



# **Midland Exploration Inc.**

Condensed Interim Financial Statements

Nine months ended June 30, 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 June 30, 2017	As at September 30, 2016
	\$	\$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents (note 4)	5,959,378	1,467,414
Investments (note 5)	3,350,000	8,729,000
Accounts receivable	295,458	97,433
Sales tax receivable	202,646	257,650
Tax credits and mining rights receivable	1,057,088	755,105
Prepaid expenses	63,954	63,110
	10,928,524	11,369,712
<b>Non-current assets</b>		
Investment - non-current portion (note 5)	3,078,910	3,078,910
Tax credits and mining rights receivable - non-current portion	32,793	115,503
Advance paid for exploration work	42,400	344,624
Exploration and evaluation assets (note 6)		
Exploration properties	1,871,281	1,506,118
Exploration and evaluation expenses	11,003,079	8,041,811
	12,874,360	9,547,929
	16,028,463	13,086,966
<b>Total assets</b>	<b>26,956,987</b>	<b>24,456,678</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	829,399	646,494
Advance received for exploration work	-	15,036
Liability related to the premium on flow-through share	15,960	-
<b>Total liabilities</b>	<b>845,359</b>	<b>661,530</b>
<b>Equity</b>		
Capital stock	35,142,832	32,332,811
Warrants (note 7)	1,922,031	1,997,093
Contributed surplus	2,581,818	2,224,411
Deficit	(13,535,053)	(12,759,167)
<b>Total equity</b>	<b>26,111,628</b>	<b>23,795,148</b>
<b>Total liabilities and equity</b>	<b>26,956,987</b>	<b>24,456,678</b>

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

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

	Three months ended June 30		Nine months ended June 30	
	2017	2016	2017	2016
	\$	\$	\$	\$
<b>Revenues</b>				
Project management fees	12,850	3,889	70,606	70,166
<b>Operating Expenses</b>				
Salaries	112,209	101,744	448,565	348,575
Stock-based compensation	90,792	11,203	219,724	56,249
Travel	16,843	19,716	48,867	55,084
Rent and insurance	14,932	12,363	43,797	37,966
Office expenses	30,117	31,681	99,051	68,335
Regulatory fees	2,621	1,273	40,876	31,831
Conferences and mining industry involvement	24,694	7,564	139,814	106,713
Press releases and investors relations	11,182	8,372	57,655	44,725
Professional fees	32,014	46,616	141,987	161,676
General exploration	3,724	-	4,348	17,690
Impairment of exploration and evaluation assets (note 6)	-	-	4,491	20,913
Operating expenses	339,128	240,532	1,249,175	949,757
<b>Other gains or losses</b>				
Interest income	46,733	53,493	148,690	172,128
<b>Loss before income taxes</b>	<b>(279,545)</b>	<b>(183,150)</b>	<b>(1,029,879)</b>	<b>(707,463)</b>
Recovery of deferred income taxes	169,110	-	366,130	192,134
<b>Loss and comprehensive loss</b>	<b>(110,435)</b>	<b>(183,150)</b>	<b>(663,749)</b>	<b>(515,329)</b>
Basic and diluted loss per share	-	-	(0.01)	(0.01)
Weighted average number of basic and diluted outstanding shares	57,161,557	54,094,417	56 503 954	53,938,929

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, 2016</b>	54,674,417	32,332,811	1,997,093	2,224,411	(12,759,167)	23,795,148
Loss and comprehensive loss	-	-	-	-	(663,749)	(663,749)
Flow-through private placement	1,898,354	2,562,776	-	-	-	2,562,776
Less: premium	-	(382,090)	-	-	-	(382,090)
	1,898,354	2,180,686	-	-	-	2,180,686
Warrants exercised	588,786	629,335	(69,988)	-	-	559,347
Warrants expired	-	-	(5,074)	5,074	-	-
Stock-based compensation	-	-	-	352,333	-	352,333
Share issue expenses	-	-	-	-	(112,137)	(112,137)
<b>Balance at June 30, 2017</b>	<b>57,161,557</b>	<b>35,142,832</b>	<b>1,922,031</b>	<b>2,581,818</b>	<b>(13,424,618)</b>	<b>26,111,628</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, 2015</b>	53,259,052	31,288,335	2,113,643	2,088,784	(11,894,627)	23,596,135
Loss and comprehensive loss	-	-	-	-	(515,329)	(515,329)
Flow-through private placement	835,365	710,060	-	-	-	710,060
Less: premium	-	(192,134)	-	-	-	(192,134)
	835,365	517,926	-	-	-	517,926
Stock-based compensation	-	-	-	80,964	-	64,839
Share issue expenses	-	-	-	-	(54,118)	(54,118)
<b>Balance at June 30, 2016</b>	<b>54,094,417</b>	<b>31,806,261</b>	<b>2,113,643</b>	<b>2,169,748</b>	<b>(12,464,074)</b>	<b>23,625,578</b>

