



# **Midland Exploration Inc.**

Management's Discussion and Analysis  
Quarterly Highlights

Nine months ended June 30, 2019

# Midland Exploration Inc.

## Management Discussion & Analysis – Quarterly Highlights

Nine months ended June 30, 2019

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 Q3-19 YTD. This MD&A Highlights should be read in conjunction with the Corporation’s condensed interim financial statements as at June 30, 2019 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, 2018. 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
Q1-18	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
Q1-19	October 1, 2018 to December 31, 2018
Q2-19	January 1, 2019 to March 31, 2019
Q3-19	April 1, 2019 to June 30, 2019
Q3-19 YTD	October 1, 2018 to June 30, 2019
Q4-19	July 1, 2019 to September 30, 2019
Fiscal 19	October 1, 2018 to September 30, 2019

### 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

#### 2.1 Working capital

Midland has an adjusted working capital of \$15,803,753 as of June 30, 2019 (\$11,214,039 as of September 30, 2018), which will allow the Corporation to execute its exploration program for at least the next three years (*note: adjusted working capital is a non-IFRS financial performance measure which has no standard definition under IFRS. See section 4: Working Capital*).

#### 2.2 Private placements

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 December 21, 2018 and January 18, 2019, the Corporation completed private placements of 1,333,333 units at a price of \$0.90 per unit for total gross proceeds of \$1,200,000. 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 for 2 years.

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

Total proceeds for the December 2018 and January 2019 private placements totalled \$5,310,128. In connection with the private placements, the Corporation incurred \$321,946 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.

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 Midland to allow BHP to maintain its then current pro rata non-diluted ownership interest in Midland or to increase its ownership interest in Midland 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 Midland;
- 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 Midland in Quebec; and
- the right of first offer on the Mythril project in the event Midland 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 Midland board of directors.

### 2.3 Outstanding share data:

	As at August 8, 2019	As at June 30, 2019
	Number	Number
Common shares	68,878,222	68,878,222
Options	4,320,000	4,320,000
Warrants	4,110,667	4,110,667
	<b>77,308,889</b>	<b>77,308,889</b>

### 2.4 Update on agreements with partners

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.

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, Mythril 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.

## Midland Exploration Inc.

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## 2. OVERALL PERFORMANCE (CONT'D)

### 2.5 Financial highlights

As operator, Midland incurred exploration expenditures totalling \$5,308,839 (\$3,856,987 in Q3-18 YTD), on its properties of which \$593,918 was recharged to its partners (\$1,466,840 in Q3-18 YTD). The operating partners incurred \$57,193 of exploration expenses (\$576,954 in Q3-18 YTD). Also, the Corporation invested \$739,007 (\$250,081 in Q3-18) to complete several property acquisitions in Quebec (\$291,398 for Mythril during Fiscal 2019 represents the most important increase), of which \$8,568 was recharged to its partners (\$32,703 in Q3-18 YTD).

The Corporation reported a loss of \$280,484 in Q3-19 YTD compared to \$356,556 for Q3-18 YTD.

Operating expenses increased to \$1,994,018 (\$1,226,993 in Q3-18 YTD):

- Salaries \$509,728 (\$429,557 in Q3-18 YTD). Bonus paid to employees have increased considering the objectives completed.
- Conference and mining industry involvement \$236,397 (\$137,077 in Q3-18 YTD). Following the Mythril discovery, Midland increased its participation at conferences Xplor 2018, San Francisco, Vancouver Cambridge, Vancouver roundup, PDAC Toronto and Consorem as well as regional events.
- Impairment of exploration and evaluation assets (non-cash item) increased to \$599,117 (\$21,725 in Q3-18 YTD) and the explanations can be found in the exploration activities section found later in this MD&A.

The Corporation recorded increased interest income to \$238,083 (\$146,354 during Q3-18 YTD) due to increased funds invested.

A \$1,442,630 (\$631,620 in Q3-18 YTD) recovery of deferred income taxes (non-cash item) was recognized to record the amortization, in proportion of the work completed, of the premium related to flow-through shares renunciation following the December 2018 private placement (November 2017 in Q1-18). All exploration work to be spent pursuant to the November 2017 financing was completed before September 30, 2018. The balance of exploration work to be spent pursuant to the December 2018 financing represents \$289,026 as at June 30, 2019.

For Q3-19, the Corporation recorded a net income of \$483,606 (\$139,272 for Q3-18). The variance explanations are similar to those of the year to date period.

