



**ROSITA MINING CORPORATION**  
(formerly Midlands Minerals Corporation)

**Unaudited Interim  
Consolidated Financial Statements**

**As at and for the three and nine months ended**

**September 30, 2015 and 2014**

**NOTICE TO READER**

*The accompanying unaudited interim consolidated financial statements of Rosita Mining Corporation (formerly Midlands Minerals Corporation) (the "Company") have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2015 and 2014 have not been reviewed by the Company's auditors.*

## **MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED INTERIM CONSOLIDATED FINANCIAL REPORTING**

The accompanying unaudited interim consolidated financial statements of Rosita Mining Corporation (formerly Midlands Minerals Corporation) are the responsibility of the management and Board of Directors of the Company.

The unaudited interim consolidated financial statements have been prepared by management, on behalf of the Board of Directors, in accordance with the accounting policies disclosed in the notes to the unaudited interim consolidated financial statements. Where necessary, management has made informed judgments and estimates in accounting for transactions which were not complete at the statement of financial position date. In the opinion of management, the unaudited interim consolidated financial statements have been prepared within acceptable limits of materiality and are in accordance with International Accounting Standard 34 Interim Financial Reporting of International Financial Reporting Standards using accounting policies consistent with International Financial Reporting Standards appropriate in the circumstances.

Management has established systems of internal control over the financial reporting process, which are designed to provide reasonable assurance that relevant and reliable financial information is produced.

The Board of Directors is responsible for reviewing and approving the unaudited interim consolidated financial statements together with other financial information of the Company and for ensuring that management fulfills its financial reporting responsibilities. An Audit Committee assists the Board of Directors in fulfilling this responsibility. The Audit Committee meets with management to review the financial reporting process and the unaudited interim consolidated financial statements together with other financial information of the Company. The Audit Committee reports its findings to the Board of Directors for its consideration in approving the unaudited interim consolidated financial statements together with other financial information of the Company for issuance to the shareholders.

Management recognizes its responsibility for conducting the Company's affairs in compliance with established financial standards, and applicable laws and regulations, and for maintaining proper standards of conduct for its activities.

*"John F. Cook"*  
Interim Chief Executive Officer  
November 26, 2015

*"Stephen Gledhill"*  
Chief Financial Officer  
November 26, 2015

**Rosita Mining Corporation**  
(formerly Midlands Minerals Corporation)

**Unaudited Interim Consolidated Statements of Financial Position**

(Expressed in Canadian dollars)

<i>As at</i>	Sept. 30, 2015	Dec. 31, 2014
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash (note 8)	746,610	1,549,250
Short-term investment (note 9)	10,000	60,000
Other receivables (note 10)	120,659	46,141
Prepaid expenses	7,075	3,450
<b>Total current assets</b>	<b>884,344</b>	<b>1,658,841</b>
<b>Non-current assets</b>		
Equipment (note 16)	14,736	17,742
<b>Total non-current assets</b>	<b>14,736</b>	<b>17,742</b>
<b>Total assets</b>	<b>899,080</b>	<b>1,676,583</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Trade payables and accrued liabilities (note 11)	716,598	82,037
Due to related parties (note 13)	-	23,105
<b>Total current liabilities</b>	<b>716,598</b>	<b>105,052</b>
<b>Total liabilities</b>	<b>716,598</b>	<b>105,052</b>
<b>Shareholders' equity</b>		
Share capital (note 12)	19,065,799	18,199,531
Contributed surplus (note 12)	13,932,141	13,932,141
Deficit	(32,815,458)	(30,560,141)
<b>Total shareholders' equity</b>	<b>182,482</b>	<b>1,571,531</b>
<b>Total liabilities and shareholders' equity</b>	<b>899,080</b>	<b>1,676,583</b>

Going concern (note 2)

Related-party transactions (note 13)

Subsequent event note (note 20)

Approved by the Board on November 26, 2015:

"Nick Tintor"  
Director

"Mark Keatley"  
Director

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

**Rosita Mining Corporation**  
(formerly Midlands Minerals Corporation)

**Unaudited Interim Consolidated Statements of Loss**

(Expressed in Canadian dollars)

