



# **Midland Exploration Inc.**

Condensed Interim Financial Statements

Three months ended December 31, 2017

*The attached financial statements have been prepared by Management of Midland Exploration Inc. and have not been reviewed by the auditors*

# Midland Exploration Inc.

## Statements of Financial Position

(Unaudited)

	As at December 31, 2017	As at September 30, 2017
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	4,928,686	4,628,896
Investments (note 5)	7,203,910	6,503,910
Accounts receivable	188,604	105,995
Sales tax receivable	227,865	279,945
Tax credits and mining rights receivable	1,042,276	922,454
Prepaid expenses	51,183	56,671
<b>Total current assets</b>	<b>13,642,524</b>	<b>12,497,871</b>
<b>Non-current assets</b>		
Tax credits and mining rights receivable - non-current portion	132,864	117,623
Listed shares	60,000	33,000
Exploration and evaluation assets (note 6)		
Exploration properties	1,934,651	1,896,351
Exploration and evaluation expenses	12,185,376	11,932,760
	<b>14,120,027</b>	<b>13,829,111</b>
<b>Total non-current assets</b>	<b>14,312,891</b>	<b>13,979,734</b>
<b>Total assets</b>	<b>27,955,415</b>	<b>26,477,605</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	326,913	477,838
Advance received for exploration work	11,865	341,262
Liability related to the premium on flow-through share	673,250	-
<b>Total liabilities</b>	<b>1,012,028</b>	<b>819,100</b>
<b>Equity</b>		
Capital stock	36,734,116	35,142,832
Warrants (note 7)	1,922,031	1,922,031
Contributed surplus	2,739,513	2,679,002
Deficit	(14,452,273)	(14,085,360)
<b>Total equity</b>	<b>26,943,387</b>	<b>25,658,505</b>
<b>Total liabilities and equity</b>	<b>27,955,415</b>	<b>26,477,605</b>

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

**Midland Exploration Inc.**  
**Statements of Comprehensive Loss**  
(Unaudited)

	<b>Three months ended December 31</b>	
	<b>2017</b>	<b>2016</b>
	<b>\$</b>	<b>\$</b>
<b>Revenues</b>		
Project management fees	45,513	32,759
<b>Operating Expenses</b>		
Salaries	122,716	125,168
Stock-based compensation	40,816	57,408
Travel	10,658	14,881
Rent and insurance	15,967	13,731
Office expenses	42,795	32,725
Regulatory fees	16,422	12,780
Conferences and mining industry involvement	68,349	77,412
Press releases and investors relations	35,651	11,888
Professional fees	54,131	54,790
General exploration	270	467
Impairment of exploration and evaluation assets (note 6)	-	4,491
Operating expenses	407,775	405,741
<b>Other gains or losses</b>		
Interest income	52,448	52,343
Change in fair value – listed shares	27,000	-
	79,448	52,343
<b>Loss before income taxes</b>	<b>(282,814)</b>	<b>(320,639)</b>
Recovery of deferred income taxes	20,820	28,520
<b>Loss and comprehensive loss</b>	<b>(261,994)</b>	<b>(292,119)</b>
Basic and diluted loss per share	(0.01)	(0.01)
Weighted average number of basic and diluted outstanding shares	57,989,583	55,710,735

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

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

**Midland Exploration Inc.**  
**Statements of Changes in Equity**  
(Unaudited)

	<b>Number of shares outstanding</b>	<b>Capital stock</b>	<b>Warrants</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total equity</b>
		\$	\$	\$	\$	\$
<b>Balance at October 1, 2017</b>	57,161,557	35,142,832	1,922,031	2,679,002	(14,085,360)	25,658,505
Loss and comprehensive loss	-	-	-	-	(261,994)	(261,994)
Flow-through private placement	1,692,854	2,285,354	-	-	-	2,285,354
Less: premium	-	(694,070)	-	-	-	(694,070)
	1,692,854	1,591,284	-	-	-	1,591,284
Stock-based compensation	-	-	-	60,511	-	60,511
Share issue expenses	-	-	-	-	(104,919)	(104,919)
<b>Balance at December 31, 2017</b>	<b>58,854,411</b>	<b>36,734,116</b>	<b>1,922,031</b>	<b>2,739,513</b>	<b>(14,452,273)</b>	<b>26,943,387</b>

