Midlands Minerals

TSX-V:MEX

Unaudited Interim Consolidated Financial Statements

As at and for the three months ended

March 31, 2012 and 2011

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of the Company have been prepared by and are the responsibility of management. The unaudited interim consolidated financial statements as at and for the three months ended March 31, 2012 and 2011 have not been reviewed by the Company's auditors.

MANAGEMENT'S RESPONSIBILITY FOR UNAUDITED INTERIM CONSOLIDATED FINANCIAL REPORTING

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

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

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

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

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

“Craig Pearman”
Chief Executive Officer
May 22, 2011

“Stephen Gledhill”
Chief Financial Officer
May 22, 2011

Midlands Minerals Corporation
Unaudited Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	**March 31, 2012**	December 31, 2011
	$	$
Assets		
Current assets		
Cash and cash equivalents *(note 6)*	**3,180,456**	4,386,147
Short-term investments *(note 7)*	**60,000**	30,000
Other receivables *(note 8)*	**215,930**	377,907
Available-for-sale investments *(note 9)*	**106,800**	170,600
	3,563,186	4,964,654
	3,563,186	4,964,654
Liabilities		
Current liabilities		
Trade and other payables *(note 10)*	**459,514**	442,475
	459,514	442,475
Equity		
Share capital *(note 11)*	**18,199,531**	18,199,531
Reserve for warrants *(note 12)*	**3,129,060**	5,347,636
Reserve for share-based payments *(note 13)*	**10,489,931**	8,240,955
Accumulated deficit	**(28,854,100)**	(27,476,969)
Available-for-sale reserve	**103,125**	174,900
Equity attributable to owners of parent company	**3,067,547**	4,486,053
Non-controlling interests	**36,125**	36,125
	3,103,672	4,522,178
	3,563,186	4,964,654

Going Concern *(note 1)*
Related-party transactions *(note 14)*
Subsequent events *(note 18)*

Approved by the Board on May 22, 2012:

"Nick Tintor"
Director

"Mark Keatley"
Director

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

Midlands Minerals Corporation

Unaudited Interim Consolidated Statements of Loss

(Expressed in Canadian dollars-except weighted average number of shares outstanding)

Three months ended	**March 31, 2012**	March 31, 2011
	$	$
Operating expenses		
Amortization	**-**	1,198
Exploration and evaluation expenditures *(note 15)*	**986,507**	367,913
Office and administrative expenses	**147,829**	109,781
Professional fees	**35,136**	14,968
Salaries and benefits	**142,300**	107,154
Share-based compensation *(note 11)*	**30,400**	-
Shareholder information	**52,872**	139,915
	1,395,044	740,929
Loss before undernoted items	**(1,395,044)**	(740,929)
Deferred income taxes	**7,975**	-
Foreign exchange gain (loss)	**(2,061)**	651
Other income	**11,999**	8,411
Net loss attributable to owners of parent company	**(1,377,131)**	(731,867)
Basic and fully diluted net loss per share	**(0.007)**	(0.007)
Weighted average number of shares (000's)	**194,228**	102,629

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

Midlands Minerals Corporation
Unaudited Interim Statements of Comprehensive Loss
(Expressed in Canadian dollars)

Three months ended	March 31, 2012	March 31, 2011
	$	$
Net loss	**(1,377,131)**	(731,867)
Other comprehensive loss:		
Unrealized loss on available-for-sale investments (net of applicable tax recoveries of $7,975 (2011 - $Nil))	**(71,775)**	(88,000)
Total comprehensive loss attributable to owners of parent company	**(1,448,906)**	(819,867)

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

Midlands Minerals Corporation
Unaudited Interim Consolidated Statements of Changes in Equity
(Expressed in Canadian dollars)

	Share Capital		Reserves					
	Number of Shares	**Amount**	**Warrants**	**Share-based payments**	**Accumulated Deficit**	**Available-for-sale reserve**	**Non-controlling interests**	**Total**
		$	$	$	$	$	$	$
Balance at January 1, 2011	**102,436,771**	**14,614,869**	**4,679,683**	**5,634,516**	**(22,008,515)**	**569,000**	**36,125**	**3,525,678**
Exercise of warrants	513,160	76,974	-	-	-	-	-	76,974
Reserve transferred on exercise of warrants	-	97,283	(97,283)	-	-	-	-	-
Unrealized loss on available-for-sale investments	-	-	-	-	-	(88,000)	-	(88,000)
Net loss for the period	-	-	-	-	(363,954)	-	-	(363,954)
Balance at March 31, 2011	**102,949,931**	**14,789,126**	**4,582,400**	**5,634,516**	**(22,372,469)**	**481,000**	**36,125**	**3,150,698**
Private placement	91,250,000	7,300,000	-	-	-	-	-	7,300,000
Cost of issuance	-	(965,865)	-	-	-	-	-	(965,865)
Fair value of broker warrants issued	-	(343,719)	142,304	201,415	-	-	-	-
Exercise of warrants	28,300	4,245	-	-	-	-	-	4,245
Reserve transferred on exercise of warrants	-	41,942	(41,942)	-	-	-	-	-
Fair value of warrants issued	-	(2,626,198)	2,626,198	-	-	-	-	-
Reserve transferred on expiry of warrants	-	-	(1,961,324)	1,961,324	-	-	-	-
Share-based compensation	-	-	-	443,700	-	-	-	443,700
Unrealized loss on available-for-sale investments	-	-	-	-	-	(306,100)	-	(306,100)
Net loss for the period	-	-	-	-	(5,104,500)	-	-	(5,104,500)
Balance at December 31, 2011	**194,228,231**	**18,199,531**	**5,347,636**	**8,240,955**	**(27,476,969)**	**174,900**	**36,125**	**4,522,178**
Reserve transferred on expiry of warrants	-	-	(2,218,576)	2,218,576	-	-	-	-
Share-based compensation	-	-	-	30,400	-	-		30,400
Unrealized loss on available-for-sale	-	-	-	-	-	(71,775)		(71,775)
Net loss for the period	-	-	-	-	(1,377,131)	-	-	(1,377,131)
Balance at March 31, 2012	**194,228,231**	**18,199,531**	**3,129,060**	**10,489,931**	**(28,854,100)**	**103,125**	**36,125**	**3,103,672**

