



Midland Exploration Inc.

Condensed Interim Consolidated Financial Statements

Three months ended December 31, 2020

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

Midland Exploration Inc.

Consolidated Statements of Financial Position
(Unaudited, in Canadian dollars)

	As at December 31, 2020	As at September 30, 2020
	\$	\$
Assets		
Current assets		
Cash and cash equivalents	1,869,488	1,306,848
Investments (note 4)	9,911,000	9,716,000
Accounts receivable	67,440	176,967
Sales tax receivable	264,942	198,353
Tax credits and mining rights receivable	883,147	812,437
Prepaid expenses	23,172	41,763
Total current assets	13,019,189	12,252,368
Non-current assets		
Listed shares	172,394	210,061
Right-of-use assets (note 5)	122,057	129,530
Exploration and evaluation assets (note 6)		
Exploration properties	2,924,416	2,756,553
Exploration and evaluation expenses	23,809,920	23,545,289
	26,734,336	26,301,842
Total non-current assets	27,028,787	26,641,433
Total assets	40,047,976	38,893,801
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities	182,387	915,318
Advance received for exploration work	347,165	337,574
Liability related to the premium on flow-through share	561,554	-
Lease liabilities – current portion (note 7)	26,263	25,601
Total current liabilities	1,117,369	1,278,493
Non-current liabilities		
Lease liabilities (note 7)	103,976	110,549
Total liabilities	1,221,345	1,389,042
Equity		
Capital stock	51,177,074	49,399,289
Warrants (note 8)	58,428	749,556
Contributed surplus	5,986,233	5,267,584
Deficit	(18,395,104)	(17,911,670)
Total equity	38,826,631	37,504,759
Total liabilities and equity	40,047,976	38,893,801

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

Midland Exploration Inc.

Consolidated Statements of Comprehensive Loss (Unaudited, in Canadian dollars)

	Three months ended December 31	
	2020	2019
	\$	\$
Revenues		
Project management fees	5,660	365
Operating Expenses		
Salaries	123,828	115,132
Stock-based compensation	21,086	24,636
Travel	404	11,895
Rent and insurance	10,205	7,731
Office expenses	56,750	82,918
Regulatory fees	11,433	15,746
Conferences and mining industry involvement	4,291	102,249
Press releases and investors relations	9,119	21,173
Professional fees	141,128	55,127
Depreciation (note 5)	7,473	7,473
General exploration	-	1,370
Impairment of exploration and evaluation assets (note 6)	-	24,852
Operating expenses	385,717	470,302
Other gains (losses)		
Interest income	28,765	74,463
Change in fair value – listed shares	(37,667)	20,000
Financing fees (note 7)	(2,552)	(2,709)
	(11,454)	91,754
Loss before income taxes	(391,511)	(378,183)
Recovery of deferred income taxes	41,620	59,280
Loss and comprehensive loss	(349,891)	(318,903)
Basic and diluted loss per share	(0.01)	(0.01)
Weighted average number of basic and diluted outstanding shares	71,520,996	69,297,899

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

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

Midland Exploration Inc.

Consolidated 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, 2020	70,354,043	49,399,289	749,556	5,267,584	(17,911,670)	37,504,759
Loss and comprehensive loss	-	-	-	-	(349,891)	(349,891)
Private placement	96,209	96,209	-	-	-	96,209
Flow-through private placement	1,827,800	2,284,750	-	-	-	2,284,750
Less: premium	-	(603,174)	-	-	-	(603,174)
	1,827,800	1,681,576	-	-	-	1,681,576
Warrants expired	-	-	(691,128)	691,128	-	-
Stock-based compensation	-	-	-	27,521	-	27,521
Share issue expenses	-	-	-	-	(133,543)	(133,543)
Balance at December 31, 2020	72,278,052	51,177,074	58,428	5,986,233	(18,395,104)	38,826,631

