

FIRST QUARTER REPORT 2002

For the quarter ending March 31, 2002

Press Release

MINT ANNOUNCES FIRST QUARTER RESULTS

Middlefield High Income Trust (“MINT” or the “Trust”) is pleased to announce its unaudited financial results for the three months ended March 31, 2002, the details of which are attached.

On March 13, 2002, MINT announced a first quarter distribution of \$0.18 per unit to unitholders of record on March 28, 2002. MINT’s total return for the three months ended March 31, 2002 was 4.98% attributable to the strong performance of both real estate investment trusts and energy distribution funds. The Trust’s NAV per unit increased 11.7% over the first quarter of 2001 from \$6.65 to \$7.43. Per unit distributions for the remainder of the year are anticipated to remain at \$0.18 per quarter, yielding approximately 10% per annum based on a market price of \$7.25 per unit.

As of March 31, 2002, the current asset class weightings for the MINT portfolio were:

Asset Class	Portfolio Weighting
REITs	39.2%
High Yield Debt	27.7%
Power Generation/Pipelines	14.7%
Business Funds	9.6%
Royalty Trusts	5.0%
Cash and Short-Term Investments	3.8%

The combination of higher oil and gas prices, improvement in the high yield bond market and the continuing strength of the income trust sector had a positive effect on the value of the portfolio, resulting in a 2.5% increase in the net asset value of the Trust over the quarter. Bonds of telecommunication companies were the major laggard within the high yield market, and MINT has no exposure to this sector. The Trust’s high yield debt strategy will continue to focus on issuers in stable sectors with strong management offering attractive risk-adjusted returns. Canadian REITs continued their superior performance, with a total return of 7.4% during the first quarter, outpacing the 2.9% total return generated from the TSE Real Estate Index. Our current 39.2% overweighting of REITs proved beneficial as low interest rates and the underlying stability of their longer-term, lease-based income streams supported strong demand for the units. In addition, companies in the power generation and pipeline trust sectors that produce stable cash flows are being rewarded in this market with higher multiples and share prices.

As the US and Canadian economies continue to strengthen, demand for oil and gas should improve, supporting current price levels. Looking forward to the balance of 2002, stronger business fundamentals should cause spreads on high yield debt to narrow and support distributions from the diversified portfolio of income trusts. We continue to believe that selective inclusion of issuers within the growing income trust sector will provide a solid base of stable income against a backdrop of volatile equity markets. While the resumption of growth will force the Bank of Canada to tighten, the absence of upward price pressures will moderate the pace of interest rate hikes.

MINT trades on the Toronto Stock Exchange under the symbol “MID.UN”.

For further information, visit our website at www.middlefield.com, or contact the undersigned:

Nancy Tham
Vice President

MINT is a closed-end investment trust that invests in high yield securities such as income funds and real estate investment trusts (“REITs”). This press release contains forward-looking information. Actual future results may differ materially. The risks, uncertainties and other factors that could influence actual results are described in MINT’s annual report to unitholders and other documents filed with regulatory authorities.

(416) 362-0714, Ext. 277

May 29, 2002

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MANAGEMENT'S DISCUSSION AND ANALYSIS

March 31, 2002 and 2001 (Unaudited)

The following discussion and analysis should be read in conjunction with the attached unaudited financial statements. Readers should also refer to Management's Discussion and Analysis in MINT's 2001 annual report.

Assets

Total assets increased to \$51.6 million at March 31, 2002 compared to \$51.4 million at the end of 2001 and net assets remained virtually unchanged at \$37.7 million. Borrowings have decreased slightly from \$12.6 million at year end to \$12.4 million at the end of the first quarter of 2002. To obtain the maximum benefit from leverage, MINT borrows to the extent permitted by its investment guidelines. Net asset value per unit increased to \$7.43 at March 31, 2002 from \$7.25 at December 31, 2001.

Income and Expenses

Total investment income for the first quarter of 2002 decreased to \$1.1 million compared to \$1.4 million for the same period in 2001. A major reason for the decline in investment income over this time period was a reduction in the weighting of higher yielding royalty trusts in favour of other lower yielding income trusts with more stable characteristics. Net investment income decreased to \$0.16 per unit in the first quarter of 2002, compared to \$0.18 per unit in the first quarter of 2001. We anticipate that quarterly net investment income will average \$0.18 per unit for the year 2002 and therefore quarterly distributions will continue at \$0.18 per unit.

