



Midland Exploration Inc.

Condensed Interim Financial Statements

Six months ended March 31, 2019

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

Midland Exploration Inc.

Statements of Financial Position

(Unaudited)

	As at March 31, 2019	As at September 30, 2018
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,301,370	2,752,286
Investments (note 4)	10,250,000	6,550,000
Accounts receivable	159,699	123,188
Sales tax receivable	178,655	295,262
Tax credits and mining rights receivable	407,112	830,776
Prepaid expenses	74,578	88,254
Total current assets	12,371,414	10,639,766
Non-current assets		
Investments - non-current portion (note 4)	1,200,000	1,200,000
Tax credits and mining rights receivable - non-current portion	40,089	90,274
Listed shares	44,000	40,000
Exploration and evaluation assets (note 5)		
Exploration properties	2,857,108	2,537,747
Exploration and evaluation expenses	16,858,807	15,228,482
	19,715,915	17,766,229
Total non-current assets	21,000,004	19,096,503
Total assets	33,371,418	29,736,269
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	320,896	625,727
Advance received for exploration work	39,885	-
Liability related to the premium on flow-through share	1,105,322	-
Total liabilities	1,466,103	625,727
Equity		
Capital stock	43,055,355	39,352,127
Warrants (note 6)	69,638	-
Contributed surplus	4,864,167	4,756,224
Deficit	(16,083,845)	(14,997,809)
Total equity	31,905,315	29,110,542
Total liabilities and equity	33,371,418	29,736,269

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

Midland Exploration Inc.
Statements of Comprehensive Loss
(Unaudited)

	Three months ended March 31		Six months ended March 31	
	2019	2018	2019	2018
	\$	\$	\$	\$
Revenues				
Project management fees	11,609	7,589	31,737	53,102
Operating Expenses				
Salaries	279,116	252,408	395,703	375,124
Stock-based compensation	51,034	54,808	71,632	95,624
Travel	10,687	16,417	31,345	27,075
Rent and insurance	14,957	14,612	29,635	30,579
Office expenses	46,049	39,108	78,816	81,903
Regulatory fees	25,587	24,454	39,528	40,876
Conferences and mining industry involvement	76,983	44,170	181,169	112,519
Press releases and investors relations	54,173	12,684	70,816	48,335
Professional fees	53,429	51,855	125,118	105,986
General exploration	-	2,713	501	2,983
Impairment of exploration and evaluation assets (note 5)	62,836	20,472	362,203	20,472
Operating expenses	674,851	533,701	1,386,466	941,476
Other gains or losses				
Interest income	80,766	42,378	137,409	94,826
Change in fair value – listed shares	(3,000)	-	4,000	27,000
	77,766	42,378	141,409	121,826
Loss before income taxes	(585,476)	(483,734)	(1,213,320)	(766,548)
Recovery of deferred income taxes	368,600	249,900	449,230	270,720
Loss and comprehensive loss	(216,876)	(233,834)	(764,090)	(495,828)
Basic and diluted loss per share	-	-	(0.01)	(0.01)
Weighted average number of basic and diluted outstanding shares	65,205,778	58,854,411	63,468,492	58,417,245

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

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

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

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$	\$
Balance at October 1, 2018	61,036,284	39,352,127	-	4,756,224	(14,997,809)	29,110,542
Loss and comprehensive loss	-	-	-	-	(764,090)	(764,090)
Private placement	1,333,333	1 130 362	69,638	-	-	1,200,000
Flow-through private placement	3,044,605	4,110,218	-	-	-	4,110,218
Less: premium	-	(1,554,552)	-	-	-	(1,554,552)
	3,044,605	2,555,666	-	-	-	2,555,666
Options exercised	20,000	17,200	-	(5 200)	-	12,000
Stock-based compensation	-	-	-	113,143	-	113,143
Share issue expenses	-	-	-	-	(321,946)	(321,946)
Balance at March 31, 2019	65,434,222	43,055,355	69,638	4,864,167	(16,083,845)	31,905,315