	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	-	-	-	-	(318,903)	(318,903)
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	-	-	-	38,619	-	38,619
Share issue expenses	-	-	-	-	(111,139)	(111,139)
Balance at December 31, 2019	70,354,043	49,399,289	749,556	5,072,380	(16,884,395)	38,336,830

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

Midland Exploration Inc.
Consolidated Statements of Cash Flows
(Unaudited, in Canadian dollars)

	Three months ended December 31,	
	2020	2019
	\$	\$
Operating activities		
Loss	(349,891)	(318,903)
Adjustment for:		
Stock-based compensation	21,086	24,636
Depreciation (note 5)	7,473	7,473
Impairment of exploration and evaluation assets	-	24,853
Variation – fair value of listed shares	37,667	(20,000)
Accretion – lease liabilities	-	2,709
Recovery of deferred income taxes	(41,620)	(59,280)
	(325,285)	(338,512)
Changes in non-cash working capital items		
Accounts receivable	109,527	72,371
Sales tax receivable	(66,589)	294,562
Prepaid expenses	18,591	45,945
Accounts payable and accrued liabilities	(261,693)	(1,480,102)
Advance received for exploration work	9,591	(7,046)
	(190,573)	(1,074,270)
	(515,858)	(1,412,782)
Financing activities		
Principal repayment – lease liabilities (note 7)	(5,911)	(8,256)
Private placement	96,209	62,722
Flow-through private placement	2,284,750	1,542,233
Share issue expenses	(133,543)	(111,139)
	2,241,505	1,485,560
Investing activities		
Additions to investments	(4,343,000)	(2,100,000)
Disposals of investments	4,148,000	5,250,000
Additions to exploration properties	(167,863)	(157,427)
Additions to exploration and evaluation expenses	(800,144)	(141,524)
	(1,163,007)	2,851,049
Net change in cash and cash equivalents	562,640	2,923,827
Cash and cash equivalents – beginning	1,306,848	349,389
Cash and cash equivalents – ending	1,869,488	3,273,216
Additional information		
Stock-based compensation included in exploration and evaluation expenses	6,435	13,983
Additions of exploration properties and exploration and evaluation expenses included in accounts payable and accrued liabilities	80,772	79,739
Tax credits receivable applied against exploration and evaluation expenses	70,710	274,777
Adjustment IFRS 16	-	159,422
Interest received	62,848	209,572

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

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 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 consolidated 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, 2020, 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 February 11, 2021.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGMENTS

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

In preparing the Financial Statements, the significant judgements made by management in applying the Corporation’s accounting policies and the key sources of estimation uncertainty were the same as those that applied to the annual Financial Statements for the year ended September 30, 2020.

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 Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

4. INVESTMENTS

	As at December 31, 2020	As at September 30, 2020
	\$	\$
<i>Current</i>		
Guaranteed investment certificates, not cashable before the expiry date, between 0.8% and 2.1% interest payable annually, maturing between March 29, 2021 and December 20, 2021, with a maturity value of \$10,037,713	9,911,000	-
Guaranteed investment certificates, not cashable before the expiry date, between 0.9% and 2.3% interest payable annually, maturing between October 20, 2020 and September 29, 2021, with a maturity value of \$9,880,989	-	9,716,000
	9,911,000	9,716,000

The balance on flow-through financing not spent according to the restrictions imposed by the November 2020 financing represents \$2,125,500 as at December 31, 2020 and is included in investments. The Corporation has to dedicate these funds to Canadian mining properties exploration.

