Midlands Minerals

TSX-V:MEX

Midlands Minerals Corporation

Unaudited Interim
Consolidated Financial Statements

As at and for the three months ended

March 31, 2014 and 2013

NOTICE TO READER

The accompanying unaudited interim consolidated financial statements of Midlands Minerals Corporation (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, 2014 and 2013 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 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 unaudited 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 27, 2014

"Stephen Gledhill"
Chief Financial Officer
May 27, 2014

Midlands Minerals Corporation
Unaudited Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	March 31, 2014	December 31, 2013
	$	$
Assets		
Current assets		
Cash *(note 8)*	**2,976,459**	3,216,641
Short-term investments *(note 9)*	**60,000**	60,000
Due from related parties *(note 14)*	**79,754**	100,000
Other receivables and prepaid expenses *(note 10)*	**17,720**	23,738
Available-for-sale investments *(note 11)*	**21,634**	20,800
Total current assets	**3,155,567**	3,421,179
Non-current assets		
Property and equipment *(note 17)*	**21,069**	27,177
Total non-current assets	**21,069**	27,177
Total assets	**3,176,636**	3,443,356
Liabilities		
Current liabilities		
Trade payables and accrued liabilities *(note 12)*	**61,739**	76,742
Due to related parties *(note 14)*	**23,514**	14,162
Total current liabilities	**85,253**	90,904
Total liabilities	**85,253**	90,904
Shareholders' equity		
Share capital *(note 13)*	**18,199,531**	18,199,531
Contributed surplus	**13,745,041**	13,741,341
Available-for-sale reserve	**44,555**	43,825
Deficit	**(28,897,744)**	(28,632,245)
Total shareholders' equity	**3,091,383**	3,352,452
Total liabilities and shareholders' equity	**3,176,636**	3,443,356

Going concern *(note 2)*
Related-party transactions *(note 14)*
Subsequent event note *(note 20)*

Approved by the Board on May 27, 2014:

"Nick Tintor"
Director

"James Garcelon"
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)

	Three months ended	
	March 31, 2014	March 31, 2013
	$	$
Operating expenses		
Depreciation	**1,109**	1,386
Exploration and evaluation expenditures *(note 16)*	**37,271**	95,641
Office and administrative expenses	**79,281**	92,755
Professional fees	**45,339**	12,821
Salaries and benefits	**96,620**	107,328
Share-based compensation *(note 13)*	**3,700**	10,300
Shareholder information	**11,708**	7,818
Total operating expenses	**275,028**	328,049
Loss before taxes and undernoted items	**(275,028)**	(328,049)
Other income	**11,867**	2,981
Foreign exchange loss	**(2,442)**	(1,146)
Loss before taxes	**(265,603)**	(326,214)
Deferred income (tax) recovery	**104**	(313)
Net loss (2013, attributable to owners of parent company)	**(265,499)**	(326,527)
Basic and fully-diluted loss per common share	**(0.001)**	(0.002)
Weighted average number of common shares outstanding (000's)	**194,228**	194,228

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

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

	Three months ended	
	March 31, 2014	March 31, 2013
	$	$
Net loss (2013, attributable to owners of parent company)	**(265,499)**	(326,527)
Other comprehensive loss:		
Unrealized gain (loss) on available-for-sale investments	**834**	(2,501)
Deferred income tax (recovery)	**(104)**	313
Other comprehensive income (loss), net of income taxes	**730**	(2,188)
Total comprehensive loss	**(264,769)**	(328,715)
Comprehensive loss per share - basic and diluted	**(0.001)**	(0.002)

