

Midland Exploration Inc.

(An exploration stage company)

Management's Discussion and Analysis

For the year ended September 30, 2007

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 year ended September 30, 2007. This MD&A should be read in conjunction with the Company's financial statements and related notes as at September 30, 2007. 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 is very pleased to have completed a \$4,500,000 Initial Public Offering ("IPO") on March 2, 2007. The common shares trade under the MD symbol on the TSX Venture Exchange.

On November 1, 2006, a new President, Gino Roger, was appointed.

The Company reported a net loss of \$440,986 for the year ended September 30, 2007 ("Fiscal 2007") compared to a net loss of \$73,726 for the year ended September 30, 2006 ("Fiscal 2006").

The Company issued \$337,449 of share capital for cash in Fiscal 2006, \$90,000 through a flow-through private placement and \$68,750 following the exercise of flow-through warrants and \$178,749 following the exercise of warrants. In addition to the IPO, the Company issued share capital for \$127,000 following a flow-through private placement.

The Company expensed \$449,316 (including \$125,000 of stock-based compensation) in exploration in Fiscal 2007 (\$156,922 in Fiscal 2006), on its properties, mostly on Vermillon in Quebec for \$221,085. In addition, the Company invested \$212,619 in Fiscal 2007 (\$30,857 in Fiscal 2006) in property several acquisitions in Quebec.

A favourable net change in cash and cash equivalents of \$3,545,861 was generated in Fiscal 2007 (\$233,528 in Fiscal 2006).

Selected annual information

	Fiscal year ended September 30		
	2007	2006	2005
Revenues	\$ 105,497	\$ -	\$ -
Loss	(440,986)	(73,726)	(70,360)
Loss per share, basic and diluted	(0.03)	(0.01)	(0.01)
	As at September 30		
	2007	2006	2005
Total assets	\$ 5,043,245	\$ 850,810	\$ 447,205

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Results of operations

Total expenses went from \$122,726 in Fiscal 2006 to \$587,483 in Fiscal 2007 now that the Company has resumed its exploration activities in 2006 and continued to increase them during Fiscal 2007. The professional and administrative expenses of the Company followed this progression. Finally, the Board of Directors hired a full time president.

On January 11, 2007, the Company granted a total of 1,000,000 options to its directors and officers exercisable at a price of \$0.50 per share for a five year period. On May 1, 2007, the Company granted 100,000 options exercisable at \$0.64, valid for 5 years. The stock-based compensation recorded for all the grants in Fiscal 2007 amounted to \$383,627 of which \$125,000 was recorded in the deferred exploration expenses (nil for Fiscal 2006).

Due to enhanced financial position following the IPO, Midland earned interest income of \$86,318 in Fiscal 2007 (nil for Fiscal 2006), consisting of interest on guaranteed investment certificates and bankers acceptances. As operator of the Gatineau and Weedon projects, Midland has started to earn management fees in Fiscal 2007 for \$19,179 (nil for Fiscal 2006).

The Company is committed to an annual rent of \$19,046 under an operating lease of three years expiring in February 2010.

The use of proceeds of the IPO since March 2007 can be summarized as follow:

	<u>Use of proceeds per the prospectus</u>	<u>Use of proceeds since March 2007</u>
	\$	\$
Exploration work on the Vermillon property	460,000	144,448
Exploration work on other than Vermillon	-	109,192
Annual payment of \$30,000 on the Maritime Cadillac property	30,000	30,000
Acquisitions of mining properties other than Maritime Cadillac	-	71,481
Working Capital	3,627,500	-
Expenses (excluding stock-based compensation)	-	289,862
Total	<u>4,117,500</u>	<u>644,983</u>

Investing activities

Maritime-Cadillac

On the Maritime-Cadillac property, the Company spent \$4,509 during Fiscal 2007 (\$57,788 in Fiscal 2006) on exploration expenses and invested \$30,000 for its acquisitions (\$30,091 in Fiscal 2006). 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;

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Investing activities (Cont'd)

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
- Subject to approval by the relevant regulatory authorities, undertaking from Agnico-Eagle to contribute 9.9% up to a maximum of \$200,000 of Midland's initial public offering if it's 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).

During the quarter ended March 31, 2007, the Company paid the third annual payment for \$30,000 pursuant to the January 6, 2005 agreement. In June 2007, the second payment of \$25,000 was recorded as partial disposal, pursuant to the Agnico-Eagle agreement dated June 1st, 2006.