5. RIGHT-OF-USE ASSETS

	Buildings
Three months ended December 31, 2020	\$
Net book value – beginning of period	129,530
Additions	-
Depreciation for the period	(7,473)
Net book value – end of period	122,057
As at December 31, 2020	
Cost	159,422
Accumulated depreciation	(37,365)
Net book value – end of period	122,057

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS

The following tables disclose the acquisition costs of exploration properties:

Acquisition costs	Undivided interest	As at Sept. 30, 2020	Additions	Impairment	As at Dec. 31, 2020
	%	\$	\$	\$	\$
Abitibi					
Adam	100	13,854	1,705	-	15,559
Casault	100	810	-	-	810
Coigny	100	2,734	91	-	2,825
Fleuribleu	100	13,617	443	-	14,060
Gaudet	50	22,805	-	-	22,805
Guyberry	100	4,923	111	-	5,034
Heva	100	60,790	77	-	60,867
Jeremie	100	11,796	96	-	11,892
Jouvex	100	62,062	1,429	-	63,491
La Peltrie	100	63,437	-	-	63,437
Lac Esther	100	41,774	591	-	42,365
Laflamme	77.9	108,913	1,111	-	110,024
Lewis	100	13,625	390	-	14,015
MaritimeCadillac	49	291,035	-	-	291,035
Mistaouac	100	19,487	761	-	20,248
Nomans	100	-	53,916	-	53,916
Noyelles	100	13,262	389	-	13,651
Patris	100	101,756	627	-	102,383
Samson	100	39,286	634	-	39,920
Turgeon	100	36,451	552	-	37,003
Veza	100	448	14	-	462
Wawagotic	100	7,812	-	-	7,812
Grenville-Appalaches					
Gatineau	100	22,458	-	-	22,458
Grenville Ni	100	-	60,686	-	60,686
Ski	100	341	11	-	352
Tête Nord	100	-	31,053	-	31,053
Weedon	100	44,798	355	-	45,153
James Bay					
BJ Eleonore	100	211,971	597	-	212,568
BJ Gold	100	164,433	450	-	164,883
Elrond	100	102,262	446	-	102,708
Fangorn	100	3,904	36	-	3,940
Helm's Deep	100	45,297	158	-	45,455
JV Eleonore	50	179,920	-	-	179,920
Komo	100	60,359	890	-	61,249
McDuff	100	25,254	360	-	25,614
Minas Tirith	100	3,491	10	-	3,501
Moria	100	129,461	249	-	129,710
Mythril	100	210,981	5,022	-	216,003
Shire	100	75,074	335	-	75,409
Wookie	100	38,941	557	-	39,498

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Acquisition costs	Undivided interest	As at Sept. 30, 2020	Additions	Impairment	As at Dec. 31, 2020
	%	\$	\$	\$	\$
Northern Quebec					
Nachicapau	100	8,795	111	-	8,906
Pallas	100	122,895	789	-	123,684
Soissons	100	50,793	397	-	51,190
Soissons NMEF	50	4,651	116	-	4,767
Willbob	100	315,037	2 278	-	317,315
Project generation	100	4,760	20	-	4,780
		2,756,553	167,863	-	2,924,416