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**	**Contributed surplus**	**Available-for-sale**	**Accumulated Deficit**	**Non-controlling interests**	**Total**
		$	**$**	**$**	**$**	**$**	**$**	**$**
Balance at January 1, 2013	**194,228,231**	**18,199,531**	**2,768,502**	**10,944,939**	**65,438**	**(30,864,297)**	**36,125**	**1,150,238**
Share-based compensation	-	-	-	10,300	-	-	-	10,300
Unrealized loss on available-for-sale investments	-	-	-		(2,188)	-	-	(2,188)
Loss attributable to the owners of the parent company	-	-	-	-	-	(326,527)	-	(326,527)
Balance at March 31, 2013	**194,228,231**	**18,199,531**	**2,768,502**	**10,955,239**	**63,250**	**(31,190,824)**	**36,125**	**831,823**
Reserve transferred on expiry of warrants	-	-	(2,768,502)	2,768,502	-	-	-	-
Share-based compensation	-	-	-	17,600	-	-	-	17,600
Unrealized loss on investments	-	-	-	-	(19,425)	-	-	(19,425)
Elimination of non-controlling interest on sale of subsidiary	-	-	-	-		-	(36,125)	(36,125)
Income (loss) attributable to the owners of the parent company	-	-	-	-	-	2,558,579	-	2,558,579
Balance at December 31, 2013	**194,228,231**	**18,199,531**	**-**	**13,741,341**	**43,825**	**(28,632,245)**	**-**	**3,352,452**
Share-based compensation	-	-	-	3,700	-	-	-	3,700
Unrealized gain on available-for-sale investments	-	-	-	-	730	-	-	730
Net loss	-	-	-	-	-	(265,499)	-	(265,499)
Balance at March 31, 2014	**194,228,231**	**18,199,531**	**-**	**13,745,041**	**44,555**	**(28,897,744)**	**-**	**3,091,383**

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, 2014	March 31, 2013
	$	$
Operating activities		
Net loss	**(265,499)**	(326,527)
Adjustments to non-cash items:		
Depreciation	**1,109**	1,386
Deferred income tax (recovery)	**(104)**	313
Share-based compensation	**3,700**	10,300
Net change in non-cash working capital items:		
Other receivables and prepaid expenses	**6,017**	8,217
Trade payables and accrued liabilities	**(15,003)**	5,063
Cash used in operating activities	**(269,780)**	(301,248)
Financing activities		
Advances from related parties	**8,735**	-
Repayment of related party loans receivable	**20,863**	-
Cash provided from investing activities	**29,598**	-
Investing activities		
Purchase of short-term investments	**-**	(602)
Cash used in investing activities	**-**	(602)
Net decrease in cash	**(240,182)**	(301,850)
Cash at beginning of year	**3,216,641**	1,075,594
Cash at end of period	**2,976,459**	773,744

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

1. Company description and nature of operations

Midlands Minerals Corporation ("Midlands" or the "Company") 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, is an exploration-stage, publicly-traded Company incorporated in Ontario, Canada with its registered office address of 120 Adelaide Street West, Suite 2400, Toronto, Ontario, M5H 1T1.

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. As the Company's assets are located outside North America, they are subject to the risk of foreign investment, including additional local taxation and royalties, renegotiation of contracts, possible expropriation, currency exchange fluctuations and political uncertainty.

On June 19, 2013, the Company entered into a share purchase agreement together with its wholly-owned subsidiary, Harbour Capital Corporation and sold, via sale of shares, all of its interest in Akroma Gold Company Limited to its partner, Sian Goldfields Limited (the "Sale"). At a shareholders' meeting held on July 30, 2013, approval for the Sale was received and subsequently the transaction closed on August 19, 2013 (note 15).

2. Going concern

These unaudited interim consolidated financial statements (the "Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") applicable to a going concern, which contemplates the realization of assets and settlement of liabilities in the normal course of business, as they come due for the foreseeable future. The Company is in the process of exploring and developing its mineral properties and has not yet realized profitable operations. The Company likely requires additional financing for its working capital and for the costs of exploration and development of its mineral properties. Due to continuing operating losses, the Company's continuance as a going concern is dependent upon its ability to obtain adequate financing and to reach profitable levels of operation. The Company will continue to seek additional forms of debt or equity financing, however, there is no assurance that it will be successful in doing so or that funds will be available on terms acceptable to the Company or at all. 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. Further, 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. These material uncertainties may cast significant doubt upon the entity's ability to continue as a going concern. Accordingly, the Consolidated 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 accompanying Consolidated Financial Statements.

At March 31, 2014, the Company had working capital of $3,070,314 (December 31, 2013 – $3,330,275), a cash position of $2,976,459 (December 31, 2013 – $3,216,641) and an accumulated deficit of $28,897,744 (December 31, 2013 – $28,632,245) and for the quarter ended March 31, 2014, cash used for operating activities of $269,780 (2013 - $301,248) which place considerable concern on the Company's ability to discharge its long-term obligations. In order to meet its future work commitments and planned exploration expenditures for its current or future projects as well as further working capital requirements, it may be required to complete further financings (debt or equity). Management continues to work toward completing additional financings and/or sale of assets. In August 2013, the Company completed the Sale for gross proceeds of $3,513,427 (note 15).

