

Midland Exploration Inc.

Management's Discussion and Analysis

June 30, 2010

Midland Exploration Inc.

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Midland Exploration Inc.

Management Discussion & Analysis

June 30, 2010

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, 2010. This MD&A should be read in conjunction with the Company's financial statements and related notes as at June 30, 2010 and with the annual MD&A as of September 30, 2009. 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

The Company is pleased to have completed on November 13, 2009 a brokered private placement by issuing 2,123,033 units at \$1.20 per unit and 166,700 flow-through shares at \$1.50 per share, for total gross proceeds of \$2,797,689. Each unit is comprised of one common share and one-half of a warrant. Each whole warrant will entitle the holder to purchase one additional common share at \$1.75 until May 13, 2011.

Midland has a working capital of \$4,860,428 as of June 30, 2010 (\$2,862,796 as of September 30, 2009) which will allow the Company to execute its exploration program for at least the next three years.

As the operator, Midland incurred exploration expenditures totalling \$1,374,912 in the nine-month period ended June 30, 2010 ("Q3-10") (\$455,619 in the nine-month period ended June 30, 2009 ("Q3-09")), on its properties of which \$1,016,776 was recharged to its partners (\$254,495 in Q3-09). In addition, the operating partners incurred exploration expenses of \$467,279 in Q3-10. Also, the Company invested \$184,358 in Q3-10 (\$199,069 in Q3-09) in several property acquisitions in Quebec of which \$33,941 was recharged to its partners (\$77,956 in Q3-09).

The Company reported a loss of \$474,623 in Q3-10 compared to a loss of \$333,924 in Q3-09.

Results of operations

Expenses increased to \$705,111 in Q3-10 versus \$533,076 in Q3-09. We can mention that:

- During Q3-10, 245,000 options were granted (420,000 in Q3-09) and their fair value was estimated at \$261,150 (\$215,000 in Q3-09). This fair value was accounted for according to its vesting period (up to 18 months) or the period in which the services were rendered. Therefore for the options granted in the present quarter or previous quarter and vested in Q3-10, \$52,166 (\$18,880 in Q3-09) was capitalized against deferred exploration expenses and \$138,397 (\$91,777 in Q3-09) expensed as stock-based compensation.
- Administrative expenses increased to \$252,684 in Q3-10 (\$206,011 in Q3-09) 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. There were also expenses incurred in technology in the Q3-10.
- Midland was more active in investor relations activities and expenses have increased to \$181,670 in Q3-10 (\$126,944 in Q3-09). Midland contributes to newsletters and participates in the Fonds Communic-Action which promotes and protect the interest of the mining industry.

Results of operations (Cont'd)

- The fair value variation for financial instruments held for trading was a loss of \$13,681 in Q3-10 compared to a gain of \$18,422 in Q3-09. During Q3-10, we started to notice an increase of interest rates compared to the investments Midland holds, generating a loss when evaluating the fair value. During Q3-09, we had noticed the opposite trend.

Interest revenues decreased at \$28,934 (\$44,477 in Q3-09) due primarily to lower interest rates obtained on investments. Project management fees revenues increased to \$87,537 (\$26,992 in Q3-09) following the addition of the option agreements with Osisko on the Dunn project, Jogmec on the Ytterby project and Zincore on the Gatineau project. In addition, the James Bay Gold project was very active with Agnico Eagle.

Following the \$250,050 flow-through private placement of November 2009 (\$415,000 in December 2008), the Company recorded a \$67,000 recovery of future income taxes when it renounced its exploration expenses in February 2010 (\$112,000 in February 2009). The offsetting entry was recorded against the share issue expenses.

A \$47,017 gain on option payments of mining asset was recorded in Q3-10 (\$15,683 in Q3-09). When an option payment is received, it's 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.

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Investing activities

	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 Q3-10 (in thousand \$)																
Balance beginning	160	84	1	23	8	-	87	29	306	82	50	13	90	21	74	1,028
Geophysics	-	-	181	-	53	-	13	11	-	2	-	-	95	18	-	373
Geology	3	39	23	2	4	13	7	12	-	119	-	1	56	156	26	461
Drilling	-	-	146	-	-	-	-	-	-	231	-	-	-	-	-	377
Geochemistry	-	-	11	-	-	-	-	-	-	61	-	-	7	-	2	81
Line cutting	-	-	54	-	16	-	-	-	-	-	-	-	-	-	-	70
Travelling	-	1	2	-	-	-	1	1	-	-	-	-	6	-	2	13
Management fees	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	3	40	417	2	73	13	21	24	-	413	-	1	164	174	30	1,375
Recharge	10	5	12	7	1	-	1	2	-	4	-	-	6	4	-	52
Net addition	-	-	(417)	(2)	-	-	(10)	(55)	-	(411)	-	-	-	(122)	-	(1,017)
Net addition	13	45	12	7	74	13	12	(29)	-	6	-	1	170	56	30	410
Tax credits	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Option payments	-	-	(13)	-	-	-	-	-	-	(50)	-	-	-	(26)	-	(89)
Net change	13	45	(1)	7	74	13	12	(29)	-	(44)	-	1	170	30	30	321
Balance end	173	129	-	30	82	13	99	-	306	38	50	14	260	51	104	1,349

