# ROSCAN MINERALS CORPORATION

# MANAGEMENT'S DISCUSSION AND ANALYSIS
**(for the twelve month period ended October 31, 2016)**

**February 23, 2017**

## INTRODUCTION

This management's discussion and analysis ("MD&A") has been prepared by RosCan Minerals Corporation's ("RosCan" or the "Company") management and provides an analysis of the Company's operating and financial performance for the twelve month period ended October 31, 2016, as well as a view of future prospects. The MD&A should be read in conjunction with RosCan's: audited consolidated financial statements for the years ended October 31, 2016 and 2015: and, MD&A for the year ended October 31, 2015. Additional information related to the Company is filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) and is available online at www.sedar.com.

Basis of presentation
RosCan's consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS"). All amounts are expressed in Canadian dollars, unless otherwise noted.

NOTE: in this MD&A, references to years, such as F2016, refer to the fiscal years ending October 31.

This MD&A may contain forward-looking statements, which may be influenced by factors described in the "Cautionary Statements" section of the MD&A. The "Risks and Uncertainties" section of this MD&A further describes other factors that could cause results or events to differ from expectations.

## CORPORATE PROFILE

RosCan is an exploration stage company involved in the business of acquiring, exploring and developing mineral properties. On November 7, 2016, the Company entered into an Option and Joint Venture Agreement with Pelangio Exploration Inc., in which it acquired the right to earn a 50% interest in a gold exploration project in Ghana, West Africa, known as the Dormaa Project. During F2016 and F2015, the Company did not have an interest or hold a right to participate in any mineral properties or projects.

To enhance RosCan's board of directors, Mr. Robert Adley was appointed a director in February 2016. Mr. Adley is a vice-president with Hewlett Packard Canada. RosCan is listed on the NEX board of the TSX Venture Exchange (TSX-V) as a mining issuer, under the trading symbol ROS.H.

## MINERAL PROPERTIES

### Dormaa Project - Ghana, West Africa
On November 7, 2016, RosCan entered into an option and joint venture agreement (the "Option Agreement"), as amended on February 14, 2017, with Pelangio Exploration Inc. "(Pelangio"), pursuant to which RosCan and Pelangio established an earn-in arrangement to jointly advance an early-stage gold exploration project in Ghana, West Africa (the "Dormaa Project). Pursuant to the Option Agreement, RosCan has the right (the "Option") to earn a 50% equity and participating interest in the Dormaa Project.

The Dormaa Project covers approximately 86.44 square kilometres and is located in the Ahafo Ano District of the Ashanti and Brong-Ahafo Regions of the Republic of Ghana. Initially, the Dormaa Project was established by Pelangio to support the reconnaissance for minerals in the Dormaa Project area by Torkornoo and Associates Limited ("TAL"). Early stage prospecting, geochemical and geophysical surveys were carried out by TAL. Subsequently, TAL entered into an agreement with Pelangio Ahafo (G) Limited ("Pelangio Ghana"), an indirectly held, wholly-owned subsidiary of Pelangio, pursuant to which TAL agreed to transfer and assign to Pelangio Ghana all its interest and related work obligations in the Dormaa Project area, including 100% of the mineral rights granted pursuant to a prospecting license with respect to the Dormaa Project area and which are held by TAL.

Pelangio has reported that work on the Dormaa Project to date included stream sediment surveys into the secondary and tertiary drainages in the licensed area; soil sampling using the BLEG technique on an 800 metre by 100 metre grid; and follow-up, closer-spaced, soil surveys of a 100 metre by 25 metre grid on the northern half of the Dormaa Project area, and that this work resulted in the finding of significant gold-in-soil anomalies. In addition, Pelangio reported that significant anomalies up to 4 kilometres long and 500 metres wide were identified in the southern half of the Dormaa Project area and that follow-up, closer-spaced, soil surveys have not yet been conducted in this region. As well, Pelangio reported that recent satellite imagery indicates that substantial unregulated artisanal and mechanized alluvial operations were carried out during 2014-2015 in areas surrounding the Dormaa Project, and that gold-in-soil anomalies on the Dormaa Project may be the source of the alluvial deposits giving rise to these operations. RosCan has not verified the foregoing historical information about the Dormaa Project.

Based on a preliminary work plan approved by the parties for the first year, expenditures of approximately $300,000 are planned for expanded gold-in-soil geochemical surveys, prospecting, and approximately 3,000 metres of reverse circulation and air core or rotary air blast drilling.