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### 3. EXPLORATION ACTIVITIES

Deferred exploration expenses Q3-19 YTD	Balance Sep 30, 2018	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based compensation	Recharge	Tax credits	Option payment	Write-off	Net change	Balance June 30, 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>														
Maritime Cadillac	389,110	5,752	-	-	-	-	5,752	736	-	-	-	-	6,488	395,598
Laflamme Au	2,427,838	62,790	53,012	183,302	3,994	50,136	353,234	4,326	-	(3,316)	-	-	354,244	2,782,082
Patris Au	234,056	3,151	-	-	-	-	3,151	-	-	(213)	-	-	2,938	236,994
Casault Au	1,880,234	46,003	1,955	664,017	130,084	-	842,059	13,363	(390,865)	(164,982)	-	-	299,575	2,179,809
Jouvex Au	412,962	29,104	-	375,224	5,778	-	410,106	3,683	(205,053)	-	-	-	208,736	621,698
Heva Au	271,810	2,550	-	-	-	-	2,550	1,852	-	-	-	-	4,402	276,212
Valmond Au	124,314	1,257	-	-	-	-	1,257	-	-	-	-	-	1,257	125,571
Samson Au	168,110	2,345	-	173	-	-	2,518	-	-	(464)	-	-	2,054	170,164
La Peltrie	1,078,923	4,324	-	12,806	-	-	17,130	2,233	-	(820)	-	-	18,543	1,097,466
Wawagosis	32,949	-	-	-	-	-	-	-	-	-	-	-	-	32,949
Adam	266,663	5,262	-	-	-	-	5,262	1,116	-	(428)	-	-	5,950	272,613
Mistaouac	224,502	5,110	-	-	-	-	5,110	736	-	(642)	-	-	5,204	229,706
Turgeon	196,665	3,284	-	-	-	-	3,284	736	-	(1,426)	-	-	2,594	199,259
Manthet	8,409	-	-	-	-	-	-	-	-	-	-	-	-	8,409
Abitibi Au	84,739	11,306	-	-	-	-	11,306	-	-	(142)	-	-	11,164	95,903
<b>Grenville-Appalaches</b>														
Weedon Cu Zn Au	647,297	14,009	22,550	-	-	8,125	44,684	-	-	-	-	-	44,684	691,981
Gatineau Zn	71,515	100	-	-	-	-	100	-	-	(7)	-	(65,131)	(65,038)	6,477
<b>Bay-James</b>														
James Bay Au	517,666	18,883	86,065	-	216	-	105,164	1,116	-	(927)	-	-	105,353	623,019
Eleonore Au	1,770,210	1,585	-	-	-	-	1,585	380	-	-	-	-	1,965	1,772,175
JV Eleonore Au	583,215	28,109	-	-	-	-	28,109	4,366	-	-	-	-	32,475	615,690
Isengard	36,918	-	-	-	-	-	-	-	-	-	-	(36,918)	(36,918)	-
Minas Tirith	33,711	3,920	-	-	-	-	3,920	-	-	-	-	-	3,920	37,631
Shire	226,595	7,059	-	-	216	-	7,275	2,233	-	(1,426)	-	-	8,082	234,677
Elrond	31,406	5,237	-	-	-	-	5,237	-	-	(464)	-	-	4,773	36,179
Gondor	31,424	-	-	-	-	-	-	-	-	-	-	(31,424)	(31,424)	-
Moria	123,544	7,338	-	-	216	-	7,554	-	-	(1,426)	-	-	6,128	129,672
Helms	18,919	6,002	-	-	-	-	6,002	-	-	-	-	-	6,002	24,921
Mythril	28,215	736,432	507,414	1,771,161	250,440	-	3,265,447	30,944	-	(161,454)	-	-	3,134,937	3,163,152
Fangorn	6,657	5,028	-	-	-	-	5,028	-	-	-	-	-	5,028	11,685
<b>Northern Quebec</b>														
Pallas PGE	540,024	2,100	-	-	-	-	2,100	-	-	-	-	-	2,100	542,124
Willbob Au	2,624,225	67,921	-	43,101	7,000	-	118,022	12,604	-	(13,050)	-	-	117,576	2,741,801
Soissons	47,282	4,482	-	-	6,782	-	11,264	-	-	(4,421)	-	-	6,843	54,125
Soissons NMEF	4,259	21,484	-	-	-	-	21,484	-	-	-	-	-	21,484	25,743
<b>Generation</b>	84,116	12,910	-	-	235	-	13,145	-	-	(1,319)	-	(6,611)	5,215	89,331
<b>TOTAL</b>	<b>15,228,482</b>	<b>1,124,837</b>	<b>670,996</b>	<b>3,049,784</b>	<b>404,961</b>	<b>58,261</b>	<b>5,308,839</b>	<b>80,424</b>	<b>(595,918)</b>	<b>(356,927)</b>	<b>-</b>	<b>(140,084)</b>	<b>4,296,334</b>	<b>19,524,816</b>

