



# **Midland Exploration Inc.**

Management's Discussion and Analysis  
Quarterly Highlights

Nine months ended June 30, 2018

# Midland Exploration Inc.

## Management Discussion & Analysis – Quarterly Highlights

Nine months ended June 30, 2018

The following quarterly highlights management discussion and analysis (the “MD&A Highlights”) of the financial condition and results of the operations of Midland Exploration Inc. (“Midland” or “the Corporation”) constitutes management’s review of the factors that affected the Corporation’s financial and operating performance for Q3-18 YTD. This MD&A Highlights should be read in conjunction with the Corporation’s condensed interim financial statements as at June 30, 2018 prepared in accordance with the International Financial Reporting Standards (“IFRS”), as well as with the management discussion and analysis for the year ended September 30, 2017. All figures are in Canadian dollars unless otherwise noted.

Further information regarding the Corporation and its operations are filed electronically on the System for Electronic Document Analysis and Retrieval (SEDAR) in Canada and can be found on [www.sedar.com](http://www.sedar.com).

Abbreviation	Period
Q1-17	October 1, 2016 to December 31, 2016
Q2-17	January 1, 2017 to March 31, 2017
Q3-17	April 1, 2017 to June 30, 2017
Q3-17 YTD	October 1, 2016 to June 30, 2017
Q4-17	July 1, 2017 to September 30, 2017
Fiscal 17	October 1, 2016 to September 30, 2017
Q1-18	October 1, 2017 to December 31, 2017
Q2-18	January 1, 2018 to March 31, 2018
Q3-18	April 1, 2018 to June 30, 2018
Q3-18 YTD	October 1, 2017 to June 30, 2018
Q4-18	July 1, 2018 to September 30, 2018
Fiscal 18	October 1, 2017 to September 30, 2018

### 1. NATURE OF ACTIVITIES

Midland, incorporated 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. The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the MD ticker.

### 2. OVERALL PERFORMANCE

Midland has a working capital of \$12,356,573 as of June 30, 2018 (\$11,678,871 as of September 30, 2017), which will allow the Corporation to execute its exploration program for at least the next three years.

In November 2017, the Corporation completed private placements by issuing 1,692,854 flow-through shares respectively at \$1.35 per share, for total gross proceeds of \$2,285,354. The balance on flow-through financing not spent according to the restrictions imposed by this financing represents \$205,754 as at June 30, 2018.

On May 3, 2018, 1,522,000 warrants were exercised at \$1.15 for total gross proceeds of \$1,750,300.

On May 29 2018, the Corporation signed 50%-50% joint venture agreements with Altius Resources Inc. (“Altius”) for the following designated projects: Elrond, Gondor, Helms Deep, Isengard, Minas Tirith, Moria and Shire (the “Designated Projects”). On July 13, 2018, the Corporation amended, subject to the Exchange approval, the James Bay strategic alliance (“Alliance”) memorandum of understanding (“MOU”) signed on March 30, 2017 as follow:

- Altius agrees to exchange its 50% interest in the Designated Projects for 461,487 common shares valued at \$507,636, which corresponds to Altius’ portion of the accumulated expenditures on the designated projects;

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#### 2. OVERALL PERFORMANCE (CONT'D)

- Altius will subscribe to 198,386 common shares at \$1.10 which corresponds to Altius' portion of the phase 2 approved exploration budget of 2018;
- Altius will subscribe to additional common shares for its portion of future work program on the Designated Projects, at market price;
- If further designated projects are declared, Altius will subscribe additional common shares of the Corporation for its portion of the work programs, at market price;
- All designated projects share require the registration of a 2% net smelter return ("NSR") royalty, 50% 50% to the respective parties ("Alliance Royalty"), with a mutual right of first offer on the sale of any interest in the Alliance Royalty.

The MOU expires December 31, 2019, with an option to continue the Alliance for two additional years. The duration of this MOU can be reduced or extended by mutual consent.

On July 27, 2018, the Corporation signed a partnership agreement (50%-50%) with the Nunavik Mineral Exploration fund ("NMEF"), to explore an area of the Soissons property located between 50 and 100 kilometers southeast of Kuujuaq, Nunavik, Quebec. The NMEF will be the operator of the partnership.

As operator, Midland incurred exploration expenditures totalling \$3,856,987 (\$3,981,377 in Q3-17 YTD), on its properties of which \$1,466,840 was recharged to its partners (\$919,541 in Q3-17 YTD). The operating partners incurred \$576,954 of exploration expenses (\$600,680 in Q3-17 YTD). Also, the Corporation invested \$250,081 (\$469,359 in Q3-17 YTD) to complete several property acquisitions in Quebec of which \$32,703 was recharged to its partners (\$49,705 in Q3-17 YTD).

The Corporation reported a loss of \$356,556 in Q3-18 YTD compared to \$663,749 for Q3-17 YTD. Operating expenses are stable at \$1,226,993 (\$1,249,175 in Q3-17 YTD). A \$631 620 (\$366 130 in Q3-17 YTD) recovery of deferred income taxes was recognized to record the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the November 2017 private placement (November 2016 and March 2017 in Q3-17 YTD).

