



# **Midland Exploration Inc.**

Condensed Interim Financial Statements

Three months ended December 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 December 31, 2018	As at September 30, 2018
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	1,853,161	2,752,286
Investments (note 4)	9,750,000	6,550,000
Accounts receivable	85,350	123,188
Sales tax receivable	219,131	295,262
Tax credits and mining rights receivable	1,029,991	830,776
Prepaid expenses	29,835	88,254
<b>Total current assets</b>	<b>12,967,468</b>	<b>10,639,766</b>
<b>Non-current assets</b>		
Investments - non-current portion (note 4)	1,200,000	1,200,000
Tax credits and mining rights receivable - non-current portion	130,363	90,274
Listed shares	47,000	40,000
Exploration and evaluation assets (note 5)		
Exploration properties	2,771,309	2,537,747
Exploration and evaluation expenses	15,818,393	15,228,482
	<b>18,589,702</b>	<b>17,766,229</b>
<b>Total non-current assets</b>	<b>19,967,065</b>	<b>19,096,503</b>
<b>Total assets</b>	<b>32,934,533</b>	<b>29,736,269</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	337,062	625,727
Advance received for exploration work	25,988	-
Liability related to the premium on flow-through share	1,473,922	-
<b>Total liabilities</b>	<b>1,836,972</b>	<b>625,727</b>
<b>Equity</b>		
Capital stock	42,096,583	39,352,127
Warrants (note 6)	11,210	-
Contributed surplus	4,788,891	4,756,224
Deficit	(15,799,123)	(14,997,809)
<b>Total equity</b>	<b>31,097,561</b>	<b>29,110,542</b>
<b>Total liabilities and equity</b>	<b>32,934,533</b>	<b>29,736,269</b>

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

**Midland Exploration Inc.**  
**Statements of Comprehensive Loss**  
(Unaudited)

	<b>Three months ended December 31</b>	
	<b>2018</b>	<b>2017</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>		
Project management fees	20,128	45,513
<b>Operating Expenses</b>		
Salaries	116,587	122,716
Stock-based compensation	20,598	40,816
Travel	20,658	10,658
Rent and insurance	14,678	15,967
Office expenses	32,767	42,795
Regulatory fees	13,941	16,422
Conferences and mining industry involvement	104,186	68,349
Press releases and investors relations	16,643	35,651
Professional fees	71,689	54,131
General exploration	501	270
Impairment of exploration and evaluation assets (note 5)	299,367	-
Operating expenses	711,615	407,775
<b>Other gains or losses</b>		
Interest income	56,643	52,448
Change in fair value – listed shares	7,000	27,000
	63,643	79,448
<b>Loss before income taxes</b>	<b>(627,844)</b>	<b>(282,814)</b>
Recovery of deferred income taxes	80,630	20,820
<b>Loss and comprehensive loss</b>	<b>(547,214)</b>	<b>(261,994)</b>
Basic and diluted loss per share	(0.01)	(0.01)
Weighted average number of basic and diluted outstanding shares	61,768,973	57,989,583

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)

	<b>Number of shares outstanding</b>	<b>Capital stock</b>	<b>Warrants</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total equity</b>
		\$	\$	\$	\$	\$
<b>Balance at October 1, 2018</b>	61,036,284	39,352,127	-	4,756,224	(14,997,809)	29,110,542
Loss and comprehensive loss	-	-	-	-	(547,214)	(547,214)
Private placement	222,222	188,790	11,210	-	-	200,000
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
Stock-based compensation	-	-	-	32,667	-	32,667
Share issue expenses	-	-	-	-	(254,100)	(254,100)
<b>Balance at December 31, 2018</b>	<b>64,303,111</b>	<b>42,096,583</b>	<b>11,210</b>	<b>4,788,891</b>	<b>(15,799,123)</b>	<b>31,097,561</b>