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

Deferred exploration expenses Q3-18 YTD	Balance on Sep 30, 2018	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-based compen-	Recharge	Tax credits	Option payment	Write-off	Net change	Balance on June 30, 2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<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)

Exploration and evaluation expenses	Actual Q3-18 YTD			Actual Q3-19 YTD			Budget Fiscal 19		
	Midland	Partners	Total	Midland	Partners	Total	Midland	Partners	Total
<b>Properties</b>	<b>Midland</b>	<b>Partners</b>	<b>Total</b>	<b>Midland</b>	<b>Partners</b>	<b>Total</b>	<b>Midland</b>	<b>Partners</b>	<b>Total</b>
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Patris	1,574	19,814	21,388	3,151	-	3,151	5,000	-	5,000
Heva Au	893	265,300	266,193	2,550	-	2,550	5,000	-	5,000
Valmond	-	-	-	1,257	-	1,257	5,000	-	5,000
Samson	82,911	-	82,911	2,518	-	2,518	5,000	-	5,000
La Peltrie	799	563,739	564,538	17,130	-	17,130	5,000	125,000	130,000
Wawagosis	-	-	-	-	-	-	5,000	-	5,000
Adam	101,434	-	101,434	5,262	-	5,262	5,000	-	5,000
Mistaouac	220,339	-	220,339	5,110	-	5,110	5,000	-	5,000
Turgeon	186,523	-	186,523	3,284	-	3,284	5,000	-	5,000
Manthet	-	-	-	-	-	-	5,000	-	5,000
Abitibi Or	17,518	-	17,518	11,306	-	11,306	25,000	-	25,000
Weedon Cu-Zn-Au	-	-	-	44,684	-	44,684	50,000	-	50,000
Gatineau Zn	23,578	-	23,578	100	-	100	5,000	-	5,000
James Bay Au	98,691	-	98,691	105,164	-	105,164	200,000	-	200,000
Éléonore Au	44,052	-	44,052	1,585	-	1,585	100,000	-	100,000
Isengard	31,370	31,369	62,739	-	-	-	5,000	-	5,000
Minas Tirith	966	966	1,932	3,920	-	3,920	5,000	-	5,000
Shire	80,964	65,831	146,795	7,275	-	7,275	5,000	-	5,000
Elrond	490	490	980	5,237	-	5,237	-	-	-
Gondor	22,307	22,307	44,614	-	-	-	5,000	-	5,000
Moria	47,484	47,484	94,968	7,554	-	7,554	5,000	-	5,000
Helms	17,590	17,589	35,179	6,002	-	6,002	-	-	-
Mythril	-	-	-	3,265,447	-	3,265,447	2,000,000	-	2,000,000
Fangorn	-	-	-	5,028	-	5,028	5,000	-	5,000
Willbob	197,089	-	197,089	118,022	-	118,022	475,000	-	475,000
Pallas EGP	-	-	-	2,100	-	2,100	5,000	-	5,000
Soissons	7,735	-	7,735	11,264	-	11,264	5,000	-	5,000
Project generation	2,713	-	2,713	13,145	-	13,145	30,000	-	30,000
	1,187,020	1,034,889	2,221,909	3,648,095	-	3,648,095	2,975,000	125,000	3,100,000
<i>In joint venture</i>									
Maritime-Cadillac AEM 51%	94,120	97,888	192,008	5,752	868	6,620	50,000	50,000	100,000
Vermillon – Soquem 53.4%	236	270	506	-	-	-	-	-	-
Laflamme Au– Abcourt 23.9%	174,640	-	174,640	353,234	-	353,234	150,000	-	150,000
Casault – Soquem 50%	689,314	689,313	1,378,627	451,194	390,865	842,059	450,000	450,000	900,000
Jouvex – Soquem 50%	-	-	-	205,053	205,053	410,106	175,000	175,000	350,000
JV Eleonore Osisko 50%	247,766	221,434	469,200	28,109	28,110	56,219	150,000	150,000	300,000
Soisson NMEF 50%	-	-	-	21,484	28,215	49,699	50,000	50,000	100,000
	1,206,076	1,008,905	2,214,981	1,064,826	653,111	1,717,937	1,025,000	875,000	1,900,000
<b>Grand total</b>	<b>2,393,096</b>	<b>2,043,794</b>	<b>4,436,890</b>	<b>4,712,921</b>	<b>653,111</b>	<b>5,366,032</b>	<b>4,000,000</b>	<b>1,000,000</b>	<b>5,000,000</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 chief executive officer of Midland, qualified person under NI 43-101, has reviewed the following technical disclosure.

