



# **Midland Exploration Inc.**

Management's Discussion and Analysis  
Quarterly Highlights

Six months ended March 31, 2020

# Midland Exploration Inc.

## Management Discussion & Analysis – Quarterly Highlights

Six months ended March 31, 2020

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 Q2-20 YTD. This MD&A Highlights should be read in conjunction with the Corporation’s condensed interim financial statements as at March 31, 2020 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, 2019. 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
Q1-19	October 1, 2018 to December 31, 2018
Q2-19	January 1, 2019 to March 31, 2019
Q2-19 YTD	October 1, 2018 to March 31, 2019
Q3-19	April 1, 2019 to June 30, 2019
Q4-19	July 1, 2019 to September 30, 2019
Fiscal 19	October 1, 2018 to September 30, 2019
Q1-20	October 1, 2019 to December 31, 2019
Q2-20	January 1, 2020 to March 31, 2020
Q2-20 YTD	October 1, 2019 to March 31, 2020
Q3-20	April 1, 2020 to June 30, 2020
Q4-20	July 1, 2020 to September 30, 2020
Fiscal 20	October 1, 2019 to September 30, 2020

### 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 a working capital of \$12,767,790 as of March 31, 2020 (\$14,017,423 as of September 30, 2019), which will allow the Corporation to execute its exploration program for at least the next three years.

#### 2.2 Private placements

On December 4 and 13, 2019, the Corporation completed private placement of 1,402,030 flow-through shares at \$1.10 per share for total gross proceeds of \$1,542,233.

In connection with the private placements, the Corporation incurred \$111,139 share issue expensed of which \$63,457 was paid as finder’s fees. Directors and officers of the Corporation participated in the flow-through private placement for a total consideration of \$174,900 under the same terms as other investors.

On December 13, 2019, the Corporation completed a private placement of 73,791 shares at a price of \$0.85 per shares for total gross proceeds of \$62,722. BHP Billiton Canada Inc. (“BHP”) has exercised its right to maintain its ownership to 5.0% by acquiring 73,791 shares. This right had been granted to BHP on April 18, 2019 pursuant to an Investor Rights Agreement with the Corporation.

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

#### 2.3 Outstanding share data:

	As at May 7, 2020 Number	As at March 31, 2020 Number
Common shares	70,354,043	70,354,043
Options	4,940,000	4,940,000
Warrants	4,110,667	4,110,667
	<b>79,404,710</b>	<b>79,404,710</b>

#### 2.4 Update on agreements with partners

On February 20, 2020, the Corporation signed a new strategic alliance with SOQUEM Inc. (“SOQUEM”) in the Grenville Province and an agreement to regain 100% interest in the Casault and Jouvex gold projects, previously in joint venture with SOQUEM. In exchange, Midland relinquishes 50% interest in its seven (7) properties grouped under the Gatineau Zinc project located in the Grenville Province, south of the town of Maniwaki, Quebec.

#### 2.5 Financial highlights

As operator, Midland incurred exploration expenditures totalling \$1,559,453 (\$2,661,906 in Q2-19 YTD), on its properties of which \$2,926 was recharged to its partners (\$582,692 in Q2-19 YTD). The operating partners incurred \$4,683 exploration expenses in Q2-20 (\$55,520 in Q2-19 YTD). Also, the Corporation invested \$313,967 (\$553,752 in Q2-19) to complete several property acquisitions or renew its claims in Quebec of which \$7,554 was recharged to its partners (\$5,661 in Q2-19 YTD).

The Corporation reported a loss of \$963,386 in Q2-20 YTD compared to \$764,090 for Q2-19 YTD.

Operating expenses decreased to \$1,342,575 (increased to \$ 1,386,466 in Q2-19 YTD):

- Impairment of exploration and evaluation assets (non-cash item) decreased to \$192,704 (\$362,203 in Q2-19 YTD) and the explanations can be found in the investing activities section found later in this MD&A.

A \$258,080 (\$449,230 in Q2-19 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 2019 private placement (December 2018 in Q2-19 YTD).

