



Midland Exploration Inc.

Interim Management's Discussion and Analysis
Quarterly Highlights

Nine months ended June 30, 2016

Midland Exploration Inc.

Interim Management Discussion & Analysis – Quarterly Highlights

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Midland Exploration Inc.

Interim Management Discussion & Analysis – Quarterly Highlights

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The following quarterly highlights interim management discussion and analysis – quarterly highlights (the “MD&A Highlights”) of the financial condition and results of the operations of Midland Exploration Inc. (“Midland” or “the Corporation”) constitutes management’s review of the factors that affected the Corporation’s financial and operating performance for Q3-16 YTD. This MD&A Highlights should be read in conjunction with the Corporation’s condensed interim financial statements as at June 30, 2016 prepared in accordance with the International Financial Reporting Standards (“IFRS”), as well as with the management discussion and analysis for the year ended September 30, 2015. All figures are in Canadian dollars unless otherwise noted.

Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be found on www.sedar.com.

Abbreviation	Period
Q1-15	October 1, 2014 to December 31, 2014
Q2-15	January 1, 2015 to March 31, 2015
Q3-15	April 30, 2015 to June 30, 2015
Q3-15 YTD	October 1, 2014 to June 30, 2015
Q4-15	July 1, 2015 to September 30, 2015
Fiscal 15	October 1, 2014 to September 30, 2015
Q1-16	October 1, 2015 to December 31, 2015
Q2-16	January 1, 2016 to March 31, 2016
Q3-16	April 1, 2016 to June 30, 2016
Q3-16 YTD	October 1, 2015 to June 30, 2016
Q4-16	July 1, 2016 to September 30, 2016
Fiscal 16	October 1, 2015 to September 30, 2016

1. NATURE OF ACTIVITIES

Midland, incorporated on October 2, 1995 and operating under the Business Corporations Act (Quebec), is a company in the mining exploration business. The Corporation’s operations include the acquisition and exploration of mining properties. The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the MD ticker.

2. OVERALL PERFORMANCE

Midland has a working capital of \$11,252,312 as of June 30, 2016 (\$9,999,139 as of September 30, 2015) as well as \$3,000,000 (\$6,496,000 as of September 30, 2015) of investments in guaranteed investment certificates with expiry dates over 1 year, which will allow the Corporation to execute its exploration program for at least the next three years.

On November 20, 2015, the Corporation completed private placements by issuing 835,365 flow-through shares respectively at \$0.85 per share, for total gross proceeds of \$710,060.

On June 13, 2016, a joint-venture agreement (50%-50%) was signed with Osisko James Bay Inc. (“Osisko”) whereby Osisko and the Corporation will cooperate and combine their efforts to explore the JV Eleonore property recently staked by the two corporations. The property is located 12 kilometres southeast and northwest of Goldcorp’s Eleonore deposit.

As operator, Midland incurred exploration expenditures totalling \$3,213,358 (\$3,767,548 in Q3-15 YTD), on its properties of which \$1,292,928 was recharged to its partners (\$3,178,933 in Q3-15 YTD). The operating partners incurred \$266,489 of exploration expenses (\$759,090 in Q3-15 YTD) of which \$62,845 (\$0 in Q3-15 YTD) was recharged to Midland. Also, the Corporation invested \$287,188 (\$253,962 in Q3-15 YTD) to complete several property acquisitions in Quebec of which \$42,472 was recharged to its partners (\$83,492 in Q3-15 YTD).

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2. OVERALL PERFORMANCE (CONT'D)

The Corporation reported a loss of \$515,329 in Q3-16 YTD compared to \$444,334 for Q3-15 YTD.

- Project management fees decreased to \$70,166 (\$237,017 in Q3-15 YTD). The exploration on Jouvex and Casault generated less fees than the exploration on Pallas, Samson and Adam in Q3-15 YTD;
- Interest income increased to \$172,128 (\$62,289 in Q3-15 YTD) due to additional funds invested following \$14.4 million private placement closed in May 2015;
- Operating expenses increased to \$949,757 (\$858,534 in Q3-15 YTD) due to increase corporate activities.