#### HIGHLIGHTS

- **Twenty-six (26) drill holes ; 7,600 m completed on Mythril**
- **Discovery of several new high-grade Cu-Au-Mo-Ag zones on Mythril**
- **New drilling targets on Maritime-Cadillac**

#### ABITIBI

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

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

During Q3-19, a Leapfrog 3D-Model was completed by the consultant firm InnovExplo and several new drilling targets have been generated at shallow depths. Those targets include the Maritime Contact, the Dyke East and Dyke West areas. A new drilling proposal (2,500 m) is in preparation.

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

###### *Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$2,250 in Q1-19.

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

The induced polarisation ("IP") survey conducted in the summer of 2018 led to the identification of several new drilling targets located along the contacts or at the western edge of the felsic intrusion. These targets are characterized by weak chargeability highs associated with weak resistivity variations, and coincide with the northeast end of a significant gold and copper train in tills.

A drilling program consisting in four (4) holes totalling approximately 650 metres was completed during Q2-19. A new gold-bearing showing, named Longshot, was discovered in an altered diorite intrusion and returned 0.25 g/t Au over 10.0 metres, including 2.19 g/t Au over 0.7 metre from 117 m to 127 m in hole LAF-19-45. Hole LAF-19-46 intersected 0.37 g/t Au over 3.8 metres from 35.0 m to 38.8 m at about 500 metres south of LAF-19-45. The correlation between the mineralized zones (Py and quartz veins) in holes 45 and 46 and the historical IP anomalies is excellent.

A 54 km Gradient IP survey was completed during the 2019 summer on Laflamme, final results and interpretation are pending. This survey covered the whole diorite intrusion hosting the Longshot showing with lines spaced every 300 metres.



# Midland Exploration Inc.

## Management Discussion & Analysis – Quarterly Highlights

Nine months ended June 30, 2019

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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*

The drilling campaign was completed during Q1-19 on Casault. A total of seven (7) drill holes were completed (CAS-18-116 to CAS-18-122) totaling 2,800 meters in the Vortex gold discovery area located in the western sector of Casault near the Sunday Lake Fault and at the western end of the Timiskaming conglomerate basin.

Hole **CAS-18-116** targeted the Vortex Zone 200 m west of hole CAS-18-110. The only values obtained above 0.1 g / t Au are isolated and are:

- 0.284 g/t Au over 0.50m (403.0-403.50m)
- 0.269 g/t Au over 1,00m (394.0-395.0m)
- 0.239 g/t Au over 0.75m (171.85-172.6m)
- 0,224 g/t Au over 1.00m (429.0-430.0m)
- 0.190 g/t Au over 1.10m (432.5-433.60m)
- 0.136 g/t Au over 0.40 m (138.6-139.0m)
- 0.121 g/t Au over 0.95m (181.2-182.15m)

Hole **CAS-18-117** targeted the extension of the Vortex Zone to the East. The best value is at the beginning of the hole between 221.70-222.35m; it yielded 16.1 g/t Au over 0.65m. It is inside the gabbro, close to contact with the tufts in a fault zone with a quartz-calcite-brecciated chlorite vein (25cm) mineralized with 1% disseminated pyrite. The Interval is strongly chloritized, unfortunately this value is isolated. Another section yielded 0.157 g/t Au over 6.5m (between 161.1-167.6m) and this section is probably related to the zone of hole CAS-13-36 which returned 0.134 g/t Au over 11.87m (between 65.13 and 77m). The 450 Vortex zone yielded 0.114 g/t Au over 8.7m.

Hole **CAS-18-118** was targeting an IP anomaly in contact with a magnetic maximum in a high resistivity zone. The best result returned 0.27 g / t Au over 0.90 meter between 125.40 and 126.30 meters.

Hole **CAS-18-119** was targeting an IP anomaly in contact with a magnetic maximum in a high resistivity area. It also targets the Stellar Zone 1 encountered between 33.65 and 41.60 meters in hole CAS-18-118 located 210 meters to the north. This hole was completed at 549m. The IP target was reached between 174.65 and 176.70 meters and consisted in a zone of two (2) meters mineralized with 10-20% of fine and coarse pyrite in the gabbro strongly altered in chlorite and injected with 50% veins and veinlets of quartz and calcite epidotized. The Stellar Zone 1 was intercepted between 511.30 and 522.75 meters in foliated and heavily weathered pillowed basalts. The heart of the area is 4.25 meters wide and contains between 15-20% pyrite and 1-2% pyrrhotite. Locally, traces of sphalerite have been observed at the exit of the Stellar Zone 1, in the pillow borders. The best results returned:

- 0.375 g/t Au over 0.50m (308.40-308.90m)
- 0.387 g/t Au over 0.40m (348.15-348.55m)
- 0.156 g/t Au over 1.60m (360.00-361.60m)

Hole **CAS-18-120** was targeting an IP anomaly in contact with a magnetic maximum in a high resistivity area. The hole was interrupted at 260.6m in pillowed basalt. After 27m of casing the hole started in the pillowed basalts strongly altered in chlorite. In the first 85m we note the presence of 5 felsic dykes from 1.5m to 5m thick, they are quite dry on the mineralization side. From 107.35 to 226.15 metres, a heavily chloritized dark green gabbro was intersected. In general it is mineralized with traces of pyrite at 0.5-1% locally and contains several sections of felsic dykes that are weekly mineralised in pyrite 0.5-2%. The best result returned 0.33 g/t Au over 3.0 metres from 123.0 to 126.0 metres.

