

Midland Exploration Inc.

(An exploration stage company)

Management's Discussion and Analysis

June 30, 2008

The following discussion and analysis (the "MD&A") of the financial condition and results of the operations of Midland Exploration Inc. ("Midland" or "the Company") constitutes management's review of the factors that affected the Company's financial and operating performance for the nine month period ended June 30, 2008. This MD&A should be read in conjunction with the Company's financial statements and related notes as at June 30, 2008. All figures are in Canadian dollars unless otherwise noted. The Company's financial statements have been prepared in accordance with Canadian Generally Accepted Accounting Principles.

Further information regarding the Company and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be obtained from www.sedar.com.

Nature of activities

The Company, incorporated on October 2, 1995 under Part IA of the Quebec Companies Act, is a company in the mining exploration business. The Company's operations include the acquisition, exploration, production, development and, where possible, operating of mining properties.

Overall performance

The Company reported a loss of \$374,861 for the nine-month period ended June 30, 2008 ("Q3-08") compared to a loss of \$340,006 for the nine-month period ended June 30, 2007 ("Q3-07").

In December 2007, the Company issued \$124,600 of flow-through shares following a private placement.

The Company recorded \$856,727 in exploration in Q3-08 (\$141,399 in Q3-07), on its properties. In addition, the Company invested \$189,547 in Q3-08 (\$173,042 in Q3-07) in property several acquisitions in Quebec.

The Company signed two agreements to option out to Agnico-Eagle Mines Limited and a Quest Uranium Corporation the James Bay Au and James Bay U properties respectively.

An unfavourable net change in cash and cash equivalents of \$437,576 was generated in Q3-08 (favourable of \$3,262,773 for Q3-07).

Results of operations

Expenses have increased from \$429,599 in Q3-07 to \$637,668 in Q3-08. This increase is mainly due to:

- Conferences Midland participated which contributed to increase investors relations expenses from \$46,113 in Q3-07 to \$107,687 in Q3-08;
- Administrative expenses and other have increased from \$122,455 in Q3-07 to \$229,840 in Q3-08 since Midland hired a geologist in January 2008 as well as two contract geologists in the spring 2008, pays a monthly rent of \$1,587 since March 2007 and has incurred some expenses to organise its office;
- Professional fees increased from \$62,385 in Q3-07 to \$103,421 in Q3-08 following the progression of the activities of the Company.

In Q3-08, the stock-based compensation recorded for all the grants amounted to \$239,850 (\$182,203 in Q3-07) of which \$68,832 was recorded in the deferred exploration expenses (nil for Q3-07).

- On December 10, 2007, the Company granted 50,000 options to a geologist, exercisable at \$0.60, valid for 5 years. Total stock-based compensation costs amount to \$19,000 and will be recorded over the vesting period in the deferred exploration expenses.
- On May 6, 2008, the Company granted 50,000 options to geologists, exercisable at \$0.65, valid for 5 years. Total stock-based compensation costs amount to \$21,000 and was recorded in the deferred exploration expenses and as stock-based compensation cost.

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Results of operations (cont'd)

Due to enhanced financial position following the initial public offering of March 2007, Midland earned interest income of \$95,525 in Q3-08 (\$48,593 in Q3-07) consisting of interest on guaranteed investment certificates and bankers acceptances. As operator of the Gatineau, Weedon and James-Bay Au projects, Midland has earned management fees in Q3-08 for \$117,696.

Investing activities

Deferred exploration expenses Q3 2008	Maritime Cadillac	Vermilion	Weedon	James Bay Au	James Bay Mo	James Bay U	Gatineau Zn	Project generation	Total
	\$	\$	\$	\$					\$
Balance Beginning	153,349	286,835	48,922	37,931	10,491	7,222	42,363	16,041	603,154
Geophysics	-	275	226,145	33,285	-	-	192,925	400	453,030
Geology	1,000	2,984	87,850	36,651	5,544	12,683	83,637	22,390	252,739
Drilling	-	-	20,075	-	-	-	-	-	20,075
Geochemistry	-	1,276	4,401	-	-	-	105,666	-	111,343
Logistic	-	-	1,744	245	-	-	244	-	2,233
Analysis	-	-	-	-	-	-	-	111	111
Travelling	-	-	3,988	-	-	348	10,161	1,906	16,403
Management fees	-	793	-	-	-	-	-	-	793
	1,000	5,328	344,203	70,181	5,544	13,031	392,633	24,807	856,727
Stock-based compensation	420	16,059	25,938	7,584	1,897	1,266	14,401	1,267	68,832
Recharge	-	-	(343,771)	(54,973)	-	(2,013)	(386,533)	-	(787,290)
Net addition	1,420	21,387	26,370	22,792	7,441	12,284	20,501	26,074	138,269
Tax credits	-	(2,214)	-	(1,502)	(398)	(2,779)	(685)	(6,466)	(14,044)
Disposal	-	-	-	-	-	(10,801)	-	-	(10,801)
Net change	1,420	19,173	26,370	21,290	7,043	(1,296)	19,816	19,608	113,424
Balance end	154,769	306,008	75,292	59,221	17,534	5,926	62,179	35,649	716,578