For Q2-20, the Corporation recorded a loss of \$644,483 (\$216,876 for Q2-19).

#### 2.6 Covid update

In the current context of the COVID-19 crisis, Midland’s management has decided to suspend and postpone several of its field works which were to start in March and April for health and safety reasons for its employees and contractors. The exploration budget for Fiscal 20 has been revised accordingly. During this period, Midland will retain its excellent exploration team, which will be mainly assigned to compilation, 3D modeling and targeting tasks in order to generate the best possible exploration targets. Following government directives, the Company also implemented preventive teleworking measures for all its employees. With its excellent financial position with more than \$13 million in the treasury, the measures currently being taken by Midland will enable it to be very well positioned for an aggressive resumption of field works when the overall situation improves. Finally, the Minister of Energy and Natural Resources of Quebec announced the postponement of the requirement to carry out field work to renew a claim, for a period of one year.

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### 3. EXPLORATION ACTIVITIES

Deferred exploration expenses Q2-20	Balance Sep 30, 2019	Geology	Geophysics	Drilling	Geo-chemistry	Line cutting	Sub total	Stock-ased comp. d'actions	Recharge	Tax credits	Write-off	Net change	Balance March 31, 2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Abitibi Au	94,685	12,916	-	-	-	-	12,916	-	-	-	(13,672)	(756)	93,929
Adam	273,436	4,062	-	-	-	-	4,062	423	-	(1,485)	-	3,000	276,436
Casault Au	2,188,205	42,517	14,420	28,257	1,548	-	86,742	5,217	(2,801)	(6,965)	-	82,193	2,270,398
Heva Au	276,312	710	-	-	-	-	710	-	-	-	-	710	277,022
Jouvex Au	623,657	5,568	27,110	251	-	10,202	43,131	1,479	(125)	(1,460)	-	43,025	666,682
La Peltrie Au	1,098,627	1,171	-	-	-	-	1,171	-	-	(77)	-	1,094	1,099,721
Laflamme Au	2,808,975	33,030	37,915	184,131	13,668	32,150	300,894	1,920	-	(5,813)	-	297,001	3,105,976
Mar.Cadillac Au	404,866	-	-	-	-	-	-	976	-	-	-	976	405,842
Mistaouac	229,698	3,239	-	-	-	-	3,239	-	-	-	-	3,239	232,937
Patris Au	236,236	2,148	-	-	214	-	2,362	-	-	(242)	-	2,120	238,356
Samson	172,346	9,516	113,079	920	1,761	18,963	144,239	423	-	(36,233)	-	108,429	280,775
Turgeon	199,191	649	-	-	-	-	649	-	-	-	-	649	199,840
Wawagasic	32,949	-	-	-	-	-	-	-	-	-	-	-	32,949
Gatineau Zn	16,070	8,654	12,185	-	-	-	20,839	-	-	(7)	-	20,832	36,902
Weedon Cu Zn Au	703,918	59,373	-	-	-	-	59,373	-	-	(8,058)	-	51,315	755,233
BJ Eleonore Au	1,774,421	3,781	-	-	910	-	4,691	302	-	(1,792)	-	3,201	1,777,622
BaieJames Au	441,537	22,593	-	-	-	-	22,593	372	-	(3,252)	-	19,713	461,250
Elrond	69,052	12,632	-	-	-	-	12,632	-	-	(3,867)	-	8,765	77,817
Fangorn	11,685	4,265	-	-	-	-	4,265	-	-	-	-	4,265	15,950
Helms	56,797	13,462	-	-	580	-	14,042	-	-	(5,813)	-	8,229	65,026
JVEleonore Au	616,676	-	-	-	-	-	-	933	-	-	-	933	617,609
Komo	-	14,494	-	-	-	-	14,494	-	-	-	-	14,494	14,494
Minas Tirith	37,631	4,264	-	-	-	-	4,264	-	-	-	-	4,264	41,895
Moria	129,564	-	-	-	-	-	-	-	-	-	-	-	129,564
Mythril	4,387,395	151,350	250,000	21,232	229,503	-	652,085	17,208	-	(158,067)	-	511,226	4,898,621
Shire	239,620	-	-	-	-	-	-	-	-	-	-	-	239,620
Pallas PGE	542,124	-	-	-	-	-	-	-	-	-	-	-	542,124
Soissons	53,994	49,021	-	-	-	-	49,021	-	-	(2,945)	-	46,076	100,070
Soissons Nmef	47,710	4,683	-	-	-	-	4,683	-	-	-	-	4,683	52,393
Willbob Au	3,104,919	24,160	-	16,935	38,858	-	79,953	3,573	-	(23,840)	-	59,686	3,164,605
Generation	38,270	16,403	-	-	-	-	16,403	-	-	(4,456)	-	11,947	50,217
<b>TOTAL</b>	<b>20,910,566</b>	<b>504,661</b>	<b>454,709</b>	<b>251,726</b>	<b>287,042</b>	<b>61,315</b>	<b>1,559,453</b>	<b>32,826</b>	<b>(2,926)</b>	<b>(264,372)</b>	<b>(13,672)</b>	<b>1,311,309</b>	<b>22,221,875</b>

