

MIDLANDS MINERALS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
as at September 30, 2004

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 Consolidated Financial Statements of the Company and the accompanying notes thereto for the period ending September 30, 2004.

FORWARD LOOKING STATEMENTS

Certain statements contained in the following Management Discussion and Analysis constitutes 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.

DESCRIPTION OF BUSINESS

Midlands Minerals Corporation is a public Canadian Natural Resource Company with mineral properties in Tanzania and Ghana. The primary focus of the Company is exploration of its gold and diamond properties (The Itilima Project) in Tanzania and its gold property (The Kwahu Praso Project) in Ghana.

Gold is the primary focus and Tanzania and Ghana are the target countries. At present the Company's natural resource activities do not generate any revenues.

OVERVIEW OF PERFORMANCE

As at September 30, 2004 the Company reported a working capital deficiency of (\$41,186) an improvement over a working capital deficiency of (\$316,323) as at December 31, 2003. The increase was primarily due to private placements for net proceeds of \$773,755 over the nine months ending September 30, 2004; of which \$331,170 was raised during the second quarter. The Company's working capital position also improved as result of the decline in Notes Payable, which decreased to Nil from \$282,900 as at December 31, 2003. The decline in Notes Payable resulted from the conversion of Notes Payable to common shares at \$0.20 per share on the completion of the Reverse Take-Over Transaction ("RTO") with Grand Oakes Resources Corp. ("GOR"), which was completed on June 2, 2004. Current assets also increased over the nine months rising by \$11,065 to \$131,311 as at September 30, 2004, from \$120,246 as at December 31, 2003. The improvements in working capital we believe will continue as the company attempts to complete prospective private equity financing transactions in second half of fiscal 2004.

Midlands Minerals Corporation holds a 75% interest in the Itilima Gold and Diamond Project, which consist of two contiguous licenses totalling 65 square kilometres in the Lake Victoria Goldfields in Tanzania. The Company's exploration program to date has been extensive with the result outlined in the company's update independent technical report in accordance with Canadian National Instrument 43-101. Through this exploration program the Company has confirmed two gold-bearing shear zones on the properties: the Itilima Shear Zone ("ISZ") and the Chanya Shear Zone ("CSZ"). The Company also confirmed the presence of gold mineralization over a strike length of 1.2 kilometres on the ISZ. In March 2004, the Company conducted a reverse-circulation ("RC") drilling program (drilling 14 holes, totalling 1,345 metres), to further confirm the gold mineralized potential of both the ISZ and CSZ. The Company's plans are to continue further exploration actives on both the ISZ and the CSZ in the second half of 2004.

MIDLANDS MINERALS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
as at September 30, 2004

Two of the 9 priority kimberlites identified as priority were drilled and the result showed indicator minerals for diamondiferous kimberlites. Midlands plans more work on these kimberlites in the coming months.

Midlands Minerals Corporation holds an 80% interest in the Kwahu Praso Gold Project in Ghana. The property is located on the Ashanti Gold belt. A detailed exploration program has been outlined, which, on its completion will produce an independent technical report in accordance with Canadian National Instrument 43-101.

SELECTED INFORMATION

The following table sets forth selected consolidated financial information of the Company for, and as of the end of each of the last fiscal year ended December 31, 2003 and the nine-month period ended September 30, 2004. The selected consolidated financial information should be read in conjunction with the Consolidated Financial Statements of the Company.

	<u>September 30, 2004</u>	<u>December 31, 2003</u>
	\$	\$
Net Loss	105,626	269,180
Total Cash & Cash Equivalents	101,589	98,464
Working Capital (Deficiency)	(41,186)	(316,323)
Total Long Term Debt	Nil	Nil
Total Assets	1,524,925	1,136,368
Shareholders' Equity	1,316,303	663,674

Result of Operation

The Company operations are based primarily on the acquisition and exploration of precious metal properties in Africa and as such the Company did not generate any revenues in fiscal 2002, or fiscal 2003. The Company suffered a loss from operation of \$301,235 for the nine months ending September 30, 2004, as compared to a loss of \$78,746 over the same time period in fiscal 2003. The increased loss from the comparable period in 2003 was primarily due to the increases in overall administrative expenses and professional fees.

The change in operating expenses reflects the continued development of the Company. Most of the changes resulted from initiatives undertaken to establish a solid and sustainable technical and administrative foundation and to further improve our communication to existing and all potential investors. The most material increases can be attributed to increases in Professional Fees and Management & Consulting Fees, which, increased to \$40,655 for the nine months ending September 30, 2004, from \$17,990 for the same period in 2003. The increase was due mainly to management fees paid/accrued of \$18,000 and accounting and professional fees of \$22,655.

