

MIDLANDS MINERALS CORPORATION  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
 FOR THE PERIOD ENDED JUNE 30, 2006

**GENERAL**

The following discussion and analysis of the performance and financial condition of Midlands Minerals Corporation (the "Company") should be read in conjunction with the Unaudited Interim Consolidated Financial Statements of the Company for the period ended June 30, 2006, and June 30, 2005, and the Audited Consolidated Financial Statements for the year ended December 31, 2005, together with the accompanying notes thereto. These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles.

**FORWARD LOOKING STATEMENTS**

Certain statements contained in the following Management Discussion and Analysis constitute forward-looking statements. Such forward-looking statements involve a number of known and unknown risks, uncertainties and other factors, which may cause the actual results, performance or achievements of the company to be materially different from actual results and achievements expressed or implied by such forward-looking statements. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made and the readers are also advised to consider such forward-looking statements while considering the risks set forth below.

**SELECTED FINANCIAL INFORMATION**

The following table sets forth selected consolidated financial information of the Company of the last fiscal year ended December 31, 2005 and six month periods ended June 30, 2006 and June 30, 2005. The selected consolidated financial information should be read in conjunction with the Audited Consolidated Financial Statements of the Company for the year ended December 31, 2005

	June 30 (6 Months)	June 30, (6 Months)	December 31, (12 Months)
	2006	2005	2005
<b>Consolidated Statement of Operations</b>	\$	\$	\$
Total Revenue	--	--	--
Net Loss	<b>310,695</b>	309,197	832,736
Interest Income	<b>4,828</b>	--	--
Basic and Diluted Net Loss per Share	<b>0.01</b>	0.01	0.04
<b>Balance Sheet</b>			
Total Cash and Short-term investments	<b>2,190,254</b>	438,443	113,514
Working Capital (Deficiency)	<b>2,044,178</b>	374,222	(17,884)
Non-Controlling Interest	<b>36,125</b>	36,125	36,125
Total Long Term Debt	<b>Nil</b>	Nil	Nil
Total Assets	<b>4, 159,226</b>	2,007,798	1,860,439
Shareholders' Equity	<b>3,952,939</b>	1,888,419	1,680,666
<b>Deferred Exploration &amp; Property Acquisition Cost</b>			
Acquisition Cost	<b>543,244</b>	541,244	543,224
Deferred Exploration Expenditures	<b>1,368,328</b>	<u>982,791</u>	<u>1,156,403</u>
<b>Total Balance</b>	<b>1,911,522</b>	1,524,035	1,699,627

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#### DESCRIPTION OF THE BUSINESS

Midlands Minerals Corporation is a publicly traded Canadian natural resource company engaged in the exploration of mineral properties. The Company is a development 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. Through its subsidiaries, the Company controls approximately 2,970 sq. kilometres in 5 properties for prospective mineral deposits. The Company's main strength emanates from three factors: properties that are well located in proven gold producing areas, an experienced team with a combined 85 years of gold mining/exploration experience in Africa, and a strong financial foundation with no long term debt.

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 properties involve significant financial risks and the success of the Company will be influenced by a number of factors including risks associated with exploration and eventual extraction, foreign investment regulation, 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 resources activities do not generate any revenues.*

#### CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Company's financial statements conforms with Canadian Generally Accepted Accounting Principles. They require management to make estimates and assumptions that affect the reported amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements. Actual results may differ from those estimates. Management believes that the estimates presented in this management discussion and analysis are reasonable. General exploration expenditures which do not relate to specific resource properties are written off in the year incurred.

Interest in exploration properties, property acquisition costs, and related direct exploration costs, are deferred until such time as the properties are placed into commercial production, sold, determined not to be economically viable, or abandoned. These deferred costs will be amortized on the unit-of-production basis over the estimated useful lives of the properties following the commencement of production. If the properties are subsequently determined not to be economic the properties are written down to net realizable value. If the properties are allowed to lapse, or are abandoned or sold, their related deferred exploration costs are charged to operations in the current year.

The cost of exploration includes any cash consideration paid, and the fair market value of shares issued, if any, on the acquisition of property interests. Properties acquired under option agreements, whereby payments are made at the sole discretion of the Company, are recorded in the accounts when the payments are made. The recorded amounts of property acquisition costs and their related deferred exploration costs represent actual expenditures incurred and are not intended to reflect present or future values.

The Company reviews its exploration properties and capitalized costs on its property interests on an annual basis to determine if events or changes in circumstances have transpired which indicate that the carrying value of its assets may not be recoverable. The recoverability of costs incurred on the exploration properties is dependent upon numerous factors and estimates including exploration results, environmental risk, political risk and the Company's ability to attain profitable production.

