Midlands Minerals

TSX-V:MEX

Midlands Minerals Corporation

Management's Discussion and Analysis

Year ended December 31, 2013

April 30, 2014

This management discussion and analysis ("MD&A") has been prepared based on information available to Midlands Minerals Corporation ("Midlands" or the "Company") as at April 30, 2014. The MD&A of the operating results and financial condition of the Company for the year ended December 31, 2013, should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the years ended December 31, 2013 and 2012 (collectively, the "Financial Statements"). The Financial Statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

Internal Controls over Financial Reporting ("ICFR")

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), Midlands and management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or ICFR, as defined in NI 52-109.

CAUTIONARY NOTE

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. See the section entitled ***RISK FACTORS***.

OVERVIEW

Midlands is a junior prospecting and natural-resource company focused on growing a mineral asset inventory to build shareholder value. The Company employs responsible exploration methods in politically stable, low-risk and mining-friendly countries and retains the opportunity to develop select projects if they benefit the Company's strategic objectives. The Company trades on the TSX Venture Exchange ("TSXV") under the ticker symbol "MEX".

The Company works to minimize the social and environmental impact in all its exploration activities, and puts the health and safety of its employees first and foremost. The Company and its employees interact effectively with the host and local communities to ensure that its exploration activities do not compromise the values of the local communities.

To-date, the Company has operated a diversified gold and diamond project portfolio in the stable and low risk countries of Ghana and Tanzania. In 2013, the Company streamlined its property portfolio to preserve cash and to maintain a focus on projects that surpass a threshold of quality in stable and low-risk countries without limiting itself to Africa.

On July 30, 2013, the shareholders of Midlands approved the sale of the Company's 65% interest in the encumbered flagship Sian gold project in Ghana and the transaction was successfully closed on August 19, 2013 and sales proceeds of approximately $3.5 million were received.

Progress was achieved with respect to the potential sale of the Company's remaining properties in Ghana, particularly the Kaniago project, which has been agreed with a buyer and is subject only to local government and TSXV approval. The Kwahu Praso property was also placed on care and maintenance to negotiate terms of sale with interested parties.

The Company has endeavoured to utilize the resulting liquidity to leverage higher quality projects in the current distressed economy and to reposition itself for improving market conditions.

Following the review of a large number of opportunities, the Company initiated a technical study on the Parlozi Lead-Zinc-Silver Project ("Parlozi") in Serbia that is 100%-owned by Reservoir Minerals Inc. ("Reservoir"). Details are discussed in the ***Projects update*** section of this MD&A.

DESCRIPTION OF BUSINESS

Midlands is a publicly-traded Canadian natural resource company incorporated in Ontario, Canada with the registered office address of 120 Adelaide Street West, Suite 2400, Toronto, Ontario, M5H 1T1 and is engaged in the exploration and evaluation of mineral properties. To-date the Company has raised funds to explore its mineral properties principally through the issuance of shares. The Company will continue to depend on the issuance of additional shares to further the development of its mineral properties. The exploration and development of mineral deposits involve significant financial risk and the success of the company will be influenced by a number of factors including risks associated with exploration and eventual extraction, foreign investment regulations, renegotiation of contracts and political uncertainty.

SALE OF AKROMA GOLD COMPANY LIMITED

On June 19, 2013, the Company entered into a share purchase agreement (the "Agreement"), together with its wholly-owned subsidiary, Harbour Capital Corporation ("HCC"), to sell HCC's interest in Akroma Gold Company Limited ("Akroma") to its joint venture partner, Sian Goldfields Limited ("Sian") for an aggregate purchase price of $3,513,427 (US$3,400,000). Akroma is the joint-venture company which held title to the Sian mining lease for the Sian gold project located in the eastern region of Ghana.

The final conditions of the sale were satisfied at the Company's Annual and Special Meeting held on July 30, 2013, wherein the Company's shareholders approved the sale.

DIRECTORS' AND / OR OFFICERS' LOANS

On October 2, 2013, the Company provided secured loans to directors and / or officers of the Company (the "Borrowers") in the total amount of $100,000, to facilitate, in part, the off-market purchase of Company shares from one of its major shareholders. The term of the loans is for one year and interest accrues at the rate of 7% per annum, compounded monthly. Both principal and accrued interest are payable on the maturity date, October 2, 2014, and the loans are secured by promissory notes from the Borrowers. Upon the occurrence of default, the Borrowers shall pay interest to the Company at a rate of 36% per annum compounded and payable monthly.

As further security to the Company, the Borrowers agreed not to sell, pledge or otherwise encumber the shares until the full amount of the loans, plus applicable interest, is repaid. To perfect this undertaking by the Borrowers, RG Mining Investments Inc. ("RGMI"), the Company's manager, is acting as a custodian of the physical share certificates on behalf of the Company.

On March 7, 2014, the Company received $20,863, as repayment of outstanding amount (including interest) of one of the loans.

PROJECTS UPDATE

During the year ended December 31, 2013, the Company streamlined its property portfolio in order to maintain a focus on projects that surpassed a threshold of quality, and to preserve cash during globally weak markets. Midlands implemented a number of rationalization and cost-cutting phases until a sustainable care and maintenance program was achieved. The process also accomplished the dual objective of creating a cost-efficient foundation from which the Company could make a strategic change in direction. Saleable assets were monetized to generate liquidity, encumbered assets were prepared for divestiture during 2013 and 2014, or were relinquished when a sale was not possible or probable within a reasonable timeframe.