	<b>Number of shares outstanding</b>	<b>Capital stock</b>	<b>Warrants</b>	<b>Contributed surplus</b>	<b>Deficit</b>	<b>Total equity</b>
		\$	\$	\$	\$	\$
<b>Balance at October 1, 2016</b>	54,674,417	32,332,811	1,997,093	2,224,411	(12,759,167)	23,795,148
Loss and comprehensive loss	-	-	-	-	(292,119)	(292,119)
Flow-through private placement	1,284,354	1,733,876	-	-	-	1,733,876
Less: premium	-	(259,290)	-	-	-	(259,290)
	1,284,354	1,474,586	-	-	-	1,474,586
Warrants exercised	588,786	629,335	(69,988)	-	-	559,347
Warrants expired	-	-	(5,074)	5,074	-	-
Stock-based compensation	-	-	-	91,944	-	91,944
Share issue expenses	-	-	-	-	(97,056)	(97,056)
<b>Balance at December 31, 2016</b>	<b>56,547,557</b>	<b>34,436,732</b>	<b>1,922,031</b>	<b>2,321,429</b>	<b>(13,148,342)</b>	<b>25,531,850</b>

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

# Midland Exploration Inc.

## Statements of Cash Flows

(Unaudited)

	Three months ended December 31,	
	2017	2016
	\$	\$
<b>Operating activities</b>		
Loss	(261,994)	(292,119)
Adjustment for:		
Stock-based compensation	40,816	57,408
Impairment of exploration and evaluation assets	-	4,491
Variation – fair value of listed shares	(27,000)	-
Recovery of deferred income taxes	(20,820)	(28,520)
	(268,998)	(258,740)
Changes in non-cash working capital items		
Accounts receivable	(82,609)	204
Sales tax receivable	52,080	(161,129)
Tax credits and mining rights receivable	-	5,320
Prepaid expenses	5,488	42,009
Accounts payable and accrued liabilities	(305,568)	(195,353)
Advance received for exploration work	(329,397)	(4,528)
	(660,006)	(313,477)
	<b>(929,004)</b>	<b>(572,217)</b>
<b>Financing activities</b>		
Flow-through private placement	2,285,354	1,733,876
Exercise of warrants	-	559,347
Share issue expenses	(104,919)	(97,056)
	<b>2,180,435</b>	<b>2,196,167</b>
<b>Investing activities</b>		
Additions to investments	(2,050,000)	(1,350,000)
Disposals of investments	1,350,000	2,636,000
Additions to exploration properties	(53,539)	(117,379)
Reduction of advances paid for exploration expenses	-	141,946
Additions to exploration and evaluation expenses	(198,102)	(1,088,881)
	<b>(951,641)</b>	<b>221,686</b>
<b>Net change in cash and cash equivalents</b>	299,790	1,845,636
Cash and cash equivalents – beginning (note 4)	4,628,896	1,467,414
<b>Cash and cash equivalents – ending (note 4)</b>	<b>4,928,686</b>	<b>3,313,050</b>
<b>Additional information</b>		
Stock-based compensation included in exploration and evaluation expenses	19,695	34,536
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	50,078	19,352
Tax credits receivable applied against exploration and evaluation expenses	135,063	215,042
Interest received	21,076	39,126

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

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2017

(Unaudited)

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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 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, 2017, 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, 2018.

### 3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

The preparation of Financial Statements in conformity with IFRS requires the Corporation to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Financial Statements and the reported amounts of revenues and expenses during the reporting period. The Corporation also makes estimates and assumptions concerning the future. The determination of estimates requires the exercise of judgement based on various assumptions and other factors such as historical experience and current and expected economic conditions. Actual results could differ from those estimates.

In preparing the Financial Statements, 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, 2017.

Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2017

(Unaudited)

### 4. CASH AND CASH EQUIVALENTS

	As at December 31, 2017	As at September 30, 2017
	\$	\$
Cash	1,428,686	328,896
Guaranteed investment certificates bearing interest between 0.90% and 1.15%, maturing June 6, 2018	3,500,000	-
Guaranteed investment certificates bearing interest between 0.80% and 1.15%, maturing between December 5, 2017 and June 6, 2018	-	4,300,000
	<b>4,928,686</b>	<b>4,628,896</b>

### 5. INVESTMENTS

	As at December 31, 2017	As at September 30, 2017
	\$	\$
Guaranteed investment certificates, not cashable before the expiry date, between 1.40% and 1.95% interest payable annually, maturing between March 29, 2018 and December 13, 2018, with a maturity value of \$7,325,876	7,203,910	-
Guaranteed investment certificates, not cashable before the expiry date, between 1.40% and 1.95% interest payable annually, maturing between November 30, 2017 and July 23, 2018, with a maturity value of \$6,605,807	-	6,503,910
	<b>10,521,910</b>	<b>6,503,910</b>

The balance on flow-through financing not spent according to the restrictions imposed by the November 2017 financing represents \$2,227,701 as at December 31, 2017 and is included in investments. The Corporation has to dedicate these funds to Canadian mining properties exploration.

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2017

(Unaudited)

### 6. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

Acquisition costs	Undivided interest	As at Sept. 30, 2017	Additions	Option payments	Impairment	As at Dec. 31, 2017
	%	\$	\$	\$	\$	\$
<b>Abitibi</b>						
Maritime-Cadillac	49	290,838	17	-	-	290,855
Laflamme	72.6	122,347	1,567	-	-	123,914
Patris	100	87,072	2,045	-	-	89,117
Casault	50	26,995	402	-	-	27,397
Jouvex	50	45,432	469	-	-	45,901
Heva	100	57,906	-	-	-	57,906
Valmond	100	10,756	243	-	-	10,999
La Peltrie	100	101,601	-	-	-	101,601
Adam	100	16,830	520	-	-	17,350
Samson	100	20,166	485	-	-	20,651
Abitibi Or	100	138,669	2,630	-	-	141,299
<b>Grenville-Appalaches</b>						
Weedon	100	36,703	561	-	-	37,264
Gatineau	100	32,102	416	-	-	32,518
<b>James Bay</b>						
James Bay Au	100	198,893	728	-	-	199,621
Eleonore	100	141,681	1,976	-	-	143,657
JV Eleonore	50	96,972	-	-	-	96,972
JV BJ Altius	50	56,095	4,131	-	-	60,226
<b>Northern Quebec</b>						
Pallas PGE	100	105,028	1,248	-	-	106,276
Willbob	100	257,030	13,033	-	-	270,063
<b>Project Generation</b>	100	53,235	7,829	-	-	61,064
		<b>1,896,351</b>	<b>38,300</b>	-	-	<b>1,934,651</b>

1) Some claims were dropped and the Corporation impaired partially the property.



# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2017

(Unaudited)

### 6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Acquisition costs	Undivided interest	As at Sept. 30, 2016	Net Additions	Option payments	Impairment	As at Sept. 30, 2017
	%	\$	\$	\$	\$	\$
<b>Abitibi</b>						
Maritime-Cadillac	49	290,515	323	-	-	290,838
Laflamme	72.6	97,400	31,793	-	(6,846) <sup>1)</sup>	122,347
Patris	100	87,072	-	-	-	87,072
Casault	50	17,538	9,457	-	-	26,995
Jouvex	50	44,998	8,141	-	(7,707) <sup>1)</sup>	45,432
Heva	100	106,009	1,897	(50,000)	-	57,906
Valmond	100	7,259	5,328	-	(1,831) <sup>1)</sup>	10,756
La Peltrie	100	103,593	28,008	(30,000)	-	101,601
Adam	100	11,975	4,855	-	-	16,830
Samson	100	17,406	2,760	-	-	20,166
Abitibi Or	100	149,902	(11,233)	-	-	138,669
<b>Grenville-Appalaches</b>						
Weedon	100	30,016	13,778	-	(7,091) <sup>1)</sup>	36,703
Gatineau	100	8,349	27,561	-	(3,808) <sup>1)</sup>	32,102
<b>James Bay</b>						
James Bay Au	100	178,881	32,014	-	(12,002) <sup>1)</sup>	198,893
Eleonore	100	105,232	36,449	-	-	141,681
JV Eleonore	50	96,217	755	-	-	96,972
JV BJ Altius	50	-	56,095	-	-	56,095
<b>Northern Quebec</b>						
Pallas PGE	100	72,443	38,508	-	(5,923) <sup>1)</sup>	105,028
Willbob	100	55,842	201,188	-	-	257,030
<b>Quebec Labrador</b>						
Ytterby	50.6	2,042	-	-	(2,042) <sup>2)</sup>	-
<b>Project Generation</b>						
	100	23,429	31,048	-	(1,242) <sup>1)</sup>	53,235
		<b>1,506,118</b>	<b>518,725</b>	<b>(80,000)</b>	<b>(48,492)</b>	<b>1,896,351</b>