Geological compilation works are presently in progress by Agnico-Eagle in order to prepare the next drill program. Drilling should resume in early January 2008.

The exploration budget for the year ending September 30, 2008 ("Fiscal 2008") for Maritime-Cadillac is \$300,000 for Agnico-Eagle.

Vermillon

On the Vermillon property, the Company spent \$221,085 during Fiscal 2007 (\$99,134 in Fiscal 2006) on exploration expenses and invested \$2,114 for its acquisitions (\$766 in Fiscal 2006). 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.

On June 30, 2006, the Company entered into an option agreement with Soquem Inc. ("Soquem") whereby Midland was offered the right to earn a 50% interest in the Vermillon Property subject to the following conditions:

- A commitment to carry out work a maximum of \$210,000 of work:
 - \$100,000 on or before December 31, 2006; and
 - a maximum of \$110,000 to match Soquem's investments on or before December 31, 2007;
 - A 1% NSR royalty on specific claims of the property was granted, which can be purchased back for 500 000 \$ per each 0.5%, to an individual from who Soquem bought the claims on June 26, 2006;
 - Soquem is the operator of the project; and
- If the option is exercised, Soquem and Midland will form a joint venture.

On July 9, 2007, Midland has fulfilled its commitments to Soquem, exercised its option and thus acquired 50% undivided interest in the Vermillon property and formed a joint venture with Soquem.

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Investing activities (Cont'd)

Midland and Soquem are currently completing phase II of their exploration program aimed at discovering the source of massive to semi-massive sulphide float discovered by Soquem in 2005. Samples from the copper-gold-bearing float yielded grades reaching 2.1 g/t Au, 1.13% Cu and 12.6 g/t Ag.

Outcrop stripping was completed in September 2007 to uncover the bedrock on defined geophysical anomalies. Pending positive results from this work, then a drilling program will be planned in the fall.

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

Weedon

On the Weedon property, the Company spent \$67,633 during Fiscal 2007 on exploration expenses and invested \$27,118 for its acquisitions (nil for Fiscal 2006). 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. 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 initial field exploration program was initiated and will include an important detailed magnetic and electromagnetic (VTEM) helicopter-borne airborne geophysical survey in the fall 2007. This airborne survey is designed to detect new conductive zones of base metal mineralization on the property. This system reportedly provides exceptional depth penetration of up to 300 metres, as well as a more precise target definition than conventional systems. The VTEM survey, expected to cover the entire property with over 1600 kilometres of flight lines, will be flown on 200m line spacing with 100m in-fill line spacing where justified. Preliminary results of the VTEM survey are expected by the end of 2007. Midland and Breakwater will review the results and select the first priority anomalies for follow-up with drilling in early 2008.

This fall, the exploration program will also include trenching on the new surface showing area discovered in 2006. This new un-drilled semi-massive sulphide lens was stripped and sampled yielding exceptional grades of up to 2.23% Cu, 23.7% Zn, 5.95% Pb, 263 g/t Ag, and 9.22 g/t Au from selected grab samples. New trenching will be conducted on the lateral extensions of the sulphide lens and over some untested multi-element soil geochemical anomalies.

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

James Bay Gold (Au)

On the James Bay Gold property, the Company spent \$56,754 during Fiscal 2007 on exploration expenses and invested \$93,439 for its acquisitions (nil for Fiscal 2006). The property is located in the James Bay region and is composed of 7 claims.

Midland acquired a 100% interest on 846 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 481 km² are solely own by Midland.

On October 10, 2007, Midland signed a letter of agreement with Agnico-Eagle whereby Agnico-Eagle can acquire 50% of the James Bay Gold property subject to the following conditions:

	Payments in cash	Works
	\$	\$
Upon signing	50,000	-
October 10, 2008	60,000	600,000
October 10, 2009	60,000	900,000
October 10, 2010	60,000	1,300,000
October 10, 2011	70,000	1,700,000
Total	300,000	4,500,000

- 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).