	Three months ended		Nine months ended	
	Sept. 30, 2015	Sept. 30, 2014	Sept. 30, 2015	Sept. 30, 2014
	\$	\$	\$	\$
<b>Operating expenses</b>				
Depreciation	1,479	1,109	2,366	3,327
Exploration and evaluation expenditures (note 15)	257,812	356,174	391,262	623,602
Office and administrative expenses	72,971	77,807	228,024	234,301
Professional fees	302,987	13,600	396,316	108,621
Salaries and benefits	203,779	101,981	361,851	300,849
Share-based compensation (note 12)	-	1,800	-	190,600
Shareholder information	59,722	36,905	94,415	79,582
Strategic acquisition (note 17)	1,091,326	-	1,091,326	-
<b>Total operating expenses</b>	<b>1,990,076</b>	589,376	<b>2,565,560</b>	1,540,882
<b>Loss before taxes and other items</b>	<b>(1,990,076)</b>	(589,376)	<b>(2,565,560)</b>	(1,540,882)
<b>Other items</b>				
Foreign exchange loss	10,493	(1,838)	(3,287)	(9,951)
Gain on sale of property (note 14)	-	-	311,500	-
Loss on sale of equipment (note 16)	-	-	(7,308)	-
Gain on available-for-sale investments	-	59,347	--	40,832
Other income	1,962	7,513	9,338	29,077
<b>Total other items</b>	<b>12,455</b>	65,022	<b>310,243</b>	59,958
<b>Loss before taxes</b>	<b>(1,977,621)</b>	(524,354)	<b>(2,255,317)</b>	(1,480,924)
Deferred income (tax) recovery	-	(329)	-	-
<b>Net loss</b>	<b>(1,977,621)</b>	(524,683)	<b>(2,255,317)</b>	(1,480,924)
<b>Basic and fully-diluted loss per common share</b>	<b>(0.05)</b>	(0.03)	<b>(0.09)</b>	(0.08)
<b>Weighted average number of common shares outstanding (000's)<sup>1</sup></b>	<b>36,748</b>	19,423	<b>25,261</b>	19,423

<sup>1</sup>Average shares outstanding have been adjusted to reflect the Consolidation (note 17).

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

**Rosita Mining Corporation**  
(formerly Midlands Minerals Corporation)

**Unaudited Interim Consolidated Statements of Comprehensive Loss**

*(Expressed in Canadian dollars)*

	Three months ended		Nine months ended	
	Sept. 30, 2015	Sept. 30, 2014	Sept. 30, 2015	Sept. 30, 2014
	\$	\$	\$	\$
<b>Net loss</b>	<b>(1,977,621)</b>	(524,683)	<b>(2,255,317)</b>	(1,480,924)
<b>Other comprehensive loss:</b>				
Realized losses transferred to statement of loss	-	(62,340)	-	(43,825)
Unrealized losses on available-for-sale investments	-	(2,632)	-	-
Deferred income tax (recovery)	-	329	-	-
<b>Other comprehensive loss, net of income taxes</b>	<b>-</b>	<b>(64,643)</b>	<b>-</b>	<b>(43,825)</b>
<b>Total comprehensive loss</b>	<b>(1,977,621)</b>	<b>(589,326)</b>	<b>(2,255,317)</b>	<b>(1,524,749)</b>

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

**Rosita Mining Corporation**  
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**Unaudited Interim Consolidated Statements of Changes in Equity**  
(Expressed in Canadian dollars)