<u>Option agreement</u>
To exercise the Option, RosCan is required to:

1) pay Pelangio an aggregate of $160,000, as follows:

    a) $10,000 on November 7, 2016 (paid);
    b) $50,000 on December 5, 2017; and,
    c) $100,000 on December 5, 2018.

2) fund a total of $2,000,000 in exploration expenditures, as follows:

    a) $150,000 by March 5, 2017;
    b) $150,000 by May 4, 2017;
    c) $700,000 by December 5, 2017; and,
    d) $1,000,000 by December 5, 2018.

3) pay the applicable annual ground rent and mineral right fees during the Option period, when such costs are first due and payable.

During the Option period Pelangio will act as the operator. In addition, RosCan will participate in the oversight of exploration and operational activities through a management committee.

Upon the exercise of the Option, a joint venture between RosCan and Pelangio would be formed, whereby each party would have an initial 50% participating interest, and thereafter contribute funding on a proportionate basis or have its interest diluted.

Once formed, the joint venture would, hold 100% of the mineral rights to the Dormaa Project, subject to a 2% net smelter royalty ("NSR") on all ounces of gold recovered and a 10% free carried interest reserved for the Government of Ghana. The joint venture retains the right to buy-back 50% (equivalent to 1%) of the NSR for USD $2,000,000.

## SELECTED ANNUAL INFORMATION

| | Year ended, October 31, | | |
|---|---|---|---|
| **Results of Operations** | 2016 | 2015 | 2014 |
| Corporate and administrative expenses | $ (90,350) | $ (79,409) | $ (78,204) |
| Foreign exchange | (51) | 100 | 56 |
| Share-based payments | - | - | (29,170) |
| Net loss | (90,401) | (79,309) | (107,318) |
| Net loss per share - basic and diluted | (0.003) | (0.002) | (0.003) |
| | As at October 31, | | |
| **Financial Position** | 2016 | 2015 | 2014 |
| Cash | $ 2,269 | $ 3,917 | $ 3,214 |
| Working capital | (232,181) | (141,780) | (62,471) |
| Total assets | 4,525 | 5,497 | 6,014 |
| Total long-term financial liabilities | - | - | - |

The increase in the net loss for F2016, as compared to the net loss for F2015, was attributable to higher corporate and administrative expenses due to costs associated with the Option Agreement for the Dormaa Project, the impact of which is reflected in the legal, audit and accounting account.

The decrease in the net loss for F2015, as compared to the net loss for F2014, reflects the absence of share-based payments. Corporate and administrative expenses were relatively consistent, as corporate activity remained limited.

The movement in total assets for F2016, F2015 and F2014 revolved around the Company's cash and sales tax receivable balances. The growth in the working capital deficiency is indicative of the Company' liquidity constraints.

## SUMMARY OF QUARTERLY RESULTS

| | Interest income | Net loss | Net loss per share |
|---|---|---|---|
| Fiscal 2016 | $ | $ | $ |
| Q4 October 31 | - | (29,617) | (0.001) |
| Q3 July 31 | - | (19,504) | (0.001) |
| Q2 April 30 | - | (25,446) | (0.001) |
| Q1 January 31 | - | (15,834) | - |
| Fiscal 2015 | | | |
| Q4 October 31 | - | (24,274) | (0.001) |
| Q3 July 31 | - | (15,084) | - |
| Q2 April 30 | - | (25,362) | (0.001) |
| Q1 January 31 | - | (14,589) | - |

For F2016, RosCan's activities revolved around the evaluation of the Dormaa Project and completion of the related Option Agreement. The net loss in each quarter is primarily comprised of corporate and administrative costs. Significant fluctuations in quarterly corporate and administrative costs were influenced by: the Company's annual audit and tax filings, which impacted legal, audit and accounting costs in Q4 - the Company's annual shareholder meeting and annual filing fees, which impacted legal, audit and accounting costs, regulatory fees, shareholder relations and promotion costs and transfer agent fees in Q2 and Q3 - the evaluation of a business opportunity, which impacted travel costs in Q1- and, the Dormaa Project, which impacted legal, audit and accounting costs in Q3 and Q4.

For F2015, RosCan's activities revolved around the evaluation of potential resource properties/projects. The net loss in each quarter was primarily comprised of corporate and administrative costs. Significant fluctuations in quarterly corporate and administrative costs were influenced by: the Company's annual audit and tax filings, which impacted legal, audit and accounting costs in Q4 - and, the Company's annual shareholder meeting and annual filing fees, which impacted legal, audit and accounting costs, regulatory fees, shareholder relations and promotion costs and transfer agent fees in Q2.

