



# **Midland Exploration Inc.**

Management's Discussion and Analysis

September 30, 2016

# Midland Exploration Inc.

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**Midland Exploration Inc.**  
Management Discussion & Analysis  
For the year ended September 30, 2016

The following discussion and analysis (the “MD&A”) 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 the year ended September 30, 2016. This MD&A should be read in conjunction with the Corporation’s audited financial statements as at September 30, 2016 prepared in accordance with the International Financial Reporting Standards (“IFRS”). 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 obtained from [www.sedar.com](http://www.sedar.com).

<b>Abbreviation</b>	<b>Period</b>
Fiscal 14	October 1, 2013 to September 30, 2014
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
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 30, 2016 to June 30, 2016
Q4-16	July 1, 2016 to September 30, 2016
Fiscal 16	October 1, 2015 to September 30, 2016
Fiscal 17	October 1, 2016 to September 30, 2017

## **1. NATURE OF ACTIVITIES**

Midland, incorporated 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. The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the MD ticker.

## **2. OVERALL PERFORMANCE**

Midland has an adjusted working capital of \$13,787,092 as of September 30, 2016 (\$16,495,139 as of September 30, 2015) which includes \$3,078,910 (\$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 (*note: adjusted working capital is a non-IFRS financial performance measure which has no standard definition under IFRS. See section 6: Working Capital*).

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 November 17 and 24, 2016, the Corporation completed a private placement by issuing 1,284,354 flow-through shares at \$1.35 per share, for total gross proceeds of \$1,733,876.

On June 13, 2016, a joint-venture agreement (50%-50%) was signed with Osisko Exploration 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.

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**2. OVERALL PERFORMANCE (CONT'D)**

As operator, Midland incurred exploration expenditures totalling \$4,869,973 (\$5,229,029 in Fiscal 15), on its properties of which \$1,924,414 was recharged to its partners (\$4,035,663 in Fiscal 15). The operating partners incurred \$370,439 of exploration expenses (\$767,880 in Fiscal 15). Also, the Corporation invested \$443,316 (\$350,195 in Fiscal 15) to complete several property acquisitions in Quebec of which \$55,608 was recharged to its partners (\$53,152 in Fiscal 15).

The Corporation reported a loss of \$807,158 in Fiscal 16 compared to \$629,098 for Fiscal 15.

**Selected annual information**

	<b>Fiscal 16</b>	<b>Fiscal 15</b>	<b>Fiscal 14</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Revenues	107,423	301,452	172,583
Loss	(807,158)	(629,098)	(1,974,586)
Loss per share, basic and diluted	(0.01)	(0.02)	(0.07)

  

	<b>As at September 30,</b>		
	<b>2016</b>	<b>2015</b>	<b>2014</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Total assets	24,456,678	24,407,655	9,892,800

**3. RESULTS OF OPERATIONS**

Operating expenses increased to \$1,332,206 for Fiscal 16 compared to \$1,291,084 in Fiscal 15:

- Salaries increased to \$456,275 (\$348,858 in Fiscal 15). Bonuses based on objectives for \$93,166 were paid (\$47,000 in Fiscal 15). Since January 2016, the Corporation paid \$34,875 for directors' fees (nil in Fiscal 15).
- Stock-based compensation increased to \$96,951 (\$66,913 in Fiscal 15). 605,000 options were granted in Fiscal 14, 475,000 in Fiscal 15 and 500,000 in Fiscal 16. Their fair value was estimated at \$272,250, \$123,500 and \$250,000 respectively. This fair value was accounted for according to its vesting period (up to 18 months) or the period in which the services were rendered. Part of this fair value was recorded in the statement of earnings as stock-based compensation (\$170,451 in Fiscal 14, \$66,913 in Fiscal 15 and \$96,951 in Fiscal 16) and the other part was capitalized within the deferred exploration expenses (\$96,274 in Fiscal 14, \$32,035 in Fiscal 15 and \$16,162 in Fiscal 16). The grant of options occurred in February in Fiscal 14, while it occurred in August for Fiscal 15 and Fiscal 16.
- Conference and mining industry involvement increased to \$127,278 (\$99,544 in Fiscal 15). More employees from Midland participated to the conferences and also this year the New Orleans conference was added to its agenda.
- Impairment of exploration and evaluation assets (non-cash items) decreased to \$82,174 (\$225,826 in Fiscal 15) and the explanations can be found in the investing activities section found later in this MD&A.

Project management fees decreased to \$107,423 (\$299,418 in Fiscal 15). Exploration on Pallas, Casault and Jouvex in Fiscal 16 generated less fees than exploration on Pallas, Casault, Jouvex, Samson and Adam in Fiscal 15. Interest income increased to \$225,491 (\$121,237 in Fiscal 15) due to additional funds invested following the \$14.4 million private placement closed in May 2015.

A \$192,134 (\$239,297 in Fiscal 15) recovery of deferred income taxes was recognized to record the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the November 20, 2015 private placement (December 3 and 17, 2014 private placements in Fiscal 15).

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**4. INVESTING ACTIVITIES**

Deferred exploration expenses Fiscal 16	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 Fiscal 16
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>														
Maritime Cadillac	232,965	5,736	-	-	-	-	5,736	-	-	(2,611)	-	-	3,125	236,090
Laflamme Au	1 507,229	72,290	88,123	305,091	19,263	6,352	491,119	2,591	-	(107,086)	-	-	386,624	1,893,853
Patris Au	219,143	9,395	1,093	4,068	-	-	14,556	2,503	(14,556)	-	-	-	2,503	221,646
Casault Au	298,888	98,395	171,736	1,066,313	115,092	32,287	1,483,823	15,548	(1,427,271)	(18,280)	-	-	53,820	352,708
Jouvex Au	348,457	30,921	113,208	167,340	15,543	-	327,012	3,509	(327,012)	-	-	-	3,509	351,966
Heva Au	35,133	148,663	-	-	21,227	900	170,790	503	-	(49,350)	-	-	121,943	157,076
Valmond Au	120,742	-	-	-	-	-	-	-	-	-	-	-	-	120,742
Samson Au	439	10,499	74,791	519	576	-	86,385	1,932	-	(10,553)	-	-	77,764	78,203
La Peltrie	118,209	26,148	276,334	247,159	15,384	63,480	628,505	3,541	-	(97,771)	-	-	534,275	652,484
Adam	-	3,602	32,037	-	-	11,625	47,264	-	-	(4,423)	-	-	42,841	42,841
Abitibi Au	117,841	18,752	47,813	-	-	6,875	73,440	347	-	(17,984)	-	-	55,803	173,644
<b>Grenville-Appalaches</b>														
Weedon Cu Zn Au	484,279	14,845	-	29,445	594	-	44,884	347	-	(6,280)	-	-	38,951	523,230
Gatineau Zn	28,892	132	-	-	-	-	132	-	-	-	-	-	132	29,024
<b>Bay-James</b>														
Bay-James Au	248,057	15,049	168	-	2,043	-	17,260	-	-	(3,431)	-	-	13,829	261,886
Eleonore Au	1,527,352	136,269	-	-	15,615	-	151,884	2,430	-	(52,363)	-	-	101,951	1,629,303
JV Eleonore AU	-	192,846	-	-	22,164	-	215,010	3,627	-	(93,945)	-	-	124,692	124,692
<b>Québec Labrador</b>														
Ytterby ETR	172,054	6,144	-	-	5,385	-	11,529	-	-	-	-	-	11,529	183,583
<b>Northern Quebec</b>														
Pallas PGE	269,391	265,441	-	932	44,812	-	311,185	4,229	(155,575)	(59,730)	-	-	100,109	369,500
Willbob Au	111,951	336,606	90,828	314,881	29,313	-	771,628	4,069	-	(322,377)	-	-	453,320	565,271
<b>Projects generation</b>														
	59,390	17,831	-	-	-	-	17,831	-	-	(3,152)	-	-	14,679	74,069
<b>TOTAL</b>	<b>5,900,412</b>	<b>1,409,564</b>	<b>896,131</b>	<b>2,135,748</b>	<b>307,011</b>	<b>121,519</b>	<b>4,869,973</b>	<b>45,176</b>	<b>(1,924,414)</b>	<b>(849,336)</b>	<b>-</b>	<b>-</b>	<b>2,141,399</b>	<b>8,041,811</b>

