

Midland Exploration Inc.

Management's Discussion and Analysis

For the six-month period ended March 31, 2014

Midland Exploration Inc.

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Midland Exploration Inc.

Management Discussion & Analysis

For the six-month period ended March 31, 2014

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 six-month period ended March 31, 2014 (“Q2-14”). This MD&A should be read in conjunction with the Corporation’s financial statements as at March 31, 2014 prepared in accordance with the International Financial Reporting Standards (“IFRS”) and with the annual MD&A as of September 30, 2013. 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.

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.

Overall performance

On December 19, 2013, the Corporation completed a private placement by issuing 802,001 units at \$0.75 per unit and 833,286 flow-through shares at \$0.90 per share, for total gross proceeds of \$1,351,460. Midland has a working capital of \$3,784,591 as of March 31, 2014 (\$3,343,414 as of September 30, 2013) which will allow the Corporation to execute its exploration program for at least the following year.

On November 19, 2013, Midland signed an option agreement with Donner Metals Ltd (“Donner”) whereby Donner has the option to acquire a 50% interest in the Valmond property by paying cash \$250,000 and funding \$2,500,000 in exploration works. On January 21, 2014, Midland signed an option agreement with Japan Oil, Gas and Metals National Corporation (“JOGMEC”) whereby JOGMEC has to option to acquire a 50% interest in the Pallas property by funding \$2,000,000 in exploration works. Midland is pleased that these two option agreements follow another option agreement signed in September 2013 with Teck Resources Ltd (“Teck”) whereby Teck has the option to acquire a 50% interest in the Patris property by funding \$10,500,000 exploration works and paying cash \$250,000.

As operator, Midland incurred exploration expenditures totalling \$1,078,876 (\$792,294 in the six-month period ended March 31, 2014 (“Q4-13”), on its properties of which \$695,146 was recharged to its partners (\$139,312 in Q2-13). In addition, the operating partners incurred exploration expenses of \$79,819 (\$1,334,607 in Q2-13). Also, the Corporation invested \$73,814 (\$224,683 in Q2-13) to complete several property acquisitions in Quebec of which \$68,057 was recharged to its partners (\$12,087 in Q2-13).

The Corporation reported a loss of \$435,491 in Q2-14 compared to \$470,439 in Q2-13.

Results of operations

Operating expenses decreased to \$599,088 in Q2-14 versus \$638,878 in Q2-13. We can mention that:

- Office expenses increased to \$59,294 (\$30,029 in Q2-13) mainly due to timing in recording an association expense;
- Conferences and mining industry involvement decreased to \$69,856 (\$97,399 in Q2-13) mainly due to timing in recording a donation to university.

Project management fees increased to \$71,320 (\$15,140 in Q2-13) due to the Valmond property under option with Donner and the Pallas PGE property under option with JOGMEC being very active in Q2-14.

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Investing activities

	Abitibi							Grenville-Appalaches		Bay James				Québec Labrador			
	Maritime Cadillac - Au	Laflamme - Au	Patris - Au	Casault - Au	Valmond - Au	Jouvex - Au	Heva - Au	Weedon - Cu-Zn-Au	Gatineau - Zn	Bay-James - Au	Bay-James - U	Eléonore - Au	Baie-James - Fe	Ytterby - ETR	Pallas PGE	Project generation	Total
Deferred exploration expenses Q2-14	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Balance beginning	228,787	1,167,804	179,176	214,479	113,507	237,576	16,149	359,196	28,648	162,521	14,686	949,831	42,158	1,277,720	210,168	36,125	5,238,531
Geophysics	-	-	-	-	256,548	26,645	-	19,337	-	-	-	13,500	-	122	162,784	-	478,936
Geology	760	11,380	46,649	15,731	47,122	9,120	760	4,860	66	18,512	-	65,991	-	31,427	120,299	8,424	381,101
Drilling	-	108,433	1,418	-	29,113	-	-	-	-	-	-	-	-	-	-	-	138,964
Geochemistry	-	7,516	9,171	4,876	722	-	-	-	-	184	-	4	-	6,825	2,467	-	31,765
Line cutting	-	-	-	-	31,452	13,268	-	-	-	-	-	-	-	-	-	-	44,720
Travelling	-	2,790	297	-	290	-	-	-	-	-	-	-	-	-	13	-	3,390
Stock-based compensation	760	130,119	57,535	20,607	365,247	49,033	760	24,197	66	18,696	-	79,495	-	38,374	285,563	8,424	1,078,876
Recharge	2,682	3,226	7,309	5,384	5,116	-	-	-	-	-	-	5,192	-	9,528	1,462	-	39,899
	-	-	(51,725)	-	(361,447)	-	-	-	-	-	-	-	-	(13,635)	(268,339)	-	(695,146)
Net addition	3,442	133,345	13,119	25,991	8,916	49,033	760	24,197	66	18,696	-	84,687	-	34,267	18,686	8,424	423,629
Tax credits	-	(999)	(2,715)	(2,877)	(1,528)	(2,566)	(306)	(5,174)	(14)	(2,848)	-	(15,696)	-	(3,212)	(7,519)	(2,396)	(47,850)
Option payment	-	-	-	-	(10,190)	-	-	-	-	-	-	-	-	-	-	-	(10,190)
Write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change	3,442	132,346	10,404	23,114	(2,802)	46,467	454	19,023	52	15,848	-	68,991	-	31,055	11,167	6,028	365,589
Balance end	232,229	1,300,150	189,580	237,593	110,705	284,043	16,603	378,219	28,700	178,369	14,686	1,018,822	42,158	1,308,775	221,335	42,153	5,604,120

