



Annual Report September 30, 2019

Midland Exploration Inc.
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Midland Exploration inc.

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Midland Exploration Inc.

Message to Shareholders

For the fiscal year ended September 30, 2019

Dear shareholders,

It is a sincere pleasure for me to present Midland Exploration Inc.'s ("Midland" or the "Corporation") 2019 annual report.

Midland is a dynamic and pro-active mineral exploration company that is led by a highly respected and experienced management and technical team with a proven mine-finding track record. During the year 2019, we continued to strengthen our exploration team by hiring new and very talented geologists. Midland targets the excellent mineral potential and the favourable investment climate of Quebec to discover new world-class deposits of gold, platinum group elements and base metals. Midland is proud to count on reputable partners such as BHP Billiton Canada Inc., Agnico Eagle Mines Limited, Osisko Mining Inc., SOQUEM INC., the Nunavik Mineral Exploration Fund, and Abcourt Mines Inc. We intend to continue discussions with several potential new partners in order to rapidly conclude new option agreements.

Midland continues to pursue its strategy of exploring in partnership across Quebec and achieved significant progress in 2019, with the discovery of several new mineralized zones on its various projects. The highlight of the year was certainly the private placement with BHP Billiton Canada Inc. ("BHP") who acquired 5% of the Corporation. In April 2019, we closed this private placement with BHP, who subscribed 3,444,000 units at an issue price of \$1.70 per unit, for an aggregate consideration of \$5,854,800.

The discovery of several Cu-Au-Mo-Ag mineralized zones on our Mythril and Mythril Regional projects in the James Bay region confirms the existence of a new regional Cu-Au-Mo-Ag district. The high-grade copper system at Mythril was traced over more than 2 kilometres on surface and in drill hole, and remains open in all directions. Extensive geophysical surveys will begin shortly on the new occurrences found in 2019, in an effort to define new drilling targets. A significant exploration budget will be devoted to this project in 2020. We also continued to generate and acquire new gold properties with very strong potential for discoveries in the Detour area and near new gold discoveries made by Wallbridge on their Fenelon project. Drilling will also resume shortly on the Vortex gold zone (Casault project), strategically located along the lateral extensions of the Detour mine and new gold zones recently discovered by Wallbridge. In addition, we also continued to increase Midland's visibility and exposure in 2019, taking part in a number of major promotional events throughout the year, which enabled us to attract new and important shareholders. Here are the main highlights of the past year

- ***Drilling at Mythril (36 holes; 11,190 m) confirms several Cu-Au-Mo-Ag intervals***
- ***New Cu-Au-Mo-Ag boulder fields discovered NE of Mythril; geophysics and drilling to come***
- ***Private placement with BHP, at a price of \$1.70 per unit for a total of \$5.85 million***
- ***New Cu-Au-Mo-Ag occurrences discovered on the Mythril Regional project***
- ***Drilling on the Willbob Ants showing intersects 1.81 g/t Au over 12.06 metres (open to the west)***
- ***New drilling targets (3D model) identified on Maritime-Cadillac***
- ***Acquisition of 100% interest in three (3) new properties with strong gold potential totalling 205 claims (110 km²) located near recent discoveries by Wallbridge***
- ***A total of 16,195 metres drilled (60 drill holes) during the 2019 fiscal year (14,661 metres drilled during the 2018 fiscal year).***

Midland intends to continue aggressively exploring its various projects for gold, platinum group elements and base metals in 2020, to discover world-class deposits. An ambitious exploration program, one of the most significant since the Corporation was founded, is currently in preparation and will be deployed on the Corporation's best projects. Midland will continue to generate several new projects and seek to rapidly conclude additional partnership agreements for properties recently acquired in 2018 and 2019. Midland also intends to continue assessing interesting business opportunities as they arise in 2020. Midland has a very strong financial position, with an adjusted working capital of more than \$14 million and no debt.

Midland Exploration Inc.

Message to Shareholders

For the fiscal year ended September 30, 2019

On behalf of the management team and the Board of Directors, I would like to express our most sincere acknowledgements for your confidence, your patience and your renewed support throughout the year. I would also like to take this opportunity to welcome the new shareholders who joined us during 2019. Midland is a company that counts on a high-calibre Board of Directors and a dynamic and talented technical team who will spare no effort in 2020 to make one or many significant discoveries in Quebec.

(s) Gino Roger

Gino Roger, P.Eng.

President and CEO

Midland Exploration Inc.

Management Discussion & Analysis

For the year ended September 30, 2019

The following discussion and analysis (the “MD&A”) of the financial condition and results of the operations of Midland Exploration Inc. (“Midland” or “the Corporation”) constitutes management’s review of the factors that affected the Corporation’s financial and operating performance for the year ended September 30, 2019. This MD&A should be read in conjunction with the Corporation’s audited financial statements as at September 30, 2019 prepared in accordance with the International Financial Reporting Standards (“IFRS”). All figures are in Canadian dollars unless otherwise noted.

Further information regarding the Corporation 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.

Abbreviation	Period
Fiscal 17	October 1, 2016 to September 30, 2017
Q1-18	October 1, 2017 to December 31, 2017
Q2-18	January 1, 2018 to March 31, 2018
Q3-18	April 30, 2018 to June 30, 2018
Q4-18	July 1, 2018 to September 30, 2018
Fiscal 18	October 1, 2017 to September 30, 2018
Q1-19	October 1, 2018 to December 31, 2018
Q2-19	January 1, 2019 to March 31, 2019
Q3-19	April 30, 2019 to June 30, 2019
Q4-19	July 1, 2019 to September 30, 2019
Fiscal 19	October 1, 2018 to September 30, 2019
Fiscal 20	October 1, 2019 to September 30, 2020

1. NATURE OF ACTIVITIES

Midland, incorporated on October 2, 1995 and operating under the Business Corporations Act (Québec), is a company in the mining exploration business. The Corporation’s operations include the acquisition and exploration of mining properties. The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the MD ticker.

2. OVERALL PERFORMANCE

2.1 Working capital

Midland has an adjusted working capital of \$14,017,423 as of September 30, 2019 (\$11,214,039 as of September 30, 2018 which includes \$1,200,000 of investments in guaranteed investment certificates with expiry dates over 1 year), which will allow the Corporation to execute its exploration program for at least the next three years (*note: adjusted working capital is a non-IFRS financial performance measure which has no standard definition under IFRS. See section 6: Working Capital*).

2.2 Private placements

On December 5 and 18, 2018, the Corporation completed private placement of 3,044,605 flow-through shares at \$1.35 per share for total gross proceeds of \$4,110,218.

On December 21, 2018 and January 18, 2019, the Corporation completed private placements of 1,333,333 units at a price of \$0.90 per unit for total gross proceeds of \$1,200,000. Each unit consisted of one common share and one half warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.25 for 2 years.

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2. OVERALL PERFORMANCE (CONT'D)

Total proceeds for the December 2018 and January 2019 private placements totalled \$5,310,128. In connection with the private placements, the Corporation incurred \$321,946 share issue expenses of which \$180,271 was paid as finder's fees. Directors and officers of the Corporation participated in the flow-through private placement for a total consideration of \$141,750 under the same terms as other investors.

On April 17, 2019, the Corporation closed a private placement pursuant to an investment agreement (the "Investment Agreement") with BHP Billiton Canada Inc. ("BHP"). BHP subscribed for 3,444,000 units at an issue price of \$1.70 per unit for aggregate consideration of \$5,854,800. Each unit will consist of one common share and one warrant. Each warrant will entitle BHP to acquire one additional common share at an exercise price of \$2.05 per common share for a period of 18 months. Midland can accelerate the expiry of the warrants if the daily volume-weighted average trading price of the common shares on the Exchange exceeds \$2.25 for 20 consecutive trading days at any time following 120 days after closing of the private placement. Pursuant to the terms of the Investment Agreement, BHP will be granted certain rights as long as BHP holds common shares equal to at least 5% of the issued and outstanding common shares (on a partially diluted basis), including:

- the right to participate in future equity financings by Midland to allow BHP to maintain its then current pro rata non-diluted ownership interest in Midland or to increase its ownership interest in Midland to a maximum of 19.99%, on a fully-diluted basis;
- certain top-up rights to subscribe for additional Common Shares following certain dilutive transactions to allow BHP to maintain its then current pro rata non-diluted ownership interest in Midland;
- the right of first offer for any non-equity financings, including any tolling arrangements, streaming arrangements, forward agreements, off-take agreements or royalty sales relating to any present or future copper exploration projects of Midland in Quebec; and
- the right of first offer on the Mythril project in the event Midland seeks to divest all or part of its interest.

If BHP holds common shares equal to at least 15% of the issued and outstanding common shares (on a non-diluted basis), BHP will also have the right to designate one director for appointment to the Midland board of directors.

On December 4, 2019, the Corporation completed a private placement by issuing 1,338,392 flow-through shares at \$1.10 per share, for total gross proceeds of \$1,472,231.

2.3 Outstanding share data:

	As at December 5, 2019	As at September 30, 2019
	Number	Number
Common shares	70,216,614	68,878,222
Options	4,320,000	4,320,000
Warrants	4,110,667	4,110,667
	78,647,281	77,308,889

2.4 Update on agreements with partners

On August 29, 2017, the Corporation had signed an option agreement with Niobay Metals Inc. ("Niobay") whereby Niobay could have earned, in two options, a maximum interest of 65% in the La Peltrie property. On January 15, 2019, the Corporation received from Niobay a termination notice for the option agreement.

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2. OVERALL PERFORMANCE (CONT'D)

On July 13, 2018, Altius Minerals Corporation (« Altius ») and the Corporation have signed an amended and restated memorandum of understanding (“Alliance”). On July 13, 2018, the Corporation amended the James Bay strategic alliance (“Alliance”) memorandum of understanding (“MOU”) signed on March 30, 2017 as follows:

- Altius exchanged its 50% interests in the Designated Projects for 461,487 common shares valued at \$507,636, which corresponds to Altius’ portion of the accumulated expenditures on the designated projects;
- Altius subscribed 198,386 common shares at \$1.10 that corresponds to Altius’ portion of the phase 2 approved exploration budget of 2018.

On February 12, 2019, the parties jointly decided to terminate the Alliance. The designated projects as per the Alliance (Elrond, Gondor, Helms Deep, Isengard, Minas Tirith, Moria, Shire, Mythril and Fangorn) maintain their net smelter return royalty of 1% in favor of Altius, on the claims that were active at the time of their designation.

3. RESULTS OF OPERATIONS

As operator, Midland incurred exploration expenditures totalling \$8,251,795 (\$6,019,773 in Fiscal 18), on its properties of which \$604,753 was recharged to its partners (\$1,890,528 in Fiscal 18). The operating partners incurred \$95,142 of exploration expenses (\$704,099 in Fiscal 18). Also, the Corporation invested \$768,003 (\$337,741 in Fiscal 18) to complete several property acquisitions in Quebec of which \$11,148 was recharged to its partners (\$35,113 in Fiscal 18).

The Corporation reported a loss of \$1,142,784 in Fiscal 19 compared to \$807,530 for Fiscal 18.

Operating expenses increased at \$2,978,895 for Fiscal 19 compared to \$1,821,623 in Fiscal 18, and following are the explanations for the main variances:

- Salaries increased to \$620,863 (\$540,288 in Fiscal 18). Bonus paid to employees have increased considering the objectives completed.
- Conference and mining industry involvement \$265,555 (\$160,203 in Fiscal 18). Following the Mythril discovery, Midland increased its participation at conferences Xplor 2018, San Francisco, Vancouver Cambridge, Vancouver roundup, PDAC Toronto and Consorem as well as regional events.
- Impairment of exploration and evaluation assets (non-cash item) increased to \$1,261,081 (\$303,610 in Fiscal 18) and the explanations can be found in the investing activities section presented later in this MD&A.

Interest income increased to \$330,999 (\$203,475 in Fiscal 18) due to increased funds invested following \$11,165,600 of private placement closed (\$2,503,579 during Fiscal 18).

A \$1,554,552 (\$694,070 in Fiscal 18) recovery of deferred income taxes (non-cash item) was recognized to record the amortization, in proportion of the work completed, of the premium related to flow-through shares following the November 2017 private placement (November 2016 and March 2017 in Fiscal 17). All exploration work imposed by the November 2017 flow-through financing was completed before September 30, 2018. Also, all the exploration work imposed by the December 2018 flow-through financings was completed before September 30, 2019. In addition, a \$113,124 (nil in Fiscal 18) deferred income taxes was recorded; a deferred tax asset relating to share issue expense recorded in equity was offset by the deferred tax liability on mining properties and exploration expenses.

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4. EXPLORATION ACTIVITIES

Deferred exploration expenses Fiscal 19	Balance beginning	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based compensation	Recharge	Tax credits	Write-off	Net change	Balance end Fiscal 19
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Maritime Cadillac	389,110	14,981	-	-	-	-	14,981	775	-	-	-	15,756	404,866
Laflamme Au	2,427,838	74,486	81,507	184,052	3,994	52,076	396,115	5,661	-	(20,639)	-	381,137	2,808,975
Patris Au	234,056	4,225	-	-	-	-	4,225	-	-	(2,045)	-	2,180	236,236
Casault Au	1,880,234	58,297	15,950	666,642	131,011	6,851	878,751	16,491	(398,787)	(188,484)	-	307,971	2,188,205
Jouvex Au	412,962	30,680	-	375,474	5,778	-	411,932	5,075	(205,966)	(346)	-	210,695	623,657
Heva Au	271,810	2,550	-	-	-	-	2,550	1,952	-	-	-	4,502	276,312
Valmond	124,314	1,257	-	-	-	-	1,257	-	-	-	(125,571)	(124,314)	-
Samson	168,110	6,061	-	173	-	-	6,234	-	-	(1,998)	-	4,236	172,346
La Peltrie	1,078,923	6,118	-	12,806	-	-	18,924	2,354	-	(1,574)	-	19,704	1,098,627
Wawagasic	32,949	-	-	-	-	-	-	-	-	-	-	-	32,949
Adam	266,663	6,519	-	-	-	-	6,519	1,175	-	(921)	-	6,773	273,436
Mistaouac	224,502	5,110	-	-	-	-	5,110	776	-	(690)	-	5,196	229,698
Turgeon	196,665	3,284	-	-	-	-	3,284	776	-	(1,534)	-	2,526	199,191
Manthet	8,409	-	-	-	-	-	-	-	-	-	(8,409)	(8,409)	-
Abitibi Gold	84,739	11,306	-	-	-	-	11,306	-	-	(1,360)	-	9,946	94,685
Weedon Cu Zn Au	647,297	25,946	22,550	-	-	8,125	56,621	-	-	-	-	56,621	703,918
Gatineau Zn	71,515	1,257	8,500	-	-	-	9,757	-	-	(71)	(65,131)	(55,445)	16,070
Bay-James Au	517,666	23,949	86,065	-	1,788	-	111,802	1,176	-	(3,650)	(185,457)	(76,129)	441,537
Eleonore Au	1,770,210	5,195	-	-	-	-	5,195	400	-	(1,384)	-	4,211	1,774,421
JV Eleonore AU	583,215	28,109	-	-	-	-	28,109	5,352	-	-	-	33,461	616,676
Isengard	36,918	-	-	-	-	-	-	-	-	-	(36,918)	(36,918)	-
Minas Tirith	33,711	3,920	-	-	-	-	3,920	-	-	-	-	3,920	37,631
Shire	226,595	15,219	-	-	216	-	15,435	2,354	-	(4,764)	-	13,025	239,620
Elrond	31,406	59,832	-	-	-	-	59,832	-	-	(22,186)	-	37,646	69,052
Gondor	31,424	-	-	-	-	-	-	-	-	-	(31,424)	(31,424)	-
Moria	123,544	7,338	-	-	216	-	7,554	-	-	(1,534)	-	6,020	129,564
Helms	18,919	55,009	-	-	3,980	-	58,989	-	-	(21,111)	-	37,878	56,797
Mythril	28,215	1,228,112	527,954	2,998,126	536,521	-	5,290,713	42,639	-	(978,950)	-	4,354,402	4,382,617
Fangorn	6,657	5,028	-	-	-	-	5,028	-	-	-	-	5,028	11,685
Pallas PGE	540,024	2,100	-	-	-	-	2,100	-	-	-	-	2,100	542,124
Willbob Au	2,624,225	235,634	-	453,690	27,109	-	716,433	16,284	-	(252,023)	-	480,694	3,104,919
Soissons	47,282	4,799	-	-	6,782	-	11,581	-	-	(4,869)	-	6,712	53,994
Soissons NMEF	4,259	57,871	-	-	-	-	57,871	-	-	(14,420)	-	43,451	47,710
Generation	84,116	47,482	-	-	2,185	-	49,667	-	-	(15,954)	(74,781)	(41,068)	43,048
TOTAL	15,228,482	2,031,674	742,526	4,690,963	719,580	67,052	8,251,795	103,240	(604,753)	(1,540,507)	(527,691)	5,682,084	20,910,566

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4. EXPLORATION ACTIVITIES (CON'T)

