Midlands Minerals Corporation

Management's Discussion and Analysis

Three months ended March 31, 2013

May 30, 2013

This management discussion and analysis ("MD&A") has been prepared based on information available to Midlands Minerals Corporation ("Midlands" or the "Company") as at May 30, 2013. The MD&A of the operating results and financial condition of the Company for the three months ended March 31, 2013, should be read in conjunction with the Company's unaudited interim consolidated financial statements and the related notes thereto for the same period and its audited consolidated financial statements and the related notes for the year ended December 31, 2012 and 2011 (collectively, the "Financial Statements"). The Financial Statements have been prepared by management and are in accordance with International Financial Reporting Standards ("IFRS") and all amounts are expressed in Canadian dollars unless otherwise noted. Other information contained in this document has also been prepared by management and is consistent with the data contained in the Financial Statements. Additional information relating to the Company can be found on SEDAR at www.sedar.com.

MANAGEMENT'S ASSESSMENT OF INTERNAL CONTROL OVER FINANCIAL REPORTING ("ICFR")

Management is responsible for establishing and maintaining adequate internal control over the Company's financial reporting. The internal control system was designed to provide reasonable assurance to the Company's management regarding the preparation and presentation of the financial statements.

Internal Controls over Financial Reporting ("ICFR")

The inherent limitations in all control systems are such that they can provide only reasonable, not absolute, assurance that all control issues and instances of fraud or error, if any have been detected. Therefore, no matter how well designed, ICFR has inherent limitations and can provide only reasonable assurance with respect to financial statement preparation and may not prevent and detect all misstatements.

As the Company is a Venture Issuer (as defined under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings*) ("NI 52-109"), the Company and Management are not required to include representations relating to the establishment and/or maintenance of disclosure controls and procedures ("DC&P") and/or ICFR, as defined in NI 52-109.

CAUTIONARY NOTE

This document contains or refers to forward-looking information. Such forward-looking information includes, among other things, statements regarding targets, estimates and/or assumptions in respect of future production, capital costs and future economic, market and other conditions, and is based on current expectations that involve a number of business risks and uncertainties. Factors that could cause actual results to differ materially from any forward-looking statement include, but are not limited to: the grade and recovery of ore which is mined varying from estimates; exploration and development costs varying significantly from estimates; inflation; fluctuations in commodity prices; delays in the development of the any project caused by unavailability of equipment, labour or supplies, climatic conditions or otherwise; termination or revision of any debt financing; failure to raise additional funds required to finance the completion of a project; and other factors. Forward-looking statements are subject to significant risks and uncertainties and other factors that could cause actual results to differ materially from expected results. Readers should not place undue reliance on forward-looking statements. These forward-looking statements are made as of the date hereof and we assume no responsibility to update them or revise them to reflect new events or circumstances, except as required by law. See the section entitled ***RISK FACTORS***.

OVERVIEW

Midlands is a junior exploration-stage company focused on growing its mineral assets in Ghana and Tanzania. The Company trades on the TSX Venture Exchange under the ticker symbol "MEX" and holds a diversified portfolio of gold and diamond projects and operates in stable low risk countries with a long history of gold mining.

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 well and effectively with the host and local communities to ensure that its exploration activities do not compromise the values of the local communities.

Our Objective is to build shareholder value through exploration and development of our gold properties in Ghana and our gold and diamond properties in Tanzania. Our business model is to operate in low risk, politically stable and mining-friendly countries. The Company has two first-priority projects in Ghana: Sian-Praso and Kaniago; and thirteen second-priority projects in Tanzania: Lwenge, Kishapu, Lalago, Vukene, Geita, Sengrema and Itilima (in the Lake Victoria Goldfields area) and the Kilindi Projects - Tamota, Mziha East, Ruanda, Bagamoyo, Mvomero and Turian East (in the Handeni Area). The Itilima Project has been explored for both gold and diamonds; Kishapu also has both gold and diamond potential.

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 (including it's 65% directly-owned subsidiary, Akroma Gold Company Limited); and its 75%-owned subsidiary Itilima Mining Company Limited, all of 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 Financial Statements were approved for issuance by the Company's Board of Directors on May 29, 2013.

