Rosita Mining Corporation

Management Discussion & Analysis

For the years ended December 31, 2018 and 2017

Introduction

This management discussion and analysis ("MD&A") has been prepared based on information available to Rosita Mining Corporation ("Rosita" or the "Company") as at May 06, 2019. 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 Consolidated Financial Statements and the related notes for the year ended December 31, 2018 and 2017. Readers are also encouraged to refer to the Company's Audited Consolidated Financial Statements for the years ended December 31, 2018 and 2017. 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 Financial Statements. Additional information relating to the Company may be found under its profile on SEDAR at www.sedar.com.

Management's Report on Internal Controls over Financial Reporting

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.

Description of Business

Rosita Mining Corporation (the "Company"), is an exploration-stage, publicly-traded company on the TSX Venture Exchange ("TSXV") under the symbol 'RST'. The Company was incorporated in Ontario, Canada and is a junior prospecting and natural-resource company, focused on growing exploration and mineral assets to build shareholder value. 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's head office is at Suite 200, 82 Richmond Street East, Toronto, ON M5C 1P1.

Outlook and Overall Performance

Financial condition

The Company had total assets of $2,377.888 as at December 31, 2018 compared to $2,116,858 as at December 31, 2017. The increase in total assets of $261,030 was due to an increase in exploration and evaluation assets which included further exploration costs on the Rosita Project and the acquisition costs for the Marilyn Three project.

The Company's liabilities decreased from $640,752 at December 31, 2017 to $605,937 at December 31, 2018. The decrease in total liabilities was due to a decrease in accounts payable and accrued liabilities of $188,928 offset by increases in amounts due to related parties of $34,431 for unpaid management fees incurred by management, loan payable of $21,000 for additional proceeds received during the year, and $98,682 increase in deferred income tax liability for the difference in accounting and tax basis for mineral properties held in Nicaragua.

As at December 31, 2018, the Company had a working capital deficit of $226,150 compared to a working capital deficit of $275,587 at December 31, 2017. The decrease in working capital deficit was due to proceeds received from warrants exercise of $279,125 which was used to pay down amounts owing to creditors.

Operations

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.

In July 2018, the Company and its Nicaraguan subsidiary ALR Nicaragua SA ("ALR") is pleased to announce it has entered into a Memorandum of Understanding which could lead to a new Joint Venture Agreement ("JV") with CENTURY MINING SA a Nicaraguan mining company ("CENTURY"). This JV pertains to the Rosita D Concession and the Santa Rita Stockpile treatment Project ("Santa Rita").

In August 2018, the Company entered into a binding L.O.I. to acquire 100% of the Marilyn Three Project, Newfoundland. The Marilyn Three Property is located within a northeast-trending belt of Silurian volcanic, volcaniclastic and sedimentary rocks, adjacent to a large bimodal intrusive. This intrusive (The Mount Peyton complex) is thought to be responsible for the large regional fault structure located within the larger area and within the property. The project/property consists of 104 claim blocks representing exclusive exploration rights to a land package of approximately 6,448 acres (2600 hectares) and lies within the same belt of rock and on trend with the mineral license hosting Sokoman Iron Corp.'s recently announced discovery hole (Sokoman Iron Corp. news release dated July 24, on its Moosehead gold project, where Sokoman Iron reported a drill intersection of 44.96 grams per tonne gold over 11.9 metres). Additionally, within the property, recent work has identified quartz subcrop blocks (enriched in silver, arsenic and antimony) with assays up to 4.8g/t Au. These blocks are located approximately 150m west of a recently identified 10-15m wide epithermal vein system in outcrop. Appearances and textures indicate that the vein outcrop is a fully preserved epithermal quartz veined system with potential significant grades just below the surface within the boiling zone. Terms of the L.O.I. are as follows: (i) Paying the Vendors $35,000 within 24 hours of signing this LOI; (ii) Issuing 2.5 million shares of Rosita Mining upon receiving regulatory approval; (iii) Vendors retains a 2% Net Smelter Royalty on the property. Rosita will have the the right to buy ½ (1%) of the royalty for 1% at any time for CAN$1 million; (iv) Reimbursing the Vendors for additional out of pocket staking costs.