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**4. INVESTING ACTIVITIES (CON'T)**

Deferred exploration expenses Fiscal 15	Balance beginning	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Travelling	Sub total	Stock-based compen-	Recharge	Tax credits	Option payment	Write-off	Net change	Balance end Fiscal 15
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>															
Maritime	232,965	-	-	-	-	-	-	-	-	-	-	-	-	-	232,965
Cadillac															
Lafamme Au	1,310,514	20,540	24,499	25,525	119,290	5,460	4,417	199,731	246	-	(3,262)	-	-	196,715	1,507,229
Patris Au	208,755	8,870	-	7,258	-	-	651	16,779	10,388	(16,779)	-	-	-	10,388	219,143
Casault Au	290,082	88,122	161,205	1,565,884	132,650	47,502	13,916	2,009,279	3,425	(2,003,898)	-	-	-	8,806	298,888
Jouvex Au	346,090	30,124	139,704	282,385	12,166	49,085	8,256	521,720	847	(520,200)	-	-	-	2,367	348,457
Heva Au	18,563	12,012	-	-	1,967	-	2,591	16,570	-	-	-	-	-	16,570	35,133
Valmond Au	123,955	3,700	-	66,107	1,063	-	2,018	72,888	6,787	(72,888)	-	(10,000)	-	(3,213)	120,742
Samson Au	-	57,258	147,106	216,491	18,896	49,530	2,852	492,133	439	(492,133)	-	-	-	439	439
La Peltrie	-	4,700	83,047	-	-	30,000	-	117,747	462	-	-	-	-	118,209	118,209
Adam	-	4,610	152,750	-	-	-	-	157,360	-	(157,360)	-	-	-	-	-
Abitibi Au	36,641	21,033	60,248	-	460	-	1,815	83,556	-	-	(2,356)	-	-	81,200	117,841
<b>Grenville-</b>															
<b>Appalaches</b>															
Weedon Cu Zn Au	388,013	10,440	97,870	-	-	-	458	108,768	-	-	(12,502)	-	-	96,266	484,279
Gatineau Zn	28,766	126	-	-	-	-	-	126	-	-	-	-	-	126	28,892
<b>Bay-James</b>															
Bay-James Au	216,677	-	37,758	-	-	-	-	37,758	-	-	(6,378)	-	-	31,380	248,057
Eleonore Au	1,175,139	249,812	95,972	-	8,764	-	16,548	371,096	6,340	-	(25,223)	-	-	352,213	1,527,352
Bay-James U	14,686	-	-	-	-	-	-	-	-	-	-	-	(14,686)	(14,686)	-
Bay-James Fe	42,158	-	-	-	-	-	-	-	-	-	-	-	(42,158)	(42,158)	-
<b>Quebec</b>															
<b>Labrador</b>															
Ytterby ETR	109,090	61,843	-	-	787	-	235	62,865	99	-	-	-	-	62,964	172,054
<b>Northern</b>															
<b>Quebec</b>															
Pallas PGE	216,088	434,673	-	307,100	55,401	-	25,873	823,047	2,817	(772,405)	(156)	-	-	53,303	269,391
Willbob Au	5,116	108,829	-	-	8,934	-	-	117,763	185	-	(11,113)	-	-	106,835	111,951
<b>Projects generation</b>	39,547	19,373	-	-	-	-	470	19,843	-	-	-	-	-	19,843	59,390
<b>TOTAL</b>	<b>4,802,845</b>	<b>1,136,065</b>	<b>1,000,159</b>	<b>2,470,750</b>	<b>360,378</b>	<b>181,577</b>	<b>80,100</b>	<b>5,229,029</b>	<b>32,035</b>	<b>(4,035,663)</b>	<b>(60,990)</b>	<b>(10,000)</b>	<b>(56,844)</b>	<b>1,097,567</b>	<b>5,900,412</b>

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**4. INVESTING ACTIVITIES (CON'T)**

Expenses Exploration and evaluation Properties	Actual Fiscal 15			Actual Fiscal 16			Budget Fiscal 16			Budget Fiscal 17		
	Midland	Partners	Total	Midland	Partners	Total	Midland	Partners	Total	Midland	Partners	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>100% owned by Midland</b>												
Abitibi Au	83,556	-	83,556	73,440	-	73,440	100,000	-	100,000	255,000	-	255,000
Heva	16,570	-	16,570	170,790	-	170,790	80,000	-	80,000	400,000	-	400,000
Valmond	-	72,888	72,888	-	-	-	15,000	-	15,000	5,000	-	5,000
La Peltrie	117,747	-	117,747	628,505	-	628,505	550,000	-	550,000	150,000	-	150,000
Weedon Cu-Zn-Au	108,768	-	108,768	44,884	-	44,884	100,000	-	100,000	100,000	-	100,000
Gatineau Zn	126	-	126	132	-	132	20,000	-	20,000	35,000	-	35,000
James Bay Au	37,758	-	37,758	17,260	-	17,260	50,000	-	50,000	50,000	-	50,000
Eleonore Au	371,096	-	371,096	151,884	-	151,884	100,000	-	100,000	250,000	-	250,000
Willbob	117,763	-	117,763	771,628	-	771,628	400,000	-	400,000	1,000,000	-	1,000,000
Samson	-	492,133	492,133	86,385	-	86,385	50,000	-	30,000	50,000	-	30,000
Adam	-	157,360	157,360	47,264	-	47,264	50,000	-	50,000	50,000	-	50,000
Project generation	19,843	-	19,843	17,997	-	17,997	40,000	-	40,000	30,000	-	30,000
	873,227	722,381	1,595,608	2,010,169	-	2,010,169	1,555,000	-	1,555,000	2,355,000	-	2,355,000
<b>With option, 100% owned and operated by Midland and paid by partner</b>												
Pallas PGE Jogmec	13,514	809,533	823,047	155,610	155,575	311,185	225,000	225,000	450,000	150,000	150,000	300,000
	13,514	809,533	823,047	155,610	155,575	311,185	225,000	225,000	450,000	150,000	150,000	300,000
<b>With option, 100% owned by Midland, operated and paid by the partner</b>												
Patris Au – Teck	-	781,224	781,224	-	155,155	155,155	-	300,000	300,000	-	700,000	700,000
<b>In joint venture</b>												
Maritime-Cadillac-Agnico Eagle (operator) at 51%	-	-	-	5,736	5,086	10,822	25,000	25,000	50,000	100,000	100,000	200,000
Vermillon- Soquem at 52.5%	-	3,434	3,434	16,887	16,476	33,363	-	-	-	10,000	10,000	20,000
Ytterby REE-Jogmec at 49.5%	-	62,865	62,865	11,529	-	11,529	20,000	-	20,000	5,000	5,000	10,000
Laflamme Au – Aurbec at 35.1%	199,731	-	199,731	491,119	-	491,119	100,000	-	100,000	150,000	-	150,000
Casault – Soquem	5,381	2,003,898	2,009,279	56,552	1,427,271	1,483,823	-	1,345,000	1,345,000	335,000	350,000	685,000
Jouvex - Soquem	1,520	520,200	521,720	-	327,012	327,012	-	510,000	510,000	48,000	50,000	98,000
JV Eleonore	-	-	-	215,010	208,278	423,288	-	-	-	300,000	300,000	600,000
	206,632	2,590,397	2,797,029	796,833	1,984,123	2,780,956	145,000	1,880,000	2,025,000	948,000	815,000	1 763,000
	<b>1,093,373</b>	<b>4,903,535</b>	<b>5,996,908</b>	<b>2,962,612</b>	<b>2,294,853</b>	<b>5,257,465</b>	<b>1,925,000</b>	<b>2,405,000</b>	<b>4,330,000</b>	<b>3,453,000</b>	<b>1,665,000</b>	<b>5,118,000</b>

