ROSITA MINING CORPORATION

(formerly Midlands Minerals Corporation)

Management's Discussion and Analysis

Third Quarter and Nine months ended September 30, 2015

November 30, 2015

ROSITA MINING CORPORATION

(FORMERLY MIDLANDS MINERALS CORPORATION)

MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE AND NINE MONTHS ENDED SEPTEMBER 30, 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 November 30, 2015. The MD&A of the operating results and financial condition of the Company for the 3 and 9 months ended September 30, 2015, should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes for the same period together with its audited consolidated financial statements and the related notes for the years ended December 31, 2014 and 2013 (collectively, 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 the Company's profile 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"), Midlands 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***.

OVERVIEW

Rosita is a junior mining and exploration natural-resource company focused on growing shareholder value through the development of near-term mining opportunities and advancing accretive exploration opportunities.

During the period from July 1, 2015 through the date of this MD&A, 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.

The Company trades on the TSX Venture Exchange ("TSXV") under the ticker symbol "RST", and has its registered office located at 120 Adelaide Street West, Suite 2400, Toronto, Ontario, M5H 1T1.

ACQUISITION OF ALDER RESOURCES LTD.

The Arrangement

On July 24, 2015, Midlands completed an acquisition of all of the issued and outstanding securities of Alder (the "Acquisition") by way of a plan of arrangement (the "Arrangement"). Pursuant to the Arrangement, shareholders of Alder received consideration of 1.81 of a common share of Midlands (each whole common share, a "Midlands 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 on 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 Midlands Share, calculated on a pre-Consolidation basis.

In addition, each holder of an Alder option to acquire Alder Shares (each, an "Alder Option") outstanding on 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 Midlands Share, calculated on a pre-Consolidation basis.

In addition, Rosita 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 the July 24, 2015.

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[1]	-
Other acquisition costs (the Debenture)	100,000
Purchase consideration	**966,267**

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

[1]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.

[2]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.

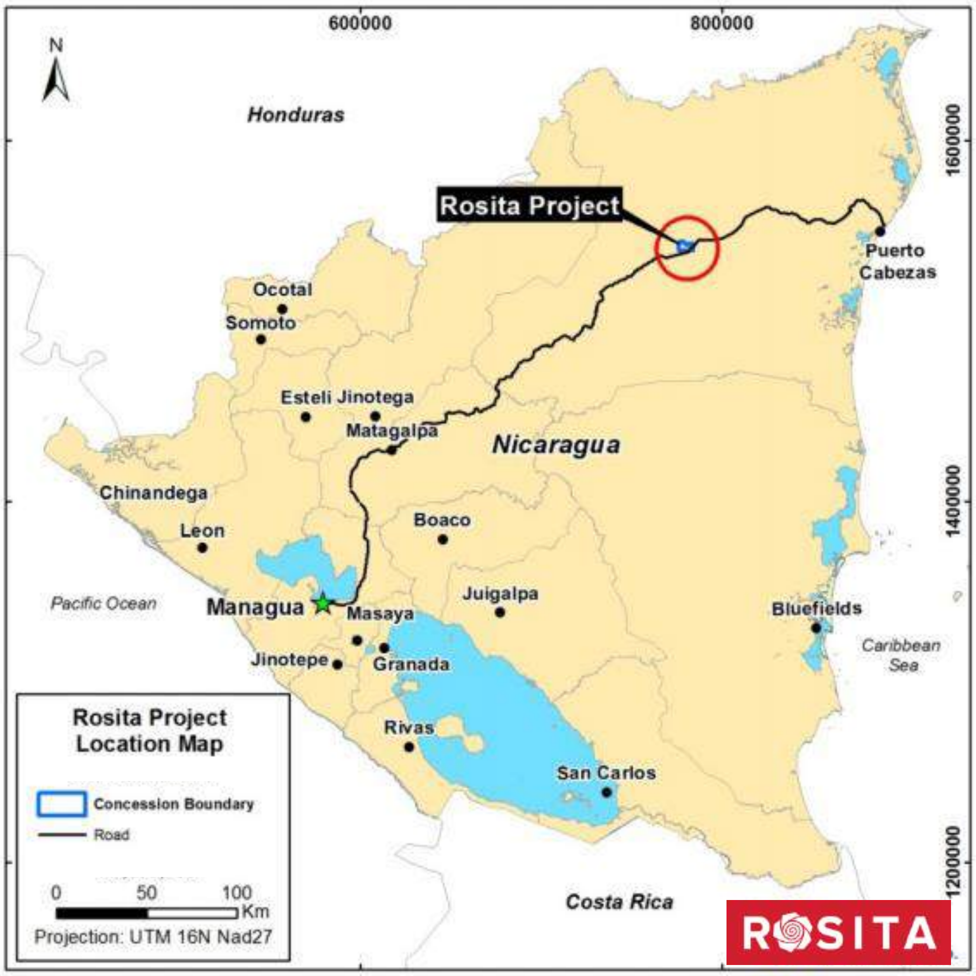
[3]Strategic acquisition costs have been expensed pursuant to IFRS 3.