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Investing activities (Cont'd)

	Abitibi				Grenville-Appalaches			Bay James			Project generation	Total
	Maritime Cadillac - Au	Abitibi - Au	Dunn - Au	Laflamme - Au	Weedon - Cu-Zn-Au-	Gatineau - Zn	Vermilion - Cu-Au-	Baie-James - Au	Baie-James - Mo	Baie-James - U		
Deferred exploration expenses Q3-09 (in thousand \$)												
Balance beginning	156	1	-	-	58	22	306	66	48	7	60	724
Geophysics	-	-	-	-	13	13	-	48	-	-	-	74
Geology	4	60	14	18	33	33	-	69	2	9	49	291
Geochemistry	-	-	-	-	2	-	-	28	-	-	6	37
Line cutting	-	-	-	-	-	-	-	50	-	-	-	50
Travelling	-	2	1	1	-	-	-	1	-	-	-	4
Mgmt fees	-	-	-	-	-	-	-	-	-	-	-	-
Stock-based compensation	4	62	14	19	48	46	-	195	2	9	56	456
Recharge	-	4	-	-	4	4	-	3	-	-	3	19
	-	-	(3)	-	(19)	(44)	-	(189)	-	-	-	(254)
Net addition	4	66	12	19	33	7	-	10	2	9	59	220
Tax credits	-	(3)	(1)	(1)	(6)	(1)	-	(2)	-	(3)	(8)	(25)
Disposal	-	-	(11)	-	-	-	-	-	-	-	-	(11)
Net change	4	63	-	18	27	6	-	7	2	6	51	184
Balance end	160	64	-	18	85	28	306	73	50	13	111	908

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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 Q3-10		
Properties		Total	Midland	Partner	Total
		\$	\$	\$	\$
100% owned by Midland					
Weedon Cu-Zn-Au		25,000	12,398	-	12,398
James Bay Mo		20,000	-	-	-
James Bay U		30,000	1,151	-	1,151
Abitibi Au		150,000	44,829	-	44,829
Patris Au		100,000	74,288	-	74,288
Eleonore Au		300,000	170,189	-	170,189
Casault		-	13,228	-	13,228
Project Generation		100,000	29,473	-	29,473
		725,000	345,556	-	345,556
Operated by Midland					
Gatineau Zn	Zincore	500,000	(29,039)	10,076	(18,963)
James Bay Au	Agnico Eagle	200,000	6,097	411,121	417,218
Dunn Au	Osisko	540,000	11,943	416,468	428,411
Ytterby Ree	Jogmec	1,000,000	56,334	121,850	178,184
		2,240,000	45,335	959,515	1,004,850
Operated by Partner					
Maritime-Cadillac Au	Agnico Eagle	500,000	12,947	193,750	206,697
Laflamme Au	North American Palladium	300,000	6,464	273,529	279,993
		800,000	19,411	467,279	486,690
In joint venture					
Vermillon Cu-Au	Soquem	80,000	-	-	-
		3,845,000	410,302	1,426,794	1,837,096

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) operated by Agnico Eagle

Exploration work on the property

A new drilling program on the Maritime-Cadillac Property including six (6) drill holes for a total of 4,200 metres started in the central and northern parts of the property to test all komatiitic schist units, including the Komatiite-East unit that hosts the Contact Maritime East Zone. The contacts between komatiitic rocks and dykes contained in these units constitute the most prospective gold traps.

From 311.25 to 349.10 metres, drill hole 141-10-23 intersected a new zone of altered and mineralized felsic intrusions with 3-5% disseminated pyrite and arsenopyrite, which graded **1.7 g/t Au over 37.85 metres** (true thickness estimated at 28.40 metres) including an interval grading **2.3 g/t Au over 24.0 metres** from 320.0 to 344.0 metres (true thickness estimated at 18.0 metres). This wide gold-bearing zone includes a higher-grade section that assayed **4.8 g/t Au over 6.0 metres**, from 324.50 to 330.50 metres (true thickness estimated at 4.50 metres), which includes, from 329.0 to 330.50 metres, an interval grading **12.6 g/t Au over 1.5 metres** (true thickness estimated at 1.15 metres).

A second gold-bearing felsic intrusive was intersected from 415.8 to 417.8 metres and yielded a grade of **3.2 g/t Au over 2.0 metres** (true thickness estimated at 1.5 metres). This zone is also hosted in altered ultramafic schists. True thicknesses for these zones were estimated based on observed core angles.

The new gold-bearing felsic intrusive zones were intersected in the north part of the Maritime-Cadillac Property, at a vertical depth of 300 metres and are located near an east-west-trending fault zone. The gold-bearing intrusions are hosted in ultramafic talc-chlorite schists of the Piché Group within the deformation zone associated with the Cadillac-Larder Lake Break. The felsic intrusive rocks are typically altered to silica and sericite, whereas the ultramafic schists exhibit talc-chlorite alteration with local iron carbonate and biotite alteration. The Maritime Cadillac Property is well located in the eastern part of the Cadillac mining camp, south of the Lapa gold mine.