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### 3. EXPLORATION ACTIVITIES

Deferred exploration expenses Q3-18 YTD	Balance beginning	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based compen-	Recharge	Tax credits	Option payment	Write-off	Net change	Balance end
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>														
Maritime Cadillac	292,271	739	-	88,024	5,357	-	94,120	2,115	-	-	-	-	96,235	388,506
Laflamme Au	2,202,064	27,550	144,286	2,512	292	-	174,640	3,620	-	-	-	-	178,260	2,380,324
Patris Au	221,844	4,646	-	16,742	-	-	21,388	-	(19,814)	-	-	-	1,574	223,418
Casault Au	963,965	163,331	-	1,124,725	90,571	-	1,378,627	15,180	(689,313)	(52,947)	-	-	651,547	1,615,512
Jouvex Au	412,833	-	-	-	-	-	-	129	-	-	-	-	129	412,962
Heva Au	261,985	5,276	1,615	500	-	-	7,391	7,309	(6,498)	-	-	-	8,202	270,187
Valmond Au	124,314	-	-	-	-	-	-	-	-	-	-	-	-	124,314
Samson Au	83,411	28,702	53,820	389	-	-	82,911	99	-	(40)	-	-	82,970	166,381
La Peltrie	1,067,584	28,205	62,991	428,779	26,732	17,831	564,538	8,483	(563,739)	-	-	-	9,282	1,076,866
Adam	131,155	10,664	70,923	1,097	-	18,750	101,434	2,898	-	(802)	-	-	103,530	234,685
Mistaouac	-	33,078	191,884	-	-	-	224,962	1,516	-	(4,319)	-	-	222,159	222,159
Turgeon	-	7,914	185,114	-	-	-	193,028	1,516	-	-	-	-	194,544	194,544
Abitibi Au	203,470	12,895	-	-	-	-	12,895	99	-	(1,347)	-	-	11,647	215,117
<b>Grenville-Appalaches</b>														
Weedon Cu Zn Au	626,897	-	-	-	-	-	-	1,188	-	-	-	-	1,188	628,085
Gatineau Zn	44,005	98	23,480	-	-	-	23,578	-	-	(7)	-	-	23,571	67,576
<b>Bay-James</b>														
James Bay Au	362,595	98,691	-	-	-	-	98,691	2,299	-	(575)	-	-	100,415	463,010
Eleonore Au	1,723,519	43,760	-	-	292	-	44,052	2,462	-	(2,260)	-	-	44,254	1,767,773
JV Eleonore Au	291,282	133,993	114,711	-	502	-	249,206	6,983	(1,440)	-	-	-	254,749	546,031
JV BJ Altius	162,781	255,048	101,139	-	31,020	-	387,207	6,123	(186,036)	(56,092)	-	-	151,202	313,983
<b>Northern Quebec</b>														
Pallas PGE	538,746	-	-	-	-	-	-	1,228	-	-	-	-	1,228	539,974
Willbob Au	2,126,873	112,945	-	18,256	65,888	-	197,089	21,330	-	(16,674)	-	-	201,745	2,328,618
Soissons	-	7,735	-	-	-	-	7,735	-	-	-	-	-	7,735	7,735
<b>Projects generation</b>	91,166	(6,505)	-	-	-	-	(6,505)	-	-	-	-	(194)	(6,699)	84,467
<b>TOTAL</b>	<b>11,932,760</b>	<b>979,893</b>	<b>949,963</b>	<b>1,681,024</b>	<b>220,654</b>	<b>36,581</b>	<b>3,856,987</b>	<b>84,577</b>	<b>(1,466,840)</b>	<b>(135,063)</b>	<b>-</b>	<b>(194)</b>	<b>2,339,467</b>	<b>14,272,227</b>

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### 3. EXPLORATION ACTIVITIES (CONT'D)

Deferred exploration expenses Q3-17 YTD	Balance beginning	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based compensation	Recharge	Tax credits	Option payment	Write-off	Net change	Balance end
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>														
Maritime Cadillac	236,090	3,160	-	33,638	-	-	36,798	1,234	-	(54)	-	-	37,978	274,068
Laflamme Au	1,893,853	23,712	109,332	181,792	5,778	-	320,614	8,055	-	(216)	-	-	328,453	2,222,306
Patris Au	221,646	3,486	-	3,883	-	-	7,369	198	(7,369)	-	-	-	198	221,844
Casault Au	352,708	67,736	81,622	780,930	47,827	18,533	996,648	15,382	(504,963)	(2,012)	-	-	505,055	857,763
Jouvex Au	351,966	2,806	87,704	-	-	20,923	108,627	1,690	(55,716)	(418)	-	-	56,989	408,955
Heva Au	157,076	51,548	12,157	300	3,609	35,580	111,433	8,515	(300)	(9,310)	-	-	102,099	259,175
Valmond Au	120,742	-	-	-	-	-	-	-	-	-	-	-	-	120,742
Samson Au	78,203	850	-	389	-	-	1,239	1,240	-	-	-	-	2,479	80,682
La Peltrie	652,484	39,416	312,312	1,374	-	49,275	402,377	13,049	-	(413)	-	-	415,013	1,067,497
Adam	42,841	23,557	58,410	4,251	-	-	86,218	1,234	-	-	-	-	87,452	130,293
Abitibi Au	173,644	29,119	4,050	114	611	-	33,894	1,115	-	(861)	-	-	34,148	207,792
<b>Grenville-Appalaches</b>														
Weedon Cu Zn Au	523,230	19,462	7,000	-	32,763	-	59,225	3,359	-	(1,578)	-	-	61,006	584,236
Gatineau Zn	29,024	10,561	-	-	-	-	10,561	-	-	-	-	-	10,561	39,585
<b>Bay-James</b>														
Bay-James Au	261,886	16,894	40,700	-	-	-	57,594	-	-	(2,390)	-	-	55,204	317,090
Eleonore Au	1,629,303	10,164	-	-	-	-	10,164	5,020	-	(3,267)	-	-	11,917	1,641,220
JV Eleonore Au	124,692	172,573	-	533	9,096	-	182,202	15,404	-	(40,611)	-	-	156,995	281,687
JV JB Altius	-	145,300	-	-	-	-	145,300	3,141	(72,650)	-	-	-	75,791	75,791
<b>Québec Labrador</b>														
Ytterby ETR	183,583	-	-	-	-	-	-	-	-	-	-	-	-	183,583
<b>Northern Quebec</b>														
Pallas PGE	369,500	60,113	-	474,576	32,084	-	566,773	5,557	(278,543)	(104,524)	-	-	189,263	558,763
Willbob Au	565,271	188,071	-	574,417	79,065	-	841,553	48,416	-	(67,157)	-	-	822,812	1,388,083
<b>Projects generation</b>														
<b>TOTAL</b>	<b>8,041,811</b>	<b>876,749</b>	<b>713,287</b>	<b>2,056,197</b>	<b>210,833</b>	<b>124,311</b>	<b>3,981,377</b>	<b>132,609</b>	<b>(919,541)</b>	<b>(233,177)</b>	<b>-</b>	<b>-</b>	<b>2,961,268</b>	<b>11,003,079</b>