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Investing activities (Cont'd)

	Abitibi						Grenville-Appalaches		Bay James				Québec Labrador			
Deferred exploration expenses Q2-13	Maritime Cadillac - Au	Laflamme - Au	Patris - Au	Casault - Au	Valmond - Au	Jouvex - Au	Weedon - Cu-Zn-Au	Gatineau - Zn	Bay-James - Au	Bay-James - U	Eléonore - Au	Baie-James - Fe	Ytterby - ETR	Pallas PGE	Project generation	Total
Balance beginning	\$ 214,241	\$ 592,050	\$ 85,044	\$ 276,006	\$ 73,139	\$ 18,957	\$ 198,458	\$ 25,593	\$ 111,249	\$ 14,686	\$ 366,786	\$ 59,703	\$ 1,171,617	\$ -	\$ 34,704	\$ 3,242,233
Geophysics	-	69,989	-	87,844	-	-	57,017	-	-	-	-	-	-	-	-	214,850
Geology	715	41,640	13,743	7,000	1,430	5,285	20,417	2,441	34,595	-	22,940	-	57,938	20,782	-	228,926
Drilling	-	230,195	-	-	-	-	-	-	-	-	-	-	-	-	-	230,195
Geochemistry	-	24,998	-	-	236	-	-	-	5,193	-	5,193	236	30,995	-	-	66,851
Line cutting	-	27,600	-	-	-	-	18,533	-	-	-	-	-	-	-	-	46,133
Travelling	-	1,766	853	-	-	-	1,617	-	553	-	550	-	-	-	-	5,339
Stock-based compensation	715	396,188	14,596	94,844	1,666	5,285	97,584	2,441	40,341	-	28,683	236	88,933	20,782	-	792,294
Recharge	6,359	10,667	5,309	12,740	-	-	-	-	-	-	775	-	15,317	-	-	51,167
Net addition	-	-	-	(94,844)	-	-	-	-	-	-	-	-	(44,468)	-	-	(139,312)
Net change	7,074	406,855	19,905	12,740	1,666	5,285	97,584	2,441	40,341	-	29,458	236	59,782	20,782	-	704,149
Tax credits	(287)	(2,814)	(3,885)	-	(670)	(1,369)	(27,118)	(858)	(8,773)	-	(8,499)	(103)	(1,533)	-	-	(55,909)
Option payment	-	-	-	(30,000)	-	-	-	-	-	-	-	-	-	-	-	(30,000)
Write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change	6,787	404,041	16,020	(17,260)	996	3,916	70,466	1,583	31,568	-	20,959	133	58,249	20,782	-	618,240
Balance end	221,028	996,091	101,064	258,746	74,135	22,873	268,924	27,176	142,817	14,686	387,745	59,836	1,229,866	20,782	34,704	3,860,473

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Investing activities (Cont'd)

When the work is done and paid by the partners, the work are not on Midland accounting books. Following is a table showing all the work being done on Midland's properties (excluding stock-based compensation):

Exploration and evaluation expenses

Properties	Partner	Actual Q2-14			Budget Fiscal 2014		
		Midland	Partner	Total	Midland	Partner	Total
		\$	\$	\$	\$	\$	\$
100% owned by Midland							
Valmond Au		-	-	-	50,000	-	50,000
Jouvex Au		49,033	-	49,033	75,000	-	75,000
Abitibi Au		2,824	-	2,824	10,000	-	10,000
Heva		760	-	760	50,000	-	50,000
Casault Au		20,607	-	20,607	15,000	-	15,000
Weedon Cu-Zn-Au		24,197	-	24,197	75,000	-	75,000
Gatineau Zn		66	-	66	15,000	-	15,000
Baie James Au		18,696	-	18,696	55,000	-	55,000
Baie James Fe		-	-	-	20,000	-	20,000
Éléonore Au		79,495	-	79,495	300,000	-	300,000
Project generation		5,600	-	5,600	20,000	-	20,000
		<u>201,278</u>	<u>-</u>	<u>201,278</u>	<u>685,000</u>	<u>-</u>	<u>685,000</u>
With option, operated by Midland and paid by partner							
Patris Au	Teck (start Sept 2013)	5,810	51,125	62,935	-	500,000	500,000
Valmond Au	Donner (start Nov 2013)	3,800	361,447	365,247	-	300,000	300,000
Pallas PGE	Jogmec (start Jan 2014)	17,224	268,339	285,563	-	950,000	950,000
		<u>26,834</u>	<u>681,511</u>	<u>708,345</u>	<u>-</u>	<u>1,750,000</u>	<u>1,750,000</u>
In joint venture							
Maritime-Cadillac Au	Agnico Eagle (operator)	760	3,619	4,379	26,950	28,050	55,000
Ytterby REE	Jogmec	24,739	13,635	38,374	50,000	50,000	100,000
Laflamme Au	Maudore	130,119	-	130,119	88,050	-	88,050
Vermillon CU-Au	Soquem	-	76,200	76,200	-	-	-
		<u>155,618</u>	<u>93,454</u>	<u>249,072</u>	<u>165,000</u>	<u>78,050</u>	<u>243,050</u>
		<u>383,730</u>	<u>774,965</u>	<u>1,158,695</u>	<u>850,000</u>	<u>1,828,050</u>	<u>2,678,050</u>

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

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Investing activities (Cont'd)

HIGHLIGHTS

- **Drilling program completed on Laflamme: shear zone grading 4.43 g/t Au over 0.74m;**
- **Drilling program completed on Valmond: Assays pending;**
- **Drilling program postponed on Patris (CPTAQ authorization pending);**
- **Summer exploration program in preparation for Pallas and airborne magnetic survey completed.**

ABITIBI

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 break and is composed of 7 claims.