DESCRIPTION OF BUSINESS

Midlands is a publicly-traded Canadian natural resource company incorporated in Ontario, Canada with the registered office address of 120 Adelaide Street West, Suite 2400, Toronto, Ontario, M5H 1T1 and is engaged in the exploration and evaluation of mineral properties. The Company is an early-stage organization and is presently in the process of exploring its mineral properties, and has not yet determined whether these properties contain reserves that are economically recoverable. The primary focus of the Company is on its gold and diamond exploration and development properties in Tanzania and gold exploration properties in Ghana. To-date, the Company has raised funds to explore its mineral properties principally through the issuance of shares, the Company will continue to depend on the issuance of additional shares to further the development of its mineral properties. The exploration and development of mineral deposits involve significant financial risk and the success of the company will be influenced by a number of factors including risks associated with exploration and eventual extraction, foreign investment regulations, renegotiation of contracts and political uncertainty.

Gold is the primary focus and Tanzania and Ghana are the target countries. At present the Company's natural resource activities do not generate any revenues.

PROJECTS UPDATE

During the three months ended March 31, 2013, Midlands' exploration objective has remained to explore, define and develop an economic gold resource in a politically stable environment as quickly and cost effectively as possible.

During last year as well as in the first quarter of 2013, Midlands undertook field work on its Kaniago, Sian and Praso projects in Ghana, and Itilima project in Tanzania. A significant portion of the new management team's efforts went into raising the Company's technical operating platform which saw the rebuild and re-evaluation of the company's databases, geochemical datasets and QA/QC protocols across all projects in general and with full geological remodelling and reinterpretations. A specific focus was to prepare for the upgrade of the 2008 Sian gold resource with the 2010 drilling data and to facilitate the planned acceleration to a feasibility review.

In conjunction with the technical effort, extensive liaison was undertaken between Q1-2012 and Q1-2013 with Ghanaian government agencies and local traditional authorities to understand and resolve the Sian Impasse (as more fully described in the Sian/Praso , Ghana section below) and to ensure government support for the Company's continued exploration at Sian. Negotiations to define a commercial outcome with the Company's Sian joint venture partner are ongoing.

As a result of the ongoing impasse at Sian and continued weak resource equity markets, during Q4-2012 and Q1-2013, Midlands implemented a number of rationalization and cost cutting initiatives. All operations have been effectively been put on care and maintenance. Management has focused its efforts on resolving the Sian impasse as well as pursuing other strategic alternatives.

Sian/Praso, Ghana

The Sian Project has a NI 43-101 qualified resource tabulated in 2008 with 192,400 oz Au at an average grade of 2.33 g/t Au in the indicated category and 203,350 oz Au at an average grade of 2.35 g/t Au in the inferred category. A significant amount of resource drilling was completed subsequent to the resource estimate, and, pursuant to unfettered access being restored to the Sian property, the Company intends to update the NI 43-101 resource estimate.

Since 2008 Midlands' local joint venture partner on the Sian project has complained about the Company's exploration progress and perceived delay in redeveloping the Sian mine. In June 2011, with mounting financial pressures relating to the historical mining debts they affirmed to no longer recognize the shareholder's agreement. Contemporaneously Midlands' access to the project was obstructed by a minority group in the local community who upheld the same agenda. The Company conducted an extensive community relations program to inform and educate the community in the process of exploration to mining and has the support of the traditional authorities in the community to continue operations. This has not been enough to limit the actions of the dissenting minority and the Company has not received protection from the police for its continued right to operate. The Company attempted to drill on a number of occasions during 2012 but were forced to demobilize the drill after facing repeated armed resistance and being unable to obtain local or regional police support. Due to the irresolvable safety and access issues, and the obvious and ongoing impact on the Company's market performance, Midlands postponed its expectations to update the NI 43-101 resource estimate and sought an alternative strategy to resolve the impasse.

Midlands maintains continuous communication with the Minerals Commission of Ghana who stated that they remain supportive of the efforts being made by the Company to resolve the impasse.