Deferred exploration expenses Fiscal 18	Balance beginning	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based compensation	Recharge	Tax credits	Write-off	Net change	Balance end Fiscal 18
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Maritime Cadillac	292,271	739	-	88,024	5,357	-	94,120	2,719	-	-	-	96,839	389,110
Laflamme Au	2,202,064	36,663	193,334	9,532	292	11,960	251,781	4,407	-	(30,414)	-	225,774	2,427,838
Patris Au	221,844	5,849	-	16,742	-	-	22,591	-	(10,379)	-	-	12,212	234,056
Casault Au	963,965	198,895	49,848	1,802,180	173,099	11,296	2,235,318	19,913	(1,117,659)	(221,303)	-	916,269	1,880,234
Jouvex Au	412,833	-	-	-	-	-	-	129	-	-	-	129	412,962
Heva Au	261,985	5,276	1,615	500	-	-	7,391	8,932	(6,498)	-	-	9,825	271,810
Valmond	124,314	-	-	-	-	-	-	-	-	-	-	-	124,314
Samson	83,411	31,428	53,820	518	-	-	85,766	99	-	(1,166)	-	84,699	168,110
La Peltrie	1,067,584	28,205	62,991	429,008	26,732	17,831	564,767	10,402	(563,739)	(91)	-	11,339	1,078,923
Wawagasic	-	54,396	-	-	-	-	54,396	-	-	(21,447)	-	32,949	32,949
Adam	131,155	18,779	104,153	1,097	-	28,060	152,089	3,798	-	(20,379)	-	135,508	266,663
Mistaouac	-	35,998	191,885	-	-	-	227,883	2,089	-	(5,470)	-	224,502	224,502
Turgeon	-	10,469	185,114	-	-	-	195,583	2,089	-	(1,007)	-	196,665	196,665
Manthet	-	8,409	-	-	-	-	8,409	-	-	-	-	8,409	8,409
Abitibi Gold	203,470	17,065	-	-	-	-	17,065	99	-	(1,347)	(134,548)	(118,731)	84,739
Weedon Cu Zn Au	626,897	19,153	-	-	-	-	19,153	1,247	-	-	-	20,400	647,297
Gatineau Zn	44,005	4,117	23,480	-	-	-	27,597	-	-	(87)	-	27,510	71,515
Bay-James Au	362,595	173,713	-	-	13,775	-	187,488	3,168	-	(35,585)	-	155,071	517,666
Eleonore Au	1,723,519	47,161	-	-	292	-	47,453	2,839	-	(3,601)	-	46,691	1,770,210
JV Eleonore AU	291,282	190,464	114,711	-	2,633	-	307,808	8,670	(1,440)	(23,105)	-	291,933	583,215
Isengard	2,072	67,123	-	-	6,132	-	73,255	-	(36,146)	(2,263)	-	34,846	36,918
Minas Tirith	27,966	9,212	-	-	610	-	9,822	-	(966)	(3,111)	-	5,745	33,711
Shire	75,404	232,482	51,889	-	16,633	-	301,004	4,750	(65,831)	(88,732)	-	151,191	226,595
Elrond	30,943	980	-	-	-	-	980	-	(490)	(27)	-	463	31,406
Gondor	5,049	47,201	-	-	4,129	-	51,330	-	(22,307)	(2,648)	-	26,375	31,424
Moria	21,223	172,866	21,668	-	19,488	-	214,022	3,193	(47,484)	(67,410)	-	102,321	123,544
Helms	124	42,467	-	-	7,351	-	49,818	-	(17,589)	(13,434)	-	18,795	18,919
Mythril	-	38,902	-	-	7,679	-	46,581	-	-	(18,366)	-	28,215	28,215
Fangorn	-	9,346	-	-	1,643	-	10,989	-	-	(4,332)	-	6,657	6,657
Pallas PGE	538,746	-	-	-	-	-	-	1,278	-	-	-	1,278	540,024
Willbob Au	2,126,873	536,299	-	33,957	109,080	-	679,336	24,825	-	(206,809)	-	497,352	2,624,225
Soissons	-	70,443	-	-	2,580	-	73,023	-	-	(25,741)	-	47,282	47,282
Soissons NMEF	-	7,031	-	-	-	-	7,031	-	-	(2,772)	-	4,259	4,259
Generation	91,166	(4,137)	-	-	61	-	(4,076)	-	-	(2,780)	(194)	(7,050)	84,116
TOTAL	11,932,760	2,116,994	1,054,508	2,381,558	397,566	69,147	6,019,773	104,646	(1,890,528)	(803,427)	(134,742)	3,295,722	15,228,482

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4. EXPLORATION ACTIVITIES (CON'T)

Expenses Exploration and evaluation Properties	Actual Fiscal 18			Actual Fiscal 19			Budget Fiscal 19			Budget Fiscal 20		
	Midland	Partners	Total	Midland	Partners	Total	Midland	Partners	Total	Midland	Partners	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
100% owned by Midland												
Patris	12,212	10,379	22,591	4,225	-	4,225	5,000	-	5,000	60,000	-	60,000
Heva Au	893	282,303	283,196	2,550	-	2,550	5,000	-	5,000	5,000	-	5,000
Valmond	-	-	-	1,257	-	1,257	5,000	-	5,000	5,000	-	5,000
Samson	85,766	-	85,766	6,234	-	6,234	5,000	-	5,000	100,000	-	100,000
La Peltrie	1 028	563,739	564,767	18,924	-	18,924	5,000	125,000	130,000	10,000	-	10,000
Wawagosis	54,396	-	54,396	-	-	-	5,000	-	5,000	-	-	-
Adam	152,089	-	152,089	6,519	-	6,519	5,000	-	5,000	150,000	-	150,000
Mistaouac	227,883	-	227,883	5,110	-	5,110	5,000	-	5,000	50,000	-	50,000
Turgeon	195,583	-	195,583	3,284	-	3,284	5,000	-	5,000	50,000	-	50,000
Manthet	8,409	-	8,409	-	-	-	5,000	-	5,000	-	-	-
Abitibi Gold	17,065	-	17,065	11,306	-	11,306	25,000	-	25,000	5,000	-	5,000
Weedon Cu-Zn-Au	19,153	-	19,153	56,621	-	56,621	50,000	-	50,000	50,000	-	50,000
Gatineau Zn	27,597	-	27,597	9,757	-	9,757	5,000	-	5,000	5,000	-	5,000
Baie James Au	187,488	-	187,488	111,802	-	111,802	200,000	-	200,000	135,000	-	135,000
Éléonore Au	47,453	-	47,453	5,195	-	5,195	100,000	-	100,000	110,000	-	110,000
Isengard	37,109	36,146	73,255	-	-	-	5,000	-	5,000	-	-	-
Minas Tirith	8,856	966	9,822	3,920	-	3,920	5,000	-	5,000	5,000	-	5,000
Shire	235,173	65,831	301,004	15,435	-	15,435	5,000	-	5,000	5,000	-	5,000
Elrond	490	490	980	59,832	-	59,832	-	-	-	10,000	-	10,000
Gondor	29,023	22,307	51,330	-	-	-	5,000	-	5,000	-	-	-
Moria	166,538	47,484	214,022	7,554	-	7,554	5,000	-	5,000	5,000	-	5,000
Helms	32,229	17,589	49,818	58,989	-	58,989	-	-	-	10,000	-	10,000
Mythril	46,581	-	46,581	5,296,529	-	5,296,529	2,000,000	-	2,000,000	795,000	-	795,000
Fangorn	10,989	-	10,989	5,028	-	5,028	5,000	-	5,000	5,000	-	5,000
Willbob	679,336	-	379,336	716,433	-	716,433	475,000	-	475,000	15,000	-	15,000
Pallas PGE	-	-	-	2,100	-	2,100	5,000	-	5,000	15,000	-	15,000
Soissons	73,023	-	73,023	11,581	-	11,581	5,000	-	5,000	10,000	-	10,000
Generation	9,765	-	9,765	44,335	-	44,335	30,000	-	30,000	30,000	-	30,000
	2,366,127	1,047,234	3,413,361	6,464,520	-	6,464,520	2,975,000	125,000	3,100,000	1,640,000	-	1,640,000
In joint venture												
Maritime-Cadillac- Agnico-Eagle 51%	94,120	97,888	192,008	14,981	2,430	17,411	50,000	50,000	100,000	150,000	150,000	300,000
Vermillon- Soquem 53.4%	236	270	506	-	-	-	-	-	-	-	-	-
Laflamme Au – Abcourt 23.7%	251,781	-	251,781	396,115	-	396,115	150,000	-	150,000	175,000	-	175,000
Casault – Soquem 50%	1,117,659	1,117,659	2,235,318	479,964	398,787	878,751	450,000	450,000	900,000	5,000	5,000	10,000
Jouvex – Soquem 50%	-	-	-	205,966	205,966	411,932	175,000	175,000	350,000	25,000	25,000	50,000
JV Eleonore Osisko 50%	306,368	324,545	630,913	28,109	28,110	56,219	150,000	150,000	300,000	-	-	-
Soissons NMEF 50%	7,031	7,031	14,062	57,871	64,602	122,473	50,000	50,000	100,000	-	-	-
Generation	-	-	-	-	-	-	-	-	-	500,000	2,000,000	2,500,000
	1,777,195	1,547,393	3,324,588	1,183,006	699,895	1,882,901	1,025,000	875,000	1,900,000	855,000	2,180,000	3,035,000
	4,143,322	2,594,627	6,737,949	7,647,526	699,895	8,347,421	4,000,000	1,000,000	5,000,000	2,495,000	2,180,000	4,675,000

4. EXPLORATION ACTIVITIES (CONT'D)

Concerning the table in the previous page:

- When the work is done and paid by the partners, the expenses are not included in the Midland accounts. The previous table shows all the work being done on Midland's properties including work done and paid by operating partners.
- This table excludes stock-based compensation that has been capitalized.

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

HIGHLIGHTS

- **Drilling on Mythril (36 holes; 11,190 m) confirms several Cu-Au-Mo-Ag intervals**
- **New Cu-Au-Mo-Ag float fields discovered NE of Mythril ; IP surveys and drilling planned**
- **New Mythril regional Cu-Au-Mo-Ag showings discovered**
- **Drilling on Willbob Ants cuts 1.81 g/t Au over 12.06 meters (Open to the West)**
- **New drilling targets (3D-Model) identified on Maritime-Cadillac**
- **A total of 14,661 metres (60 holes) were drilled during Fiscal 18 (14,661 metres during Fiscal 18).**

ABITIBI

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

Property Description

The property is located in the Abitibi region in Quebec, along the Cadillac-Larder break and is composed of 7 claims. The Corporation holds 49% of the Maritime-Cadillac property located south of the Lapa mine. This property is subject to a 2% net smelter return ("NSR") royalty; half of the royalty can be bought back for a payment of \$1,000,000.

As per the agreement signed in June 2009 and amended in November 2012 and May 2013, Agnico Eagle Mines Limited ("Agnico Eagle") and the Corporation are in a joint venture and future work are shared 51% Agnico Eagle - 49% the Corporation.

Exploration work on the property

The Leapfrog 3D modelling and targeting effort conducted by InnovExplo, based in Val-d'Or, led to the definition of six (6) new drilling targets at shallow to moderate vertical depths, for a total of 2,585 metres of drilling including the following:

- Dyke West Zone (2 drill holes; 900 m)
- Dyke East Zone (2 drill holes; 840 m)
- Maritime Extension Zone (2 drill holes; 845 m)

These new drilling targets all correspond to significant gaps ranging from 200 to 300 metres wide, along the extensions of the Maritime-Cadillac, Dyke West and Dyke East zones, where historical drilling carried out between 2010 and 2017 yielded significant gold intercepts including:

- DDH 141-10-26 (Dyke West): 8.6 g/t Au over 5.5 metres, incl. 13.8 g/t Au over 3.0 metres.
- DDH 141-11-31 (Dyke East): 1.7 g/t Au over 46.4 metres, incl. 21.0 g/t Au over 1.2 metres.
- DDH 141-10-23 (Dyke East): 1.7 g/t Au over 37.85 metres, incl. 12.6 g/t Au over 1.5 metres.
- DDH 141-17-36 (Maritime-Cadillac): 1.46 g/t Au over 31.6 metres, incl. 2.22 g/t Au over 15.6 metres.

4. EXPLORATION ACTIVITIES (CONT'D)

A drilling proposal for six (6) holes totalling 2,585 metres has been sent to Agnico Eagle for their review. This program could start this coming winter.

4.2 Laflamme (Au-Ni-Cu-PGE), in partnership with Abcourt Mines Inc. and operated by Midland

Property Description

In 2009, the Corporation staked claims by map staking about 25 kilometres west of Lebel-sur-Quévillon in the Abitibi region. As at September 30, 2019, the Laflamme property consists of a total of 453 claims covering an area of approximately 24,253 hectares and Midland holds 76.3% of the property.

On August 17, 2009, the Corporation signed an agreement with Aurbec Mines Inc., (previously a subsidiary of North American Palladium Ltd.). As of July 31, 2011, Aurbec had earned its 50% interest in the Laflamme property but no longer contributed in the exploration programs and therefore was diluted. On June 17, 2016, Abcourt Mines Inc. acquired the property following the bankruptcy of Aurbec.

Some claims were dropped in Fiscal 19, therefore the Corporation impaired partially for \$43,542 the exploration property cost (\$5,874 in Fiscal 18).

Exploration work on the property

The induced polarisation ("IP") survey conducted in the summer of 2018 led to the identification of several new drilling targets located along the contacts or at the western edge of the felsic intrusion. These targets are characterized by weak chargeability highs associated with weak resistivity variations, and coincide with the northeast end of a significant gold and copper train in tills.

A drilling program consisting in four (4) holes totalling approximately 650 metres was completed during Q2-19. A new gold-bearing showing, named Longshot, was discovered in an altered diorite intrusion and returned 0.25 g/t Au over 10.0 metres, including 2.19 g/t Au over 0.7 metre from 117 m to 127 m in hole LAF-19-45. Hole LAF-19-46 intersected 0.37 g/t Au over 3.8 metres from 35.0 m to 38.8 m at about 500 metres south of LAF-19-45. The correlation between the mineralized zones (Py and quartz veins) in holes 45 and 46 and the historical IP anomalies is excellent.

A 54 km Gradient IP survey was completed during the 2019 summer on Laflamme, Several new IP anomalies (high chargeability and high resistivity) were detected. A drilling program consisting in five (5) holes for 1,200 metres is in preparation and the permitting process is ongoing.

4.3 Patris (Au), operated by Midland

Property Description

The Patris property is located about 30 kilometres to the north-east of Rouyn-Noranda and as at September 30, 2019 consists in 285 claims covering an area of approximately 11,674 hectares. Some claims are subject to the following NSR royalties:

- 1.5%, the Corporation can buy it back for \$500,000 per 0.5% tranche for a total of \$1,500,000.
- 1%, the Corporation can buy it back for \$500,000 per 0.5% tranche for a total of \$1,000,000;
- 2%, the Corporation can buy it back for \$1,000,000 per 1% tranche for a total of \$2,000,000;
- 2%, the Corporation can buy it back for \$500,000 the first 1% tranche and for \$1,000,000 for the second 1% tranche, for a total of \$1,500,000.

4. EXPLORATION ACTIVITIES (CONT'D)

The Corporation signed an option agreement with Teck on September 6, 2013 whereby Teck could have earned, in three options, a maximum interest of 65% in the Patris property. On March 29, 2018, the Corporation received a termination notice for the Patris option agreement.

Some claims were dropped in Fiscal 19, therefore the Corporation impaired partially for \$13,558 the exploration property cost (nil in Fiscal 18).

Exploration work on the property

No exploration work conducted on Patris during Fiscal 19. Midland is currently looking for a new partner for this project.

4.4 Casault (Au), in partnership with SOQUEM and operated by Midland

Property Description

The Casault property is located about 40 kilometres to the east of the Detour Lake gold project located north of the city of La Sarre, Abitibi and as at September 30, 2019, this property consists in 322 claims covering an area of approximately 17,726 hectares.

On October 10, 2014, the Corporation signed a letter of intent with SOQUEM to grant SOQUEM the option to acquire a 50% undivided interest in its Casault and Jouvex properties. By October 10, 2016, SOQUEM completed the \$4,500,000 work commitment, acquired a 50% undivided interest in the Casault Jouvex property and is now in joint venture with Midland.

Exploration work on the property

The drilling campaign was completed during Q1-19 on Casault. A total of seven (7) drill holes were completed (CAS-18-116 to CAS-18-122) totaling 2,800 meters in the Vortex gold discovery area located in the western sector of Casault near the Sunday Lake Fault and at the western end of the Timiskaming conglomerate basin.

Hole **CAS-18-116** targeted the Vortex Zone 200 m west of hole CAS-18-110. The only values obtained above 0.1 g / t Au are isolated and are:

- 0.284 g/t Au over 0.50m (403.0-403.50m)
- 0.269 g/t Au over 1,00m (394.0-395.0m)
- 0.239 g/t Au over 0.75m (171.85-172.6m)
- 0,224 g/t Au over 1.00m (429.0-430.0m)
- 0.190 g/t Au over 1.10m (432.5-433.60m)
- 0.136 g/t Au over 0.40 m (138.6-139.0m)
- 0.121 g/t Au over 0.95m (181.2-182.15m)

Hole **CAS-18-117** targeted the extension of the Vortex Zone to the East. The best value is at the beginning of the hole between 221.70-222.35m; it yielded 16.1 g/t Au over 0.65m. It is inside the gabbro, close to contact with the tuffs in a fault zone with a quartz-calcite-brecciated chlorite vein (25cm) mineralized with 1% disseminated pyrite. The Interval is strongly chloritized, unfortunately this value is isolated. Another section yielded 0.157 g/t Au over 6.5m (between 161.1-167.6m) and this section is probably related to the zone of hole CAS-13-36 which returned 0.134 g/t Au over 11.87m (between 65.13 and 77m). The 450 Vortex zone yielded 0.114 g/t Au over 8.7m.

Hole **CAS-18-118** was targeting an IP anomaly in contact with a magnetic maximum in a high resistivity zone. The best result returned 0.27 g / t Au over 0.90 meter between 125.40 and 126.30 meters.

4. EXPLORATION ACTIVITIES (CONT'D)

Hole **CAS-18-119** was targeting an IP anomaly in contact with a magnetic maximum in a high resistivity area. It also targets the Stellar Zone 1 encountered between 33.65 and 41.60 meters in hole CAS-18-118 located 210 meters to the north. This hole was completed at 549m. The IP target was reached between 174.65 and 176.70 meters and consisted in a zone of two (2) meters mineralized with 10-20% of fine and coarse pyrite in the gabbro strongly altered in chlorite and injected with 50% veins and veinlets of quartz and calcite epidotized. The Stellar Zone 1 was intercepted between 511.30 and 522.75 meters in foliated and heavily weathered pillowed basalts. The heart of the area is 4.25 meters wide and contains between 15-20% pyrite and 1-2% pyrrhotite. Locally, traces of sphalerite have been observed at the exit of the Stellar Zone 1, in the pillow borders. The best results returned:

- 0.375 g/t Au over 0.50m (308.40-308.90m)
- 0.387 g/t Au over 0.40m (348.15-348.55m)
- 0.156 g/t Au over 1.60m (360.00-361.60m)

Hole **CAS-18-120** was targeting an IP anomaly in contact with a magnetic maximum in a high resistivity area. The hole was interrupted at 260.6m in pillowed basalt. After 27m of casing the hole started in the pillowed basalts strongly altered in chlorite. In the first 85m we note the presence of 5 felsic dykes from 1.5m to 5m thick, they are quite dry on the mineralization side. From 107.35 to 226.15 metres, a heavily chloritized dark green gabbro was intersected. In general it is mineralized with traces of pyrite at 0.5-1% locally and contains several sections of felsic dykes that are weakly mineralised in pyrite 0.5-2%. The best result returned 0.33 g/t Au over 3.0 metres from 123.0 to 126.0 metres.

Hole **CAS-18-121** was targeting a magnetic high, the northern contact of the Timiskaming conglomerate basin, a weak IP anomaly and a rise in resistivity. The hole has been completed at 400.50m. The IP anomaly is explained by a sheared interval from 248.8 to 249.55m, injected with quartz veinlets + calcite and mineralized with 10-15% disseminated fine pyrite from 248.8m to 249.25m. The best results are:

- 0.113 g/t Au over 0.45m (103.39-104.35m)
- 0.312 g/t Au over 0.40m (218.65-219.05m)
- 0.435 g/t Au over 0.45m (248.80-249.25m)
- 2.02 g/t Au over 0.90m (263.3-264.2m)
- 0.136 g/t Au over 0.60m (270.0-270.6m)

Hole **CAS-18-122** passed through the 61.6 to 181m magnetic unit which is a blocks tuff and lapillis with fragments / strips of semi-massive py and Mt as typically seen in the 475 Vortex Zone. Subsequently, the hole intercepted a non-magnetic ash tuff and ended in a deformed mafic volcanic unit (chlorite shale), which appears to be on the Sunday Lake deformation corridor. The latter is very weakly mineralized with 0.1% of locally disseminated py. The best results returned:

- 0.43 g/t Au over 0.50 m (43.80 to 44.30m)
- 0.12 g/t Au over 0.80 m (46.70 to 47.50m)
- 1.59 g/t Au over 0.35 m (60.05 to 60.40m)

Three(3) lines of IP (multi-separations) were completed on the eastern block of claims of Casault. At least three anomalies were detected and graphite-sulphides are expected. The final report is pending.