Effective October 1, 2004, the Company adopted the recommendations of the CICA Handbook Section 3870, *Stock-based Compensation and Other Stock-based Payments* for employees and non-employees. This Section establishes standards for the recognition, measurement and disclosure of stock-based compensation and other stock-based payments made in exchange for goods and services. These recommendations require that compensation for all awards made to employees and non-employees be measured and recorded in the financial statements at fair value.

## OVERVIEW OF PERFORMANCE

### *TANZANIA PROPERTIES:*

#### **Itilima Gold Project**

The Company holds a 75% indirect interest in the Itilima Gold and Diamond Project, which consists of three contiguous licences totalling 65 square kilometres in the Lake Victoria Goldfields in Tanzania. The Company's exploration program to date has been primarily concentrated on soil geochemistry, following RC drilling undertaken in 2004.

The Company is conducting a detailed Metal Mobil Ion ("MMI") geochemistry program on Prospecting Licence ("PL") 1406 and PL 2043. The detailed survey is designed to assist in the selection of drill location sites along previously detected soil geochemical anomalies. The work program entails three detailed grids with lines spaced at 100 metres and sampling stations along the line at 20 metre intervals. Two grids, the main Itilima Grid and the Itilima West Grid, are covering two anomalous areas bordering both sides of a diorite sill over a strike length of 3 to 4 kilometres. The third grid is covering an anomalous gold area coinciding with an iron rich dyke taking place along a NE structural lineament. A total of 2,157 samples were collected along 57 km of grid lines. Two batches of samples were delivered to the SGS laboratory in Mwanza, Tanzania and results are expected in late August and September 2006. The samples are being analyzed by the "Mobile Metal Ions" (MMI-B5) procedure for gold plus four pathfinder elements (Co, Ni, Pd, Ag). The Company is targeting November 2006 for commencement of the next phase of drilling for gold on the Itilima Project.

On March 2, 2006, Midlands reported the discovery of a geochemical gold anomalous zone on PL 2043, just 5 kilometres east from the Itilima gold-digging site. This eastern discovery gives Midlands an increased number of drill targets. An in-fill MMI survey was completed on August 16, 2006 at 200 metres by 80 metres on over a 9 square kilometres area. These previous reconnaissance results were encouraging in that they are associated with favourable rocks such as a felsic quartz eyes dyke, and the area is located at the contact of a basalt unit and metasediments-felsic pyroclastic volcanic units. This geological environment is considered extremely favourable for gold deposits in the Lake Victoria Goldfield.

#### **New Kilindi**

In July 2005, the Company was granted a reconnaissance licence consisting of 2,700 square kilometres in the New Kilindi area in Tanzania. This property is owned 100% by Midlands and is part of the Neoproterozoic (Pan-African) Mozambic belt as defined by Holmes 1951. Predominant rock types are mafic to intermediate granulites, migmatites, granitoid orthogneisses. Reconnaissance work reveals gold mineralization in this region to be associated to talc-actinolite shear adjacent of amphibolite rock. The property is currently at an early stage of exploration and the objective is to evaluate the gold endowment of the Kilindi region which is proximate to the recent artisan miner gold discovery near the Funguli village. Reconnaissance work of prospecting mapping and sampling commenced in August, and will resume in October, to include stream sediment geochemistry survey and a satellite imagery study.

### *GHANA PROPERTIES:*

#### **Kwahu Praso**

The Company holds an indirect 80% interest in the Kwahu Praso Gold Project in Ghana. This property is located on the northeast end of the Ashanti Gold Belt and totals 109 square kilometres in size. The Company completed soil geochemistry on the entire property. An NI 43-101 report prepared by a Qualified Person, Marc Boisvert P. Eng., dated May 16, 2006 and entitled "The Kwahu Praso Property" has been filed on [www.sedar.com](http://www.sedar.com).

Two anomalous areas of more than 6 square kilometres each have been outlined on the Kwahu Praso concession. The two new areas are adjacent and on strike with the Sian Goldfield Esaase Mine, a carbonate-silica flooding alteration with sulphides and quartz veinlets gold mineralization. Dispersions of anomalies are affected by drainage and colluvial transportation. The three areas, the Esaase Mine, the north anomaly cluster and south anomaly cluster, highlight a sector of 15 km by 3 km forming a gold-bearing anomalous trend, oriented at 020°-200°, to explore.