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

# Midland Exploration Inc.

## Statements of Cash Flows

(Unaudited)

	Nine months ended June 30,	
	2017	2016
	\$	\$
<b>Operating activities</b>		
Loss	(663,749)	(515,329)
Adjustment for:		
Stock-based compensation	219,724	56,249
Impairment of exploration and evaluation assets	4,491	20,913
Recovery of deferred income taxes	(366,130)	(192,134)
	(805,664)	(630,301)
Changes in non-cash working capital items		
Accounts receivable	(198,025)	(67,320)
Sales tax receivable	55,004	164,423
Tax credits and mining rights receivable	5,320	
Prepaid expenses	(844)	(1,447)
Accounts payable and accrued liabilities	24,982	(25,869)
Advance received for exploration work	(15,036)	167,137
	(128,599)	236,924
	<b>(934,263)</b>	<b>(393,377)</b>
<b>Financing activities</b>		
Flow-through private placement	2,562,776	710,060
Exercise of warrants	559,347	-
Share issue expenses	(112,137)	(54,118)
	<b>3,009,986</b>	<b>655,942</b>
<b>Investing activities</b>		
Additions to investments	(1,850,000)	(3,733,000)
Disposals of investments	7,229,000	3,035,807
Additions to exploration properties	(473,793)	(253,276)
Disposals of exploration properties	50,000	-
Deposits on exploration expenses	-	(521,688)
Reduction of advances paid for exploration expenses	302,224	-
Additions to exploration and evaluation expenses	(2,849,774)	(2,218,029)
Taxes credits and mining rights received	8,584	6,073
	<b>2,416,241</b>	<b>(3,684,113)</b>
<b>Net change in cash and cash equivalents</b>	4,491,964	(3,421,548)
Cash and cash equivalents – beginning (note 4)	1,467,414	5,862,953
<b>Cash and cash equivalents – ending (note 4)</b>	<b>5,959,378</b>	<b>2,441,405</b>
<b>Additional information</b>		
Stock-based compensation included in exploration and evaluation expenses	132,609	24,715
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	554,743	34,353
Tax credits receivable applied against exploration and evaluation expenses	233,177	419,365
Interest received	92,049	158,514

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

# Midland Exploration Inc.

## Notes to Financial Statements

Nine months ended June 30, 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, 2016, 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 10, 2017.

### 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, 2016.

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

Nine months ended June 30, 2017

(Unaudited)

### 4. CASH AND CASH EQUIVALENTS

	As at June 30, 2017	As at September 30, 2016
	\$	\$
Cash	759,378	467,414
Guaranteed investment certificates bearing interest between 0.8% and 1.41%, maturing between December 12, 2017 and June 6, 2018	5,200,000	-
Guaranteed investment certificate bearing interest of 1.41%, maturing June 5, 2017	-	1,000,000
	<b>5,959,378</b>	<b>1,467,414</b>

### 5. INVESTMENTS

	As at June 30, 2017	As at September 30, 2016
	\$	\$
<i>Current</i>		
Guaranteed investment certificates, not cashable before the expiry date, between 1.40% and 1.95% interest payable annually, maturing between July 17, 2017 and July 23, 2018, with a maturity value of \$3,403,050	3,350,000	-
Guaranteed investment certificates, not cashable before the expiry date, between 1.40% and 1.95% interest payable annually, maturing between December 8, 2016 and July 17, 2017, with a maturity value of \$8,867,188	-	8,729,000
<i>Non-current</i>		
Guaranteed investment certificates, not cashable before the expiry date, between 1.45% and 1.95% interest payable annually, maturing between July 14, 2018 and July 23, 2018, with a maturity value of \$3,130,844	3,078,910	3,078,910
	<b>6,428,910</b>	<b>11,807,910</b>

The balance on flow-through financing not spent according to the restrictions imposed by the November 2016 and March 2017 financings represents \$111,184 as at June 30, 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

