

# **ROSCAN MINERALS CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (for the twelve month period ended October 31, 2017)**

**February 22, 2018**

### **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, 2017, as well as a view of future prospects. The MD&A should be read in conjunction with RosCan's audited financial statements for the years ended October 31, 2017 and 2016. 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](http://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 F2017, 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 in West Africa. 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. Having entered into the Option and Joint Venture Agreement and completing a subsequent \$437,000 financing, RosCan returned to the TSX Venture Exchange (TSX-V) as a Tier 2 mining issuer on May 30, 2017 (the "TSX-V Reactivation") and trades under the symbol ROS. Previously the Company was listed on the NEX board of the TSX-V.

#### Director/Officer changes

On March 29, 2017, Mr. Gregory Isenor was appointed as President and Chief Executive Officer (CEO) of RosCan, replacing Mr. Christopher Irwin. Mr. Irwin continues to act as a director. On March 14, 2017, Mr. Isenor was appointed to the Company's Board of Directors, replacing Mr. Gordon Cudmore. In addition, Mr. Robert Adley and Mr. Michael Newbury did not stand for re-election at the Company's annual shareholder meeting, held on April 27, 2017. Options previously granted to Mr. Cudmore, Mr. Adley and Mr. Newbury are to expire one year from their date of departure from the Board of Directors.

#### Financing activities

The Company raised gross proceeds of \$437,000 through a private placement closed in two tranches. The first tranche for \$215,000 (4,300,000 units) closed on April 26, 2017 and the second tranche for \$222,000 (4,440,000 units) closed on May 1, 2017. In addition, on April 26, 2017, the Company settled \$226,000 of debt through the issuance of 4,520,000 shares.

### **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 and restated on January 25, 2018, with Pelangio Exploration Inc. ("Pelangio"), pursuant to which RosCan

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and Pelangio established an earn-in arrangement to jointly advance an early-stage gold exploration project in Ghana, West Africa (the "Dormaa Project). Pelangio owns a 100% interest in the Dormaa Project and pursuant to the Option Agreement, RosCan has the right (the "Option") to earn a 50% equity and participating interest in the Dormaa Project. Certain payment dates have been extended to compensate for the delay in receiving approvals for a 3,000 metre drill program.

#### Option agreement

To exercise the Option, RosCan is required to:

- 1) pay Pelangio an aggregate of \$260,000, as follows:
  - a) \$10,000 on November 7, 2016 (paid);
  - b) \$50,000 on June 5, 2018; and,
  - c) \$200,000 on June 5, 2019.
- 2) fund a total of \$2,000,000 for exploration expenditures, as follows:
  - a) \$150,000 by March 5, 2017 (paid);
  - b) \$150,000 by May 4, 2017 (paid);
  - c) \$700,000 by June 5, 2018; and,
  - d) \$1,000,000 by June 5, 2019.
- 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. RosCan participates in the oversight of exploration and operational activities through a management committee, which is comprised of two representatives from RosCan and two from Pelangio. The Company expenses exploration expenditure contributions at the time they are made, though such contributions may be expended by Pelangio at a later date. The exploration expenditure contributions are to be held in a separate bank account by Pelangio for the benefit of the Company and to be only expended in accordance with the work programs and land holding costs pursuant to the Option Agreement.

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. In addition, RosCan has the right to assume operatorship.

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.

#### Property Description

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.

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Prior to RosCan entering into the Option Agreement, Pelangio reported that work on the Dormaa Project 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 400 metres by 50 metres and 100 metres by 25 metres grid on the northern half of the Dormaa Project area, which identified thirteen gold-in-soil anomalies. In addition, Pelangio reported that eight significant anomalies, ranging in size from 800 metres by 100 metres up to 4 kilometres long and 500 metres wide were identified in the southern half of the Dormaa Project area and that a 20 square kilometre follow-up geochemical program, is recommended for this region. As well, Pelangio reported that satellite imagery indicated 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.

#### Exploration Status

Based on a preliminary work plan approved by the parties for the first year, expenditures of approximately \$300,000 were 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. RosCan provided funding for this program, which is designed to follow up on the large gold-in-soil anomalies on the property. However, due to continuing delays in receiving the requisite approvals the drill program remains on hold.