Exploration work on the property

During 2014, Agnico Eagle Mines Ltd expects to complete a major compilation of the Lapa and Maritime Cadillac properties in order to build a Gocad 3D-Model. This compilation aims to generate new drilling targets for 2015.

Laflamme (Au-Ni-Cu-PGE), in partnership with Maudore 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. The Laflamme property consists at the end of Fiscal 2013 of a total of 682 claims covering an area of approximately 35,942 hectares.

Exploration work on the property

The geophysical program encompassed three induced polarization ("IP") surveys totalling approximately 40 kilometres, as well as a horizontal loop electromagnetic ("HLEM") survey covering 7 kilometres, completed along a gold-bearing structure. The latter was originally identified by Midland during the winter of 2013, during a drilling program targeting the extensions of its 2011 gold discovery as well as the strike extensions of the Comtois NW zone discovered by Maudore Minerals Ltd ("Maudore") in June 2012, where grades of 71.2 g/t Au over 1.2 metres and 0.8 g/t Au over 40.8 metres were reported.

IP Grid 2013-A

The IP survey conducted on this grid was designed to validate and characterize a series of VTEM conductors coinciding with an isolated magnetic anomaly, located about 12 kilometres northeast of the Notting Hill showing. The latter showing, discovered by Midland in 2013, consists of a drill intersection grading 0.34 g/t Au over 25.56 metres including an interval at 3.12 g/t Au over 1.5 metres in sheared mafic volcanic rocks with pyrite and pyrrhotite mineralization. A strong chargeability anomaly, coupled with a strong resistivity low and a discrete magnetic anomaly, was identified on this grid over a strike length of more than 400 metres; it represents a new, top-priority drilling target.

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Investing activities (Cont'd)

IP Grid 2013-B

This IP survey was designed to characterize a series of weak MegaTEM conductors clustered along the northern contact of a strongly magnetic unit, about 1 kilometre south of the Trafalgar showing discovered by Midland in 2013. This new showing yielded a grade of 0.40 g/t Au over 5.7 metres, including an interval at 1.72 g/t Au over 1.0 metre, at the contact between silicified mafic rocks and sericitized felsic rocks. During this IP survey, several weak chargeability anomalies were identified over a strike length of more than one kilometre, bordering an intense magnetic anomaly.

IP Grid 2013-C

This IP survey was completed about 5 kilometres along the northeast extension of the Picadilly showing discovered in 2011 by Midland and Maudore. This showing yielded a grade of 9.71 g/t Au over 1.0 metre in a shear zone with quartz-carbonate veinlets and 2-3% pyrite. The results of this survey outlined the presence of at least four (4) chargeability axes ranging from 200 to 800 metres in length. One of these axes, at least 800 metres long, is located at the western end of a magnetic anomaly and thus occurs in a potential low-pressure zone, favourable for gold deposition.

During Q2-2014, five (5) drill holes were completed for a total of 881.0 metres. Hole LAF-14-29 targeted a VTEM anomaly located mid-way between the Midland's Trafalgar showing and the Maudore's NW Comtois showing. The hole explained the VTEM anomaly by the presence of pyrrhotite stringers within the pillowed basalts. No felsic rocks have been intersected. The hole ended at a final depth of 156.0 metres.

Hole LAF-14-30 aimed to test the Notting Hill showing at approximately 75 metres below hole LAF-13-21, which had returned 0.34 g/t Au over 25.56 metres, including 3.12 g/t Au over 1.50 metre in 2013. Hole 30 intersected a chlorite breccia at around 230.0 metres followed by a 0.7 metre shear zone with 5% Py at approximately 253.0 metres. These two zones are surrounded by a biotite alteration which likely represents the extension of the hole 21 gold-bearing zone. The hole ended at 296.0 metres.

Approximately 100 metres to the north-east of the Notting Hill showing, drill hole LAF-14-31 tested the same contact which is marked by a sharp magnetic contrast. Right at the targeted area, a wide shear zone altered with quartz-carbonate veins with local biotite was intersected from 112.5 and 119.0 metres. Several mineralized zones with 2-3% Py-Po were intersected from 78.2 to 79.0 metres, from 112.63 to 112.88 metres, from 120.14 to 121.90 metres and from 130.0 to 130.25 metres. The hole ended at 156.0 metres.

Hole LAF-14-32 targeted a VTEM anomaly approximately 2 km to the north-east of the Notting Hill showing. This hole ended at a final depth of 165.0 metres. Several shear zones altered in chlorite; carbonates and locally biotite as well as several mineralized zones have been intersected:

Hole LAF-14-33 was completed at 108.0 metres and tested a VTEM anomaly located approximately 4 km to the north-east of the Notting Hill showing. This hole intersected two zones with centimetric stringers of pyrrhotite at around 51 metres and 99 metres down the hole.

Hole LAF-14-30 returned an interval of 4.43 g/t Au over 0.74 metre between 258.18 to 258.92 metres comprised within a wider anomalous zone grading 1.71 g/t Au over 2.66 metres from 258.18 to 260.84 metres. Additional sampling is in progress in order to check for the whole interval that is altered with some biotite.

