



# **Midland Exploration Inc.**

Interim Management's Discussion and Analysis  
Quarterly Highlights

Six months ended March 31, 2016

# Midland Exploration Inc.

## Interim Management Discussion & Analysis – Quarterly Highlights

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# Midland Exploration Inc.

## Interim Management Discussion & Analysis – Quarterly Highlights

Six months ended March 31, 2016

The following quarterly highlights interim management discussion and analysis – quarterly highlights (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 Q2-16 YTD. This MD&A Highlights should be read in conjunction with the Corporation’s condensed interim financial statements as at March 31, 2016 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, 2015. 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
Q1-15	October 1, 2014 to December 31, 2014
Q2-15	January 1, 2015 to March 31, 2015
Q2-15 YTD	October 1, 2014 to March 31, 2015
Q3-15	April 30, 2015 to June 30, 2015
Q4-15	July 1, 2015 to September 30, 2015
Fiscal 15	October 1, 2014 to September 30, 2015
Q1-16	October 1, 2015 to December 31, 2015
Q2-16	January 1, 2016 to March 31, 2016
Q2-16 YTD	October 1, 2015 to March 31, 2016
Q3-16	April 1, 2016 to June 30, 2016
Q4-16	July 1, 2016 to September 30, 2016
Fiscal 16	October 1, 2015 to September 30, 2016

### 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 \$9,113,613 as of March 31, 2016 (\$9,999,139 as of September 30, 2015) as well as \$6,496,000 (\$6,496,000 as of September 30, 2015) of investments in guaranteed investment certificates with expiry dates over 1 year, which will allow the Corporation to execute its exploration program for at least the next three years.

On November 20, 2015, the Corporation completed private placements by issuing 835,365 flow-through shares respectively at \$0.85 per share, for total gross proceeds of \$710,060.

As operator, Midland incurred exploration expenditures totalling \$2,086,772 (\$2,840,256 in Q2-15 YTD), on its properties of which \$1,042,187 was recharged to its partners (\$2,524,788 in Q2-15 YTD). The operating partners incurred \$156,539 of exploration expenses (\$634,828 during Q2-15 YTD). Also, the Corporation invested \$180,690 (\$151,668 in Q2-15 YTD) to complete several property acquisitions in Quebec of which \$22,698 was recharged to its partners (\$73,738 in Q2-15 YTD).

The Corporation reported a loss of \$332,178 in Q2-16 YTD compared to \$288,374 for Q2-15 YTD.

- Project management fees decreased to \$66,277 (\$194,345 in Q2-15 YTD). The exploration on Jouvex and Casault generated less fees than the exploration on Pallas, Samson and Adam in Q2-15 YTD.
- Interest income increased to \$118,635 (\$35,597 in Q2-15 YTD) due to additional funds invested following \$14.4 million private placement closed in May 2015.
- Operating expenses increased to \$709,224 (\$567,007 in Q2-15 YTD) due to increase corporate activities.

