MIDLANDS MINERALS CORPORATION

INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Nine Months Ended September 30, 2007

Unaudited

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MIDLANDS MINERALS CORPORATION
INTERIM CONSOLIDATED BALANCE SHEETS
AS AT SEPTEMBER 30, 2007 AND DECEMBER 31, 2006

	September 30, 2007 $	December 31, 2006 $
ASSETS		
CURRENT		
Cash	125,081	338,656
Short term investments	3,200,000	2,217,739
Prepaid expenses	10,034	9,393
Sundry receivable	13,728	13,202
Mining companies receivable	88,000	-
	3,436,843	2,578,990
ADVANCES TO SIKA RESOURCES INC. (Note 3)	20,470	6,541
SHARE INVESTMENT (Note 5a)	32,000	-
EQUIPMENT (Note 4)	31,572	38,031
INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Note 5 and Statement)	5,335,247	5,419,203
	8,856,132	8,042,765
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	449,800	558,843
Accounts payable for property acquisition (Note 5)	46,717	2,330,800
	496,517	2,889,643
FUTURE INCOME TAX LIABILITY	115,900	115,900
NON-CONTROLLING INTEREST	36,125	36,125
	648,542	3,041,668
SHAREHOLDERS' EQUITY		
CAPITAL STOCK (Note 6)	8,225,140	5,164,785
WARRANTS (Note 6)	2,232,690	1,800,774
CONTRIBUTED SURPLUS (Note 6)	1,004,266	590,305
DEFICIT	(3,254,506)	(2,554,767)
	8,207,590	5,001,097
	8,856,132	8,042,765

GOING CONCERN (Note 1)

APPROVED ON BEHALF OF THE BOARD:

Original signed by Kim F. Karris, Director

Original signed by Edward A. Harris, Director

Unaudited

MIDLANDS MINERALS CORPORATION

INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS AND DEFICIT

FOR THE PERIODS ENDED SEPTEMBER 30TH

	Three months ended Sept 30, 2007	Three months ended Sept 30, 2006	Nine months ended Sept 30, 2007	Nine months ended Sept 30, 2006
	$	$	$	$
EXPENSES				
Office and administrative expense	90,310	77,369	312,085	159,645
Management fees	48,825	46,500	146,475	127,043
Shareholder information	5,259	1,589	17,263	6,412
Consulting fees	-	-	-	5,920
Professional fees	16,259	29,874	37,074	47,002
Telephone	7,652	5,768	22,836	14,033
Travel and automobile expense	7,703	36,166	77,786	102,780
Rent	11,066	10,944	33,198	18,144
Bank charges and interest	2,438	1,724	6,615	6,264
Transfer agent and filing fees	108	7,131	32,613	42,774
Foreign exchange (gain)	3,484	(643)	3,012	(917)
Amortization	2,153	2,342	6,459	5,188
	195,257	218,764	695,416	534,288
Stock based compensation (Note 6)	-	188,519	237,089	188,519
Loss before the undernoted	195,257	407,283	932,505	722,807
Interest income	(5,924)	(16,874)	(56,766)	(21,703)
Mining options granted	-	-	(176,000)	-
NET LOSS for the period	189,333	390,409	699,739	701,104
DEFICIT, beginning of period	3,065,173	1,851,436	2,554,767	1,540,741
DEFICIT, end of period	3,254,506	2,241,845	3,254,506	2,241,845
NET LOSS PER SHARE - Basic and diluted	0.00	0.01	0.01	0.02
WEIGHTED AVERAGE NUMBER OF SHARES OUTSTANDING	53,046,458	34,964,668	48,470,442	31,636,189

MIDLANDS MINERALS CORPORATION

INTERIMCONSOLIDATED STATEMENT OF PROPERTY ACQUISITION COSTS AND DEFERRED EXPLORATION EXPENDITURES

FOR THE PERIOD ENDED SEPTEMBER 30, 2007

	Itilima Gold New Kilindi & Vukene Project Tanzania $	Kwahu Praso Kaniago & Sian Concession Ghana $	Total (Restated) (Note 5 b) $
PROPERTY ACQUISITION COSTS			
Balance, December 31, 2006	546,180	736,850	1,283,030
Option payment	1,228	-	1,228
Balance, September 30, 2007	547,408	736,850	1,284,258
DEFERRED EXPLORATION EXPENDITURES			
Balance, December 31, 2006	1,612,146	713,825	2,325,971
Additions during period			
Geological consulting	29,056	274,133	303,189
Drilling	68,730	782,411	851,141
Lab cost	27,000	111,004	138,004
Licences and permits	9,678	38,365	48,043
Legal fees	8,533	5,027	13,560
Travel/Meals	34,100	57,953	92,053
Supplies	996	52,910	53,906
Truck rental	12,414	72,921	85,335
Office	7,307	49,980	57,287
Management salary	41,250	41,250	82,500
Total Additions during period	239,064	1,485,954	1,725,018
Balance, September 30, 2007	1,851,210	2,199,779	4,050,989
TOTAL BALANCE, September 30, 2007	2,398,618	2,936,629	5,335,247

