



Annual Report 2018

Midland Exploration Inc.
1, Place Ville Marie, Suite 4000, Montreal (Quebec) H3B 4M4
Tel.: 450.420.5977 Fax : 450.420.5978

Midland Exploration inc.

Table of contents

Message to Shareholders

Management's discussion and Analysis

Nature of Activities	5
Overall Performance	5
Results of Operations.....	7
Exploration Activities	8
Financing Activities	28
Working Capital	29
Summary of Results per Quarter	30
Fourth Quarter.....	30
Related Party Transactions.....	31
Subsequent Events	31
Outstanding Share Data.....	31
Stock Option Plan	31
Off-balance Sheet Arrangements	32
Commitment.....	32
Critical Accounting Estimates.....	32
New Accounting Standards.....	33
Financial Instruments	34
Risk Factors	34
Foward Looking Information.....	37
Financial Statement	
Independant Auditor's Report	38
Statements of Financial Position.....	40
Statements of Comprehensive Loss	41
Statements of Change in Equity	42
Statements of Cash Flows	43
Notes to Financial Statements	44
Corporate Information	68

Midland Exploration Inc.

Message to Shareholders

For the fiscal year ended September 30, 2018

Dear shareholders,

It is a sincere pleasure for me to present Midland Exploration Inc.'s 2018 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 2018, we further improved our exploration team by hiring new and very talented geologists, and appointed a new valuable member to our Board of Directors with the arrival of Virginia Mines Inc.'s former VP Exploration, Mr. Paul Archer. 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 Agnico Eagle Mines Limited, Osisko Mining Inc., Altius Minerals Corporation, SOQUEM Inc., NioBay Metals Inc., the Nunavik Mineral Exploration Fund, and Abcourt Mines Inc.

Midland continues to pursue its strategy of exploring in partnership across Quebec and achieved significant progress in 2018. Midland discovered new mineralized zones on different projects. The highlight of the year was certainly the discovery of a significant Cu-Au-Mo-Ag mineralized system on our Mythril project in the James Bay region. This new high-grade copper system was traced over more than 2 kilometres on surface and remains open in all directions. Extensive geophysical surveys are currently underway and a significant exploration budget will be devoted to this project in 2019. We also signed a new partnership agreement with the Nunavik Mineral Exploration Fund on a new Ni-Cu-Co project near Kuujuaq and continued to generate and acquire new gold and polymetallic properties with very strong potential for discoveries (in the Detour, Eleonore and Mythril areas). In addition, we also increased Midland's visibility and exposure in 2018, 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:

- ***New significant Cu-Au-Mo-Ag discovery on Mythril, James Bay***
- ***New Vortex gold zone extended over more than 1.5 km strike length on the Casault JV with SOQUEM***
- ***New significant gold occurrences discovered on Willbob (Ants & Didgeridoo)***
- ***New agreement signed for a Ni-Cu-Co project with the Nunavik Mineral Exploration Fund***
- ***Generation and acquisition of 100% interest in the Soissons Ni-Cu-Co project***
- ***14,661 metres drilled in 2018***

Midland intends to continue aggressively exploring its various projects for gold, platinum group elements and base metals in 2019, to discover world-class deposits. An ambitious exploration program, one of the most significant since the Company was founded, is currently in preparation and will be deployed on the Company's best projects. Midland will continue to generate several new projects and seek to rapidly conclude additional partnership agreements for properties recently acquired in 2017 and 2018. Midland also intends to continue assessing interesting business opportunities as they arise in 2019. Midland has a very strong financial position, with an adjusted working capital of more than \$14 million and no debt.

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 2018. 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 2019 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, 2018

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, 2018. This MD&A should be read in conjunction with the Corporation’s audited financial statements as at September 30, 2018 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 16	October 1, 2015 to September 30, 2016
Q1-17	October 1, 2016 to December 31, 2016
Q2-17	January 1, 2017 to March 31, 2017
Q3-17	April 30, 2017 to June 30, 2017
Q4-17	July 1, 2017 to September 30, 2017
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
Fiscal 19	October 1, 2018 to September 30, 2019

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

Midland has an adjusted working capital of \$11,214,039 as of September 30, 2018 (\$11,678,771 as of September 30, 2017) which includes \$1,200,000 of investments in guaranteed investment certificates with expiry dates over 1 year (nil as of September 30, 2017)), 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*).

On November 22, 2017 and December 5, 2018, the Corporation completed private placement by issuing respectively 1,692,854 and 1,969,638 flow-through shares at \$1.35 for total gross proceeds of \$2,285,354 and \$2,659,012 (see section 5 for details).

On May 3, 2018, 1,522,000 warrants were exercised at \$1.15 for total gross proceeds of \$1,750,300.

The Corporation signed 50%-50% joint venture agreements with Altius Resources Inc. (“Altius”) for the following designated projects: Elrond, Gondor, Helms Deep, Isengard, Minas Tirith, Moria, Shire, Mythril and Fangorn (the “Designated Projects”). On July 13, 2018, the Corporation amended the James Bay strategic alliance (“Alliance”) memorandum of understanding (“MOU”) signed on March 30, 2017 as follows:

Midland Exploration Inc.
Management Discussion & Analysis
For the year ended September 30, 2018

2. OVERALL PERFORMANCE (CONT'D)

- Altius exchanged its 50% interest 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 which corresponds to Altius' portion of the phase 2 approved exploration budget of 2018;
- Altius will subscribe additional common shares for its portion of future work program on the Designated Projects, at market price;
- If further designated projects are declared, Altius will subscribe additional common shares of the Corporation for its portion of the work programs, at market price;
- All designated projects share require the registration of a 2% net smelter return ("NSR") royalty, 50% 50% to the respective parties ("Alliance Royalty"), with a mutual right of first offer on the sale of any interest in the Alliance Royalty.

The MOU will expire on December 31, 2019, with an option to continue the Alliance for two additional years. The duration of this MOU can be reduced or extended by mutual consent.

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 Kuujjuaq, Nunavik, Quebec. The NMEF will be the operator of the partnership.

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.

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

As operator, Midland incurred exploration expenditures totalling \$6,019,773 (\$6,243,161 in Fiscal 17), on its properties of which \$1,890,528 was recharged to its partners (\$1,274,505 in Fiscal 17). The operating partners incurred \$704,099 of exploration expenses (\$631,255 in Fiscal 17). Also, the Corporation invested \$337,741 (\$619,147 in Fiscal 17) to complete several property acquisitions in Quebec of which \$35,113 was recharged to its partners (\$100,422 in Fiscal 17).

Selected annual information

	Fiscal 18	Fiscal 17	Fiscal 16
	\$	\$	\$
Project management fees	109,548	96,193	107,423
Loss	(807,530)	(1,214,056)	(807,158)
Loss per share, basic and diluted	(0.01)	(0.02)	(0.01)

	As at September 30,		
	2018	2017	2016
	\$	\$	\$
Total assets	29,736,269	26,477,605	24,456,678

Midland Exploration Inc.
Management Discussion & Analysis
For the year ended September 30, 2018

3. RESULTS OF OPERATIONS

The Corporation reported a loss of \$807,530 in Fiscal 18 compared to \$1,214,056 for Fiscal 17.

Operating expenses are stable at \$1,821,623 for Fiscal 18 compared to \$1,864,707 in Fiscal 17:

- Salaries decreased to \$540,288 (\$584,630 in Fiscal 17). A \$18,387 refund was received in Fiscal 18 relating to a rate adjustment on benefits of Fiscal 17.
- Stock-based compensation (non-cash item) decreased to \$192,395 (\$285,429 in Fiscal 17). 500,000 options were granted in Fiscal 16 at a weighted average exercise price of \$1.10, 695,000 in Fiscal 17 at a weighted average exercise price of \$1.13 and 570,000 in Fiscal 18 at an exercise price of \$0.89. Their fair value was estimated at \$250,000, \$362,250 and \$245,100 respectively. This fair value was accounted for according to its vesting period (up to 18 months) or the period in which the services were rendered. Part of this fair value was recorded in the statement of earnings as stock-based compensation (\$96,951 in Fiscal 16, \$285,429 in Fiscal 17 and \$192,395 in Fiscal 2018) and the other part was capitalized within the deferred exploration expenses (\$16,162 in Fiscal 16, \$164,088 in Fiscal 17 and \$104,646 for Fiscal 18). The options vest over 18 months and it should be noted that the main grant of options occurred in August for Fiscal 16 while it occurred in February for Fiscal 17 and Fiscal 18.
- Impairment of exploration and evaluation assets (non-cash item) increased to \$303,610 (\$232,075 in Fiscal 17) and the explanations can be found in the investing activities section found later in this MD&A.

Interest income increased to \$203,475 (\$169,368 in Fiscal 17) due to gradual increase in the interest rates.

A \$694,070 (\$382,090 in Fiscal 17) 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 renunciation following the November 2017 private placement (November 2016 and March 2017 in Fiscal 17). All exploration work imposed by the November 2016 and March 2017 flow-through financings was completed before September 30, 2017. Also, all the exploration work imposed by the November 2017 flow-through financings was completed before September 30, 2018.

Midland Exploration Inc.
Management Discussion & Analysis
For the year ended September 30, 2018

4. EXPLORATION ACTIVITIES

Deferred exploration expenses Fiscal 18	Balance beginning	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based compensation	Recharge	Tax credits	Option payment	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
Wawagosic	-	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

Midland Exploration Inc.
Management Discussion & Analysis
For the year ended September 30, 2018

4. EXPLORATION ACTIVITIES (CON'T)

Deferred exploration expenses Fiscal 17	Balance beginning	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based compensation	Recharge	Tax credits	Option payment	Write-off	Net change	Balance end Fiscal 17
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Abitibi														
Maritime Cadillac	236,090	2,380	-	48,313	3,842	-	54,535	1,700	-	(54)	-	-	56,181	292,271
Laflamme Au	1,893,853	23,712	109,332	183,492	5,778	-	322,314	9,692	-	(23,795)	-	-	308,221	2,202,064
Patris Au	221,646	3,486	-	4,827	-	-	8,313	198	(8,313)	-	-	-	198	221,884
Casault Au	352,708	85,689	143,777	1,056,768	48,958	25,523	1,358,610	18,247	(686,997)	(80,708)	-	-	611,257	963,965
Jouvex Au	351,966	2,806	97,369	-	-	20,923	119,695	1,871	(60,549)	(1,553)	-	-	60,867	412,833
Heva Au	157,076	52,441	12,157	300	3,609	35,580	102,897	11,325	(1,193)	(9,310)	-	-	104,909	261,985
Valmond	120,742	3,572	-	-	-	-	3,572	-	-	-	-	-	3,572	124,314
Samson	78,203	4,333	-	518	-	-	4,851	1,379	-	(1,022)	-	-	5,208	83,411
La Peltrie	652,484	54,870	312,312	16,654	-	49,275	428,152	16,409	(23,947)	(10,473)	-	-	415,100	1,067,584
Adam	42,841	31,420	58,410	4,251	-	-	94,081	1,700	-	(7,467)	-	-	88,314	131,155
Abitibi Gold	173,644	23,893	4,050	114	1,376	-	26,627	1,254	-	(861)	-	-	29,826	203,470
Grenville-														
Appalaches														
Weedon Cu Zn Au	523,230	61,136	7,000	-	32,763	-	100,899	4,346	-	(1,578)	-	-	103,667	626,897
Gatineau Zn	29,024	12,381	200	-	-	-	14,981	-	-	-	-	-	14,981	44,005
Bay-James														
Bay-James Au	261,886	92,070	40,700	-	3,889	-	136,659	-	-	(35,950)	-	-	100,709	362,595
Eleonore Au	1,629,303	113,385	-	-	10,650	-	124,035	6,423	-	(36,242)	-	-	94,216	1,723,519
JV Eleonore AU	124,692	202,506	-	533	16,368	-	219,407	18,280	-	(71,097)	-	-	166,590	291,282
JV BJ Altius	-	346,681	59,018	-	24,228	-	429,927	4,328	(214,964)	(56,510)	-	-	162,781	162,781
Québec Labrador														
Ytterby REE	183,583	-	-	-	-	-	-	-	-	-	-	(183,583)	(183,583)	-
Northern Quebec														
Pallas PGE	369,500	60,191	-	474,576	32,084	-	566,851	6,703	(278,542)	(125,766)	-	-	169,246	538,746
Willbob Au	565,271	597,926	-	1,164,421	328,509	-	2,090,856	60,233	-	(589,487)	-	-	1,561,602	2,126,873
Projects generation	74,069	23,436	-	-	-	-	23,436	-	-	(6,339)	-	-	17,097	91,166
TOTAL	8,041,811	1,798,314	844,325	2,954,767	512,054	133,701	6,243,161	164,088	(1,274,505)	(1,058,212)	-	(183,583)	3,890,949	11,932,760