A new drilling program proposal (6 ddh ; 2,500 m) is in preparation in order to test a ENE splay fault of the Sunday Lake deformation zone to the east of Vortex and north of the Timiskaming conglomerates. Drilling is expected to start during the next coming winter.

4. EXPLORATION ACTIVITIES (CONT'D)

4.5 Jouvex (Au), in partnership with SOQUEM and operated by Midland

Property Description

The Jouvex property is located about 50 kilometres to the southwest of Matagami and as at September 30, 2019 is composed of 264 claims covering an area of approximately 14,733 hectares. Some claims were dropped therefore the Corporation impaired partially for \$3,702 (\$3,303 in Fiscal 18).

See the Casault section for the details on the agreement signed with SOQUEM.

Exploration work on the property

During Q2-19, a drilling program was initiated on the Jouvex property. Unfortunately, due to the lack of production and the severe weather conditions, this program was stopped after only a total of 614.0 metres of drilling before its completion.

The most interesting interval came from hole JOU-19-15 which returned 0.22 g/t Au over 2.25 metres from 243.95 to 246.20 metres while testing an IP-OreVision anomaly. This zone consisted in 0.5% arsenopyrite and 1% pyrite in contact with felsic breccia volcanic.

4.6 Heva (Au), operated by Midland

Property Description

The Heva West block consists of 4 contiguous claims adjacent to the west of the Maritime-Cadillac property, currently a 49% Midland / 51% Agnico Eagle. The Heva East block is located about 4 kilometres to the southeast and consists of 30 contiguous claims largely covering sedimentary rocks of the Cadillac Group just north of the Piché Group. Some claims are subject to a 2% NSR royalty to the original holders, half of the royalty can be bought back for a payment of \$1,000,000.

On April 27, 2017, the Corporation had signed an option agreement with IAMGOLD whereby IAMGOLD could have earned, in three options, a maximum interest of 65% in the Héva property, On November 20, 2018, the Corporation received from IAMGOLD a termination notice for the Héva option agreement.

Exploration work on the property

No exploration work on the ground was conducted on Heva during Fiscal 19. Midland is currently looking for a new partner for this project.

4.7 Valmond (Au), operated by Midland

Property Description

The Corporation acquired claims by map staking about 50 kilometres to the west of the town of Matagami, Abitibi. As at September 30, 2019, this property consists in 76 claims covering an area of approximately 4,231 hectares. The Corporation wrote off the property for \$143,106 in Fiscal 19.

Exploration work on the property

A ground magnetic survey was completed on Valmond during Q2-18. This survey covered the NW extension of the main showing. No significant magnetic feature was identified.

4. EXPLORATION ACTIVITIES (CONT'D)

4.8 Samson Ni-Cu-PGE operated by Midland

Property Description

As at September 30, 2019, the Samson property consists of 265 claims covering a surface area of about 14,710 hectares about 50 kilometres west of the town of Matagami, in Abitibi. Some claims were dropped therefore the Corporation impaired partially for \$1,332 in Fiscal 18.

Exploration work on the property

An airborne high-resolution magnetic survey (2 blocks) was completed on the eastern portion of the Samson property during Q4-19. The final interpretation and the report by ProspecTEM are pending.

4.9 La Peltrie (Au), operated by Midland

Property Description

As at September 2019, the La Peltrie property comprises 337 claims covering a surface area of about 18,548 hectares and encompasses possible subsidiary faults to the south of the regional Lower Detour Fault over a distance of more than 10 kilometres. During Fiscal 19, some claims were dropped therefore the Corporation impaired partially for \$20,146.

On August 24, 2017, the Corporation acquired 4 claims from Globex Mining Enterprises Inc. ("Globex") by granting a 1% Gross Metal royalty to Globex.

On August 29, 2017, the Corporation had signed an option agreement with Niobay whereby Niobay could have earned, in two options, a maximum interest of 65% in the La Peltrie property. On January 15, 2019, the Corporation received from Niobay a termination notice for the option agreement.

Exploration work on the property

Midland is currently looking for a new partner for this project.

4.10 Wawagasic (Au), operated by Midland

Property Description

The Wawagasic property is wholly owned by Midland and is located 30 kilometres east of Detour Lake. As at September 30, 2019, it consists of 61 claims covering a surface area of about 3,384 hectares in the Abitibi region of Quebec. Some claims were dropped therefore the Corporation impaired partially for \$2,143 in Fiscal 18.

Exploration work on the property

No exploration work conducted on Wawagasic during Fiscal 19. Midland is currently looking for a new partner for this project.

4. EXPLORATION ACTIVITIES (CONT'D)

4.11 Adam (Cu-Au), operated by Midland

Property Description

The Adam property is wholly owned by Midland and is located about 65 kilometres west of the town of Matagami. As at September 30, 2019, it consists of 176 claims covering a surface area of about 9,787 hectares in the Abitibi region of Quebec. Some claims were dropped therefore the Corporation impaired partially for \$3,804 (\$2,632 in Fiscal 18).

The Adam property has strong gold and copper potential located about 15 kilometres east of the B26 zone held by SOQUEM and about 20 kilometres east of the former Selbaie mine, which historically produced 56.5 Mt grading 1.9% Zn, 0.9% Cu, 38.0 g/t Ag and 0.6 g/t Au.

Exploration work on the property

No exploration work on the ground was conducted on Adam during Fiscal 19. Midland is currently looking for a new partner for this project.

4.12 Mistaouac (Au), operated by Midland

Property Description

The Mistaouac property is wholly owned by Midland and is located about 75 kilometres to the south-west of Matagami. As at September 30, 2019, it consists of 213 claims covering a surface area of about 11,579 hectares in the Abitibi region of Quebec. Some claims were dropped therefore the Corporation impaired partially for \$12,045 (\$1,253 in Fiscal 18).

Exploration work on the property

No exploration work conducted on Mistaouac during Fiscal 19. Midland is currently looking for a new partner for this project.

4.13 Turgeon (Au), operated by Midland

Property Description

The Turgeon property is wholly owned by Midland and is located 150 kilometres to the south-west of Matagami. As at September 30, 2019, it consists of 244 claims covering a surface area of about 13,675 hectares in the Abitibi region of Quebec.

Exploration work on the property

No exploration work on the ground was conducted on Turgeon during Fiscal 19. Midland is currently looking for a new partner for this project.

4.14 Manthet (Au), operated by Midland

Property Description

The Manthet property is wholly owned by Midland and is located about 30 kilometres north-east of Detour Lake. As at September 30, 2019, it consists of 7 claims covering a surface area of about 386 hectares in the Abitibi region of Quebec. The Company wrote off the property in Fiscal 19 and incurred an impairment change of \$16,185.

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4. EXPLORATION ACTIVITIES (CONT'D)

Exploration work on the property

No exploration work conducted during Fiscal 19.

4.15 Abitibi Gold (Au) operated by Midland

Property Description

As at September 2019, the Abitibi Gold property comprises 2 claims covering a surface area of about 112 hectares. Some projects included in Abitibi Gold were dropped therefore the Corporation wrote off \$264,944 during Fiscal 18 (\$130,396 in acquisition costs and \$134,548 in exploration work).

On May 28, 2018, the Corporation signed a letter of intent, formalized by a definitive agreement signed on July 16, 2018, whereby it sold 17 claims for \$8,000 cash and a 1% NSR royalty.

Exploration work on the property

No exploration work on the ground was conducted during Fiscal 19.

GRENVILLE-APPALACHES

4.16 Weedon (Cu-Zn-Au) operated by Midland

Property Description

This property is located in the Eastern Townships, about 120 km south of Quebec City and as at September 30, 2019 is comprised of 132 claims covering an approximate area of 7 280 hectares. Some claims are subject to NSR royalties of:

- 1%, the Corporation can buy it back the royalty for \$500,000 per 0.5% tranche for a total of \$1,000,000;
- 0.5%, the Corporation can buy it back this royalty for \$500,000;
- 1.5% on all metals except gold and silver, the Corporation can buy it back for \$500,000 per 0.5% tranche for a total of \$1,500,000.

Some claims were dropped therefore the Corporation impaired partially for \$7,728 in Fiscal 19 the exploration property cost.

Exploration work on the property

During Q2-19 and IP survey was completed to the NE of the Lingwick deposit. Several weak anomalies were detected, including new axis found in the direct extension of the Lingwick deposit.

A prospecting program was conducted during the Q3-19 on Weedon and several floats with anomalous values in base metals (Zn-Cu) were discovered west of the Lingwick deposit. A field follow-up program is in preparation .

4.17 Gatineau Zinc (Zn), operated by Midland

Property Description

Midland owns a 100% interest in a land position for zinc, including as at September 30, 2019, 15 claims covering 893 hectares distributed in the Gatineau Area, approximately 200 kilometres northwest of the city of Montreal. Some claims were dropped therefore the Corporation impaired partially for \$96,627 in Fiscal 19.

4. EXPLORATION ACTIVITIES (CONT'D)

Exploration work on the property

During Q3-19, a Drone magnetic survey was completed to cover the Leitch showing. The final results show a great improvement compared to the historical ground magnetic survey.

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

Property Description

The Vermillon property is located some 90 km southwest of the town of La Tuque, Quebec and consists as at September 30, 2019 of 16 contiguous claims covering a total surface area of 934 hectares in joint venture 53.4% SOQUEM/ 46.6% Midland. Some claims are subject to a 1% NSR royalty and the Corporation can buy it back the royalty for \$500,000 per 0.5% tranche for a total of \$1,000,000.

Exploration work on the property

No exploration work conducted on Vermillon for Fiscal 19.

JAMES BAY

4.19 Mythril (Au-Cu-Mo), operated by Midland

Property Description

The Mythril property and consists as at September 30, 2019 of 1966 contiguous claims covering a total surface area of 100,138 hectares.

Exploration work on the property

Following the significant discovery in 2018 of Cu-Mo-Au-Ag floats and surface showings on Mythril over more than 2 kilometres, Midland conducted an heliborne magnetic and electromagnetic survey totalling approximately 2,500 line-kilometres in order to cover the main Mythril block. Also, the final results of the soil geochemistry survey were received.

2018 Highlights are:

- Continuous zone of copper soil anomalies that is at least 2.4 kilometres long, observed on each survey line, and from 25 to 250 metres wide. Strongest and widest copper anomalies (up to 0.12 % Cu in soil) are found on the last line to the west, still open and unexplained.
- Molybdenum soil anomalies mostly overlap the copper anomalies but are clearly stronger in the eastern part of the known system. Similar Cu vs Mo zoning also observed in surface showings and float fields; typical of large magmatic-hydrothermal mineralized systems, with Cu highest in shallower/colder parts and Mo in deeper/hotter parts.
- Preliminary results from an airborne magnetic-electromagnetic survey indicate that the known Cu-Au-Mo-Ag showings are located at the northern edge of a strong and laterally continuous magnetic anomaly.
- Copper mineralization at Mythril is hosted in a variably altered, foliated granodiorite intrusion, previously interpreted as a quartz-feldspar paragneiss based on limited outcrop exposures. The granodiorite is cut by barren granitic pegmatite dykes and granitic dykes that host variable mineralization. Copper mineralization in the granodiorite is closely associated with decimeter- to metre-scale potassic alteration zones; visually, the latter are darker and exhibit a stronger foliation, are enriched in biotite and commonly contain magnetite.

4. EXPLORATION ACTIVITIES (CONT'D)

A dipole-dipole array IP survey covered an area of approximately 4.5 × 1.2 kilometres, with lines spaced every 100 metres and stations at 25-metre intervals (n=1 to 6) along each line.

A new chargeability zone was identified along the northeast extension of Mythril, over a minimum distance of 1.3 km (open to the east). It is defined by chargeability values > 10 mV/V (up to 19 mV/V) relative to a background of 5-7 mV/V. It is locally accompanied by resistivity values as low as 2,500 ohm*m, relative to background values of 20,000 to 30,000 ohm*m. On line 37+00E, a copper-in-soil geochemical anomaly was identified last fall in the last sample collected just south of the IP anomaly. Moreover, a mineralized float was found near the IP anomaly on line 32+00E and had returned 0.17% Cu and 4.7 g/t Ag.

Other chargeability anomalies, parallel to the main Mythril trend, were identified and remain unexplained. These will be the focus of a prospecting campaign next summer.

An IP-Gradient survey totalling approximately 175 kilometres (lines spacing 200 m) was also completed and identified at least five (5) new target areas located in the eastern extension of the Mythril mineralized trend.

2019 Highlights are:

During 2019, three (3) phases of drilling (36 holes ;11,190 metres) as well as trenching and prospecting were completed on Mythril.

Highlights of Phase 1 drilling (Holes MYT-19-01 to MYT-19-10):

- MYT-19-06: 1.07 % Cu, 0.37 g/t Au, 8.87 g/t Ag (1.41 % CuEq.*) over 12.55 meters, including 3.03 % Cu, 1.03 g/t Au, 24.63 g/t Ag (3.94 % CuEq.*) over 4.0 meters, and including 11.8 % Cu, 3.96 g/t Au, 81.3 g/t Ag (15.16 % CuEq.*) over 0.6 meter.
- MYT-19-01: 0.23 % Cu over 54.0 meters (0.27 % CuEq.*), including 1.65 % Cu, 0.27 g/t Au and 6.88 g/t Ag over 4.93 meters (1.90 % CuEq.*).
- MYT-19-03: 0.86 % Cu, 0.13 g/t Au, 12.1 g/t Ag (1.08 % CuEq.*) over 3.51 meters.
- MYT-19-04: 0.97 % Cu, 0.11 g/t Au, 0.028 % Mo, 6.1 g/t Ag (1.20 % CuEq.*) over 2.5 meters.

*(*Metal prices used to calculate CuEq.: Au \$1,285/oz, Cu \$2.77/lb, Ag \$15/oz, Mo \$10.90/lb. Recoveries of 100% of all metals are assumed.)*

Highlights of Phase 2 drilling (Holes MYT-19-11 to MYT-19-26), trenching and prospecting:

- Drill hole MYT-19-11 (1300E) intersected a mineralized zone grading 3.00% Cu, 1.59 g/t Au, 0.09% Mo and 21.30 g/t Ag (4.60% CuEq.*) over 3.72 metres (150.95-154.67 m); this zone is included in a wider interval that graded 1.34% Cu, 0.69 g/t Au, 0.04% Mo and 9.54 g/t Ag (2.04% CuEq.*) over 9.00 metres (147.00-156.00 m). This mineralized zone remains open below drill hole MYT-19-11.
- Drill hole MYT-19-12 (300E) intersected an extensive mineralized zone grading 0.17% CuEq.* over 227.10 metres (180.80-407.90 m), including higher-grade intervals such as 2.51% Cu, 0.10 g/t Au, 0.05% Mo and 5.2 g/t Ag (2.82% CuEq.*) over 1.55 metres (266.65-268.20 m) and 2.60% Cu, 0.20 g/t Au, 0.003% Mo and 10.7 g/t Ag (2.83% CuEq.*) over 3.05 metres (383.90-386.95 m).
- Drill hole MYT-19-14 (150E) intersected a mineralized zone grading 3.55% Cu, 0.49 g/t Au, 0.006% Mo and 21.56 g/t Ag (4.07% CuEq.*) over 2.00 metres (114.50-116.50 m); this zone is included in a wider interval that graded 0.93% Cu, 0.12 g/t Au, 0.002% Mo and 5.66 g/t Ag (1.14% CuEq.*) over 9.80 metres (107.50-117.30 m).

4. EXPLORATION ACTIVITIES (CONT'D)

- Drill hole MYT-19-016 (900E) intersected numerous high-grade intervals such as 1.30 % Cu, 0.20 g/t Au, 0.26 % Mo, 8.9 g/t Ag (2.52 % Cu Equ.*) over 1 meter (240 – 241 m), 1.80 % Cu, 0.20 g/t Au, 0.02 % Mo and 8.1 g/t Ag (2.09 % Cu Equ.*) over 1.45 meter (260.95 – 262.4 m), contained within a larger interval yielding 0.11 % Cu, 0.02 g/t Au, 0.01 % Mo and 0.8 g/t Ag (0.16 % Cu Equ.*) over 130 meters (177.5 – 307.5 m).
- Drill hole MYT-19-018 (900E) intersected several high-grade mineralized zones yielding grades such as 0.88 % Cu, 0.29 g/t Au, 0.02 % Mo and 7.5 g/t Ag (1.20 % Cu Equ.*) over 3.35 meters (423.3 – 426.65 m), and 3.69 % Cu, 0.62 g/t Au, 0.02 % Mo and 25.8 g/t Ag (4.40 % Cu Equ.*) over 0.5 meter (401.65 – 402.15 m). These intervals are contained within a larger zone that yielded 0.11 % Cu, 0.03 g/t Au, 0.008 % Mo, and 0.8 g/t Ag (0.16 % Cu Equ.*) over 106.24 meters (376.85 – 483.09 m). This larger zone is still open at the end of the hole.
- Drill hole MYT-19-019 (2500E) tested the Haldir copper zone. It yielded 1.12 % Cu, 0.38 g/t Au, 0.06 % Mo, 7.2 g/t Ag (1.65 % Cu Equ.) over 3.35 meters (67.28 – 70.5 m).
- Drill hole MYT-19-024 (200E) intersected high-grade mineralized zones yielding 1.61 % Cu, 0.09 g/t Au, 0.01 % Mo and 6.7 g/t Ag (1.77 % Cu Equ.*) over 3.12 meters (45 – 48.12 m), and 2.16 % Cu, 0.14 g/t Au, 0.14 % Mo and 3.1 g/t Ag (2.81 % Cu Equ.*) over 1.28 meter (84 – 85.28 m). These are included in a larger zone grading 0.29 % Cu, 0.03 g/t Au, 0.007 % Mo and 1.0 g/t Ag (0.35 % Cu Equ.*) over 51.0 meters (45 – 96 m).
- Two channel samples spaced 5 metres apart on the Haldir/Council zone yielded high molybdenum values reaching 0.30% Mo over 2.0 metres and 0.22% Mo over 2.4 metres (open); another channel sample at the western end graded 0.41% Cu, 0.13 g/t Au, 0.04% Mo and 2.3 g/t Ag (0.67% CuEq.*) over 4.40 metres, including 0.67% Cu, 0.21 g/t Au, 0.07% Mo and 3.7 g/t Ag (1.10% CuEq.*) over 1.90 metres (open).
- A channel sample on the Celeborn showing returned values of 0.41% Cu, 0.15 g/t Au, 0.01% Mo and 3.0 g/t Ag (0.58% CuEq.*) over 5.10 metres, including 0.81% Cu, 0.28 g/t Au, 0.03% Mo and 7.1 g/t Ag (1.18% CuEq.*) over 1.60 metres.
- Three (3) new mineralized boulder fields were discovered in the west part of Mythril (sections 000E to 300E); grab samples yielded values reaching 12.0% Cu and 0.71% Mo and respective average grades are: 1.18% Cu, 0.25 g/t Au, 0.11% Mo and 14.7 g/t Ag (1.90% CuEq.*) (11 boulders – WF #1); 2.24% Cu, 0.21 g/t Au, 0.08% Mo and 10.2 g/t Ag (2.78% CuEq.*) (10 boulders – WF #2); and 0.84% Cu, 0.35 g/t Au, 0.02% Mo and 18.1 g/t Ag (1.30% CuEq.*) (5 boulders – WF #3).