Deferred exploration expenses Q3-07	Maritime Cadillac	Vermillion	Weedon	Baie-James Au	Baie-James Mo	Gatineau Zn	Total
	\$	\$	\$			\$	\$
Balance – Beginning of period	149,370	99,134	-	-	-	-	248,504
Geophysics	-	45,945	-	385	-	385	46,715
Geology	3,259	5,371	16,864	15,139	2,000	28,776	71,409
Geochemistry	-	7,549	-	11,841	-	-	19,390
Assay	-	-	45	28	-	-	73
Travelling	-	-	206	-	-	276	482
Management fees	-	3,242	40	4	-	44	3,330
	3,259	62,107	17,155	27,397	2,000	29,481	141,399
Balance – End of period	152,629	161,241	17,155	27,397	2,000	29,481	389,903

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Investing activities (Cont'd)

Maritime-Cadillac

The property is located in Abitibi along the Cadillac break and is composed of 7 claims.

On January 6, 2005, the Company entered into an agreement for the acquisition of a mining exploration property in Abitibi, Quebec, owned in part by an officer of the Company and known as Maritime-Cadillac, for the following consideration:

- Five annual payments of \$30,000 each for a total of \$150,000; the Company has the option to pay half of this amount by the issuance of common shares of its capital stock;
- Issuance of 2,400,000 common shares recorded at a price of \$0.10 per share; the transaction has been recorded at the fair value of the common shares given up at the date of the transaction. The fair value of the common shares has been determined based on the last issuance of shares;
- Payment of a 2% net smelter return royalty; the Company can buy back half of the royalty for a payment of \$1,000,000;

On March 7, 2006, an amendment to the agreement acknowledges that the Company will not have to retrocede the property if the Company ceases to carry out exploration work on it.

On June 1, 2006, the Company entered into an option agreement with Agnico-Eagle Mines Limited ("Agnico-Eagle") whereby Agnico-Eagle was offered the right to earn a 50% undivided interest in the Maritime-Cadillac property and, after having earned such interest, to participate with Midland in a joint operation to further explore and develop the property. The consideration is:

- Four annual payments of \$25,000 each for a total of \$100,000;
- A commitment to carry out work in the amount of \$300,000 the first year, \$300,000 the second year and \$400,000 for the third year for a total of \$1,000,000;
- Agnico-Eagle is the operator of the project; and
- Undertaking from Agnico-Eagle to contribute 9.9% up to a maximum of \$200,000 of Midland's initial public offering if it was completed before December 31, 2007. Agnico-Eagle did effectively contribute \$200,000 at the March 2, 2007 IPO.

Following the acquisition of a 50% undivided interest upon exercising its option, Agnico-Eagle will have the option to increase its undivided interest in the Property from 50% to 65% during a period of 3 years by solely financing a bankable feasibility study in respect of the Maritime Cadillac property or by solely assuming all mining operations on the Maritime Cadillac Property and will earn 1% additional interest for every \$1,000,000 spent on the Maritime Cadillac Property (up to 15% by spending \$15 millions).

In June 2008, the third payment of \$25,000 was recorded as a partial disposal, pursuant to the Agnico-Eagle agreement dated June 1st, 2006.