	<b>Number of shares outstanding</b>	<b>Capital stock</b>	<b>Warrants</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total equity</b>
		\$	\$	\$	\$	\$
<b>Balance at October 1, 2017</b>	57,161,557	35,142,832	1,922,031	2,679,002	(14,085,360)	25,658,505
Loss and comprehensive loss	-	-	-	-	(261,994)	(261,994)
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	-	-	-	60,511	-	60,511
Share issue expenses	-	-	-	-	(104,919)	(104,919)
<b>Balance at December 31, 2017</b>	<b>58,854,411</b>	<b>36,734,116</b>	<b>1,922,031</b>	<b>2,739,513</b>	<b>(14,452,273)</b>	<b>26,943,387</b>

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

# Midland Exploration Inc.

## Statements of Cash Flows

(Unaudited)

	Three months ended December 31,	
	2018	2017
	\$	\$
<b>Operating activities</b>		
Loss	(547,214)	(261,994)
Adjustment for:		
Stock-based compensation	20,598	40,816
Impairment of exploration and evaluation assets	299,367	-
Variation – fair value of listed shares	(7,000)	(27,000)
Recovery of deferred income taxes	(80,630)	(20,820)
	(314,879)	(268,998)
Changes in non-cash working capital items		
Accounts receivable	37,838	(82,609)
Sales tax receivable	76,131	52,080
Prepaid expenses	58,419	5,488
Accounts payable and accrued liabilities	(523,159)	(305,568)
Advance received for exploration work	25,988	(329,397)
	(324,783)	(660,006)
	<b>(639,662)</b>	<b>(929,004)</b>
<b>Financing activities</b>		
Private placement	200,000	-
Flow-through private placement	4,110,218	2,285,354
Share issue expenses	(254,100)	(104,919)
	<b>4,056,118</b>	<b>2,180,435</b>
<b>Investing activities</b>		
Additions to investments	(5,250,000)	(2,050,000)
Disposals of investments	2,050,000	1,350,000
Additions to exploration properties	(432,524)	(53,539)
Additions to exploration and evaluation expenses	(800,680)	(198,102)
Tax credits and mining rights received	117,623	-
	<b>(4,315,581)</b>	<b>(951,641)</b>
<b>Net change in cash and cash equivalents</b>	(899,125)	299,790
Cash and cash equivalents – beginning	2,752,286	4,628,896
<b>Cash and cash equivalents – ending</b>	<b>1,853,161</b>	<b>4,928,686</b>
<b>Additional information</b>		
Stock-based compensation included in exploration and evaluation expenses	12,069	19,695
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	203,295	50,078
Tax credits receivable applied against exploration and evaluation expenses	356,927	135,063
Interest received	46,635	21,076

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

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2018

(Unaudited)

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### 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, 2018, 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 February 14, 2019.

### 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, 2018.

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

Three months ended December 31, 2018

(Unaudited)

### 4. INVESTMENTS

	As at December 31, 2018	As at September 30, 2018
	\$	\$
<i>Current</i>		
Guaranteed investment certificates, not cashable before the expiry date, between 1.40% and 1.95% interest payable annually, maturing between April 5, 2019 and December 19, 2019, with a maturity value of \$10,007,720	9,750,000	-
Guaranteed investment certificates, not cashable before the expiry date, between 1.71% and 2.65% interest payable annually, maturing between December 6, 2018 and July 16, 2019, with a maturity value of \$6,694,220	-	6,550,000
<i>Non-current</i>		
Guaranteed investment certificate, not cashable before the expiry date, 2.84% interest payable annually, maturing July 16, 2020, with a maturity value of \$1,234,080	1,200,000	1,200,000
	<b>10 950 000</b>	<b>7,750,000</b>

The balance on flow-through financing not spent according to the restrictions imposed by the December 2018 financing represents \$3,897,044 as at December 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

Three months ended December 31, 2018

(Unaudited)

