



Midland Exploration Inc.

Condensed Interim Financial Statements

Three months ended December 31, 2019

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, in Canadian dollars)

	As at December 31, 2019	As at September 30, 2019
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	3,273,216	349,389
Investments (note 5)	9,341,000	12,491,000
Accounts receivable	124,399	196,770
Sales tax receivable	119,242	413,804
Tax credits and mining rights receivable	1,815,284	1,540,507
Prepaid expenses	36,638	82,583
Total current assets	14,709,779	15,074,053
Non-current assets		
Listed shares	90,000	70,000
Right-of-use assets (note 6)	151,949	-
Exploration and evaluation assets (note 7)		
Exploration properties	2,706,758	2,561,212
Exploration and evaluation expenses	21,482,850	20,910,566
	24,189,608	23,471,778
Total non-current assets	24,431,557	23,541,778
Total assets	39,141,336	38,615,831
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	270,664	1,046,240
Advance received for exploration work	3,344	10,390
Liability related to the premium on flow-through share	376,623	-
Lease liabilities – current portion (note 8)	32,655	-
Total current liabilities	683,286	1,056,630
Non-current liabilities		
Lease liabilities (note 8)	121,220	-
Total liabilities	804,506	-
Equity		
Capital stock	49,399,289	48,230,237
Warrants (note 9)	749,556	749,556
Contributed surplus	5,072,380	5,033,761
Deficit	(16,884,395)	(16,454,353)
Total equity	38,336,830	37,559,201
Total liabilities and equity	39,141,336	38,615,831

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

Midland Exploration Inc.
Statements of Comprehensive Loss
(Unaudited, in Canadian dollars)

	Three months ended December 31	
	2019	2018
	\$	\$
Revenues		
Project management fees	365	20,128
Operating Expenses		
Salaries	115,132	116,587
Stock-based compensation	24,636	20,598
Travel	11,895	20,658
Rent and insurance	7,731	14,678
Office expenses	82,918	32,767
Regulatory fees	15,746	13,941
Conferences and mining industry involvement	102,249	104,186
Press releases and investors relations	21,173	16,643
Professional fees	55,127	71,689
Depreciation (note 6)	7,473	-
General exploration	1,370	501
Impairment of exploration and evaluation assets (note 7)	24,852	299,367
Operating expenses	470,302	711,615
Other gains or losses		
Interest income	74,463	56,643
Change in fair value – listed shares	20,000	7,000
Accretion – lease liabilities (note 8)	(2,709)	-
	91,754	63,643
Loss before income taxes	(378,183)	(627,844)
Recovery of deferred income taxes	59,280	80,630
Loss and comprehensive loss	(318,903)	(547,214)
Basic and diluted loss per share	(0.01)	(0.01)
Weighted average number of basic and diluted outstanding shares	69,297,899	61,768,973

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, in Canadian dollars)

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$	\$
Balance at October 1, 2019	68,878,222	48,230,237	749,556	5,033,761	(16,454,353)	37,559,201
Loss and comprehensive loss	-	-	-	-	(318,903)	(318,903)
Private placement	73,791	62,722	-	-	-	62,722
Flow-through private placement	1,402,030	1,542,233	-	-	-	1,542,233
Less: premium	-	(435,903)	-	-	-	(435,903)
	1,402,030	1,106,330	-	-	-	1,106,330
Stock-based compensation	-	-	-	38,619	-	38,619
Share issue expenses	-	-	-	-	(111,139)	(111,139)
Balance at December 31, 2019	70,354,043	49,399,289	749,556	5,072,380	(16,884,395)	38,336,830

	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	-	-	-	-	(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)
Balance at December 31, 2018	64,303,111	42,096,583	11,210	4,788,891	(15,799,123)	31,097,561

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

Midland Exploration Inc.