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

Hole **CAS-18-121** was targeting a magnetic high, the northern contact of the Timiskaming conglomerate basin, a weak IP anomaly and a rise in resistivity. The hole has been completed at 400.50m. The IP anomaly is explained by a sheared interval from 248.8 to 249.55m, injected with quartz veinlets + calcite and mineralized with 10-15% disseminated fine pyrite from 248.8m to 249.25m. The best results are:

- 0.113 g/t Au over 0.45m (103.39-104.35m)
- 0.312 g/t Au over 0.40m (218.65-219.05m)
- 0.435 g/t Au over 0.45m (248.80-249.25m)
- 2.02 g/t Au over 0.90m (263.3-264.2m)
- 0.136 g/t Au over 0.60m (270.0-270.6m)

Hole **CAS-18-122** passed through the 61.6 to 181m magnetic unit which is a blocks tuff and lapillis with fragments / strips of semi-massive py and Mt as typically seen in the 475 Vortex Zone. Subsequently, the hole intercepted a non-magnetic ash tuff and ended in a deformed mafic volcanic unit (chlorite shale), which appears to be on the Sunday Lake deformation corridor. The latter is very weakly mineralized with 0.1% of locally disseminated py. The best results returned:

- 0.43 g/t Au over 0.50 m (43.80 to 44.30m)
- 0.12 g/t Au over 0.80 m (46.70 to 47.50m)
- 1.59 g/t Au over 0.35 m (60.05 to 60.40m)

A new drilling program proposal is in preparation in order to test a ENE splay fault of the Sunday Lake deformation zone to the east of Vortex and north of the Timiskaming conglomerates.

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

##### *Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$2,292 in Q1-19.

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

During Q2-19, a drilling program was initiated on the Jouvex property. Unfortunately, due to the lack production and the severe weather conditions, this program was stopped after only a total of 614.0 metres of drilling before its completion.

The most interesting interval came from hole JOU-19-15 which returned 0.22 g/t Au over 2.25 metres from 243.95 to 246.20 metres while testing an IP-OreVision anomaly. This zone consisted in 0.5% arsenopyrite and 1% pyrite in contact with felsic breccia volcanic.

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

##### *Property Description*

On August 29, 2017, the Corporation had signed an option agreement with 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.

## Midland Exploration Inc.

### Management Discussion & Analysis – Quarterly Highlights

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

##### GRENVILLE-APPALACHES

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

*Exploration work on the property*

During Q2-19 and IP survey was completed to the NE of the Lingwick deposit. Several weak anomalies were detected, including new axis found in the direct extension of the Lingwick deposit.

A prospecting program was conducted during the Q3-19 on Weedon. Final results are pending.

#### 3.7 Gatineau (Zn) operated by Midland

*Property Description*

Some projects included in the Gatineau property were dropped therefore the Corporation wrote off \$96,627 during Q1-19 (\$31,496 in acquisition costs and \$65,131 in exploration work).

*Exploration work on the property*

During Q3-19, a Drone magnetic survey was completed to cover the Leitch showing. The final results show a great improvement compared to the historical ground magnetic survey.

##### JAMES BAY

#### 3.8 Isengard (Au) operated by Midland

*Property Description*

The Corporation decided to drop the claims of the Isengard property since, amongst other reasons, no gold or base metals anomalies were found. The Corporation wrote off \$64,468 during Q2-19 (\$27,550 in acquisition costs and \$36,918 in exploration work).

#### 3.9 Minas Tirith, operated by Midland

*Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$15,789 in Q3-19.

#### 3.10 Shire, operated by Midland

*Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$204,017 in Q3-19.

#### 3.11 Elrond (Au) operated by Midland

*Exploration work on the property*

A 6 days prospecting program was carried out during July on the Elrond project. Assays are pending

# Midland Exploration Inc.

## Management Discussion & Analysis – Quarterly Highlights

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

#### 3.12 Gondor (Au) operated by Midland

##### *Property Description*

The Corporation decided to drop the claims of the Gondor property since, amongst other reasons, no gold anomaly was found. The Corporation wrote off \$48,654 during Q1-19 (\$15,598 in acquisition costs and \$31,424 in exploration work).