In August 2018, the Company announced it increased its land holding in Newfoundland by adding to the previously announced Marilyn Three Property (announced August 14, 2018). The additional land package was staked to cover prospective geology along the contact of the Botwood Group and the Mount Peyton Intrusive. Also, the additional claims cover parallel epithermal textured boulder trains and the possible strike extension of the in situ epithermal system.

In October 2018, the Company satisfactorily completed the environmental process established by Nicaraguan laws as part of the prerequisites that must be met before building the treatment plant and entering into mining operations. The Environmental Permit was signed September 28, 2018 and the original obtained by the company on October 9, 2018. It was granted by the Natural Resources and Environment Commission of the Autonomous Regional Council of the North Caribbean Coast (CARENA – CRACCN) and the Secretary of Ministry of Natural Resources (SERENA) after completing a process that included; conducting an Environmental Impact Study, review and input on the study to all stakeholders and to public consultation. The Environmental Study of the Santa Rita Project was reviewed by a multidisciplinary team made up of social, environmental, technical and governmental institutions. Obtaining this permit constitutes the main authorization that must be obtained prior to initiating mining operations in the Santa Rita project.

In October 2018, the Company has formalized the investment Agreement of US$8.5 million into its Nicaraguan Project, between the Company, its Nicaraguan subsidiary, ALR and CENTURY. CENTURY has agreed, that after an initial US$1.5 million investment, for a 13% interest in the Project, they will invest a further US$7 million to build the treatment plant for a total interest in the Project of 75%. Currently, a JV between Rosita 70% and Calibre 30% exists and will remain on a diluted basis for the remaining 25% and has now agreed, all three parties will be involved in the revised JV with their respective participating interests. Below is a summary of the main aspects included in this agreement:

• ALR, CXBSA and CENTURY have agreed to participate in a joint Nicaraguan company called SANTA RITA MINING COMPANY, S.A (SANTA RITA). This new company will be incorporated within a period of fifteen (15) days after signing this agreement.

• CXBSA will bring to SANTA RITA the promise to seek the authorization of the Ministry for Energy and Mines to transfer the Rosita D Concession to SANTA RITA complying with the procedures established by Nicaraguan law.

• ALR will, within the next 6 months, transfer to SANTA RITA the KNOW HOW about the Project, and the existing Technical Studies, especially those pertaining to the stockpile treatment plant.

• CENTURY will bring the investments, as indicated above a total of US $ 8.5 million.

• The purpose of the participants through SANTA RITA is to develop the Project via the processing plant, conduct exploration programs and any other ancillary activities to develop the Rosita D Concession.

• SANTA RITA, will be managed by a Board of Directors composed of five positions, three appointed by CENTURY and one each by ALR and CXBSA.

• Each participant in SANTA RITA will have the ability to undertake other business activities independently of SANTA RITA.

Trends

The Company is a mineral exploration company, focused on the acquisition, exploration and development of mineral properties.

The Company's future performance and financial success is largely tied to the success of its exploration and development activities. The development of assets may take years to complete and the resulting income, if any, is difficult to determine with any certainty. The Company lacks mineral reserves and to date has not produced any revenues. The sales value of any minerals discovered by the Company is largely dependent upon factors beyond its control, such as the market value of the commodities produced.

Current global economic conditions and financial markets are volatile and are likely to be so for the foreseeable future, reflecting ongoing concerns about the global economy. This affects the mining industry, and, as it relates to the Company, affects the availability of equity financing for the purposes of mineral exploration and development. As a result, the Company may have difficulties raising equity financing for the purposes of mineral exploration, development and property acquisitions, particularly without excessively diluting the interests of its current shareholders. With continued market volatility expected, the Company's current strategy is to continue exploring its properties and to seek out other prospective project opportunities. The Company believes this focused strategy will enable it to meet the near-term challenges presented by the capital markets while maintaining momentum on key initiatives. The Company regularly monitors economic conditions and estimates their impact on the Company's operations and incorporates these estimates in short-term operating and longer-term strategic decisions.