Midland Exploration Inc.
Management Discussion & Analysis
For the year ended September 30, 2018

4. EXPLORATION ACTIVITIES (CON'T)

Expenses Exploration and evaluation Properties	Actual Fiscal 17			Actual Fiscal 18			Budget Fiscal 18			Budget Fiscal 19		
	Midland	Partners	Total	Midland	Partners	Total	Midland	Partners	Total	Midland	Partners	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
100% owned by Midland												
Patris	-	292,255	292,255	12,212	10,379	22,591	-	15,000	15,000	5,000	-	5,000
Heva Au	102,894	71,744	174,638	893	282,303	283,196	-	500,000	500,000	5,000	-	5,000
Valmond	3,572	-	3,572	-	-	-	5,000	-	5,000	5,000	-	5,000
Samson	4,851	-	4,851	85,766	-	85,766	100,000	-	100,000	5,000	-	5,000
Wawagosic	-	-	-	54,396	-	54,396	-	-	-	5,000	-	5,000
Adam	94,081	-	94,081	152,089	-	152,089	100,000	-	100,000	5,000	-	5,000
Mistaouac	-	-	-	227,883	-	227,883	-	-	-	5,000	-	5,000
Turgeon	-	-	-	195,583	-	195,583	-	-	-	5,000	-	5,000
Manthet	-	-	-	8,409	-	8,409	-	-	-	5,000	-	5,000
Abitibi Gold	29,433	-	29,433	17,065	-	17,065	30,000	-	30,000	25,000	-	25,000
Weedon Cu-Zn-Au	100,899	-	100,899	19,153	-	19,153	60,000	-	60,000	50,000	-	50,000
Gatineau Zn	14,981	-	14,981	27,597	-	27,597	5,000	-	5,000	5,000	-	5,000
Baie James Au	136,659	-	136,659	187,488	-	187,488	300,000	-	300,000	200,000	-	200,000
Éléonore Au	124,035	-	124,035	47,453	-	47,453	100,000	-	100,000	100,000	-	100,000
Isengard	2,809	2,810	5,619	37,109	36,146	73,255	-	-	-	5,000	-	5,000
Minas Tirith	37,900	37,900	75,800	8,856	966	9,822	-	-	-	5,000	-	5,000
Shire	98,715	98,715	197,430	235,173	65,831	301,004	300,000	300,000	600,000	5,000	-	5,000
Elrond	41,934	41,934	83,868	490	490	980	-	-	-	-	-	-
Gondor	6,842	6,842	13,684	29,023	22,307	51,330	-	-	-	5,000	-	5,000
Moria	26,639	26,639	53,278	166,538	47,484	214,022	-	-	-	5,000	-	5,000
Helms	124	124	248	32,229	17,589	49,818	-	-	-	-	-	-
Mythril	-	-	-	46,581	-	46,581	-	-	-	2,000,000	-	2,000,000
Fangorn	-	-	-	10,989	-	10,989	-	-	-	5,000	-	5,000
Willbob	2,090,856	-	2,090,856	679,336	-	379,336	2,000,000	-	2,000,000	475,000	-	475,000
Pallas PGE	288,309	278,542	566,851	-	-	-	5,000	-	5,000	5,000	-	5,000
Soissons	-	-	-	73,023	-	73,023	-	-	-	5,000	-	5,000
Génération de projet	23,436	-	23,436	9,765	-	9,765	120,000	-	120,000	30,000	-	30,000
	3,228,969	857,505	4,086,474	2,365,099	292,682	2,657,781	3,125,000	815,000	3,940,000	2,970,000	-	2,970,000
Option, operated by Midland and paid by partner												
La Peltrie	409,164	23,947	457,058	1 028	563,739	564,767	-	500,000	500,000	5,000	125,000	130,000
In joint venture												
Maritime-Cadillac- Agnico-Eagle 51%	54,535	56,761	111,296	94,120	97,888	192,008	100,000	100,000	200,000	50,000	50,000	100,000
Vermillon- Soquem 53.4%	-	-	-	236	270	506	5,000	5,000	10,000	-	-	-
Laflamme Au – Abcourt 27.4%	322,314	-	322,314	251,781	-	251,781	200,000	-	200,000	150,000	-	150,000
Casault – Soquem 50%	673,718	687,591	1,361,309	1,117,659	1,117,659	2,235,318	300,000	300,000	600,000	450,000	450,000	900,000
Jouvex – Soquem 50%	60,549	60,549	121,098	-	-	-	100,000	100,000	200,000	175,000	175,000	350,000
JV Eleonore Osisko 50%	219,407	219,407	438,814	306,368	324,545	630,913	275,000	275,000	550,000	150,000	150,000	300,000
Soissons NMEF 50%	-	-	-	7,031	7,031	14,062	-	-	-	50,000	50,000	100,000
	1,330,523	1,024,308	2,354,831	1,777,195	1,547,393	3,324,588	980,000	780,000	1,760,000	1,025,000	875,000	1,900,000
	4,968,656	1,881,813	6,946,160	4,143,322	2,403,814	6,547,136	4,105,000	2,095,000	6,200,000	4,000,000	1,000,000	5,000,000

4. EXPLORATION ACTIVITIES (CONT'D)

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

- ***New significant Cu-Au-Mo-Ag discovery on Mythril, James Bay***
- ***Vortex zone extended to 1.5 km long on Casault JV***
- ***New significant gold showings found on Willbob (Ants & Didgeridoo)***
- ***A total of 14,661 metres were drilled during Fiscal 18 (10,357 metres during Fiscal 17). Moreover, an additional 2,850 metres were drilled in October and November 2018.***

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

During the year, two (2) drill holes were completed on Maritime-Cadillac for a total of 1,485.0 metres. This program was testing the possible extension at depth of the gold-bearing zone intersected in hole 141-17-36 on the historic Maritime-Cadillac showing. This drill hole had intersected an interval grading 1.46 g/t Au over 31.6 metres, from 112.80 to 144.40 metres, including 2.2 g/t Au over 15.6 metres at a vertical depth of approximately 100 metres. This zone included several higher-grade sections, namely 4.3 g/t Au over 0.9 metre (124.1 to 125.0 m), 3.4 g/t Au over 1.0 metre (126.0 to 127.0 m), and 5.7 g/t Au over 0.6 metre (135.0 to 135.6 m).

Hole 141-18-38 was completed at a final depth of 654.0 metres. This hole intersected the Maritime-Cadillac zone between 486.3 and 493.0 metres. The zone consists in a felsic-intermediate dyke mineralized with traces to 1% pyrite and arsenopyrite. The best assay results returned 0.83 g/t Au over 7.60 m (485.4 to 493.0 m) including 1.3 g/t Au over 2.0 m and 1.58 g/t Au over 3.30 m (497.2 to 500.5 m).

Hole 141-18-39 was completed during the summer and ended at a depth of 831.0 metres. The best interval returned 1.6 g/t Au over 3.0 metres between 363.7 and 366.7 metres.

Midland Exploration Inc.

Management Discussion & Analysis

For the year ended September 30, 2018

4. EXPLORATION ACTIVITIES (CONT'D)

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, 2018, the Laflamme property consists of a total of 636 claims covering an area of approximately 33,752 hectares and Midland holds 74.3% 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 18, therefore the Corporation impaired partially for \$5,874 the exploration property cost (\$6,846 in Fiscal 17).

Exploration work on the property

Three (3) geophysics surveys were completed during the year on the Laflamme. These surveys include an heliborne magnetic survey over the southern block, a ground SQUID-EM survey in the Copernick area and finally an IP-OreVision survey to the west of the NW Comtois zone held by Osisko.

The heliborne magnetic survey identified several lineaments that were interpreted as structural features within the felsic intrusion. The ground SQUID-EM survey covered the ultramafic unit identified east of the Copernick zone. A weak conductor was identified to the east of Copernick on the preliminary data and could be related to weakly connected or veinlets of sulphides. A weak conductor oriented SW-NE has been interpreted to the northeast of Copernick associated with the ultramafic rocks. Finally, the IP-OreVision survey identified several new interesting chargeability anomalies interpreted to be surrounding a small felsic intrusion.

Midland is currently planning a winter drilling program in order to test these new geophysical anomalies near Copernick and NW Comtois.

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, 2018 consists in 307 claims covering an area of approximately 13,031 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.

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.

Exploration work on the property

No exploration work conducted on Patris during Fiscal 18. Midland is currently looking for a new partner for this project.

4. EXPLORATION ACTIVITIES (CONT'D)

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, 2018, this property consists in 316 claims covering an area of approximately 17,393 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

During Fiscal 18, three (3) drilling programs comprising twenty-two (22) drill holes were completed on the Casault, for a total meterage of 8,209.0 metres. These drilling programs resulted in the discovery and the follow-up of a new significant gold-bearing zone named Vortex. This system includes four (4) parallel gold zones, named Vortex 475, 450, 435 and 425. The envelope encompassing these mineralized zones forms a corridor approximately 50 metres wide. The system is now interpreted as a Syenite-Associated Gold system because of the presence of alkaline dykes.

The Vortex zone is a major gold-bearing structure located at about 100 metres north of the regional Sunday Lake deformation zone. It is characterized by a strongly foliated and folded unit of block and lapillis tuff altered with hematite, albite and ankerite. Mineralization consists in finely disseminated pyrite (0.5 to 5%). So far, the best grades are obtained in altered and mineralized breccias within the main Vortex structure.

The most important gold zone identified to date at Vortex, Zone 450, was intersected in all the drill holes, over a strike length of at least 1.5 kilometres and locally down to 600 metres. The zone trends east-west and is steeply dipping to the north and remains open in all directions.

