MIDLANDS MINERALS CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Six Months Ended June 30, 2006

Unaudited

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MIDLANDS MINERALS CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED INTERIM BALANCE SHEETS
AS AT JUNE 30TH, 2006

	June 30, 2006 $	December 31, 2005 $
ASSETS		
CURRENT		
Cash	48,946	11,898
Short term investments	2,141,308	101,616
Prepaid expenses	14,398	7,131
Sundry receivable	9,688	5,119
	2,214,340	125,764
ADVANCES TO SIKA RESOURCES INC. (Note 3)	6,541	6,541
DEFERRED COSTS (Note 4)	0	10,000
EQUIPMENT (Note 5)	26,793	18,507
INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Note 6 and Statement)	1,911,552	1,699,627
	4,159,226	1,860,439
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 8)	170,162	143,648
NON-CONTROLLING INTEREST	36,125	36,125
	206,287	179,773
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 7)	4,111,233	2,562,266
WARRANTS (Note 7)	1,291,356	257,355
CONTRIBUTED SURPLUS (Note 7)	401,786	401,786
(DEFICIT)	(1,851,436)	(1,540,741)
	3,952,939	1,680,666
	4,159,226	1,860,439

GOING CONCERN (Note 1)

APPROVED ON BEHALF OF THE BOARD:
____________________, Director

____________________, Director

Unaudited

MIDLANDS MINERALS CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED INTERIM STATEMENTS OF OPERATIONS AND DEFICIT
FOR THE PERIODS ENDED JUNE 30TH

	Three months ended June 30, 2006	Three months ended June 30, 2005	Six months ended June 30, 2006	Six months ended June 30, 2005
	$	$	$	$
EXPENSES				
Office and administrative expense	40,149	43,784	82,276	61,972
Management fees	46,500	25,210	80,543	49,210
Investor relations and shareholder information	-	18,638	4,823	22,981
Consulting fees	2,240	14,628	5,920	17,336
Professional fees	15,128	110,648	17,128	117,030
Telephone	5,768	3,112	8,265	4,568
Travel and automobile expense	44,292	12,015	66,615	18,319
Rent	3,600	3,600	7,200	7,200
Bank charges and interest	1,804	(175)	4,539	2,485
Transfer agent and filing fees	28,942	6,175	35,642	6,550
Foreign exchange (gain)	(273)	-	(273)	(1,145)
Amortization	1,701	1,380	2,845	2,691
Net loss from operations	189,851	239,015	315,523	309,197
Interest Income	(4,565)	-	(4,828)	-
NET LOSS for the period	185,286	239,015	310,695	309,197
DEFICIT, beginning of period	1,666,150	778,187	1,540,741	708,005
DEFICIT, end of period	1,851,436	1,017,202	1,851,436	1,017,202
NET LOSS PER SHARE - Basic and diluted	0.00	0.01	0.01	0.01
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	34,964,668	23,460,503	29,944,364	21,768,420

MIDLANDS MINERALS CORPORATION
(A DEVELOPMENT STAGE ENTERPRISES)

CONSOLIDATED INTERIM STATEMENT OF PROPERTY ACQUISITION COSTS AND DEFERRED EXPLORATION EXPENDITURES

FOR THE PERIOD ENDED JUNE 30TH, 2006

	Itilima Gold & New Kilindi Project Tanzania $	Kwahu Praso Kaniago & Sian Concession Ghana $	Total $
PROPERTY ACQUISITION COSTS			
Balance, December 31, 2005	496,713	46,511	543,224
Option Payment	430	-	430
Balance, June 30, 2006	497,143	46,511	543,654
DEFERRED EXPLORATION EXPENDITURES			
Balance, December 31, 2005	924,873	231,530	1,156,403
Additions during period			
Geological consulting	9,560	121,301	130,861
Exploration	1,725	1,800	3,525
Rent	13,563	-	13,563
Licences and permits	-	17,250	17,250
Legal Fees	4,180	2,280	6,460
Travel / Meals	10,814	21,757	32,571
Field work	1,711	-	1,711
Office	5,329	225	5,554
Total Additions during period	46,882	164,613	211,495
Balance, June 30, 2006	971,755	396,143	1,367,898
TOTAL BALANCE, June 30, 2006	**1,468,898**	**442,654**	**1,911,552**

MIDLANDS MINERALS CORPORATION
(A DEVELOPMENT STAGE ENTERPRISE)
CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED JUNE 30TH