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

Midlands Minerals Corporation
Unaudited Interim Consolidated Statements of Cash Flow

(Expressed in Canadian dollars)

Three months ended	March 31, 2012	March 31, 2011
	$	$
Operating activities		
Net loss	**(1,377,131)**	(731,867)
Adjustments to reconcile net loss to cash flow from operating activities:		
Amortization	**-**	1,198
Deferred income tax recoveries	**(7,975)**	-
Share-based compensation	**30,400**	-
Net change in non-cash working capital items:		
Trade and other receivables	**161,977**	47,113
Trade and other payables	**17,038**	(434,962)
Cash used in operating activities	**(1,179,691)**	(1,118,518)
Financing activities		
Proceeds on exercise of warrants	**-**	76,974
Cash provided from financing activities	**-**	76,974
Investing activities		
Sale (purchase) of short-term investments	**(30,000)**	-
Exercise of warrants	**-**	(74,857)
Cash provided from (used in) investing activities	**(30,000)**	(74,857)
Net increase (decrease) in cash and cash equivalents	**(1,205,691)**	(1,116,418)
Cash and cash equivalents at beginning of year	**4,386,147**	1,264,878
Cash and cash equivalents at end of period	**3,180,456**	148,460

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

1. Nature of operations and going concern

Midlands Minerals Corporation and its subsidiaries, Midlands Minerals Ghana Limited, Midenka Resources Limited, Midlands Minerals Tanzania Limited, Manonga Minerals Limited, Harbour Capital Corporation, and its 75%-owned subsidiary Itilima Mining Company Limited, and its 65% indirectly-owned subsidiary Akroma Gold Company Limited ("Midlands" or the "Company") is an exploration-stage, publically-traded Company incorporated in Ontario, Canada with the registered office address of 120 Adelaide Street West, Suite 2400, Toronto, Ontario, M5H 1T1. The Company is engaged in the evaluation and development of mineral properties in Tanzania and Ghana. The Company is considered to be in the early stages and has not yet determined whether these properties contain ore reserves that are economically recoverable. As the Company's assets are located outside of North America, they are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty. In order for the Company to carry out its exploration and mining activities, the Company is required to hold certain permits. There is no assurance that the Company's existing permits will be renewed. Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

These unaudited interim consolidated financial statements (the "Financial Statements") have been prepared on the basis of accounting principles applicable to a going concern, which assume that Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. While the Company has been successful in securing financing in the past, there can be no assurance that it will be able to do so in the future. Accordingly, the Financial Statements do not give effect to adjustments, if any that would be necessary should the Company be unable to continue as a going concern and, therefore, be required to realize its assets and liquidate its liabilities in other than the normal course of business and at amounts that may differ from those shown in the Financial Statements.

The reader is also directed to review ***note 3 (ii)*** – ***Capital management – Liquidity risk***.

2. Basis of preparation and significant accounting policies

Basis of preparation

2.1 Statement of compliance

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

The Financial Statements were approved by the Company's Board of Directors on May 22, 2012.

2.2 Basis of presentation

These interim consolidated financial statements have been prepared on the basis of accounting policies and methods of computation consistent with those applied in the Company's December 31, 2011, audited annual consolidated financial statements.

2.3 New accounting standards and interpretations

For the purpose of preparing and presenting the Financial Information for the relevant periods, the Company has consistently applied accounting policies to all of the relevant reporting periods.

At the date of authorization of these Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and which the Company has not early adopted these standards, amendments and interpretations. 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 7 '*Financial Instruments, Disclosures*'** - effective for annual periods beginning on or after January 1, 2013, IFRS 7 has been amended to provide more extensive quantitative disclosures for financial instruments that are offset in the statement of financial position or that are subject to enforceable master netting similar arrangements.

- **IFRS 9 *'Financial Instruments: Classification and Measurement'*** – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

- **IFRS 10 '*Consolidated Financial Statements'*** – effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, establishes principles for the presentation and preparation of consolidated financial statements when an entity controls one or more other entities.

- **IFRS 11 '*Joint Arrangements'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides for a more realistic reflection of joint arrangements by focusing on the rights and obligations of the arrangement, rather than its legal form.

- **IFRS 12 '*Disclosure of Interests in Other Entities'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, requires the disclosure of information that enables users of financial statements to evaluate the nature of, and risks associated with its interests in other entities and the effects of those interests on its financial position, financial performance and cash flows.

- **IFRS 13 '*Fair Value Measurement'*** - effective for annual periods beginning on or after January 1, 2013, with early adoption permitted, provides the guidance on the measurement of fair value and related disclosures through a fair-value hierarchy defined as follows:

  - Level 1: Quoted prices (unadjusted) in active markets for identical assets or liabilities;
  - Level 2: Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
  - Level 3: Inputs for the assets or liabilities that are not based on observable market data.

- **IAS 1 '*Presentation of Financial Statements'*** - the IASB amended IAS 1 with a new requirement for entities to group items presented in other comprehensive income on the basis of whether they are potentially reclassifiable to profit or loss.