Hole LAF-14-31 returned 0.12 g/t Au over 0.60 metre between 78.0 and 78.6 metres at the upper contact with a late felsic dyke which could have cut the zone.

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Investing activities (Cont'd)

Hole LAF-14-33 which tested a VTEM conductor approximately 4 km to the north-east of hole 30, intersected three anomalous intervals associated with a weak biotite alteration. From 14.74 to 15.74 metres, an interval returned 0.34 g/t Au over 1.0 metre; an interval of 0.33 g/t Au over 0.39 metre was intersected from 26.61 to 27.00 metres and another interval was intersected between 34.15 to 35.65 metres and returned 0.15 g/t Au over 1.50 metre.

Holes LAF-14-29 and 32 did not returned any anomalous results.

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

Property Description

The Corporation acquired claims by map staking about 30 kilometres to the north-east of Rouyn-Noranda. This property consists in 218 claims covering an area of approximately 9,031 hectares. Some claims are subject to a 1% royalty and the Corporation can buy back this royalty for \$500,000 per 0.5% tranche.

The Patris property now includes the Dunn property which is located along the Porcupine-Destor fault about 35 km northeast of the town of Rouyn-Noranda, Québec. Midland purchased twelve (12) claims, subject to a 2% net smelter return royalty; the Corporation can buy back, in tranches, the entire royalty for \$2,000,000.

On November 12, 2012, the Corporation acquired a 100% interest in some claims adjacent to the Patris property in exchange for a payment of \$50,000. Part of the claims are subject to a 2% NSR royalty, the Corporation may buy back that royalty in total or in two parts upon a payment of \$1,000,000 per 1% for a total of \$2,000,000. The other part of the claims is subject to a 1% NSR royalty, the Corporation may buy back the royalty in total or in two parts upon a payment of \$500,000 per 0.5%, for a total of \$1,000,000.

On July 24, 2013, the Corporation acquired a 100% interest in some claims adjacent to the Patris property in exchange for a payment of \$5,000. The claims are subject to a 1.5% NSR royalty, the Corporation may buy back that royalty in total or in three parts upon a payment of \$500,000 per 0.5% for a total of \$1,500,000.

On September 6, 2013, the Corporation signed an option agreement with Teck. Under this new agreement, Teck may earn, in three options, a maximum interest of 65%, by fulfilling the following conditions:

	<u>Payments in cash</u>	<u>Works</u>
	\$	\$
First Option for a 50% initial interest		
On or before August 31, 2014 (firm commitment)	-	500,000
On or before August 31, 2015	-	800,000
On or before August 31, 2017	-	1,700,000
	-	3,000,000
Second Option for a 10% additional interest		
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
Third Option for a 5% additional interest		
On or before August 31, 2021, \$1,000,000 of exploration work for each additional 1% interest	-	5,000,000
Total, for a 65% maximum interest	<u>300,000</u>	<u>10,500,000</u>

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Investing activities (Cont'd)

Exploration work on the property

Results from the prospecting program and the channel sampling on Rosie (15.5 g/t Au – grab sample) have been received. A total of 168 samples, including blanks and standards, had been sent to ALS Minerals in Val d'Or at mid-October. The best results from the Rosie showing include:

- 0.40 g/t Au over 2.0 m including 0.94 g/t Au over 0.5 m
- 0.46 g/t Au over 0.5 m
- 0.16 g/t Au over 2.5 m including 0.36 g/t Au over 0.5 m
- 0.13 g/t Au over 1.0 m
- 0.11 g/t Au over 0.5 m
- 0.65 g/t Au (grab sample)

These results were returned mainly from the quartz veins crosscutting the carbonatized felsic dyke (1.5 to 2.0 meter thick) and forming a discontinuous envelope of approximately 8.5 metres along the dyke. Two other gold anomalous zones (77 ppb Au over 2.0 m and 66 ppb Au over 2.0 m) were identified within the sheared and carbonatized (iron carbonate) basalts. The showing is characterized by a flexure of a felsic dyke which is altered in iron carbonate with 1-3% pyrite. This dyke is generally oriented NW-SE and becomes N-S in the showing area with the development of a network of quartz -carbonate veins oriented N060 crosscutting an older quartz veinlet system oriented N100. A strong shear zone oriented N055-060, with accompanying iron carbonate alteration, affects the chloritized pillowed basalts.

Prospecting the IP anomalies in the western portion of the Dunn area returned a new showing of 0.3 g/t Au (grab sample) within a strongly sheared mafic volcanics.

Results of 172 soil samples (including QAQC samples) have been received. During this program completed in October, a follow-up soil sample (duplicate) was taken near the site that had returned a soil anomaly of 1.5 g/t Au last summer. This duplicate sample returned a result of 1.2 g/t Au and thus validate that the area is highly anomalous and that the source of this anomaly remains unexplained. The area is sub cropping and would require additional mechanical stripping next summer. Another soil sample returned a result of 0.195 g/t Au approximately 300 metres west of the KE-3 showing which had returned 4.7 g/t Au over 0.4 metre (channel 2011). This soil anomaly remains also opened to the north and unexplained.

An initial drilling campaign consisting of seven (7) shallow diamond drill holes was planned for total of about 1,400 metres. This program is designed to test several high-priority induced polarization ("IP") geophysical targets located along the strike extensions of the Fayolle Prospect held by Typhoon Exploration Inc. and currently under option by Hecla Quebec Inc. One of these targets, a strong chargeability anomaly coincident with a resistivity low occurring at the northern contact between Lac Caste sediments and mafic volcanic rocks, will be tested in two shallow drill holes. Another IP anomaly located along the southeast strike extension of drill hole PAT-11-15, which intersected an interval grading 0.48 g/t Au over 17.0 metres (*see press release dated May 24th 2012*), will also be tested during this campaign. In addition, drill hole PAT-11-16 will be deepened in order to test the gold-bearing zone about 100 metres below drill hole PAT-11-15. That zone is characterized by a hematite alteration zone in a strongly deformed felsic intrusive.