Results 2017-2018 – Vortex Zone 450

CAS-17-92 (Section 628200) Vertical depth : -100 m

- 0.46 g/t Au over 13.5 m ; incl. 2.83 g/t Au over 1.3 m ; incl. 5.52 g/t Au over 0.3 m

CAS-17-93 (Section 628000) Vertical depth : -160 m

- 2.10 g/t Au over 6.7 m ; incl. 6.82 g/t Au over 0.4 m & 5.58 g/t Au over 0.4 m

CAS-17-94 (Section 628100) Vertical depth : -230 m

- 1.91 g/t Au over 7.2 m ; incl. 5.18 g/t Au over 1.4 m ; incl. 7.71 g/t Au over 0.8 m

CAS-17-95 (Section 628300) Vertical depth : -75 m

- 1.30 g/t Au over 23.5 m ; incl. 3.46 g/t Au over 6.0 m ; incl. 23.86 g/t Au over 0.5 m

CAS-17-96 (Section 628500) Vertical depth : -120 m

- 1.38 g/t Au over 26.2 m ; incl. 7.87 g/t Au over 2.2 m ; incl. 14.55 g/t Au over 0.8 m

CAS-18-97 (Section 628400) Vertical depth : -160 m

- No significant results (Faulted Out)

CAS-18-98 (Section 628400) Vertical depth : -240 m

- 0.23 g/t Au over 6.0 m

CAS-18-99 (Section 628300) Vertical depth : -220 m

- 0.56 g/t Au over 12.55 m ; incl. 2.26 g/t Au over 0.75 m

4. EXPLORATION ACTIVITIES (CONT'D)

- CAS-18-100 (Section 628500) Vertical depth : -220 m
- 0.74 g/t Au over 8.8 m ; incl. 2.0 g/t Au over 0.75 m & 1.69 g/t Au over 2.25 m
- CAS-18-101 (Section 628000) Vertical depth : -250 m
- 12.4 g/t Au over 1.05 m
- CAS-18-102 (Section 628600) Vertical depth : -150 m
- Hole abandoned
- CAS-18-103 (Section 628600) Vertical depth : -250 m
- Hole abandoned
- CAS-18-104 (Section 627800) Vertical depth : -170 m
- 0.51 g/t Au over 5.25 m; incl. 3.29 g/t Au over 0.5 m
- CAS-18-105 (Section 627800) Vertical depth : -250 m
- 0.20 g/t Au over 5.7 m
- CAS-18-106 (Section 628700) Vertical depth : -80 m
- 0.35 g/t Au over 0.6 m
- CAS-18-108 (Section 629100) Vertical depth : -80 m
- 0.34 g/t Au over 21.45 m ; incl. 0.98 g/t Au over 2.85 m
- CAS-18-109 (Section 627850) Vertical depth : -600 m
- 0.31 g/t Au over 18.05 m
- CAS-18-110 (Section 627600) Vertical depth : -200 m
- 0.46 g/t Au over 25.7 m ; incl. 1.1 g/t Au over 6.2 m ; incl. 3.8 g/t Au over 1.15 m
- CAS-18-111 (Section 628250) Vertical depth : -525 m
- 0.77 g/t Au over 12.0 m
- CAS-18-112 (Section 628650) Vertical depth : -530 m
- 0.22 g/t Au over 5.55 m

Best Results 2017-2018 – Vortex Zone 475

- CAS-17-92 (Section 628200) Vertical depth : -75 m
- 0.29 g/t Au over 16.7 m ; incl. 1.72 g/t Au over 1.0 m
- CAS-17-93 (Section 628000) Vertical depth : -110 m
- 0.23 g/t Au over 12.85 m ; incl. 1.16 g/t Au over 1.05 m
- CAS-17-94 (Section 628100) Vertical depth : -200 m
- 0.36 g/t Au over 8.0 m ; incl. 2.72 g/t Au over 0.5 m
- CAS-17-96 (Section 628500) Vertical depth : -100 m
- 18.7 g/t Au over 0.5 m
- CAS-18-98 (Section 628400) Vertical depth : -195 m
- 0.44 g/t Au over 1.9 m
- CAS-18-100 (Section 628500) Vertical depth : -200 m
- 0.16 g/t Au over 1.0 m
- CAS-18-101 (Section 628000) Vertical depth : -210 m
- 0.16 g/t Au over 14.25 m

4. EXPLORATION ACTIVITIES (CONT'D)

CAS-18-104 (Section 627800) Vertical depth : -150 m

- 0.23 g/t Au over 18.5 m ; incl. 2.72 g/t Au over 0.5 m

CAS-18-105 (Section 627800) Vertical depth : -225 m

- 0.51 g/t Au over 26.0 m ; incl. 2.09 g/t Au over 2.3 m

CAS-18-109 (Section 627850) Vertical depth : -550 m

- 0.14 g/t Au over 21.0 m

CAS-18-110 (Section 627600) Vertical depth : -170 m

- 0.34 g/t Au over 2.95 m

CAS-18-111 (Section 628250) Vertical depth : -480 m

- 0.18 g/t Au over 12.0 m

CAS-18-112 (Section 628650) Vertical depth : -510 m

- 0.28 g/t Au over 3.1 m

Best Results 2017-2018 – Vortex Zones 435 & 425

CAS-17-93 (Section 628000) Vertical depth : -180 m

- 3.45 g/t Au over 2.8 m ; incl. 5.0 g/t Au over 0.95 m (Zone 435)

CAS-17-93 (Section 628000) Vertical depth : -200 m

- 0.29 g/t Au over 7.3 m (Zone 425)

CAS-17-94 (Section 628100) Vertical depth : -250 m

- 0.34 g/t Au over 10.9 m ; incl. 5.18 g/t Au over 1.4 m ; incl. 7.71 g/t Au over 0.8 m (Zone 435)

CAS-18-110 (Section 627600) Vertical depth : -300 m

- 1.42 g/t Au over 6.2 m (Zone 425)

CAS-18-112 (Section 628650) Vertical depth : -550 m

- 0.71 g/t Au over 7.25 m (Zone 435)

Holes CAS-18-113, 114 and 115 were drilled outside the Vortex zone on other IP-OreVision targets. No significant results were obtained

A new drilling program (8 ddh; 2,850 m) is commencing in order to test the eastern and western extensions of the Vortex zone as well as a newly identified potential area located about 1 kilometre north of Vortex.

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, 2018 is composed of 268 claims covering an area of approximately 14,956 hectares. Some claims were dropped therefore the Corporation impaired partially for \$3,303 (\$7,707 in Fiscal 17).

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

Exploration work on the property

No exploration work conducted on Jouvex during Fiscal 18. Midland is currently preparing a drilling program for next winter in order to test the best remaining targets on the property.

4. EXPLORATION ACTIVITIES (CONT'D)

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

During Fiscal 18, IAMGOLD completed a drilling program consisting in five (5) holes totalling 1,390 metres. This program tested the best structural, geological and geophysical (IP-Mag) targets identified during the compilation phase.

Unfortunately, no significant results were obtained but some small anomalous intervals were intersected. The best result returned 2.28 g/t Au over 1.15 metre in hole HV-17-04 and 0.97 g/t Au over 2.30 metres in hole HV-17-03.

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, 2018, this property consists in 80 claims covering an area of approximately 4,453 hectares. Some claims were dropped therefore the Corporation impaired partially for \$1,831 in Fiscal 17.

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.

4.8 Samson Ni-Cu-PGE operated by Midland

Property Description

As at September 30, 2018, the Samson property consists of 264 claims covering a surface area of about 14,654 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

A ground Armit-EM survey was completed on three grids during Q2-18 in order to cover three structurally complex areas having weak airborne conductors. One weak conductor has been identified on each of the three grids.

4.9 La Peltrie (Au), operated by Midland

Property Description

As at September 2018, the La Peltrie property comprises 419 claims covering a surface area of about 23,110 hectares and encompasses possible subsidiary faults to the south of the regional Lower Detour Fault over a distance of more than 10 kilometres.

Midland Exploration Inc.
Management Discussion & Analysis
For the year ended September 30, 2018

4. EXPLORATION ACTIVITIES (CONT'D)

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 signed an option agreement (amended August 3, 2018) with Niobay Metals Inc. ("Niobay") whereby Niobay may earn, in two options, a maximum interest of 65% in the La Peltrie property, by fulfilling the following conditions:

	Payments in cash	Work
	\$	\$
First Option for a 50% initial interest		
Upon signature (completed, 200,000 shares of Niobay received, valued at \$30,000)	30,000	-
On or before December 31, 2017 (completed)	-	500,000
On or before January 31, 2019	30,000	-
On or before August 31, 2019	50,000	400,000
On or before August 31, 2020	70,000	600,000
On or before August 31, 2021	70,000	1,500,000
	250,000	3,000,000

Following the initial earn-in of its 50% interest, NioBay may earn an additional tranche of 15% interest for an undivided 65% interest in the Properties, by producing a Preliminary Economic Study on or before August 31, 2023.

The Corporation is the operator.

Exploration work on the property

During Q1-18, a drilling program comprising seven (7) drill holes totalling 1,881.0 metres was completed. This program tested the best IP-OreVision targets identified on the West and Central grids.

The best results of this campaign come from two drill holes spaced about 300 metres apart, which tested the gold-bearing iron formation. Drill holes LAP-17-04 and LAP-17-05 yielded 14 gold values above 0.1 g/t Au with gold intersections ranging from 0.10 g/t Au over 2.0 metres to a maximum of 1.23 g/t Au over 2.50 metres. The auriferous mineralization is hosted by semi-massive to massive pyrrhotite-bearing sulphide horizons between 10 and 60 metres thick. *(Note that true thicknesses cannot be determined with the information available at this time; intervals are therefore reported in core length)*. The remaining drill holes in this campaign, drilled to test areas other than the iron formation, explained the IP anomalies with the presence of sulphides but no significant values were obtained.

The massive sulphides occur near the contact between calc-alkaline felsic tuffs (F1-type) to the south and andesites to the north. The geochemical signature of these felsic tuffs is very similar to that of the felsic tuff and rhyolite sequences that host the Bousquet-LaRonde volcanogenic gold deposits in the Southern Abitibi. Moreover, the pyrrhotite-bearing massive sulphides show enrichments in gold, and also in silver and lead, near the contact with andesites, indicating the presence of a particularly favourable proximal exhalative horizon in this location. Integration of all the results of this campaign has led to the identification of a high-priority exploration target at the intersection between an interpreted synvolcanic fault and the favourable felsic tuff-andesite contact. This target remains to be drill-tested.

An interpretation of the VTEM survey was completed by consultant Marc Boivin. He proposed ten (10) targets to be followed-up with TDEM ground surveys. Following internal discussions, one grid (VTEM LAP-1-2-4) was selected and extended for a follow-up. The TDEM survey was completed during December and a strong conductor was detected.

4. EXPLORATION ACTIVITIES (CONT'D)

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, 2018, it consists of 81 claims covering a surface area of about 4,493 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

An heliborne High-Resolution magnetic survey was completed during the summer 2018. Several structural lineaments were interpreted.

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, 2018, it consists of 205 claims covering a surface area of about 11,397 hectares in the Abitibi region of Quebec. Some claims were dropped therefore the Corporation impaired partially for \$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

During Q2-18, an IP-OreVision survey was completed on Adam. The three grids covered the southern portion of the property where historical till gold anomalies had been identified. The survey also targeted some unexplained VTEM conductors. Two strong IP- chargeability anomalies were identified and represent new drilling targets in the southern portion of the main block east of the B26 deposit owned by SOQUEM.

During Q4-18, two (2) grids were covered with ground TDEM surveys. One strong conductor was identified on Grid A while no conductor was detected on Grid B.

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, 2018, it consists of 390 claims covering a surface area of about 20,023 hectares in the Abitibi region of Quebec. Some claims were dropped therefore the Corporation impaired partially for \$1,253 in Fiscal 18.

Exploration work on the property

An important VTEM survey was completed over the Mistaouac and Turgeon properties located in the vicinity of the Casa Berardi mine. Some new conductors have been identified on the Mistaouac West survey. For the main Mistaouac block, the VTEM detected almost the same anomalies as the previous Input surveys.

4. EXPLORATION ACTIVITIES (CONT'D)

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, 2018, it consists of 246 claims covering a surface area of about 13,786 hectares in the Abitibi region of Quebec.

Exploration work on the property

An important VTEM survey was completed over the Mistaouac and Turgeon properties located in the vicinity of the Casa Berardi mine. For the Turgeon block, a few new conductors were identified.

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, 2018, it consists of 7 claims covering a surface area of about 386 hectares in the Abitibi region of Quebec.

Exploration work on the property

No exploration work conducted during Fiscal 18.

4.15 Abitibi Gold (Au) operated by Midland

Property Description and exploration work on the property

As at September 2018, the Abitibi Gold property comprises 17 claims covering a surface area of about 943 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 conducted during Fiscal 18.

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, 2018 is comprised of 153 claims covering an approximate area of 7 859 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 \$7,091 in Fiscal 17 the exploration property cost.

4. EXPLORATION ACTIVITIES (CONT'D)

Exploration work on the property

A till geochemical survey was completed during Q1-18 to the north-east of the Weedon mine.