Following the discovery made in hole 141-10-23, two (2) follow-up holes were completed at June's end. Hole 141-10-24 totalling 661.5 meters was drilled 100 metres underneath hole 23 and intersected several mineralized felsic dyke intervals smaller than the ones intersected in hole 23. From 558.8 to 560.4 m, the hole intersected 3-5% Po-Py within a chloritized felsic dyke and intersected 1-3% Py-Po in another chloritized felsic dyke from 566.6 to 567.1 meters. Hole 141-10-25 was also completed 250 meters south of hole 24 but did not intersect significant mineralization or mineralized dykes. Assays are pending for both holes.

Abitibi Gold (Au)

Property Description

Three (3) wholly-owned new properties have been acquired by map staking by Midland which is the Chicobi property (31 claims) located to the northwest of Amos along the Chicobi regional fault, the Casault property (110 claims) located approximately 40 km east of the Detour Lake deposit which contains proven and probable reserves of 8.8 Moz of gold and the Valmond property (27 claims) located north of Joutel.

Exploration work on the property

Detailed compilation of historical works has been completed for these new projects and discussions with potential partners have been initiated. On the Valmond property, historical works reported numerous gold showings up to 5.2 g/t Au over 1.55 metres, 3.8 g/t Au over 1.50 metres and 2.3 g/t Au over 4.60 metres. No field work has been conducted during this quarter but prospecting is planned for the summer of 2010.

Investing activities (Cont'd)

Dunn (Au), operated by Midland

Exploration work on the property

A total of 108 kilometres of IP surveying, as well as a ground magnetic survey, were completed on a 156-kilometre grid. The IP survey largely focused on an 8-kilometre stretch along the Lac Caste Formation sediments, in order to detect porphyry-type gold mineralization similar to deposits in the Malartic and Duparquet areas, as well as Harker/Holloway-type gold-bearing structures associated with ultramafic volcanic rocks near the Destor-Porcupine Fault. IP survey results indicate the presence of several extensive chargeability zones within and along the margins of the Lac Caste sedimentary Formation. These anomalies, which have never been tested, represent potential disseminated sulphide zones hosted in sedimentary rocks and associated with porphyry intrusions, and thus constitute priority drilling targets. Other IP anomalies were also detected in association with ultramafic volcanic rocks; these represent another set of important targets. A few anomalies were also identified in felsic volcanic units that were recently compared to felsic rocks in the Kidd-Munro assemblage, host to the Kidd Creek deposit in Timmins.

Drilling started in early March in the western portion of the grid where all the drilling sites were located on private land with easy access. Five (5) drill holes totalling 753.4 meters were completed and at least four (4) IP anomalies have been clearly explained by the presence of pyrite. Overall, the first phase of drilling clearly demonstrated that the porphyritic dyke system is well developed within the sediments of the Caste Lake formation. A significant alteration consisting in a silicification of both the sediments and the porphyritic dykes is locally well developed. Carbonate (calcite) alteration is the second alteration of importance. Minor biotite and fuschite alterations were also observed locally. Locally up to 4-7% pyrite is present within the porphyritic dykes and the sediments where an important silica alteration is present.. The best result returned 0.39 g/t Au over 1.0 meter in hole DUN-10-02 from a monzonite dyke with 1-2% pyrite.

Hole DUN-10-01 (L32W; 420N) intersected 2-3% pyrite with locally up to 5-10% pyrite in a sedimentary unit from 72.0 to 77.2 meters. The sediments are frequently cut by metric porphyritic dykes mineralized with 1-2% pyrite. The hole ended at 159.0 meters within a hematized gabbroic intrusion.

Hole DUN-10-02 (L59W; 625N) intersected a porphyritic intrusion cut by mafic and locally magnetic metric dykes over its entire length. Only traces to 1-2% pyrite were intersected and thus not clearly explain the IP anomaly. The hole ended at 150.0 meters within a silicified monzonite.

Hole DUN-10-03 (L59W; 410N) was drilled in the opposite direction of hole 02 and intersected from 114.7 to 135.0 meters a mineralized mafic intrusion containing 4-5% pyrite explaining the IP anomaly. On both sides of the mafic dyke, the hole intersected a silicified porphyritic intrusion cut by several metric mafic dykes. The hole finished at 144.4 meters.

Hole DUN-10-04 (L57W; 660N) intersected a mineralized gabbro containing 5-10% pyrite from 60.0 to 80.1 meters. This mineralized zone explained the IP anomaly. Following this gabbroic intrusion, a sedimentary unit mineralized with locally up to 2-4% pyrite was intersected from 80.1 to 118.25 meters. The hole ended at 150.0 meters within a mafic intrusion cut by mineralized porphyritic dykes containing 4-6% Py from 118.25 to 125.90 meters and from 134.65 to 137.15 meters.

