



# **Midland Exploration Inc.**

Management's Discussion and Analysis  
Quarterly Highlights

Six months ended March 31, 2017

# Midland Exploration Inc.

## Management Discussion & Analysis – Quarterly Highlights

Six months ended March 31, 2017

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 Q2-17 YTD. This MD&A Highlights should be read in conjunction with the Corporation’s condensed interim financial statements as at March 31, 2017 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, 2016. 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
Q1-16	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
Q1-17	October 1, 2016 to December 31, 2016
Q2-17	January 1, 2017 to March 31, 2017
Q2-17 YTD	October 1, 2016 to March 31, 2017
Q3-17	April 1, 2017 to June 30, 2017
Q4-17	July 1, 2017 to September 30, 2017
Fiscal 17	October 1, 2016 to September 30, 2017

### 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 an adjusted working capital of \$14,264,222 as of March 31, 2017 (\$13,787,092 as of September 30, 2016). Adjusted working capital is a non-IFRS financial performance measure which has no standard definition under IFRS and is calculated as follow:

	As at March 31, 2017	As at September 30, 2016
	\$	\$
Current assets	12,115,265	11,369,712
Investments - non-current portion	3,078,910	3,078,910
Current liabilities	(929,953)	(661,530)
<b>Adjusted working capital</b>	<b>14,264,222</b>	<b>13,787,092</b>

In November 2016 and March 2017, the Corporation completed private placements by issuing 1,898,354 flow-through shares respectively at \$1.35 per share, for total gross proceeds of \$2,562,776. The balance on flow-through financing not spent according to the restrictions imposed by this financing represents \$1,239,593 as at March 31, 2017.

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

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 will be the operator.

On March 28, 2017, JOGMEC withdraw from the option agreement signed on January 21, 2014 and abandon its right to exercise its option to acquire a 50% interest in the Pallas PGE 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. For the first options over a 4 and a half years, IAMGOLD must pay \$500,000 in cash and complete \$4,000,000 of exploration work. In the second option, for 2 years, IAMGOLD can earn an additional interest of 10% by completing \$5,000,000 exploration work, \$500,000 exploration work for each additional 1%. Finally, IAMGOLD has a third option for 2 years to earn an additional interest of 5% by completing \$5,000,000 exploration work, \$1,000,000 of exploration work for each additional 1%.

As operator, Midland incurred exploration expenditures totalling \$2,661,245 (\$2,086,772 in Q2-16 YTD), on its properties of which \$727,818 was recharged to its partners (\$1,042,187 in Q2-16 YTD). The operating partners incurred \$539,252 of exploration expenses (\$156,539 in Q2-16 YTD). Also, the Corporation invested \$354,510 (\$180,690 in Q2-16 YTD) to complete several property acquisitions in Quebec of which \$30,189 was recharged to its partners (\$22,698 in Q2-16 YTD).

The Corporation reported a loss of \$553,314 in Q2-17 YTD compared to \$332,179 for Q2-16 YTD.

- Salaries increased to \$336,356 (\$246,831 in Q2-16 YTD). Since January 2016, the Corporation pays directors’ fees and the Q2-17 YTD expense amounts to \$27,250 (nil in Q2-16 YTD).
- Stock-based compensation increased to \$128,932 (\$45,046 in Q2-16 YTD). Of the multiple factors influencing this expense, we notice that the fair value estimated with the Black Scholes model for the August 2016 grant (\$0.50) is approximately doubled from the fair value estimated for the August 2015 grant (\$0.26).

