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 together with the accompanying notes thereto for the period ended June 30, 2007, and June 30, 2006, and the Audited Consolidated Financial Statements for the year ended December 31, 2006. 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 ANNUAL INFORMATION

The following table sets forth selected consolidated financial information of the Company of the last fiscal year ended December 31, 2006 and the six month period ending June 30, 2007 and June 30, 2006. 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, 2006.

	June 30 (6 months) 2007	**June 30 (6 months) 2006**	**December 31 (12 months) 2006**
Consolidated Statement of Operations	**$**	**$**	**$**
Total Revenue	**--**	--	--
Net Loss	**510,406**	310,695	1,014,026
Interest Income	**50,842**	4,828	
Basic and Diluted Net Loss per Share	**0.01**	0.01	0.03
Balance Sheet			
Total Cash and Short-Term Investment	**4,220,279**	2,190,254	2,556,395
Working Capital (Deficiency)	**2,117,850**	2,044,178	(310,653)
Non-Controlling Interest	**36,125**	36,125	36,125
Total Long Term Debt	**Nil**	Nil	Nil
Total Assets	**10,762,691**	4,159,226	8,042,765
Shareholders' Equity	**8,225,140**	3,952,939	5,001,097
Deferred Exploration & Property Acquisition Cost			
Acquisition Cost	**3,094,071**	543,224	3,093,232
Deferred Exploration Expenditures	**3,250,832**	1,368,328	2,325,971
Total Balance	**6,344,903**	1,911,522	5,419,203

DESCRIPTION OF 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. 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 to 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

MINERAL PROPERTIES

Midlands controls approximately 2,970 square kilometres over 5 distinct properties. Midlands has a majority interest in the following properties:

	Name of Project	Interest	Location	Deposit Type
(1)	Sian	65%	Ghana: Ashanti Gold Belt	gold
(2)	Kwahu Praso	80%	Ghana: Ashanti Gold Belt	gold
(3)	Kaniago	100%	Ghana: Asankrangwa Gold Belt	gold
(4)	ltilima	75%	Tanzania	gold/diamonds
(5)	New Kilindi	100%	Tanzania	gold

GHANA PROPERTIES

The Government of Ghana issues mineral rights as follows:

- Reconnaissance License (RL) which is valid for one year and is renewable.
- Prospecting License (PL) which is valid for three years and is renewable with a reduction of area to not less than 50%.
- Mining Lease (ML) which is valid for 30 years or less depending on the life of the mine, and is renewable.

Sian - Ghana

Sian is a past open pit gold producer with a resource of 200,000 ounces of gold (indicated resource of 1.3m tonnes grading at 2.3 g/t and an inferred resource of 500,000 tonnes grading at 5.7 g/t), a gold processing plant and a valid mining lease with an expiry date of 2027. Together with the contiguous Kwahu Praso property, Midlands controls 160 square kilometres of a prime gold exploration gold district with a 16 kilometre corridor and with large anomalies providing potential for the discovery of several gold deposits on the property.

The Sian/Praso package is located 30 kilometres north east of Newmont Mining's Akyem deposit with over 8 million ounces of gold. Sian produced 16,193 ounces of gold with a mineral recovery of 91% between 2001 and 2004 when the mine was closed due to management reasons.

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 USD $2,000,000 payable to certain Sian creditors over a period of 12 months and subject to cash flow. The money, which is payable directly to Sian's sundry creditors, was intended to ensure that Midlands could proceed without hindrance, to explore and develop the Sian property.

The funds cover such things as payments to farmers for crop compensation, and past due payments to some of Sian's former workers who are owed money by Sian and who are required by Midlands in current exploration activities. 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 USD $100,000 was paid to Sian at closing in August of 2006.

Midlands, through the advice of our auditors, acted conservatively by applying the USD $2 million in relation to Sian, to our current liabilities and presenting this amount as a payable on the Company's Balance Sheet.

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 - Ghana

The Company holds an 80% interest in the Kwahu Praso Gold Project in Ghana. The mineral rights are housed in Midlands subsidiary company – Midenka Resources Limited in which Midlands has an 80% interest. This property, which is contiguous to the Sian property, is located on the northeast end of the Ashanti Gold Belt and totals 109 square kilometres in size. Because the structures appear to be continuous between Sian and Kwahu Praso, the Company's exploration plan is to integrate work programs on Sian and the Kwahu Praso property.

