

Midland Exploration Inc.

Management's Discussion and Analysis

March 31, 2011

Midland Exploration Inc.

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Midland Exploration Inc.

Management Discussion & Analysis

March 31, 2011

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 six-month period ended March 31, 2011. This MD&A should be read in conjunction with the Company’s financial statements and related notes as at March 31, 2011 and with the annual MD&A as of September 30, 2010. 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 (“GAAP”).

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

Midland has a working capital of \$4,440,814 as of March 31, 2011 (\$4,845,884 as of September 30, 2010) which will allow the Company to execute its exploration program for at least the next three years.

Midland cashed \$1,304,713 and issued 784,800 shares following the exercise of warrants expiring May 13, 2011. These warrants were issued in connection with the Company’s financing completed in November 2009.

The Company signed on November 3, 2010 a 50% option agreement with Aurizon Mines Ltd (“Aurizon”) for \$230,000 cash payments and \$3,000,000 exploration work over 4 years.

As the operator, Midland incurred exploration expenditures totalling \$882,862 in the six-month period ended March 31, 2011 (“Q2-11”) (\$957,664 in the six-month period ended March 31, 2010 (“Q2-10”), on its properties of which \$656,881 was recharged to its partners (\$622,984 in Q2-10). In addition, the operating partners incurred exploration expenses of \$668,161 in Q2-11 (\$237,291 in Q2-10). Also, the Company invested \$128,168 in Q2-11 (\$153,521 in Q2-10) to complete several property acquisitions in Quebec of which \$8,713 was recharged to its partners (\$17,180 in Q2-10).

The Company reported a loss of \$429,588 in Q2-11 compared to a loss of \$326,169 in Q2-10.

Results of operations

Expenses increased to \$517,614 in Q2-11 versus \$463,665 in Q2-10. We can mention that:

- Administrative expenses increased to \$207,865 in Q2-11 (\$178,661 in Q2-10) mainly due to the implication of the team to activities that are not charged back to the exploration projects like the promotion of the Company and the involvement in different conventions.
- Professional fees increased to \$107,703 in Q2-11 (\$81,874 in Q2-10) mainly due to accounting and tax professional fees.

Interest revenues increased at \$32,952 (\$19,498 in Q2-10) due to higher interest rates.

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Investing activities

	Abitibi							Grenville-Appalaches			Bay James				Québec Labrador		
Deferred exploration expenses Q2-11 (in thousand \$)	Maritime Cadillac - Au	Abitibi - Au	Dunn - Au	Laflamme - Au	Patris - Au	Casault - Au	Bassignac - Au	Weedon - Cu-Zn-Au-	Gatineau - Zn	Vermillon - Cu-Au-	Bay-James - Au	Bay-James - Mo	Bay-James - U	Éléonore - Au	Ytterby - ETR	Project generation	Total
Balance beginning	177,284	151,551	3,998	16,606	85,633	16,104	10,479	99,656	411	-	49,247	50,319	14,496	275,844	58,713	79,775	1,090,116
Geophysics	-	-	-	-	-	80,130	-	80,350	34,853	-	-	-	-	-	19,669	-	215,002
Geology	4,813	6,738	12,710	-	7,598	8,670	-	18,719	106,572	-	-	-	-	7,955	102,466	3,801	280,042
Drilling	-	-	86,688	-	4,630	-	-	-	244,461	-	-	-	-	480	-	-	336,259
Geochemistry	-	408	180	-	4,594	-	-	2,465	2,305	-	-	-	-	2,014	15,519	-	27,485
Line cutting	-	-	500	-	-	-	-	-	9,644	-	-	-	-	-	-	-	10,144
Travelling	-	2,522	5,059	-	152	-	-	3,027	3,170	-	-	-	-	-	-	-	13,930
Stock-based compensation	4,813	9,668	105,137	-	16,974	88,800	-	104,561	401,005	-	-	-	-	10,449	137,654	3,801	882,862
Recharge	5,514	2,318	4,031	3,184	2,402	717	-	773	2,167	-	1,212	-	-	2,825	7,428	-	32,571
Net addition	-	-	(105,137)	-	(14,093)	-	-	-	(400,747)	-	-	-	-	-	(136,904)	-	(656,881)
Net addition	10,327	11,986	4,031	3,184	5,283	89,517	-	105,334	2,425	-	1,212	-	-	13,274	8,178	3,801	258,552
Tax credits	(1,924)	(3,865)	-	-	(1,151)	(35,495)	-	(41,794)	(103)	-	-	-	-	(4,497)	(35,240)	(1,549)	(125,618)
Option payment	-	-	-	-	(15,336)	-	-	-	-	-	-	-	-	-	-	-	(15,336)
Write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change	8,403	8,121	4,031	3,184	(11,204)	54,022	-	63,540	2,322	-	1,212	-	-	8,777	(27,062)	2,252	117,598
Balance end	185,687	159,672	8,029	19,790	74,429	70,126	10,479	163,196	2,733	-	50,459	50,319	14,496	284,621	31,651	82,027	1,207,714

