



Midlands Minerals Corporation
Management's Discussion and Analysis
Three months ended March 31, 2014

**MIDLANDS MINERALS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
THREE MONTHS ENDED MARCH 31, 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 May 28, 2014. The MD&A of the operating results and financial condition of the Company for the three months ended March 31, 2014, should be read in conjunction with the Company's unaudited interim consolidated financial statements and the related notes thereto for the same period and its 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"), the Company 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**.

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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", and has its registered office located at 120 Adelaide Street West, Suite 2400, Toronto, Ontario, M5H 1T1.

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.

In 2013, the Company successfully sold its 65% interest in its encumbered flagship gold project in Ghana, securing approximately \$3.5 million in sales proceeds.

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. Details are discussed in the **Projects update** section of this MD&A.

PROJECTS UPDATE

On January 10, 2014, following a period of negotiations including technical and legal diligence, the Company signed a non-binding letter of intent with Reservoir Minerals on the Parlozi project in Serbia. Subsequently, on April 7, 2014, a definitive agreement (the "Option Agreement") was executed. The project is 100%-owned by Reservoir

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

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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.

In Ghana, during the three months ended March 31, 2014, the Company successfully negotiated terms with a company for the purchase and sale of the mineral licenses associated with the Kaniago project, 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. Negotiations are underway for the purchase and sale of the mineral licenses associated with the Praso project in Ghana.

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.

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 Trepča 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. This historical resource estimate was not estimated under the guidance of National Instrument (NI) 43-101 and does not meet the CIM definition standard for classification as mineral resources or mineral reserves. Investors are further cautioned that a qualified person has not yet completed, on behalf of Midlands, sufficient work to be able to verify the historical resource estimate, and therefore they should not be relied upon. The historical resource estimate is only considered as relevant as a guide to future exploration.

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.

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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), *including* 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), *including* 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), *including* 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) *including* 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) *including* 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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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)
<i>including</i>	<i>369.80</i>	<i>372.20</i>	<i>2.40</i>	<i>3.44</i>	<i>3.59</i>	<i>7.03</i>	<i>0.19</i>	<i>53.0</i>	<i>0.8</i>	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			
<i>including</i>	<i>442.10</i>	<i>443.00</i>	<i>0.90</i>	<i>2.36</i>	<i>4.05</i>	<i>6.41</i>	<i>0.09</i>	<i>NA</i>	<i>NA</i>			
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)
<i>including</i>	<i>417.80</i>	<i>418.80</i>	<i>1.00</i>	<i>5.15</i>	<i>6.23</i>	<i>11.38</i>	<i>0.35</i>	<i>NA</i>	<i>NA</i>			
<i>including</i>	<i>419.80</i>	<i>420.80</i>	<i>1.00</i>	<i>3.01</i>	<i>4.13</i>	<i>7.14</i>	<i>0.08</i>	<i>NA</i>	<i>NA</i>			
<i>including</i>	<i>428.00</i>	<i>430.00</i>	<i>2.00</i>	<i>6.40</i>	<i>1.43</i>	<i>7.83</i>	<i>0.06</i>	<i>NA</i>	<i>NA</i>			
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)
<i>including</i>	<i>153.50</i>	<i>155.50</i>	<i>2.00</i>	<i>2.10</i>	<i>2.03</i>	<i>4.13</i>	<i>0.19</i>	<i>NA</i>	<i>NA</i>			
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			
BK-14	456.20	462.80	6.60	5.68	1.46	7.14	0.23	115.0	0.19	330.9		(3)

