Midlands Minerals Corporation

Management's Discussion and Analysis

Year ended December 31, 2014

April 27, 2015

MIDLANDS MINERALS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
YEAR ENDED DECEMBER 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 April 27, 2015. The MD&A of the operating results and financial condition of the Company for the year ended December 31, 2014, should be read in conjunction with the Company's audited consolidated financial statements and the related notes for the years ended December 31, 2014 and 2013 (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 company focused on targeting and advancing exceptional quality global exploration opportunities in demand commodities. The Company's mission is to build shareholder value through the generation and management of a mineral asset inventory.

To-date, the Company has operated a diversified gold and diamond project portfolio in Ghana and Tanzania, and a lead-zinc-silver project in Serbia.

In 2013, the Company streamlined its property portfolio to focus on projects that surpass a threshold of quality in geopolitically low-risk countries with motivating mining investment credentials. As part of that process the Company successfully sold its 65% interest in its flagship gold project in Ghana in 2013, securing approximately $3.5 million in sale proceeds.

The Company utilized the resulting liquidity in the current economy to leverage a higher quality project and entered into an earn-in joint venture agreement with Reservoir Minerals ("Reservoir") on their Parlozi project in Serbia. On April 23, 2015 Midlands announced its withdrawal from that project after a year of exploration activity. Midlands continues to vet global projects to locate opportunities that fulfil stringent geological and investment criteria.

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 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.

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.

CORPORATE UPDATE

NEW DIRECTOR

On November 17, 2014, the Company announced the appointment of Mr. John Cook to the Company's Board. The Company also announced the granting of 1,000,000 stock options to eligible participants of the Company's stock option plan. The options have a term of 5 years and are exercisable at $0.05 per share.

PROJECTS UPDATE

Parlozi project, Serbia

On April 7, 2014, a definitive option agreement (the "Option Agreement") was executed with Reservoir Minerals ("Reservoir") on their 100%-owned Parlozi project in Serbia and on April 21, 2014 the TSXV approved of the transaction for filing. The Option Agreement provides that Midlands could earn an initial 51% interest in the project by spending $4.5 million on exploration over four years. A minimum spend of $500,000 was 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 could 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.

The Parlozi project is a 91-square kilometre exploration permit that is conveniently located 35 kilometres south of Belgrade, the capital of Serbia. The Parlozi permit covers occurrences of historical lead-zinc-silver mining in the Kosmaj-Babe area of the Sumadija mining district. 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.

During the 1970s and 1980s, mineral exploration in the Parlozi permit area by state-controlled companies of the former Yugoslavia included 36 drill holes totaling 15,105 meters, exploration adits, airborne and ground geophysical surveys, and detailed geological and mineralogical studies. In 1986, the Serbian Geo Institute calculated an historical resource estimate at the Parlozi prospect within the permit area, 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. 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. A qualified person has not yet completed, on behalf of Midlands, sufficient work to be able to verify the historical resource estimate, and therefore the estimate 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. From the updated NI 43-101 report, the best intercepts over apparent widths from PA-1 include:

- 6.15 metres at 2.81 g/t gold (121.60 to 127.75 metres)
- 7.80 metres at 214 g/t silver, 4.80% lead and 1.40% zinc, 0.14 g/t gold (195.30 to 203.10 metres), including 4.00 metres at 402 g/t silver, 8.13% lead and 2.20% zinc, 0.23 g/t gold (195.30 to 199.30 metres)
- 5.40 metres at 206 g/t silver, 1.28% lead and 0.12% zinc, 0.17 g/t gold (337.60 to 343.00 metres) *including* 1.90 metres at 490 g/t silver, 1.46% copper, 3.04% lead and 0.22% zinc, 0.19 g/t gold (339.10 to 341.00 metres).

The first phase of the work program was concentrated on the two more advanced prospects out of 6 identified target areas in the licence: the Parlozi prospect with the historical resource and the Plandiste prospect with underground mining development.

On May 13, 2014, the Company announced significant assay results from underground sampling in a rehabilitated adit driven into a mineralized zone on the Plandiste 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.
- 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.

Core drilling was undertaken between the end of May and September 2014 and totaled 1,714.4 metres in six core drill holes and exceeded the drill commitment to Reservoir by 214.4 metres.

After Midlands had achieved all of the requirements of the minimum spend commitment ($500,000), the minimum drill commitment (1,500 metres), and a reimbursement of Reservoir's exploration expenditures incurred since June 6, 2013, as required by the Option Agreement, Midlands Board approved on November 14, 2014 management's recommendation to opt-in to Phase 2 on the Parlozi project.

Following geophysical tests consisting of limited magnetometer, resistivity and gravity surveys, Midlands completed in fourth quarter of 2014 a magnetometer test over an area of 7.1 sq. km. covering the south part of the property with four prospects including Parlozi and Plandiste. Three dimensional inversion of the data and the resulting susceptibility model identified that the historic mineralization at Parlozi is surrounding a magnetic high located at depth between the Parlozi and Plandiste prospects and that only 20% of the target area was drill tested so far. The outcome of this program is summarized in Figure 1. Geological mapping was completed in February 2015 further refined the geological model of the same area.

