



# **Midland Exploration Inc.**

Management's Discussion and Analysis  
Quarterly Highlights

Three months ended December 31, 2018

# Midland Exploration Inc.

## Management Discussion & Analysis – Quarterly Highlights

Three months ended December 31, 2018

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The following quarterly highlights management discussion and analysis (the “MD&A Highlights”) of the financial condition and results of the operations of Midland Exploration Inc. (“Midland” or “the Corporation”) constitutes management’s review of the factors that affected the Corporation’s financial and operating performance for Q1-19. This MD&A Highlights should be read in conjunction with the Corporation’s condensed interim financial statements as at December 31, 2018 prepared in accordance with the International Financial Reporting Standards (“IFRS”), as well as with the management discussion and analysis for the year ended September 30, 2018. All figures are in Canadian dollars unless otherwise noted.

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

Abbreviation	Period
Q1-18	October 1, 2017 to December 31, 2017
Q2-18	January 1, 2018 to March 31, 2018
Q3-18	April 1, 2018 to June 30, 2018
Q4-18	July 1, 2018 to September 30, 2018
Fiscal 18	October 1, 2017 to September 30, 2018
Q1-19	October 1, 2018 to December 31, 2018
Q2-19	January 1, 2019 to March 31, 2019
Q3-19	April 1, 2019 to June 30, 2019
Q4-19	July 1, 2019 to September 30, 2019
Fiscal 19	October 1, 2018 to September 30, 2019

### 1. NATURE OF ACTIVITIES

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

### 2. OVERALL PERFORMANCE

Midland has an adjusted working capital of \$12,330,496 as of December 31, 2018 (\$11,214,039 as of September 30, 2018), which will allow the Corporation to execute its exploration program for at least the next three years (*note: adjusted working capital is a non-IFRS financial performance measure which has no standard definition under IFRS. See section 4: Working Capital*).

On December 5 and 18, 2018, the Corporation completed private placement of 3,044,605 flow-through shares at \$1.35 per share for total gross proceeds of \$4,110,218.

On December 21, 2018 and January 18, 2019, the Corporation completed a private placement of 1,333,333 units at a price of \$0.90 per unit for total gross proceeds of \$1,200,000. Each unit consisted of one common share and one half warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.25 for 2 years.

Total proceeds for the December 2018 and January 2019 private placements totalled \$5,310,128. In connection with the private placements, the Corporation incurred \$254,100 share issue expensed of which \$180,271 was paid as finder’s fees. Directors and officers of the Corporation participated in the flow-through private placement for a total consideration of \$141,750 under the same terms as other investors.

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

On July 13, 2018, Altius Minerals Corporation (« Altius ») and the Corporation have signed an amended and restated memorandum of understanding (“Alliance”). On February 12, 2019, the parties jointly decided to terminate the Alliance. The designated projects as per the Alliance (Elrond, Gondor, Helms Deep, Isengard, Minas Tirith, Moria, Shire, Myhril and Fangorn) maintain their net smelter return royalty of 1% in favor of Altius, on the claims that were active at the time of their designation.

As operator, Midland incurred exploration expenditures totalling \$1,406,268 (\$1,175,011 in Q1-18), on its properties of which \$373,313 was recharged to its partners (\$807,027 in Q1-18). The operating partners incurred \$46,854 of exploration expenses (\$215,802 in Q1-18). Also, the Corporation invested \$439,473 (\$45,558 in Q1-18) to complete several property acquisitions in Quebec of which \$4,730 was recharged to its partners (\$7,258 in Q1-18).

The Corporation reported a loss of \$547,214 in Q1-19 compared to \$261,994 for Q1-18.

Operating expenses increased to \$711,615 (\$407,775 in Q1-18):

- Conference and mining industry involvement \$104,186 (\$68,349 in Q1-18). Midland increased its participation at the Xplor 2018 and San Francisco conferences.
- Impairment of exploration and evaluation assets (non-cash item) increased to \$299,367 (nil in Q1-18) and the explanations can be found in the investing activities section found later in this MD&A.

A favorable change in fair value of listed shares (non-cash) of \$7,000 (\$27,000 in Q1-18) was recorded on the Niobay Metals Inc. (“Niobay”) shares received as part of the La Peltrie option agreement.

