



Midland Exploration Inc.

Condensed Interim Financial Statements

Six months ended March 31, 2018

The attached financial statements have been prepared by Management of Midland Exploration Inc. and have not been reviewed by the auditors

Midland Exploration Inc.

Statements of Financial Position

(Unaudited)

	As at March 31, 2018	As at September 30, 2017
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (note 4)	5,186,417	4,628,896
Investments (note 5)	6,703,910	6,503,910
Accounts receivable	220,540	105,995
Sales tax receivable	114,086	279,945
Tax credits and mining rights receivable	119,822	922,454
Prepaid expenses	60,454	56,671
Total current assets	12,405,229	12,497,871
Non-current assets		
Tax credits and mining rights receivable - non-current portion	132,864	117,623
Listed shares	60,000	33,000
Exploration and evaluation assets (note 6)		
Exploration properties	2,023,849	1,896,351
Exploration and evaluation expenses	13,070,096	11,932,760
	15,093,945	13,829,111
Total non-current assets	15,286,809	13,979,734
Total assets	27,692,038	26,477,605
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	266,910	477,838
Advance received for exploration work	207,643	341,262
Liability related to the premium on flow-through share	423,350	-
Total liabilities	897,903	819,100
Equity		
Capital stock	36,734,116	35,142,832
Warrants (note 7)	1,922,031	1,922,031
Contributed surplus	2,824,095	2,679,002
Deficit	(14,686,107)	(14,085,360)
Total equity	26,794,135	25,658,505
Total liabilities and equity	27,692,038	26,477,605

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

Midland Exploration Inc.
Statements of Comprehensive Loss
(Unaudited)

	Three months ended March 31		Six months ended March 31	
	2018	2017	2018	2017
	\$	\$		
Revenues				
Project management fees	7,589	24,997	53,102	57,756
Operating Expenses				
Salaries	252,408	211,188	375,124	336,356
Stock-based compensation	54,808	71,524	95,624	128,932
Travel	16,417	17,143	27,075	32,024
Rent and insurance	14,612	15,134	30,579	28,865
Office expenses	39,108	36,209	81,903	68,934
Regulatory fees	24,454	25,475	40,876	38,255
Conferences and mining industry involvement	44,170	37,708	112,519	115,120
Press releases and investors relations	12,684	34,585	48,335	46,473
Professional fees	51,855	55,183	105,986	109,973
General exploration	2,713	157	2,983	624
Impairment of exploration and evaluation assets (note 6)	20,472	-	20,472	4,491
Operating expenses	533,701	504,306	941,476	910,047
Other gains or losses				
Interest income	42,378	49,614	94,826	101,957
Change in fair value – listed shares	-	-	27,000	-
	42,378	49,614	121,826	101,957
Loss before income taxes	(483,734)	(429,695)	(766,548)	(750,334)
Recovery of deferred income taxes	249,900	168,500	270,720	197,020
Loss and comprehensive loss	(233,834)	(261,195)	(495,828)	(553,314)
Basic and diluted loss per share	-	-	(0.01)	(0.01)
Weighted average number of basic and diluted outstanding shares	58,854,411	56,649,890	58,417,245	56,175,153

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

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

Midland Exploration Inc.
Statements of Changes in Equity
(Unaudited)

	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	-	-	-	-	(495,828)	(495,828)
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
Stock-based compensation	-	-	-	145,093	-	145,093
Share issue expenses	-	-	-	-	(104,919)	(104,919)
Balance at March 31, 2018	58,854,411	36,734,116	1,922,031	2,824,095	(14,686,107)	26,794,135

	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	-	-	-	-	(553,314)	(553,314)
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	-	-	-	210,918	-	210,918
Share issue expenses	-	-	-	-	(112,137)	(112,137)
Balance at March 31, 2017	57,161,557	35,142,832	1,922,031	2,440,403	(13,424,618)	26,080,648

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

Midland Exploration Inc.