## RESULTS OF OPERATIONS

The net loss for F2016 was $90,401 versus a net loss of $79,309 for F2015, representing an increase of $11,092. As corporate activity was limited to evaluating the Dormaa Project and a non-resource opportunity, the net loss primarily consists of corporate and administrative expenses (F2016 - $90,350 vs F2015 - $79,409).

Corporate and administrative expenses increased due to the evaluation of the Dormaa Project and a non-resource opportunity, which resulted in higher travel costs (F2016 - $2,353 vs F2015 - $nil) and legal, audit and accounting costs (F2016 - $28,786 vs F2015 - $19,302). The increase in corporate and administrative expenses was partially mitigated by a reduction in transfer agent fees (F2016 - $5,976 vs F2015 - $6,977), as costs for the Company's annual shareholder meeting declined. The remainder of these expenditures were relatively consistent with the comparative period and represent basic operating overheads and typical costs associated with being a public issuer.

## LIQUIDITY AND CAPITAL RESOURCES

### *Cash flows*

Operating activity cash flows for F2016 and F2015 were impacted by the growth in accounts payable and accrued liabilities arising from the Company's financial liquidity constraints.

Financing activity cash flows for F2016 and F2015 represents loans provided by Company directors. The loans were made to enable the Company to meet its immediate financial obligations.

### *Working capital*

As at October 31, 2016, RosCan had cash of $2,269 and a working capital deficiency of $232,181. Sales tax receivables represent amounts to be refunded by the Canadian government. Accounts payable and accrued liabilities include $139,412 payable to Company officers and directors. Loans due to related parties are unsecured, due on demand and are non-interest bearing.

Subsequent to October 31, 2016, directors provided the Company with additional cash advances of $26,000 for working capital purposes. In addition, the Company has arranged a $250,000 private placement consisting of 5,000,000 units at $0.05 per unit. Each unit is comprised of one common share and one warrant. Each warrant entitles the holder to acquire an additional common share at a price of $0.08 for a period of 12 months. The private placement is expected to close in March 2017. Proceeds will be used for working capital purposes and to fund the initial Dormaa Project exploration expenditures of $150,000.

RosCan does not have sufficient working capital to remain a going concern and will need to arrange additional financing to fund the remainder of its F2017 corporate activity and Dormaa Project expenditures, as well as eliminating its working capital deficit. In addition, further funds will need to be raised to finance additional resource property/project evaluations, acquisitions and related exploration activities. There is a risk that the Company will be unable to raise sufficient funds, thus jeopardizing the Company's ability to earn its interest in the Dormaa Project or continue as a going-concern. There can be no assurance that the Company's directors will continue to fund the Company's working capital needs.

Given the nature of the Company's operations, which consist of exploration, development, evaluation and acquisition of mineral properties or mining projects, the Company believes that the most meaningful financial information relates primarily to current liquidity and solvency.

## SHARE CAPITAL

As of the date of this MD&A, RosCan has the following securities outstanding:

| Security | Number |
|---|---|
| Common shares | 33,766,073 |
| Options | 1,550,000 |

On November 7, 2016, RosCan granted 150,000 stock options to a director of the Company. The options vested immediately and were issued with an exercise price of $0.05 and a five year term, expiring on November 7, 2021.

## FOURTH QUARTER

The net loss for the fourth quarter of F2016 was $29,617 versus a net loss of $24,274 for the comparable quarter of F2015, representing an increase of $5,343. As corporate activity revolved around completing the Option Agreement for the Dormaa Project, the net loss primarily consists of corporate and administrative expenses (F2016 - $29,591 vs F2015 - $24,274).

Corporate and administrative expenses increased due to legal costs attributable to the Dormaa Project, which resulted in increased legal, audit and accounting costs (F2016 - $17,005 vs F2015 - $12,020). The remainder of these expenditures, which includes the accrual of the Company's annual audit and tax filings under legal, audit and accounting costs, were relatively consistent with the comparative period and represent basic operating overheads and typical costs associated with being a public issuer.

| | Three months ended October 31 | |
|---|---|---|
| **Corporate and administration** | **2016** | 2015 |
| Legal, audit and accounting | **$ 17,005** | $ 12,020 |
| Management fees | **9,000** | 9,000 |
| Office | **584** | 373 |
| Premises | **1,050** | 1,050 |
| Regulatory fees | **1,250** | 800 |
| Transfer agent fees | **702** | 1,031 |
| | **$ 29,591** | $ 24,274 |

Cash flows used in operating activities were $15,142 (F2015 - $509). Cash flows consumed by operations before changes in non-cash flow working capital items were $29,617 (F2014 - $24,274). Cash flows consumed by operations was funded through the growth in accounts payable and accrued liabilities.

