



Rosita Mining Corporation
(formerly Midlands Minerals Corporation)

Management's Discussion and Analysis

Year ended December 31, 2015

ROSITA MINING CORPORATION
(formerly Midlands Minerals Corporation)
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 31, 2015

This management discussion and analysis ("MD&A") has been prepared based on information available to Rosita Mining Corporation ("Rosita" or the "Company") (formerly Midlands Minerals Corporation, "Midlands") as at April 27, 2016. The MD&A of the operating results and financial condition of the Company for the year ended December 31, 2015, should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the years ended December 31, 2015 and 2014 (the "Financial Statements"). The Financial Statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

Internal Controls over Financial Reporting ("ICFR")

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

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"), Rosita and management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or ICFR, as defined in NI 52-109.

CAUTIONARY NOTE

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. See the section entitled **RISK FACTORS**.

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OVERVIEW

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

On July 24, 2015, Rosita acquired all of the outstanding shares of Alder Resources Ltd. ("Alder") pursuant to a statutory plan of arrangement (see press releases May 28, 2015 and July 9, 2015, July 20, 2015 and July 24, 2015), contemporaneously consolidated its outstanding common shares, options and warrants on a 1-for-10 basis (the "Consolidation") and changed its name to Rosita Mining Corporation (see *Acquisition of Alder Resources Ltd.* section of this MD&A)

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

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

ACQUISITION OF ALDER RESOURCES LTD.

The Arrangement

On July 24, 2015, Rosita and Alder completed the Acquisition by way of a plan of arrangement (the "Arrangement"). Pursuant to the Arrangement, shareholders of Alder received consideration of 1.81 common shares of Rosita (each whole common share, a "Rosita Share") per Alder share outstanding (the "Alder Shares"), calculated on a pre-Consolidation basis.

Each holder of a warrant to acquire Alder Shares (each, an "Alder Warrant") outstanding immediately prior to July 24, 2015, will receive on subsequent exercise of such holder's Alder Warrant, in accordance with its terms, for the same aggregate consideration payable on exercise of such warrant, 1.81 of a Rosita Share, calculated on a pre-Consolidation basis.

Each holder of an Alder option to acquire Alder Shares (each, an "Alder Option") outstanding immediately prior to July 24, 2015, will receive on subsequent exercise of such holder's Alder Option, in accordance with its terms, for the same aggregate consideration payable on exercise of such option, 1.81 of a Rosita Share, calculated on a pre-Consolidation basis.

In addition, Rosita has paid further consideration by acquiring \$100,000 of unsecured, non-convertible debentures (the "Debenture") bearing interest at a rate of 10% per annum, from Alder. The Debenture matured on July 24, 2015.

Upon completion of, and in connection with, the Arrangement, Rosita consolidated the outstanding Rosita Shares (including the Rosita Shares issued to former holders of Alders Shares under the Arrangement) on

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the basis of one new common share for every ten existing common shares (1-for-10) (the "Consolidation") and changed its name to Rosita Mining Corporation.

Purchase price consideration

The Acquisition is being treated as an asset acquisition for accounting purposes as Alder does not meet the definition of a business, as defined in IFRS 3, *Business Combinations*. The purchase consideration has been allocated to the fair value of assets acquired and liabilities assumed as at July 24, 2015. The fair value of the purchase consideration was based on the closing stock price of Rosita (then Midlands) on July 23, 2015 (being the day prior to the closing of the Acquisition), as quoted on stockwatch.com on July 24, 2015.

| | Fair value |
|--|------------------------|
| | \$ |
| Consideration: | |
| 17,324,959 ⁽¹⁾ common shares of Rosita at \$0.05 ⁽¹⁾ per share | 866,268 ⁽¹⁾ |
| Fair value of Alder's options and warrants ⁽²⁾ | - |
| Other acquisition costs (the Debenture) | 100,000 |
| Purchase consideration | 966,268 |

| | Purchase price allocation |
|--|----------------------------------|
| | \$ |
| Cash | 427 |
| Other receivables and prepaids | 5,225 |
| Equipment | 15,724 |
| Acquisition costs-rights to explore ⁽³⁾ | 1,091,326 |
| Account payable and accrued liabilities | (125,934) |
| Loans payable | (20,500) |
| Purchase consideration | 966,268 |

⁽¹⁾After adjusting for the Consolidation and non-issuance of fractional shares.