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$	\$
Balance at October 1, 2017	57,161,557	35,142,832	1,922,031	2,679,002	(14,085,360)	25,658,505
Loss and comprehensive loss	-	-	-	-	(495,828)	(495,828)
Flow-through private placement	1,692,854	2,285,354	-	-	-	2,285,354
Less: premium	-	(694,070)	-	-	-	(694,070)
	1,692,854	1,591,284	-	-	-	1,591,284
Stock-based compensation	-	-	-	145,093	-	145,093
Share issue expenses	-	-	-	-	(104,919)	(104,919)
Balance at March 31, 2018	58,854,411	36,734,116	1,922,031	2,824,095	(14,686,107)	26,794,135

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

Midland Exploration Inc.

Statements of Cash Flows

(Unaudited)

	Six months ended March 31	
	2019	2018
	\$	\$
Operating activities		
Loss	(764,090)	(495,828)
Adjustment for:		
Stock-based compensation	71,632	95,624
Impairment of exploration and evaluation assets	362,203	20,472
Variation – fair value of listed shares	(4,000)	(27,000)
Recovery of deferred income taxes	(449,230)	(270,720)
	(783,485)	(677,452)
Changes in non-cash working capital items		
Accounts receivable	(36,511)	(114,545)
Sales tax receivable	116,607	165,859
Prepaid expenses	13,676	(3,783)
Accounts payable and accrued liabilities	(582,133)	(240,532)
Advance received for exploration work	39,885	(133,619)
	(448,476)	(326,620)
	(1,231,961)	(1,004,072)
Financing activities		
Private placement	1,200,000	-
Flow-through private placement	4,110,218	2,285,354
Options exercised	12,000	-
Share issue expenses	(321,946)	(104,919)
	5,000,272	2,180,435
Investing activities		
Additions to investments	(5,750,000)	(2,050,000)
Disposals of investments	2,050,000	1,850,000
Additions to exploration properties	(538,240)	(163,759)
Additions to exploration and evaluation expenses	(1,811,763)	(1,177,537)
Tax credits and mining rights received	830,776	922,454
	(5,219,227)	(618,842)
Net change in cash and cash equivalents	(1,450,916)	557,521
Cash and cash equivalents – beginning	2,752,286	4,628,896
Cash and cash equivalents – ending	1,301,370	5,186,417
Additional information		
Stock-based compensation included in exploration and evaluation expenses	41,511	49,469
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	160,487	175,117
Tax credits receivable applied against exploration and evaluation expenses	356,927	135,063
Interest received	53,053	47,447

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

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2019

(Unaudited)

1. STATUTE OF INCORPORATION AND NATURE OF ACTIVITIES

Midland Exploration Inc. (“the Corporation”), incorporated in Canada on October 2, 1995 and operating under the Business Corporations Act (Québec), is a company in the mining exploration business. The Corporation’s operations include the acquisition and exploration of mining properties. Its head office is located at 1, Place Ville Marie, suite 4000, Montreal, Quebec, H3B 4M4. The Corporation’s shares are listed on the TSX Venture Exchange (the “Exchange”) under the MD ticker.

Until it is determined that properties contain mineral reserves or resources that can be economically mined, they are classified as exploration properties. The recoverability of exploration and evaluation assets is dependent upon: the discovery of economically recoverable reserves and resources; securing and maintaining title and beneficial interest in the properties; the ability to obtain the necessary financing to complete exploration and the profitable sale of the assets. The Corporation will periodically have to raise additional funds to continue operations, and while it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Although the Corporation has taken steps to verify title to mineral properties in which it has an interest, in accordance with industry standards for the current stage of exploration of such properties, these procedures do not guarantee the Corporation’s title. Property title may be subject to unregistered prior agreements and non-compliance with regulatory requirements.

2. BASIS OF PRESENTATION

These condensed interim Financial Statements (the “Financial Statements”) have been prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, Interim Financial Reporting. The Financial Statements should be read in conjunction with the annual financial statements for the year ended September 30, 2018, which have been prepared in accordance with IFRS. The accounting policies, methods of computation and presentation applied in these Financial Statements are consistent with those of the previous financial year. The Board of Directors has approved the Financial Statements on May 9, 2019.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual Financial Statements for the year ended September 30, 2018.