Cash flows provided by financing activities were $17,000 (F2015 - $nil) and represent cash loans from a director.

There were no financing activities.

## RELATED PARTY TRANSACTIONS

Management fees of $9,000 (F2015 - $9,000) for the current quarter and $36,000 (F2015 - $36,000) for the year were paid or became payable to Rustle Woods Capital Inc., a company controlled by an associate of the Company's Chief Financial Officer. These amounts are included in corporate and administrative expenses.

Legal fees of $7,305 (F2015 – $1,820) for the current quarter and $18,310 (F2015 - $8,702) for the year were paid or became payable to Irwin Lowy LLP, a law firm in which the Company's President/Chief Executive Officer is a partner. These amounts are included in corporate and administrative expenses under legal, audit and accounting.

Filing fees of $nil (F2015 – $150) for the current quarter and $225 (F2015 - $375) for the year were paid or became payable to Irwin Professional Corporation, a company controlled by the Company's President/Chief Executive Officer. These amounts are included in corporate and administrative expenses under regulatory fees.

Cash loans of $17,000 (F2015 - $nil) for the current quarter and $40,000 (F2015 - $22,000) for the year were provided by Company directors. Loans due to related parties of $67,000 (F2015 - $27,000) represent cash advances from directors and company's controlled or associated with Company directors. Subsequent to October 31, 2016, directors provided the Company with additional cash advances of $26,000. These cash advances were provided for working capital purposes and are unsecured, due on demand and non-interest bearing.

Included in accounts payable and accrued liabilities at October 31, 2016 is $139,412 (October 31, 2015 – $81,577) payable to companies controlled by, related to or associated with the Company's President/Chief Executive Officer and Chief Financial Officer.

## NEW ACCOUNTING POLICIES

*For information on current and future changes in accounting policies and disclosures, please refer to Note 3 in RosCan's audited consolidated financial statements for the year ended October 31, 2016.*

## FINANCIAL INSTRUMENTS

*Disclosure on RosCan's financial instruments and related risks may be found in Note 11 of RosCan's audited consolidated financial statements for the year ended October 31, 2016.*

## CAUTIONARY STATEMENTS

This MD&A may contain forward-looking statements relating to, but not limited to, RosCan's assumptions, estimates, expectations and statements that describe RosCan's future plans, intentions, beliefs, objectives or goals, that are subject to a number of known and unknown risks, uncertainties and other factors that may cause actual results to differ materially from those expressed or anticipated by such forward-looking statements. Statements that address activities, events or developments that the Company expects or anticipates will or may occur in the future are forward-looking statements or forward-looking information, including, but not limited to, statements preceded by, followed by or that include words such as "may", "will", "would", "could", "should", "believes", "estimates", "projects", "potential", "expects", "plans", "intends", "anticipates", "targeted", "continues", "forecasts", "designed", "goal", or the negative of those words or other similar or comparable words. Examples of such forward-looking statements, without limiting the generality of the foregoing, include:

- ability to earn its interest in the Dormaa Project or complete additional resource based transactions;
- condition of financial or capital markets;
- capital requirements and ability to obtain funding; and,
- ability to continue as a going concern: and,

Known and unknown factors could cause actual results to differ materially from those projected in the forward-looking statements and forward-looking information. Such factors include, but are not limited to:

- condition of underlying commodity markets and prices;
- ability to raise necessary capital;
- fluctuations in foreign exchange or interest rates and stock market volatility;
- receipt or retention of necessary permits or approvals;
- access to properties and contests over title to properties;
- obtaining environmental and mining approvals;
- the speculative nature of exploration and development and investor sentiment;
- competition for, among other things, capital, acquisitions of resources and/or reserves, undeveloped lands and skilled personnel;
- changes in national and local government legislation, taxation, controls, regulations and political or economic developments in which the Company conducts or may conduct business;
- business opportunities that may be presented to, or pursued by, us;
- our ability to correctly value and successfully complete acquisitions;
- effectiveness of corporate relations;

Although RosCan believes that the assumptions, estimates and expectations reflected in our forward-looking statements are reasonable, results may vary, and we cannot guarantee future results, levels of activity, performance or achievements. Readers are cautioned not to place undue reliance on these forward-looking statements due to the inherent uncertainty. RosCan disclaims any intent or obligation to update or revise any forward-looking statement, whether as a result of new information, future events or other such factors which affect this information, except as required by law.