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### 3. EXPLORATION ACTIVITIES (CONT'D)

Exploration and evaluation expenses	Actual Q3-17 YTD			Actual Q3-18 YTD			Budget Fiscal 18		
	Midland	Partner	Total	Midland	Partner	Total	Midland	Partner	Total
Properties	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>100% owned by Midland</b>									
Abitibi Au	33,894	-	33,894	17,518	-	17,518	30,000	-	30,000
Valmond	-	-	-	-	-	-	5,000	-	5,000
Samson	1,239	-	1,239	82,911	-	82,911	100,000	-	100,000
Adam	86,218	-	86,218	101,434	-	101,434	100,000	-	100,000
Mistaouac	-	-	-	220,339	-	220,339	-	-	-
Turgeon	-	-	-	186,523	-	186,523	-	-	-
Weedon Cu-Zn-Au	59,225	-	59,225	-	-	-	60,000	-	60,000
Gatineau Zn	10,561	-	10,561	23,578	-	23,578	5,000	-	5,000
James Bay Au	57,594	-	57,594	98,691	-	98,691	300,000	-	300,000
Éléonore Au	10,164	-	10,164	44,052	-	44,052	100,000	-	100,000
Willbob	841,553	-	841,553	197,089	-	197,089	2,000,000	-	2,000,000
Pallas PGE Jogmec	288,230	278,543	566,773	-	-	-	5,000	-	5,000
Soissons	-	-	-	7,735	-	7,735	-	-	-
Project generation	8,221	-	8,221	2,713	-	2,713	120,000	-	120,000
	1,396,899	278,543	1,675,442	982,583	-	982,583	2,825,000	-	2,825,000
<b>With option, operated by Midland and paid by partner</b>									
La Peltrie	402,377	-	402,377	799	563,739	564,538	-	500,000	500,000
<b>With option, operated and paid by partner</b>									
Patris – Teck	-	386,953	386,953	1,574	19,814	21,388	-	15,000	15,000
Heva Au	103,194	-	103,194	893	265,300	266,193	-	500,000	500,000
	103,194	386,953	490,147	2,467	285,114	287,581	-	515,000	515,000
<b>In joint venture</b>									
Maritime-Cadillac AEM 51%	36,798	38,300	75,098	94,120	97,888	192,008	100,000	100,000	200,000
Vermillon – Soquem 53,4%	-	-	-	236	270	506	5,000	5,000	10,000
Laflamme Au– Abcourt 26,2%	320,614	-	320,614	174,640	-	174,640	200,000	-	200,000
Casault – Soquem 50%	491,685	505,557	997,242	689,314	689,313	1,378,627	300,000	300,000	600,000
Jouvex – Soquem 50%	55,717	55,716	111,433	-	-	-	100,000	100,000	200,000
JV Eleonore 50%	182,202	182,202	364,404	247,766	221,434	469,200	275,000	275,000	550,000
JV BJ Altius 50%	72,650	72,650	145,300	201,171	186,036	387,207	300,000	300,000	600,000
	1,159,666	854,425	2,014,091	1,407,247	1,194,941	2,602,188	1,280,000	1,080,000	2,360,000
<b>Grand total</b>	<b>3,062,136</b>	<b>1,519,921</b>	<b>4,582,057</b>	<b>2,393,096</b>	<b>2,043,794</b>	<b>4,436,890</b>	<b>4,105,000</b>	<b>2,095,000</b>	<b>6,200,000</b>

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### 3. EXPLORATION ACTIVITIES (CONT'D)

When the work is done and paid by the partners, the expenses are not included in the Midland accounts. The previous table shows all the work being done on Midland's properties including work done and paid by operating partners. This table excludes stock-based compensation that has been capitalized.