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3. INVESTING ACTIVITIES

Deferred exploration expenses Q3-16 YTD	Balance beginning	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based compensation	Recharge	Tax credits	Option payment	Write-off	Net change	Balance end
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Abitibi														
Maritime Cadillac	232,965	5,736	-	-	-	-	5,736	-	-	-	-	-	5,736	238,701
Laflamme Au	1,507,229	67,941	88,123	304,985	19,263	6,352	486,664	791	-	(99,028)	-	-	388,427	1,895,656
Patris Au	219,143	8,545	1,093	3,124	-	-	12,762	2,225	(12,762)	-	-	-	2,225	221,368
Casault Au	298,888	71,249	134,963	498,131	77,831	32,287	814,461	10,997	(814,461)	-	-	-	10,997	309,885
Jouvex Au	348,457	30,921	113,208	167,340	15,543	-	327,012	2,718	(327,012)	-	-	-	2,718	351,175
Heva Au	35,133	95,034	-	-	8,829	-	103,863	-	-	(23,167)	-	-	80,696	115,829
Valmond Au	120,742	-	-	-	-	-	-	-	-	-	-	-	-	120,742
Samson Au	439	8,800	65,591	389	576	-	75,356	1,409	-	(16,505)	-	-	60,260	60,699
La Peltrie	118,209	23,904	271,584	246,923	15,384	63,480	621,275	1,482	-	(99,047)	-	-	523,710	641,919
Adam	-	2,752	32,037	-	-	11,625	46,414	-	-	(4,716)	-	-	41,698	41,698
Abitibi Au	117,841	12,802	47,813	-	-	6,875	67,490	-	-	(13,200)	-	-	54,290	172,131
Grenville-Appalaches														
Weedon Cu Zn Au	484,279	8,176	-	29,445	594	-	38,215	-	-	(3,415)	-	-	34,800	519,079
Gatineau Zn	28,892	99	-	-	-	-	99	-	-	-	-	-	99	28,991
Bay-James														
Bay-James Au	248,057	14,451	168	-	2,043	-	16,662	-	-	(5,312)	-	-	11,350	259,407
Eleonore Au	1,527,352	35,351	-	-	7,922	-	43,273	1,682	-	(14,807)	-	-	30,148	1,557,500
JV Eleonore Au	-	48,751	-	-	-	-	48,751	-	-	(17,801)	-	-	30,950	30,950
Quebec Labrador														
Ytterby ETR	172,054	6,144	-	-	5,385	-	11,529	-	-	-	-	-	11,529	183,583
Northern Quebec														
Pallas PGE	269,391	195,015	-	-	23,193	-	218,208	2,818	(138,693)	(27,735)	-	-	54,598	323,989
Willbob Au	111,951	162,045	90,828	-	7,668	-	260,541	593	-	(92,799)	-	-	168,335	280,286
Projects Generation														
Projects Generation	59,390	15,047	-	-	-	-	15,047	-	-	(1,833)	-	-	13,214	72,604
TOTAL	5,900,412	812,763	845,408	1,250,337	184,231	120,619	3,213,358	24,715	(1,292,928)	(419,365)	-	-	1,525,780	7,426,192

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3. INVESTING ACTIVITIES (CONT'D)

Deferred exploration expenses Q3-15 YTD	Balance beginning	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Travelling	Sub total	Stock-based compensation	Recharge	Tax credits	Option payment	Write-off	Net changes	Balance end
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Abitibi															
Maritime Cadillac Au	232,965	-	-	-	-	-	-	-	-	-	-	-	-	-	232,965
Laflamme Au	1,310,514	20,533	24,500	16,965	119,290	5,460	3,795	190,543	-	-	(3,262)	-	-	187,281	1,497,795
Patris Au	208,755	6,360	-	6,371	-	-	651	13,382	9,198	(13,382)	-	-	-	9,198	217,953
Casault Au	290,082	63,719	160,355	1,188,117	40,528	47,502	9,750	1,509,971	-	(1,504,590)	-	-	-	5,381	295,463
Jouvex Au	346,090	24,472	63,932	281,342	12,166	26,430	8,256	416,598	-	(415,078)	-	-	-	1,520	347,610
Heva Au	18,563	-	-	-	-	-	-	-	-	-	-	-	-	-	18,563
Valmond Au	123,955	3,700	-	66,107	1,063	-	2,018	72,888	6,439	(72,888)	-	(10,000)	-	(3,561)	120,394
Samson Au	-	57,258	147,106	216,379	18,896	49,530	2,852	492,021	-	(492,021)	-	-	-	-	-
Adam	-	4,610	152,750	-	-	-	-	157,360	-	(157,360)	-	-	-	-	-
Abitibi Au	36,641	17,518	60,249	-	460	-	1,815	80,042	-	-	(2,356)	-	-	77,686	114,327
Weedon Cu, Zn, Au															
Weedon Cu, Zn, Au	388,013	10,440	97,870	-	-	-	458	108,768	-	-	(12,502)	-	-	96,266	484,279
Gatineau Zn	28,766	99	-	-	-	-	-	99	-	-	-	-	-	99	28,865
Bay-James															
Bay-James Au	216,677	15,436	-	-	-	-	-	15,436	-	-	(3,499)	-	-	11,987	228,664
Eleonore Au	1,175,139	46,456	95,971	-	-	-	-	142,427	5,519	-	(9,470)	-	-	138,476	1,313,615
Bay-James U	14,686	-	-	-	-	-	-	-	-	-	-	-	-	-	14,686
Bay-James Fe	42,158	-	-	-	-	-	-	-	-	-	-	-	-	-	42,158
Ytterby ETR															
Ytterby ETR	109,090	4,286	-	-	-	-	-	4,286	-	(388)	-	-	-	3,898	112,988
Pallas PG															
Pallas PG	216,088	170,917	-	307,100	36,596	-	9,342	523,955	1,840	(523,226)	(156)	-	-	2,413	218,501
Willbob Au	5,116	25,504	-	-	672	-	-	26,176	-	-	(5,213)	-	-	20,963	26,079
Projects Generation															
Projects Generation	39,547	13,006	-	-	-	-	-	13,006	-	-	-	-	-	13,006	52,553
TOTAL	4,802,845	484,904	802,733	2,082,381	229,671	128,922	38,937	3,767,548	22,996	(3,178,933)	(36,408)	(10,000)	-	567,653	5,370,498