	Three months ended June 30, 2006 $	Three months ended June 30, 2005 $	Six months ended June 30, 2006 $	Six months ended June 30, 2005 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Net (loss) for the period	(185,286)	(239,015)	(310,695)	(309,197)
Add items not requiring cash:				
Stock based compensation cost	-	86,000	-	86,000
Amortization	1,701	1,380	2,845	2,691
	(183,585)	(151,635)	(307,850)	(220,506)
Changes in non-cash working capital balances:				
(Increase) decrease in prepaid expenses	(10,025)	5,286	(7,267)	10,486
(Increase) in sundry receivable	(3,041)	(2,015)	(4,569)	(4,582)
Increase (decrease) in accounts payable and accrued liabilities	25,820	(59,866)	26,514	(185,266)
Cash flows from operating activities	(170,831)	(204,200)	(293,172)	(399,868)
CASH FLOWS FROM INVESTING ACTIVITIES				
Short term investments	8,692	-	(2,039,693)	-
Purchase of equipment, net	(11,131)	(1,394)	(11,131)	(5,264)
Interest in mineral properties and deferred exploration expenditures	(112,404)	(22,072)	(211,925)	(57,374)
Cash flows from investing activities	(114,843)	(23,466)	(2,262,749)	(62,638)
CASH FLOWS FROM FINANCING ACTIVITIES				
Deferred costs	-	-	10,000	(45,234)
Exercise of warrants	-	-	1,850	-
Issuance of common shares for cash, net of costs	(5,136)	(1,500)	1,662,606	769,320
Issuance of warrants for cash, net of costs	(2,887)	-	918,513	-
Cash flows from financing activities	(8,023)	(1,500)	2,592,969	814,554
(Decrease) Increase in cash	(293,697)	(229,166)	37,048	352,048
Cash, beginning of period	342,643	667,609	11,898	86,395
Cash, end of period	48,946	438,443	48,946	438,443
SUPPLEMENTARY INFORMATION:				
Interest paid	-	-	-	-
Taxes paid	-	-	-	-
Shares issued for services during the period	-	-	-	10,000
Compensation options issued for services rendered	-	-	178,187	31,100
Accrued exploration expenditures	-	-	-	-

1. NATURE OF OPERATIONS AND GOING CONCERN

Midlands Minerals Corporation (the "Company") is engaged in the evaluation and development of mineral properties in Tanzania and Ghana. The Company is considered to be in the development stages. The Company has not yet determined whether these properties contain ore reserves that are economically recoverable. As the Company's assets are located outside of North America, they are subject to the risk of foreign investment, including increases in taxes and royalties, renegotiation of contracts, currency exchange fluctuations and political uncertainty. 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.

The recoverability of the carrying values of mineral properties is dependent upon the discovery of economically recoverable reserves, the preservation of the Company's interest in the underlying mineral claims, the ability of the Company to obtain financing necessary to complete development of the properties, and the future profitable production there from or alternatively, upon the Company's ability to dispose of its interests on an advantageous basis.

The business of mining and exploring for minerals involves a high degree of risk and there can be no assurance that current exploration programs will result in profitable mining operations. Changes in future conditions could require material write downs of the carrying values. Major expenditures are required to locate and establish ore reserves, to develop metallurgical processes and to construct mining and processing facilities at a particular site.

Management reviews the carrying value of the Company's interest in each property and where necessary, exploration properties are written down to their fair value. Although management has made its best estimate of these factors, it is reasonably possible that certain events could adversely affect management's estimates of fair value and the need for, as well as the amount of, provision for impairment in the carrying value of exploration properties and related assets.

These consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. The Company is in the development stage with no history of profitability. There is no guarantee that the Company's exploration programs will yield positive results or that the Company will be able to obtain the necessary financing to carry out the exploration and development of its properties. If the going concern assumption was not appropriate for these consolidated interim financial statements, then adjustments would be necessary to the carrying values of assets and liabilites, the reported revenues and expenses, and the balance sheet classifications used. Such adjustments could be material.

2. BASIS OF PRESENTATION

The accompanying unaudited interim consolidated financial statements are prepared in accordance with Canadian generally accepted accounting principles ("GAAP") and follow the same accounting policies and methods of application as the audited consolidated financial statements of the Company for the year ended December 31, 2005. They do not include all of the information and disclosures required by Canadian GAAP for annual financial statements. In the opinion of management, all adjustments considered necessary for fair presentation have been included in these consolidated interim financial statements. Operating results for the six-month period ended June 30, 2006 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2006. For further information, see the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2005.

These interim consolidated financial statements are unaudited and have not been reviewed by the Company's auditors.

3. ADVANCES TO SIKA RESOURCES INC.

Advances to SIKA Resources Inc. ("SIKA") are unsecured, non-interest bearing with no fixed terms of repayment. SIKA has officers and directors in common with the Company.

