

**MIDLANDS MINERALS CORPORATION**

**MANAGEMENT'S DISCUSSION & ANALYSIS**

**FOR THE PERIOD ENDED MARCH 31, 2008**

**MIDLANDS MINERALS CORPORATION  
MANAGEMENT'S DISCUSSION AND ANALYSIS  
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**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 and the accompanying notes thereto for the period ended March 31, 2008, and March 31, 2007, and the Audited Consolidated Financial Statements for the year ended December 31, 2007. These financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles.

Unless otherwise indicated, a reference to a year relates to the Company's fiscal year ended December 31. Unless specifically stated to the contrary, all amounts are reported in Canadian dollars.

**OVERVIEW**

Midlands Minerals is a growth oriented, dynamic, entrepreneurial junior exploration company focused on growing its mineral assets in Ghana and Tanzania. The Company trades on the TSX Venture Exchange under the ticker symbol "MEX" and holds a diversified portfolio of gold and diamond projects and operates in stable low risk countries with a long history of gold mining.

**Our Objective is** to mitigate risk for the investor by holding a portfolio of high quality projects and to bring real value to shareholders through exploration and development of our gold properties in Ghana and Tanzania and diamond properties in Tanzania. Our Business Model is to operate in low risk investor friendly and politically stable countries with a long gold mining history, and to acquire gold and diamond properties next to known major deposits.

With a growing gold resource on its past gold producing fully permitted Sian project, Midlands has a complete CIL plant, all infrastructure, power, roads, water and buildings on the Sian project in Ghana. The Sian project is expected to be in feasibility study stages by the end of 2008 and could be back in production by the end of 2010 subject to the results of the feasibility study.

Consistent with the targets set by the Company, the indicated resource on Sian increased by 92% to 192,400 ounces (2,568,000 tonnes at 2.33 g/t Au) up from 100,000 ounces, and the inferred resource went up to 203,350 ounces (2,694,000 tonnes at 2.35 g/t Au) from 100,000 ounces, and increase of 103.4%.

The Company's priority is the Sian project and our target is to find a multi-million ounce deposit on Sian and the adjacent Kwahu praso ("Sian/Praso"), two contiguous highly prospective properties with significant potential for large gold deposits. These projects lie on the prolific Ashanti Gold Belt just 30 kilometres north of Newmont Mining's 8.7 million ounce Akyem gold deposit and on trend with Akyem. There is a 30 year mining lease on Sian. Sian is an open pit past gold producer which produced gold at a recovery rate of 91% between 2001 and 2003.

These expectations and targets are conceptual and are based on delineated soil anomalies as well as on results from drilling conducted in 2007. The Company adds a cautionary statement to the effect that the potential quantity and grades are conceptual in nature and there has been insufficient exploration to define a mineral resource.

Midlands' short term target is to find a minimum of 500,000 ounces of gold on direct extensions of the resource and within a 3 km radius of the Esaase open pit and CIL (Carbon in Leach) milling plant. The second objective is to drill the other new zones discovered through the scout drilling program conducted between April 2007 and September of 2007 to find an additional 500,000 ounces.

The Sian/Praso projects form a 160 sq km gold district controlled by Midlands. There is a 16 km strike length with gold soil anomalies yet to be drilled and 5 new gold zones have been discovered. Drill results show continuity of grades and strike length for over 950 meters - (10.81 g/t over 7m; 24.3 g/t over 3m; 2.08 g/t over 11m).

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**2007 HIGHLIGHTS**

**Sian Project, Ghana**

In a very short period of time following approximately 11,000 meters of drilling, the gold resource on the Sian project has gone up. The indicated resource on Sian increased by 92% from 100,000, to 192,000 (2,568,000 tonnes at 2.33 g/t Au) and the inferred resource went up to 203,350 ounces (2,694,000 tonnes at 2.35 g/t Au) from 100,000 ounces, an increase of 103%. Sian, which is a fully permitted past open pit gold producer, is located on the prolific Ashanti Goldbelt, just 30 kilometres northeast of Newmont Mining's 8.7 million ounce Akyem gold deposit. The Sian gold mineralization type is a silica-carbonate alteration with disseminated pyrite similar to that found at Newmont's Akyem gold deposit.