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### 3. INVESTING ACTIVITIES

Deferred exploration expenses Q2-16 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	232,965	850	-	-	-	-	850	-	-	-	-	-	850	233,815
Laflamme Au	1,507,229	29,011	41,708	114,468	3,584	-	188,771	633	-	(10,338)	-	-	179,066	1,686,295
Patris Au	219,143	7,568	1,093	2,180	-	-	10,841	1,782	(10,841)	-	-	-	1,782	220,925
Casault Au	298,888	60,226	110,680	465,881	77,189	18,750	732,726	8,807	(732,726)	-	-	-	8,807	307,695
Jouvex Au	348,457	30,960	47,037	167,340	15,543	-	260,880	2,177	(260,880)	-	-	-	2,177	350,634
Heva Au	35,133	41,007	-	-	4,314	-	45,321	-	-	(7,934)	-	-	37,387	72,520
Valmond Au	120,742	-	-	-	-	-	-	-	-	-	-	-	-	120,742
Samson Au	439	3,012	58,000	259	576	-	61,847	1,128	-	(4,045)	-	-	58,930	59,369
La Peltrie	118,209	12,148	242,767	116,763	244	63,480	435,402	1,187	-	(27,225)	-	-	409,364	527,573
Adam	-	2,771	25,913	-	-	11,625	40,309	-	-	(1,089)	-	-	39,220	39,220
Abitibi Au	117,841	11,120	9,603	-	-	6,875	27,598	-	-	(1,815)	-	-	25,783	143,624
<b>Grenville-Appalaches</b>														
Weedon Cu Zn Au	484,279	8,176	-	22,420	594	-	31,190	-	-	(1,057)	-	-	30,133	514,412
Gatineau Zn	28,892	66	-	-	-	-	66	-	-	-	-	-	66	28,958
<b>Bay-James</b>														
Bay-James Au	248,057	13,430	168	-	2,043	-	15,641	-	-	(4,939)	-	-	10,702	258,759
Eleonore Au	1,527,352	26,030	-	-	6,617	-	32,647	1,347	-	(10,926)	-	-	23,068	1,550,420
<b>Québec Labrador</b>														
Ytterby ETR	176,054	2,346	-	-	5,386	-	7,732	-	-	-	-	-	7,732	179,786
<b>Northern Quebec</b>														
Pallas PGE	269,391	58,566	-	-	18,786	-	77,352	2,257	(37,740)	(13,161)	-	-	28,708	298,099
Willbob Au	111,951	51,911	45,669	-	7,297	-	104,877	475	-	(35,950)	-	-	69,402	181,353
<b>Projects generation</b>	<b>59,390</b>	<b>12,722</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>-</b>	<b>12,722</b>	<b>-</b>	<b>-</b>	<b>(984)</b>	<b>-</b>	<b>-</b>	<b>11,738</b>	<b>71,128</b>
<b>TOTAL</b>	<b>5,900,412</b>	<b>371,920</b>	<b>582,638</b>	<b>889,311</b>	<b>142,173</b>	<b>100,730</b>	<b>2,086,772</b>	<b>19,793</b>	<b>(1,042,187)</b>	<b>(119,463)</b>	<b>-</b>	<b>-</b>	<b>944,915</b>	<b>6,845,327</b>

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### 3. INVESTING ACTIVITIES (CON'T)

Deferred exploration expenses Q2-15 YTD	Balance beginning	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Travelling	Sub total	Stock-based compensation	Recharge	Tax credits	Option payment	Write-off	Net changes	Balance end
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>															
Maritime Cadillac Au	232,965	-	-	-	-	-	-	232,965	-	-	-	-	-	-	232,965
Laflamme Au	1,310,514	11,037	24,500	-	-	5,460	-	40,997	-	-	(3,262)	-	-	37,735	1,348,249
Patris Au	208,755	4,700	-	5,091	-	-	350	10,141	7,607	(10,141)	-	-	-	7,607	216,362
Casault Au	290,082	34,639	133,707	778,841	7,824	47,502	6,011	1,008,524	-	(1,003,143)	-	-	-	5,381	295,463
Jouvex Au	346,090	14,877	62,444	277,637	3,374	26,430	8,256	393,018	-	(391,498)	-	-	-	1,520	347,610
Heva Au	18,563	-	-	-	-	-	-	-	-	-	-	-	-	-	18,563
Valmond Au	123,955	3,700	-	66,107	1,063	-	2,018	72,888	5,325	(72,888)	-	(10,000)	-	(4,675)	119,280
Samson Au	-	56,428	117,196	212,287	244	49,530	2,852	438,537	-	(438,537)	-	-	-	-	-
Adam	-	3,320	152,750	-	-	-	-	156,070	-	(156,070)	-	-	-	-	-
Abitibi Au	36,641	10,158	58,379	-	-	-	-	68,537	-	-	(2,356)	-	-	66,181	102,822
<b>Weedon Cu, Zn, Au</b>															
Weedon Cu, Zn, Au	388,013	10,440	97,870	-	-	-	458	108,768	-	-	(12,502)	-	-	96,266	484,279
Gatineau Zn	28,766	66	-	-	-	-	-	66	-	-	-	-	-	66	28,832
<b>Bay-james</b>															
Bay-James Au	216,677	11,035	-	-	-	-	-	11,035	-	-	(3,449)	-	-	7,586	224,263
Eleonore Au	1,175,139	27,024	29,910	-	-	-	-	56,934	4,564	-	(9,470)	-	-	52,028	1,227,167
Bay-James U	14,686	-	-	-	-	-	-	-	-	-	-	-	-	-	14,686
Bay-James Fe	42,158	-	-	-	-	-	-	-	-	-	-	-	-	-	42,158
<b>Ytterby ETR</b>															
Ytterby ETR	109,090	775	-	-	-	-	-	775	-	(388)	-	-	-	387	109,477
<b>Pallas PG</b>															
Pallas PG	216,088	107,101	-	307,100	36,577	-	1,770	452,548	1,522	(452,123)	(156)	-	-	1,791	217,879
<b>Willbob Au</b>															
Willbob Au	5,116	16,955	-	-	671	-	-	17,626	-	-	(5,213)	-	-	12,413	17,529
<b>Projects Generation</b>															
Projects Generation	39,547	3,792	-	-	-	-	-	3,792	-	-	-	-	-	3,792	43,339
<b>TOTAL</b>	<b>4,802,845</b>	<b>316,047</b>	<b>676,756</b>	<b>1,647,063</b>	<b>49,753</b>	<b>128,922</b>	<b>21,715</b>	<b>2,840,256</b>	<b>19,018</b>	<b>(2,524,788)</b>	<b>(36,408)</b>	<b>(10,000)</b>	<b>-</b>	<b>288,078</b>	<b>5,090,923</b>