Since four of the seven planned drill holes totalling 1,400 metres are located on agricultural land, an authorization from the *Commission de la Protection des Terres Agricoles* ("CPTAQ") is required. Processing of the request for authorization by the City of Rouyn-Noranda and the CPTAQ is expected to take about three months. Upon obtaining authorization, the drilling program will test several high-quality targets including induced polarization anomalies, as well as the depth extension of a gold-bearing zone intersected in drill hole PAT-11-15 which graded 0.48 g/t Au over 17.0 metres (*see press release dated May 24, 2012*).

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Investing activities (Cont'd)

Casault (Au) 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. This property consists in 286 claims covering an area of approximately 15,741 hectares.

Exploration work on the property

During Q1-14, a total of 83 samples were collected from the 2011 and 2013 drill holes and analysed for whole rock geochem. Geochem results have been received and a geochemical study is currently in progress.

Lithological geochemistry analyses from the Casault-Martiniere area were successfully integrated into LithoModeleur. Preliminary observations of the Martiniere datasets show that a potassic alteration is more dominant than the sodic alteration pole (6 versus 52). Samples range from "fresh" to potassic alteration. The majority of the highest gold values (of the geochemical database, up to 297 ppb Au) are found as a subset of data associated with the "highest" potassium/sodium ratio [$(K_2O / K_2O+Na_2O) > 80\%$].

Midland is currently seeking a partner for this project.

Heva (Au), operated by Midland

Property Description

On April 25, 2013, the Corporation signed an agreement with Arianne Resources Inc. to acquire a 100% interest in the Heva property located along and proximal to the Cadillac Break, less than 5 kilometres northwest of the town of Malartic. In consideration for the acquisition, the Corporation paid cash \$30,000 and issued 60,000 common shares with a fair value of \$57,000 which is based on the closing of the Corporation's share on the April 25, 2013. The claims are subject to a 2% net smelter return ("NSR") royalty to the original holders; half of the royalty can be bought back for a payment of \$1,000,000.

The Heva West block consists of 4 contiguous claims adjacent to the west of the Maritime-Cadillac property, currently a 50/50 joint venture between Midland and Agnico Eagle. The Heva West block covers nearly 1 kilometre along the contact between Pontiac Group sediments and mafic volcanic rocks of the Piché Group and is located less than 1 kilometre south of Agnico Eagle's Lapa gold mine (2.1 million tonnes in proven and probable reserves at a grade of 6.0 grams per tonne of gold, for 395,000 ounces of gold), which has been in commercial production since May 2009.

The Heva East block is located about 4 kilometres to the southeast and consists of 25 contiguous claims largely covering sedimentary rocks of the Cadillac Group just north of the Piché Group. This block encompasses several historical gold occurrences with grades up to 91.2 g/t Au and 3.12 g/t Au in surface grab samples, and up to 6.2 g/t Au over 0.9 metre in drill hole. In addition, the Heva East block covers a 4-kilometre segment along an underexplored gold trend that graded 11.7 g/t Au over 0.5 metre in a historical drill hole located less than 500 metres northwest of the property boundary (Source: MRNF SIGEOM NTS sheet 32D01).

Exploration work on the property

A compilation of the historical works done on the property was initiated and is still ongoing. So far, the compilation confirmed the presence of several anomalous gold values within the sediment package which is composed of graywackes and conglomerates of the Cadillac Group.

Midland is currently seeking a partner for this project.

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Investing activities (Cont'd)

Valmond (Au), in partnership with Donner and operated by Midland

Property Description

The Corporation acquired claims by map staking about 50 kilometres to the west of Matagami. This property consists in 111 claims covering an area of approximately 6,178.77 hectares. Forty-nine (49) claims were purchased in December from Canadian Mining House.

On November 19, 2013, the Corporation signed an agreement with Donner whereby Donner can acquire 50% of the Valmond property subject to the following conditions:

	Payments in cash	Works
	\$	\$
Upon signing	20,000	-
November 19, 2014 (work completed)	50,000	300,000
November 19, 2015	50,000	700,000
November 19, 2016	60,000	800,000
November 19, 2017	70,000	700,000
Total	250,000	2,500,000

- The Corporation will be the operator during the option;
- Upon acquiring a 50% interest, a joint venture will be formed;
- If a party's interest dilutes to 10% or less, its interest will be converted to a 2% NSR royalty, 1% of which can be purchased back for \$1,500,000.

Exploration work on the property

A pole-dipole IP survey totalling 48.1 line-kilometres was completed during the month of December 2013 in the central part of the Valmond property. A detailed interpretation of the survey results reveals the presence of a strong anomaly characterized by a sharp drop in resistivity directly caused by the presence of sulphide mineralization (pyrite-pyrrhotite-chalcopyrite-arsenopyrite) on the principal gold showing. This anomaly extends toward the northwest over a distance of about 800 metres, whereas toward the southeast IP profiles indicate that the anomaly is located deeper. Two shallow drill holes are proposed to test the anomaly at 100 metres vertical depth along the northwest extension of the principal showing, and one drill hole is proposed to test the southeast plunge at a vertical depth of about 300 metres, i.e. about 100 metres below historical drill hole S86-9, which graded 3.77 g/t Au over 1.5 metres (Source: MRN SIGEOM NTS sheet 32E09; GM46724).

