



Midland Exploration Inc.

Condensed Interim Consolidated Financial Statements

Three months ended December 31, 2023

The attached condensed interim consolidated financial statements have been prepared by Management of Midland Exploration Inc. and have not been reviewed by the external auditor

Midland Exploration Inc.

Consolidated Statements of Financial Position
(Unaudited, in Canadian dollars)

	As at December 31, 2023	As at September 30, 2023
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (note 3)	3,655,425	2,453,793
Investments (note 3)	2,655,000	2,500,000
Accounts receivable	132,810	224,947
Sales tax receivable	102,452	112,309
Tax credits and mining rights receivable	366,812	278,640
Listed shares	6,000	7,000
Prepaid expenses	68,706	102,153
Total current assets	6,987,205	5,678,842
Non-current assets		
Investments – non-current portion (note 3)	1,020,000	800,000
Listed shares	169,049	144,131
Right-of-use assets	32,381	39,854
Exploration and evaluation assets (note 4)		
Exploration properties	2,308,285	2,883,373
Exploration and evaluation expenses	32,243,778	32,116,869
	34,552,063	35,000,242
Total non-current assets	35,773,493	35,984,227
Total assets	42,760,698	41,663,069
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	206,595	1,110,901
Advance received for exploration work	646,529	719,996
Liability related to the premium on flow-through share	938,059	-
Lease liabilities – current portion	35,332	34,496
Total current liabilities	1,826,515	1,865,393
Non-current liabilities		
Lease liabilities	7,508	16,612
Total liabilities	1,834,023	1,882,005
Equity		
Capital stock	57,236,502	55,568,556
Contributed surplus	6,678,790	6,633,446
Deficit	(22,988,617)	(22,420,938)
Total equity	40,926,675	39,781,064
Total liabilities and equity	42,760,698	41,663,069

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Midland Exploration Inc.

Consolidated Statements of Comprehensive Loss
(Unaudited, in Canadian dollars)

	Three months ended December 31	
	2023	2022
	\$	\$
Revenues		
Project management fees	31,796	17,441
Operating Expenses		
Salaries	198,255	138,448
Stock-based compensation	31,349	19,142
Office expenses	93,440	48,017
Regulatory fees	12,112	11,272
Conferences and investors relations	96,938	71,842
Professional fees	80,869	79,948
Depreciation	7,473	7,473
General exploration	13,915	-
Impairment of exploration and evaluation assets	46,615	-
Operating expenses	580,966	376,142
Other revenues (expenses)		
Interest income	100,836	43,731
Change in fair value – listed shares	(26,082)	14,188
Financing fees	(846)	(1,399)
	73,908	56,520
Loss before income taxes	(475,262)	(302,181)
Recovery of deferred income taxes	88,793	245,578
Loss and comprehensive loss	(386,469)	(56,603)
Basic and diluted loss per share	(0.00)	(0.00)
Weighted average number of basic and diluted outstanding shares	84,660,783	78,553,754

The loss and comprehensive loss are solely attributable to Midland Exploration Inc. shareholders.

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Midland Exploration Inc.

Consolidated Statements of Changes in Equity

(Unaudited, in Canadian dollars)

	Number of shares outstanding	Capital stock	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$
Balance at October 1, 2023	82,776,197	55,568,556	6,633,446	(22,420,938)	39,781,064
Loss and comprehensive loss	-	-	-	(386,469)	(386,469)
Private placement	666,666	300,000	-	-	300,000
Flow-through private placement	3,427,895	2,394,798	-	-	2,394,798
Less: premium	-	(1,026,852)	-	-	(1,026,852)
	3,427,895	1,367,946	-	-	1,367,946
Stock-based compensation	-	-	45,344	-	45,344
Share issue expenses	-	-	-	(181,210)	(181,210)
Balance at December 31, 2023	86,870,758	57,236,502	6,678,790	(22,988,617)	40,926,675