#### 4. 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

- **Several new high grade gold showings found on Heva up to 24.1 g/t Au over 0.50 m (channel)**
- **Discovery of several new high grade gold showings on Willbob**
- **Discovery of the Copernick Zone (Ni-Cu-PGE) on Laflamme**
- **Formation of a JV with SOQUEM for Casault and Jouvex**
- **First exploration program completed with Osisko on James Bay JV**
- **Drilling programs completed on Pallas and Willbob in the Labrador Trough**
- **Drilling program approved on Patris with Teck**
- **Drilling program approved on Maritime Cadillac with Agnico Eagle**
- **A total of 12,351.0 metres were drilled during Fiscal 16 (13,913.7 metres during Fiscal 15). Moreover, an additional 1,239.0 metres were drilled on Pallas in October 2016.**

#### ABITIBI

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

###### *Property Description*

The property is located in the Abitibi region in Quebec, along the Cadillac-Larder break and is composed of 7 claims. The Corporation holds 49% of the Maritime-Cadillac property located south of the Lapa mine. This property is subject to a 2% net smelter return ("NSR") royalty; half of the royalty can be bought back for a payment of \$1,000,000.

As per the agreement signed in June 2009 and amended in November 2012 and May 2013, Agnico Eagle Mines Limited ("Agnico Eagle") and the Corporation are in a joint venture and future work are shared 51% Agnico Eagle - 49% the Corporation.

###### *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 in Leapfrog. During Q4-16, Agnico Eagle submitted a drilling proposal consisting in a minimum of two holes totalling 600 metres. One hole will test the intersection of a NW-SE gold-bearing structure (Dyke East) with the Maritime Contact and another hole will test the historical Maritime Cadillac zone near surface. Other possible drilling targets are being defined and this drilling program is expected to begin during Q2-17.



#### 4. INVESTING ACTIVITIES (CONT'D)

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

###### *Property Description*

In 2009, the Corporation staked claims by map staking about 25 kilometres west of Lebel-sur-Quévillon in the Abitibi region. As at September 30, 2016, the Laflamme property consists of a total of 626 claims covering an area of approximately 33,218 hectares. As of September 30, 2016, Midland holds 70% of the property.

On August 17, 2009, the Corporation signed an agreement with Aurbec Mines Inc., (previously a subsidiary of North American Palladium Ltd.). As of July 31, 2011, Aurbec earned its 50% interest in the Laflamme property but no longer contributed in the exploration programs and therefore was diluted. On June 17, 2016, Abcourt Mines Inc. acquired the property following the bankruptcy of Aurbec.

Some claims were dropped in Fiscal 16, therefore the Corporation impaired partially for \$7,147 the exploration property cost (\$14,690 in Fiscal 15).

###### *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 metre. 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, 0.33% 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.

Drill hole LAF-16-39: The ultramafics weakly mineralized with some sulphides (trace-1% Po-Cpy) were intersected from 593 to 714 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

#### 4. INVESTING ACTIVITIES (CONT'D)

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 of the ultramafic 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 287.75m to 502.05m 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 620.30m to 630.00m, 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.

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

*Property Description*

The Corporation acquired claims by map staking about 30 kilometres to the north-east of Rouyn-Noranda. As at September 30, 2016, this property consists in 263 claims covering an area of approximately 10,899 hectares. Some claims are subject to the following NSR royalties:

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

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**4. INVESTING ACTIVITIES (CONT'D)**

The Corporation signed an option agreement with Teck Resources Ltd ("Teck") on September 6, 2013 and amended it on May 20, 2014 and on May 30, 2016 to accommodate the delays in permitting. Under the agreement, Teck may earn, in three options, a maximum interest of 65%, by fulfilling the following conditions:

	<b>Payments in cash</b>	<b>Work</b>
	<b>\$</b>	<b>\$</b>
<b>First Option for a 50% initial interest</b>		
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
<b>Second Option for a 10% additional interest</b>		
On or before August 31, 2019, \$500,000 of exploration work and \$60,000 cash payment for each additional 2% interest	300,000	2,500,000
<b>Third Option for a 5% additional interest</b>		
On or before August 31, 2021, \$1,000,000 of exploration work for each additional 1% interest	-	5,000,000
<b>Total, for a 65% maximum interest</b>	<b>300,000</b>	<b>10,500,000</b>

Teck will be project operator during the First Option.

*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.

The CPTAQ authorization has been received during Q4-16. A drilling program consisting in five (5) holes, including two contingent holes and totalling 1,200 metres has been approved and will start during Q1-17. The targets consist in magnetic lows along strike with the large alteration zone intersected in 2015 in holes PAT-15-03, 04 and 05.

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

*Property Description*

The Corporation acquired claims by map staking about 40 kilometres to the east of the Detour Lake gold project located north of the city of La Sarre, Abitibi. As at September 30, 2016, this property consists in 315 claims covering an area of approximately 17,338 hectares.

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

Midland is the project operator during the option period.

*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.

#### 4. INVESTING ACTIVITIES (CONT'D)

##### 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.

At about 110 metres 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 3,120 metres as well as a 20 km IP Orevision surveys were completed. The best anomalous results obtained from that summer drilling program were:

CAS-16-76	0.13 g/t Au over 1.00 m ( 133.0 to 134.0 m) 0.50 g/t Au over 1.50 m ( 221.5 to 223.0 m)
CAS-16-79	0.13 g/t Au over 1.50 m ( 132.5 to 134.0 m) 0.13 g/t Au over 0.80 m ( 141.2 to 142.0 m)
CAS-16-80	0.15 g/t Au over 0.50 m ( 395.45 to 395.95 m) 0.37 g/t Au over 1.50 m ( 646.0 to 647.5 m)
CAS-16-82	0.29 g/t Au over 1.00 m ( 176.0 to 177.0 m)

Drillholes CAS-16-77, 81 and 83 did not return any results over 0.1 g/t Au.