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

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2019

(Unaudited)

4. INVESTMENTS

	As at March 31, 2019	As at September 30, 2018
	\$	\$
<i>Current</i>		
Guaranteed investment certificates, not cashable before the expiry date, between 1.40% and 1.95% interest payable annually, maturing between April 5, 2019 and January 23, 2020, with a maturity value of \$10,521,270	10,250,000	-
Guaranteed investment certificates, not cashable before the expiry date, between 1.71% and 2.65% interest payable annually, maturing between December 6, 2018 and July 16, 2019, with a maturity value of \$6,694,220	-	6,550,000
<i>Non-current</i>		
Guaranteed investment certificate, not cashable before the expiry date, 2.84% interest payable annually, maturing July 16, 2020, with a maturity value of \$1,234,080	1,200,000	1,200,000
	11 450 000	7,750,000

The balance on flow-through financing not spent according to the restrictions imposed by the December 2018 financing represents \$2,920,564 as at March 31, 2019 and is included in investments. The Corporation has to dedicate these funds to Canadian mining properties exploration.

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2019

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

Acquisition costs	Undivided interest	As at Sept. 30, 2018	Additions	Option payments	Impairment	As at Mar 31, 2019
	%	\$	\$	\$	\$	\$
Abitibi						
Maritime-Cadillac	49	290,923	34	-	-	290,957
Laflamme	75.4	130,098	16,756	-	(2,250) ¹⁾	144,604
Patris	100	104,054	3,194	-	-	107,248
Casault	50	29,984	3,996	-	-	33,980
Jouvex	50	47,694	2,166	-	(2,292) ¹⁾	47,568
Heva	100	57,989	2,086	-	-	60,075
Valmond	100	15,717	456	-	-	16,173
La Peltrie	100	97,023	9,779	-	-	106,802
Wawagosis	100	6,535	384	-	-	6,919
Adam	100	26,893	2,074	-	-	28,967
Samson	100	36,427	404	-	-	36,831
Mistaouac	100	24,987	2,085	-	-	27,072
Turgeon	100	29,386	3,799	-	-	33,185
Manthet	100	7,776	-	-	-	7,776
Abitibi Gold	100	5,840	(1,267)	-	-	4,573
Grenville-Appalaches						
Weedon	100	39,412	5,974	-	-	45,386
Gatineau	100	34,585	992	-	(31,496) ¹⁾	4,081
James Bay						
James Bay Au	100	203,496	22,950	-	-	226,446
Eleonore	100	162,956	29,770	-	-	192,726
JV Eleonore	50	142,142	2,986	-	-	145,128
Isengard	100	26,920	630	-	(27,550) ²⁾	-
Minas Tirith	100	58,536	471	-	-	59,007
Shire	100	262,619	2,653	-	-	265,272
Elrond	100	70,347	8,987	-	-	79,334
Gondor	100	15,500	98	-	(15,598) ²⁾	-
Moria	100	109,248	3,070	-	-	112,318
Helms	100	33,625	168	-	-	33,793
Mythril	100	9,057	241,863	-	-	250,920
Fangorn	100	1,188	38	-	-	1,226
Northern Quebec						
Pallas PGE	100	126,551	26,079	-	(35,153) ¹⁾	117,477
Willbob	100	288,969	85,790	-	(114,391) ¹⁾	260,368
Soissons	100	23,706	419	-	-	24,125
Soissons NMEF	50	4,100	74	-	-	4,174
Project Generation						
	100	13,464	69,133	-	-	82,597
		2,537,747	548,091	-	(228,730)	2,857,108

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

2) The Company wrote off some projects included in this property since no exploration program is planned for the near future and/or dropped all the claims.

