



# **Midland Exploration Inc.**

Condensed Interim Consolidated Financial Statements

Three and six months ended March 31, 2024

*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 March 31, 2024	As at September 30, 2023
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 3)	2,692,893	2,453,793
Investments (note 3)	2,655,000	2,500,000
Accounts receivable	118,370	224,947
Sales tax receivable	70,756	112,309
Tax credits and mining rights receivable	95,012	278,640
Listed shares	6,000	7,000
Prepaid expenses	105,066	102,153
<b>Total current assets</b>	<b>5,743,097</b>	<b>5,678,842</b>
<b>Non-current assets</b>		
Investments – non-current portion (note 3)	1,020,000	800,000
Listed shares	169,071	144,131
Right-of-use assets	24,908	39,854
Exploration and evaluation assets (note 4)		
Exploration properties	2,351,023	2,883,373
Exploration and evaluation expenses	32,765,721	32,116,869
	35,116,744	35,000,242
<b>Total non-current assets</b>	<b>36,330,723</b>	<b>35,984,227</b>
<b>Total assets</b>	<b>42,073,820</b>	<b>41,663,069</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	438,235	1,110,901
Advance received for exploration work	263,021	719,996
Liability related to the premium on flow-through share	685,012	-
Lease liabilities – current portion	33,001	34,496
<b>Total current liabilities</b>	<b>1,419,269</b>	<b>1,865,393</b>
<b>Non-current liabilities</b>		
Lease liabilities	1,350	16,612
<b>Total liabilities</b>	<b>1,420,619</b>	<b>1,882,005</b>
<b>Equity</b>		
Capital stock	57,236,502	55,568,556
Contributed surplus	6,733,651	6,633,446
Deficit	(23,316,952)	(22,420,938)
<b>Total equity</b>	<b>40,653,201</b>	<b>39,781,064</b>
<b>Total liabilities and equity</b>	<b>42,073,820</b>	<b>41,663,069</b>

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 March 31		Six months ended March 31	
	2024	2023	2024	2023
	\$	\$	\$	\$
<b>Revenues</b>				
Project management fees	32,701	9,128	64,497	26,569
<b>Operating Expenses</b>				
Salaries	364,909	328,664	563,164	467,112
Stock-based compensation	39,474	30,989	70,823	50,131
Office and other expenses	80,070	59,815	173,510	107,832
Regulatory fees	20,311	22,110	32,423	33,382
Conferences and investors relations	91,238	71,495	188,176	143,337
Professional fees	57,242	67,519	138,111	147,467
Depreciation	7,473	7,473	14,946	14,946
General exploration	10,289	600	24,204	600
Impairment of exploration and evaluation assets (note 4)	1,314	148,676	47,929	148,676
Operating expenses	672,320	737,341	1,253,286	1,113,483
<b>Other revenues (expenses)</b>				
Interest income	58,916	74,056	159,752	117,787
Change in fair value – listed shares	22	33,437	(26,060)	47,625
Financing fees	(701)	(1,266)	(1,547)	(2,665)
	58,237	106,227	132,145	162,747
<b>Loss before income taxes</b>	(581,382)	(621,986)	(1,056,644)	(924,167)
Recovery of deferred income taxes	253,047	443,929	341,840	689,507
<b>Loss and comprehensive loss</b>	<b>(328,335)</b>	<b>(178,057)</b>	<b>(714,804)</b>	<b>(234,660)</b>
Basic and diluted loss per share	(0.00)	(0.00)	(0.01)	(0.00)
Weighted average number of basic and diluted outstanding shares	86,870,758	82,685,219	85,759,732	80,596,786

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
		\$	\$	\$	\$
<b>Balance at October 1, 2023</b>	82,776,197	55,568,556	6,633,446	(22,420,938)	39,781,064
Loss and comprehensive loss	-	-	-	(714,804)	(714,804)
Private placement (note 5)	666,666	300,000	-	-	300,000
Flow-through private placement (note 5)	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	-	-	100,205	-	100,205
Share issue expenses	-	-	-	(181,210)	(181,210)
<b>Balance at March 31, 2024</b>	<b>86,870,758</b>	<b>57,236,502</b>	<b>6,733,651</b>	<b>(23,316,952)</b>	<b>40,653,201</b>