- **IAS 12 '*Income Taxes*'** – In December 2010, effective for annual periods beginning on or after January 1, 2012, IAS 12 Income Taxes was amended to introduce an exception to the existing principle for the measurement of deferred tax assets or liabilities arising on investment property measured at fair value. As a result of the amendments, SIC 21, *Income Taxes – recovery of revalued non-depreciable assets*, will no longer apply to investment properties carried at fair value. The amendments also incorporate into IAS 12 the remaining guidance previously contained in SIC 21, which is withdrawn.

- **IAS 19 '*Employee Benefits*'** - effective for annual periods beginning on or after January 1, 2013, a number of amendments have been made to IAS 19, which included eliminating the use of the "corridor" approach and requiring remeasurements to be presented in OCI. The standard also includes amendments related to termination benefits as well as enhanced disclosures.

- **IAS 27 '*Separate Financial Statements*'** - effective for annual periods beginning on or after January 1, 2013, as a result of the issue of the new consolidation suite of standards, IAS 27 Separate Financial Statements has been reissued, as the consolidation guidance will now be included in IFRS 10. IAS 27 will now only prescribe the accounting and disclosure requirements for investments in subsidiaries, joint ventures and associates when an entity prepares separate financial statements.

- **IAS 28 '*Investments in Associates and Joint Ventures'*** - effective for annual periods beginning on or after January 1, 2013, as a consequence of the issue of IFRS 10, IFRS 11and IFRS 12, IAS 28 has been amended and will provide the accounting guidance for investments in associates and to set out the requirements for the application of the equity method when accounting for investments in associates and joint ventures. The amended IAS 28 will be applied by all entities that are investors with joint control of, or significant influence over, an investee.

- **IAS 32 '*Financial instruments, Presentation'*** – In December 2011, effective for annual periods beginning on or after January 1, 2013, IAS 32 was amended to clarify the requirements for offsetting financial assets and liabilities. The amendments clarify that the right of offset must be available on the current date and cannot be contingent on a future date.

The Company has not early adopted these standards, amendments and interpretations. The Company is currently assessing what impact the application of the standards or amendments will have on the consolidated financial statements of the Company.

Significant accounting policies

2.4 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, and its 75%-owned subsidiary, Itilima Mining Company Limited, and its 65% indirectly-owned subsidiary, Akroma Gold Company Limited, which the Company controls. Control is achieved when the Company has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities.

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

2.5 Exploration and evaluation expenditures

All acquisition and exploration costs, net of incidental revenues, are charged to operations in the period incurred until such time as it has been determined that a property has economically recoverable reserves, in which case subsequent exploration costs and the costs incurred to develop a property are capitalized into property, plant and equipment. On the commencement of commercial production, depletion of each mining property will be provided on a unit-of-production basis using estimated resources as the depletion base.

2.6 Property, plant and equipment ("PP&E")

PP&E is stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of PP&E consists of the purchase price, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use and an initial estimate of the costs of dismantling and removing the item and restoring the site on which it is located.

Depreciation is provided at rates calculated to write off the cost of PPE, less their estimated residual value, using the declining-balance method or unit-of-production method over the following expected useful lives:

• Computer equipment and software	20%
• Office equipment	20%
• Field Equipment	20%
• Mineral Properties	units of production

An item of PP&E is derecognized upon disposal, when held for sale or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in the consolidated statements of income (loss).

The Company conducts an annual assessment of the residual balances, useful lives and depreciation methods being used for PP&E and any changes arising from the assessment are applied by the Company prospectively.

Where an item of PP&E comprises major components with different useful lives, the components are accounted for as separate items of PP&E. Expenditures incurred to replace a component of an item of PP&E that is accounted for separately, including major inspection and overhaul expenditures, are capitalized.

2.7 Decommissioning, restoration and similar liabilities ("Asset retirement obligation" or "ARO")

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of mineral properties and PP&E, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred. Upon initial recognition of the liability, the corresponding asset retirement obligation is added to the carrying amount of the related asset and the cost is amortized as an expense over the economic life of the asset using either the unit-of-production method or the declining-balance method, as appropriate. Following the initial recognition of the asset retirement obligation, the carrying amount of the liability is increased for the passage of time and adjusted for changes to the current market-based discount rate, amount or timing of the underlying cash flows needed to settle the obligation.

The Company does not currently have any asset retirement obligations.

2.8 Share-based compensation

The Company has a share-based compensation plan that grants stock options to employees and non-employees. This plan is an equity-settled plan. For equity-settled share-based payment transactions, the Company measures the goods and services received, and the corresponding increase in equity, directly, at the fair value of the goods or services received, unless fair value cannot be estimated reliably. If the Company cannot estimate reliably the fair value of the goods or services received, the Company measures their value, and the corresponding increase in equity, indirectly, by reference to the fair value of the equity instruments granted.

The expense is recognized over the vesting period of the options granted, and is recognized as an expense in earnings with a corresponding credit to reserve for share-based payments. At the end of each reporting period the Company re-assesses its estimate of the number of stock options expected to vest and recognizes the impact of any revisions in earnings. Any consideration paid by employees and directors on exercise of stock options is credited to capital stock combined with any related stock-based compensation expense originally recorded in contributed surplus.

2.9 Taxation

Income tax expense represents the sum of tax currently payable and deferred tax.

Current income tax

Current income tax assets and liabilities for the current and prior periods are measured at the amount expected to be recovered from or paid to the taxation authorities. The tax rates and tax laws used to compute the amount are those that are enacted or substantively enacted by the date of the statement of financial position.

Deferred income tax

Deferred income tax is provided using the liability method on temporary differences at the date of the statement of financial position between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

Deferred income tax liabilities are recognized for all taxable temporary differences, except:

- where the deferred income tax liability arises from the initial recognition of goodwill or of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of taxable temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, where the timing of the reversal of the temporary differences can be controlled and it is probable that the temporary differences will not reverse in the foreseeable future.