MIDLANDS MINERALS CORPORATION
INTERIMCONSOLIDATED STATEMENTS OF CASH FLOWS
FOR THE PERIODS ENDED SEPTEMBER 30

	Three months ended Sept 30, 2007 $	Three months ended Sept 30, 2006 $	Nine months ended Sept 30, 2007 $	Nine months ended Sept 30, 2006 $
CASH FLOWS FROM OPERATING ACTIVITIES				
Net loss for the period	(189,333)	(390,409)	(699,739)	(701,104)
Add items not requiring cash:				
Stock based compensation	-	188,519	237,089	188,519
Amortization	2,153	2,342	6,459	5,188
	(187,180)	(199,548)	(456,191)	(507,397)
Changes in non-cash working capital balances:				
(Increase) decrease in prepaid expenses	(2,250)	3,956	(641)	(3,312)
(Increase) decrease in sundry receivable	1,802	2,093	(526)	(2,477)
(Increase) in mining companies receivable	-	-	(88,000)	-
Increase (decrease) in accounts payable and accrued liabilities	(1,717,226)	69,743	(2,393,126)	96,257
Cash flows from operating activities	(1,904,854)	(123,756)	(2,938,484)	(416,929)
CASH FLOWS FROM INVESTING ACTIVITIES				
Short term investments	850,000	427,058	(982,261)	(1,612,634)
Purchase of equipment, net	-	(11,732)	-	(22,863)
Advances to Sika Resources	-	-	(13,929)	-
Share investments	-	-	(32,000)	-
Interest in mineral properties and deferred exploration expenditures	1,009,656	(268,352)	83,956	(480,277)
Cash flows from investing activities	1,859,656	146,974	(944,234)	(2,115,774)
CASH FLOWS FROM FINANCING ACTIVITIES				
Deferred costs	-	-	-	10,000
Exercise of warrants	-	-	615,350	1,850
Issuance of common shares for cash, net of costs	-	1,350	2,445,005	1,663,956
Issuance of warrants for cash, net of costs	-	759	431,916	919,272
Contributed surplus	-	-	176,872	-
Cash flows from financing activities	-	2,109	3,669,143	2,595,078
(Decrease) Increase in cash	(45,198)	25,327	(213,575)	62,375
Cash, beginning of period	170,279	48,946	338,656	11,898
Cash, end of period	125,081	74,273	125,081	74,273
SUPPLEMENTARY INFORMATION:				
Interest paid	-	-	-	-
Taxes paid	-	-	-	-
Shares issued for services during the period	-	-	-	-
Compensation options issued for services rendered	-	-	237,089	178,187
Accrued exploration expenditures	384,151	-	384,151	-

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 interim consolidated 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 interim consolidated 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, 2006. 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 interim consolidated financial statements. Operating results for the nine month period ended September 30, 2007 are not necessarily indicative of the results that may be expected for the full year ended December 31, 2007. For further information, see the Company's consolidated financial statements including the notes thereto for the year ended December 31, 2006.

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. The advances relate to outstanding obligations of SIKA in connection with acquisition of the Itilima gold and diamond project in 2001. The project was later transferred to Midlands Minerals Corporation in 2004.

4. EQUIPMENT

	Cost	Accumulated Amortization	Sept 30, 2007 Net	December 31, 2006
	$	$	$	$
Computer equipment	20,111	12,316	7,795	10,058
Office equipment	38,130	14,774	23,356	27,478
Field equipment	999	578	421	495
	59,240	27,668	31,572	38,031

5. INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES

a) TANZANIA

Itilima Gold Project

The Company's interest in the Itilima Gold Project consists of a 75% interest in four prospecting licenses two of which are registered under the name of the Itilima Mining Company, and three of which under Midlands Minerals Tanzania Limited, both subsidiary Tanzanian corporations. The licenses were granted for all minerals including gold and diamonds but exclude building materials and gemstones. Net smelter royalties ("NSR") payable upon production to Midlands' local joint venture partner, Juma Motors Transport Ltd. ("JMT"), are 2% for the first two years of mine life, 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 licences have been renewed and are in good standing.