Nine months ended June 30, 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, 2016	Additions	Option payments	Impairment	As at June 30, 2017
	%	\$	\$	\$	\$	\$
<b>Abitibi</b>						
Maritime-Cadillac	49	290,515	323	-	-	290,838
Laflamme	72.6	97,400	28,284	-	-	125,684
Patris	100	87,072	-	-	-	87,072
Casault	100	17,538	3,859	-	-	21,397
Jouvex	100	44,998	4,375	-	-	49,373
Heva	100	106,009	1,897	(50,000)	-	57,906
Valmond	100	7,259	1,819	-	-	9,078
La Peltrie	100	103,593	26,826	-	-	130,419
Adam	100	11,975	1,067	-	-	13,042
Samson	100	17,406	3,027	-	-	20,433
Abitibi Or	100	149,902	2,262	-	-	152,164
<b>Grenville-Appalaches</b>						
Weedon	100	30,016	12,823	-	(4,491) <sup>1)</sup>	38,348
Gatineau	100	8,349	20,597	-	-	28,946
<b>James Bay</b>						
James Bay Au	100	178,881	29,878	-	-	208,759
Eleonore	100	105,232	35,889	-	-	141,121
JV Eleonore	50	96,217	755	-	-	96,972
JV JB Altius	50	-	17,849	-	-	17,849
<b>Northern Quebec</b>						
Pallas PGE	100	72,443	36,430	-	-	108,873
Willbob	100	55,842	189,071	-	-	244,913
<b>Quebec Labrador</b>						
Ytterby	50.6	2,042	-	-	-	2,042
<b>Project Generation</b>	100	23,429	2,623	-	-	26,052
		<b>1,506,118</b>	<b>419,654</b>	<b>(50,000)</b>	<b>(4,491)</b>	<b>1,871,281</b>

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



# Midland Exploration Inc.

## Notes to Financial Statements

Nine months ended June 30, 2017

(Unaudited)

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

Acquisition costs	Undivided interest	As at Sept. 30, 2015	Net Additions	Option payments	Impairment	As at Sept. 30, 2016
	%	\$	\$	\$	\$	\$
<b>Abitibi</b>						
Maritime-Cadillac	49	290,440	75	-	-	290,515
Laflamme	70	82,195	22,352	-	(7,147) <sup>1)</sup>	97,400
Patris	100	87,072	-	-	-	87,072
Casault	100	17,649	(111)	-	-	17,538
Jouvex	100	44,244	754	-	-	44,998
Heva	100	100,502	5,507	-	-	106,009
Valmond	100	3,666	3,593	-	-	7,259
La Peltrie	100	69,999	33,594	-	-	103,593
Adam	100	-	11,975	-	-	11,975
Samson	100	-	17,406	-	-	17,406
Abitibi Or	100	69,230	117,892	-	(37,220) <sup>1)</sup>	149,902
<b>Grenville-Appalaches</b>						
Weedon	100	31,993	5,779	-	(7,756) <sup>1)</sup>	30,016
Gatineau	100	13,155	2,538	-	(7,344) <sup>1)</sup>	8,349
<b>James Bay</b>						
James Bay Au	100	164,821	19,673	-	(5,613) <sup>1)</sup>	178,881
Eleonore	100	102,512	12,652	-	(9,932) <sup>1)</sup>	105,232
JV Eleonore	50	-	96,217	-	-	96,217
<b>Northern Quebec</b>						
Pallas PGE	50	61,301	11,142	-	-	72,443
Willbob	100	34,552	21,290	-	-	55,842
<b>Quebec Labrador</b>						
Ytterby	50.6	7,791	1,413	-	(7,162) <sup>1)</sup>	2,042
<b>Project Generation</b>						
	100	19,462	3,967	-	-	23,429
		<b>1,200,584</b>	<b>387,708</b>	-	<b>(82,174)</b>	<b>1,506,118</b>