Gino Roger, geological engineer, president and director of Midland, qualified person under NI 43-101, has reviewed the following technical disclosure.

#### HIGHLIGHTS

- ***Drilling program (3,000 m) starting on the Vortex discovery and other Casault targets***
- ***New trenching program completed with Osisko on the James Bay JV***
- ***New trenching program completed on Lasalle 100% Midland property***
- ***Prospecting completed on new regional targets with Altius in James Bay***
- ***New trenching program ongoing on Willbob***

#### ABITIBI

##### 3.1 Maritime-Cadillac (Au) in partnership with Agnico Eagle and operated by Agnico Eagle

###### *Exploration work on the property*

During Q1-18, Agnico Eagle finalized the drilling targets and permitting in preparation for the next drilling program scheduled to start during Q2-18. The objective of this new program, initially comprising two to three drill holes totalling 1,000 to 1,500 metres, is to test the potential depth extensions of the gold-bearing zone intersected in drill hole 141-17-36 on the historic Maritime-Cadillac showing. This drill hole intersected an interval grading 1.46 g/t Au over 31.6 metres, from 112.80 to 144.40 metres, including 2.2 g/t Au over 15.6 metres at a vertical depth of approximately 100 metres. This zone included several higher-grade sections, namely 4.3 g/t Au over 0.9 metre (124.1 to 125.0 m), 3.4 g/t Au over 1.0 metre (126.0 to 127.0 m), and 5.7 g/t Au over 0.6 metre (135.0 to 135.6 m) (*Note that results are reported as core lengths and that true thicknesses cannot be determined at this time with the information currently available*).

During Q2-18, one drill hole was completed at a final depth of 654.0 metres. Hole 141-18-38 intersected the Maritime-Cadillac zone between 486.3 and 493.0 metres. The zone consists in a felsic-intermediate dyke mineralized with traces to 1% pyrite and arsenopyrite. The best assay results returned 0.83 g/t Au over 7.60 m (485.4 to 493.0 m) including 1.3 g/t Au over 2.0 m and 1.58 g/t Au over 3.30 m (497.2 to 500.5 m).

Hole 141-18-39 was completed during Q3-18. The hole ended at a depth of 831.0 metres. Assays results were received for hole 141-18-39. The best interval returned 1.6 g/t Au over 3.0 metres between 363.7 and 366.7 metres.

##### 3.2 Laflamme (Au-Ni-Cu-PGE), in partnership with Abcourt Mines Inc. and operated by Midland

###### *Exploration work on the property*

During Q2-18, a heliborne magnetic survey was completed over the southern claim block. Several lineaments were interpreted as structural features within the felsic intrusion.

Also, a ground SQUID-EM survey was completed and covered the ultramafic unit identified east of the Copernick zone. A weak conductor was identified to the east of Copernick on the preliminary data and could be related to weakly connected or veinlets of sulphides. A weak conductor oriented SW-NE has been interpreted to the northeast of Copernick associated with the ultramafic rocks.

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### 3. EXPLORATION ACTIVITIES (CONT'D)

#### 3.3 Casault (Au), in partnership with SOQUEM and operated by Midland

##### *Exploration work on the property*

During Q1-18, a diamond drilling campaign consisting of five (5) drill holes with a minimum spacing of 100 metres between drill holes and totalling 1,638.0 metres was completed on the Casault property. During this campaign, a significant gold system including four (4) new parallel gold zones, named Vortex 475, 450, 435 and 425, was identified. The envelope encompassing these mineralized zones forms a corridor approximately 50 metres wide.

The most important gold zone identified to date at Vortex, Zone 450, was intersected at shallow vertical depth (75 to 250 metres) in all the drill holes of this campaign, over a strike length of at least 500 metres. The zone trends east-west and is steeply dipping to the north; it remains open in all directions.

##### *Zone Vortex 450 (best results)*

- 1.38 g/t Au over 26.5 m, incl. 7.87 g/t Au over 2.2 m, incl. 14.55 g/t Au over 0.8 m (CAS-17-96)
- 1.30 g/t Au over 23.5 m, incl. 3.46 g/t Au over 6.0 m, incl. 23.6 g/t Au over 0.5 m (CAS-17-95)
- 2.10 g/t Au over 6.7 m, incl. 6.82 g/t Au over 0.4 m and 5.58 g/t Au over 0.4 m (CAS-17-93)
- 1.91 g/t Au over 7.2 m, incl. 5.18 g/t Au over 1.4 m (CAS-17-94)

Zone 435, located approximately 15 metres south of Zone 450, was intersected mainly to the west, in drill holes CAS-17-93 and CAS-17-94. This zone remains open to the west and at depth.

##### *Zone Vortex 435 (best results)*

- 3.50 g/t Au over 2.8 m, incl. 5.0 g/t Au over 0.95 m (CAS-17-93)

In addition to zones 450 and 435, two other zones with anomalous gold values (475 and 425) were intersected in a few drill holes, approximately 25 metres north of Zone 450 and approximately 10 metres south of Zone 435 respectively. Drill hole CAS-17-96 intersected an interval grading 18.7 g/t Au over 0.50 metre in Zone 475.