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### 3. INVESTING ACTIVITIES (CON'T)

Expenses Exploration and evaluation Properties	Actual Q2-15 YTD			Actual Q2-16 YTD			Budget Fiscal 16		
	Midland	Partner	Total	Midland	Partner	Total	Midland	Partner	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>100% owned by Midland</b>									
Abitibi Au	68,537	-	68,537	27,598	-	27,598	100,000	-	100,000
Heva	-	-	-	45,321	-	45,321	80,000	-	80,000
Valmond	-	-	-	-	-	-	15,000	-	15,000
Samson	-	-	-	61,847	-	61,847	-	-	-
Adam	-	-	-	40,309	-	40,309	-	-	-
La Peltrie	-	-	-	435,402	-	435,402	550,000	-	550,000
Weedon Cu-Zn-Au	108,768	-	108,768	31,190	-	31,190	100,000	-	100,000
Gatineau Zn	66	-	66	66	-	66	20,000	-	20,000
James Bay Au	11,035	-	11,035	15,641	-	15,641	50,000	-	50,000
Éléonore Au	56,934	-	56,934	32,647	-	32,647	100,000	-	100,000
Willbob	17,626	-	17,626	104,877	-	104,877	400,000	-	400,000
Project generation	3,792	-	3,792	12,876	-	12,876	40,000	-	40,000
	266,758	-	266,758	807,774	-	807,774	1,455,000	-	1,455,000
<b>With option, 100% owned and operated by Midland and paid by partner</b>									
Valmond Au – Sphinx	-	72,888	72,888	-	-	-	-	-	-
Pallas PGE Jogmec	-	452,548	452,548	39,612	37,740	77,352	225,000	225,000	450,000
Samson - Sphinx	-	438,537	438,537	-	-	-	50,000	-	50,000
Adam - Sphinx	-	156,070	156,070	-	-	-	50,000	-	50,000
Casault - Soquem	-	1,008,524	1,008,524	-	732,726	732,726	-	1,345,000	1,345,000
Jouvex – Soquem	-	393,018	393,018	-	260,880	260,880	-	510,000	510,000
	-	2,521,585	2,521,585	39,612	1,031,346	1,070,958	325,000	2,080,000	2,405,000
<b>With option, 100% owned by Midland, operated and paid by the partner</b>									
Patris Au – Teck	-	644,969	644,969	-	151,440	151,440	-	300,000	300,000
<b>In joint venture</b>									
Maritime-Cadillac-Agnico Eagle (operator) at 51%	-	-	-	850	-	850	25,000	25,000	50,000
Vermillon- Soquem at 52.5%	-	-	-	16,887	15,940	32,827	-	-	-
Ytterby REE-Jogmec at 49.5%	387	388	775	7,732	-	7,732	20,000	-	20,000
Laflamme Au – Aurbec at 31.5%	40,997	-	40,997	188,771	-	188,771	100,000	-	100,000
	41,384	388	41,772	214,240	15,940	230,180	145,000	25,000	170,000
	<b>308,142</b>	<b>3,166,942</b>	<b>3,475,084</b>	<b>1,061,626</b>	<b>1,198,726</b>	<b>2,260,352</b>	<b>1,925,000</b>	<b>2,405,000</b>	<b>4,330,000</b>