The Kwahu Praso prospecting license is in the process of renewal and the Company has a letter to the effect that the Minerals Commission has recommended to the Minister of Lands, Forestry and Mines that the Kwahu Praso license be renewed. The Kwahu Praso prospecting licence renewal has been approved by the Ghana Minerals Commission and is valid until March 2009.

Nsuta - Ghana

At the time Midlands applied for the first renewal of Kwahu Praso, the Company was required to shed up to 50% of the ground. The Nsuta property was relinquished by the Company. The Company re-applied for the ground and has received confirmation that the application has been approved by the Technical Committee of the Minerals Commission. The normal process and next step is for Midlands to submit work programs to the Minerals Commission and the Company is in the process of making the required submissions. The Company will hold a 100% interest in the Nsuta prospecting license through its subsidiary company – Midlands Minerals Ghana Limited.

Kaniago - Ghana

The Company holds a 100% right interest in the Kaniago property which is located on the Asankrangwa Gold Belt in Ghana and is 45.14 square kilometres in size. The mineral rights are owned by Midlands through its subsidiary company – Midlands Minerals Ghana Limited. Work done to date includes stream sediment sampling and soil Geochemistry. The property sits between two open pit mines, the Abore mine to the north and the Obotan mine to the south. The company has a prospecting license which is valid for a period of three years until February 2010 following payment to the Minerals Commission of the license fee of USD $15,000 and other related taxes.

TANZANIA PROPERTIES:

The Government of Tanzania issues mineral rights as follows:

- Reconnaissance License (RL) which is valid for two years and is renewable with a reduction of area of no less than 50%.
- Prospecting License (PL) which is valid for three years and is renewable with a reduction of area to not less than 50%.
- An Extension of up to three years after the expiration of the Second Renewal.
- Mining Lease (ML) which is valid for 30 years or less depending on the life of the mine, and is renewable.

Itilima Gold Project - Tanzania

The Company holds a 75% interest in the Itilima Gold and Diamond Project, which consists of four contiguous licences totalling 65 square kilometres in the Lake Victoria Goldfields in Tanzania. Midlands' interest is through its subsidiary company in Tanzania – the Itilima Mining Company Limited. The Company's exploration program to date has focused on geochemistry followed by 1,345 metres of RC drilling in 2004 and 2,000 metres of diamond core drilling which was conducted in the last quarter of 2006. The Company plans to continue exploration activities based on results from current exploration. Through work done to date, the Company has confirmed a number of gold-bearing structures and shear zones including the previously known Itilima Shear Zone ("ISZ") and the Chanya Shear Zone ("CSZ"). There is now a 3 kilometre diorite surrounded by soil anomalies and a 10 kilometre strike length NW-SE structure. In April 2004, the Company conducted a reverse-circulation drilling program (drilling 14 holes, totalling 1,345 metres), to further confirm the gold mineralized potential of both the ISZ and CSZ.

In 2005, the Company conducted an extensive Mobile Metal Ion ("MMI") soil geochemistry program to confirm previous MMI results prior to further drilling. The results of the MMI geochemistry program confirmed repeatability and continuity of orientation of previously detected anomalous trends. One of the anomalous trends extends the strike direction of the Itilima artisanal mining site in both directions. Two other parallel trends indicate potential for parallel gold-bearing horizons under transport overburden. In the last quarter of 2006, the Company conducted a 2,000 metre diamond core drilling program and intends to do follow up with further drilling in the last quarter of 2007.

The Itilima prospecting licence was originally issued as PL 1406/99. Because of the requirement to shed ground at each renewal point, and as the Company was re-applying for the shed ground, there are now four prospecting licenses covering the same area of 65 square kilometres (PL 1406/99, PL 2043/02, PL 3192/05, and PL 4086/07).

PL 1406/99 is now 15.86 square kilometres. On November 7, 2006, the Company applied for a three year extension following the end of the Second Renewal of the prospecting license. The Company has received a letter from the Commissioner for Minerals to the effect that the application is being processed.