	Number of shares outstanding	Capital stock	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$
Balance at October 1, 2022	75,667,797	52,967,839	6,431,575	(21,105,263)	38,294,151
Loss and comprehensive loss	-	-	-	(56,603)	(56,603)
Private placement	1,450,000	580,000	-	-	580,000
Flow-through private placement	5,302,400	2,904,880	-	-	2,904,880
Less: premium	-	(1,026,563)	-	-	(1,026,563)
	5,302,400	1,878,317	-	-	1,878,317
Stock-based compensation	-	-	25,291	-	25,291
Share issue expenses	-	-	-	(197,145)	(197,145)
Balance at December 31, 2022	82,420,197	55,426,156	6,456,866	(21,359,011)	40,524,011

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Midland Exploration Inc.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian dollars)

	Three months ended December 31,	
	2023	2022
	\$	\$
Operating activities		
Loss	(386,469)	(56,603)
Adjustment for:		
Stock-based compensation	31,349	19,142
Depreciation	7,473	7,473
Impairment of exploration and evaluation assets	46,615	-
Variation – fair value of listed shares	26,082	(14,188)
Recovery of deferred income taxes	(88,793)	(245,578)
	(363,743)	(289,754)
Changes in non-cash working capital items		
Accounts receivable	90,343	(41,458)
Sales tax receivable	9,857	(37,032)
Prepaid expenses	33,447	12,761
Accounts payable and accrued liabilities	(634,689)	(87,848)
Advance received for exploration work	(73,467)	(167,914)
	(574,509)	(321,491)
	(938,252)	(611,245)
Financing activities		
Principal repayment – lease liabilities	(8,268)	(7,493)
Private placement (note 5)	300,000	580,000
Flow-through private placement (note 5)	2,394,798	2,904,880
Share issue expenses (note 5)	(181,210)	(197,145)
	2,505,320	3,280,242
Investing activities		
Additions to investments	(2,875,000)	(3,300,000)
Investments' maturity	2,500,000	3,504,000
Additions to exploration properties	(97,050)	(106,625)
Option payments on exploration properties	720,000	125,000
Advance paid for exploration expenses	-	50,000
Additions to exploration and evaluation expenses	(620,827)	(738,419)
Tax credits and mining rights received	7,441	-
	(365,436)	(466,044)
Net change in cash and cash equivalents	1,201,632	2,202,953
Cash and cash equivalents – beginning	2,453,793	1,895,705
Cash and cash equivalents – ending	3,655,425	4,098,658
Additional information		
Stock-based compensation included in exploration and evaluation expenses	13,995	6,149
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	34,505	61,338
Tax credits receivable applied against exploration and evaluation expenses	95,613	-
Listed shares received for option payment	50,000	25,000
Interest received	171,016	53,111

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023

(Unaudited, in Canadian dollars)

1. STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

Midland Exploration Inc. (“the Corporation”), incorporated in Canada 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. Its head office is located at 1, Place Ville Marie, suite 4000, Montreal, Quebec, H3B 4M4. The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the MD ticker.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration properties. The recoverability of exploration and evaluation assets is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain the necessary financing to complete exploration and the profitable sale of the assets. The Corporation will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. BASIS OF PRESENTATION

These condensed interim consolidated financial statements (the “Financial Statements”) have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the annual financial statements for the year ended September 30, 2023, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year. The Board of Directors has approved the Financial Statements on February 15, 2024.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

As at December 31, 2023, cash and cash equivalents includes cashable GICs with interest payable annually, earning between 4.3% and 5.15%, maturing between July 25, 2024, and December 9, 2024, with a maturity value of \$3,588,846. Investments are composed of GICs, not cashable before the expiry date with interest payable annually. Current investments are earning between 5.05% and 5.56% interest, maturing between November 18, 2024, and December 11, 2024, with a maturity value of \$2,797,468. Non-current investments are earning between 5.25% and 5.40% interest, maturing between December 5 and 6, 2025, with a maturity value of \$1,074,330.