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The Kwahu Praso concession has synergy with the adjacent Sian Goldfield property, which Midlands has entered into an agreement to acquire an indirect 65% interest in. The Kwahu Praso proposed exploration work is estimated at USD \$420,000 over the next 12 months. This should permit Midlands to outline drill targets. The reconnaissance anomalies will be better defined by in-fill surveys to delineate areas of sulphide content and to highlight the best gold portions of the sulphide area, which is to be drill tested.

The proposed program is as follows:

- Soil pH surveys over the two cluster areas.
- IP geophysics reconnaissance survey.
- Detail geochemical surveys by the appropriate medium.
- Detail IP geophysics surveys.
- MMI profile section or RAB/RC fence drilling sections.
- RC drilling of best gold portions of the trend.

### **Kaniago**

The Company holds a 100% interest in a 45.14 square kilometre prospecting licence on the Asankrangwa Gold Belt in Ghana. A stream sediment sampling program, designed and supervised by a Qualified Person, Marc Boisvert P. Eng., was completed in June. The exploration program involved active stream sediment sampling and reconnaissance geological mapping. The stream sediment survey confirmed the presence of gold at the Kaniago Concession with all high gold values from 1st and 2nd order streams that take their sources within the concession. A quartz vein believed to be along the mafic dyke at Kaniago village returned a gold value of 190 ppb on analysis. Preliminary mapping indicates the concession to be underlain by Birimian metasediments intruded by hornblende-rich granite belonging to the Dixcove suite. Mafic dykes are reported to cut across the concession through the village of Kaniago and another further east of the concession.

Follow up soil sampling orientation survey, regolith and rock mapping are planned to locate with more accuracy the sources of the stream anomalous zone.

### **SIAN:**

In November 2005, the Company entered into an agreement, under which the Company would acquire a 65% interest in the mineral assets of Sian. The mineral assets being acquired include an area of approximately 50 square kilometres of ground which is contiguous to Midlands' 109 square kilometres Kwahu Praso property on the north-east end of the Ashanti Gold Belt.

### *RESOURCE:*

Sian is a past gold producer and there is an indicated resource of 100,000 oz of gold and 100,000 oz in an inferred resource based on the NI 43-101 report dated April 21, 2006. Sian was mining gold out of two open pits at Esaase and Ampeha. Midlands intends to conclude its arrangements with Sian as soon as possible. Midlands updated the Sian historical resource to a current resource through a technical work program undertaken by a Qualified Person, Marc Boisvert, P. Eng. in January and February 2006. The 43-101 Technical Report, which contains detailed findings and work plans, is available on the Company's web site and on [www.sedar.com](http://www.sedar.com). The following are highlights of the findings from the Esaase open pit mine:

#### **Esaase Indicated Resources Above 100 mL (120m depth)**

Oxide Zone	125,000 tonnes grading 2.65 g/t (cut)
Sulphide Zone	1,230,000 tonnes grading 2.24 g/t (cut)
Total	3062.3 kg (95,248 ounces)

#### **Esaase Inferred Resources Below 100 mL**

Below the 100 m level for three potential levels (40 m, -10 m, below -10 m) as:  
 562,325 tons at 5.71 g/t Au, 3,210.9 kg (99,869 ounces)

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Exploration work is planned to be executed over a 17 to 24 month period, subject to availability of financing. This should permit Midlands to bring at least one ore zone to the level indicated and/or measured resource. Re-interpretation of data indicates that known gold occurrences, which could be part of a larger gold-bearing system, need to be delineated. The best gold endowment portions of this system will also need to be drill tested.

The geological model is a gold-bearing sulphide-carbonate-silica flooding central trend bordered by quartz veins. First priority targets are sulphide mineralizations (Esaase- Ampeha style) and quartz veins (Besease-Atonsu style) are second priority targets. To advance exploration of the gold-bearing system, a two phase exploration program sub-divided into five exploration stages is recommended and outlined below:

*PHASE I:* Delineate the entire gold-bearing system, its internal zoning and best gold endowment areas

1. Salvage of original data and data compilation

- Data Organization
- Geological Map

2. Orientation survey to confirm physical and chemical features of Esaase-Ampeha styles and Atonsu-Besease styles of exploration targets

- Soil pH orientation surveys
- IP orientation survey
- Gold soil sampling and identified other pathfinder elements
- MMI soil profile test
- DDH drilling on Esaase extension system