Apart from these and the risk factors noted under the heading "Risks and Uncertainties", the Company is not aware of any other trends, commitments, events or uncertainties that would have a material effect on the Company's business, financial condition or results of operations.

Off-Balance-Sheet Arrangements

As of the date of this filing, the Company does not have any off-balance-sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

Proposed Transactions

The Company routinely evaluates various business development opportunities which could entail optioning properties, direct acquisitions, trades and/or divestitures. In this regard, the Company is currently in discussions with various parties, but no definitive agreements with respect to any proposed transactions have been entered into as of the date of this MD&A. There can be no assurances that any such transactions will be concluded in the future.

Environmental Contingency

The Company's exploration activities are subject to various government laws and regulations relating to the protection of the environment. These environmental regulations are continually changing and generally becoming more restrictive. As of December 31, 2018, the Company does not believe that there are any significant environmental obligations requiring material capital outlays in the immediate future.

Selected Annual Financial Information

The following table provides a brief summary of the Company's financial operations. For more detailed information, refer to the consolidated financial statements which can be found at www.SEDAR.com. This information has been prepared in accordance with IFRS and is presented in Canadian Dollars which is the functional currency of the Company.

	December 31, 2018 $	December 31, 2017 $	December 31, 2016 $
Total revenue	Nil	Nil	Nil
Net loss	(273,470)	(283,952)	(781,055)
Basic and diluted earnings (loss) per share	(0.00)	(0.01)	(0.01)
Total assets	2,377,888	2,116,858	2,308,938

Summary of Quarterly Results

Three Months Ended	Total Revenue ($)	Loss (Income)		Total Assets ($)
		Total ($)	Per Share ($)	
2018-December 31	Nil	212,950	0.00	2,377,888
2018-September 30	Nil	108,764	0.00	2,155,527
2018-June 30	Nil	16,566	0.00	2,220,633
2018-March 31	Nil	(64,810)	(0.00)	2,312,295
2017-December 31	Nil	121,291	0.00	2,116,858
2017-September 30	Nil	34,631	0.00	2,165,141
2017-June 30	Nil	72,398	0.00	2,131,340
2017-March 31	Nil	55,632	0.00	2,266,725

Discussion of Operations

Three months ended December 31, 2018 compared with three months ended December 31, 2017

Rosita's net loss totaled $212,950 for the three months ended December 31, 2018, with basic and diluted loss per share of $0.00. This compares with a net loss of $121,291 with basic and diluted loss per share of $0.00 for the three months ended December 31, 2017. The increase of $91,659 in net loss was principally because increase in shareholder communication costs for investor relations and marketing communication and foreign exchange variances as well as the increase in the deferred income tax expense in fiscal 2018 as a significant amount of tax losses in Nicaragua expired in fiscal 2018.

Year ended December 31, 2018 compared with year ended December 31, 2017

Operating expenditures for the year ended December 31, 2018 were 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 year ended December 31, 2018 was $273,470 (2017 - $283,952). The decrease in the loss for the year ended December 31, 2018 over the year ended December 31, 2017 of $10,482 is mainly attributable to general and administrative cost of decrease of $131,938 offset by an increase in share-based payments of $76,320 for granting of stock options to officers and directors of the Company, $22,826 of shareholder communication costs for investor relations and marketing, and $57,221 for deferred income tax expense as the Company had some tax losses on the Nicaraguan property expire during the year. .

Liquidity and Financial Position

The activities of the Company, principally the acquisition and exploration of mineral properties, are financed through the completion of equity transactions such as equity offerings and the exercise of stock options. There is no assurance that equity capital will be available to the Company in the amounts or at the times desired or on terms that are acceptable to the Company, if at all.