**Sian Summary**

- Indicated resource on Sian increased by 92% to 192,000 ounces from 100,000 ounces
- Inferred resource on Sian increased by 103% to 203,400 ounces from 100,000 ounces
- Midlands completed approximately 11,000 meters of drilling on Sian
- Drilling commenced again in March 2008 on Sian

(Resources reported above are National Instrument 43-101 compliant.)

**Kaniago Project, Ghana**

The Kaniago Project is located on the Asankrangwa Gold Belt and is contiguous to Obotan Open Pit Mine with a 2.8 million oz of gold, Adubiaso Open Pit Mine to the south, and Abore Open Pit Mine with 295,400 oz gold to the north.

- There is a soil gold corridor, 7 kilometres in strike length and on direct strike with Abore Open Pit Mine
- On the eastern part of the project, there is a gold soil anomaly zone which is on strike with the Obotan Open Pit Mine;
- On the central southern part of the project is a gold soil anomaly, which is the extension of the Adubiaso Open Pit Mine, previously operated by Resolute Mining Ltd.

**Itilima Gold Project, Tanzania**

The eastern part of the project is drill ready and an induced polarization survey (IP) is planned before drilling commences on the Itilima project in the forth quarter of 2008.

**SELECTED ANNUAL INFORMATION**

The following table sets forth selected consolidated financial information of the Company for, the last year ended December 31, 2007 and the three month period ending March 31, 2008 and March 31, 2007. The selected consolidated financial information should be read in conjunction with the Consolidated Financial Statements of the Company.

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	March 2008	March 2007	December 2007
<b>Consolidated Statement of Operations</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total Revenue	--	--	--
Net Loss	320,522	214,140	1,193,775
Basic and Diluted Net Loss per Share	0.01	0.01	0.02
<b>Balance Sheet</b>			
Total Cash and Short-term investment	1,639,994	3,040,303	2,460,517
Working Capital (Deficiency)	1,400,841	659,190	2,138,601
Non-Controlling Interest	36,125	36,125	36,125
Total Long Term Debt	Nil	Nil	Nil
Total Assets	7,920,970	8,815,640	8,343,205
Shareholders' Equity	7,386,696	6,260,651	7,722,377
<b>Deferred Exploration &amp; Property Acquisition Cost</b>			
Acquisition Cost	1,580,672	3,093,657	1,418,452
Deferred Exploration Expenditures	4,625,934	2,617,409	4,387,326
<b>Total Balance</b>	<b>6,206,606</b>	<b>5,711,066</b>	<b>5,805,778</b>

**SUMMARY OF QUARTERLY RESULTS**

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

Three months ended	2008	2007				2006			
	Mar.	Mar.	June.	Sept.	Dec.	Mar.	June.	Sept.	Dec.
		\$	\$	\$	\$	\$	\$	\$	\$
Revenue	Nil.	Nil	Nil	Nil	Nil	Nil	Nil	Nil	Nil
Net Loss	320,522	214,140	296,266	189,333	494,036	125,409	185,286	390,409	312,922
Basic and diluted net loss per share	0.01	0.01	0.00	0.00	0.03	0.00	0.01	0.02	0.00

**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 deposits involve significant financial risk and the success of the company will be influenced by a number of factors including risks associated with exploration and eventual extraction, foreign investment regulations, 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 resource activities do not generate any revenues.

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**CRITICAL ACCOUNTING POLICIES AND ESTIMATES**

The preparation of the company's financial statements conforms with Canadian Generally Accepted Accounting Principles and requires management to make the 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, and the reported amount of revenues and expenses during the reporting period. Actual results may differ from those estimates. Management believes that the estimates are reasonable. General exploration expenditures which do not relate to specific resource properties are written off in the year incurred.

Interest in exploration properties and 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 property 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 claim 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 cost 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. The adoption of this policy has no effect on the financial statements. The Company's proposed stock option plan is described in Note 5 of the March 31, 2008 interim consolidated financial statements.