Agnico-Eagle completed 5 holes during the winter 2008. Hole 141-08-14B drilled between Zulapa and Maritime Cadillac gold deposits intersected a new gold zone of significant interest. This new gold zone intersected along the Maritime Cadillac structure returned **3.30 g/t Au over 14.65 m** from 364.00 to 378.65 metres depth (approximately 6.60 metres true thickness), including **6.11 g/t Au over 5.65 metres** from 373.00 to 378.65 metres (approximately 2.50 metres true thickness). Locally, this zone returned values up to **16.01 g/t Au over 1.15 metres**. This new gold bearing zone intersected at a shallow depth (250 m) is open at depth and along strike. The previous drill hole 141-08-12 intersected the same gold structure (100 metres north and 100 metres up-dip) which returned anomalous gold values of 0.24 g/t Au over 29.7 metres from 219.30 to 249.00 metres. Surface plan, longitudinal section and photos of that new zone can be found on Midland's Web site.

This new gold zone intersected in hole 141-08-14B occurs along the Maritime Cadillac structure near the contact between the mafic volcanics and the ultramafic schists of the Piche Group. This zone is characterized by the presence of 3-5% disseminated arsenopyrite and 1-2% pyrite overall reaching up to 10-15% arsenopyrite locally. The gold mineralization is hosted within a sheared mafic volcanic rock injected by a well developed network of quartz-carbonate veins with strong biotite alteration.

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Investing activities (Cont'd)

A new drill program comprising a minimum of 1200 metres of drilling has been initiated in June 2008. The objective of this new program is to test the lateral and depth extension of the new gold zone intersected during the Winter program. Drilling is in progress and assays are pending.

The exploration budget for the year ending September 30, 2008 ("Fiscal 2008") for Maritime-Cadillac is \$500,000 for Agnico-Eagle.

Vermillon

The Vermillon property is located some 90 km southwest of the town of La Tuque, Quebec and consists of 259 contiguous claims covering a total surface area of 151 km².

The exploration budget in Fiscal 2008 for Vermillon is \$75,000 for Midland.

Weedon

This property is located in the Eastern Townships, about 120km south of Quebec City and is comprised of 242 claims.

Midland acquired a 100% interest in the Weedon property, formerly held by the privately owned company Les Ressources Tectonic Inc. ("Tectonic") as well as the acquisition of 188 claims, whereby Midland now covers and controls more than 30 kilometres in the volcano-sedimentary belt of Ascot-Weedon. On March 6, 2007, the Company acquired a 100% interest in the claim block held by Tectonic, in exchange for 3 payments totalling \$60,000, including \$15,000 upon signing the agreement. Midland has also agreed to pay a net smelter return (NSR) royalty of 1% to Tectonic in the event the property reaches commercial production. Midland can buyback the royalty interest, in total or in two parts of 0.5% each, upon payment to Tectonic of \$500,000 per 0.5%, for a total amount of \$1,000,000. In addition, 84 adjoining claims were staked for which, a 0.5% royalty is payable and Midland can buy back this royalty for \$500,000.

On August 24, 2007, Midland signed a letter of agreement with Breakwater Resources Ltd. ("Breakwater") whereby Breakwater can acquire 50% of the Weedon property subject to the following conditions:

	<u>Payments in cash</u>	<u>Works</u>
	<u>\$</u>	<u>\$</u>
Upon signing	40,000	-
August 24, 2008	50,000	500,000
August 24, 2009	50,000	1,000,000
August 24, 2010	60,000	1,500,000
Total	<u>200,000</u>	<u>3,000,000</u>

- Only the \$40,000 cash payment upon signing and the first year work commitment for \$500,000 are firm commitments.
- The Company is the operator and therefore charges project management fees and received from time to time advances for exploration work.
- Upon acquiring a 50% interest, a joint venture will be formed. In addition, Breakwater will have the option to acquire an additional 15% interest by delivering a bankable feasibility study under the following conditions:
 - Cash payment of \$40,000 per year and a minimum of \$200,000 worth of exploration work per year until the delivery of a bankable feasibility study within a 4-year period.

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Investing activities (Cont'd)

A first drilling program by Midland was recently initiated with five holes totalling 1,200 metres of drilling. The main purpose of this program is to test new electromagnetic targets defined in the fall of 2007, during a helicopter-borne VTEM survey. In this survey, several previously unknown conductors were detected, including some at greater depths than the maximum depth penetration of previously used conventional systems. A detailed helicopter-borne VTEM survey was recently completed over these new anomalies to better define drill targets. These new conductors were detected on several flight lines and generally show a good magnetic association, typical of most historic massive sulphide deposits in the area. Planned drillholes should test these targets at vertical depths ranging from 100 to 200 metres. One hole will also be drilled along the southwestern extension of the former Weedon mine (1.6 Mt at 2.33% Cu, 0.86% Zn and 0.56 g/t Au) to test an iron formation horizon along the favourable contact, at about 200 metres vertical depth. Hole 2 of this 5 holes program was recently completed and results are pending.