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### 3. INVESTING 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

- **Discovery of a new Ni-Cu-PGE zone on Laflamme ( Copernick Zone)**

#### ABITIBI

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

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

During Q1-16, Agnico Eagle completed a 3D-Model which includes all the historical data from the Lapa and Maritime-Cadillac areas. Currently, a series of requests are being performed on the model in order to generate the next drilling targets on the Maritime-Cadillac property along the Cadillac break.

A technical meeting will be held with Agnico Eagle at the end of May (Q3-16) in order to review the results of the 3D-Model and the possible drilling targets.

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

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

During Q2-16, a borehole electromagnetic survey (BHEM) using two different loops was completed in order to localize an off-hole anomaly that had been detected in hole LA-11-08 which discovered a new Ni-Cu-PGE zone in 2011 grading 0.66% Ni, 0.35% Cu, 0.17 ppm Pt and 0.16 ppm Pd over 8.0 metres, including a higher grade interval of 1.55% Ni, 0.53% Cu, 0.26 ppm Pt and 0.28 ppm Pd over 1.60 metres. These surveys have positioned the conductor at approximately 60 metres below hole LA-11-08 at a vertical depth of about 350 metres.

In follow-up on this new BHEM target, a new Ni-Cu-PGE zone was discovered in hole LAF-16-38. Drill hole LAF-16-38 intersected a new Ni-Cu-PGE zone with disseminated, locally semi-massive and net-textured mineralization grading 0.45% Ni, 0.35% Cu, 0.15 g/t Pt and 0.24 g/t Pd over 42.60 metres from 446.50 to 489.10 metres depth (*Note: True thickness is not known at this time with the available geological information*). Within this wide mineralized envelope, two zones with higher nickel and copper grades respectively yielded 1.11% Ni, 0.47% Cu, 0.21 g/t Pt and 0.79 g/t Pd over 3.50 metres from 449.00 to 452.50 metres, and 0.44% Ni, 0.88% Cu, 0.21 g/t Pt and 0.27 g/t Pd over 4.05 metres from 458.95 to 463.00 metres. The mineralization is hosted in ultramafic intrusive rocks that contain variable amounts of pyrrhotite ("Po"), pentlandite ("Pn"), and chalcopyrite ("Cp"), mainly occurring as disseminations but locally forming semi-massive and net-textured zones.

Following this discovery, two additional drill holes (LAF-16-39 and 40) were completed to test the Copernick zone respectively at 175 metres below and 65 metres above hole LAF-16-38. Both holes intersected altered ultramafic rocks mineralized with various amounts of Po-Pn and Cp. Assays are pending and will be received during Q3-16.

Moreover, a detailed magnetic survey and an IP test survey were completed. The final interpretation is in progress.

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

#### 3.3 Patris (Au), in partnership with Teck and operated by Teck

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

During Q1-16, an induced polarization (15 km) and a magnetic survey were completed in the lateral extensions of the alteration zone intersected in hole PAT-15-05 over more than 100 metres. Following these surveys, a drilling program consisting in four (4) holes totalling 1,000 metres has been approved and will begin as soon as the necessary authorizations have been received. This program will test a series of geophysical anomalies located in the vicinity of the alteration zone intersected in hole PAT-15-05.

At the end of the Q2-16, the CPTAQ authorization had not been received yet.

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

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

During the course of the first quarter, eight (8) drill holes totalling 3,069 metres were completed on Casault in partnership with SOQUEM. Two main areas were drilled including the northern contact of the Turgeon pluton and the QFP area. Two other drill holes tested IP anomalies to the south of the Sunday Lake deformation zone.

##### Turgeon Pluton area

Three (3) holes were completed near the northern contact of the Turgeon pluton where gold-bearing quartz-carbonate veins had been identified in hole CAS-15-53. This program confirmed the presence of at least three sets of quartz-carbonate veins oriented at N340 with a dip of 50 degrees to the east.