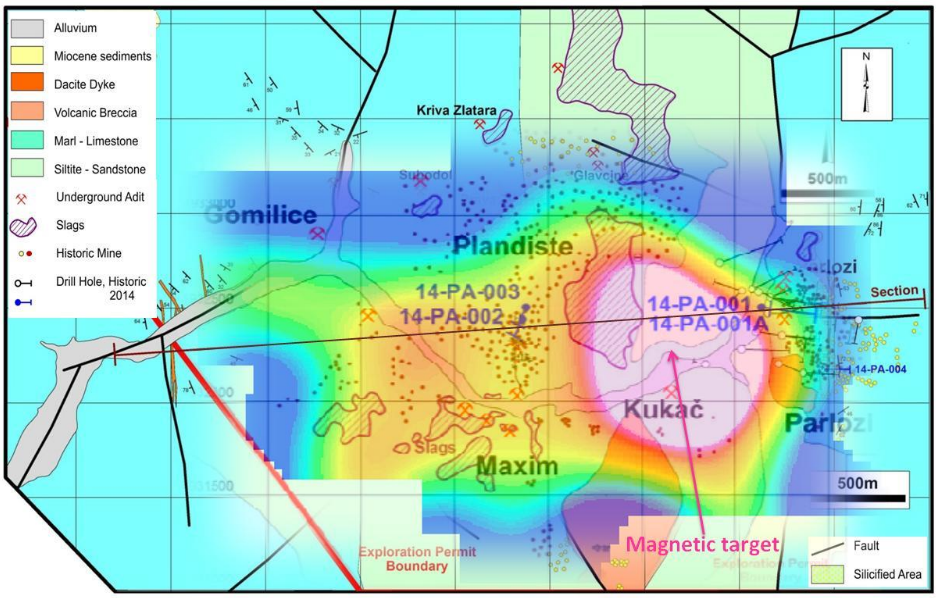

Figure 1: Plan view of the southern prospects of the Parlozi license showing the spatial relationship of the historic mine workings to the magnetic anomaly believed to be a central intrusive body.

On April 23, 2015 Midlands announced that it has given notice to terminate the unexercised portion of the Parlozi option agreement in Serbia with Reservoir, effective May 6, 2015. The decision was strategic and does not reflect on the exploration calibre of the Parlozi project. Rather, the decision hinged on the level of exploration success on the project after one year, and the anticipated cost to Company to advance the current exploration targets in the context of the exploration risk, treasury, the current market, and the associated Company risk.

Ghana projects:

On February 11, 2015, the Company announced that it has sold its Kaniago gold project in Ghana to a subsidiary of neighbor Asanko Gold, Keegan Resources (Ghana) Limited ("KRGL"). The sale of the non-core assets was an important part of the Company's strategy to reduce ongoing costs associated with underperforming assets, liabilities and risk, and to restore liquidity. In January 2015, the Company was granted an outstanding license renewal application from the Minerals Commission in Ghana which fulfilled a pre-condition for the sale, transfer and disposal of all of its right, title and interest in the concessions to KRGL. KRGL will be responsible for any conveyance and registration costs, including any income taxes on the transfers and renewal fees that may arise during the transfer process. The sale proceeds amounted to US$250,000 (C$312,888), such proceeds received by the Company in February, 2015.

Negotiations remain underway for sale of the mineral licenses comprising the Praso project in Ghana.

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, 2014, 2013 and 2012. The selected consolidated financial information should be read in conjunction with the Financial Statements of the Company.

	Year ended		
	December 31, 2014	December 31, 2013	December 31, 2012
Consolidated statements of operations	**$**	$	$
Net profit (loss)	**(1,927,896)**	2,232,052	(3,387,328)
Basic and diluted net income (loss) per share	**(0.01)**	0.01	(0.02)
Exploration and evaluation expenses	**845,622**	586,666	1,869,193
	As at Dec. 31, 2014	As at Dec. 31, 2013	As at Dec. 31, 2012
Consolidated statements of financial position	**$**	$	$
Total cash	**1,549,250**	3,216,641	1,075,594
Working capital	**1,553,790**	3,330,276	1,122,516
Total assets	**1,676,583**	3,443,356	1,245,416

	Year ended		
	December 31, 2014	December 31, 2013	December 31, 2012
Consolidated statements of cash flows	**$**	$	$
Cash provided from (used in) operating activities	**(1,805,319)**	1,256,072	(3,249,751)
Cash provided from (used in) investing activities	**29,170**	3,514,751	(60,802)
Cash provided from (used in) financing activities	**108,853**	(105,291)	-

SUMMARY OF QUARTERLY RESULTS

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

Three months ended	**Dec. 31, 2014**	**Sep. 30, 2014**	**Jun. 30, 2014**	**Mar. 31, 2014**
	$	$	$	$
Revenue	-	-	-	-
Loss on sale of subsidiary / project		-	-	-
Net income/(loss)	(446,972)	(524,683)	(690,742)	(265,499)

Basic and fully-diluted income (loss) per share	(0.002)	(0.003)	(0.003)	(0.002)

Three months ended	Dec. 31, 2013	Sep. 30, 2013	Jun. 30, 2013	Mar. 31, 2013
	$	$	$	$
Revenue	-	-	-	-
Gain on sale of subsidiary / project	344,312	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)

NEW ACCOUNTING STANDARDS

At the date of authorization of the Financial Statements, the IASB and IFRIC have issued the following revised Standards 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, 2018, introduces new requirements for the classification and measurement of financial instruments.