Statements of Cash Flows

(Unaudited)

	Six months ended March 31,	
	2018	2017
	\$	\$
Operating activities		
Loss	(495,828)	(553,314)
Adjustment for:		
Stock-based compensation	95,624	128,932
Impairment of exploration and evaluation assets	20,472	4,491
Variation – fair value of listed shares	(27,000)	
Recovery of deferred income taxes	(270,720)	(197,020)
	(677,452)	(616,911)
Changes in non-cash working capital items		
Accounts receivable	(114,545)	(58,509)
Sales tax receivable	165,859	(152,768)
Tax credits and mining rights receivable	-	5,320
Prepaid expenses	(3,783)	(21,283)
Accounts payable and accrued liabilities	(240,532)	342,387
Advance received for exploration work	(133,619)	(1,696)
	(326,620)	113,451
	(1,004,072)	(503,460)
Financing activities		
Flow-through private placement	2,285,354	2,562,776
Exercise of warrants	-	559,347
Share issue expenses	(104,919)	(112,137)
	2,180,435	3,009,986
Investing activities		
Additions to investments	(2,050,000)	(1,850,000)
Disposals of investments	1,850,000	2,636,000
Additions to exploration properties	(163,759)	(378,972)
Reduction of advances paid for exploration expenses	-	344,624
Additions to exploration and evaluation expenses	(1,177,537)	(2,136,114)
Taxes credits and mining rights received	922,454	-
	(618,842)	(1,384,462)
Net change in cash and cash equivalents	557,521	1,122,064
Cash and cash equivalents – beginning (note 4)	4,628,896	1,467,414
Cash and cash equivalents – ending (note 4)	5,186,417	2,589,478
Additional information		
Stock-based compensation included in exploration and evaluation expenses	49,469	81,986
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	175,117	139,482
Tax credits receivable applied against exploration and evaluation expenses	135,063	215,042
Interest received	47,447	40,186

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

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2018

(Unaudited)

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. BASIS OF PRESENTATION

These condensed interim Financial Statements (the “Financial Statements”) have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the annual financial statements for the year ended September 30, 2017, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year. The Board of Directors has approved the Financial Statements on May 10, 2018.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual Financial Statements for the year ended September 30, 2017.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2018

(Unaudited)

4. CASH AND CASH EQUIVALENTS

	As at March 31, 2018	As at September 30, 2017
	\$	\$
Cash	3,786,417	328,896
Guaranteed investment certificates bearing interest between 0.90% and 1.15%, maturing June 6, 2018	1,400,000	-
Guaranteed investment certificates bearing interest between 0.80% and 1.15%, maturing between December 5, 2017 and June 6, 2018	-	4,300,000
	5,186,417	4,628,896

5. INVESTMENTS

	As at March 31, 2018	As at September 30, 2017
	\$	\$
Guaranteed investment certificates, not cashable before the expiry date, between 1.40% and 1.95% interest payable annually, maturing between July 16, 2018 and December 13, 2018, with a maturity value of \$6,769,227	6,703,910	-
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
	6,703,910	6,503,910

The balance on flow-through financing not spent according to the restrictions imposed by the November 2017 financing represents \$1,370,348 as at March 31, 2018 and is included in investments. The Corporation has to dedicate these funds to Canadian mining properties exploration.

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2018

(Unaudited)

6. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

Acquisition costs	Undivided interest	As at Sept. 30, 2017	Additions	Option payments	Impairment	As at March 31, 2018
	%	\$	\$	\$	\$	\$
Abitibi						
Maritime-Cadillac	49	290,838	35	-	-	290,873
Laflamme	73.5	122,347	7,943	-	-	130,290
Patris	100	87,072	5,470	-	-	92,542
Casault	50	26,995	772	-	-	27,767
Jouvex	50	45,432	2,795	-	-	48,227
Heva	100	57,906	-	-	-	57,906
Valmond	100	10,756	4,456	-	-	15,212
La Peltrie	100	101,601	-	-	-	101,601
Adam	100	16,830	6,231	-	-	23,061
Samson	100	20,166	14,922	-	-	35,088
Abitibi Or	100	138,669	5,242	-	-	143,911
Grenville-Appalaches						
Weedon	100	36,703	1,287	-	-	37,990
Gatineau	100	32,102	1,409	-	-	33,511
James Bay						
James Bay Au	100	198,893	1,456	-	-	200,349
Eleonore	100	141,681	15,830	-	-	157,511
JV Eleonore	50	96,972	276	-	-	97,248
JV BJ Altius	50	56,095	8,192	-	-	64,287
Northern Quebec						
Pallas PGE	100	105,028	16,646	-	-	121,674
Willbob	100	257,030	17,275	-	-	274,305
Soissons	100	-	27,241	-	-	27,241
Project Generation	100	53,235	10,298	-	(20,278) ¹⁾	43,255
		1,896,351	147,776	-	(20,278)	2,023,849

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

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2018

(Unaudited)

6. 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 Or	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 Corporation wrote off the property since no exploration program is planned for the near future and/or dropped all the claims.

