

Midland Exploration Inc.

Management's Discussion and Analysis

Three months ended December 31, 2014

Midland Exploration Inc.

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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 Q1-15. This MD&A should be read in conjunction with the Corporation’s financial and operating statements as at December 31, 2014 prepared in accordance with the International Financial Reporting Standards (“IFRS”) and with the annual MD&A as of September 30, 2014. All figures are in Canadian dollars unless otherwise noted.

The following abbreviations are used to describe the periods under review throughout this MD&A:

Abbreviation	Period
Q1-13	October 1, 2012 to December 31, 2012
Q2-13	January 1, 2013 to March 31, 2013
Q3-13	April 30, 2013 to June 30, 2013
Q4-13	July 1, 2013 to September 30, 2013
Fiscal 13	October 1, 2012 to September 30, 2013
Q1-14	October 1, 2013 to December 31, 2013
Q2-14	January 1, 2014 to March 31, 2014
Q3-14	April 30, 2014 to June 30, 2014
Q4-14	July 1, 2014 to September 30, 2014
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

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

In December 2014, the Corporation completed private placements by issuing 1,263,288 units at \$0.70 per unit and 1,066,683 flow-through shares at \$0.85 per share, for total gross proceeds of \$1,790,982. Midland has a working capital of \$4,376,414 as of December 31, 2014 (\$3,137,673 as of September 30, 2014) which will allow the Corporation to execute its exploration program for at least the following year.

On October 10, 2014, Midland signed an option agreement with SOQUEM INC. (“SOQUEM”) whereby SOQUEM has the option to acquire a 50% interest in the Casault and Jouvex properties by funding \$4,500,000 in exploration works. In addition, Midland signed on December 12, 2014 an option agreement with Sphinx Resources Ltd. (“Sphinx”) whereby Sphinx has to option to acquire a 50% interest in the Adam property by funding \$3,000,000 in exploration works and paying cash \$250,000.

As operator, Midland incurred exploration expenditures totalling \$1,134,574 (\$474,107 in Q1-14), on its properties of which \$916,864 was recharged to its partners (\$349,198 in Q1-14). The operating partners did not incur exploration expenses in Q1-15 (\$23,674 in Q1-14). Also, the Corporation invested \$70,137 (\$44,760 in Q1-14) to complete several property acquisitions in Quebec of which \$41,428 was recharged to its partners (\$5,065 in Q1-14).

The Corporation reported a loss of \$102,702 in Q1-15 compared to \$187,233 in Q1-14.

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Results of operations

Operating expenses were stable at \$242,906 in Q1-15 versus \$235,046 in Q1-14.

Project management fees increased to \$95,829 (\$35,464 in Q1-14) due to the Samson and Adam properties under option with Sphinx and the Pallas PGE property under option with JOGMEC being very active in Q1-15. In Q1-14, the Valmond project under option with Sphinx was very active.

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Investing activities

	Abitibi										Grenville-Appalaches		James Bay				Quebec Labrador	Northern Québec				
	Maritime cadillac - au	Laflamme - au	Patris - au	Casault - au	Valmond - au	Jouvex - au	Heva - au	Abitibi au	Adam - Cu Au	Samson - au	Weedon - cu-zn-au-	Gatineau - zn	Baie-james - au	Baie-james - u	Eléonore - au	Baie-james - fe	Ytterby - etr	Pallas - pge	Willbob - au	Génération de projets	Total	
	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	€	
Exploration and evaluation expenses Q1-15																						
Balance beginning	232,965	1,310,514	208,755	290,082	123,955	346,090	18,563	36,641	-	-	388,013	28,766	216,677	14,686	1,175,139	42,158	109,090	216,088	5,116	39,547	4,802,845	
Geophysics	-	24,500	-	26,961	-	-	-	18,458	143,670	117,195	97,870	-	-	-	-	-	-	-	-	-	-	428,654
Geology	-	5,320	3,040	19,380	2,280	4,280	-	2,886	-	14,150	9,610	33	9,446	-	25,931	-	-	80,069	13,602	-	-	190,027
Drilling	-	-	2,426	5,229	65,725	1,068	-	-	-	41,114	-	-	-	-	-	-	-	307,100	-	-	-	422,662
Geochemistry	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	36,577	671	-	-	37,248
Line cutting	-	5,460	-	-	-	-	-	-	-	49,530	-	-	-	-	-	-	-	-	-	-	-	54,990
Travelling	-	-	-	-	186	-	-	-	-	-	458	-	-	-	-	-	-	349	-	-	-	993
Stock-based compensation	-	35,280	5,466	51,570	68,191	5,348	-	21,344	143,670	221,989	105,488	33	9,446	-	25,931	-	-	424,095	14,273	-	-	1,134,574
Recharge	-	-	4,674	-	3,272	-	-	-	-	-	-	-	-	-	2,804	-	-	935	-	-	-	11,685
Net addition	-	35,280	4,674	1,520	3,372	1,520	-	21,344	-	-	107,938	33	9,446	-	28,735	-	-	(423,670)	-	-	-	(916,864)
Tax credits	-	(3,262)	-	-	-	-	-	(2,356)	-	-	(12,502)	-	(3,449)	-	(9,470)	-	-	(156)	(5,213)	-	-	(36,408)
Option payment	-	-	-	-	(10,000)	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	(10,000)
Write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change	-	32,018	4,674	1,520	(6,728)	1,520	-	18,988	-	-	95,436	33	5,997	-	19,265	-	-	1,204	9,060	-	-	182,987
Balance end	232,965	1,342,532	213,429	291,602	117,227	347,610	18,563	55,629	-	-	483,449	28,799	222,674	14,686	1,194,404	42,158	109,090	217,292	14,176	39,547	4,985,832	