Highlights of Phase 3 drilling (Holes MYT-19-27 to MYT-19-36):

- Drill hole MYT-19-33 tested the depth extension, to the west, of mineralization intersected in drill holes MYT-19-006 (1.41% CuEq.* over 12.55 metres) and MYT-19-011 (2.04% CuEq.* over 9.0 metres). The drill hole intersected seven (7) higher-grade mineralized zones from 168.0 to 261.1 metres, forming an envelope grading 0.11% Cu, 0.06 g/t Au and 2.7 g/t Ag (0.19% CuEq.*) over 93.1 metres, including 0.24% Cu, 0.22 g/t Au and 10.1 g/t Ag (0.47% CuEq.*) over 21.29 metres (223.62-244.91 metres). One of these zones is particularly enriched in precious metals, with grades of 5.43% Cu, 8.78 g/t Au and 400 g/t Ag (14.52% CuEq.*) over 0.51 metre (234.69-235.2 metres). It is characterized by a quartz-bornite vein with disseminated chalcopyrite in the granodioritic country rock. Another zone also graded 1.28% Cu, 0.09 g/t Au, 0.02% Mo and 5.5 g/t Ag (1.45% CuEq.*) over 1.4 metres, from 259.7 to 261.1 metres.
- Drill hole MYT-19-029 tested the western extension of mineralization encountered in drill hole MYT-19-006. The hole intersected three high-grade mineralized intervals. The most significant graded 0.91% Cu, 0.21 g/t Au, 0.01% Mo and 6.5 g/t Ag (1.14% CuEq.*) over 3.98 metres (146.69-150.67 metres), whereas the other two yielded values of 1.28% Cu, 0.21 g/t Au, 0.15% Mo and 12.4 g/t Ag (2.11% CuEq.*) over 0.53 metre (178.3-178.83 metres), and 1.18% Cu, 0.13 g/t Au, 0.05 % Mo and 6.6 g/t Ag (1.50% CuEq.*) over 0.61 metre (224.69-225.3 metres).

4. EXPLORATION ACTIVITIES (CONT'D)

- Drill hole MYT-19-028 tested the depth extension of mineralization intersected in drill hole MYT-19-012 (2.83% CuEq.* over 3.05 metres). It intersected a mineralized zone grading 0.56% Cu, 0.12 g/t Au and 4.1 g/t Ag (0.69% CuEq.*) over 4.1 metres (274.75-278.85 metres). This zone is included in a wider interval grading 0.17% Cu, 0.03 g/t Au and 1.1 g/t Ag (0.20% CuEq.*) over 40.25 metres (274.75-315.0 metres).
- Drill hole MYT-19-032 tested the eastern extension of mineralization encountered in drill hole MYT-19-011 (2.04% CuEq.* over 9.0 metres). It intersected several mineralized intervals, including a zone grading 0.36% Cu, 0.03 g/t Au and 1.2 g/t Ag (0.41% CuEq.*) over 7.39 metres (346.61-354.0 metres). Two additional higher-grade zones yielded values of 1.20% Cu, 0.13 g/t Au, 0.07% Mo and 8.4 g/t Ag (1.62% CuEq.*) over 0.6 metre (264.36-264.96 metres), and 0.68% Cu, 0.08 g/t Au, 0.07% Mo and 2.5 g/t Ag (1.04% CuEq.*) over 0.58 metre (328.48-329.06 metres).
- Drill hole MYT-19-030 tested the depth extension of mineralization intersected in drill hole MYT-19-011. Three high-grade mineralized intervals were intersected. The most significant zone graded 0.58% Cu, 0.08 g/t Au, 0.03% Mo and 4.0 g/t Ag (0.77% CuEq.*) over 3.34 metres, from 160.95 to 164.29 metres. Another zone also yielded values of 3.22% Cu, 1.70 g/t Au, 0.03% Mo and 26.2 g/t Ag (4.68% CuEq.*) over 0.5 metre (174.34-174.84 metres). These two zones are included in a wider interval grading 0.18% Cu, 0.08 g/t Au, 0.01% Mo and 1.4 g/t Ag (0.28% CuEq.*) over 23.23 metres (151.61-174.84 metres). A third zone yielded values of 0.88% Cu, 0.08 g/t Au and 6.7 g/t Ag (1.01% CuEq.*) over 1 metre (215.0-216.0 metres).
- Drill hole MYT-19-035 tested the bedrock near the Arwen gold-rich boulder field (section 3500E). It intersected a mineralized zone grading 0.17% Cu, 0.04 g/t Au, 0.11% Mo and 0.2 g/t Ag (0.61% CuEq.*) over 4.28 metres (37.10-41.38 metres), including a particularly molybdenum-rich interval, which graded 0.10% Cu, 0.02 g/t Au, 0.69% Mo and 0.2 g/t Ag over 0.51 metre (40.87-41.38 metres).

Highlights of new float fields discovered NE of Mythril (August)

The August prospecting campaign on Mythril led to the discovery of five (5) new significant Cu-Au-Mo-Ag mineralized float fields located several kilometers the north and northeast of the known Mythril trend. A total of 74 mineralized floats were found in five main float fields. The most important float field is located about 5 km northeast of the known Mythril trend and contains 48 floats scattered over an area of 1.2 kilometers by 200 meters large. These 48 floats yielded an average of 0.78 % Cu, 0.56 g/t Au, 0.07 % Mo and 6.73 g/t Ag, with values up to: 8.6 % Cu, 10.4 g/t Au and 25.6 g/t Ag (Sample #410279) and 0.83 % Mo (Sample #410288) from grab samples. The large number of mineralized floats in this field suggest a very local origin. Two (2) additional float fields were found about 4 kilometers northeast of Mythril and collectively yield an average of 0.39 % Cu, 0.55 g/t Au, and 6.92 g/t Ag from 4 grab samples. Two locally mineralized outcrops in the same area yielded respectively 1.17 % Cu, 0.55 g/t Au and 23.2 g/t Ag, and 0.47 % Cu, 0.52 g/t Au, 0.03 % Mo et 15.2 g/t Ag in grab samples.

Finally, two (2) more mineralized float fields (21 floats) were found about 2 kilometers north of Mythril and are distinguished as being dominated by bornite over the usual chalcopyrite. These bornite-rich float fields yielded an average of 0.66 % Cu, 0.36 g/t Au and 6.14 g/t Ag from 21 grab samples, with values up to: 2.09 % Cu (Sample #410575) and 1.52 g/t Au (Sample #410574). These new discoveries highlight the very significant regional exploration potential for Cu-Au-Mo-Ag in the Mythril area.

Discovery of new gold-rich boulders NE of Mythril (September)

During the prospecting campaign conducted in September, several new mineralized boulders and one showing were discovered in the northeast part of the Mythril claim block. The latter are located approximately 6.5 kilometres northeast of the main Mythril area and 2 kilometres north of the Cu-Au-Mo-Ag float fields discovered in August.

4. EXPLORATION ACTIVITIES (CONT'D)

The three northernmost boulders are scattered over a distance of 150 metres and are characterized by high gold grades (2.84 g/t Au; 2.83 g/t Au; 0.59 g/t Au; grab samples) combined with low copper (<0.15% Cu) and molybdenum (<0.01% Mo) values. Mineralization consists of pyrite (up to 1%), magnetite and trace chalcopyrite in a granodiorite with biotite alteration. This is the first occurrence of predominantly gold mineralization on Mythril. Areas to the north, east and west of these boulders remain unexplored.

Ten (10) new granodiorite boulders with Cu-Au-Mo-Ag mineralization were also discovered further south. These boulders yielded average grades of 0.32% Cu, 0.38 g/t Au, 0.04% Mo and 4.7 g/t Ag (grab samples). A showing with grades of 0.48% Cu, 0.93 g/t Au and 15.9 g/t Ag was also discovered in the vicinity. The boulders and the showing are also relatively gold-rich compared to other mineral occurrences on the Mythril project. These observations suggest a systematic increase in gold versus copper content to the east and north of the project. This type of multi-kilometre-scale variation is typical of large-scale hydrothermal systems.

Highlights prospecting on Mythril regional

- New Tornado Au-Cu-Mo showing, with values up to 4.7 g/t Au and 0.39 % Cu in grab samples; mineralized float yielding 3.13 g/t Au and 0.35 % Cu in a grab sample in the same area (Tilly claim block, Pasithee area).
- New Eomer gold showing in an iron formation: 2.79 g/t Au and 1.31 g/t Au in grab samples (Tilly south claim block)
- New Faramir showing yielding up to 0.34 % Cu, and the Boromir float field containing 22 mineralized floats yielding an average of 0.12 % Cu (grab samples; Tilly south claim block, western area). The showing and the floats occur as dense stockworks of quartz, chlorite, ankerite, epidote veins, in very strongly altered granitoids.
- New Mo-bearing showing and floats northeast of Faramir: up to 1.72 % Mo (grab sample from a locally sourced float).
- New Mo-Au-Cu showing on the new Corvette claim block: up to 3.84 g/t Au and 0.45 % Mo (grab sample, locally sourced float); up to 1.79 % Mo (grab sample from an outcrop).
- Arsenopyrite-bearing tonalite float discovered on the Corvette claim block, that yielded 3.47 g/t Au and 1.1 g/t Au (grab samples).

Upcoming work on Mythril

The results of drilling conducted in 2019 on Mythril will be analyzed in detail and modelled in 3D during the coming weeks. An induced polarization survey is planned for the coming winter, to cover the northeast part of Mythril, including the gold-rich boulders discovered in September and the copper-rich float fields discovered in August. The geophysical survey and 3D modelling will be followed by another drilling campaign. The final results of the lake sediments survey are still pending and are expected during Q2-20.

4.20 Isengard (Au) operated by Midland

Property Description

The Corporation decided to drop the claims of the Isengard property since, amongst other reasons, no gold or base metals anomalies were found. The Corporation wrote off the property for \$64,468 during Fiscal 19.

Midland Exploration Inc.
Management Discussion & Analysis
For the year ended September 30, 2019

4. EXPLORATION ACTIVITIES (CONT'D)

4.21 Minas Tirith, operated by Midland

Property Description

The Minas Tirith property consists as at September 30, 2019 of 111 contiguous claims covering a total surface area of 5,923 hectares. Some claims were dropped therefore the Corporation impaired partially for \$56,994 in Fiscal-19.

4.22 Shire, operated by Midland

Property Description

The Shire property consists as at September 30, 2019 of 183 contiguous claims covering a total surface area of 9,734 hectares. Some claims were dropped therefore the Corporation impaired partially for \$204,017 in Fiscal-19.

4.23 Elrond (Au) operated by Midland

Property Description

The Elrond property consists as at September 30, 2019 of 119 contiguous claims covering a total surface area of 6,167 hectares.

Exploration work on the property

A 6 days prospecting program was carried out during July on the Elrond project. Prospecting on Elrond has yielded further evidence of a regional intrusion-related gold system associated with late pegmatites/granites in the area (Cheechoo-type). In the southwest part of the project, a granite dyke with tourmaline trace pyrite returned 2.49 g/t Au along with a very high Bi content (0.2% Bi). Two samples of Mo-bearing tonalites/pegmatites have yielded anomalous gold values (0.11 and 0.23 g/t Au, with high Mo-Bi). A follow-up on a shear zone sampled that yield 1.81 g/t Au in 2017 yielded consistent values of 2.17 g/t Au and 1.68 g/t Au laterally. Finally, a felsic dyke sampled east of the 2017 As-bearing zone (4 g/t Au) yielded 0.45 g/t Au.

4.24 Gondor (Au) operated by Midland

Property Description

The Corporation decided to drop the claims of the Gondor property since, amongst other reasons, no gold anomaly was found. The Corporation wrote off the property for \$47,022 during Fiscal-19.

4.25 Helm's Deep (Au) operated by Midland

Property Description

The Helm's Deep property consists as at September 30, 2019 of 70 contiguous claims covering a total surface area of 3,699 hectares.

Exploration work on the property

A 6 days prospecting program was carried out during July 2019 on the Helm's Deep project. No significant result was received.

4. EXPLORATION ACTIVITIES (CONT'D)

4.26 James Bay Gold JV (Au), operated by Osisko

Property Description

On June 13, 2016, a joint-venture agreement (50%-50%) was signed with Osisko Exploration James Bay Inc. ("Osisko") whereby Osisko and the Corporation will cooperate and combine their efforts to explore the JV Eleonore property recently staked by the two corporations. The property is located 12 kilometres southeast and northwest of Newmont Goldcorp Corporation's ("Goldcorp") Eleonore deposit. The property regroups several properties for a total of 578 claims covering a surface area of about 30,281 hectares.

Each partner obtained a 0.5% NSR royalty as a mutual consideration for the constitution of the joint-venture.

Exploration work on the property

No exploration work conducted on the ground on James Bay Gold JV for Fiscal 19.

4.27 Éléonore Gold Properties (Au) operated by Midland

Property Description

The Éléonore new property is divided in three distinct blocks with two of them within 25 kilometres from the Éléonore gold discovery of Goldcorp and one southeast 30 km further along strike. It encompasses a group of 261 claims covering an area of approximately 13,690 hectares as at September 30, 2019.

Exploration work on the property

Results from one day of prospecting in the south end of Eleonore Centre were received. No significant gold values were returned.

4.28 James Bay Gold (Au), operated by Midland

Property Description

Midland owns a 100% interest on 199 claims as at September 30, 2019 covering 10,219 hectares in the James Bay Area. Some claims were dropped therefore the Corporation impaired partially for \$262,798 the exploration property cost (\$1,657 in Fiscal 18).

Exploration work on the property

An IP survey was completed during Q2-19 in the extensions of the Elsa showing found in 2018. At least two strong anomalous IP responses were obtained.

Prospecting in the vicinity of the IP anomalies was carried out during Q3-19. On Galinée, we have obtained a value of 0.90 g/t Au on an outcrop adjacent to one on which we had a 0.96 g/t Au value in June. It is a small 10cm thick semi-massive pyrite zone in an amphibolite. However, 8 other samples collected on the 0.96 g/t Au outcrop yielded low gold values.

Further southeast on Galinee, two boulders of amphibolite with arsenopyrite yielded 0.79 g/t Au and 0.43 g/t Au.

4. EXPLORATION ACTIVITIES (CONT'D)

4.29 McDuff (Cu-Au-Mo-Ag), operated by Midland

Exploration work on the property

A prospection campaign on the Macduff project was held in September. The 120 grab samples from the campaign are presently in process at the lab. Assays are pending.

NORTHERN QUEBEC

4.30 Pallas (PGE), operated by Midland

Property Description

As at September 30, 2019, the property totals 349 claims covering approximately 15,822 hectares in the Labrador Trough («Trough») some 80 kilometres west of Kuujjuak, Québec. Some claims were dropped therefore the Corporation impaired partially for \$49,873 the exploration property cost in Fiscal 19.

Exploration work on the property

No exploration work on the ground was conducted on Pallas during Fiscal 19.

4.31 Willbob (Au), operated by Midland

Property Description

The Willbob property in the Labrador Trough consists of 1,016 claims covering about 46,517 hectares as of September 30, 2019, and is located approximately 66 kilometres west-southwest of Kuujjuak (Québec), near and in a geological environment similar to Midland's Pallas Project.

On October 2, 2017, the Corporation signed an acquisition agreement whereby it acquired 8 claims for a \$10,000 cash payment and a 2% NSR royalty of which 1% can be bought back for a payment of \$1,000,000.

Some claims were dropped therefore the Corporation impaired partially for \$114,391 the exploration property cost in Fiscal 19.

Exploration work on the property

The Ants zone was discovered by surface prospecting in July 2018. It occurs as a large outcropping zone of disseminated pyrrhotite-chalcopyrite and minor quartz veins in a strongly chloritized and ankeritized quartz diorite. A single channel (ANTS-18-01) in July cut in the western part of the zone yielded 0.81 g/t Au over 5.8 meters, including 1.48 g/t Au over 2.8 meters. New channel sampling in September 2018 significantly extended the gold zone to the southeast, also yielding higher gold values. Channel ANTS-18-03, located 30 meters to the southeast of ANTS-18-02, yielded **1.78 g/t Au over 23.3 meters, including 3.19 g/t Au over 10.0 meters.** The interval is still open to the southwest, as the last channel sample yielded 0.6 g/t Au. The zone is also completely open to the southeast.

Channel ANTS-18-02, located about 20 meters southeast of ANTS-18-01, yielded **3.33 g/t Au over 5.0 meters.** The interval is still open to the southwest, as the last sample in the channel returned 2.2 g/t Au.

4. EXPLORATION ACTIVITIES (CONT'D)

The Ants-4G zone is located approximately 100 meters east of channel ANTS-18-03. A grab sample in July had yielded 4.27 g/t Au in a diorite mineralized in pyrrhotite, with ankerite-chlorite alteration. It is visually similar to the Ants zone. Channel sampling of the Ants-4G zone returned **2.22 g/t Au over 4.5 meters** in ANTS-18-04. Visible gold was observed in small tension quartz veins.

Highlights 2019 drilling program (Ants and Stars)

The drilling campaign, comprising eleven (11) drill holes for a total of 1,141.5 metres, was designed to test the Ants and Stars surface showings with nine (9) and two (2) drill holes respectively.

During the drilling campaign on the Ants showing in September 2019, nine (9) drill holes totalling 910.5 metres were drilled (WB-19-25 to WB-19-33).

Drill hole WB-19-33 was drilled the furthest to the west, near surface, on section 200E and intersected an interval grading 1.81 g/t Au over 12.06 metres from 32.14 metres to 44.20 metres, including an interval grading 2.99 g/t Au over 4.56 metres from 32.14 metres to 36.70 metres. This gold intercept remains completely open to the west and at depth.

On a section located 100 metres further east (section 300E), drill hole WB-19-26 intersected an interval grading 2.09 g/t Au over 6.01 metres from 46.39 metres to 52.40 metres, including a zone grading 4.05 g/t Au over 2.50 metres from 46.90 metres to 49.40 metres. On the same section but very near surface, drill hole WB-19-25 intersected a mineralized zone grading 1.04 g/t Au over 3.20 metres from 7.80 metres to 11.0 metres.