Change in Accounting Policy

In December 2018, the Company changed its accounting policy regarding acquisition and exploration costs relating to exploration and evaluation assets. The Company has elected to capitalize all acquisition and exploration costs of exploration and evaluation assets, in accordance with IFRS 6, *Exploration for and Evaluation of Mineral Resources*, as it better reflects the Company's ongoing activities with respect to its mineral properties and business objectives. Previously, exploration and evaluation acquisition and exploration costs were expensed as incurred. The change in accounting policy resulted in a decrease in net loss of $268,413 for the year ended December 31, 2017 and an increase in total assets of $2,003,547 as at December 31, 2017. The impact of the change in accounting policy has been applied on a retroactive basis and had the following effects on the Company's consolidated financial statements:

Consolidated Statement of Financial Position

	As at December 31, 2017		
	As Reported $	**Adjustment $**	**As Restated $**
Exploration and evaluation assets	Nil	2,003,547	2,003,547
Total assets	113,311	2,003,547	2,116,858
Deferred income tax liability	Nil	257,858	257,858
Total liabilities	382,894	257,858	640,752
Accumulated other comprehensive loss	Nil	(241,133)	(241,133)
Deficit	(34,586,687)	1,986,822	(32,599,865)
Total shareholders' equity (deficit)	(269,583)	1,745,689	1,476,106
Total liabilities and shareholders' equity (deficit)	113,311	2,003,547	2,116,858

Consolidated Statement of Operations

	Year ended December 31, 2017		
	As Reported $	**Adjustment $**	**As Restated $**
Exploration and evaluation expenditures	304,299	(304,299)	Nil
Loss before other income (expense)	(509,313)	304,299	(205,014)
Foreign exchange loss	(3,473)	(35,886)	(39,359)
Deferred income tax expense	Nil	(41,461)	(41,461)
Net loss	(510,904)	226,952	(283,952)
Foreign currency translation gain	Nil	72,023	72,023
Comprehensive loss	(510,904)	298,975	(211,929)

Consolidated Statement of Changes in Equity

	Year ended December 31, 2017		
	As Reported $	**Adjustment $**	**As Restated $**
Balance, December 31, 2016	84,673	1,446,714	1,531,387
Foreign currency translation gain	Nil	72,023	72,0234
Net loss for the year	(510,904)	226,952	(283,952)
Balance, December 31, 2017	(269,583)	1,745,689	1,476,106

Consolidated Statement of Cash Flows

	Year ended December 31, 2017		
	As Reported $	Adjustment $	As Restated $
Net loss	(510,904)	226,952	(283,952)
Deferred income tax liability	Nil	41,461	41,461
Net cash used in operating activities	(355,311)	268,413	(86,898)
Exploration and evaluation assets expenditures	Nil	(304,299)	(304,299)
Net cash used in investing activities	6,063	(304,299)	(298,236)
Effect of foreign exchange rate changes on cash	Nil	35,886	35,886

Recent Accounting Pronouncements

A number of new standards, and amendments to standards and interpretations, are not yet effective for the year ended December 31, 2018, and have not been applied in preparing these consolidated financial statements.

New standard IFRS 16, "Leases"

The Company has not early adopted this revised standard and management does not expect that the impact of the implementation of this standard will have a material impact on the Company's consolidated financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's consolidated financial statements.

Related Party Transactions

(a) As at December 31, 2018, the Company owed $50,301 (2017 - $60,301) to a company controlled by the former Chief Financial Officer of the Company which is unsecured, non-interest bearing, and due on demand. During the year ended December 31, 2018, the Company incurred management fees of $Nil (2016 - $60,000) to a company controlled by the former Chief Financial Officer of the Company, which has been recorded in general and administrative expense.

(b) As at December 31, 2018, the Company owed $132,183 (2017 - $87,752) to a company controlled by the Chief Executive Officer of the Company which is unsecured, non-interest bearing, and due on demand. During the year ended December 31, 2018, the Company incurred management fees of $48,000 (2017 - $48,000) and conference fees of $25,000 (2017 - $Nil) to a company controlled by the Chief Executive Officer of the Company, which has been recorded in general and administrative expense.