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Investing activities (Cont'd)

	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 Q1-14																	
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	-	-	-	-	255,698	1,063	-	10,590	-	-	-	-	-	-	-	-	267,351
Geology	-	1,520	38,136	2,280	15,960	5,320	760	2,580	33	6,525	-	35,960	-	20,909	16,477	5,961	152,421
Drilling	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Geochemistry	-	-	9,171	4,876	-	-	-	-	-	-	-	-	-	6,825	734	-	21,606
Line cutting	-	-	-	-	31,452	-	-	-	-	-	-	-	-	-	-	-	31,452
Travelling	-	967	297	-	-	-	-	-	-	-	-	-	-	-	13	-	1,277
Stock-based compensation	-	2,487	47,604	7,156	303,110	6,383	760	13,170	33	6,525	-	35,960	-	27,734	17,224	5,961	474,107
Recharge	1,648	1,982	-	3,308	-	-	-	-	-	-	-	496	-	4,956	-	-	12,390
Net addition	-	-	(40,850)	-	(299,310)	-	-	-	-	-	-	-	-	(9,038)	-	-	(349,198)
Net addition	1,648	4,469	6,754	10,464	3,800	6,383	760	13,170	33	6,525	-	36,456	-	23,652	17,224	5,961	137,299
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	-	-	-	-	(5,290)	-	-	-	-	-	-	-	-	-	-	-	(5,290)
Write-off	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-	-
Net change	1,648	3,470	4,039	7,587	(3,018)	3,817	454	7,996	19	3,677	-	20,760	-	20,440	9,705	3,565	84,159
Balance end	230,435	1,171,274	183,215	222,066	110,489	241,393	16,603	367,192	28,667	166,198	14,686	970,591	42,158	1,298,160	219,873	39,690	5,322,690