#### 3.13 Helm's Deep (Au) operated by Midland

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

A 6 days prospecting program was carried out during July 2019 on the Helm's Deep project. Assays are pending.

#### 3.14 Mythril (Au-Cu-Mo), operated by Midland

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

Following the significant discovery in 2018 of Cu-Mo-Au-Ag floats and surface showings on Mythril over more than 2 kilometres, Midland conducted an heliborne magnetic and electromagnetic survey totalling approximately 2,500 line-kilometres in order to cover the main Mythril block. Also, the final results of the soil geochemistry survey were received.

2018 Highlights are:

- Continuous zone of copper soil anomalies that is at least 2.4 kilometres long, observed on each survey line, and from 25 to 250 metres wide. Strongest and widest copper anomalies (up to 0.12 % Cu in soil) are found on the last line to the west, still open and unexplained.
- Molybdenum soil anomalies mostly overlap the copper anomalies but are clearly stronger in the eastern part of the known system. Similar Cu vs Mo zoning also observed in surface showings and float fields; typical of large magmatic-hydrothermal mineralized systems, with Cu highest in shallower/colder parts and Mo in deeper/hotter parts.
- Preliminary results from an airborne magnetic-electromagnetic survey indicate that the known Cu-Au-Mo-Ag showings are located at the northern edge of a strong and laterally continuous magnetic anomaly.

A dipole-dipole array IP survey covered an area of approximately 4.5 × 1.2 kilometres, with lines spaced every 100 metres and stations at 25-metre intervals (n=1 to 6) along each line.

A new chargeability zone was identified along the northeast extension of Mythril, over a minimum distance of 1.3 km (open to the east). It is defined by chargeability values > 10 mV/V (up to 19 mV/V) relative to a background of 5-7 mV/V. It is locally accompanied by resistivity values as low as 2,500 ohm\*m, relative to background values of 20,000 to 30,000 ohm\*m. On line 37+00E, a copper-in-soil geochemical anomaly was identified last fall in the last sample collected just south of the IP anomaly. Moreover, a mineralized float was found near the IP anomaly on line 32+00E and had returned 0.17% Cu and 4.7 g/t Ag.

Other chargeability anomalies, parallel to the main Mythril trend, were identified and remain unexplained. These will be the focus of a prospecting campaign next summer.

An IP-Gradient survey totalling approximately 175 kilometres (lines spacing 200 m) was also completed and identified at least five (5) new target areas located in the eastern extension of the Mythril mineralized trend.

# Midland Exploration Inc.

## Management Discussion & Analysis – Quarterly Highlights

Nine months ended June 30, 2019

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

During Q3-19, two (2) phases of drilling as well as trenching and prospecting were completed on Mythril. A total of ten (10) drillholes, 2,400 metres, was completed during March-April 2019 while a second phase of drilling consisting in sixteen (16) additional holes was completed during June and July 2019. The samples of holes MYT-19-16 to MYT-19-26 are currently at the lab and results will be available during Q4-19.

#### Highlights of Phase 1 drilling:

- MYT-19-06: 1.07 % Cu, 0.37 g/t Au, 8.87 g/t Ag (1.41 % CuEq.\*) over 12.55 meters, including 3.03 % Cu, 1.03 g/t Au, 24.63 g/t Ag (3.94 % CuEq.\*) over 4.0 meters, and including 11.8 % Cu, 3.96 g/t Au, 81.3 g/t Ag (15.16 % CuEq.\*) over 0.6 meter.
- MYT-19-01: 0.23 % Cu over 54.0 meters (0.27 % CuEq.\*), including 1.65 % Cu, 0.27 g/t Au and 6.88 g/t Ag over 4.93 meters (1.90 % CuEq.\*).
- MYT-19-03: 0.86 % Cu, 0.13 g/t Au, 12.1 g/t Ag (1.08 % CuEq.\*) over 3.51 meters.
- MYT-19-04: 0.97 % Cu, 0.11 g/t Au, 0.028 % Mo, 6.1 g/t Ag (1.20 % CuEq.\*) over 2.5 meters.

Each of the ten (10) drill holes in the first campaign intersected multiple high-grade Cu-Au-Mo-Ag bearing zones, with a total of forty-four (44) samples that yielded more than 1 % Cu equ\*. These zones have been intersected over an area that is 1.7-kilometer-long by up to 500 meters large.