In Tanzania, the operation was closed pursuant to a full year of effort to option-out individual, or groups of mineral licenses in the portfolio. Midlands' office in Shinyanga was shut down in June 2013 and the properties that were staked directly by Midlands were relinquished. The optioned properties of Itilima and Lwenge-Geita were returned to their respective owners in good and valid condition. In January 2014, the Company's three Tanzanian subsidiaries were made dormant in anticipation of their imminent dissolution, such activities still ongoing with local governmental authorities.

During 2013, the Company continued to leverage its strategic position to identify a new flagship project in the globally depressed commodities markets. Of key importance to management was to utilize the market circumstance, and the Company's cash position, to acquire a project that was substantially more valuable than the divested Sian project, and which had significant expansion potential to return shareholder value. This effort included numerous technical and commercial project and company evaluations during 2013.

Management undertook a technical field visit to the Parlozi project in Serbia (detailed below) in November, 2013. The project is 100%-owned by Reservoir. As previously released, on January 10, 2014, following a period of negotiations, the Company signed a non-binding letter of intent with Reservoir and then completed a definitive agreement (the "Option Agreement") on April 7, 2014.

The Option Agreement provides that Midlands can earn an initial 51% interest in the project by spending $4.5 million on exploration over four years. A minimum spend of $500,000 is required before September 30, 2014, such amounts to include reimbursement of exploration expenditures on the project by Reservoir since June 6th, 2013, and completion of 1,500 meters of drilling. Thereafter, Midlands can earn an additional 14%

interest over two years by obtaining a mining exploitation permit from the Serbian Government and a further 10% (for a total of 75%) by completing a bankable feasibility study within two years of obtaining a mining exploitation permit.

Completion of the transaction was subject to customary closing conditions, including receipt of all regulatory approvals, including the consent of the TSXV, as it considers the transaction to be a "Reviewable Transaction" (such approval received on April 17, 2014). The Company hired the services of an independent geological consultant to update the NI 43-101 technical report which was submitted in order to support the Company's application for approval of the transaction. The TSXV conditionally approved the option agreement subject to the Company providing a financial plan or other evidence demonstrating that the Company has or will have upon closing the financial resources to close the transaction and fund any property obligations for at least a six-month period and the first stage of any work program. Such evidence was provided to the TSXV and on April 21, 2014 the TSXV granted final approval of the transaction for filing.

The Company has reimbursed Reservoir for exploration expenditures on the project made by Reservoir since June 6th, 2013. In addition the Company has funded the first month of exploration expenditures in order prepare for the planned and imminent phase 1 drill program.

Parlozi project, Serbia

The Parlozi project is a 91-square kilometre exploration permit (the "Parlozi Permit") that is conveniently located 35 kilometres south of Belgrade, the capital of Serbia (Figure 1). The Parlozi Permit covers occurrences of historical lead-zinc-silver mining in the Kosmaj-Babe area of the Sumadija mining district in central Serbia. The mineralization in the permit comprises silver-bearing vein and replacement-type lead-zinc sulphides hosted by carbonate sedimentary rocks associated with intrusive Tertiary quartz latite dykes and volcanic breccias. This type of mineralization has long supported lead-zinc-silver mining operations in the region. An example is the Trepça mining complex which has geological similarities with Parlozi and which produced, according to Serbia Geo Institute records, over 34 million tonnes averaging 6% lead, 4% zinc, 75 g/t silver and 102 g/t bismuth between 1931 to 1998 (Figure 1).

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Figure 1: Map of Serbia showing the location of the Parlozi project. Inset map showing the location of Serbia in Western Europe.

Mineral exploration in the Parlozi Permit area during the 1970s and 1980s, by state-controlled companies of the former Yugoslavia, included 36 drill holes totalling 15,105 meters, exploration adits, airborne and ground geophysical surveys, and detailed geological and mineralogical studies. Based on this work, in 1986 the Serbian Geo Institute calculated an historical resource estimate at Parlozi prospect, classified as C1 plus C2 resources according to the Yugoslav reporting system of 6.5 million tonnes at an average grade of 4.1% lead, 2.1% zinc, 0.3% copper and 130 g/t silver within the Permit area. A qualified person has not done sufficient work to classify the historical estimate as current mineral resources according to NI 43-101 standards and the Company is not treating the historical estimate as current mineral resources.

Reservoir validated these base metal grades in a single confirmatory hole (PA-1, 600 meters depth) and achieved encouraging base metals, silver and gold intercepts. Reservoir filed a NI 43-101-compliant Independent Technical Report on the Parlozi property on October 11, 2011 which is available on SEDAR (www.sedar.com), and this report was updated by Midlands on April 3, 2014.

From the updated NI 43-101 report, the significant intercepts over apparent widths from PA-1 include:

- 6.15 metres at 2.81 g/t gold (121.60 to 127.75 metres)
- 11.20 metres at 0.91 g/t gold, 34 g/t silver, 1.09% lead and 0.76% zinc (171.20 to 182.40 metres), i*ncluding* 1.85 metres at 3.73 g/t gold, 92 g/t silver, 3.61% lead and 1.21% zinc (172.55 to 174.40 metres)
- 7.80 metres at 0.14 g/t gold, 214 g/t silver, 4.80% lead and 1.40% zinc (195.30 to 203.10 metres), i*ncluding* 4.00 metres at 0.23 g/t gold, 402 g/t silver, 8.13% lead and 2.20% zinc (195.30 to 199.30 metres)
- 7.20 metres at 0.10 g/t gold, 129 g/t silver, 5.66% lead and 0.85% zinc (242.20 to 249.40 metres), i*ncludin*g 0.80 metres at 0.06 g/t gold, 133 g/t silver, 11.00% lead and 2.75 % zinc (247.30 to 248.10 metres) and 1.30 metres at 0.29 g/t gold, 542 g/t silver, 18.75% lead and 1.84% zinc (248.10 to 249.40 metres)
- 5.40 metres at 0.17 g/t gold, 206 g/t silver, 1.28% lead and 0.12% zinc (337.60 to 343.00 metres) i*ncluding* 1.90 metres at 0.19 g/t gold, 490 g/t silver, 1.46% copper, 3.04% lead and 0.22% zinc (339.10 to 341.00 metres)
- 2.00 metres at 0.10 g/t gold, 490 g/t silver, 0.53% copper, 4.69% lead and 1.90% zinc (424.00 to 426.00 metres) i*ncluding* 0.80 metres at 0.21 g/t gold, 1175 g/t silver, 1.18% copper, 11.30% lead and 4.00% zinc (424.00 to 424.80 metres)