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Investing activities (Cont'd)

The gold target selection was made following a comprehensive geological and geochemical compilation. The properties selection, named MD-1 to MD-6, were oriented towards similar geological and geochemical features observed in the vicinity of the Eleonore Virginia major gold discovery made in 2004-05. They are located close to the contact between the volcanogenic-plutonic units of the La Grande Sub-province and the meta-sedimentary units of the Opinaca Sub-province. This contact is recognized to be a favourable criterion for gold mineralization in the northeast Superior Province. The Eleonore gold deposit, recently acquired by Goldcorp, is located as well along this favourable contact.

The Midland 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.

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

James Bay Molybdenum (Mo)

On the James Bay Molybdenum property, the Company spent \$15,674 during Fiscal 2007 on exploration expenses and invested \$8,970 for its acquisitions (nil for Fiscal 2006). Midland acquired a 100% interest on 265 claims located 35 km west of LG-4 hydroelectric complex in the James Bay region. These new claim blocks cover a total surface area of 134.1 km² and 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 till sampling, prospecting and geological reconnaissance work next summer, in order to locate the source of the anomalies and better define the geological setting.

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

Gatineau Zinc (Zn)

On the Gatineau Zinc property, the Company spent \$54,476 during Fiscal 2007 on exploration expenses and invested \$35,305 for its acquisitions (nil for Fiscal 2006). 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.

A first phase was initiated in September 2007 and includes detailed stream sediments sampling to investigate strong unexplained regional stream sediments anomalies identified historically (values up to 7820 ppm zinc and 4900 ppm lead) and detailed soil geochemical sampling with reconnaissance mapping and prospecting across prospective stratigraphy. Prospecting will also be completed over significant unexplained soil anomalies detected previously (values up to 3590 ppm zinc). The main objective will be to find new significant Zn-Pb mineral occurrences. Historically, these exploration techniques following up dolomitic marbles were successful in identifying new zinc showings and deposits. Any newly identified Pb-Zn mineral occurrences will be further explored, based on their merit, either by ground geophysical surveys (HLEM, MAG, IP or gravity) or directly with trenching or diamond drilling.

The program will also include a pilot test combining magnetic and electromagnetic helicopter-borne surveys (VTEM) to characterize known Zn-Pb mineral occurrences in the Gatineau Area. If conclusive, Midland may consider extending this exploration approach elsewhere on its property.

The second phase of the program will include comprehensive geological compilation of known dolomitic marble hosted-zinc mineralization to identify new drill targets. In the last seven years, a new exploration concept, based on a better understanding of the deformation both at surface and inferred from underground drilling, lead to the addition of significant mineral resources in the prolific Balmat-Edwards active district (43 million tonnes at near 10% zinc) in the United States located only 60 km south of the Gatineau Midland properties.

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)

On the James Bay Uranium property, the Company spent \$10,495 during Fiscal 2007 on exploration expenses and invested \$15,223 for its acquisitions (nil in Fiscal 2006). The property is located in the James Bay region and is composed of 130 claims.

On November 12, 2007, Midland signed a letter of agreement with a partner whereby the partner can acquire 50% of the James Bay U property subject to the following conditions:

	<u>Payments in cash</u>	<u>Works</u>
	\$	\$
Upon signing	40,000	-
November 12, 2008	40,000	400,000
November 12, 2009	40,000	600,000
November 12, 2010	40,000	800,000
November 12, 2011	40,000	1,000,000
Total	<u>200,000</u>	<u>2,800,000</u>

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Investing activities (Cont'd)

Only the \$40,000 cash payment upon signing and the first year work commitment for \$400,000 are firm commitments.

The exploration budget in Fiscal 2008 for James Bay Uranium is \$400,000 for the partner.

Project Generation

On project generation, the Company spent \$18,690 during Fiscal 2007 on exploration expenses and invested \$450 for its acquisitions (nil in Fiscal 2006). Midland initiated some geological compilation programs in Quebec for the acquisition of new strategic gold, uranium and base metal properties. In addition, the Company spent \$13,264 in general exploration on geological ground where it did not have property titles or option to acquire them (\$29,335 in Fiscal 2006).

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.