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Exploration and evaluation expenses	Actual Q1-14			Actual Q1-15			Budget 2015		
	Midland	Partner	Total	Midland	Partner	Total	Midland	Partner	Total
Properties	\$	\$	\$	\$	\$	\$	\$	\$	\$
100% owned by Midland									
Valmond Au	-	-	-	-	-	-	-	-	-
Jouvex Au	6,383	-	6,383	-	-	-	-	-	-
Abitibi Au	-	-	-	21,344	-	21,344	69,000	-	69,000
Heva	760	-	760	-	-	-	25,000	-	25,000
Casault Au	7,156	-	7,156	-	-	-	-	-	-
La Peltrie	-	-	-	-	-	-	200,000	-	200,000
Weedon Cu-Zn-Au	13,170	-	13,170	107,938	-	107,938	80,000	-	80,000
Gatineau Zn	33	-	33	33	-	33	20,000	-	20,000
Baie James Au	6,525	-	6,525	9,446	-	9,446	56,000	-	56,000
Baie James U	-	-	-	-	-	-	10,000	-	10,000
Baie James Fe	-	-	-	-	-	-	10,000	-	10,000
Éléonore Au	35,960	-	35,960	25,931	-	25,931	311,000	-	311,000
Willbob	-	-	-	14,273	-	14,273	61,000	-	61,000
Project generation	5,961	-	5,961	-	-	-	83,000	-	83,000
	<u>75,948</u>	<u>-</u>	<u>75,948</u>	<u>178,965</u>	<u>-</u>	<u>178,965</u>	<u>925,000</u>	<u>-</u>	<u>925,000</u>
With option, 100% owned and operated by Midland and paid by partner									
Patris Au – Teck	6,754	40,850	47,604	-	5,466	5,466	-	445,000	445,000
Valmond Au - Sphinx	3,800	299,310	303,110	-	68,191	68,191	-	70,000	70,000
Pallas PGE Jogmec	17,224	-	17,224	425	423,670	424,095	-	500,000	500,000
Samson - Sphinx	-	-	-	-	221,989	221,989	-	500,000	500,000
Adam - Sphinx	-	-	-	-	143,670	143,670	-	-	-
Casault - Soquem	-	-	-	1,520	50,050	51,570	-	762,000	762,000
Jouvex - Soquem	-	-	-	1,520	3,828	5,348	-	238,000	238,000
	<u>27,778</u>	<u>340,160</u>	<u>367,938</u>	<u>3,465</u>	<u>916,864</u>	<u>920,329</u>	<u>-</u>	<u>2,515,000</u>	<u>2,515,000</u>
In joint venture									
Maritime-Cadillac-Agnico Eagle (operator) at 51%	-	3,619	3,619	-	-	-	25,000	25,000	50,000
Vermillon- Soquem at 52%	-	20,055	20,055	-	-	-	-	-	-
Ytterby REE-Jogmec at 50%	18,696	9,038	27,734	-	-	-	10,000	10,000	20,000
Laflamme Au – Maudore at 37.8%	2,487	-	2,487	35,280	-	35,280	195,000	-	195,000
	<u>21,183</u>	<u>32,712</u>	<u>53,895</u>	<u>35,280</u>	<u>-</u>	<u>35,280</u>	<u>230,000</u>	<u>35,000</u>	<u>265,000</u>
	<u>124,909</u>	<u>372,872</u>	<u>497,781</u>	<u>217,710</u>	<u>916,864</u>	<u>1,134,574</u>	<u>1,155,000</u>	<u>2,550,000</u>	<u>3,705,000</u>

Investing activities (Cont'd)

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

HIGHLIGHTS

- 1. Drilling commencing on Patris with Teck (1 drill)**
- 2. Drilling commencing on Casault with SOQUEM (2 drills)**
- 3. Drilling commencing on Jouvex with SOQUEM (1 drill)**
- 4. VTEM completed on Adam and Jeremie ; results pending**
- 5. TDEM-ARMIT completed on Casault & Samson; new targets identified**
- 6. IP-Orevison completed on Casault; new targets identified**
- 7. IP-Orevison in progress on Jouvex ; new targets identified**
- 8. TDEM-ARMIT completed on Laflamme ; new target identified**
- 9. TDEM survey completed on Weedon; report pending**

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

Data compilation and integration is underway in the Lapa-Maritime Cadillac area by our partner Agnico Eagle Mines Limited ("Agnico Eagle"), in order to complete the construction of a 3D model. New exploration targets will be defined for 2015 along this segment of the Cadillac Break.

Laflamme (Au-Ni-Cu-PGE), in partnership with Maudore Minerals Ltd. 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 2014 of a total of 682 claims covering an area of approximately 35,942 hectares.

Exploration work on the property

During Q1-15, Midland completed a grid and a ground-based electromagnetic survey in order to investigate a series of untested VTEM conductors located about 2 kilometres north of drill hole LA-11-08. The latter intersected a new zone with Ni-Cu-PGE mineralization along the contact with an ultramafic intrusion, which graded 0.66% Ni, 0.35% Cu, 0.17 ppm Pt and 0.16 ppm Pd over 8.0 metres, including a high-grade zone at 1.55% Ni, 0.53% Cu, 0.26 ppm Pt and 0.28 ppm Pd over 1.60 metres. The objective is to define priority targets to be tested in an initial drilling program estimated at about 2,000 metres that will follow the geophysical surveys.

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. At the end of Fiscal 14, this property consists in 221 claims covering an area of approximately 9,154 hectares.

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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 to accommodate the delays in permitting.

Exploration work on the property

Now that the *Commission de la Protection des Terres Agricoles* ("CPTAQ") has granted authorization, a drilling program totalling 1,200 metres in 6 holes is commencing. This 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 that graded 0.48 g/t Au over 17.0 metres.

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. At the end of Fiscal 14, this property consists in 301 claims covering an area of approximately 16,562 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, and to create a joint venture once the option has been exercised, under the following conditions.

