Midlands Minerals Corporation

Unaudited Interim
Consolidated Financial Statements

As at and for the three months ended

March 31, 2015 and 2014

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, 2015 and 2014 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 25, 2015

“Stephen Gledhill”
Chief Financial Officer
May 25, 2015

Midlands Minerals Corporation
Unaudited Interim Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

As at	**March 31, 2015**	December 31, 2014
	$	$
Assets		
Current assets		
Cash *(note 8)*	**1,548,379**	1,549,250
Short-term investments *(note 9)*	**60,000**	60,000
Other receivables and prepaid expenses *(note 10)*	**14,279**	49,591
Total current assets	**1,622,658**	1,658,841
Non-current assets		
Property and equipment *(note 16)*	**16,855**	17,742
Total non-current assets	**16,855**	17,742
Total assets	**1,639,513**	1,676,583
Liabilities		
Current liabilities		
Trade payables and accrued liabilities *(note 11)*	**35,167**	**82,037**
Due to related parties *(note 13)*	**19,341**	**23,015**
Total current liabilities	**54,508**	**105,052**
Total liabilities	**54,508**	**105,052**
Shareholders' equity		
Share capital *(note 12)*	**18,199,531**	18,199,531
Contributed surplus *(note 12)*	**13,932,141**	13,932,141
Deficit	**(30,546,667)**	(30,560,141)
Total shareholders' equity	**1,585,005**	1,571,531
Total liabilities and shareholders' equity	**1,639,513**	1,676,583

Going concern *(note 2)*
Related-party transactions *(note 13)*
Subsequent events note *(note 19)*

Approved for issuance by the Board on May 25, 2015:

"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 Income (Loss)

(Expressed in Canadian dollars)

	Three months ended	
	March 31, 2015	March 31, 2014
	$	$
Operating expenses		
Depreciation	**887**	1,109
Exploration and evaluation expenditures *(note 15)*	**103,489**	37,271
Office and administrative expenses	**81,281**	79,281
Professional fees	**4,000**	45,339
Salaries and benefits	**97,966**	96,620
Share-based compensation *(note 12)*	**-**	3,700
Shareholder information	**11,850**	11,708
Total operating expenses	**299,473**	275,028
Loss before taxes and undernoted items	**(299,473)**	(275,028)
Other income	**4,377**	11,867
Gain on sale of property *(note 14)*	**311,500**	-
Foreign exchange loss	**(2,929)**	(2,442)
Loss before taxes	**13,475**	(265,603)
Deferred income (tax) recovery	**-**	104
Net income (loss)	**13,475**	(265,499)
Basic and fully-diluted loss per common share	**0.00**	0.00
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 Statements of Comprehensive Income (Loss)
(Expressed in Canadian dollars)

	Three months ended	
	March 31, 2015	March 31, 2014
	$	$
Net income (loss)	**13,475**	(265,499)
Other comprehensive income (loss):		
Unrealized gain (loss) on available-for-sale investments	**-**	834
Deferred income tax (recovery)	**-**	(104)
Other comprehensive income (loss), net of income taxes	**-**	730
Total comprehensive income (loss)	**13,475**	(264,769)

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)

STATEMENTS OF CHANGES IN EQUITY

	Share Capital		Reserves				
	Number of shares	Amount	Warrants	Contributed surplus	Available-for-sale	Accumulated Deficit	Total
		$	$	$	$	$	$
Balance at January 1, 2014	**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 profit for the period	-	-	-		-	(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**
Share-based compensation	-	-	-	187,100	-	-	187,100
Realized losses transferred on sale of investments	-	-	-		(44,555)	-	(44,555)
Net loss for the period	-	-	-		-	(1,662,397)	(1,662,397)
Balance at December 31, 2014	**194,228,231**	**18,199,531**	**-**	**13,932,141**	**-**	**(30,560,141)**	**1,571,531**
Net income for the period	-	-	-		-	13,475	13,475
Balance at March 31, 2015	**194,228,231**	**18,199,531**	**-**	**13,932,141**	**-**	**(30,546,667)**	**1,585,005**

