



Midland Exploration Inc.

Condensed Interim Financial Statements

Six months ended March 31, 2020

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, in Canadian dollars)

	As at March 31, 2020	As at September 30, 2019
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,960,613	349,389
Investments (note 5)	10,409,000	12,491,000
Accounts receivable	166,415	196,770
Sales tax receivable	116,982	413,804
Tax credits and mining rights receivable	437,507	1,540,507
Prepaid expenses	51,902	82,583
Total current assets	13,142,419	15,074,053
Non-current assets		
Listed shares	50,000	70,000
Right-of-use assets (note 6)	144,476	-
Exploration and evaluation assets (note 7)		
Exploration properties	2,688,593	2,561,212
Exploration and evaluation expenses	22,221,875	20,910,566
	24,910,468	23,471,778
Total non-current assets	25,104,944	23,541,778
Total assets	38,247,363	38,615,831
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	164,516	1,046,240
Advance received for exploration work	-	10,390
Liability related to the premium on flow-through share	177,823	-
Lease liabilities – current portion (note 8)	32,290	-
Total current liabilities	374,629	1,056,630
Non-current liabilities		
Lease liabilities (note 8)	113,309	-
Total liabilities	487,938	-
Equity		
Capital stock	49,399,289	48,230,237
Warrants (note 9)	749,556	749,556
Contributed surplus	5,139,659	5,033,761
Deficit	(17,529,079)	(16,454,353)
Total equity	37,759,425	37,559,201
Total liabilities and equity	38,247,363	38,615,831

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

Midland Exploration Inc.
Statements of Comprehensive Loss
(Unaudited, in Canadian dollars)

	Three months ended		Six months ended	
	March 31		March 31	
	2020	2019	2020	2019
	\$	\$	\$	\$
Revenues				
Project management fees	159	11,609	524	31,737
Operating Expenses				
Salaries	379,430	279,116	494,562	395,703
Stock-based compensation	48,436	51,034	73,072	71,632
Travel	7,008	10,687	18,903	31,345
Rent and insurance	7,498	14,957	15,229	29,635
Office expenses	38,083	46,049	121,000	78,816
Regulatory fees	26,769	25,587	42,515	39,528
Conferences and mining industry involvement	80,382	76,983	182,631	181,169
Press releases and investors relations	50,818	54,173	71,991	70,816
Professional fees	57,020	53,429	112,147	125,118
Depreciation (note 6)	7,473	-	14,946	-
General exploration	1,505	-	2,875	501
Impairment of exploration and evaluation assets (note 5)	167,851	62,836	192,704	362,203
Operating expenses	872,273	674,851	1,342,575	1,386,466
Other gains or losses				
Interest income	68,880	80,766	143,343	137,409
Change in fair value – listed shares	(40,000)	(3,000)	(20,000)	4,000
Accretion – lease liabilities (note 8)	(49)	-	(2,758)	-
	28,831	77,766	120,585	141,409
Loss before income taxes	(843,283)	(585,476)	(1,221,466)	(1,213,320)
Recovery of deferred income taxes	198,800	368,600	258,080	449,230
Loss and comprehensive loss	(644,483)	(216,876)	(963,386)	(764,090)
Basic and diluted loss per share	(0.01)	-	(0.01)	(0.01)
Weighted average number of basic and diluted outstanding shares	70,354,043	65,205,778	70,307,230	63,468,492

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, in Canadian dollars)

	Number of shares outstanding	Capital stock	Warrants	Contributed surplus	Deficit	Total equity
		\$	\$	\$	\$	\$
Balance at October 1, 2019	68,878,222	48,230,237	749,556	5,033,761	(16,454,353)	37,559,201
Loss and comprehensive loss	-	-	-	-	(963,386)	(963,386)
Private placement	73,791	62,722	-	-	-	62,722
Flow-through private placement	1,402,030	1,542,233	-	-	-	1,542,233
Less: premium	-	(435,903)	-	-	-	(435,903)
	1,402,030	1,106,330	-	-	-	1,106,330
Stock-based compensation	-	-	-	105,898	-	105,898
Share issue expenses	-	-	-	-	(111,340)	(111,340)
Balance at March 31, 2020	70,354,043	49,399,289	749,556	5,139,659	(17,529,079)	37,759,425

	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

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

Midland Exploration Inc.