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, is located 275 air kilometres northeast of the capital city of Managua and 120 kilometres west of the port town of Puerto Cabezas.

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.

Location of Rosita Project



The Company will continue to advance the work by Alder Resources Ltd. on the Rosita project in Nicaragua through targeted technical studies and exploration around the past producing pits as well as historic and newly discovered targets in outlying areas within the concession.

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. This estimate comprises 7.95 Mt of Inferred Mineral Resources at an average grade of 0.62% copper, 0.46g/t gold and 9.2g/t silver (overall copper-equivalent grade is 1.01% copper). This resource contains 108Mlb copper, 118,500oz gold and 2.35Moz silver and comprises broken mineralized material at surface with an attendant low mining cost. It represents an excellent base to build upon and add shareholder value.

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 associated alteration was observed at the El Rastro prospect, an artisanal mining area located 1.5 kilometres north of the historic Santa Rita pit and the inferred resource. 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. This demonstrates that the copper-gold association that was historically mined at the

Santa Rita mine (and which is also observable in the Company's stockpile inferred resource) is also present at the El Rastro prospect approximately 1.5 kilometres to the north and will be a focus of follow-up work.

The Company has recently commissioned additional metallurgical test work on the stockpile resources to confirm a method of metals recovery which will support future exploitation-focused technical studies.
A 1,939-metre drill program has been completed and new metallurgical studies are in progress. This work resulted in Rosita completing their earn-in of a 65% interest in the Rosita-D Concession from Calibre Mining Corporation. .

In combination with the stockpiles resource, the tailings resource target and exploration targets; management believes the Rosita property contains all of the elements required for both short and long term value growth for Rosita's shareholders.

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*.

Ghana

On February 11, 2015, the Company announced that it has sold its Kaniago gold project in Ghana to a subsidiary of neighbor Asanko Gold, Keegan Resources (Ghana) Limited ("KRGL"). The sale of the non-core assets was an important part of the Company's strategy to reduce ongoing costs associated with underperforming assets, 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$312,888). The Company has received the proceeds of the sale. The process of transfer of the licenses to KRGL remains in progress at the Minerals Commission in Ghana.

Negotiations remain underway for sale of the mineral licenses comprising the Praso project in Ghana.

SUMMARY OF QUARTERLY RESULTS

Selected consolidated financial information for the 8 most recently completed quarters is as follows. The information contained in the table below, does not reflect the Acquisition.

Three months ended	**Sept. 30, 2015**	**Jun. 30, 2015**	**Mar. 31, 2015**	**Dec. 31, 2014**
	$	$	$	$
Revenue	-	-	-	-
Loss on sale of equipment	-	(7,308)	-	-
Gain on sale of subsidiary / project	-	-	311,500	-
Net income/(loss)	(1,977,621)	(291,171)	13,475	(446,972)
Basic and fully-diluted income (loss) per share[1]	(0.05)	0.00	0.00	0.00

Three months ended	**Sept. 30, 2014**	**Jun. 30, 2014**	**Mar. 31, 2014**	**Dec. 31, 2013**
	$	$	$	$
Revenue	-	-	-	-
Loss on sale of equipment	-	-	-	-
Gain on sale of subsidiary / project	-	-	-	344,312
Net income/(loss)	(524,683)	(690,742)	(265,499)	(259,846)
Basic and fully-diluted income/(loss) per share[1]	0.00	0.00	0.00	0.00

[1]Adjusted for the Consolidation.

NEW ACCOUNTING STANDARDS

At the date of authorization of the Financial Statements, the IASB and IFRIC have issued the following revised Standards 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 15 also requires entities to provide users of financial statements with more informative and relevant disclosures.

STATEMENT OF COMPLIANCE

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

BASIS OF CONSOLIDATION

The 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. and ALR Nicaragua S.A. The consolidated statements of operations also include losses of the Company's disposed project (see note 14 of the Financial Statements), up to the date of disposal, being February 11, 2015, and operating losses from Alder Resources Ltd. and ALR Nicaragua S.A. from the date of acquisition (July 24, 2015) to September 30, 2015.

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

RESULTS OF OPERATIONS

3 months ended September 30, 2015

For the 3 months ended September 30, 2015, the Company's net loss was $1,977,621, as compared to the loss of $524,354 for the comparative period. The major variance in costs relate to the following five categories:

1. Exploration and evaluation expenditures;
2. Professional fees;
3. Salaries and benefits;
4. Shareholder information;
5. Acquisition costs; and
6. Realized gain on investments.

Explanations of the significant changes for 3 months ended September 30, 2015, compared to the 3 months ended September 30, 2014, are as follows:

1. Exploration and evaluation expenditures decreased by $98,362 from the comparative period. The decrease is mainly attributable to reduced activities in Serbia which accounted for approximately $355,360 of the exploration activities during the comparative period. As noted previously in this MD&A, in May, 2015, the Company has withdrawn from the option agreement for the Parlozi project. The decrease has been offset with expenditures made on the Rosita project in Nicaragua (since the close of the Acquisition) in the approximate amount of $257,000. The remainder of the decrease is attributable to the Company's other miscellaneous projects.

