

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 September 30, 2006, and September 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. This Management Discussion & Analysis was prepared on November 17, 2006.

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 nine month periods ended September 30, 2006 and September 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

	Sept 30 (9 Months) 2006	Sept 30, (9 Months) 2005	December 31, (12 Months) 2005
Consolidated Statement of Operations	\$	\$	\$
Total Revenue	--	--	--
Net Loss	701,104	476,329	832,736
Interest Income	21,703	--	--
Basic and Diluted Net Loss per Share	0.02	0.02	0.04
Balance Sheet			
Total Cash and Short-term investments	1,788,523	256,326	113,514
Working Capital (Deficiency)	1,566,657	197,907	(17,884)
Non-Controlling Interest	36,125	36,125	36,125
Total Long Term Debt	Nil	Nil	Nil
Total Assets	4,029,188	1,911,152	1,860,439
Shareholders' Equity	3,753,158	1,807,287	1,680,666
Deferred Exploration & Property Acquisition Cost			
Acquisition Cost	544,539	541,244	543,224
Deferred Exploration Expenditures	1,635,365	1,077,699	1,156,403
Total Balance	2,179,904	1,524,035	1,699,627

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 exploration 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 analyses 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

GHANA PROPERTIES:

Sian Gold Property

Midlands finalized agreements with Sian Goldfields Limited ("Sian"), for the acquisition of a 65% interest in the mineral assets of Sian. The Sian Mining Lease was transferred into Akroma Gold Company Limited on November 10, 2006. Midlands has a 65% interest in the Akroma Gold Company Limited.

The Sian property is located 30 kilometres north of Newmont Mining's 8 million+ oz gold deposit at Akyem, and is contiguous to Midlands' Kwahu Praso gold property. The agreement gives the Company 160 square kilometres of prime exploration ground with carbonate silica flooding-disseminated pyrite mineralization, similar to that of Newmont Mining's Akyem deposit.

Sian is a past gold producer with an indicated resource and an inferred resource at its open pit mines at Esaase and Ampeha. The historical resource was reviewed by Marc Boisvert, P. Eng., Midlands' Vice President, Exploration, who concluded in his National Instrument 43-101 report dated April 21, 2006, that Esaase gold showing contains an indicated resource of approximately 100,000 oz of gold (1,355,000 tons grading @ 2.28/t (cut) above the 100 metre level: 120 metres depth), and an inferred resource of 100,000 oz of gold (562,325 tons grading 5.71 g/t Au below the 100 metre level).

A compilation of Sian's soil sampling data reveals three soil anomalous trends with a combined strike length of 7.6 kilometres, all coinciding with Esaase, Esaase East, Odumasua and Ampeha gold showings. The Esaase deposit is associated with a 3 km linear anomaly. This finding is relevant because of the size and number of anomalous trends present, which are large, parallel and host the same promising mineralization as the Akyem deposit. These trends are also associated with Esaase, presenting an opportunity to increase the resource along the extensions. The Esaase extension is continuous for 3 kilometres with values above 200 ppb Au. Ampeha and Adumasua are both located on the same linear anomaly with values above 120 ppb Au and a strike length of 2.4 kilometres. Esaase East is continuous for 2.2 kilometres with values above 120 ppb Au.

Following the completion of agreements with Sian, Midlands compiled previous Sian soil sampling reconnaissance surveys done in 1993 across the entire concession on lines oriented northwest-southeast at 500 metres by 50 metres. A total of 1763 samples were collected. Samples were prepared and analysed at the Chinese Shaanxi Laboratory at Atibie using the colorimetric assaying method with a detection limit of 20 ppb. The data was digitized and compiled by Midlands under the supervision of Marc Boisvert P. Eng., a Qualified Person within the meaning of National Instrument 43-101.

Exploration work is planned to be executed over a 12 to 20 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 Sian proposed exploration work is estimated at CAD \$2,800,000 over the next 12 months. To advance exploration of the gold-bearing system, a two phase exploration program sub-divided into four exploration stages is recommended and outlined below:

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

1. 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
2. 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 the best gold endowment area into inferred and indicated resources

3. Determine the best size targets and best gold endowments along strike and between the known gold occurrences
4. Follow-up with a drilling program to raise level to indicated resource

Kwahu Praso Gold Property

The Company holds an 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, and is contiguous to the Sian Property. 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.

