



Midland Exploration Inc.

Condensed Interim Consolidated Financial Statements

Three and nine months ended June 30, 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 June 30, 2024	As at September 30, 2023
	\$	\$
Assets		
Current assets		
Cash and cash equivalents (note 3)	3,735,064	2,453,793
Investments (note 3)	3,175,000	2,500,000
Accounts receivable	278,456	224,947
Sales tax receivable	87,073	112,309
Tax credits and mining rights receivable	60,652	278,640
Listed shares	7,000	7,000
Prepaid expenses	90,640	102,153
Total current assets	7 433 885	5,678,842
Non-current assets		
Investments – non-current portion (note 3)	500,000	800,000
Listed shares	129,109	144,131
Right-of-use assets	17,435	39,854
Exploration and evaluation assets (note 4)		
Exploration properties	2,179,552	2,883,373
Exploration and evaluation expenses	32,361,369	32,116,869
	34,540,921	35,000,242
Total non-current assets	35 187 465	35,984,227
Total assets	42,621,350	41,663,069
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	819,887	1,110,901
Advance received for exploration work	1,856,432	719,996
Liability related to the premium on flow-through share	350,522	-
Lease liabilities – current portion	25,559	34,496
Total current liabilities	3,052,400	1,865,393
Non-current liabilities		
Lease liabilities	-	16,612
Total liabilities	3,052,400	1,882,005
Equity		
Capital stock	57,236,502	55,568,556
Contributed surplus	6,801,579	6,633,446
Deficit	(24,469,131)	(22,420,938)
Total equity	39,568,950	39,781,064
Total liabilities and equity	42,621,350	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 June 30,		Nine months ended June 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Revenues				
Project management fees	58,481	111,100	122,978	137,669
Operating Expenses				
Salaries	146,197	136,959	709,361	604,071
Stock-based compensation	49,270	58,975	120,093	109,106
Office and other expenses	59,954	52,899	233,464	160,731
Regulatory fees	6,158	5,825	38,581	39,207
Conferences and investors relations	52,455	45,668	240,631	189,005
Professional fees	74,527	130,249	212,638	277,716
Depreciation	7,473	7,473	22,419	22,419
General exploration	14,047	20,678	38,251	21,278
Impairment of exploration and evaluation assets (note 4)	1,166,717	26,064	1,214,646	174,740
Operating expenses	1,576,798	484,790	2,830,084	1,598,273
Other revenues (expenses)				
Interest income	71,160	68,094	230,912	185,881
Change in fair value – listed shares	(38,962)	(10,205)	(65,022)	37,420
Financing fees	(550)	(1,130)	(2,097)	(3,795)
	31,648	56,759	163,793	219,506
Loss before income taxes	(1,486,669)	(316,931)	(2,543,313)	(1,241,098)
Recovery of deferred income taxes	334,490	301,012	676,330	990,519
Loss and comprehensive loss	(1,152,179)	(15,919)	(1,866,983)	(250,579)
Basic and diluted loss per share	(0.01)	(0.00)	(0.02)	(0.00)
Weighted average number of basic and diluted outstanding shares	86,870,758	82,776,197	86,128,723	81,323,256

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

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

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	-	-	-	(1,866,983)	(1,866,983)
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	-	-	168,133	-	168,133
Share issue expenses	-	-	-	(181,210)	(181,210)
Balance at June 30, 2024	86,870,758	57,236,502	6,801,579	(24,469,131)	39,568,950

	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	-	-	-	(250,579)	(250,579)
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	-	-	153,345	-	153,345
Share issue expenses	-	-	-	(206,459)	(206,459)
Balance at June 30, 2023	82,776,197	55,568,556	6,584,920	(21,562,301)	40,591,175

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)