The Ants mineralized zone is characterized by the presence of sulphides, mainly composed of 1-15% pyrrhotite with trace to 1% chalcopyrite. These sulphides are disseminated or clustered in a quartz diorite host rock that is strongly altered to iron carbonates and albite and locally cut by a network of quartz-carbonate veinlets. Note that visible gold was observed in many locations. The remaining drill holes all intersected anomalous gold values associated with the mineralized diorite, thus defining an anomalous gold-bearing envelope to the north of the mineralized zone on surface, over a strike length of at least 300 metres.

No significant results was obtained on Stars.

Prospecting highlights on lake Canyon showings

Prospecting in July had led to the discovery of three new high-grade gold showings on new claims acquired by Midland in 2019 in the lake Canyon area (press release date August 22, 2019). A follow-up campaign was done in September on these showings. On the Canyon-1 showing, a gold value of 10.2 g/t Au had been obtained in July (grab sample). New high-grade gold values were returned from the follow-up: 31.5 g/t Au, 5.95 g/t Au and 3.77 g/t Au (grab samples). Three (3) other grab samples yielded between 0.1 and 1 g/t Au and ten (10) more yielded less than 0.1 g/t Au. The Canyon-2 showing is located 250 meters northwest of Canyon-1 and had yielded 18.55 g/t Au, 4.94 g/t Au and 1.01 g/t Au in grab samples in July. Gold values of 23.5 g/t Au and 2.08 g/t Au were obtained in September on this showing (grab samples). Seven (7) grab samples yielded between 0.1 and 1 g/t Au while fourteen (14) more yielded less than 0.1 g/t Au. Finally, the Canyon-3 showing is located 30 meters north of Canyon-3 and had yielded 16.85 g/t Au in July. A value of 3.35 g/t Au was obtained in September. A float (subcrop) collected on the showing also yielded 6.64 g/t Au from a grab sample. Two (2) more grab samples collected on Canyon-3 yielded between 0.1 and 1 g/t Au and four (4) other grab samples yielded less than 0.1 g/t Au.

4. EXPLORATION ACTIVITIES (CONT'D)

4.32 Soissons (Ni-Cu-Co), operated by Midland

Property description

During Q2-18, Midland announced the acquisition by map staking of a new, 100% owned, nickel-copper-cobalt project in the Churchill geological province, Quebec. This new project consists of a total of 175 claims covering about 8,226 hectares and is located approximately 150 kilometers southeast of the town of Kuujuaq, Quebec.

Exploration work on the property

The Soissons property covers a series of Ni-Cu-Co showings associated with two distinct troctolite to olivine-bearing gabbro-norite intrusions (Soissons intrusive suite). Work done in 2000 and 2001 by previous explorers revealed the following Ni-Cu-Co grades in grab samples: 1.22% Ni, 0.5% Cu, 0.06% Co; 1.03% Ni, 0.47% Cu, 0.05% Co (Papavoine showing); 0.63% Ni, 0.15% Cu, 0.04% Co (A14-1W showing); 0.67% Ni, 0.43% Cu, 0.05% Co (A14-1E showing); 0.30% Ni, 0.29% Cu, 0.03% Co (A17-1 showing) (note that grab samples are selective by nature and may not be representative of mineralized zones). A limited drilling campaign in 2001 (9 drill holes) also revealed the following intersections: 1.07% Ni, 0.23% Cu, 0.09% Co / 0.75m; 0.55% Ni, 0.43% Cu, 0.03% Co / 1.7m (Papavoine); 0.57% Ni, 0.29% Cu, 0.03% Co / 1.0m (Papavoine West) (note that the true thicknesses of the mineralized intervals are still undetermined). Drilling also returned several significant intervals of disseminated sulfides with Ni values between 0.1% and 0.2% over tens of meters. Re-examination of historical borehole geophysical surveys indicates that several very promising off-hole electromagnetic anomalies remain untested in the extensions of these mineralized intervals.

During Q4-18, Midland completed a prospecting and channel sampling program on Soissons Channel samples collected in 2018 graded up to 0.61% Ni, 0.31% Cu and 0.04% Co over 6.6 metres.

4.33 Soissons-NMEF (Ni-Cu-Co), operated by NMEF

Property Description

On July 27, 2018, the Corporation signed a partnership agreement (50%-50%) with NMEF, to explore an area of the Soissons property located between 50 and 100 kilometers southeast of Kuujuaq, Nunavik, Quebec. The NMEF will be the operator of the partnership. As at September 30, 2019, this project consists of a total of 51 claims covering about 2,362 hectares

Exploration work on the property

A new prospecting program was completed during Q3-19 on the JV properties and three samples returned anomalous Ni-Cu results.

4.34 PROJECTS GENERATION

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

Some projects included in Projects Generation were dropped therefore the Corporation wrote off \$85,393 during Fiscal 18 (\$20,472 in Fiscal 18).

Midland Exploration Inc.
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4. EXPLORATION ACTIVITIES (CONT'D)

Other Activities

Midland is pro-active in the acquisition of new mineral exploration properties in Quebec. Management is constantly reviewing other opportunities and other projects to improve the portfolio of the Corporation. 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.

5. FINANCING ACTIVITIES

The Corporation finances itself mainly through share issuance. Please refer to section 2.2 for private placements closed in Fiscal 19.

6. WORKING CAPITAL

6.1 Non-IFRS Financial Performance Measure

Midland has included a non-IFRS measure, "Adjusted working capital", to supplement its financial statements, which are presented in accordance with IFRS.

Midland believes that this measure, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Corporation. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Midland has an adjusted working capital of \$14,017,423 as of September 30, 2019 (\$11,214,039 as of September 30, 2018) which is calculated as follows:

	Fiscal 19	Fiscal 18
	\$	\$
Current assets	15,074,053	10,639,766
Investments – non-current portion	-	1,200,000
Current liabilities	(1,056,630)	(625,727)
Adjusted working capital	14,017,423	11,214,039

6.2 Cash flow required

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 Corporation 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 Corporation. The Corporation may also elect to advance the exploration and development of mineral properties through joint-venture participation.

Midland Exploration Inc.
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6. WORKING CAPITAL (CONT'D)

	Fiscal 20 forecast
	\$
Working capital opening	14 017 000
Operating expenses, excluding non-cash items	(1 400 000)
Project management fees and interest income	100 000
Flow-through private placement	1,472,000
Share issue expenses	(100 000)
Exploration budget paid by Midland	(2 495 000)
Mining credits of preceding years	1 541 000
Property maintenance	(447 000)
Cash used	(1 329 000)
Working capital ending	12 688 000

7. SELECTED ANNUAL INFORMATION

	Fiscal 19	Fiscal 18	Fiscal 17
	\$	\$	\$
Project management fees	33,684	109,548	96,193
Loss	(1,142,784)	(807,530)	(1,214,056)
Loss per share, basic and diluted	(0.02)	(0.01)	(0.02)

	As at September 30,		
	2019	2018	2017
	\$	\$	\$
Total assets	38,615,831	29,736,269	26,477,605

8. SUMMARY OF RESULTS PER QUARTERS

For the eight most recent quarters:

	Q4-19	Q3-19	Q2-19	Q1-19
	\$	\$	\$	\$
Project management fees	863	1,084	11,609	20,128
Net earnings (loss)	(862,300)	483,606	(216,876)	(547,214)
Loss per share	(0.01)	0.01	-	(0.01)
Total assets	38,615,831	39,668,731	33,371,418	32,934,533

	Q4-18	Q3-18	Q2-18	Q1-18
	\$	\$	\$	\$
Project management fees	27,085	29,361	7,589	45,513
Net earnings (loss)	(450,974)	139,272	(233,834)	(261,994)
Loss per share	(0.01)	-	-	(0.01)
Total assets	29,736,269	29,690,768	27,692,038	27,955,415

No adjustments were required following the adoption of IFRS 15 (see Section 16).

A \$993,400 recovery of deferred income taxes (non-cash item) was recognized in Q3-19 (\$360,900 in Q3-18) to record the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the December 2018 private placement (November 2017 in Q3-18).

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9. FOURTH QUARTER

The Corporation reported a loss of \$962,300 for Q4-19 compared to a loss of \$450,974 for Q4-18.

The Corporation project management fees decreased to \$863 in Q4-19 (\$27,085 in Q4-18). Projects for which Midland is the operator (Casault: SOQUEM and Jouvex: SOQUEM) were less active in Q4-19 versus Q4-18.

Total expenses increased to \$984,877 in Q4-19 compared to \$594,630 in Q4-18:

- Impairment of exploration and evaluation assets (non-cash items) increased to \$661,964 (\$281,885 in Fiscal 18). See section 4 for the detailed explanations.

Interest income increased to \$92,916 (\$57,121 in T4-18) due to increased funds invested following \$11,165,600 of private placement closed (\$2,503,579 during Fiscal 18).

A favorable change in fair value of listed shares (non-cash) of \$30,000 (unfavorable for \$3,000 in Q4-18) was recorded on the Niobay Metals Inc. ("Niobay") shares received as part of the La Peltrie option agreement.

A \$1,202 deferred tax expense (\$62,450 deferred income tax recovery in Q4-18) (non-cash item) was recognized. See detailed exploration in section 3

The Corporation incurred \$2,942,656 (\$2,162,786 in Q4-18) in exploration expenses of which \$8,835 (\$423,688 in Q4-18) was recharged to the partners. The exploration expenses incurred in Q4-19 were mostly executed on Mythril and Willbob whereas in Q4-18, the exploration expenses were mostly executed on Willbob, Casault, Shire and Moria.

The Corporation acquired properties for \$26,417 (\$592,886 net in Q4-18 mostly to buy back the 50% interest of Altius in the BJ Altius properties by issuing 461,487 common shares valued at \$507,636.

10. RELATED PARTY TRANSACTIONS

The following are the related party transactions that occurred in Fiscal 19, In the normal course of operations:

- A firm in which René Branchaud (director and corporate secretary) is a partner charged legal fees amounting to \$147,281 (\$69,469 in Fiscal 18) of which \$38,626 (\$51,026 in Fiscal 18) was expensed and \$108,655 (\$18,443 in Fiscal 18) was recorded as share issue expenses;
- A company controlled by Ingrid Martin (chief financial officer) charged accounting fees totaling \$138,976 (\$131,102 in Fiscal 18) of which \$57,113 (\$47,634 in Fiscal 18) relates to her staff;
- As at September 30, 2019, the balance due to the related parties amounted to \$5,067 (\$4,681 as at September 30, 2018).

11. EVENTS SUBSEQUENT TO YEAR END

See section 2.2 on financing activities.

12. STOCK OPTION PLAN

The purpose of the stock option plan is to serve as an incentive for the directors, officers and service providers who will be motivated by the Corporation's success as well as to promote ownership of common shares of the Corporation by these people. There is no performance indicator relating to profitability or risk attached to the plan.

The number of common shares granted is determined by the Board of Directors. On February 15, 2018, the board of directors approved an increase in the number of common shares reserved for issuance under the Corporation's fixed number stock option plan from 5,400,000 to 5,790,000. In addition, the Plan was amended to allow the extension of the exercise period during a black-out period.

12. STOCK OPTION PLAN (CONT'D)

Such amendment to the plan was approved by the Exchange. The exercise price of any option granted under the plan shall be fixed by the Board of Directors at the time of grant and shall not be lower than the closing price on the day preceding the grant. The term of the option will not exceed ten years from the date of grant. The options normally vest 1/6 per 3 months from the grant date, or otherwise as determined by the Board of Directors.

13. OFF-BALANCE SHEET ARRANGEMENTS

The Corporation does not have any off-balance sheet arrangements.

14. COMMITMENT

In February 2016, the Corporation extended the lease for five years, from March 2017 to February 2022. The rent is \$31,432 for the first year and thereafter will be indexed annually at the highest of the increase of the consumer price index or 2.5%. The Corporation has the option to renew the lease for an additional 3 year period under the same conditions.

15. CRITICAL ACCOUNTING ESTIMATES

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results could differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

JUDGMENTS

15.1 Impairment of exploration and evaluation ("E&E") assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of E&E assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further E&E of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period.

15. CRITICAL ACCOUNTING ESTIMATES (CONT'D)

The total impairment loss of the E&E assets recognized is \$1,261,081 for Fiscal 19 (\$303,610 for Fiscal 18). No reversal of impairment losses has been recognized for the reporting periods.

15.2 Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

15.3 Valuation of credit on duties refundable for loss and the refundable tax credit for resources.

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including credit on mining duties and tax credit related to resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Corporation's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority.

Differences arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods. The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and its financial performance and cash flows.

16. NEW ACCOUNTING STANDARDS

The most relevant standards, amendments and interpretations issued up to the date of the issuance of these financial statements are listed below.

16.1 Accounting standards issued but not yet effective

a) IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of "low-value" assets; and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

16. NEW ACCOUNTING STANDARDS (CONT'D)

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires more extensive disclosures than under IAS 17.

Transition to IFRS 16

IFRS 16 is effective for the Corporation's annual period beginning on October 1, 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard's transition provisions permit certain reliefs. The Corporation plans to adopt IFRS 16 using the modified retrospective approach, which means it will apply the standard from October 1, 2019, the cumulative impact of adoption will be recognized as at October 1, 2019 and comparatives will not be restated. Since the Corporation will recognize the right-of-use assets at the amount equal to the lease liabilities less any lease accruals, there will be no impact on the deficit upon the adoption.

The Corporation has presently only one lease affected by IFRS 16, described in section 14. With a 7% incremental borrowing rate, the Management anticipate recording as of October 1, 2019, a right of use asset of \$159,422 and an equivalent long term lease liability (with the short term portion being \$32,452).

17. FINANCIAL INSTRUMENTS

For a description of the financial instruments and the risk associated, please refer to notes 2.5 and 12 of the September 30, 2019 financial statements.

18. RISK FACTORS

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

18.1 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 Corporation 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 Corporation, 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 Corporation's mineral properties.

18. RISK FACTORS (CONT'D)

18.2 Titles to Property

While the Corporation 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.

18.3 Permits and Licenses

The Corporation's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Corporation 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.

18.4 Metal Prices

Even if the Corporation's exploration programs are successful, factors beyond the control of the Corporation may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Corporation'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.

18.5 Competition

The mining industry is intensely competitive in all its phases. The Corporation 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.

18.6 Environmental Regulations

The Corporation'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 Corporation intends to fully comply with all environmental regulations.

18. RISK FACTORS (CONT'D)

18.7 Conflicts of Interest

Certain directors and officers of the Corporation 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 or officers of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest, which they may have in any project or opportunity of the Corporation. 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 Corporation will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

18.8 Stage of Exploration

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

18.9 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 and mining duty 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 Corporation, such as government regulations. The Corporation undertakes exploration in areas that are or could be the subject of native land claims. Such claims could delay work or increase exploration costs. The effect of these factors cannot be accurately determined.

18.10 Uninsured Hazard

Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Corporation may become subject to liability for pollution or other hazards, which cannot be insured against or against which the Corporation 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 Corporation assets or the insolvency of the Corporation.

18.11 Capital Needs

The exploration, development, mining and processing of the Corporation's properties will require substantial additional financing. The only current source of future funds available to the Corporation is the sale of additional equity capital. There is no assurance that such funding will be available to the Corporation or that it will be obtained on terms favourable to the Corporation or will provide the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation'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 Corporation's properties or even a loss of property interest.

18. RISK FACTORS (CONT'D)

18.12 Key Employees

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

18.13 Canada Revenue Agency and provincial agencies

No assurance can be made that Canada Revenue Agency and provincial agencies will agree with the Corporation'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) or any provincial equivalent.

19. FORWARD LOOKING INFORMATION

Some statements contained in this MD&A, specially the opinions, the projects, the objectives, the strategies, the estimates, the intent and the expectations of Midland that are not historical data, are forward looking statements. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other terms and similar expressions. These statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section 17 Risks factors). The real results for Midland could differ in an important way of those which state or that these forward looking statements show the possibility for. Consequently it is recommended not to trust unduly these statements. These statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. These statements speak only as of the date of this MD&A. Midland undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

December 5, 2019

(s) Gino Roger
Gino Roger
President and CEO

(s) Ingrid Martin
Ingrid Martin
CFO



Independent auditor's report

To the Shareholders of Midland Exploration Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Midland Exploration Inc. (the Corporation) as at September 30, 2019 and 2018, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS).

What we have audited

The Corporation's financial statements comprise:

- the statements of financial position as at September 30, 2019 and 2018;
- the statements of comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis, and the information, other than the financial statements and our auditor's report thereon, included in the annual report.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

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In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Maxime Guilbault.

PricewaterhouseCoopers LLP¹

Montréal, Quebec
December 5, 2019

¹ CPA auditor, CA, public accountancy permit No. A128042

Midland Exploration Inc.

Statements of Financial Position

As at September 30, 2019 and 2018

	As at September 30	
	2019	2018
	\$	\$
Assets		
Current assets		
Cash	349,389	2,752,286
Investments (note 5)	12,491,000	6,550,000
Accounts receivable	196,770	123,188
Sales tax receivable	413,804	295,262
Tax credits and mining rights receivable	1,540,507	830,776
Prepaid expenses	82,583	88,254
Total current assets	15,074,053	10,639,766
Non-current assets		
Investments - non-current portion (note 5)	-	1,200,000
Tax credits and mining rights receivable – non-current portion	-	90,274
Listed shares	70,000	40,000
Exploration and evaluation assets (note 6)		
Exploration properties	2,561,212	2,537,747
Exploration and evaluation expenses	20,910,566	15,228,482
	23,471,778	17,766,229
Total non-current assets	23,541,778	19,096,503
Total assets	38,615,831	29,736,269
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	1,046,240	625,727
Advance received for exploration work	10,390	-
Total liabilities	1,056,630	625,727
Equity		
Capital stock	48,230,237	39,352,127
Warrants (note 7)	749,556	-
Contributed surplus	5,033,761	4,756,224
Deficit	(16,454,353)	(14,997,809)
Total equity	37,559,201	29,110,542
Total liabilities and equity	38,615,831	29,736,269

The accompanying notes are an integral part of these financial statements.

On behalf of the Board of Directors

(s) Jean-Pierre Janson
Jean-Pierre Janson
Director

(s) Gino Roger
Gino Roger
President, Director

Midland Exploration Inc.