During the year ended December 31, 2006, the Company entered into an agreement to acquire two additional Primary Mining Licences (PMLs) located on the Itilima Property within prospecting license number 1406 held by the Company. The Company has agreed to pay US$7,500 (paid) per PML for the first year and US$10,000 for each subsequent year until the property goes into production or until the company relinquishes its interest.

New Kilindi Concession

Through its subsidiary, Midlands Minerals (Tanzania) Limited, the Company held a 2,700 square kilometre reconnaissance licence which was valid until July 14, 2007 on the New Kilindi property. The license was renewable thereafter as a prospecting license.

On March 15, 2007, the Company entered into an option agreement with Canaco Resources Inc. ("Canaco") to develop its New Kilindi gold property in Tanzania. Canaco agreed to spend US$2,500,000 in work programs on the New Kilindi property, and pay the Company US$100,000 over a one-year period and issue 200,000 common shares of Canaco to earn a 60% interest in the property. Canaco has the option to acquire an additional 15% interest in the property by bringing the project to a bankable feasibility study stage.

Upon expiry of the reconnaissance license, Midlands re-applied for prospecting licences on the ground and the applications are being processed by the Ministry of Energy and Minerals.

INTEREST IN MINERAL PROPERTIES AND DEFERRED EXPLORATION EXPENDITURES (Continued)

b) GHANA

Sian Property

On August 23, 2006, the Company signed an agreement with Sian Goldfields Limited ("Sian"), whereby the Company acquired a 65% interest in the mineral assets of Sian in exchange for US$2,000,000 payable to certain Sian creditors subject to cash flow. The money, which is payable directly to Sian's sundry creditors is intended to ensure that Midlands can proceed without hindrance to explore and develop the Sian. The funds cover such things as payments to farmers for crop compensation, and past due payments to some of Sian's former workers, required for current exploration activities, who are owed money by Sian. The expenditures involved fall within general exploration expenditures and are accounted for as part of the Company's capitalized exploration costs. In addition, a one-time fee of US$100,000 was paid to Sian at closing in August of 2006.

The balance reflected in Accounts Payable for property acquisition of Sian remaining unpaid at September 30, 2007 ($1,865,919 less post dated cheques of $46,717) is being accounted for as part of the exploration expenditures in the current period pursuant to amendments to the agreement of August 23, 2006 with Sian.

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. The agreement required that the Sian property be held in Akroma Gold Company Limited, a Ghanaian company in which the Company holds a 65% interest through its wholly owned subsidiary Harbour Capital Corporation.

Kwahu Praso Property

Midenka Resources Limited ("Midenka"), a subsidiary, holds title to the Kwahu Praso Concession ("Concession") situated in the Eastern Region along the Northeastern border of the Ashanti gold belt of Ghana. Midenka is a Ghanaian corporation owned 80% by the Company and 20% by the Enkaakyiri Trading Company Limited ("Enkaakyiri"). Pursuant to a joint venture agreement dated April 23, 2003, the Company will cover all exploration costs until such time as an "inferred resource" has been established. At that time, Enkaakyiri will be required to participate in 20% of all costs related to exploration and development of the Concession.

Enkaakyiri may elect to sell or part of its interest, with the sale price being determined by the resources defined at the time of sale. In the event that Enkaakyiri sells its interest in the Concession, it would receive a Net Smelter Royalty equal to:

a) 2.00% for the first two years;
b) 1.00% for the next two years; and
c) 0.25% thereafter for the life of the mine.

In addition, the Government of Ghana is entitled to a 10% interest in the Concession with no contribution requirement. Both the Company and Enkaakyiri shall cede this 10% interest in proportion to their existing interests at that point in time.

The Kwahu Praso prospecting license was granted by the Ghana Minerals Commission and is valid until March 2009.

Kaniago Concession

The Company holds a 100% interest in the Kaniago concession which is located on the Asankrangwa Gold Belt in Ghana and is 45.14 squares kilometres in size. The mineral rights are owned by the Company through its subsidiary company – Midlands Minerals Ghana Limited. The Company has a prospecting license which is valid for a period of three years until February 2010.