	Share Capital		Reserves			Accumulated Deficit	Total
	Number of shares	Amount	Warrants	Contributed surplus	Available- for-sale		
		\$	\$	\$	\$	\$	\$
Balance at January 1, 2014	194,228,231	18,199,531	-	13,741,341	43,825	(28,632,245)	3,352,452
Share-based compensation	-	-	-	190,600	-	-	190,600
Unrealized gain on available-for-sale investments	-	-	-	-	(43,825)	-	(43,825)
Net loss for the period	-	-	-	-	-	(1,480,924)	(1,480,924)
Balance at September 30, 2014	194,228,231	18,199,531	-	13,931,941	-	(30,113,169)	2,018,303
Share-based compensation	-	-	-	200	-	-	200
Realized losses transferred on sale of investments	-	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(446,972)	(446,972)
Balance at December 31, 2014	194,228,231	18,199,531	-	13,932,141	-	(30,560,141)	1,571,531
Securities issued to Alder shareholders <i>(note 17)</i>	<b>173,253,468</b>	<b>866,268</b>	-	-	-	-	<b>866,268</b>
1 for 10 consolidation <i>(note 17)</i>	<b>(330,733,917)</b>	-	-	-	-	-	-
Net loss for the period	-	-	-	-	-	(2,255,317)	(2,255,317)
<b>Balance at September 30, 2015</b>	<b>36,747,782</b>	<b>19,065,799</b>	-	<b>13,932,141</b>	-	<b>(32,815,458)</b>	<b>182,482</b>

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

**Rosita Mining Corporation**  
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**Unaudited Interim Consolidated Statements of Cash Flow**

(Expressed in Canadian dollars)

	Nine months ended	
	Sept. 30, 2015	Sept. 30, 2014
	\$	\$
<b>Operating activities</b>		
Net loss	(2,255,317)	(1,480,924)
Adjustments to non-cash items:		
Cumulative unrealized gains transferred to income statement on sale of investments	-	(43,825)
Depreciation	2,366	3,327
Gain on sale of property (note 14)	(311,500)	-
Loss on sale of equipment (note 16)	7,308	-
Realized loss on sale of investments	-	2,993
Share-based compensation	-	190,600
Strategic acquisition (note 17)	1,091,326	-
Net change in non-cash working capital items:		
Other receivables and prepaid expenses	(69,294)	(26,760)
Prepaid expenses	(3,625)	1,050
Trade payables and accrued liabilities	408,627	(30,294)
<b>Cash used in operating activities</b>	<b>(1,130,109)</b>	<b>(1,383,833)</b>
<b>Financing activities</b>		
Advances from related parties	-	2,843
Repayment of loan assumed with Transaction (note 17)	(20,500)	-
Repayment of related party loans receivable	(23,015)	50,492
<b>Cash provided from (used in) financing activities</b>	<b>(43,515)</b>	<b>53,335</b>
<b>Investing activities</b>		
Proceeds from sale of investments	-	17,807
Sale of short-term investments	50,000	-
Proceeds from sale of property (note 14)	311,500	-
Purchase of equipment	(492)	-
Proceeds on sale of equipment (note 16)	9,547	-
Cash acquired on close of Transaction (note 17)	427	-
<b>Cash provided from investing activities</b>	<b>370,984</b>	<b>17,807</b>
<b>Net decrease in cash</b>	<b>(802,640)</b>	<b>(1,312,691)</b>
Cash at beginning of year	1,549,250	3,216,641
<b>Cash at end of period</b>	<b>746,610</b>	<b>1,903,950</b>

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

**Rosita Mining Corporation**  
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**Notes to the Unaudited Interim Consolidated Financial Statements**  
**As at and for three and nine months ended September 30, 2015 and 2014**

*(Expressed in Canadian dollars)*

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**1. Company description and nature of operations**

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. The Company employs responsible exploration methods in politically stable, low-risk and mining-friendly countries. As the Company’s assets are located outside North America, they are subject to the risk of foreign investment, including additional local taxation and royalties, renegotiation of contracts, possible expropriation, currency exchange fluctuations and political uncertainty.

At a meeting of its shareholders held on July 20, 2015, shareholders of Rosita approved various matters to be completed by the Company including acquiring all of the outstanding shares of Alder Resources Ltd. (“Alder”) (the “Acquisition”), changing the name of Midlands to Rosita Mining Corporation and completing a 1-for-10 share consolidation (the “Consolidation”). The Acquisition was completed on July 24, 2015. See note 17 for details of the Acquisition.