(c) During the year ended December 31, 2018, share-based compensation of $53,424 (2017 - $nil) was incurred to officers and directors of the Company.

Share Capital

As of the date of this MD&A, the Company had 66,802,282 issued and outstanding common shares.

Stock options outstanding for the Company at the date of this MD&A were as follows:

Options	Expiry Date	Exercise Price
100,000	November 10, 2019	$0.50
1,000,000	August 2, 2021	$0.11
2,000,000	August 19, 2021	$0.06

Exploration and Projects

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: 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.

Marilyn Three Properties

On August 11, 2018, the Company acquired a 100% interest in mining claims and patents located near Grand Falls, Newfoundland comprised of 104 claim blocks of approximately 6,448 acres. In exchange for the interest in the claims, the Company will pay $35,000 (paid) and issue 2,500,000 common shares. The seller retains a 2% net smelter royalty (NSR), and the Company has the option to acquire 1% of the NSR for $1,000,000

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 and the seller retains a 2% net smelter royalty on its interest in the Marilyn Three Properties

As at December 31, 2018, the Company had a cash balance of $17,855 (2017 - $88,359) and a working capital deficiency of $226,150 (2017 - $258,436). 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.

Significant Accounting Policies

Use of Estimates and Judgments

The preparation of these consolidated financial statements in conformity with IFRS requires the Company's management to make judgments, estimates and assumptions that affect the application of accounting policies and reported amounts of assets, liabilities, revenues and expenses. Actual results may differ from these estimates. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised and in any future periods affected.

Significant areas requiring the use of estimates include the collectability of amounts receivable, the useful lives and carrying values of equipment, recoverability of exploration and evaluation assets, fair value of share-based compensation, and unrecognized deferred income tax assets.

Critical accounting judgments are accounting policies that have been identified as being complex or involving subjective judgments or assessments. The following are significant management judgements in applying the accounting policies of the Company that have the most significant effect on the consolidated financial statements:

- Assessment of the going concern assumption;
- Determination of technical feasibility and commercial viability of exploration and evaluation assets; and
- Determination of functional currency in accordance with IAS 21.

Financial risk management

Fair Values

Fair value measurements are classified using a fair value hierarchy that reflects the significance of inputs used in making the measurements. The fair value hierarchy has the following levels:

- Level 1 - valuation based on quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 - valuation techniques based on inputs other than quoted prices included in Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and
- Level 3 - valuation techniques using inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value of financial instruments, which include cash, amounts receivable, accounts payable and accrued liabilities, loan payable, and amounts due to related parties, approximate their carrying values due to the relatively short-term maturity of these instruments.

Credit Risk

Financial instruments that potentially subject the Company to a concentration of credit risk consist primarily of cash. The Company limits its exposure to credit loss by placing its cash with high credit quality financial institutions. Amounts receivable consist of GST refunds due from the Government of Canada. The carrying amount of financial assets represents the maximum credit exposure.

Foreign Exchange Rate Risk

Foreign currency risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in the foreign exchange rates. In addition to Canadian dollars, the Company conducts transactions in Nicaraguan Cordoba. A 10% change in the foreign exchange rate would not have a material effect on the Company's consolidated financial statements.

Interest Rate Risk

Interest rate risk is the risk from the effect of changes in prevailing interest rates on the Company's financial instruments. The Company is not exposed to any significant interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company currently settles its financial obligations out of cash. The ability to do this relies on the Company raising equity financing in a timely manner and by maintaining sufficient cash in excess of anticipated needs.

Price Risk

The Company is exposed to price risk with respect to commodity prices. The Company's ability to raise capital to fund exploration and development activities is subject to risks associated with fluctuations in the market price of commodities.

Capital risk management

The Company manages its capital to maintain its ability to continue as a going concern and to provide returns to shareholders and benefits to other stakeholders. The capital structure of the Company consists of cash and equity comprised of issued share capital, warrant reserve, and contributed surplus.

The Company manages its capital structure and makes adjustments to it in light of economic conditions. The Company, upon approval from its Board of Directors, will balance its overall capital structure through new share issuances or by undertaking other activities as deemed appropriate under the specific circumstances.