6. CAPITAL STOCK

a) **Authorized**

Unlimited common shares

On January 11, 2007 the Company closed the second tranche of its brokered private placement. The Company issued 3,796,667 units at $0.30 per unit for gross proceeds of $1,139,000. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant will entitle the holder to purchase one additional common share of the Company at a price of $0.45 per share until July 11, 2008.

On April 4, 2007 616,667 shares were issued as a result of the exercise of warrants at $0.30 per share. (See note 6c).

On June 14, 2007 the Company issued 6,245,000 units at $0.35 per unit for gross proceeds of $2,185,750. Each unit consists of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share of the Company at a price of $0.50 per share until December 14, 2008.

b) **Shares Issued and Outstanding :**

	Number of Common Shares	Amount ($)
Balance of Capital stock as at December 31, 2006	**40,786,374**	**5,164,785**
Issued for cash	10,041,667	2,793,738
Share issue costs	-	(348,733)
Warrants Exercised	2,218,417	615,350
Balance, September 30, 2007	**53,046,458**	**8,225,140**

c) **Warrants**

As at September 30, 2007, the following warrants were granted and outstanding:

	Number of Warrants	Weighted Average Exercise Price	Value
		$	$
Warrants outstanding December 31, 2006	**22,903,565**	**0.41**	1,800,774
Warrants issued during the period for cash	5,020,833	0.50	524,036
Warrants issued during the period for services	765,367	0.35	164,960
Warrants exercised	(2,218,417)	0.30	(257,080)
Warrants Expired	(4,955,936)	0.30	-
Warrants outstanding, September 30, 2007	**21,515,412**	**0.12**	2,232,690

Warrants (Continued**)**

As at September 30, 2007, the following warrants were outstanding:

Date Granted	Number of Warrants	Exercise Price $	Expiry Date
March 20, 2006	10,498,000	0.45	March 20, 2008
March 21, 2006	919,840	0.45	March 21, 2008
March 22, 2006	1,000,000	0.45	March 22, 2008
December 12, 2006	3,311,372	0.45	June 12, 2008
January 11, 2007	2,164,100	0.45	July 11, 2008
June 14, 2007 (1)	3,622,100	0.50	December 14, 2008
	21,515,412		

On April 4, 2007, 616,667 warrants were exercised at $0.30 per share for gross proceeds of $185,000

On April 4, 2007, 994,601 warrants exercisable at $0.30 per share expired.

(1) 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 125%, expected risk free interest rate of 4.2% and an expected life of 1.5 years.

d) **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 is as follows.

	Number of Options	Weighted Average Exercise Price
Balance, December 31, 2006 and Sept 30, 2007	4,257,044	$0.34

As at September 30, 2007, the following options were outstanding:

Date of Grant	Options Granted And Exercisable	Exercise Price	Expiry Date
	Number of Options	Canadian Dollars	
June 22, 2005	1,828,825	0.20	June 22, 2010
June 22, 2005	228,600	0.30	June 22, 2010
June 22, 2005	228,600	0.43	June 22, 2010
August 17, 2006	1,025,000	0.45	August 9, 2011
April 4, 2007	896,019	0.45	April 4, 2012
	4,257,044		

Stock Options (Continued)

On April 4, 2007, the Company granted 896,019 stock options to directors, officers, and consultants of the Company, exercisable at $0.45 per share until April 4, 2012. The fair value of the stock options was estimated on the date of grant using the Black-Scholes option pricing model.

Contributed Surplus

	Amount
	$
Balance, December 31, 2006	590,305
Warrants Expired March 23 and 31, 2007	176,872
Stock Based Compensation April 4, 2007	237,089
	1,004,266

7. RELATED PARTY TRANSACTIONS

During the nine month period ended September 30, 2007, management fees totaling $146,475 (September 30, 2006- $127,043) were paid or accrued to a director who is also an officer of the Company. Included in accounts payable and accrued liabilities as at September 30, 2007 was $31,200 (December 31, 2006- $46,921) due to this individual which includes accrued management fees and amounts owing for certain expenditures incurred by the individuals on belhalf of the Company.

8. 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, 2006 Consolidated Financial Statements. The benefits of these losses and the estimated loss for the period are not recognized in these financial statements.

9. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2007, Midlands acquired a new mineral gold property near Geita in Tanzania. The project is called Lwenge project. The Company has also submitted a number of other applications for mineral properties in Tanzania. These are being processed by the Ministry of Energy and Minerals and decisions are pending.

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