The exploration budget in Fiscal 2008 for Weedon is \$450,000 for Breakwater.

James Bay Gold (Au)

The property is located in the James Bay region and is composed of 1174 claims.

Midland acquired a 100% interest on 1174 claims in the James Bay Area, an area that has the potential to become soon a significant new gold producer in Quebec after the Abitibi Belt. These new claims totalling 589 km² are solely own by Midland.

On February 1, 2008, Midland signed an option agreement with Agnico-Eagle whereby Agnico-Eagle can acquire 50% of the James Bay Gold property subject to the following conditions:

	<u>Payments in cash</u>	<u>Works</u>
	\$	\$
Upon signing of a formal agreement	50,000	-
February 1, 2009	60,000	600,000
February 1, 2010	60,000	900,000
February 1, 2011	60,000	1,300,000
February 1, 2012	70,000	1,700,000
Total	<u>300,000</u>	<u>4,500,000</u>

- Only the \$40,000 cash payment upon signing and the first year work commitment for \$600,000 are firm commitments.
- The Company is the operator and therefore charges project management fees and received from time to time advances for exploration work.
- Upon acquiring a 50% interest, Agnico-Eagle will have the option to increase its undivided interest in the project from 50% to 65% over a period of three years, by solely financing a bankable feasibility study on the James Bay Gold project or by solely assuming all mining operations on the project, earning 1% additional interest for every \$1,000,000 spent on the property (up to 15% by spending \$15 millions).

Midland's properties are associated with first order, isolated or combined, gold, arsenic and antimony lake-bottom sediment anomalies. Historically, followed up by prospecting these types of geochemical anomalies lead to the discovery of several new attractive gold showings in the James Bay Area.

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Investing activities (Cont'd)

During spring 2008, Midland has elaborated and organized its next summer exploration program. As anticipated, Geo Data Solutions on Midland behalf has completed a helicopter borne radiometric and magnetometric survey on the Lasalle and Galinée claim blocs. A total of 3440 lines kilometers has been flown. Preliminary data revealed well the various lithologies belonging to the Trieste Lake and Duhesme Lake greenstone belts. The survey will be followed by a till sampling program designed to source the lake bottom gold, antimony and arsenic anomalies found on our claims. Concurrently Midland team will evaluate the new generated geophysical targets and geologically map and prospect its other properties.

The exploration budget in Fiscal 2008 for James Bay Gold is \$600,000 pour Agnico-Eagle.

James Bay Molybdenum (Mo)

Overall Midland hold 100% interest on 265 claims located 35 km west of LG-4 hydroelectric complex in the James Bay region. These claim blocks cover a total surface area of 134.1 km² and are owned 100% by Midland.

The claim blocks cover significant molybdenum and copper anomalies in lake bottom sediments. They lie immediately to the west and peripheral to an important polymetallic (Mo-Cu-Au) hydrothermal breccia system discovered in 1997 by another exploration company following up on the same type of anomaly. In 1998, channel samples collected by this exploration company in these altered tonalitic breccias yielded grades reaching 0.14% Mo over 89 metres, with grab samples ranging from 0.8 to 4.0% Mo and another grab sample grading 0.13% Cu, 1.97 g/t Au, 0.053% Mo and 12.3 g/t Ag.

The selected properties are within a broad km-scale halo with anomalous molybdenum and copper values in lake bottom sediments. Properties acquired by Midland cover strong anomalies ranging up to 426 ppm Mo and 90 ppm Cu, which remain unexplained. These strong yet unexplained anomalies are among the most significant in northern Quebec. Midland is planning some soil sampling, prospecting and geological reconnaissance work next summer, in order to source the anomalies and better define the geological setting. Midland is presently looking for a partner for this project.

In the following quarters, Midland foreseen to initiate a helicopter supported reconnaissance mapping and prospecting program to evaluate various Mo lake bottom sediment anomalies known on its main claim block

The exploration budget in Fiscal 2008 for James Bay Molybdenum is \$50,000 for Midland.