PL 2043/02 is 16.50 square kilometres and it is valid until November 11, 2007, when it will be due for renewal. The Company intends to apply for the renewal. All payments and fees due to the Government of Tanzania have been paid.

PL 3192/05 is 16.45 square kilometres and is valid until May 1, 2008. All property payments and fees due to the Government of Tanzania have been paid. The next annual rent payment is due on May 1, 2007. The Company intends to make the payment on time.

PL 4086/07 is 16.25 square kilometres and is valid until 2010. All property payments and fees due to the Government of Tanzania have been paid.

Itilima Diamond Project

The Itilima project is located in Archean geology and also sits within the Shinyanga Kimberlite Field. The property is located 25 kilometres south of the Mwadui Williamson Open Pit Diamond Mine which is operated by the De Beers company.

There are 2 kimberlites which have been drilled by Midlands and 80 kimberlite targets identified by an airborne magnetic and radiometric survey conducted by Fugro Airborne Services in 2003. Of these, nine targets were identified as high priority. Two of the nine kimberlite targets which were identified as priority targets were drilled by Midlands in April 2004 using reverse circulation drilling. The results showed the presence of small micro diamonds. The analysis was done by SGS Lakefield Research Laboratories in Ontario, Canada. Midlands plans more work on these kimberlite targets and the Company is seeking a partner to develop the diamond potential of the Itilima project.

New Kilindi - Tanzania

In July 2005, the Company was granted a reconnaissance licence consisting of 2,700 square kilometres in the New Hendini area in Tanzania. The reconnaissance license is valid until July 2007 and the application for renewable is in progress. The mineral rights are owned 100% by Midlands through the Company's subsidiary company – Midlands Minerals Tanzania Limited.

On March 13, 2007, the Company entered into an option agreement with Canaco Resources Inc., a TSX Venture Exchange listed company. Under the terms of the agreement, Canaco undertakes to spend USD $2.5 million in work programs including a minimum of 5,000 metres of diamond drilling over 60 months to earn a 60% interest in the New Kilindi project. The terms of the option include a cash payment of USD $100,000 over a two year period and the issuance of 200,000 common shares of Canaco to Midlands.

New Kilindi gold property is located in the Hendini District, 160 kilometres northwest of the city of Morogoro and west of the city of Dar es Salaam. It is located on the Neo-Proterozoic (Pan-African) Mozambique Belt which consists of a reworked ancient crust of Archean (Lake Victoria rock type) and Paleoprotorozoic rocks (Lupa Goldfields rock type).

SUMMARY OF QUARTERLY RESULTS

Selected consolidated financial information for the most recently completed quarters of 2007, 2006, and 2005 are as follows:

	2007		2006				2005			
Three months ended	**Mar.**	**June**	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
	$	**$**	$	$	$	$	$	$	$	$
Revenue	**Nil**	**Nil**	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	**214,140**	**296,266**	125,409	185,286	390.409	312,922	70,182	239,015	167,132	356,407
Basic and diluted net loss per share	**0.01**	**0.00**	0.00	0.01	0.02	0.00	0.00	0.01	0.01	0.02

RESULTS OF OPERATIONS

For the three months ended June 30, 2007, the Company suffered a loss from operation of $296,266 as compared to a loss of $185,286 in the comparable period in fiscal 2006. The increased loss from the comparable period in 2006 was primarily due to an increase in management fees and an increase in total operation expenses reflecting a higher level of exploration activity.

The change in operating expenses also reflects the continued growth of the Company's technical and administrative infrastructure and the continued improvement of the Company's communication to present and potential shareholders. The most material increases can be attributed to increases in office and administrative expenses which increased by $84,206 to $124,355 in June 30, 2007. There has been an increase in promotional activities including participation in trade shows, increased advertising and additional printing as a result. Costs related to travel to the properties increased from $44,292 in June 30, 2006 to $45,212 in June 30, 2007 an increase of $920. The increase in this line item is associated with the development of the properties and the Company's continued efforts to expand its mineral property portfolio in Ghana and Tanzania.