1) Some claims were dropped and the Corporation impaired partially the property.

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2017

(Unaudited)

### 6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

The following two tables disclose details of exploration and evaluation expenses:

E&E expenses	Undivided interest	As at Sept. 30, 2017	Additions	Option payments	Tax credits	Impairment	As at Dec. 31, 2017
	%	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>							
Maritime-Cadillac	49	292,271	1,043	-	-	-	293,314
Laflamme	72.6	2,202,064	5,868	-	-	-	2,207,932
Patris	100	221,844	-	-	-	-	221,844
Casault	100ou50?	963,965	131,020	-	(52,947)	-	1,042,038
Jouvex	100ou50?	412,833	98	-	-	-	412,931
Heva	100	261,985	1,812	-	-	-	263,797
Valmond	100	124,314	-	-	-	-	124,314
Samson	100	83,411	3,811	-	(40)	-	87,182
La Peltrie	100	1,067,584	2,110	-	-	-	1 069,694
Adam	100	131,155	2,156	-	(802)	-	132,509
Abitibi Au	100	203,470	6,700	-	(1,347)	-	208,823
<b>Grenville-Appalaches</b>							
Weedon	100	626,897	630	-	-	-	627,527
Gatineau	100	44,005	33	-	(7)	-	44,031
<b>James Bay</b>							
James Bay Au	100	362,595	5,588	-	(575)	-	367,608
Eleonore	100	1,723,519	10,360	-	(2,260)	-	1,731,619
JV Eleonore	50	291,282	16,863	-	-	-	308,145
JV BJ Altius	50	162,781	129,607	-	(56,092)	-	236,296
<b>Northern Quebec</b>							
Pallas PGE	100	538,746	701	-	-	-	539,447
Willbob	100	2,126,873	54,999	-	(16,674)	-	2,165,198
<b>Project Generation</b>							
	100	91,166	14,280	-	(4,319)	-	101,127
		<b>11,932,760</b>	<b>387,679</b>	<b>-</b>	<b>(135,063)</b>	<b>-</b>	<b>12,185,376</b>

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2017

(Unaudited)