3. Exploration to outline and drill test best gold areas inside the gold-bearing system

- Soil pH property survey or Reconnaissance I.P.
- Soil property surveys
- Soil detail surveys
- Detail in-fill IP survey
- MMI profile Section or RAB/RC fence sections
- DDH Drilling best portions of the system

*PHASE II:* Develop best gold endowment area into inferred and indicated resources

4. Determine the best size targets and best gold endowments along the strike and between the known gold occurrences

5. Follow-up drilling to raise level to indicated resource

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**SUMMARY OF QUARTERLY RESULTS**

Selected consolidated financial information for the most recently completed quarters 2006, 2005, and 2004 are as follows:

Three months ending	2006		2005				2004			
	Mar.	June	Mar.	June.	Sept.	Dec.	Mar.	June	Sept.	Dec.
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
<b>Net Loss</b>	<b>125,409</b>	<b>185,286</b>	39,930	155,678	111,056	87,970	70,182	239,015	167,132	356,407
<b>Basic and diluted net loss per share 0.00</b>	<b>0</b>	<b>0</b>	0.00	0.01	0.01	0.00	0	0.01	0.01	0.02

**RESULTS OF OPERATIONS**

For the three months ended June 30, 2006, the Company suffered a loss from operation of \$185,286 as compared to a loss of \$239,015 in the comparable period of fiscal 2005. The change in operating expenses reflects the timing of expenses related to the private placement of shares and other related events. The creation of revenue in the form of interest earned, made possible from the large increase in short term investments, has improved the financial position of the Company.

The most material decreases have occurred in professional fees, which decreased by \$95,520 to \$15,128 at June 30, 2006. This decrease is due to the Black-Scholes calculation of the stock option compensation costs, which is reflected in the equivalent 2005 statements.

An increase of \$32,277 occurred in travel expenses, which reflects increased field activity resulting in more travel to the Company's properties. Fees related to compliance matters also increased by \$22,767 from \$6,175 in 2005 to \$28,942 in 2006 due to the increase in continuous reporting requirements resulting from increased field activity.

**LIQUIDITY AND CAPITAL RESOURCES**

As of June 30, 2006 the Company reported working capital of \$2,044,178, an improvement over working capital of \$374,222 as of June 30, 2005. The increase was primarily due to a successful private placement completed on May 21, 2006. The Company issued 11,498,000 units at \$0.25 per unit for gross proceeds of \$2,874,500.

**INVESTMENT IN MINERAL EXPLORATION AND DEVELOPMENT**

In the three month period ending June 30, 2006, expenditures on mineral properties increased by \$112,404 to \$1,911,552 over the previous period. This change reflects an increase in exploration activities in Ghana and Tanzania. Expenditures on exploration and development increased from \$1,524,035 at June 30, 2005 to \$1,911,552 at June 30, 2006. The majority of the increase can be attributed to geological consulting fees which increased to \$130,861, specifically related to the exploration of the Kwahu Praso and Sian Goldfields properties. Travel and meal costs also increased to \$32,571 from \$850 as at June 30, 2005.

**BUSINESS COMBINATION**

On June 2, 2004, the Company amalgamated with 1487852 Ontario Inc. ("Numco"), a corporation with 1,411,000 common shares outstanding. Numco's sole asset was \$291,285 due from the Company. The Company was the continuing entity under the amalgamation and the transaction has been accounted for as a settlement of the amount due to Numco through the issuance of shares.

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On June 2, 2004, the Company amalgamated with Grand Oakes Resources Corp. ("Grand Oakes"), an unlisted Canadian public company. Certain directors of the Company became directors of Grand Oakes prior to receipt of Grand Oakes' shareholders approval of the amalgamation with the company. Grand Oakes is the successor legal entity following the amalgamation. Former Grand Oakes shareholders received 572,167 shares of the amalgamated entity and former Company shareholders received 17,543,801 shares of the amalgamated company.

As the former Grand Oakes shareholders received less than 50% of the outstanding shares of the combined entity, the Company is considered the acquirer of Grand Oakes for accounting purposes. Accordingly, the Company is the accounting entity in these financial statements and the comparative figures presented in the financial statements after this amalgamation are those of the Company. The capital structure reflects that of the successor legal entity, Grand Oakes, and the stated value of the share capital is that of the Company. The amalgamated entity carries on business under the name Midlands Minerals Corporation. At amalgamation, Grand Oakes had net liabilities of \$104,509. The assumption of these net liabilities is recorded as a capital transaction. Related transaction costs in the amount of \$103,103 were recorded as an expense in the period the transaction closed.