At the Kwahu Praso property the pitting program was discontinued in December to further reduce costs.

Kaniago, Ghana

Drill results from the 9,519 meter RC drill program that was completed in 2011 at the Kaniago Project on the Asankrangwa Belt in Ghana provided the following significant intercepts:

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Mmooho drill target:

KNRC-11-029	9 meters grading 1.12 g/t gold	(from 96 meters)
KNRC-11-035	9 meters grading 1.06 g/t gold	(from 91 meters)
KNRC-11-039	16 meters grading 1.05 g/t gold	(from 132 meters)
KNRC-11-012	12 meters grading 1.04 g/t gold	(from 88 meters)
KNRC-11-015	10 meters grading 1.18 g/t gold	(from 78 meters)
KNRC-11-018	21 meters grading 1.48 g/t gold	(from 22 meters)
-- and	7 meters grading 1.45 g/t gold	(from 51 meters)

Kaniago West drill target:

KNRC-11-041	27 meters grading 2.97 g/t gold	(from 123 meters)
KNRC-11-044	16 meters grading 1.21 g/t gold	(from 10 meters)
KNRC-11-048	33 meters grading 0.87 g/t gold	(from 117 meters)
-- and	17 meters grading 1.83 g/t gold	(from 171 meters)
KNRC-11-052	3 meters grading 6.80 g/t gold	(from 57 meters)

In March 2012, a 1,995m diamond drilling program was completed at the Kaniago West and Mmooho targets. Drilling confirmed the structural controls to mineralization. The core drilling aimed to confirm the gold mineralization obtained from previous RC drilling programs, to provide valuable structural orientation information to facilitate modeling, and to probe for deeper parallel zones of mineralization. Drilling at Mmooho totaled 1,289 meters and returned a best composite of 3.8 meters grading 4.86 g/t Au at a depth of 95.6 meters in KNDD-12-002. Drilling at Kaniago West totaling 606.7 meters returned a best composite of 7.0 meters grading 1.75 g/t Au at a depth of 165.5 meters in KNDD-12-005.

The reinterpretation of the soil geochemistry has refined the continuity of the soil gold trends between the Company's target areas and deposits on neighbouring concessions, such as Asanko Gold's Esaase gold deposit (3.83 million ounces in the Measured and Indicated category at an average grade of 1.73 g/t and 1.25 million ounces in the Inferred Resource category at an average grade of 1.75 g/t) and PMI Gold Corporation's Abore (3.11 million ounces in the Measured and Indicated category at an average grade of 2.16 g/t and 1.40 million ounces in the Inferred Resource category at an average grade of 1.99 g/t), gold deposits.

A consultant was utilized to conduct a full re-assessment and reconciliation of the VTEM geophysical dataset with the 2011-2012 drill results. This work confirmed that the drilling efficiently tested the shear zones originally identified by the airborne geophysical survey and soil geochemistry.

Midlands' next phase of work on the Kaniago concession remains expanding the potential for large shallow, potentially bulk-mineable gold deposits associated with NNE shear zones along the soil geochemical trends by testing them with systematic fences of air core drilling. To preserve cash whilst the Company seeks a resolution at Sian, the planned 10,000-meter follow-up aircore drill program has been postponed.

During Q1 2013, the Terminal Report required for the renewal of the Kaniago license was written.

Management is currently reviewing opportunities to joint venture or sell this project with a number of companies.

Tanzania

The Company currently has tenure to 18 permits in Tanzania, East Africa. These projects are located within the Geita-Bulyanhulu-Itilima-Sekenke Trend and the Kilindi-Handeni Trend.

With the exception of Itilima, the Tanzanian properties are at a grassroots stage of development, and the Company is actively seeking joint venture partnerships to conserve cash and expand its capacity to achieve its work obligations on this large and prospective portfolio. A number of confidentiality agreements have been signed towards this end. During Q4-2012 the relinquishment of non-core permits to reduce annual fee payments was initiated. In Q1-2013, three more licenses were relinquished and the process of transferring back to the JV partner the two optioned Lwenge Geita licenses was initiated. During Q2-2013 management anticipates that it will continue to locate joint venture partnerships and relinquish further permits to mitigate costs and preserve cash for core functions.