In F2017, Pelangio completed a geochemical sampling program of infill soils and termite mounds that covered a 9 km by 2 km area and followed up on the most prominent group of previously identified gold anomalies. The program consisted of taking almost 2,000 samples over a total of 75 lineal kilometres of the project area. The results from this program clearly show gold-in-soil anomalies trending in a northeast-southwest direction, with a fault offset of the trend in the mid permit. All samples weighed approximately two kilograms and were assayed using the bulk-leach extractable-gold method. The assaying was completed by SGS Laboratory in Tarkwa, Ghana, with duplicates and blanks inserted in the sample stream once every 20 samples. The geochemical program results, together with prior geochemical results and geological mapping, will be used to plan the next phase of exploration, consisting of air core, reverse circulation and RAB drilling, as warranted.

#### **Mali, West Africa**

RosCan is currently in the process of assembling a sizeable land package in the prolific gold prospective Birimian rocks of west Mali. The Company believes these are high potential properties, as they are located in an area of existing deposits and multi-ounce gold producers. To establish its initial foothold, RosCan entered into a Letter of Intent ("LOI") with Touba Mining SARL ("Touba") to acquire a 100% interest in the 56 sq. km. Kandiole-North permit (the "Property"). The acquisition of the Property is subject to RosCan completing a formal agreement with Touba.

The salient terms and conditions of the LOI are:

- Pay to Touba CAD \$23,000 on signing of the LOI (Paid).
- Pay to Touba an additional CAD \$80,000 over a 3 year period, apportioned in six month instalments, as follows:

<u>Due Date</u>	<u>Amount</u>
Instalment 1	\$20,000
Instalment 2	\$20,000
Instalment 3	\$10,000
Instalment 4	\$10,000
Instalment 5	\$10,000
Instalment 6	\$10,000

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- Touba shall retain a 5% Net Profit Interest and a 2% Net Smelter Return upon commencement of commercial production.
- During the 3 year period, RosCan shall be responsible for maintaining the Property in good standing and performing any and all obligations required by law.

#### SELECTED ANNUAL INFORMATION

<b>Results of Operations</b>	Year ended, October 31,		
	2017	2016	2015
Corporate and administrative expenses	\$ (155,714)	\$ (90,350)	\$ (79,409)
Exploration and evaluation	(335,109)	-	-
Share-based payments	(22,530)	-	-
Foreign exchange	(165)	(51)	100
Net loss	(513,518)	(90,401)	(79,309)
Net loss per share - basic and diluted	(0.013)	(0.003)	(0.002)
<b>Financial Position</b>	As at October 31,		
	2017	2016	2015
Cash	\$ 18,181	\$ 2,269	\$ 3,917
Total assets	22,978	4,525	5,497
Working capital	(72,519)	(232,181)	(141,780)
Total long-term financial liabilities	-	-	-

The increase in the F2017 net loss, as compared to the F2016 net loss, was attributable to higher: (1) corporate and administrative expenses due to activity revolving around the TSX-V Reactivation, the Option Agreement for the Dormaa Project and evaluating opportunities in West Africa; (2) exploration and evaluation expenditures related to the Dormaa Project; and, (3) share-based payments due to the grant of options. 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 movement in total assets for F2017 and F2016 revolved around fluctuations in the Company's current asset balances. For 2017, the Company's working capital deficiency was improved by completing a \$437,000 private placement and a \$226,000 debt conversion. For 2016 the growth in the working capital deficiency was indicative of the Company's liquidity constraints.

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#### SUMMARY OF QUARTERLY RESULTS

	Interest revenue	Net loss	Net loss per share
<u>Fiscal 2017</u>	\$	\$	\$
Q4 October 31	-	(75,444)	(0.002)
Q3 July 31	-	(184,580)	(0.004)
Q2 April 30	-	(223,291)	(0.006)
Q1 January 31	-	(30,203)	(0.001)
<u>Fiscal 2016</u>			
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)	-

For F2017, variances in quarterly results were influenced by the amount of: (1) corporate and administrative expenses, which were impacted by - the Company's annual shareholder meeting and annual filing fees in Q2 - financing activity, director/officer changes and the TSX-V Reactivation in Q2 and Q3 - activities related to the Dormaa Project in Q2 and Q4 and - evaluating opportunities in West Africa and the accrual of annual audit and tax services fees in Q4; (2) exploration and evaluation expenditures related to the Dormaa Project in Q1, Q2 and Q3; and, (3) share-based payments attributable to the grant of stock options in Q1 and Q2.