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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	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		(4a)
BK-15	279.00	287.80	8.80	2.65	2.78	5.42	0.04	NA	NA			
<i>including</i>	<i>279.00</i>	<i>280.00</i>	<i>1.00</i>	<i>12.15</i>	<i>9.28</i>	21.43	<i>0.09</i>	NA	NA			
<i>including</i>	<i>283.20</i>	<i>283.80</i>	<i>0.60</i>	<i>6.12</i>	<i>9.30</i>	15.42	<i>0.04</i>	NA	NA			
<i>including</i>	<i>285.70</i>	<i>286.20</i>	<i>0.50</i>	<i>5.07</i>	<i>5.80</i>	10.87	<i>0.02</i>	NA	NA			
BK-15	297.30	298.60	1.30	6.69	8.12	14.81	0.06	NA	NA			
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			
BK-15	408.70	410.50	1.80	9.87	3.34	13.21	0.09	NA	NA			
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			
<i>including</i>	<i>468.80</i>	<i>473.80</i>	<i>5.00</i>	<i>3.08</i>	<i>1.50</i>	<i>4.58</i>	<i>0.29</i>	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		
<i>including</i>	<i>389.30</i>	<i>401.80</i>	<i>12.50</i>	<i>3.10</i>	<i>4.90</i>	8.00	<i>0.39</i>	<i>83.00</i>	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		
<i>including</i>	<i>196.00</i>	<i>202.50</i>	<i>6.50</i>	<i>2.77</i>	<i>3.37</i>	6.14	<i>0.04</i>	<i>26.50</i>	NA	<i>186.7</i>		
BK-22	246.60	251.50	4.90	0.13	0.15	0.28	0.47	28.30	NA	78.1		

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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
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	
<i>including</i>	<i>123.60</i>	<i>126.50</i>	<i>2.90</i>	<i>0.07</i>	<i>0.06</i>	<i>0.12</i>	<i>0.01</i>	<i>1.81</i>	<i>3.70</i>		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		
<i>including</i>	<i>172.55</i>	<i>174.40</i>	<i>1.85</i>	<i>3.61</i>	<i>1.21</i>	<i>4.82</i>	<i>0.09</i>	<i>92.40</i>	<i>3.73</i>	426.8		
PA-1	195.30	203.10	7.80	4.80	1.40	6.20	0.11	214.44	0.14	392.0		
<i>including</i>	<i>195.30</i>	<i>199.30</i>	<i>4.00</i>	<i>8.13</i>	<i>2.20</i>	10.32	<i>0.18</i>	<i>401.50</i>	<i>0.23</i>	697.4		
PA-1	242.20	249.40	7.20	5.66	0.85	6.51	0.25	128.95	0.10	326.4		
<i>including</i>	<i>247.30</i>	<i>249.40</i>	<i>2.10</i>	<i>15.80</i>	<i>2.19</i>	17.98	<i>0.72</i>	<i>386.19</i>	<i>0.20</i>	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		
<i>including</i>	<i>337.60</i>	<i>341.00</i>	<i>3.40</i>	<i>1.95</i>	<i>0.18</i>	<i>2.13</i>	<i>1.10</i>	<i>305.50</i>	<i>0.19</i>	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		
<i>including</i>	<i>354.00</i>	<i>355.40</i>	<i>1.40</i>	<i>1.80</i>	<i>0.12</i>	<i>1.92</i>	<i>0.39</i>	<i>141.00</i>	<i>0.13</i>	233.6		
<i>including</i>	<i>356.30</i>	<i>358.30</i>	<i>2.00</i>	<i>1.34</i>	<i>0.05</i>	<i>1.39</i>	<i>0.42</i>	<i>133.00</i>	<i>0.09</i>	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.

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On April 29, 2014 the Company detailed a five-month Phase 1 exploration work program and budget in fulfillment of the \$500,000 minimum spend commitment. The work program includes 1,500 metres of core drilling and primarily aims to:

- extend the validation of the historic resource and the presence of both vein and carbonate replacement mineralization over wide intervals at the Parlozi prospect,
- test the extrapolation from depth towards surface of the historic resource at the Parlozi prospect,
- test the geometry and tenor of mineralization beneath the underground workings at the Plandiste prospect.

On May 13, 2014, the Company experienced early success on the Parlozi project and announced significant assay results from underground sampling in a rehabilitated adit driven into a mineralized zone on the Plandiste prospect. Plandiste is one of six currently known highly prospective target areas on the Parlozi project (Figure 2). The results confirmed for the Company that the Plandiste prospect is capable of yielding high-grade silver-lead mineralization at relatively shallow depths. The results also reinforced for the Company that Parlozi is host to a prolific mineralization system as these results are incremental to the mineralization validated by Reservoir at the Parlozi prospect. The significant results are as follows:

- 6.0 metres grading 670.6 g/t silver, 20.8% lead, 0.13% zinc and 0.44 g/t gold from continuous sampling across a stack of northwest dipping veins. This included 2.4 metres grading 1355.0 g/t silver, 22.9% lead, 0.14% zinc and 0.25 g/t gold;
- 0.8 metres grading 502.0 g/t silver, 17.1% lead, 0.17% zinc and 0.10 g/t gold from the edge of a zone of mined mineralization;
- 0.5 metres grading 568.0 g/t silver, 27.0% lead, 0.14% zinc and 0.33 g/t gold from an east-west vein.