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

Deferred exploration expenses Q2-19 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 March 31, 2019
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>Abitibi</b>														
Maritime Cadillac	389,110	835	-	-	-	-	835	609	-	-	-	-	1,444	390,554
Lafamme Au	2,427,838	41,851	6,474	180,650	-	-	228,975	2,078	-	(3,316)	-	-	227,737	2,655,575
Patris Au	234,056	2,018	-	-	-	-	2,018	-	-	(213)	-	-	1,805	235,861
Casault Au	1,880,234	33,941	1,955	654,072	129,471	-	819,439	7,776	(379,554)	(164,982)	-	-	282,679	2,162,913
Jouvex Au	412,962	25,668	-	374,830	5,778	-	406,276	1,421	(203,138)	-	-	-	204,559	617,521
Heva Au	271,810	2,250	-	-	-	-	2,250	1,532	-	-	-	-	3,782	275,592
Valmond Au	124,314	1,257	-	-	-	-	1,257	-	-	-	-	-	1,257	125,571
Samson Au	168,110	2,216	-	173	-	-	2,389	-	-	(464)	-	-	1,925	170,035
La Peltrie	1,078,923	4,094	-	12,806	-	-	16,900	1,847	-	(820)	-	-	17,927	1,096,850
Wawagasic	32,949	-	-	-	-	-	-	-	-	-	-	-	-	32,949
Adam	266,663	4,137	-	-	-	-	4,137	923	-	(428)	-	-	4,632	271,295
Mistaouac	224,502	5,110	-	-	-	-	5,110	609	-	(642)	-	-	5,077	229,579
Turgeon	196,665	3,284	-	-	-	-	3,284	609	-	(1,426)	-	-	2,467	199,132
Manthet	8,409	-	-	-	-	-	-	-	-	-	-	-	-	8,409
Abitibi Au	84,739	7,931	-	-	-	-	7,931	-	-	(142)	-	-	7,789	92,528
<b>Grenville-Appalaches</b>														
Weedon Cu Zn Au	647,297	11,759	22,550	-	-	8,125	42,434	-	-	-	-	-	42,434	689,731
Gatineau Zn	71,515	66	-	-	-	-	66	-	-	(7)	-	(65,131)	(65,072)	6,443
<b>Bay-James</b>														
James Bay Au	517,666	12,090	14,793	-	-	-	26,883	923	-	(927)	-	-	26,879	544,545
Eleonore Au	1,770,210	1,585	-	-	-	-	1,585	314	-	-	-	-	1,899	1,772,109
JV Eleonore Au	583,215	26,493	-	-	-	-	26,493	2,586	-	-	-	-	29,079	612,294
Isengard	36,918	-	-	-	-	-	-	-	-	-	-	(36,918)	(36,918)	-
Minas Tirith	33,711	2,519	-	-	-	-	2,519	-	-	-	-	-	2,519	36,230
Shire	226,595	3,263	-	-	-	-	3,263	1,847	-	(1,426)	-	-	3,684	230,279
Elrond	31,406	4,160	-	-	-	-	4,160	-	-	(464)	-	-	3,696	35,102
Gondor	31,424	-	-	-	-	-	-	-	-	-	-	(31,424)	(31,424)	-
Moria	123,544	7,338	-	-	-	-	7,338	-	-	(1,426)	-	-	5,912	129,456
Helms	18,919	3,875	-	-	-	-	3,875	-	-	-	-	-	3,875	22,794
Mythril	28,215	229,329	357,668	327,861	27,461	-	942,319	11,939	-	(161,454)	-	-	792,804	821,019
Fangorn	6,657	-	-	-	-	-	-	-	-	-	-	-	-	6,657
<b>Northern Quebec</b>														
Pallas PGE	540,024	2,100	-	-	-	-	2,100	-	-	-	-	-	2,100	542,124
Willbob Au	2,624,225	32,161	-	14,600	5,882	-	52,643	6,498	-	(13,050)	-	-	46,091	2,670,316
Soissons	47,282	4,016	-	-	6,782	-	10,798	-	-	(4,421)	-	-	6,377	53,659
Soissons NMEF	4,259	21,484	-	-	-	-	21,484	-	-	-	-	-	21,484	25,743
<b>Generation</b>	84,116	12,910	-	-	235	-	13,145	-	-	(1,319)	-	-	11,826	95,942
<b>TOTAL</b>	<b>11,932,760</b>	<b>509,740</b>	<b>403,440</b>	<b>1,564,992</b>	<b>175,609</b>	<b>8,125</b>	<b>2,661,906</b>	<b>41,511</b>	<b>(582,692)</b>	<b>(356,927)</b>	<b>-</b>	<b>(133,473)</b>	<b>1,630,325</b>	<b>16,858,807</b>