#### **4. INVESTING ACTIVITIES (CONT'D)**

A technical meeting was held with SOQUEM during Q1-17 and a drilling program and a geophysical IP survey were proposed for Q3-17.

##### **4.5 Jouvex (Au), in partnership with SOQUEM and operated by Midland**

###### *Property Description*

The Corporation acquired claims by map staking about 50 kilometres to the southwest of Matagami. As at September 30, 2016, this property consists in 362 claims covering an area of approximately 20,207 hectares.

See the Casault section for the details on the agreement signed with SOQUEM.

###### *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.

Two (2) IP grids totalling 20 km were proposed at the last technical meeting held during Q1-17 with SOQUEM. These surveys are expected to begin during Q3-17.

##### **4.6 Heva (Au), operated by Midland**

###### *Property Description*

The Heva West block consists of 4 contiguous claims adjacent to the west of the Maritime-Cadillac property, currently a 49% Midland / 51% Agnico Eagle. The Heva East block is located about 4 kilometres to the southeast and consists of 33 contiguous claims largely covering sedimentary rocks of the Cadillac Group just north of the Piché Group.

###### *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.

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

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**4. INVESTING ACTIVITIES (CONT'D)**

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 prospection 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 (*Note that the values of selected grab samples might not be representative of the mineralized zones*).

Prospection 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.

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.

#### **4. INVESTING ACTIVITIES (CONT'D)**

Following stripping and prospecting work carried out in the early summer of 2016, which led to the discovery of five (5) new auriferous quartz veining systems grading up to 19.9 g/t Au, 6.5 g/t Au, 5.4 g/t Au, 3.5 g/t Au and 2.7 g/t Au (*see Midland press release dated July 5, 2016*), a channel sampling program was completed on these new auriferous veins in August 2016. Best results were obtained in vein #100W40, which contained visible gold grains and which graded 24.1 g/t Au over 0.50 metre. In addition, a grab sample collected about 5 metres west of the latter channel sample returned a gold grade of 38.5 g/t Au.

Out of a total of 118 channel samples ranging from 0.40 to 0.75 metre in length, 64 samples yielded gold values above 0.1 g/t Au, including 18 samples with grades higher than 0.5 g/t Au, 9 of which were above 1.0 g/t Au. These include the following: 24.1 g/t Au over 0.50 metre; 3.3 g/t Au over 0.50 metre; 1.3 g/t Au over 2.10 metres including 3.4 g/t Au over 0.50 metre; 1.2 g/t Au over 1.50 metres including 2.3 g/t Au over 0.50 metre; 1.9 g/t Au over 0.50 metre; 1.7 g/t Au over 0.50 metre and 1.2 g/t Au over 0.75 metre (*note that the true thickness of these is unknown and cannot be determined at this time with the information available*).

In parallel to this channel sampling program, twenty-four (24) grab samples were also collected during a prospecting campaign. This work led to the discovery of a new auriferous quartz vein (Central area) located 250 metres west of the sample grading 38.5 g/t Au, and where samples returned values reaching 6.1 g/t Au, 2.8 g/t Au, 1.8 g/t Au and 1.5 g/t Au (*note that gold values from grab samples collected during this campaign may not be representative of the mineralized zones*).

Near the end of August 2016, a soil sampling program was carried out (195 samples) and three new trenches were excavated, including one in the East area (vein #20E45) where grades reaching 9.1 g/t Au and 3.8 g/t Au were previously obtained in grab samples. The second trench was excavated between trenches HEV-16-005 and HEV-16-006, in an attempt to explain a new OreVision-type induced polarization anomaly, whereas the third trench was excavated north of trench HEV-16-007 over a gold and arsenic soil geochemistry anomaly. Trench HEV-16-11) was mainly designed to explain a strong OreVision-type induced polarization anomaly identified during a recent test survey. Preliminary sampling in this trench, which exposed sedimentary rocks with silica and biotite alteration, led to the discovery of a new showing with grades reaching up to 13.7 g/t Au in grab sample. This sample was collected in a quartz vein exhibiting visible gold grains. These encouraging results thus confirm the excellent potential of this new OreVision target, which was only partly explained by the trench because of the presence of thicker overburden above the geophysical anomaly. (*Note that gold values from grab samples may not be representative of the mineralized zones*).

Sampling completed in another trench (HEV-16-10) in the East area, where grades reaching 9.1 g/t Au were previously obtained (*see Midland press release dated July 5, 2016*), returned values reaching 4.28 g/t Au, 3.26 g/t Au, 3.25 g/t Au, 2.50 g/t Au, 2.48 g/t Au, 2.14 g/t Au, 1.82 g/t Au, and 1.38 g/t Au in grab samples.

During Q1-17, a prospecting program as well as a detailed magnetic survey will be completed.

#### **4.7 Valmond (Au), operated by Midland**

##### *Property Description*

The Corporation acquired claims by map staking about 50 kilometres to the west of Matagami. As at September 30, 2016, this property consists in 111 claims covering an area of approximately 6,179 hectares.

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**4. INVESTING ACTIVITIES (CONT'D)**

On November 19, 2013, the Corporation signed an agreement with Sphinx Resources Ltd. ("Sphinx") whereby Sphinx could have acquired 50% of the Valmond property subject to \$250,000 payments in cash (\$30,000 completed) and \$2,500,000 exploration work (\$670,350 completed). In August 2015, Sphinx terminated the agreement on the Valmont property.

**4.8 Samson Ni-Cu-PGE** operated by Midland

*Property Description*

As at September 30, 2016, the Samson property consists of 283 claims covering a surface area of about 15,710 hectares about 50 kilometres west of the town of Matagami, in Abitibi, Quebec.

On September 3, 2014, the Corporation signed an agreement with Sphinx whereby Sphinx could have acquired 50% of the Samson property subject to \$275,000 payments in cash (\$40,000 completed) and \$3,500,000 exploration work (\$555,854 completed). On December 11, 2015, Sphinx terminated the agreement on the Samson property.

**4.9 La Peltrie (Au)**, operated by Midland

*Property Description*

As at September 2016, the La Peltrie property comprises 405 claims covering a surface area of about 22,334 hectares and encompasses possible subsidiary faults to the south of the regional Lower Detour Fault over a distance of more than 10 kilometres.

*Exploration work on the property*

A ground geophysics survey (IP) was completed during Q2-16. This survey totalling about 160 km (2 grids) covered 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.

**4.10 Adam (Cu-Au)**, operated by Midland

*Property Description*

The Adam property was acquired by map designation and is a property with strong gold and copper potential located about 15 kilometres east of the B26 zone held by SOQUEM and about 20 kilometres east of the former Selbaie mine, which historically produced 56.5 Mt grading 1.9% Zn, 0.9% Cu, 38.0 g/t Ag and 0.6 g/t Au.

The Adam property is wholly owned by Midland and is located about 65 kilometres west of the town of Matagami. As at September 30, 2016, it consists of 190 cells covering a surface area of about 10,571 hectares in the Abitibi region of Quebec.

On December 12, 2014, the Corporation signed an agreement with Sphinx whereby Sphinx could have acquired 50% of the Adam property subject to \$250,000 payments in cash (\$20,000 completed) and \$3,000,000 exploration work (\$174,449 completed). On December 11, 2015, Sphinx terminated the agreement on the Adam property.

*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.