## RISKS AND UNCERTAINTIES

RosCan is in the business of exploring for minerals and, if successful, ultimately mining them. The mining sector is by its nature, cyclical, competitive and risky. Many of these risks are beyond the Company's control. Investment in the mining sector in general and the exploration sector, in particular, involves a great deal of risk and uncertainty and RosCan's common shares should be considered as a highly speculative investment. Current and potential investors should give special consideration to the risk factors involved.

### *Acquisition risk*
RosCan uses its best judgment in the acquisition of mineral properties or an alternative business venture and, in pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including agreements to finance the acquisition and development of the mineral properties or business venture. The Company cannot provide assurance that it can complete any acquisition that it pursues, on favourable terms, or that any acquisition will ultimately benefit the Company.

### *Competition risk*
RosCan must compete with a number of other companies that possess greater financial and technical resources. Competition in the mining and business sectors could adversely affect the Company's ability to acquire mineral properties or projects.

***Conflicts of interest***
Certain directors and officers of RosCan, in their personal capacities or as directors or officers of other companies, are engaged or have interests in mineral exploration and development activities outside of the Company. Accordingly, exploration opportunities or prospects of which they become aware of may not necessarily be made available to the Company.

***Dependence on management and Pelangio Exploration Inc.***
RosCan is very dependent upon the efforts and commitment of its directors, management and Pelangio, to the extent that if the services of the directors or management were not available, or Pelangiao failed to perform its obligations or conduct sufficient exploration activities at the Dormaa Project, a disruption in the Company's operations may occur.

***Counterparty risk***
Counterparty risk is the risk that each party to a contract will not fulfill its contractual obligations. The entering into a transaction for a business opportunity will expose the Company to this risk.

***Environmental risk***
Exploration and development activities conducted on RosCan's mineral properties are subject to the environmental laws and regulations of the country in which the activities take place. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties, more stringent environmental assessments and a heightened degree of responsibility for companies and their officers, directors and employees. Although the Company undertakes to comply with current environmental laws and regulations, there is no assurance that future changes in environmental laws or regulations will not adversely affect the Company's operations.

***Exploration risk***
There is no assurance that the activities of RosCan will be successful and result in economic deposits being discovered and in fact, most companies are unsuccessful due to the low probability of discovering an economic deposit. Once mineralization is discovered, it may take several years until production is possible during which time the economics of a project may change. Substantial expenditures are required to establish reserves through drilling. RosCan's ability to establish a profitable mining operation is subject to a host of variables, such as technical and economic factors and regulatory issues. Exploration activities involve risks which even a combination of experience, knowledge and prudence may not be able to overcome. Exploration activities are subject to hazards which could result in injury or death, property damage, adverse environmental conditions and legal liability.

***Financing and liquidity risk***
RosCan does not have production income or a regular source of cash flow to fund its operating activities. The Company's ability to finance its exploration and development activities and make acquisitions is highly dependent upon its ability to raise capital in the financial markets. RosCan will require significant capital to finance its overall objectives and there is no assurance that the Company will be able to raise the capital required and continue as a going concern. In addition, RosCan's financial success is dependent on the extent to which it can discover mineralization in economic quantities and the economic viability of developing its properties or projects.

***Political Risk***
RosCan may acquire or participate in mineral exploration properties in foreign countries that may expose the Company to risks and different considerations not normally associated with companies or exploration activities in North America. The Company's ability to retain mineral properties, raise and deploy capital may be adversely affected by changes in governing regimes, policies, laws and regulations, all of which are beyond the Company's control.

***Price Risk***
The ability of RosCan to finance the acquisition, exploration and development of mineral properties and the future profitability of the Company is strongly related to: the market price of the primary minerals identified in its mineral properties; market price of the Company's equities; and, general commodity and investor sentiment. Mineral and equity prices fluctuate on a daily basis and are affected by a number of factors beyond the Company's control. A sustained, significant decline in either the prices of the identified primary minerals, the Company's issued equities or investor sentiment could have a negative impact on the Company's ability to raise additional capital. Management monitors the commodity and stock markets to determine the applicable financing strategy to be taken when needed.

***Property title risk***
Although RosCan takes reasonable measures to ensure proper title to its properties, there is no guarantee that title to any of its properties will not be challenged, impugned or renounced.