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

Exploration and evaluation expenses	Actual Q2-19 YTD			Actual Q2-20 YTD			Budget Fiscal 20 - Revised		
	Midland	Partners	Total	Midland	Partners	Total	Midland	Partners	Total
<b>100% Midland</b>	\$	\$	\$	\$	\$	\$	\$	\$	\$
Abitibi Or	7,931	-	7,931	12,916	-	12,916	25,000	-	25,000
Adam	4,137	-	4,137	4,062	-	4,062	20,000	-	20,000
Casault	439,885	379,554	819,439	83,941	2,801	86,742	515,000	-	515,000
Gaudet	-	-	-	-	-	-	5,000	-	5,000
Guyberry	-	-	-	-	-	-	5,000	-	5,000
Heva Au	2,250	-	2,250	710	-	710	8,000	-	8,000
Jouvex	203,138	203,138	406,276	43,006	125	43,131	70,000	-	70,000
La Peltrie	16,900	-	16,900	1,171	-	1,171	20,000	-	20,000
Mistaouac	5,110	-	5,110	3,239	-	3,239	30,000	-	30,000
Patris	2,018	-	2,018	2,362	-	2,362	35,000	-	35,000
Samson	2,389	-	2,389	144,239	-	144,239	160,000	-	160,000
Turgeon	3,284	-	3,284	649	-	649	20,000	-	20,000
Valmond	1,257	-	1,257	-	-	-	5,000	-	5,000
Wawagosis	-	-	-	-	-	-	5,000	-	5,000
Gatineau Zn	66	-	66	20,839	-	20,839	15,000	-	15,000
Weedon Cu-Zn-Au	42,434	-	42,434	59,373	-	59,373	80,000	-	80,000
BJ Éléonore Au	1,585	-	1,585	4,691	-	4,691	16,000	-	16,000
BJ Or	26,883	-	26,883	22,593	-	22,593	50,000	-	50,000
Elrond	4,160	-	4,160	12,632	-	12,632	15,000	-	15,000
Fangorn	-	-	-	4,265	-	4,265	5,000	-	5,000
Helms	3,875	-	3,875	14,042	-	14,042	15,000	-	15,000
Komo	-	-	-	14,494	-	14,494	30,000	-	30,000
Lac Esther	-	-	-	-	-	-	15,000	-	15,000
Lewis	-	-	-	-	-	-	15,000	-	15,000
Minas Tirith	2,519	-	2,519	4,264	-	4,264	5,000	-	5,000
Moria	7,338	-	7,338	-	-	-	5,000	-	5,000
Mythril	942,319	-	942,319	652,085	-	652,085	365,000	-	365,000
Shire	3,263	-	3,263	-	-	-	5,000	-	5,000
Pallas EGP	2,100	-	2,100	-	-	-	5,000	-	5,000
Soissons	10,798	-	10,798	49,021	-	49,021	45,000	-	45,000
Willbob	52,643	-	52,643	79,953	-	79,953	82,000	-	82,000
Générations de projet	13,145	-	13,145	16,403	-	16,403	65,000	-	65,000
	1,158,404	-	1,158,404	1,250,950	2,801	1,253,876	2,681,000	-	2,681,000
<b>Co-entreprise</b>									
Gatineau JV – SOQUEM 50%	-	-	-	-	-	-	250,000	250,000	500,000
JV Eleonore Osisko 50%	26,493	26,437	52,930	-	-	-	-	-	-
Laflamme Au– Abcourt 22,2%	228,975	-	228,975	300,894	-	300,894	310,000	-	310,000
Maritime-Cadillac AEM 51%	835	868	1,703	-	-	-	125,000	125,000	250,000
Soisson NMEF 50%	21,484	28,215	49,699	4,683	4,683	9,366	50,000	50,000	100,000