This drilling campaign, completed in the fall of 2017, targeted the strike extensions of a new gold zone that was initially identified in drill hole CAS-17-86 on section 628 100E near the Sunday Lake. This drill hole intersected a gold-bearing interval grading 3.1 g/t Au over 1.40 metres (180.50 to 181.90 m), including 3.94 g/t Au over 0.90 metre (181.00 to 181.90 m). This zone was included within a wider envelope with anomalous gold values and strong hematite, carbonate and albite alteration that graded 0.56 g/t Au over 16.0 metres, from 180.50 to 196.50 metres.

Over the course of Q3-18, a diamond drilling program comprising eight (8) drill holes for a total of 2,860 metres was completed on the Vortex zone. In addition to extending the zone another 200 metres to the west, several other drill holes completed during the program intersected zones 450 and 475 at shallow vertical depths ranging from 150 to 250 metres.

Best results include, in drill hole CAS-18-101, a breccia zone altered to albite, ankerite and silica mineralized with approximately 5% pyrite. This breccia zone, which corresponds to zone 450, graded 12.42 g/t Au over 1.05 metre from 289.76 to 290.70 metres, and remains open at depth. Approximately 200 metres further west, drill hole CAS-18-105 yielded the best drill intersection to date in zone 475, with a grade of 0.51 g/t Au over 26.0 metres from 241.0 to 267.0 metres, including 2.09 g/t Au over 2.30 metres. This zone remains wide open to the west and at depth. In addition, a new gold-bearing zone (zone 550) was identified about 75 metres north of zone 475, near the contact between fragmental units and mafic volcanic rocks. Drill hole CAS-18-105 intersected an interval grading 3.67 g/t Au over 0.45 metre, from 54.0 to 54.45 metres. *(Note that true thicknesses cannot be determined with the information available at this time; intervals are therefore reported in core length).*



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#### 3. EXPLORATION ACTIVITIES (CONT'D)

A new drilling program consisting in seven holes totalling 3,000 metres is commencing. The main objective of this new campaign will be to test the extensions of the Vortex zone at a vertical depth of 500 metres, in three (3) drill holes spaced 400 metres apart. Gold-bearing intercepts in drill holes CAS-17-96 (Zone 450: 1.38 g/t Au over 26.2 metres including 7.9 g/t Au over 2.2 metres); CAS-18-101 (Zone 450: 12.4 g/t Au over 1.05 metre); and CAS-18-105 (Zone 475: 0.51 g/t Au over 26.0 metres including 2.09 g/t Au over 2.30 metres) remain wide open at depth and will be tested during this campaign

#### 3.4 Heva (Au), in partnership with IAMGOLD and operated by IAMGOLD

##### *Property description*

On May 1, 2018, the Corporation signed an amendment to the May 27, 2017 option agreement with IAMGOLD Corporation (“IAMGOLD”) whereby IAMGOLD will have until December 31, 2018 to make the \$70,000 cash payment and the \$500,000 work commitment of the first anniversary.

##### *Exploration work on the property*

During Q1-18, IAMGOLD completed a drilling program consisting in five (5) holes totalling 1,390 metres. This program tested the best structural, geological and geophysical (IP-Mag) targets identified during the compilation phase.

IAMGOLD provided the complete and final results of their drilling program that was completed in December. Unfortunately, no significant results were obtained but some small anomalous intervals were intersected. The best result returned 2.28 g/t Au over 1.15 metre in hole HV-17-04 and 0.97 g/t Au over 2.30 metres in hole HV-17-03.

#### 3.5 La Peltrie (Au), in partnership with Niobay and operated by Midland

##### *Exploration work on the property*

During Q1-18, a drilling program comprising seven (7) drill holes totalling 1,881.0 metres was completed. This program tested the best IP-OreVision targets identified on the West and Central grids.

The best results of this campaign come from two drill holes spaced about 300 metres apart, which tested the gold-bearing iron formation. Drill holes LAP-17-04 and LAP-17-05 yielded 14 gold values above 0.1 g/t Au with gold intersections ranging from 0.10 g/t Au over 2.0 metres to a maximum of 1.23 g/t Au over 2.50 metres. The auriferous mineralization is hosted by semi-massive to massive pyrrhotite-bearing sulphide horizons between 10 and 60 metres thick. *(Note that true thicknesses cannot be determined with the information available at this time; intervals are therefore reported in core length)*. The remaining drill holes in this campaign, drilled to test areas other than the iron formation, explained the IP anomalies with the presence of sulphides but no significant values were obtained.

The massive sulphides occur near the contact between calc-alkaline felsic tuffs (F1-type) to the south and andesites to the north. The geochemical signature of these felsic tuffs is very similar to that of the felsic tuff and rhyolite sequences that host the Bousquet-LaRonde volcanogenic gold deposits in the Southern Abitibi. Moreover, the pyrrhotite-bearing massive sulphides show enrichments in gold, and also in silver and lead, near the contact with andesites, indicating the presence of a particularly favourable proximal exhalative horizon in this location. Integration of all the results of this campaign has led to the identification of a high-priority exploration target at the intersection between an interpreted synvolcanic fault and the favourable felsic tuff-andesite contact. This target remains to be drill-tested.

An interpretation of the VTEM survey was completed by consultant Marc Boivin. He proposed ten (10) targets to be followed-up with TDEM ground surveys. Following internal discussions, one grid (VTEM LAP-1-2-4) was selected and extended for a follow-up. The TDEM survey was completed during December and a strong conductor was detected.