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### 3. INVESTING ACTIVITIES

Deferred exploration expenses Q2-17 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	160	-	33,638	-	-	33,798	476	-	(54)	-	-	34,220	270,310
Laflamme Au	1,893,853	13,608	35,692	181,243	4,196	-	234,739	5,418	-	(216)	-	-	239,941	2,133,794
Patris Au	221,646	3,486	-	2,939	-	-	6,425	198	(6,425)	-	-	-	198	221,844
Casault Au	352,708	38,567	95,494	610,573	2,419	18,533	765,586	10,767	(382,496)	(2,213)	-	-	391,644	744,352
Jouvex Au	351,966	2,806	87,704	-	-	20,923	111,433	1,401	(55,716)	(217)	-	-	56,901	408,867
Heva Au	157,076	44,123	12,157	-	3,609	35,580	95,469	3,956	-	(9,310)	-	-	90,115	247,191
Valmond Au	120,742	-	-	-	-	-	-	-	-	-	-	-	-	120,742
Samson Au	78,203	850	-	259	-	-	1,109	1,018	-	-	-	-	2,127	80,330
La Peltrie	652,484	28,610	293,565	461	-	49,275	371,911	7,614	-	(413)	-	-	379,112	1,031,596
Adam	42,841	6,608	55,435	4,221	-	-	66,264	476	-	-	-	-	66,740	109,581
Abitibi Au	173,644	7,928	4,050	-	-	-	11,978	893	-	(861)	-	-	12,010	185,654
<b>Grenville-Appalaches</b>														
Weedon Cu Zn Au	523,230	18,568	7,000	-	20,873	-	46,441	1,759	-	(1,578)	-	-	46,622	569,852
Gatineau Zn	29,024	4,910	-	-	-	-	4,910	-	-	-	-	-	4,910	33,934
<b>Bay-James</b>														
Bay-James Au	261,886	11,783	-	-	-	-	11,783	-	-	-	-	-	11,783	273,669
Eleonore Au	1,629,303	1,485	-	-	-	-	1,485	2,746	-	(224)	-	-	4,007	1,633,310
JV Eleonore Au	124,692	135,630	-	-	-	-	135,630	10,777	-	(40,611)	-	-	105,796	230,488
JV JB Altius	-	9,276	-	-	-	-	9,276	1,212	(4,638)	-	-	-	5,850	5,850
<b>Québec Labrador</b>														
Ytterby ETR	183,583	-	-	-	-	-	-	-	-	-	-	-	-	183,583
<b>Northern Quebec</b>														
Pallas PGE	369,500	52,364	-	474,576	32,084	-	559,024	3,709	(278,543)	(99,436)	-	-	184,754	554,254
Willbob Au	565,271	92,287	-	45,198	55,227	-	192,712	29,566	-	(59,909)	-	-	162,369	727,640
<b>Projects generation</b>														
	74,069	1,272	-	-	-	-	1,272	-	-	-	-	-	1,272	75,341
<b>TOTAL</b>	<b>8,041,811</b>	<b>474,321</b>	<b>591,097</b>	<b>1,353,108</b>	<b>118,408</b>	<b>124,311</b>	<b>2,661,245</b>	<b>81,986</b>	<b>(727,818)</b>	<b>(215,042)</b>	<b>-</b>	<b>-</b>	<b>1,800,371</b>	<b>9,842,182</b>

# Midland Exploration Inc.

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Six months ended March 31, 2017

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

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)

Expenses Exploration and evaluation Properties	Actual Q2-16 YTD			Actual Q2-17 YTD			Budget Fiscal 2017		
	Midland	Partner	Total	Midland	Partner	Total	Midland	Partner	Total
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>100% owned by Midland</b>									
Abitibi Au	27,598	-	27,598	11,978	-	11,978	255,000	-	255,000
Heva	45,321	-	45,321	95,469	-	95,469	400,000	-	400,000
Valmond	-	-	-	-	-	-	5,000	-	5,000
La Peltrie	435,402	-	435,402	371,911	-	371,911	150,000	-	150,000
Weedon Cu-Zn-Au	31,190	-	31,190	46,441	-	46,441	100,000	-	100,000
Gatineau Zn	66	-	66	4,910	-	4,910	35,000	-	35,000
James Bay Au	15,641	-	15,641	11,783	-	11,783	50,000	-	50,000
Éléonore Au	32,647	-	32,647	1,485	-	1,485	250,000	-	250,000
Willbob	104,877	-	104,877	192,712	-	192,712	1,000,000	-	1,000,000
Samson	61,847	-	61,847	1,109	-	1,109	30,000	-	30,000
Adam	40,309	-	40,309	66,264	-	66,264	50,000	-	50,000
Project generation	12,876	-	12,876	1,272	-	1,272	30,000	-	30,000
	807,774	-	807,774	805,334	-	805,334	2,355,000	-	2,355,000
<b>With option, 100% owned and operated by Midland and paid by partner</b>									
Pallas PGE Jogmec	39,612	37,740	77,352	280,481	278,543	559,024	150,000	150,000	300,000
<b>With option, 100% owned by Midland, operated and paid by the partner</b>									
Patris Au – Teck	-	151,440	151,440	-	375,815	375,815	-	700,000	700,000
<b>In joint venture</b>									
Maritime-Cadillac-Agnico Eagle (operator) at 51%	850	-	850	33,798	33,638	67,436	100,000	100,000	200,000
Vermillon- Soquem at 52.5%	16,887	15,940	32,827	-	-	-	10,000	10,000	20,000
Ytterby REE-Jogmec at 49.5%	7,732	-	7,732	-	-	-	5,000	5,000	10,000
Laflamme Au – Aurbec at 35.1%	188,771	-	188,771	234,739	-	234,739	150,000	-	150,000
Casault - Soquem	-	732,726	732,726	383,090	383,090	766,180	335,000	350,000	685,000
Jouvex – Soquem	-	260,880	260,880	55,717	55,716	111,433	48,000	50,000	98,000
JV Éléonore -Osisko	-	-	-	135,630	135,630	271,260	300,000	300,000	600,000
JVJB Altius	-	-	-	4,638	4,638	9,276	-	-	-
	214,240	1,009,546	1,223,786	847,612	612,712	1,460,324	948,000	815,000	1,763,000
	<b>1,061,626</b>	<b>1,198,726</b>	<b>2,260,352</b>	<b>1,933,427</b>	<b>1,267,070</b>	<b>3,200,497</b>	<b>3,453,000</b>	<b>1,665,000</b>	<b>5,118,000</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.