Further east, in an area that has never been drill-tested, four distinct IP axes characterized by high chargeability values associated with low resistivity values were detected. These axes are commonly located along magnetic contacts or near inferred structural intersections. Five additional shallow drill holes are proposed to test these new targets at about 100 metres vertical depth.

In addition, a property-wide helicopter-borne VTEM-type electromagnetic survey, totalling 900 line-kilometres, was also completed in December 2013. Several new conductors have been identified along the favourable Bapst gold-bearing structure.

A drilling program totalling 1,450.2 metres was completed during the quarter ended March 31, 2014. A total of five (5) holes were completed and three (3) others were abandoned. Target IP-F was cancelled because the lack of available water in the vicinity. Two holes (Target VTEM-A and B) were abandoned in the thick overburden which is composed of sand and gravel (esker).

Investing activities (Cont'd)

Hole VAL-14-01 (Target H) was designed to test the main showing (quartz-Aspy veins in altered tuffs) at a vertical depth of 275 metres. The hole intersected a mix of mafic and intermediate tuffs with local mudstone. Several decimetric massive sulphides (Py-Po +/- Cp-Sp) were intersected at around 220 metres. This hole was stopped at 415.2 metres because of technical problems (broken rods).

Hole VAL-14-02 (Target I) was targeting the downplunge of the main showing at a vertical depth of approximately 350 metres. This hole intersected an altered intermediate tuff containing local quartz veins and veinlets with arsenopyrite between approximately 455 metres and 505 metres. That zone likely represents the extension at depth of the Valmond showing. This zone is sub-vertical for the first 200 metres but seems to turn and dip north below 200 metres. In the upper portion of this hole, spectacular nodular pyrite was intersected in a graphitic mudstone and coincides with a regional structure. As for hole 01, several decimetric massive sulphides were intersected. This hole ended at 543.0 metres.

Hole VAL-14-03 (Target J) was testing a low resistivity zone approximately 200 metres to the northwest of the main showing. The hole intersected several massive sulphides horizons as well as graphitic mudstone and the conductor is well explained. The hole ended at 201.0 metres.

Hole VAL-14-04 (Target VTEM-D) was completed at a final depth of 141.0 metres. The VTEM conductor is well explained by the presence of a graphitic mudstone with a 10 cm interval of massive pyrite. No significant alteration was noted in that hole.

Hole VAL-14-05 (Target VTEM-C) was completed at a final depth of 150.0 metres. This hole intersected a nice altered and mineralized (5-7% Py, 1-2% Po) shear zone from 66.75 to 71.08 metres followed by a graphitic and pyritic mudstone containing several quartz veins and silicified breccias.

Assays are pending.

Jouvex (Au), operated by Midland

Property Description

The Corporation acquired claims by map staking about 50 kilometres to the southwest of Matagami. This property consists in 257 claims covering an area of approximately 14,350 hectares. Some claims were dropped and therefore the Corporation partially impaired its exploration properties for \$3,150.

Exploration work on the property

The VTEM survey totalling approximately 700 kilometres successfully defined several conductors that were previously undetected by historical airborne electromagnetic surveys. Many of these new conductors are located along the extensions of gold occurrences. Moreover, the new VTEM magnetic survey provided a better definition of the complex magnetic signature of this property, which encompasses several iron formation horizons.

A consultant geophysicist has completed a structural interpretation using the VTEM survey and identified a total of 20 structural targets for gold (2nd order structures, low angle crosscutting structures etc.) as well as 8 new VTEM conductors never detected by the previous airborne EM surveys.

Two follow-up IP grids have been completed over the VTEM anomalies. The south grid detected a weak chargeability anomaly associated with a low mag and coincident with the three weak VTEM anomalies. The north grid detected a formational conductor with a second one coincident with a high mag anomaly. Drilling was proposed to test these two anomalies.

Midland is currently seeking a partner for this project.

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Investing activities (Cont'd)

Abitibi Gold (Au) operated by Midland

Property Description and exploration work on the property

No work conducted during Q2-14 on the Duparquet and Louvicourt claim blocks. Midland is compiling the historical works in several areas in the Abitibi.

GRENVILLE-APPALACHES

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 is now comprised of 212 claims covering an approximate area of 10,934 hectares. Some claims are subject to a 1% NSR royalty and the Corporation can buy back the royalty for \$500,000 per 0.5%. Some other claims are subject to a 0.5% NSR royalty and the Corporation can buy back this royalty for \$500,000.

On June 14, 2013, the Corporation acquired a 100% interest in a claim adjacent to the Weedon property in exchange for an NSR royalty on metals except gold and silver, the Corporation may buy back that royalty in total or in three tranches upon a payment of \$500,000 per 0.5% tranche for a total of \$1,500,000.

Exploration work on the property

A ground TDEM survey was completed in December 2013 in the vicinity of the Lingwick deposit. The TDEM survey identified a conductor at the southern limit of the grid. An extension of the grid towards the south would be necessary in order to characterize this conductor.

Midland is currently seeking for a partner for this project.

Gatineau Zinc (Zn), operated by Midland

Property Description

Midland owns a 100% interest in a large land position for zinc, including 214 claims covering 12,516 hectares distributed in the Gatineau Area, approximately 200 kilometres northwest of the city of Montreal.

Exploration work on the property

No work conducted during Q2-14 on the property.