	Works
	\$
On or before October 10, 2015 (firm commitment)	1,000,000
On or before October 10, 2016	1,000,000
On or before October 10, 2017	1,000,000
On or before October 10, 2018	1,500,000
	<u>4,500,000</u>

Midland will be project operator during the option period.

Exploration work on the property

In early 2015, exploration work including line cutting, induced polarization and electromagnetic surveys as well as 2,300 metres of drilling have started on Casault. This work will mainly target the most promising gold occurrences discovered in 2012-2013. These areas include the north contact of the Turgeon pluton, where drill hole CAS-12-07 returned 10.4 g/t Au over 1.45 metres, as well as areas immediately north and west of the conglomerate basin with pyrite and jasper clasts identified in 2013. In the northern area, drill hole CAS-13-28A had been terminated in a gold-bearing zone grading 0.29 g/t Au over 9.0 metres.

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 50/50 joint venture between Midland and Agnico Eagle. 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.

Exploration work on the property

No exploration work conducted during Q1-15.

Midland is currently seeking a partner for this project.

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Investing activities (Cont'd)

Valmond (Au), in partnership with Sphinx 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 6,179 hectares.

On November 19, 2013, the Corporation signed an agreement with Sphinx whereby Sphinx can acquire 50% of the Valmond property.

Exploration work on the property

In December, Midland completed a 225 metres drill hole to test an induced polarization anomaly consisting of a chargeability high with no related drop in resistivity. This target is located in a structurally complex area marked by the intersection of several NW-SE and NE-SW-trending structures. No significant result was obtained.

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. This property consists in 297 claims covering an area of approximately 16,581 hectares. See the Casault section for the details on the agreement signed with SOQUEM.

Exploration work on the property

The drilling campaign planned on Jouvex is commencing. This program will total nearly 1,500 metres and will test the best induced polarization and VTEM targets identified in 2013-2014. In addition, induced polarization surveys started in January 2015 in the northwest part of the property, to investigate a section of non-magnetic iron formation that contains a few new VTEM conductors. Final results and interpretation are in progress.

Samson Ni-Cu-PGE in partnership with Sphinx and operated by Midland

Property Description

The Corporation acquired claims by map staking 512 claims covering a surface area of about 28,427 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 can acquire 50% of the Samson property.

Exploration work on the property

During December 2014, a major ground-based geophysical program totalling about 60 kilometres and including magnetic and ground electromagnetic surveys was completed in an effort to characterize a series of untested MegaTEM conductors coinciding with strong magnetic responses. About a dozen high-priority MegaTEM targets were selected for this ground follow-up, due to their association with strongly magnetic units interpreted as ultramafic rocks. The final interpretation is in progress and the objective is to define priority targets to be tested in an initial drilling program estimated at about 1,500 metres to start during Q2-15.

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Investing activities (Cont'd)

La Peltrie, operated by Midland

Property Description

At the end of Fiscal 14, the La Peltrie property comprises 171 claims covering a surface area of about 9,493 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

No exploration work conducted during Q1-15. However, Midland plans to conduct ground geophysics including IP and TDEM in order to cover a series of historical untested MegaTEM conductors.

Midland is currently seeking for a partner for this project.

Adam (Cu-Au), in partnership with Sphinx and 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. It consists of 182 cells covering a surface area of about 100 square kilometres in the Abitibi region of Quebec. The B26 and East Zone gold-copper deposits, held and worked actively by SOQUEM, respectively host historical resources on the order of 600,000 metric tonnes grading 2.9 g/t Au and 2.8% Cu and 750,000 metric tonnes grading 2.0% Cu and 0.4 g/t Au (Source: SOQUEM website; historical resources non-compliant with NI 43-101). In addition, drill holes completed in 2012 by Excellon Resources Inc. ("Excellon") on the Beschefer property (B-14 zone) located less than 7 kilometres west of the Adam property, intersected high-grade gold intervals reaching 13.07 g/t Au over 8.75 metres, including 58.5 g/t Au over 1.50 metre (Source: press release by Excellon dated April 17, 2012).

This new acquisition with strong gold and copper potential covers, over more than 8 kilometres, the regional contact between tholeiitic volcanic rocks of the Enjalran Group and calc-alkaline volcanic rocks of the Brouillan Group as well as an assemblage of felsic volcanoclastic rocks. The B26 zone is hosted in felsic to mafic volcanoclastic rocks with iron carbonate, chlorite, sericite, and silica alteration. In the south part of the Adam property lies another favourable contact, between volcanic rocks of the Enjalran Group and wackes, mudrocks, and iron formations of the Taibi sedimentary Group. A gold showing is located less than 5 kilometres west of the Adam property, where a historical drill hole yielded grades reaching 19.9 g/t Au over 0.77 metre (Source: SIGEOM map sheet 32E10, GM56241).