On April 3, 2014, the Company entered into a definitive agreement (the “Option Agreement”), with Reservoir Minerals Inc. (“Reservoir”) for an option to acquire up to a 75% interest in Reservoir’s Parlozi lead-zinc-silver project in Serbia. The Option Agreement was terminated on May 6, 2015 (see note 14).

**2. Going concern**

These unaudited interim consolidated financial statements (the “Consolidated Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, as they come due for the foreseeable future. The Company is in the process of exploring and developing its mineral properties and has not yet realized profitable operations. The Company likely requires additional financing for its working capital and for the costs of exploration and development of its mineral properties. Due to continuing operating losses, the Company’s continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. The Company will continue to seek additional forms of debt or equity financing, however, there is no assurance that it will be successful in doing so or that funds will be available on terms acceptable to the Company or at all. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company.

Further, in order for the Company to carry out current or future exploration and mining activities, it is, or will be, required to hold certain permits. There is no assurance that the Company’s existing permits will be renewed or that permits for new projects will be issued. These material uncertainties may cast significant doubt upon the entity’s ability to continue as a going concern. Accordingly, the Financial Statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the accompanying Financial Statements.

At September 30, 2015, the Company’s working capital position was \$167,746 (December 31, 2014 – \$1,553,789), a cash position of \$746,610 (December 31, 2014 – \$1,549,250) and an accumulated deficit

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of \$32,815,458 (December 31, 2014 – \$30,560,141) and for the nine-month period ended September 30, 2015, had used \$1,130,109 (2014 - \$1,383,833) for operating activities.

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

### **3. Basis of preparation and significant accounting policies**

#### ***Basis of preparation***

##### **3.1 Statement of compliance**

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

The Consolidated Financial Statements were approved by the Company's Board of Directors on November 26, 2015.

##### **3.2 Basis of presentation**

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

##### **3.3 Basis of consolidation**

As at September 30, 2015, 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).

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

### **4. New accounting standards and interpretations**

At the date of authorization of the Consolidated Financial Statements, the 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 what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 15 – *'Revenue from Contracts with Customers'* – this Standard will replace IAS 11, Construction Contracts and IAS 18, Revenue. The mandatory effective date of IFRS 15 is January 1, 2017. The objective of IFRS 15 is to establish a single, principles based five-step model to be applied to all contracts with customers in determining how and when revenue is recognized. IFRS

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15 also requires entities to provide users of financial statements with more informative and relevant disclosures.

## 5. Capital management

The Company considers its capital to be its equity, which is comprised of share capital, reserve accounts and deficit, which as at September 30, 2015 totaled \$182,482 (December 31, 2014 - \$1,571,531). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part.

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

There were no changes in the Company's approach to capital management during the nine months ended September 30, 2015. The Company is not subject to externally imposed capital restrictions.

## 6. Financial instruments

### Fair value

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

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	Level 1	Level 2	Level 3
	\$	\$	\$
Cash	746,610	-	-
Short-term investment	10,000	-	-
Other receivables	-	120,659	-
Trade payables and accrued liabilities	-	(716,598)	-

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As at September 30, 2015, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and

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information about financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment and, therefore, cannot be determined with precision. Changes in assumptions could significantly affect the estimates

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

**i) Credit risk**

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

- a. **Cash and short-term investment** – Cash is held with major Canadian, Ghanaian and Nicaraguan banks and investment institutions and therefore have minimal risk of loss. Short-term investment is held with a major Canadian bank and therefore has minimal risk of loss. In Management's opinion, the risk of loss is minimal with foreign banking institutions and is limited to the amount carried on statement of financial position. Cash held with foreign banks at September 30, 2015, totals \$27,719 (December 31, 2014 - \$17,700).
- b. **Other receivables** - The Company is not exposed to any significant risk, with such risk limited to the amount carried on the consolidated statements of financial position, being \$120,659 (December 31, 2014 - \$46,141).

