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## Company Profile

Midland Exploration Inc. is a mineral exploration company focused on gold, copper, zinc, uranium and rare earths elements (REE) projects in the Province of Quebec. Midland owns a variety of grass-roots and drill target mineral exploration projects. Midland has amassed a sizeable portfolio of gold properties in the Abitibi and James Bay area. With its partners, such as Agnico-Eagle, North American Palladium Limited, JOGMEC and Osisko Mining Corporation, Midland is well positioned to generate results. Midland applies the partnership model and has established a track record of securing quality partnership agreements. Midland excels in prospect generation by maximizing compilation of Provincial and Federal Government public databases.



Source: BigCharts.com

## Market and Company Data

Ticker	MD-V	Shares O/S (M)	26.6
Rating	Buy (S)	Market Cap (M)	\$35.4
Risk	High	Float O/S (M)	23.4
Price	\$1.33	Float Value (M)	\$31.1
1-Yr Target	\$2.75	Avg Daily Volume (K)	7.4
Dividend	n/a	Enterprise Value (M)	\$30.9
Yield (%)	n/a	Control Blocks:	
1-Yr ROR	107%	Mgmt & Dir.	12%
52 Wk High-Low	\$1.82-\$1.09	Net Debt/Cap	n/a
Valuation	1x NAV sum of parts	BVPS	\$0.30
Year End	Sep. 30		

### Expenditures (M) - Years ending Sep. 30

	2012	2013	2014	2015	2016	2017
Capex	n/a	n/a	n/a	n/a	n/a	n/a
Exploration	\$6.0	Funded by partners	\$4.0			

Resource Estimate	Tonnes	Grade	Contained
	(Mt)	(g/t Au)	Gold (oz.)
n/a			

Source: Company reports; Bloomberg; LBS.

## Midland to Perform a Prospecting Program on Eleonore and James Bay East Projects

Midland has commenced a prospecting program on its wholly-owned Eleonore and James Bay East gold projects located in the James Bay, Quebec (Exhibit 1). The Eleonore project (Centre and West) is situated approximately 30km southwest and west of a geological environment similar to Goldcorp's Eleonore deposit that is under construction and set for initial production by late 2014. Prospecting conducted in 2009 and 2011 in the area by Midland suggested the presence of various highly prospective gold showings with values up to 13.60 g/t Au. The James Bay East project (Lasalle and Galinee properties) is located about 250km northeast of Goldcorp's deposit and covers two metamorphosed volcano-sedimentary belts. Work performed between 2008 and 2010 unveiled several showings which returned values up to 9.10 g/t Au.

The exploration programs should focus on the soil and geophysical anomalies on the Eleonore Centre and West properties. In addition, large parts of these properties will be explored for gold mineralization by prospecting. On the James Bay East project, till and geophysical anomalies will be followed up by prospecting.

We believe that these continued works are warranted and could lead to new discoveries. We highlight that Virginia Mines Inc. (VGQ-T; rated Top Pick, \$17.00 target price) is also active in these areas with the Eleonore Regional, Anatacau-Wabamisk and Nichicun projects.

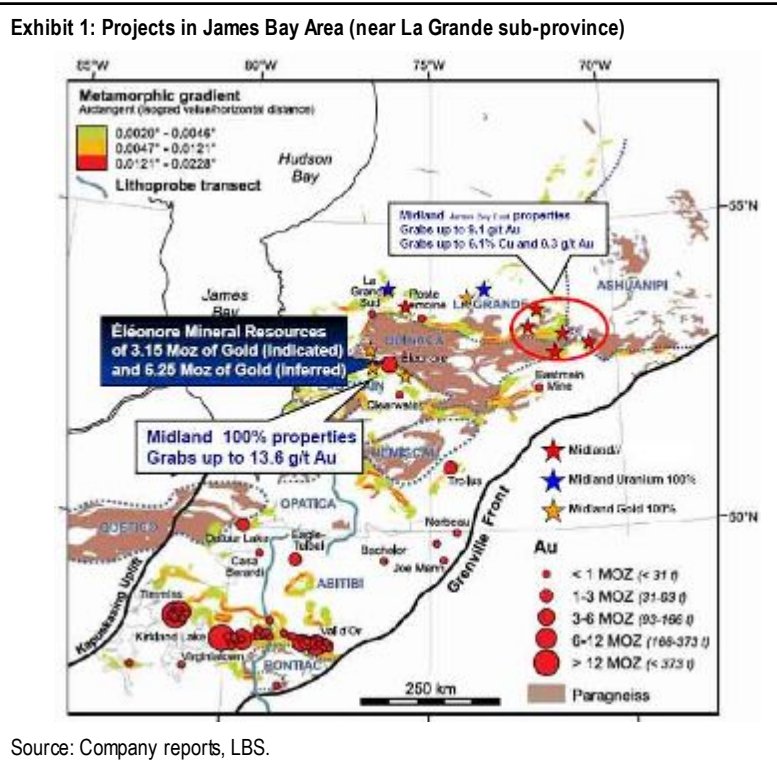
## Maintaining Buy (S) Rating and \$2.75 Target