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Investing activities (Cont'd)

	Abitibi						Grenville-Appalaches			James Bay				Quebec Labrador		
	Maritime Cadillac - Au	Abitibi - Au	Dunn - Au	Laflamme - Au	Patris - Au	Casault - Au	Weedon - Cu-Zn-Au-	Gatineau - Zn	Vermillon - Cu-Au-	Baie-James - Au	Baie-James - Mo	Baie-James - U	Eléonore - Au	Ytterby - ETR	Project generation	Total
Deferred exploration expenses Q2-10 (in thousand \$)																
Balance beginning	160,195	83,802	1,040	22,964	8,080	-	86,516	29,339	305,916	82,163	50,319	13,345	89,423	20,991	73,772	1,027,865
Geophysics	-	-	180,817	-	53,522	-	12,645	1,800	-	1,700	-	-	94,928	1,000	-	346,412
Geology	615	18,536	15,319	2,365	2,790	-	6,927	8,249	-	86,608	-	1,150	41,495	39,525	34,953	258,532
Drilling	-	-	68,461	-	-	-	-	-	-	153,317	-	-	-	-	-	221,778
Geochemistry	-	-	1,238	-	-	-	-	-	-	49,114	-	-	5,090	-	1,078	56,520
Line cutting	-	-	53,925	-	15,885	-	-	-	-	-	-	-	-	-	-	69,810
Travelling	-	569	976	-	-	-	1,360	-	-	-	-	-	-	-	1,707	4,612
Management fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	615	19,105	320,736	2,365	72,197	-	20,932	10,049	-	290,739	-	1,150	141,513	40,525	37,738	957,664
Recharge	4,774	1,379	7,133	2,936	599	-	1,057	1,372	-	2,322	-	-	2,020	1,202	622	25,416
	-	-	(320,014)	(2,365)	-	-	(9,866)	-	-	(290,739)	-	-	-	-	-	(622,984)
Net addition	5,389	20,484	7,855	2,936	72,796	-	12,123	11,421	-	2,322	-	1,150	143,533	41,727	38,360	360,096
Tax credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Option payments	-	-	-	-	-	-	-	-	-	(50,321)	-	-	-	(28,464)	-	(78,785)
Net change	5,389	20,484	7,855	2,936	72,796	-	12,123	11,421	-	(47,999)	-	1,150	143,533	13,263	38,360	281,311
Balance end	165,584	104,286	8,895	25,900	80,876	-	98,639	40,760	305,916	34,164	50,319	14,495	232,956	34,254	112,132	1,309,176

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Investing activities (Cont'd)

When the work is done and paid by the partners, the work are not on Midland accounting books. Following is a table showing all the work being done on Midland's properties:

Deferred exploration expenses	Partner	Budget	Actual 2011		
		2011	Midland	Partner	Total
Properties		Total	Midland	Partner	Total
		\$	\$	\$	\$
100% owned by Midland					
Weedon Cu-Zn-Au		200,000	104,561	-	104,561
Baie James Au		50,000	-	-	-
Baie James Mo		20,000	-	-	-
Baie James U		20,000	-	-	-
Abitibi Au		100,000	9,668	-	9,668
Éléonore Au		300,000	10,449	-	10,449
Casault Au		200,000	88,800	-	88,800
Bassignac Au		40,000	-	-	-
Project Generation		100,000	3,801	-	3,801
		<u>1,030,000</u>	<u>217,279</u>	<u>-</u>	<u>217,279</u>
With option, operated by Midland and paid by partner					
Gatineau Zn	Zincore	600,000	258	401,005	401,263
Dunn Au	Osisko	350,000	-	105,137	105,137
Ytterby ETR	Jogmec	1,500,000	750	136,904	137,654
Patris Au	Aurizon	620,000	2,881	14,093	16,974
		<u>3,070,000</u>	<u>3,889</u>	<u>657,139</u>	<u>661,028</u>
With option, operated and paid by partner					
Maritime-Cadillac Au	Agnico Eagle	500,000	4,813	135,957	140,770
Laflamme Au	North American Palladium	<u>250,000</u>	<u>-</u>	<u>532,204</u>	<u>532,204</u>
		<u>750,000</u>	<u>4,813</u>	<u>668,161</u>	<u>672,974</u>
In joint venture					
Vermillon Cu-Au	Soquem	-	-	-	-
		<u>4,850,000</u>	<u>225,981</u>	<u>1,325,300</u>	<u>1,551,281</u>

Gino Roger, geological engineer, president and director of Midland, qualified person under NI 43-101, has reviewed the following technical disclosure.

Investing activities (Cont'd)

ABITIBI

Maritime-Cadillac (Au) in partnership with Agnico-Eagle and operated by Agnico Eagle

Exploration work on the property

Agnico-Eagle resumed drilling on Maritime Cadillac, to test the extensions of two new major gold discoveries made in 2010 in the north part of the property. The drilling program recently completed consisted of four (4) drill holes for a total of about 2,200 metres. Readers may recall that the two new discoveries graded 8.6 g/t Au over 5.50 metres including 13.8 g/t Au over 3.0 metres in drill hole 141-10-26 (V4 West zone), and 1.7 g/t Au over 37.85 metres including 4.8 g/t Au over 6.0 metres in drill hole 141-10-23 (Dyke east-V3 zone). Assays are pending.

Dunn (Au), in partnership with Osisko and operated by Midland

Exploration work on the property

Following encouraging results obtained from the 2010 drilling program, which identified potassic alteration zones and intense silicification in sediments and pyritized porphyry intrusions in the Lac Caste Formation, six (6) additional drill holes for a total of about 1,000 metres were completed in the central part of the property, to test several frequency-domain induced polarization anomalies. The IP anomalies have been explained by the presence of scattered pyrite within the sediments and the porphyry intrusions. Assays are pending.

Lafamme (Au-Cu), in partnership with North American Palladium and operated by North American Palladium

Exploration work on the property

In the second quarter of 2011, a grid was cut on anomaly AU12 and a ground magnetic survey completed. In addition an IP survey was completed in early April on this grid. An airborne magnetic survey was completed over several claims in the extreme south of the property. A helicopter-supported drill program was begun in late March 2011 in the east and northeast of the property on three previously-defined targets.

At the end of April, ten (10) drill holes have been completed for a total of approximately 3,300 metres. Final and complete assay results are pending. Preliminary results indicated a mix of mafic volcanics with minor felsic to intermediate volcanics units with locally anomalous values in Au, Zn and Cu.