Midland is currently seeking for a partner for this project

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 of 34 contiguous claims covering a total surface area of 1,985 hectares in joint venture 50/50 with Soquem. The property is subject to a 1% NSR royalty on specific claims, which can be purchased back for 500 000 \$ per each 0.5%.

Exploration work on the property

An IP survey was completed over the Cu-Au showing and its possible lateral extensions. Several chargeability anomalies have been detected and prospecting is proposed to try to explain these anomalies. Midland did not participate to the IP survey and has been diluted.

Investing activities (Cont'd)

JAMES BAY

James Bay Gold (Au), operated by Midland

Property Description

Midland owns a 100% interest on 646 claims covering 32,643 hectares in the James Bay Area, an area that has the potential to soon become a significant new gold producer in Quebec after the Abitibi Belt. These new claims totalling 589 km² are wholly owned by Midland.

Exploration work on the property

No work conducted on the property during Q2-14.

Midland is currently seeking for a partner for this project.

James Bay Uranium (U) operated by Midland

Property Description

The property is located in the James Bay region and was composed of 8 claims.

Exploration work on the property

No work conducted on the property during Q2-14.

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 247 claims covering an area of approximately 12,863 hectares.

Exploration work on the property

Reinterpretation of the field data for a new geological map has begun and about 650 of 1000 samples of the database were treated. All data acquired since 2009 are being assembled and an exploration program including prospecting and trenching is in preparation.

Bay James Fe (Fe) operated by Midland

Property Description

The Montagne-du-pin and Guyer properties consist in a total of 374 wholly owned claims covering 18,831 hectares and are located along the Trans-Taiga road, James Bay.

Exploration work on the property

No work conducted on the property during Q2-14.

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Investing activities (Cont'd)

QUEBEC / LABRADOR

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

Property Description

The Ytterby Project comprises 151 claims in Quebec and 1,223 claims in Labrador located between 200 and 230 kilometres east and northeast of Schefferville.

Exploration work on the property

Discussions with JOGMEC to plan the next exploration campaign are underway with the objective to further evaluate the economic potential to extract the mineralized boulders from the Strange Lake glacial dispersal train.

NORTHERN QUEBEC

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

Property Description

The property totals 477 claims covering approximately 12,336 hectares in the Labrador Trough («Trough») some 80 kilometres west of Kuujuaq, Québec. Staked in March and April, these new claims cover a large folded pluri-kilometric ultramafic-mafic complex known, in this section of the Trough, for its strong exploration potential for platinum group elements (« PGE »). From this acquisition, Midland currently control more than 120 kilometres of very prospective stratigraphy from where already 9 PGE + Au showings are documented (coming from the Québec Ministère des Ressources Naturelles et de la Faune SIGEOM database) and returned values ranging from 0.47 to 2.17 g/t PGE + Au also along several kilometres of documented mineralized horizons. On Midland Properties, all together, 16 grab samples are above 0.50 g/t PGE + Au including 6 samples with values above 1.00 g/t PGE + Au (« PGE + Au »).

On January 21, 2014, the Corporation signed an option agreement with JOGMEC whereby JOGMEC has the option to acquire 50% interest in the Pallas project prior to March 31, 2016 by funding \$2,000,000 in expenditures spread as following:

	Works
	\$
On or before March 31, 2014 (completed)	250,000
On or before March 31, 2015	700,000
On or before March 31, 2016	1,050,000
Total	<u>2,000,000</u>

Midland will be operator as long as it will hold an interest equal to or higher than 50% in the project.

Exploration work on the property

Late in the 2013 summer, Midland has completed a short reconnaissance program on the project. In only a week of prospecting, several new PGE bearing outcrops were discovered with values as high as 3.9 g/t PGE plus gold (« PGE + Au »).

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Investing activities (Cont'd)

The three new PGE + Au occurrences discovered during this first phase exploration are named Ceres, Pilet and Gaspar. On all 3 occurrences, vari-textured gabbro (gabbro with textures and crystals varying in sizes) with sulfides dissemination was observed over several of meter (« m ») in thickness within layered gabbro. A similar reef-like unit is intimately associated with the main sulfide zone enrich in PGE + Au at the Great Dyke Deposit in Zimbabwe.

In one stop, 3 grab samples collected within 50 m of each other from the Ceres occurrence contained 2.9, 1.09 and 0.59 g/t PGE + Au respectively. This new mineralized trend, marked by a magnetic lineament, is located 4,400 m east and parallel to the Midland's Enish mineralized trend (1.29 g/t PGE + Au found by La Fosse Platine) which strongly suggests a structural repetition of the Montagnais sills and opens consequently new and very extensive prospective ground. Midland controls already a very large position in this area.

The Pilet occurrence, returning 2.17 g/t PGE + Au, is characterized by pyrrhotite-chalcopyrite dissemination hosted in layered intrusion comprising fine to medium grained gabbros and associated vari-textured gabbro including pegmatoidal portions. A grab sample taken 600 m along strike south returned 1.93 g/t PGE + Au while another one 75m to the north returned 0.56 g/t PGE + Au.

On the Gaspar occurrence (3.9 g/t PGE + Au), thirty four of sixty six grab samples collected along the 2,600 metres that forms the Gaspar-Pilet mineralized trend, returned values between 0.1 to 3.9 g/t PGE + Au with a 0.328 g/t PGE + Au average. In addition, some 14 kilometres north in the Itokawa Showing Area (1.73 g/t PGE + Au), several new significant PGE + Au bearing mineralized outcrops were also discovered with one returning 3.5 g/t PGE + Au. While prospecting farther along strike north, 5 grab samples returned 2.46, 1.54, 1.11, 0.99 and 0.77 g/t PGE + Au respectively. This mineralized trend has been traced over more than 250m.