For a full list of composite intercepts greater than 150 g/t, silver equivalent in g/t multiplied by metre-width of intercept ("AgEq*m"), please see Table 1 that follows.

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Table 1: Significant composites at Parlozi.

HoleID	From	To	Thick-ness	Pb %	Zn %	Pb+Zn%	Cu %	Ag g/t	Au g/t	Ag Eq g/t	Au Eq g/t	Note
BK-01	310.20	312.30	2.10	1.54	0.68	2.22	0.20	NA	NA			
BK-01	348.50	349.00	0.50	4.50	0.83	**5.33**	0.20	82.4	1.5	**319.8**		
BK-01	355.70	357.00	1.30	2.55	2.29	**4.84**	0.09	NA	NA			
BK-01	369.80	373.40	3.60	2.89	2.88	**5.76**	0.16	35.3	0.5	225.7		(1)
including	*369.80*	*372.20*	*2.40*	*3.44*	*3.59*	***7.03***	*0.19*	*53.0*	*0.8*	***292.1***		*(1)*
BK-01	376.80	379.80	3.00	1.55	1.90	3.46	0.06	NA	NA			
BK-04	166.70	177.00	**10.30**	7.22	0.42	**7.65**	0.16	NA	NA			
BK-07	439.40	443.00	3.60	2.17	1.57	3.74	0.08	NA	NA			
including	*442.10*	*443.00*	*0.90*	*2.36*	*4.05*	*6.41*	*0.09*	*NA*	*NA*			
BK-10	388.00	395.00	**7.00**	12.40	1.64	**14.04**	0.05	160.0	NA	**369.0**		(2)
BK-10	403.50	404.70	1.20	4.83	1.87	**6.70**	0.03	NA	NA			
BK-10	416.70	430.00	**13.30**	2.41	1.82	4.23	0.16	65.0	NA	187.8		(2)
including	*417.80*	*418.80*	*1.00*	*5.15*	*6.23*	***11.38***	*0.35*	*NA*	*NA*			
including	*419.80*	*420.80*	*1.00*	*3.01*	*4.13*	***7.14***	*0.08*	*NA*	*NA*			
including	*428.00*	*430.00*	*2.00*	*6.40*	*1.43*	***7.83***	*0.06*	*NA*	*NA*			
BK-10	488.70	490.60	1.90	6.68	5.80	**12.47**	0.21	92.0	NA	**429.9**		(2)
BK-11	365.20	369.50	4.30	0.57	0.69	1.26	0.20	53.0	NA	103.1		(2)
BK-11	432.70	435.80	3.10	3.56	3.59	**7.14**	0.09	75.0	NA	**265.1**		(2)
BK-12	125.00	126.60	1.60	3.13	0.11	3.24	0.36	NA	NA			
BK-12	224.60	230.20	**5.60**	0.08	0.51	0.59	2.13	NA	NA			
BK-12	394.00	397.00	3.00	9.86	1.66	**11.51**	0.41	NA	NA			
BK-12	420.00	422.00	2.00	0.75	2.77	3.52	0.14	NA	NA			
BK-12	440.00	442.00	2.00	1.94	4.41	**6.35**	0.18	NA	NA			
BK-13	180.00	184.80	4.80	3.00	0.26	3.25	0.95	NA	NA			
BK-13	188.00	191.10	3.10	2.47	0.25	2.73	0.07	NA	NA			
BK-13	240.50	242.90	2.40	14.23	0.96	**15.19**	0.08	NA	NA			
BK-13	357.00	359.00	2.00	5.78	2.22	**8.00**	0.13	NA	NA			
BK-14	139.60	158.50	**18.90**	0.48	0.53	1.01	0.14	16.9	1.20		**2.23**	(3)
including	*153.50*	*155.50*	*2.00*	*2.10*	*2.03*	*4.13*	*0.19*	*NA*	*NA*			
BK-14	197.50	201.00	3.50	2.59	1.08	3.67	0.56	56.4	2.17	**318.6**		(3)
BK-14	247.50	248.00	0.50	8.33	4.71	**13.04**	0.24	NA	NA			
BK-14	301.40	305.40	4.00	5.13	1.25	**6.38**	0.28	180.0	0.10	**375.6**		(3)
BK-14	345.50	350.70	**5.20**	7.84	1.94	**9.78**	0.55	261.0	0.20	**574.6**		(3)
BK-14	416.00	431.10	**15.10**	8.69	1.12	**9.82**	0.19	317.0	0.26	**603.7**		(3)
BK-14	440.80	442.00	1.20	14.05	1.33	**15.38**	0.14	NA	NA			
BK-14	444.00	445.00	1.00	18.64	0.68	**19.32**	0.07	NA	NA			