## Midland Exploration Inc.

### Management Discussion & Analysis – Quarterly Highlights

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#### 3. EXPLORATION ACTIVITIES (CONT'D)

##### 3.6 Valmond (Au), operated by Midland

*Exploration work on the property*

A ground magnetic survey was completed on Valmond during Q2-18. This survey covered the NW extension of the main showing. No significant magnetic feature was identified.

##### 3.7 Samson Ni-Cu-PGE, operated by Midland

*Exploration work on the property*

A ground Armit-EM survey was completed on three grids during Q2-18 in order to cover three structurally complex areas having weak airborne conductors. One weak conductor has been identified on each of the three grids.

##### 3.8 Adam Cu-Au, operated by Midland

*Exploration work on the property*

During Q2-18, an IP-OreVision survey was completed on Adam. The three grids covered the southern portion of the property where historical till gold anomalies had been identified. The survey also targeted some unexplained VTEM conductors. Two strong IP- chargeability anomalies were identified and represent new drilling targets in the southern portion of the main block east of the B26 deposit owned by SOQUEM.

##### 3.9 Abitibi Gold (Au), operated by Midland

*Property description*

On May 28, 2018, the Corporation signed a letter of intent, formalized by a definitive agreement signed on July 16, 2018, whereby it sold 17 claims for \$8,000 cash and a 1% NSR royalty.

*Exploration work on the property*

An important VTEM survey was completed over the Mistaouac and Turgeon properties located in the vicinity of the Casa Berardi mine. Some new conductors have been identified on the Mistaouac West survey. For the main Mistaouac block, the VTEM detected almost the same anomalies as the previous Input surveys. For the Turgeon block, a few new conductors were identified.

#### GRENVILLE-APPALACHES

##### 3.10 Weedon (Cu-Zn-Au) operated by Midland

*Exploration work on the property*

A till geochemical survey was completed during Q1-18 to the north-east of the Weedon mine.

The till survey identified a new unexplained gold and zinc anomaly to the northwest of the Lingwick deposit. A follow-up program for the next fall is in preparation.

##### 3.11 Gatineau Zinc (Zn), operated by Midland

*Exploration work on the property*

A gravimetric survey was completed during Q2-18 on the Bouchette property. Results show two nice anomalies coincident with dolomitic marbles to the SE of the Bouchette showing and also further to the east.

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### 3. EXPLORATION ACTIVITIES (CONT'D)

#### JAMES BAY

#### 3.12 James Bay Gold JV (Au), operated by Osisko

##### *Exploration work on the property*

During Q3-18 the IP survey was completed and covered an area where a field of copper-rich, glacially transported, sub-angular diorite boulders were discovered (see the September 26, 2017 press release). Four (4) diorite boulders sampled in 2016 and 2017 returned 8.28% Cu, 6.85% Cu, 4.54% Cu and 3.45% Cu in grab samples (*note that grab samples are selective by nature and values reported may not be representative of mineralized zones*). The Cu±Mo±Ag±Bi geochemical signature of the boulders and the dioritic host rock suggest a porphyry copper system. These boulders are all found within a 100-meter diameter zone, which suggests a local source.

The IP survey revealed two strong zones of chargeability anomalies that could indicate areas of disseminated copper or iron sulfides within the bedrock. The first strong IP chargeability anomaly is located less than 100 metres north-east (up-ice) from the copper-bearing boulder field and is a prime target for follow-up. The second strong IP chargeability anomaly, located about 600 metres north of the boulders, is also very interesting because it is also associated with a preeminent magnetic high and an electromagnetic anomaly that were delineated by a historical Mag-EM airborne survey performed in the area. Such a combination of magnetic and chargeability anomalies is typical of the copper-rich core zones of porphyry copper deposits, which contain both sulfides and magnetite.

A mechanical trenching campaign was completed during June and all assay results are pending.

#### 3.13 JV JB Altius, I partnership with Altius, operated by Midland

##### *Exploration work on the property*

Midland and its partner Altius held a technical meeting where the strategy for 2018 was discussed. Midland will generate another list of exploration targets that will be verified in the field during next summer. Also, additional trenching and prospecting will be conducted on the Shire-Zn and Moria-Ni 2017 discoveries. In the meantime, Midland and Altius started the marketing of those discoveries in order to try to find new partners for those projects.

During Q3-18, the team spent three weeks in the field prospecting for the new exploration targets developed during Q2-18. Assays are pending.

#### 3.14 James Bay Gold (Au), operated by Midland

##### *Exploration work on the property*

Last fall on the Lasalle property, a grab sample of a silicified and foliated amphibolite containing about 1% pyrite, located in a 100 meters thick shear zone, had returned 22.6 g/t Au, as well as strongly anomalous copper, bismuth and molybdenum (*note that grab samples are selective by nature and values reported may not be representative of mineralized zones*). Along the same shear zone, 750 meters east, another grab sample of foliated amphibolite had returned 7.03 g/t Au and anomalous copper and bismuth. Finally, a further 800 meters east in the same shear zone, a grab sample of paragneiss with pyrite, galena and sphalerite stringers had returned 2.35 g/t Au, 105 g/t Ag, 3.32% Pb and 5.53% Zn, along with strongly anomalous bismuth and antimony. The shear zone that hosts these showings is located at the contact between metavolcanic and metasedimentary rocks, is about 100 meters thick and is now interpreted to be more than 8 kilometers long.