A \$80,630 (\$20,820 in Q1-18) recovery of deferred income taxes (non-cash item) was recognized to record the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the December 2018 private placement (November 2017 in Q1-18). All exploration work imposed by the November 2017 was completed before September 30, 2018. The balance on flow-through financing not spent according to the restrictions imposed by the December 2018 financing represents \$3,897,044 as at December 31, 2018.

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### 3. EXPLORATION ACTIVITIES

Deferred exploration expenses Q1-19	Balance Sep 30, 2018	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based comp.	Recharge	Tax credits	Option payments	Write-off	Net change	Balance Dec 31, 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Maritime	389,110	835	-	-	-	-	835	374	-	-	-	-	1,209	390,319
Cadillac Au														
Laflamme Au	2,427,838	5,020	5,374	500	-	-	10,894	471	-	(3,316)	-	-	8,049	2,435,887
Patris Au	234,056	945	-	-	-	-	945	-	-	(213)	-	-	732	234,788
Casault Au	1,880,234	24,078	1,955	647,146	128,858	-	802,037	3,017	(370,853)	(164,982)	-	-	269,219	2,149,453
Jouvex Au	412,962	4,920	-	-	-	-	4,920	-	(2,460)	-	-	-	2,460	415,422
Heva Au	271,810	-	-	-	-	-	-	941	-	-	-	-	941	272,751
Valmond	124,314	-	-	-	-	-	-	-	-	-	-	-	-	124,314
Samson	168,110	1,004	-	130	-	-	1,134	-	-	(464)	-	-	670	168,780
La Peltrie Au	1,078,923	1,689	-	231	-	-	1,920	1,135	-	(820)	-	-	2,235	1,081,158
Wawagosic	32,949	-	-	-	-	-	-	-	-	-	-	-	-	32,949
Adam	266,663	3,012	-	-	-	-	3,012	567	-	(428)	-	-	3,151	269,814
Mistaouac	224,502	5,110	-	-	-	-	5,110	374	-	(642)	-	-	4,842	229,344
Turgeon	196,665	3,285	-	-	-	-	3,285	374	-	(1,426)	-	-	2,233	198,898
Manthet	8,409	-	-	-	-	-	-	-	-	-	-	-	-	8,409
Abitibi Or	84,739	3,431	-	-	-	-	3,431	-	-	(142)	-	-	3,289	88,028
Weedon Cu Zn	647,297	9,358	-	-	-	-	9,358	-	-	-	-	-	9,358	656,655
Gatineau Zn	71,515	33	-	-	-	-	33	-	-	(7)	-	(65,130)	(65,104)	6,411
BaieJames Au	517,666	3,595	-	-	-	-	3,595	567	-	(927)	-	-	3,235	520,901
Eleonore Au	1,770,210	-	-	-	-	-	-	193	-	-	-	-	193	1,770,403
JVEleonore Au	583,215	25,016	-	-	-	-	25,016	1,038	-	-	-	-	26,054	609,269
Isengard	36,918	-	-	-	-	-	-	-	-	-	-	-	-	36,918
Minas Tirith	33,711	-	-	-	-	-	-	-	-	-	-	-	-	33,711
Shire	226,595	3,263	-	-	-	-	3,263	1,135	-	(1,426)	-	-	2,972	229,567
Elrond	31,406	2,528	-	-	-	-	2,528	-	-	(464)	-	-	2,064	33,470
Gondor	31,424	1,632	-	-	-	-	1,632	-	-	-	-	(33,056)	(31,424)	-
Moria	123,544	3,535	-	-	-	-	3,535	-	-	(1,426)	-	-	2,109	125,653
Helms	18,919	1,550	-	-	-	-	1,550	-	-	-	-	-	1,550	20,469
Mythril	28,215	128,317	291,246	-	23,800	-	443,363	-	-	(161,454)	-	-	281,909	310,124
Fangorn	6,657	-	-	-	-	-	-	-	-	-	-	-	-	6,657
Pallas PGE	540,024	-	-	-	-	-	-	-	-	-	-	-	-	540,024
Willbob Au	2,624,225	21,301	-	8,550	5,269	-	35,120	1,883	-	(13,050)	-	-	23,953	2,648,178
Soissons	47,282	4,016	-	-	6,782	-	10,798	-	-	(4,421)	-	-	6,377	53,659
Soissons NmeF	4,259	20,969	-	-	-	-	20,969	-	-	-	-	-	20,969	25,228
Generation	84,116	7,750	-	-	235	-	7,985	-	-	(1,319)	-	-	6,666	90,782
<b>TOTAL</b>	<b>15,228,482</b>	<b>286,192</b>	<b>298,575</b>	<b>656,557</b>	<b>164,944</b>	<b>-</b>	<b>1,406,268</b>	<b>12,069</b>	<b>(373,313)</b>	<b>(356,927)</b>	<b>-</b>	<b>(98,186)</b>	<b>589,911</b>	<b>15,818,393</b>