Gatineau Zinc (Zn)

Midland acquired a 100% interest of a large land position for zinc including 19 new properties covering 347.6 km² distributed in the Gatineau Area, approximately 200 kilometres northwest of the city of Montreal.

On August 24, 2007, Midland signed a letter of agreement with Breakwater Resources Ltd. ("Breakwater") whereby Breakwater can acquire 50% of the Gatineau Zn property subject to the following conditions:

	Payments in cash	Works
	\$	\$
Upon signing	40,000	-
August 24, 2008	50,000	500,000
August 24, 2009	50,000	1,000,000
August 24, 2010	50,000	1,500,000
August 24, 2011	60,000	1,500,000
Total	250,000	4,500,000

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Investing activities (Cont'd)

- Only the \$40,000 cash payment upon signing and the first year work commitment for \$500,000 are firm commitments.
- The Company is the operator and therefore charges project management fees and received from time to time advances for exploration work.
- Upon acquiring a 50% interest, a joint venture will be formed. In addition, Breakwater will have the option to acquire an additional 15% interest by delivering a bankable feasibility study under the following conditions:
Cash payment of \$40,000 per year and a minimum of \$200,000 worth of exploration work per year until the delivery of a bankable feasibility study within a 4-year period.

Following the recent VTEM positive results on the Bouchette and Leitch properties, Midland has completed a detailed in-fill VTEM survey in order to better characterized the conductors. Preliminary results indicated that the new survey has detected conductors over several lines with some of them showing a good magnetic association. Upon reception of the final data, few of the best conductors will be selected either for detailed soil sampling and stripping and/or ground geophysical survey and diamond drilling.

The new reconnaissance VTEM survey flown over the northern portion of Wallace Lake property has detected magnetometric and electromagnetic targets similar at those of Leitch and Bouchette. In addition, while prospecting to source few high soil geochemical anomalies, Midland exploration team has discovered new mineralized blocks and outcrops with anomalous zinc values.

Near Kilmar in the eastern portion of the Mont-Laurier metasedimentary belt, the same stratigraphic sequence known to host the Gatineau type zinc mineralization was found while prospecting. Currently our effort has not allowed explaining the various stream sediment anomalies, however more work is planned in order to source other anomalies in the area.

Midland is confident that the Gatineau Area has an excellent potential to host new high grade, large tonnage Zn-Pb Sedex deposits as in the Balmat-Edwards District.

The exploration budget in Fiscal 2008 for Gatineau Zinc is \$435,000 for Breakwater.

James Bay Uranium (U)

The property is located in the James Bay region and is composed of 130 claims.

On November 12, 2007, the Company signed a letter of agreement with a partner whereby the partner can acquire 50% of the James Bay U property. On April 1, 2008, an amendment to the letter of agreement and an assignment of rights was signed whereby Quest Uranium Corporation ("Quest") substituted the original partner and can acquire 50% of the James Bay U property subject to the following conditions:

	<u>Payments in cash</u>	<u>Works</u>
	<u>\$</u>	<u>\$</u>
Upon signing	40,000	-
April 1, 2009	40,000	300,000
April 1, 2010	40,000	400,000
April 1, 2011	40,000	700,000
April 1, 2012	40,000	1,000,000
Total	<u>200,000</u>	<u>2,400,000</u>

Only the \$40,000 cash payment upon signing and the first year work commitment for \$300,000 are firm commitments.

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Investing activities (Cont'd)

Quest is the project operator. During Q3-08, EON Geoscience has completed on Quest Uranium behalf a radiometric and magnetometric airborne survey covering Midland's LG-3 and LG-4 properties. A total of 3427 line kilometres has been flown. In July the new outlined targets will be follow up by reconnaissance mapping, prospecting and ground geophysics depending on their merit. Current geological compilation is in progress to generate new exploration targets.

The exploration budget in Fiscal 2008 for James Bay Uranium is \$275,000 for the partner.

Project Generation

Midland initiated some geological compilation programs in Quebec for the acquisition of new strategic gold, uranium and base metal properties.

The exploration budget in Fiscal 2008 for the project generation is \$130,000 for Midland.

Other activities

For Fiscal 2008, Midland intends to be pro-active in the acquisition of new mineral exploration properties in Québec. Management is currently reviewing other opportunities and other projects to enhance the portfolio of the Company.