Drill hole CAS-15-68, drilled about 150 metres below hole CAS-15-53, cut a zone of 2.90 g/t Au over 0.40 metre between 271.40 and 271.80 metres and other intervals of 0.87 g/t Au over 0.56 metre from 311.30 to 311.86 metres and 0.38 g/t Au over 0.38 metre from 312.72 and 313.10 metres.

Drill hole CAS-15-69 completed 100 metres to the north of CAS-15-53 returned two zones with veins grading 0.67 g/t Au over 0.55 metre from 136.10 to 136.65 metres and another zone of 0.11 g/t Au over 0.40 metre between 137.35 and 137.75 metres.

At about 110metres to the west of hole CAS-15-53, hole CAS-15-70 intersected three sets of veins with the best values returning:

- 3.34 g/t Au over 0.40 metre (90.10 to 90.50 m)
- 0.78 g/t Au over 0.50 metre ( 170.9 to 171.40 m)
- 0.87 g/t Au over 2.85 metres (293.80 to 296.65 m)
- Incl.: 2.32 g/t Au over 0.65 metre ( 294.80 to 295.45 m)

##### QFP Area

During 2015, some drill holes had intersected gold-bearing mineralization within a felsic porphyritic intrusion (QFP) at the contact between the conglomerates and the mafic volcanics. During the Q1-16 drilling program, two holes tested the southern contact of the QFP and a third one tested a north-south oriented magnetic lineament.

Drill hole CAS-15-71 returned a strongly anomalous gold-bearing zone of 0.31 g/t Au over 12.30 metres (76.20 to 88.50 metres) including a value of 1.22 g/t Au over 0.40 metre. This gold anomalous zone which is mineralized with pyrite remains open in all directions.



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

Approximately 500 metres further west, drill hole CAS-15-72 intersected the QFP which is strongly altered in hematite but weakly mineralized. A composite value of 0.39 g/t Au over 5.50 metres (386.50 to 392.00 m) was obtained from the sheared and silicified mafic volcanics.

During Q2-16, a detailed magnetic survey and an IP survey were completed in those two target areas. Interpretation is in progress.

#### 3.5 Jouvex (Au), in partnership with SOQUEM and operated by Midland

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

During Q1-16, three (3) drill holes totalling 924.0 metres were completed on Jouvex in partnership with SOQUEM. These holes tested new Orevision IP anomalies identified near the Casa Berardi fault zone. These holes explained the anomalies with the presence of sulphides (Py) accompanied by strong alteration in sericite and iron carbonate. However, no significant gold result was obtained. A compilation of several historical gold showings located in the north-western portion of the property continued during Q2-16.

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

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

During the fall of 2015, Midland's exploration team completed a soil geochemical survey (B-horizon) in the western part of the Heva East block where several interesting gold results were obtained during the 2015 summer exploration program. Following these recent works, the best results returned values of 18.0 g / t Au and 5.1 g / t Au from sampling of an old blasted trench and dating back more than twenty years which was found during reconnaissance work and a value of 5.6 g / t Au obtained in sampling mineralized ore masses found near the old Dempsey-Cadillac showing from 1930.

On top of detecting the two main gold-bearing horizons already known in this area, the soil geochemical survey identified two (2) new axes that are anomalous in gold and in arsenic on hundreds meters of extension and parallel to the known gold-bearing horizons. Moreover, these two new axes coincide largely with still unexplained historic induced polarization anomalies.

Midland is currently planning more prospecting and mechanical trenching work for Q3-16 to explain these new promising targets in the extension of a subsidiary structure to the Cadillac Break oriented east-west and interpreted from geophysical and geological survey. This structure, which remains largely unexplored, covers a horizon of deformed conglomerate containing mineralized quartz veins with pyrite and arsenopyrite and is altered in silica and locally in sericite over 4 kilometers.

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

##### *Property Description*

On September 3, 2014, the Corporation signed an agreement with Sphinx Resources Ltd. ("Sphinx") whereby Sphinx could have acquired 50% of the Samson property. On December 11, 2015, Sphinx terminated the agreement.