#### ABITIBI

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

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

Following the identification of new drilling targets that were generated on Maritime-Cadillac using a 3D-Model, two (2) short drill holes totalling 618.0 metres were completed during Q2-17.

Hole 141-17-36 was completed at a final depth of 303.0 metres and tested high historical gold values obtained from the Maritime-Cadillac zone. This hole cut strongly deformed biotite schists from 56.0 to 105.7 metres and a silicified albitite dyke from 119.3 to 144.4 metres, locally mineralized with up to 5% Py-Po and Aspy.

Hole 141-17-37 was completed at a final depth of 315.0 metres and tested the intersection between the Dyke East gold-bearing structure with the Maritime Contact. The contact between the Piche Group and the Cadillac Group is marked by the presence of a conglomerate unit at 175.0 metres, however, very few alteration and very few mineralization were noted.

All assay results are pending.

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

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

A new drilling program totaling 1,425.0 metres and consisting in three (3) drill holes has started in the area of the Copernick (Ni-Cu-PGE) discovery during Q2-17.

Hole LAF-16-42EXT started at depth of 198.0 metres and ended at a final depth of 522.0 metres, for a total length of 324.0 metres. Unmineralized ultramafic rocks were intersected but no significant assay result was obtained.

Hole LAF-17-43 tested the Copernick zone at about 100 metres to the west and was completed at a depth of 600.0 metres. Ultramafic rocks were intersected between 337.35 and 388.0 metres but are only weakly mineralized overall with disseminated traces to 0.5% Po and of Cpy. No significant assay result was obtained.

Hole LAF-17-44 was completed at a final depth of 501.0 metres and was testing the Copernick zone at approximately 100 metres to the east. This hole intersected a porphyritic gabbro instead of ultramafic rocks as it was expected. No ultramafic rock was intersected in that hole. Few quartz-carbonate veinlets with Py were cut but no significant assay results was obtained.

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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*

The assay results were received from the drilling program completed on Patris in December 2016. This program consisted in three (3) holes totalling 744.0 metres. As a result of this program, an important alteration corridor affecting the ultramafic rocks and the porphyritic dykes was identified over a distance of 1.1 kilometre between holes PAT-15-03 and PAT-16-10. The best assay result returned 0.68 g/t Au over 1.60 metre in hole PAT-16-10.

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

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

During Q2-17, a drilling program consisting in eight (8) holes totalling 2,208.0 metres was completed mostly in the area west of the Timiskaming-type conglomerate basin and to the south-east of the Bug Lake Southeast zone owned by Balmoral. Three IP grids were also completed and the final report is in progress. Preliminary results show several new anomalies located near the northern contact of the Timiskaming basin.

Complete and final assay results are pending.

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

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

An IP grid of approximately 10 kilometres was completed in the northern portion of the property during Q2-17. The final report is pending.

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

##### *Property description*

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>



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

IAMGOLD is the operator.

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

During Q1-17, a detailed ground magnetic survey was conducted and a prospecting program was completed in follow-up on soil geochem anomalies. Results from the prospecting returned several new showings including 41.0 g/t Au, 9.2 g/t Au (East sector), 13.9 g/t Au, 8.0 g/t Au (Centre sector) and 1.7 g/t Au (West sector).