### 5. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

Acquisition costs	Undivided interest	As at Sept. 30, 2018	Additions	Option payments	Impairment	As at Dec. 31, 2018
	%	\$	\$	\$	\$	\$
<b>Abitibi</b>						
Maritime-Cadillac	49	290,923	17	-	-	290,940
Laflamme	74.3	130,098	5,277	-	(2,250) <sup>1)</sup>	133,125
Patris	100	104,054	2,547	-	-	106,601
Casault	50	29,984	3,515	-	-	33,499
Jouvex	50	47,694	1,216	-	(2,292) <sup>1)</sup>	46,618
Heva	100	57,989	1,939	-	-	59,928
Valmond	100	15,717	264	-	-	15,981
La Peltrie	100	97,023	2,251	-	-	99,274
Wawagosic	100	6,535	189	-	-	6,724
Adam	100	26,893	1,091	-	-	27,984
Samson	100	36,427	(100)	-	-	36,327
Mistaouac	100	24,987	1,151	-	-	26,138
Turgeon	100	29,386	711	-	-	30,097
Manthet	100	7,776	-	-	-	7,776
Abitibi Gold	100	5,840	(1,323)	-	-	4,517
<b>Grenville-Appalaches</b>						
Weedon	100	39,412	3,607	-	-	43,019
Gatineau	100	34,585	591	-	(31,497) <sup>1)</sup>	3,679
<b>James Bay</b>						
James Bay Au	100	203,496	5,268	-	-	208,764
Eleonore	100	162,956	5,611	-	-	168,567
JV Eleonore	50	142,142	2,986	-	-	145,128
Isengard	100	26,920	314	-	-	27,234
Minas Tirith	100	58,536	107	-	-	58,643
Shire	100	262,619	1,281	-	-	263,900
Elrond	100	70,347	8,726	-	-	79,073
Gondor	100	15,500	98	-	(15,598) <sup>2)</sup>	-
Moria	100	109,248	2,821	-	-	112,069
Helms	100	33,625	-	-	-	33,625
Mythril	100	9,057	241,607	-	-	250,664
Fangorn	100	1,188	-	-	-	1,188
<b>Northern Quebec</b>						
Pallas PGE	100	126,551	18,085	-	(35,153) <sup>1)</sup>	109,483
Willbob	100	288,969	67,456	-	(114,391) <sup>1)</sup>	242,034
Soissons	100	23,706	-	-	-	23,706
Soissons NMEF	50	4,100	-	-	-	4,100
<b>Project Generation</b>						
	100	13,464	57,440	-	-	70,904
		<b>2,537,747</b>	<b>434,743</b>	<b>-</b>	<b>(201,181)</b>	<b>2,771,309</b>

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

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



# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2018

(Unaudited)

### 5. 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
	%	\$	\$	\$	\$	\$
<b>Abitibi</b>						
Maritime-Cadillac	49	290,838	85	-	-	290,923
Laflamme	74.3	122,347	13,625	-	(5,874) <sup>1)</sup>	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) <sup>1)</sup>	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
Wawagosis	100	-	8,678	-	(2 143) <sup>1)</sup>	6 535
Adam	100	16,830	12,695	-	(2,632) <sup>1)</sup>	26,893
Samson	100	20,166	17,593	-	(1,332) <sup>1)</sup>	36,427
Mistaouac	100	-	26,240	-	(1,253) <sup>1)</sup>	24,987
Turgeon	100	-	29,386	-	-	29,386
Manthet	100	-	7,776	-	-	7,776
Abitibi Gold	100	138,669	(2,433)	-	(130,396) <sup>2)</sup>	5,840
<b>Grenville-Appalaches</b>						
Weedon	100	36,703	2,709	-	-	39,412
Gatineau	100	32,102	2,483	-	-	34,585
<b>James Bay</b>						
James Bay Au	100	198,893	6,260	-	(1,657) <sup>1)</sup>	203,496
Eleonore	100	141,681	21,275	-	-	162,956
JV Eleonore	50	96,972	45,170	-	-	142,142
Isengard	100	9 943	733	16,244	-	26,920
Minas Tirith	100	1 491	3,743	53,302	-	58,536
Shire	100	20 511	8,088	234,020	-	262,619
Elrond	100	8 144	271	61,932	-	70,347
Gondor	100	3 088	229	12,183	-	15,500
Moria	100	7 721	-	101,527	-	109,248
Helms	100	5 197	-	28,428	-	33,625
Mythril	100	-	9,057	-	-	9,057
Fangorn	100	-	1,188	-	-	1,188
<b>Northern Quebec</b>						
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
<b>Project Generation</b>						
	100	53,235	(19,493)	-	(20,278) <sup>1)</sup>	13,464
		<b>1,896,351</b>	<b>302,628</b>	<b>507,636</b>	<b>(168,868)</b>	<b>2,537,747</b>