	Nine months ended June 30,	
	2024	2023
	\$	\$
Operating activities		
Loss	(1,866,983)	(250,579)
Adjustment for:		
Stock-based compensation	120,093	109,106
Depreciation	22,419	22,419
Impairment of exploration and evaluation assets	1,214,646	174,740
Variation – fair value of listed shares	65,022	(37,420)
Recovery of deferred income taxes	(676,330)	(990,519)
	(1,121,133)	(972,253)
Changes in non-cash working capital items		
Accounts receivable	(55,303)	(135,412)
Sales tax receivable	25,236	(14,496)
Prepaid expenses	11,513	(42,291)
Accounts payable and accrued liabilities	(366,745)	118,472
Advance received for exploration work	1,136,436	428,997
	751,137	355,270
	(369,996)	(616,983)
Financing activities		
Principal repayment – lease liabilities	(25,549)	(23,177)
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)
	2,488,039	3,397,644
Investing activities		
Additions to investments	(2,875,000)	(3,300,000)
Investments' maturity	2,500,000	4,504,000
Proceeds from disposal of listed shares	-	27,600
Additions to exploration properties	(216,437)	(436,389)
Option payments received on exploration properties	1,030,000	325,000
Advance paid for exploration expenses	-	50,000
Additions to exploration and evaluation expenses	(1,598,368)	(3,249,356)
Tax credits and mining rights received	323,033	170,415
	(836,772)	(1,908,730)
Net change in cash and cash equivalents	1,281,271	871,931
Cash– beginning	2,453,793	1,895,705
Cash and cash equivalents – ending	3,735,064	2,767,636
Additional information		
Stock-based compensation included in exploration and evaluation expenses	48,040	44,239
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	379,553	87,125
Tax credits receivable applied against exploration and evaluation expenses	68,727	101,375
Listed shares received for option payment	50,000	25,000
Interest received	212,031	131,448

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Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three and nine months ended June 30, 2024

(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 August 15, 2024.

3. CASH AND CASH EQUIVALENTS AND INVESTMENTS

As at June 30, 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 \$1,785,620. 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 June 6, 2025, with a maturity value of \$3,331,508. Non-current investments are earning 5.25% interest, maturing December 5, 2025, with a maturity value of \$526,250.

The balance on flow-through financings not spent according to the restrictions imposed by the November 2023 financings represents \$866,342 as at June 30, 2024, and is included in investments.

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three and nine months ended June 30, 2024

(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 June 30, 2024
	\$	\$	\$	\$	\$
Abitibi	1,062,927	67,317	(60,000)	(55,914)	1,014,330
Grenville (note 4.1)	33,689	7,189	(18,648)	(12,583)	9,647
James Bay	1,336,277	74,507	(699,735)	-	711,049
Northern Quebec	450,480	71,384	-	(77,338)	444,526
	2,883,373	220,397	(778,383)	(145,835)	2,179,552

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 June 30, 2024
	\$	\$	\$	\$	\$	\$
Abitibi	15,966,855	730,844	(150,000)	(47,279)	-	16,500,420
Grenville (note 4.1)	1,004,634	191,419	(81,352)	(2,438)	(1,068,811)	43,452
James Bay	10,456,849	312,249	(70,265)	(43,043)	-	10,655,790
Northern Quebec	4,688,531	484,104	-	(10,928)	-	5,161,707
	32,116,869	1,718,616	(301,617)	(103,688)	(1,068,811)	32,361,369

4.1 Weedon project

After reviewing the data and the entire project, the Corporation decided to drop the Weedon project and wrote it off for a total of \$1,081,394 (\$12,583 property cost and \$1,068,811 exploration expenses).

4.2 BJ Lithium project

On April 22, 2024, the Corporation signed an amended option agreement, with Rio Tinto Exploration Canada Inc. ("RTEC") and Wookie project was added to the option agreement signed 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.

Midland Exploration Inc.

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Three and nine months ended June 30, 2024

(Unaudited, in Canadian dollars)

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.

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:

	Nine months ended June 30, 2024	
	Number of options	Weighted average exercise price
Balance – beginning of period	6,000,000	\$ 0.81
Granted	840,000	0.39
Expired	(580,000)	0.85
Balance – end of period	6,260,000	0.75
Balance – end of period exercisable	5,433,333	0.80

Midland Exploration Inc.

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Three and nine months ended June 30, 2024

(Unaudited, in Canadian dollars)

The following table summarizes information about common share purchase options outstanding and exercisable as at June 30, 2024:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
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	633,333	0.54	February 9, 2033
840,000	140,000	0.39	February 15, 2034
6,260,000	5,433,333		