Statements of Cash Flows (Unaudited, in Canadian dollars)

	Three months ended December 31,	
	2019	2018
	\$	\$
Operating activities		
Loss	(318,903)	(547,214)
Adjustment for:		
Stock-based compensation	24,636	20,598
Depreciation (note 6)	7,473	-
Impairment of exploration and evaluation assets	24,853	299,367
Variation – fair value of listed shares	(20,000)	(7,000)
Accretion – lease liabilities (note 8)	2,709	-
Recovery of deferred income taxes	(59,280)	(80,630)
	(338,512)	(314,879)
Changes in non-cash working capital items		
Accounts receivable	72,371	37,838
Sales tax receivable	294,562	76,131
Prepaid expenses	45,945	58,419
Accounts payable and accrued liabilities	(1,480,102)	(523,159)
Advance received for exploration work	(7,046)	25,988
	(1,074,270)	(324,783)
	(1,412,782)	(639,662)
Financing activities		
Private placement	62,722	200,000
Flow-through private placement	1,542,233	4,110,218
Share issue expenses	(111,139)	(254,100)
Principal repayment – lease liabilities (note 8)	(8,256)	-
	1,485,560	4,056,118
Investing activities		
Additions to investments	(2,100,000)	(5,250,000)
Disposals of investments	5,250,000	2,050,000
Additions to exploration properties	(157,427)	(432,524)
Additions to exploration and evaluation expenses	(141,524)	(800,680)
Tax credits and mining rights received	-	117,623
	2,851,049	(4,315,581)
Net change in cash and cash equivalents	2,923,827	(899,125)
Cash and cash equivalents – beginning	349,389	2,752,286
Cash and cash equivalents – ending	3,273,216	1,853,161
Additional information		
Stock-based compensation included in exploration and evaluation expenses	13,983	12,069
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	79,739	203,295
Tax credits receivable applied against exploration and evaluation expenses	274,777	356,927
Adjustment IFRS 16 (note 3)	159,422	-
Interest received	209,572	46,635

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, 2019

(Unaudited, in Canadian dollars)

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, 2019, 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 13, 2020.

3. NEW ACCOUNTING STANDARDS

3.1 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.

Midland Exploration Inc.

Notes to Financial Statements

Three months ended December 31, 2019

(Unaudited, in Canadian dollars)

3. NEW ACCOUNTING STANDARDS (CONT'D)

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 adopted IFRS 16 using the modified retrospective approach, which means it applied the standard from October 1, 2019, the cumulative impact of adoption is recognized as at October 1, 2019 and comparatives are not restated. Since the Corporation will recognize the right-of-use assets at the amount equal to the lease liabilities less any lease accruals, there is no impact on the deficit upon the adoption.

The Corporation has presently only one lease affected by IFRS 16 for its exploration offices. In February 2016, the Corporation extended the lease for five years, from March 2017 to February 2022. The rent is \$31,432 for the first year and thereafter will be indexed annually at the highest of the increase of the consumer price index or 2.5%. The Corporation has the option to renew the lease for an additional 3 year period under the same conditions.

A right of use asset of \$159,422 and an equivalent long term lease liability (with the short term portion being \$32,452) was recorded as of October 1, 2019, with a 7% incremental borrowing rate and considering that the renewal option would be exercised.

4. 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, 2019.

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, 2019

(Unaudited, in Canadian dollars)

5. INVESTMENTS

	As at December 31, 2019	As at September 30, 2019
	\$	\$
<i>Current</i>		
Guaranteed investment certificates, not cashable before the expiry date, between 2.37% and 3.02% interest payable annually, maturing between December 10, 2019 and April 23, 2020, with a maturity value of \$12,827,614	-	12,491,000
Guaranteed investment certificates, not cashable before the expiry date, between 2.30% and 2.84% interest payable annually, maturing between April 22, 2020 and December 21, 2020, with a maturity value of \$9,465,399	9,341,000	-
	9,341,000	12,491,000

The balance on flow-through financing not spent according to the restrictions imposed by the December 2019 financing represents \$1,332,597 as at December 31, 2019 and is included in investments. The Corporation has to dedicate these funds to Canadian mining properties exploration.