The Company is not subject to externally imposed capital requirements and the Company's overall strategy with respect to capital risk management remains unchanged from the year ended December 31, 2017.

Subsequent Events

(a) Subsequent to the year ended December 31, 2018, the Company reports that it intends to implement a change of its name to King Global Ventures Inc. It is management's belief that the new name better reflects the scope and reach of its business. Coinciding with the name change of the Company, the symbol will be changed to "KING". The name change is subject to regulatory approval and has not been approved.

(b) On March 13, 2019, 9,050 options expired unexercised.

(c) Subsequent to the year ended December 31, 2018, the Company reported that management has determined it is appropriate to combine a consolidation of the Company's capital in conjunction with the proposed name change in order to enhance the Company's ability to attract investment capital. Accordingly, subject to regulatory approval, the Company intends to consolidate its capital on a five old shares for one new share basis The principal effects of the consolidation will be that the number of shares of the Company issued and outstanding will be reduced from 66,802,282 existing shares as of the date hereof to approximately 13,560,456 new shares, based on a consolidation ratio of one new for five old. No fractional shares will be issued. The share consolidation is subject to regulatory approval and has not been approved.

Risks and Uncertainties

The Company's financial condition, results of operation and business are subject to certain risks, certain of which are described below (and elsewhere in this MD&A):

Additional Funding Requirements

The Company is reliant upon additional equity financing in order to continue its business and operations, because it is in the business of mineral exploration and at present does not derive any income from its mineral assets. There is no guarantee that future sources of funding will be available to the Company. If the Company is not able to raise additional equity funding in the future, it will be unable to carry out its business.

Commodity Price Volatility

The price of gold can fluctuate drastically, and is beyond the Company's control. While the Company would benefit from an increase in the value of gold, a decrease in the value of gold could also adversely affect it.

Title to Mineral Properties

Acquisition of title to mineral properties is a very detailed and time-consuming process. Title to, and the area of, mineral properties may be disputed or impugned. Although the Company has investigated its title to the mineral properties for which it holds an option or concessions or mineral leases or licenses, there can be no assurance that the Company has valid title to such mineral properties or that its title thereto will not be challenged or impugned. For example, mineral properties sometimes contain claims or transfer histories that examiners cannot verify; and transfers under foreign law often are complex. The Company does not carry title insurance with respect to its mineral properties. A successful claim that the Company does not have title to a mineral property could cause the Company to lose its rights to mine that property, perhaps without compensation for its prior expenditures relating to the property.

Mineral Exploration

Mineral exploration involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Unusual or unexpected formations, formation pressures, fires, power outages, labour disruptions, flooding, explosions, tailings impoundment failures, cave-ins, landslides and the inability to obtain adequate machinery, equipment or labour are some of the risks involved in mineral exploration and exploitation activities. The Company has relied on and may continue to rely on consultants and others for mineral exploration and exploitation expertise. Substantial expenditures are required to establish mineral reserves and resources through drilling, to develop metallurgical processes to extract the metal from the ore and, in the case of some properties, to develop the mining and processing facilities and infrastructure at any site chosen for mining, or to upgrade existing infrastructure. There can be no assurance that the funds required to exploit any mineral reserves and resources discovered by the Company will be obtained on a timely basis or at all. The economics of exploiting mineral reserves and resources discovered by the Company are affected by many factors, many outside the control of the Company, including the cost of operations, variations in the grade of ore mined and metals recovered, price fluctuations in the metal markets, costs of processing equipment, and other factors such as government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. There can be no assurance that the Company's mineral exploration and exploitation activities will be successful.

Country Risk

The Company could be at risk regarding any political developments in the country in which it operates. At present the Company is only active in Canada and Nicaragua.

Uninsurable Risks

Mineral exploration activities involve numerous risks, including unexpected or unusual geological operating conditions, rock bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences and political and social instability. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could negatively affect the Company's profitability and financial position and the value of its common shares. The Company does not maintain insurance against environmental risks.