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, 2015	March 31, 2014
	$	$
Operating activities		
Net income (loss)	**13,475**	(265,499)
Adjustments to non-cash items:		
Depreciation	**887**	1,109
Deferred income tax (recovery)	**-**	(104)
Gain on sale of project	**(311,500)**	-
Share-based compensation	**-**	3,700
Net change in non-cash working capital items:		
Other receivables and prepaid expenses	**35,312**	6,017
Trade payables and accrued liabilities	**(46,871)**	(15,003)
Cash used in operating activities	**(308,697)**	(269,780)
Financing activities		
Advances from (repayments to) related parties	**(3,674)**	8,735
Repayment of related party loans receivable	**-**	20,863
Cash provided from (used in) financing activities	**(3,674)**	29,598
Investing activities		
Proceeds from sale of project	**311,500**	-
Cash provided from investing activities	**311,500**	-
Net decrease in cash	**(871)**	(240,182)
Cash at beginning of year	**1,549,250**	3,216,641
Cash at end of period	**1,548,379**	2,976,459

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 and Harbour Capital Corporation, is an exploration-stage, publicly-traded Company incorporated in Ontario, Canada with its registered head office address at 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 April 3, 2014, the Company entered into a definitive agreement (the "Option Agreement"), with Reservoir Minerals Inc. ("Reservoir") for an option to acquire up to a 75% interest in Reservoir's Parlozi lead-zinc-silver project in Serbia. The Option Agreement was terminated on May 6, 2015. See also note 14.

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, 2015, the Company had working capital of $1,568,150 (December 31, 2014 – $1,553,789), a cash position of $1,548,379 (December 31, 2014 – $1,549,250) and an accumulated deficit of $30,546,667 (December 31, 2014 – $30,560,141) and for the quarter ended March 31, 2015, cash used for operating activities of $308,697 (2014 - $269,780). In order to meet its work commitments and planned exploration expenditures for its 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 February 2015, the Company completed the sale of its Kaniago gold project in Ghana for US$250,000 (C$311,500) See also note 14.

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 25, 2015.

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 and Harbour Capital Corporation.

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 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 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.

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, 2015 totaled $1,585,005 (December 31, 2014 - $1,571,531). 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, 2015. 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. 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 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, 2015, 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.

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

(Expressed in Canadian dollars)

	Level 1	Level 2	Level 3
	$	**$**	**$**
Cash	1,548,379	-	-
Short-term investment	60,000	-	-
Other receivables and prepaid expense's	-	14,279	-
Trade payables and accrued liabilities	-	(35,167)	-
Due to related parties	-	(19,341)	-

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, 2015, totals $12,342 (December 31, 2014 - $17,700).

b. **Other receivables and prepaid expenses** - The Company is not exposed to any significant risk, with such risk limited to the amount carried on the consolidated statements of financial position.

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, 2015, the Company had working capital of $1,568,150 (December 31, 2014 – $1,553,789). 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 1 year 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 is not subject to price risk.

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:

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, 2015, the Company's exposure to foreign currency balances is as follows:

As at		**March 31, 2015**	December 31, 2014
Account	**Foreign Currency**	**Exposure ($CDN)**	
Cash	US dollar	**23,597**	9,727
Cash	Ghanaian Cedi	**4,321**	7,973
Accounts receivable	Ghanaian Cedi	**-**	-
Accounts payable	Ghanaian Cedi	**(506)**	(1,280)
		27,412	16,420

The Company believes that a change of 10% in foreign exchange rates would increase/decrease net income for the period by approximately $2,740 (December 31, 2014 - $1,640).

8. Cash

The balance at March 31, 2015, consists of $1,548,379 (December 31, 2014 - $1,549,250) on deposit with major Canadian and Ghanaian banks.