6. RIGHT-OF-USE ASSETS

	Buildings
	\$
Cost	
As at September 30, 2019	-
Adjustments – IFRS 16 (note 3)	159,422
As at October 1, 2019	159,422
As at December 31, 2019	159,422
Accumulated depreciation	
As at October 1, 2019	-
Depreciation for the period	7,473
As at December 31, 2019	7,473
Net book value	
As at October 1, 2019	159,422
As at December 31, 2019	151,949

Midland Exploration Inc.

Notes to Financial Statements

Three months ended December 31, 2019

(Unaudited, in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

Acquisition costs	Undivided interest	As at Sept. 30, 2018	Additions	Impairment	As at Dec. 31, 2019
	%	\$	\$	\$	\$
Abitibi					
Abitibi Gold	100	4,688	7,151	(783) ²⁾	11,056
Adam	100	26,144	382	-	26,526
Casault	50	36,708	4,501	-	41,209
Fleuribleu	100	-	12,789	-	12,789
Gaudet	100	-	4,633	-	4,633
Heva	100	60,368	205	-	60,573
Jouvex	50	48,416	3,867	-	52,283
La Peltrie	100	95,385	729	-	96,114
Laflamme	76.6	114,891	2,240	(10,398) ¹⁾	106,733
MaritimeCadillac	49	290,990	15	-	291,005
Mistaouac	100	17,600	526	-	18,126
Patris	100	97,904	1,335	-	99,239
Samson	100	40,640	7,675	-	48,315
Turgeon	100	34,363	529	-	34,892
Wawagotic	100	7,307	132	-	7,439
Grenville-Appalaches					
Gatineau	100	5,146	16,248	-	21,394
Weedon	100	40,743	1,462	-	42,205
James Bay					
Eleonore	100	195,139	13,898	-	209,037
James Bay Gold	100	151,921	457	-	152,378
Elrond	100	89,067	258	-	89,325
Fangorn	100	1,303	35	-	1,338
Helms	100	44,698	152	-	44,850
JV Eleonore	50	139,507	-	-	139,507
Minas Tirith	100	3,002	240	-	3,242
Moria	100	128,520	238	-	128,758
Mythril	100	326,851	39,534	-	366,385
Shire	100	73,656	397	-	74,053
Northern Quebec					
Pallas	100	111,320	1,567	-	112,887
Soissons	100	24,963	24,354	-	49,317
Soissons NMEF	50	4,323	110	-	4,433
Willbob	100	295,801	8,532	-	304,333
Project generation	100	49,848	1,684	-	51,532
		2,561,212	156,727	(11,181)	2,706,758

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, 2019

(Unaudited, in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Acquisition costs	Undivided	As at	Net	Impairment	As at
	interest	Sept. 30, 2018	Additions		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
Wawagogic	100	6,535	772	-	7,307
Adam	100	26,893	3,055	(3,804) ¹⁾	26,144
Samson	100	36,427	4,213	-	40,640
Mistaouac	100	24,987	3,953	(11,340) ¹⁾	17,600
Turgeon	100	29,386	4,977	-	34,363
Manthet	100	7,776	-	(7,776) ²⁾	-
Abitibi Gold	100	5,840	(1,152)	-	4,688
Grenville-Appalaches					
Weedon	100	39,412	9,059	(7,728) ¹⁾	40,743
Gatineau	100	34,585	2,057	(31,496) ²⁾	5,146
James Bay					
James Bay Au	100	203,496	25,766	(77,341) ²⁾	151,921
Eleonore	100	162,956	32,183	-	195,139
JV Eleonore	50	142,142	3,143	(5,778) ¹⁾	139,507
Isengard	100	26,920	630	(27,550) ²⁾	-
Minas Tirith	100	58,536	1,460	(56,994) ¹⁾	3,002
Shire	100	262,619	15,054	(204,017) ¹⁾	73,656
Elrond	100	70,347	18,720	-	89,067
Gondor	100	15,500	98	(15,598) ²⁾	-
Moria	100	109,248	19,272	-	128,520
Helms	100	33,625	11,073	-	44,698
Mythril	100	9,057	317,794	-	326,851
Fangorn	100	1,188	115	-	1,303
Northern Quebec					
Pallas PGE	100	126,551	34,642	(49,873) ¹⁾	111,320
Willbob	100	288,969	131,833	(125,001) ¹⁾	295,801
Soissons	100	23,706	1,257	-	24,963
Soissons NMEF	50	4,100	223	-	4,323
Project Generation	100	13,464	46,996	(10,612) ²⁾	49,848
		2,537,747	756,855	(733,390)	2,561,212