During May, 2014, a ground magnetic test survey was completed and comprised two 1km² survey blocks straddling the central portions of the Parlozi and Plandiste prospects. The results are currently being evaluated for reporting.

During May, 2014 Serbia experienced widespread regional flooding. The flood damage will delay the start of the Phase 1 drill program and other routine baseline surveys by a number of weeks until drill access can be restored.

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.

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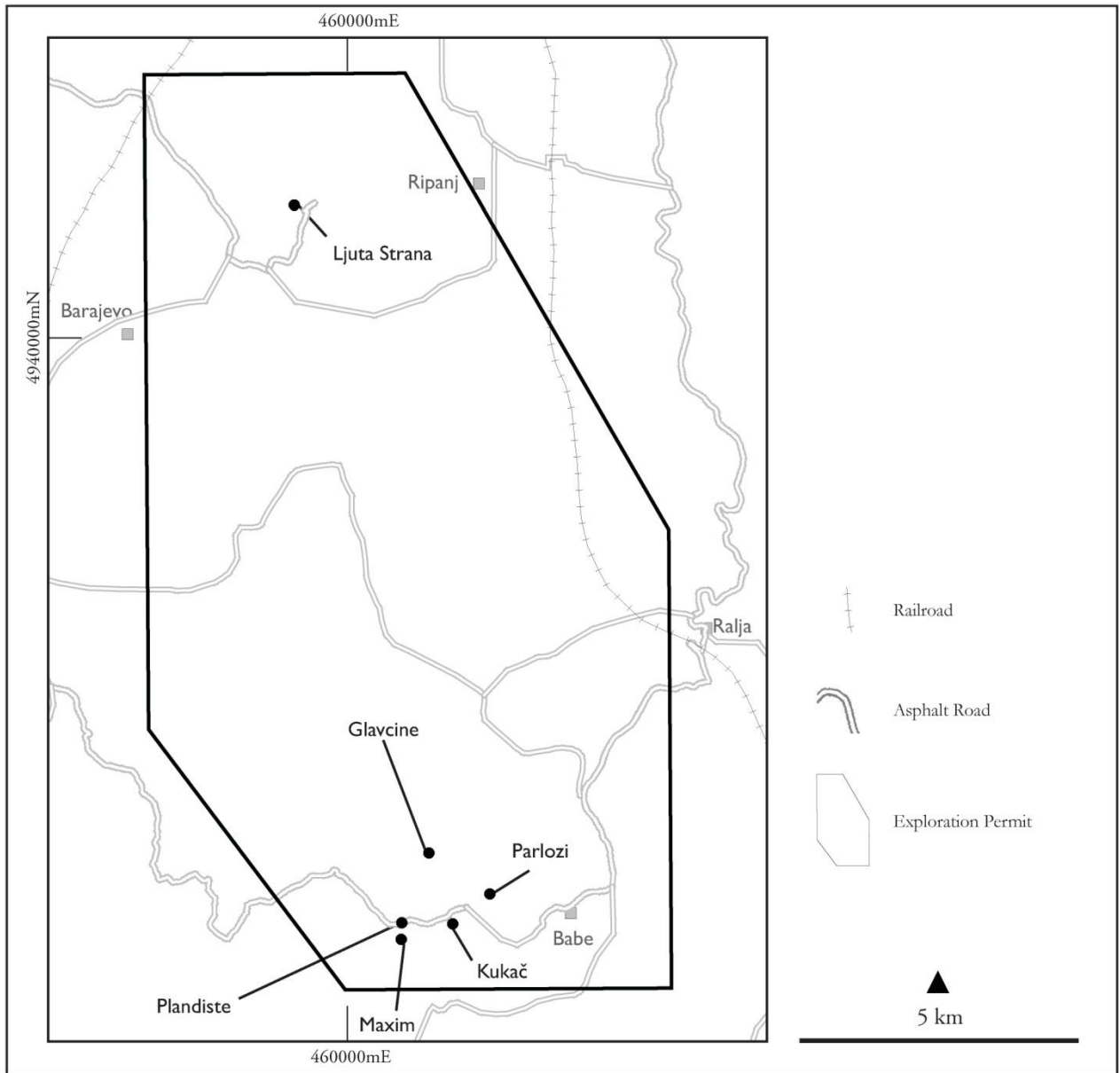


Figure 2: The six qualified prospects on the Parlozi project.