	920,810	638,212	1,559,022	305,577	4,683	310,260	735,000	425,000	1,160,000
<b>Grand Total</b>	<b>2,079,214</b>	<b>638,212</b>	<b>2,717,426</b>	<b>1,556,527</b>	<b>7,609</b>	<b>1,564,136</b>	<b>3,416,000</b>	<b>425,000</b>	<b>3,841,000</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

- **Field works, geophysics and drilling on hold because of the COVID-19 crisis**
- **New acquisition - Komo, south of Patwon Azimut's Gold discovery**
- **New acquisition - Lac Esther north of Lebel-sur -Quevillon**
- **Several compilation and project generation in progress**

#### ABITIBI

##### 3.1 Abitibi Gold

###### *Property Description*

The Corporation wrote off a project included in Abitibi Gold for \$14,455 during Q1-20.

##### 3.2 Casault (Au)

###### *Property Description*

On February 20, 2020, the Corporation signed a strategic alliance with SOQUEM, in which SOQUEM transferred to the Corporation its 50% interest in the Casault and Jouvex properties in exchange for:

- A 1% net smelter return ("NSR") royalty; Midland may, at any time, buy back the royalty, in all or in part, by making a cash payment of \$1,000,000 per tranche of 0.5% NSR; and
- 50% undivided interest in a joint venture relating to seven existing mining properties forming the Gatineau project.

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

A drilling program consisting in six (6) holes totalling a minimum of 2400 metres is in preparation for Q2-20. This drilling campaign will test the eastern extension of the Vortex Zone at 400 metres vertical and a possible ENE splay fault at the northern contact of the Timiskaming-type conglomerate basin. The necessary permit was received and is valid until March 31<sup>st</sup>, 2021. However, this campaign was postponed to a later date because of the COVID-19.

##### 3.3 Fleuribleu (Au)

###### *Property Description*

The new Fleuribleu property consists in one claim block totalling 94 claims (52 km<sup>2</sup>). It covers, over a strike length of more than 15 kilometres, the interpreted eastward extension of the Sunday Lake Fault, approximately 40 kilometres east of the new Wallbridge discovery. The Fleuribleu property covers a major contact zone between the Manthet and Brouillan-Fenelon groups, marked by a series of electromagnetic Input anomalies.