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

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

Midland Exploration Inc.

Notes to Financial Statements

Three months ended December 31, 2019

(Unaudited, in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

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

E&E expenses	Undivided interest	As at	Additions	Tax credits	Impairment	As at
		Sept. 30, 2019				Dec. 31, 2019
	%	\$	\$	\$	\$	\$
Abitibi						
Abitibi Or	100	94,685	13,114	(1,899)	(13,672) ¹⁾	92,228
Adam	100	273,436	3,352	(1,502)	-	275,286
Casault	50	2,188,205	17,593	(7,007)	-	2,198,791
Heva	100	276,312	-	-	-	276,312
Jouvex	50	623,657	15,165	(1,475)	-	637,347
La Peltrie	100	1,098,627	2,480	(1,080)	-	1,100,027
Laflamme	76,6	2,808,975	41,829	(5,848)	-	2,844,956
Maritime-Cadillac	49	404,866	3,375	(1,139)	-	407,102
Mistaouac	100	229,698	-	-	-	229,698
Patris	100	236,236	1,074	(242)	-	237,068
Samson	100	172,346	147,022	(37,355)	-	282,013
Turgeon	100	199,191	-	-	-	199,191
Wawagotic	100	32,949	-	-	-	32,949
Grenville-Appalaches						
Gatineau	100	16,070	293	(8)	-	16,355
Weedon	100	703,918	59,373	(8,058)	-	755,233
James Bay						
Eleonore	100	1,774,421	4,030	(1,791)	-	1,776,660
James Bay Gold	100	441,537	10,833	(3,267)	-	449,103
Elrond	100	69,052	9,988	(3,899)	-	75,141
Fangorn	100	11,685	-	-	-	11,685
Helms	100	56,797	13,074	(5,822)	-	64,049
JV Eleonore	50	616,676	573	-	-	617,249
Minas Tirith	100	37,631	-	-	-	37,631
Moria	100	129,564	-	-	-	129,564
Mythril	100	4 387 395	423 493	(160 535)	-	4 650 353
Shire	100	239,620	-	-	-	239,620
Northern Quebec						
Pallas	100	542,124	-	-	-	542,124
Soissons	100	53,994	12,471	(2,950)	-	63,515
Soissons NMEF	50	47,710	-	-	-	47,710
Willbob	100	3,104,919	71,589	(26,422)	-	3,150,086
Project generation	100	38,270	10,012	(4,478)	-	43,804
		20,910,566	860,733	(274,777)	(13,672)	21,482,850

- 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, 2019

(Unaudited, in Canadian dollars)