We continue to rate Midland a Speculative Buy with a \$2.75 target price, which is derived from our NAV estimate of \$78.9M or \$2.83 per share (Exhibit 2). We believe Midland, together with its partners, continues to make steady progress on its various properties through active drilling and field exploration campaigns. In light of current market conditions, Midland's partnership model is beneficial in our view, allowing it to remain active in exploration while preserving its cash position (\$4.5M) and tight share structure (less than 28M shares F/D).



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**Exhibit 2: Midland's NAV Summary**

Project	Value (M)	Project	Value (M)
<b>Abitibi</b>		<b>James Bay</b>	
Abitibi (gold projects)	\$1.2	James Bay (gold)	\$3.5
Casault (50%)	\$7.2	James Bay (uranium)	\$0.6
Dunn	\$3.1	James Bay (Fe-Mo-Cu)	\$1.2
Laflamme (50%)	\$6.0	Midland Eleonore	\$6.0
Maritime-Cadillac (49%)	\$9.1	<b>Grenville</b>	
Patris (50%)	\$5.8	Gatineau	\$3.0
Valmond	\$2.0	Vermillion (50%)	\$0.3
Jouvex	\$1.5	<b>Quebec-Labrador</b>	
<b>Appalaches</b>		<b>Other</b>	
Weedon	\$1.3	Ytterby (50%)	\$5.0
Other properties			\$2.7
Exploration potential goodwill	\$15.0	Total NAV	\$78.9
Cash	\$4.5	Shares outstanding (FD)	27.9
Take-over premium	n/a	<b>Total NAV per share (FD)</b>	<b>\$2.83</b>

Source: LBS.

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**Important Disclosures**

Company	Ticker	Disclosures*
Midland Exploration Inc.	MD-V	A, U, V, P

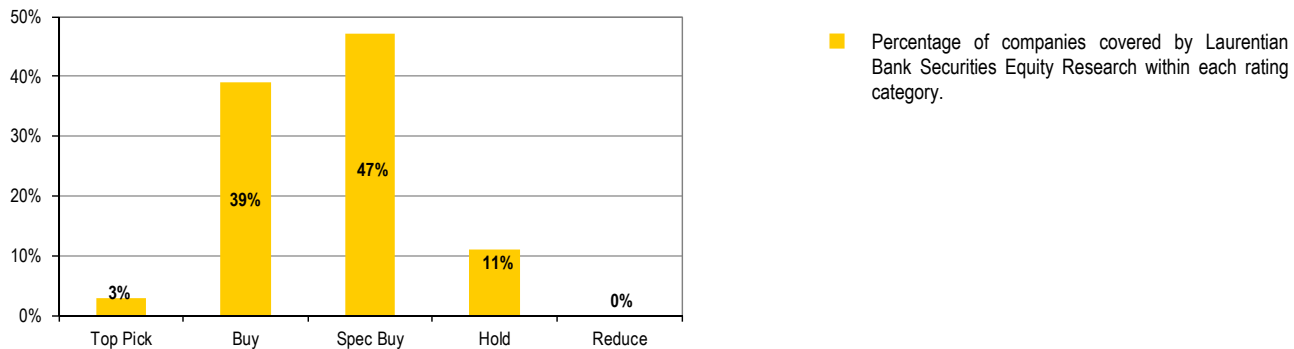
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The Research Analyst's compensation is based on various performance and market criteria and is charged as an expense to certain departments of Laurentian Bank Securities (LBS), including investment banking.

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- U** Within the last 24 months, LBS has undertaken an underwriting liability with respect to equity securities of, or has provided advice for a fee with respect to, this issuer.
- V** The Analyst has visited material operations of this issuer, notably company headquarters in Rosemere, QC, the Weedon, Maritime-Cadillac and Ytterby projects, as well as core from the Casault, Patris and Laflamme projects.
- P** This issuer paid a portion of the travel-related expenses incurred by the Analyst to visit material operations of this issuer.

**Laurentian Bank Securities Equity Research Ratings Distribution**



Source: Laurentian Bank Securities

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- Buy** The stock is expected to generate significant risk-adjusted returns over the next 12 months.
- Hold** The stock is expected to generate modest risk-adjusted returns over the next 12 months.
- Reduce** The stock is expected to generate negative risk-adjusted returns over the next 12 months.
- Tender** Analyst is recommending that investors tender to a specific offering for the stock.

Our ratings may be followed by "(S)" which denotes that the investment is speculative and has a higher degree of risk associated with it. Additionally, our target prices are based on a 12-month investment horizon.

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