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

##### 3.4 Gaudet (Au)

###### *Property Description*

The claim block that forms the Gaudet property totals 71 claims (40 km<sup>2</sup>) and is located less than 5 kilometres south of the Area 51-Fenelon discovery. This claim block is located south of the Sunday Lake Fault and mainly covers a volcano-sedimentary sequence of the Rivière Turgeon Formation, as well as a 10-kilometre-long segment of the Lower Detour Fault.

On March 18, 2020, the Corporation signed an agreement with Ingrid Martin CPA inc. (“IMCPA”) (a company controlled by Ingrid Martin, officer of the Corporation) whereby it acquired a bloc of claims contiguous to the Gaudet property for \$5,000 and the Guyberry property for \$3,000, for a total amount of \$8,000. IMCPA acquired these claims from a third party for that same amount of \$8,000. The Gaudet claims are subject to a 1% NSR royalty relating to a prior third party agreement.

##### 3.5 Guyberry (Au)

###### *Property Description*

See section 3.4 on the property acquisition agreement.

##### 3.6 Jeremie (Au)

###### *Property Description*

The Jeremie block now totals 55 claims, including 40 new cells, and covers a surface area of approximately 30 square kilometres. It is located approximately 10 kilometres northwest of Wallbridge’s new Area 51-Fenelon gold discovery. The new Jeremie property covers the northwest contact of the Jeremie Pluton. Last October, Wallbridge reported drill results from its Fenelon property (Tabasco zone), with grades reaching 27.0 g/t Au over 38.39 metres, 20.89 g/t Au over 8.54 metres, and 17.58 g/t Au over 11.04 metres (*see press release by Wallbridge dated October 21, 2019*).

##### 3.7 Jouvex (Au)

###### *Property Description*

See section 3.2 on the property acquisition agreement.

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

The IP report and the final interpretation have been received. For both grids, we note the presence of chargeability anomalies coupled with low resistivity anomalies. These anomalies remain untested by drilling and represents drilling targets.

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

###### *Property Description*

The Corporation impaired partially the property for the claims that were dropped for \$15,978 in Q2-20 YTD.



## Midland Exploration Inc.

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

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

A drilling program consisting in five (5) holes totalling 1074 metres was completed during Q1-20 on Laflamme. This program was testing IP-Gradient anomalies identified during the July survey which covered the diorite intrusion hosting the Longshot showing discovered in 2019.

Assay results for the drilling program were received. Even though the IP anomalies were clearly explained by the presence of sulphides, no significant value was obtained. The best result returned 1.27 g/t Au over 0.30 metre (92.30 to 92.60 m) in hole LAF-20-50.

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

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

A drilling program is in preparation for Q2-20 on the Maritime-Cadillac JV project. This program will consist in three (3) holes totalling a minimum of 1600 metres and will test the extension at depth of the Dyke East Zone as well as the Maritime Contact in the southern portion of the property. This drilling program has been delayed until this summer because of the COVID-19.

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

##### *Property Description*

The Corporation impaired partially the property for the claims that were dropped for \$5,521 in Q2-20 YTD.

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

Two (2) IP Multi-Separation grids totalling 15.5 kilometres were completed on Samson during Q1-20. The results of the IP survey on the North grid show two subparallel axes with weak chargeability highs, as well as an area some 400 metres in diameter, where chargeability values are markedly higher, located directly in the nose of the folded magnetic structure. These encouraging IP results highlight an area already considered favourable from a structural standpoint as a result of the high-resolution magnetic survey interpretation, which identified this area as a possible drag fold located along a subsidiary structure to the south of the regional Lower Detour Fault.

A drilling program consisting in 2 holes totalling 800 metres was prepared. The drilling permit was received and is valid until March 31<sup>st</sup>, 2021. However, this program has been placed on standby until further notice because of the COVID-19.

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

##### *Property Description*

The Mistaouac property consists in 213 claims (116 km<sup>2</sup>) and is located less than 5 kilometres to the northeast of the Estrades Zn-Cu-Au deposit to the east of Casa Berardi.

