Midlands Minerals

TSX-V:MEX

Midlands Minerals Corporation

Management's Discussion and Analysis

1st Quarter and
3 months ended March 31, 2015

June 1, 2015

MIDLANDS MINERALS CORPORATION
MANAGEMENT'S DISCUSSION AND ANALYSIS
3 MONTHS ENDED MARCH 31, 2015

This management discussion and analysis ("MD&A") has been prepared based on information available to Midlands Minerals Corporation ("Midlands" or the "Company") as at June 1, 2015. The MD&A of the operating results and financial condition of the Company for the 3 months ended March 31, 2015, should be read in conjunction with the Company's unaudited interim consolidated financial statements and related notes for the same period together with its 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. Midlands continues to vet global projects to locate opportunities that fulfil stringent geological and investment criteria.

To-date, the Company has operated a diversified gold and diamond project portfolio in Ghana and Tanzania. 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. In 2013, the Company successfully sold its 65% interest in its flagship gold project in Ghana, securing approximately $3.5 million in sale proceeds. The Company has utilized the resulting liquidity in the current economy to leverage a higher quality project in order to reposition itself for improving market conditions.

On May 28, 2015, Midlands announced the signing of a definitive agreement (the "Agreement") with Alder Resources Ltd. ("Alder") whereby the Company will acquire all of the outstanding shares of Alder pursuant to a statutory plan of arrangement under the *Business Corporations Act* (Ontario). This Agreement is subject to Alder shareholders, TSX Venture Exchange ("TSXV") and court approvals. This Agreement will provide Midlands' shareholders the opportunity to complete the 65% earn-in on the Rosita copper-gold project in Nicaragua and to form a subsequent joint venture with Calibre Mining Corporation to develop a mining facility on the project. 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. Specific details of the Agreement will be documented and formalized in the Company Management Information Circular that will be distributed to shareholders with other Annual Special Meeting ("ASM") materials for the Company's upcoming ASM, to be held on July 9, 2015.

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.

PROJECT UPDATE

Serbia - Parlozi

On April 23, 2015 Midlands announced its withdrawal from the Parlozi option agreement in Serbia with Reservoir, effective May 6, 2015. The decision was strategic and 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

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). The Company has received the proceeds of the sale. The process of transfer of the licenses to KRGL is in progress at the Minerals Commission in Ghana.

Negotiations remain underway for sale of the mineral licenses comprising the Praso project in Ghana. The Company has received a proposal and has signed an NDA with an interested party to review the data for the project.

SUMMARY OF QUARTERLY RESULTS

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

Three months ended	**Jan. 31, 2015**	**Dec. 31, 2014**	**Sep. 30, 2014**	**Jun. 30, 2014**
	$	$	$	$
Revenue	-	-	-	-
Gain on sale of subsidiary / project	311,500	-	-	-
Net income/(loss)	13,475	(446,972)	(524,683)	(690,742)
Basic and fully-diluted income (loss) per share	0.00	0.00	0.00	0.00

Three months ended	**Mar. 31, 2014**	**Dec. 31, 2013**	**Sep. 30, 2013**	**Jun. 30, 2013**
	$	$	$	$
Revenue	-	-	-	-
Gain on sale of subsidiary / project	-	344,312	3,205,240	-
Net income/(loss)	(265,499)	(259,846)	2,876,293	(57,868)
Basic and fully-diluted income/(loss) per share	0.00	0.00	0.02	0.00

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 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.

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.

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 14 of the financial statements), up to the date of disposal, being February 11, 2015.

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

RESULTS OF OPERATIONS

For the 3 months ended March 31, 2015, the Company's net income was $13,475, as compared to a loss of $265,499 for the comparative period last year. The major variance in costs relate to the following four categories:

1. Exploration and evaluation expenditures;
2. Professional fees; and
3. Gain on sale of subsidiary / project.

Explanations of the significant changes for 3 months ended March 31, 2015, compared to the 3 months ended March 31, 2014, are as follows:

1. Exploration and evaluation expenditures increased by $66,218 over the comparative period. The increase is attributable to exploration and development activities in Serbia which amounted to $44,512 (2014 - $nil) that were not present during the comparative period. The remainder of the increase is attributable to the Company's other miscellaneous projects.

2. Professional fees decreased by $41,339 from the comparative period entirely due to legal fees expended on the Sian Gold subsidiary sale in 2014.

3. The Company recorded a gain of $311,500 on the sale of its Kaniago project, located in Ghana, with no similar sale in the comparative period.

EXPLORATION AND EVALUATION EXPENDITURES

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

	3 months ended		
	March 31, 2015	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	**3,876,433**
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.

LIQUIDITY AND CAPITAL RESOURCES

The working capital as at March 31, 2015, was $1,568,150, as compared to $1,553,789 as at December 31, 2014.

For the 3 months ended March 31, 2015, cash decreased by $871 (2014 – $240,182) as a result of cash used in operating activities of $308,697 (2014 - $269,780) plus cash used in financing activities of $3,674 (2014 – provided from investing activities of $29,598) offset by cash provided from investing activities of $311,500 (2014 - $nil).

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.

RELATED-PARTY TRANSACTIONS

During the e 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 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 its CFO beneficially own RGMI.

During the 3 months ended March 31, 2015, $96,241 (2014 - $94,370) 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 3 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.

CAPITAL STOCK

The following table sets forth information concerning the outstanding securities of the Company as at June 1, 2015:

	Number
Shares	194,228,231
Options	9,475,000
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.