Statements of Comprehensive Loss

For the years ended September 30, 2019 and 2018

	Fiscal 19	Fiscal 18
	\$	\$
Revenues		
Project management fees	33,684	109,548
Operating Expenses		
Salaries	620,863	540,288
Stock-based compensation	179,497	192,395
Travel	48,266	59,702
Rent and insurance	60,428	59,935
Office expenses	173,338	151,595
Regulatory fees	50,228	50,658
Conferences and mining industry involvement	265,555	160,203
Press releases and investors relations	86,970	78,264
Professional fees	231,785	229,973
General exploration	884	3,000
Gain on disposal of mining assets	-	(8,000)
Impairment of exploration and evaluation assets (note 6)	1,261,081	303,610
Operating expenses	2,978,895	1,821,623
Other gains or losses		
Interest income	330,999	203,475
Change in fair value - listed shares	30,000	7,000
	360,999	210,475
Loss before income taxes	(2,584,212)	(1,501,600)
Recovery of deferred income taxes (note 10)	1,441,428	694,070
Loss and comprehensive loss	(1,142,784)	(807,530)
Basic and diluted loss per share (note 9)	(0.02)	(0.01)

The loss and comprehensive loss are solely attributable to Midland Exploration Inc. shareholders.

The accompanying notes are an integral part of these financial statements.

Midland Exploration Inc.

Statements of Changes in Equity

For the years ended September 30, 2019 and 2018

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$	\$
Balance at October 1, 2018	61,036,284	39,352,127	-	4,756,224	(14,997,809)	29,110,542
Loss and comprehensive loss	-	-	-	-	(1,142,784)	(1,142,784)
Private placement	4,777,333	6,305,244	749,556	-	-	7,054,800
Flow-through private placement	3,044,605	4,110,218	-	-	-	4,110,218
Less: premium	-	(1,554,552)	-	-	-	(1,554,552)
	3,044,605	2,555,666	-	-	-	2,555,666
Options exercised	20,000	17,200	-	(5,200)	-	12,000
Stock-based compensation	-	-	-	282,737	-	282,737
Share issue expenses	-	-	-	-	(313,760)	(313,760)
Balance at Sept. 30, 2019	68,878,222	48,230,237	749,556	5,033,761	(16,454,353)	37,559,201

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$	\$
Balance at October 1, 2017	57,161,557	35,142,832	1,922,031	2,679,002	(14,085,360)	25,658,505
Loss and comprehensive loss	-	-	-	-	(807,530)	(807,530)
Private placement	198,386	218,225	-	-	-	218,225
Flow-through private placement	1,692,854	2,285,354	-	-	-	2,285,354
Less: premium	-	(694,070)	-	-	-	(694,070)
	1,692,854	1,591,284	-	-	-	1,591,284
Warrants exercised	1,522,000	1,892,150	(141,850)	-	-	1,750,300
Warrants expired	-	-	(1,780,181)	1,780,181	-	-
Acquisition of mining assets	461,487	507,636	-	-	-	507,636
Stock-based compensation	-	-	-	297,041	-	297,041
Share issue expenses	-	-	-	-	(104,919)	(104,919)
Balance at Sept. 30, 2018	61,036,284	39,352,127	-	4,756,224	(14,997,809)	29,110,542

The accompanying notes are an integral part of these financial statements.

Midland Exploration Inc.

Statements of Cash Flows

For the years ended September 30, 2019 and 2018

	Fiscal 19	Fiscal 18
	\$	\$
Operating activities		
Loss	(1,142,784)	(807,530)
Adjustment for:		
Stock-based compensation	179,497	192,395
Impairment of exploration and evaluation assets	1,261,081	303,610
Variation – fair value of listed shares	(30,000)	(7,000)
Recovery of deferred income taxes	(1,441,428)	(694,070)
	(1,173,634)	(1,012,595)
Changes in non-cash working capital items		
Accounts receivable	(73,582)	(17,193)
Sales tax receivable	(118,542)	(15,317)
Prepaid expenses	5,671	(31,583)
Accounts payable and accrued liabilities	766,990	380,957
Advance received for exploration work	10,390	(341,262)
	590,927	(24,398)
	(582,707)	(1,036,993)
Financing activities		
Private placement	7,054,800	218,225
Flow-through private placement	4,110,218	2,285,354
Exercise of warrants	-	1,750,300
Exercise of stock options	12,000	-
Share issue expenses	(426,884)	(104,919)
	10,750,134	4,148,960
Investing activities		
Additions to investments	(11,291,000)	(7,750,000)
Disposals or maturities of investments	6,550,000	6,503,910
Additions to exploration properties	(755,996)	(320,970)
Additions to exploration and evaluation expenses	(7,994,378)	(4,343,971)
Tax credits and mining rights received	921,050	922,454
	(12,570,324)	(4,988,577)
Net change in cash and cash equivalents	(2,402,897)	(1,876,610)
Cash and cash equivalents – beginning	2,752,286	4,628,896
Cash and cash equivalents – ending	349,389	2,752,286

Additional disclosure (see note 13)

The accompanying notes are an integral part of these financial statements.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

1. STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

Midland Exploration Inc. ("the Corporation"), incorporated in Canada on October 2, 1995 and operating under the Business Corporations Act (Québec), is a company in the mining exploration business. The Corporation's operations include the acquisition and exploration of mining properties. Its head office is located at 1, Place Ville Marie, suite 4000, Montreal, Quebec, H3B 4M4. The Corporation's shares are listed on the TSX Venture Exchange (the "Exchange") under the MD ticker.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration properties. The recoverability of exploration and evaluation assets is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain the necessary financing to complete exploration and the profitable sale of the assets. The Corporation will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation's title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

The accompanying financial statements have been prepared in accordance with the *International Financial Reporting Standards* ("IFRS") as issued by the *International Accounting Standards Board* ("IASB"). The accounting policies, method of computation and presentation applied to these financial statements are consistent with those of the previous financial year. These financial statements were approved and authorized for issue by the Board of Directors on December 5, 2019.

2.2 Basis of measurement

These financial statements have been prepared on a historical cost basis except for certain assets at fair value.

2.3 Functional and presentation currency

The financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

2.4 Jointly controlled assets and exploration activities

A jointly controlled asset involves joint control and offers joint ownership by the Corporation and other venturers of assets contributed to or acquired for the purpose of the joint venture, without the formation of a corporation, partnership or other entity.

Where the Corporation's activities are conducted through jointly controlled assets and exploration activities, the financial statements include the Corporation's share in the assets and the liabilities from the joint operations as well as when applicable, the Corporation's share in the income and the expenses.

2.5 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

a) Financial assets

Financial assets are derecognized when the contractual rights to receive the cash flows from the financial asset have expired, or when the financial asset and all substantial risks and rewards have been transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets are initially measured at fair value. If the financial asset is not subsequently accounted for at fair value through profit or loss, then the initial measurement includes transaction costs that are directly attributable to the asset's acquisition or origination. On initial recognition, the Corporation classifies its financial instruments in the following categories depending on the purpose for which the instruments were acquired.

Fair value through profit and loss listed shares:

Listed shares at fair value through profit and loss are equity investments recognized initially at fair value and subsequently measured at fair value. Gains or losses arising from changes in fair value are recorded in the statement of loss and comprehensive loss. Dividend income on those investments are recognized in the statement of loss and comprehensive loss.

Amortized cost:

Financial assets at amortized cost are non-derivative financial assets with fixed or determinable payments constituted solely of payments of principal and interest that are held within a "held to collect" business model. Financial assets at amortized cost are initially recognized at the amount expected to be received, less, when material, a discount to reduce the financial assets to fair value. Subsequently, financial assets at amortized cost are measured using the effective interest method less a provision for expected losses. The Corporation's cash and cash equivalents, investments and accounts receivable are classified within this category.

b) Financial liabilities

Financial liabilities measured at amortized cost

Accounts payable, accrued liabilities and advances received for exploration work are initially measured at the amount required to be paid, less, when material, a discount to reduce the payables to fair value. Subsequently, financial liabilities are measured at amortized cost using the effective interest method.

c) Impairment of financial assets

Amortized cost:

The expected loss is the difference between the amortized cost of the financial asset and the present value of the expected future cash flows, discounted using the instrument's original effective interest rate. The carrying amount of the asset is reduced by this amount either directly or indirectly through the use of an allowance account. Provisions for expected losses are adjusted upwards or downwards in subsequent periods if the amount of the expected loss increases or decreases. For trade receivables, the Corporation applies the simplified approach permitted by IFRS 9, which requires expected lifetime losses to be recognized from initial recognition of the receivables.

2.6 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with original maturities of three months or less or cashable at any time without penalties.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.7 Tax credits and mining rights receivable

The Corporation is entitled to a refundable tax credit on qualified exploration expenditures incurred and a refundable credit on duties for losses under the Mining Tax Act. These tax credits are recognized as a reduction of the exploration and evaluation expenses incurred. As management intends to realize the carrying value of its assets and settle the carrying value of its liabilities through the sale of its exploration and evaluation assets, the related deferred tax has been calculated accordingly.

2.8 Exploration and evaluation assets

Exploration and evaluation ("E&E") assets are comprised of acquisition costs of mining rights for each exploration properties and E&E expenses. All costs incurred prior to obtaining the mining rights to undertake E&E activities on an area of interest are expensed as incurred.

E&E assets include mining rights in exploration properties, paid or acquired through a business combination or an acquisition of assets, and costs related to the initial search for mineral deposits with economic potential or to obtain more information about existing mineral deposits. Individual mining rights are regrouped in area of interest and are disclosed as an exploration property.

Mining rights are recorded at acquisition cost less accumulated impairment losses for each area of interest.

E&E expenses for each separate area of interest are capitalized (net from E&E expenses recovered from partners) and include costs associated with prospecting, sampling, trenching, drilling and other work involved in searching for ore like topographical, geological, geochemical and geophysical studies. They also reflect costs related to establishing the technical and commercial viability of extracting a mineral resource identified through exploration or acquired through a business combination or asset acquisition.

E&E expenses include the cost of:

- establishing the volume and grade of deposits through drilling of core samples, trenching and sampling activities in an ore body;
- determining the optimal methods of extraction and metallurgical and treatment processes;
- studies related to surveying, transportation and infrastructure requirements;
- permitting activities; and
- economic evaluations to determine whether development of the mineralized material is commercially justified, including scoping, prefeasibility and final feasibility studies.

E&E expenses include overhead expenses directly attributable to the related activities.

Cash flows attributable to costs capitalized to E&E assets are classified as investing activities in the statement of cash flows.

From time to time, the Corporation may acquire or dispose of a property pursuant to the terms of an option agreement. Due to the fact that options are exercisable entirely at the discretion of the option holder, the amounts payable or receivable are not recorded.

Option payments are recorded when they are made or received. Proceeds on the sale of exploration properties are applied in reduction of the acquisition costs of the related mining rights, then in reduction of the E&E expenses for the related area of interest and any residual is recorded in the statement of comprehensive loss unless there is contractual work required by the Corporation in which case the residual gain is deferred and will be applied against the contractual disbursements when done.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Funds received from partners on certain properties where the Corporation is the operator in order to perform exploration work as per agreements, are accounted for in the statement of financial position as advances received for upcoming exploration work. These advances are reduced gradually when the exploration work is performed. The project management fees received when the Corporation is the operator are recorded in the statement of comprehensive loss when the E&E expenses are charged back to the partner. When the partner is the operator, the management fees are recorded in the statement of financial position as E&E expenses. Costs related to E&E assets are transferred to Property, plant and equipment when they reach the development phase and will be subject to depreciation when these properties are put into commercial production.

2.9 Operating lease agreements

Leases in which a significant portion of the risks and rewards of ownership are retained by the lessor are classified as operating leases. Payments under an operating lease are charged to the statement of comprehensive loss or capitalized in the E&E expenses on a straight-line basis over the period of the lease. Related expenses, such as maintenance and insurance expenses, are charged as incurred.

2.10 Impairment of non-financial assets

The carrying amounts of mining rights and E&E expenses are assessed for impairment, by area of interest, only when indicators of impairment exist, typically when one of the following circumstances apply: exploration rights have expired or will expire in the near future; no future substantive exploration expenditures are budgeted or planned; no commercially viable quantities of minerals have been discovered and exploration and evaluation activities will be discontinued; exploration and evaluation assets are unlikely to be fully recovered from successful development or by sale; or a significant drop in metal prices. If any such indication exists, then the asset's recoverable amount is estimated. When some mining rights within an area of interest are abandoned during the period, the acquisition costs of those mining rights are impaired on a pro rata basis.

Mining rights and E&E expenses are systematically assessed for impairment upon the transfer of exploration and evaluation assets to development assets.

The recoverable amount of an asset or cash-generating unit is the greater of its value in use and its fair value less cost to sell. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. For the purpose of impairment testing, assets that cannot be tested individually are grouped together into the smallest group of assets that generates cash inflows from continuing use that are largely independent of the cash inflows of other assets or groups of assets (the "cash-generating unit" or "CGU"). The level identified by the Company for the purposes of testing exploration and evaluation assets and mining properties for impairment corresponds to each property.

An impairment loss is recognized if the carrying amount of an asset or its CGU exceeds its estimated recoverable amount. Impairment losses are recognized in profit or loss. Impairment losses recognized in respect of CGUs are allocated to the assets in the unit ("group of units") on a pro rata basis.

Impairment losses recognized in prior periods are assessed at each reporting date for any indications that the loss has decreased or no longer exists. An impairment loss is reversed if there has been a change in the estimates used to determine the recoverable amount. An impairment loss is reversed only to the extent that the asset's carrying amount does not exceed the carrying amount that would have been determined, net of depreciation or amortization, if no impairment loss had been recognized.

The carrying amounts of exploration and evaluation assets and property and equipment are reviewed at each reporting date to determine whether there is any indication of impairment.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.11 Income taxes

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred tax is provided using the balance sheet liability method, providing for temporary differences between the tax bases of assets and liabilities and their carrying amounts in the financial statements. Temporary differences are not provided for if they arise from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the financial position reporting date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Deferred income tax assets and liabilities are presented as noncurrent and are offset when there is a legally enforceable right to offset current tax assets against current tax liabilities and when deferred tax assets and liabilities relate to income taxes levied by the same taxation authority on either the same taxable entity or different taxable entities where there is an intention to settle the balances on a net basis.

2.12 Equity

Capital stock represents the amount received on the issue of shares. Warrants represent the allocation of the amount received for units issued as well as the charge recorded for the broker warrants relating to financing. Contributed surplus includes charges related to stock options until they are exercised and the warrants that are expired and not exercised. Deficit includes all current and prior period retained profits or losses and share issue expenses.

Proceeds from unit placements are allocated between shares and warrants issued on a pro-rata basis of their value within the unit using the Black-Scholes pricing model.

2.13 Flow-through shares

The Corporation finances some E&E expenses through the issuance of flow-through shares. The resource expenditure deductions for income tax purposes are renounced to investors in accordance with the appropriate income tax legislation. The difference between the amount recorded as common shares and the amount paid by the investors for the shares (the "premium"), measured with the residual value method, is accounted for a flow-through share premium, which is reversed to income as recovery of deferred income taxes when the eligible expenses are incurred. The Corporation recognizes a deferred tax liability for flow-through shares and a deferred tax expense, at the moment the eligible expenditures are incurred.

2.14 Share and warrant issue expenses

Share and warrant issue expenses are accounted for in the year in which they are incurred and are recorded as a deduction to equity in the deficit in the year in which the shares are issued.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.15 Stock-based compensation

The Corporation operates an equity-settled share-based remuneration plan (share options plan) for its eligible directors, officers, employees and consultants. The Corporation's plan does not feature any options for a cash settlement.

An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, including directors of the Corporation. The expense is recorded over the vesting period for employees and over the period covered by the contract for non-employees.

All goods and services received in exchange for the grant of any share-based payment are measured at their fair values, unless that fair value cannot be estimated reliably. If the Corporation cannot estimate reliably the fair value of the goods or service received, the Corporation shall measure their value indirectly by reference to the fair value of the equity instruments granted. Where employees are rewarded using share-based payments, the fair values of employees' services are determined indirectly by reference to the fair value of the equity instruments granted. This fair value is appraised at the grant date using the Black Scholes option pricing model and excludes the impact of non-market vesting conditions.

All equity-settled share-based payments (except warrants to brokers) are ultimately recognized as an expense in the statement of comprehensive loss or capitalized as E&E expenses on the statement of financial position, depending on the nature of the payment with a corresponding credit to contributed surplus, in equity. Warrants to brokers, in respect of an equity financing are recognized as share issue expense reducing the equity in the deficit with a corresponding credit to warrants.

If vesting periods or other vesting conditions apply, the expense is allocated over the vesting period, based on the best available estimate of the number of share options expected to vest. Non-market vesting conditions are included in assumptions about the number of options that are expected to become exercisable. Estimates are subsequently revised if there is any indication that the number of share options expected to vest differs from previous estimates.

Upon exercise of share options, the proceeds received net of any directly attributable transaction costs are recorded as capital stock. The accumulated charges related to the share options recorded in contributed surplus are then also transferred to capital stock.

2.16 Loss per share

Loss per share is calculated using the weighted average number of shares outstanding during the year. Diluted loss per share is calculated using the weighted average number of shares outstanding during the year for the calculation of the dilutive effect of warrants and stock options unless they have an anti-dilutive effect.

2.17 Revenue recognition

The project management fees received when the Corporation is the operator are recorded in the statement of comprehensive loss when the exploration work recharged to the partners are incurred.

2.18 Segment disclosures

The Corporation currently operates in a single segment – the acquisition, exploration and evaluation of exploration properties. All of the Corporation's activities are conducted in Canada.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

3. NEW ACCOUNTING STANDARDS

The most relevant standards, amendments and interpretations issued up to the date of the issuance of these financial statements are listed below.

3.1 Accounting standards issued but not yet effective

a) IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 Leases, IFRIC 4 Determining whether an Arrangement contains a Lease, SIC-15 Operating Leases-Incentives and SIC-27 Evaluating the Substance of Transactions Involving the Legal Form of a Lease. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of “low-value” assets; and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires more extensive disclosures than under IAS 17.

Transition to IFRS 16

IFRS 16 is effective for the Corporation’s annual period beginning on October 1, 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs. The Corporation plans to adopt IFRS 16 using the modified retrospective approach, which means it will apply the standard from October 1, 2019, the cumulative impact of adoption will be recognized as at October 1, 2019 and comparatives will not be restated. Since the Corporation will recognize the right-of-use assets at the amount equal to the lease liabilities less any lease accruals, there will be no impact on the deficit upon the adoption.

The Corporation has presently only one lease affected by IFRS 16, described in note 11. With a 7% incremental borrowing rate, the Management anticipates recording as of October 1, 2019, a right of use asset of \$159,422 and an equivalent long term lease liability (with the short term portion being \$32,452).

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

When preparing the financial statements, management undertakes a number of judgments, estimates and assumptions about recognition and measurement of assets, liabilities, income and expenses. The actual results could differ from the judgments, estimates and assumptions made by management, and will seldom equal the estimated results. Information about the significant judgments that have the most significant effect on the recognition and measurement of assets, liabilities, income and expenses are discussed below.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

JUDGMENTS

4.1 Impairment of E&E assets

Determining if there are any facts and circumstances indicating impairment loss or reversal of impairment losses is a subjective process involving judgment and a number of estimates and interpretations in many cases.