Hole DUN-10-05 (L49W; 475N) explained the IP anomalies by intersecting silicified sediments containing 4-7% pyrite from 104.0 to 125.4 meters. These altered and mineralized sediments are cut by several metric size porphyritic dykes mineralized with up to 3-6% pyrite. The hole ended at 150.0 meters.

For the second phase of drilling, four (4) additional short holes were completed at June's end for a total of 500.0 meters. These holes were testing IP (Phase) anomalies associated with high resistivity anomalies and located within the sediments in the eastern part of the property.

Investing activities (Cont'd)

Hole DUN-10-06 (125 m) intersected a porphyritic gabbro dyke with 1-2% Py crosscut by numerous metric dioritic dykes containing 1-3% Py-(Aspy). This dyke cuts the sediments which are weakly mineralized with traces to 1% Py. The IP anomaly was not totally explained being possibly dyked out by the gabbro-diorite dykes at the target zone.

In hole DUN-10-07 (125m), the IP anomaly is clearly explained by the presence of 4 to 6% Py within a conglomerate between 68.66 to 69.85 meters. The conglomerates are frequently cut by metric dioritic dykes containing traces to 2% pyrite.

Hole DUN-10-08 (125 m) entered in the bedrock at 8.1 meters and intersected from 8.1 to 32.45 a strongly silicified-albitized conglomerates cut by numerous centimetric quartz-hematite veins mineralized with up to 2-3 % Py. From 31.65 to 32.45 meters, the sediments were strongly mineralized with up to 20% Py explaining the IP anomaly. The remainder of the hole is composed of graywackes cut by numerous porphyritic dykes with traces to 1-2% Py.

Hole DUN-10-09 (125 m) tested an IP anomaly near the Dunn creek. From 49.05 to 53.50 meters, the hole intersected a porphyritic dyke mineralized with 2-3% of fine pyrite veinlets and 1% of disseminated pyrite. This hole is characterized by the presence of local weak biotite within the dykes and within the sediments. Final assay results are pending.

Laflamme (Au-Cu), operated by North American Palladium

Exploration work on the property

A 1,118 line-kilometer helicopter-borne VTEM electromagnetic and magnetic geophysical survey has been completed, over the property at line spacing of 200 meters. This survey identified several new conductors. Some of these conductors are closely associated with anomalous till samples containing multiple chalcopyrite grains in heavy mineral concentrates. Furthermore, a detailed structural interpretation, based on new magnetic data, reveals several significant new gold targets defined by complex structural features associated with weak conductors, gold anomalies in till samples and with local iron carbonate alteration in the bedrock.

The line cutting was completed for all the grids in preparation for the ground IP and EM surveys. The geophysics contract has been granted to TMC Geophysics from Val d'Or. The surveys are expected to start in early July.

Patris (Au)

Exploration work on the property

Line cutting and a ground magnetic survey totalling 35.3 km as well as a Phase Induced Polarization (IP) survey totalling 30.8 km have been completed on the Patris property. These works conducted along the La Pause fault detected at least eight (8) anomalies which deserve a follow-up with drilling. Several of these targets are located near the La Pause fault which marks the contact between the Kewagama Sediments and the volcanic rocks of the Malartic Group. The chargeability increases are often associated with an increase in the apparent resistivity which could be caused by a possible silicification zones or by the presence of porphyritic felsic intrusions containing gold mineralization of the Cadillac-Malartic type.

A one day field reconnaissance was done on the Patris property in order to visit one of the few exposures on the property. The visited outcrop showed the contact (La Pause fault) between the Kewagama sediments and the ultramafic volcanics of the Malartic Group. An albitized feldspar porphyritic dyke was found near the contact. Unfortunately the quality of the outcrop is very poor and this area is proposed for a large trenching program in order to exhibit the contact of the La Pause Fault.

Investing activities (Cont'd)

GRENVILLE-APPALACHES

Weedon (Cu-Zn-Au)

Exploration work on the property

An extension of the gravimetric survey was completed in the Lingwick area in order to validate an anomaly that was beginning at the end of the survey lines of the summer 2009. This extension confirmed the presence of two anomalies located at about 500 metres northwest of the Lingwick deposit. A model of the anomalies lead to the interpretation of two possible massive sulphide zones at an approximate depth of 40-50 metres in association with a broad regional anomaly possibly caused by a lithological effect. However, no VTEM conductor is associated with these interpreted sulphide zones. It would be recommended to conduct a high frequency (90 Hz) ground EM survey prior to test these zones by drilling. Midland is currently seeking for partner for this project.