**Financial Instruments – Recognition and Measurement**

CICA Handbook Section 3855 provides guidance on when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet of the Company and on what basis these assets, liabilities and derivatives should be valued. Under the new standards, financial instruments must be classified into one of five categories: held-for-trading, held-to-maturity, loans and receivables, available-for-sale financial assets and other financial liabilities. All financial instruments, including derivatives, are measured on the balance sheet at their fair value except loans and receivables, held-to-maturity investments and other financial liabilities, which are measured at amortized cost. Subsequent measurement and changes in fair value will depend on its initial classification. Held-for-trading financial assets are measured at fair value and changes in fair value are recognized in earnings. Available-for-sale financial instruments are measured at fair value with changes in fair value recorded in other comprehensive earnings until the investment is derecognized or impaired at which time the amounts would be recorded in net earnings.

With the adoption of these new standards, the Company has classified its short term investments as held for trading, share investment as available for sale, and accounts payable and accrued liabilities as other financial liabilities.

This standard requires derivative instruments to be recorded as either assets or liabilities measured at their fair value unless exempted from derivative treatment as a normal purchase and sale. Certain derivatives embedded in

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other contracts must also be measured at fair value. The Company has reviewed all significant contractual arrangements and determined there are no material embedded derivatives that must be separated from the host contract and fair valued and there are no non-financial derivatives that need to be fair valued.

**Financial Instruments – Disclosure and Presentation**

Revised CICA Handbook Section 3861 replaces Handbook Section 3860, Financial Instruments – Disclosure and Presentation, and establishes standards for presentation of financial instruments and non-financial derivatives, and identifies information that should be disclosed. There was no material effect on the Company's consolidated financial statements when CICA Handbook Section 3861 was adopted January 1, 2007.

**Comprehensive Income**

CICA Handbook Section 1530 establishes standards for reporting and presenting comprehensive earnings, which is defined as the change in equity from transactions and other events from non-owner sources. Accordingly, a new statement of comprehensive earnings now forms part of the Company's consolidated financial statements and displays current period net loss and other comprehensive earnings. The cumulative changes in other comprehensive loss are included in accumulated other comprehensive loss, which is a new category within shareholders equity in the consolidated balance sheet.

**OVERVIEW OF PERFORMANCE**

**MINERAL PROPERTIES**

**MIDLANDS MINERALS PROPERTIES IN GHANA AND TANZANIA**

	<u>Name of Project</u>	<u>Interest</u>	<u>Location</u>
(1)	Sian	65%	Ghana
(2)	Kwahu Praso	80%	Ghana
(3)	Kaniago	100%	Ghana
(4)	Itilima	75%	Tanzania
(5)	New Kilindi*	100%	Tanzania

\*(Licence renewals pending)

## **MIDLANDS MINERALS CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED MARCH 31, 2008**

### **GHANA PROPERTIES**

The Government of Ghana issues mineral rights as follows:

- Reconnaissance Licence (RL) which is valid for one year and is renewable
- Prospecting Licence (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**

Sian is an open-pit recent gold producer with an indicated resource which has increased by 92% to 192,400 ounces of gold (2,568,000 tonnes @ 2.33 g/t Au) up from 100,000 ounces and an inferred which has gone up to 203,350 ounces (2,694,000 tonnes @ 2.35g/t Au) from 100,000 ounces, an increase of 103.4%. There is a CIL mill and a valid mining lease with an expiry date of 2026. 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 8.7 million ounces of gold. Sian produced 16,193 ounces of gold with a mineral recovery of 91% between 2001 and 2003 when the mine was closed due to the price of gold and operational issues.

The Company holds a 65% interest in Akroma Gold Company Limited into which the Sian property was transferred following an agreement between Midlands Minerals Corporation and Sian Goldfields Limited. Under the terms of the agreement, Sian Goldfields Limited transferred all its mineral assets including the mining lease which was granted to Sian in 1996 for a period of 30 years, the gold processing plant as well as all fixed assets, machinery and equipment. The mineral assets include an area of approximately 50 square kilometres of ground which is contiguous to Midlands' 109 square kilometres Kwahu Praso property on the north-east end of the Ashanti Gold Belt.