**4. INVESTING ACTIVITIES (CONT'D)**

**4.11 Abitibi Gold (Au)** operated by Midland

*Property Description and exploration work on the property*

The Corporation acquired by map designation 506 claims covering a surface area of about 27,991 hectares. Some claims were dropped therefore the Corporation impaired partially for \$37,220.

*Exploration work on the property*

A TDEM survey was completed on the Jeremie property during Q2-16. 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**

**4.12 Weedon (Cu-Zn-Au)** operated by Midland

*Property Description*

This property is located in the Eastern Townships, about 120 km south of Quebec City and as at September 30, 2016 is comprised of 127 claims covering an approximate area of 7,013 hectares. Some claims are subject to NSR royalties of:

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

Some claims were dropped therefore the Corporation impaired partially for \$7,756 (\$13,100 in Fiscal 2015) the exploration property cost.

*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).

A small till survey was completed during Q4-16 on Weedon and a weak Cu-Au anomaly was identified north-west of the Weedon mine.

**4.13 Gatineau Zinc (Zn)**, operated by Midland

*Property Description*

Midland owns a 100% interest in a land position for zinc, including as at September 30, 2016, 57 claims covering 3,271 hectares distributed in the Gatineau Area, approximately 200 kilometres northwest of the city of Montreal. Some claims were dropped therefore the Corporation impaired partially for 7,344 (\$9,344 in Fiscal 15).

**4. INVESTING ACTIVITIES (CONT'D)**

**4.14 Vermillon (Cu-Au), in partnership with SOQUEM and operated by SOQUEM**

*Property Description*

The Vermillon property is located some 90 km southwest of the town of La Tuque, Quebec and consists as at September 30, 2016 of 16 contiguous claims covering a total surface area of 934 hectares in joint venture 53.4% SOQUEM/ 46.6% Midland

**JAMES BAY**

**4.15 James Bay Gold JV (Au), operated by Osisko**

*Property Description*

On June 13, 2016, a joint-venture agreement (50%-50%) was signed with 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 and Q4-16, a till survey, a lake bottom sediments sampling program as well as a follow-up prospecting program were completed on the JV properties. Final and complete results for this program are still pending.

**4.16 Éléonore Gold Properties (Au) operated by Midland**

*Property Description*

The Éléonore new property is divided in three distinct blocks with two of them within 25 kilometres from the Éléonore gold discovery of Goldcorp and one southeast 30 km further along strike. It encompasses a group of 660 claims covering an area of approximately 34,039 hectares as at September 30, 2016. Some claims were dropped therefore the Corporation impaired partially for \$9,932.

*Exploration work on the property*

During Q4-16, the team completed a 12 day prospection campaign on the Eleonore Centre property. The objective was prospecting where the major N-S structure in the north shifts to a SW-NE direction in the centre-south portion of the property.

A total of two days of prospection was done near the Golden Gun area and the northeastern part of the property. More felsic tuff rock units with quartz-tourmalines veins were observed (traces of pyrite sometimes) and give way to basalts toward the east to the property's boundary. In the Northern section, silicate and sheared metabasalts and graphite-pyrite exhalites (sediment host) horizons were observed. Prospection also occurred in the Sean Connery (arsenopyrite-quartz-tourmaline veins) area that is located south of Lake Ukaw. Prospection and hand small-scale trenching highlighted the presence of disseminated pyrrhotite in sheared meta-basalts.

Finally, the remaining prospection days of prospection were done in the southern part of the property where a granite intrusion occurs as well as volcanosedimentary sequences (southern isles). The reservoir water height was lower than usual which offered great outcrop exposures. This permitted, among others, to resample the 2014 quartz-chalcopyrite-molybdenite-bornite tourmaline vein present in the granite near the shoreline.

#### **4. INVESTING ACTIVITIES (CONT'D)**

On the southern islands shoreline, several highly deformed shear zones were identified. Quartz veining occurs in the shear zones and typically contains traces to 0.5% pyrite. Quartz-tourmaline veins occur locally in metasediments and granitic rocks in these shear zones. A 30 cm quartz vein was observed to contain 1-2% chalcopyrite at one outcrop.

A total of 316 samples (including QAQC samples, typically a blank or standard alternating at each 20 samples) were collected. The best result is 1.98 g/t Au on a selected grab sample which comes from resampling of the Cu-Mo quartz-tourmaline vein area. A total of six (6) other samples returned between grades > 0.10 g/t Au (between 0.15 to 0.70 g/t Au).

##### **4.17 James Bay Gold (Au), operated by Midland**

###### *Property Description*

Midland owns a 100% interest on 313 claims as at September 30, 2016 covering 16,179 hectares in the James Bay Area. Some claims were dropped therefore the Corporation impaired partially for \$5,613 the exploration property cost (\$66,293 in Fiscal 15).

###### *Exploration work on the property*

No fieldwork was conducted on the James Bay Gold project during Fiscal 16, however, a geological compilation work including regional targeting continued. Midland is currently seeking for a partner.

##### **4.18 James Bay Uranium (U) operated by Midland**

###### *Property Description*

The property is located in the James Bay region and is composed of 8 claims as at September 30, 2015 (none as at September 30, 2016). The Company wrote off the property in September 2015 for \$24,577 since no exploration program had been planned for the near future.

##### **4.19 Bay James Iron (Fe) operated by Midland**

###### *Property Description*

As at September 30, 2016, the Montagne-du-pin property consist in a total of 51 wholly owned claims covering 2,601 hectares and are located along the Trans-Taiga road, James Bay. The Company wrote off the property in September 2015 for \$97,822 since no exploration program had been planned for the near future.

#### **NORTHERN QUEBEC**

##### **4.20 Pallas (PGE), in partnership with JOGMEC and operated by Midland**

###### *Property Description*

As at September 30, 2016, the property totals 636 claims covering approximately 28,910 hectares in the Labrador Trough («Trough») some 80 kilometres west of Kuujjuak, Québec.

On January 21, 2014, the Corporation signed an option agreement with Japan Oil, Gas and Metals National Corporation (« JOGMEC »). In September 2015, JOGMEC has funded the \$2,000,000 commitment of exploration work and now has the right to exercise its option to acquire a 50% interest in the Pallas PGE property. The Corporation is the operator as long as it will hold an interest equal to or higher than 50% in the project.

#### 4. INVESTING ACTIVITIES (CONT'D)

##### *Exploration work on the property*

During Fiscal 16, Midland in partnership with JOGMEC completed an important exploration program and the results follow.

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 Shwoing 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.

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.

During Q4-16, a prospecting campaign and a channel sampling programs took place prior to a drilling program. The highlight of the phase 1 prospecting campaign is the discovery of a new mineralized corridor, named Apophis, which returned selected grab values up-to 4.1 g/t PGE + Au (= 3.1 g/t Pd, 0.9 g/t Pt and 0.1 g/t Au) on the Ceres property (*note, again, that the grades of the selected grab samples may be not representative of the mineralized zones*). The Apophis corridor extends over 3.0 kilometres remains open laterally and consist of 28 selected grab samples that returned > 0.5 g/t PGE+Au out of a total of 67 taken (including 15 samples > 1.0 g/t PGE+Au). Further channel sampling on the Hektor showing confirmed the presence of PGE mineralization with two 0.5 metre channels returning 10.2 g/t PGE+Au (= 1.5 g/t Pd, 1.6 g/t Pt and 7.2 g/t Au) and 2.1 g/t PGE+Au (= 0.9 g/t Pd, 1.0 g/t Pt and 0.2 g/t Au). Other new showings on the Ceres property include the Fortuna Showing with a grade of 3.4 g/t PGE+Au (= 2.5 g/t Pd, 0.8 g/t Pt and 0.1 g/t Au) on a selected grab sample and the Enish West showing which returned 3.3 g/t PGE+Au (= 2.5 g/t Pd, 0.7 g/t Pt and 0.1 g/t Au).