The till survey identified a new unexplained gold and zinc anomaly to the northwest of the Lingwick deposit. A field follow-up program is in preparation for November-December.

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, 2018, 168 claims covering 9,883 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 \$3,808 in Fiscal 17.

Exploration work on the property

A gravimetric survey was completed during Q2-18 on the Bouchette property. Results show two nice anomalies coincident with dolomitic marbles to the SE of the Bouchette showing and also further to the east.

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, 2018 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 18.

JAMES BAY

4.19 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 Goldcorp's Eleonore deposit. The property regroups several properties for a total of 246 claims covering a surface area of about 12,868 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

During Q3-18 the IP survey was completed and covered an area where a field of copper-rich, glacially transported, sub-angular diorite boulders were discovered (see the September 26, 2017 press release). Four (4) diorite boulders sampled in 2016 and 2017 returned 8.28% Cu, 6.85% Cu, 4.54% Cu and 3.45% Cu in grab samples (*note that grab samples are selective by nature and values reported may not be representative of mineralized zones*). The Cu±Mo±Ag±Bi geochemical signature of the boulders and the dioritic host rock suggest a porphyry copper system. These boulders are all found within a 100-meter diameter zone, which suggests a local source.

4. EXPLORATION ACTIVITIES (CONT'D)

The IP survey revealed two strong zones of chargeability anomalies that could indicate areas of disseminated copper or iron sulfides within the bedrock. The first strong IP chargeability anomaly is located less than 100 metres north-east (up-ice) from the copper-bearing boulder field and is a prime target for follow-up. The second strong IP chargeability anomaly, located about 600 metres north of the boulders, is also very interesting because it is also associated with a preeminent magnetic high and an electromagnetic anomaly that were delineated by a historical Mag-EM airborne survey performed in the area. Such a combination of magnetic and chargeability anomalies is typical of the copper-rich core zones of porphyry copper deposits, which contain both sulfides and magnetite.

Trenching and channeling of the IP anomaly closest to the boulder field has revealed a significant copper-bearing mineralized horizon in TR-004. Channels yielded the following significant values: (note that all thicknesses reported in this press release are apparent thicknesses; true thicknesses cannot be determined at this time)

- 2.10% Cu and 44.1 g/t Ag over 0.9 m (TR-004-G2)
- 1.33% Cu and 81.2 g/t Ag over 2.0m, including 2.47% Cu and 159 g/t Ag over 1.0m (TR-004-R3)
- 0.892% Cu and 10.7 g/t Ag over 0.5 m (TR-004-G3)

Copper mineralization in TR-004 is hosted in a diorite that is strongly altered in epidote and mineralized in chalcopyrite-pyrite. It is very similar to the mineralization found in the nearby boulders.

Trenches TR-007 and TR-008, located about 750 meters northwest of TR-004, also exposed a very significant porphyry-style quartz stockwork in a diorite/granodiorite with strong chlorite, K-feldspar, hematite, pyrite and epidote alterations. Anomalous copper grades (up to 0.05% Cu) were also found in these trenches. The trenches targeted an IP anomaly but could not explain it because of thick overburden.

In addition, a grab sample of a coarse-grained granodiorite outcrop located about 1 km southeast of TR-004 also yielded 0.31% Cu, 0.32 g/t Au and 5.6 g/t Ag, hinting at the presence of additional copper mineralization as well as gold in that area. Finally, an outcrop of a felsic dyke located about 800 km meters southeast of TR-004 with massive molybdenite clusters also yielded >1 % Mo in a grab sample.

4.20 JV JB Altius (Au), operated by Midland

Properties description

On February 10, 2017, the Corporation signed a letter of intent creating a strategic alliance with 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.

The following projects were identified as designated projects (with number of claims and hectares disclosed as at September 30, 2018): Elrond (109 claims on 5 649 hectares), Gondor (41 claims on 2 107 hectares), Helms Deep (70 on 3,699 hectares), Isengard (132 claims on 6 758 hectares), Minas Tirith (152 claims on 8,110 hectares), Moria (104 claims on 5,495 hectares), Shire (573 claims on 30,474 hectares), Mythrill (66 claims on 3,378 hectares) et Fangorn (16 claims on 816 hectares).

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

- Altius exchanged its 50% interest 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 which corresponds to Altius' portion of the phase 2 approved exploration budget of 2018;

4. EXPLORATION ACTIVITIES (CONT'D)

- Altius will subscribe additional common shares for its portion of future work program on the Designated Projects, at market price;
- If further designated projects are declared, Altius will subscribe additional common shares of the Corporation for its portion of the work programs, at market price;
- All designated projects share require the registration of a 2% NSR, 50% 50% to the respective parties ("Alliance Royalty"), with a mutual right of first offer on the sale of any interest in the Alliance Royalty.

The MOU will expire on December 31, 2019, with an option to continue the Alliance for two additional years. The duration of this MOU can be reduced or extended by mutual consent.

Exploration work on the properties

During Fiscal 18, Midland completed prospecting over a new generation of reccy targets that were generated earlier this year. Prospecting was carried out on Mythril (formerly Lothlorien), Fangorn, Hel's Deep, Minas Tirith while trenching and channel sampling was completed on Shire and Moria.

The main highlight of this project is the discovery of a new significant Cu-Au-Mo-Ag mineralized system called Mythril. The mineralized system is interpreted based on outcrops and locally sourced, angular float fields. It is interpreted to be of the "Cu-Au-Mo porphyry" type. The full dimensions of the mineralization are not known yet. Midland significantly increased its land position around the discovery and plans to start geophysical surveys in the coming weeks.

September 2018 Phase of Work

The Cu-Au-Mo-Ag mineralized system is at least 700 meters long on surface, oriented east-west, open in both directions.

Highlights

- Fifty-four (54) new high-grade Cu-Au-Mo-Ag mineralized floats; average values of 2.61% Cu, 1.25 g/t Au, 0.13% Mo, 28.7 g/t Ag over the 54 floats (grab samples); maximum values of: 13.2% Cu; 16.8 g/t Au; 0.58% Mo; 112 g/t Ag. Float are concentrated in five major fields. Most of the float are angular and are interpreted to be locally derived (<100m transport distance).
- Channel result of 2.74% Cu, 0.44 g/t Au, 0.06% Mo, and 24.3 g/t Ag over 2.7 meters, including 4.52% Cu, 0.65 g/t Au, 0.1% Mo, and 40.1 g/t Ag over 1.5 meters on the Celeborn showing. Mineralization open in all directions.
- New "Arwen" Cu-Au-Mo-Ag mineralized float field, that returned high-grade gold values, with up to 16.8 g/t Au. It is the easternmost float field.
- New "Legolas" showing with grab sample of 4.89% Cu, 1.5 g/t Au, 46 g/t Ag.

October 2018 Phase of Work

The copper-gold-molybdenum-silver mineralized system is now identified over 2 kilometers strike length on surface (E-W), up from 0.7 kilometers in September, and is still open in both directions. The mineralized system is interpreted based on surface Cu-Au-Mo-Ag showings. The full dimensions of the mineralization are not known yet.

Highlights

- Discovery of several new Cu-Au-Mo-Ag showings and one new Mo-only showing (3.04% Mo), extending the mineralized system from 0.7 kilometers to more than 2 kilometers strike length, open east and west.

4. EXPLORATION ACTIVITIES (CONT'D)

- Average values over 45 mineralized (>0.1 % Cu) grab samples from these new showings are: 2.04 % Cu, 0.36 g/t Au, 0.11 % Mo, 17.6 g/t Ag (2.85 % Cu Eq*). Maximum values of : 12.65 % Cu; 1.7 % Mo ; 1.51 g/t Au ; 69.8 g/t Ag.
- Fifty-six (56) new Cu-Au-Mo-Ag mineralized floats (>0.1 % Cu) discovered in the eastern and western extensions of the system. Average values of 1.33 % Cu, 0.52 g/t Au, 0.09 % Mo, 13.3 g/t Ag (2.12 % Cu Eq*) over 56 floats (grab samples). Maximum values of : 16.95 % Cu; 4.91 g/t Au; 0.44 % Mo; 49.4 g/t Ag. Most of the floats are angular and are interpreted to be locally derived (<100m transport distance).

4.21 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 258 claims covering an area of approximately 13,532 hectares as at September 30, 2018.

Exploration work on the property

During Q4-17 a prospecting program was completed on the Eleonore Centre property. No significant result was obtained during this program.

4.22 James Bay Gold (Au), operated by Midland

Property Description

Midland owns a 100% interest on 321 claims as at September 30, 2018 covering 15,587 hectares in the James Bay Area. Some claims were dropped therefore the Corporation impaired partially for \$1,657 the exploration property cost (\$12,002 in Fiscal 17).

Exploration work on the property

Last fall on the Lasalle property, a grab sample of a silicified and foliated amphibolite containing about 1% pyrite, located in a 100 meters thick shear zone, had returned 22.6 g/t Au, as well as strongly anomalous copper, bismuth and molybdenum (*note that grab samples are selective by nature and values reported may not be representative of mineralized zones*). Along the same shear zone, 750 meters east, another grab sample of foliated amphibolite had returned 7.03 g/t Au and anomalous copper and bismuth. Finally, a further 800 meters east in the same shear zone, a grab sample of paragneiss with pyrite, galena and sphalerite stringers had returned 2.35 g/t Au, 105 g/t Ag, 3.32% Pb and 5.53% Zn, along with strongly anomalous bismuth and antimony. The shear zone that hosts these showings is located at the contact between metavolcanic and metasedimentary rocks, is about 100 meters thick and is now interpreted to be more than 8 kilometers long.

On Galinée, prospection focussed on the northeastern part of the block, where interesting gold values were obtained in 2015 (3.63 g/t Au; 1.07 g/t Au; 0.76 g/t Au). In the same area, a shear zone about 3 meters wide containing quartz-tourmaline veins with pyrite stringers yielded gold values of 14.85 g/t Au, 4.35 g/t Au and 0.67 g/t Au ("Elsa" showing) in grab samples (*note that grab samples are selective by nature and values reported are not representative of mineralized zones*). This mineral assemblage and mineralization style are typical of orogenic gold deposits. Four (4) of seven (7) samples collected in the shear zone yielded more than 0.1 g/t Au. The zone is still open to the east and west.

4. EXPLORATION ACTIVITIES (CONT'D)

On Lasalle, the trenches mainly targeted a silicified and foliated amphibolite that had returned 22.6 g/t Au in a grab sample in 2017, as well as strongly anomalous copper, bismuth and molybdenum. Two channels separated by 3 meters yielded 3.08 g/t Au / 1.25 m, and 1.87 g/t Au / 1.25 m (note that all thicknesses reported in this press release are apparent thicknesses; true thicknesses cannot be determined at this time). The gold-bearing intervals occur in a one-meter wide sheared and altered zone within amphibolites, with disseminated chalcopyrite, pyrrhotite and pyrite. Some trenches also targeted a strong gold grain anomaly in till, but did not return any significant results.

NORTHERN QUEBEC

4.23 Pallas (PGE), operated by Midland

Property Description

As at September 30, 2018, the property totals 576 claims covering approximately 26,139 hectares in the Labrador Trough («Trough») some 80 kilometres west of Kuujjuak, Québec. Some claims were dropped therefore the Corporation impaired partially for \$5,923 the exploration property cost in Fiscal 17.

On March 28, 2017, JOGMEC withdrew from the option agreement signed on January 21, 2014 and abandoned its right to exercise its option to acquire a 50% interest in the Pallas PGE property.

Exploration work on the property

No exploration work conducted on Pallas during Fiscal 18.

4.24 Willbob (Au), operated by Midland

Property Description

The Willbob property in the Labrador Trough consists of 1,498 claims covering about 68,789 hectares as of September 30, 2018, and is located approximately 66 kilometres west-southwest of Kuujjuak (Québec), near and in a geological environment similar to Midland's Pallas Project which is currently being worked in partnership with JOGMEC.