During Q3-18, the exploration campaign at Lasalle was completed and consisted in mechanical trenching of these high-grade gold showings as well as of unexplained gold anomalies in glacial tills also located on the same favorable shear structure. Assays are pending.

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### 3. EXPLORATION ACTIVITIES (CONT'D)

#### NORTHERN QUEBEC

##### 3.15 Willbob (Au), operated by Midland

###### *Property description*

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.

###### *Exploration work on the property*

During Q1-18, Midland received the complete and final assay results of the fall prospecting program and released the results of the drilling campaign.

###### Prospecting Highlights

The Wayne showing was first identified in August 2017, with two grab samples separated by about 200 meters that returned 32.7 g/t Au and 2.47 g/t Au, in an area that was not explored previously. First, an elevated value of 250.10 g/t Au was obtained from a single, isolated sample located about 225 meters south-east of the initial 32.7 g/t Au value. Re-sampling of the original 32.7 g/t Au sample yielded 6.54 g/t Au, while values of 40.10 g/t Au, 24.80 g/t Au, 1.94 g/t Au, 1.81 g/t Au, 1.56 g/t Au were obtained from grab samples collected in a 10 meters radius around the original sample. Another grab sample collected about 25 meters south also yielded 1.15 g/t Au. Mineralisation in the Wayne showing area consists in a quartz diorite that contains numerous mm- to cm-thick quartz veinlets; the veinlets and the wallrock are mineralized in pyrrhotite with usually no arsenopyrite. Ten (10) samples out of 29 samples collected from the Wayne area yielded more than 1 g/t Au, with three additional ones yielding between 0.1 and 1 g/t Au.

The new Didgeridoo gold zone is located about 15 kilometers southeast of Osisko/Barrick's Pump Pad Ridge gold showing, and about 70 kilometers south of Midland's Golden Tooth zone. It is part of a new claim block staked in January 2017. Channel samples on Didgeridoo yielded 1.37 g/t Au / 6.1 m. Several grab samples collected north and south of this channel along the zone also yielded significant gold values: 2.77 g/t Au, 1.82 g/t Au and 0.62 g/t Au located between 15 and 40 meters north of the channel, and 2.35 g/t Au, 1.35 g/t Au, 1.235 g/t Au, 1.20 g/t Au and 0.63 g/t Au from 15 to 25 meters south. *Note that grab samples are selective by nature and values reported may not be representative of mineralized zones.* The Didgeridoo zone appears to be at least 60 meters long by 5 to 10 meters wide, and is open to the south. It is a shear zone with abundant fault-filling quartz-calcite veins and veinlets, along with minor disseminated pyrrhotite within the veins and in the strongly chloritized host gabbro. Six (6) grab samples out of 19 at Didgeridoo yielded more than 1 g/t Au, and four (4) samples also yielded between 0.1 and 1.0 g/t Au. Following the discovery, Midland acquired 8 adjacent claims that contain an historical gold showing that returned up to 2.8 g/t Au in grab sampling, located on-strike about 500 meters northwest of Didgeridoo.

Several additional gold showings were also discovered in the Fall 2017 campaign and include (grab samples): the Cross Lake Showing (8.82 g/t Au, 39.20 g/t Ag; 1.28 g/t Au; 1.03 g/t Au), the Nak showing (6.26 g/t Au), the Lac H showing (1.75 g/t Au) and the West Smokey Bear showing (2.35 g/t Au; 2.21 g/t Au; 2.16 g/t Au; 1.23 g/t Au).

###### Highlights of the 2017 drilling campaign

The objective of the 2017 drilling campaign was primarily to test several arsenopyrite-bearing gold showings within shear zones, found in the northern corner of the project (Golden Tooth, Polar Bear, GTN, Kuni and Kuurok showings). A total of ten (10) holes totalling 3116 meters tested these shear zones. One (1) hole 189 meters deep tested the quartz-ankerite brittle veins and breccias of the Sunshine showing. Three (3) more holes also tested the Stars gold-bearing volcanogenic massive sulfide prospect at a very shallow depth (less than 25m vertical depth), for a total of 186 meters.

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#### 3. EXPLORATION ACTIVITIES (CONT'D)

Drillhole WB-17-18 tested the Sunshine showing (up to 7.16 g/t Au in surface grab sampling in 2016). Sunshine represents a different mineralization style compared to the arsenopyrite-bearing shear zones mentioned previously; it contains no arsenopyrite and is hosted within brittle structures and breccias instead of ductile-brittle shears. WB-17-18 intersected three gold-bearing intervals: 36.40 g/t Au / 0.50 m, 1.99 g/t Au / 0.45 m, and 0.50 g/t Au / 1.05 m, all found between 96.35 and 107.55 meters. *Unless otherwise stated, all drill intersections reported in this report are apparent thicknesses; true thicknesses cannot be determined at this time for most intersections.* Mineralization consists in a non-sheared, altered diorite containing un-mineralized quartz veins, with pyrite and pyrrhotite in the wallrock of the veins. Hole WB-17-18 confirms that the Sunshine showing is a newly recognized mineralization style that has the potential for high gold grades. The mineralized zone intersected in WB-17-18 is still open in all directions.