(Expressed in Canadian dollars)

9. Short-term investments

As at March 31, 2015, short-term investment consists of a guaranteed investment certificate of $60,000 (December 31, 2014 - $60,000), which bears interest at rate of 0.8% per annum and has a maturity date of January 28, 2016.

10. Other receivables and prepaid expenses

The Company's receivables arise from two sources: Harmonized sales tax ("HST") recoverable from the Canada Revenue Agency and prepaid amounts to suppliers. These are broken down as follows:

	March 31, 2015	December 31, 2014
	$	$
Advances to Reservoir	**-**	37,318
HST recoverable	**12,554**	8,383
Prepaid expenses, advances and deposits	**1,725**	3,450
Interest receivable	**-**	440
Total	**14,279**	49,591

11. 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 activities. The usual credit period taken for trade purchases is between 30 to 90 days.

The following is an analysis of the trade payables and accrued liabilities balances:

As at	**March 31, 2015**	December 31, 2014
	$	$
Legal and audit	**11,500**	41,117
Shareholder information	**2,337**	624
Exploration expenditures	**8,871**	26,592
Office and administrative	**12,459**	13,704
Total	**35,167**	82,037

12. Capital stock

Share Capital

Authorized

Authorized share capital consists of an unlimited number of common shares of which 194,228,231 (December 31, 2014 – 194,228,231) are issued and outstanding.

(Expressed in Canadian dollars)

Contributed surplus

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. As at March 31, 2014, the Company had 9,797,823 options available for issuance (December 31, 2014 – 9,797,823).

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

	March 31, 2015		December 31, 2014	
	Weighted Average Exercise Price	**No. of Options**	Weighted Average Exercise Price	No. of Options
	$		$	
Outstanding at beginning of year	**0.06**	**10,625,000**	0.11	12,450,000
Transactions during the year:				
Granted	**-**	**-**	0.05	10,150,000
Expired	**(0.33)**	**(150,000)**	0.12	(3,375,000)
Forfeited	**(0.05)**	**(1,000,000)**	0.10	(8,600,000)
Outstanding at end of year	**0.05**	**9,475,000**	0.06	10,625,000
Exercisable at end of year	**0.05**	**9,475,000**	0.06	10,625,000

The following table provides additional information about outstanding stock options at March 31, 2015:

Range of Exercise Prices	**No. of Options Outstanding**	**Weighted Average Remaining Life (Years)**	**Weighted Average Exercise Price ($)**
$0.05 - $0.10	9,300,000	3.61	0.05
$0.25 - $0.33	175,000	0.73	0.25
$0.05 - $0.33	**9,475,000**	**3.55**	**0.05**

Share-based compensation

The fair value of the stock options vested for the period ended March 31, 2015, was $nil (2014 – $3,700), which amount has been expensed in the consolidated statements of loss.

i) On April 30, 2014, the Company granted 9,150,000 stock options to eligible participants of the Company's stock option plan. The options have a term of 5 years, are exercisable at $0.05 per share and vest immediately. The grant-date fair value of the options was $183,000 and was estimated using the Black-Scholes option pricing model with the following assumptions: Risk-free interest rate 1.64%, expected dividend yield of 0%, expected stock price volatility 263% and expected option life of five years. Share-based compensation for this period for the vested portion on these options amounted to $nilo (2014 -$183,000).

ii) On November 17, 2014, the Company granted 1,000,000 stock options to eligible participants of the Company's stock option plan. The options have a term of 5 years, are exercisable at $0.05 per share. The grant-date fair value of the options was negligible.

13. Related-party transactions

During the three months ended March 31, 2015, $45,000 (2014 - $45,000) 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 1-year 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 its CFO beneficially own RGMI.

During the three months ended March 31, 2015, $96,241 (2014 - $94,370) 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, 2015, officers and directors earned non-cash, share-based compensation of $nil (2014 - $3,700).

