

Rosita Mining Corporation

FORM 51-102F1

Management Discussion & Analysis

For the three and nine month periods ended September 30, 2017 and 2016

This management discussion and analysis (“MD&A”) has been prepared based on information available to Rosita Mining Corporation (“Rosita” or the “Company”) as at November 27, 2017. This MD&A updates disclosure previously provided in the Company’s annual and interim MD&A’s, up to the date of this MD&A and should be read in conjunction with the Company’s Unaudited Interim Consolidated Financial Statements and the related notes for the three and nine month periods ended September 30, 2017 and 2016. Readers are also encouraged to refer to the Company’s Audited Consolidated Financial Statements for the years ended December 31, 2016 and 2015. 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 MD&A has also been prepared by management and is consistent with the data contained in the Unaudited Interim Financial Statements. Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com.

Management 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 *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 period ended September 30, 2017, the Company’s net assets decreased by \$294,450, the result of a decrease in assets of \$183,919 together with an increase in liabilities of \$110,531.

The Company’s cash balance decreased by \$171,118, a result of cash raised through financing activities and advances from related parties of \$242,954 plus cash provided from investing activities of \$6,063 (refund of short-term deposits of \$10,000 less equipment purchase of \$3,937) offset by cash used for operating activities of \$420,135.

Expiry of options

In January 2017, 9,050 options with an exercise price of \$0.66 and 95,025 options with an exercise price of \$1.22 expired unexercised. In September 2017, 110,000 options with an exercise price of \$0.50 and 400,000 options with an exercise price of \$0.11 expired unexercised.

Expiry of warrants

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

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 to 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. The loss for the three month period ended September 30, 2017 was \$74,753. This was the result of depreciation of \$658, direct project expenditures of \$40,122, office and administrative expenditures of \$4,960, professional fees of \$4,636, salaries and benefits of \$14,025, shareholder information expenses of \$7,341, a loss on other income of \$5 and a foreign exchange loss of \$3,006.

The loss for the nine month period ended September 30, 2017 was \$418,098. This was the result of depreciation of \$3,995, direct project expenditures of \$255,437, office and administrative expenditures of \$71,638, professional fees of \$7,047, salaries and benefits of \$42,075, shareholder information expenses of \$32,099, other income of \$197 and a foreign exchange loss of \$6,004.

The decrease in the loss over the comparative nine month period ended September 30, 2016 of \$433,717 is mainly attributable to a decreases in share based compensation of \$340,000, exploration and evaluation expenses of \$35,716 and office and administrative expenses of \$64,053.

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.

Rosita D Concession update (continued)

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

All monetary amounts are in US dollars:

- Gold: \$1,250 per ounce;
- Silver: \$18 per ounce;
- Copper: \$2.50 per pound.

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

All monetary amounts are in US dollars:

- Pre-production capital costs including 30% contingencies, \$11.4 million;
- Total capital over life of mine, \$26.1 million;
- Operating costs over 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 \$28.8 million; and
- Payback of initial pre-production capital (after all government taxes) of 2.8 years.

Commitments, liquidity and capital resources

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 September 30, 2017, the Company had a cash balance of \$103,751 and a working capital deficiency of \$216,409. 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 nine month period ended September 30, 2017, \$60,000 (2016 - \$120,000) 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 nine month period ended September 30, 2017, \$36,000 (2016 - \$36,000) was incurred and payable to the Company’s CEO, with regards to management fees.

Due to related-parties

As at September 30, 2017, the consolidated statements of financial position includes a balance of \$130,660 (December 31, 2016 – \$11,354) due to key management and former management or companies controlled by them.