On the Adam property, historical INPUT electromagnetic surveys identified several conductors that have never been drill-tested, located near the felsic volcanic units identified near the favourable regional contact between the Enjalran and Brouillan groups.

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Investing activities (Cont'd)

On December 12, 2014, the Corporation signed an agreement with Sphinx whereby Sphinx can acquire 50% of the Adam property subject to the following conditions:

	Payments in cash	Work
	\$	\$
Upon signing (completed)	20,000	-
On or before December 12, 2015	40,000	400,000
On or before December 12, 2016	50,000	400,000
On or before December 12, 2017	70,000	1,000,000
On or before December 12, 2018	70,000	1,200,000
Total	250,000	3,000,000

The Corporation will be the operator during the option.

Exploration work on the property

A helicopter-borne VTEM electromagnetic survey totalling about 800 line-kilometres was completed in December 2014 to cover the entire property and the final interpretation is pending.

Abitibi Gold (Au) operated by Midland

Property Description and exploration work on the property

The Corporation acquired by map designation 302 claims covering a surface area of about 16,460 hectares. No exploration work was conducted during Fiscal 14. A compilation of the historical works is in progress on the Adam, Jeremie, Lac Clement, Manthet, Louvicourt and Duparquet claims blocks.

Exploration work on the property

Compilation of historical data is in progress for the Abitibi Gold project. A VTEM survey totalling approximately 225 line-kilometres was completed during Q1-15 on the Jeremie block. Final results are pending.

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 at the end of Fiscal 14 is comprised of 168 claims covering an approximate area of 8,602 hectares.

Exploration work on the property

A ground TDEM survey was completed during Q1-15 on Weedon in areas where previous gravimetric and IP surveys had identified interesting anomalies. The final report and interpretation are in progress.

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 at the end of Fiscal 15 184 claims covering 10,368 hectares distributed in the Gatineau Area, approximately 200 kilometres northwest of the city of Montreal.

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Investing activities (Cont'd)

Exploration work on the property

No work conducted during Q1-15 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 at the end of Fiscal 14 of 16 contiguous claims covering a total surface area of 934 hectares in joint venture 50/50 with SOQUEM.

Exploration work on the property

No work conducted during Q1-15 on the property.

JAMES BAY

James Bay Gold (Au), operated by Midland

Property Description

Midland owns a 100% interest on 511 claims at the end of Fiscal 14 covering 26,285 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 Q1-15.

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 is composed of 8 claims.

Exploration work on the property

No work conducted on the property during Q1-15.

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 246 claims covering an area of approximately 12,889 hectares at the end of Fiscal 14.

Exploration work on the property

Midland intends to conduct ground-based geophysical work including an IP survey during the winter of 2015, and a prospecting and trenching campaign is planned for the summer of 2015.

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Investing activities (Cont'd)

Bay James Fe (Fe) operated by Midland

Property Description

The Montagne-du-pin property consist in a total of 163 wholly owned claims covering 8,257 hectares and are located along the Trans-Taiga road, James Bay.

Exploration work on the property

No work conducted on the property during Q1-15.

QUEBEC / LABRADOR

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

Property Description

At the end of Fiscal 14, the Ytterby Project comprises 1,108 claims in Labrador located between 200 and 230 kilometres east and northeast of Schefferville.

Exploration work on the property

Discussions with Japan Oil, Gas and Metals National Corporation (« 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.

No work conducted during Q1-15.

NORTHERN QUEBEC

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

Property Description

At the end of Fiscal 14, the property totals 494 claims covering approximately 22,469 hectares in the Labrador Trough («Trough») some 80 kilometres west of Kuujjuak, Québec.

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.

Exploration work on the property

Acquiring a large land package in the Labrador Trough for the Platinum Group Elements plus gold (PGE + Au) followed an exhaustive compilation of all the old PGE + Au showings found between 1986 and 2000 by various exploration companies. Once officially recorded, our mining titles were covering already tenth of occurrences with more than 1.0 g/t PGE + Au. Late in 2013, Midland's exploration team added another tenth occurrence with about the same PGE + Au grade. All mineralization are concentrated in differentiated mafic sills comprising mineralized gabbroic horizons alike reefs.

Following the option agreement signature with JOGMEC, a detail airborne magnetic survey has been completed. A total of 3,201 line-kilometers has been completed on Juno-Ceres, Itokawa, 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.