⁽²⁾Options issued to Alder option holders were revalued using the Black-Scholes weighted average parameters below. The subsequent value not material and therefore no adjustment was made. The warrants issued to Alder warrant holders were valued using the Black Scholes option pricing model with the following weighted-average parameters: Dividend yield – nil; expected volatility – 214.1%, risk-free interest rate – 0.60%, expected life (years) – 1.81 and Rosita common share price - \$0.005.

⁽³⁾In completing the Acquisition, the Company acquired the "rights" to explore the Rosita project. For accounting purposes, the Company considers these to be acquired rights pursuant to IFRS 6 and accordingly has expensed these costs pursuant to its accounting policy.

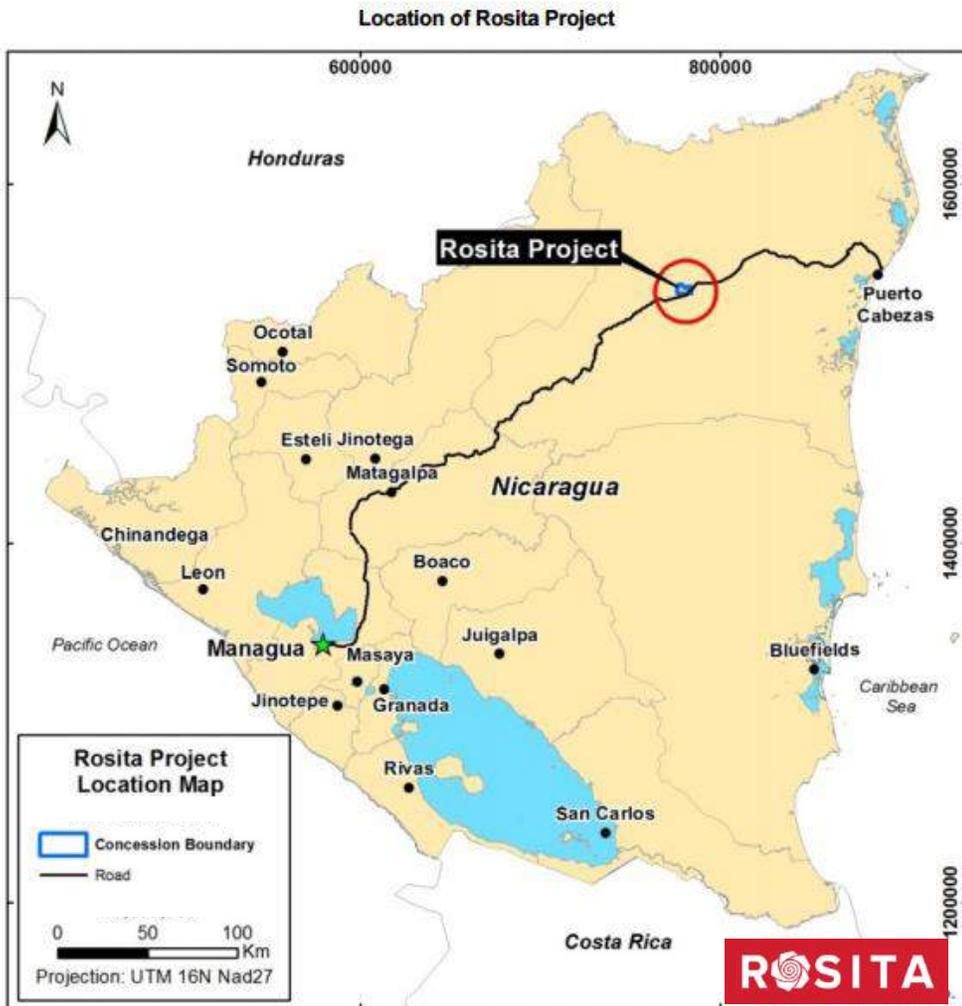
Rosita project

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

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The Company will continue to advance the work by Alder Resources Ltd. on the project in through technical studies for the exploitation of defined resources and exploration at historic and newly discovered targets within the concession.

On November 23, 2015, the Company received confirmation from Calibre Mining Corp. that it had fulfilled the requirements under the option agreement and it had earned the 65% interest in the Rosita project. This followed the drilling program mentioned below.



In May 2012, Coffey Mining completed a maiden NI43-101 compliant inferred resource for the stockpiles around the old pits of the Santa Rita Mine. In 2016, Rosita updated this resource following a drill program in 2015 (see the Company's press release dated February 8, 2016 and filed on SEDAR).

The Company has recently commissioned additional metallurgical test work on the stockpile resources to confirm a method of metals recovery which will aid the design of a positive near-term exploitation.