In January 2008, Midlands retained Geostat Systems International Inc. to conduct a National Instrument 43-101 (NI 43-101) Resource Estimation on the Sian project. Geostat's work included the estimation and classification of the resource on Sian as well as definition and interpretation of ore zones and orebody modelling.

Geostat Systems International Inc. has completed a 43-101 compliant and classified resource estimation on the Sian gold project for Midland Minerals and this technical report has been filed on [www.sedar.com](http://www.sedar.com). A summary of their report on the Sian resource estimation follows:

- The Geostat estimation used historical data from previous owners of Sian and new Midlands Minerals validation and exploration holes.
- The database has 211 holes with 18,767 assay intervals.
- From Geostat's interpretation, a total of 116 mineralized intercepts were defined for the resource model.
- The Sian property has several mineralized zones; the main resources zones are Esaase and Esaase East.
- A block model was created for the main zone at Esaase while the others are estimated using the simple sectional polygonal method.
- The resource model excludes all mined out material as per new March 2008 topographic survey of open pits surfaces.
- All gold assays were capped to 31.1g/t

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Resources are generally within 100m from surface except for the main zone which has been intersected at 200m depth. Qualified Person for this resources estimation was Claude Duplessis P.Eng.

The Indicated resources are classified within the main ore zone of Esaase from surface which approximately at 230m to 60m elevation and all remaining material in the envelope is inferred as well all the other satellite zones. A specific gravity of 2.8 has been used. A minimum horizontal mining width of 2m has been used. Horizontal width of the zones varies from 2 meters up to 50 meters wide.

CLASSIFICATION	MODEL	TONNAGE	AU G/T	OUNCES
<b>Indicated Zone</b>				
Main Esaase	Block	2,568,000	2.33	192,400
<b>Total Indicated</b>				<b>192,400</b>
<b>Inferred Zone</b>				
Main Esaase	Block	997,000	1.95	62,500
Others	Section model	1,697,000	2.58	140,850
<b>Total Inferred</b>	<b>Combined</b>	<b>2,694,000</b>	<b>2.35</b>	<b>203,350</b>
<b>Resources above 0.5g/t cut-off</b>		<b>SG 2.8</b>		<b>Numbers Rounded</b>

CLASSIFICATION	MODEL	TONNAGE	AU G/T	OUNCES
<b>Indicated Zone</b>				
Main Esaase	Block	1,716,000	2.96	163,550
<b>Total Indicated</b>				<b>163,550</b>
<b>Inferred Zone</b>				
Main Esaase	Block	618,000	2.53	50,200
Others	Section model	1,226,000	3.19	125,750
<b>Total Inferred</b>	<b>Combined</b>	<b>1,844,000</b>	<b>2.97</b>	<b>175,950</b>
<b>Resources above 1.49g/t cut-off</b>		<b>SG 2.8</b>		<b>Numbers Rounded</b>

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**Kwahu Praso**

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 the Sian and the Kwahu Praso property.

The Kwahu Praso prospecting licence was granted by the Ghana Minerals Commission and is valid until March 2009.

**Nsuta**

At the time Midlands applied for the first renewal of Kwahu Praso, the Company was required to shed up to 50% of the ground and Midlands shed the Nsuta property. Midlands then re-applied for the shed ground and a prospecting licence, valid until September 2009, was subsequently granted by the Ghana Minerals Commission. The Company holds a 100% interest in the Nsuta prospecting licence through its subsidiary company – Midlands Minerals Ghana Limited.

**Kaniago**

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 Above mine to the north and the Obotan mine to the south. The company has a valid prospecting licence which is valid until June 2009.

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**TANZANIA PROPERTIES:**

The Government of Tanzania issues mineral rights as follows:

- Reconnaissance Licence (RL) which is valid for two years and is renewable with a reduction of area of no less than 50%
- Prospecting Licence (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**

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 2,070 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 2,070 metre diamond core drilling program and intends to follow up with further drilling in the last quarter of 2008, subject to financing.

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 licences 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. The licence is valid for a period of 3 years until November 10, 2009.

**PL 2043/02** is 16.50 square kilometres and it is valid until November 11, 2007. All payments and fees due to the Government of Tanzania have been paid. A renewal application has been submitted and is currently being processed.