In about thirty days during summer 2014, an exploration program including prospecting and channel sampling was completed to further evaluate the best PGE + Au known of Ceres, Gaspar, Itokawa and Palladin.

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Investing activities (Cont'd)

During the program, a total of 730 grab samples were collected over all of the Ceres, Itokawa, Gaspar and Palladin claim blocks. More than 20% of the samples have returned very anomalous PGE + Au values including 149 grabs > 0.1 g/t PGE + Au, including 92 > 0.2 g/t PGE + Au, including 40 > 0.5 g/t PGE + Au, including 27 > 0.75 g/t PGE + Au, including 15 > 1.0 g/t PGE + Au, including 9 > 2.0 g/t PGE + Au, including 3 > 4.0 g/t PGE + Au and including 1 ≥ 12.6 g/t PGE + Au. In general, the grab samples are gabbro with trace to 5% combined disseminated chalcopyrite and pyrrhotite.

The best results come from the Gaspar claim blocks with a grab sample returning 12.6 g/t PGE + Au and another one, few meters apart, returning 2.76 g/t PGE + Au (Athena Showing). Five hundred meters north, 3 other grabs, from the Triton Showing, returned 3.2, 0.92 and 0.9 g/t PGE + Au respectively. Another 500m NW, and requiring additional follow up work, 3 grabs from 3 distinct mineralized zones have returned 0.79, 0.55 and 0.46 g/t PGE + Au. On the Ceres claim block, the best results come from a new showing located 5600m NNO from the Ceres Showing and returning 4.3 g/t PGE + Au. Other interesting results, coming from another new mineralised zone 4200m SSW of the Ceres Showing, have returned, from grab samples, 4.94, 2.93, 2.85 and 0.93 g/t PGE + Au. On the Itokawa claim block, the best results are 2.69 and 2.46 g/t PGE + Au still from grab samples. Most of these above mentioned showing were further investigated by prospecting and/or channel sampling.

In the meantime, a total of 1220 channel samples, about a meter in length in general, was cut and have returned several PGE + Au anomalies including 268 channels > 0.1 g/t PGE + Au, including 86 > 0.25 g/t PGE + Au, including 39 > 0.5 g/t PGE + Au, including 29 > 0.75 g/t PGE + Au, including 21 > 1.0 g/t PGE + Au, including, 6 > 2.0 g/t PGE + Au including, 2 > 3.0 g/t PGE + Au and a ≥ 4.52 g/t PGE + Au.

The best channels assay results come from, 125m SSE in the extension of the Palladin Showing (Osisko, 2000 and returning 5.5 g/t PGE + Au). Discontinuous channels along a NNW-SSE mineralized trend, have returned, over 90m, 1.57 g/t PGE + Au over 0.58m open to the west; 2.24 g/t PGE + Au over 1.34m; 1.53 g/t PGE + Au over 0.54m and open on both sides; 2.9 g/t PGE + Au over 1.76m, including 4.5 g/t over 0.80m and open on both sides; 0.73 g/t PGE + Au over 1.07m and open on both sides; 1.23 g/t PGE + Au over 0.43m; and 1.94 g/t Au over 2.1m including 2.65 g/t over 0.75m and open on both sides. This NNW trending mineralized zone, open on both sides, has been traced over 260m with a ending channel returning 1.4 g/t PGE + Au over 0.82m.

On the Itokawa claim block, and testing a showing found in 2013 returning 1.73 g/t PGE + Au, a channel through the mineralized zone has returned 1.32 g/t PGE + Au over 2.83m including 3.5 g/t PGE + Au over 0.35m. More than hundred thirty meters NNW, along the same mineralized corridor, another channel returned 1.12 g/t PGE + Au over 2.0m. Farther north, another mineralized zone called Itokawa North and cut by 2 channels have returned 1.29 g/t PGE + Au over 0.6m and 1.21 g/t PGE + Au over 0.36m respectively.

On the Ceres and Gaspar claim blocks, additional channel have returned interesting assay results varying between 0.5 to 1.0 g/t PGE + Au over sub-metric lengths.

Based on those very encouraging results, Midland has completed a following up exploration this fall including further prospecting, channel sampling and diamond drilling to further evaluate our best identified targets.