### 6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

E&E expenses	Undivided interest %	As at Sept. 30, 2016 \$	Net Additions \$	Option payments \$	Tax credits \$	Impairment \$	As at Sept. 30, 2017 \$
<b>Abitibi</b>							
Maritime-Cadillac	49	236,090	56,235	-	(54)	-	292,271
Laflamme	72.6	1,893,853	332,006	-	(23,795)	-	2,202,064
Patris	100	221,646	198	-	-	-	221,844
Casault	50	352,708	691,965	-	(80,708)	-	963,965
Jouvex	50	351,966	62,420	-	(1,553)	-	412,833
Heva	100	157,076	114,219	-	(9,310)	-	261,985
Valmond	100	120,742	3,572	-	-	-	124,314
Samson	100	78,203	6,230	-	(1,022)	-	83,411
La Peltrie	100	628,505	425,573	-	(10,473)	-	1,067,584
Adam	100	42,841	95,781	-	(7,467)	-	131,155
Abitibi Au	100	173,644	30,687	-	(861)	-	203,470
<b>Grenville-Appalaches</b>							
Weedon	100	523,230	105,245	-	(1,578)	-	626,897
Gatineau	100	29,024	14,981	-	-	-	44,005
<b>James Bay</b>							
James Bay Au	100	261,886	136,659	-	(35,950)	-	362,595
Eleonore	100	1,629,303	130,458	-	(36,242)	-	1,723,519
JV Eleonore	50	124,692	237,687	-	(71,097)	-	291,282
JV BJ Altius	50	-	219,291	-	(56,510)	-	162,781
<b>Northern Quebec</b>							
Pallas PGE	100	369,500	295,012	-	(125,766)	-	538,746
Willbob	100	565,271	2,151,089	-	(589,487)	-	2,126,873
<b>Quebec Labrador</b>							
Ytterby	50.6	183,583	-	-	-	(183,583) <sup>1)</sup>	-
<b>Project Generation</b>							
	100	74,069	23,436	-	(6,339)	-	91,166
		<b>8 041,811</b>	<b>5,132,744</b>		<b>(1,058,212)</b>	<b>(183,583)</b>	<b>11,932,760</b>

#### a) Willbob

On October 2, 2017, the Corporation signed an acquisition agreement whereby it acquired 9 claims for a \$10,000 cash payment and a 2% net smelter return ("NSR") royalty of which 1% can be bought back for a payment of \$1,000,000.

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2017

(Unaudited)

### 7. EQUITY

#### *Authorized*

Unlimited number of common shares without par value, voting and participating.

#### 7.1 Private placements

On November 22, 2017, the Corporation completed a private placement by issuing 1,692,854 flow-through shares at \$1.35 per share, for total gross proceeds of \$2,285,354. On that date, the Corporation's share closed at \$0.94 on the Exchange, therefore the residual value attributed to the benefit related to flow-through shares renunciation is \$0.41 for a total value of \$694,070, credited to the liability related to the premium on flow-through shares. In connection with the private placement, the Corporation paid finder's fees of \$64,572. Directors and officers of the Corporation participated in these placements for a total consideration of \$131 625.

#### 7.2 Warrants

Changes in the Corporation's number of outstanding warrants were as follow:

	Three months ended December 31, 2017		Fiscal 2017	
	Number	Amount	Number	Amount
		\$		\$
<b>Balance – Beginning of period</b>	20,622,569	1,922,031	21,254,213	1,997,093
Exercised	-	-	(588,786)	(69,988)
Expired	-	-	(42,858)	(5,074)
<b>Balance – End of period</b>	<b>20,622,569</b>	<b>1,922,031</b>	<b>20,622,569</b>	<b>1,922,031</b>

Warrants outstanding as at December 31, 2017 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
20,622,569	1.15	May 3, 2018
<b>20,622,569</b>		

# Midland Exploration Inc.

## Notes to Financial Statements

Three months ended December 31, 2017

(Unaudited)

### 8. SHARE-BASED COMPENSATION

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

	Three months ended December 31, 2017		Fiscal 2017	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
<b>Balance – Beginning of period</b>	3,190,000	1.10	2,495,000	1.10
Granted	-	1.13	695,000	1.13
<b>Balance – End of period</b>	<b>3,190,000</b>	<b>1.10</b>	<b>3,190,000</b>	<b>1.10</b>
Balance – End of period exercisable	2,750,835	1.10	2,551,668	1.10

The following table summarizes information about common share purchase options outstanding and exercisable as at December 31, 2017:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
260,000	260,000	1.76	February 17, 2021
315,000	315,000	1.54	February 16, 2022
20,000	20,000	1.61	February 27, 2022
345,000	345,000	1.25	February 19, 2023
605,000	605,000	0.85	February 20, 2024
450,000	450,000	0.60	August 13, 2025
500,000	416,667	1.10	August 11, 2026
50,000	33,334	1.13	November 23, 2026
545,000	272,500	1.14	February 21, 2027
100,000	33,334	1.04	May 10, 2027
<b>3,190,000</b>	<b>2,750,835</b>		