- IFRS 15 – '*Revenue from Contracts with Customers'* – this Standard will replace IAS 11, Construction Contracts and IAS 18, Revenue. The mandatory effective date of IFRS 15 is January 1, 2017. The objective of IFRS 15 is to establish a single, principles based five-step model to be applied to all contracts with customers in determining how and when revenue is recognized. IFRS 15 also requires entities to provide users of financial statements with more informative and relevant disclosures.

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, 2014. The Financial Statements were approved for issuance by the Board on April 23, 2015.

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), 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 consolidated 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, 2014	December 31, 2013[3]	**Cumulative to-date**
	$	$	**$**
Serbia:			
Parlozi project	**702,922**	-	**702,922**
Total	**702,922**	-	**702,922**
Ghana:			
Kaniago[1]	**12,972**	41,729	**2,107,094**
Others[2]	**129,728**	333,894	**1,769,339**
Total	**142,700**	375,623	**3,876,433**
Tanzania:			
Others[4]	**-**	211,043	**-**
Total	**-**	211,043	**-**

Exploration and evaluation expenditures	**845,622**	586,666	**4,579,355**

(1) 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 - see note 21.

(2) Current expenditures under this category include office and admin expenses not directly related to any of the listed projects. Comparative and cumulative amounts include all expenditures that are not directly related to any of the listed projects.

(3) Only current properties have comparative amounts and are included in the Cumulative to-date sum.

(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 September 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 year ended December 31, 2014, the Company's loss was $1,927,896, as compared to a profit of $2,232,052 for the year ended December 31, 2013. The major variance in costs relate to the following five categories:

1. Exploration and evaluation expenditures.
2. Office and administrative expenses.
3. Share-based compensation.
4. Shareholder information.
5. Gain on sale of subsidiary / project.

Explanations of the significant changes for year ended December 31, 2014 compared to the year ended December 31, 2013 are as follows:

1. Exploration and evaluation expenditures increased from $586,666 in 2013 to $845,622 in 2014. The increase is mostly attributable to exploration and development activities in Serbia which amounted to $702,922 (2013 - $nil) offset by reduced expenditures for other Ghanaian and Tanzanian properties for which licences have been returned - $443,666.

2. Office and administrative expenses increased from $256,402 in 2013 to $339,868 in 2014. The increase is attributable to increased travel and office rent expenses.

3. Share-based compensation costs in the year ended December 31, 2014 was $190,800 compared to $27,900 during the comparative period. In 2014, the Company issued over 10 million new options while not issuing any in 2013.

4. Shareholder information costs increased from $45,872 in 2013 to $100,780 in 2014. The increased cost in 2014 is attributable to increased investor relations fees and convention expenses.

5. In 2013, the Company recorded a gain on the sale of its subsidiary in Ghana of $3,537,212, with no similar sale in the current year.

LIQUIDITY AND CAPITAL RESOURCES

The working capital as at December 31, 2014 was $1,553,790, as compared to $3,330,276 as at December 31, 2013.

For the year ended December 31, 2014, cash decreased by $1,667,391 (2013 – increased by $2,141,047) as a result of cash used in operating activities of $1,805,214 (2013 - $1,256,072) less cash provided from investing activities of $29,170 (2013 – 3,514,751) and cash provided from financing activities of $108,853 (2013 - cash used of $105,291).

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, 2014, $180,000 (2013 - $180,000) of management fees were paid or payable to RG Mining Investments Inc. ("RGMI"). 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, 2014, $420,732 (2013 - $443,861) 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, 2014, officers and directors earned non-cash, share-based compensation of $190,800 (2013 - $27,900).

Due to related-parties

As at December 31, 2014, the statement of financial position includes a balance of $23,015 (2013 – 14,162) comprising of $6,298 (2013 - $5,829) due to a current director of the Company and $16,717 (2013 - $8,333) due to an officer of the Company.

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Due from related-parties

As at December 31, 2014, the statement of financial position did not include any shareholder loans (2013 - $100,000). All prior loans to Directors and / or officers of the Company were paid back in full prior to October 2, 2014. The interest accrued in 2014 from these loans amounted to $3,780 (2013 -$1,732).

CAPITAL STOCK

The following table sets forth information concerning the outstanding securities of the Company as at April 27, 2015:

	Number
Shares	194,228,231
Options	10,625,000
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.