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### 3. EXPLORATION ACTIVITIES (CONT'D)

Deferred exploration expenses Q1-18	Balance Sep 30, 2017	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based compen-	Recharge	Tax credits	Option payment	Write-off	Net change	Balance Dec 30, 2017
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>														
Maritime Cadillac	292,271	739	-	-	-	-	739	304	-	-	-	-	1,043	293,314
Laflamme Au	2,202,064	4,875	-	-	-	-	4,875	993	-	-	-	-	5,868	2,207,932
Patris Au	221,844	944	-	-	-	-	944	-	(944)	-	-	-	-	221,844
Casault Au	963,965	9,720	-	224,103	24,760	-	258,583	1,729	(129,292)	(52,947)	-	-	78,073	1,042,038
Jouvex Au	412,833	-	-	-	-	-	-	98	-	-	-	-	98	412,931
Heva Au	261,985	1,695	-	-	-	-	1,695	1,812	(1,695)	-	-	-	1,812	263,797
Valmond Au	124,314	-	-	-	-	-	-	-	-	-	-	-	-	124,314
Samson Au	83,411	3,605	-	130	-	-	3,735	76	-	(40)	-	-	3,771	87,182
La Peltrie	1,067,584	13,175	60,696	427,829	26,733	17,831	546,264	2,110	(546,264)	-	-	-	2,110	1,069,694
Adam	131,155	1,852	-	-	-	-	1,852	304	-	(802)	-	-	1,354	132,509
Abitibi Au	203,470	6,624	-	-	-	-	6,624	76	-	(1,347)	-	-	5,353	208,823
<b>Grenville-Appalaches</b>														
Weedon Cu Zn Au	626,897	-	-	-	-	-	-	630	-	-	-	-	630	627,527
Gatineau Zn	44,005	33	-	-	-	-	33	-	-	(7)	-	-	26	44,031
<b>Bay-James</b>														
Bay-James Au	362,595	5,588	-	-	-	-	5,588	-	-	(575)	-	-	5,013	367,608
Eleonore Au	1,723,519	9,468	-	-	-	-	9,468	892	-	(2,260)	-	-	8,100	1,731,619
JV Eleonore Au	291,282	14,773	-	-	373	-	15,146	1,717	-	-	-	-	16,863	308,145
JV BJ Altius	162,781	125,875	101,139	-	30,650	-	257,664	775	(128,832)	(56,092)	-	-	73,515	236,296
<b>Northern Quebec</b>														
Pallas PGE	538,746	-	-	-	-	-	-	701	-	-	-	-	701	539,447
Willbob Au	2,126,873	16,877	-	9,007	21,637	-	47,521	7,478	-	(16,674)	-	-	38,325	2,165,198
<b>Projects generation</b>	91,166	14,280	-	-	-	-	14,280	-	-	(4,319)	-	-	9,961	101,127
<b>TOTAL</b>	<b>11,932,760</b>	<b>230,123</b>	<b>161,835</b>	<b>661,069</b>	<b>104,153</b>	<b>17,831</b>	<b>1,175,011</b>	<b>19,695</b>	<b>(807,027)</b>	<b>(135,063)</b>	<b>-</b>	<b>-</b>	<b>252,616</b>	<b>12,185,376</b>

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### 3. EXPLORATION ACTIVITIES (CONT'D)

