidated Financial Statements are presented in Canadian dollars, the Company's functional and presentation currency.

3.2 Basis of presentation

The Consolidated Financial Statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in note 6. The Consolidated Financial Statements are presented in Canadian dollars, the Company's functional and presentation currency.

3.3 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 July 25, 2016, the date of dissolution), Alder Resources Ltd. and ALR Nicaragua S.A. 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 or actual 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 comprehensive loss include losses of the Company's subsidiaries.

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

4. New accounting standards and interpretations

At the date of authorization of the Consolidated Financial Statements, the International Accounting Standards Board and International Financial Reporting Committee have issued the following revised standards that are not yet effective for the relevant reporting periods and for which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- In December 2016, the IASB issued amendments resulting from Annual Improvements 2014-2016 Cycle, removing short-term exemptions. The effective date of these amendments is for annual periods beginning on or after January 1, 2018. Early adoption is permitted.
- IFRS 2 – *Share-based Payments* was amended in June 2016 to clarify the classification and measurement of share-based payment transactions. The effective date of these amendments is for annual periods beginning on or after January 1, 2018. Early adoption is permitted.
- On July 24, 2014, the IASB issued the complete IFRS 9 – *Financial Instruments* (IFRS 9 (2014)). The mandatory effective date of IFRS 9 (2014) is for annual periods beginning on or after January 1, 2018 and must be applied retrospectively with some exemptions. Early adoption is permitted. The restatement of prior periods is not required and is only permitted if information is available without the use of hindsight.
- IFRS 10 – *Consolidated Financial Statements* ("IFRS 10") and IAS 28 – Investments in Associates and Joint Ventures ("IAS 28") were amended in September 2014 to address a conflict between the requirements of IAS 28 and IFRS 10 and clarify that in a transaction involving an associate or joint venture, the extent of gain or loss recognition depends on whether the assets sold or contributed constitute a business. The effective date of these amendments is yet to be determined, however early adoption is permitted.
- In May 2014, the IASB issued IFRS 15 *Revenue from Contracts with Customers*, which supersedes 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*. IFRS 15 establishes a comprehensive five-step framework for the timing and measurement of revenue recognition. The Company intends to adopt IFRS 15 effective January 1, 2018.

(Expressed in Canadian dollars)

4. New accounting standards and interpretations (continued)

- On January 13, 2016, the IASB issued IFRS 16, Leases, which will replace IAS 17, Leases. The new standard will be mandatorily effective for fiscal years beginning on or after January 1, 2019. Earlier application is permitted. Under the new standard, all leases will be on the balance sheet of lessees, except those that meet limited exception criteria. The Company has not yet assessed the impact of the adoption of this standard on its consolidated financial statements.

5. Capital management

The Company considers its capital to be its equity, which is comprised of share capital, contributed surplus, reserve for warrants and deficit, which as at June 30, 2017 totaled a deficit of $265,962 (December 31, 2016 – working capital of $77,983). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's 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.

Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable, given the relative size of the Company.

There were no changes in the Company's approach to capital management during the six month period ended June 30, 2017. The Company is not subject to externally imposed capital restrictions**.**

6. Financial instruments

The Company has designated its cash and short-term investment as fair-value-through-profit-and-loss ("FVTPL"), which is measured at fair value. Other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost that approximates fair value. Trade payables and accrued liabilities, and due to related parties are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also approximates fair value. Fair values of the Company's financial instruments have been characterized below using a fair value hierarchy that reflects the significance of the inputs used in making the measurements.

	Level 1 $	Level 1 $	Level 1 $
Cash	21,982	-	-
Trade payable and accrued interest	-	-	(228,792)
Due to related parties	-	-	(93,194)

As at June 30, 2017, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

6. Financial instruments (continued)

A summary of the Company's risk exposures as it relates to financial instruments are reflected below:

i) Credit risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfill its payment obligations. The credit risk is attributable to various financial instruments, as noted below. The credit risk is limited to the carrying value amount carried on the statement of financial position.