HoleID	From	To	Thick-ness	Pb %	Zn %	Pb+Zn%	Cu %	Ag g/t	Au g/t	Ag Eq g/t	Au Eq g/t	Note
BK-14	456.20	462.80	6.60	5.68	1.46	**7.14**	0.23	115.0	0.19	**330.9**		(3)
BK-14	483.20	500.30	**17.10**	7.58	0.87	**8.45**	0.18	256.0	0.28	**507.5**		(3)
BK-15	71.00	79.20	**8.20**	1.00	0.10	1.10	0.08	160.0	NA	195.9		
BK-15	279.00	287.80	**8.80**	2.65	2.78	**5.42**	0.04	NA	NA			
including	*279.00*	*280.00*	*1.00*	*12.15*	*9.28*	***21.43***	*0.09*	*NA*	*NA*			
including	*283.20*	*283.80*	*0.60*	*6.12*	*9.30*	***15.42***	*0.04*	*NA*	*NA*			
including	*285.70*	*286.20*	*0.50*	*5.07*	*5.80*	***10.87***	*0.02*	*NA*	*NA*			
BK-15	297.30	298.60	1.30	6.69	8.12	**14.81**	0.06	NA	NA			(4a)
BK-15	303.00	303.60	0.60	27.98	13.57	**41.55**	0.09	NA	NA			
BK-15	316.10	318.20	2.10	2.40	3.71	**6.11**	0.03	NA	NA			
BK-15	339.00	341.00	2.00	5.20	6.92	**12.12**	0.03	NA	NA			(4b)
BK-15	408.70	410.50	1.80	9.87	3.34	**13.21**	0.09	NA	NA			(4c)
BK-15	439.60	440.30	0.70	8.17	19.26	**27.43**	0.04	NA	NA			
BK-15	449.50	450.50	1.00	23.08	4.00	**27.08**	0.09	NA	NA			
BK-15	463.50	477.80	**14.30**	2.00	1.13	3.12	0.25	NA	NA			
including	*468.80*	*473.80*	***5.00***	*3.08*	*1.50*	*4.58*	*0.29*	*NA*	*NA*			
BK-15	516.00	516.60	0.60	9.53	1.42	**10.95**	0.11	NA	NA			
BK-16	131.30	136.30	**5.00**	1.12	3.22	4.34	0.10	39.0	NA	157.5		
BK-16	209.00	213.00	4.00	0.92	1.30	2.22	0.12	34.0	NA	101.3		
BK-16	362.20	363.00	0.80	1.00	6.50	**7.50**	0.04	NA	NA			
BK-16	378.10	378.70	0.60	2.10	0.30	2.40	0.13	246.0	NA	**320.1**		
BK-16	437.80	440.80	3.00	1.67	1.76	3.43	0.26	248.0	NA	**359.0**		
BK-18	203.00	208.00	**5.00**	1.07	1.06	2.13	0.11	39.0	NA	103.3		
BK-18	221.00	223.20	2.20	1.61	0.35	1.96	0.11	22.60	NA	83.4		
BK-18	443.70	446.20	2.50	2.40	0.11	2.51	0.20	15.00	NA	98.6		
BK-18	560.20	565.20	**5.00**	1.33	0.78	2.11	0.77	17.20	NA	141.3		
BK-18	691.80	693.70	1.90	2.26	1.75	4.01	0.15	5.40	NA	121.6		
BK-19	363.70	365.20	1.50	0.40	2.00	2.40	0.70	NA	NA			
BK-21	313.00	316.00	3.00	8.40	11.40	**19.80**	0.45	268.00	NA	**812.0**		
BK-21	335.50	339.00	3.50	1.62	1.65	3.27	0.82	43.00	NA	200.9		
BK-21	369.50	373.00	3.50	0.50	1.52	2.02	0.39	26.80	NA	113.1		
BK-21	384.50	401.80	**17.30**	2.43	3.86	6.29	0.31	66.55	NA	**254.2**		
including	*389.30*	*401.80*	***12.50***	*3.10*	*4.90*	***8.00***	*0.39*	*83.00*	*NA*	***321.3***		
BK-21	411.00	413.50	2.50	1.29	2.14	3.43	0.50	125.00	NA	**257.4**		
BK-21	426.00	432.00	**6.00**	0.74	0.85	1.59	0.12	67.80	NA	119.2		
BK-22	168.00	171.00	3.00	11.90	3.10	**15.00**	0.09	67.40	NA	**463.9**		
BK-22	190.00	202.50	**12.50**	1.81	2.34	4.15	0.08	28.37	NA	141.3		
including	*196.00*	*202.50*	***6.50***	*2.77*	*3.37*	***6.14***	*0.04*	*26.50*	*NA*	*186.7*		