MIDLANDS MINERALS CORPORATION
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SUMMARY OF QUARTERLY RESULTS

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

Three months ended	Mar. 31, 2014	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013
	\$	\$	\$	\$
Revenue	-	-	-	-
Gain on sale of subsidiary / project	-	331,972	3,205,240	-
Net income/(loss)	(265,499)	(259,846)	2,876,293	(57,868)
Basic and fully-diluted income (loss) per share	(0.001)	(0.003)	0.015	(0.000)

Three months ended	Mar. 31, 2013	Dec. 31, 2012	Sept 30, 2012	June 30, 2012
	\$	\$	\$	\$
Revenue	-	-	-	-
Gain on sale of subsidiary / project	-	-	-	-
Net loss	(326,527)	(458,309)	(707,622)	(846,225)
Basic and fully-diluted loss per share	(0.002)	(0.002)	(0.004)	(0.004)

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

The International Accounting Standards Board and International Financial Reporting Interpretations Committee has 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.

EXPLORATION AND EVALUATION EXPENDITURES

Exploration and evaluation expenditures

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

	Three months ended		Cumulative to-date
	March 31, 2014	March 31, 2013	
	\$	\$	\$
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

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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.

RESULTS OF OPERATIONS

For the three months ended March 31, 2014, net loss was \$265,499, as compared to loss of \$326,527 for the three months ended March 31, 2013. 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.

Explanations of the significant changes for three months ended March 31, 2014 compared to the three months ended March 31, 2013, are as follows:

1. Exploration and evaluation expenditures decreased from \$95,641 in 2013 to \$37,271 in 2014. The decrease is attributable to reduced exploration and development activities in Ghana in the first quarter of 2014 and the closing down all of the Tanzania projects in accordance with the new Company strategy.
2. Office and administrative expenses decreased from \$92,755 in 2013 to \$79,281 in 2014. The decrease is attributable to the Company's objectives of reducing expenditures.
3. Professional fees increased from \$12,821 in 2013 to \$49,339 in 2014. The difference is primarily related to legal and due-diligence fees regarding the signing of the Parlozi project.
4. Share-based compensation costs in the three months ended March 31, 2014 was \$3,700 compared to \$10,300 during the same period in 2013. There was no issuance of new options in either period.
5. Salaries and benefits decreased from \$107,328 in 2013 to \$96,620 in 2014. The decrease is attributable to a reduction in management consulting costs.
6. Shareholder information costs increased from \$7,818 in 2013 to \$11,708 in 2014. The higher cost in 2014 is attributable to increased investor relations costs in the current quarter of 2014.

MIDLANDS MINERALS CORPORATION
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LIQUIDITY AND CAPITAL RESOURCES

The working capital as at March 31, 2014 was \$3,070,314, as compared to \$3,330,276 as at December 31, 2013.

For the three months ended March 31, 2014, cash decreased by \$240,182 (2013 –\$301,850) as a result of cash used in operating activities of \$269,780 (2013 - \$301,248) offset by cash provided from financing activities of \$29,598 (2013 - \$nil). There were no investing activities in the three months ended March 31, 2014 (2013 – cash used \$602).

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The Company does not have any commitments, or contractual obligations, long-term debt, capital lease obligations, or purchase obligations, other than leases which are part of day-to-day corporate business activities such as office rental leases.

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 officers of the Company including its President and CEO, CFO and VP Exploration as well as current and directors of the Company.

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.

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.

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

CAPITAL STOCK

The following table sets forth information concerning the outstanding securities of the Company as at May 28, 2014:

	Number
Shares	194,228,231
Options	18,225,000
Warrants	-

RISK FACTORS

The Company is a 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.

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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 needs to raise significant financing. 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 and 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

**MIDLANDS MINERALS CORPORATION
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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 closing 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.

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. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate its business.

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.