Patris (Au), in partnership with Aurizon operated by Midland

Property Description

On December 3, 2010, the Company signed an option agreement with Aurizon Mines Ltd ("Aurizon") whereby Aurizon can acquire 50% of the Patris property subject to the following conditions:

	Payments in cash	Works
	\$	\$
Promptly after signing the letter agreement (completed)	40,000	-
December 3, 2011	40,000	600,000
December 3, 2012	40,000	700,000
December 3, 2013	50,000	800,000
December 3, 2014	60,000	900,000
Total	230,000	3,000,000

Investing activities (Cont'd)

- Only the \$40,000 cash payment and the first year work commitment for \$600,000 are firm commitments.
- The Company is the operator and therefore charges project management fees and receives from time to time advances for exploration work.
- Upon acquiring a 50% interest, Aurizon will have the option to increase its undivided interest in the project from 50% to 60% over a period of four years, by:
 - Solely financing a positive pre-feasibility study;
 - Make cash payments of \$80,000 per year;
 - Incur work expenditures, including 40,000 metres of drilling.

Exploration work on the property

Midland recently began an important drilling program totalling 2,500 metres in partnership with Aurizon on the Patris Project. This Phase 1 program, consisting in twelve (12) drill holes, is testing frequency-domain induced polarization anomalies located near the La Pause Fault, a south eastward extension of the Destor-Porcupine Fault. At the end of April 2011, six (6) holes had been completed and assay results are pending.

Casault (Au) operated by Midland

Property Description

The Company acquired claims by map staking about 40 kilometres to the east of the Detour Lake gold project located north of La Sarre. This property consists in 151 claims covering an area of approximately 8,365 hectares.

Exploration work on the property

Midland announced the acquisition by map staking of two new claim blocks with strong gold potential, located along two major structures, the Sunday Lake and Massicotte deformation zones. These new acquisitions, named Casault-West and Casault-South, expand the Casault Property, which is located along the major Sunday Lake Fault, about 40 kilometres east of the Detour Lake ore deposit (Ontario). The latter contains 14.9 million ounces in near-surface gold reserves, and commercial production is expected to commence in early 2013.

The new Casault-South block, consisting of 15 claims, covers the Massicotte Fault, a major gold-bearing structure, over more than 2.8 kilometres strike length. On a regional scale, this structure hosts several significant gold showings, namely the Lynx showing, which graded 7.8 g/t Au over 7.2 metres, the Rambo showing with a grade of 6.3 g/t Au over 2.7 metres, and the LA-3 showing, which yielded 24.0 g/t Au over 2.5 metres (*Source: SIGEOM-MRNF*). On the Casault-South block, a historical drill hole, LA-7, intersected 9.2 g/t Au over 1.4 metres, associated with a sheared graphitic argillite. This significant gold-bearing structure remains untested over more than 2.5 kilometres strike length.

The newly acquired Casault-West block, consisting of 25 claims, covers an additional 4.5-kilometre-long segment of the major Sunday Lake deformation zone.

With its latest acquisitions, Midland now controls more than 20 kilometres of prospective land along the Sunday lake deformation zone. Midland recently received the results of a helicopter-borne magnetic survey, based on which several drill targets were defined, commonly associated with induced polarization phase anomalies. Many of these targets are located along the extension of a structure previously drill-tested by Queenston, who reported historical drill results up to 4.3 g/t Au over 12.2 metres and 3.7 g/t Au over 4.0 metres (*Source: MRNF SIGEOM NTS sheets 32E14 and 32E15*).

Investing activities (Cont'd)

Bassignac (Au) operated by Midland

Exploration work on the property

No exploration activity on the property. The property is being presented to different potential partners for an option.

Abitibi Gold (Au) operated by Midland

Exploration work on the properties

Project generation and compilation at the Abitibi scale continued during the reported period. No exploration activity was conducted in the field during that period.