Deferred

exploration expenses Fiscal 2007

	Maritime Cadillac	Vermil- ion	Weedon	James Bay Au	James Bay Mo	James Bay U	Gatineau Zn	Project genera- tion	Total
	\$	\$	\$	\$					\$
Balance beginning of year	149,370	99,134	-	-	-	-	-	-	248,504
Geophysics	-	97,749	97,951	385	-	-	15,454	13,955	225,494
Geology	3,259	21,457	34,683	31,996	6,566	7,995	41,068	497	147,521
Geochemistry	-	7,549	-	11,841	-	-	-	489	19,879
Line cutting	-	34,394	-	-	-	-	-	-	34,394
Analysis	-	-	45	28	-	-	-	-	73
Travelling	-	-	483	-	5,358	-	276	-	6,117
Management fees	-	12,436	40	4	-	-	44	-	12,524
	3,259	173,585	133,202	44,254	11,924	7,995	56,842	14,941	446,002
Stock-based compensation	1,250	47,500	37,500	12,500	3,750	2,500	16,251	3,749	125,000
Recharge	-	-	(103,069)	-	-	-	(18,617)	-	(121,686)
Net addition	4,509	221,085	67,633	56,754	15,674	10,495	54,476	18,690	449,316
Tax credits	(530)	(33,384)	(5,829)	(18,823)	(5,183)	(3,273)	(7,418)	(2,649)	(77,089)
Disposal	-	-	(12,882)	-	-	-	(4,695)	-	(17,577)
Net change	3,979	187,701	48,922	37,931	10,491	7,222	42,363	16,041	354,650
Balance end of year	153,349	286,835	48,922	37,931	10,491	7,222	42,363	16,041	603,154

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Investing activities (Cont'd)

Deferred exploration expenses Fiscal 2006	Maritime		Total
	Cadillac	Vermillon	
	\$	\$	\$
Balance beginning of year	91,582	-	91,582
Geophysics	12,511	6,241	18,752
Geology	4,026	80,042	84,068
Geochemistry	-	104	104
Prospecting	2,876	-	2,876
Line cutting	23,143	-	23,143
Analysis	14,082	-	14,082
Travelling	1,150	-	1,150
Management fees	-	12,747	12,747
Net change	57,788	99,134	156,922
Balance end of year	149,370	99,134	248,504

Financing activities

The Company finance itself mainly through share issuance.

On March 2, 2007, Midland closed its IPO and the trading of its common shares commenced on the TSX Venture Exchange under the symbol MD. Midland issued 9,000,000 common shares at a price of \$0.50 per share, for gross proceeds of \$4.5 millions.

On December 31, 2006, the Company completed a private placement of 282,222 flow-through common shares for a total cash consideration of \$127,000.

In fiscal 2006, 275,000 flow-through warrants were exercised for a net proceed of \$68,750 and 714,997 warrants were exercised for a net proceed of \$178,749.

On December 30, 2005, the Company completed a private placement of 360,000 flow-through common shares for a total cash consideration of \$90,000, under which the Company issued 360,000 flow-through common shares priced at \$0.25 each. The entire proceeds were used to finance exploration work on Canadian properties.

Working capital

The Company has a working capital of \$3,608,947 as at September 30, 2007 as compared to \$53,234 as of at September 30, 2006. 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.

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Summary of results per quarters

For the eight most recent quarters:

	September 30 2007	June 30 2007	March 31 2007	December 31 2006
	\$	\$	\$	\$
Revenues	56,904	36,768	11,825	-
Net loss	(100,980)	(187,316)	(21,484)	(131,206)
Loss per share	(0.01)	-	(0.01)	(0.01)
Total assets	5,043,245	4,524,399	4,601,931	858,210

	September 30 2006	June 30 2006	March 31 2006	December 31 2005
	\$	\$	\$	\$
Revenues	-	-	-	-
Net earnings (loss)	(63,135)	(13,970)	6,428	(3,049)
Net earnings (loss) per shares basic and diluted	(0.01)	-	-	-
Total assets	850,810	619,569	633,986	635,360

Fourth quarter

The Company reported a net loss of \$100,980 for the quarter ended September 30, 2007 ("Q4 2007") compared to a net loss of \$63,135 for the quarter ended September 30, 2006 ("Q4 2006"). Interest income totalled \$37,725 in Q4 2007 (\$nil in Q4 2006) following the IPO and the private placement that occurred in Fiscal 2007. Also, the Company earned management fees of \$19,179 in Q4 2007 following the agreements with Breakwater that was signed in Fiscal 2007.