#### **4. INVESTING ACTIVITIES (CONT'D)**

The second phase of this exploration program completed in Q1-17 consisted in a 1,239 metres drilling campaign consisting of six drill holes planned on the Ceres property. The drill holes tested at different depths the Apophis, Ida and Hektor showings and were completed in late October 2016. Assays are pending.

##### **4.21 Willbob (Au), operated by Midland**

###### *Property Description*

The Willbob property in the Labrador Trough consists of 337 claims covering about 15 105 hectares, and is located approximately 66 kilometres west-southwest of Kuujuaq (Québec), near and in a geological environment similar to Midland's Pallas Project which is currently being worked in partnership with JOGMEC.

###### *Exploration work on the property*

Midland 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 2016 on Willbob in order to complete prospecting and a channel sampling program prior to a first drilling program that started in early October 2016.

The new Golden Tooth North showing is located 600 metres north-northwest of the Golden Tooth showing (25.2 g/t Au) and returned gold values up to 12.15 g/t Au. The Golden Tooth North zone was traced over more than 300 metres strike length and also yielded gold values of 7.34 g/t Au, 3.52 g/t Au, 2.50 g/t Au, 2.11 g/t Au, 1.65 g/t Au, 1.24 g/t Au, 1.14 g/t Au, 1.04 g/t Au, as well as 16 other samples grading between 0.117 and 0.848 g/t Au. These grab samples were collected in a diorite unit showing albite-chlorite alteration and quartz-calcite veining with pyrrhotite-arsenopyrite mineralization.

Another significant alteration zone with ankerite-albite-chlorite, named the Sunshine showing ("Sunshine") (*see Midland press release dated July 21, 2016*), returned gold grades up to 7.27 g/t Au. The Sunshine zone is located 550 metres east of the Kuni South showing (77.6 g/t Au) and was traced over more than 150 metres strike length. This zone also returned new gold values of 3.95 g/t Au, 3.18 g/t Au, 2.72 g/t Au, 1.79 g/t Au, 1.27 g/t Au, as well as 8 other gold values between 0.185 g/t Au and 0.64 g/t Au (*Note that gold values from selected grab samples on the new Golden Tooth North and Sunshine showings may not be representative of the mineralized zones*).

During the first phase of the 2016 exploration program, over a short period of 28 days, a total of 619 grab samples were collected mainly in the north part of the property between the Dessureault and Kuni South showings. The first phase of the 2016 summer program also included systematic mapping of quartz-ankerite-albite-chlorite alteration halos surrounding gold-bearing systems on the Willbob property. Assay results confirm that 28 samples yielded gold values above 1.0 g/t Au, and 63 samples graded between 0.1 g/t Au and 1.0 g/t Au.

During Q4-16 and Q1-17, a drilling program consisting in eight (8) holes totalling 1,300 metres was completed. These holes tested the extensions of the Lafrance and Golden Tooth surface showings. Complete and final assays are pending.

#### **4. INVESTING ACTIVITIES (CONT'D)**

##### **QUEBEC / LABRADOR**

#### **4.22 Ytterby (REE), in partnership with JOGMEC and operated by Midland**

##### *Property Description*

As at September 30, 2016, the Ytterby Project comprises 118 claims in Labrador and 31 claims in Québec, located between 200 and 230 kilometres east and northeast of Schefferville.

On February 23, 2010, the Corporation signed a memorandum of agreement (and on July 29, 2011 a definitive agreement) with JOGMEC whereby JOGMEC acquired a right to acquire a 50% interest in the Ytterby property by funding \$2,700,000 exploration work. As of September 30, 2016, JOGMEC has not yet given its notice of exercise of option. In spring 2015, JOGMEC indicated that it would not participate in the exploration program and its interest has now been diluted to 49.4%. Some claims were dropped therefore the Corporation impaired partially for \$7,162 the exploration property cost.

##### *Exploration work on the property*

No exploration work conducted during Fiscal 16. Midland and JOGMEC are monitoring the activities for the Strange Lake (B-Zone) project.

##### **PROJECTS GENERATION**

Midland continued some geological compilation programs in Quebec for the acquisition of new strategic gold, uranium and base metal properties.

##### **Other Activities**

Midland is pro-active in the acquisition of new mineral exploration properties in Quebec. Management is constantly reviewing other opportunities and other projects to improve the portfolio of the Corporation. Acquisition opportunities outside of Quebec will also be considered. Midland prefers to work in partnership and fully intends to secure new partnerships for its properties and its 100% owned properties.

#### **5. FINANCING ACTIVITIES**

The Corporation finances itself mainly through share issuance.

On November 20, 2015, the Corporation completed a private placement by issuing 835,365 flow-through shares at \$0.85 per share, for total gross proceeds of \$710,060. On that date, the Corporation's share closed at \$0.62 on the Exchange, therefore the residual value attributed to the benefit related to flow-through shares renunciation is \$0.23 for a total value of \$192,134 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 \$26,208. Directors and officers of the Corporation participated in this placement for a total consideration of \$96,050. As of September 30, 2016, the Corporation had completed all the exploration work relating to this flow-through placement.

Subsequent to September 30, 2016, the Corporation completed on November 17 and 24, 2016 a private placement by issuing 1,284,354 flow-through shares at \$1.35 per share, for total gross proceeds of \$1,733,876.

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**6. WORKING CAPITAL**

**6.1 Non-IFRS Financial Performance Measure**

Midland has included a non-IFRS measure, "Adjusted working capital", to supplement its financial statements, which are presented in accordance with IFRS.

Midland believes that this measure, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Corporation. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Midland has an adjusted working capital of \$13,787,092 as of September 30, 2016 (\$16,495,139 as of September 30, 2015) which is calculated as follow:

	<b>Fiscal 16</b>	<b>Fiscal 15</b>
	\$	\$
Current assets	11,369,712	10,810,659
Investments – non-current portion	3,078,910	6,496,000
Current liabilities	(661,530)	(811,520)
<b>Adjusted working capital</b>	<b>13,787,092</b>	<b>16,495,139</b>

**6.2 Cash flow required**

Management is of the opinion that it will be able to maintain the status of its current exploration obligations and to keep its properties in good standing. Advanced exploration of some of the mineral properties would require substantially more financial resources. In the past, the Corporation has been able to rely on its ability to raise financing in privately negotiated equity offerings. There is no assurance that such financing will be available when required, or under terms that are favourable to the Corporation. The Corporation may also elect to advance the exploration and development of mineral properties through joint-venture participation.