*(\*Metal prices used to calculate CuEq.: Au \$1,285/oz, Cu \$2.77/lb, Ag \$15/oz, Mo \$10.90/lb. Recoveries of 100% of all metals are assumed.)*

#### Highlights of Phase 2 drilling (Holes MYT-19-11 to MYT-19-15 only) and trenching and prospecting

- Drill hole MYT-19-11 (1300E) intersected a mineralized zone grading 3.00% Cu, 1.59 g/t Au, 0.09% Mo and 21.30 g/t Ag (4.60% CuEq.\*) over 3.72 metres (150.95-154.67 m); this zone is included in a wider interval that graded 1.34% Cu, 0.69 g/t Au, 0.04% Mo and 9.54 g/t Ag (2.04% CuEq.\*) over 9.00 metres (147.00-156.00 m). This mineralized zone remains open below drill hole MYT-19-11.
- Drill hole MYT-19-12 (300E) intersected an extensive mineralized zone grading 0.17% CuEq.\* over 227.10 metres (180.80-407.90 m), including higher-grade intervals such as 2.51% Cu, 0.10 g/t Au, 0.05% Mo and 5.2 g/t Ag (2.82% CuEq.\*) over 1.55 metres (266.65-268.20 m) and 2.60% Cu, 0.20 g/t Au, 0.003% Mo and 10.7 g/t Ag (2.83% CuEq.\*) over 3.05 metres (383.90-386.95 m).
- Drill hole MYT-19-14 (150E) intersected a mineralized zone grading 3.55% Cu, 0.49 g/t Au, 0.006% Mo and 21.56 g/t Ag (4.07% CuEq.\*) over 2.00 metres (114.50-116.50 m); this zone is included in a wider interval that graded 0.93% Cu, 0.12 g/t Au, 0.002% Mo and 5.66 g/t Ag (1.14% CuEq.\*) over 9.80 metres (107.50-117.30 m).
- Two channel samples spaced 5 metres apart on the Haldir/Council zone yielded high molybdenum values reaching 0.30% Mo over 2.0 metres and 0.22% Mo over 2.4 metres (open); another channel sample at the western end graded 0.41% Cu, 0.13 g/t Au, 0.04% Mo and 2.3 g/t Ag (0.67% CuEq.\*) over 4.40 metres, including 0.67% Cu, 0.21 g/t Au, 0.07% Mo and 3.7 g/t Ag (1.10% CuEq.\*) over 1.90 metres (open).
- A channel sample on the Celeborn showing returned values of 0.41% Cu, 0.15 g/t Au, 0.01% Mo and 3.0 g/t Ag (0.58% CuEq.\*) over 5.10 metres, including 0.81% Cu, 0.28 g/t Au, 0.03% Mo and 7.1 g/t Ag (1.18% CuEq.\*) over 1.60 metres.
- Three (3) new mineralized boulder fields were discovered in the west part of Mythril (sections 000E to 300E); grab samples yielded values reaching 12.0% Cu and 0.71% Mo and respective average grades are: 1.18% Cu, 0.25 g/t Au, 0.11% Mo and 14.7 g/t Ag (1.90% CuEq.\*) (11 boulders – WF #1); 2.24% Cu, 0.21 g/t Au, 0.08% Mo and 10.2 g/t Ag (2.78% CuEq.\*) (10 boulders – WF #2); and 0.84% Cu, 0.35 g/t Au, 0.02% Mo and 18.1 g/t Ag (1.30% CuEq.\*) (5 boulders – WF #3).

## Midland Exploration Inc.

### Management Discussion & Analysis – Quarterly Highlights

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

Copper mineralization at Mythril is hosted in a variably altered, foliated granodiorite intrusion, previously interpreted as a quartz-feldspar paragneiss based on limited outcrop exposures. The granodiorite is cut by barren granitic pegmatite dykes and granitic dykes that host variable mineralization. Copper mineralization in the granodiorite is closely associated with decimeter- to metre-scale potassic alteration zones; visually, the latter are darker and exhibit a stronger foliation, are enriched in biotite and commonly contain magnetite.

Prospecting work will resume in early August 2019 on other properties in the region with strong Cu-Au-Mo-Ag potential acquired in 2018 and 2019. A drill rig remains on site at Mythril; an upcoming drilling campaign is in preparation and will be finalized in August once the complete set of assay results comes in.

##### 3.15 James Bay Gold Galinée (Au), operated by Midland

###### *Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$32,536 in Q3-19.

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

An IP survey was completed during Q2-19 in the extensions of the Elsa showing found in 2018. At least two strong anomalous IP responses were obtained.

Prospecting in the vicinity of the IP anomalies was carried out during Q3-19 and assays are pending.

#### NORTHERN QUEBEC

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

###### *Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$35,153 in Q1-19.

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

###### *Property Description*

Some claims were dropped therefore the Corporation impaired partially for \$114,391 in Q1-19.