Determining whether to test for impairment of E&E assets requires management's judgment, among others, regarding the following: the period for which the entity has the right to explore in the specific area has expired during the period or will expire in the near future, and is not expected to be renewed; substantive expenditure on further E&E of mineral resources in a specific area is neither budgeted nor planned; exploration for and evaluation of mineral resources in a specific area have not led to the discovery of commercially viable quantities of mineral resources and the entity has decided to discontinue such activities in the specific area; or sufficient data exists to indicate that, although a development in a specific area is likely to proceed, the carrying amount of the E&E asset is unlikely to be recovered in full from successful development or by sale.

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances. These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation's assets and earnings may occur during the next period.

The total impairment loss of the E&E assets recognized is \$1,261,081 for the year ended September 30, 2019 ("Fiscal 19") (\$303,610 for the year ended September 30, 2018 ("Fiscal 18")). No reversal of impairment losses has been recognized for the reporting periods.

4.2 Deferred taxes

The assessment of availability of future taxable profits involves judgment. A deferred tax asset is recognized to the extent that it is probable that taxable profits will be available against which deductible temporary differences and the carry-forward of unused tax credits and unused tax losses can be utilized. Judgment is also involved in the determination of the expected manner of realisation or settlement of the carrying amount of the Corporation's assets and liabilities which is expected to be through the sale of the Corporation's assets.

4.3 Valuation of credit on duties refundable for loss and the refundable tax credit for resources.

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date.

The calculation of the Corporation's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS (CONT'D)

Differences arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods. The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and its financial performance and cash flows.

5. INVESTMENTS

	As at September 30	
	2019	2018
	\$	\$
<i>Current</i>		
Guaranteed investment certificates, not cashable before the expiry date, between 2.37% and 3.02% interest payable annually, maturing between December 10, 2019 and April 23, 2020, with a maturity value of \$12,827,614	12,491,000	-
Guaranteed investment certificates, not cashable before the expiry date, between 1.71% and 2.65% interest payable annually, maturing between December 6, 2018 and July 16, 2019, with a maturity value of \$6,694,220	-	6,550,000
<i>Non-current</i>		
Guaranteed investment certificate, not cashable before the expiry date, 2.84% interest payable annually, maturing July 16, 2020, with a maturity value of \$1,234,080	-	1,200,000
	12,491,000	7,750,000

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

6. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

Acquisition costs	Undivided	As at	Net		As at
	interest	Sept. 30,	Additions	Impairment	Sept. 30,
	%	2018	\$	\$	2019
		\$			\$
Abitibi					
Maritime-Cadillac	49	290,923	67	-	290,990
Laflamme	76.3	130,098	28,334	(43,541) ¹⁾	114,891
Patris	100	104,054	7,408	(13,558) ¹⁾	97,904
Casault	50	29,984	6,724	-	36,708
Jouvex	50	47,694	4,424	(3,702) ¹⁾	48,416
Heva	100	57,989	2,379	-	60,368
Valmond	100	15,717	1,818	(17,535) ²⁾	-
La Peltrie	100	97,023	18,508	(20,146) ¹⁾	95,385
Wawagosis	100	6,535	772	-	7,307
Adam	100	26,893	3,055	(3,804) ¹⁾	26,144
Samson	100	36,427	4,213	-	40,640
Mistaouac	100	24,987	3,953	(11,340) ¹⁾	17,600
Turgeon	100	29,386	4,977	-	34,363
Manthet	100	7,776	-	(7,776) ²⁾	-
Abitibi Gold	100	5,840	(1,152)	-	4,688
Grenville-Appalaches					
Weedon	100	39,412	9,059	(7,728) ¹⁾	40,743
Gatineau	100	34,585	2,057	(31,496) ²⁾	5,146
James Bay					
James Bay Au	100	203,496	25,766	(77,341) ²⁾	151,921
Eleonore	100	162,956	32,183	-	195,139
JV Eleonore	50	142,142	3,143	(5,778) ¹⁾	139,507
Isengard	100	26,920	630	(27,550) ²⁾	-
Minas Tirith	100	58,536	1,460	(56,994) ¹⁾	3,002
Shire	100	262,619	15,054	(204,017) ¹⁾	73,656
Elrond	100	70,347	18,720	-	89,067
Gondor	100	15,500	98	(15,598) ²⁾	-
Moria	100	109,248	19,272	-	128,520
Helms	100	33,625	11,073	-	44,698
Mythril	100	9,057	317,794	-	326,851
Fangorn	100	1,188	115	-	1,303
Northern Quebec					
Pallas PGE	100	126,551	34,642	(49,873) ¹⁾	111,320
Willbob	100	288,969	131,833	(125,001) ¹⁾	295,801
Soissons	100	23,706	1,257	-	24,963
Soissons NMEF	50	4,100	223	-	4,323
Project Generation	100	13,464	46,996	(10,612) ²⁾	49,848
		2,537,747	756,855	(733,390)	2,561,212

1) The Corporation impaired partially the property for the claims that were dropped.

2) The Corporation wrote off this property (or some projects included in this property) since no exploration program is planned for the near future and/or dropped all the claims.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Acquisition costs	Undivided interest	As at Sept. 30, 2017	Net Additions	Share issuance	Impairment	As at Sept. 30, 2018
	%	\$	\$	\$	\$	\$
Abitibi						
Maritime-Cadillac	49	290,838	85	-	-	290,923
Laflamme	74.3	122,347	13,625	-	(5,874) ¹⁾	130,098
Patris	100	87,072	16,982	-	-	104,054
Casault	50	26,995	2,989	-	-	29,984
Jouvex	50	45,432	5,565	-	(3,303) ¹⁾	47,694
Heva	100	57,906	83	-	-	57,989
Valmond	100	10,756	4,961	-	-	15,717
La Peltrie	100	101,601	(4,578)	-	-	97,023
Wawagotic	100	-	8,678	-	(2,143) ¹⁾	6,535
Adam	100	16,830	12,695	-	(2,632) ¹⁾	26,893
Samson	100	20,166	17,593	-	(1,332) ¹⁾	36,427
Mistaouac	100	-	26,240	-	(1,253) ¹⁾	24,987
Turgeon	100	-	29,386	-	-	29,386
Manthet	100	-	7,776	-	-	7,776
Abitibi Gold	100	138,669	(2,433)	-	(130,396) ²⁾	5,840
Grenville-Appalaches						
Weedon	100	36,703	2,709	-	-	39,412
Gatineau	100	32,102	2,483	-	-	34,585
James Bay						
James Bay Au	100	198,893	6,260	-	(1,657) ¹⁾	203,496
Eleonore	100	141,681	21,275	-	-	162,956
JV Eleonore	50	96,972	45,170	-	-	142,142
Isengard ³⁾	100	9,943	733	16,244	-	26,920
Minas Tirith ³⁾	100	1,491	3,743	53,302	-	58,536
Shire ³⁾	100	20,511	8,088	234,020	-	262,619
Elrond ³⁾	100	8,144	271	61,932	-	70,347
Gondor ³⁾	100	3,088	229	12,183	-	15,500
Moria ³⁾	100	7,721	-	101,527	-	109,248
Helms ³⁾	100	5,197	-	28,428	-	33,625
Mythril	100	-	9,057	-	-	9,057
Fangorn	100	-	1,188	-	-	1,188
Northern Quebec						
Pallas PGE	100	105,028	21,523	-	-	126,551
Willbob	100	257,030	31,939	-	-	288,969
Soissons	100	-	23,706	-	-	23,706
Soissons NMEF	50	-	4,100	-	-	4,100
Project Generation						
	100	53,235	(19,493)	-	(20,278) ²⁾	13,464
		1,896,351	302,628	507,636	(168,868)	2,537,747

1) The Corporation impaired partially the property for the claims that were dropped..

2) The Corporation wrote off this property since no exploration program is planned for the near future and/or dropped all the claims.

3) Balance was grouped in BJ Altius property in Fiscal 17.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

The following two tables disclose details of exploration and evaluation expenses:

E&E expenses	Undivided interest %	As at Sept. 30, 2018 \$	Net Additions \$	Tax credits \$	Impairment ¹⁾ \$	As at Sept. 30, 2019 \$
Abitibi						
Maritime-Cadillac	49	389,110	15,756	-	-	404,866
Laflamme	76.3	2,427,838	401,776	(20,639)	-	2,808,975
Patris	100	234,056	4,225	(2,045)	-	236,236
Casault	50	1,880,234	496,455	(188,484)	-	2,188,205
Jouvex	50	412,962	211,041	(346)	-	623,657
Heva	100	271,810	4,502	-	-	276,312
Valmond	100	124,314	1,257	-	(125,571)	-
Samson	100	168,110	6,234	(1,998)	-	172,346
La Peltrie	100	1,078,923	21,278	(1,574)	-	1,098,627
Wawagasic	100	32,949	-	-	-	32,949
Adam	100	266,663	7,694	(921)	-	273,436
Mistaouac	100	224,502	5,886	(690)	-	229,698
Turgeon	100	196,665	4,060	(1,534)	-	199,191
Manthet	100	8,409	-	-	(8,409)	-
Abitibi Gold	100	84,739	11,306	(1,360)	-	94,685
Grenville-Appalaches						
Weedon	100	647,297	56,621	-	-	703,918
Gatineau	100	71,515	9,757	(71)	(65,131)	16,070
James Bay						
James Bay Au	100	517,666	112,978	(3,650)	(185,457)	441,537
Eleonore	100	1,770,210	5,595	(1,384)	-	1,774,421
JV Eleonore	50	583,215	33,461	-	-	616,676
Isengard	100	36,918	-	-	(36,918)	-
Minas Tirith	100	33,711	3,920	-	-	37,631
Shire	100	226,595	17,789	(4,764)	-	239,620
Elrond	100	31,406	59,832	(22,186)	-	69,052
Gondor	100	31,424	-	-	(31,424)	-
Moria	100	123,544	7,554	(1,534)	-	129,564
Helms	100	18,919	58,989	(21,111)	-	56,797
Mythril	100	28,215	5,339,168	(979,988)	-	4,387,395
Fangorn	100	6,657	5,028	-	-	11,685
Northern Quebec						
Pallas PGE	100	540,024	2,100	-	-	542,124
Willbob	100	2,624,225	732,717	(252,023)	-	3,104,919
Soissons	100	47,282	11,581	(4,869)	-	53,994
Soissons NMEF	50	4,259	57,871	(14,420)	-	47,710
Project Generation	100	84,116	43,851	(14,916)	(74,781)	38,270
		15,228,482	7,750,282	(1,540,507)	(527,691)	20,910,566

1) The Corporation wrote off this property (or some projects included in this property), since no exploration program is planned for the near future and/or dropped all the claims.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

E&E expenses	Undivided interest	As at Sept. 30, 2017	Net Additions	Tax credits	Impairment	As at Sept. 30, 2018
	%	\$	\$	\$	\$	\$
Abitibi						
Maritime-Cadillac	49	292,271	96,839	-	-	389,110
Laflamme	74.3	2,202,064	256,188	(30,414)	-	2,427,838
Patris	100	221,844	12,212	-	-	234,056
Casault	50	963,965	1,137,572	(221,303)	-	1,880,234
Jouvex	50	412,833	129	-	-	412,962
Heva	100	261,985	9,825	-	-	271,810
Valmond	100	124,314	-	-	-	124,314
Samson	100	83,411	85,865	(1,166)	-	168,110
La Peltrie	100	1,067,584	11,430	(91)	-	1,078,923
Wawagasic	100	-	54,396	(21,447)	-	32,949
Adam	100	131,155	155,887	(20,379)	-	266,663
Mistaouac	100	-	229,972	(5,470)	-	224,502
Turgeon	100	-	197,672	(1,007)	-	196,665
Manthet	100	-	8,409	-	-	8,409
Abitibi Gold	100	203,470	17,164	(1,347)	(134,548) ¹⁾	84,739
Grenville-Appalaches						
Weedon	100	626,897	20,400	-	-	647,297
Gatineau	100	44,005	27,597	(87)	-	71,515
James Bay						
James Bay Au	100	362,595	190,656	(35,585)	-	517,666
Eleonore	100	1,723,519	50,292	(3,601)	-	1,770,210
JV Eleonore	50	291,282	315,038	(23,105)	-	583,215
Isengard ²⁾	100	2,072	37,109	(2,263)	-	36,918
Minas Tirith ²⁾	100	27,966	8,856	(3,111)	-	33,711
Shire ²⁾	100	75,404	239,923	(88,732)	-	226,595
Elrond ²⁾	100	30,943	490	(27)	-	31,406
Gondor ²⁾	100	5,049	29,023	(2,648)	-	31,424
Moria ²⁾	100	21,223	169,731	(67,410)	-	123,544
Helms ²⁾	100	124	32,229	(13,434)	-	18,919
Mythril	100	-	46,581	(18,366)	-	28,215
Fangorn	100	-	10,989	(4,332)	-	6,657
Northern Quebec						
Pallas PGE	100	538,746	1,278	-	-	540,024
Willbob	100	2,126,873	704,161	(206,809)	-	2,624,225
Soissons	100	-	73,023	(25,741)	-	47,282
Soissons NMEF	50	-	7,031	(2,772)	-	4,259
Project Generation	100	91,166	(4,076)	(2,780)	(194) ¹⁾	84,116
		11,932,760	4,233,891	(803,427)	(134,742)	15,228,482

1) The Corporation wrote off some projects included in this property since no exploration program is planned for the near future and/or dropped all the claims.

2) Balance was grouped in BJ Altius property in Fiscal 17.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

ABITIBI

6.1 Maritime-Cadillac

The Corporation holds 49% of the Maritime-Cadillac property. The property is subject to a 2% net smelter return ("NSR") royalty; half of the royalty can be bought back for a payment of \$1,000,000. As per the agreement signed in June 2009 and amended in November 2012 and May 2013, Agnico Eagle Mines Limited ("Agnico Eagle") and the Corporation are in a joint venture and future work is shared 51% Agnico Eagle - 49% the Corporation.

6.2 Laflamme Au-Cu

On August 17, 2009, the Corporation signed an agreement with Aurbec Mines Inc. ("Aurbec"), (previously a subsidiary of North American Palladium Ltd.) that was sold to Maudore Minerals Ltd in March 2013. As of July 31, 2011, Aurbec had earned its 50% interest in the Laflamme property but no longer contributed in the exploration programs from December 2012 and was therefore being diluted. On June 17, 2016, Abcourt Mines Inc. acquired the property following the bankruptcy of Aurbec. The Corporation holds 76.3% of the Laflamme property.

6.3 Patris

The Corporation holds the Patris property and some claims are subject to the following NSR royalties:

- 1.5%, the Corporation can buy it back for \$500,000 per 0.5% tranche for a total of \$1,500,000.
- 1%, the Corporation can buy it back for \$500,000 per 0.5% tranche for a total of \$1,000,000;
- 2%, the Corporation can buy it back for \$1,000,000 per 1% tranche for a total of \$2,000,000;
- 2%, the Corporation can buy it back for \$500,000 the first 1% tranche and for \$1,000,000 for the second 1% tranche, for a total of \$1,500,000.

The Corporation signed an option agreement with Teck Resources Ltd ("Teck") on September 6, 2013 whereby Teck could have earned, in three options, a maximum interest of 65% in the Patris property. On March 29, 2018, the Corporation received a termination notice for the Patris option agreement.

6.4 Casault and Jouvex

On October 10, 2014, the Corporation signed a letter of intent with SOQUEM INC. ("SOQUEM") to grant SOQUEM the option to acquire a 50% undivided interest in its Casault and Jouvex properties. By October 10, 2016, SOQUEM completed the \$4,500,000 work commitment, acquired a 50% undivided interest in the Casault Jouvex property and is now in joint venture with the Corporation. The Corporation is the operator.

6.5 Heva

The Corporation owns the Heva property and some claims are subject to a 2% NSR royalty to the original holders, half of the royalty can be bought back for a payment of \$1,000,000.

On April 27, 2017, the Corporation had signed an option agreement with IAMGOLD Corporation ("IAMGOLD") whereby IAMGOLD could have earned, in three options, a maximum interest of 65% in the Héva property. On November 20, 2018, the Corporation received from IAMGOLD a termination notice for the Héva option agreement.

6.6 La Peltrie

The Corporation owns the La Peltrie property and some claims are subject to a 1% Gross Metal royalty.

On August 29, 2017, the Corporation had signed an option agreement with Niobay Metals Inc. ("Niobay") whereby Niobay could have earned, in two options, a maximum interest of 65% in the La Peltrie property. On January 15, 2019, the Corporation received from Niobay a termination notice for the option agreement.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

6.7 Abitibi Gold

On March 31, 2018, the Corporation signed a letter of intent, formalized by a definitive agreement signed on July 16, 2018, whereby it sold 17 claims for \$8,000 cash and a 1% NSR royalty.

GRENVILLE-APPALACHES

6.8 Weedon

The Corporation holds the Weedon property and some claims are subject to NSR royalties of:

- 1%, the Corporation can buy it back for \$500,000 per 0.5% tranche for a total of \$1,000,000;
- 0.5%, the Corporation can buy it back for \$500,000;
- 1.5%, on all metals except gold and silver the Corporation can buy it back for \$500,000 per 0.5% tranche for a total of \$1,500,000.

JAMES BAY

6.9 James Bay Gold JV (Au)

On June 13, 2016, a joint-venture agreement (50%-50%) was signed with Osisko Mining Inc. (previously Osisko Exploration James Bay Inc.) ("Osisko") whereby Osisko and the Corporation cooperate and combine their efforts to explore the JV Eleonore property recently staked by the two corporations. The property is located 12 kilometres southeast and northwest of Goldcorp's Eleonore deposit. Osisko is the operator. Each partner obtained a 0.5% NSR royalty as a mutual consideration for the constitution of the joint-venture.

6.10 JV JB Altius (Au)

On February 10, 2017, the Corporation signed a letter of intent creating a strategic alliance with Altius Minerals Corporation ("Altius"), whereby Altius and the Corporation will combine their efforts to jointly explore the gold potential of the extensive James Bay region. The Corporation is the operator.

On July 13, 2018, the Corporation amended the James Bay strategic alliance ("Alliance") memorandum of understanding ("MOU") signed on March 30, 2017 as follows:

- Altius exchanged its 50% interests in the Designated Projects for 461,487 common shares valued at \$507,636, which corresponds to Altius' portion of the accumulated expenditures on the designated projects;
- Altius subscribed 198,386 common shares at \$1.10 that corresponds to Altius' portion of the phase 2 approved exploration budget of 2018.

On February 12, 2019, the parties jointly decided to terminate the Alliance. The designated projects as per the Alliance (Elrond, Gondor, Helms Deep, Isengard, Minas Tirith, Moria, Shire, Myhril and Fangorn) maintain their net smelter return royalty of 1% in favor of Altius, on the claims that were active at the time of their designation.