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3. INVESTING ACTIVITIES (CONT'D)

Expenses Exploration and Evaluation Properties	Actual Q3-15 YTD			Actual Q3-16 YTD			Budget Fiscal 16		
	Midland	Partner	Total	Midland	Partner	Total	Midland	Partner	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
100% owned by Midland									
Abitibi Au	80,042	-	80,042	67,490	-	67,490	100,000	-	100,000
Heva	-	-	-	103,863	-	103,863	80,000	-	80,000
Valmond	-	-	-	-	-	-	15,000	-	15,000
Samson	-	-	-	75,356	-	75,356	-	-	-
Adam	-	-	-	46,414	-	46,414	-	-	-
La Peltrie	3,040	-	3,040	621,275	-	621,275	550,000	-	550,000
Weedon Cu-Zn-Au	108,768	-	108,768	38,215	-	38,215	100,000	-	100,000
Gatineau Zn	99	-	99	99	-	99	20,000	-	20,000
James Bay Au	15,436	-	15,436	16,662	-	16,662	50,000	-	50,000
Eleonore Au	142,427	-	142,427	43,273	-	43,273	100,000	-	100,000
Willbob	26,176	-	26,176	260,541	-	260,541	400,000	-	400,000
Project generation	13,006	-	13,006	15,201	-	15,201	40,000	-	40,000
	388,994	-	388,994	1,288,389	-	1,288,389	1,455,000	-	1,455,000
With option, 100% owned and operated by Midland and paid by partner									
Valmond Au – Sphinx	-	72,888	72,888	-	-	-	-	-	-
Pallas PGE Jogmec	729	523,226	523,955	79,515	138,693	218,208	225,000	225,000	450,000
Samson - Sphinx	-	492,021	492,021	-	-	-	50,000	-	50,000
Adam - Sphinx	-	157,360	157,360	-	-	-	50,000	-	50,000
Casault - Soquem	5,381	1,504,590	1,509,971	-	814,461	814,461	-	1,345,000	1,345,000
Jouvex – Soquem	1,520	415,078	416,598	-	327,012	327,012	-	510,000	510,000
	7,630	3,165,163	3,172,793	79,515	1,280,165	1,359,681	325,000	2,080,000	2,405,000
With option, 100% owned by Midland, operated and paid by the partner									
Patris Au – Teck	-	772,472	772,472	-	153,361	153,361	-	300,000	300,000
In joint venture									
Maritime-Cadillac-Agnico Eagle (operator) at 51%	-	-	-	5,736	5,086	10,822	25,000	25,000	50,000
Vermillon- Soquem at 52.5%	-	-	-	16,887	15,940	32,827	-	-	-
Ytterby REE-Jogmec at 49.5%	3,898	388	4,286	11,529	-	11,529	20,000	-	20,000
Laflamme Au – Abcourt at 31.5%	190,543	-	190,543	486,664	-	486,664	100,000	-	100,000
JV Eleonore – Osisko 50%	-	-	-	48,751	42,019	90,770	-	-	-
	194,441	388	194,829	569,567	63,045	632,612	145,000	25,000	170,000
	591,065	3,938,023	4,529,088	1,937,471	1,496,572	3,434,043	1,925,000	2,405,000	4,330,000

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3. INVESTING ACTIVITIES (CONT'D)

When the work is done and paid by the partners, the expenses are not included in the Midland accounts. The previous table shows all the work being done on Midland's properties including work done and paid by operating partners. This table excludes stock-based compensation that has been capitalized.

Gino Roger, geological engineer, president and director of Midland, qualified person under NI 43-101, has reviewed the following technical disclosure.

HIGHLIGHTS

- **Discovery of a new Ni-Cu-PGE zone on Laflamme (Copernick Zone)**
- **Several new gold showings found on Heva**

ABITIBI

3.1 Maritime-Cadillac (Au) in partnership with Agnico Eagle and operated by Agnico Eagle

Exploration work on the property

During Q1-16, Agnico Eagle completed a 3D-Model which includes all the historical data from the Lapa and Maritime-Cadillac areas. Currently, a series of requests are being performed on the model in order to generate the next drilling targets on the Maritime-Cadillac property along the Cadillac break.

A technical meeting was held with Agnico Eagle at the end of May (Q3-16) in order to review the results of the 3D-Model and the possible drilling targets. A new target area was defined at the intersection of a NW-SE gold-bearing structure and the Maritime Contact. A drilling proposal is in preparation.