HoleID	From	To	Thick-ness	Pb %	Zn %	Pb+Zn%	Cu %	Ag g/t	Au g/t	Ag Eq g/t	Au Eq g/t	Note
BK-22	246.60	251.50	4.90	0.13	0.15	0.28	0.47	28.30	NA	78.1		
PA-1	99.90	107.70	**7.80**	0.68	0.26	0.94	0.28	33.68	0.30	99.2		
PA-1	121.60	127.75	**6.15**	0.08	0.08	0.16	0.08	4.96	2.81		**3.11**	
including	*123.60*	*126.50*	*2.90*	*0.07*	*0.06*	*0.12*	*0.01*	*1.81*	*3.70*		***3.81***	
PA-1	165.20	167.20	2.00	0.94	0.49	1.43	0.10	29.70	0.14	82.8		
PA-1	172.55	178.40	**5.85**	1.70	0.69	2.39	0.06	56.09	1.46	202.0		
including	*172.55*	*174.40*	*1.85*	*3.61*	*1.21*	*4.82*	*0.09*	*92.40*	*3.73*	***426.8***		
PA-1	195.30	203.10	**7.80**	4.80	1.40	**6.20**	0.11	214.44	0.14	**392.0**		
including	*195.30*	*199.30*	*4.00*	*8.13*	*2.20*	***10.32***	*0.18*	*401.50*	*0.23*	***697.4***		
PA-1	242.20	249.40	**7.20**	5.66	0.85	**6.51**	0.25	128.95	0.10	**326.4**		
including	*247.30*	*249.40*	*2.10*	*15.80*	*2.19*	***17.98***	*0.72*	*386.19*	*0.20*	***929.5***		
PA-1	280.10	281.80	1.70	1.66	0.98	2.64	0.13	98.60	0.06	181.4		
PA-1	303.00	306.90	3.90	0.51	0.08	0.59	0.20	48.30	0.05	84.2		
PA-1	337.60	343.00	**5.40**	1.28	0.12	1.40	0.88	205.80	0.17	**330.7**		
including	*337.60*	*341.00*	*3.40*	*1.95*	*0.18*	*2.13*	*1.10*	*305.50*	*0.19*	***471.0***		
PA-1	348.30	350.20	1.90	0.82	0.05	0.87	0.15	53.10	0.04	92.1		
PA-1	354.00	363.25	**9.25**	0.80	0.09	0.88	0.24	89.44	0.12	140.5		
including	*354.00*	*355.40*	*1.40*	*1.80*	*0.12*	*1.92*	*0.39*	*141.00*	*0.13*	*233.6*		
including	*356.30*	*358.30*	*2.00*	*1.34*	*0.05*	*1.39*	*0.42*	*133.00*	*0.09*	*211.6*		
PA-1	388.40	390.10	1.70	1.60	0.11	1.71	0.07	62.30	0.06	116.3		
PA-1	406.60	407.30	0.70	14.90	0.35	**15.25**	0.17	350.00	0.09	**768.1**		
PA-1	424.00	426.00	2.00	4.69	1.90	**6.60**	0.53	490.28	0.10	**714.1**		
PA-1	445.50	447.40	1.90	0.29	0.28	0.57	0.44	45.40	0.05	102.2		
PA-1	462.30	464.30	2.00	0.97	0.43	1.40	0.26	71.90	0.02	133.2		
PA-1	470.30	472.30	2.00	3.02	0.40	3.42	0.02	95.00	0.05	188.6		
PA-1	483.70	485.20	1.50	1.05	0.13	1.18	0.05	58.80	0.16	102.6		

Notes: Results from historic drill holes (BK-01 to BK-22) were retrieved from original drill logs and/or sections. No core is available to verify assay intervals and grades. These historic assays should not be relied upon and are only considered as relevant as guides to future exploration. If a silver assay is available, the composite is calculated as a silver equivalent based on the rounded average of each metal price over the last 5 years (2009-2013): Pb $2,100/t; Zn $2,000/t; Cu $7,300/t; Ag $25.0/oz; Au $1,350/oz. If gold content is higher than all other elements, the composite is calculated as gold equivalent instead of silver equivalent. Only composites greater than 150 g/t AgEq*m are listed. Drill intervals are apparent thicknesses.

(1) Silver composite diluted as silver results are only known over 1.2m.
(2) Normal composite (weighted average) from individual assays for lead, zinc and copper. Silver value from Geo Institute
(3) Normal composite (weighted average) from individual assays for lead, zinc and copper. Silver and gold values from Geo Institute
(4) Composite diluted with intervals of no core. Respectively (a) 20 cm; (b) 110 cm; (c) 30 cm.

Kaniago project, Ghana

Drill results from the 9,519 metres reverse circulation drill program that was completed in 2011 at the Kaniago Project on the Asankrangwa Belt in Ghana provided the following significant intercepts:

Mmooho drill target:

KNRC-11-029	9 metres grading 1.12 g/t gold	(from 96 metres)
KNRC-11-035	9 metres grading 1.06 g/t gold	(from 91 metres)
KNRC-11-039	16 metres grading 1.05 g/t gold	(from 132 metres)
KNRC-11-012	12 metres grading 1.04 g/t gold	(from 88 metres)
KNRC-11-015	10 metres grading 1.18 g/t gold	(from 78 metres)
KNRC-11-018	21 metres grading 1.48 g/t gold	(from 22 metres)
-- and	7 metres grading 1.45 g/t gold	(from 51 metres)

Kaniago West drill target:

KNRC-11-041	27 metres grading 2.97 g/t gold	(from 123 metres)
KNRC-11-044	16 metres grading 1.21 g/t gold	(from 10 metres)
KNRC-11-048	33 metres grading 0.87 g/t gold	(from 117 metres)
-- and	17 metres grading 1.83 g/t gold	(from 171 metres)
KNRC-11-052	3 metres grading 6.80 g/t gold	(from 57 metres)

In March 2012, a 1,995 metre diamond drilling program was completed at the Kaniago West and Mmooho targets. Drilling confirmed the structural controls to mineralization. The core drilling aimed to confirm the gold mineralization obtained from previous reverse circulation drilling programs, to provide valuable structural orientation information to facilitate modeling, and to probe for deeper parallel zones of mineralization. Drilling at Mmooho totaled 1,289 metres and returned a best composite of 3.8 metres grading 4.86 g/t Au at a depth of 95.6 metres in KNDD-12-002. Drilling at Kaniago West totaling 606.7 metres returned a best composite of 7.0 metres grading 1.75 g/t Au at a depth of 165.5 metres in KNDD-12-005.