Deferred income tax assets are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses, to the extent that it is probable that taxable profit will be available against which the deductible temporary differences and the carry forward of unused tax credits and unused tax losses can be utilized except:

- where the deferred income tax asset relating to the deductible temporary difference arises from the initial recognition of an asset or liability in a transaction that is not a business combination and, at the time of the transaction, affects neither the accounting profit nor taxable profit or loss; and

- in respect of deductible temporary differences associated with investments in subsidiaries, associates and interests in joint ventures, deferred income tax assets are recognized only to the extent that it is probable that the temporary differences will reverse in the foreseeable future and taxable profit will be available against which the temporary differences can be utilized.

The carrying amount of deferred income tax assets is reviewed at each date of the statement of financial position and reduced to the extent that it is no longer probable that sufficient taxable profit will be available to allow all or part of the deferred income tax asset to be utilized. Unrecognized deferred income tax assets are reassessed at each date of the statement of financial position and are recognized to the extent that it has become probable that future taxable profit will allow the deferred tax asset to be recovered.

Deferred income tax assets and liabilities are measured at the tax rates that are expected to apply to the year when the asset is realized or the liability is settled, based on tax rates (and tax laws) that have been enacted or substantively enacted at the date of the statement of financial position.

Deferred income tax relating to items recognized directly in equity is recognized in equity and not in the statement of comprehensive income.

Deferred income tax assets and deferred income tax liabilities are offset if, and only if, a legally enforceable right exists to set off current tax assets against current tax liabilities and the deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities which intend to either settle current tax liabilities and assets on a net basis, or to realize the assets and settle the liabilities simultaneously, in each future period in which significant amounts of deferred tax assets or liabilities are expected to be settled or recovered.

2.10 Loss per share

The basic loss per share is computed by dividing the net loss by the weighted average number of common shares outstanding during the period. The diluted loss per share reflects the potential dilution of common share equivalents, such as outstanding stock options and share-purchase warrants, in the weighted average number of common shares outstanding during the period, if dilutive. The “treasury stock method” is used for the assumed proceeds upon the exercise of the options and warrants that are used to purchase common shares at the average market price during the period. During the three month period ended March 31, 2012 and 2011, all the outstanding stock options and warrants were antidilutive and were not included.

2.11 Financial assets

All financial assets are initially recorded at fair value and designated upon inception into one of the following four categories: held-to-maturity, available-for-sale, loans-and-receivables or at fair value through profit or loss ("FVTPL").

Financial assets classified as FVTPL are measured at fair value with unrealized gains and losses recognized through earnings. The Company's cash and cash equivalents and short-term investments are classified as FVTPL.

Financial assets classified as loans-and-receivables and held-to-maturity are measured at amortized cost. The Company's trade and other receivables are classified as loans-and-receivables.
Financial assets classified as available-for-sale are measured at fair value with unrealized gains and losses recognized in other comprehensive income (loss) except for losses in value that are considered other than temporary. The Company's marketable securities are classified as available-for-sale investments.

Purchases or sales of financial assets that require delivery of assets within a time frame established by regulation or convention in the marketplace (regular way trades) are recognized on the settlement date.

Transaction costs associated with FVTPL financial assets are expensed as incurred, while transaction costs associated with all other financial assets are included in the initial carrying amount of the asset.

2.12 Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other-financial-liabilities.

Financial liabilities classified as other-financial-liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other-financial-liabilities are subsequently measured at amortized cost using the effective interest method. The effective interest method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that exactly discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period. The Company's trade and other payables are classified as other-financial-liabilities.

Financial liabilities classified as FVTPL include financial liabilities held-for-trading and financial liabilities designated upon initial recognition as FVTPL. Derivatives, including separated embedded derivatives are also classified as held-for-trading unless they are designated as effective hedging instruments. Fair value changes on financial liabilities classified as FVTPL are recognized through the statement of comprehensive income. At March 31, 2012, the Company has not classified any financial liabilities as FVTPL.

2.13 Impairment of financial assets

At each date of the statement of financial position, the Company assesses whether a financial asset is impaired.

Assets carried at amortized cost

If there is objective evidence that an impairment loss on assets carried at amortized cost has been incurred, the amount of the loss is measured as the difference between the asset's carrying amount and the present value of estimated future cash flows discounted at the financial asset's original effective interest rate. The carrying amount of the asset is then reduced by the amount of the impairment. The amount of the loss is recognized in the statement of comprehensive loss.

If, in a subsequent period, the amount of the impairment loss decreases and the decrease can be related objectively to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent that the carrying value of the asset does not exceed what the amortized cost would have been had the impairment not been recognized. Any subsequent reversal of an impairment loss is recognized in the statement of comprehensive loss.

In relation to trade receivables, a provision for impairment is made and an impairment loss is recognized in profit and loss when there is objective evidence (such as the probability of insolvency or significant financial difficulties of the debtor) that the Company will not be able to collect all of the amounts due under the original terms of the invoice. The carrying amount of the receivable is reduced through use of an allowance account. Impaired debts are written off against the allowance account when they are assessed as uncollectible.

Available-for-sale

If an available-for-sale asset is impaired, an amount comprising the difference between its cost and its current fair value, less any impairment loss previously recognized in profit or loss, is transferred from equity to profit or loss. Reversals in respect of equity instruments classified as available-for-sale are not recognized in the statement of comprehensive loss.