3.2 Laflamme (Au-Ni-Cu-PGE), in partnership with Abcourt Mines Inc. and operated by Midland

Exploration work on the property

During Q2-16, a borehole electromagnetic survey (BHEM) using two different loops was completed in order to locate an off-hole anomaly that had been detected in hole LA-11-08 which discovered a new Ni-Cu-PGE zone in 2011 grading 0.66% Ni, 0.35% Cu, 0.17 ppm Pt and 0.16 ppm Pd over 8.0 metres, including a higher grade interval of 1.55% Ni, 0.53% Cu, 0.26 ppm Pt and 0.28 ppm Pd over 1.60 metres. These surveys have positioned the conductor at approximately 60 metres below hole LA-11-08 at a vertical depth of about 350 metres.

While following up this new BHEM target, a new Ni-Cu-PGE zone was discovered in hole LAF-16-38. Drill hole LAF-16-38 intersected a new Ni-Cu-PGE zone with disseminated, locally semi-massive and net-textured mineralization grading 0.45% Ni, 0.35% Cu, 0.15 g/t Pt and 0.24 g/t Pd over 42.60 metres from 446.50 to 489.10 metres depth (*Note: True thickness is not known at this time with the available geological information*). Within this wide mineralized envelope, two zones with higher nickel and copper grades respectively yielded 1.11% Ni, 0.47% Cu, 0.21 g/t Pt and 0.79 g/t Pd over 3.50 metres from 449.00 to 452.50 metres, and 0.44% Ni, 0.88% Cu, 0.21 g/t Pt and 0.27 g/t Pd over 4.05 metres from 458.95 to 463.00 metres. The mineralization is hosted in ultramafic intrusive rocks that contain variable amounts of pyrrhotite ("Po"), pentlandite ("Pn"), and chalcopyrite ("Cp"), mainly occurring as disseminations but locally forming semi-massive and net-textured zones.

Following this discovery, two additional drill holes (LAF-16-39 and 40) were completed to test the Copernick zone respectively at 175 metres below and 65 metres above hole LAF-16-38. Both holes intersected altered ultramafic rocks mineralized with various amounts of Po-Pn and Cp.

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3. INVESTING ACTIVITIES (CONT'D)

Drill hole LAF-16-39: The ultramafics weakly mineralized with some sulphides (trace-1% Po-Cpy) were intersected from 593 to 714m meters. Here are the best Ni-Cu results:

- 593.80 to 594.30 (0.50 m) 0.29% Ni, 0.28% Cu
- 595.50 to 597.00 (1.50 m) 0.26% Ni, 0.15% Cu

- 634.45 to 636.00 (1.55 m) 0.41% Ni, 0.20% Cu, 0.11 g/t Au, 0.06 g/t Pt, 0.06 g/t Pd
- 638.50 to 639.50 (1.00 m) 0.30% Ni, 0.09% Cu, 0.04 g/t Au, 0.03 g/t Pt, 0.03 g/t Pd
- 639.50 to 641.00 (1.50 m) 0.47% Ni, 0.26% Cu, 0.16 g/t Au, 0.07 g/t Pt, 0.08 g/t Pd
- 643.70 to 644.50 (0.80 m) 0.48% Ni, 0.23% Cu, 0.12 g/t Au, 0.06 g/t Pt, 0.07 g/t Pd

- 661.00 to 662.00 (1.00 m) 0.32% Ni, 0.12% Cu, 0.07 g/t Au, 0.04 g/t Pt, 0.04 g/t Pd
- 663.00 to 664.10 (1.10 m) 0.31% Ni, 0.11% Cu, 0.07 g/t Au, 0.03 g/t Pt, 0.03 g/t Pd
- 668.50 to 670.00 (1.50 m) 0.26% Ni, 0.07% Cu, 0.04 g/t Au, 0.02 g/t Pt, 0.02 g/t Pd

Drill hole LAF-16-40 has been stopped at 545m. The ultramafics weakly mineralized with some sulphides (1-2% Po-Cpy) were intersected at around from 345 to 435m. Again the ultramafic rocks seem to be cut by the gabbroic rock which has for effect to reduce the thickness by about a 100m. Two mineralized zones were intersected and returned:

Zone 1 :

- 357.50 to 383.50 m ; 0.21% Ni, 0.13% Cu, 0.04 g/t Au, 0.12 g/t Pt, 0.14 g/t Pd over 26.00 m
Incl. : 364.65 to 379.50 m ; 0.26% Ni, 0.17% Cu, 0.06 g/t Au, 0.17 g/t Pt, 0.19 g/t Pd over 14.85m

Zone 2 :

- 401.60 to 426.00 m ; 0.26% Ni, 0.16% Cu, 0.06 g/t Au, 0.14 g/t Pt, 0.18 g/t Pd over 24.40 m
Incl. : 402.90 to 410.30 m ; 0.42% Ni, 0.28% Cu, 0.11 g/t Au, 0.30 g/t Pt, 0.34g/t Pd over 7.40 m

A detailed ground magnetic survey along with a magnetic inversion was completed in the vicinity of the Copernick discovery. The inversion showed a well-defined strongly magnetic unit similar to Copernick that trends north-south over a 2 km east of Copernick. A stratigraphic program consisting in two holes was completed during Q3-16. Both holes (41 and 42) have identified ultramafic rocks.