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2019

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Acquisition costs	Undivided interest	As at Sept. 30, 2017	Net Additions	Share issuance	Impairment	As at Sept. 30, 2018
	%	\$	\$	\$	\$	\$
Abitibi						
Maritime-Cadillac	49	290,838	85	-	-	290,923
Laflamme	74.3	122,347	13,625	-	(5,874) ¹⁾	130,098
Patris	100	87,072	16,982	-	-	104,054
Casault	50	26,995	2,989	-	-	29,984
Jouvex	50	45,432	5,565	-	(3,303) ¹⁾	47,694
Heva	100	57,906	83	-	-	57,989
Valmond	100	10,756	4,961	-	-	15,717
La Peltrie	100	101,601	(4,578)	-	-	97,023
Wawagosis	100	-	8,678	-	(2 143) ¹⁾	6 535
Adam	100	16,830	12,695	-	(2,632) ¹⁾	26,893
Samson	100	20,166	17,593	-	(1,332) ¹⁾	36,427
Mistaouac	100	-	26,240	-	(1,253) ¹⁾	24,987
Turgeon	100	-	29,386	-	-	29,386
Manthet	100	-	7,776	-	-	7,776
Abitibi Gold	100	138,669	(2,433)	-	(130,396) ²⁾	5,840
Grenville-Appalaches						
Weedon	100	36,703	2,709	-	-	39,412
Gatineau	100	32,102	2,483	-	-	34,585
James Bay						
James Bay Au	100	198,893	6,260	-	(1,657) ¹⁾	203,496
Eleonore	100	141,681	21,275	-	-	162,956
JV Eleonore	50	96,972	45,170	-	-	142,142
Isengard	100	9 943	733	16,244	-	26,920
Minas Tirith	100	1 491	3,743	53,302	-	58,536
Shire	100	20 511	8,088	234,020	-	262,619
Elrond	100	8 144	271	61,932	-	70,347
Gondor	100	3 088	229	12,183	-	15,500
Moria	100	7 721	-	101,527	-	109,248
Helms	100	5 197	-	28,428	-	33,625
Mythril	100	-	9,057	-	-	9,057
Fangorn	100	-	1,188	-	-	1,188
Northern Quebec						
Pallas PGE	100	105,028	21,523	-	-	126,551
Willbob	100	257,030	31,939	-	-	288,969
Soissons	100	-	23,706	-	-	23,706
Soissons NMEF	50	-	4,100	-	-	4,100
Project Generation						
	100	53,235	(19,493)	-	(20,278) ¹⁾	13,464
		1,896,351	302,628	507,636	(168,868)	2,537,747

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

2) The Company wrote off some projects included in this property since no exploration program is planned for the near future and/or dropped all the claims.