Alder had previously identified near surface metal enriched, skarn and porphyry copper-gold-silver exploration targets at the R13, Tipispan and T3 areas. Recently, abundant copper oxide mineralization and

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associated alteration was observed at the El Rastro prospect, an artisanal mining area located 1.5 kilometres north of the historic Santa Rita pit. During the project diligence phase Midlands collected a single grab sample in an underground artisanal working and it returned 1.18% copper, 2.9 g/t gold and 5.2 g/t silver. These exploration targets and others will be a focus of follow-up work.

The Rosita property contains a combination of stockpiles and tailings resources suitable for rapid exploitation and many exploration targets. Management believes that these elements are the requisites for both short and long term value growth for Rosita's shareholders.

To-date, the Company has expended \$4.357 million on the Rosita property.

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

CORPORATE UPDATE

Resignation of a Director

On April 1, 2016, the Company announced the resignation of Mr. Rene Bharti from the Company's Board.

Private Placement

On April 5, 2016, the Company announced its intention to complete a non-brokered private placement (the "Private Placement") of up to 15,000,000 units (the "Units") at a price of \$0.05 per Unit, raising a maximum gross proceeds of \$750,000. Each Unit will be comprised of one common share and one common share purchase warrant ("Warrant"), with each Warrant entitling the holder to acquire a further common share of the Company at a price of \$0.05, for a period of up to two years following the date of issuance. Finders' fees of up to 7% cash plus 7% broker warrants may be paid pursuant to the Private Placement and are subject to all regulatory and TSX Venture Exchange approvals.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected consolidated financial information of the Company for the years ended December 31, 2015, 2014 and 2013. The selected consolidated financial information should be read in conjunction with the Financial Statements of the Company.

| | Year ended | | |
|--|------------------------------|----------------------|----------------------|
| | December 31, 2015 | December 31, 2014 | December 31, 2013 |
| Consolidated statements of operations | \$ | \$ | \$ |
| Total revenue | - | - | - |
| Net loss | (2,493,802) | (1,927,896) | 2,232,052 |
| Basic and diluted net earnings (loss) per share ¹ | (0.09) | (0.10) | 0.10 |
| Exploration and evaluation expenses | 568,147 | 845,622 | 586,666 |

¹ Amounts for 2014 and 2013 have been adjusted to account for the Consolidation.

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| | As at Dec. 31, 2015 | As at Dec. 31, 2014 | As at Dec. 31, 2013 |
|--|------------------------|------------------------|------------------------|
| Consolidated statements of financial position | \$ | \$ | \$ |
| Total cash | 446,826 | 1,549,250 | 3,216,641 |
| Working capital (deficit) | (66,707) | 1,553,789 | 3,330,276 |
| Total long-term debt | - | - | - |
| Total assets | 477,373 | 1,676,583 | 3,443,356 |

| | Year ended | | |
|---|----------------------|----------------------|----------------------|
| | December 31, 2015 | December 31, 2014 | December 31, 2013 |
| Consolidated statements of cash flows | \$ | \$ | \$ |
| Cash provided from (used in) operating activities | (1,371,475) | (1,805,319) | 1,256,072 |
| Cash provided from investing activities | 270,557 | 29,075 | 3,514,751 |
| Cash provided from (used in) financing activities | (1,506) | 108,853 | (105,291) |

SUMMARY OF QUARTERLY RESULTS

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

| Three months ended | Dec. 31, 2015 | Sep. 30, 2015 | Jun. 30, 2015 | Mar. 31, 2015 |
|--|------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | - | - | - | - |
| Gain on sale of subsidiary / project | - | - | - | 311,500 |
| Net income/(loss) | (238,485) | (1,977,621) | (291,171) | 13,475 |
| Basic and fully-diluted income (loss) per share ¹ | (0.02) | (0.05) | (0.02) | 0.00 |

| Three months ended | Dec. 31, 2014 | Sep. 30, 2014 | Jun. 30, 2014 | Mar. 31, 2014 |
|--|------------------|------------------|------------------|------------------|
| | \$ | \$ | \$ | \$ |
| Revenue | - | - | - | - |
| Gain on sale of subsidiary / project | - | - | - | - |
| Net income/(loss) | (446,972) | (524,683) | (690,742) | (265,499) |
| Basic and fully-diluted income/(loss) per share ¹ | (0.02) | (0.03) | (0.03) | (0.02) |

¹Adjusted for the Consolidation.