2.14 Impairment of non-financial assets

At each date of the statement of financial position, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

Recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in the statement of comprehensive loss, unless the relevant asset is carried at a re-valued amount, in which case the impairment loss is treated as a revaluation decrease and recognized in the current-period loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

2.15 Cash and cash equivalents

Cash and cash equivalents in the statement of financial position comprise cash at banks and on hand, and short term deposits with an original maturity of three months or less, which are readily convertible into a known amount of cash.

2.16 Investments

Short-term investments

Short-term investments consist of investments in general investment certificates with maturity dates greater than three months but less than one year.

2.17 Provisions

Provisions are recognized when the Company has a present obligation (legal or constructive) that has arisen as a result of a past event and it is probable that a future outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation.

Provisions are measured at the present value of the expenditures expected to be required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risk specific to the obligation. The increase in the provision due to passage of time is recognized as interest expense and is applied as an offset to the specific obligation on the statement of financial position.

2.18 Related-party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Parties are also considered to be related if they are subject to common control or common significant influence, related parties may be individuals or corporate entities. A transaction is considered to be a related-party transaction when there is a transfer of resources or obligations between related parties. Related-party transactions that are in the normal course of business and have commercial substance are measured at the exchange amount.

2.19 Foreign currency transactions

Functional and presentation currency

Items included in the Financial Statements are measured using the currency of the primary economic environment in which the entity operates (the “functional currency”). The functional and presentation currency of the Company and its subsidiaries is the Canadian dollar.

Transactions and balances

Foreign currency transactions are translated into the functional currency using the exchange rates prevailing at the dates of the transactions or valuation where items are re-measured. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation at period-end exchange rates of monetary assets and liabilities denominated in foreign currencies are recognized in the statement of operations. Non-monetary items that are measured at historical cost in a foreign currency, are not retranslated.

2.20 Significant accounting judgments and estimates

The preparation of these financial statements requires management to make judgements and estimates and form assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the reporting period. On an ongoing basis, management evaluates its judgements and estimates in relation to assets, liabilities, revenue and expenses. Management uses historical experience and various other factors it believes to be reasonable under the given circumstances as the basis for its judgements and estimates. Actual outcomes may differ from these estimates under different assumptions and conditions. The most significant estimates relate to asset retirement obligations; property, plant and equipment, recoverability of trade and other receivables, valuation of deferred income tax amounts, impairment testing and the calculation of share-based payments. The most significant judgements relate to recognition of deferred tax assets and liabilities, determination of the commencement of commercial production and the determination of the economic viability of a project.

3. Capital management

The Company considers its capital to be equity, which is comprised of share capital, reserve accounts, accumulated deficit, and accumulated other comprehensive income, which as at March 31, 2012 totaled $3,103,672 (December 31, 2011 - $4,522,178). The Company's capital structure is adjusted based on the funds available to the Company such that it may continue exploration and development of its properties for the mining of minerals that are economically recoverable. The Board of Directors does not establish quantitative return on capital criteria, but rather relies on the expertise of management and other professionals to sustain future development of the business.

The Company's properties are in the exploration and development stage and, as a result, the Company currently has no source of operating cash flow. The Company intends to raise such funds as and when required to complete its projects. There is no assurance that the Company will be able to raise additional funds on reasonable terms. The only sources of future funds presently available to the Company are through the exercise of outstanding stock options or warrants, the sale of equity capital of the Company or the sale by the Company of an interest in any of its properties in whole or in part. The ability of the Company to arrange such financing in the future will depend in part upon the prevailing capital market conditions as well as the business performance of the Company. There can be no assurance that the Company will be successful in its efforts to arrange additional financing, if needed, on terms satisfactory to the Company.

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

There were no changes in the Company's approach to capital management during the three months ended March 31, 2012. The Company is not subject to externally imposed capital restrictions.

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

i) Credit risk

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

a. **Cash and cash equivalents** – Cash and cash equivalents held with major Canadian banks and investment institutions have minimal risk of loss. The Company does keep cash with major banking institutions in Ghana and Tanzania. In Management's opinion, the risk of loss is also minimal with these institutions. Cash and cash equivalents held with foreign banks totals $30,477 (2011 - $28,237).

ii) Liquidity risk

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities as they become due. As at March 31, 2012, the Company had a working capital surplus of $3,103,671 (December 31, 2011 – $4,522,179). As such, management believes that the Company has sufficient working capital to discharge its current and anticipated obligations for a minimum of one year. However, in order to meet its future working capital and property exploration expenditures, the Company intends on securing further financing to ensure that those obligations are properly discharged. There can be no assurance that the Company will be successful in its efforts to arrange additional financing on terms satisfactory to the Company. If additional financing is raised by the issuance of shares from the treasury of the Company, control of the Company may change and shareholders may suffer additional dilution. If adequate financing is not available, the Company may be required to delay, reduce the scope of, or eliminate one or more exploration activities or relinquish rights to certain of its interests. Failure to obtain additional financing on a timely basis could cause the Company to forfeit some or all of its interests and reduce or terminate its operations therein.

iii) Market risk

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

a. Interest rate risk

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

b. Currency risk

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

c. Price risk

The Company holds the common shares of two TSXV-traded companies. The Company has classified these investments as available-for-sale and such common shares are subject to stock market volatility. The value of this financial instrument fluctuates on a daily basis due to external market factors that are not within the control of the Company. The Company monitors the trading value of these common shares in order to ensure that, if in the best interest of the Company, sale of the shares is made under favourable conditions.

(Expressed in Canadian dollars)

4. Financial instruments

Fair value

The Company has designated its cash and cash equivalents and short-term investments as FVTPL, which are measured at fair value. The Company's marketable securities have been classified for accounting purposes as available-for-sale, which are measured at fair value. Trade and other receivables are classified for accounting purposes as loans and receivables, which are measured at amortized cost which equals fair value. Trade and other payables are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also equals fair value. The table below summarizes the fair values of the Company's financial instruments as at March 31, 2012 and December 31, 2011, based on the *IFRS 13 – Fair Value Measurement* hierarchy defined in note 2.