Following the option agreement signature with JOGMEC, a detail airborne magnetic survey has been completed during this quarter ended March 31, 2014. A total of 3,201 line-kilometers has been completed on Juno-Ceres, Itakawa, Gaspar and Palladin grids respectively. In the meantime, Midland has acquired four high-resolution colored satellite images (50 centimetres per pixel) covering the same areas.

Currently, these two sets of data are being processed and interpreted in order to better defined exploration targets that will be prospected next summer and planned to begin late June

Project Generation

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

Other Activities

For fiscal 2014, Midland intends to be pro-active in the acquisition of new mineral exploration properties in Quebec. Management is currently 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.

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Financing activities

The Corporation finances itself mainly through share issuance. On December 19, 2013, the Corporation completed a private placement by issuing 802,001 units at \$0.75 per unit and 833,286 flow-through shares at \$0.70 per share, for total gross proceeds of \$1,351,460. Each unit is comprised of one common share and one-half of a warrant. Each whole warrant will entitle the holder to purchase one additional common share at \$1.00 until June 19, 2015.

As at March 31, 2014, the balance of flow-through financing not spent according to the restrictions imposed by the financing represents \$489,951 (none as of September 30, 2013). The Corporation has to dedicate these funds to Canadian exploration expenses.

Working capital

Midland has a working capital of \$3,784,591 as of March 31, 2014 (\$3,343,414 as of September 30, 2013).

	<u>Annualized</u>
Cash flow required	\$
Operating expenses, excluding non-cash items	812,000
Project management fees and interest income	(212,000)
Exploration budget paid by Midland (covering the exploration work requirements following the December 2013 flow-through private placement of \$749,959)	950,000
Staking and property maintenance	200,000
Total	<u>1,750,000</u>

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.

Summary of results per quarters

For the eight most recent quarters:

	<u>March 31 2014</u>	<u>December 31 2013</u>	<u>September 30 2013</u>	<u>June 30 2013</u>
	\$	\$	\$	\$
Revenues	35,856	35,464	2,536	1,194
Net loss	(248,268)	(187,223)	(106,783)	(110,868)
Loss per share	(0.01)	(0.01)	-	-
Total assets	10,888,313	10,869,758	9,953,971	9,897,527
	<u>March 31 2013</u>	<u>December 31 2012</u>	<u>September 30 2012</u>	<u>June 30 2012</u>
	\$	\$	\$	\$
Revenues	5,518	9,622	54,502	25,795
Net loss	(225,479)	(244,960)	(292,131)	(371,041)
Loss per share	(0.01)	(0.01)	(0.01)	(0.01)
Total assets	10,041,598	10,343,353	7,929,796	8,292,697

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Related party transactions

In the normal course of operations during Q2-14:

- ◆ No shares options were exercised by key management (50,000 options exercised at a price of \$0.50 in Q2-13);
- ◆ A legal firm in which René Branchaud (a director and officer of Midland) is a partner charged professional fees amounting to \$42,639 (\$74,526 in Q2-13) of which \$27,834 (\$41,139 in Q2-13) was expensed and \$14,805 (\$33,387 in Q1-13) was recorded as share issue expenses;
- ◆ A company controlled by Ingrid Martin (officer of Midland) charged professional fees in accounting totalling \$68,305 (\$59,928 in Q2-13) of which \$24,403 relates to her staff (\$24,765 in Q2-13);
- ◆ In December 2013, directors and officers of the Corporation participated in private placements of flow-through shares for a total consideration of \$103,600 (\$97,598 in a private placement closed in December 2012).

As at March 31, 2014, the balance due to the related parties amounted to \$6,610 (\$13,741 as at March 31, 2013) and was recorded in accounts payable and accrued liabilities.

Subsequent events

There is not subsequent event to disclose on the date of this report.

Outstanding share data

	As of May 15, 2014	As of March 31, 2014
	<u>Number</u>	<u>Number</u>
Common shares	30,306,512	30,306,512
Warrants	870,976	870,976
Options	1,780,000	1,780,000
	<u>32,957,488</u>	<u>32,957,488</u>

Off-balance sheet arrangements

During Q2-14, the Corporation did not set up any off-balance sheet arrangements.

Critical accounting estimates

In preparing these condensed interim financial statements as at March 31, 2014, the significant judgements made by management in applying the Corporation's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual financial statements for the year ended September 30, 2013.

Financial instruments

There is no significant change relating the classification or risks relating to financial instruments since the annual MD&A of September 30, 2013.

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Risk factors

There is no significant change relating to the risk factors since the annual MD&A of September 30, 2013.

Forward looking information

This management's discussion and analysis contains forward looking statements reflecting Midland's objectives, estimates and expectations. These statements are identified by the use of verbs such as "believe", "anticipate", "estimate", and "expect". As well as the use of the future or conditional tense. By their very nature, these types of statements involve risk and uncertainty. Consequently, results could differ materially from the Corporation's projections or expectations.

May 15, 2014

(S) Gino Roger

Gino Roger
President Chief Executive Officer

(S) Ingrid Martin

Ingrid Martin
Chief Financial Officer

Midland Exploration Inc.

Corporate Information

Directors

Jean-Pierre Janson, Chairman of the board ^{1) 2)}
Gino Roger
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*

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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