Cash – Cash is held with major Canadian and Nicaraguan banks and investment institutions and therefore have minimal risk of loss. In Management's opinion, the risk of loss is minimal with foreign banking institutions and is limited to the amount carried on statement of financial position. Cash held with foreign banks at June 30, 2017, totals $13,527 (December 31, 2016 - $16,928).

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at June 30, 2017, the Company had a working capital deficit of $265,962 (December 31, 2016 – working capital of $77,983). In order to meet its future working capital and property exploration expenditures, the Company intends on securing further financing, as required, to ensure that those obligations are properly discharged. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations therein.

iii) Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, commodity prices and/or stock market movements (price risk).

a. Interest rate risk

   The Company is not exposed to significant interest rate price risk due to the short-term nature of its monetary assets and liabilities. Cash not required in the short term, is invested in short to mid-term guaranteed investment certificates, as appropriate.

b. Currency risk

   Although the Company's operations are conducted in Canadian dollars, it has entered into contracts and/or agreements that require payment in United States dollars and/or Nicaraguan Córdoba. Management believes that foreign currency risk derived from currency conversions is negligible and therefore does not hedge its foreign exchange risk.

c. Price risk

   The Company is not subject to price risk.

7. Cash

The balance at June 30, 2017, consists of $21,982 (December 31, 2016 - $274,869) on deposit with major Canadian and Nicaraguan banks.

8. Short-term investments

At the comparative period (December 31, 2016), short-term investment consists of a guaranteed investment certificate of $10,000, which bore interest at rate of 0.5% per annum and had a maturity date of January 28, 2017.

9. Sensitivity analysis

Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a three-month period:

The Company's funds are kept in Canadian dollars, US dollars and Nicaraguan Córdoba at major Canadian and Nicaraguan financial institutions.

As at June 30, 2017, the Company's exposure to foreign currency balances is as follows:

As at		June 30, 2017	December 31, 2016
Account	Foreign Currency	Exposure ($CDN)	
Cash	US dollar	13,527	13,500
Cash	Nicaraguan Córdoba	-	16,928
Other receivables	Nicaraguan Córdoba	-	4,283
Accounts payable	Nicaraguan Córdoba	(10,412)	(9,445)
		3,115	25,266

The Company believes that a change of 10% in the foreign exchange rates would increase/decrease net income for the period by approximately $31 (December 31, 2016 - $2,527).

10. Other receivables and prepaid expenses

The Company's receivables arise from two sources: Harmonized sales tax ("HST") recoverable from the Canada Revenue Agency and prepaid amounts to suppliers. These are broken down as follows:

As at	June 30, 2017 $	December 31, 2016 $
HST recoverable	29,704	32,782
Prepaid insurance	8,316	8,333
Total	38,020	41,115

11. Trade payables and accrued liabilities

Trade payables and accrued liabilities of the Company are principally comprised of amounts outstanding for trade purchases relating to exploration activities and amounts payable for operating activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an analysis of the trade payables and accrued liabilities balances:

As at	June 30, 2017 $	December 31, 2016 $
Exploration expenditures	11,223	1,907
Trade payables	211,569	214,740
Accrued liabilities	6,000	20,000
Total	228,792	236,647

(Expressed in Canadian dollars)

12. Capital stock

Share Capital

Authorized

Authorized share capital consists of an unlimited number of common shares of which 54,147,282 (2016 – 54,147,282) are issued and outstanding.

Issued

2016

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 an exercise price of $0.055, expiry date of July 20, 2018, and 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. The fair value of the Finders' Units was accounted for as a deduction from equity.

Contributed surplus

The Company has a stock option plan for the purchase of common shares for its directors, officers, employees and other service providers. The aggregate number of common shares reserved for issuance under the stock option plan is a maximum of 10% of the issued and outstanding common shares of the Company. As at June 30, 2017, the Company had 1,527,078 options available for issuance (December 31, 2016 – 1,423,003).