Other major increases in expenses came about because of increases in Office Wages and Administrative expenses along with public company filing expenses. These expenses increased to \$91,514, from \$43,961 in the comparable period of 2003. Most of the increase can be attributed to the Company's continued development of its business model and investors' communication program.

Because, of the continued development of the Company's business strategy, additional expenditure were required to maintain and further develop the Company's administrative infrastructure. As such, the aggregate expenditure on occupancy cost, telephone and other operating expenses increased from \$16,795, in the nine months ending September 30, 2003, to \$31,625 in the comparable period in 2004.

MIDLANDS MINERALS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
as at September 30, 2004

SUMMARY OF QUARTERLY RESULTS

Selected consolidated financial information for the most recently completely quarters of 2004, and 2003 are as follows:

Three months ended	2004			2003			
	Sept.	June	Mar.	Mar.	June	Sept.	Dec.
	\$	\$	\$	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	105,626	155,678	39,930	9,002	25,219	44,525	193,212
Net Loss per share	0.01	0.01	0.00	0.00	0.00	0.00	0.01

Liquidity and Capital Resources

The company's working capital position as at September 30, 2004, was a deficiency (\$41,186) compared with a working capital deficiency of (\$316,323) as at December 31, 2003. The improved working capital position is primarily due to private placements for a net proceed of \$773,755 over the nine months ending September 30, 2004, of which \$331,170 was raised during the second quarter. The Company's working capital position also improved as result of the declined in Notes Payable to Nil from \$282,900 as at December 31, 2003. The declined in Notes Payable resulted from the conversion of Notes Payable to common shares at \$0.20 per share on the completion of the Reverse Take-Over Transaction ("RTO") with Grand Oakes Resources Corp. ("GOR"), which was completed on June 2, 2004. The Company cash position also increased over the nine months rising to \$101,589 as at September 30, 2004, from \$98,464 as at December 31, 2003.

As stated previously equity transactions in 2004 involved two private equity financed transactions with existing shareholders and new accredited shareholders. Through these private placements the Company issued a total of 1,799,431 shares and raised total proceeds of \$773,755. The company plans to raise additional funding through private equity financing in fiscal 2004, and has applied for a listing on the Toronto Venture Exchange ("TSXV"), after which it will attempt to raise public financing in the very near future.

The Company's properties are in various stages of development, with both Tanzanian properties (Itilima Project), being the most developed. To date we have produced an updated 43-101 technical report on our Itilima project and have completed an exploratory drilling program to further confirm gold mineralization and geological structures.

The Ghana property (Kwahu Praso, project) on the Ashanti Gold Belt is in the early stages of exploration. Work to date includes soil geochemistry and pitting. A stream sediment-sampling program was also undertaken on the entire property. The Company has developed a work program for this property, which will be carried out over the next twelve months.

USE OF OFF BALANCE SHEET ARRANGEMENT

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 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

During the nine-month period ended September 30, 2004, rent totalling \$1,200 (2003-\$3,741) and management fees totalling \$18,000 (2003 - \$Nil) were paid or accrued to a director and officer of the Company. Included in accounts

MIDLANDS MINERALS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
as at September 30, 2004

payable as at September 30, 2004, is \$60,088 (December 31, 2003 - \$62,580), due to this individual which includes amounts owing for certain expenditures incurred by the individual on the behalf of the Company.

These transactions were in the normal course of operations and were measured at the exchange amount similar to non-related parties transactions

CONTRACTUAL OBLIGATION AND COMMITMENTS

As at September 30, 2004, the Company did not have any long term debt, capital lease obligations, operating leases, purchase obligations and contractual obligations and commitments.

OUTLOOK

The Company will continue to focus its efforts on further developing its Itilima Gold and Diamond project in Tanzania. As previously stated the Company plans to undertake additional exploratory drilling on its Tanzanian properties, which will be used to further define geological structures.

The Company will also continue to explore its Ghana properties, by doing more geological surveys and analysis.

The Company has applied for a listing on the Toronto Venture Exchange ("TSXV") and will eventually arrange a public offering to potential investors

OTHER REQUIREMENTS

Exploration

Subsequent to December 31, 2003, the Company started and completed an exploratory RC drilling program on its Itilima Gold and Diamond Project in Tanzania. The drilling program was established to confirm strike extensions and depth continuity of gold mineralization and additional geological structures. The Company has decided to outline the results of this drilling program by providing an updated independent technical report in accordance with Canadian National Policy 43-101 and will make future exploration decisions based on these results.