March 31, 2012

Assets

	Level 1	Level 2	Level 3	Total fair value
	$	$	$	$
Cash and cash equivalents	3,180,456	-	-	**3,180,456**
Short-term investments	60,000	-	-	**60,000**
Other receivables	-	-	215,930	**215,930**
Available-for-sale investments	106,800	-	-	**106,800**
Total	**3,347,256**	**-**	**215,930**	**3,563,186**

Liabilities

	Level 1	Level 2	Level 3	Total fair value
Trade and other payables	**-**	**-**	**459,514**	**459,514**

December 31, 2011

Assets	Level 1	Level 2	Level 3	Total fair value
	$	$	$	$
Cash and cash equivalents	4,386,147	-	-	**4,386,147**
Short-term investments	30,000	-	-	**30,000**
Other receivables	-	-	377,907	**377,907**
Available-for-sale investments	170,600	-	-	**170,600**
Total	**4,586,747**	**-**	**377,907**	**4,964,654**

(Expressed in Canadian dollars)

Liabilities				
Trade and other payables	**-**	**-**	**442,476**	**442,476**

As at March 31, 2012, the carrying and fair value amounts of the Company's financial instruments are approximately equivalent due to the relatively short periods to maturity of these investments.

Fair value estimates of the Company's financial instruments (pursuant to *IFRS 13*) are made at a specific point in time, based on relevant market information and information about the financial instruments. These estimates are subject to and involve uncertainties and matters of significant judgment and therefore cannot be determined with precision. Changes in assumptions could significantly affect the estimates.

5. Sensitivity analysis

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

The Company's investments are subject to fair value fluctuations. As at March 31, 2012, if the fair value of investments had decreased/increased by 50% with all other variables held constant, net comprehensive income (loss) for the three months ended March 31, 2012 would have been approximately $53,000 (2011 - $85,000) higher/lower. Similarly, as at March 31, 2012, reported equity would have been approximately $53,000 (2010 - $85,000) lower/higher as a result of a 50% decrease/increase in the fair value of investments.

6. Cash and cash equivalents

The balance at March 31, 2012, consists of $3,180,456 (2011 - $4,386,147) on deposit with major Canadian, Ghanan and Tanzanian banks.

7. Short-term investments

As at March 31, 2012, short-term investments consist of guaranteed investment certificates of $60,000 (2011 - $30,000), which bear interest at rates of 1.0% - 1.25% per annum.

8. Other receivables

The Company's other receivables arise from two main sources: Harmonized services tax ("HST") receivable due from government taxation authority and prepaid amounts to suppliers, employees. These are broken down as follows:

(Expressed in Canadian dollars)

	March 31, 2012	December 31, 2011
	$	$
Prepaid expenses and deposits	**128,500**	208,612
HST	**77,530**	164,295
Due from employees	**10,000**	5,000
Total trade and other receivables	**215,930**	377,907

9. Available-for-sale investments

Canaco Resources Inc. ("Canaco")

As at March 31 2012, the Company held 100,000 (2011 – 100,000) shares of Canaco, a company traded on the TSX Venture Exchange ("TSXV"). As at March 31, 2012, these available-for sale investments have been measured at their fair value of $95,000 (December 31, 2011 – $145,000). The impact to the consolidated financial statements of this revaluation to market value resulted in a three-month decrease of $50,000 (2011 – increase in one year of $456,000) to the value of the investments with a corresponding decrease in accumulated other comprehensive income (loss) of $(50,000) (2011 – increase in one year $456,000).

Tigray Resources Inc. ("Tigray")

As at March 31, 2012, the Company held 20,000 Tigray shares (December 31, 2011 – 25,600) that it acquired through a spin-out transaction of Canaco, whereby it received 1 share of Tigray for every 5 shares of Canaco. Tigray shares commenced trading in the TSXV on August 31, 2011, and had a closing price of $1.00 on that day. As such, the shares were fair-valued at $20,000. On March 31, 2012, these available-for-sale investments were measured at their fair value of $11,800 (December 31, 2011 – 25,600). The impact to the consolidated financial statements of this revaluation to market value resulted in a three-month decrease of $13,800 (2011 –increase during the year of $5,600) to the value of the investments with a corresponding increase in accumulated other comprehensive income (loss) of $13,800 (2011 – $5,600).

10. Trade and other payables

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

The following is an aged analysis of the trade and other payables:

	March 31, 2012	December 31, 2011
	$	$
Less than 1 month	289,822	26,810
30 - 60 days	119,693	-
61 – 90 days	-	415,666
Over 90 days	50,000	-

(Expressed in Canadian dollars)

Total trade and other payables	459,515	442,476

11. Capital stock

Share Capital

Midlands authorized share capital consists of an unlimited number of Common shares.
The issued and outstanding share capital is as follows:

	Number of Shares	**$**
Balance at December 31, 2010	**102,436,771**	**14,614,869**
Issued for cash:		
Private placement (a)	91,250,000	7,300,000
Cost of issuance (a)	-	(965,865)
Proceeds on exercise of warrants	541,460	81,219
Reserve transferred on exercise of warrants	-	139,225
Fair value of issued warrants (a)	-	(2,626,198)
Fair value of issued agent compensation unit-shares (a)		(201,415)
Fair value of issued agent compensation unit-warrants (a)	-	(142,304)
Balance at December 31, 2011 and March 31, 2012	**194,228,231**	**18,199,531**

a) On August 29, 2011 the Company closed a private placement offering of 91,250,000 units priced at $0.08 per Unit, for gross proceeds of up to $7.3 million. Each Unit consists of one common share of the Company and one common share purchase warrant (each a "Warrant"). Each Warrant will entitle the holder to acquire one Common Share at a price of $0.10 for a period of 24 months after the closing date. The fair value of the Warrants of $2,626,198 was calculated using the Black Scholes Option Pricing model with the following weighted-average assumptions: Risk-free interest rate of 1.06%, expected dividend yield of 0%, expected stock price volatility of 119.6%, and expected life of 24 months. The amount was allocated to warrants using the relative fair value method.