For F2016, variances in quarterly results were influenced by the amount of corporate and administrative expenses, which were impacted by: annual audit and tax services fees in Q4 - the Company's annual shareholder meeting in Q2 - annual filing fees in Q2 and Q3 - the evaluation of a business opportunity in Q1- and, the evaluation of the Dormaa Project and related Option Agreement in Q3 and Q4.

#### RESULTS OF OPERATIONS

The net loss for F2017 was \$513,518 versus a net loss of \$90,401 for F2016, representing an increase of \$423,117. The increase in the net loss was primarily attributable to increased corporate activity related to: the Dormaa Project; evaluating opportunities in West Africa; financings; the TSX-V Reactivation; and, director/officer changes.

Corporate and administrative expenditures experienced an increase of \$65,364 (F2017 - \$155,714 vs F2016 - \$90,350) primarily through increases in:

- consulting, attributable to evaluating opportunities in West Africa;
- legal, audit and accounting, due to higher annual audit and tax services fees and the need for additional legal services to support the increased corporate activity;
- office costs, resulting from financing activities and evaluating opportunities in West Africa.
- regulatory fees, related to the TSX-V Reactivation and financing activity;
- shareholder relations and promotion costs, attributable to higher annual shareholder meeting costs, increased frequency of news releases and the design and launch of the Company's web site;
- transfer agent fees, due to financing activity and additional annual shareholder meeting costs; and,
- travel, related to evaluating opportunities in West Africa and corporate meetings.

Exploration and evaluation expenditures (F2017 - \$335,109 vs F2016 - \$nil) are attributable to the Dormaa Project and consist of: the initial option payment; the initial two exploration expenditure contributions; and, costs to prepare the initial National Instrument 43-101 report and visit the Dormaa property.

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Share-based payments (F2017 - \$22,530 vs F2016 - \$nil) are non-cash and represent the fair value assigned to 450,000 stock options granted to directors/officers.

#### **LIQUIDITY AND CAPITAL RESOURCES**

##### ***Cash flows***

Operating activity cash flows for F2017 were impacted by shares issued in settlement of \$148,000 of accounts payable and management services.

Financing activity cash flows for F2017 were impacted by shares issued in settlement of \$78,000 of loans provided by Company directors/officers. Company directors/officers provided cash loans of \$190,000 during F2017, of which \$179,000 was repaid during F2017. These loans were: made to enable the Company to meet its financial obligations, particularly for the Dormaa Project; unsecured, due on demand and non-interest bearing; and, repaid from the proceeds of the \$437,000 private placement.

##### ***Working capital***

As at October 31, 2017, RosCan had cash of \$18,181 and a working capital deficiency of \$72,519. Sales tax receivables represent amounts to be refunded by the Canadian government. Accounts payable and accrued liabilities include \$59,695 payable to related parties.

During F2017 the Company enhanced its financial position by closing a \$437,000 private placement in two tranches (\$215,000 - April 26, 2017 and \$222,000 – May 1, 2017) and settling \$226,000 of debt through the issuance of shares. Proceeds from the private placement were used to fund Dormaa Project expenditures and for general working capital purposes. Subsequent to October 31, 2017, the Company received cash advances of \$66,000 from a Company director to provide funding for the initial payment to Touba Mining SARL and for working capital purposes. These loans are non-interest bearing, unsecured and payable on demand.

RosCan does not have sufficient working capital to remain a going concern and will need to arrange additional financing to fund its F2018 corporate overheads and \$750,000 of Dormaa Project payments, due by June 5, 2018. In addition, further funds will be needed to finance additional property acquisitions and related exploration activities in West Africa. There is a risk that the Company will be unable to raise sufficient funds, thus jeopardizing the Company's ability to carry out its objectives, including earning 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.