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

Compilation work is in progress with the objective to make the selection of the best VTEM anomalies from the 2018 survey. This compilation will allow to plan a few grids for ground electromagnetics (TDEM) surveys.

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

#### 3.12 Lac Esther (Au) operated by Midland

##### *Property Description*

This claims block consisting in 217 claims (120 sq. km) is located less than 30 kilometres to the north of the municipality of Lebel-sur-Quevillon, in Quebec. This important land position covers a strategic area straddling the southern contact of the syntectonic Waswanipi-South Pluton and the junction between two major regional faults, namely the Casa Berardi and Lamarck regional fault zones. These fault zones host several historical gold showings and deposits located near the Lac Esther property.

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

Compilation work of historical works is currently in progress and will help to define the plan for geochemical and prospecting works for this 2020 summer.

### **GRENVILLE-APPALACHES**

#### 3.13 Gatineau (Zn)

##### *Property Description*

On February 20, 2020, the Corporation signed a strategic alliance with SOQUEM, in which SOQUEM transferred to the Corporation its 50% interest in the Casault and Jouvex properties in exchange for:

- A 1% NSR royalty; Midland may, at any time, buy back the royalty, in all or in part, by making a cash payment of \$1,000,000 per tranche of 0.5% NSR; and
- 50% undivided interest in a joint venture relating to seven existing mining properties forming the Gatineau project.

As part of this new strategic alliance:

- The projects acquired under the target generation program will be declared designated projects once the mining rights have been acquired.
- Each designated project will be the object of a distinct joint venture agreement, the terms of which will be similar to the joint venture agreements to be signed relating to the active properties.
- The parties are not subject to budgetary obligations under the target generation program.
- The target generation program will last for a period of 2 years, unless it is extended by mutual written consent of both parties.
- SOQUEM will be project manager under the target generation program and for all joint ventures formed on designated projects; the Corporation may assign up to 30% of personnel.

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

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

A till sampling survey was completed to the east of the Lingwick deposit during Q1-20. The area explored returned interesting values in gold, copper and zinc. The lack of high-quality information (geology, geochemistry, geophysics) do not help to define a precise target. However, the strong presence of quartz fragments and the gold value of 136 ppb Au in concentrate, could lead towards an IP anomaly in the vicinity of the Lingwick deposit. It is recommended to make a follow-up of these anomalies with a drilling program using a tight spacing.

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

##### 3.15 Vermillon (Cu-Au), in partnership with SOQUEM and operated by SOQUEM

###### *Property Description*

The Vermillon property is located some 90 km southwest of the town of La Tuque, Quebec and consists as at September 30, 2019 of 16 contiguous claims covering a total surface area of 934 hectares in joint venture 53.4% SOQUEM/ 46.6% Midland. On February 6, 2020, the parties jointly decided not renew the claims due to the property's weak economic potential. The property costs were written off already in the fiscal year ended September 30, 2010.

#### JAMES BAY

##### 3.16 Komo (Au), operated by Midland

###### *Property Description*

The Corporation acquired by map designation the Komo project with strong gold potential totalling 383 claims (199 km<sup>2</sup>), located near the recent Patwon gold discovery made by Azimut Exploration Inc. ("Azimut") on its Elmer project (Eeyou Istchee James Bay, Quebec). The western part of the project lies approximately 7 kilometres south of the Azimut discovery.

The Komo project covers, over nearly 40 kilometres, the same volcanic belt that hosts the Patwon discovery. Azimut recently announced several significant gold-bearing drill intercepts on Patwon, namely 3.15 g/t Au over 102.0 metres, including 10.1 g/t Au over 20.5 metres (press release by Azimut dated January 14, 2020).