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.

SUMMARY OF QUARTERLY RESULTS

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

Three months ended	Mar. 31, 2013	Dec. 31, 2012	Sep. 30, 2012	Jun. 30, 2012	Mar. 31, 2012	Dec. 31, 2011	Sep. 30, 2011	Jun. 30, 2011
	$	$	$	$	$	$	$	$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	(326,527)	(456,309)	(707,622)	(846,265)	(1,377,132)	(1,752,051)	(1,004,312)	(1,980,223)
Basic and fully-diluted loss per share	(0.002)	(0.002)	(0.004)	(0.004)	(0.007)	(0.008)	(0.007)	(0.019)

NEW ACCOUNTING STANDARDS AND INTERPRETATIONS

At the date of authorization of the Financial Statements, the IASB and IFRIC has issued the following new and revised Standards and Interpretations which are not yet effective for the relevant reporting periods and for which the Company has not early adopted. However, the Company is currently assessing what impact the application of these standards or amendments will have on the consolidated financial statements of the Company.

- IFRS 9 *'Financial Instruments: Classification and Measurement'* – effective for annual periods beginning on or after January 1, 2015, with early adoption permitted, introduces new requirements for the classification and measurement of financial instruments.

- IAS 32 *Financial Instruments: Presentation* – effective for annual periods beginning on or after January 1, 2014 with earlier application permitted when applied with the corresponding amendment to IFRS 7. The IASB amended this standard to address inconsistencies identified in applying some of the offsetting criteria.

EXPLORATION AND EVALUATION EXPENDITURES

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

	Three months ended		Cumulative to-date
	March 31, 2013	March 31, 2012	
	$	$	**$**
Tanzania:			
Itilima	**-**	15,260	**2,295,011**
New Kilindi	**-**	-	**16,116**
Vukene	**-**	-	**91,545**
Lwenge	**-**	-	**21,793**
Kishapu	**-**	-	**49,423**
Lalago	**-**	-	**67,761**
Tamota	**-**	-	**42,270**
East Turiani	**-**	-	**9,278**
Others[(1)]	**23,418**	45,860	**685,783**
	23,418	61,120	**3,278,980**
Ghana:			
Kwahu Praso	**-**	184,271	**973,248**
Kaniago	**5,180**	586,924	**2,057,573**
Sian	**24,844**	77,885	**8,738,656**
Bonuama	**-**	-	**101,252**
Others[(1)]	**42,198**	76,307	**1,472,588**
	72,222	925,387	**13,343,317**
Exploration and evaluation expenditures	**95,640**	986,507	**16,622,297**

[(1)] Expenditures under this category include office and administrative expenses (including local salaries and benefits costs) that are not directly related to any of the listed projects.

RESULTS OF OPERATIONS

For the three months ended March 31, 2013, the Company's loss attributable to the owners of the parent company was $326,527, as compared to loss of $1,377,131 for the three months ended March 31, 2012. The major variance in costs relate to the following six categories:

1. Exploration and evaluation expenditures.
2. Office and administrative expenses.
3. Professional fees.
4. Share-based compensation.
5. Salaries and benefits.
6. Shareholder information.

Explanations of the significant changes for three months ended March 31, 2013 compared to the three months ended March 31, 2012 are as follows:

1. Exploration and evaluation expenditures decreased from $986,507 in 2012 to $95,641 in 2013. The decrease is attributable to reduced exploration and development activities in the first quarter of 2013, specifically as relates to the projects identified hereafter. Exploration and evaluation expenditures in the three months ended March 31, 2012 included drilling and assaying on the Kaniago properties and field activities on the Sian project.

2. Office and administrative expenses decreased from $147,829 in 2012 to $92,755 in 2013. The decrease is attributable to recruitment charges in 2012 that did not exist during the current period and savings achieved by subletting of the Company's prior corporate offices in north Toronto.

3. Professional fees decreased from $35,136 in 2012 to $12,821 in 2013. The difference is primarily related to legal fees incurred in 2012 for re-registration of various claims and properties, such costs have not been incurred in 2013, to-date.