Hole LAF-16-41 was terminated at a depth of 630m. After 18 meters of over burden, the drilling encountered Volcanogenic sediment up to 163,60m; that units was mildly to strongly altered in carbonate but no mineralization is present. Following that up to 287,75m a sequence of siltstone and mudstone weakly mineralized in pyrite up to 0.5% was intersected. The ultramafic was intercepted from 287,75 to 502,05 with mineralization in pyrite and chalcopyrite in trace with the interval from 460,45m to 465,95m with 1-2 % pyrite inside an quartz-carbonate injection zone and automorphous amphibolite crystals. From 502,05m to 620,30m, a siltstone unit without any mineralization was encountered with the exception of several contacts of mafic dykes (7) where 0,5 to 1% pyrite was observed. The hole ended in the ultramafic dyke from 620,30 to 630,00, the superior contact with the siltstone was mineralized over 35cm with 1% pyrite. No significant results have been obtained.

Drill hole LAF-16-42 was stopped at 198m due to technical conditions. After 60m of overburden, the drilling encountered siltstone/sediment up to 137.50m where they present a medium to strong carbonate alteration with intense quartz veinlets network with minor stringer mineralization in pyrite and pyrrhotite. From 137.5 to 198m the drilling encountered ultramafic with minor alteration in carbonate and minor mineralization in pyrite locally. No significant results have been received.

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3. INVESTING ACTIVITIES (CONT'D)

3.3 Patris (Au), in partnership with Teck and operated by Teck

Property Description

On May 30, 2016, an amendment to the option agreement with Teck Resources Ltd. was signed to accommodate the delays in permitting. The conditions for the first option are now as follow:

	Payments in	
	cash	Work
	\$	\$
First Option for a 50% initial interest		
On or before August 31, 2015 (firm commitment)(completed)	-	500,000
On or before August 31, 2017	-	800,000
On or before August 31, 2018	-	1,700,000
	-	3,000,000

Exploration work on the property

During Q1-16, an induced polarization (15 km) and a magnetic survey were completed in the lateral extensions of the alteration zone intersected in hole PAT-15-05 over more than 100 metres. Following these surveys, a drilling program consisting in four (4) holes totalling 1,000 metres has been approved and will begin as soon as the necessary authorizations have been received. This program will test a series of geophysical anomalies located in the vicinity of the alteration zone intersected in hole PAT-15-05.

The CPTAQ preliminary authorization has been received and the final authorization is expected during Q4-16.

3.4 Casault (Au), in partnership with SOQUEM and operated by Midland

Exploration work on the property

During the course of the first quarter, eight (8) drill holes totalling 3,069 metres were completed on Casault in partnership with SOQUEM. Two main areas were drilled including the northern contact of the Turgeon pluton and the QFP area. Two other drill holes tested IP anomalies to the south of the Sunday Lake deformation zone.

Turgeon Pluton area

Three (3) holes were completed near the northern contact of the Turgeon pluton where gold-bearing quartz-carbonate veins had been identified in hole CAS-15-53. This program confirmed the presence of at least three sets of quartz-carbonate veins oriented at N340 with a dip of 50 degrees to the east.

Drill hole CAS-15-68, drilled about 150 metres below hole CAS-15-53, cut a zone of 2.90 g/t Au over 0.40 metre between 271.40 and 271.80 metres and other intervals of 0.87 g/t Au over 0.56 metre from 311.30 to 311.86 metres and 0.38 g/t Au over 0.38 metre from 312.72 and 313.10 metres.

Drill hole CAS-15-69 completed 100 metres to the north of CAS-15-53 returned two zones with veins grading 0.67 g/t Au over 0.55 metre from 136.10 to 136.65 metres and another zone of 0.11 g/t Au over 0.40 metre between 137.35 and 137.75 metres.

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3. INVESTING ACTIVITIES (CONT'D)

At about 110metres to the west of hole CAS-15-53, hole CAS-15-70 intersected three sets of veins with the best values returning:

- 3.34 g/t Au over 0.40 metre (90.10 to 90.50 m)
- 0.78 g/t Au over 0.50 metre (170.9 to 171.40 m)
- 0.87 g/t Au over 2.85 metres (293.80 to 296.65 m)
- Incl.: 2.32 g/t Au over 0.65 metre (294.80 to 295.45 m)

QFP Area

During 2015, some drill holes had intersected gold-bearing mineralization within a felsic porphyritic intrusion (QFP) at the contact between the conglomerates and the mafic volcanics. During the Q1-16 drilling program, two holes tested the southern contact of the QFP and a third one tested a north-south oriented magnetic lineament.