Statements of Cash Flows (Unaudited, in Canadian dollars)

	Six months ended March 31	
	2020	2019
	\$	\$
Operating activities		
Loss	(963,386)	(764,090)
Adjustment for:		
Stock-based compensation	73,072	71,632
Depreciation (note 6)	14,946	-
Impairment of exploration and evaluation assets	173,338	362,203
Variation – fair value of listed shares	20,000	(4,000)
Accretion – lease liabilities (note 8)	2,758	-
Recovery of deferred income taxes	(258,080)	(449,230)
	(937,352)	(783,485)
Changes in non-cash working capital items		
Accounts receivable	30,355	(36,511)
Sales tax receivable	296,822	116,607
Prepaid expenses	30,681	13,676
Accounts payable and accrued liabilities	(1,563,140)	(582,133)
Advance received for exploration work	(10,390)	39,885
	(1,215,672)	(448,476)
	(2,153,024)	(1,231,961)
Financing activities		
Private placement	62,722	1,200,000
Flow-through private placement	1,542,233	4,110,218
Options exercised	-	12,000
Share issue expenses	(111,340)	(321,946)
Principal repayment – lease liabilities (note 8)	(16,581)	-
	1,477,034	5,000,272
Investing activities		
Additions to investments	(3,668,000)	(5,750,000)
Disposals of investments	5,750,000	2,050,000
Additions to exploration properties	(287,813)	(538,240)
Additions to exploration and evaluation expenses	(874,345)	(1,811,763)
Tax credits and mining rights received	1,367,372	830,776
	2,287,214	(5,219,227)
Net change in cash and cash equivalents	1,611,224	(1,450,916)
Cash and cash equivalents – beginning	349,389	2,752,286
Cash and cash equivalents – ending	1,960,613	1,301,370
Additional information		
Stock-based compensation included in exploration and evaluation expenses	32,826	41,511
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	102,850	160,487
Tax credits receivable applied against exploration and evaluation expenses	264,372	356,927
Interest received	209,572	53,053

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, 2020

(Unaudited, in Canadian dollars)

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, 2019, 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 7, 2020.

3. NEW ACCOUNTING STANDARDS

3.1 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.

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2020

(Unaudited, in Canadian dollars)

3. NEW ACCOUNTING STANDARDS (CONT'D)

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.

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.

4. 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, 2019.

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, 2020

(Unaudited, in Canadian dollars)

5. INVESTMENTS

	As at March 31, 2020	As at September 30, 2019
	\$	\$
<i>Current</i>		
Guaranteed investment certificates, not cashable before the expiry date, between 2.37% and 3.02% interest payable annually, maturing between December 10, 2019 and April 23, 2020, with a maturity value of \$12,827,614	-	12,491,000
Guaranteed investment certificates, not cashable before the expiry date, between 1.74% and 2.84% interest payable annually, maturing between April 22, 2020 and March 21, 2021, with a maturity value of \$10,657,257	10,409,000	-
	10,409,000	12,491,000

The balance on flow-through financing not spent according to the restrictions imposed by the December 2019 financing represents \$621,106 as at March 31, 2020 and is included in investments. The Corporation has to dedicate these funds to Canadian mining properties exploration.

6. RIGHT-OF-USE ASSETS

	Buildings
	\$
Cost	
As at September 30, 2019	-
Adjustments – IFRS 16 (note 3)	159,422
As at October 1, 2019	159,422
As at March 31, 2020	159,422
Accumulated depreciation	
As at October 1, 2019	-
Depreciation for the period	14,946
As at March 31, 2020	14,946
Net book value	
As at October 1, 2019	159,422
As at March 31, 2020	144,476