**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 Company intends to re-apply for the prospecting licence.

**PL 4086/06** is 16.25 square kilometres and is valid until September 25, 2009.

All property payments and fees due to the Government of Tanzania have been paid.

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**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 perographic, diamond selection and chemical analyses were done by SGS Lakefield Research Laboratories in Ontario Canada. Midlands plans to do more work on these kimberlite targets and the Company is seeking a partner to develop the diamond potential of the Itilima project. In this regard, Midlands has set up a subsidiary private company registered in Ontario, Canada (Mara Diamond Company Ltd.) to develop the diamond potential on the Itilima project.

**New Kilindi**

Through its subsidiary, Midlands Minerals (Tanzania) Limited, the Company held a 2,700 square kilometre reconnaissance licence which was valid until July 14, 2007 on the New Kilindi property. The licence was renewable thereafter as a prospecting licence.

On March 15, 2007, the Company entered into an option agreement with Canaco Resources Inc. ("Canaco") to develop its New Kilindi gold property in Tanzania. Canaco agreed to spend US\$2,500,000 in work programs on the New Kilindi property and pay the Company US\$50,000 over a one-year period and issue 100,000 common shares of Canaco and earn a 60% interest in the property. Canaco had the option to acquire an additional 15% interest in the property by bringing the property to feasibility study stage. To date the Company has received US\$50,000 and 100,000 shares. The agreement with Canaco was subsequently amended to take into account undue delays in the application review process in Tanzania due to a major reorganization which was taking place in the Ministry of Energy and Minerals. The company transferred one licence of the New Kilindi gold property (a 200 square kilometre-property) to Canaco during 2008, in recognition of the monies and shares received from Canaco by Midlands to date.

**Vukene**

The company paid the annual rent of US \$7,523 for PLR 4079/07 effective February 14, 2007 and holds a 752.30 square kilometre reconnaissance licence valid for a period of 2 years which is renewable thereafter as a prospecting licence. The reconnaissance licence is held by SIKA Resources Inc. and Midlands is evaluating the property and has an option to earn an interest.

**Lwenge**

The Company acquired the Lwenge property in Tanzania on October 19, 2007 and paid US \$10,000 for the prospecting licence PL 3212/2005 which is 25.73 square kilometres and valid until May 1, 2008. The company has re-applied for the prospecting licence. The Company owns 90% of the licence, 10% is owned by a local partner.

**NEW PROJECTS - TANZANIA**

**Kishapu and Lalago Gold Projects**

The Company paid US \$7,500 on November 8, 2007 to cover applications for PL 2864 (Kishapu) which is 24.94 square kilometres in size, and PL 2865 (Lalago) which is a 154.30 square kilometre prospecting licence. The applications are being processed and the licences are pending.

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**RESULTS OF OPERATIONS**

For the three months ended March 31, 2008, the Company suffered a loss from operation of \$320,522 as compared to a loss of \$214,140 in the comparable period of fiscal 2007. The increase of \$106,382 is attributable to the resource estimation work and field surveys on the Sian property.

The major component rising in this category relates to increased spending on advertising and marketing. The increase in this line item is associated with increased activities in both marketing and continued growth and development of the Company and the execution of the Company's business strategies. To this end, the most material increases can be attributed to increases in office and administrative expenses increased by \$58,790 to \$161,010 in March 2008.

Costs related to travel to the properties increased by \$34,898 from \$24,870 in March 31, 2007 to \$59,768 in March 31, 2008. The increase in this line item is associated with increased activity on Sian and the development of the properties generally as well as the Company's continued efforts to expand its mineral property portfolio in Ghana and Tanzania.

Given the Company's growth strategy, additional funds will be required to maintain and grow current operations. More advanced exploration is planned on the Ghana and Tanzania properties, and the Company continues to seek qualified mineral properties that meet its criteria. As such, cash aggregate operating expenditures may increase in the future.

**LIQUIDITY AND CAPITAL RESOURCES**

The working capital as at March 31, 2008 was \$1,400,841 compared to \$659,190 as at March 31, 2007. The increase is due to two successful brokered private placement financings, which were completed in January and June 2007.