Total expenses were higher in Q4 2007 at \$156,178 compared to \$63,135 in Q4 2006 mainly due to stock-based compensation cost of \$76,424 was recorded in Q4 2007 (nil in Q4 2006). Administrative expenses and other increased from \$2,594 in Q4 2006 to \$42,512 in Q4 2007 since the Company has resumed its exploration activities in Fiscal 2006 and continue to increase their level in Fiscal 2007, as well as hiring a full time president. Some general exploration expenses were incurred in Q4 2006 for \$11,078 but this situation did not repeat in Q4 2007 since all the exploration expenses were incurred on properties where the Company has titles.

The Company incurred \$182,917 exploration expenses in Q4 2007 (\$99,134 in Q4 2006), mostly on its Vermillion property. The Company acquired properties for \$39,577 in Q4 2007 while in Q4 2006 it recorded the partial disposal of the Maritime-Cadillac property for \$25,000.

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Related party transactions

In the normal course of operations:

- During Fiscal 2007 a firm in which an officer is a partner charged professional fees amounting to \$156,718 (\$22,769 for Fiscal 2006);
- Since January 11, 2007 a company controlled by an officer charged professional fees of \$22,838;
- As at September 30, 2007, the balance due to the related parties amounted to \$8,215 (September 30, 2006 – \$14,530).

Not in the normal course of business:

- In December 2006, directors and officers of the Company participated in private placements of flow-through shares for a total consideration of \$47,000 (\$10,000 for the year ended September 30, 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

On October 10, 2007, Midland signed a letter of agreement with Agnico-Eagle whereby Agnico-Eagle can acquire 50% of the James Bay Au property subject to the following conditions:

	<u>Payments in cash</u>	<u>Works</u>
	\$	\$
Upon signing	50,000	-
October 10, 2008	60,000	600,000
October 10, 2009	60,000	900,000
October 10, 2010	60,000	1,300,000
October 10, 2011	70,000	1,700,000
Total	<u>300,000</u>	<u>4,500,000</u>

- Only the \$50,000 cash payment upon signing and the first year work commitment for \$600,000 are firm commitments.
- Midland is the operator
- 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).

On November 12, 2007, Midland signed a letter of agreement with a partner whereby the partner can acquire 50% of the James Bay U property subject to the following conditions:

	<u>Payments in cash</u>	<u>Works</u>
	\$	\$
Upon signing	40,000	-
November 12, 2008	40,000	400,000
November 12, 2009	40,000	600,000
November 12, 2010	40,000	800,000
November 12, 2011	40,000	1,000,000
Total	<u>200,000</u>	<u>2,800,000</u>

- Only the \$40,000 cash payment upon signing and the first year work commitment for \$400,000 are firm commitments.

Midland Exploration Inc.

(An exploration stage company)

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Outstanding share data

	As of December 4, 2007
	Number
Common shares	20,178,879
Options	1,350,000
Warrants	420,000
	21,948,879

Off-balance sheet arrangements

During Fiscal 2007, the Company did not set up any off-balance sheet arrangements.

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, 2006, the Company adopted two new accounting policies published by the Canadian Institute of Chartered Accountants ("CICA") relating to financial instruments:

1. Section 3855, "Financial Instruments – Recognition and Measurement", provides guidance on when a financial instrument must be recognized on the balance sheet and how it must be measured. It also provides guidance on the presentation of gains and losses on financial instruments.
2. Section 1530, "Comprehensive Income", requires an entity to recognize certain gains and losses in a separate statement, until such gains and losses are recognized in the statement of income.

The Company has evaluated that these new sections have no impact on the opening deficit as of October 1st, 2006. Cash and cash equivalents will be classified as held for trading and recorded at their fair value and their change in fair value are included in the statement of operations. Recorded at their amortized cost, accounts receivable will be classified as loans and receivables, and accounts payable and accrued liabilities will be classified as other liabilities.

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Management's Discussion and Analysis

For the year ended September 30, 2007

Changes in accounting policies including initial adoption (cont'd)

Taking effect in to Fiscal 2008

The CICA has issued the following new Handbook Sections which are effective for interim periods beginning on or after October 1, 2007:

1. 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 Company is currently evaluating the impact of the adoption of this new section on the financial statements.
2. 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 Company is currently evaluating the impact of the adoption of this new section on the financial statements.
3. Section 1400, "General Standards of Financial Statement Presentation", was amended to include requirements to assess and disclose an entity's ability to continue as a going concern. The new requirements are effective for interim and annual financial statements relating to fiscal years beginning on or after January 1, 2008. The Company is currently evaluating the impact of the adoption of this new section on the financial statements.