#### 3.8 La Peltrie (Au), operated by Midland

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

A ground geophysics survey (IP) started during Q1-16 and is currently in progress. This survey totalling about 160 km (2 grids) covers a series of NW-SE structures as well as several unexplained MegaTEM conductors.

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

During Q2-16, a diamond drilling program consisting in three (3) drill holes totalling 1,098 metres was completed in order to test three IP targets selected following the interpretation. Assay results are pending.

#### 3.9 Adam (Cu-Au), operated by Midland

##### *Property Description*

On December 12, 2014, the Corporation signed an agreement with Sphinx whereby Sphinx could have acquired 50% of the Adam property. On December 11, 2015, Sphinx terminated the agreement.

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

A TDEM survey was completed on four grids during the Q2-16. These surveys cover several new VTEM conductors identified just north of the regional contact between the Enjalran and Brouillan Groups.

The final interpretation of the TDEM results is in progress but the preliminary results indicate that the airborne conductors were validated in the ground TDEM surveys

#### 3.10 Abitibi Gold (Au) operated by Midland

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

A TDEM survey was completed on the Jeremie property during Q2-16. Final results and interpretation are pending.

### GRENVILLE-APPALACHES

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

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

Two short drill holes totalling 165 metres were completed during Q1-16 on the Weedon property. These holes targeted the extension at depth of the 2006 massive sulphide showing discovered south of Lingwick.

Hole WEE-15-07 intersected a sulphide zone (Py-Cp) over a few metres that returned 0.26% Cu over 0.50 metre (70.75 to 71.25 m); 0.16% Cu over 1.05 metre (71.65 to 72.70 m) and 0.16% Cu over 0.60 metre (72.70 to 73.30 m).

### NORTHERN QUEBEC

#### 3.12 Pallas (PGE), in partnership with JOGMEC and operated by Midland

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

There was no field activity on the Pallas project during this quarter. However we received the assay results of our fall channel sampling program. On the Ceres claim block, best channels on Patientia, Palma, Elijah, Alauda, Cynthia, Hektor, Ceres South, Ida, Davida, Diatoma, Enish NE and Enish South showings are: 0.8 g/t PGE+Au over 1.4m incl. 1.4 g/t over 0.5m; 0.62 g/t over 0.9m, 0.66 g/t PGE+Au over 2m incl. 0.94g/t PGE+Au over 1.35m (open); 0.55 g/t PGE+Au over 3.6m incl. 0.88 g/t PGE+Au over 1m; 0.34 g/t PGE+Au over 4.8m incl. 0.57 g/t PGE+Au over 2.5m and 0.28 g/t PGE+Au over 2m incl. 0.48 g/t PGE+Au over 1m on Patientia.

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

On Palma, best channels are 1.23g/t PGE+Au over 1.34m (open) and 0.46g/t PGE+Au over 2.15m; on Elijah they are 1.19 g/t PGE+Au over 1.15m, 0.68 g/t PGE+Au over 2.5m incl. 0.8 g/t over 2m et 1.1 g/t over 0.5m (open), 0.95 g/t PGE+Au over 0.5m, 0.91 g/t PGE+Au over 0.5m (open), 0.85 g/t PGE+Au over 1m, 0.49 g/t PGE+Au over 4.5m incl. 0.73 g/t PGE+Au over 2m, 0.50 g/t PGE+Au over 1.5m and 0.20 g/t PGE+Au over 9m incl. 0.4 g/t PGE+Au over 1m.

On Alauda, best channels are 1.0 g/t PGE+Au over 1.0m, 1.1 g/t PGE+Au over 2.0m, and 0.6 g/t PGE+Au over 0.5m. Farther south on the Cynthia Showing best channels are 1.2 g/t PGE+Au over 0.5m, 0.9 g/t PGE+Au over 0.5m, 1.0 g/t PGE+Au over 1.0m, 2.0 g/t PGE+Au over 0.5m, 0.5 g/t PGE+Au over 1.0m, 1.1 g/t PGE+Au over 0.5m, 0.7 g/t PGE+Au over 1.0m and 1.1 g/t PGE+Au over 0.5m.