Exploration and evaluation expenses	Actual Q1-18			Actual Q1-19			Budget Fiscal 19		
	Midland	Partners	Total	Midland	Partners	Total	Midland	Partners	Total
<b>Properties</b>	<b>Midland</b>	<b>Partners</b>	<b>Total</b>	<b>Midland</b>	<b>Partners</b>	<b>Total</b>	<b>Midland</b>	<b>Partners</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Patris	-	944	944	945	-	945	5,000	-	5,000
Heva Au	-	201,315	201,315	-	-	-	5,000	-	5,000
Valmond	-	-	-	-	-	-	5,000	-	5,000
Samson	3,735	-	3,735	1,134	-	1,134	5,000	-	5,000
La Peltrie	-	546,264	546,264	1,920	-	1,920	5,000	125,000	130,000
Wawagosic	-	-	-	-	-	-	5,000	-	5,000
Adam	1,852	-	1,852	3,012	-	3,012	5,000	-	5,000
Mistaouac	-	-	-	5,110	-	5,110	5,000	-	5,000
Turgeon	-	-	-	3,285	-	3,285	5,000	-	5,000
Manthet	-	-	-	-	-	-	5,000	-	5,000
Abitibi Or	6,624	-	6,624	3,431	-	3,431	25,000	-	25,000
Weedon Cu-Zn-Au	-	-	-	9,358	-	9,358	50,000	-	50,000
Gatineau Zn	33	-	33	33	-	33	5,000	-	5,000
Baie James Au	5,588	-	5,588	3,595	-	3,595	200,000	-	200,000
Éléonore Au	9,468	-	9,468	-	-	-	100,000	-	100,000
Isengard	-	-	-	-	-	-	5,000	-	5,000
Minas Tirith	-	-	-	-	-	-	5,000	-	5,000
Shire	64,136	64,137	128,273	3,263	-	3,263	5,000	-	5,000
Elrond	66	66	132	2,528	-	2,528	-	-	-
Gondor	-	-	-	1,632	-	1,632	5,000	-	5,000
Moria	47,040	47,040	94,080	3,535	-	3,535	5,000	-	5,000
Helms	17,590	17,589	35,179	1,550	-	1,550	-	-	-
Mythril	-	-	-	443,363	-	443,363	2,000,000	-	2,000,000
Fangorn	-	-	-	-	-	-	5,000	-	5,000
Willbob	47,521	-	47,521	35,120	-	35,120	475,000	-	475,000
Pallas EGP	-	-	-	-	-	-	5,000	-	5,000
Soissons	-	-	-	10,798	-	10,798	5,000	-	5,000
Project generation	14,280	-	14,280	7,985	-	7,985	30,000	-	30,000
	217,933	877,355	1,095,288	541,597	-	541,597	2,975,000	125,000	3,100,000
<i>In joint venture</i>									
Maritime-Cadillac AEM 51%	739	769	1,508	835	868	1,703	50,000	50,000	100,000
Vermillon – Soquem 53,4%	236	270	506	-	-	-	-	-	-
Laflamme Au– Abcourt 27,4%	4,875	-	4,875	10,894	-	10,894	150,000	-	150,000
Casault – Soquem 50%	129,291	129,292	258,583	431,184	370,853	802,037	450,000	450,000	900,000
Jouvex – Soquem 50%	-	-	-	2,460	2,460	4,920	175,000	175,000	350,000
JV Eleonore Osisko 50%	15,146	15,143	30,289	25,016	25,017	50,033	150,000	150,000	300,000
Soisson NMEF 50%	-	-	-	20,969	20,969	41,938	50,000	50,000	100,000
	150,287	145,474	295,761	491,358	420,167	911,525	1,025,000	875,000	1,900,000
<b>Grand total</b>	<b>368,220</b>	<b>1,022,829</b>	<b>1,391,049</b>	<b>1,032,955</b>	<b>420,167</b>	<b>1,453,122</b>	<b>4,000,000</b>	<b>1,000,000</b>	<b>5,000,000</b>

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### 3. EXPLORATION ACTIVITIES (CONT'D)

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

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

#### HIGHLIGHTS

- **Significant Cu-Mo in soils at Mythril ; IP survey commencing in preparation for drilling**
- **Good channel results on Willbob Ants showing ; drilling planned for next summer**
- **Drilling commencing on Laflamme JV ; New target area (coincident tills-IP)**
- **Drilling to begin on March on Jouvex JV to test new IP targets**

#### ABITIBI

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

###### *Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$2,250 in Q1-19.

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

The IP survey conducted in the summer of 2018 led to the identification of several new drilling targets located along the contacts or at the western edge of the felsic intrusion. These targets are characterized by weak chargeability highs associated with weak resistivity variations, and coincide with the northeast end of a significant gold and copper train in tills. In addition of testing this highly prospective area, the drilling program will test five other geophysical targets, for a total of approximately 1,000 metres.