**ii) Liquidity risk**

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at September 30, 2015, the Company had working capital of \$167,746 (December 31, 2014 – \$1,553,789). In order to meet its future working capital and property exploration expenditures, the Company intends on securing further financing, as required, to ensure that those obligations are properly discharged. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations therein.

**iii) Market risk**

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

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**a. Interest rate risk**

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

**b. Currency risk**

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

**c. Price risk**

The Company is not subject to price risk.

**7. Sensitivity analysis**

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

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

As at September 30, 2015, the Company's exposure to foreign currency balances is as follows:

As at		Sept. 30, 2015	Dec. 31, 2014
Account	Foreign Currency	Exposure (\$CDN)	
Cash	US dollar	15,045	9,727
Cash	Ghanaian Cedi	19,604	7,973
Cash	Nicaraguan Córdoba	8,115	-
Other receivables	Nicaraguan Córdoba	46,554	-
Accounts payable	Ghanaian Cedi	(585)	(1,280)
Accounts payable	Nicaraguan Córdoba	(127,926)	-
		<b>(39,193)</b>	16,420

The Company believes that a change of 10% in foreign exchange rates would increase/decrease net loss for the period by approximately \$(3,919) (December 31, 2014 - \$1,642).

**8. Cash**

The balance at September 30, 2015, consists of \$718,891 (December 31, 2014 - \$1,549,250) on deposit with a major Canadian bank, \$19,604 (December 31, 2014, \$nil) with a Ghanaian bank and \$8,115 (December 31, 2014 - \$nil) at a Nicaraguan bank.

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(Expressed in Canadian dollars)

**9. Short-term investment**

As at September 30, 2015, short-term investment consists of a guaranteed investment certificate (“GIC”) of \$10,000 (December 31, 2014 - \$60,000), which bears interest at rate of 0.8% per annum and has a maturity date of January 28, 2016.

**10. Other receivables**

The Company’s receivables arise from four main sources: Advances at the project level to staff for recoverable expenses , harmonized sales tax (“HST”) recoverable from the Canada Revenue Agency, interest receivable from related-party loans receivable (2014 only) and advances to Reservoir (2014 only). These are broken down as follows:

	Sept. 30, 2015	Dec. 31, 2014
	\$	\$
Advances to Reservoir	-	37,318
HST recoverable	74,105	8,383
Advances and deposits	46,554	3,450
Interest receivable	-	440
<b>Total</b>	<b>120,659</b>	<b>49,591</b>

**11. Trade payables and accrued liabilities**

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

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

As at	Sept. 30, 2015	Dec. 31, 2014
	\$	\$
Acquisition costs (note 17)	350,989	-
Exploration expenditures	255,511	26,592
Legal and audit	54,810	41,117
Office and administrative	24,705	13,704
Shareholder information	30,583	624
<b>Total</b>	<b>716,598</b>	<b>82,037</b>

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**Notes to the Unaudited Interim Consolidated Financial Statements**  
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*(Expressed in Canadian dollars)*

**12. Capital stock**

***Share Capital***

**Authorized**

Authorized share capital consists of an unlimited number of common shares of which 36,747,782 (2014 – 19,422,823, adjusted for the Acquisition, see note 17) are issued and outstanding.

***Contributed surplus***

The Company has a stock option plan for the purchase of common shares for its directors, officers, employees and other service providers. The aggregate number of common shares reserved for issuance under the stock option plan is a maximum of 10% of the issued and outstanding common shares of the Company. As at September 30, 2015, the Company had 1,548,311 options available for issuance (December 31, 2014 – 979,782, adjusted for the Acquisition, see note 17).