Gatineau (Zn), operated by Midland

Property Description

On April 16, 2010, the Company signed an agreement with Zincore Metals Inc. ("Zincore") whereby Zincore can acquire 50% of the Gatineau property subject to the following conditions:

	Payments in cash	Works
	\$	\$
May 6, 2010	30,000	-
May 6, 2011	30,000	700,000
May 6, 2012	40,000	800,000
May 6, 2013	40,000	900,000
May 6, 2014	40,000	1,100,000
Total	180,000	3,500,000

- Only the \$30,000 cash payment upon signing and first year work commitment for \$500,000 are firm commitments.
- The Company is the operator until the pre-feasibility study is completed and therefore charges project management fees and receives advances for exploration work from time to time.
- Upon the acquisition of a 50% interest, a joint venture will be formed.
- Upon the acquisition of a 50% interest, Zincore will have the option to acquire an additional 15% interest by delivering a bankable feasibility study.

Exploration work on the property

Midland announced the start of its first exploration program on the Gatineau Zinc Project, located about 200 kilometres northwest of the city of Montreal. This first exploration program, with a total budget of \$500,000, will initially involve a ground magnetic and electromagnetic geophysical survey, followed by drilling. Zincore also made the initial payment of \$30,000 in favour of Midland, pursuant to the agreement executed recently by the parties.

A previous VTEM survey completed by Midland in 2008 and designed to characterize known massive sulfide deposits in the Gatineau area, detected several untested conductors directly associated with the Bouchette, Lafontaine, and the Leitch massive sulfide zinc deposits. Several new conductors were also identified in lateral or adjacent extensions of these deposits. A low cost new type of electromagnetic survey, measuring three components, (PROMIS) will be used to refine the already identified VTEM anomalies. The PROMIS is an electromagnetic system comprising a loop producing a primary magnetic field which is tied to a receptor, by a cable, measuring the 3 components of a secondary magnetic field produced by a buried conductor.

Investing activities (Cont'd)

Midland is confident that this new geophysical system will more precisely define the VTEM targets when compared to a conventional EM system. This system will not only precisely locate the conductor at depth, but it will also enable to define its orientation. This will better define the first drilling targets

Vermillon (Cu-Au), operated by Soquem

Exploration work on the property

During the Q3-10 no exploration work was completed on the property. Several geophysical targets remain untested and will be reviewed in 2010.

JAMES BAY

James Bay Gold (Au), operated by Midland

Exploration work on the property

The two first years of exploration with Agnico-Eagle on the James Bay gold properties were very successful in finding several new gold bearing outcrops with values as high as 9.1 g/t Au. Elsewhere on the properties, prospecting and reconnaissance mapping has identified other anomalous gold-bearing outcrops and boulders which required further investigation. In the same year, basal till sampling highlighted several first order gold anomalies (10 on the Lasalle and 6 on the Galinée properties) that are commonly located down-ice from metasediment, iron formation or metavolcanic rocks passing through the Lasalle and Galinée claims blocks. These positive results clearly demonstrate the significant potential for finding orogenic gold and gold-rich volcanogenic massive sulphide deposits in the Lac Trieste and Lac Duhesme greenstone belts covered by the Midland properties.

For fiscal 2010, a drill program has been proposed and approved by Agnico-Eagle. Ten diamond drill holes for a total 1520.34 metres of drilling were completed during 2010 winter season on the Golden Idol and North Whip showings testing either IP anomalies or HLEM conductors respectively.

Six holes totaling 753.97 metres were completed on Golden Idol Showing. The IP anomalies associated with the Golden Idol showing were explained by disseminated sulfides mainly Po with minor Py and Aspy anomalous in gold and hosted in altered meta mafic volcanics.

Four holes totaling 766.37 metres were completed on North Whip Showing. NW10-01 drilled directly below the showing returned 0.15 g/t Au over 4 meters (interval 135.00 to 139.00 meters) including 0.37 g/t Au over 1 meter within a 80 metres thick garnet and biotite alteration envelope. Hole NW10-02, a 100 metres undercut has no significant gold value. HW10-03 drilled 200 metres along strike east returned 0.10 g/t Au over 5 meters including 0.30 g/t Au over 1 meter from interval 32.00 to 37.00 meters within a 45 metres thick biotite and garnet alteration envelope.

Hole NW10-04, 200 meters to the west returned 0.12 g/t Au over 1 meter at interval 159.00 to 160.00 metres within a 65 metres thick weak to moderate biotite and garnet alteration zone.

The HLEM anomalies associated with the North Whip Showing were explained by heavily disseminated to massive sulfides Po and Py and occasionally by graphitic sedimentary horizons.

A new prospecting and geological mapping program has been proposed to Agnico-Eagle as well for approval. The program will aim to evaluate the remaining untested gold targets and the gold potential of the Lasalle and Galinée properties for porphyry type gold deposit; a model that has not been extensively tested on these properties. Agnico decision it still pending.

James Bay Molybdenum (Mo)

Exploration work on the property

No field work in during Q3-2010. Geological compilation is in progress with the objective to generate new exploration targets for 2010.

Investing activities (Cont'd)

James Bay Uranium (U)

Exploration work on the property

During the Q3-10 no exploration work was conducted on our LG-3 and LG-4 uranium properties.