   In connection with the private placement, the Company paid cash commissions of 8% on certain subscriptions (totaling $486,524) plus reimbursement of agents' expenses of $146,076 and legal and regulatory fees of $333,265, for total cash costs of $965,865 less a refund of $3,868 received in January 2012. The Company also issued 7,080,000 compensation options (each an "Agent Compensation Unit"). Each Agent Compensation Unit is exercisable into a Unit at a price of $0.08 for a period of twenty-four months from the date of issue.

   The fair value of the Agent Compensation Units of $343,719 was calculated using the Black Scholes Option Pricing model with the following weighted-average assumptions: Risk-free interest rate of 1.06%, expected dividend yield of 0%, expected stock price volatility of 119.6%, and expected life of 24 months. Amounts of $142,304 and $201,415 were allocated to warrants and share-based payments, respectively, using the relative fair value method.

(Expressed in Canadian dollars)

Warrants

As at March 31, 2012, the following warrants were outstanding:

			Weighted-average		
Date Granted	**Type**	**Number Granted**	**Exercise Price**	**Fair Value**	**Expiry Date**
			$	**$**	
June 14, 2007	Warrant	3,122,500	0.50	360,558	June 14, 2012
August 29, 2011	Warrant	91,250,000	0.10	2,626,198	August 29, 2013
August 29, 2011	Agent Compensation Unit	7,080,000	0.10	142,304	August 29, 2013
		101,452,500	**0.11**	**3,129,060**	

The weighted average contractual life of these warrants is 1.38 years.

Stock Options

The Company has a stock option plan for the purchase of common shares for its directors, officers, employees and other service providers. The aggregate number of common shares reserved for issuance under the stock option plan is a maximum of 10% of the issued and outstanding common shares of the Company. No one person shall be granted options representing more than 5% of the issued and outstanding common shares of the Company. Option grants to persons providing investor relations services may not exceed 2% of the issued and outstanding share capital and must vest over a 12-month period with no more than 25% of the options vesting in any quarter. The options are non-assignable and non-transferable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the board of directors of the Company and shall be determined on the basis of the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

As at March 31, 2012, the Company had 3,926,358 (December 31, 2010 – 44,212) options available for issuance. A continuity of the unexercised options to purchase common shares is as follows:

(Expressed in Canadian dollars)

	March 31, 2012		December 31, 2011	
	Weighted Average Exercise Price	**No. of Options**	Weighted Average Exercise Price	No. of Options
	$		$	
Outstanding at beginning of	**0.18**	**13,496,465**	0.33	10,199,465
Transactions during the period/ year:				
Granted	**0.10**	**2,000,000**	0.10	9,000,000
Expired	**-**	**-**	0.45	(618,000)
Forfeited	**-**	**-**	0.29	(5,085,000)
Outstanding at end of period/year	**0.17**	**15,496,465**	0.18	13,496,465

The following table provides additional information about outstanding stock options at March 31, 2012:

Range of Exercise Prices	No. of Options Outstanding	Weighted Average Remaining Life (Years)	Weighted Average Exercise Price ($)
$0.10	10,600,000	4.62	0.10
$0.25 - $0.35	3,855,156	3.10	0.31
$0.40 - $0.45	1,041,309	0.96	0.42
$0.10 - $0.45	15,496,465	4.00	0.17

Share-based compensation

The fair value of the stock options vested for the three months ended March 31, 2012, was $30,400 (2011 – $443,700), which amount has been expensed in the statement of operations. The grant-date fair value of options issued during the 3 months ended March 31, 2012, was $80,000 (2011 - $nil), or $0.04 (2011 - $nil) per option.

i) On April 19, 2011, the Company granted 400,000 stock options to an investor relations group (non-employee), exercisable at $0.30 per share until April 19, 2014. The fair value of the stock options was estimated on the date of grant using the Black Scholes option pricing model with the following assumptions: Risk-free interest rate 2.11%, expected dividend yield of 0%, expected stock price volatility 173.48% and expected option life of three years. A portion of the options that had not vested were forfeit upon cancellation of the contract. Share-based compensation recorded for the vested portion amounted to $18,000.

ii) On November 14, 2011, the Company issued 8,600,000 stock options to eligible participants of the Company's stock option plan. 100,000 of these options were issued to an investor relations group. The grant-date fair value of the stock options was $0.05 each and was estimated using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate 1.37%, expected dividend yield of 0%, expected stock price volatility 151.86% and expected optiion life of five years. 8,500,000 stock options vested immediately. Pursuant to the Company's stock option plan, the options issued to the investor relations group vest in four tranches at the 3, 6, 9 and 12-month anniversary dates. Share-based compensation for the vested portion of these options amount to $425,700.

(Expressed in Canadian dollars)

iii) On February 3, 2012, the Company granted 2,000,000 stock options to the Company's Chief Executive Officer. The options have a term of 5 years, are exercisable at $0.10 and vest 25% on the date of grant and 25% on each of the first, second and third anniversary of October 26, 2011. The fair value of the stock options of $80,000 was estimated on the date of grant using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate 1.09%, expected dividend yield of 0%, expected stock price volatility 153% and expected optiion life of five years. The stock options which vest immediately upon grant (25%, or 500,000 options), were assigned a value of $20,000.