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2020

(Unaudited, in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

Acquisition costs	Undivided interest	As at Sept. 30, 2019	Additions	Impairment	As at Mar. 31, 2020
	%	\$	\$	\$	\$
Abitibi					
Abitibi Gold	100	4,688	7,717	(783) ²⁾	11,622
Adam	100	26,144	1,161	-	27,305
Casault	100	36,708	4,474	-	41,182
Fleuribleu	100	-	12,789	-	12,789
Gaudet	100	-	10,566	-	10,566
Guyberry	100	-	4,716	-	4,716
Heva	100	60,368	278	-	60,646
Jouvex	100	48,416	5,845	-	54,261
La Peltrie	100	95,385	14,303	-	109,688
Lac Esther	100	-	752	-	752
Laflamme	77.8	114,891	7,926	(15,978) ¹⁾	106,839
Lewis	100	-	1,504	-	1,504
MaritimeCadillac	49	290,990	31	-	291,021
Mistaouac	100	17,600	988	-	18,588
Patris	100	97,904	2,682	-	100,586
Samson	100	40,640	11,861	(5,521) ¹⁾	46,980
Turgeon	100	34,363	1,058	-	35,421
Wawagosis	100	7,307	264	-	7,571
Grenville-Appalaches					
Gatineau	100	5,146	16,877	-	22,023
Weedon	100	40,743	1,773	-	42,516
James Bay					
Eleonore	100	195,139	15,717	-	210,856
James Bay Gold	100	151,921	11,724	-	163,645
Elrond	100	89,067	516	-	89,583
Fangorn	100	1,303	2,533	-	3,836
Helms	100	44,698	303	-	45,001
JV Eleonore	50	139,507	-	-	139,508
Komo	100	-	58,700	-	58,700
Minas Tirith	100	3,002	481	-	3,483
Moria	100	128,520	477	-	128,997
Mythril	100	326,851	50,035	(150,690) ¹⁾	226,195
Shire	100	73,656	793	-	74,449
Northern Quebec					
Pallas	100	111,320	16,160	(6,060) ¹⁾	121,420
Soissons	100	24,963	24,984	-	49,947
Soissons NMEF	50	4,323	221	-	4,544
Willbob	100	295,801	14,982	-	310,783
Project generation	100	49,848	1,222	-	51,070
		2,561,212	306,413	(179,032)	2,688,593

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, 2020

(Unaudited, in Canadian dollars)

7. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Acquisition costs	Undivided interest	As at Sept. 30, 2018	Net Additions	Impairment	As at Sept. 30, 2019
	%	\$	\$	\$	\$
Abitibi					
Maritime-Cadillac	49	290,923	67	-	290,990
Laflamme	76.3	130,098	28,334	(43,541) ¹⁾	114,891
Patris	100	104,054	7,408	(13,558) ¹⁾	97,904
Casault	50	29,984	6,724	-	36,708
Jouvex	50	47,694	4,424	(3,702) ¹⁾	48,416
Heva	100	57,989	2,379	-	60,368
Valmond	100	15,717	1,818	(17,535) ²⁾	-
La Peltrie	100	97,023	18,508	(20,146) ¹⁾	95,385
Wawagogic	100	6,535	772	-	7,307
Adam	100	26,893	3,055	(3,804) ¹⁾	26,144
Samson	100	36,427	4,213	-	40,640
Mistaouac	100	24,987	3,953	(11,340) ¹⁾	17,600
Turgeon	100	29,386	4,977	-	34,363
Manthet	100	7,776	-	(7,776) ²⁾	-
Abitibi Gold	100	5,840	(1,152)	-	4,688
Grenville-Appalaches					
Weedon	100	39,412	9,059	(7,728) ¹⁾	40,743
Gatineau	100	34,585	2,057	(31,496) ²⁾	5,146
James Bay					
James Bay Au	100	203,496	25,766	(77,341) ²⁾	151,921
Eleonore	100	162,956	32,183	-	195,139
JV Eleonore	50	142,142	3,143	(5,778) ¹⁾	139,507
Isengard	100	26,920	630	(27,550) ²⁾	-
Minas Tirith	100	58,536	1,460	(56,994) ¹⁾	3,002
Shire	100	262,619	15,054	(204,017) ¹⁾	73,656
Elrond	100	70,347	18,720	-	89,067
Gondor	100	15,500	98	(15,598) ²⁾	-
Moria	100	109,248	19,272	-	128,520
Helms	100	33,625	11,073	-	44,698
Mythril	100	9,057	317,794	-	326,851
Fangorn	100	1,188	115	-	1,303
Northern Quebec					
Pallas PGE	100	126,551	34,642	(49,873) ¹⁾	111,320
Willbob	100	288,969	131,833	(125,001) ¹⁾	295,801
Soissons	100	23,706	1,257	-	24,963
Soissons NMEF	50	4,100	223	-	4,323
Project Generation	100	13,464	46,996	(10,612) ²⁾	49,848
		2,537,747	756,855	(733,390)	2,561,212

1) The Corporation impaired partially the property for the claims that were dropped.

