

# **ROSCAN MINERALS CORPORATION**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS (for the six month period ended April 30, 2016)**

**June 21, 2016**

### **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 six month period ended April 30, 2016, as well as a view of future prospects. The MD&A should be read in conjunction with RosCan's: unaudited condensed interim consolidated financial statements for the six month periods ended April 30, 2016 and 2015; and, audited consolidated financial statements and related 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](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 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.

### **OVERVIEW**

RosCan is an exploration stage company involved in the business of acquiring, exploring and developing mineral properties. Currently, the Company does not have an interest in or hold a right to participate in any mineral properties or projects. The Company continues to evaluate potential resource and non-resource opportunities with the expectation to complete a transaction in the near future.

RosCan is listed on the NEX board of the TSX Venture Exchange (TSX-V) as a mining issuer, under the trading symbol ROS.H. RosCan was transferred to the NEX Board on October 5, 2012.

To enhance Roscan's ability in sourcing and evaluating potential non-resource business opportunities, Mr. Robert Adley was appointed to the Company's board of directors in February 2016. Mr. Adley is a vice-president with Hewlett Packard Canada.

### **SUMMARY OF QUARTERLY RESULTS**

For F2016, RosCan's activities revolved around the evaluation of potential resource or business opportunities. 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 shareholder meeting and annual public issuer fees, which impacted legal, audit and accounting costs, regulatory fees, shareholder relations and promotion costs and transfer agent fees in Q2; and, the evaluation of a business opportunity, which impacted travel costs in Q1.

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 public

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issuer fees, which impacted legal, audit and accounting costs, regulatory fees, shareholder relations and promotion costs and transfer agent fees in Q2.

For F2014, RosCan's activities revolved around the evaluation of potential resource properties/projects. Significant quarterly fluctuations in the net loss were influenced by the amount of - corporate and administrative expenses related to: the Company's annual audit and tax filings, which impacted legal, audit and accounting costs in Q4 - and, share-based payments, as 1,400,000 stock options were granted in Q4.

	Interest revenue	Net loss	Net loss per share
<u>Fiscal 2016</u>	\$	\$	\$
Q2 April 30, 2016	-	(25,446)	(0.001)
Q1 January 31, 2016	-	(15,834)	-
<u>Fiscal 2015</u>			
Q4 October 31, 2015	-	(24,274)	(0.001)
Q3 July 31, 2015	-	(15,084)	-
Q2 April 30, 2015	-	(25,362)	(0.001)
Q1 January 31, 2015	-	(14,589)	-
<u>Fiscal 2014</u>			
Q4 October 31, 2014	-	(53,459)	(0.002)
Q3 July 31, 2014	-	(16,236)	-

## RESULTS OF OPERATIONS

### *Three month period*

The net loss for the second quarter of F2016 was relatively unchanged (F2016 - \$25,446 vs F2015 - \$25,362). As corporate activity was limited to evaluating resource and non-resource opportunities, the net loss primarily consists of corporate and administrative expenses (F2016 - \$25,413 vs F2015 - \$25,373).

Corporate and administrative expenses were influenced by: the Company's annual shareholder meeting and annual public issuer fees, which impacted legal, audit and accounting costs, regulatory fees, shareholder relations and promotion costs and transfer agent fees; and, the evaluation of a business opportunity, which resulted in increased legal, audit and accounting costs (F2015 - \$5,046 vs F2016 - \$3,017). Transfer agent fees decreased (F2016 - \$2,582 vs F2015 - \$4,867), due to a reduction in costs for the Company's shareholder meeting. 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.

### *Six month period*

The net loss for the six month period of F2016 was \$41,280 versus a net loss of \$39,951 for F2015, representing a small increase of \$1,329. As corporate activity was limited to evaluating resource and non-resource opportunities, the net loss primarily consists of corporate and administrative expenses (F2016 - \$41,288 vs F2015 - \$40,032).

Corporate and administrative expenses increased due to the evaluation of a business opportunity, which resulted in higher travel costs (F2016 - \$2,353 vs F2015 - \$nil) and legal, audit and accounting costs (F2016 - \$6,036 vs F2015 - \$5,187). The increase in corporate and administrative expenses was partially mitigated by a reduction in transfer agent fees (F2016 - \$3,270 vs F2015 - \$5,299), as costs for the Company's annual shareholder meeting

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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 resulting 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 April 30, 2016, RosCan had cash of \$3,680 and a working capital deficiency of \$183,060. Sales tax receivables represent amounts to be refunded by the Canadian government. Accounts payable and accrued liabilities include \$106,885 payable to related parties. Loans due to related parties are unsecured, due on demand and are non-interest bearing.

RosCan does not have sufficient working capital to remain a going concern and will need to arrange additional financing to fund its F2016 corporate activity and eliminate its working capital deficit. In addition, further funds will need to be raised to finance 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 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

*For further information on share capital, please refer to the Consolidated Statements of Changes in Equity and Note 4 in RosCan's unaudited condensed interim consolidated financial statements for the six month period ended April 30, 2016.*

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

<b>Security</b>	<b>Number</b>
Common shares	33,766,073
Options	1,400,000

#### RELATED PARTY TRANSACTIONS

Management fees of \$9,000 (F2015 - \$9,000) for the current quarter and \$18,000 (F2015 - \$18,000) for the six month period 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 \$4,672 (F2015 - \$3,017) for the current quarter and \$5,460 (F2015 - \$4,987) for the six month period 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.

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Filing fees of \$225 (F2015 – \$225) for the current quarter and \$225 (F2015 - \$225) for the six month period 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 advances of \$20,000 (F2015 - \$17,000) were provided by Company directors during the quarter. Loans due to related parties of \$50,000 (October 31, 2015 - \$27,000) represent cash advances from directors and a company controlled by a Company director. 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 April 30, 2016 is \$106,885 (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 further information on current and future changes in accounting policies and disclosures, please refer to Note 3 in RosCan's unaudited condensed interim consolidated financial statements for the six month period ended April 30, 2016.*

#### **FINANCIAL INSTRUMENTS**

*Disclosure on RosCan's financial instruments and related risks may be found in Note 10 of RosCan's unaudited condensed interim consolidated financial statements for the six month period ended April 30, 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 the Company'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. Factors that could cause such differences, without limiting the generality of the foregoing, include:

- inability to acquire, access or retain properties/projects;
- outlook for minerals and/or mining sector;
- changes in conditions of financial or capital markets;
- currency and commodity price fluctuations;
- capital requirements and ability to obtain funding;
- ability to continue as a going concern: and,
- changes in business strategies.

Although we believe 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. RosCan disclaims any intention 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 the Company's common shares should be considered as a highly speculative investment. Current and potential investors should give special consideration to the risk factors involved.

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#### ***Acquisition risk***

RosCan uses its best judgment to acquire mineral properties or projects 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 projects. 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 sector 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 which they become aware of may not necessarily be made available to the Company.

#### ***Dependence on management***

RosCan is very dependent upon the efforts and commitment of its directors and management to the extent that if the services of the directors or management were to not be available or they fail to perform their obligations a disruption in the Company's operations may occur.

#### ***Environmental risk***

The 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 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 any production revenue or a regular source of cash flow to fund its operating activities. The Company's ability to continue as a going concern, finance its activities and objectives, and satisfy its obligations and liabilities is highly dependent on its working capital and its ability to obtain additional funds in the capital/equity markets or from internal sources. RosCan will require significant capital to finance its overall objectives and there can be 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 in which it can discover mineralization in economic quantities and the economic viability of developing its properties, if and when acquired.

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#### ***Political Risk***

The Company 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 the Company 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.