Following a new option agreement with IAMGOLD Corporation, a technical meeting will be held during Q3-17 in order to establish the next exploration program.

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

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

A VTEM-type electromagnetic survey totalling approximately 560 km was completed during Q2-17 in the southern portion of the property. The final interpretation is in progress.

Moreover, a new OreVision IP survey, totalling approximately 65 kilometres, was completed in Q2-17 on lines at a 200-metre spacing in the west part of the La Peltrie property. The survey was mainly designed to cover an iron formation with anomalous gold values, which has seen very little drill-testing, over a distance of more than 1.5 kilometres. The OreVision survey identified a new high-priority drilling target, characterized by a chargeability anomaly defined over approximately 600 metres, associated with an interpreted NW-SE-trending structure which has never been drill-tested. This anomaly cross-cuts the gold-bearing iron formation, and two historic drill holes, respectively located 250 metres east and 250 metres west of the structure, yielded gold-bearing intercepts grading 0.24 g/t Au over 19.50 metres (drill hole 11-493-01) and 0.35 g/t Au over 9.30 metres (drill hole 11-493-02). Several other new OreVision anomalies were also identified along this iron formation, as well as another very similar gold-bearing iron formation located approximately 3.5 kilometres further west, where historic drill holes yielded anomalous gold values up to 0.14 g/t Au over 19.0 metres (drill hole 1180-97-09).

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

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

A VTEM electromagnetic survey totalling 224 km was completed during Q2-17 in the northwest part of the property. Several formational-type conductors were identified.

#### **GRENVILLE-APPALACHES**

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

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

During Q1-17, a till sampling program had been completed along the road to the northeast of the Weedon mine as well as a ground EM test in the vicinity of Lingwick. A very weak conductor was detected to the south of the 2006 Cu-Zn showing.

No exploration work conducted during Q2-17.

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

##### JAMES BAY

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

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

During Q1-17, final results from the till sampling program, the lake bottom sediments and the prospecting were received from the JV properties. A few new gold anomalous sectors have been identified following the prospecting program.

A new exploration program of \$200,000 was approved by the technical committee with the objective to follow-up on the best 2016 results.

##### 3.11 JV JB Altius (Au), in partnership with Altius operated by Midland

###### *Property description*

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.

##### NORTHERN QUEBEC

##### 3.12 Pallas (PGE), operated by Midland

###### *Property description*

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.

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

During Q1-17, a diamond drilling program consisting in six (6) holes totalling 1,239 metres was completed. These drill holes tested the Apophis, Ida and Hektor showings at various depths and were completed at the end of October.

All the assay results have been received and the best results were obtained from the Hektor and Apophis showings that returned 2.1 g/t PGE+Au over 1.15 metre in hole CE-16-06 and 1.26 g/t PGE+Au over 0.35 metre in hole CE-16-08.

No exploration work conducted during Q2-17.

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

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

A drilling program consisting in eight (8) holes totaling 1,299 metres was completed during Q1-17 with the objective to test the extensions of the Lafrance and Golden Tooth surface showings.

During the helicopter-supported drilling campaign, four (4) shallow drill holes (2 sections of 2 drill holes each) were completed on each of the Lafrance and Golden Tooth showings for a total of eight (8) drill holes totalling 1,299 metres.

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### Management Discussion & Analysis – Quarterly Highlights

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

Lafrance showing:

- 1.62 g/t Au over 1.0 m (WB-16-01 ; 9.30 to 10.30 m)
- 1.00 g/t Au over 4.6 m incl. 3.3 g/t Au over 1.2 m (WB-16-02; 5.00 to 9.60 m)
- 0.30 g/t Au over 11.2 m incl. 1,6 g/t Au over 0.95 m (WB-16-03; 9.20 to 20.40 m)
- 0.17 g/t Au over 1.5 m (WB-16-04; 16.60 to 18.10 m)

Golden Tooth showing:

- 1.12 g/t Au over 3.65 m incl. 4.98 g/t Au over 0.5 m (WB-16-05; 30.15 to 33.80 m)
- 1.28 g/t Au over 6.35 m incl. 3.81 g/t Au over 0.95 m (WB-16-06; 45.05 to 51.40 m)
- 0.74 g/t Au over 2.65 m incl. 1.15 g/t Au over 0.85 m (WB-16-07; 41.60 to 44.25 m)
- 2.14 g/t Au over 1.5 m (WB-16-08; 70.00 to 71.50 m)