A total of 88 grab samples has been collected and has returned very interesting results with a grab sample, located about 100m south of the Enish Est Showing, returning 7.12 g/t PGE + Au. As well, 700m NNW of the Triton Showing on the Gaspar claim block, 3 grabs from the Herculina area, have returned 1.12, 0.81 and 0.48 g/t PGE + Au respectively. Five hundred meters south of the Athena Showing, another grab has returned 0.89 g/t PGE + Au. Finally, 2700m NNW of the Triton showing, in an area named Olympus, 5 grabs returned 0.95, 0.77, 0.76, 0.59 and 0.58 g/t PGE + Au respectively. All these new occurrences deserved additional works follow-up in the next field season.

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Investing activities (Cont'd)

In the meantime, a total of 262 channel samples was cut, among other, on the Athena, Triton, Enish East and Palladin Showings. On Palladin, testing a channel returning 4.5 g/t PGE + Au over 0.8m, a new channel has returned 1.58 g/t PGE + Au over 1.7m including 2.0 g/t PGE + Au over 0.55m. On Athena, 2 adjacent channels have returned 2.5 g/t PGE + Au over 1.68m and 1.52 g/t PGE + Au over 4.35m including 2.33 g/t PGE + Au over 1.15m. About 30m NNW, along the same mineralized corridor, another channel has returned 1.13 g/t PGE + Au over 0.5m. On the Triton Showing, 4 channels have returned 0.77 g/t PGE + Au over 1.23m, and few meters south 1.7 g/t PGE + Au over 0.42m and adjacent 1.56 g/t PGE + Au over 1.09m and, 8m south 0.67 g/t PGE + Au over 0.8m. Finally, on Enish East, over a series of 10 channels along the same 230m long mineralized corridor, 1.29 g/t PGE + Au over 0.55m, and 47m south, 0.62 g/t PGE + Au over 0.58m and, 33m south, 0.41 g/t PGE + Au over 1.31m, and 135m south 0.68 g/t PGE + Au over 0.75m, and 8m south, 1.04 g/t PGE + Au over 0.75m, and adjacent 2.47 g/t PGE + Au over 1.42m including 4.1 g/t over 0.65m, and 4m south 2.17 g/t PGE + Au over 0.74m.

By diamond drilling, Midland has tested the Ceres and Palladin Showing with 2 drill holes each, while one hole was completed on Enish East, Athena and Triton Showings. A total of 767 core samples, for 950m of drilling, was cut and send for analysis. Our best assay results by drilling are 0.60 g/t PGE + Au over 1.45m including 0.94 g/t over 0.69m and 0.28 g/t PGE + Au over 8.5m including 0.77 g/t over 1.0m on Palladin et Ceres respectively. Very encouraged by these results, we are currently planning our next exploration program that will include additional channel sampling and diamond drilling of our best outlined targets.

Willbob (Au), operated by Midland

Property Description

The Willbob property in the Labrador Trough consists of 51 claims covering about 23.2 square kilometres, and is located approximately 66 kilometres west-southwest of Kuujjuaq (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

The Willbob property covers a series of gabbro sills, where numerous gold showings were historically discovered, over more than 8 kilometres. Exploration work conducted by the Nunavik Mineral Exploration Fund ("NMEF") from 2004 to 2006 reported several gold showings that returned up to 31.3 g/t Au on selected grab samples. Visible gold was reported at the Kuni Showing which returned 19.8 g/t Au. Another sample returned 9.5 g/t Au at about 120 metres to the north-west of the Kuni Showing. The Lafrance Showing, located about 6.5 kilometers north of the Kuni Showing, returned up to 21.9 g/t Au on selected grab samples and gold values are traced over 130 metres surface length. Historical channel sampling on the Lafrance Showing returned 3.0 g/t Au over 2.90 metres and 2.6 g/t Au over 3.90 metres in a second channel located about 40 metres north. About 3.5 kilometres from and along the Lafrance mineralized zone trend, the NMEF reported the Polar Bear Showing with values up to 6.4 g/t Au. There, the NMEF reports a gold anomalous corridor that can be traced over 330 metres in the area. (*Source: Nunavik Mineral Exploration Fund 2006 Activity Report*).

Midland 2014 grab resampling along the Lafrance auriferous corridor returned up to 5.4 g/t Au and more sample assays are pending. Several gold showings on the Willbob property are associated to a felsic unit intruding the gabbro sills. Moreover, an important deformation corridor hosts the mineralized zones. Strong ankerite-fuschite-calcite alterations are associated with the arsenopyrite-rich gold mineralizations observed on the property (Kuni, Polar Bear and Lafrance Showings). These showings remain open in all directions and remain untested by drilling.

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Investing activities (Cont'd)

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 2015, 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.

Financing activities

The Corporation finances itself mainly through share issuance.