During the year ended December 31, 2007, the Company engaged in two brokered private placement equity financings to raise funds for exploration and general corporate purposes. Through the January 2007 brokered private placement, the Company issued 3,796,667 units at \$0.30 per unit for gross proceeds of \$1,139,000. Each unit consisted of one common share and one half common share purchase warrant entitling the holder to acquire an additional common share at \$0.45 which are valid until July 11, 2008, subject to the Company's right to accelerate the expiry of the Warrants after nine months following closing, in the event the closing price of the Company's common shares for any twenty (20) consecutive trading days equals or exceeds Cdn. \$1.00 per share.

Through the second Private Placement which closed in June 2007, the Company issued 6,245,000 units at a price of \$0.35 per unit for gross proceeds of \$2,185,750. Each unit consisted of one common share and one half purchase warrant entitling the holder to acquire an additional common share of the Company at a price of \$0.50 per share until December 14, 2008, subject to the Company's right to accelerate the expiry of the Warrants after nine months following closing, in the event the closing price of the Company's common shares for any twenty (20) consecutive trading days equals or exceeds Cdn \$1.00 per share.

**INVESTMENT IN MINERAL EXPLORATION AND DEVELOPMENT**

Expenditures on minerals properties increased during the period ended March 31, 2008 to \$6,206,606 from \$5,711,066 in the comparable period in fiscal 2007. The expenditures on exploration and development increased from \$2,617,409 as at March 31, 2007 to \$4,625,934 as at March 31, 2008. The increase of \$2,008,525 is attributable to an increase in exploration and development activities on the Sian, Kwahu Praso and Kaniago properties in Ghana and on the Itilima project in Tanzania.

A cumulative total of \$3,199,309 was spent in Ghana from fiscal year 2005 to the fiscal year 2007 and \$1,828,737 was spent in Tanzania from fiscal year 2005 to fiscal year 2007. The increased drilling activity totalled \$1,163,740 for Sian including soil surveys on Kwahu Praso in Ghana as well as preparation for drilling on the Itilima project in Tanzania.

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**BUSINESS COMBINATION (HISTORICAL)**

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 various financings, 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.

**CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

During the year, the Company was released by Sian from its obligations to fund Sian's obligations to its creditors as stated in the agreement signed on August 23, 2006. The Company has committed its resources to develop and fund the exploration activities on the Sian property on an ongoing basis.

The Company does not have any other commitments, or contractual obligation, long term debt, capital lease obligations, and purchase obligations other than leases which are part of day to day corporate business activities such as an office rental lease and leased equipment. (Reader is referred to the Interim Consolidated Financial Statements, Note 4b)

**OUTLOOK**

Midlands is poised for growth with the Sian gold resource increasing with each new phase of drilling. At least 20,000 meters of drilling are planned in 2008 to bring the Sian project to a feasibility stage. The drill program in 2008 has two objectives: the first part of the program is follow-up drilling of 2007 identified gold structures around the Esaase mine. The second part of the program is to drill test the south extensions of all identified gold zones where their extensions feature soil anomalies or IP responses.

The March/April 2008 drilling program was approximately 2700 meters and was designed with a target of increasing the resource on Sian. The program tested the south extensions of the Esaase Main and Esaase East gold resource and was a follow-up in the area of RC 53 which intersected 2.25 g/t Au over 15m in the previous drilling program. The hole is associated with a 1 km strike length gold soil anomaly. It is anticipated that the April/May 2008 drilling will lead to definition drilling to outline additional resources to allow the Company to reach its short term target of 500,000 oz of gold.

## **MIDLANDS MINERALS CORPORATION MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE PERIOD ENDED MARCH 31, 2008**

Sian produced gold between 2001 and 2003 with a gold recovery rate of 91%. Midlands' goal is to increase the tonnage on Sian and move the project to a feasibility study by the end of 2008 with gold production expected by the end of 2010.