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

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

The drilling campaign was completed during Q1-19 on Casault. A total of seven (7) drill holes were completed (CAS-18-116 to CAS-18-122) totaling 2,800 meters in the Vortex gold discovery area located in the western sector of Casault near the Sunday Lake Fault and at the western end of the Timiskaming conglomerate basin.

Hole **CAS-18-116** targeted the Vortex Zone 200 m west of hole CAS-18-110. The only values obtained above 0.1 g / t Au are isolated and are:

- 0.284 g/t Au over 0.50m (403.0-403.50m)
- 0.269 g/t Au over 1,00m (394.0-395.0m)
- 0.239 g/t Au over 0.75m (171.85-172.6m)
- 0.224 g/t Au over 1.00m (429.0-430.0m)
- 0.190 g/t Au over 1.10m (432.5-433.60m)
- 0.136 g/t Au over 0.40 m (138.6-139.0m)
- 0.121 g/t Au over 0.95m (181.2-182.15m)

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### 3. EXPLORATION ACTIVITIES (CONT'D)

Hole **CAS-18-117** targeted the extension of the Vortex Zone to the East. The best value is at the beginning of the hole between 221.70-222.35m; it yielded 16.1 g/t Au over 0.65m. It is inside the gabbro, close to contact with the tuffs in a fault zone with a of quartz-calcite-brecciated chlorite vein (25cm) mineralized with 1% disseminated pyrite. The Interval is strongly chloritized, unfortunately this value is isolated. Another section yielded 0.157 g/t Au over 6.5m (between 161.1-167.6m) and this section is probably related to the zone of hole CAS-13-36 which returned 0.134 g/t Au over 11.87m (between 65.13 and 77m). The 450 Vortex zone yielded 0.114 g/t Au over 8.7m.

Hole **CAS-18-118** was targeting an IP anomaly in contact with a magnetic maximum in a high resistivity. Unfortunately, the best result returned 0.27 g / t Au over 0.90 meter between 125.40 and 126.30 meters.

Hole **CAS-18-119** was targeting an IP anomaly in contact with a magnetic maximum in a high resistivity area. It also targets the Stellar Zone 1 encountered between 33.65 and 41.60 meters in hole 118 located 210 meters to the north. This hole was completed at 549m. The IP target was reached between 174.65 and 176.70 meters and consisted in a zone of two (2) meters mineralized with 10-20% of fine and coarse pyrite in the gabbro strongly altered in chlorite and injected with 50% veins and veinlets of quartz and calcite epidotized. The Stellar Zone 1 was intercepted between 511.30 and 522.75 meters in foliated and heavily weathered pillowed basalts. The heart of the area is 4.25 meters wide and contains between 15-20% pyrite and 1-2% pyrrhotite. Locally, traces of sphalerite have been observed at the exit of the Stellar Zone 1, in the pillow borders. The best results returned:

- 0.375 g/t Au over 0.50m (308.40-308.90m)
- 0.387 g/t Au over 0.40m (348.15-348.55m)
- 0.156 g/t Au over 1.60m (360.00-361.60m)

Hole **CAS-18-120** was targeting an IP anomaly in contact with a magnetic maximum in a high resistivity area. The hole was completed at 260.6m in pillowed basalt. After 27m of casing the hole started in the pillowed basalts strongly altered in chlorite. In the first 85m we note the presence of 5 felsic dykes from 1.5m to 5m thick, they are quite dry on the mineralization side. From 107.35 to 226.15 metres, a heavily chloritized dark green gabbro was intersected. In general it is mineralized with traces of pyrite at 0.5-1% locally and contains several sections of felsic dykes that are weakly mineralised in pyrite 0.5-2%. The best result returned 0.33 g/t Au over 3.0 metres from 123.0 to 126.0 metres.