The lower interest rates in the first quarter of 2002 compared to the first quarter of 2001 resulted in significantly lower interest expense and bank charges which amounted to \$0.1 million in the first quarter of 2002 compared to \$0.2 million for the same period last year. The management fee of \$0.1 million for the first quarter of 2002 remained unchanged from the first quarter of 2001, given that the average assets under administration were similar in both periods. Lower expenses overall in 2002 resulted in a ratio of management fees and other operating expenses to average net asset value (MER) of 1.42% in the first quarter of 2002 compared to 1.49% in the first quarter of 2001.

NOTES TO FINANCIAL STATEMENTS

March 31, 2002 and 2001 (Unaudited)

1. SIGNIFICANT ACCOUNTING POLICIES

These interim financial statements have been prepared in accordance with Canadian generally accepted accounting principles. They follow the same accounting policies and methods used in the most recent annual financial statements of the Trust. The specific accounting principles used are described on pages 39 through 42 of the Middlefield Managed Funds 2001 annual report, and should be read in conjunction with these interim financial statements.

2. DISTRIBUTIONS

The Trust paid a distribution of \$0.18 per unit on April 25, 2002 to all unitholders of record on March 28, 2002. Distributions of the Trust, at the option of the unitholder, are reinvested in additional units of the Trust, under the Distribution Reinvestment Plan (the "Plan") without sales charge. For additional information about participating in the DRIP Plan please contact Nancy Tham, Vice President.

STATEMENTS OF NET ASSETS As at March 31, 2002 and December 31, 2001	March 31 2002 Unaudited	December 31 2001 Audited
ASSETS:		
Investments at Market Value	\$ 48,130,523	\$ 49,987,061
Cash	1,914,000	829,415
Income Receivable	1,505,839	605,150
	51,550,362	51,421,626
LIABILITIES:		
Loan Payable	12,419,684	12,602,465
Unitholder Distributions Payable	917,829	938,494
Accounts Payable and Accrued Liabilities	485,863	197,104
	13,823,376	13,738,063
Net Assets	\$ 37,726,986	\$ 37,683,563
Units Issued and Outstanding	5,080,448	5,200,754
Net Asset Value per Unit	\$ 7.43	\$ 7.25

STATEMENTS OF CHANGES IN NET ASSETS
For the three months ended March 31

Unaudited	2002	2001
OPERATIONS:		
Net Increase in Net Assets Resulting from Operations	\$ 1,833,064	\$ 2,786,700
DISTRIBUTIONS TO UNITHOLDERS	(917,829)	(958,640)
UNITHOLDER TRANSACTIONS:		
Repurchase of Units	(871,812)	(2,229,370)
Net Increase (Decrease) in Net Assets	43,423	(401,310)
NET ASSETS:		
Beginning of Period	37,683,563	37,581,348
End of Period	\$ 37,726,986	\$ 37,180,038
Distribution per Unit (Note 2)	\$ 0.18	\$ 0.17

The accompanying notes to financial statements are an integral part of these financial statements.

STATEMENTS OF OPERATIONS
For the three months ended March 31

Unaudited	2002	2001
INVESTMENT INCOME:		
Income from Investments	\$ 714,888	\$ 1,004,724
Interest	368,125	371,307
	1,083,013	1,376,031
EXPENSES:		
Interest and Bank Charges	101,969	203,255
Management Fee	99,100	99,773
Audit and Legal	11,956	10,482
Custodian and Trustee Fee	9,138	10,680
Marketing	4,709	11,542
Transfer Agent Fee	3,210	3,210
Network Fee	2,124	2,928
Other	4,094	3,400
	236,300	345,270
Net Investment Income	846,713	1,030,761
NET REALIZED AND UNREALIZED GAIN (LOSS) ON INVESTMENTS:		
Net Realized Loss from Investment Transactions	(2,219,196)	(866,051)
Change in Net Unrealized Appreciation of Investments	3,205,547	2,621,990
Net Gain on Investments	986,351	1,755,939
Net Increase in Net Assets Resulting from Operations	\$ 1,833,064	\$ 2,786,700
Net Investment Income per Unit	\$ 0.16	\$ 0.18

STATEMENTS OF NET REALIZED LOSS FROM INVESTMENT TRANSACTIONS
For the three months ended March 31

Unaudited	2002	2001
Proceeds from Sale of Investments	\$ 8,976,686	\$ 8,968,073
Less: Cost of Investments Sold:		
Owned at Beginning of Period	51,462,994	55,084,932
Purchased During Period	6,133,798	8,084,391
Owned at End of Period	(46,400,910)	(53,335,199)
	11,195,882	9,834,124
Net Realized Loss from Investment Transactions	\$ (2,219,196)	\$ (866,051)

The accompanying notes to financial statements are an integral part of these financial statements.