Drill hole CAS-15-71 returned a strongly anomalous gold-bearing zone of 0.31 g/t Au over 12.30 metres (76.20 to 88.50 metres) including a value of 1.22 g/t Au over 0.40 metre. This gold anomalous zone which is mineralized with pyrite remains open in all directions.

Approximately 500 metres further west, drill hole CAS-15-72 intersected the QFP which is strongly altered in hematite but weakly mineralized. A composite value of 0.39 g/t Au over 5.50 metres (386.50 to 392.00 m) was obtained from the sheared and silicified mafic volcanics.

Following the winter 2016 geophysics program (mag and IP Orevision), a drilling program consisting in eight (8) holes totalling 2,700 metres as well as a 20 km IP Orevision surveys were approved. The drilling program started in June.

3.5 Jouvex (Au), in partnership with SOQUEM and operated by Midland

Exploration work on the property

During Q1-16, three (3) drill holes totalling 924.0 metres were completed on Jouvex in partnership with SOQUEM. These holes tested new Orevision IP anomalies identified near the Casa Berardi fault zone. These holes explained the anomalies with the presence of sulphides (Py) accompanied by strong alteration in sericite and iron carbonate. However, no significant gold result was obtained.

Following the compilation of several gold showings, an airborne Mag-EM survey was completed in the northern portion of the Jouvex property in order to cover most of the historical gold showings as defined in the compilation. The survey identified several formational as well as more punctual conductors.

3.6 Heva (Au), operated by Midland

Exploration work on the property

During the fall of 2015, Midland's exploration team completed a soil geochemical survey (B-horizon) in the western part of the Heva East block where several interesting gold results were obtained during the 2015 summer exploration program. Following these recent works, the best results returned values of 18.0 g / t Au and 5.1 g / t Au from sampling of an old blasted trench and dating back more than twenty years which was found during reconnaissance work and a value of 5.6 g / t Au obtained in sampling mineralized ore masses found near the old Dempsey-Cadillac showing from 1930.

On top of detecting the two main gold-bearing horizons already known in this area, the soil geochemical survey identified two (2) new axes that are anomalous in gold and in arsenic on hundreds meters of extension and parallel to the known gold-bearing horizons. Moreover, these two new axes coincide largely with still unexplained historic induced polarization anomalies.

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3. INVESTING ACTIVITIES (CONT'D)

Midland announced the discovery of several new gold showings following recent trenching and prospecting on its Heva gold project.

During this program, nine (9) new mechanical trenches (16-01 to 16-09) as well as prospecting were completed and a total of 133 selected grab samples were collected in the western part of the Heva East property. This program's main objective was to follow-up the source of several gold and arsenic soil anomalies identified during the 2015 program. The trenching and prospecting campaign highlighted five (5) new auriferous quartz veins systems directly associated with soil gold anomalies. These new showings returned 19.9 g/t Au, 6.5 g/t Au, 5.4 g/t Au, 3.5 g/t Au, 2.7 g/t Au, and several other values higher than 0.1 g/t Au on selected grab samples and over surface distances varying between 50 to 150 metres. All these new gold showings remain open laterally and in depth.

Prospecting also took place and was successful in identifying another important auriferous quartz vein system about 1.2 kilometres to the east of the trenches and was followed over a minimum distance of 150 metres (open in all directions). This new area returned up-to 9.1 g/t Au and 3.8 g/t Au on selected grab samples. (Note that the values of selected grab samples might not be representative of the mineralized zones).

The table below lists the grade and position (UTM Nad83 Zone 17) of selected grab samples that returned greater than 2.0 g/t Au:

<u>Sample</u>	<u>g/t Au</u>		<u>East</u>	<u>North</u>	<u>Description</u>
S433057	19,9	*	706986	5341564	Vein #100W40 ; Trench 16-08EXT
S433086	9,1	*	708172	5341163	Vein #20E45 ; Prospection
S433011	6,5	*	706370	5341661	Vein #160W25 ; Trench 16-02
S433053	5,4	*	706996	5341559	Vein #100W40 ; Trench 16-08EXT
S433083	3,8	*	706922	5341587	Vein #20E45 ; Prospection
S433116	3,5	*	706985	5341490	Vein #100W25 ; Trench 16-06
S433131	2,7	*	706972	5341559	Vein #100W35 ; Trench 16-08
S433022	2,2		706380	5341680	Vein #160W45 ; Trench 16-02
S433088	2,1		706619	5341661	Vein #140W35 ; Prospection

*Note: * Re-analysis by fire assay with gravimetric finish, else by atomic absorption 30 g (AA23).
g/t Au = grams per tonne of gold*

On the 133 selected grab samples collected during this campaign, close to 60% (79 samples) returned gold values greater than 0.1 g/t Au, including 18 that returned gold values greater than 1.0 g/t Au including 9 for which the values are greater than 2.0 g/t Au.