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

	<b>September 30, 2015</b>		December 31, 2014 (adjusted for the Acquisition (note 17))	
	<b>Weighted Average Exercise Price</b>	<b>No. of Options</b>	Weighted Average Exercise Price	No. of Options
Outstanding at beginning of period	\$ <b>0.60</b>	<b>1,062,500</b>	\$ 1.10	1,245,000
Transactions during the period:				
Granted	<b>2.29</b>	<b>1,367,817</b>	0.50	1,015,000
Expired	<b>(2.35)</b>	<b>(168,850)</b>	1.20	(337,500)
Forfeited	<b>(1.00)</b>	<b>(135,000)</b>	1.00	(860,000)
<b>Outstanding at end of period</b>	<b>0.50</b>	<b>2,126,467</b>	0.60	1,062,500
<b>Exercisable at end of period</b>	<b>0.50</b>	<b>2,126,467</b>	0.60	1,062,500

*Remainder of page left blank intentionally.*

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The following table provides additional information about outstanding stock options at September 30, 2015:

Range of Exercise Prices	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price (\$)
\$0.28 - \$0.50	1,212,497	3.58	0.44
\$0.51 - \$1.00	298,265	1.69	0.68
\$1.01 - \$1.50	543,905	1.34	1.22
\$1.51 - \$2.50	71,800	0.30	1.86
<b>\$0.28 - \$2.50</b>	<b>2,126,467</b>	<b>2.63</b>	<b>0.72</b>

**Share-based compensation**

The fair value of the stock options vested for the nine months ended September 30, 2015, was \$nil (2014 – \$190,600), which amount has been expensed in the consolidated statements of loss.

- i) On April 30, 2014, the Company granted 9,150,000 stock options to eligible participants of the Company's stock option plan. The options have a term of 5 years, are exercisable at \$0.05 per share and vest immediately. The grant-date fair value of the options was \$183,000 and was estimated using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate 1.64%, expected dividend yield of 0%, volatility 263% and expected option life of five years. Share-based compensation for this period for the vested portion on these options amounted to \$nil (2014 -\$183,000).
- ii) On November 17, 2014, the Company granted 1,000,000 stock options to eligible participants of the Company's stock option plan. The options have a term of 5 years, are exercisable at \$0.05 per share. The grant-date fair value of the options was negligible.
- iii) On July 24, 2015 (the Acquisition date), the Company issued 13,678,170 Rosita options to Alder option holders as a result of the Acquisition. Immediately, the options issued were consolidated on a 1 for 10 basis pursuant to the Consolidation. The grant-date fair value of the options was \$nil and was calculated using the Black-Scholes option pricing model with assumptions as disclosed in note 17.

**Warrants**

As a result of the Acquisition, the Company has 5,249,000 warrants outstanding as at September 30, 2015, with an exercise price of \$0.039 each, expiring on May 30, 2017.

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**13. Related-party transactions**

***3 months ended September 30, 2015***

During the three months ended September 30, 2015, \$45,000 (2014 - \$45,000) was paid or payable to RG Mining Investments Inc. ("RGMI") for administrative and management services pursuant to an agreement that had an original term of one year. The agreement has been renewed for successive 12-month periods ending September 30. The agreement may be terminated by the Company by providing notice within 60 days of the current-year renewal date 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.

The Company identifies key management personnel as current and former (as appropriate) officers of the Company including its President and CEO, CFO and VP Exploration as well as its directors. The following payments were made/earned by key management during the 3 months ended June 30, 2015:

\$50,000 (2014 - \$99,998) was paid to management personnel or to companies controlled by them, with regard to professional fees, salaries and benefits. Directors earned \$9,000 (2014 - \$6,000) in director fees. \$nil (2014 - \$1,800) was earned by officers and directors for non-cash, share-based compensation.

During the three months ended September 30, 2014, the Company accrued interest payments receivable of \$861, due from officers and directors pursuant to shareholder loans outstanding at June 30, 2014.

***9 months ended September 30, 2015***

During the nine months ended September 30, 2015, \$135,000 (2014 - \$135,000) was paid or payable to RGMI. \$199,998 (2014 - \$291,661) was paid to key management personnel or to companies controlled by them, with regard to professional fees, salaries and benefits. Directors earned \$27,000 (2014 - \$18,000) in director fees. Officers and directors earned non-cash, share-based compensation of \$nil (2014 - \$190,600).

During the nine months ended June 30, 2014, the Company accrued interest payments receivable of \$3,780, due from officers and directors pursuant to shareholder loans outstanding at September 30, 2014.