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.

Midlands recently announced the emergence of a 16 kilometre by 3 kilometre gold geochemical trend, linking Sian open pit mines to Midlands' Kwahu Praso property. The merged results on Sian and Praso properties reinforce indications of the presence of a much larger gold geochemical area which Marc Boisvert, P. Eng., Vice President Exploration, interprets to be the signature of a potential gold district 30 kilometres north of Akyem.

Furthermore, Midlands recently confirmed significant gold anomalies on Kwahu Praso, north of the Sian property through an in-fill soil survey done between June and August 2006. Two parallel anomalies with values above 75 ppb Au and up to 1680 ppb Au, show continuity over a strike length of 4 kilometres. The two anomalies, which are 400 metres apart, are located directly on the north extension of Sian gold showings. The two anomalies were detected in the north part of Kwahu Praso, inside the regional gold soil trend identified earlier by Midlands. These in-fill soil geochemistry results confirm the emergence of a 16 kilometre by 3 kilometre gold geochemical trend, linking Sian open pit mines to Midlands' Kwahu Praso property

The Kwahu Praso proposed exploration work is estimated at CAD \$585,000 over the next 12 months. Induced Polarization (IP) surveys on Kwahu Praso commenced in November 2006. Approximately 90 kilometres of IP are planned with results expected in December 2006. The objective is to locate, with better accuracy, drill target sections along both anomalies over a strike length of 4 kilometres. Drilling is expected to commence within the first quarter of 2007.

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 Gold Property

The Company holds a 100% interest in the 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.

TANZANIA PROPERTIES:

Itilima Gold Property

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. The Itilima Project is located in the Lake Victoria Goldfields, an area with world-class gold deposits and over 40 million ounces of known gold reserves. Gold mines in the area include Barrick Gold's Bulyanhulu, AngloGold Ashanti's Geita and Resolute Mining's Golden Pride. Previous RC drilling done by the company in 2004 also confirmed the presence of diamondiferous kimberlites on the Itilima Project.

Drilling for gold began on October 26, 2006 on Itilima. This first phase of drilling may demonstrate the potential for a significant-size deposit that could lead to establishing an inferred resource as soon as possible. Phase one drilling will entail 10 holes and 1500 metres of NQ Diamond Core Drilling to a planned depth of 150 metres per hole. The Company has entered into a drilling contract with Stanley Mining Services (T) Ltd., a drilling company with offices in Mwanza, Tanzania.

In July and August 2006, a detailed follow-up MMI survey was conducted. The survey provided a detailed outline of the south and north extensions of the Itilima zone. The zone was traced by MMI soil anomalies over a 600 metre strike length from existing artisanal mining activities, in both directions. This gives the Itilima zone a total strike length of 1.5 kilometres to be drill tested in the current drilling program.

Two other anomalies located 1 kilometre west and 3 kilometres east from the Itilima zone will also be part of the drilling program. The detailed anomalies are results of the recent in-fill MMI survey over the delineated large clusters of anomalous gold zones as reported in the Press Release of August 8, 2006.

The Itilima project, located in Archean geology, is also in a kimberlite field. An airborne magnetic and radiometric survey done in 2003 by Fugro Airborne Services identified a total of 82 kimberlite targets on the Itilima. Of these, 9 were deemed to be priority targets, and 2 were drilled in 2004. The Itilima is located approximately 20

kilometres south of the Williamson-Mwadui open pit diamond mine which has produced over 20 million carats since the late 1940s. The Williamson mine is operated by De Beers.

The Itilima proposed exploration work is estimated at CAD \$1,800,000 over the next 12 months and will focus primarily on diamond core drilling.

New Kilindi Gold Property

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 commenced in June 2006. Initial work will include stream sediment sampling and a satellite imagery study.

SUMMARY OF QUARTERLY RESULTS

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

	2006			2005				2004			
Three months ending	Mar.	June	Sept.	Mar.	June	Sept.	Dec.	Mar.	June	Sept.	Dec.
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Revenue	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	125,409	185,286	390,409	70,182	239,015	167,132	356,407	39,930	155,678	111,056	83,970
Basic and diluted net loss per share	0	0	0.01	0	0.01	0.01	0.02	0.01	0.01	0.01	0.00

RESULTS OF OPERATIONS

For the three months ended September 30, 2006, the Company suffered a loss from operation of \$390,409 as compared to a loss of \$167,132 in the comparable period of fiscal 2005. Of this amount, \$188,519 reflects an increase in the Company's stock based compensation as calculated by the Black-Scholes option pricing model.