GRENVILLE-APPALACHES

Weedon (Cu-Zn-Au) operated by Midland

Exploration work on the property

Results from the geochem soil survey have been received, the survey identified a Cu (640 ppm Cu) and a Zn anomalous area to the NE of the Weedon former mine. Some of the anomalous values were returned from samples taken nearby a road so additional sampling will be necessary in order to eliminate the possibility of a contamination near the road. The anomaly is very well located along the interpreted favorable horizon and nearby an unexplained isolated magnetic anomaly.

Midland recently completed two extensive gravity surveys in the former Solbec Mine and Cupra Mine areas. The final results as well as the geophysical interpretation of these two surveys are pending.

Midland is currently seeking for a partner for this project.

Gatineau Zinc (Zn), in partnership with Zincore operated by Midland

Exploration work on the property

The final report and data for the Leitch PROMIS follow-up was received. With all the data in hand, a consultant geophysicist modeled the VTEM-PROMIS conductors on both the Leitch and Bouchette properties to refine the drilling targets. The drilling program summarised up with a total of 1984.39 metres drilled in ten (10) drill holes.

The best results were obtained with holes GAT-11-03 and GAT-11-07 drilled respectively in the Leitch and Bouchette areas. Assay results from the intercepted mineralized zone located to the south of the Leitch showing in hole GAT-11-03 (from 66.60 to 68.45 metres) returned 3.8% Zn along 1.85 metres, including 6.6% Zn along 0.80 metres. Assay results from a disseminated sphalerite zone intersected in hole GAT-11-07 located east of Bouchette have been received and returned 3.24% Zn over 2.0 metres including 6.68% Zn over 0.5 metres. The Pulse EM and the Mise-a la-Masse surveys conducted in hole GAT-11-03 outlined the presence of two conductors not totally explained and representing drilling targets.

The other VTEM anomalies have been explained by the presence of graphite and or pyrrhotite veinlets.

Vermillon (Cu-Au), in partnership with Soquem and operated by Soquem

Exploration work on the property

No work conducted on the property. Several geophysical targets remain untested and will be reviewed in 2011.

JAMES BAY

James Bay Gold (Au), in partnership with Agnico-Eagle and operated by Midland

Exploration work on the property

Agnico-Eagle has decided to withdraw from the James Bay Gold Project to focus on technical and financial support of its more advanced exploration projects. However, Agnico-Eagle is still evaluating other Midland's gold projects and is still active in the Maritime-Cadillac project.

During the quarter, Midland planned a prospection program for next summer on its James Bay gold project in the LG-4 area. Over the last two (2) years, several new gold showings associated with altered iron formations have been found on our two (2) main claim blocks named Lasalle and Galinee. The best showings were sampled by trenching and/or diamond drilling. However, several induced polarization, magnetic and basal tills anomalies remain unexplained. Midland is currently seeking for a partner for this project.

James Bay Molybdenum (Mo) operated by Midland

Exploration work on the property

Geological compilation is in progress with the objective to generate new exploration targets.

James Bay Uranium (U) operated by Midland

Exploration work on the property

No exploration work was conducted on our LG-3 and LG-4 uranium properties.

Éléonore Gold Properties (Au) operated by Midland

Exploration work on the property

Midland is planning a program of geological mapping and prospection for next summer on its Éléonore project. Midland holds several excellent properties near the Éléonore deposit owned by Goldcorp Inc. which contains probable reserves of 3.03 million ounces of gold at December 31st 2010 with additional indicated resources of 440,000 ounces of gold and a resource of 4.17 millions ounces of gold in the inferred category. (Source: Goldcorp Inc. website).

In 2009, Midland completed an airborne Mag-EM survey over the Éléonore East and Centre blocks. During the follow-up on the Centre block, several new gold showings have been found including a showing that returned 13.2 g/t Au. For both blocks, several conductors and magnetic anomalies remain unexplained and will be part the targets for the next exploration program.