Éléonore Gold Properties (Au)

Exploration work on the property

During Q1-2010, prospecting and reconnaissance mapping on the Éléonore Center property confirms the presence of mineralised metasedimentary and metavolcanic units

Forty four grab samples returned values greater than 0.10 g/t Au, averaging 0.62 g/t Au and including five samples that returned 0.78, 0.82, 1.01, 1.91 and 13.6 g/t Au. The best gold mineralization, the Golden Gun showing, is hosted in a metapelite injected with sulfide bearing quartz veinlets near the contact with a metamafic volcanic. The four other auriferous new zones were found along the shore of the Opinaca reservoir with gold values ranging from 0.30 to 1.91g/t Au. Gold mineralization is associated with disseminated to semi-massif sulfides hosted in sheared meta-conglomerates and metapelites. Along the reservoir shore the mineralization is sporadically exposed over a distance of 1200 metres.

To further evaluate the gold potential of Midland' Eleonore Gold properties, a helicopter-borne magnetometric and electromagnetic time domain airborne survey (AeroTEM 2) has been completed in December 2009. Aeroquest International Limited of Mississauga, Ontario, has been contracted to fly the survey which entirely covers the Éléonore East and the northern portion of the Éléonore Centre claims blocs, where gold mineralization zones have recently been discovered. A total of 1200 line-kms were completed with traverse line varying from 200 to 250 metres at a flight altitude of 30 metres.

On the Éléonore Center property, a series of parallel, northeast trending EM conductors were outlined in the midst of sediments concordant with the government mapped metasediments and metavolcanics contact. Some of those EM anomalies coincide with recently uncovered gold-bearing disseminated to semi-massive sulfides hosted in meta-conglomerates and metapelites returning gold values ranging from 0.30 to 1.91 g/t Au. On the Éléonore East property, only few isolated EM conductors were outlined and the magnetometric survey was able to define several prospective high magnetometric gradients interpreted as being the contrasting geophysical responses of highly susceptible magnetic meta mafic volcanics in contact with weakly susceptible magnetic metasediments.

Rock sampling and geological mapping are planned for this summer. If conclusive, the EM anomalies associated and found in the most favourable geological contexts will be followed-up by ground geophysical and if warranted by trenching and diamond drilling.

Seven (7) days prospecting program was conducted on the Eleonore West property with two teams composed on one geologist and one prospector. A total of 96 samples were collected from the meta-sediments, quartz veins in the granitic rocks and the mineralized boulders found on the shores of the Opinaca reservoir. The water level was very low allowing the prospection of the shore lines where most of the meta-sediments were found. The hills were generally composed of granitic rocks. A rusty and mineralized outcrop area composed of silicified meta-sediments containing up to 1-5% Py was found on the shore near the eastern boundary of the east block, unfortunately, no significant assay results was obtained. The best assay returned 210 ppb Au from a small (20 cm x 20cm) rounded boulder.

Midland is currently looking for a partner for this project.

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Investing activities (Cont'd)

Ytterby (REE), operated by Midland

Property Description

On February 23, 2010, the Company signed an agreement with Japan Oil, Gas and Metals National Corporation ("JOGMEC") whereby JOGMEC can acquire 50% of the Ytterby property subject to the following conditions:

	<u>Payments in cash</u>	<u>Works</u>
	\$	\$
Once the due diligence is completed (paid on May 10, 2010)	200,000	-
31 mars 2011	-	1,000,000
31 mars 2012	-	1,500,000
Total	<u>200,000</u>	<u>2,500,000</u>

- Only the \$200,000 cash payment upon signing is a firm commitment.
- The Company is the operator during the option period and therefore charges project management fees and receives advances for exploration work from time to time.
- Upon the acquisition of a 50% interest, a joint venture will be formed.

Exploration work on the property

This first exploration program, with a total budget of \$1,000,000, will initially involve a magnetometric and radiometric airborne survey follow-up by reconnaissance mapping and prospecting. In a second fold, magnetometric and radiometric ground surveys are foreseen to better evaluate the best newly found REE occurrences.

The project, currently held 100% by Midland, consists of 1804 claims covering a surface area of about 679 square kilometres. The Ytterby project comprises 4 distinct claim blocks located between 200 to 230 kilometres east and northeast of Schefferville, Québec. Midland's Ytterby 1 main claim block is strategically well located 5 km south of the Strange Lake REE deposit and the B-Zone REE new deposit discovered by Quest Uranium in 2009. With this position, Midland controls almost entirely the Napeu Kainiut Pluton which hosts the Strange Lake Peralkaline Complex.

As featuring the main claim bloc, Ytterby 2, 3 and 4 are also marked by extensive strong unsorted yttrium, uranium, lanthanum and beryllium lake bottom sediment anomalies combined with uranium (eU) and thorium (eTh) airborne radiometric anomalies within the Mistastin Batholith. All these indications point to the presence of systems similar in nature to the Strange Lake and the B-Zone Deposits. Covering Ytterby 1, 2 and 3 claim blocks, Geo Data Solutions of Laval, Québec were granted the contract to fly this 3,129 lines-kilometres airborne survey with lines 250 metres apart.