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.

Exploration work on the property

During Q1-18, Midland received the complete and final assay results of the fall prospecting program and released the results of the drilling campaign.

Prospecting Highlights

The Wayne showing was first identified in August 2017, with two grab samples separated by about 200 meters that returned 32.7 g/t Au and 2.47 g/t Au, in an area that was not explored previously. First, an elevated value of 250.10 g/t Au was obtained from a single, isolated sample located about 225 meters south-east of the initial 32.7 g/t Au value. Re-sampling of the original 32.7 g/t Au sample yielded 6.54 g/t Au, while values of 40.10 g/t Au, 24.80 g/t Au, 1.94 g/t Au, 1.81 g/t Au, 1.56 g/t Au were obtained from grab samples collected in a 10 meters radius around the original sample. Another grab sample collected about 25 meters south also yielded 1.15 g/t Au. Mineralisation in the Wayne showing area consists in a quartz diorite that contains numerous mm- to cm-thick quartz veinlets; the veinlets and the wallrock are mineralized in pyrrhotite with usually no arsenopyrite. Ten (10) samples out of 29 samples collected from the Wayne area yielded more than 1 g/t Au, with three additional ones yielding between 0.1 and 1 g/t Au.

4. EXPLORATION ACTIVITIES (CONT'D)

The new Didgeridoo gold zone is located about 15 kilometers southeast of Osisko/Barrick's Pump Pad Ridge gold showing, and about 70 kilometers south of Midland's Golden Tooth zone. It is part of a new claim block staked in January 2017. Channel samples on Didgeridoo yielded 1.37 g/t Au / 6.1 m. Several grab samples collected north and south of this channel along the zone also yielded significant gold values: 2.77 g/t Au, 1.82 g/t Au and 0.62 g/t Au located between 15 and 40 meters north of the channel, and 2.35 g/t Au, 1.35 g/t Au, 1.235 g/t Au, 1.20 g/t Au and 0.63 g/t Au from 15 to 25 meters south. *Note that grab samples are selective by nature and values reported may not be representative of mineralized zones.* The Didgeridoo zone appears to be at least 60 meters long by 5 to 10 meters wide, and is open to the south. It is a shear zone with abundant fault-filling quartz-calcite veins and veinlets, along with minor disseminated pyrrhotite within the veins and in the strongly chloritized host gabbro. Six (6) grab samples out of 19 at Didgeridoo yielded more than 1 g/t Au, and four (4) samples also yielded between 0.1 and 1.0 g/t Au. Following the discovery, Midland acquired 8 adjacent claims that contain an historical gold showing that returned up to 2.8 g/t Au in grab sampling, located on-strike about 500 meters northwest of Didgeridoo.

Several additional gold showings were also discovered in the Fall 2017 campaign and include (grab samples): the Cross Lake Showing (8.82 g/t Au, 39.20 g/t Ag; 1.28 g/t Au; 1.03 g/t Au), the Nak showing (6.26 g/t Au), the Lac H showing (1.75 g/t Au) and the West Smokey Bear showing (2.35 g/t Au; 2.21 g/t Au; 2.16 g/t Au; 1.23 g/t Au).

Highlights of the 2017 drilling campaign

The objective of the 2017 drilling campaign was primarily to test several arsenopyrite-bearing gold showings within shear zones, found in the northern corner of the project (Golden Tooth, Polar Bear, GTN, Kuni and Kuurok showings). A total of ten (10) holes totalling 3116 meters tested these shear zones. One (1) hole 189 meters deep tested the quartz-ankerite brittle veins and breccias of the Sunshine showing. Three (3) more holes also tested the Stars gold-bearing volcanogenic massive sulfide prospect at a very shallow depth (less than 25m vertical depth), for a total of 186 meters.

Drillhole WB-17-18 tested the Sunshine showing (up to 7.16 g/t Au in surface grab sampling in 2016). Sunshine represents a different mineralization style compared to the arsenopyrite-bearing shear zones mentioned previously; it contains no arsenopyrite and is hosted within brittle structures and breccias instead of ductile-brittle shears. WB-17-18 intersected three gold-bearing intervals: 36.40 g/t Au / 0.50 m, 1.99 g/t Au / 0.45 m, and 0.50 g/t Au / 1.05 m, all found between 96.35 and 107.55 meters. *Unless otherwise stated, all drill intersections reported in this report are apparent thicknesses; true thicknesses cannot be determined at this time for most intersections.* Mineralization consists in a non-sheared, altered diorite containing un-mineralized quartz veins, with pyrite and pyrrhotite in the wallrock of the veins. Hole WB-17-18 confirms that the Sunshine showing is a newly recognized mineralization style that has the potential for high gold grades. The mineralized zone intersected in WB-17-18 is still open in all directions.

Holes WB-17-09, 10 and 11 tested the extensions of the Golden Tooth gold-arsenopyrite shear zone that returned up to 3.1 g /t Au / 1.7 m in 2016 drilling. All three holes successfully intersected the zone. Hole WB-17-11 tested the zone on a section located 100m northwest of WB-16-05, and yielded 2.23 g/t Au / 1.25 m (0.91 m true width). Hole WB-17-09 tested the southwestern extension of the zone at depth, and returned 0.422 g/t Au / 2.15 m (1.32 m true width) between 280.85 and 283 meters. Finally, hole WB-17-10 tested the zone on a section 100 meters southeast of WB-16-07; it yielded 0.81 g/t Au / 1.95 m (1.43 m true width). The Golden Tooth zone was demonstrated to be at least 250 meters long on surface, continuous over more than 300 meters downdip, and is still open in all directions. Field and core observations indicate it is a classic, orogenic-style, gold-arsenopyrite shear zone, typical of many major gold deposits worldwide.

4. EXPLORATION ACTIVITIES (CONT'D)

Hole WB-17-13 tested the Kuurok arsenopyrite-bearing shear zone (up to 14.5 g/t Au in grab sample); it yielded 3.50 g/t Au / 0.35 m. In the Polar Bear area, hole WB-17-14 intersected an arsenopyrite-bearing shear zone near a diorite/mudstone contact that yielded 0.73 g/t Au / 2.7 m. In the Kuni area, numerous quartz-arsenopyrite tension veins scattered over tens of meters yielded 1.82 g/t Au / 0.55 m, 2.54 g/t Au / 0.35 m meters as well as many weakly anomalous Au values.

Holes WB-17-20, 21 and 22 tested the Stars gold-bearing massive sulfide prospect at a very shallow depth (maximum of 25 meters vertical depth). Holes WB-17-21 and 22 were drilled from the same drill setup but at different angles. Both holes intersected the massive sulfide lens. WB-17-21 yielded 0.40 g/t Au, 0.79% Cu and 0.046% Co / 1.9 m, in pyrrhotite-rich massive sulfides. WB-17-22 yielded 0.49 g/t Au, 0.59% Cu and 0.042% Co / 4.55 m, including 2.56 g/t Au, 0.51% Cu and 0.153% Co over 0.45 m in pyrite-rich massive sulfides. A section of sulfides-rich black shales further down also yielded 0.28 g/t Au / 5.65 m. Hole WB-17-20, drilled on a section 25 meters to the southeast, narrowly missed the massive sulfide lens because of a surface erosion feature.

Summer 2018 program

During Q3-18, Midland completed a new prospecting on Willbob including channel sampling program of the Didgeridoo and Ants showings.

Didgeridoo Zone

Channel sampling conducted on the Didgeridoo Zone returned several gold results including an interval grading 2.30 g/t Au over 8.95 metres, including 3.56 g/t Au over 3.15 metres. This channel sample is located at the northwestern edge of trench DJ-05; the zone thus remains open to the northwest. *(Note that true thicknesses of the channels cannot be determined at this time with the information available).*

The Didgeridoo Zone is located in the south part of the Willbob project, approximately 15 km southeast of the main gold showings found on the Kan project held by Osisko Mining and currently optioned by Barrick Gold. The Didgeridoo Zone consists of a 5 to 10-metre-wide shear zone trending NW-SE that hosts abundant fault-filling quartz-calcite veins, occurring in gabbros and quartz diorites. Up to six (6) occurrences of visible gold were observed within this zone, which was stripped over a distance of approximately 100 metres in length and which remains open at both ends.

Best results – 2018 channel sampling – Didgeridoo Zone

Channel DJ-05: 2.30 g/t Au over 8.95 m incl. 3.56 g/t Au over 3.15 m *(open to the NW)*

Channel DJ-02: 4.71 g/t Au over 2.90 m incl. 9.30 g/t Au over 1.30 m

Channel DJ-01: 1.67 g/t Au over 8.80 m *(extension of the 2017 channel)*

Channel DJ-04: 1.45 g/t Au over 6.70 m

Several other new promising results on Willbob

The prospecting campaign has also revealed a new gold-bearing zone (“Ants”), located near the junction between the Mélézes and Caniapiscau rivers. The Ants zone occurs as disseminated pyrrhotite-chalcopyrite and minor quartz veins in a strongly chloritized and ankeritized quartz diorite. The mineralized zone is observed on outcrop to be 70 meters long and 5 to 25 meters wide and is open to the east. A channel cut in the western part of the zone returned 0.81 g/t Au / 5.8 m, including 1.48 g/t Au / 2.8 m. Of the fourteen (14) grab samples collected on the zone, eleven (11) returned more than 0.1 g/t Au, and seven (7) returned more than 0.5 g/t Au, with a maximum of 1.8 g/t Au. The average grade of the grab samples is 0.66 g/t Au. Another grab sample of a strongly altered diorite with disseminated pyrrhotite, collected about 100 meters east of the zone, also yielded 4.27 g/t Au. It could represent a higher-grade eastern extension of the zone.

4. EXPLORATION ACTIVITIES (CONT'D)

The Wayne showing is located in the northern part of the project and was found during the 2017 prospection campaign. Several high-grade gold values were found in grab samples, including 40.1 g/t Au, 32.7 g/t Au, 24.8 g/t Au and 6.5 g/t Au, as well as several lower grade values between 1 and 2 g/t Au. The Wayne showing was trenched and channeled in 2018. Many gold-bearing intervals were found in channel sampling: 2.70 g/t Au / 0.7 m, 1.76 g/t Au / 0.5 m, 1.37 g/t Au / 1.4 m, 1.34 g/t Au / 0.7 m, 0.84 g/t Au / 1.4 m, 0.59 g/t Au / 0.7 m and 0.56 g/t Au / 0.5 m. Mineralization at Wayne occurs as tension quartz veins and fractures and with strong chlorite-ankerite-pyrrhotite alteration of the host quartz diorite.

A grab sample of a 5 cm thick quartz-galena tension vein about 250 meters southeast of the Wayne showing yielded **140.5 g/t Au** ("Janet" showing). The quartz diorite wallrock, mineralized in pyrrhotite-arsenopyrite, also returned 1.06 g/t Au in a grab sample. This vein is located about 25 meters west of another similar vein that returned 250.1 g/t Au in 2017.

The new "Roméo" showing is located about 4 km west of the Wayne showing, in an area that was not previously explored. It is a 50 cm thick quartz vein within a quartz diorite mineralized in pyrrhotite. The vein returned 3.15 g/t Au while the host diorite yielded 1.94 g/t Au in grab samples.

Finally, the Lac H showing (1.75 g/t Au in a 2017 grab sample) was revisited and manually trenched. Further grab sampling revealed the following gold grades: 4.25 g/t Au, 3.81 g/t Au, 2.05 g/t Au, 1.37 g/t Au and 0.51 g/t Au. The Lac H showing occurs as tension fractures and quartz veinlets with pyrrhotite mineralization within a quartz diorite. (*Note that gold values obtained from selected grab samples during this program are not representative of mineralized zones*).

During October 2018, Midland returned for an additional channel sampling program on Ants. Final results are still pending.