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2019

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

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

E&E expenses	Undivided interest	As at Sept. 30, 2018	Additions	Option payments	Tax credits	Impairment	As at Mar 31, 2019
	%	\$	\$	\$	\$	\$	\$
Abitibi							
Maritime-Cadillac	49	389,110	1,444	-	-	-	390,554
Laflamme	75.4	2,427,838	231,053	-	(3,316)	-	2,655,575
Patris	100	234,056	2,018	-	(213)	-	235,861
Casault	50	1,880,234	447,661	-	(164,982)	-	2,162,913
Jouvex	50	412,962	204,559	-	-	-	617,521
Heva	100	271,810	3,782	-	-	-	275,592
Valmond	100	124,314	1,257	-	-	-	125,571
Samson	100	168,110	2,389	-	(464)	-	170,035
La Peltrie	100	1,078,923	18,747	-	(820)	-	1,096,850
Wawagasic	100	32,949	-	-	-	-	32,949
Adam	100	266,663	5,060	-	(428)	-	271,295
Mistaouac	100	224,502	5,719	-	(642)	-	229,579
Turgeon	100	196,665	3,893	-	(1,426)	-	199,132
Manthet	100	8,409	-	-	-	-	8,409
Abitibi Gold	100	84,739	7,931	-	(142)	-	92,528
Grenville-Appalaches							
Weedon	100	647,297	42,434	-	-	-	689,731
Gatineau	100	71,515	66	-	(7)	(65,131) ¹⁾	6,443
James Bay							
James Bay Au	100	517,666	27,806	-	(927)	-	544,545
Eleonore	100	1,770,210	1,899	-	-	-	1,772,109
JV Eleonore	50	583,215	29,079	-	-	-	612,294
Isengard ²⁾	100	36,918	-	-	-	(36,918) ¹⁾	-
Minas Tirith ²⁾	100	33,711	2,519	-	-	-	36,230
Shire ²⁾	100	226,595	5,110	-	(1,426)	-	230,279
Elrond ²⁾	100	31,406	4,160	-	(464)	-	35,102
Gondor ²⁾	100	31,424	-	-	-	(31,424) ¹⁾	-
Moria ²⁾	100	123,544	7,338	-	(1,426)	-	129,456
Helms ²⁾	100	18,919	3,875	-	-	-	22,794
Mythril	100	28,215	954,258	-	(161,454)	-	821,019
Fangorn	100	6,657	-	-	-	-	6,657
Northern Quebec							
Pallas PGE	100	540,024	2,100	-	-	-	542,124
Willbob	100	2,624,225	59,141	-	(13,050)	-	2,670,316
Soissons	100	47,282	10,798	-	(4,421)	-	53,659
Soissons NMEF	50	4,259	21,484	-	-	-	25,743
Project Generation							
	100	84,116	13,145	-	(1,319)	-	95,942
		15,228,482	2,120,725	-	(356,927)	(143,473)	16,858,807

1) The Company wrote off some projects included in this property since no exploration program is planned for the near future and/or dropped all the claims.

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2019

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

E&E expenses	Undivided	As at	Net	Option	Tax credits	Impairment	As at
	interest	Sept. 30,	Additions	payments			Sept. 30,
	%	2017	\$	\$	\$	\$	2018
		\$	\$	\$	\$	\$	\$
Abitibi							
Maritime-Cadillac	49	292,271	96,839	-	-	-	389,110
Laflamme	74.3	2,202,064	256,188	-	(30,414)	-	2,427,838
Patris	100	221,844	12,212	-	-	-	234,056
Casault	50	963,965	1,137,572	-	(221,303)	-	1,880,234
Jouvex	50	412,833	129	-	-	-	412,962
Heva	100	261,985	9,825	-	-	-	271,810
Valmond	100	124,314	-	-	-	-	124,314
Samson	100	83,411	85,865	-	(1,166)	-	168,110
La Peltrie	100	1,067,584	11,430	-	(91)	-	1,078,923
Wawagosic	100	-	54,396	-	(21,447)	-	32,949
Adam	100	131,155	155,887	-	(20,379)	-	266,663
Mistaouac	100	-	229,972	-	(5,470)	-	224,502
Turgeon	100	-	197,672	-	(1,007)	-	196,665
Manthet	100	-	8,409	-	-	-	8,409
Abitibi Gold	100	203,470	17,164	-	(1,347)	(134,548) ¹⁾	84,739
Grenville-							
Appalaches							
Weedon	100	626,897	20,400	-	-	-	647,297
Gatineau	100	44,005	27,597	-	(87)	-	71,515
James Bay							
James Bay Au	100	362,595	190,656	-	(35,585)	-	517,666
Eleonore	100	1,723,519	50,292	-	(3,601)	-	1,770,210
JV Eleonore	50	291,282	315,038	-	(23,105)	-	583,215
Isengard ²⁾	100	2,072	37,109	-	(2,263)	-	36,918
Minas Tirith ²⁾	100	27,966	8,856	-	(3,111)	-	33,711
Shire ²⁾	100	75,404	239,923	-	(88,732)	-	226,595
Elrond ²⁾	100	30,943	490	-	(27)	-	31,406
Gondor ²⁾	100	5,049	29,023	-	(2,648)	-	31,424
Moria ²⁾	100	21,223	169,731	-	(67,410)	-	123,544
Helms ²⁾	100	124	32,229	-	(13,434)	-	18,919
Mythril	100	-	46,581	-	(18,366)	-	28,215
Fangorn	100	-	10,989	-	(4,332)	-	6,657
Northern Quebec							
Pallas PGE	100	538,746	1,278	-	-	-	540,024
Willbob	100	2,126,873	704,161	-	(206,809)	-	2,624,225
Soissons	100	-	73,023	-	(25,741)	-	47,282
Soissons NMEF	50	-	7,031	-	(2,772)	-	4,259
Project Generation							
	100	91,166	(4,076)	-	(2,780)	(194) ¹⁾	84,116
		11,932,760	4,233,891	-	(803,427)	(134,742)	15,228,482