***Due to related-parties***

As at September 30, 2015, the statement of financial position includes a balance of \$nil (December 31, 2014 - \$23,015) comprising \$nil (December 31, 2014 - \$16,717) due to an officer of the Company and \$nil (December 31, 2014 - \$6,298) due to directors of the Company.

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**14. Sale of Kaniago gold project**

On February 11, 2015, the Company announced that it has sold its Kaniago gold project in Ghana to a subsidiary of neighbor Asanko Gold Inc., Keegan Resources (Ghana) Limited (“KRGL”). The sale of the non-core asset was an important part of the Company’s strategy to reduce costs, liabilities and risk, and to restore liquidity. In January 2015, the Company was granted an outstanding license renewal application from the Minerals Commission in Ghana which fulfilled a pre-condition for the sale, transfer and disposal of all of its right, title and interest in the concessions to KRGL. KRGL will be responsible for any conveyance and registration costs, including any income taxes on the transfers and renewal fees that may arise during the transfer process. The sale proceeds amounted to US\$250,000 (C\$311,500), with such amounts received by the Company in February, 2015.

**15. Exploration and evaluation expenditures**

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

	Three months ended		Nine months ended		Cumulative to-date <sup>(3)</sup>
	Sept. 30, 2015	Sept. 30, 2014	Sept. 30, 2015	Sept. 30, 2014	
	\$	\$	\$	\$	\$
<b>Serbia:</b>					
Parlozi project	-	325,436	78,854	524,481	-
<b>Total</b>	-	325,436	78,854	524,481	-
<b>Ghana:</b>					
Kaniago <sup>(1)</sup>	-	1,089	-	9,434	-
Others <sup>(2)</sup>	324	29,649	54,920	89,687	1,765,283
<b>Total</b>	324	30,738	54,920	99,121	1,765,283
<b>Nicaragua:</b>					
Rosita project <sup>(4)</sup>	257,488	-	257,488	-	257,488
<b>Exploration and evaluation expenditures</b>	<b>257,812</b>	<b>356,174</b>	<b>391,262</b>	<b>623,602</b>	<b>2,022,771</b>

(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.

(4) Expenditures included from July 24, 2015 (the close of the Acquisition – note 17).

On April 23, 2015, the Company announced that it had given notice to terminate the unexercised portion of the Parlozi option agreement with Reservoir Minerals Inc., effective May 6, 2015

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***Rosita project***

On August 28, 2011, Alder entered into an option agreement with Calibre Mining Corp. (“Calibre”) to earn a 65% interest in the Rosita project.

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

- (i) An aggregate of 1,000,000 Alder common shares as follows:
  - a) 200,000 common shares of Alder within 5 business days of the TSX Venture Exchange approval of the option agreement (issued);
  - b) 200,000 common shares of Alder on or before October 3, 2012 (issued);
  - c) 200,000 common shares of Alder on or before October 3, 2013 (issued);
  - d) 200,000 common shares of Alder on or before October 3, 2014 (issued);
  - e) 200,000 common shares of Alder on or before October 3, 2015 (see note 20 regarding issuance of these shares); and incur
  
- (ii) An aggregate of \$4,000,000 in expenditures on the property as follows:
  - a) \$500,000 on or before October 3, 2012 (incurred);
  - b) An additional \$750,000 on or before October 3, 2013 (incurred);
  - c) An additional \$1,250,000 on or before October 3, 2014 (incurred); and
  - d) An additional \$1,500,000 on or before October 3, 2015 (see note 20 regarding these expenditures).

As at September 30, 2015, the Company (including expenditures by Alder) had incurred \$3,903,681 (2014 – Alder expenditures - \$3,684,894) toward the \$4,000,000 total expenditure requirement for the 65% earn-in to the Rosita project (see note 20).