NORTHERN QUEBEC

6.11 Willbob

The Corporation owns the Willbob property and some claims are subject to a 2% NSR royalty. On October 2, 2017, the Corporation signed an acquisition agreement whereby it acquired claims for a \$10,000 cash payment and a 2% NSR royalty of which 1% can be bought back for a payment of \$1,000,000.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

6.12 Soissons-NMEF property

On July 27, 2018, the Corporation signed a partnership agreement (50%-50%) with the Nunavik Mineral Exploration fund ("NMEF"), to explore an area of the Soissons property located between 50 and 100 kilometers southeast of Kuujuaq, Nunavik, Quebec. The NMEF will be the operator of the partnership.

7. EQUITY

7.1 Capital stock authorized

Unlimited number of common shares without par value, voting and participating.

7.2 Private placements

a) November 2017

On November 22, 2017, the Corporation completed a private placement by issuing 1,692,854 flow-through shares at \$1.35 per share, for total gross proceeds of \$2,285,354. On that date, the Corporation's share closed at \$0.94 on the Exchange, therefore the residual value attributed to the benefit related to flow-through shares renunciation is \$0.41 for a total value of \$694,070, credited to the liability related to the premium on flow-through shares. In connection with the private placement, the Corporation paid finder's fees of \$64,572. Directors and officers of the Corporation participated in this placement for a total consideration of \$131,625 under the same terms as other investors.

b) December 2018

On December 5 and 18, 2018, the Corporation completed a private placement of 3,044,605 flow-through shares at \$1.35 per share for total gross proceeds of \$4,110,218. On those dates, the Corporation's share closed at \$0.85 and \$0.82 on the Exchange respectively, therefore the residual values attributed to the benefit related to flow-through shares renunciation are \$0.50 and \$0.53 for a total value of \$1,554,552, credited to the liability related to the premium on flow-through shares.

On December 21, 2018, the Corporation completed a private placement of 222,222 units at a price of \$0.90 per unit for total gross proceeds of \$200,000. Each unit consisted of one common share and one half warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.25 until December 21, 2020.

From the total compensation received from the units, \$11,210 has been allocated to warrants and \$188,790 to common shares, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 41.9%, a risk free interest rate of 1.94% and an expected life of the warrants of 2 years.

In connection with the private placements, the Corporation incurred \$254,100 share issue expenses of which \$180,271 was paid as finder's fees. Directors and officers of the Corporation participated in the flow-through private placement for a total consideration of \$141,750 under the same terms as other investors.

c) January 2019

On January 18, 2019, the Corporation completed a private placement of 1,111,111 units at a price of \$0.90 per unit for total gross proceeds of \$1,000,000. Each unit consisted of one common share and one half warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.25 until January 18, 2021.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

7. EQUITY (CONT'D)

From the total compensation received from the units, \$58,428 has been allocated to warrants and \$941,572 to common shares, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 43.0%, a risk free interest rate of 1.91% and an expected life of the warrants of 2 years.

In connection with the private placement, the Corporation incurred \$67,846 share issue expenses.

d) April 2019

On April 17, 2019, the Corporation closed a private placement pursuant to an investment agreement (the "Investment Agreement") with BHP Billiton Canada Inc. ("BHP"). BHP subscribed for 3,444,000 units at an issue price of \$1.70 per unit for aggregate consideration of \$5,854,800. Each unit will consist of one common share and one warrant. Each warrant will entitle BHP to acquire one additional common share at an exercise price of \$2.05 per common share for a period of 18 months. Midland can accelerate the expiry of the warrants if the daily volume-weighted average trading price of the common shares on the Exchange exceeds \$2.25 for 20 consecutive trading days at any time following 120 days after closing of the private placement.

Pursuant to the terms of the Investment Agreement, BHP will be granted certain rights as long as BHP holds common shares equal to at least 5% of the issued and outstanding common shares (on a partially diluted basis), including:

- the right to participate in future equity financings by the Corporation to allow BHP to maintain its then current pro rata non-diluted ownership interest in the Corporation or to increase its ownership interest in the Corporation to a maximum of 19.99%, on a fully-diluted basis;
- certain top-up rights to subscribe for additional common shares following certain dilutive transactions to allow BHP to maintain its then current pro rata non-diluted ownership interest in the Corporation;
- the right of first offer for any non-equity financings, including any tolling arrangements, streaming arrangements, forward agreements, off-take agreements or royalty sales relating to any present or future copper exploration projects of the Corporation in Quebec; and
- the right of first offer on the Mythril project in the event the Corporation seeks to divest all or part of its interest.

If BHP holds common shares equal to at least 15% of the issued and outstanding common shares (on a non-diluted basis), BHP will also have the right to designate one director for appointment to the Corporation board of directors.

From the total compensation received from the units, \$679,918 has been allocated to warrants and \$5,174,882 to common shares, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 47.4%, a risk free interest rate of 1.71% and an expected life of the warrants of 18 months.

In connection with the private placement, the Corporation incurred \$104,938 share issue expenses.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

7. EQUITY (CONT'D)

7.2 Warrants

Changes in the Corporation's number of outstanding warrants were as follows:

	Fiscal 2019		Fiscal 2018	
	Number	Amount	Number	Amount
		\$		\$
Balance – Beginning of period	-	-	20,622,569	1,922,031
Issued following private placement	4,110,667	749,556	-	-
Exercised	-	-	(1,522,000)	(141,850)
Expired	-	-	(19,100,569)	(1,780,181)
Balance – End of period	4,110,667	749,556	-	-

Warrants outstanding as at September 30, 2019 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
3,444,000	2.05	October 17, 2020
111,112	1.25	December 21, 2020
555,555	1.25	January 18, 2021
4,110,667		

7.3 Policies and processes for managing capital

The capital of the Corporation consists of the items included in equity of \$37,559,201 as of September 30, 2019 (\$29,110,542 as of September 30, 2018). The Corporation's objectives when managing capital are to safeguard its ability to continue its operations as well as its acquisition and exploration programs. As needed, the Corporation raises funds in the capital markets. The Corporation does not use long term debt since it does not generate operating revenues. There is no dividend policy. The Corporation does not have any externally imposed capital requirements neither regulatory nor contractual requirements to which it is subject, unless the Corporation closes a flow-through private placement in which case the funds are reserved in use for exploration expenses (and the Corporation was in compliance during the year).

8. EMPLOYEE REMUNERATION

8.1 Salaries

	Fiscal 19	Fiscal 18
	\$	\$
Salaries and bonuses	1,350,744	1,153,221
Director fees	65,500	64,500
Benefits	116,242	73,585
	1,532,486	1,291,306
Less : salaries and benefits capitalized in E&E assets	(911,623)	(751,018)
Salaries disclosed on the statement of comprehensive loss	620,863	540,288

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

8. EMPLOYEE REMUNERATION (CONT'D)

8.2 Stock-based compensation

	Fiscal 19	Fiscal 18
	\$	\$
Stock-based compensation	282,737	297,041
Less : stock-based compensation capitalized in the E&E assets	(103,240)	(104,646)
Stock-based compensation disclosed on the statement of comprehensive loss	179,497	192,395

The Corporation has a stock option plan (the "Plan"). The number of common shares granted is determined by the Board of Directors. On February 15, 2018, the board of directors approved an increase in the number of common shares reserved for issuance under the Corporation's fixed number stock option plan from 5,400,000 to 5,790,000. In addition, the Plan was amended to allow the extension of the exercise period during a black-out period. Such amendment to the plan was approved by the Exchange. The exercise price of any option granted under the plan shall be fixed by the Board of Directors at the time of grant and shall not be lower than the closing price on the day preceding the grant. The term of the option will not exceed ten years from the date of grant. The options normally vest 1/6 per 3 months from the grant date, or otherwise as determined by the Board of Directors.

On February 15, 2018, the Corporation granted to its directors, officers, employees and consultants 570,000 options exercisable at \$0.89, valid for 10 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$245,100 for an estimated fair value of \$0.43 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 48% expected volatility, 2.22% risk-free interest rate and 6 years options expected life. This expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

On February 18, 2019, the Corporation granted to its directors, officers, employees and consultants 580,000 options exercisable at \$1.03, valid for 10 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$295,800 for an estimated fair value of \$0.51 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 50.7% expected volatility, 1.82% risk-free interest rate and 6 years options expected life. This expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

A summary of changes in the Corporation's common share purchase options is presented below:

	Fiscal 19		Fiscal 18	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – Beginning of year	3,760,000	1.07	3,190,000	1.10
Granted	580,000	1.03	570,000	0.89
Exercised	(20,000)	0.60	-	-
Balance – End of year	4,320,000	1.07	3,760,000	1.07
Balance – End of year exercisable	3,933,334	1.07	3,363,334	1.09

Midland Exploration Inc.

Notes to Financial Statements

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8. EMPLOYEE REMUNERATION (CONT'D)

The following table summarizes information about common share purchase options outstanding and exercisable as at September 30, 2019:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
260,000	260,000	1.76	February 17, 2021
315,000	315,000	1.54	February 16, 2022
20,000	20,000	1.61	February 27, 2022
345,000	345,000	1.25	February 19, 2023
605,000	605,000	0.85	February 20, 2024
430,000	430,000	0.60	August 13, 2025
500,000	500,000	1.10	August 11, 2026
50,000	50,000	1.13	November 23, 2026
545,000	545,000	1.14	February 21, 2027
100,000	100,000	1.04	May 10, 2027
570,000	570,000	0.89	February 15, 2028
580,000	193,334	1.03	February 18, 2029
4,320,000	3,933,334		

8.3 Compensation to key management

The Corporation's key management personnel includes members of the board of directors, as well as the president, the vice-president exploration and the chief financial officer. Key management remuneration is as follows:

	Fiscal 19	Fiscal 18
	\$	\$
Short-term benefits		
Salaries including bonuses and benefits	489,551	476,712
Professional fees	70,088	73,898
Professional fees recorded in share issue expenses	11,775	9,570
Salaries including bonuses and benefits capitalized in E&E expenses	147,761	122,947
Long-term benefits		
Stock-based compensation	157,351	185,532
Stock-based compensation capitalized in E&E expenses	24,417	25,176
Total compensation	900,943	893,835

On January 1, 2015, the Corporation entered into amended employment agreements with members of senior management which, among other things, provided that in the event of a termination without cause or of a change of control, a compensation equivalent to between 12 to 18 months of salary will be paid. Also, on January 1, 2015, the Corporation entered into a consulting agreement with another member of senior management, which provides that in the event of a termination without cause or of a change of control, a compensation equivalent to 18 months of consulting fees will be paid.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

8. EMPLOYEE REMUNERATION (CONT'D)

8.4 Related party transactions

In addition to the amounts listed above in the compensation to key management (note 8.3), following are the related party transactions:

In the normal course of operations:

- ◆ A firm in which an officer is a partner charged professional fees amounting to \$147,281 (\$69,469 in Fiscal 18) of which \$38,626 (\$51,026 in Fiscal 18) was expensed and \$108,655 (\$18,443 in Fiscal 18) was recorded as share issue expenses;
- ◆ A company controlled by an officer charged professional fees of \$57,113 (\$47,634 in Fiscal 18) for her staff; and
- ◆ As at September 30, 2019, the balance due to the related parties amounted to \$5,067 (\$4,581 in September 30, 2018).

9. LOSS PER SHARE

The calculation of basic loss per share is based on the loss for the year divided by the weighted average number of shares in circulation during the year. In calculating the diluted loss per share, potential common shares such as share options and warrants have not been included as they would have the effect of decreasing the loss per share. Decreasing the loss per share would be antidilutive. Details of share options and warrants issued that could potentially dilute earnings per share in the future are given in Notes 7 and 8.

	Fiscal 19	Fiscal 18
	\$	\$
Loss	(1,142,784)	(807,530)
Weighted average number of basic and diluted outstanding shares	66,020,362	59,302,366
Basic and diluted net loss per share	(0.02)	(0.01)

10. INCOME TAXES

The income tax expense is made up of the following component:

	Fiscal 19	Fiscal 18
	\$	\$
Deferred income taxes		
Premium on flow-through share issuance	(1,554,552)	(694,070)
Total recovery of deferred income taxes	(1,554,552)	(694,070)

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

10. INCOME TAXES (CONT'D)

The provision for income taxes presented in the financial statements is different from what would have resulted from applying the combined Canadian Statutory tax rate as a result of the following:

	Fiscal 19	Fiscal 18
	\$	\$
Loss before income taxes	(2,584,212)	(1,501,600)
Combined federal and provincial income tax at 26.60% (26.70%)	(687,400)	(400,927)
Non-deductible expenses	47,700	51,369
Tax effect of renounced flow-through share expenditures	1,089,200	605,619
Amortization of flow-through share premiums	(1,554,552)	(694,070)
Unrecognized temporary differences	(364,276)	(262,911)
Other elements	27,900	6,850
Expired tax attributes	-	-
Recovery of deferred income taxes	(1,441,428)	(694,070)

The ability to realize the tax benefits is dependent upon a number of factors, including the sale of properties. Deferred tax assets are recognized only to the extent that it is probable that sufficient taxable profits will be available to allow the asset to be recognized. Accordingly, some deferred tax assets have not been recognized; these deferred tax assets not recognized amount to \$276 000 (\$639,000 as of September 30, 2019).

Significant components of the Corporation's deferred income tax assets and liabilities are as follows:

	As of September 30, 2019	As of September 30, 2018
	\$	\$
Deferred income tax assets		
Non-capital losses	2,999,000	2,599,000
Donations	23,000	25,000
Share and warrant issue expenses	122,000	98,000
Total deferred income tax assets	3,144,000	2,722,000
Deferred income tax liabilities		
E&E assets	2,863,000	2,083,000
Unrealised gain on listed shares	5,000	
Total deferred income tax liabilities	2,868,000	2,083,000
Deferred income tax assets not recognized	276,000	639,000

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

10. INCOME TAXES (CONT'D)

As of September 30, 2019, expiration dates of losses available to reduce future years' income tax are:

	Federal	Provincial
	\$	\$
2026	84,000	69,000
2027	126,000	112,000
2027	177,000	183,000
2028	540,000	514,000
2029	645,000	631,000
2030	726,000	713,000
2031	677,000	663,000
2032	748,000	736,000
2033	906,000	891,000
2034	760,000	749,000
2035	820,000	811,000
2036	1,062,000	1,048,000
2037	1,360,000	1,343,000
2038	1,275,000	1,261,000
2039	1,501,000	1,476,000

All the exploration work imposed by the November 2017 flow-through financings was completed before September 30, 2018. Also, all the exploration work imposed by the December 2018 flow-through financings was completed before September 30, 2019.

11. OPERATING LEASE

The Corporation's future minimum operating lease payments are as follows (assuming that the consumer price index will be the same as the one published in September 2018 by Statistics Canada for a 12-month period which was 1.9%):

	As of September 30, 2019
	\$
Within 1 year	33,507
1 to 5 years	48,797
After 5 years	-
Total	82,304

In February 2016, the Corporation extended the lease for five years, from March 2017 to February 2022. The rent is \$31,432 for the first year and thereafter will be indexed annually at the highest of the increase of the consumer price index or 2.5%. The Corporation is also responsible for its proportionate share of the non-residential surtax and the water surtax. The Corporation has the option to renew the lease for an additional 3 year period under the same conditions.

Lease payments recognized as an expense during the reporting period amounted to \$36,583 (\$35,832 in Fiscal 18). This amount consists of minimum lease payments.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

12. FINANCIAL INSTRUMENTS AND RISKS

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management manages financial risks. The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Corporation's main financial risk exposure and its financial risk management policies are as follows:

12.1 Market Risk

Interest rate fair value risk

Since the guaranteed investment certificates are at fixed rates, the Corporation is not exposed to interest rate risk on the instruments themselves. The Corporation's other financial assets and liabilities do not comprise any interest rate risk since they do not bear interest.

Listed shares risk

Listed shares risk is the risk that the fair value of a financial instrument varies due to the changes in the Canadian mining sector and equity market. For the Corporation's listed shares at fair value through profit and loss, a variation of plus or minus 20% of the quoted market prices as at September 30, 2019 would result in an estimated effect on the net income (loss) of \$14,000.

12.2 Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Corporation is subject to concentrations of credit risk through cash and cash equivalents, investments and accounts receivable. The Corporation reduces its credit risk by maintaining part of its cash and cash equivalents and its investments in financial instruments held with a Canadian chartered bank, with a broker which is a subsidiary of a Canadian chartered bank or with an independent investment dealer member of the Canadian Investor Protection Fund.

In Fiscal 19, the investments are composed of guaranteed investment certificates issued by Canadian banks or guaranteed by the Canadian Investor Protection Fund. The Corporation aims at signing partnership agreements with established companies and follows their cash position closely to reduce its credit risk on accounts receivable. The carrying amount of cash and cash equivalents and investments represents the Corporation maximum credit exposure. Nevertheless, the management considers the credit risk to be minimal and further disclosure are not significant.

12.3 Liquidity risk

Liquidity risk is the risk that the Corporation will not be able to meet the obligations associated with its financial liabilities. As of September 30, 2019, the Corporation had enough funds available to meet its financial liabilities and future financial liabilities from its existing commitments. All accounts payable and accrued liabilities terms are less than 31 days.

12.4 Fair value

The carrying value of cash and cash equivalents, accounts receivable, investments and accounts payable and accrued liabilities and advance received for upcoming exploration work are considered to be a reasonable approximation of their fair value because of the short-term maturity and contractual terms of these instruments.

Fair value estimates are made at the statement of financial position date, based on relevant market information and other information about financial instruments.

The fair value of the listed shares at fair value through profit and loss is established using the closing price on the most beneficial active market for this instrument that is readily available to the Corporation and as such are classified as Level 1 in the fair value hierarchy.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2019 and 2018

13. ADDITIONAL INFORMATION ON CASH FLOWS

	Fiscal 2019	Fiscal 2018
	\$	\$
Stock-based compensation included in E&E expenses	103,240	104,646
Additions of exploration properties and E&E expenses included in accounts payable and accrued liabilities	784,266	437,789
Acquisition of mining assets by issuing shares	-	507,636
Tax credits receivable applied against E&E expenses	1,540,507	803,427
Exercise of warrants credited to capital stock	-	141,850
Exercise of stock options credited to capital stock	5,200	-
Interest received	209,572	159,215

14. SUBSEQUENT EVENT

On December 4, 2019, the Corporation completed a private placement by issuing 1,338,392 flow-through shares at \$1.10 per share, for total gross proceeds of \$1,472,231. On that date, the Corporation's share closed at \$0.79 on the Exchange, therefore the residual value attributed to the benefit related to flow-through shares renunciation is \$0.31 for a total value of \$414,902, credited to the liability related to the premium on flow-through shares. In connection with the private placement, the Corporation paid finder's fees of \$59,257. Directors and officers of the Corporation participated in this placement for a total consideration of \$174,900 under the same terms as other investors.

Midland Exploration Inc.

Corporate Information

Directors

Paul Archer ^{2) 3)}
René Branchaud ²⁾
Germain Carrière ^{1) 2)}
Jean-Pierre Janson, Chairman of the board ^{1) 2)}
Gino Roger ³⁾
Robert I. Valliant ^{1) 3)}

Notes:

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