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

- quality gold properties located next to major multi million ounce gold deposits on a prolific belt and on trend with world class gold deposits like 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 growing resource on its Sian property in Ghana, Midlands controls a large gold district on the Ashanti Gold belt, thereby increasing the potential of discovery of several large gold deposits;
- 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, subject to availability of financing, and expanding its existing resource) are good given Results from the drilling and the huge gold soil anomaly on the Sian/Praso property. The plan is to bring the Sian property, which has all the infrastructure in place as well as a valid mining lease, back into a position where a production decision can be made by the end of 2010 either by Midlands on its own or through a joint venture with a gold mining company.

### **In summary:**

1. The company's plan is to grow its core assets as quickly as possible and subject to availability of financing. In this regard, a minimum of 20,000 meters of drilling is planned on the Sian and Kwahu Praso properties commencing in the second half of 2008 - Ghana
2. Detailed soil surveys are planned for Kaniago and these will be followed by RC drilling in the second half of 2008, subject to financing - Ghana
3. Further drilling is planned for the Itilima project (PL 2043/02) in the last quarter of 2008, subject to financing – Tanzania
4. The Company is evaluating its prospects for the Itilima Diamond project and speaking to prospective partners.

Midlands has viable quality projects in low risk countries, and a seasoned management team with extensive experience in Africa. The Company has demonstrated access to the capital markets and low overhead costs, all of which ensures 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.

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**CAPITAL STOCK**

**AUTHORIZED UNLIMITED COMMON SHARES**

	<b>Number of Common Shares</b>	<b>Amount (\$)</b>
<b>Balance, December 31, 2004</b>	18,393,003	2,050,301
Issued for cash	5,017,500	695,940
Share issue costs	-	(190,910)
Issued for services		
	<u>50,000</u>	<u>6,935</u>
<b>Balance, December 31, 2005</b>	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 costs	-	(547,818)
Warrants Exercised		
	<u>6,165</u>	<u>2,125</u>
<b>Balance, December 31, 2006</b>	40,786,374	5,164,785
Issued for cash January 11, 2007	3,796,667	906,300
Issued for cash June 14, 2007	6,245,000	1,807,230
Share issue cost	-	(425,544)
Warrants exercised	<u>2,218,417</u>	<u>695,558</u>
<b>Balance, March 31, 2008</b>	<u>53,046,458</u>	<u>8,098,340</u>

**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 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.

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**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. 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 the Shareholders**

Subsequent to the First Quarter ended March 31, 2008, the Company announced that it will be holding its third Annual and Special General Meeting of the Shareholders on June 25, 2008 at 11 AM EST at the Toronto Board of Trade, First Canadian Place, Toronto, Ontario.

**MIDLANDS MINERALS CORPORATION  
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**Forward Looking Statements**

Certain statements contained in this management's 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. Forward-looking statements consist of statements that are not purely historical, including any statements regarding beliefs, plans, expectations or intentions regarding the future. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions which may prove to be incorrect.

The Company adds a cautionary statement to the effect that the potential quantity and grades referred to in this press release are conceptual in nature and there has been insufficient exploration to define a mineral resource. Further, the Company is uncertain if further exploration will result in discovery of a mineral resource. Readers are cautioned not to place undue reliance on these forward-looking statements, which speak only as of the date the statements were made. Readers are also advised to consider such forward looking statements while considering the risks inherent in the business of mineral exploration. For more information, investors should review the Company's filings that are available at [www.sedar.com](http://www.sedar.com).

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**MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING**

Management is responsible for the preparation of the consolidated financial statements and other financial information relating to the Company, included in this management discussion & analysis. The interim consolidated financial statements of the Company and the accompanying notes thereto for the period ended March 31, 2008, have been prepared in accordance with Canadian Generally Accepted Accounting Principles [GAAP].

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 three directors who are not members of management. The committee meets to discuss the results of their report prior to submitting the consolidated financial statements of the Company to the Board of Directors for their consideration and approval for issuance to the shareholders.

On the recommendation of the audit committee, the Board of Directors has approved the Company's interim consolidated financial statements for the period ended March 31, 2008.

Date: May 29, 2008

**Original signed by:**

Kim F. Harris  
President and Chief Executive Officer

**Original signed by:**

Paul E. Singer, CA  
Chief Financial Officer