#### **USE OF OFF BALANCE SHEET ARRANGEMENTS**

The Company has not entered into any specialized financial agreement to minimize its investment, currency or commodity risk. There are no off balance sheet arrangements, such as a guarantee contract, contingent interest in assets transferred to an entity, derivative instruments obligations or any obligations that trigger financing, liquidity, market or credit risk to the Company.

#### **TRANSACTIONS WITH RELATED PARTIES**

During the six month period ended June 30, 2006, management fees totalling \$80,543 (2005 - \$49,050) were paid or accrued to a director who is also an officer of the Company. The balance of management fees 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.

#### **CONTRACTUAL OBLIGATION AND COMMITMENTS**

Other than a Property Lease with Amexon Property Management Inc. for the rental of office space for the Company's Toronto had office the rate of approximately \$40,000 per year, the Company does not have any other commitments, or contractual obligations, long term debt, capital lease obligations, operating leases or purchase obligations.

#### **OUTLOOK**

The Company will continue to focus its efforts on further developing its mineral properties in Ghana and Tanzania. Planned work includes in-fill MMI soil surveys, IP surveys and RC drilling on the Ghana and Tanzania properties. However, such exploration and development activities are subject to the availability of future financing.

In Tanzania, field work will continue based on results from the MMI Surveys expected in late August and September 2006. The Company is targeting November 2006 for commencement of the next phase of drilling for gold on the PL 1406 (Itilima Project).

In Ghana, work on the Kwahu Praso began in June, 2006 with drilling planned for the last quarter of 2006. Initial work focused on following-up on reconnaissance soil anomalies.

Work on the Sian Goldfields property will also commence shortly after the definitive agreement is finalized. Currently, plans for this concession include extensive soil sampling, such as MMI tests, as well as traditional soil sampling plus geophysical surveys and drilling. The objective is to upgrade the historical resource to an indicated and/or measured resource and bring other known occurrences on the property into the inferred resource category.

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On the Kaniago project in Ghana, additional soil surveys are planned.

As additional funding becomes available, Midlands will have the ability to advance current exploration activities through to drilling.

**CAPITAL STOCK**

**AUTHORIZED UNLIMITED COMMON SHARES**

	<b>Number of Common Shares</b>	<b>Amount (\$)</b>
<b>Balance of Capital stock of legal parent, December 31, 2004</b>	18,393,003	2,050,301
Issued for cash	5,017,500	695,940
Share issue cost	-	(190,910)
Issued for services	50,000	6,935
	<hr/>	<hr/>
<b>Balance, December 31, 2005</b>	23,460,503	2,562,266
Issued for cash	11,498,000	1,850,369
Share issue cost	-	(298,392)
Warrants exercised	6,165	2,125
	<hr/>	<hr/>
<b>Balance, June 30, 2006</b>	<b>34,964,668</b>	<b>4,116,368</b>

**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, development, commodity, operating, ownership, political, funding, currency and environmental risk.

**The Company faces significant risks, inherent in the exploration and development of its mining properties**

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 dependant 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 with 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 risk**

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.

### **The Company will require additional funding to develop its properties**

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. As at December 31, 2005, the Company had an accumulated deficit of \$1,540,741. 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 risk**

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.

## **SUBSEQUENT EVENTS**

### **1. Sian Goldfields Limited**

The Company is finalizing an 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 a 35% interest. Under the agreement with Sian, Midlands registered a company in Ghana into which the Sian assets will be transferred. This new firm, Akroma mining Company Limited, was formed in May, 2006 and is owned 65% by Midlands and 35% by Sian. The Government of Ghana will have a statutory 10% carried interest. The Sian Mining Lease will be transferred into Akroma Mining Company Limited upon all the agreements being finalized and necessary government approval being obtained.

### **2. Kwahu Praso**

The Kwahu Praso prospecting licence is in the renewal process. At time of renewal, the Company was required to relinquish 50% of the ground covered by the licence. The Company has re-applied for the relinquished ground. The project is in good standing and the renewal is required pursuant to the Mining Act of Ghana.

### **3. Options Granted**

The Company granted 1,125,000 options to directors, employees and eligible consultants on August 9, 2006.

### **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.

### **DISCLOSURE CONTROLS**

The CEO and the CFO have evaluated Midlands' disclosure controls and procedures as of June 30, 2006 and are satisfied that these controls and procedures are adequate and effective to ensure that material information relating to the Company, including its subsidiaries, would have been brought to the attention of the CEO and CFO.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company, including its annual and interim consolidated financial statements, and analysis for each period therein is available on SEDAR at [www.sedar.com](http://www.sedar.com).