2) The Corporation wrote off this property (or 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, 2020

(Unaudited, in Canadian dollars)

7. 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, 2019	Additions	Tax credits	Impairment	As at Mar. 31, 2020
	%	\$	\$	\$	\$	\$
Abitibi						
Abitibi Or	100	94,685	12,916	-	(13,672) ¹⁾	93,929
Adam	100	273,436	4,485	(1,485)	-	276,436
Casault	100	2,188,205	89,158	(6,965)	-	2,270,398
Heva	100	276,312	710	-	-	277,022
Jouvex	100	623,657	44,485	(1,460)	-	666,682
La Peltrie	100	1,098,627	1,171	(77)	-	1,099,721
Laflamme	77.8	2,808,975	302,814	(5,813)	-	3,105,976
Maritime-Cadillac	49	404,866	976	-	-	405,842
Mistaouac	100	229,698	3,239	-	-	232,937
Patris	100	236,236	2,362	(242)	-	238,356
Samson	100	172,346	144,662	(36,233)	-	280,775
Turgeon	100	199,191	649	-	-	199,840
Wawagasic	100	32,949	-	-	-	32,949
Grenville-Appalaches						
Gatineau	100	16,070	20,839	(7)	-	36,902
Weedon	100	703,918	59,373	(8,058)	-	755,233
James Bay						
Eleonore	100	1,774,421	4,993	(1,792)	-	1,777,622
James Bay Gold	100	441,537	22,965	(3,252)	-	461,250
Elrond	100	69,052	12,632	(3,867)	-	77,817
Fangorn	100	11,685	4,265	-	-	15,950
Helms	100	56,797	14,042	(5,813)	-	65,026
JV Eleonore	50	616,676	933	-	-	617,609
Komo	100	-	14,494	-	-	14,494
Minas Tirith	100	37,631	4,264	-	-	41,895
Moria	100	129,564	-	-	-	129,564
Mythril	100	4 387 395	669,293	(158,067)	-	4,898,621
Shire	100	239,620	-	-	-	239,620
Northern Quebec						
Pallas	100	542,124	-	-	-	542,124
Soissons	100	53,994	49,021	(2,945)	-	100,070
Soissons NMEF	50	47,710	4,683	-	-	52,393
Willbob	100	3,104,919	83,526	(23,840)	-	3,164,605
Project generation	100	38,270	16,403	(4,456)	-	50,217
		20,910,566	1,589,353	(264,372)	(13,672)	22,221,875

- 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, 2020

(Unaudited, in Canadian dollars)