Mineral Property

Pursuant to the agreement dated April 23, 2003, with the Enkaakyiri Trading Company Limited ("Enkaakyiri"), the Ghanaian joint venture partner on the Kwahu Praso project, the Company made a US\$10,000 cash payment subsequent to December 31, 2003.

Financing

Subsequent to December 31, 2003, the Company issued 390,198 common shares at \$0.43 per share for gross proceed of \$167,785. The company also issued 1,334,233 units at \$0.43 per unit for a gross proceed of \$573,720. Each unit consists of one common share of the company and one share purchase warrant. Each warrant entitles the holder to acquire a further common share of the Company at an exercise price of \$0.43 until December 31, 2005.

Subsequent to December 31, 2003, the Company issued 20,000 common shares valued at \$0.43 per share in lieu of payment for services rendered.

Notes Payable

Subsequent to December 31, 2003, the Company also received an unsecured, non-interest bearing advance of \$8,385 with no fixed terms of repayment. In May 2004, the holder of this note payable and holders of the notes payable

MIDLANDS MINERALS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
as at September 30, 2004

described in Note #10, transferred and assigned their right, title and interest in the amounts owed by the Company to 1487852 Ontario Inc. ("Numco") for shares of Numco. Two directors of the Company are also directors of Numco.

Business Combination

Subsequent to December 31, 2003, the Company amalgamated with Numco, an inactive corporation with 1,411,000 common shares issued and outstanding at the time of amalgamation. The shareholders of the Company received one common share of the combined entity ("Amalco") for each common share of the Company held. The shareholders of Numco received one common share of Amalco for each common share of Numco held. The 1,334,233 outstanding warrants to purchase common shares of the Company were converted into 1,334,233 warrants to purchase common shares of Amalco at \$0.43 per share until December 31, 2005. The combination was accounted for using the purchase method with the Company identified as the acquirer. The sole asset of Numco was a receivable in the amount of \$291,285 due from the Company, which was cancelled upon amalgamation.

Amalco then amalgamated with Grand Oakes Resources Corp. The shareholders of Amalco received one common share of the combined entity for each individual share of Amalco held and shareholders of Grand Oakes received one common share of the combined entity for each 4.5 individual shares of Grand Oakes held. The 1,334,233 outstanding warrants to purchase common shares of Amalco were converted into 1,334,233 warrants to purchase common shares of the combined entity at \$0.43 per share until December 31, 2005. As a result of the amalgamation, the shareholders of the Amalco owned in excess of 50% of the outstanding shares of the combined entity. The transaction was accounted for as a reverse takeover since Amalco was identified as the acquirer. The comparative figures that will be presented in the financial statements after the reverse takeover will be those of the legal subsidiary, Amalco. The capital structure will reflect that of Grand Oakes Resources Corp., and the stated value of the share capital will be that of Amalco. The combined entity will carry on business under the name Midlands Minerals Corporations.

Based on the audited February 28, 2004 balance sheet of Grand Oakes Resources Corp., the net liability at estimated fair market value that will be combined with Amalco is as follows:

Cash		\$ 2,437
Non-cash working capital (deficiency)		(97,445)
Net Liability		\$ (95,008)

The net liability of Grand Oakes Resources Corp. acquired by Amalco will be recorded as a capital transaction and charged to capital of the combined enterprise upon closing of the transaction.

Grand Oakes Debt Settlement

Subsequent to December 31, 2003, the Company made cash payment of \$40,156, on the behalf of Grand Oakes, to a former president of Grand Oakes in settlement of debt.

CAPITAL STOCK

AUTHORIZED UNLIMITED COMMON SHARES

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

MIDLANDS MINERALS CORPORATION
MANAGEMENT DISCUSSION AND ANALYSIS
as at September 30, 2004

Share issue cost	-	(15,000)
Balance, June 2, 2004	17,543,801	2,035,685
Issued: Legal Parent (Grand Oakes)		
	Number of Common Shares	Amount (\$)
Balance of Capital stock of legal parent, December 31, 2003	2,575,005	1,020,100
Exchange of capital stock on a 4.5:1 basis	(2,002,782)	-
	572,223	1,020,100
Balance of capital stock of legal subsidiary	17,543,801	2,035,685
Elimination of Grand Oakes' deficit	-	(1,124,609)
Balance, September 30, 2004	18,116,024	1,931,176

SUBSEQUENT EVENTS

Subsequent to December 31, 2003, the Company issued 277,035 units at \$0.43 per unit for a gross proceed of \$119,125. Each unit consists of one common share of the company and one share purchase warrant. Each warrant entitles the holder to acquire a further common share of the Company at an exercise price of \$0.43 until two years after the listing on TSXV.