4. Share-based compensation costs in the three months ended March 31, 2013 was $10,300 compared to $30,400 during the same period in 2012. The increased costs in 2012 were due to the issuance of stock options to eligible participants in the Company's stock option plan, some of which vested completely in 2012.

5. Salaries and benefits decreased from $142,300 in 2012 to $107,328 in 2013. The decrease is mainly attributable to a reduction in personnel and management consulting costs.

6. Shareholder information costs decreased from $52,872 in 2012 to $7,818 in 2012. The higher cost in 2012 was attributable to investor relations fees and expenditures paid under contract and for which the Company terminated services in the second quarter of 2012.

LIQUIDITY AND CAPITAL RESOURCES

The working capital as at March 31, 2013 was $805,488, as compared to $1,122,517 as at December 31, 2012.

For the three months ended March 31, 2013, cash decreased by $301,850 (2012 –$1,205,689) as a result of cash used in operating activities of $301,248 (2012 - $1,175,689) and by cash used in investing activities of $602 (2012 - $30,000). There were no financing activities in either period of 2013 and 2012.

The Company's priority projects are located in Ghana where the majority of cash expenditures are being spent on the exploration and advancement of mineral properties on the Ashanti and Asankrangwa gold belts. The priority projects are Sian, Praso and Kaniago.

USE OF OFF-STATEMENT-OF-FINANCIAL-POSITION ARRANGEMENTS

With the exception of the Company's right to accelerate the expiration of warrants issued as part of various financings, 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

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

RELATED-PARTY TRANSACTIONS

Three months ended March 31, 2013 and 2012

During the three months ended March 31, 2013, $45,000 (2012 - $45,000) was paid or payable to RG Mining Investments Inc. ("RGMI") for management (including CFO) services and administrative fees. During the three months ended March 31, 2012, RGMI was also paid $971 towards administrative fees. RGMI provides management and administrative services to the Company pursuant to an agreement that had an original term of 1 year that expired on September 30, 2012. The agreement provides for automatic renewal for successive 12-month periods (such renewal having taken place on September 30, 2012) unless terminated upon 60 days prior notice by either party or upon the criminal conviction, death, disability, incapacity, bankruptcy, insolvency, gross negligence, gross dereliction of duty or gross misconduct, of RGMI. The Company's Chairman of the Board and CFO beneficially own RGMI.

During the three months ended March 31, 2013, $103,602 (2012 - $49,108) was 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 three months ended March 31, 2013, officers and directors earned non-cash, share-based compensation of $10,300 (2012 - $30,400).

CAPITAL STOCK

The following table sets forth information concerning the outstanding securities of the Company as at May 30, 2013:

	Number
Shares	194,228,231
Warrants	91,250,000
Agent Compensation Units	6,480,000
Options	12,450,000

RISK FACTORS

The Company is a mineral exploration and development company and is exposed to a number of risks and uncertainties that are common to other companies in the same business. These risks and uncertainties include exploration and development, commodity, operating, ownership, political, funding, currency and environmental risk.

Exploration and development

Mineral exploration and development involves several risks which experience, knowledge and careful evaluation may not be sufficient to overcome. Large capital expenditures are required in advance of anticipated revenues from the Company's operations.

Many exploration programs do not result in the discovery of an economic deposit. The commercial viability of exploiting any precious metal deposit is dependent on a number of factors including infrastructure and governmental regulation, in particular those relating to the environment, taxes, and royalties. No assurance can be given that minerals will be discovered of sufficient quality, size and grade on any of the Company's properties to justify a commercial operation.

Uncertainty of reserve and resource estimates

The mining business relies upon the accuracy of determinations as to whether a given deposit has significant mineable reserves. This reliance is important in that reported mineral reserves and resources are only estimates and do not represent any certainty that the estimated mineral reserves and resources will be recovered. Market fluctuations in the price of metals, as well as increased production costs or reduced recovery rates, may render certain mineral reserves and resources uneconomic.