Environmental Regulation and Liability

The Company's activities are subject to laws and regulations controlling not only mineral exploration and exploitation activities themselves but also the possible effects of such activities upon the environment. Environmental legislation may change and make the mining and processing of ore uneconomic or result in significant environmental or reclamation costs. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mineral exploitation activities, such as seepage from tailings disposal areas that could result in environmental pollution. A breach of environmental legislation may result in the imposition of fines and penalties or the suspension or closure of operations. In addition, certain types of operations require the submission of environmental impact statements and approval thereof by government authorities. Environmental legislation is evolving in a manner that may mean 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 directors, officers and employees. Permits from a variety of regulatory authorities are required for many aspects of mineral exploitation activities, including closure and reclamation. Future environmental legislation could cause additional expense, capital expenditures, restrictions, liabilities and delays in the development of the Company's properties, the extent of which cannot be predicted. In the context of environmental permits, including the approval of closure and reclamation plans, the Company must comply with standards and laws and regulations that may entail costs and delays, depending on the nature of the activity to be permitted and how stringently the regulations are implemented by the permitting authority. The Company does not maintain environmental liability insurance.

Regulations and Permits

The Company's activities are subject to a wide variety of laws and regulations governing health and worker safety, employment standards, waste disposal, protection of the environment, protection of historic and archaeological sites, mine development and protection of endangered and protected species, aboriginal title and access and other matters. The Company is required to have a wide variety of permits from governmental and regulatory authorities to carry out its activities. These permits relate to virtually every aspect of the Company's exploration and exploitation activities. Changes in these laws and regulations or changes in their enforcement or interpretation could result in changes in legal requirements or in the terms of the Company's permits that could have a significant adverse impact on the Company's existing or future operations or projects. Obtaining permits can be a complex, time-consuming process. There can be no assurance that the Company will be able to obtain the necessary permits on acceptable terms, in a timely manner or at all. The costs and delays associated with obtaining permits and complying with these permits and applicable laws and regulations could stop or materially delay or restrict the Company from continuing or proceeding with existing or future operations or projects. Any failure to comply with permits and applicable laws and regulations, even if inadvertent, could result in the interruption or closure of operations or material fines, penalties or other liabilities.

Potential Dilution

The issue of common shares of the Company upon the exercise of the options and warrants will dilute the ownership interest of the Company's current shareholders. The Company may also issue additional options and warrants or additional common shares from time to time in the future. If it does so, the ownership interest of the Company's then current shareholders could also be diluted.

Competition

Competition in the mineral exploration business is intense and could adversely affect the ability of the Company to suitably develop its properties. The Company will be competing with many other exploration companies possessing greater financial resources and technical facilities. Accordingly, there is a high degree of competition for desirable mineral leases, suitable prospects for drilling operations and necessary mining equipment, as well as for access to funds. There can be no assurance that the necessary funds can be raised or that any projected work will be completed.

Conflicts of Interest

Certain of the directors of the Company are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time. The directors of the Company will be required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest which they may have in any project or opportunity of the Company. If a conflict arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Additional Disclosure for Venture Issuers without Significant Revenue

Expenses

	Year Ended December 31	
Names	**2018 ($)**	**2017 ($)**
Depreciation	3,246	4,623
General and administrative	30,938	162,876
Share-based compensation	76,320	Nil
Shareholder communication	60,342	37,515
Total Expenses	**170,845**	**205,014**

Exploration and evaluation expenditures

	Year Ended December 31,	
Names	**2018 ($)**	**2017 ($)**
Rosita Project		
Consulting and salaries	9,904	86,098
Drilling	Nil	5,510
Field expenses	72,433	27,893
Foreign exchange	44,845	(277,016)
General exploration and other	103,972	184,798
Total - Rosita	**231,154**	**27,283**

Marilyn Three Project		
Acquisition	110,000	Nil
Total – Marilyn Three	**110,000**	**Nil**
Total Exploration and evaluation	**341,154**	**27,283**