In 2009, a detail magnetometric and radiometric airborne survey conducted jointly by the Canadian the Newfoundland and the Québec governments was completed over the Ytterby 4 claim block. This new survey outlined an airborne broad circular magnetic low combined with strong uranium (eU) and thorium (eTh) radiometric anomalies which suggests a possible alkaline complex similar to Strange Lake.

Project Generation

Midland continued in 2010 some geological compilation programs in Quebec for the acquisition of new strategic gold, uranium and base metal properties.

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Financing activities

The Company finances itself mainly through share issuance.

On November 13, 2009, the Company completed a brokered private placement by issuing 2,123,033 units at \$1.20 per unit and 166,700 flow-through shares at \$1.50 per share, for total gross proceeds of \$2,797,689. Each unit is comprised of one common share and one-half of a warrant. Each whole warrant will entitle the holder to purchase one additional common share at \$1.75 until May 13, 2011. The Company paid the broker a cash fee of \$174,383 and issued 124,884 broker warrants entitling them to acquire 124,884 shares at \$1.20 per share until May 13, 2011.

Working capital

Midland has a working capital of \$4,860,428 as of June 30, 2010 (\$2,862,796 as of September 30, 2009). 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:

	June 30 2010	March 31 2010	December 31 2009	September 30 2009
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenues	92,992	49,905	20,591	26,383
Net loss	(148,454)	(147,588)	(178,581)	(191,479)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)
	June 30 2009	March 31 2009	December 31 2008	September 30 2008
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Revenues	34,285	28,210	24,657	74,578
Net loss	(124,861)	(74,237)	(134,826)	(43,200)
Loss per share	(0.01)	(0.01)	-	-

Related party transactions

In the normal course of operations for Q3-10:

- a) A firm in which René Branchaud (secretary and director) is a partner charged professional fees amounting to \$82,453 of which \$32,903 was recorded as share issue expenses (\$44,083 for Q3-09 of which \$10,500 was recorded as share issue expenses);
- b) A company controlled by Ingrid Martin (chief financial officer) charged professional fees of \$52,020 (\$57,162 for Q3-09);
- c) As at June 30, 2010, the balance due to the related parties amounted to \$3,948 (as at June 30, 2009, \$8,498). This amount is subject to the same conditions as those of non related parties.

Not in the normal course of business:

- d) In December 2008, directors and officers of the Company participated in a private placement of flow-through shares for a total consideration of \$105,000.

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

Subsequent events

There are no subsequent event to report in Q3-10.

Outstanding share data

	As of August 13, 2010
	<u>Number</u>
Common shares	23,926,279
Warrants	2,115,000
Options	<u>1,186,400</u>
	<u>27,227,679</u>

Off-balance sheet arrangements

During Q3-10, the Company did not set up any off-balance sheet arrangements.

Critical accounting estimates

No change since the annual MD&A of September 30, 2009.

Changes in accounting policies including initial adoption

There is no change in accounting policies to report for Q3-10.

IFRS Convergence

The Company is using a four step roadmap to convert to IFRS:

STEP 1: DIAGNOSTIC

The initial diagnostic stage has been completed in 2009. The Company hired PricewaterhouseCoopers ("PWC") to perform a diagnostic review to understand, identify and assess the overall effort required to produce financial information under IFRS. The final report was received and reviewed in May 2009.

STEP 2: DESIGN AND PLANNING

STEP 2.1: ACCOUNTING POLICIES

The detailed analysis of the accounting policies impacted by the IFRS convergence is expected to be completed in the summer 2010. Overall, a lot of effort will be put in the financial statements presentation as IFRS requires more disclosure.

Set out below are the main areas where changes in accounting policies are expected to have a significant impact on the Company's financial statements. The list below should not be regarded as a complete list of changes that will result from transition to the IFRS. It is intended to highlight areas that the Company believes to be the most significant; however, the analysis of changes is still in process and the selection of accounting policies where choices are available under IFRS has not been completed. We note that the regulatory bodies that promulgate the Canadian GAAP and the IFRS have significant ongoing projects that could affect the ultimate differences between Canadian GAAP and IFRS and their impact on the Company's financial statements in future years. The future impacts of the IFRS will also depend on the particular circumstances prevailing in those years. The standards listed below are those existing based on current Canadian GAAP and IFRS. At this stage, the Company is not able to reliably quantify the expected impacts of these differences on its financial statements.

IFRS Convergence (Cont'd)

They are as follows:

First time adoption (IFRS 1)

IFRS 1 provides guidance to entities on the general approach to be taken when first adopting IFRS. The underlying principle of IFRS 1 is retrospective application of IFRS standards in force at the date an entity first reports using IFRS. IFRS 1 acknowledges that full retrospective application may not be practical or appropriate in all situations and prescribes:

- optional exemptions from specific aspects of certain IFRS standards in the preparation of the Company's opening balance sheet; and
- mandatory exceptions to retrospective application of certain IFRS standards.

Additionally, to ensure financial statements contain high-quality information that is transparent to users, IFRS 1 contains disclosure requirements to highlight changes made to financial statement items due to the transition to IFRS.