The Komo project also covers, over approximately 30 kilometres, the highly prospective contact between the La Grande and Opinaca/Nemiscau geological subprovinces. This contact hosts most of the known gold deposits in the James Bay region, namely the Eleonore mine (Newmont) and the La Pointe and Cheechoo deposits. The portion of the project located nearest the Patwon discovery shows a structural setting highly favourable for gold, with a folded gabbro unit located in the pressure shadow of a large-scale intrusion. A historical molybdenum-copper occurrence on the project also indicates potential for porphyry-type mineralization on Komo.

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

A detailed compilation of historical works is currently ongoing. A field program 2020 will be put in place for this summer following the completion of this compilation work.

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

###### *Property Description*

The Corporation impaired partially the property for the claims that were dropped for \$150,690 in Q2-20 YTD.

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

During the 2020 winter, induced polarization (IP) surveys were conducted on Mythril (main block) as well as on three other regional grids. However, because of the COVID-19, those three regional surveys could not be totally completed. The final results, as well as the final interpretation for these surveys are pending and should be received during Q3-20.

# Midland Exploration Inc.

## Management Discussion & Analysis – Quarterly Highlights

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

A Leapfrog 3D-Model of the Mythril zone has been constructed during Q2-20 and is progressing well towards the vectoring and targeting steps. This final step is still in progress and will be completed during Q3-20.

#### NORTHERN QUEBEC

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

##### *Property Description*

The Corporation impaired partially the property for the claims that were dropped for \$6,060 in Q2-20 YTD.

### 4. NEW ACCOUNTING STANDARDS

#### 4.1 IFRS 16 Leases

IFRS 16 was issued in January 2016 and it replaces IAS 17 *Leases*, IFRIC 4 *Determining whether an Arrangement contains a Lease*, SIC-15 *Operating Leases-Incentives* and SIC-27 *Evaluating the Substance of Transactions Involving the Legal Form of a Lease*. IFRS 16 sets out the principles for the recognition, measurement, presentation and disclosure of leases and requires lessees to account for all leases under a single on-balance sheet model similar to the accounting for finance leases under IAS 17. The standard includes two recognition exemptions for lessees: leases of “low-value” assets; and short-term leases (i.e., leases with a lease term of 12 months or less). At the commencement date of a lease, a lessee will recognise a liability to make lease payments (i.e., the lease liability) and an asset representing the right to use the underlying asset during the lease term (i.e., the right-of-use asset). Lessees will be required to separately recognize the interest expense on the lease liability and the depreciation expense on the right-of-use asset.

Lessees will be also required to remeasure the lease liability upon the occurrence of certain events (e.g., a change in the lease term, a change in future lease payments resulting from a change in an index or rate used to determine those payments). The lessee will generally recognize the amount of the remeasurement of the lease liability as an adjustment to the right-of-use asset.

IFRS 16 also requires more extensive disclosures than under IAS 17.

##### *Transition to IFRS 16*

IFRS 16 is effective for the Corporation’s annual period beginning on October 1, 2019. A lessee can choose to apply the standard using either a full retrospective or a modified retrospective approach. The standard’s transition provisions permit certain reliefs. The Corporation adopted IFRS 16 using the modified retrospective approach, which means it applied the standard from October 1, 2019, the cumulative impact of adoption is recognized as at October 1, 2019 and comparatives are not restated. Since the Corporation will recognize the right-of-use assets at the amount equal to the lease liabilities less any lease accruals, there is no impact on the deficit upon the adoption.

The Corporation has presently only one lease affected by IFRS 16 for its exploration offices. In February 2016, the Corporation extended the lease for five years, from March 2017 to February 2022. The rent is \$31,432 for the first year and thereafter will be indexed annually at the highest of the increase of the consumer price index or 2.5%. The Corporation has the option to renew the lease for an additional 3 year period under the same conditions.

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#### 4. NEW ACCOUNTING STANDARDS (CONT'D)

A right-of-use asset of \$159,422 and an equivalent long term lease liability (with the short term portion being \$32,452) was recorded as of October 1, 2019, with a 7% incremental borrowing rate and considering that the renewal option would be exercised.

May 7, 2020

*(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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### Auditors

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### Legal counsel

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### Transfer Agent

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