#### **FOURTH QUARTER**

The net loss for the fourth quarter of F2017 was \$75,444 versus a net loss of \$29,617 for the comparable quarter of F2016, representing an increase of \$45,827. The net loss is primarily comprised of corporate and administrative expenses (F2017 - \$75,454 vs F2016 - \$29,591).

The increase in corporate and administrative expenses was primarily attributable to: (1) activities related to the Dormaa Project and evaluating opportunities in West Africa, which impacted the consulting, office and travel accounts; (2) the design and launch of the Company's web site, which impacted shareholder relations and promotions; (3) TSX-V stock option plan fees, which impacted regulatory fees; and, (4) the accrual of additional audit and tax services fees due to increased corporate activity.

Corporate and administrative expenses include related party transactions comprised of: management fees of \$9,000 (2016 - \$9,000); legal fees of \$4,465 (2016 - \$7,305); and, filing fees of \$150 (2016 - \$nil).

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Corporate and administration	Three months ended October 31	
	2017	2016
Consulting	\$ 3,600	\$ -
Legal, audit and accounting (note 8)	28,945	17,005
Management fees (note 8)	9,000	9,000
Office	2,577	584
Premises	1,050	1,050
Regulatory fees (note 8)	3,522	1,250
Shareholder relations and promotions	2,432	-
Transfer agent fees	1,437	702
Travel	22,919	-
	<u>\$ 75,482</u>	<u>\$ 29,591</u>

Cash flows used in operating activities were \$29,654 (F2016 – \$15,142). Cash flows consumed by operations before changes in non-cash working capital items were \$75,444 (F2016 - \$29,617). Cash flows consumed by operations were funded through the growth in accounts payable and accrued liabilities. There were no financing or investing activities in the quarter.

#### SHARE CAPITAL

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

Security	Number
Common shares	47,026,073
Warrants	8,740,000
Options	1,850,000

#### RELATED PARTY TRANSACTIONS

*For further information on related party transactions, please refer to Notes 8 and 9 in RosCan's audited financial statements for the year ended October 31, 2017.*

Management fees 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. During F2017, \$10,000 of these fees were settled through the issuance of shares.

Legal fees and filing fees were paid or became payable to Irwin Lowy LLP ("Irwin"), a law firm in which the Company's former President/Chief Executive Officer is a partner. Legal fees are included in corporate and administrative expenses under legal, audit and accounting and in share capital under share issuance costs. Filing fees are include in corporate and administrative expenses under regulatory fees.

Share-based payments represents the fair value of 450,000 stock options granted to directors/officers during F2017.

Cash advances of \$190,000 (F2016 - \$40,000) were provided by Company directors/officers or entities controlled by or associated with Company directors/officers, of which \$179,000 was repaid during F2017. Subsequent to

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October 31, 2017, the Company received cash advances of \$66,000 from a Company director. These loans were provided for working capital purposes and were unsecured, due on demand and non-interest bearing.

Settled debt owing to Company directors/officers or entities controlled by or associated with Company directors/officers of \$207,000 by the issuance of 4,140,000 shares. The debt was comprised of \$129,000 of unpaid management fees, legal fees and filing fees and \$78,000 of loans due to related parties.

Company directors/officers subscribed for \$130,000 (2,600,000 units) of the \$437,000 private placement closed in two tranches on April 26 and May 1, 2017.

Included in accounts payable and accrued liabilities at October 31, 2017 is \$59,695 (2016 - \$139,412) payable to entities controlled by or associated with Company directors/officers.

#### **NEW ACCOUNTING POLICIES**

*For information on current and future changes in accounting policies and disclosures, please refer to Note 3 in RosCan's audited financial statements for the year ended October 31, 2017.*

#### **FINANCIAL INSTRUMENTS**

*Disclosure on RosCan's financial instruments and related risks may be found in Note 13 of RosCan's audited consolidated financial statements for the year ended October 31, 2017.*

#### **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:

- potential to earn our interest in the Dormaa Project;
- ability to complete property acquisitions/transactions and conduct exploration work;
- 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 exploration, environmental and mining approvals;
- performance of our partners and their financial wherewithal;
- 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;

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- 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 Pelangio 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

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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.