The balance on flow-through financings not spent according to the restrictions imposed by the November 2023 financings represents \$2,114,938 as at December 31, 2023 and is included in investments.

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023

(Unaudited, in Canadian dollars)

4. EXPLORATION AND EVALUATION ASSETS

The following table disclose the acquisition costs of exploration properties by region:

Acquisition costs	As at Sept. 30, 2023	Net Additions	Option payments	Impairment	As at Dec. 31, 2023
	\$	\$	\$	\$	\$
Abitibi	1,062,927	41,233	-	(2,629)	1,101,531
Grenville	33,689	(2,531)	(18,648)	-	12,510
James Bay	1,336,277	12,440	(610,685)	-	738,032
Northern Quebec	450,480	49,718	-	(43,986)	456,212
	2,883,373	100,860	(629,333)	(46,615)	2,308,285

The following table disclose details of exploration and evaluation expenses by region:

Exploration and evaluation expenses	As at Sept. 30, 2023	Net Additions	Option payments	Tax credits	Impairment	As at Dec 31, 2023
	\$	\$	\$	\$	\$	\$
Abitibi	15,966,855	151,735	-	(37,847)	-	16,080,743
Grenville	1,004,634	106,587	(81,352)	(2,438)	-	1,027,431
James Bay	10,456,849	36,314	(59,315)	(44,400)	-	10,389,448
Northern Quebec	4,688,531	68,553	-	(10,928)	-	4,746,156
	32,116,869	363,189	(140,667)	(95,613)	-	32,243,778

5. EQUITY

5.1 Private placements

On November 16 and 30, 2023, the Corporation completed private placements of 2,761,228 flow-through shares at \$0.65 per share for total gross proceeds of \$1,794,798. On those dates, the Corporation's share closed at \$0.39 and \$0.43 respectively on the Exchange, therefore the residual values attributed to the benefit related to flow-through shares renunciation are \$0.26 and \$0.22 for a total value of \$713,519, assigned to the liability related to the premium on flow-through shares.

In addition, on November 30, 2023, the Corporation completed, with an originator of flow-through donation financing, a private placement of 666,667 flow-through shares at \$0.90 per share for total gross proceeds of \$600,000. On that date, the residual value attributed to the benefit related to flow-through shares renunciation is \$0.47 for a total value of \$313,333 assigned to the liability related to the premium on flow-through shares.

Finally, on November 16, 2023, the Corporation completed private placements of 666,666 shares at \$0.45 per share for total gross proceeds of \$300,000.

In connection with the private placements, the Corporation incurred \$181,210 share issue expense, of which \$77,809 was paid as finder's fees. Directors and officers of the Corporation participated in the flow-through private placement for a total consideration of \$174,850 under the same terms as other investors.

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2023

(Unaudited, in Canadian dollars)

6. SHARE-BASED COMPENSATION

The following table summarizes information about common share purchase options outstanding and exercisable as at December 31, 2023:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
580,000	580,000	0.85	February 20, 2024
420,000	420,000	0.60	August 13, 2025
485,000	485,000	1.10	August 11, 2026
50,000	50,000	1.13	November 23, 2026
530,000	530,000	1.14	February 21, 2027
100,000	100,000	1.04	May 10, 2027
550,000	550,000	0.89	February 15, 2028
545,000	545,000	1.03	February 18, 2029
605,000	605,000	0.72	February 13, 2030
510,000	510,000	0.82	February 11, 2031
80,000	80,000	0.88	March 18, 2031
80,000	80,000	0.75	September 8, 2031
705,000	705,000	0.54	February 24, 2032
760,000	380,000	0.54	February 9, 2033
6,000,000	5,620,000		

On February 15, 2024, 840,000 stock options were granted at an exercise price of \$0.39, pursuant to the Plan.