A continuity of the outstanding options to purchase common shares is as follows:

	June 30, 2017		December 31, 2017	
	Weighted Average Exercise Price $	Number of Options	Weighted Average Exercise Price $	Number of Options
Outstanding at beginning of period	0.18	3,991,725	0.71	2,108,967
Transactions during the period				
Granted	-	-	0.11	3,400,000
Expired	(1.17)	(104,075)	(1.06)	(117,650)
Forfeited	-	-	(0.73)	(1,399,592)
Outstanding at end of period	0.15	3,887,650	0.18	3,991,725
Exercisable at end of period	0.15	3,887,650	0.18	3,991,725

(Expressed in Canadian dollars)

12. Capital stock (continued)

Share Capital

Contributed surplus

The following table provides additional information about outstanding stock options at June 30, 2017:

Exercise Prices ($)	Number of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price ($)
0.11	3,400,000	1.52	0.11
0.28	99,550	1.70	0.28
0.50	370,000	1.16	0.50
0.55	18,100	0.45	0.55
0.11 – 0.55	3,887,650	1.21	0.15

Warrants

The outstanding issued warrants balance as at June 30, 2017 is comprised of the following items:

Date of expiry	Type	Number of warrants	Exercise price $	Fair Value $
July 18, 2018	Warrants	17,000,000	0.055	413,785
July 20, 2018	Finders' warrants	363,300	0.055	37,783
Costs of Private Placement allocated to warrants		-	-	(14,260)
Total		17,363,300	-	437,308

On May 30, 2017, 524,900 warrants with an exercise price of $0.39 expired unexercised.

13. Related-party transactions

During the six month period ended June 30, 2017, $60,000 (2016 - $90,000) 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 former CFO beneficially own RGMI.

During the six month period ended June 30, 2017, $24,000 (2016 - $24,000) was incurred and payable to the Company's CEO, with regards to management fees.

Due to related-parties

As at June 30, 2017, the consolidated statements of financial position includes a balance of $93,194 (December 31, 2016 – $11,354) due to key management and former management or companies controlled by them.

(Expressed in Canadian dollars)

14. Exploration and evaluation expenditures

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

	Six months ended		
	June 30, 2017	June 30, 2016	Cumulative to-date[1] $
Nicaragua			
Rosita project[2]	215,315	141,562	2,922,726
Exploration and evaluation expenditures	215,315	141,562	2,922,726

(1) Only current properties have comparative amounts and are included in the Cumulative to-date amount.
(2) Cumulative amounts include the rights-to-explore acquisition costs of $1,901,236, incurred to complete the Acquisition

Rosita project

On August 29, 2011, Alder entered into an option agreement with Calibre to earn a 65% interest in the Rosita project.

To exercise the option, Alder (and now Rosita) must pay Calibre:

(i) An aggregate of 1,000,000 Alder common shares as follows:

a. 200,000 common shares of Alder within 5 business days of the TSXV approval of the option agreement (issued);
b. 200,000 common shares of Alder on or before October 3, 2012 (issued);
c. 200,000 common shares of Alder on or before October 3, 2013 (issued);
d. 200,000 common shares of Alder on or before October 3, 2014 (issued);
e. 200,000 common shares of Alder on or before October 3, 2015 (Rosita shares issued as adjusted for the Arrangement and the Consolidation, notes 12 and 18);

and incur

(ii) An aggregate of $4,000,000 in expenditures on the property as follows:

a. $500,000 on or before October 3, 2012 (incurred);
b. An additional $750,000 on or before October 3, 2013 (incurred);
c. An additional $1,250,000 on or before October 3, 2014 (incurred); and
d. An additional $1,500,000 on or before October 3, 2015 (incurred) (see below regarding these expenditures).

On June 30, 2014, the Company 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.