On June 30, 2014, Alder (assumed by Rosita upon close of the Acquisition) entered into a royalty agreement with Forbes & Manhattan, Inc. (“Forbes”) for the settlement of a dated accounts payable totaling \$508,500 (including HST). The royalty is a 0.5% net smelter royalty (“NSR”) on its 65% interest in the Rosita project. The royalty becomes effective upon Alder earning the 65% interest in the Rosita project. Rosita may reacquire the NSR by paying Forbes \$1,000,000 plus \$508,500.

**16. Equipment**

Equipment is comprised as follows:

<b>Cost</b>	<b>\$</b>
Balance at January 1, 2014	30,802
Additions	-
<b>Balance December 31, 2014</b>	<b>30,802</b>
Additions (Acquisition, note 17)	15,724
Disposals	(30,802)
<b>Balance September 30, 2015</b>	<b>15,724</b>

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<b>Accumulated depreciation</b>	<b>\$</b>
Balance at January 1, 2014	(8,625)
Depreciation	(4,435)
<b>Balance December 31, 2014</b>	<b>(13,060)</b>
Depreciation	(1,875)
Disposals	13,947
<b>Balance September 30, 2015</b>	<b>988</b>
<hr/> <hr/>	
<b>Net book value</b>	<b>\$</b>
<b>Balance December 31, 2014</b>	<b>17,742</b>
<hr/> <hr/>	
<b>Balance September 30, 2015</b>	<b>14,736</b>

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During the 9 months ended September 30, 2015, the Company disposed of its Ghanaian equipment for net proceeds of \$9,547 and recorded a loss on sale of equipment of \$7,308 (2014 - \$nil). It also acquired Nicaraguan equipment with a fair value of \$15,724, when it completed the Acquisition.

#### **17. 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

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Arrangement) on the basis of one new common share for every ten existing common shares (1-for-10) 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:	
173,253,468 common shares of Rosita at \$0.005 per share	866,267
Fair value of Alder's options and warrants <sup>(1)</sup>	-
Other acquisition costs (the Debenture)	100,000
<b>Purchase consideration</b>	<b>966,267</b>

	Purchase price allocation
	\$
Cash	427
Other receivables and prepaids	5,224
Plant, property and equipment	15,724
Exploration and evaluation assets <sup>(2)</sup>	-
Account payable and accrued liabilities	(125,934)
Loans payable	(20,500)
Strategic acquisition <sup>(3)</sup>	1,091,326
<b>Purchase price allocation</b>	<b>966,267</b>

<sup>(1)</sup>Options and warrants issued to Alder option and 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) – 1.8 and Rosita common share price - \$0.005.

<sup>(2)</sup>Consistent with Rosita's accounting policy to expense all exploration and evaluation ("E&E") activities, Alder's capitalized E&E activities totalling \$3,253,226, have been charged to retained earnings and subsequently eliminated together with Alder's share capital and equity reserves.

<sup>(3)</sup>Strategic acquisition costs have been expensed pursuant to IFRS 3.

**18. Commitments and contractual obligations**

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company

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may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees. At present, the Company has complied with existing laws with regard to environmental legislation.

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

**19. Segmented information**

**Operating Segments**

At September 30, 2015, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Ghana, Nicaragua and Serbia. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment. As the operations comprise a single reporting segment, amounts disclosed in the Consolidated Financial Statements also represent operating segment amounts.

**Geographic Segments**

Management has organized the Company's reportable segments by geographic area. The Ghanaian, Serbian and Nicaraguan segments are responsible for that country's mineral exploration and production activities while the Canadian segment manages corporate head office activities.

Information concerning Rosita's reportable segments is as follows:

	Three months ended		Nine months ended	
	Sept. 30, 2015	Sept. 30, 2014	Sept. 30, 2015	Sept. 30, 2014
	\$	\$	\$	\$
<b>Net loss</b>				
Canada	(1,719,809)	(168,508)	(1,864,055)	(857,321)
Ghana	(372)	(30,739)	(54,919)	(99,122)
Nicaragua	(257,440)	-	(257,488)	-
Serbia	-	(325,436)	(78,855)	(524,481)
	<b>(1,977,621)</b>	(524,683)	<b>(2,255,317)</b>	(1,480,924)