Risk factors

The following discussions review a number of important risks which management believes could impact the Company's business. There are other risks, not identified below, which currently, or may in the future exist in the Company's operating environment.

Exploration and Mining Risks

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Currently, there are no known bodies of commercial ore on the mineral properties of which the Company intends to acquire an interest and the proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are other risks involved in the conduct of exploration programs. The Company from time to time increases its internal exploration and operating expertise with due advice from consultants and others as required. The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Company's mineral properties, or any known body of commercial ore. Programs conducted on the Company's mineral property would be an exploratory search for ore.

Titles to Property

While the Company has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

Permits and Licenses

The Company's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

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Management's Discussion and Analysis

For the year ended September 30, 2007

Risk factors (Cont'd)

Metal Prices

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Company's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

Competition

The mining industry is intensely competitive in all its phases. The Company competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

Environmental Regulations

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution. A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

Conflicts of Interest

Certain directors or proposed directors of the Company are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interest, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

Stage of Exploration

The Company's properties are in the exploration stage and to date none of them have a proven ore body. The Company does not have a history of earnings or the provision of return on investment, and in future there is no assurance that it will produce revenue, operate profitably or provide a return on investment.

Industry Conditions

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Company, such as government regulations. The effect of these factors cannot be accurately determined.

Midland Exploration Inc.

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Management's Discussion and Analysis

For the year ended September 30, 2007

Risk factors (Cont'd)

Uninsured Hazards

Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Company may become subject to liability for pollution or other hazards, which cannot be insured against or against which the Company may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Company assets or the insolvency of the Company.

Capital Needs

The exploration, development, mining and processing of the Company's properties will require substantial additional financing. The only current source of future funds available to the Company is the sale of additional equity capital. There is no assurance that such funding will be available to the Company or that it will be obtained on terms favourable to the Company or will provide the Company with sufficient funds to meet its objectives, which may adversely affect the Company's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Company's properties or even a loss of property interest.

Key Employees

Management of the Company rests on a few key officers, the loss of any of whom could have a detrimental effect on its operations.

Canada Customs and Revenue Agency

No assurance can be made that Canada Customs and Revenue Agency will agree with the Company's characterization of expenditures as Canadian exploration expenses or Canadian development expense or the eligibility of such expenses as Canadian exploration expense under the Income Tax Act (Canada).

Disclosure controls and procedures over financial reporting

The Company has established and maintains disclosure controls and procedures over financial reporting. The certifying officers have evaluated the effectiveness and the design of the issuer's disclosure controls and procedures as of September 30, 2007 and have concluded that such procedures provide a reasonable assurance and are effective to ensure accurate and complete disclosures in annual filings. The only issue identified during the process, relating to internal control and procedures over financial reporting, was the concentration of some duties. As a small organization, the Company's management is composed of a small number of key individuals, resulting in a situation where limitations in segregation of duties have to be compensated by more effective and monitoring by the Chief Executive Officer ('CEO') and the Chief Financial Officer ('CFO'). It is important to note that this issue would also require the Company to hire additional staff in order to provide greater segregation of duties. Since the increased funding costs of such hiring could have a detrimental impact on the financial situation of the Company, the management decided not to hire such additional staff and to disclose the potential risk in its filings.

Midland Exploration Inc.

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Internal control over financial reporting

Management has designed internal control over financial reporting ("ICFR") to provide reasonable assurance regarding the reliability of financial reporting and preparation of financial statements in accordance with Canadian generally accepted accounting principles. As at September 30, 2007, the CEO and the CFO evaluated the design of the ICFR.

Based on that evaluation, the CEO and the CFO concluded that a weakness existed in the design of the ICFR in regard to the recognition, measurement and presentation of stock based compensation costs. The weakness identified in the Company's ICFR resulted in a greater likelihood that a material misstatement would not be prevented or detected. Henceforth, additional controls related to the review of stock based compensation transactions will be put in place.

There have been no changes in the Company's ICFR that occurred during the most recent interim period ended September 30, 2007 that have materially affected, or are reasonably likely to materially affect, the Company's ICFR.

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.

December 4, 2007

(s) Gino Roger
Gino Roger
President and CEO

(s) Ingrid Martin
Ingrid Martin
CFO