7 EXPLORATION AND EVALUATION ASSETS (CONT'D)

E&E expenses	Undivided interest %	As at Sept. 30, 2018 \$	Net Additions \$	Tax credits \$	Impairment ¹⁾ \$	As at Sept. 30, 2019 \$
Abitibi						
Maritime-Cadillac	49	389,110	15,756	-	-	404,866
Laflamme	76.3	2,427,838	401,776	(20,639)	-	2,808,975
Patris	100	234,056	4,225	(2,045)	-	236,236
Casault	50	1,880,234	496,455	(188,484)	-	2,188,205
Jouvex	50	412,962	211,041	(346)	-	623,657
Heva	100	271,810	4,502	-	-	276,312
Valmond	100	124,314	1,257	-	(125,571)	-
Samson	100	168,110	6,234	(1,998)	-	172,346
La Peltrie	100	1,078,923	21,278	(1,574)	-	1,098,627
Wawagosis	100	32,949	-	-	-	32,949
Adam	100	266,663	7,694	(921)	-	273,436
Mistaouac	100	224,502	5,886	(690)	-	229,698
Turgeon	100	196,665	4,060	(1,534)	-	199,191
Manthet	100	8,409	-	-	(8,409)	-
Abitibi Gold	100	84,739	11,306	(1,360)	-	94,685
Grenville-Appalaches						
Weedon	100	647,297	56,621	-	-	703,918
Gatineau	100	71,515	9,757	(71)	(65,131)	16,070
James Bay						
James Bay Au	100	517,666	112,978	(3,650)	(185,457)	441,537
Eleonore	100	1,770,210	5,595	(1,384)	-	1,774,421
JV Eleonore	50	583,215	33,461	-	-	616,676
Isengard	100	36,918	-	-	(36,918)	-
Minas Tirith	100	33,711	3,920	-	-	37,631
Shire	100	226,595	17,789	(4,764)	-	239,620
Elrond	100	31,406	59,832	(22,186)	-	69,052
Gondor	100	31,424	-	-	(31,424)	-
Moria	100	123,544	7,554	(1,534)	-	129,564
Helms	100	18,919	58,989	(21,111)	-	56,797
Mythril	100	28,215	5,339,168	(979,988)	-	4,387,395
Fangorn	100	6,657	5,028	-	-	11,685
Northern Quebec						
Pallas PGE	100	540,024	2,100	-	-	542,124
Willbob	100	2,624,225	732,717	(252,023)	-	3,104,919
Soissons	100	47,282	11,581	(4,869)	-	53,994
Soissons NMEF	50	4,259	57,871	(14,420)	-	47,710
Project Generation	100	84,116	43,851	(14,916)	(74,781)	38,270
		15,228,482	7,750,282	(1,540,507)	(527,691)	20,910,566

1) The Corporation wrote off this property (or 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, 2020

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7 EXPLORATION AND EVALUATION ASSETS (CONT'D)

7.1 Gatineau JV, Casault and Jouvex

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.

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.

7.2 Gaudet et Guyberry

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.

8. LEASE LIABILITIES

	As at March 31 2020	As at September 30 2019
	\$	\$
Opening balance	-	-
Adjustment – IFRS 16 (note 3)	159,422	-
Principal repayment	(16,581)	-
Accretion	2,758	-
Lease liabilities	145,599	-
Less : current lease liabilities	(32,290)	-
Non-current lease liabilities	113,309	-

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2020

(Unaudited, in Canadian dollars)

9. EQUITY

9.1 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. On those dates, the Corporation's share closed at \$0.79 and \$0.77 on the Exchange respectively, therefore the residual values attributed to the benefit related to flow-through shares renunciation are \$0.31 and \$0.33 for a total value of \$435,903, credited to the liability related to the premium on flow-through shares.

In connection with the private placements, the Corporation incurred \$111,340 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.

9.2 Warrants

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

	Six months ended March 31, 2020		Fiscal 2019	
	Number	Amount	Number	Amount
		\$		\$
Balance – Beginning of period	4,110,667	749,556	-	-
Issued following private placement	-	-	4,110,667	749,556
Balance – End of period	4,110,667	749,556	4,110,667	749,556

Warrants outstanding as at March 31, 2020 are as follows:

Number of warrants	Exercise price	Expiry date
	\$	
3,444,000	2.05	October 17, 2020
111,112	1.25	December 21, 2020
555,555	1.25	January 18, 2021
4,110,667		

Midland Exploration Inc.

Notes to Financial Statements

Six months ended March 31, 2020

(Unaudited, in Canadian dollars)

10. SHARE-BASED COMPENSATION

On February 13, 2020, the Corporation granted to its directors, officers, employees and consultants 620,000 options exercisable at \$0.72, 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 \$210,800 for an estimated fair value of \$0.34 per option. The fair value of the options granted was estimated using the Black-Scholes model with no expected dividend yield, 48.0% expected volatility, 1.39% 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.

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

	Six months ended March 31, 2020		Fiscal 2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – Beginning of period	4,320,000	1.07	3,760,000	1.07
Granted	620,000	0.72	580,000	1.03
Exercised	-	-	(20,000)	0.60
Balance – End of period	4,940,000	1.02	4,320,000	1.07
Balance – End of period exercisable	4,126,667	1.07	3,933,334	1.07

The following table summarizes information about common share purchase options outstanding as at March 31, 2020:

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	570,000	0.89	February 15, 2028
580,000	386,667	1.03	February 18, 2029
620,000	-	0.72	February 13, 2030
4,940,000	4,126,667		