STATEMENT OF INVESTMENT PORTFOLIO

As at March 31, 2002

Unaudited

Description	Business	% Weight
HIGH YIELD EQUITY:		
RioCan Real Estate Investment Trust	Retail/Office/Industrial Buildings	6.4%
H&R Real Estate Investment Trust	Office/Retail/Industrial Buildings	5.8%
Summit Real Estate Investment Trust	Industrial/Retail/Office Buildings	5.1%
Atlas Cold Storage Income Trust	Public Refrigeration Warehousing	4.5%
TransCanada Pipelines Limited	Oil Pipeline	4.5%
Equity Residential Properties Trust	Residential	3.8%
Morguard Real Estate Investment Trust	Retail/Office/Industrial Buildings	3.8%
Superior Propane Income Fund	Propane Distribution	3.7%
Pembina Pipeline Income Fund	Oil Pipeline	3.6%
Koch Pipelines Canada, L.P.	Oil Pipeline	3.0%
Canadian Real Estate Investment Trust	Retail/Office/Industrial Buildings	2.8%
Canadian Oil Sands Trust	Oil and Gas	2.8%
IPC US Income Real Estate Investment Trust	Office/Industrial/Retail Buildings	2.6%
Residential Equities Real Estate Investment Trust	Residential	2.3%
Northland Power Income Fund	Power Generation	2.2%
Canadian Apartment Properties Real Estate Investment Trust	Residential	2.0%
Equity Office Properties Trust	Retail/Office/Industrial Buildings	2.0%
CPL Long Term Care Real Estate Investment Trust	Retirement Homes	1.6%
Algonquin Power Income Fund	Power Generation	1.5%
ARC Energy Trust	Oil and Gas	1.4%
Retirement Residences Real Estate Investment Trust	Retirement Homes	1.3%
O & Y Real Estate Investment Trust	Office	1.2%
Provident Energy Trust	Oil and Gas	1.1%
Versacold Income Fund	Public Refrigeration Warehousing	0.9%
Advanced Fibre Technology Income Fund	Pulp Screens	0.9%
Fort Chicago Energy Partners L.P.	Oil Pipeline	0.4%
		71.2%
HIGH YIELD DEBT:		
Millar Western Forest Products Ltd. 9.875% due May 15, 2008	Forest Products	5.6%
Finlay Enterprises, Inc. 9% due May 1, 2008	Jewelry Retail	4.6%
Alberta Energy Company Ltd. 8.5% due December 20, 2040	Oil and Gas	4.3%
Intrawest Corporation 10.5% due February 1, 2010	Real Estate/Hospitality	3.5%
Scott Paper Limited 10% due June 6, 2007	Paper Products	2.2%
General Motors Acceptance Corp. 6.1% due June 8, 2005	Finance	2.1%
Air Canada Inc. 9% due June 1, 2006	Transportation	1.7%
Anchor Lamina Inc. 9.875% due February 1, 2008	Tool and Die Manufacturing	1.4%
Hurricane Hydrocarbons Ltd. 12% due August 4, 2006	Oil and Gas	1.3%
Province of Ontario 6.1% due December 2, 2011	Government	1.1%
Tembec Inc. 8.3% due January 30, 2003	Forest Products	1.0%
		28.8%
Total Investment Portfolio		100.0%

The accompanying notes to financial statements are an integral part of this financial statement.

TRUST PROFILE

The primary objectives of MINT are to produce a high level of sustainable income and to minimize the risk of investing in high yield securities on a cost effective basis. MINT is comprised of four asset classes: income funds, high income debt, real estate investment trusts and royalty trusts. Unitholders can acquire additional units by participating in the Distribution Reinvestment Plan. The Plan enables unitholders to reinvest their quarterly distributions in additional units of MINT thereby achieving the benefit of compounding returns. MINT is fully RRSP eligible. MINT trades on the Toronto Stock Exchange under the symbol "MID.UN".

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Angela V. Wannappa, Vice President