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

# Midland Exploration Inc.

## Notes to Financial Statements

Nine months ended June 30, 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, 2016	Additions	Option payments	Tax credits	Impairment	As at June 30, 2017
	%	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>							
Maritime-Cadillac	49	236,090	38,032	-	(54)	-	274,068
Laflamme	72.6	1,893,853	328,669	-	(216)	-	2,222,306
Patris	100	221,646	198	-	-	-	221,844
Casault	100	352,708	507,067	-	(2,012)	-	857,763
Jouvex	100	351,966	57,407	-	(418)	-	408,955
Heva	100	157,076	111,409	-	(9,310)	-	259,175
Valmond	100	120,742	-	-	-	-	120,742
Samson	100	78,203	2,479	-	-	-	80,682
La Peltrie	100	652,484	415,426	-	(413)	-	1,067,497
Adam	100	42,841	87,452	-	-	-	130,293
Abitibi Au	100	173,644	35,009	-	(861)	-	207,792
<b>Grenville-Appalaches</b>							
Weedon	100	523,230	62,584	-	(1,578)	-	584,236
Gatineau	100	29,024	10,561	-	-	-	39,585
<b>James Bay</b>							
James Bay Au	100	261,886	57,594	-	(2,390)	-	317,090
Eleonore	100	1,629,303	15,184	-	(3,267)	-	1,641,220
JV Eleonore	50	124,692	197,606	-	(40,611)	-	281,687
JV BJ Altius	50	-	75,791	-	-	-	75,791
<b>Northern Quebec</b>							
Pallas PGE	100	369,500	293,787	-	(104,524)	-	558,763
Willbob	100	565,271	889,969	-	(67,157)	-	1,388,083
<b>Quebec Labrador</b>							
Ytterby	50.6	183,583	-	-	-	-	183,583
<b>Project Generation</b>							
	100	74,069	8,221	-	(366)	-	81,924
		<b>8 041,811</b>	<b>3,194,445</b>	<b>-</b>	<b>(233,177)</b>	<b>-</b>	<b>11,003,079</b>

# Midland Exploration Inc.

## Notes to Financial Statements

Nine months ended June 30, 2017

(Unaudited)

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

<b>E&amp;E expenses</b>	<b>Undivided interest</b>	<b>As at Sept. 30, 2015</b>	<b>Net Additions</b>	<b>Option payments</b>	<b>Tax credits</b>	<b>Impairment</b>	<b>As at Sept. 30, 2016</b>
	<b>%</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
<b>Abitibi</b>							
Maritime-Cadillac	49	232,965	5,736	-	(2,611)	-	236,090
Laflamme	70	1,507,229	493,710	-	(107,086)	-	1,893,853
Patris	100	219,143	2,503	-	-	-	221,646
Casault	100	298,888	72,100	-	(18,280)	-	352,708
Jouvex	100	348,457	3,509	-	-	-	351,966
Heva	100	35,133	171,293	-	(49,350)	-	157,076
Valmond	100	120,742	-	-	-	-	120,742
Samson	100	439	88,317	-	(10,553)	-	78,203
La Peltrie	100	118,209	632,046	-	(97,771)	-	652,484
Adam	100	-	47,264	-	(4,423)	-	42,841
Abitibi Au	100	117,841	73,787	-	(17,984)	-	173,644
<b>Grenville-Appalaches</b>							
Weedon	100	484,279	45,231	-	(6,280)	-	523,230
Gatineau	100	28,892	132	-	-	-	29,024
<b>James Bay</b>							
James Bay Au	100	248,057	17,260	-	(3,431)	-	261,886
Eleonore	100	1,527,352	154,314	-	(52,363)	-	1,629,303
JV Eleonore	50	-	218,637	-	(93,945)	-	124,692
<b>Northern Quebec</b>							
Pallas PGE	50	269,391	159,839	-	(59,730)	-	369,500
Willbob	100	111,951	775,697	-	(322,377)	-	565,271
<b>Quebec Labrador</b>							
Ytterby	50.6	172,054	11,529	-	-	-	183,583
<b>Project Generation</b>							
	100	59,390	17,831	-	(3,152)	-	74,069
		<b>5,900,412</b>	<b>2,990,735</b>	<b>-</b>	<b>(849,336)</b>	<b>-</b>	<b>8 041,811</b>

# Midland Exploration Inc.

## Notes to Financial Statements

Nine months ended June 30, 2017

(Unaudited)

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

#### 6.1 Héva property

On April 27, 2017, the Corporation signed an option agreement with IAMGOLD Corporation ("IAMGOLD") whereby IAMGOLD may earn, in three option, a maximum interest of 65% in the Héva property, by fulfilling the following conditions:

	Payments in cash	Work
	\$	\$
<b>First Option for a 50% initial interest</b>		
Upon signature	50,000	-
On or before April 30, 2018 (\$250,000 firm commitment)	70,000	500,000
On or before April 30, 2019	80,000	700,000
On or before April 30, 2020	120,000	1,200,000
On or before October 31, 2021	180,000	1,600,000
	500,000	4,000,000
<b>Second Option for a 10% additional interest</b>		
Within 2 years from the date the first option is exercised, \$500,000 of exploration work for each additional 1% interest	-	5,000,000
<b>Third Option for a 5% additional interest</b>		
Within 2 years from the date the second option is exercised, \$1,000,000 of exploration work for each additional 1% interest	-	5,000,000
<b>Total, for a 65% maximum interest</b>	<b>500,000</b>	<b>14,000,000</b>

IAMGOLD is the operator.