The reinterpretation of the soil geochemistry has refined the continuity of the soil gold trends between the Company's target areas and deposits on neighbouring concessions, such as Asanko Gold Inc.'s Esaase gold deposit (3.83 million ounces in the Measured and Indicated category at an average grade of 1.73 g/t and 1.25 million ounces in the Inferred Resource category at an average grade of 1.75 g/t) and PMI Gold Corporation's Abore (3.11 million ounces in the Measured and Indicated category at an average grade of 2.16 g/t and 1.40 million ounces in the Inferred Resource category at an average grade of 1.99 g/t), gold deposits.

A consultant was utilized to conduct a full re-assessment and reconciliation of the Versatile Time Domain Electromagnetic Surveying geophysical dataset with the 2011-2012 drill results. This work confirmed that the drilling efficiently tested the shear zones originally identified by the airborne geophysical survey and soil geochemistry.

During Q2 2013, the renewal of the Kaniago license and the adjacent Besease and Mmooho permit applications on the shed-off portions of the Kaniago license were in process and the Company had numerous exchanges with the Minerals Commission to that end. During Q3 2013, the Company was required to adjust the boundary positions of Besease and Mmooho applications in accordance with the implementation of the new legislation governing mineral licenses in Ghana. The license boundaries were adjusted through a process of negotiation and discussion with neighbouring mining companies and the Minerals Commission to ensure accurate positions.

Management has successfully negotiated terms with a company for the purchase and sale of Kaniago and the agreement is currently being finalized with the Minerals Commission as it requires their approval and subsequent Ministerial consent. This effort is in line with the Company's policy to reduce the ongoing costs associated with underperforming assets, and to monetize saleable assets for use on the Parlozi project in Serbia.

Dr. Dominique Fournier, EurGeol, a "qualified person" as defined by National Instrument 43-101, has reviewed and approved the technical information and data included in this project update.

SELECTED FINANCIAL INFORMATION

The following table sets forth selected consolidated financial information of the Company for the years ended December 31, 2013, 2012 and 2011. The selected consolidated financial information should be read in conjunction with the Financial Statements of the Company.

	Year ended		
	December 31, 2013	December 31, 2012	December 31, 2011
Consolidated statements of operations	**$**	$	$
Total revenue	**-**	-	-
Net income (loss)	**2,232,052**	(3,387,328)	(5,468,454)
Basic and diluted net income (loss) per share	**0.01**	(0.02)	(0.04)
Exploration and evaluation expenses	**586,666**	1,869,193	2,216,074
	As at Dec. 31, 2013	As at Dec. 31, 2012	As at Dec. 31, 2011
Consolidated statements of financial position	**$**	$	$
Total cash and cash equivalents	**3,216,641**	1,075,594	4,386,147
Working capital	**3,330,276**	1,122,516	4,522,178
Total long-term debt	**-**	-	-
Total assets	**3,443,356**	1,245,416	4,964,654

	Year ended		
	December 31, 2013	December 31, 2012	December 31, 2011
Consolidated statements of cash flows	**$**	$	$
Cash provided from (used in) operating activities	**1,256,072**	(3,249,751)	(5,552,474)
Cash provided from (used in) investing activities	**3,514,751**	(60,802)	(3,387,328)
Cash provided from financing activities	**-**	-	6,415,356

SUMMARY OF QUARTERLY RESULTS

Selected consolidated financial information for the 8 most recently completed quarters is as follows:

Three months ended	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013
	$	$	$	$
Revenue	-	-	-	-
Loss on sale of subsidiary / project	331,972	3,205,240	-	-
Net income/(loss)	(259,846)	2,876,293	(57,868)	(326,527)
Basic and fully-diluted income (loss) per share	(0.003)	0.015	(0.000)	(0.002)

Three months ended	Dec. 31, 2012	Sept 30, 2012	June 30, 2012	Mar. 31, 2012
	$	$	$	$
Revenue	-	-	-	-
Gain on sale of subsidiary / project	-	-	-	-
Net income/(loss)	(458,309)	(707,622)	(846,225)	(1,377,1432)
Basic and fully-diluted income/(loss) per share	(0.002)	(0.004)	(0.004)	(0.007)

NEW ACCOUNTING STANDARDS

The IASB issued a number of new and revised International Accounting Standards and IFRS amendments and related interpretations which are effective for the Company's financial year beginning on or after the date stated, with early adoption permitted. The Company has not yet early-adopted these standards but is assessing what impact the applications will have on the Financial Statements.

- IFRS 9 *'Financial Instruments: Classification and Measurement'* – annual periods beginning on or after January 1, 2015, introduces new requirements for the classification and measurement of financial instruments.

- IAS 32 *'Financial Instruments: Presentation'* – the IASB amended this standard with effective date of January 1, 2014, to address inconsistencies identified in applying some of the offsetting criteria.

- IAS 36 '*Impairment of Assets – Disclosures'* – with effective date for years started after January 1, 2014, provides for amendments to the disclosure requirements in IAS 36.

- IFRIC 21 *'Levies'* - addresses the accounting for a liability to pay a levy if that liability is within the scope of IAS 37.

SIGNIFICANT ACCOUNTING POLICIES

Statement of compliance

The Financial Statements have been prepared using accounting policies consistent with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee with an effective date of December 31, 2013.

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, 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. The consolidated statements of operations also include losses of the Company's disposed subsidiary (note 15 of the financial statements), up to the date of disposal, being August 19, 2013.

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

Exploration and evaluation expenditures

All exploration and evaluation expenditures, the elements of which include: Acquisition of rights to explore; studies of all nature (topographical, geological, geochemical and geophysical), exploratory drilling, coring, sampling, trenching, and in general, all activities in relation to evaluating the technical feasibility and commercial viability of extracting a mineral resource, 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 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.