Acquisition opportunities outside of Québec will also be considered. Midland prefers to work in partnership and fully intends to quickly secure new partnerships for its new properties to be acquired in Fiscal 2008.

Financing activities

The Company finances itself mainly through share issuance.

On December 31, 2007, the Company completed a private placement of 207,667 flow-through common shares for a total cash consideration of \$124,600 (282,222 flow-through common shares for \$127,000 in Q3-07).

Working capital

The Company has a working capital of \$3,214,629 as at June 30, 2008 as compared to a working capital of \$3,608,947 as of September 30, 2007. Management is of the opinion that it will be able to maintain the status of its current exploration obligations and to keep its properties in good standing. Advanced exploration of some of the mineral properties would require substantially more financial resources. In the past, the Company has been able to rely on its ability to raise financing in privately negotiated equity offerings. There is no assurance that such financing will be available when required, or under terms that are favourable to the Company. The Company may also elect to advance the exploration and development of mineral properties through joint-venture participation.

Summary of results per quarters

For the eight most recent quarters:

	<u>June 30</u> <u>2008</u>	<u>March 31</u> <u>2008</u>	<u>December 31</u> <u>2007</u>	<u>September 30</u> <u>2007</u>
	\$	\$	\$	\$
Revenues	71,113	64 517	93,177	56,904
Net loss	(100,678)	(174 463)	(99,720)	(100,980)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	4,872,091	4 636 930	4,780,495	5,043,245

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Summary of results per quarters (cont'd)

	<u>June 30</u> <u>2007</u>	<u>March 31</u> <u>2007</u>	<u>December 31</u> <u>2006</u>	<u>September</u> <u>30 2006</u>
	\$	\$	\$	\$
Revenues	36,768	11,825	-	-
Net earnings (loss)	(187,316)	(21,484)	(131,206)	(63,135)
Loss per share	-	(0.01)	(0.01)	(0.01)
Total assets	4,524,399	4,601,931	858,210	850,810

The recovery of future income taxes are generally recorded in February which would explain some variation between the quarters.

Related party transactions

In the normal course of operations:

- a) During the period ended June 30, 2008, a firm in which an officer is a partner charged professional fees amounting to \$38,494 of which \$2,918 was recorded as share issue expenses (\$152,765 of which \$140,285 was recorded as share issue expenses for the period ended June 30, 2007);
- b) During the period ended June 30, 2008, a company controlled by an officer charged professional fees of \$34,125 (\$16,775 for the period ended June 30, 2007);
- c) As at June 30, 2008, the balance due to the related parties amounted to \$4,654 (June 30, 2007 – \$4,057).

Not in the normal course of business:

- d) In December 2007, directors and officers of the Company participated in private placements of flow-through shares (note 5ai) for a total consideration of \$104,600 (\$47,000 for the period ended December 31, 2006).

These related party transactions were recorded at the exchange value, which is the consideration determined and agreed to by the related parties.

Subsequent events

The Company has no subsequent events to report.

Outstanding share data

	<u>As of August</u> <u>15, 2008</u>
	Number
Common shares	20,386,546
Options	1,450,000
Warrants	420,000
	<u>22,256,546</u>

Off-balance sheet arrangements

During Q3-08, the Company did not set up any off-balance sheet arrangements.

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Critical accounting estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas where management judgement is applied are asset valuations, stock-based compensation and future income taxes. Actual results could differ from those estimates and such differences could be material.

Mining assets

Exploration properties include rights in mining properties and deferred exploration expenses. Expenditure incurred on non-producing properties identified as having development potential are deferred until the economic viability of the project has been established, at which time these costs are added to mining properties. Costs are written off when properties are abandoned or when cost recovery is uncertain. Management has defined uncertainty as either there being no financial resources available for development over a three-year period or results from exploration work not warranting further investment. Expenditure not related to specific properties are accounted for in the statements of operations. Proceeds on the sale of exploration properties are applied by property in reduction of the mining properties, then in reduction of the deferred exploration expenses and any residual is recorded in the statement of operations. Governmental assistance, mining duties credits and other credits related to exploration work are applied against the deferred exploration expenses.

Funds received from partners on certain properties where the Company is the operator in order to perform exploration work as per agreements, are accounted for in the balance sheet as advances for exploration work. These advances are reduced gradually when the exploration work are performed.