4. DEFERRED COSTS

During the six month ended June 30, 2006, deferred costs totalling $10,000 relating to professional fees, were written off as share issue costs.

5. EQUIPMENT

	Cost	Accumulated Amortization	June 30, 2006 Net	December 31, 2005
	$	$	$	$
Computer equipment	15,685	8,242	7,443	8,756
Office equipment	26,353	7,560	18,793	9,132
Field equipment	999	442	557	619
	43,037	16,244	26,793	18,507

6. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

TANZANIA

Itilima Gold Project

The Company's interest in the Itilima Gold Project consists of a 75% interest in two contiguous prospecting licenses registered under the name of the Itilima Mining Company Limited , a Tanzanian corporation. The licenses were granted for all minerals including gold and diamonds but not including building materials and gemstones. Net smelter royalties ("NSR") payable upon production to Juma Motors Transport Ltd. ("JMT"), the Company's local joint venture partner, are 2% for the first two years, 1.5% for the next two years, and 1% thereafter for the life of the mine. In addition, there is a royalty payable upon production to the Government of Tanzania of a 3% NSR for gold and a 5% NSR for diamonds. All the licenses have been renewed and are in good standing.

New Kilindi Concession

The Company also has a 2,700 square kilometre reconnaissance licence valid until July 13, 2007 on the New Kilindi property and renewable thereafter. The Company owns 100% of the license.

GHANA

Kwahu Praso

Midenka Resources Limited which is 80% owned by the Company, holds title to the Kwahu Praso property situated in the Eastern Region on the Ashanti gold belt in Ghana. The Government of Ghana is entitled to a 10% free-carry interest in the Concession with no contribution requirement. 20% is held by The Enkaakyiri Trading Company Limited, a local Ghanaian company.

Kaniago Concession

The Company was granted a prospecting license in June 2005, for the Kaniago Concession consisting of 45.14 sq.km. The Government of Ghana holds the right to a statutory 10% free-carried interest.

Sian Property

On November 1, 2005, the Company entered into an agreement with Sian Goldfields Limited (“Sian”), whereby the Company will have a 78% interest in the mineral assets of Sian in exchange for the assumption of outstanding Sian liabilities of up to US$1,000,000. The Sian mineral property covers approximately 50 square kilometres and is contiguous to the Company’s Kwahu Praso property. The Government of Ghana has a statutory 10% free-carried interest in the Sian property. Discussions with Sian were still in progress as at June 30, 2006. (See Note 11)

7. CAPITAL STOCK
Authorized

Unlimited common shares

On March 21, 2006 the Company issued 11,498,000 units at $0.25 per unit for gross proceeds of $2,874,500 (the “Private Placement”). Each unit consists of one common share and one common share purchase warrant entitling the holder to acquire one additional common share of the Company at a price of $0.35 per share if exercised during the first year from the date of issue and at an exercise price of $0.45 per share if exercised during the second year from the date of issue for a period of two years.

The fair value of the warrants was calculated using the Black-Scholes option pricing model with the following average assumptions: dividend yield of 0%, expected volatility of 100%, expected risk free interest rate of 3.6% and an expected life of 2 years.

Shares Issued and Outstanding :

	Number of Common Shares	Amount ($)
Balance of Capital stock as at December 31, 2005	**23,460,503**	**2,562,266**
Issued for cash	11,498,000	1,850,369
Share issue costs	-	(303,527)
Warrants Exercised	6,165	2,125
Balance, June 30, 2006	**34,964,668**	**4,111,233**

Warrants

As at June 30, 2006, the following warrants were granted and outstanding:

	Number of Warrants	Weighted Average Exercise Price	Value
		$	$
Outstanding at beginning December 31, 2005	**7,180,518**	**0.29**	257,355
Issued during the period for cash	11,498,000	0.40	856,089
Exercised	(6,165)	(0.30)	(275)

Issued during the period for services	919,840	0.40	178,187
Balance, June 30, 2006	**19,592,193**	**0.33**	1,291,356

The following table summarizes information relative to the expiry date of all warrants outstanding:

Date Granted	Warrants Granted	Exercise Price	Expiry Date
January 15, 2004	525,000	0.43	April 4, 2007
June 1, 2004	809,233	0.43	April 4, 2007
October 24, 2004	277,035	0.43	March 23, 2007
March 23, 2005	5,061,355	0.30	March 23, 2007
March 23, 2005	500,000	0.20	March 23, 2007
March 31, 2005	1,750	0.20	March 31, 2007
March 20, 2006	11,498,000	0.35 & 0.45	March 20, 2007 & 2008
March 20, 2006	919,840	0.35 & 0.45	March 20, 2007 & 2008
Balance, June 30, 2006	**19,592,193**		

Warrant Extension

On March 23, 2006, the TSX Venture Exchange approved the extension of 1,334,233 warrants which were issued to Midlands shareholders on May 28, 2004 pursuant to a private placement on May 28, 2004 and prior to Midlands Minerals becoming a public listed company. These warrants were issued at $0.43 and they are due to expire on May 28, 2006. They have been extended to April 4, 2007. None of these warrants are held by insiders.