1) The Company wrote off some projects included in this property since no exploration program is planned for the near future and/or dropped all the claims.

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2019

(Unaudited)

5. EXPLORATION AND EVALUATION ASSETS (CONT'D)

a) La Peltrie

On August 29, 2017, the Corporation had signed an option agreement with Niobay Metals Inc. ("Niobay") whereby Niobay could have earned, in two options, a maximum interest of 65% in the La Peltrie property. On January 15, 2019, the Corporation received from Niobay a termination notice for the option agreement.

b) BJ Altius

On July 13, 2018, Altius Minerals Corporation (« Altius ») and the Corporation have signed an amended and restated memorandum of understanding ("Alliance"). On February 12, 2019, the parties jointly decided to terminate the Alliance. The designated projects as per the Alliance (Elrond, Gondor, Helms Deep, Isengard, Minas Tirith, Moria, Shire, Mythrill and Fangorn) maintain their net smelter return royalty of 1% in favor of Altius, on the claims that were active at the time of their designation.

6. EQUITY

6.1 Private placements

a) December 2018

On December 5 and 18, 2018, the Corporation completed private placement of 3,044,605 flow-through shares at \$1.35 per share for total gross proceeds of \$4,110,218. On those dates, the Corporation's share closed at \$0.85 and \$0.82 on the Exchange respectively, therefore the residual values attributed to the benefit related to flow-through shares renunciation are \$0.50 and \$0.53 for a total value of \$1,554,552, credited to the liability related to the premium on flow-through shares.

On December 21, 2018, the Corporation completed a private placement of 222,222 units at a price of \$0.90 per unit for total gross proceeds of \$200,000. Each unit consisted of one common share and one half warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.25 until December 21, 2020.

From the total compensation received from the units, \$11,210 has been allocated to warrants and \$188,790 to common shares, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 41.9%, a risk free interest rate of 1.94% and an expected life of the warrants of 2 years.

In connection with the private placements, the Corporation incurred \$254,100 share issue expenses of which \$180,271 was paid as finder's fees. Directors and officers of the Corporation participated in the flow-through private placement for a total consideration of \$141,750 under the same terms as other investors.

b) Janvier 2019

On January 18, 2019, the Corporation completed a private placement of 1,111,111 units at a price of \$0.90 per unit for total gross proceeds of \$1,000,000. Each unit consisted of one common share and one half warrant. Each warrant entitles the holder to purchase one common share at a price of \$1.25 until January 18, 2021.

Midland Exploration Inc.

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(Unaudited)

6. EQUITY (CONT'D)

From the total compensation received from the units, \$58,428 has been allocated to warrants and \$941,572 to common shares, according to a pro rata allocation of the estimated fair value of each of the two components. The estimated fair value of the warrants was determined using the Black-Scholes pricing model based on the following assumptions: no expected dividend yield, an expected volatility of 43.0%, a risk free interest rate of 1.91% and an expected life of the warrants of 2 years.

In connection with the private placements, the Corporation incurred \$67 846 share issue expenses.