	Number of shares outstanding	Capital stock	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$
<b>Balance at October 1, 2022</b>	75,667,797	52,967,839	6,431,575	(21,105,263)	38,294,151
Loss and comprehensive loss	-	-	-	(234,660)	(234,660)
Private placement	1,806,000	722,400	-	-	722,400
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	-	-	68,729	-	68,729
Share issue expenses	-	-	-	(206,459)	(206,459)
<b>Balance at March 31, 2023</b>	<b>82,776,197</b>	<b>55,568,556</b>	<b>6,500,304</b>	<b>(21,546,382)</b>	<b>40,522,478</b>

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)

	Six months ended March 31,	
	2024	2023
	\$	\$
<b>Operating activities</b>		
Loss	(714,804)	(234,660)
Adjustment for:		
Stock-based compensation	70,823	50,131
Depreciation	14,946	14,946
Impairment of exploration and evaluation assets	47,929	148,676
Variation – fair value of listed shares	26,060	(47,625)
Recovery of deferred income taxes	(341,840)	(689,507)
	(896,886)	(758,039)
Changes in non-cash working capital items		
Accounts receivable	104,783	(70,699)
Sales tax receivable	41,553	(120,436)
Prepaid expenses	(2,913)	(30,416)
Accounts payable and accrued liabilities	(554,634)	(111,275)
Advance received for exploration work	(456,975)	(259,938)
	(868,186)	(592,764)
	<b>(1,765,072)</b>	<b>(1,350,803)</b>
<b>Financing activities</b>		
Principal repayment – lease liabilities	(16,757)	(15,193)
Private placement (note 5)	300,000	722,400
Flow-through private placement (note 5)	2,394,798	2,904,880
Share issue expenses (note 5)	(181,210)	(206,459)
	<b>2,496,831</b>	<b>3,405,628</b>
<b>Investing activities</b>		
Additions to investments	(2,875,000)	(3,300,000)
Investments' maturity	2,500,000	4,504,000
Additions to exploration properties	(141,598)	(332,471)
Option payments on exploration properties	720,000	145,000
Advance paid for exploration expenses	-	50,000
Additions to exploration and evaluation expenses	(975,302)	(1,810,630)
Tax credits and mining rights received	279,241	170,415
	<b>(492,659)</b>	<b>(573,686)</b>
Net change in cash and cash equivalents	239,100	1,481,139
Cash– beginning	2,453,793	1,895,705
<b>Cash and cash equivalents – ending</b>	<b>2,692,893</b>	<b>3,376,844</b>
<b>Additional information</b>		
Stock-based compensation included in exploration and evaluation expenses	29,382	18,598
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	187,082	563,399
Tax credits receivable applied against exploration and evaluation expenses	59,295	-
Listed shares received for option payment	50,000	25,000
Interest received	205,201	95,375

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

# Midland Exploration Inc.

## Notes to Consolidated Financial Statements

Three and six months ended March 31, 2024

(Unaudited, in Canadian dollars)

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### 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 May 9, 2024.

### 3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

As at March 31, 2024, cash and cash equivalents includes cashable guaranteed investment certificates (“GIC”) with interest payable annually, earning between 4.3% and 5.15%, maturing between July 25, 2024, and January 20, 2025, with a maturity value of \$2,100,320. 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 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 June 6 and December 5, 2025, with a maturity value of \$1,060,290.

The balance on flow-through financings not spent according to the restrictions imposed by the November 2023 financings represents \$1,681,515 as at March 31, 2024, and is included in investments.