Hole **CAS-18-121** was targeting a magnetic high, the northern contact of the Timiskaming conglomerate basin, a weak IP anomaly and a rise in resistivity. The hole has been completed at 400.50m. The IP anomaly is explained by a sheared interval from 248.8 to 249.55m, injected with quartz veinlets + calcite and mineralized with 10-15% disseminated fine pyrite from 248.8m to 249.25m. The best results are:

- 0.113 g/t Au over 0.45m (103.39-104.35m)
- 0.312 g/t Au over 0.40m (218.65-219.05m)
- 0.435 g/t Au over 0.45m (248.80-249.25m)
- 2.02 g/t Au over 0.90m (263.3-264.2m)
- 0.136 g/t Au over 0.60m (270.0-270.6m)



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#### 3. EXPLORATION ACTIVITIES (CONT'D)

Hole **CAS-18-122** passed through the 61.6 to 181m magnetic unit which is a blocks tuff and lapillis with fragments / strips of semi-massive py and Mt as typically seen in the 475 Vortex Zone. Subsequently, the hole intercepted a non-magnetic ash tuffs and ended in a deformed mafic volcanic unit (chl shale), which appears to be on the Sunday Lake deformation corridor. The latter is very weakly mineralized with 0.1% of locally disseminated py. The best results returned:

- 0.43 g/t Au over 0.50 m (43.80 to 44.30)
- 0.12 g/t Au over 0.80 m (46.70 to 47.50)
- 1.59 g/t Au over 0.35 m (60.05 to 60.40)

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

##### *Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$2,292 in Q1-19.

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

A new drilling program totalling approximately 1,800 metres was approved and is planned to begin during Q2-19. This program will test IP anomalies located on strike with historical showings located in the northern portion of the property.

#### 3.4 La Peltrie (Au), operated by Midland

##### *Property Description*

On August 29, 2017, the Corporation had signed an option agreement with Niobay whereby Niobay could have earned, in two options, a maximum interest of 65% in the La Peltrie property. On January 15, 2019, the Corporation received from Niobay a termination notice for the option agreement.

### GRENVILLE-APPALACHES

#### 3.5 Weedon (Cu-Zn-Au) operated by Midland

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

A new IP survey totalling approximately 12 km was completed to the NE of the Lingwick deposit. Final results are pending.

#### 3.6 Gatineau (Zn) operated by Midland

##### *Property Description*

Some projects included in the Gatineau property were dropped therefore the Corporation wrote off \$96,627 during Q1-19 (\$65,130 in acquisition costs and \$31,497 in exploration work).

### JAMES BAY

#### 3.7 Gondor (Au) operated by Midland

##### *Property Description*

The Corporation decided to drop the claims of the Gondor property and wrote off \$48,654 during Q1-19 (\$15,598 in acquisition costs and \$33,056 in exploration work).

## Midland Exploration Inc.

### Management Discussion & Analysis – Quarterly Highlights

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#### 3. EXPLORATION ACTIVITIES (CONT'D)

##### 3.8 James Bay Mythril (Au), operated by Midland

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

Following the significant discovery in 2018 of Cu-Mo-Au-Ag floats and surface showings on Mythril over more than 2 kilometres, Midland conducted an airborne magnetic and electromagnetic survey totalling approximately 2,500 line-kilometres in order to cover the main Mythril block. Also, the final results of the soil geochem survey were received.

2018 Highlights are:

- Continuous zone of copper soil anomalies that is at least 2.4 kilometres long, observed on each survey line, and from 25 to 250 metres wide. Strongest and widest copper anomalies (up to 0.12 % Cu in soil) are found on the last line to the west, still open and unexplained.
- Molybdenum soil anomalies mostly overlap the copper anomalies but are clearly stronger in the eastern part of the known system. Similar Cu vs Mo zoning also observed in surface showings and float fields; typical of large magmatic-hydrothermal mineralized systems, with Cu highest in shallower/colder parts and Mo in deeper/hotter parts.
- Preliminary results from an airborne magnetic-electromagnetic survey indicate that the known Cu-Au-Mo-Ag showings are located at the northern edge of a strong and laterally continuous magnetic anomaly.

An induced polarization (IP) survey is commencing and consists of 163 kilometres-lines of gradient IP (200 metres spacing between lines), with 30 kilometers-lines of dipole-dipole IP (100 metres lines spacing) covering the known showings.

Drilling of the best targets is planned for the month of March 2019.