The reader is also directed to review ***note 6 (ii) – Financial instruments - liquidity risk***

3. Basis of preparation and significant accounting policies

Basis of preparation

3.1 Statement of compliance

The Financial Statements, including comparatives, have been prepared in accordance with *International Accounting Standards 34 'Interim Financial Reporting'*, using accounting policies consistent with the 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 27, 2014.

3.2 Basis of presentation

The Financial Statements have been prepared on the historical cost basis except for certain non-current assets and financial instruments, which are measured at fair value, as explained in note 6. The Financial Statements are presented in Canadian dollars, the Company's functional and presentation currency.

3.3 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 for the comparable period also include losses of the Company's disposed subsidiary (note 15), up to the date of disposition, being August 19, 2013.

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

4. New accounting standards and interpretations

At the date of authorization of the Financial Statements, the IASB and IFRIC have issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and for which the Company has not early adopted. 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 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.

5. Capital management

The Company considers its capital to be its equity, which is comprised of share capital, reserve accounts and deficit, which as at March 31, 2014 totaled $3,091,383 (December 31, 2013 - $3,352,452). 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 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, 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.

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

There were no changes in the Company's approach to capital management during the three months ended March 31, 2014. The Company is not subject to externally imposed capital restrictions**.**

6. Financial instruments

Fair value

The Company has designated its cash as fair-value-thorough-profit-and-loss ("FVTPL"), which is measured at fair value. Other receivables and prepaids are classified for accounting purposes as loans and receivables, which are measured at amortized cost that approximates fair value. The Company's marketable securities have been classified for accounting purposes as available-for-sale, which are measured at fair value. Trade payables and accrued liabilities are classified for accounting purposes as other financial liabilities, which are measured at amortized cost, which also approximates fair value. Fair values of amounts receivable and accounts payable and accrued liabilities are determined from transaction values that were derived from observable market inputs. Fair values of other financial assets are based on Level 1 measurements and the remaining financial instruments are based on Level 2 measurements.

As at March 31, 2014, 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 instruments.

Fair value estimates are made at a specific point in time, based on relevant market information and information about 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.

(Expressed in Canadian dollars)

The following table summarizes fair value measurements recognized in the consolidated financial statements by class of asset or liability and categorized by level according to the significance of the inputs used in making the measurements.

	Level 1	Level 2	Level 3
	$	$	$
Cash	2,976,459	-	-
Short-term investment	60,000	-	-
Due from related parties	-	79,754	-
Other receivables and prepaid expense's	-	17,720	-
Available-for-sale investments	21,634	-	-
Trade payables and accrued liabilities	-	(61,739)	-
Due to related parties	-	(23,514)	-

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 short-term investment** – Cash is held with major Canadian and Ghanaian banks and investment institutions and therefore have minimal risk of loss. Short-term investment is held with a major Canadian bank and therefore has minimal risk of loss. In Management's opinion, the risk of loss is minimal with foreign banking institutions and is limited to the amount carried on statement of financial position. Cash held with foreign banks at March 31, 2014, totals $18,364 (December 31, 2013 - $1,256).

b. **Other receivables and prepaid expenses** - The Company is not exposed to any significant risk as the majority of the receivables are due from the Canadian government for harmonized sales taxes of $12,524 (December 31, 2013 - $17,327). Risk of the loss of prepaid balances representing prepaid insurance and advances to employees is limited to the amount carried on the statements of financial position of $5,196 (December 31, 2013 - $6,411).

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, 2014, the Company had working capital of $3,070,314 (December 31, 2013 – $3,330,275). In order to meet its future working capital and property exploration expenditures, the Company intends on securing further financing, as required, to ensure that those obligations are properly discharged. The Company has well over 12 months of operating capability based on current cash balances, monthly burn rate and project commitments. However, there can be no assurance that the Company will be successful, if required, 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 and Ghanaian Cedi. 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 three 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 these financial instruments 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 the sale of any shares is made in the best interest of the Company.