The majority of the auriferous quartz veins are mineralized in arsenopyrite, sometimes in pyrite, and commonly have sericitic and biotite alteration. Albite alteration is observed locally. These gold-bearing quartz veins are often present along sericite altered shear zones in contact between different layers of deformed polygenic conglomerate and massive wackes which belongs to the Timiskaming Group. Locally, the veins lightly cross-cut the schistosity and are hosted by the conglomerates and/or the wackes.

Follow-up work planned for summer 2016 will include channel sampling of the best showings, additional trenching, prospecting and a soil geochemical survey.

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3. INVESTING ACTIVITIES (CONT'D)

3.7 Samson Ni-Cu-PGE operated by Midland

Property Description

On September 3, 2014, the Corporation signed an agreement with Sphinx Resources Ltd. (“Sphinx”) whereby Sphinx could have acquired 50% of the Samson property. On December 11, 2015, Sphinx terminated the agreement.

3.8 La Peltrie (Au), operated by Midland

Exploration work on the property

A ground geophysics survey (IP) started during Q1-16 and is currently in progress. This survey totalling about 160 km (2 grids) covers a series of NW-SE structures as well as several unexplained MegaTEM conductors.

During Q2-16, a diamond drilling program consisting in three (3) drill holes totalling 1,098 metres was completed in order to test three IP targets selected following the interpretation. No significant assay was received but the IP anomalies were well explained with sulphides (Py-Po) with traces of Cpy.

3.9 Adam (Cu-Au), operated by Midland

Property Description

On December 12, 2014, the Corporation signed an agreement with Sphinx whereby Sphinx could have acquired 50% of the Adam property. On December 11, 2015, Sphinx terminated the agreement.

Exploration work on the property

A TDEM survey was completed on four grids during the Q2-16. These surveys cover several new VTEM conductors identified just north of the regional contact between the Enjalran and Brouillan Groups.

The final interpretation of the TDEM results during Q3-16 showed that the airborne conductors were validated in the ground TDEM surveys

3.10 Abitibi Gold (Au) operated by Midland

Exploration work on the property

A TDEM survey was completed on the Jeremie property during Q23-16. The interpretation of the results identified a good conductor associated with a magnetic anomaly.

An airborne Mag-EM survey was flown during Q3-16 over the Manthet block and several new isolated conductors were identified.

GRENVILLE-APPALACHES

3.11 Weedon (Cu-Zn-Au) operated by Midland

Exploration work on the property

Two short drill holes totalling 165 metres were completed during Q1-16 on the Weedon property. These holes targeted the extension at depth of the 2006 massive sulphide showing discovered south of Lingwick.

Hole WEE-15-07 intersected a sulphide zone (Py-Cp) over a few metres that returned 0.26% Cu over 0.50 metre (70.75 to 71.25 m); 0.16% Cu over 1.05 metre (71.65 to 72.70 m) and 0.16% Cu over 0.60 metre (72.70 to 73.30 m).

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3. INVESTING ACTIVITIES (CONT'D)

JAMES BAY

3.12 James Bay Gold JV (Au), operated by Osisko Exploration James Bay

Property Description

On June 13, 2016, a joint-venture agreement (50%-50%) was signed with Osisko James Bay Inc. ("Osisko") whereby Osisko and the Corporation will cooperate and combine their efforts to explore the JV Eleonore property recently staked by the two corporations. The property is located 12 kilometres southeast and northwest of Goldcorp's Eleonore deposit. The property regroups several properties for a total of 1,827 claims covering a surface area of about 952.9 square kilometres.

Exploration work on the property

During Q3-16, a till sampling survey started on the new project James Bay JV with Osisko. At June's end, the operator Osisko reported that a total 294 till samples had been collected completing this first phase. The second phase consisting in the collection of another 550 till samples will begin later this summer. Moreover, a lake bottom sediments sampling program will begin during the fall.

NORTHERN QUEBEC

3.13 Pallas (PGE), in partnership with JOGMEC and operated by Midland

Exploration work on the property

There was no field activity on the Pallas project during this quarter. However we received the assay results of our fall channel sampling program. On the Ceres claim block, best channels on Patientia, Palma, Elijah, Alauda, Cynthia, Hektor, Ceres South, Ida, Davida, Diatoma, Enish NE and Enish South showings are: 0.8 g/t PGE+Au over 1.4m incl. 1.4 g/t over 0.5m; 0.62 g/t over 0.9m, 0.66 g/t PGE+Au over 2m incl. 0.94g/t PGE+Au over 1.35m (open); 0.55 g/t PGE+Au over 3.6m incl. 0.88 g/t PGE+Au over 1m; 0.34 g/t PGE+Au over 4.8m incl. 0.57 g/t PGE+Au over 2.5m and 0.28 g/t PGE+Au over 2m incl. 0.48 g/t PGE+Au over 1m on Patientia.