In December 2014, the Corporation completed private placements by issuing 1,263,288 units at \$0.70 per unit for total gross proceeds of \$884,302. 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 \$0.95 until December 2016.

In December 2014, the Corporation completed private placements by issuing 1,096,683 flow-through shares respectively at \$0.85 per share, for total gross proceeds of \$906,680. The residual value attributed to the benefit related to flow-through shares renunciation is \$211,837 credited to other liabilities. As of December 31, 2014, the Corporation had not started yet the exploration work relating to this flow-through private placement. Directors and officers of the Corporation participated in these private placements for a total consideration of \$79,050.

The balance on flow-through financing not spent of \$111,510 as of September 30, 2014, according to the restrictions imposed by the December 2013 financing, was entirely expensed as at December 31, 2014.

Working capital

Midland has a working capital of \$4,376,414 as of December 31, 2014 (\$3,137,673 as of September 30, 2014).

	<u>Annualized</u>
Cash flow required	\$
Operating expenses, excluding non-cash items	852,000
Project management fees and interest income	(252,000)
Exploration budget paid by Midland (covering the exploration work requirements following the December 2014 flow-through private placement of \$906,680)	1 155,000
Staking and property maintenance	75,000
Total	<u>1,830,000</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.

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Summary of results per quarters

For the eight most recent quarters:

	<u>Q1-15</u>	<u>Q4-14</u>	<u>Q3-14</u>	<u>Q2-14</u>
	\$	\$	\$	\$
Revenues	97,863	74,204	27,059	35,856
Net loss	(102,702)	(1,397,949)	(141,146)	(248,268)
Loss per share	-	(0.05)	-	(0.01)
Total assets	11,187,994	9,892,800	10,741,442	10,888,313
	<u>Q1-14</u>	<u>Q4-13</u>	<u>Q3-13</u>	<u>Q2-13</u>
	\$	\$	\$	\$
Revenues	35,464	2,536	1,194	5,518
Net loss	(187,223)	(106,783)	(110,868)	(225,479)
Loss per share	(0.01)	-	-	(0.01)
Total assets	10,869,758	9,953,971	9,897,527	10,041,598

Compensation to key management and related party transactions

a) Compensation to key management

The Corporation's key management personnel are members of the board of directors, as well as the president, the vice-president exploration and the chief financial officer. Key management remuneration is as follows:

	<u>T1-15</u>	<u>T1-14</u>
	\$	\$
Short-term benefits		
Salaries including bonuses and benefits	55,898	59,308
Professional fees	23,889	28,565
Salaries including bonuses and benefits capitalized in E&E expenses	36,480	31,920
Long-term benefits		
Stock-based compensation	22,912	20,491
Stock-based compensation capitalized in E&E expenses	3,819	3,336
Total compensation to key management	<u>142,998</u>	<u>143,620</u>

b) Related party transactions

In the normal course of operations, in addition to the amounts listed above in the compensation to key management, during Q1-15:

- ◆ A firm in which René Branchaud (director and corporate secretary) is a partner charged legal professional fees amounting to \$44,790 (\$27,407 in Q1-14) of which \$19,392 (\$12,602 in Q1-14) was expensed and \$25,398 (\$14,805 in Q1-14) was recorded as share issue expenses;
- ◆ A company controlled by Ingrid Martin (chief financial officer) charged accounting professional fees of \$16,307 (\$11,490 in Q1-14) for her staff;
- ◆ In December 2014, directors and officers of the Corporation participated in private placements of flow-through shares for a total consideration of \$79,050 (\$103,600 in a private placement closed in December 2013).

As at December 31, 2014, the balance due to the related parties amounted to \$54,065 (\$49,012 as at December 31, 2013) and was recorded in accounts payable and accrued liabilities.

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Subsequent events

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

Outstanding share data

	As of February 19, 2015	As of December 31, 2014
	<u>Number</u>	<u>Number</u>
Common shares	32,636,483	32,636,483
Warrants	1,032,645	1,032,645
Options	1,760,000	1,760,000
	<u>35,429,128</u>	<u>35,429,128</u>

Off-balance sheet arrangements

During Q1-15, the Corporation did not set up any off-balance sheet arrangements.

Critical accounting estimates

In preparing these condensed interim financial statements as at December 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, 2014.

Financial instruments

There is no significant change relating the classification or risks relating to financial instruments since the annual MD&A of September 30, 2014.

Risk factors

There is no significant change relating to the risk factors since the annual MD&A of September 30, 2014.

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.

February 19, 2015

(S) Gino Roger

Gino Roger
President and 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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