Share-based payment transactions

The Company has a share-based compensation plan (the "Plan") whereby participants (including directors, senior executives, employees and consultants) may receive a portion of their remuneration or fees in the form of share-based payment transactions. The participants render their services in consideration for equity instruments ("equity-settled transactions").

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.

Equity-settled transactions

The costs of equity-settled transactions with employees are measured by reference to the fair value at the date on which they are granted.

The costs of equity-settled transactions are recognized, together with a corresponding increase in equity, over the period in which the performance and/or service conditions are fulfilled, ending on the date on which the relevant employees become fully entitled to the award ("the vesting date"). The cumulative expense is recognized for equity-settled transactions at each reporting date until the vesting date reflects the Company's best estimate of the number of equity instruments that will ultimately vest. The profit or loss charge or credit for a period represents the movement in cumulative expense recognized as at the beginning and end of that period and the corresponding amount is represented in share option reserve.

No expense is recognized for awards that do not ultimately vest, except for awards where vesting is conditional upon a market condition, which are treated as vesting irrespective of whether or not the market condition is satisfied provided that all other performance and/or service conditions are satisfied.

Where the terms of an equity-settled award are modified, the minimum expense recognized is the expense as if the terms had not been modified. An additional expense is recognized for any modification which increases the total fair value of the share-based payment arrangement, or is otherwise beneficial to the employee as measured at the date of modification.

The dilutive effect of outstanding options is reflected as additional dilution in the computation of earnings per share.

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.

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.

Accounting judgments and estimates

The preparation of the 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; impairment testing of property and equipment, 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.

EXPLORATION AND EVALUATION EXPENDITURES

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

	Year ended		
	December 31, 2013	December 31, 2012	**Cumulative to-date**
	$	$	**$**
Tanzania:			
Itilima	**8,922**	56,952	**2,303,933**
New Kilindi	**30,148**	16,116	**46,264**
Vukene	**-**	8,897	**91,545**
Lwenge	**-**	508	**21,793**
Kishapu	**3,454**	1,962	**52,877**
Lalago	**7,157**	4,023	**74,918**
Tamota	**-**	-	**42,270**
East Turiani	**-**	9,278	**9,278**
Others	**161,362**	179,508	**823,727**
	211,043	277,244	**3,466,605**
Ghana:			
Kwahu Praso	**-**	203,491	**973,248**
Kaniago	**41,729**	703,034	**2,094,122**
Sian [(1)]	**124,672**	308,755	**-**
Bonuama	**-**	3,932	**101,252**
Others	**209,222**	372,737	**1,639,611**
	375,623	1,591,949	**4,808,233**
Exploration and evaluation expenditures	**586,666**	1,869,193	**8,274,838**

(1) Sian project has been excluded following the sale of Akroma (note 15 of the Financial Statements).

RESULTS OF OPERATIONS

For the year ended December 31, 2013, the Company's profit attributable to the owners of the parent company was $2,232,052, as compared to loss of $3,387,328 for the year ended December 31, 2012. The major variance in costs relate to the following six categories:

1. Exploration and evaluation expenditures.
2. Office and administrative expenses.
3. Professional fees.
4. Share-based compensation.
5. Salaries and benefits.
6. Shareholder information.
7. Loss of sale of subsidiary / project

Explanations of the significant changes for year ended December 31, 2013 compared to the year ended December 31, 2012 are as follows:

1. Exploration and evaluation expenditures decreased from $1,869,193 in 2012 to $586,666 in 2013. The decrease is attributable to reduced exploration and development activities in the current year.

2. Office and administrative expenses decreased from $276,926 in 2012 to $256,402 in 2013. The decrease is attributable to the Company objectives of reducing expenditures.

3. Professional fees decreased from $405,276 in 2012 to $111,114 in 2013. The large difference is primarily relating to reduced legal fees in the current year as the Company in 2012, commenced legal procedures for the transfer of properties in both Ghana and Tanzania in addition to the re-categorization of management fees in 2013 from professional fees to office and administrative expenses.

4. Share-based compensation costs in the year ended December 31, 2013 was $27,900 compared to $124,850 during the comparative period. The Company did not issue any new options in 2013 and the amounts for the share-based compensation comprise of the vesting of previously issued options

5. Salaries and benefits decreased from $547,002 in 2012 to $403,757 in 2012. The decrease reflects increased efficiencies and efforts aiming at reducing expenditures.

6. Shareholder information costs decreased from $115,979 in 2012 to $45,872 in 2012. The lower cost in 2013 is due to the elimination of investor relations fees together with efforts aimed at reducing overall expenditures in this category.

7. The Company recorded a gain on the sale of its subsidiary in Ghana of $3,537,212. The Company did not record any sale of a subsidiary or other assets during the comparative period.

LIQUIDITY AND CAPITAL RESOURCES

The working capital as at December 31, 2013 was $3,330,276, as compared to $1,122,516 as at December 31, 2012.

For the year ended December 31, 2013, cash increased by $2,141,047 (2012 – decreased by $3,310,553) as a result of cash provided from investing activities of $3,514,751 (2012 – cash used $60,802) less cash used in operating activities of $1,256,072 (2012 - $3,249,751) less cash used in investing activities of $105,291 (2012 – $nil).

Until the disposition of Akroma, the Company's priority project was located in Ghana where the majority of cash expenditures were made. The Company's current priority project is the Parlozi Project located in Serbia.

USE OF OFF-STATEMENT-OF-FINANCIAL-POSITION ARRANGEMENTS

The Company has not entered into any specialized financial agreement to minimize its investment, currency or commodity risk. There are no off-statement-of-financial-position arrangements, such as a guarantee contract, contingent interest in assets transferred to an entity, derivative instruments obligations and/or any obligations that trigger financing, liquidity, market or credit risk to the Company.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Other than previously stated regarding the Parlozi project, the Company does not have any commitments, or contractual obligations, long-term debt, capital lease obligations, or purchase obligations.