Due to related-parties

As at March 31, 2015, the consolidated statements of financial position includes a balance of $19,341 (December 31, 2014 – $23,015) comprised of $2,340 (2014 - $6,298) due to a current director of the Company and $17,001 (2014 - $16,717) due to an officer of the Company.

14. Sale of Kaniago gold project

On February 11, 2015, the Company announced that it has sold its Kaniago gold project in Ghana to a subsidiary of neighbor Asanko Gold Inc., Keegan Resources (Ghana) Limited ("KRGL"). The sale of the non-core asset was an important part of the Company's strategy to reduce costs, 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$311,500), with such amounts received by the Company in February, 2015.

(Expressed in Canadian dollars)

15. Exploration and evaluation expenditures

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

	Year ended		
	March 31, 2014	March 31, 2014[3]	**Cumulative to-date**
	$	$	**$**
Serbia:			
Parlozi project	**44,512**	-	**747,434**
Total	**44,512**	-	**747,434**
Ghana:			
Kaniago[1]	**4,414**	7,553	**2,111,508**
Others[2]	**54,563**	29,718	**1,823,902**
Total	**58,977**	37,271	**3,935,410**
Exploration and evaluation expenditures	**103,489**	37,271	**4,682,844**

(1) The Kaniago project was sold in February 2015 - see note 14.
(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 amount.

16. Property and equipment

Property and equipment is comprised as follows:

Cost	$
Balance at January 1, 2014	30,802
Additions	-
Balance December 31, 2014	**30,802**
Additions	-
Balance March 31, 2015	**30,802**

(Expressed in Canadian dollars)

Accumulated depreciation	$
Balance at January 1, 2014	(8,625)
Depreciation	(4,435)
Balance December 31, 2014	**(13,060)**
Depreciation	(887)
Balance March 31, 2015	**(13,947)**

Net value	$
Balance December 31, 2014	**17,742**
Balance March 31, 2015	**16,855**

17. 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.

18. Segmented information

Operating Segments

At March 31, 2015, the Company's operations comprise a single reporting operating segment engaged in mineral exploration in Ghana and Serbia. 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 Consolidated Financial Statements also represent operating segment amounts.

Geographic Segments

Management has organized the Company's reportable segments by geographic area. The Ghanaian, Tanzanian (2014 only) and Serbian 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:

(Expressed in Canadian dollars)

	Three months ended	
	March 31, 2015	March 31, 2014
	$	$
Net income (loss)		
Canada	**(194,536)**	(226,481)
Serbia	**(44,512)**	-
Tanzania	**-**	(1,747)
Ghana	**252,523**	(37,271)
	13,475	(265,499)
Significant non-cash items		
Canada:		
Share-based compensation	**-**	(3,700)
	-	(3,700)

As at	**March 31, 2015**	December 31, 2014
Identifiable assets		
Canada	**1,610,313**	1,604,790
Serbia	**-**	37,318
Ghana	**29,200**	34,475
	1,639,513	1,676,583

19. Subsequent events

(i) On April 23, 2015, the Company announced that it had given notice to terminate the unexercised portion of the Parlozi option agreement with Reservoir Minerals Inc., effective May 6, 2015.

(ii) On May 28, 2015, the Company announced that it had entered into a definitive agreement (the "Agreement"), whereby Midlands will acquire all of the outstanding shares of Alder Resources Ltd. ("Alder") pursuant to a statutory plan of arrangement under the *Business Corporations Act* (Ontario) (the "Arrangement"). The Arrangement provides that Midlands will be acquiring each outstanding Alder common share in exchange for 1.81 common shares of Midlands (on a pre-consolidation basis). As part of the Arrangement, the Company has also agreed, subject to receipt of requisite regulatory approvals, including the approval of the TSXV, to purchase from Alder, a C$100,000 unsecured non-convertible debenture (the "Debenture") bearing interest at a rate of 10% per annum. The Debenture will mature on the earlier of May 28, 2016 and completion of the Arrangement.