Midland is currently seeking for a partner for this project

Investing activities (Cont'd)

QUEBEC / LABRADOR

Ytterby (REE), in partnership with JOGMEC and operated by Midland

Exploration work on the property

Several new promising untested rare earth elements (“REE”) targets were identified following a 259 line kilometers magnetic and radiometric ground survey completed in 2010. Reconnaissance mapping and prospecting, following up a detail airborne radiometric survey completed in 2010, led to the discovery of two new rare earth elements-enriched alkaline granitic systems on Ytterby 2 and Ytterby 3 properties.

Several strong ground radiometric anomalies were outlined on Ytterby 2 and 3 respectively. Ytterby 2 claim block encompasses more than seven unexplained and untested radiometric anomalies that have strike extents varying from 250 metres to 1.1 kilometres. Strong radiometric anomalies are commonly associated with known REE mineralisation on the Ytterby project areas. A three dimensional (“3D”) magnetic inversion, of both Ytterby 2 and 3, has also been completed. On Ytterby 2, the 3D magnetic inversion modeled well the shape of the red syenite in the center part of the property protruding the rapakivi granite. On Ytterby 2, to date, more than 29 mineralized prospect areas were discovered in 2010 with total rare earth oxides plus yttrium oxide (“TREO+Y₂O₃”) values varying from 0.3% to 18.0%. The heavy rare earth oxides plus yttrium oxide (“HREO+Y₂O₃”) content represents 1.43% to 83.7% of the TREO+Y₂O₃. All these new mineralized prospect areas remain wide open in all directions.

On Ytterby 3 property, several strong ground radiometric anomalies were outlined. Indeed, more than 14 unexplained and untested anomalies that have strike extents varying from 100 metres to 850 metres were identified. On the claim block, the 3D magnetic inversion defined a simple, low magnetic, large, circular and vertical huge body. On Ytterby 3, to date, 63 new mineralized prospect areas were found with TREO+Y₂O₃ values varying from 1.03% to 7.94% with a 2.72% average TREO+Y₂O₃. The HREO+Y₂O₃ content, represent 2.4% to 15.4% of the TREO+Y₂O₃. All these new mineralized prospect areas remain wide open in all directions.

Mineralization processes that may have been involved in the transportation, concentration and deposition of the REE on Ytterby 2 and 3 properties are currently under investigation and being compared to other similar deposits elsewhere in the world. Petrography and mineragraphy studies are currently in progress to identify the rare earth bearing minerals and to better understand the concentration and deposition mechanisms. Presently Midland is preparing an exploration program of geological mapping, stripping and channel sampling that will be followed up by diamond drilling. Midland foresees a 2,000 metres drill program to test the mineralization extents, laterally and at depth, of the best selected targets on Ytterby 2 and Ytterby 3. It will comprise sixteen drill holes ranging in depth from 70 to 200 metres verticals.

Project Generation

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

Other Activities

For Fiscal 2011, Midland intends to be pro-active in the acquisition of new mineral exploration properties in Quebec. Management is currently reviewing other opportunities and other projects to enhance the portfolio of the Company.

Acquisition opportunities outside of Quebec will also be considered. Midland prefers to work in partnership and fully intends to secure new partnerships for its properties and its 100% owned properties.

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Financing activities

The Company finances itself mainly through share issuance. Of the warrants expiring on May 13 2011, 784,800 were exercised for total gross proceeds of \$1,304,713 (of which 27,500 were issued in September 2010 for \$33,000).