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

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

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2018

(Unaudited)

### 5. 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	Additions	Option payments	Tax credits	Impairment	As at Dec. 31, 2018
	%	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>							
Maritime-Cadillac	49	389,110	1,209	-	-	-	390,319
Laflamme	74.3	2,427,838	11,365	-	(3,316)	-	2,435,887
Patris	100	234,056	945	-	(213)	-	234,788
Casault	50	1,880,234	434,201	-	(164,982)	-	2,149,453
Jouvex	50	412,962	2,460	-	-	-	415,422
Heva	100	271,810	941	-	-	-	272,751
Valmond	100	124,314	-	-	-	-	124,314
Samson	100	168,110	1,134	-	(464)	-	168,780
La Peltrie	100	1,078,923	3,055	-	(820)	-	1,081,158
Wawagotic	100	32,949	-	-	-	-	32,949
Adam	100	266,663	3,579	-	(428)	-	269,814
Mistaouac	100	224,502	5,484	-	(642)	-	229,344
Turgeon	100	196,665	3,659	-	(1,426)	-	198,898
Manthet	100	8,409	-	-	-	-	8,409
Abitibi Gold	100	84,739	3,431	-	(142)	-	88,028
<b>Grenville-Appalaches</b>							
Weedon	100	647,297	9,358	-	-	-	656,655
Gatineau	100	71,515	33	-	(7)	(65,130) <sup>1)</sup>	6,411
<b>James Bay</b>							
James Bay Au	100	517,666	4,162	-	(927)	-	520,901
Eleonore	100	1,770,210	193	-	-	-	1,770,403
JV Eleonore	50	583,215	26,054	-	-	-	609,269
Isengard <sup>2)</sup>	100	36,918	-	-	-	-	36,918
Minas Tirith <sup>2)</sup>	100	33,711	-	-	-	-	33,711
Shire <sup>2)</sup>	100	226,595	4,398	-	(1,426)	-	229,567
Elrond <sup>2)</sup>	100	31,406	2,528	-	(464)	-	33,470
Gondor <sup>2)</sup>	100	31,424	1,632	-	-	(33,056) <sup>1)</sup>	-
Moria <sup>2)</sup>	100	123,544	3,535	-	(1,426)	-	125,653
Helms <sup>2)</sup>	100	18,919	1,550	-	-	-	20,469
Mythril	100	28,215	443,363	-	(161,454)	-	310,124
Fangorn	100	6,657	-	-	-	-	6,657
<b>Northern Quebec</b>							
Pallas PGE	100	540,024	-	-	-	-	540,024
Willbob	100	2,624,225	37,003	-	(13,050)	-	2,648,178
Soissons	100	47,282	10,798	-	(4,421)	-	53,659
Soissons NMEF	50	4,259	20,969	-	-	-	25,228
<b>Project Generation</b>							
	100	84,116	7,985	-	(1,319)	-	90,782
		<b>15,228,482</b>	<b>1,045,024</b>	<b>-</b>	<b>(356,927)</b>	<b>(98,186)</b>	<b>15,818,393</b>

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

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2018

(Unaudited)