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

Exploration work on the property

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.

The new project, called Soissons, covers a series of Ni-Cu-Co showings associated with two distinct troctolite to olivine-bearing gabbrointrusions (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, final results are pending.

4. EXPLORATION ACTIVITIES (CONT'D)

4.26 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 Kuujjuaq, Nunavik, Quebec. The NMEF will be the operator of the partnership. As at September 30, 2018, this project consists of a total of 31 claims covering about 1 431 hectares

Exploration work on the property

A small 8 days prospecting and mapping program was conducted by the NMEF. Results of the 50 collected samples are pending.

QUEBEC / LABRADOR

4.27 Ytterby (REE), operated by Midland

Property Description

On December 2, 2017, the last 31 claims of Ytterby Quebec were dropped while all the claims in Labrador were dropped during Fiscal 2017. The Corporation wrote off entirely the Labrador claims for \$185,625. Therefore, as of December 2, 2017, the February 23, 2010 memorandum of agreement signed with JOGMEC is de facto terminated and JOGMEC has lost its 49.4% interest.

Exploration work on the property

No exploration work conducted during Fiscal 18.

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 \$20,472 during Fiscal 18 (\$20,278 in acquisition costs and \$194 in exploration work).

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.

On November 17 and 24, 2016, the Corporation completed a private placement by issuing 1,284,354 flow-through shares at \$1.35 per share, for total gross proceeds of \$1,733,876. In connection with the private placement, the Corporation paid finder's fees of \$60,650. Directors and officers of the Corporation participated in this placement for a total consideration of \$136,100.

On March 16, 2017, the Corporation completed a private placement by issuing 614,000 flow-through shares at \$1.35 per share, for total gross proceeds of \$828,900.

Midland Exploration Inc.
Management Discussion & Analysis
For the year ended September 30, 2018

5. FINANCING ACTIVITIES (CONT'D)

On November 22, 2017, the Corporation completed a private placement by issuing a total of 1,692,854 flow-through shares at \$1.35 per share, for total gross proceeds of \$2,285,354. 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.

On December 5, 2018, the Corporation completed a private placement of 1,969,637 flow-through shares at \$1.35 per share for total gross proceeds of \$2,659,012. In connection with the private placement, the Corporation paid finder's fees of \$127,414. Directors and officers of the Corporation participated in this placement for a total consideration of \$141,750 under the same terms as other investors.

On May 3, 2018, 1,522,000 warrants were exercised at \$1.15 for total gross proceeds of \$1,750,300.

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 \$11,214,039 as of September 30, 2018 (\$11,678,771 as of September 30, 2017) which is calculated as follows:

	Fiscal 18	Fiscal 17
	\$	\$
Current assets	10,639,766	12,497,871
Investments – non-current portion	1,200,000	-
Current liabilities	(625,727)	(819,100)
Adjusted working capital	11,214,039	11,678,771

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.
Management Discussion & Analysis
For the year ended September 30, 2018

6. WORKING CAPITAL (CONT'D)

	Annualized
Cash flow required	\$
Operating expenses, excluding non-cash items	1 400 000
Project management fees and interest income	(240 000)
Exploration budget paid by Midland (covering the exploration work requirements following the December 2018 flow-through private placement of \$2,659,012)	4 000 000
Mining credits of preceding years	(920 000)
Staking and property maintenance	250 000
Total	4 490 000

7. SUMMARY OF RESULTS PER QUARTERS

For the eight most recent quarters:

	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

	Q4-17	Q3-17	Q2-17	Q1-17
	\$	\$	\$	\$
Project management fees	25,587	12,850	24,997	32,759
Net loss	(550,307)	(110,435)	(261,195)	(292,119)
Loss per share	(0.01)	-	-	(0.01)
Total assets	26,477,605	26,956,987	27,010,601	25,846,801

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

A \$360,900 recovery of deferred income taxes (non-cash item) was recognized in Q3-18 (\$169,110 in Q3-17) to record the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the November 2017 private placement (November 2016 and March 2017 in Q3-17).

8. FOURTH QUARTER

The Corporation reported a loss of \$450,947 for Q4-18 compared to a loss of \$550,307 for Q4-17.

The Corporation earned project management fees are stable at \$27,085 in Q4-18 (\$25,587 in Q4-17).

Total expenses are stable at \$594,630 in Q4-18 compared to \$615,532 in Q4-17:

- Stock-based compensation (non-cash item) decreased to \$35,094 (\$65,705 in Q4-17). See section 3 for the detailed explanation that influence this expense.
- Impairment of exploration and evaluation assets (non-cash items) increased to \$281,885 (\$227,584 in Fiscal 17). See section 4 for the detailed explanations.

Midland Exploration Inc.
Management Discussion & Analysis
For the year ended September 30, 2018

8. FOURTH QUARTER (CONT'D)

In Fiscal 18, a \$62,450 (\$15,960 in Q4-17) recovery of deferred income taxes (non-cash item) was recognized. See detailed exploration in section 3

The Corporation incurred \$2,162,786 (\$2,261,784 in Q4-17) in exploration expenses of which \$423,688 (\$354,964 in Q4-17) was recharged to the partners. The exploration expenses incurred in Q4-18 were mostly executed on Willbob, Casault, Shire and Moria whereas in Q4-17, the exploration expenses were mostly executed on Willbob, Casault and BJ Altius. The Corporation acquired properties for \$592,886 net mostly to buy back the 50% interest of Altius in the BJ Altius properties by issuing 461,487 common share valued at \$507,636 (\$99,071 net in Q4-17 mostly on BJ Altius).

9. RELATED PARTY TRANSACTIONS

The following are the related party transactions that occurred in Fiscal 18:

In the normal course of operations:

- A firm in which René Branchaud (director and corporate secretary) is a partner charged legal fees amounting to \$69,469 (\$76,821 in Fiscal 17);
- A company controlled by Ingrid Martin (chief financial officer) charged accounting fees totaling \$131,102 (\$120,964 in Fiscal 17) of which \$47,634 (\$51,508 in Fiscal 17) relates to her staff;
- As at September 30, 2018, the balance due to the related parties amounted to \$4,681 (\$7,861 as at September 30, 2017).

10. SUBSEQUENT EVENTS

See section 5 on financing activities.

11. OUTSTANDING SHARE DATA

	As at December 6, 2018 Number	As at September 30, 2018 Number
Common shares	63,005,922	61,036,284
Options	3,760,000	3,760,000
Warrants	-	-
	66,765,922	64,796,284

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. 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%.

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.

The total impairment loss of the E&E assets recognized is \$303,610 for Fiscal 18 (\$232,075 for Fiscal 17). No reversal of impairment losses has been recognized for the reporting periods.

15. CRITICAL ACCOUNTING ESTIMATES (CONT'D)

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 adopted

a) IFRS 15, Revenue from contracts with customers ("IFRS 15")

IFRS 15 replaces all previous revenue recognition standards, including IAS 18, Revenue, and related interpretations. The standard sets out the requirements for recognizing revenue. Specifically, the new standard introduces a comprehensive framework with the general principle being that an entity recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces more prescriptive guidance than was included in previous standards and may result in changes to the timing of revenue for certain types of revenues. The new standard will also result in enhanced disclosures about revenue that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. As of October 1, 2017, the Company has adopted IFRS 15 on a full retrospective basis. Management has concluded that, based on its current operations, the adoption of IFRS 15 had no significant impact on the Corporation's financial statements.

16. NEW ACCOUNTING STANDARDS (CONT'D)

16.2 Accounting standards issued but not yet effective

a) IFRS 16 Leases

In January 2016, the IASB issued IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, which is the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces IAS 17, Leases ("IAS 17"), and related interpretations. Save for short term leases and leases of low value assets, all leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 will eliminate the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

- assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- depreciation of lease assets separately from interest on lease liabilities in the statement of loss and comprehensive loss.

The new standard is effective for annual periods beginning on or after January 1, 2019 with an early adoption permitted if IFRS 15 Revenue from contracts with customers is also applied.

The Corporation has presently only one lease affected by IFRS 16, described in Section 14. Management has not yet evaluated the impact that this new standard will have on its financial statements.

17. FINANCIAL INSTRUMENTS

For a description of the financial instruments and the risk associated, please refer to notes 2.5 and 14 of the September 30, 2018 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 6, 2018

(s) Gino Roger
Gino Roger
President and CEO

(s) Ingrid Martin
Ingrid Martin
CFO



December 6, 2018

Independent Auditor's Report

**To the Shareholders of
Midland Exploration Inc.**

We have audited the accompanying financial statements of Midland Exploration Inc., which comprise the statements of financial position as at September 30, 2018 and 2017 and the statements of comprehensive loss, changes in equity and cash flows for the years then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with International Financial Reporting Standards, 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

*PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.
1250 René-Lévesque Boulevard West, Suite 2500, Montréal, Quebec, Canada H3B 4Y1
T: +1 514 205 5000, F: +1 514 876 1502*

"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Midland Exploration Inc. as at September 30, 2018 and 2017 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

PricewaterhouseCoopers LLP¹

¹ CPA auditor, CA, public accountancy permit No. A123642

Midland Exploration Inc.

Statements of Financial Position

As at September 30, 2018 and 2017

	As at September 30	
	2018	2017
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (note 5)	2,752,286	4,628,896
Investments (note 6)	6,550,000	6,503,910
Accounts receivable	123,188	105,995
Sales tax receivable	295,262	279,945
Tax credits and mining rights receivable	830,776	922,454
Prepaid expenses	88,254	56,671
Total current assets	10,639,766	12,497,871
Non-current assets		
Investments - non-current portion (note 6)	1,200,000	-
Tax credits and mining rights receivable – non-current portion	90,274	117,623
Listed shares	40,000	33,000
Exploration and evaluation assets (note 7)		
Exploration properties	2,537,747	1,896,351
Exploration and evaluation expenses	15,228,482	11,932,760
	17,766,229	13,829,111
Total non-current assets	19,096,503	13,979,734
Total assets	29,736,269	26,477,605
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	625,727	477,838
Advance received for exploration work	-	341,262
Total liabilities	625,727	819,100
Equity		
Capital stock	39,352,127	35,142,832
Warrants (note 8)	-	1,922,031
Contributed surplus	4,756,224	2,679,002
Deficit	(14,997,809)	(14,085,360)
Total equity	29,110,542	25,658,505
Total liabilities and equity	29,736,269	26,477,605

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, 2018 and 2017

	Fiscal 18	Fiscal 17
	\$	\$
Revenues		
Project management fees	109,548	96,193
Operating Expenses		
Salaries	540,288	584,630
Stock-based compensation	192,395	285,429
Travel	59,702	64,091
Rent and insurance	59,935	55,988
Office expenses	151,595	133,918
Regulatory fees	50,658	43,404
Conferences and mining industry involvement	160,203	173,937
Press releases and investors relations	78,264	67,665
Professional fees	229,973	216,730
General exploration	3,000	6,840
Gain on disposal of mining assets	(8,000)	-
Impairment of exploration and evaluation assets (note 7)	303,610	232,075
Operating expenses	1,821,623	1,864,707
Other gains or losses		
Interest income	203,475	169,368
Change in fair value - listed shares	7,000	3,000
	210,475	172,368
Loss before income taxes	(1,501,600)	(1,596,146)
Recovery of deferred income taxes (note 11)	694,070	382,090
Loss and comprehensive loss	(807,530)	(1,214,056)
Basic and diluted loss per share (note 10)	(0.01)	(0.02)

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, 2018 and 2017

	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

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$	\$
Balance at October 1, 2016	54,674,417	32,332,811	1,997,093	2,224,411	(12,759,167)	23,795,148
Loss and comprehensive loss	-	-	-	-	(1,214,056)	(1,214,056)
Flow-through private placement	1,898,354	2,562,776	-	-	-	2,562,776
Less: premium	-	(382,090)	-	-	-	(382,090)
	1,898,354	2,180,686	-	-	-	2,180,686
Warrants exercised	588,786	629,335	(69,988)	-	-	559,347
Warrants expired	-	-	(5,074)	5,074	-	-
Stock-based compensation	-	-	-	449,517	-	449,517
Share issue expenses	-	-	-	-	(112,137)	(112,137)
Balance at Sept. 30, 2017	57,161,557	35,142,832	1,922,031	2,679,002	(14,085,360)	25,658,505

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

Midland Exploration Inc.