Holes WB-17-09, 10 and 11 tested the extensions of the Golden Tooth gold-arsenopyrite shear zone that returned up to 3.1 g / t Au / 1.7 m in 2016 drilling. All three holes successfully intersected the zone. Hole WB-17-11 tested the zone on a section located 100m northwest of WB-16-05, and yielded 2.23 g/t Au / 1.25 m (0.91 m true width). Hole WB-17-09 tested the southwestern extension of the zone at depth, and returned 0.422 g/t Au / 2.15 m (1.32 m true width) between 280.85 and 283 meters. Finally, hole WB-17-10 tested the zone on a section 100 meters southeast of WB-16-07; it yielded 0.81 g/t Au / 1.95 m (1.43 m true width). The Golden Tooth zone was demonstrated to be at least 250 meters long on surface, continuous over more than 300 meters downdip, and is still open in all directions. Field and core observations indicate it is a classic, orogenic-style, gold-arsenopyrite shear zone, typical of many major gold deposits worldwide.

Hole WB-17-13 tested the Kuurok arsenopyrite-bearing shear zone (up to 14.5 g/t Au in grab sample); it yielded 3.50 g/t Au / 0.35 m. In the Polar Bear area, hole WB-17-14 intersected an arsenopyrite-bearing shear zone near a diorite/mudstone contact that yielded 0.73 g/t Au / 2.7 m. In the Kuni area, numerous quartz-arsenopyrite tension veins scattered over tens of meters yielded 1.82 g/t Au / 0.55 m, 2.54 g/t Au / 0.35 m meters as well as many weakly anomalous Au values.

Holes WB-17-20, 21 and 22 tested the Stars gold-bearing massive sulfide prospect at a very shallow depth (maximum of 25 meters vertical depth). Holes WB-17-21 and 22 were drilled from the same drill setup but at different angles. Both holes intersected the massive sulfide lens. WB-17-21 yielded 0.40 g/t Au, 0.79% Cu and 0.046% Co / 1.9 m, in pyrrhotite-rich massive sulfides. WB-17-22 yielded 0.49 g/t Au, 0.59% Cu and 0.042% Co / 4.55 m, including 2.56 g/t Au, 0.51% Cu and 0.153% Co over 0.45 m in pyrite-rich massive sulfides. A section of sulfides-rich black shales further down also yielded 0.28 g/t Au / 5.65 m. Hole WB-17-20, drilled on a section 25 meters to the southeast, narrowly missed the massive sulfide lens because of a surface erosion feature.

During Q3-18, Midland started the field program consisting in prospecting, channel sampling followed during the fall by a drilling program to test the best summer discoveries. The program is in progress and results are expected during Q4-18.

#### 3.16 Soissons (Ni-Cu-Co), operated by Midland

##### *Exploration work on the property*

During Q2-18, Midland announced the acquisition by map staking of a new, 100% owned, nickel-copper-cobalt project in the Churchill geological province, Quebec. This new project consists of a total of 175 claims covering about 82 square kilometers and is located approximately 150 kilometers southeast of the town of Kuujuaq, Quebec.

## Midland Exploration Inc.

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#### 3. EXPLORATION ACTIVITIES (CONT'D)

The new project, called Soissons, covers a series of Ni-Cu-Co showings associated with two distinct troctolite to olivine-bearing gabbro-norite intrusions (Soissons intrusive suite). Work done in 2000 and 2001 by previous explorers revealed the following Ni-Cu-Co grades in grab samples: 1.22% Ni, 0.5% Cu, 0.06% Co; 1.03% Ni, 0.47% Cu, 0.05% Co (Papavoine showing); 0.63% Ni, 0.15% Cu, 0.04% Co (A14-1W showing); 0.67% Ni, 0.43% Cu, 0.05% Co (A14-1E showing); 0.30% Ni, 0.29% Cu, 0.03% Co (A17-1 showing) (note that grab samples are selective by nature and may not be representative of mineralized zones). A limited drilling campaign in 2001 (9 drill holes) also revealed the following intersections: 1.07% Ni, 0.23% Cu, 0.09% Co / 0.75m; 0.55% Ni, 0.43% Cu, 0.03% Co / 1.7m (Papavoine); 0.57% Ni, 0.29% Cu, 0.03% Co / 1.0m (Papavoine West) (note that the true thicknesses of the mineralized intervals are still undetermined). Drilling also returned several significant intervals of disseminated sulfides with Ni values between 0.1% and 0.2% over tens of meters. Re-examination of historical borehole geophysical surveys indicates that several very promising off-hole electromagnetic anomalies remain untested in the extensions of these mineralized intervals.

#### 4. RISK FACTORS AND FORWARD LOOKING INFORMATION

For the risk factors and forward looking information, refer to the annual management discussion and analysis of September 30, 2017.

August 9, 2018

*(s) Gino Roger*

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Gino Roger

President and CEO

*(s) Ingrid Martin*

\_\_\_\_\_  
Ingrid Martin

CFO

# Midland Exploration Inc.

## Corporate Information

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Paul Archer <sup>2) 3)</sup>  
René Branchaud <sup>2)</sup>  
Germain Carrière <sup>1) 2)</sup>  
Jean-Pierre Janson, Chairman of the board <sup>1) 2)</sup>  
Gino Roger <sup>3)</sup>  
Robert I. Valliant <sup>1) 3)</sup>

### Notes:

- 1) *Member of the Audit committee*
- 2) *Member of the Compensation and Governance Committee*
- 3) *Member of the Technical Committee*

### Officers

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Mario Masson, Vice-president Exploration  
Ingrid Martin, Chief Financial Officer  
René Branchaud, Secretary

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