7 EXPLORATION AND EVALUATION ASSETS (CONT'D)

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
Wawagosis	100	32,949	-	-	-	32,949
Adam	100	266,663	7,694	(921)	-	273,436
Mistaouac	100	224,502	5,886	(690)	-	229,698
Turgeon	100	196,665	4,060	(1,534)	-	199,191
Manthet	100	8,409	-	-	(8,409)	-
Abitibi Gold	100	84,739	11,306	(1,360)	-	94,685
Grenville-Appalaches						
Weedon	100	647,297	56,621	-	-	703,918
Gatineau	100	71,515	9,757	(71)	(65,131)	16,070
James Bay						
James Bay Au	100	517,666	112,978	(3,650)	(185,457)	441,537
Eleonore	100	1,770,210	5,595	(1,384)	-	1,774,421
JV Eleonore	50	583,215	33,461	-	-	616,676
Isengard	100	36,918	-	-	(36,918)	-
Minas Tirith	100	33,711	3,920	-	-	37,631
Shire	100	226,595	17,789	(4,764)	-	239,620
Elrond	100	31,406	59,832	(22,186)	-	69,052
Gondor	100	31,424	-	-	(31,424)	-
Moria	100	123,544	7,554	(1,534)	-	129,564
Helms	100	18,919	58,989	(21,111)	-	56,797
Mythril	100	28,215	5,339,168	(979,988)	-	4,387,395
Fangorn	100	6,657	5,028	-	-	11,685
Northern Quebec						
Pallas PGE	100	540,024	2,100	-	-	542,124
Willbob	100	2,624,225	732,717	(252,023)	-	3,104,919
Soissons	100	47,282	11,581	(4,869)	-	53,994
Soissons NMEF	50	4,259	57,871	(14,420)	-	47,710
Project Generation	100	84,116	43,851	(14,916)	(74,781)	38,270
		15,228,482	7,750,282	(1,540,507)	(527,691)	20,910,566

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

Midland Exploration Inc.

Notes to Financial Statements

Three months ended December 31, 2019

(Unaudited, in Canadian dollars)

8. LEASE LIABILITIES

	As at December 31 2019	AS at September 30 2019
	\$	\$
Opening balance	-	-
Adjustment – IFRS 16 (note 3)	159,422	-
Principal repayment	(8,256)	-
Accretion	2,709	-
	153,875	-
Less : current portion	(32,655)	-
	121,220	-

9. EQUITY

9.1 Private placements

On December 4 and 13, 2019, the Corporation completed private placement of 1,402,030 flow-through shares at \$1.10 per share for total gross proceeds of \$1,542,233. On those dates, the Corporation's share closed at \$0.79 and \$0.77 on the Exchange respectively, therefore the residual values attributed to the benefit related to flow-through shares renunciation are \$0.31 and \$0.33 for a total value of \$435,903, credited to the liability related to the premium on flow-through shares.

In connection with the private placements, the Corporation incurred \$111,139 share issue expensed of which \$63,457 was paid as finder's fees. Directors and officers of the Corporation participated in the flow-through private placement for a total consideration of \$174,900 under the same terms as other investors.

On December 13, 2019, the Corporation completed a private placement of 73,791 shares at a price of \$0.85 per shares for total gross proceeds of \$62,722. BHP Billiton Canada Inc. ("BHP") has exercised its right to maintain its ownership to 5.0% by acquiring 73,791 shares. This right had been granted to BHP on April 18, 2019 pursuant to an Investor Rights Agreement with the Corporation.

9.2 Warrants

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

	Three months ended December 31, 2019		Fiscal 2019	
	Number	Amount	Number	Amount
		\$		\$
Balance – Beginning of period	4,110,667	749,556	-	-
Issued following private placement	-	-	4,110,667	749,556
Balance – End of period	4,110,667	749,556	4,110,667	749,556

Midland Exploration Inc.

Notes to Financial Statements

Three months ended December 31, 2019

(Unaudited, in Canadian dollars)

9. EQUITY (CONT'D)

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		

10. SHARE-BASED COMPENSATION

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

	Three months ended December 31, 2019		Fiscal 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – Beginning of period	4,320,000	1.07	3,760,000	1.07
Granted	-	-	580,000	1.03
Exercised	-	-	(20,000)	0.60
Balance – End of period	4,320,000	1.07	4,320,000	1.07
Balance – End of period exercisable	4,030,000	1.07	3,933,334	1.07

The following table summarizes information about common share purchase options outstanding and exercisable as at December 31, 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	290,000	1.03	February 18, 2029
4,320,000	4,030,000		