On Palma, best channels are 1.23g/t PGE+Au over 1.34m (open) and 0.46g/t PGE+Au over 2.15m; on Elijah they are 1.19 g/t PGE+Au over 1.15m, 0.68 g/t PGE+Au over 2.5m incl. 0.8 g/t over 2m et 1.1 g/t over 0.5m (open), 0.95 g/t PGE+Au over 0.5m, 0.91 g/t PGE+Au over 0.5m (open), 0.85 g/t PGE+Au over 1m, 0.49 g/t PGE+Au over 4.5m incl. 0.73 g/t PGE+Au over 2m, 0.50 g/t PGE+Au over 1.5m and 0.20 g/t PGE+Au over 9m incl. 0.4 g/t PGE+Au over 1m.

On Alauda, best channels are 1.0 g/t PGE+Au over 1.0m, 1.1 g/t PGE+Au over 2.0m, and 0.6 g/t PGE+Au over 0.5m. Farther south on the Cynthia Showing best channels are 1.2 g/t PGE+Au over 0.5m, 0.9 g/t PGE+Au over 0.5m, 1.0 g/t PGE+Au over 1.0m, 2.0 g/t PGE+Au over 0.5m, 0.5 g/t PGE+Au over 1.0m, 1.1 g/t PGE+Au over 0.5m, 0.7 g/t PGE+Au over 1.0m and 1.1 g/t PGE+Au over 0.5m.

On the Hektor showing, there are 2.4 g/t PGE+Au over 1.0m, 0.8 g/t PGE+Au over 0.5m and 0.8 g/t PGE+Au over 0.5m. On Ceres South, the best channels area 2.7 g/t PGE+Au over 1.0m and 3.0 g/t PGE+Au over 0.5m; on Ida to the south west from Ceres South 2.0 g/t PGE+Au over 0.46m.

On the Enish corridor farther west they are Davida with 0.85 g/t PGE+Au over 1.5m, 0.8 g/t PGE+Au over 1.0m, 0.7 g/t PGE+Au over 1.5m, 1.2 g/t PGE+Au over 1.0m. On the Diotima Showing there are 0.71 g/t PGE+Au over 0.5m and 0.6 g/t PGE+Au over 0.5m. Farther north from Davida there is the Diatoma showing with 1.7 g/t PGE+Au over 1.0m, 0.8 g/t PGE+Au over 0.5m, 0.64 g/t PGE+Au over 0.5m, 1.2 g/t PGE+Au over 1.0m, 0.8 g/t PGE+Au over 0.5m ND 1.1 g/t PGE+Au over 0.5m.

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3. INVESTING ACTIVITIES (CONT'D)

On Enish northeast extension there are 0.82 g/t PGE+Au over 0.5m and on Enish south extension 1.1 g/t PGE+Au over 0.5m

On the Itokawa claim block, best channels on the 1.45 g/t Au over 0.5m and 0.96 g/t PGE+Au over 0.5m on Iris; 1.92 g/t PGE+Au over 0.5m on Doris and 0.75 g/t PGE+Au over 0.5m and 0.56 g/t PGE+Au over 0.5m on Metis.

On the Gaspar claim block, best channels are on 0.75 g/t PGE+Au over 0.5m on the Herculina Showing and 1.11 g/t PGE+Au over 0.5m on the Egeria Showing.

The team mobilized during June on Pallas in order to complete prospecting and channel sampling. The works are in progress and preliminary results are expected during Q4-16.

3.14 Willbob (Au), operated by Midland

Exploration work on the property

There was no field activity on the Willbob project during this quarter. However, we received the assay results for the channel sampling completed on the Polar Bear (6.9 g/t PGE + Au) and Golden Tooth (25.2 g/t PGE + Au) showings. On Golden Tooth four of the seven channels returned the following results; 1.6 g/t Au over 3.0m including 2.1 g/t Au over 2.0m and 3.49 g/t Au over 1.0m; on the second 0.53 g/t Au over 1.0m; on the third 1.45 g/t Au over 0.80m and on the fourth one 1.14 g/t Au over 3.0m. On Polar Bear, the best two channels returned 4.0 g/t and 0.51 g/t Au over about half a meter long.

The team mobilized during June on Willbob in order to complete prospecting and channel sampling. The works are in progress and preliminary results are expected during Q4-16.

4. RISK FACTORS AND FORWARD LOOKING INFORMATION

For the risk factors and forward looking information, refer to the annual management discussion and analysis of September 30, 2015.

August 11, 2016

(s) Gino Roger

Gino Roger
President and CEO

(s) Ingrid Martin

Ingrid Martin
CFO

Midland Exploration Inc.

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Germain Carrière ^{1) 2) 3)}

Robert I. Valliant ^{1) 3)}

René Branchaud ³⁾

Notes:

- 1) *Member of the Audit committee*
- 2) *Member of the Compensation Committee*
- 3) *Member of the Corporate Governance Committee*

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