2. Professional fees increased by $289,387 over the comparative period due to legal fees expended on the Acquisition.

3. Salaries and benefits increased by $101,798 from the comparative period, as the Company implemented an austerity program that reduced its personnel, while it searched for new projects. This decrease was offset by the change-of-control payments made to officers and directors of Alder.

4. Shareholder information increased by $22,817, the result of reporting and disclosure required regarding the Acquisition.

5. Acquisition costs of $1,091,326 (the difference between the consideration paid and the net liabilities assumed for the Acquisition) were incurred in the Acquisition. These costs have been expensed in the current quarter pursuant to IFRS 3.

6. In 2014, the Company sold its investments realizing a gain of $59,347, with such resulting in a decrease in the net loss for 2015.

9 months ended September 30, 2015

For the 9 months ended September 30, 2015, the Company's net loss was $2,255,317, as compared to the loss of $1,480,924 for the comparative period. The major variance in costs relate to the following eight categories:

1. Exploration and evaluation expenditures;
2. Professional fees;
3. Salaries and benefits;
4. Share-based compensation;
5. Shareholder information;
6. Acquisition costs;
7. Realized gain on investments; and
8. Gain on sale of property.

Explanations of the significant changes for 9 months ended September 30, 2015, compared to the 9 months ended September 30, 2014, are as follows:

1. Exploration and evaluation expenditures decreased by $232,340 from the comparative period. The decrease is mainly attributable to reduced activities in Serbia which accounted for approximately $510,851 of the exploration activities during the comparative period. As noted previously in this MD&A, in May, 2015, the Company has withdrawn from the option agreement for the Parlozi project. The decrease has been offset with expenditures on the Rosita project (since the close of the Acquisition) in Nicaragua in the approximate amount of $257,000. The remainder of the increase is attributable to the Company's other miscellaneous projects.

2. Professional fees increased by $287,695 over the comparative period due to legal fees expended on the Acquisition.

3. Salaries and benefits increased by $61,002 from the comparative period, as the Company implemented an austerity program that reduced its personnel, while it searched for new projects. This decrease was offset by the change-of-control payments made to officers and directors of Alder.

4. Share-based compensation decreased by $190,600 as the comparative period vested options issued during that period.

5. Shareholder information increased by $14,833, the result of reporting and disclosure required regarding the Acquisition.

6. Acquisition costs of $1,091,326 (the difference between the consideration paid and the net liabilities assumed for the Acquisition) were incurred in the Acquisition. These costs have been expensed in the current quarter pursuant to IFRS 3.

7. In 2014, the Company sold its investments realizing a gain of $40,832, with such resulting in a decrease in the net loss for 2015.

8. During the current year, the Company sold its Kaniago project resulting in a gain of $311,500 not present in the comparative period.

Remainder of page left blank intentionally.

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[3]**
	Sept. 30, 2015	Sept. 30, 2014	**Sept. 30, 2015**	Sept. 30, 2014	
	$	$	**$**	$	$
Serbia:					
Parlozi project	**-**	325,436	**78,854**	524,481	-
Total	**-**	325,436	**78,854**	524,481	-
Ghana:					
Kaniago[1]	**-**	1,089	**-**	9,434	-
Others[2]	**324**	29,649	**54,920**	89,687	1,765,283
Total	**324**	30,738	**54,920**	99,121	1,765,283
Nicaragua:					
Rosita project[4]	**257,488**	-	**257,488**	-	257,488
Exploration and evaluation expenditures	**257,812**	356,174	**391,262**	623,602	1,895,771

(1) The Kaniago project was sold in February 2015 - see note 14 of the Financial Statements.
(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 have comparative amounts and are included in the Cumulative to-date amount.
(4) Expenditures included from July 24, 2015 (the close of the Acquisition).

LIQUIDITY AND CAPITAL RESOURCES

The working capital as at September 30, 2015, was $167,746, as compared to $1,553,789 as at December 31, 2014.

For the 9 months ended September 30, 2015, cash decreased by $802,640 (2014 – $1,312,691) as a result of cash used in operating activities of $1,130,109 (2014 - $1,383,833) less cash used in financing activities of $43,515 (2014 – cash provided from financing activities of $53,335) offset by cash provided from investing activities of $370,984 (2014 - $17,807).

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.

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 management (including CFO) services and administrative fees 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 Septe,ber 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 September 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 September 30, 2014, the Company accrued interest payments receivable of $2,919, 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.

CAPITAL STOCK

The following table sets forth information concerning the outstanding securities of the Company as at November 30, 2015:

	Number
Shares	36,783,982
Options	2,126,487
Warrants	5,249,000

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 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 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 is business.