LIQUIDITY AND CAPITAL RESOURCES

As at June 30, 2007 the Company reported a working capital of $2,117,850 compared to $2,044,178 at June 30, 2006. The difference is due to the manner in which the Company's agreement with Sian Goldfields Limited has been interpreted resulting in the presentation of the USD $2 million (shown in the Audited Consolidated Financial Statements as Canadian $2,330,800) as a liability rather than an operating item. The US $2 million relates to certain payments to farmers for crop compensation and payments to cover Sian obligations to workers who are owed money by Sian.

The difference in the working capital for the quarters ending June 30, 2007 and June 30, 2006 can be attributed to a successful private placement completed on June 14, 2007. The Company issued 6,245,000 units at $0.35 per unit for gross proceeds of $2,185,750.

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 USD $2,000,000 payable to certain Sian creditors over a period of 12 months and subject to cash flow. The money, which is payable directly to Sian's sundry creditors, was intended to ensure that Midlands could 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 who are owed money by Sian and who are required by Midlands in current exploration activities. The expenditures involved fall within general exploration expenditures and are accounted for as part of the Company's capitalized exploration costs.

Midlands, through the advice of our auditors, acted conservatively by applying the USD $2 million in relation to Sian, to our current liabilities and presenting this amount as a payable on the Company's Balance Sheet.

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.

The Company expects to see continued improvements in working capital as it attempts to complete prospective equity financing transactions in the second half of fiscal 2007.

INVESTMENT IN MINERAL EXPLORATION AND DEVELOPMENT

Expenditures on mineral properties increased during the period ended June 30, 2007 to $6,344,903 Expenditures on exploration and development increased from $2,325,971 as at December 31, 2006 to $3,250,832 as at June 30, 2007. The majority of the $924,861 increase is attributed to exploration activities, primarily in Ghana. Geological activity totalled $269,969, while drilling accounted for $366,857 of the increase. Assay costs totalled $63,263 and fees attributed to licenses and permits accounted for $28,204 of the increase.

Expenditures on exploration and development increased from $1,911,552 at June 30, 2006 to $6,344,903 at June 30, 2007. The majority of the increase can be attributed to accelerated exploration activity on the Sian property in Ghana. Drilling on Sian was increased by $366,857 (Nil $ in June 2006) , geological consulting fees increased to $269,969 ($130,861 as at June 30, 2006). These expenditures are specifically related to the exploration of the Kwahu Praso and Sian Goldfields properties. As a result, travel and meal costs also increased to $47,473 from $32,571 as at June 30, 2006.

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.

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 have 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

With the exception of the Company's right to accelerate the expiration of warrants issued as part of the December 2006 financing and the January 2007 financing, 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 and or any obligations that trigger financing, liquidity, market or credit risk to the company.

TRANSACTIONS WITH RELATED PARTIES

a. During the six month period ended June 30, 2007, management fees totalling $97,650 (2006 - $80,543) were paid or accrued to a director who is also an officer of the Company. Included in accounts payable as at June 30, 2007 was $ Nil (December 31, 2006 - $46,921) owing to this individual, which includes accrued management fees.
b. During the period ended June 30, 2007, $13,928 was paid to SIKA Resources Inc. ("SIKA") as a loan to SIKA secured by shares held by SIKA in Midlands. The amount relates to SIKA obligations in connection with the 2001 acquisition of the Itilima Project in Tanzania. The project was transferred to Midlands by SIKA in 2004.

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

The Company signed an agreement with Sian Goldfields Limited on August 23, 2006. Under the terms of the agreement, Midlands agreed to provide for certain of Sian's obligations in order to facilitate exploration activities. An amount of USD $2 million was agreed to as an amount to cover payments to farmers for crop compensation and wages due to workers owed funds by Sian, subject to cash flow. Midlands agreed to pay workers' salary arrears and farmers' crop compensation in order to facilitate field and exploration activities. The payments are payable directly to the affected parties on as required basis. These expenditures are accounted for by the Company as part of capitalized exploration expenditures and are treated as shareholder advances to Midlands subsidiary company, Akroma Gold Company limited.

Midlands does not have any other commitments, contractual obligation, long term debt, capital lease obligations, or purchase obligations other than leases which are part of day to day corporate business activities such as an office rental lease and leased equipment.