Working capital

Midland has a working capital of \$4,440,814 as of March 31, 2011 (\$4,845,884 as of September 30, 2010). 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:

	March 31 2011	December 31 2010	September 30 2010	June 30 2010
	\$	\$	\$	\$
Revenues	55,888	32,138	106,365	92,992
Net loss	(252,825)	(176,763)	(473,309)	(148,454)
Loss per share	(0.01)	(0.01)	(0.02)	(0.01)
Total assets	6,825,322	6,899,488	6,829,869	7,237,889
	March 31 2010	December 31 2009	September 30 2009	June 30 2009
	\$	\$	\$	\$
Revenues	49,905	20,591	26,383	34,285
Net loss	(147,588)	(178,581)	(191,479)	(124,861)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	7,436,308	7,471,096	5,082,058	4,940,587

Related party transactions

In the normal course of operations for Q2-11:

- a) A firm in which René Branchaud (secretary and director) is a partner charged professional fees amounting to \$34,130 (\$70,377 for Q2-10 of which \$32,903 was recorded as share issue expenses);
- b) A company controlled by Ingrid Martin (chief financial officer) charged professional fees of \$60,099 (\$38,878 for Q2-10);
- c) As at March 31, 2011, the balance due to the related parties amounted to \$25,766 (as at March 31, 2010, \$15,729). This amount is subject to the same conditions as those of non related parties.

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

Subsequent event

On the 1,056,516 warrants outstanding as at March 31, 2011 and expiring on May 13, 2011, 654,916 were exercised for proceeds of \$1,146,103 and 401,600 expired.

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Outstanding share data

	As of May 19, 2011
	<u>Number</u>
Common shares	24,811,079
Options	<u>2,290,000</u>
	<u><u>27,101,079</u></u>

Off-balance sheet arrangements

During Q2-11, the Company did not set up any off-balance sheet arrangements.

Critical accounting estimates

No change since the annual MD&A of September 30, 2010.

Changes in accounting policies including initial adoption

In 2010, the Company changed retroactively its accounting policy for the cash flow presentation to report the cash receipts and payments on behalf of partners on a net basis in the operating activities when the Company is the operator of the project given that the cash flows reflect the activities of the partners rather than those of the Company. The effect of the change in accounting policy on the statement of cash flows is summarized below:

	As previously reported	Adjusted	Balance adjusted
	<u>\$</u>	<u>\$</u>	<u>\$</u>
Three-month period ended March 31, 2010			
Cash flow from operating activities	(229,925)	(20,215)	(250,140)
Cash flow from investing activities	166,710	20,215	186,925
Six-month period ended March 31, 2010			
Cash flow from operating activities	(444,742)	(111,845)	(556,587)
Cash flow from investing activities	(2,134,486)	111,845	(2,022,641)

IFRS Convergence

No change since the annual MD&A of September 30, 2010.

Financial instruments

There is no significant change relating to the financial instruments since the annual MD&A of September 30, 2010.

Risk factors

There is no significant change relating to the risk factors since the annual MD&A of September 30, 2010.

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.

May 19, 2011

(S) Gino Roger

Gino Roger
President Chief Executive Officer

(S) Ingrid Martin

Ingrid Martin
Chief Financial Officer

Midland Exploration Inc.

Corporate Information

Directors

Jean-Pierre Janson, Chairman of the board ^{1) 2)}

Gino Roger

Germain Carrière ^{1) 2) 3)}

Robert I. Valliant ^{1) 3)}

René Branchaud ³⁾

Notes:

- 1) *Member of the Audit committee*
- 2) *Member of the Compensation Committee*
- 3) *Member of the Corporate Governance Committee*

Officers

Gino Roger, President and Chief Executive Officer

Mario Masson, Vice-president Exploration

Ingrid Martin, Chief Financial Officer

René Branchaud, Secretary

Head Office

1 Place Ville Marie, Suite 4000

Montreal, Quebec, H3B 4M4

Exploration Office

132 Labelle Blvd, Suite 220

Rosemere, Quebec, J7A 2H1

Tel. : (450) 420-5977

Fax : (450) 420-5978

Email : info@midlandexploration.com

Website : www.midlandexploration.com

Auditors

PricewaterhouseCoopers, L.L.P.

1250 René-Lévesque Blvd West, Suite 2800

Montreal, Quebec, H3B 2G4

Legal counsel

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