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Acquisition costs	Un-divided interest	As at Sept. 30, 2019	Additions	Option Payments / disposal	Impairment	As at Sept. 30, 2020
	%	\$	\$	\$	\$	\$
Abitibi						
Abitibi Gold	100	778	5	-	(783) ²⁾	-
Adam	100	26,144	2,038	(14,328)	-	13,854
Casault	100	36,708	5,614	(41,512)	-	810
Coigny	100	-	2,734	-	-	2,734
Fleuribleu	100	-	13,617	-	-	13,617
Gaudet	50	-	22,805	-	-	22,805
Guyberry	100	-	4,923	-	-	4,923
Heva	100	60,368	422	-	-	60,790
Jeremie	100	3,910	7,886	-	-	11,796
Jouvex	100	48,416	13,646	-	-	62,062
La Peltrie	100	95,385	18,052	(50,000)	-	63,437
Lac Esther	100	-	41,774	-	-	41,774
Laflamme	77.9	114,891	10,000	-	(15,978) ¹⁾	108,913
Lewis	100	-	13,625	-	-	13,625
MaritimeCadillac	49	290,990	45	-	-	291,035
Mistaouac	100	17,600	1,887	-	-	19,487
Noyelles	100	-	13,262	-	-	13,262
Patris	100	97,904	3,852	-	-	101,756
Samson	100	40,640	4,167	-	(5,521) ¹⁾	39,286
Turgeon	100	34,363	2,088	-	-	36,451
Veza	100	-	448	-	-	448
Wawagotic	100	7,307	505	-	-	7,812
Grenville-Appalaches						
Gatineau	100	5,146	17,312	-	-	22,458
Ski	100	-	341	-	-	341
Weedon	100	40,743	4,055	-	-	44,798
James Bay						
BJ Eleonore	100	195,139	16,832	-	-	211,971
BJ Gold	100	151,921	12,512	-	-	164,433
Elrond	100	89,067	13,195	-	-	102,262
Fangorn	100	1,303	2,601	-	-	3,904
Helm's Deep	100	44,698	599	-	-	45,297
JV Eleonore	50	139,507	40,413	-	-	179,920
Komo	100	-	60,359	-	-	60,359
McDuff	100	23,893	1,361	-	-	25,254
Minas Tirith	100	3,002	489	-	-	3,491
Moria	100	128,520	941	-	-	129,461
Mythril	100	302,958	58,713	-	(150,690) ¹⁾	210,981
Shire	100	73,656	1,418	-	-	75,074
Wookie	100	36,823	2,118	-	-	38,941

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

Acquisition costs	Un-divided interest	As at Sept. 30, 2019	Additions	Option Payments / disposal	Impairment	As at Sept. 30, 2020
	%	\$	\$	\$	\$	\$
Northern Quebec						
Nachicapau	100	8,376	419	-	-	8,795
Pallas	100	111,320	17,635	-	(6,060) ¹⁾	122,895
Soissons	100	24,963	25,830	-	-	50,793
Soissons NMEF	50	4,323	328	-	-	4,651
Willbob	100	295,801	19,236	-	-	315,037
Project generation	100	4,649	111	-	-	4,760
		2,561,212	480,213	(105,840)	(179,032)	2,756,553

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 Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

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

E&E expenses	Un- divided interest	As at Sept. 30, 2020	Additions	Tax credits	Impairment	As at Dec. 31, 2020
	%	\$	\$	\$	\$	\$
Abitibi						
Adam	100	277,523	3,624	-	-	281,147
Casault	100	2,270,451	1,429	-	-	2,271,880
Coigny	100	1,066	-	-	-	1,066
Gaudet	50	152,523	25,964	-	-	178,487
Guyberry	100	1,238	5,403	-	-	6,641
Heva	100	277,022	1,187	-	-	278,209
Jeremie	100	92,875	-	-	-	92,875
Jouvex	50	678,490	8,714	(2,184)	-	685,020
La Peltrie	100	1,105,925	1,322	(576)	-	1,106,671
Lac Esther	100	5,671	971	-	-	6,642
Laflamme	77,9	3,111,173	8,529	(2,634)	-	3,117,068
Lewis	100	74,460	95,783	(23,711)	-	146,532
Maritime-Cadillac	49	481,033	9,332	-	-	490,365
Mistaouac	100	253,865	3,354	-	-	257,219
Noyelles	100	3,165	-	-	-	3,165
Patris	100	241,217	3,658	-	-	244,875
Samson	100	805,247	33,864	(8,914)	-	830,197
Turgeon	100	202,050	-	-	-	202,050
Wawagasic	100	32,949	-	-	-	32,949
Grenville-Appalaches						
Gatineau	100	37,064	-	-	-	37,064
Gatineau JV	50	43,151	16,973	(3,371)	-	56,753
Grenville Ni	100	-	13,716	(1,160)	-	12,556
Weedon	100	755,893	1,140	-	-	757,033
James Bay						
BJ Eleonore	100	1,779,453	193	-	-	1,779,646
BJ Gold	100	474,613	238	-	-	474,851
Elrond	100	80,653	113	-	-	80,766
Fangorn	100	15,950	-	-	-	15,950
Helm's Deep	100	65,026	-	-	-	65,026
JV Eleonore	50	617,865	-	-	-	617,865
Komo	100	52,950	11,380	(4,037)	-	60,293
McDuff	100	34,138	-	-	-	34,138
Minas Tirith	100	41,895	-	-	-	41,895
Moria	100	133,830	787	(344)	-	134,273
Mythril	100	5,110,948	72,416	(20,344)	-	5,163,020
Shire	100	243,885	-	-	-	243,885
Wookie	100	22,202	1,617	(708)	-	23,111