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2018

(Unaudited)

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, 2017	Additions	Option payments	Tax credits	Impairment	As at March 31, 2018
	%	\$	\$	\$	\$	\$	\$
Abitibi							
Maritime-Cadillac	49	292,271	14,819	-	-	-	307,090
Laflamme	73.5	2,202,064	124,870	-	-	-	2,326,934
Patris	100	221,844	944	-	-	-	222,788
Casault	50	963,965	443,281	-	(52,947)	-	1,354,299
Jouvex	50	412,833	129	-	-	-	412,962
Heva	100	261,985	5,279	-	-	-	267,264
Valmond	100	124,314	-	-	-	-	124,314
Samson	100	83,411	52,775	-	(40)	-	136,146
La Peltrie	100	1,067,584	5,080	-	-	-	1,072,664
Adam	100	131,155	28,878	-	(802)	-	159,231
Abitibi Au	100	203,470	12,158	-	(1,347)	-	214,281
Grenville-Appalaches							
Weedon	100	626,897	1,000	-	-	-	627,897
Gatineau	100	44,005	2,965	-	(7)	-	46,963
James Bay							
James Bay Au	100	362,595	20,639	-	(575)	-	382,659
Eleonore	100	1,723,519	28,541	-	(2,260)	-	1,749,800
JV Eleonore	50	291,282	92,227	-	-	-	383,509
JV BJ Altius	50	162,781	134,005	-	(56,092)	-	240,694
Northern Quebec							
Pallas PGE	100	538,746	1,068	-	-	-	539,814
Willbob	100	2,126,873	93,096	-	(16,674)	-	2,203,295
Soissons	100	-	6,000	-	-	-	6,000
Project Generation							
	100	91,166	204,839	-	(4,319)	(194) ¹⁾	291,492
		11,932,760	1,272,593	-	(135,063)	(194)	13,070,096

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

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2018

(Unaudited)

6. 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	628,505	425,573	-	(10,473)	-	1,067,584
Adam	100	42,841	95,781	-	(7,467)	-	131,155
Abitibi Au	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 Corporation wrote off a property since no exploration program is planned for the near future and/or dropped all the claims.

a) Abitibi Au

On March 28, 2018, the Corporation signed an agreement whereby it sold 17 claims for \$8,000 cash and a 2% net smelter return ("NSR") royalty.

b) Willbob

On October 2, 2017, the Corporation signed an acquisition agreement whereby it acquired 9 claims for a \$10,000 cash payment and a 2% NSR royalty of which 1% can be bought back for a payment of \$1,000,000.

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2018

(Unaudited)

7. EQUITY

7.1 Private placements

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 these placements for a total consideration of \$131 625.

7.2 Warrants

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

	Six months ended March 31, 2018		Fiscal 2017	
	Number	Amount	Number	Amount
		\$		\$
Balance – Beginning of period	20,622,569	1,922,031	21,254,213	1,997,093
Exercised	-	-	(588,786)	(69,988)
Expired	-	-	(42,858)	(5,074)
Balance – End of period	20,622,569	1,922,031	20,622,569	1,922,031

Warrants outstanding as at March 31, 2018 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
20,622,569	1.15	May 3, 2018 (note 9.2)
20,622,569		

8. SHARE-BASED COMPENSATION

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

	Six months ended December 31, 2017		Fiscal 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – Beginning of period	3,190,000	1.10	2,495,000	1.10
Granted	570,000	0.89	695,000	1.13
Balance – End of period	3,760,000	1.07	3,190,000	1.10
Balance – End of period exercisable	2,950,001	1.10	2,551,668	1.10

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2018

(Unaudited)

8. SHARE-BASED COMPENSATION (CONT'D)

The following table summarizes information about common share purchase options outstanding and exercisable as at December 31, 2017:

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	41,667	1.13	November 23, 2026
545,000	363,334	1.14	February 21, 2027
100,000	50,000	1.04	May 10, 2027
570,000	-	0.89	February 15, 2028
3,760,000	2,950,001		

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 5,900,000, subject to the Exchange approval.

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.

9. SUBSEQUENT EVENTS

9.1 Héva property

On May 1, 2018, the Corporation signed an amendment to the May 27, 2017 option agreement with IAMGOLD Corporation ("IAMGOLD") whereby IAMGOLD will have till December 31, 2018 to make the \$70,000 cash payment and the \$500,000 work commitment of the first anniversary.

9.1 Exercised warrants

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