12. Reserve for warrants

A summary of the changes in the Company's reserve for warrants for the three months ended March 31, 2012 and the year ended December 31, 2011, is set out below:

As at	**March 31, 2012**	December 31, 2011
	$	$
Balance at beginning of year	**5,347,636**	4,679,683
Fair value of warrants issued	**-**	2,626,198
Fair value of agent compensation unit-warrants issued	**-**	142,304
Reserve transferred on exercise of warrants	**-**	(139,225)
Reserve transferred on expiry of warrants	**(2,218,576)**	(1,961,324)
Balance at end of period	**3,129,060**	5,347,636

13. Reserve for share-based payments

A summary of the changes in the Company's reserve for share-based payments for the three months ended March 31, 2012 and the ended March 31, 2012, is set out below:

As at	**March 31, 2012**	December 31, 2011
	$	$
Balance at beginning of year	**8,240,955**	5,634,516
Share-based compensation	**30,400**	443,700
Reserve transferred on expiry of warrants	**2,218,576**	1,961,324
Fair value of agent compensation unit-shares issued	**-**	201,415
Balance at end of period	**10,489,931**	8,240,955

(Expressed in Canadian dollars)

14. Related-party transactions

During the three months ended March 31, 2012, $45,000 (March 31, 2011 - $Nil) was paid or payable to RG Mining Investments Inc. ("RGMI") for management and administrative fees and. RGMI provides management and administrative services to the Company. The agreement providing the services has a term of 1 year and expires September 30, 2012. It is automatically renewed for successive 12-month periods unless terminated upon 60 days prior notice by either party 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.

During the three months ended March 31, 2012, $49,108 (March 31, 2011 - $59,347) was paid to current or former officers and/or directors, or companies controlled by them, with regard to office and administrative expenses, professional fees, capitalized financing fees and salaries and benefits to key management personnel (including directors).

During the three months ended March 31, 2012, officers and directors received share-based compensation (non-cash) of $30,400 (2011 - $nil).

These transactions were in the normal course of operations and were measured at fair value or the exchange amount, which is the amount of consideration established and agreed to by the related parties.

15. Exploration and evaluation expenditures

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

Three months ended March 31,	**2012**	2011	**Cumulative to-date**
	$	$	**$**
Tanzania:			
Itilima	**15,260**	-	**2,253,319**
Vukene	**-**	-	**82,648**
Lwenge	**-**	512	**21,285**
Kishapu	**-**	1,568	**47,461**
Lalago	**-**	6,325	**63,738**
Tamota	**-**	830	**42,270**
Others	**45,860**	35,508	**528,688**
	61,120	44,742	**3,039,438**
Ghana:			
Kwahu Praso	**184,271**	18,600	**954,028**
Kaniago	**586,924**	64,804	**1,936,283**
Sian	**77,885**	176,597	**8,482,943**
Bonuama	**-**	-	**97,320**
Others	**76,306**	63,169	**1,133,958**
	925,387	323,170	**12,604,532**

(Expressed in Canadian dollars)

Exploration and evaluation expenditures	**986,507**	367,913	**15,643,970**

16. Commitments and contractual obligations

The Company's activities are subject to environmental regulation (including regular environmental impact assessments and permitting) in each of the jurisdictions in which its mineral properties are located. Such regulations cover a wide variety of matters including, without limitation, prevention of waste, pollution and protection of the environment, labour relations and worker safety. The Company may also be subject under such regulations to clean-up costs and liability for toxic or hazardous substances which may exist on or under any of its properties or which may be produced as a result of its operations. It is likely that environmental legislation and permitting will evolve in a manner which will require stricter standards and enforcement. This may include increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a higher degree of responsibility for companies, their directors and employees. At present, the Company has complied with existing laws with regard to environmental legislation.

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

The Company is committed to a minimum amount of rental payments under a long-term lease for its former premises in Ontario, Canada, which expires on June 30, 2013, and its premises in Ghana, which expires April 30, 2012. The Company relocated its head office during 2011. Although the Company is actively seeking a sub-lease tenant, remains under commitment for its vacated space. Future minimum lease payments under operating leases for the vacated space at March 31, 2012 are payable as follows:

	Canada	**Ghana**
	$	**$**
2012	47,463	1,820
2013	35,597	-
Total	**83,060**	**1,820**

17. Segmented information

Operating Segments

At March 31, 2012 the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Ghana and Tanzania. The Company's corporate division only earns revenues that are considered incidental to the activities of the Company and therefore does not meet the definition of an operating segment. As the operations comprise a single reporting segment, amounts disclosed in the Financial Statements also represent operating segment amounts.

(Expressed in Canadian dollars)

Geographic Segments

Management has organized the Company's reportable segments by geographic area. The Ghana and Tanzania segments are responsible for that country's mineral exploration and production activities while the Canadian segment manages corporate head office activities. Information concerning Midlands's reportable segments is as follows:

For the three months ended March 31,	**2012**	2011
	$	$
Consolidated net loss		
Canada	**390,624**	364,225
Tanzania	**61,120**	44,472
Ghana	**925,387**	323,170
	1,377,131	731,867

As at	**March 31, 2012**	December 31, 2011
Identifiable assets		
Canada	**3,450,360**	4,744,808
Tanzania	**10,887**	23,704
Ghana	**101,939**	196,142
	3,563,186	4,964,654

18. Subsequent events

Issuance of options

On April 25, 2012, the Company granted 1,500,000 stock options to its Vice President Exploration. The options have a term of 5 years, are exercisable at $0.10 and vest one-third on issuance and one-third on each of the first and second annual anniversary of issuance.