NEW ACCOUNTING STANDARDS

At the date of authorization of the Consolidated Financial Statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and for which the Company has not early adopted. However, the Company is currently assessing

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what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- On July 24, 2014, the IASB issued the complete IFRS 9 (IFRS 9 (2014)). In November 2009, the IASB issued the first version of IFRS 9, Financial Instruments (IFRS 9 (2009) and subsequently issued various amendments in October 2010, IFRS 9 Financial Instruments (2010) and November 2013 IFRS 9 Financial Instruments (2013). The mandatory effective date of IFRS 9 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.
- 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, and 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.

SIGNIFICANT ACCOUNTING POLICIES

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

Statement of compliance

The Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee with an effective date of December 31, 2015. The Financial Statements were approved for issuance by the Board on April 25, 2016.

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, Alder Resources Ltd. (since the Acquisition) and ALR Nicaragua S.A. (since the Acquisition). Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The consolidated statements of operations include losses of the Company's subsidiaries, including those purchased through the Acquisition, from the date of acquisition (July 24, 2015) through to year end.

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

Exploration and evaluation expenditures

All exploration and evaluation expenditures, the elements of which include: Acquisition of rights to explore; studies of all nature (topographical, geological, geochemical and geophysical), exploratory drilling, coring, sampling, trenching, and in general, all activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are

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capitalized into property and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

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

Share-based payment transactions

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

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

Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

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- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and
- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

Provisions

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

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

Accounting judgments and estimates

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

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relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

Earnings (loss) per share

The basic earnings (loss) per share is computed by dividing the net profit (loss) by the weighted average number of common shares outstanding during the period. The diluted earnings (loss) per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share-purchase warrants, in the weighted average number of common shares outstanding during the year, if dilutive. The "treasury stock method" is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the year. During the years ended December 31, 2015 and 2014, all the outstanding stock options and warrants were antidilutive and were not included.

2014 comparative loss per share and weighted average number of outstanding common shares has been adjusted to account for the 1-for-10 Consolidation.

EXPLORATION AND EVALUATION EXPENDITURES

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

| | Year ended | | Cumulative to-date ⁽³⁾ |
|--|-------------------|-------------------|-----------------------------------|
| | December 31, 2015 | December 31, 2014 | |
| | \$ | \$ | \$ |
| Serbia: | | | |
| Parlozi project | 78,854 | 702,922 | - |
| Total | 78,854 | 702,922 | - |
| Ghana: | | | |
| Kaniago ⁽¹⁾ | - | 12,972 | - |
| Others ⁽²⁾ | 74,564 | 129,728 | 1,884,903 |
| Total | 74,564 | 142,700 | 1,884,903 |
| Nicaragua: | | | |
| Rosita project ⁽⁴⁾ | 414,729 | - | 414,729 |
| Total | 414,729 | - | 414,729 |
| Exploration and evaluation expenditures | 568,147 | 845,622 | 2,259,632 |
| Acquisition costs-rights to explore⁽⁵⁾ | 1,901,326 | - | 1,901,326 |

(1) The Kaniago project was sold in February 2015 - see note 14.

(2) Current expenditures under this category include office and admin expenses not directly related to any of the listed projects. Comparative and cumulative amounts include all expenditures that are not directly related to any of the listed projects.

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

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

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

RESULTS OF OPERATIONS

For the year ended December 31, 2015, the Company's loss was \$2,493,802, as compared to a loss of \$1,927,896 for the year ended December 31, 2014. The major differences relate to the following eight categories:

1. Exploration and evaluation expenditures.
2. Office and administrative expenses.
3. Professional fees.
4. Share-based compensation.
5. Shareholder information.
6. Acquisition costs.
7. Other income.
8. Gains (losses) on sales of property, equipment and investments.

Explanations of the significant changes for year ended December 31, 2015, compared to the year ended December 31, 2014, are as follows:

1. Exploration and evaluation expenditures decreased from \$845,622 in 2014 to \$568,147 in 2015. The decrease of approximately \$277,000, is attributable to reduced activity for the Company's Parlozi project, which was discontinued in May 2015, of \$624,068, coupled with reduced expenditures for the Company's Kaniago project, which was sold in February 2015, of \$12,972. The Company's other non-specific project costs decreased by \$54,164. These decreases were offset with expenditures made on the Rosita project of \$413,729, for which there are no comparative amounts.
2. Office and administrative expenses decreased from \$339,868 in 2014 to \$298,910 in 2015. The decrease of approximately \$41,000 is attributable mainly to reduced travel costs of approximately \$60,000 as travel to Africa was virtually eliminated with the final sale of Ghanaian and Tanzanian projects. This decrease was offset by increased payroll burden of approximately \$15,000 as the Company underwent a payroll audit and was subject to additional payroll taxes.
3. Professional fees increased from \$117,251 in 2014 to \$373,154 in 2015. The increase of approximately \$256,000 was mainly the result of legal fees expended on the Acquisition and the Consolidation. Audit and related fees also increased by approximately \$10,000, again as a result of the Acquisition.
4. Share-based compensation costs in the year ended December 31, 2015 was \$nil compared to \$190,800 during the comparative period. In 2014, the Company issued over 10 million new options while not issuing any in 2015 (other than for Alder options issued in regard to the Acquisition, with those options valued at \$nil).
5. Shareholder information costs decreased from \$100,780 in 2014 to \$76,090 in 2015. The decreased cost in 2015 is attributable to reduced investor relations costs of approximately \$48,000 offset by increased public reporting costs of approximately \$24,000, a result of the Acquisition and Consolidation.

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6. In 2015, the Acquisition resulted in a charge to the consolidated statements of loss in the amount of \$1,091,326, with no such charges in the comparative period.
7. Other income decreased by approximately \$24,000 from the 2014 amount of \$34,675. The decrease was entirely due to a reduction of investment income as the Company draws down on its GIC's for working capital.
8. In 2015, the Company recorded a gain of \$311,500, on the sale of its Kaniago project. In 2014, the Company had a realized gain on the sale of its held-for-sale investments of \$50,086, with no gain in the comparative current year. During 2014, the Company enjoyed a gain of \$11,363, on the sale of some of its equipment located in Ghana. However, in 2015, the sale of the remaining equipment resulted in a loss of \$7,308.

LIQUIDITY AND CAPITAL RESOURCES

The working capital deficit as at December 31, 2015, was \$66,707 as compared to working capital of \$1,553,789 as at December 31, 2014.

For the year ended December 31, 2015, cash decreased by \$1,102,424 (2014 – \$1,667,391) as a result of cash used for operating activities of \$1,371,475 (2014 - \$1,805,319) less cash provided from investing activities of \$270,557 (2014 – \$29,075) less cash used in financing activities of \$1,506 (2014 – provided from financing activities of \$108,853).

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

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

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

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

RELATED-PARTY TRANSACTIONS

During the year ended December 31, 2015, \$180,000 (2014 - \$180,000) of management fees were paid or payable to RG Mining Investments Inc. ("RGMI"). RGMI provides management and administrative services to the Company pursuant to an agreement that had an original term of 1 year and expired on September 30, 2012. It has been renewed for successive 12-month periods. The agreement may be terminated upon 60 days prior notice by either party or upon the criminal conviction, death, disability, incapacity, bankruptcy, insolvency, gross negligence, gross dereliction of duty or gross misconduct, of RGMI. The Company's Chairman of the Board and CFO beneficially own RGMI.

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

During the year ended December 31, 2015, \$237,331 (2014 - \$420,732) was earned or paid to key management personnel or to companies controlled by them, with regard to professional fees and salaries and benefits. The Company identifies key management personnel as current and former officers of the

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Company including the President and CEO and VP Exploration as well as current and former directors of the Company. The Company's CFO is also considered key management but payments are made to RGMI (noted above) pursuant to the management services agreement.

During the year ended December 31, 2015, officers and directors earned non-cash, share-based compensation of \$nil (2014 - \$190,800).

Due to related-parties

As at December 31, 2015, the statement of financial position includes a balance of \$21,509 (2014 – \$23,015) comprising of \$nil (2014 - \$6,298) due to a current director of the Company and \$21,509 (2014 - \$16,717) due to officers of the Company.

CAPITAL STOCK

The following table sets forth information concerning the outstanding securities of the Company as at April 27, 2016:

| | Number |
|----------|---------------|
| Shares | 36,783,982 |
| Options | 2,270,575 |
| Warrants | 524,900 |

RISK FACTORS

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

Exploration and development

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

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

Uncertainty of reserve and resource estimates

The mining business relies upon the accuracy of determinations as to whether a given deposit has significant mineable reserves. This reliance is important in that reported mineral reserves and resources are only estimates and do not represent any certainty that the estimated mineral reserves and resources will be

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recovered. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and resources uneconomic.

Political

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

Future financing

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

Lack of operating profit

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

Precious metal price

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

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

Currency

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

Environmental and permitting

All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and

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penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition

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

Competition

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

Segregation of duties

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

Internal controls over financial reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Key personnel

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