	<b>Annualized</b>
<b>Cash flow required</b>	<b>\$</b>
Operating expenses, excluding non-cash items	1,050,000
Project management fees and interest income	(35,000)
Exploration budget paid by Midland (covering the exploration work requirements following the November 2016 flow-through private placement of \$1,733,876)	3,453,000
Mining credits of preceding year (Fiscal 2016)	(861,000)
Staking and property maintenance	250,000
<b>Total</b>	<b>3,857,000</b>

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**7. SUMMARY OF RESULTS PER QUARTERS**

For the eight most recent quarters:

	<b>Q4-16</b>	<b>Q3-16</b>	<b>Q2-16</b>	<b>Q1-16</b>
	\$	\$	\$	\$
Revenues	37,257	3,889	23,937	42,340
Net loss	(291,829)	(183,150)	(136,778)	(195,401)
Loss per share	(0.01)	-	-	-
Total assets	24,456,678	24,273,206	24,548,029	24,315,888
	<b>Q4-15</b>	<b>Q3-15</b>	<b>Q2-15</b>	<b>Q1-15</b>
	\$	\$	\$	\$
Revenues	62,401	42,672	98,516	97,863
Net loss	(184,764)	(155,960)	(185,672)	(102,702)
Loss per share	(0.01)	-	(0.01)	-
Total assets	24,407,655	25,078,324	11,044,082	11,187,994

**8. FOURTH QUARTER**

The Corporation reported a loss of \$291,829 for Q4-16 compared to a loss of \$184,764 for Q4-15.

The Corporation earned project management fees of \$37,257 in Q4-16 (\$62,401 in Q4-15). In Q4-16, the most active projects with partners were mainly Casault and to a lesser extent Pallas. In Q4-15, the most active projects with partners were Pallas and Casault and to a lesser extent Jouvex.

Total expenses decreased to \$382,449 in Q4-16 compared to \$432,550 in Q4-15:

- Impairment of exploration and evaluation assets (non-cash items) decreased to \$61,261 (\$127,844 in Fiscal 15). During Q4-16, some claims were dropped and the following properties were partially impaired: Abitibi Au for \$26,239, Gatineau for \$7,344, Ytterby for \$7,162, Laflamme for \$7,147, Weedon for \$7,756 and James Bay Au for \$5,613. During Q4-15, some claims were dropped and the following properties were partially impaired: BJ Au for \$22,146, Laflamme for \$7,981 and Gatineau for \$6,728. On the other hand, the following properties were written off since no exploration program is planned in the near future: BJ Fe for \$66,412, BJ U for \$24,577.

In Fiscal 15, a \$126,437 (nil in Fiscal 16) recovery of deferred income taxes was recognized to record the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the December 3 and 17, 2014 private placements. All the exploration work relating to the November 20, 2015 private placement was completed before March 31, 2016 and therefore there was no recovery of deferred income taxes recognized during Q4-16.

The Corporation incurred \$1,656,615 (\$1,461,481 in Q4-15) in exploration expenses of which \$628,486 (\$856,730 in Q4-15) was recharged to the partners. The exploration expenses incurred in Q4-16 were mostly executed on Casault, Willbob, JV Eleonore, Pallas and Heva whereas in Q4-15 the exploration work was mostly done on the Casault, Jouvex and Pallas. The Corporation acquired properties for \$141,993 net mostly on Abitibi Au (\$126,573 net in Q4-15 mostly on Pallas, La Peltrie and Willbob).



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**9. RELATED PARTY TRANSACTIONS**

The following are the related party transactions that occurred in Fiscal 16:

*In the normal course of operations:*

- A firm in which René Branchaud (director and corporate secretary) is a partner charged legal fees amounting to \$63,568 (\$125,932 in Fiscal 15);
- A company controlled by Ingrid Martin (chief financial officer) charged accounting fees totaling \$145,310 (\$137,918 in Fiscal 15) of which \$69,620 (\$57,660 in Fiscal 15) relates to her staff;
- As at September 30, 2016, the balance due to the related parties amounted to \$16,300 (\$21,563 in September 30, 2015).

*Out of the normal course of operations:*

- Directors and officers of the Corporation participated in the flow-through private placement of November 2015 for \$96,050 (December 2014 for \$79,050) and in the units private placement of May 2015 for \$15,400. The directors and officers subscribed to the units private placement and the flow-through private placement under the same terms and conditions set forth all subscribers.

**10. SUBSEQUENT EVENTS**

On November 23, 2016, the Corporation granted to an employee 50,000 options exercisable at \$1.13, valid for 10 years.

See section 5 on financing activities.

**11. OUTSTANDING SHARE DATA**

	<b>As at December 8, 2016</b>	<b>As at September 30, 2016</b>
	<b>Number</b>	<b>Number</b>
Common shares	56,547,557	54,674,417
Options	2,545,000	2,495,000
Warrants	20,622,569	21,254,213
	<b>79,715,126</b>	<b>78,423,630</b>

**12. STOCK OPTION PLAN**

The purpose of the stock option plan is to serve as an incentive for the directors, officers and service providers who will be motivated by the Corporation's success as well as to promote ownership of common shares of the Corporation by these people. There is no performance indicator relating to profitability or risk attached to the plan.

The number of common shares granted is determined by the Board of Directors. On December 10, 2015, 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 4,000,000 to 5,400,000. Such amendment to the plan was approved by the Exchange. The exercise price of any option granted under the plan shall be fixed by the Board of Directors at the time of grant and shall not be lower than the closing price on the day preceding the grant. The term of the option will not exceed ten years from the date of grant. The options normally vest 1/6 per 3 months from the grant date, or otherwise as determined by the Board of Directors.

### **13. OFF-BALANCE SHEET ARRANGEMENTS**

The Corporation does not have any off-balance sheet arrangements.

### **14. COMMITMENT**

In September 2012, an amendment was signed to extend the lease for office space for five years, from March 2013 to February 2018. The rent was \$21,875 for the first year and thereafter will be indexed annually at the highest of the increase of the consumer price index or 2.5%.

### **15. CRITICAL ACCOUNTING ESTIMATES**

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

#### **JUDGMENTS**

#### **15.1 Impairment of exploration and evaluation (“E&E”) assets**

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

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

When an indication of impairment loss or a reversal of an impairment loss exists, the recoverable amount of the individual asset must be estimated. If it is not possible to estimate the recoverable amount of the individual asset, the recoverable amount of the cash-generating unit to which the asset belongs must be determined. Identifying the cash-generating units requires considerable management judgment. In testing an individual asset or cash-generating unit for impairment and identifying a reversal of impairment losses, management estimates the recoverable amount of the asset or the cash-generating unit. This requires management to make several assumptions as to future events or circumstances.

These assumptions and estimates are subject to change if new information becomes available. Actual results with respect to impairment losses or reversals of impairment losses could differ in such a situation and significant adjustments to the Corporation’s assets and earnings may occur during the next period.

The total impairment loss of the E&E assets is \$82,174 for Fiscal 16 (\$255,826 for Fiscal 15). No reversal of impairment losses has been recognized for the reporting periods.

## **15. CRITICAL ACCOUNTING ESTIMATES (CONT'D)**

### **15.2 Deferred taxes**

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

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

Refundable credit on mining duties and refundable tax credit related to resources for the current and prior periods are measured at the amount expected to be recovered from the taxation authorities using the tax rates and tax laws that have been enacted or substantively enacted at the statement of financial position date. Uncertainties exist with respect to the interpretation of tax regulations, including credit on mining duties and tax credit related to resources for which certain expenditures could be disallowed by the taxation authorities in the calculation of credits, and the amount and timing of their collection. The calculation of the Corporation's credit on mining duties and tax credit related to resources necessarily involves a degree of estimation and judgment in respect of certain items whose tax treatment cannot be finally determined until notice of assessments and payments have been received from the relevant taxation authority. Differences arising between the actual results following final resolution of some of these items and the assumptions made, or future changes to such assumptions, could necessitate adjustments to credit on mining duties and tax credit related to resources, exploration and evaluation assets and expenses, and income tax expense in future periods. The amounts recognized in the financial statements are derived from the Corporation's best estimation and judgment as described above. However, the inherent uncertainty regarding the outcome of these items means that eventual resolution could differ from the accounting estimates and therefore impact the Corporation's financial position and its financial performance and cash flows.