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

The Ants zone was discovered by surface prospecting in July 2018. It occurs as a large outcropping zone of disseminated pyrrhotite-chalcocopyrite and minor quartz veins in a strongly chloritized and ankeritized quartz diorite. A single channel (ANTS-18-01) in July cut in the western part of the zone yielded 0.81 g/t Au over 5.8 meters, including 1.48 g/t Au over 2.8 meters. New channel sampling in September 2018 significantly extended the gold zone to the southeast, also yielding higher gold values. Channel ANTS-18-03, located 30 meters to the southeast of ANTS-18-02, yielded **1.78 g/t Au over 23.3 meters, including 3.19 g/t Au over 10.0 meters**. The interval is still open to the southwest, as the last channel sample yielded 0.6 g/t Au. The zone is also completely open to the southeast.

Channel ANTS-18-02, located about 20 meters southeast of ANTS-18-01, yielded **3.33 g/t Au over 5.0 meters**. The interval is still open to the southwest, as the last sample in the channel returned 2.2 g/t Au.

## Midland Exploration Inc.

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

The Ants-4G zone is located approximately 100 meters east of channel ANTS-18-03. A grab sample in July had yielded 4.27 g/t Au in a diorite mineralized in pyrrhotite, with ankerite-chlorite alteration. It is visually similar to the Ants zone. Channel sampling of the Ants-4G zone returned **2.22 g/t Au over 4.5 meters** in ANTS-18-04. Visible gold was observed in small tension quartz veins.

A three (3) weeks exploration program consisting in prospecting and soil sampling was completed during the 2019 summer and assays are pending. Moreover, a 1,000 metres drilling program is in preparation and will begin during Q4-19.

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

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

The 2018 campaign at Soissons consisted in prospecting, manual trenching and channel sampling of magmatic Ni-Cu-Co sulfide occurrences around the Papavoine and A14 troctolite/gabbronorite intrusions. None of the sulfide occurrences exhibited evidence of prior channel sampling. The Papavoine and A14 intrusions belong to the Soissons intrusive suite, that is similar in age and nature to the Nain plutonic suite in Labrador, that hosts the Voisey's Bay world-class Ni-Cu-Co mine.

###### Highlights are:

- 0.61 % Ni, 0.31 % Cu, 0.04 % Co over 6.6 meters, including 0.93 % Ni, 0.4 % Cu, 0.06 % Co over 2.8 meters (channel PPV-18-03), at the troctolite/gneiss contact.
- 0.63 % Ni, 0.45 % Cu, 0.04% Co over 4.2 meters, including 1.0 % Ni, 0.61 % Cu, 0.06 % Co over 1.4 meters (channel PPV-18-04), at the troctolite/gneiss contact (70m NE from PPV-18-03).
- Many other channels with several meters of anomalous Ni (0.2-0.5%) and/or Cu (0.2-0.5%) values, found further away from the troctolite/gneiss contact, both within the intrusion and in footwall gneisses, spread over about 200 meters along the contact.
- Median metal values recalculated to 100% sulfides ("tenors") are 3.7 % Ni and 2.2 % Cu for the Papavoine intrusion area (for sulfur > 2 %; n=29; see note below\*); these are comparable to tenors found at the Voisey's Bay Ni-Cu-Co mine.

##### 3.19 Soissons-NMEF (Ni-Cu-Co), operated by NMEF

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

A new prospecting program was completed during Q3-19 on the JV properties and assay results are pending.

##### 3.20 Project generation (Au) operated by Midland

###### *Property Description*

The Corporation decided to drop the claims of a property included in project generation and the Corporation wrote off \$14,572 during Q3-19 (\$7,961 in acquisition costs and \$6,611 in exploration work).

## Midland Exploration Inc.

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#### 4. WORKING CAPITAL

Midland has included a non-IFRS measure, “Adjusted working capital”, to supplement its financial statements, which are presented in accordance with IFRS.

Midland believes that this measure, together with measures determined in accordance with IFRS, provide investors with an improved ability to evaluate the underlying performance of the Corporation. Non-IFRS measures do not have any standardized meaning prescribed under IFRS, and therefore they may not be comparable to similar measures employed by other companies. The data is intended to provide additional information and should not be considered in isolation or as a substitute for measures of performance prepared in accordance with IFRS.

Midland has an adjusted working capital of \$15,803,753 as of June 30, 2019 (\$11,214,039 as of September 30, 2018) which is calculated as follows:

	June 30, 2019	September 30, 2018
	\$	\$
Current assets	16,026,673	10,639,766
Investments – non-current portion	1,200,000	1,200,000
Current liabilities	(1,422,920)	(625,727)
<b>Adjusted working capital</b>	<b>15,803,753</b>	<b>11,214,039</b>

August 8, 2019

*(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

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 Human Resources and Governance Committee*
- 3) *Member of the Technical Committee*

### Officers

Gino Roger, President and Chief Executive Officer  
Mario Masson, Vice-president Exploration  
Ingrid Martin, Chief Financial Officer  
René Branchaud, Secretary

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### Legal counsel

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