In addition to these gold-bearing intercepts located directly underneath the Lafrance and Golden Tooth surface showings, several new gold-bearing zones were intersected at shallow depth, including these best results:

New zone at Lafrance:

- 0.31 g/t Au over 24.5 m incl. 2.28 g/t Au over 0.8 m (WB-16-02; 65.00 to 89.50 m)

New zones at Golden Tooth:

- 0.71 g/t Au over 2.5 m incl. 2.6 g/t Au over 0.45 m (WB-16-05; 122.50 to 125.00 m)
- 1,88 g/t Au over 0.85 m incl. 1.9 g/t Au sur 0.35 m (WB-16-05 ; 131.85 to 132.70 m)
- 1.40 g/t Au over 2.1 m incl. 3.0 g/t Au over 0.35 m (WB-16-06; 23.95 to 26.05 m)
- 1.84 g/t Au over 3.3 m incl. 3.1 g/t Au over 1.7 m (WB-16-06; 30.50 to 33.80 m)
- 0,35 g/t Au over 1,5 m (WB-16-07 ; 23.50 to 25.00 m)
- 0.96 g/t Au over 1.4 m (WB-16-07; 64.80 to 66.20 m)
- 1.62 g/t Au over 1.25 m (WB-16-07; 74.35 to 75.60 m)
- 1,52 g/t Au over 0.65 m (WB-16-07 ; 163.60 to 164.25 m)
- 0.94 g/t Au over 3.2 m incl. 2.14 g/t Au over 1.1 m (WB-16-08; 103.80 to 107.00 m)

About 600 metres northwest of the Golden Tooth showing, the Golden Tooth North (GTN) occurrence was discovered during the summer 2016 prospecting campaign, with gold values reaching 12.15 g/t Au. The GTN zone has also been traced over more than 300 metres strike length and yielded values up to 13.2 g/t Au, 13.1 g/t Au, 9.5 g/t Au, 8.9 g/t Au and 4.5 g/t Au in grab samples. These grab samples were collected in a diorite unit altered to albite-chlorite and hosting quartz-calcite veining with pyrrhotite-arsenopyrite mineralization. A channel completed this fall on GTN-4 which had historically returned gold values up to 5.5 g/t Au, returned 1.91 g/t Au over 2.0 m, including 3.5 g/t Au over 1.0 m which includes 5.8 g/t Au over 0.5 m.

A new gold-bearing sector called Dragon Head and located about 1.5 kilometre north-west of Golden Tooth North returned values of 14.5 g/t Au, 1.4 g/t Au and 1.1 g/t Au.

In the Kuni area, new polymetallic (Pb-Zn-Ag-Au) mineralization was discovered with grades reaching 5.5% Pb and 3.4% Zn; and 4.8% Pb and 3.2% Zn in grab samples. Another grab sample in this area also yielded a gold value reaching 7.4 g/t Au.

Further south, a new showing, dubbed Stars, yielded Cu-Au-Ag values reaching 1.2% Cu, 2.7 g/t Au and 13.6 g/t Ag in grab sample. This new showing shows some gold-bearing massive sulphides characteristics with mineralization consisting in massive pyrrhotite-pyrite with chalcopyrite. A total of 11 grab samples were collected over an outcropping area of approximately 40 metres by 20 metres.

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

In an effort to validate a historical channel sample result obtained by Noranda in the 1980s on the Dessureault showing, a channel sample was collected by Midland this fall on the historical channel which had graded 12.0 g/t Au over 3.3 metres. The channel sample (duplicate) collected by Midland graded 6.2 g/t Au over 3.9 metres including 8.9 g/t Au over 2.0 metres (note that true thicknesses cannot be determined at this time with the information available). In addition, several grab samples collected by Midland returned excellent values grading up to 31.8 g/t Au, 22.9 g/t Au, 21.6 g/t Au, 11.2 g/t Au, 10.5 g/t Au, 9.9 g/t Au and 9.5 g/t Au.

During Q2-17, Midland started the planning of an important exploration program to take place during Q3-17, including more than 6,000 metres of drilling.

May 10, 2017

*(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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### 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*

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Ingrid Martin, Chief Financial Officer

René Branchaud, Secretary

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