OUTLOOK

The Company will continue to focus its efforts on further developing its mineral properties in Ghana and Tanzania. Planned work includes infill MMI soil surveys, IP surveys and RC drilling on the Ghana and Tanzania properties. What makes the prospects promising for Midlands are the following:

- 5 quality gold properties located next to major multi million ounce gold deposits on a prolific belt and on trend with world class gold deposits such as Newmont Mining's Akyem deposit with over 8 million ounces of gold in Ghana, and Barrick Gold's Bulyanhulu with over 13 million ounces of gold in Tanzania;
- A diamond property with kimberlites next to a world class open pit diamond mine which has produced more than 20 million carats in Tanzania;
- Midlands operates in known stable and democratic gold producing countries with a long history of gold mining;
- Already with a resource of 200,000 ounces of gold on its Sian property in Ghana, Midlands controls large gold districts thereby increasing the potential of discovery of several large gold deposits;
- A prudent and experienced Management and Board;
- A technical team with a history of discovery.

Overall, Midlands Minerals Corporation's prospects for achieving its short-term exploration objectives (specifically, bringing the Sian property to a feasibility stage by the end of 2008 and expanding its existing resource) are good given current cash on hand. The plan is to bring the Sian property, which has all the necessary infrastructure in place as well as a valid mining lease, back into production by the end of 2010 either by Midlands on its own or through a joint venture with a gold mining company.

In summary:

1. Further drilling is planned on the Sian and Kwahu Praso properties commencing in Ghana.
2. Detailed soil surveys are planned for Kaniago and these will be followed by RC drilling in Ghana.
3. Further drilling is planned for the Itilima project (PL 2043/ 02) in the last quarter of 2007 in Tanzania.

Midlands has an experienced management team with extensive experience in Africa. The Company has demonstrated access to the capital markets and low overhead costs, all of which ensure that Midlands Minerals Corporation is focused on its exploration activities. However, to further exploration and development activities, the Company will require funds and these are subject to the availability of future financing.

CAPITAL STOCK

AUTHORIZED UNLIMITED COMMON SHARES

Issued: Legal Parent (Grand Oakes) (New Midlands Minerals Corporation)	**Number of Common Shares**	**Amount ($)**
Balance of Capital stock of legal parent, December 31, 2004	2,575,005	1,020,100
Exchange of capital stock on a 4.5:1 basis	(2,002,838)	-
	572,167	1,020,100
Balance of capital stock of legal subsidiary	17,543,801	2,035,685
Elimination of Grand Oakes' deficit	--	(1,124,609)
Issued for cash	277,035	119,125
Balance, December 31, 2004	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
Balance, December 31, 2005	23,460,503	2,562,266
Issued for cash March 21, 2006	11,498,000	1,734,600
Issued for cash December 12, 2006	5,821,706	1,413,612
Share issue cost	-	(547,818)
Warrants exercised	6,165	2,125
Balance, 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, June 30, 2007	**53,046,458**	**8,225,140**

Issued: Legal Subsidiary (Midlands)	**Number of Common Shares**	**Amount ($)**
Balance, December 31, 2003	14,313,370	977,045
Issued for Numco	1,411,000	291,285
Issued for services	20,000	8,600
Issued for cash	1,799,431	773,755
Share issue cost	-	(15,000)
Balance, June 2, 2004	17,543,801	2,035,685

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, 2006, the Company had an accumulated deficit of $2,554,767. 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.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

Management is responsible for the preparation of the interim unaudited consolidated financial statements and other financial information relating to the Company included as presented in this Management Discussion and Analysis report. The interim consolidated financial statements covering the second quarter of 2007 have been prepared in accordance with Canadian Generally Accepted Accounting Principles and necessarily include the amounts based on estimates and judgments of management.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting. In furtherance of the foregoing, the Board has appointed an Audit Committee composed of four directors, which are not members of management. The committee meets to discuss the results of the report prior to submitting the interim consolidated financial statements to the Board of Directors for its consideration and approval for issuance to shareholders. On the recommendation of the Audit Committee, the Board of Directors has approved the Company's interim consolidated financial statements.

August 29, 2007

"Original signed by Kim F. Harris"

Kim F. Harris
President and Chief Executive Officer

"Original signed by Paul Singer, C.A."

Paul Singer, C.A.
Chief Financial Officer