### 5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

E&E expenses	Undivided interest %	As at	Net Additions \$	Option payments \$	Tax credits \$	Impairment \$	As at
		Sept. 30, 2017 \$					Sept. 30, 2018 \$
<b>Abitibi</b>							
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) <sup>1)</sup>	84,739
<b>Grenville-</b>							
<b>Appalaches</b>							
Weedon	100	626,897	20,400	-	-	-	647,297
Gatineau	100	44,005	27,597	-	(87)	-	71,515
<b>James Bay</b>							
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 <sup>2)</sup>	100	2,072	37,109	-	(2,263)	-	36,918
Minas Tirith <sup>2)</sup>	100	27,966	8,856	-	(3,111)	-	33,711
Shire <sup>2)</sup>	100	75,404	239,923	-	(88,732)	-	226,595
Elrond <sup>2)</sup>	100	30,943	490	-	(27)	-	31,406
Gondor <sup>2)</sup>	100	5,049	29,023	-	(2,648)	-	31,424
Moria <sup>2)</sup>	100	21,223	169,731	-	(67,410)	-	123,544
Helms <sup>2)</sup>	100	124	32,229	-	(13,434)	-	18,919
Mythril	100	-	46,581	-	(18,366)	-	28,215
Fangorn	100	-	10,989	-	(4,332)	-	6,657
<b>Northern Quebec</b>							
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
<b>Project Generation</b>							
	100	91,166	(4,076)	-	(2,780)	(194) <sup>1)</sup>	84,116
		<b>11,932,760</b>	<b>4,233,891</b>	<b>-</b>	<b>(803,427)</b>	<b>(134,742)</b>	<b>15,228,482</b>

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

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2018

(Unaudited)

### 5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

#### a) La Peltrie

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. EQUITY

#### 6.1 Private placements

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

#### 6.2 Warrants

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

	Three months ended		Fiscal 2018	
	December 31, 2018		Number	Amount
	Number	Amount	Number	Amount
		\$		\$
<b>Balance – Beginning of period</b>	-	-	20,622,569	1,922,031
Issued following private placement	111 112	11 210	-	-
Exercised	-	-	(1,522,000)	(141,850)
Expired	-	-	(19,100,569)	(1,780,181)
<b>Balance – End of period</b>	<b>111 112</b>	<b>11 210</b>	<b>-</b>	<b>-</b>

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2018

(Unaudited)

### 6. EQUITY (CONT'D)

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

Number of warrants	Exercise price	Expiry date
	\$	
111,112	1.25	December 21, 2020
<b>111,112</b>		

### 7. SHARE-BASED COMPENSATION

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

	Three months ended December 31, 2018		Fiscal 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
<b>Balance – Beginning of period</b>	3,760,000	1.07	3,190,000	1.10
Granted	-	-	570,000	0.89
<b>Balance – End of period</b>	<b>3,760,000</b>	<b>1.07</b>	<b>3,760,000</b>	<b>1.07</b>
Balance – End of period exercisable	3,475,000	1.08	3,363,334	1.09

The following table summarizes information about common share purchase options outstanding and exercisable as at December 31, 2018:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
260,000	260,000	1.76	February 17, 2021
315,000	315,000	1.54	February 16, 2022
20,000	20,000	1.61	February 27, 2022
345,000	345,000	1.25	February 19, 2023
605,000	605,000	0.85	February 20, 2024
450,000	450,000	0.60	August 13, 2025
500,000	500,000	1.10	August 11, 2026
50,000	50,000	1.13	November 23, 2026
545,000	545,000	1.14	February 21, 2027
100,000	100,000	1.04	May 10, 2027
570,000	285,000	0.89	February 15, 2028
<b>3,760,000</b>	<b>3,475,000</b>		

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2018

(Unaudited)

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### 8. SUBSEQUENT EVENT

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.

On July 13, 2018, Altius Minerals Corporation (« Altius ») and the Corporation have signed an amended and restated memorandum of understanding (“Alliance”). 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.