#### 6.2 JV BJ Altius

On February 10, 2017, the Corporation signed a letter of intent creating a strategic alliance with Altius Minerals Corporation ("Altius"), whereby Altius and the Corporation will combine their efforts to jointly explore the gold potential of the extensive James Bay region. The Corporation is the operator.

#### 6.3 Pallas PGE

On March 28, 2017, JOGMEC withdrew from the option agreement signed on January 21, 2014 and abandoned its right to exercise its option to acquire a 50% interest in the Pallas PGE property.

# Midland Exploration Inc.

## Notes to Financial Statements

Nine months ended June 30, 2017

(Unaudited)

### 7. EQUITY

#### *Authorized*

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

#### 7.1 Private placements

On November 17 and 24, 2016, the Corporation completed a private placement by issuing 1,284,354 flow-through shares at \$1.35 per share, for total gross proceeds of \$1,733,876. On those dates, the Corporation's share closed at \$1.15 and \$1.14 respectively, on the Exchange, therefore the residual value attributed to the benefit related to flow-through shares renunciation is \$0.20 and \$0.21 respectively, for a total value of \$259,290, 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 \$60,650. Directors and officers of the Corporation participated in these placements for a total consideration of \$136,100.

On March 16, 2017, the Corporation completed a private placement by issuing 614,000 flow-through shares at \$1.35 per share, for total gross proceeds of \$828,900. On that date, the Corporation's share closed at \$1.15 on the Exchange, therefore the residual value attributed to the benefit related to flow-through shares renunciation is \$0.20, for a total value of \$122,800, credited to the liability related to the premium on flow-through shares.

#### 7.2 Warrants

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

	Nine months ended June 30, 2017		Fiscal 2016	
	Number	Amount	Number	Amount
		\$		\$
<b>Balance – Beginning of period</b>	21,254,213	1,997,093	21,254,213	1,997,093
Issued following private placements	-	-	-	-
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>21,254,213</b>	<b>1,997,093</b>

Warrants outstanding as at June 30, 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

Nine months ended June 30, 2017

(Unaudited)

### 8. SHARE-BASED COMPENSATION

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

	Nine months ended June 30, 2017		Fiscal 2016	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
<b>Balance – Beginning of period</b>	2,495,000	\$ 1.10	2,020,000	\$ 1.09
Granted	695,000	1.13	500,000	1.10
Exercised	-	-	(25,000)	0.60
<b>Balance – End of period</b>	<b>3,190,000</b>	<b>1.10</b>	<b>2,495,000</b>	<b>1.10</b>
Balance – End of period exercisable	2,352,504	1.09	1,836,666	1.14

The following table summarizes information about common share purchase options outstanding and exercisable as at June 30, 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	250,000	1.10	August 11, 2026
50,000	16,668	1.13	November 23, 2026
545,000	90,836	1.14	February 21, 2027
100,000	-	1.04	May 10, 2027
<b>3,190,000</b>	<b>2,352,504</b>		

On November 23, 2016, the Corporation granted to an employee 50,000 options exercisable at \$1.13, valid for 10 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$25,500 for an estimated fair value of \$0.51 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 48% expected volatility, 0.72% risk-free interest rate and 6 years options expected life. This expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

# Midland Exploration Inc.

## Notes to Financial Statements

Nine months ended June 30, 2017

(Unaudited)

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### 8. SHARE-BASED COMPENSATION (CONT'D)

On February 21, 2017, the Corporation granted to its directors, officers, employees and consultants 545,000 options exercisable at \$1.14, valid for 10 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$288,850 for an estimated fair value of \$0.53 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 48% expected volatility, 1.33% risk-free interest rate and 6 years options expected life. This expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

On May 10, 2017, the Corporation granted to a director 100,000 options exercisable at \$1.04, valid for 10 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$48,000 for an estimated fair value of \$0.48 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 48% expected volatility, 1.27% risk-free interest rate and 6 years options expected life. This expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.