7. Sensitivity analysis

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

i) The Company's investments are subject to fair value fluctuations. As at March 31, 2014, if the fair value of investments had decreased/increased by 50% with all other variables held constant, net comprehensive loss for the three months ended March 31, 2014 would have been approximately $10,800 (December 31, 2013 - $10,500) higher/lower. Similarly, as at March 31, 2014, reported equity would have been approximately $10,800 (December 31, 2013 - $10,500) lower/higher as a result of a 50% decrease/increase in the fair value of investments.

ii) The Company's funds are kept in Canadian dollars, US dollars and Ghanaian Cedi at major Canadian and Ghanaian financial institutions

As at March 31, 2014, the Company's exposure to foreign currency balances is as follows:

(Expressed in Canadian dollars)

As at		**March 31, 2014**	December 31, 2013
Account	**Foreign Currency**	**Exposure ($CDN)**	
Cash	US dollar	**5,864**	2,120
Cash	Ghanaian Cedi	**17,887**	768
		23,751	2,888

The Company believes that a change of 10% in foreign exchange rates would increase/decrease net loss for the period by approximately $2,400 (December 31, 2013 - $300).

8. Cash

The balance at March 31, 2014, consists of $2,976,459 (December 31, 2013 - $3,216,641) on deposit with major Canadian and Ghanaian banks.

9. Short-term investments

As at March 31, 2014, short-term investment consists of a guaranteed investment certificate ("GIC") of $60,000 (December 31, 2013 - $60,000), which bears interest at rate of 0.8% per annum and has a maturity date of January 28, 2015. The GIC is separate from general Company funds and is provided to the Company's bank as security for credit card balances.

10. Other receivables and prepaid expenses

The Company's receivables arise from three sources: Harmonized sales tax ("HST") recoverable from the Canada Revenue Agency, prepaid amounts to suppliers and interest receivable from related-party loans receivable. These are broken down as follows:

	March 31, 2014	December 31, 2013
	$	$
Prepaid expenses and deposits	**2,413**	4,679
HST recoverable	**12,524**	17,327
Interest receivable	**2,783**	1,732
Total	**17,720**	23,738

11. Available-for-sale investments

Canaco Resources Inc. ("Canaco")* / Orca Gold Inc. *("Orca")

The Company originally held 100,000 shares of Canaco, a company traded on the TSX Venture Exchange ("TSXV"). In April 2013, Canaco rolled back its shares on a 1 for 3 basis and changed its name from Canaco Resources Inc. to Orca Gold Inc. which is trading on the TSXV under the trading symbol ORG. The Company's new holdings of this investment comprise 33,333 (December 31, 2013 – 33,333) shares of Orca. On March 31, 2014, these available-for-sale investments were measured at a fair value of $15,000 (December 31, 2013 – $13,833). The impact to the consolidated financial statements of this revaluation to market value resulted in a three-month increase of $1,167 (2013 – decrease of $1,000) to the value of the investments with a corresponding increase in available-for-sale reserve of $1,021 (2013 – decrease of $875), net of deferred income tax recovery of $146 (2013 - $125).

Tigray Resources Inc. ("Tigray")

As at December 31, 2013, the Company held 20,000 Tigray shares (December 31, 2013 – 20,000) that it acquired through a spin-off transaction of Canaco, whereby it received 1 share of Tigray for every 5 shares of Canaco. Tigray shares commenced trading on 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, 2014, these available-for-sale investments were measured at a fair value of $2,300 (December 2013 – $2,800). The impact to the consolidated financial statements of this revaluation to market value resulted in a three-month decrease of $500 (2013 – $1,500) to the value of the investments with a corresponding decrease in the available-for-sale reserve of $436 (2013 – $1,311) net of deferred income taxes of $64 (2013 - $189).

East Africa Metals Inc. ("East Africa")

In April 2013, Canaco transferred its Tanzanian assets, cash and other assets and liabilities into East Africa in exchange for common shares of East Africa. The Company received 33,333 shares of East Africa, which is trading on the TSXV under the trading symbol EAM. As at March 31, 2013, these available-for sale investments have been measured at a fair value of $4,334 (December 31, 2013 – $4,167). The impact to the consolidated financial statements of this revaluation to market value resulted in a three-month increase of $166 (2013 – $nil) to the value of the investments with a corresponding increase in available-for-sale reserve of $145 (2013 – $nil), net of deferred income tax recovery of $21 (2013 - $nil).

12. Trade payables and accrued liabilities

Trade payables and accrued liabilities 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 payables and accrued liabilities:

(Expressed in Canadian dollars)

As at	March 31, 2014	December 31, 2013
	$	$
Less than 1 month	**19,994**	28,403
30 - 90 days	**1,745**	339
Total trade payables	**21,739**	28,742
Accrued liabilities	**40,000**	48,000
Total	**61,739**	76,742

13. Capital stock

Share Capital

Authorized

Authorized share capital consists of an unlimited number of common shares of which 194,228,231 (December 31, 2013 – 194,228,231) are issued and outstanding.