#### NORTHERN QUEBEC

##### 3.9 Pallas (PGE), operated by Midland

###### *Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$35,153 in Q1-19.

##### 3.10 Willbob (Au), operated by Midland

###### *Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$114,391 in Q1-19.

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

The Ants zone was discovered by surface prospecting in July 2018. It occurs as a large outcropping zone of disseminated pyrrhotite-chalcopyrite and minor quartz veins in a strongly chloritized and ankeritized quartz diorite. A single channel (ANTS-18-01) in July cut in the western part of the zone yielded 0.81 g/t Au over 5.8 meters, including 1.48 g/t Au over 2.8 meters. New channel sampling in September significantly extended the gold zone to the southeast, also yielding higher gold values. Channel ANTS-18-03, located 30 meters to the southeast of ANTS-18-02, yielded **1.78 g/t Au over 23.3 meters, including 3.19 g/t Au over 10.0 meters**. The interval is still open to the southwest, as the last channel sample yielded 0.6 g/t Au. The zone is also completely open to the southeast.

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#### 3. EXPLORATION ACTIVITIES (CONT'D)

Channel ANTS-18-02, located about 20 meters southeast of ANTS-18-01, yielded **3.33 g/t Au over 5.0 meters**. The interval is still open to the southwest, as the last sample in the channel returned 2.2 g/t Au.

The Ants-4G zone is located approximately 100 meters east of channel ANTS-18-03. A grab sample in July had yielded 4.27 g/t Au in a diorite mineralized in pyrrhotite, with ankerite-chlorite alteration. It is visually similar to the Ants zone. Channel sampling of the Ants-4G zone returned **2.22 g/t Au over 4.5 meters** in ANTS-18-04. Visible gold was observed in small tension quartz veins.

Midland is currently planning a new drilling program for 2019 in order to test the Ants showing.

#### 3.11 Soissons (Ni-Cu-Co), operated by Midland

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

The 2018 campaign at Soissons consisted in prospecting, manual trenching and channel sampling of magmatic Ni-Cu-Co sulfide occurrences around the Papavoine and A14 troctolite/gabbro intrusions. None of the sulfide occurrences exhibited evidence of prior channel sampling. The Papavoine and A14 intrusions belong to the Soissons intrusive suite, that is similar in age and nature to the Nain plutonic suite in Labrador, that hosts the Voisey's Bay world-class Ni-Cu-Co mine.

##### Highlights are:

- 0.61 % Ni, 0.31 % Cu, 0.04 % Co over 6.6 meters, including 0.93 % Ni, 0.4 % Cu, 0.06 % Co over 2.8 meters (channel PPV-18-03), at the troctolite/gneiss contact.
- 0.63 % Ni, 0.45 % Cu, 0.04% Co over 4.2 meters, including 1.0 % Ni, 0.61 % Cu, 0.06 % Co over 1.4 meters (channel PPV-18-04), at the troctolite/gneiss contact (70m NE from PPV-18-03).
- Many other channels with several meters of anomalous Ni (0.2-0.5%) and/or Cu (0.2-0.5%) values, found further away from the troctolite/gneiss contact, both within the intrusion and in footwall gneisses. Spread over about 200 meters along the contact.
- Median metal values recalculated to 100% sulfides ("tenors") are 3.7 % Ni and 2.2 % Cu for the Papavoine intrusion area (for sulfur > 2 %; n=29; see note below\*); these are comparable to tenors found at the Voisey's Bay Ni-Cu-Co mine.

#### 3.12 Soissons-NMEF (Ni-Cu-Co), operated by NMEF

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

No significant results were obtained from the 2018 prospecting program.

#### 4. WORKING CAPITAL

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

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

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### Management Discussion & Analysis – Quarterly Highlights

Three months ended December 31, 2018

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#### 4. WORKING CAPITAL (CONT'D)

Midland has an adjusted working capital of \$12,330,496 as of December 31, 2018 (\$11,214,039 as of September 30, 2018) which is calculated as follows:

	December 31, 2018	September 30, 2018
	\$	\$
Current assets	12,967,468	10,639,766
Investments – non-current portion	1,200,000	1,200,000
Current liabilities	(1,836,972)	(625,727)
<b>Adjusted working capital</b>	<b>12,330,496</b>	<b>11,214,039</b>

February 14, 2019

*(s) Gino Roger*

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Gino Roger  
President and CEO

*(s) Ingrid Martin*

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Ingrid Martin  
CFO

# Midland Exploration Inc.

## Corporate Information

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### Directors

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

### Notes:

- 1) *Member of the Audit committee*
- 2) *Member of the Human Resources and Governance Committee*
- 3) *Member of the Technical Committee*

### Officers

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

### Head Office

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### Auditors

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### Legal counsel

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### Transfer Agent

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