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 March 31, 2006, and March 31 2005, and the Audited Consolidated Financial Statements for the period ended December 31, 2005. 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, 2005 and three month period ending March 31, 2006 and March 31, 2005. The selected consolidated financial information should be read in conjunction with the Audited Consolidated Financial Statements of the Company for the period ended December 31, 2005

	March 31, 2006	**March 31, 2005**	**December 31, 2005**
Consolidated Statement of Operations	**$**	**$**	**$**
Total Revenue	**--**	--	--
Net Loss	**125,409**	70,182	832,736
Basic and Diluted Net Loss per Share	**0.00**	0.00	0.04
Balance Sheet			
Total Cash and Short-term investment	**2,492,643**	667,609	113,514
Working Capital (Deficiency)	**2,359,322**	550,823	(17,884)
Non-Controlling Interest	**36,125**	36,125	36,125
Total Long Term Debt	**Nil**	Nil	Nil
Total Assets	**4,326,716**	2,222,178	1,860,439
Shareholders' Equity	**4,146,249**	2,042,933	1,680,666
Deferred Exploration & Property Acquisition Cost			
Acquisition Cost	**543,224**	541,244	543,224
Deferred Exploration Expenditures	**1,255,924**	960,719	1,156,403
Total Balance	**1,799,148**	1,501,936	1,699,627

DESCRIPTION OF BUSINESS

Midlands Minerals Corporation is a public 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 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% 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 geochemistry followed by RC drilling, with the results outlined in the Company's updated independent technical reports prepared in accordance with Canadian National Instrument 43-101. These reports entitled "The Itilima Gold and Diamond Property" are filed on www.sedar.com. Work was done by Watts Griffis and McOuat Limited in April 2003 and April 2004.

Through this exploration program, the Company has confirmed a number of gold-bearing structures and shear zones on the properties 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 with soil anomalous gold values along a strike length of 4 kilometres and with quartz porphyry felsic intrusives. 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, which is scheduled to take place as soon as all the MMI assays are interpreted. 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. The Company plans to continue exploration activities based on results from current exploration as outlined from time to time in the updated technical reports.

Itilima Diamond Project
There are 82 kimberlite targets identified by the airborne magnetic and radiometric survey conducted by Fugro Airborne Services in October 2003. Of these, nine targets were identified as high priority. Two of the nine kimberlite targets which were identified as priority were drilled. The chemistry results showed the presence of indicator minerals for diamondiferous kimberlites, and small micro diamonds were found by SGS Lakefield Research Laboratories. 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

In July 2005, The Company was granted a new reconnaissance licence consisting of 2,700 square kilometres in the New Kilindi area in Tanzania. This property is owned 100% by Midlands. The Company's plans are to immediately develop a detailed exploration program, which is expected to commence in 2006.

GHANA PROPERTIES:

Kwahu Praso
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. An NI 43-101 report dated May 16, 2006 and entitled "The Kwahu Praso Property" is filed on www.swdar.com. Work was done by Marc Boisvert, P. Eng.

Kaniago
The Company holds 100% right interest in a 45.14 square kilometre prospecting licence on the Asankrangwa Gold Belt in Ghana. A stream sediment sampling program was completed in May 2006 and a report should be available by the end of June, 2006. Work was done by Marc Boisvert, P. Eng.

SIAN:

In November 2005, the Company entered into an agreement, under which the Company would acquire a 78% 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 kilometre Kwahu Praso property on the north-east end of the Ashanti Gold Belt. Subsequent to December 2005, Midlands started a detailed technical evaluation of the Sian property and intends to conclude its arrangements with Sian as soon as possible. An NI 43-101 report entitled "The Sian Goldfields Property" and dated April 21, 2006 is filed on www.sedar.com.

SUMMARY OF QUARTERLY RESULTS

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

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

RESULTS OF OPERATIONS

For the three months ended March 31, 2006, the Company suffered a loss from operation of $125,409 as compared to a loss of $70,182 in the comparable period in fiscal 2005. The increased loss from the comparable period in 2005 was primarily due to an increase in management fees and an increase in total operating expenses.

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 this end the most material increases can be attributed to increases in office and administrative expenses which increased by $23,939 to $42,127 in March 31, 2006. Costs related to travel to the properties increased from $6,304 in March 31, 2005 to $22,323 in March 31, 2006 an increase of $16,019. 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 March 31, 2006 the Company reported a working capital of $2,359,322, an improvement over a working capital of $550,823 as at March 31, 2005. The increase was primarily due to a successful private placement. The Company issued 11,498,000 units at $0.25 per unit for gross proceeds of $2,874,500 on March 21, 2006. 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 2006.

INVESTMENT IN MINERAL EXPLORATION AND DEVELOPMENT

Expenditures on minerals properties increased during the period to $1,799,148 from $1,699,627 as at December 31, 2005. Expenditures on exploration and development increased from $1,156,403 as at December 31, 2005 to $1,255,924 as at March 31, 2006. The majority of the $99,521 increase is attributed to geological consulting fees which totalled $68,742, and the increase to deferred travel expenses which accounted for $13,931.

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

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 period ended March 31, 2006, management fees totalling $34,043 (2005 - $24,000) were paid or accrued to a director who is also an officer of the Company. Included in accounts payable as at March 31, 2006 was $ NIL (December 31, 2005 - $26,535) owing to this individual, which includes accrued management fees.

b. Included in accounts payable as at December 31, 2005 was Nil due to a director shareholder of the Company with respect to 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, which is the amount of consideration established and agreed to by the related parties.

CONTRACTUAL OBLIGATION AND COMMITMENTS

The Company does not have any other commitments, or contractual obligation, long term debt, capital lease obligations, operating leases and purchase obligations.

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. However, such exploration and development activities 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	11,498,000	1,850,369
Share issue cost	-	(298,392)
Warrants exercised	6,165	2,125
Balance, March 31, 2006	**34,964,668**	**4,116,368**

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, 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. The Annual General Meeting of Shareholders

On May 10, 2006, the Company held its second Annual General Meeting of the Shareholders. The shareholders elected the Board of Directors as presented by Management, received the Financial Statements of the Company, appointed the Auditors and approved the Company's Stock Option Plan.

2. **Sian Goldfields Limited**

The Company is committed to finalizing the agreement entered into with Sian Goldfields Limited ("Sian") on November 1, 2005 under which Midlands will have a 78% interest in the mineral assets of Sian. Under the agreement with Sian, Midlands is required to register a company in Ghana into which the Sian assets will be transferred. The new company which has now been created, is owned 78% by Midlands and 22% by Sian and its creditors. The Government of Ghana will have a statutory 10% carried interest.

3. Kwahu Praso

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

4. Warrant Extension
On March 23, 2006, the TSX Venture Exchange approved the extension of 1,334,233 warrants which were issued to Midlands shareholders on May 28, 2004 pursuant to a private placement on May 28, 2004 and prior to Midlands Minerals becoming a public listed company. These warrants were issued at $0.43 and they are due to expire on May 28, 2006. They have been extended to April 4, 2007. None of these warrants are held by insiders.

5. Contingent Claim

There is an individual who is claiming commissions from the Corporation in connection with the private placement of March 23, 2005. The individual claims he was engaged by the Corporation in an oral contract between himself and a person who is not an officer or employee of the Corporation. There is no contract to support the claim. This individual is claiming $20,000. In the opinion of the Corporation, this matter is without merit. The Corporation intends to vigorously defend itself.

6. Property Lease

The Company entered into a Property Lease with Amexon Property Management Inc. for the rental of office space at the rate of approximately $40,000 per year. The Lease is effective July 2006 and is for a three- year period.