# Midland Exploration Inc.

## Notes to Consolidated Financial Statements

Three and six months ended March 31, 2024

(Unaudited, in Canadian dollars)

### 4. EXPLORATION AND EVALUATION ASSETS

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

<b>Acquisition costs</b>	<b>As at Sept. 30, 2023</b>	<b>Net Additions</b>	<b>Option payments</b>	<b>Impairment</b>	<b>As at March 31, 2024</b>
	\$	\$	\$	\$	\$
Abitibi	1,062,927	57,846	-	(3,943)	1,116,830
Grenville	33,689	(2,412)	(18,648)	-	12,629
James Bay	1,336,277	31,936	(610,685)	-	757,528
Northern Quebec	450,480	57,542	-	(43,986)	464,036
	<b>2,883,373</b>	<b>144,912</b>	<b>(629,333)</b>	<b>(47,929)</b>	<b>2,351,023</b>

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

<b>Exploration and evaluation expenses</b>	<b>As at Sept. 30, 2023</b>	<b>Net Additions</b>	<b>Option payments</b>	<b>Tax credits</b>	<b>Impairment</b>	<b>As at March 31, 2024</b>
	\$	\$	\$	\$	\$	\$
Abitibi	15,966,855	519,168	-	(37,847)	-	16,448,176
Grenville	1,004,634	184,923	(81,352)	(2,438)	-	1,105,767
James Bay	10,456,849	51,770	(59,315)	(43,043)	-	10,406,261
Northern Quebec	4,688,531	127,914	-	(10,928)	-	4,805,517
	<b>32,116,869</b>	<b>883,775</b>	<b>(140,667)</b>	<b>(94,256)</b>	<b>-</b>	<b>32,765,721</b>

### 5. EQUITY

#### 5.1 Private placements

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.

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.

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 and six months ended March 31, 2024

(Unaudited, in Canadian dollars)

### 6. SHARE-BASED COMPENSATION

On February 15, 2024, the Corporation granted to its directors, officers and employees 840,000 options exercisable at \$0.39, valid for 10 years. Those options were granted at an exercise price equal to the closing market price of the Corporation's shares on the business day prior to the date of the issuance. The estimated fair value of \$0.21 per option amounts to a total stock-based compensation cost of \$176,400. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 54.5% expected volatility, 3.52% risk-free interest rate and 6 years options expected life.

A summary of changes in the Corporation's common share purchase options outstanding is presented below:

	<b>Six months ended March 31, 2024</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>
		\$
Balance – beginning of period	6,000,000	0.81
Granted	840,000	0.39
Expired	(580,000)	0.85
<b>Balance – end of period</b>	<b>6,260,000</b>	<b>0.75</b>
Balance – end of period exercisable	5,166,666	0.82

The following table summarizes information about common share purchase options outstanding and exercisable as at March 31, 2024:

<b>Number of options outstanding</b>	<b>Number of options exercisable</b>	<b>Exercise price</b>	<b>Expiry date</b>
		\$	
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	506,666	0.54	February 9, 2033
840,000	-	0.39	February 15, 2034
<b>6,260,000</b>	<b>5,166,666</b>		



# Midland Exploration Inc.

## Notes to Consolidated Financial Statements

Three and six months ended March 31, 2024

(Unaudited, in Canadian dollars)

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### 7 SUBSEQUENT EVENTS

#### BJ Lithium property

On April 22, 2024, the Corporation signed an amended option agreement on April 22, 2024, with Rio Tinto Exploration Canada Inc. ("RTEC") and added the Wookie project to the option agreement signed with RTEC in June 2023. Under the amended option agreement, RTEC may acquire an initial 50% interest in the lithium properties over a period of five years, subject to the following conditions:

- Additional cash payment of \$100,000 within 45 days of the amendment execution and additional cash payment of \$250,000 over a 4-year period.
- Additional exploration expenditures of \$1,500,000 for a new total of \$16,000,000, including a firm commitment to spend not less than \$2,000,000 in the first 18 months following the lifting of the wildfire restrictions in Quebec last August 2023.

After acquiring an initial 50% interest, RTEC will have the option to increase its interest in the lithium properties to 70% over a period of five years following the exercise of the first option, subject to the following conditions:

- Additional exploration expenditures of \$4,000,000 for a new total of \$54,000,000.