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

E&E expenses	Un- divided interest	As at Sept. 30, 2020	Additions	Tax credits	Impairment	As at Dec. 31, 2020
	%	\$	\$	\$	\$	\$
Northern Quebec						
Nachicapau	100	15,778	-	-	-	15,778
Pallas	100	542,124	-	-	-	542,124
Soissons	100	106,746	-	-	-	106,746
Soissons NMEF	50	69,180	3,830	-	-	73,010
Willbob	100	3,196,684	9,804	(2,727)	-	3,203,761
Project generation	100	37,318	-	-	-	37,318
		23,545,289	335,341	(70,710)	-	23,809,920

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

E&E expenses	Un- divided interest %	As at Sept. 30, 2019 \$	Additions \$	Option Payments \$	Tax credits \$	Impairment \$	As at Sept. 30, 2020 \$
Abitibi							
Abitibi Or	100	9,945	5,626	-	-	(15,571) ¹⁾	-
Adam	100	273,436	5,572	-	(1,485)	-	277,523
Casault	100	2,188,205	154,440	(58,488)	(13,706)	-	2,270,451
Coigny	100	-	1,778	-	(712)	-	1,066
Gaudet	50	-	197,848	-	(45,325)	-	152,523
Guyberry	100	-	1,238	-	-	-	1,238
Heva	100	276,312	710	-	-	-	277,022
Jeremie	100	84,740	8,135	-	-	-	92,875
Jouvex	100	623,657	56,293	-	(1,460)	-	678,490
La Peltrie	100	1,098,627	7,649	-	(351)	-	1,105,925
Lac Esther	100	-	7,260	-	(1,589)	-	5,671
Laflamme	77.9	2,808,975	308,395	-	(6,197)	-	3,111,173
Lewis	100	-	85,641	-	(11,181)	-	74,460
Maritime-Cadillac	49	404,866	76,167	-	-	-	481,033
Mistaouac	100	229,698	24,167	-	-	-	253,865
Noyelles	100	-	5,302	-	(2,137)	-	3,165
Patris	100	236,236	5,223	-	(242)	-	241,217
Samson	100	172,346	1,024,005	-	(391,104)	-	805,247
Turgeon	100	199,191	2,859	-	-	-	202,050
Wawagotic	100	32,949	-	-	-	-	32,949
Grenville-Appalaches							
Gatineau	100	16,070	21,001	-	(7)	-	37,064
Gatineau JV	50	-	43,151	-	-	-	43,151
Weedon	100	703,918	60,033	-	(8,058)	-	755,893
James Bay							
BJ Eleonore	100	1,774,421	7,043	-	(2,011)	-	1,779,453
BJ Gold	100	441,537	39,507	-	(6,431)	-	474,613
Elrond	100	69,052	15,468	-	(3,867)	-	80,653
Fangorn	100	11,685	4,265	-	-	-	15,950
Helm's Deep	100	56,797	14,042	-	(5,813)	-	65,026
JV Eleonore	50	616,676	1,189	-	-	-	617,865
Komo	100	-	68,077	-	(15,127)	-	52,950
McDuff	100	4,778	52,559	-	(23,199)	-	34,138
Minas Tirith	100	37,631	4,264	-	-	-	41,895
Moria	100	129,564	4,266	-	-	-	133,830
Mythril	100	4,382,617	944,916	-	(216,585)	-	5,110,948
Shire	100	239,620	4,265	-	-	-	243,885
Wookie	100	780	25,752	-	(4,330)	-	22,202

