Midland Exploration Inc.

Financial Statements

For the years ended September 30, 2019 and 2018

Independent auditor's report

To the Shareholders of Midland Exploration Inc.

Our opinion

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

What we have audited
The Corporation's financial statements comprise:

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

Basis for opinion

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

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

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

Other information

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

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

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

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

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

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

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

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

Auditor's responsibilities for the audit of the financial statements

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

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

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

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

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

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

PricewaterhouseCoopers LLP[1]

Montréal, Quebec
December 5, 2019

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

Midland Exploration Inc.

Statements of Financial Position
As at September 30, 2019 and 2018

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

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

On behalf of the Board of Directors

(s) Jean-Pierre Janson	(s) Gino Roger
Jean-Pierre Janson	Gino Roger
Director	President, Director

Midland Exploration Inc.

Statements of Comprehensive Loss

For the years ended September 30, 2019 and 2018

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

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

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

Midland Exploration Inc.

Statements of Changes in Equity

For the years ended September 30, 2019 and 2018

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

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

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

Midland Exploration Inc.

Statements of Cash Flows
For the years ended September 30, 2019 and 2018

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

Additional disclosure (see note 13)

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

1. STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

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

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

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

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

2.1 Basis of presentation

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

2.2 Basis of measurement

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

2.3 Functional and presentation currency

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

2.4 Jointly controlled assets and exploration activities

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

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

2.5 Financial instruments

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

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

a) Financial assets

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

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

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

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

b) Financial liabilities

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

c) Impairment of financial assets

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

2.6 Cash and cash equivalents

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

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

2.7 Tax credits and mining rights receivable

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

2.8 Exploration and evaluation assets

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

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

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

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

E&E expenses include the cost of:

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

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

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

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

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

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

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

2.9 Operating lease agreements

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

2.10 Impairment of non-financial assets

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

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

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

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

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

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

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

2.11 Income taxes

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

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

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

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

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

2.12 Equity

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

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

2.13 Flow-through shares

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

2.14 Share and warrant issue expenses

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

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

2.15 Stock-based compensation

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

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

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

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

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

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

2.16 Loss per share

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

2.17 Revenue recognition

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

2.18 Segment disclosures

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

3. NEW ACCOUNTING STANDARDS

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

3.1 Accounting standards issued but not yet effective

a) IFRS 16 Leases

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

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

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

Transition to IFRS 16

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

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

4. CRITICAL ACCOUNTING ESTIMATES, JUDGMENTS AND ASSUMPTIONS

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

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

JUDGMENTS

4.1 Impairment of E&E assets

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

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

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

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

4.2 Deferred taxes

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

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

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

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

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

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

5. INVESTMENTS

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

6. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

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

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

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

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

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

1) The Corporation impaired partially the property for the claims that were dropped..
2) The Corporation wrote off this property since no exploration program is planned for the near future and/or dropped all the claims.
3) Balance was grouped in BJ Altius property in Fiscal 17.

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

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

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

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

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

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

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

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

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

ABITIBI

6.1 Maritime-Cadillac

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

6.2 Laflamme Au-Cu

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

6.3 Patris

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

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

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

6.4 Casault and Jouvex

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

6.5 Heva

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

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

6.6 La Peltrie

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

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

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

6.7 Abitibi Gold

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

GRENVILLVE-APPALACHES

6.8 Weedon

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

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

JAMES BAY

6.9 James Bay Gold JV (Au)

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

6.10 JV JB Altius (Au)

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

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

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

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

NORTHERN QUEBEC

6.11 Willbob

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

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

6.12 Soissons-NMEF property

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

7. EQUITY

7.1 Capital stock authorized

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

7.2 Private placements

a) November 2017

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

b) December 2018

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

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

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

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

c) January 2019

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

7. **EQUITY** (CONT'D)

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

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

d) April 2019

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

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

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

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

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

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

7. EQUITY (CONT'D)

7.2 Warrants

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

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

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

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

7.3 Policies and processes for managing capital

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

8. EMPLOYEE REMUNERATION

8.1 Salaries

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

8. EMPLOYEE REMUNERATION (CONT'D)

8.2 Stock-based compensation

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

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

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

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

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

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

8. EMPLOYEE REMUNERATION (CONT'D)

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

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

8.3 Compensation to key management

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

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

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

8. EMPLOYEE REMUNERATION (CONT'D)

8.4 Related party transactions

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

In the normal course of operations:

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

9. LOSS PER SHARE

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

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

10. INCOME TAXES

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

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

10. INCOME TAXES (CONT'D)

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

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

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

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

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

10. INCOME TAXES (CONT'D)

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

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

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

11. OPERATING LEASE

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

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

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

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

12. FINANCIAL INSTRUMENTS AND RISKS

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

12.1 Market Risk

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

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

12.2 Credit Risk

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

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

12.3 Liquidity risk

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

12.4 Fair value

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

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

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

13. ADDITIONAL INFORMATION ON CASH FLOWS

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

14. SUBSEQUENT EVENT

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