Statements of Cash Flows

For the years ended September 30, 2018 and 2017

	Fiscal 18	Fiscal 17
	\$	\$
Operating activities		
Loss	(807,530)	(1,214,056)
Adjustment for:		
Stock-based compensation	192,395	285,429
Impairment of exploration and evaluation assets	303,610	232,075
Variation – fair value of listed shares	(7,000)	(3,000)
Recovery of deferred income taxes	(694,070)	(382,090)
	(1,012,595)	(1,081,642)
Changes in non-cash working capital items		
Accounts receivable	(17,193)	(8,562)
Sales tax receivable	(15,317)	(22,295)
Tax credits and mining rights receivable	-	5,320
Prepaid expenses	(31,583)	6,439
Accounts payable and accrued liabilities	380,957	(360,755)
Advance received for exploration work	(341,262)	326,226
	(24,398)	(53,627)
	(1,036,993)	(1,135,269)
Financing activities		
Private placement	218,225	-
Flow-through private placement	2,285,354	2,562,776
Exercise of warrants	1,750,300	559,347
Share issue expenses	(104,919)	(112,137)
	4,148,960	3,009,986
Investing activities		
Additions to investments	(7,750,000)	(3,425,000)
Disposals or maturities of investments	6,503,910	8,729,000
Additions to exploration properties	(320,970)	(465,274)
Option payments on exploration properties	-	50,000
Advance paid for exploration expenses	-	344,624
Additions to exploration and evaluation expenses	(4,343,971)	(4,830,008)
Tax credits and mining rights received	922,454	883,423
	(4,988,577)	1,286,765
Net change in cash and cash equivalents	(1,876,610)	3,161,482
Cash and cash equivalents – beginning (note 5)	4,628,896	1,467,414
Cash and cash equivalents – ending (note 5)	2,752,286	4,628,896

Additional disclosure (see note 15)

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

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

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”). Except for the adoption of *IFRS 15 – Revenue from contracts with customers* as further described in note 3, 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 6, 2018.

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 as well as in the income and the expenses from the joint operations.

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, 2018 and 2017

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 and accrued liabilities and advance 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, 2018 and 2017

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

2.7 Taxes 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 exploration properties and E&E expenses. All costs incurred prior to obtaining the legal rights to undertake E&E activities on an area of interest are expensed as incurred.

E&E assets include 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.

Mining rights are recorded at acquisition cost less accumulated impairment losses. Mining rights and options to acquire undivided interests in mining rights are depreciated only as these properties are put into commercial production.

E&E expenses for each separate area of interest are capitalized (net from E&E expenses recharged to 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 capitalized E&E costs 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 by property in reduction of the exploration properties, then in reduction of the E&E expenses and any residual is recorded in the statement of comprehensive loss unless there is contractual work required in which case the residual gain is deferred and will reduce the contractual disbursements when done.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

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.

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

E&E assets are reviewed for impairment, by area of interest, if there is any indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs to sell and value in use. 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 which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately in the statement of comprehensive loss. Where an impairment subsequently reverses, the carrying amount is increased to the revised estimate of recoverable amount but only to the extent that this does not exceed the carrying value that would have been determined if no impairment had previously been recognized. A reversal is recognized as a reduction in the impairment charge for the period.

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.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

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

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 share and the amount paid by the investors for the shares (the "premium"), measured with the residual value method, is accounted for as 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.

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.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

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

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.

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 adopted

a) IFRS 15, Revenue from contracts with customers ("IFRS 15")

IFRS 15 replaces all previous revenue recognition standards, including IAS 18, Revenue, and related interpretations. The standard sets out the requirements for recognizing revenue. Specifically, the new standard introduces a comprehensive framework with the general principle being that an entity recognizes revenue to depict the transfer of promised goods and services in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. The standard introduces more prescriptive guidance than was included in previous standards and may result in changes to the timing of revenue for certain types of revenues. The new standard will also result in enhanced disclosures about revenue that would result in an entity providing comprehensive information about the nature, amount, timing and uncertainty of revenue and cash flows arising from the entity's contracts with customers. As of October 1, 2017, the Company has adopted IFRS 15 on a full retrospective basis. Management has concluded that, based on its current operations, the adoption of IFRS 15 had no significant impact on the Corporation's financial statements.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

3. NEW ACCOUNTING STANDARDS (CONT'D)

3.2 Accounting standards issued but not yet effective

a) IFRS 16 Leases

In January 2016, the IASB issued IFRS 16. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases for both parties to a contract, which is the customer ("lessee") and the supplier ("lessor"). IFRS 16 replaces IAS 17, Leases ("IAS 17"), and related interpretations. Save for short term leases and leases of low value assets, all leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, IFRS 16 will eliminate the classification of leases as either operating leases or finance leases as is required by IAS 17 and, instead, introduces a single lessee accounting model. Applying that model, a lessee is required to recognize:

- assets and liabilities for all leases with a term of more than 12 months, unless the underlying asset is of low value; and
- depreciation of lease assets separately from interest on lease liabilities in the statement of loss and comprehensive loss.

The new standard is effective for annual periods beginning on or after January 1, 2019 with an early adoption permitted if IFRS 15 Revenue from contracts with customers is also applied.

The Corporation has presently only one lease affected by IFRS 16, described in note 13. Management has not yet evaluated the impact that this new standard will have on its financial statements.

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.

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.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

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

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 \$303,610 for the year ended September 30, 2018 ("Fiscal 18") (\$232,075 for the year ended September 30, 2017 ("Fiscal 17")). 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.

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.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

5. CASH AND CASH EQUIVALENTS

	As at September 30	
	2018	2017
	\$	\$
Cash	2,752,286	328,896
Guaranteed investment certificates bearing interest between 0.80% and 1.15%, maturing between December 5, 2017 and June 6, 2018	-	4,300,000
	2,752,286	4,628,896

All the exploration work imposed by the November 2016 and March 2017 flow-through financings was completed before September 30, 2017. Also, all the exploration work imposed by the November 2017 flow-through financings was completed before September 30, 2018.

6. INVESTMENTS

	As at September 30	
	2018	2017
	\$	\$
<i>Current</i>		
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	-
Guaranteed investment certificates, not cashable before the expiry date, between 1.40% and 1.95% interest payable annually, maturing between November 30, 2017 and July 23, 2018, with a maturity value of \$6,605,807	-	6,503,910
<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	-
	7,750,000	6,503,910

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

7. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

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)	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)	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
Wawagogic	100	-	8,678	-	(2 143)	6 535
Adam	100	16,830	12,695	-	(2,632)	26,893
Samson	100	20,166	17,593	-	(1,332)	36,427
Mistaouac	100	-	26,240	-	(1,253)	24,987
Turgeon	100	-	29,386	-	-	29,386
Manthet	100	-	7,776	-	-	7,776
Abitibi Gold	100	138,669	(2,433)	-	(130,396)	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)	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)	13,464
		1,896,351	302,628	507,636	(168,868)	2,537,747

1) Some claims were dropped and the Corporation impaired partially the property.

2) The Company wrote off some projects included in 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, 2018 and 2017

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Acquisition costs	Undivided interest	As at Sept. 30, 2016	Net Additions	Option payments	Impairment	As at Sept. 30, 2017
	%	\$	\$	\$	\$	\$
Abitibi						
Maritime-Cadillac	49	290,515	323	-	-	290,838
Laflamme	72.6	97,400	31,793	-	(6,846) ¹⁾	122,347
Patris	100	87,072	-	-	-	87,072
Casault	50	17,538	9,457	-	-	26,995
Jouvex	50	44,998	8,141	-	(7,707) ¹⁾	45,432
Heva	100	106,009	1,897	(50,000)	-	57,906
Valmond	100	7,259	5,328	-	(1,831) ¹⁾	10,756
La Peltrie	100	103,593	28,008	(30,000)	-	101,601
Adam	100	11,975	4,855	-	-	16,830
Samson	100	17,406	2,760	-	-	20,166
Abitibi Gold	100	149,902	(11,233)	-	-	138,669
Grenville-Appalaches						
Weedon	100	30,016	13,778	-	(7,091) ¹⁾	36,703
Gatineau	100	8,349	27,561	-	(3,808) ¹⁾	32,102
James Bay						
James Bay Au	100	178,881	32,014	-	(12,002) ¹⁾	198,893
Eleonore	100	105,232	36,449	-	-	141,681
JV Eleonore	50	96,217	755	-	-	96,972
JV BJ Altius	50	-	56,095	-	-	56,095
Northern Quebec						
Pallas PGE	100	72,443	38,508	-	(5,923) ¹⁾	105,028
Willbob	100	55,842	201,188	-	-	257,030
Quebec Labrador						
Ytterby	50.6	2,042	-	-	(2,042) ²⁾	-
Project Generation						
	100	23,429	31,048	-	(1,242) ¹⁾	53,235
		1,506,118	518,725	(80,000)	(48,492)	1,896,351

1) Some claims were dropped and the Corporation impaired partially the property.

2) The Company wrote off 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, 2018 and 2017

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

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

E&E expenses	Undivided interest %	As at	Net Additions \$	Option payments \$	Tax credits \$	Impairment \$	As at
		Sept. 30, 2017 \$					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 Company 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, 2018 and 2017

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

E&E expenses	Undivided interest	As at Sept. 30, 2016	Net Additions	Option payments	Tax credits	Impairment	As at Sept. 30, 2017
	%	\$	\$	\$	\$	\$	\$
Abitibi							
Maritime-Cadillac	49	236,090	56,235	-	(54)	-	292,271
Laflamme	72.6	1,893,853	332,006	-	(23,795)	-	2,202,064
Patris	100	221,646	198	-	-	-	221,844
Casault	50	352,708	691,965	-	(80,708)	-	963,965
Jouvex	50	351,966	62,420	-	(1,553)	-	412,833
Heva	100	157,076	114,219	-	(9,310)	-	261,985
Valmond	100	120,742	3,572	-	-	-	124,314
Samson	100	78,203	6,230	-	(1,022)	-	83,411
La Peltrie	100	652,484	425,573	-	(10,473)	-	1,067,584
Adam	100	42,841	95,781	-	(7,467)	-	131,155
Abitibi Gold	100	173,644	30,687	-	(861)	-	203,470
Grenville-Appalaches							
Weedon	100	523,230	105,245	-	(1,578)	-	626,897
Gatineau	100	29,024	14,981	-	-	-	44,005
James Bay							
James Bay Au	100	261,886	136,659	-	(35,950)	-	362,595
Eleonore	100	1,629,303	130,458	-	(36,242)	-	1,723,519
JV Eleonore	50	124,692	237,687	-	(71,097)	-	291,282
JV BJ Altius	50	-	219,291	-	(56,510)	-	162,781
Northern Quebec							
Pallas PGE	100	369,500	295,012	-	(125,766)	-	538,746
Willbob	100	565,271	2,151,089	-	(589,487)	-	2,126,873
Quebec Labrador							
Ytterby	50.6	183,583	-	-	-	(183,583) ¹⁾	-
Project Generation							
	100	74,069	23,436	-	(6,339)	-	91,166
		8 041,811	5,132,744	-	(1,058,212)	(183,583)	11,932,760

1) The Company wrote off this property since no exploration program is planned for the near future.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

ABITIBI

7.1 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 are shared 51% Agnico Eagle - 49% the Corporation.

7.2 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 74.3% of the Laflamme property.

7.3 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.