Changes in accounting policies including initial adoption

On October 1, 2007, the Company adopted the following new accounting policies published by the Canadian Institute of Chartered Accountants:

- a) Section 3862, "Financial Instruments – Disclosures", describes the required disclosure for the assessment of the significance of financial instruments for an entity's financial position and performance and of the nature and extent of risks arising from financial instruments to which entity is exposed and how the entity manages those risks. The new requirements only address disclosures and will have no impact on the Company's financial results.
- b) Section 1535, "Capital disclosures", establishes standards for disclosing information about an entity's capital and how it is managed. It describes the disclosure of the entity's objectives, policies and processes for managing capital, the quantitative data about what the entity regards as capital, whether the entity has complied with any capital requirements, and, if it has not complied, the consequences of such non-compliance. The new requirements only address disclosures and will have no impact on the Company's financial results.

Future change in accounting standards

Adoption of International Financial Reporting Standard in Canada

In February 2008, the Canadian Accounting Standards Board ("AcSB") confirmed January 1, 2011 as the changeover date to move financial reporting for Canadian publicly accountable enterprises to the International Financial Reporting Standards ("IFRSs"). The Company will get the training on the IFRS and will elaborate a plan to be ready for the 2011 conversion.

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Financial instruments

Financial risk management

The Company is exposed to various financial risks resulting from both its operations and its investments activities. The Company's management manages financial risks. The Company does not enter into financial instrument agreements including derivative financial instruments for speculative purposes.

The Company's main financial risk exposure and its financial risk management policies are as follows:

Interest rate risk

The short-term liquid investments bear interest at a fixed rate and the Company is, therefore, exposed to the risk of changes in fair value resulting from interest rate fluctuations. The Company's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

Credit Risk

The Company is subject to concentrations of credit risk through cash and cash equivalents and term deposits. The Company maintains substantially all of its cash and cash equivalents, term deposits and exploration funds in financial instruments guaranteed by major financial institutions in Canada.

Liquidity risk

Liquidity risk management serves to maintain a sufficient amount of cash and cash equivalents and to ensure that the Company has at his disposal sufficient sources of financing such as private placement. The Company establishes cash estimates to ensure it has the necessary funds to fulfill its obligations.

Fair Value

The carrying amounts of short term assets and liabilities approximate fair value because of the limited term of these instruments.

Management's responsibility for financial information

Midland's financial statements are the responsibility of the Company's management. The financial statements were prepared by the Company's management in accordance with Canadian generally accepted accounting principles. The financial statements include certain amounts based on the use of estimates and assumptions. Management has established these amounts in a reasonable manner, in order to ensure that the financial statements are presented fairly in all material respects.

Forward looking information

This management's discussion and analysis contains forward looking statements reflecting Midland's objectives, estimates and expectations. These statements are identified by the use of verbs such as "believe", "anticipate", "estimate", and "expect". As well as the use of the future or conditional tense. By their very nature, these types of statements involve risk and uncertainty. Consequently, results could differ materially from the Company's projections or expectations.

August 15, 2008

(S) Gino Roger

Gino Roger
President Chief Executif Officer

(S) Ingrid Martin

Ingrid Martin
Chief Financial Officer

Midland Exploration Inc.

(An exploration stage company)

Management's Discussion and Analysis

June 30, 2008

SHAREHOLDER INFORMATION

Directors

Jean-Pierre Janson, Chairman of the board *

Gino Roger

Jacques Bonneau *

Germain Carrière *

Robert I. Valliant

René Branchaud

* *audit committee members*

Officers

Gino Roger, President and chief executive officer

Ingrid Martin, Chief financial officer

René Branchaud, Secretary

Head Office

1 Place Ville Marie, suite 4000

Montreal, Quebec, H3B 4M4

Exploration Office

132 blvd Labelle, suite 220

Rosemere, Quebec, J7A 2H1

Tel : 450-420-5977

Fax : 450-420-5978

Email : gino.roger@midlandexploration.com

Website : www.midlandexploration.com

Auditor

PricewaterhouseCoopers, L.L.P.

1250, blvd René-Lévesque West, suite 2800

Montreal, Quebec, H3B 2G4

Legal council

Lavery, De Billy, L.L.P.

1 Place Ville Marie, suite 4000

Montreal, Quebec, H3B 4M4

Transfer Agent

Computershare Investor Services Inc.

1500 University, suite 700

Montreal, Quebec, H3A 3S8

Tel : 514-982-7888