Stock Options

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. No one person shall be granted options representing more than 5% of the issued and outstanding common shares of the Company. Option grants to persons providing investor relations services may not exceed 2% of the issued and outstanding share capital and must vest over a 12-month period with no more than 25% of the options vesting in any quarter. The options are non-assignable and non-transferable and may be granted for a term not exceeding five years. The exercise price of the options is fixed by the board of directors of the Company and shall be determined on the basis of the market price of the shares at the time of grant, subject to all applicable regulatory requirements.

A summary of changes in options during the years indicated is as follows.

	Options Granted	Weighted Average Exercise Price $
Balance, December 31, 2005 and June 30, 2006	2,346,050	0.23

As at June 30, 2006, the following options were outstanding:

Date of Grant	Options Granted And Exercisable	Exercise Price	Expiry Date
	Number of Options	Canadian Dollars	
June 22, 2005	1,876,825	0.20	June 22, 2010
June 22, 2005	234,600	0.30	June 22, 2010

June 22, 2005	234,600	0.43	June 22, 2010
	2,346,025	0.23	

On June 22, 2005, the Company granted 2,346,050 stock options to directors, officers, and consultants of the Company, exercisable at $0.20, $0.30, and $0.43 per share until June 22, 2010. The fair value of the stock options described above was estimated on the date of grant using the Black-Scholes option pricing model.

CONTRIBUTED SURPLUS

	Amount
	$
Balance, December 31, 2005 and June 30, 2006	401,786

8. RELATED PARTY TRANSACTIONS

During the six month period ended June 30, 2006, management fees totaling $80,543 (June 30, 2005 - $49,050) were paid or accrued to a director who is also an officer of the Company. Included in accounts payable and accrued liabilities as at June 30, 2006, was Nil (December 31, 2005 - $26,535) due to this individual which includes accrued management fees and amounts owing for certain expenditures incurred by the individual on behalf of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. INCOME TAXES

The estimated taxable income for the period is $Nil. Based upon the level of historical taxable income, it cannot be reasonably determined at this time if it is more likely than not the Company will realize the benefits from future income tax assets or the amount owing from future income tax liabilities. Consequently, the future recovery or loss arising from differences in tax values and accounting values have been reduced by an equivalent estimated taxable temporary difference valuation allowance.

The estimated taxable temporary difference valuation allowance will be adjusted in the period that it can be determined that it is more likely than not that some portion or all of the future tax assets or future tax liabilities will be realized.

For further information about the Company's losses for tax purposes, refer to the audited December 31, 2005 consolidated financial statements. The benefits of these losses and the estimated loss for the period are not recognized in these financial statements

10. COMMITMENTS

The Company entered into a Property lease with Amexon Property Management Inc. for the rental of office space at the rate of approximately $40,00 per year. The Lease is effective July 2006 and is for a three year period.

11. SUBSEQUENT EVENTS

1. Sian Goldfields Limited

The Company is finalizing the agreement entered into with Sian Goldfields Limited ("Sian") on November 1, 2005 under which Midlands would have a 78% interest in the mineral assets of Sian. The equity positions have been revised to give Midlands a 65% interest and Sian and its major creditors a 35% interest in Akroma Mining

Company Limited which was formed in May 2006. The Government of Ghana has a statutory 10% carried interest. The Sian Mining Lease will be transferred into Akroma Mining Company Limited upon all the agreements being finalized.

2. Kwahu Praso

The Kwahu Praso prospecting licences are in the renewal process. The Company was required to shed 50% of the ground. The Company has re-applied for the shed ground. The project is in good standing and the renewal is pursuant to the Mining Act of Ghana.

3. Options Granted

The Company granted 1,125,000 options to Directors, employees and eligible consultants of the Company on August 9, 2006 for a period of 60 months with an expiry date of August 9, 2011. The options are exercisable at a price of $0.45 per share.

4. Appointments

On June 9, 2006, the Company appointed Marc Boisvert to the position of Vice President, Exploration and Isaac Adjovu to the position of Regional Exploration Manager for Africa.