7.4 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.

7.5 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.

7.6 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 signed an option agreement (amended August 3, 2019) with Niobay Metals Inc. ("Niobay") whereby Niobay may earn, in two options, a maximum interest of 65% in the La Peltrie property, by fulfilling the following conditions:

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

	Payments in cash	Work
	\$	\$
First Option for a 50% initial interest		
Upon signature (completed, 200,000 shares of Niobay received, initially valued at \$30,000)	30,000	-
On or before December 31, 2017 (completed)	-	500,000
On or before January 31, 2019	30,000	-
On or before August 31, 2019	50,000	400,000
On or before August 31, 2020	70,000	600,000
On or before August 31, 2021	70,000	1,500,000
	250,000	3,000,000

Following the initial earn-in of its 50% interest, NioBay may earn an additional tranche of 15% interest for an undivided 65% interest in the Properties, by producing a preliminary economic study on or before August 31, 2023.

7.7 Abitibi Gold

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.

GRENVILLE-APPALACHES

7.8 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

7.9 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.

7.10 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.

The following projects were identified as designated projects: Elrond, Gondor, Helms Deep, Isengard, Minas Tirith, Moria, Shire, Mythril et Fangorn.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

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 which corresponds to Altius’ portion of the phase 2 approved exploration budget of 2018;
- Altius will subscribe additional common shares for its portion of future work program on the Designated Projects, at market price;
- If further designated projects are declared, Altius will subscribe additional common shares of the Corporation for its portion of the work programs, at market price;
- All designated projects share require the registration of a 2% NSR, 50% 50% to the respective parties (“Alliance Royalty”), with a mutual right of first offer on the sale of any interest in the Alliance Royalty.

The MOU will expire on December 31, 2019, with an option to continue the Alliance for two additional years. The duration of this MOU can be reduced or extended by mutual consent.

NORTHERN QUEBEC

7.11 Pallas PGE

On March 28, 2017, JOGMEC withdrew from the option agreement signed on January 21, 2014 and abandoned its right to exercise its option to acquire a 50% interest in the Pallas PGE property.

7.12 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.

7.13 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.

QUEBEC / LABRADOR

7.14 Ytterby

On February 23, 2010, the Corporation signed a memorandum of agreement (and on July 29, 2011 a definitive agreement) with JOGMEC whereby JOGMEC acquired a right in a 50% interest in the Ytterby property by funding \$2,700,000 exploration work. As of September 30, 2015, JOGMEC had not yet given its notice to exercise its right. In spring 2015, JOGMEC indicated that it would not participate in the exploration program and its interest has now been diluted to 49.4%. On December 2, 2017, the last 31 claims of Ytterby Quebec were dropped while all the claims in Labrador were dropped during Fiscal 2017. The Corporation wrote off entirely the Labrador claims for \$185,625 (some claims were dropped in Fiscal 16 therefore the Corporation impaired partially for \$7,162 the exploration property cost and all the Quebec claims had been written off in previous years). Therefore, as of December 2, 2017, the February 23, 2010 memorandum of agreement signed with JOGMEC is de facto terminated and JOGMEC has lost its 49.4% interest.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

8. EQUITY

Authorized

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

8.1 Private placements

a) November 2016

On November 17 and 24, 2016, the Corporation completed a private placement by issuing 1,284,354 flow-through shares at \$1.35 per share, for total gross proceeds of \$1,733,876. On those dates, the Corporation's share closed at \$1.15 and \$1.14 respectively, on the Exchange, therefore the residual value attributed to the benefit related to flow-through shares renunciation is \$0.20 and \$0.21 respectively, for a total value of \$259,290, 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 \$60,650. Directors and officers of the Corporation participated in this placement for a total consideration of \$136,100 under the same terms as other investors.

b) March 2017

On March 16, 2017, the Corporation completed a private placement by issuing 614,000 flow-through shares at \$1.35 per share, for total gross proceeds of \$828,900. On that date, the Corporation's share closed at \$1.15 on the Exchange, therefore the residual value attributed to the benefit related to flow-through shares renunciation is \$0.20, for a total value of \$122,800, credited to the liability related to the premium on flow-through shares.

c) 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.

8.2 Warrants

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

	Fiscal 18		Fiscal 17	
	Number	Amount	Number	Amount
		\$		\$
Balance – Beginning of year	20,622,569	1,922,031	21,254,213	1,997,093
Exercised	(1,522,000)	(141,850)	(588 786)	(69 988)
Expired	(19,100,569)	(1,780,181)	(42 858)	(5 074)
Balance – End of year	-	-	20 622 569	1 922 031

8.3 Policies and processes for managing capital

The capital of the Corporation consists of the items included in equity of \$29,110,542 as of September 30, 2018 (\$25,658,505 as of September 30, 2017). 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).

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

9. EMPLOYEE REMUNERATION

9.1 Salaries

	Fiscal 18	Fiscal 17
	\$	\$
Salaries	1,153,221	1,023,499
Director fees	64,500	51,000
Benefits	73,585	129,666
	1,291,306	1,204,165
Less : salaries and benefits capitalized in E&E assets	(751,018)	(619,535)
Salaries disclosed on the statement of comprehensive loss	540,288	584,630

9.2 Stock-based compensation

	Fiscal 18	Fiscal 17
	\$	\$
Stock-based compensation	297,041	449,517
Less : stock-based compensation capitalized in the E&E assets	(104,646)	(164,088)
Stock-based compensation disclosed on the statement of comprehensive loss	192,395	285,429

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 21, 2017, the Corporation granted to its directors, officers, employees and consultants 545,000 options exercisable at \$1.14, 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 \$288,850 for an estimated fair value of \$0.53 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 48% expected volatility, 1.33% 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 May 10, 2017, the Corporation granted to a director 100,000 options exercisable at \$1.04, 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 \$48,000 for an estimated fair value of \$0.48 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 48% expected volatility, 1.27% 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.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

9. EMPLOYEE REMUNERATION (CONT'D)

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.

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

	Fiscal 18		Fiscal 17	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – Beginning of year	3,190,000	1.10	2,495,000	1.10
Granted	570,000	0.89	695,000	1.13
Balance – End of year	3,760,000	1.07	3,190,000	1.10
Balance – End of year exercisable	3,363,334	1.09	2,551,668	1.10

The following table summarizes information about common share purchase options outstanding and exercisable as at September 30, 2018:

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
450,000	450,000	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	83,334	1.04	May 10, 2027
570,000	190,000	0.89	February 15, 2028
3,760,000	3,363,334		

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

10. 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 8 and 9.

	Fiscal 18	Fiscal 17
	\$	\$
Loss	(807,530)	(1,214,056)
Weighted average number of basic and diluted outstanding shares	59,302,366	56,669,706
Basic and diluted net loss per share	(0.01)	(0.02)

11. INCOME TAXES

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

	Fiscal 18	Fiscal 17
	\$	\$
Recovery of deferred income taxes		
Premium on flow-through share issuance	694,070	382,090
Total recovery of deferred income taxes	694,070	382,090

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 18	Fiscal 17
	\$	\$
Loss before income taxes	(1,501,600)	(1,596,146)
Combined federal and provincial income tax at 26.70% (26.90%)	(400,927)	(428,000)
Non-deductible expenses	51,369	84,500
Tax effect of renounced flow-through share expenditures	605,619	679,100
Amortization of flow-through share premiums	(694,070)	(382,090)
Unrecognized temporary differences	(262,911)	(330,900)
Other elements	6,850	4,700
Expired tax attributes	-	-
Recovery of deferred income taxes	(694,070)	(382,090)

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 \$639 000.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

11. INCOME TAXES (CONT'D)

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

	Fiscal 18	Fiscal 17
	\$	\$
Deferred income tax assets		
Non-capital losses	2,599,000	2,162,000
Donations	25,000	25,000
Share and warrant issue expenses	98,000	145,000
Total deferred income tax assets	2,722,000	2,332,000
Deferred income tax liabilities		
E&E assets	2,083,000	1,432,500
Total deferred income tax liabilities	2,083,000	1,432,500
Deferred income tax assets not recognized	639,000	899,500

As of September 30, 2018, 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	1,259,000	1,241,000

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

12. COMPENSATION TO KEY MANAGEMENT AND RELATED PARTY TRANSACTIONS

12.1 Compensation to key management

The Corporation's key management personnel are 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 18	Fiscal 17
	\$	\$
Short-term benefits		
Salaries including bonuses and benefits	476,712	433,395
Professional fees	73,898	61,118
Professional fees recorded in share issue expenses	9,570	8,338
Salaries including bonuses and benefits capitalized in E&E expenses	122,947	134,403
Long-term benefits		
Stock-based compensation	185,532	279,618
Stock-based compensation capitalized in E&E expenses	25,176	42,370
Total compensation	893,835	959,242

On January 1, 2015, the Corporation entered into amended employment agreements with members of the senior management which, among other things, provide 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.

12.2 Related party transactions

In addition to the amounts listed above in the compensation to key management (note 12.1), 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 \$69,469 (\$76,821 in Fiscal 17) of which \$51,026 (\$49,469 in Fiscal 17) was expensed and \$18,443 (\$27,352 in Fiscal 17) was recorded as share issue expenses;
- ◆ A company controlled by an officer charged professional fees of \$47,634 (\$51,508 in Fiscal 17) for her staff; and
- ◆ As at September 30, 2018, the balance due to the related parties amounted to \$4,581 (\$7,861 in September 30, 2017).

13. 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 Statistic Canada for a 12-month period which was 1.7%):

	As of September 30, 2018
	\$
Within 1 year	32,689
1 to 5 years	82,304
After 5 years	-
Total	114,993

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

13. OPERATING LEASE (CONT'D)

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.

Lease payments recognized as an expense during the reporting period amounted to \$35,832 (\$31,062 in Fiscal 17). This amount consists of minimum lease payments.

14. 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:

14.1 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, 2018 would result in an estimated effect on the net income (loss) of \$8,000.

14.2 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 18, 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 closely their cash position 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.

14.3 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, 2018, 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.

Midland Exploration Inc.

Notes to Financial Statements

For the years ended September 30, 2018 and 2017

14. FINANCIAL INSTRUMENTS AND RISKS (CONT'D)

14.4 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.

15. ADDITIONAL INFORMATION ON CASH FLOWS

	Fiscal 2018	Fiscal 2017
	\$	\$
Stock-based compensation included in E&E expenses	104,646	164,088
Additions of exploration properties and E&E expenses included in accounts payable and accrued liabilities	437,789	204,721
Acquisition of mining assets by issuing shares	507,636	-
Tax credits receivable applied against E&E expenses	803,427	1,058,212
Listed shares received for option payment	-	30,000
Exercise of warrants credited to capital stock	141,850	69,988
Interest received	159,215	213,399

16. SUBSEQUENT EVENT

On December 5, 2018, the Corporation completed a private placement of 1,969,638 flow-through shares at \$1.35 per share for total gross proceeds of \$2,659,012. In connection with the private placement, the Corporation paid finder's fees of \$127,414. Directors and officers of the Corporation participated in this placement for a total consideration of \$141,750 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

Head Office

1 Place Ville Marie, Suite 4000
Montreal, Quebec, H3B 4M4

Exploration Office

132 Labelle Blvd, Suite 220
Rosemere, Quebec, J7A 2H1
Tel. : (450) 420-5977
Fax : (450) 420-5978
Email : info@midlandexploration.com
Website : www.midlandexploration.com

Auditors

PricewaterhouseCoopers, LLP
1250 René-Lévesque Boulevard West, Suite 2500
Montreal, Quebec, H3B 4Y1

Legal counsel

Lavery, de Billy, L.L.P.
1 Place Ville Marie, Suite 4000
Montreal, Quebec, H3B 4M4

Transfer Agent

Computershare Investor Services Inc.
1500 University, Suite 700
Montreal, Quebec, H3A 3S8
Tel.: (514) 982-7888