In November 2015, the Company (including previous expenditures by Alder) had fulfilled the requirements under the option agreement and it had earned its 65% interest in the Rosita project. Pursuant to the option agreement, upon earn-in, an automatic joint-venture was created between Rosita and Calibre and in November 2016, the Company and Calibre memorialized an agreement (the "JV Agreement") with an effective date of November 23, 2015. For accounting purposes, the Company has determined that the JV Agreement does not meet the criteria set forth in IFRS 11 *Joint Arrangements*.

Pursuant to the option agreement, at the earn-in date, Calibre was to transfer title of the Rosita project to the Company. Such transfer is ongoing but not yet completed as of June 30. 2017.

(Expressed in Canadian dollars)

14. Exploration and evaluation expenditures (continued)

Rosita project (continued)

During the 3 months ended June 30, 2017, the Company's expenditures on the Rosita project, which pursuant to the JV Agreement were subject to contributions on a current 67%/33% (2016 – 65%/35%) basis between Rosita/Calibre, were not met by Calibre thereby resulting in a 2% dilution to Calibre's holdings at the end of 2016, increasing the Company's participation in Rosita to 67%. The Company has incurred 100% cost of the Rosita Project since acquired.

15. Property and equipment

Property and equipment is comprised as follows:

Cost	$
Balance January 1, 2016	16,215
Additions	2,613
Balance December 31, 2016	18,828
Additions	3,938
Balance June 30, 2017	22,766

Accumulated depreciation	$
Balance at January 1, 2016	(3,701)
Depreciation	(8,437)
Balance December 31, 2016	(12,138)
Depreciation	(3,337)
Balance June 30, 2017	(15,475)

Net value	$
Balance December 31, 2016	6,690
Balance June 30, 2017	7,290

16. Commitments and contractual obligations

The Company is obligated to pay a 0.5% net smelter royalty ("NSR") on its current interest in the Rosita project (see note 14).

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees. At present, the Company has complied with existing laws with regard to environmental legislation.

(Expressed in Canadian dollars)

16. Commitments and contractual obligations (continued)

The Company has not determined and is not aware whether any provision for such costs is required and is unable to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form that these laws and regulations may take.

17. Segmented information

Operating segments

At June 30, 2017, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Nicaragua. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment. As the operations comprise a single reporting segment, amounts disclosed in the Consolidated Financial Statements also represent operating segment amounts.

Geographic segments

Management has organized the Company's reportable segments by geographic area. The Nicaraguan segment is responsible for that country's mineral exploration and production activities while the Canadian segment manages corporate head office activities. Information concerning Rosita's reportable segments is as follows:

	Six months ended	
Net loss	June 30, 2017	June 30, 2017
Canada	(128,030)	(90,735)
Nicaragua	(215,315)	(53,125)
	(343,345)	(143,860)

As at	June 30, 2017	December 31, 2017
Identifiable assets		
Canada	43,803	304,773
Nicaragua	23,489	27,901
	162,930	332,674

18. Subsequent events

On June 5, 2017 Rosita announced the resignation of Mr. Mark Keatley from the Audit Committee and the Board of Directors.

On July 6, 2016 the Company announced that it had arranged a non-brokered private placement of up to 40,000,000 common shares at $0.03 per common shares for gross proceeds of $1,200,000. Rosita also announced the resignation of its CFO, Mr. Stephen Gledhill.

On July 21, 2017 the Company announced that it had obtained a discretionary waiver from the $0.05 minimum pricing requirement by the TSXV pursuant to the TSXV bulletin dated April 7, 2014.

On July 21, 2017 Rosita closed the 1st tranche of its non-brokered private placement for 1,700,000 common shares and gross proceeds of $51,000. The Company paid finder's fees of $4,080 and issued 81,600 broker warrants pursuant to closing the 1st tranche.

On August 21, 2017 the Company announced that it had obtained TSXV approval to extend the closing of its previously announced non-brokered private placement to September 20, 2017.