RELATED-PARTY TRANSACTIONS

During the year ended December 31, 2013, $180,000 (2012 - $180,000) of management fees were paid or payable to RG Mining Investments Inc. ("RGMI") and administrative fees of $1,206 (2012- $2,207) were paid or payable. RGMI provides management and administrative services to the Company pursuant to an agreement that had an original term of 1 year and expired on September 30, 2012. It has been renewed for successive 12-month periods. The agreement may be 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 year ended December 31, 2013, $443,861 (2012 - $567,130) was earned or paid to key management personnel or to companies controlled by them, with regard to professional fees and salaries and benefits. The Company identifies key management personnel as current and former officers of the Company including the President and CEO, CFO and VP Exploration as well as current and former directors of the Company.

During the year ended December 31, 2013, officers and directors earned non-cash, share-based compensation of $27,900 (2012 - $124,300).

Due to related-parties

As at December 31, 2013, the statement of financial position includes balances due to related parties comprising of $5,829 (2012 - $2,787) due to an entity in which a Director of the Company is a Partner and $8,333 (2012 - $16,666) due to an officer of the Company.

Due from related-parties

As at December 31, 2013, the statement of financial position includes shareholder loans totaling $100,000, comprising of secured loans to directors and / or officers of the Company. The term of the loans is for one year and interest accrues at the rate of 7% per annum, compounded monthly. Both principal and accrued interest are payable on the maturity date, October 2, 2014, and the loans are secured by promissory notes from the borrowers. Upon occurrence of default, the borrowers shall pay interest to the Company at a rate of 36% per annum compounded and payable monthly. As at December 31, 2013, interest accrued from these loans amounted to $1,732.

As further security to the Company, the borrowers agreed not to sell, pledge or otherwise encumber the shares until the full amount of the loans was repaid (including applicable interest). To perfect the undertaking by the borrowers, RGMI is acting as custodian of the physical share certificates on behalf of the Company.

On March 7, 2014, the Company received $20,863 as repayment of outstanding amounts (including interest), of one of the loans.

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CAPITAL STOCK

The following table sets forth information concerning the outstanding securities of the Company as at April 30, 2014:

	Number
Shares	194,228,231
Options	9,075,000
Warrants	-

RISK FACTORS

The Company is a prospecting mineral exploration and development company and is exposed to a number of risks and uncertainties that are common to other companies in the same business. These risks and uncertainties include exploration and development, commodity, operating, ownership, political, funding, currency and environmental risk.

Exploration and development

Mineral exploration and development involves several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from the Company's operations.

Many exploration programs do not result in the discovery of an economic deposit. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulation, in particular those relating to the environment, taxes, and royalties. No assurance can be given that minerals will be discovered of sufficient quality, size and grade on any of the Company's properties to justify a commercial operation.

Uncertainty of reserve and resource estimates

The mining business relies upon the accuracy of determinations as to whether a given deposit has significant mineable reserves. This reliance is important in that reported mineral reserves and resources are only estimates and do not represent any certainty that the estimated mineral reserves and resources will be recovered. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and resources uneconomic.

Political

Political and related legal and economic uncertainties exist in countries where the Company operates. Risk of foreign operation in these countries may include political unrest, corruption, war, civil disturbances and terrorist actions, arbitrary changes in the law or policies, changes to governmental regulation, foreign taxation, price and currency controls, delays in obtaining, or the inability to obtain, necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitation on the repatriation of earnings, limitation on gold exports and increased financing costs. These risks may limit or disrupt the Company's activities.

Future financing

Continued development of the Company's properties will require significant financial resources. As such, the Company may need to raise significant funds to complete its business plans. Failure to obtain such additional financing at critical times could lead to delay and indefinite postponement in the exploration and development of the Company's projects. There is no assurance that such funding will be available or that it will be obtained on favourable terms.

Lack of operating profit

The Company has incurred operating losses on an annual basis, for a number of years, arising from administrative costs related to continued exploration and development of mineral resources properties. It is anticipated that the Company will continue to experience operating losses for the foreseeable future. There can be no assurance that the Company will ever achieve significant revenues or profitable operations.

Precious metal price

The price of precious metals can fluctuate widely and is affected by numerous factors including demand, inflation, strength of the US dollar and other currencies, interest rates, gold sales by the central banks, forward sales by producers, global or regional political or financial events, and production and cost levels in major producing regions. In addition, the gold price is sometimes subject to rapid short-term changes because of speculative activities.

Even if the Company discovers commercial amounts of precious metals on its properties, it may not be able to place the property into commercial production if precious metal prices are not at sufficient levels.

Currency

A substantial portion of the Company's activities is expected to be carried on outside Canada. Such activities are subject to risk associated with the fluctuation in the rate of exchange of the Canadian dollar versus foreign currencies.

Environmental and permitting

All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Segregation of duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to the Company's small size and limited resources, a complete segregation of duties within the Company's accounting group cannot be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during the process of compiling and completing its financial statements in order to ensure the financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

Internal controls over financial reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.

Key personnel

The success of the Company depends to a large extent upon its abilities to retain the services of its senior management and key personnel. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. The Company has entered into an employment agreement with its CEO and maintains an agreement with RGMI (such agreement providing the services of the Company's CFO and Corporate Secretary) but there is no assurance the Company can maintain these services on the expiration of these agreements nor that it can maintain the services of its directors, other officers or other qualified personnel required to operate is business.