On the Hektor showing, there are 2.4 g/t PGE+Au over 1.0m, 0.8 g/t PGE+Au over 0.5m and 0.8 g/t PGE+Au over 0.5m. On Ceres South, the best channels area 2.7 g/t PGE+Au over 1.0m and 3.0 g/t PGE+Au over 0.5m; on Ida to the south west from Ceres South 2.0 g/t PGE+Au over 0.46m.

On the Enish corridor farther west they are Davida with 0.85 g/t PGE+Au over 1.5m, 0.8 g/t PGE+Au over 1.0m, 0.7 g/t PGE+Au over 1.5m, 1.2 g/t PGE+Au over 1.0m. On the Diotima Shwoing there are 0.71 g/t PGE+Au over 0.5m and 0.6 g/t PGE+Au over 0.5m. Farther north from Davida there is the Diatoma showing with 1.7 g/t PGE+Au over 1.0m, 0.8 g/t PGE+Au over 0.5m, 0.64 g/t PGE+Au over 0.5m, 1.2 g/t PGE+Au over 1.0m, 0.8 g/t PGE+Au over 0.5m ND 1.1 g/t PGE+Au over 0.5m.

On Enish northeast extension there are 0.82 g/t PGE+Au over 0.5m and on Enish south extension 1.1 g/t PGE+Au over 0.5m

On the Itokawa claim block, best channels on the 1.45 g/t Au over 0.5m and 0.96 g/t PGE+Au over 0.5m on Iris; 1.92 g/t PGE+Au over 0.5m on Doris and 0.75 g/t PGE+Au over 0.5m and 0.56 g/t PGE+Au over 0.5m on Metis.

On the Gaspar claim block, best channels are on 0.75 g/t PGE+Au over 0.5m on the Herculina Showing and 1.11 g/t PGE+Au over 0.5m on the Egeria Showing.

Midland is currently organizing the next field season for June 2016.

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

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

There was no field activity on the Willbob project during this quarter. However, we received the assay results for the channel sampling completed on the Polar Bear (6.9 g/t PGE + Au) and Golden Tooth (25.2 g/t PGE + Au) showings. On Golden Tooth four of the seven channels returned the following results; 1.6 g/t Au over 3.0m including 2.1 g/t Au over 2.0m and 3.49 g/t Au over 1,0m; on the second 0.53 g/t Au over 1.0m; on the third 1.45 g/t Au over 0.80m and on the forth one 1.14 g/t Au over 3.0m. On Polar Bear, the best two channels returned 4.0 g/t and 0.51 g/t Au over about half a meter long.

Midland is currently organizing the next field season for June 2016.

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### 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, 2015.

May 12, 2016

*(s) Gino Roger*

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Gino Roger  
President and CEO

*(s) Ingrid Martin*

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Ingrid Martin  
CFO

# Midland Exploration Inc.

## Corporate Information

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### Directors

Jean-Pierre Janson, Chairman of the board <sup>1) 2)</sup>

Gino Roger

Germain Carrière <sup>1) 2) 3)</sup>

Robert I. Valliant <sup>1) 3)</sup>

René Branchaud <sup>3)</sup>

### Notes:

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

### Officers

Gino Roger, President and Chief Executive Officer

Mario Masson, Vice-president Exploration

Ingrid Martin, Chief Financial Officer

René Branchaud, Secretary

### Head Office

1 Place Ville Marie, Suite 4000

Montreal, Quebec, H3B 4M4

### Exploration Office

132 Labelle Blvd, Suite 220

Rosemere, Quebec, J7A 2H1

Tel. : (450) 420-5977

Fax : (450) 420-5978

Email : [info@midlandexploration.com](mailto:info@midlandexploration.com)

Website : [www.midlandexploration.com](http://www.midlandexploration.com)

### Auditors

PricewaterhouseCoopers, L.L.P.

1250 René-Lévesque Boulevard West, Suite 2500

Montreal, Quebec, H3B 4Y1

### Legal counsel

Lavery, de Billy, L.L.P.

1 Place Ville Marie, Suite 4000

Montreal, Quebec, H3B 4M4

### Transfer Agent

Computershare Investor Services Inc.

1500 Robert-Bourassa street, Suite 700

Montreal, Quebec, H3A 3S8

Tel.: (514) 982-7888