## **16. FINANCIAL INSTRUMENTS**

For a description of the financial instruments and the risk associated, please refer to notes 2.5 and 14 of the September 30, 2016 financial statements.

## **17. RISK FACTORS**

The following discussions review a number of important risks which management believes could impact the Corporation's business. There are other risks, not identified below, which currently, or may in the future exist in the Corporation's operating environment.

### **17.1 Exploration and Mining Risks**

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines.

Currently, there are no known bodies of commercial ore on the mineral properties of which the Corporation intends to acquire an interest and the proposed exploration program is an exploratory search for ore. Unusual or unexpected formations, formation pressures, fires, power outages, labor disruptions, flooding, cave-ins, landslides and the inability to obtain suitable or adequate machinery, equipment or labor are other risks involved in the conduct of exploration programs. The Corporation, from time to time, increases its internal exploration and operating expertise with due advice from consultants and others as required.

## **17. RISK FACTORS (CONT'D)**

The economics of developing gold and other mineral properties is affected by many factors including the cost of operations, variation of the grade of ore mined and fluctuations in the price of any minerals produced. There are no underground or surface plants or equipment on the Corporation's mineral properties.

### **17.2 Titles to Property**

While the Corporation has diligently investigated title to the various properties in which it has interest, and to the best of its knowledge, title to those properties are in good standing, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements or transfer, or native or government land claims, and title may be affected by undetected defects.

### **17.3 Permits and Licenses**

The Corporation's operations may require licenses and permits from various governmental authorities. There can be no assurance that the Corporation will be able to obtain all necessary licenses and permits that may be required to carry out exploration, development and mining operations at its projects.

### **17.4 Metal Prices**

Even if the Corporation's exploration programs are successful, factors beyond the control of the Corporation may affect marketability of any minerals discovered. Metal prices have historically fluctuated widely and are affected by numerous factors beyond the Corporation's control, including international, economic and political trends, expectations for inflation, currency exchange fluctuations, interest rates, global or regional consumption patterns, speculative activities and worldwide production levels. The effect of these factors cannot accurately be predicted.

### **17.5 Competition**

The mining industry is intensely competitive in all its phases. The Corporation competes with many companies possessing greater financial resources and technical facilities than itself for the acquisition of mineral interests as well as for recruitment and retention of qualified employees.

### **17.6 Environmental Regulations**

The Corporation's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mining industry operations, such as seepage from tailing disposal areas, which could result in environmental pollution.

A breach of such legislation may result in imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner, which means stricter standards, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. The Corporation intends to fully comply with all environmental regulations.

## **17. RISK FACTORS (CONT'D)**

### **17.7 Conflicts of Interest**

Certain directors and officers of the Corporation are also directors, officers or shareholders of other companies that are similarly engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time. The directors or officers of the Corporation are required by law to act honestly and in good faith with a view to the best interests of the Corporation and to disclose any interest, which they may have in any project or opportunity of the Corporation. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Corporation will participate in any project or opportunity, the directors will primarily consider the degree of risk to which the Corporation may be exposed and its financial position at that time.

### **17.8 Stage of Exploration**

The Corporation's properties are in the exploration stage and to date none of them have a proven ore body. The Corporation does not have a history of earnings or return on investment, and there is no assurance that it will produce revenue, operate profitably or provide a return on investment in the future.

### **17.9 Industry Conditions**

Mining and milling operations are subject to government regulations. Operations may be affected in varying degrees by government regulations such as restrictions on production, price controls, tax and mining duty increases, expropriation of property, pollution controls or changes in conditions under which minerals may be mined, milled or marketed. The marketability of minerals may be affected by numerous factors beyond the control of the Corporation, such as government regulations. The Corporation undertakes exploration in areas that are or could be the subject of native land claims. Such claims could delay work or increase exploration costs. The effect of these factors cannot be accurately determined.

### **17.10 Uninsured Hazard**

Hazards such as unusual geological conditions are involved in exploring for and developing mineral deposits. The Corporation may become subject to liability for pollution or other hazards, which cannot be insured against or against which the Corporation may elect not to insure because of high premium costs or other reasons. The payment of any such liability could result in the loss of Corporation assets or the insolvency of the Corporation.

### **17.11 Capital Needs**

The exploration, development, mining and processing of the Corporation's properties will require substantial additional financing. The only current source of future funds available to the Corporation is the sale of additional equity capital. There is no assurance that such funding will be available to the Corporation or that it will be obtained on terms favourable to the Corporation or will provide the Corporation with sufficient funds to meet its objectives, which may adversely affect the Corporation's business and financial position. Failure to obtain sufficient financing may result in delaying or indefinite postponement of exploration, development or production on any or all of the Corporation's properties or even a loss of property interest.

**17. RISK FACTORS (CONT'D)**

**17.12 Key Employees**

Management of the Corporation rests on a few key officers, the loss of any of whom could have a detrimental effect on its operations. The Corporation has a key man insurance covering the President of the Corporation.

**17.13 Canada Revenue Agency and provincial agencies**

No assurance can be made that Canada Revenue Agency and provincial agencies will agree with the Corporation's characterization of expenditures as Canadian exploration expenses or Canadian development expense or the eligibility of such expenses as Canadian exploration expense under the Income Tax Act (Canada) or any provincial equivalent.

**18. FORWARD LOOKING INFORMATION**

Some statements contained in this MD&A, specially the opinions, the projects, the objectives, the strategies, the estimates, the intent and the expectations of Midland that are not historical data, are forward looking statements. Such statements can be recognized by the terms "forecast", "anticipate", "consider", "foresee" and other terms and similar expressions. These statements are based on information available at the time they are made, on assumptions established by the management and on the management expectation, acting in good faith, concerning future events and concerning, by their nature, known and unknown risks and uncertainties mentioned herein (see the section 17 Risks factors). The real results for Midland could differ in an important way of those which state or that these forward looking statements show the possibility for. Consequently it is recommended not to trust unduly these statements. These statements do not reflect the potential incidence of special events which could be announced or take place after the date of this MD&A. These statements speak only as of the date of this MD&A. Midland undertakes no obligation to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, other than as required by applicable law.

December 8, 2016

*(s) Gino Roger*  
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Gino Roger  
President and CEO

*(s) Ingrid Martin*  
\_\_\_\_\_  
Ingrid Martin  
CFO

# Midland Exploration Inc.

## Corporate Information

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### Directors

Jean-Pierre Janson, Chairman of the board <sup>1) 2)</sup>  
Gino Roger  
Germain Carrière <sup>1) 2) 3)</sup>  
Robert I. Valliant <sup>1) 3)</sup>  
René Branchaud <sup>3)</sup>

### Notes:

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

### Officers

Gino Roger, President and Chief Executive Officer  
Mario Masson, Vice-president Exploration  
Ingrid Martin, Chief Financial Officer  
René Branchaud, Secretary

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