6.2 Warrants

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

	Six months ended March 31, 2019		Fiscal 2018	
	Number	Amount	Number	Amount
		\$		\$
Balance – Beginning of period	-	-	20,622,569	1,922,031
Issued following private placement	666,667	69,638	-	-
Exercised	-	-	(1,522,000)	(141,850)
Expired	-	-	(19,100,569)	(1,780,181)
Balance – End of period	666,667	69,638	-	-

Warrants outstanding as at March 31, 2019 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
111,112	1.25	December 21, 2020
555,555	1.25	January 18, 2021
666,667		

7. SHARE-BASED COMPENSATION

On February 18, 2019, the Corporation granted to its directors, officers, employees and consultants 580,000 options exercisable at \$1.03, valid for 10 years. Those options were granted at an exercise price equal to the closing market value of the shares the previous day of the grant. Total stock-based compensation costs amount to \$295,800 for an estimated fair value of \$0.51 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 50.7% expected volatility, 1.82% risk-free interest rate and 6 years options expected life. This expected life was estimated by benchmarking comparable situations for companies that are similar to the Corporation. The expected volatility was determined by calculating the historical volatility of the Corporation's share price back from the date of grant and for a period corresponding to the expected life of the options.

Midland Exploration Inc.

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Six months ended March 31, 2019

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7. SHARE-BASED COMPENSATION (CONT'D)

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

	Six months ended March 31, 2019		Fiscal 2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – Beginning of period	3,760,000	1.07	3,190,000	1.10
Granted	580,000	1.03	570,000	0.89
Exercised	20,000	0.60	-	-
Balance – End of period	4,320,000	1.07	3,760,000	1.07
Balance – End of period exercisable	3,550,000	1.08	3,363,334	1.09

The following table summarizes information about common share purchase options outstanding and exercisable as at March 31, 2019:

Number of options outstanding	Number of options exercisable	Exercise price	Expiry date
		\$	
260,000	260,000	1.76	February 17, 2021
315,000	315,000	1.54	February 16, 2022
20,000	20,000	1.61	February 27, 2022
345,000	345,000	1.25	February 19, 2023
605,000	605,000	0.85	February 20, 2024
430,000	430,000	0.60	August 13, 2025
500,000	500,000	1.10	August 11, 2026
50,000	50,000	1.13	November 23, 2026
545,000	545,000	1.14	February 21, 2027
100,000	100,000	1.04	May 10, 2027
570,000	380,000	0.89	February 15, 2028
580,000	-	1.03	February 18, 2029
4,320,000	3,550,000		

Midland Exploration Inc.

Notes to Financial Statements

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8. SUBSEQUENT EVENT

On April 17, 2019, the Corporation closed a private placement pursuant to an investment agreement (the "Investment Agreement") with BHP Billiton Canada Inc. ("BHP"). BHP subscribed for 3,444,000 units at an issue price of \$1.70 per unit for aggregate consideration of \$5,854,800. Each unit will consist of one common share and one warrant. Each warrant will entitle BHP to acquire one additional common share at an exercise price of \$2.05 per common share for a period of 18 months. Midland can accelerate the expiry of the Warrants if the daily volume-weighted average trading price of the common shares on the Exchange exceeds \$2.25 for 20 consecutive trading days at any time following 120 days after closing of the Private Placement.

Pursuant to the terms of the Investment Agreement, BHP will be granted certain rights as long as BHP holds common shares equal to at least 5% of the issued and outstanding common shares (on a partially diluted basis), including:

- the right to participate in future equity financings by the Corporation to allow BHP to maintain its then current pro rata non-diluted ownership interest in the Corporation or to increase its ownership interest in the Corporation to a maximum of 19.99%, on a fully-diluted basis;
- certain top-up rights to subscribe for additional common shares following certain dilutive transactions to allow BHP to maintain its then current pro rata non-diluted ownership interest in the Corporation;
- the right of first offer for any non-equity financings, including any tolling arrangements, streaming arrangements, forward agreements, off-take agreements or royalty sales relating to any present or future copper exploration projects of the Corporation in Quebec; and
- the right of first offer on the Mythril project in the event the Corporation seeks to divest all or part of its interest.

If BHP holds common shares equal to at least 15% of the issued and outstanding common shares (on a non-diluted basis), BHP will also have the right to designate one director for appointment to the Corporation board of directors.