Contributed surplus

A continuity of the contributed surplus balance is as follows:

	$
Balance January 1, 2013	**10,944,939**
Share-based payments	27,900
Expired warrants	2,768,502
Balance December 31, 2013	**13,741,341**
Share-based payments	3,700
Balance March 31, 2014	**13,745,041**

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, 2014, the Company had 10,347,823 options available for issuance (December 31, 2013 – 6,972,823).

(Expressed in Canadian dollars)

A continuity of the outstanding options to purchase common shares is as follows:

	March 31, 2014		December 31, 2013	
	Weighted Average Exercise Price	**No. of Options**	Weighted Average Exercise Price	No. of Options
	$		$	
Outstanding at beginning of period	**0.11**	**12,450,000**	0.11	12,450,000
Transactions during the period:				
Granted	**-**	**-**	-	-
Expired	**0.40**	**(50,000)**	-	-
Forfeited	**0.12**	**(3,325,000)**	-	-
Outstanding at end of period	**0.11**	**9,075,000**	0.11	12,450,000
Exercisable at end of period	**0.11**	**8,075,000**	0.11	10,450,000

The following table provides additional information about outstanding stock options at March 31, 2014:

Range of Exercise Prices	**No. of Options Outstanding**	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price ($)**
$0.10 - $0.24	8,750,000	2.92	0.10
$0.25 - $0.33	325,000	1.34	0.29
$0.10 - $0.33	**9,075,000**	**2.86**	**0.11**

Share-based compensation

The fair value of the stock options vested for the three months ended March 31, 2014 was $3,700 (2013 – $10,300), which amount has been expensed in the consolidated statements of loss. There were no new stock options issued during the year ended December 31, 2013 or during the three months ended March 31, 2014.

i) On February 1, 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 per share 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 option life of five years. Share-based compensation for this period for the vested portion amounted to $1,800 (2013 – 4,700).

ii) On April 25, 2012, the Company granted 1,500,000 stock options to the Company's Vice President of Exploration. The options have a term of 5 years, are exercisable at $0.10 per share and vest one-third on issuance and one-third on each of the first and second annual anniversary of issuance. The grant-date fair value of the options was $45,000 and was estimated using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate 1.69%, expected dividend yield of 0%, expected stock price volatility 154% and expected option life of five years. Share-based compensation for this period for the vested portion on these options amounted to $1,900 (2013 – 5,600).

14. Related-party transactions

During the three months ended March 31, 2014, $45,000 (2013 - $45,000) was paid or payable to RG Mining Investments Inc. ("RGMI") for management (including CFO) services and administrative fees. RGMI provides management and administrative services to the Company pursuant to an agreement that had an original term of 1 year. It has been renewed for successive 12-month periods ending September 30. 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 three months ended March 31, 2014, $94,370 (2013 - $103,602) was paid to key management personnel or to companies controlled by them, with regard to professional fees, salaries and benefits. The Company identifies key management personnel as current and former (as appropriate) officers of the Company including its President and CEO, CFO and VP Exploration as well as its current and former (as appropriate) directors.

During the three months ended March 31, 2014, officers and directors earned non-cash, share-based compensation of $3,700 (2013 - $10,300).

Due to related-parties

As at March 31, 2014, the statement of financial position includes balances comprising $17,435 (2013 - $16,666) due to an officer of the Company and $6,079 (2013 - $nil) due to directors of the Company.
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Due from related-parties

As at March 31, 2014, the statement of financial position includes shareholder loans of $79,754 (December 31, 2013 - $100,000) comprising secured loans to directors and / or officers of the Company to enable them to purchase a significant block of the Company's shares from an existing shareholder. 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 March 31, 2014, interest accrued from these loans amounted to $2,783 (December 31, 2013 - $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 this undertaking by the borrowers, RGMI is acting as custodian of the share certificates on behalf of the Company.

(Expressed in Canadian dollars)

On May 26, 2014, the Company received $10,452 as repayment of outstanding amounts (including interest), of one of the loans.

15. Sale of Akroma Gold Company Limited

On June 19, 2013, the Company entered into a share purchase 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 holding title to the Sian mining lease for the Sian gold project located in the eastern region of Ghana. The Sale transaction closed on August 19, 2013.

