



Midland Partners with JOGMEC for PGE's

Event

Midland announced a new partnership agreement with JOGMEC for the Kuujjuak PGE project.

Impact: Slightly positive. Assures an exploration program for 2014 and 2015 and perhaps beyond. Solidifies the relationship with JOGMEC.

Analysis

- On February 18, 2014 Midland signed a new option agreement with JOGMEC (Japan Oil, Gas and Metals National Corporation) for the 100% owned Pallas project which totals 477 claims covering more than 210km² of mineral rights in the Labrador Trough, northern Québec. Recall that in July 2013 Midland had acquired 455 new land claims over +200km² in the Labrador Trough, ~80km west of Kuujjuak, Québec (See July 10, 2013 Action Flash). The acquisition costs in the \$50,000 range (new mapped claims) supported the strategy of inexpensive land claim acquisitions, permitted diversification of Midland's portfolio of properties (for a minimal cost) and confirmed the active prospector-generator business model.
- JOGMEC has the option to acquire a 50% undivided interest in the Pallas project by March 2016 by funding \$2M in exploration expenditures. The Pallas project covers a large folded pluri-kilometric ultramafic-mafic complex in the Labrador Trough that has seen limited exploration drilling. Reconnaissance programs in 2013 have delineated several new platinum and palladium bearing outcrops (Ceres, Pilet and Gaspar prospects) with values up to 3.9 g/t PGE + gold. We understand that Midland is operator and retains a 10% flat rate administration fee. We believe Midland has been pro-active in generating this PGE (platinum group elements) project and retains a quality partner with JOGMEC. We highlight that Midland is already partnered with JOGMEC on the Ytterby HREE project since March 2010.
- Midland is soundly applying the prospector-generator model and continues to attract partners. Recall Midland is also partnered with Teck Resources Limited (Patris gold project), Agnico Eagle Mines Limited (Maritime-Cadillac gold project), Donner Metals Limited, Maudore Minerals Limited, and SOQUEM Inc. We also highlight that Midland has assembled strategic positions in the James Bay area, based on astute claims staking, and could drill its 100% owned Éléonore-Centre property by summer 2014.
- We are maintaining our Speculative Buy rating and our \$1.45 target price. Midland is expected to remain active in exploration in 2014 and maintains sufficient funds to do so (~\$4.0M in cash). Midland shall be hosting its AGM Thursday February 20th 2014 at 10AM in Montreal (1 Place Ville Marie, 40th floor).

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