Political

Political and related legal and economic uncertainties exist in countries where the Company operates. Risk of foreign operation in these countries may include political unrest, corruption, war, civil disturbances and terrorist actions, arbitrary changes in the law or policies, changes to governmental regulation, foreign taxation, price and currency controls, delays in obtaining, or the inability to obtain, necessary governmental permits, opposition to mining from environmental or other non-governmental organizations, limitations on foreign ownership, limitation on the repatriation of earnings, limitation on gold exports and increased financing costs. These risks may limit or disrupt the Company's activities.

Future financing

Continued development of the Company's properties will require significant financial resources. As such, the Company needs to raise significant financing. Failure to obtain such additional financing at critical times could lead to delay and indefinite postponement in the exploration and development of the Company's projects. There is no assurance that such funding will be available or that it will be obtained on favourable terms.

Lack of operating profit

The Company has incurred operating losses on an annual basis, for a number of years, arising from administrative costs related to continued exploration and development of mineral resources properties. It is anticipated that the Company will continue to experience operating losses for the foreseeable future. There can be no assurance that the Company will ever achieve significant revenues or profitable operations.

Precious metal price

The price of precious metals can fluctuate widely and is affected by numerous factors including demand, inflation, strength of the US dollar and other currencies, interest rates, gold sales by the central banks, forward sales by producers, global or regional political or financial events, and production and cost levels in major producing regions. In addition, the gold price is sometimes subject to rapid short-term changes because of speculative activities.

Even if the Company discovers commercial amounts of precious metals on its properties, it may not be able to place the property into commercial production if precious metal prices are not at sufficient levels.

Currency

A substantial portion of the Company's activities is expected to be carried on outside Canada. Such activities are subject to risk associated with the fluctuation in the rate of exchange of the Canadian dollar and foreign currencies.

Environmental and permitting

All aspects of the Company's operations are subject to environmental regulation in the various jurisdictions in which it operates. These regulations, among other things, mandate the maintenance of air and water quality standards, land reclamation, transportation, storage and disposal of hazardous waste. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors, and employees. There is no assurance that future changes in environmental regulation, if any, will not adversely affect the Company's operations.

Acquisition

The Company uses its best judgment to acquire mining properties for exploration and development. In pursuit of such opportunities, the Company may fail to select appropriate acquisition candidates or negotiate acceptable agreements, including arrangements to finance the acquisitions and development, or integrate such opportunity and their personnel with the Company. The Company cannot assure that it can complete any acquisition that it pursues or is currently pursuing, on favourable terms, or that any acquisition completed will ultimately benefit the Company.

Competition

The mining industry is intensely competitive in all of its phases, and the Company competes with many companies possessing greater financial resources and technical facilities than the Company. Competition in the mining business could adversely affect the Company's ability to acquire suitable producing properties or prospectus for mineral exploration in the future.

Segregation of duties

Segregation of duties is a basic, key internal control and one of the most difficult to achieve in a small company. It is used to ensure that errors or irregularities are prevented or detected on a timely basis by employees in the normal course of business. Due to the Company's small size and limited resources, a complete segregation of duties within the Company's accounting group cannot be fully achieved. The result is that the Company is highly reliant on the performance of mitigating procedures during the process of closing its financial statements in order to ensure the financial statements are presented fairly in all material respects. Management will identify and hire additional accounting resources where cost effective and when required. Where it is not cost effective to obtain additional accounting resources, management will review existing mitigating controls and, if appropriate, implement changes to its internal control processes whereby more effective mitigating controls will be adopted.

Key personnel

The success of the Company depends to a large extent upon its abilities to retain the services of its senior management and key personnel. The loss of the services of any of these persons could have a materially adverse effect on the Company's business and prospects. There is no assurance the Company can maintain the services of its directors, officers or other qualified personnel required to operate is business.

Internal controls over financial reporting

Internal controls over financial reporting are procedures designed to provide reasonable assurance that transactions are properly authorized, assets are safeguarded against unauthorized or improper use, and transactions are properly recorded and reported. A control system, no matter how well designed and operated, can provide only reasonable, not absolute, assurance with respect to the reliability of financial reporting and financial statement preparation.