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (CONT'D)

E&E expenses	Un- divided interest %	As at Sept. 30, 2019 \$	Additions \$	Option Payments \$	Tax credits \$	Impairment \$	As at Sept. 30, 2020 \$
Northern Quebec							
Nachicapau	100	14,258 ²⁾	1,520	-	-	-	15,778
Pallas	100	542,124	-	-	-	-	542,124
Soissons	100	53,994	60,246	-	(7,494)	-	106,746
Soissons NMEF	50	47,710	32,870	-	(11,400)	-	69,180
Willbob	100	3,104,919	119,935	-	(28,170)	-	3,196,684
Project generation	100	23,232	18,542	-	(4,456)	-	37,318
		20,910,566	3,521,219	(58,488)	(812,437)	(15,571)	23,545,289

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.

6.1 Tête Nord

On November 13, 2020, the Corporation signed an agreement with Les Ressources Tectonic inc. whereby it acquired the Tête Nord property for a \$100,000 cash payment (\$30,000 upon signature, \$35,000 on the first anniversary and \$35,000 on the second anniversary) and a 2% NSR royalty that can be bought back for a cash payment of \$1,500,000 for each 1% for a total amount of \$3,000,000.

7. LEASE LIABILITIES

	As at December 31 2020 \$	As at September 30 2020 \$
Opening balance	136,150	-
Adjustment – IFRS 16	-	159,422
Principal repayment	(5,911)	(23,272)
Lease liabilities	130,239	136,150
Less : current portion	(26,263)	(25,601)
Non-current lease liabilities	103,976	110,549

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

8. EQUITY

8.1 Private placements

On November 5, 2020, the Corporation completed a private placement of 1,827,800 flow-through shares at \$1.25 per share for total gross proceeds of \$2,284,750. On that date, the Corporation's share closed at \$0.92 on the Exchange, therefore the residual value attributed to the benefit related to flow-through shares renunciation are \$0.33 for a total value of \$603,174 credited to the liability related to the premium on flow-through shares.

In connection with the private placements, the Corporation incurred \$133,543 share issue expenses of which \$101,265 was paid as finder's fees. Directors and officers of the Corporation participated in the flow-through private placement for a total consideration of \$160,000 under the same terms as other investors.

On November 9, 2020, the Corporation completed a private placement of 96,209 shares at a price of \$1.00 per share for total gross proceeds of \$96,209. BHP has exercised its right to maintain its ownership to 5.0% by acquiring 96,209 shares. This right had been granted to BHP on April 18, 2019 pursuant to an Investor Rights Agreement with the Corporation.

8.2 Warrants

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

	Three months ended December 31, 2020		Fiscal 2020	
	Number	Amount	Number	Amount
		\$		\$
Balance – Beginning of period	4,110,667	749,556	4,110,667	749,556
Expired	(3,555,112)	(691,128)	-	-
Balance – End of period	555,555	58,428	4,110,667	749,556

Warrants outstanding as at December 31, 2020 are as follow:

Number of warrants	Exercise price	Expiry date
	\$	
555,555	1.25	January 18, 2021 (expired)
555,555		

Midland Exploration Inc.

Notes to Consolidated Financial Statements

Three months ended December 31, 2020

(Unaudited, in Canadian dollars)

9. SHARE-BASED COMPENSATION

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

	Three months ended December 31, 2020		Fiscal 2020	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – beginning of period	4,940,000	1.02	4,320,000	1.07
Granted	-	-	620,000	0.72
Balance – end of period	4,940,000	1.02	4,940,000	1.02
Balance – end of period exercisable	4,630,000	1.04	4,526,668	1.05

The following table summarizes information about common share purchase options outstanding and exercisable as at December 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	580,000	1.03	February 18, 2029
620,000	310,000	0.72	February 13, 2030
4,940,000	4,630,000		