An increase of \$57,403 occurred in office and administrative expenses, reflecting Midlands' promotional activities in tradeshow, advertising, and printing. An increase of \$13,479 occurred in travel expenses, which reflects increased field activity resulting in more travel to the Company's properties. Rent increased by \$7,344 from \$3,600 to \$10,944 due to the reallocation of Midlands Head Office.

LIQUIDITY AND CAPITAL RESOURCES

As of September 30, 2006 the Company reported working capital of \$1,566,657, an improvement over working capital of \$197,907 as of September 30, 2005. The increase was primarily due to a successful private placement completed on March 24, 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 September 30, 2006, expenditures on mineral properties increased by \$655,869 to \$2,179,904 over the previous period. This change reflects an increase in exploration activities in Ghana and Tanzania. Expenditures on exploration and development increased from \$1,618,943 at September 30, 2005 to \$2,179,904 at September 30, 2006. The majority of the increase can be attributed to a higher level of exploration activity and related assays costs. Exploration costs increased to \$478,962 specifically related to work on the Kwahu Praso and Sian properties in Ghana and related laboratory costs.

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 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 nine month period ended September 30, 2006, management fees totalling \$127,043 (2005 - \$78,100) 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 September 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

2006 thus far has proven to be a promising year for Midlands, particularly with the addition of the Sian property to Midlands holdings. The Company now has 160 sq km on a highly prospective area on the Ashanti Goldbelt. The Company will focus its efforts on increasing resources on existing gold occurrences at Esaase, Esaase East, Ampeha and Odumasua. 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.

Diamond Core Drilling on the Itilima commenced on October 26, 2006 with results expected in December 2006. The Company is also encouraged by results from the Kaniago gold property in Ghana, where initial stream sediment results were as high as 1950 ppb. Kaniago is contiguous to two open pit gold mines; Abore to the north and Obotan to the south.

The Company will continue to focus its efforts on further developing its mineral properties in Ghana and Tanzania. Planned work includes in-fill detailed MMI soil surveys on the eastern part of the Itilima, IP surveys and RC and diamond core drilling on the Sian and Kwahu Praso properties in Ghana, and further drilling on the western part of the Itilima project in Tanzania. However, such exploration and development activities are subject to the availability of future financing.

As additional funding becomes available, Midlands will have the ability to advance current exploration activities through to pre-feasibility levels.

CAPITAL STOCK

AUTHORIZED UNLIMITED COMMON SHARES

	Number of Common Shares	Amount (\$)
Balance of Capital stock of legal parent, 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
	<hr/>	<hr/>
Balance, December 31, 2005	23,460,503	2,562,266
Issued for cash	11,498,000	1,850,369
Share issue cost	-	(302,177)
Warrants exercised	6,165	2,125
	<hr/>	<hr/>
Balance, September 30, 2006	34,964,668	4,112,583

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. Risks 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**

On November 10, 2006, the Government of Ghana and the Minerals Commission transferred the Sian Mining Lease and open pit gold mines from Sian Goldfields Limited to Akroma Gold Company Limited ("Akroma"). Midlands holds a 65% interest in Akroma. 35% is held by Sian Goldfields Limited.

2. Itilima Property

The Company has commenced Diamond Core Drilling on the Itilima Property on October 26, 2006. Stanley Mining Services (T) Ltd. are under contract to Midlands to provide drilling services. 10 holes at a depth of 150 metres per hole are planned.

3. Private Placement

The Company has engaged D & D Securities Company and Haywood Securities Inc. to assist it in raising up to Cdn. \$3,000,000 through a brokered private placement. It is proposed that the Company will offer up to 10,000,000 units at a price of Cdn. \$0.30 unit, with each unit consisting 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 Cdn. \$0.45 per share for a period of eighteen months from the closing date. The private placement is expected to close on or about November 30, 2006.

DISCLOSURE CONTROLS

The CEO and the CFO have evaluated Midlands' disclosure controls and procedures as of September 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.