Akroma's loss for the period prior to the sale (January 1, 2013 to August 19, 2013) of $124,672, was included in the Company's net loss for the year ended December 31, 2013.

16. Exploration and evaluation expenditures

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

	Three months ended		
	March 31, 2014	March 31, 2013	**Cumulative to-date**
	$	$	**$**
Ghana:			
Kwahu Praso[1]	**-**	24,844	**973,248**
Kaniago[2]	**7,553**	5,180	**2,101,675**
Others[3]	**29,718**	42,198	**1,669,329**
Total Ghana Projects	**37,271**	72,222	**973,248**
Tanzania:			
Others[4]	**-**	23,419	**1,669,329**
Total Tanzania Projects	**-**	23,419	**973,248**
Exploration and evaluation expenditures	**37,271**	95,641	**4,744,252**

(1) The Kwahu Praso property was put on care and maintenance to negotiate terms of sale with interested parties.

(2) Progress was made regarding potential sale of the Company's other properties in Ghana, particularly the Kaniago project, which has been agreed with a buyer and still requires local government and TSXV approval.

(3) Expenditures under this category include office and admin expenses as well as general expenditures that are not directly related to any of the listed projects.

(4) 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.

(Expressed in Canadian dollars)

17. Property and equipment

Property and equipment is comprised as follows:

Cost	$
Balance at January 1, 2013	30,802
Additions	-
Balance December 31, 2013	**30,802**
Additions	-
Balance March 31, 2014	**30,802**

Accumulated depreciation	$
Balance at January 1, 2013	(3,080)
Depreciation	(5,545)
Balance December 31, 2013	**(8,625)**
Depreciation	(1,109)
Balance March 31, 2014	**(9,734)**

Net value	$
Balance January 1, 2013	**27,722**
Balance December 31, 2013	**22,177**
Balance March 31, 2014	**21,069**

18. 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.

(Expressed in Canadian dollars)

19. Segmented information

Operating Segments

At March 31, 2014 the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Ghana. The operation in Tanzania was closed pursuant to a full year of effort to option-out individual, or groups of mineral licenses in the portfolio and the return of optioned properties 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.

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.

Geographic Segments

Management has organized the Company's reportable segments by geographic area. The Ghanaian and Tanzanian 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:

	Three months ended	
	March 31, 2014	March 31, 2013
	$	$
Net loss		
Canada	**(226,481)**	(230,886)
Tanzania	**(1,747)**	(23,418)
Ghana	**(37,271)**	(72,223)
	(265,499)	(326,527)
Significant non-cash items		
Canada:		
Share-based compensation	**(3,700)**	(10,300)
	(3,700)	(10,300)

(Expressed in Canadian dollars)

As at	March 31, 2014	December 31, 2013
Identifiable assets		
Canada	**3,137,038**	3,419,744
Ghana	**39,598**	23,612
	3,176,636	3,443,356

20. Subsequent events

i) On April 7, 2014, the Company announced that it had entered into a definitive agreement (the “Option Agreement”), with Reservoir Minerals Inc. (“Reservoir”) with an effective date of April 3, 2014, for an option to acquire up to a 75% interest in Reservoir’s Parlozi lead-zinc-silver project in Serbia. The Option Agreement provides that Midlands can earn an initial 51% interest in the project by spending $4.5 million on exploration over a four-year period. Minimum expenditures of $500,000 must be made before September 30, 2014, such amounts to include 1,500 meters of drilling costs and reimbursement of exploration expenditures on the project by Reservoir since June 6th, 2013 up to a maximum of $500,000. Further minimum expenditures of $1,500,000 must be made prior to January 15, 2016 and $2,500,000 by January 15, 2018. Thereafter, Midlands can earn an additional 14% interest over a further two-year period 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 the mining exploitation permit. The Company received acceptance of its filing documentation of the Option Agreement from the TSXV on April 21, 2014.

ii) Progress has been made regarding potential sale of the Company’s other properties in Ghana, particularly the Kaniago project, which has been agreed with a buyer and is subject only to local government and TSXV approval, as required. The Kwahu Praso property was put on care and maintenance to negotiate terms of sale with interested parties.

iii) On May 1, 2014, the Board approved the grant of an aggregate of 9,150,000 stock options to eligible participants of the Company’s stock option plan. The Options are exercisable into common shares of the Company at an exercise price of $0.05, all in accordance with the Plan.