The Company believes that the choices available under IFRS 1 will allow the opening balance as of October 1, 2010 to remain similar to the closing balance of September 30, 2009. The Company expects that key IFRS 1 exemption decisions will be approved by Management during the summer 2010.

Impairment of assets (IAS 36)

IFRS requires the use of a one-step impairment test (impairment testing is performed using discounted cash flows) rather than the two-step test under Canadian GAAP (using undiscounted cash flow as a trigger to identify potential impairment loss).

IFRS requires reversal of impairment losses (excluding goodwill) where previous adverse circumstances have changed; this is prohibited under Canadian GAAP.

Impairment testing should be performed at the asset level for long-lived assets and intangible assets. Where the recoverable amount cannot be estimated for individual assets, it should be estimated as part of a Cash Generating Unit ("CGU").

The Company believes that the changes of this policy should not have an impact on the financial statements on the changeover date. Nevertheless, in the subsequent years, this policy could generate more impairment than Canadian GAAP would since it uses a one-step test.

Share-based payments (IFRS 2)

Per IFRS, the forfeiture rate, with respect to share options, needs to be estimated by the Company at the grant date instead of recognizing the entire compensation expense and only record actual forfeitures as they occur.

For graded-vesting features, IFRS requires each instalment to be treated as a separate share option grant, because each instalment has a different vesting period and hence the fair value of each instalment will differ.

The Company believes that the changes of this policy should not have a material impact on the Financial Statements of the Company.

Mineral property interests, exploration and evaluation costs (IFRS 6)

Under IFRS, the Company would be required to develop an accounting policy to specifically and consistently identify which expenditures on exploration and evaluation activities will be recorded as assets. Unlike IFRS, Canadian GAAP indicates that exploration costs may initially be capitalized if the Company considers that such costs have the characteristics of property, plant and equipment.

Exploration and evaluation assets shall be classified as either tangible or intangible according to the nature of the assets acquired.

IFRS Convergence (Cont'd)

The Company believes that the changes of this policy should not have an impact on the Financial Statements on the changeover date and in subsequent years.

Financial instruments (IAS 39)

Under IFRS, all financial assets must be classified into “loans and receivables”, held-to-maturity”, “fair value through profit or loss” or “available-for-sale” categories. Like IFRS, all financial assets under Canadian GAAP must be classified into “loans and receivables”, ‘held-to-maturity”, “held-for-trading” (fair value through profit or loss) or “available-for-sale” categories. However, there are certain differences from IFRS with respect to the types of assets that may be classified into each of these categories.

Financial instruments may be designated on initial recognition as measured at fair value through profit or loss only if certain criteria are met. Like IFRS, financial instruments may be designated on initial recognition as held for trading (and measured at fair value through profit and loss) only if certain criteria are met. However, these criteria are less restrictive than under IFRS.

The Company is presently evaluating the impact of these potential modifications.

STEP 2.2: FINANCIAL STATEMENTS PREPARATION

During the 2010 summer and fall, we will prepare the financial statement model and we will identify the IFRS convergence adjustments.

STEP 2.3: TRAINING AND COMMUNICATION

The CFO participated to several courses organized by the Ordre des comptables agréés du Québec and also courses specific to the mining industry given by CA firms. Now, the CFO must keep updated as IFRS is expected to change before 2011.

A communication plan beyond the mandatory disclosure required in the MD&A will be developed in the fall 2011 if the changes on the financial statements are important.

STEP 2.4: IT SYSTEMS

The accounting processes of the Company are simple since it is still at the exploration stage and no major challenges are expect at this point to operate the accounting system under the IFRS. Nevertheless, some Excel spreadsheets will probably have to be adapted to support the changes made in accounting policies.

The Company has yet to establish if historical data will have to be regenerated to comply with some of the choices to be made under IFRS 1.

STEP 2.5: INTERNAL CONTROLS:

During the fourth quarter 2010, Management will review existing internal control process and procedures to address significant changes to existing accounting policies and practices.

STEP 2.6: IMPACT ON THE BUSINESS:

The business processes of the Company are simple and no major challenges are expected at this point to operate under IFRS.

STEP 3: IMPLEMENTATION

In this stage the Company will implement the changes that have been developed including changes to the accounting processes and policies. The Company will also quantify the IFRS impacts.

IFRS Convergence (Cont'd)

Management will prepare the structure of the first quarterly financial statements as of December 31, 2011 with the opening balance as of October 1st, 2010 and the comparables as of December 31, 2010 with the disclosure notes.

Management plans to start this step in the summer 2010 and finalize it in the fall quarter of 2010.

STEP 4: POST IMPLEMENTATION

Management will prepare the interim annual financial statements in compliance with IFRS for the year ending September 30, 2012.

Financial instruments

There is no significant change relating to the financial instruments since the annual MD&A of September 30, 2009.

Risk factors

There is no significant change relating to the risk factors since the annual MD&A of September 30, 2009.

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 13, 2010

(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

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