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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)	\$33.5
Risk	High	Float O/S (M)	23.4
Price	\$1.26	Float Value (M)	\$29.5
1-Yr Target	\$2.75	Avg Daily Volume (K)	7.4
Dividend	n/a	Enterprise Value (M)	\$27.2
Yield (%)	n/a	Control Blocks:	
1-Yr ROR	118%	Mgmt & Dir.	12%
52 Wk High-Low	\$1.84-\$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 and Osisko to Perform IP Survey on Casault Property

Midland and partner Osisko Mining Corporation (OSK-T, not rated) have started preparation work on the Casault property, which will begin with a 60km induced polarization (IP) survey. The Casault property is located about 40km east of the Detour Lake gold deposit. It consists of 324 claims wholly owned by Midland and covers approximately 17km<sup>2</sup> (Exhibit 1).

The area covered by planned work is in the vicinity of high-grade gold discoveries. Casault is located approximately 3.5km west of the new discovery in the Bug Lake zone of the Martinière Project owned by Balmoral Resources Ltd. (BAR-V, rated Buy (S), target \$1.50). Very high-grade intersections were recently reported from the Bug Lake zone, such as 273.0 g/t Au over 3.88m. Also, the adjacent Martinière East zone returned 11.42 g/t Au over 9.3m recently; ongoing drilling on Martinière West is suggesting an expanding gold system.

Midland's and Osisko's IP survey targets an unexplored area within the Sunday Lake Deformation Zone, which extends further north than it was originally inferred (Exhibit 2). 19 diamond drill holes (4,562m) were completed during the winter 2012 campaign, which led to this new geological interpretation and also to the identification of a new high-grade zone that graded 10.4 g/t Au over 1.45m (hole CAS-12-07) that remains open at depth and laterally. We note that Midland controls more than 20km along the major Sunday Lake Deformation Zone. The new geological modelling has opened up an unexplored area with a strike length of more than 10km. We believe the surface geophysical work should prepare an interesting 2013 winter drill program on Casault.

Recall that Osisko can obtain a 50% interest in the Casault property by spending \$6.0M in exploration work and making payments totalling \$0.6M over five years. After acquiring a 50% interest, Osisko has a three-year option to acquire an additional 15% interest by delivering a bankable feasibility study or by assuming all exploration, development and mining operations. In the latter case, every \$1.0M spent would earn Osisko an additional 1% interest in Casault.

### Rating, Target Maintained

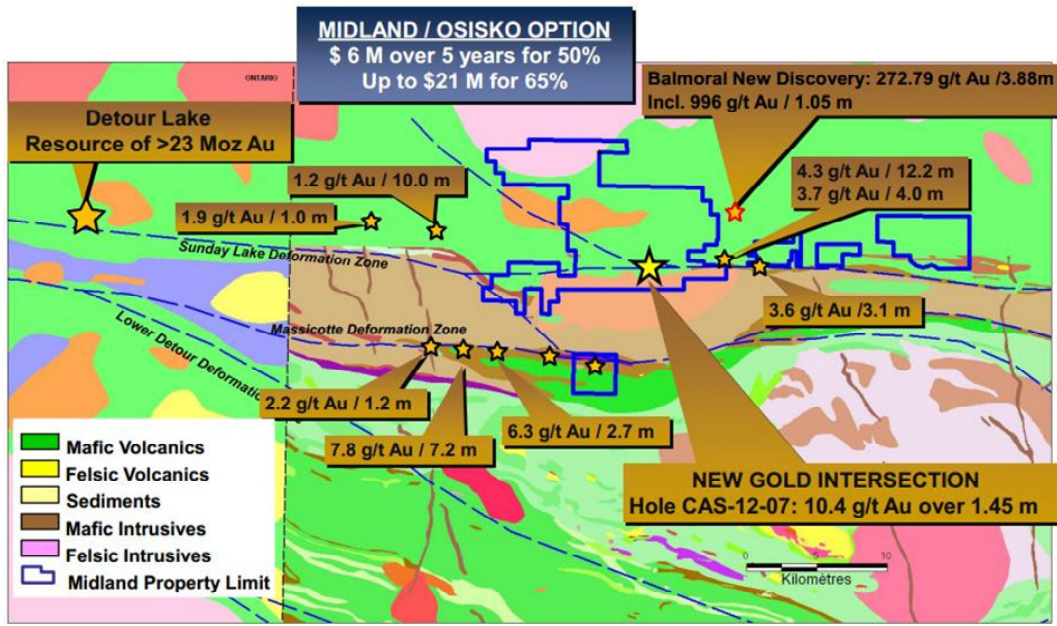
We continue to rate Midland a Speculative Buy with a \$2.75 target price, which is based on our sum-of-the-parts valuation of the company's diversified portfolio of properties. Our NAV estimate is \$78.9M or \$2.83 per share (Exhibit 3). We believe Midland, together with its partners, continues to make 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 and tight share structure (less than 28M shares F/D).



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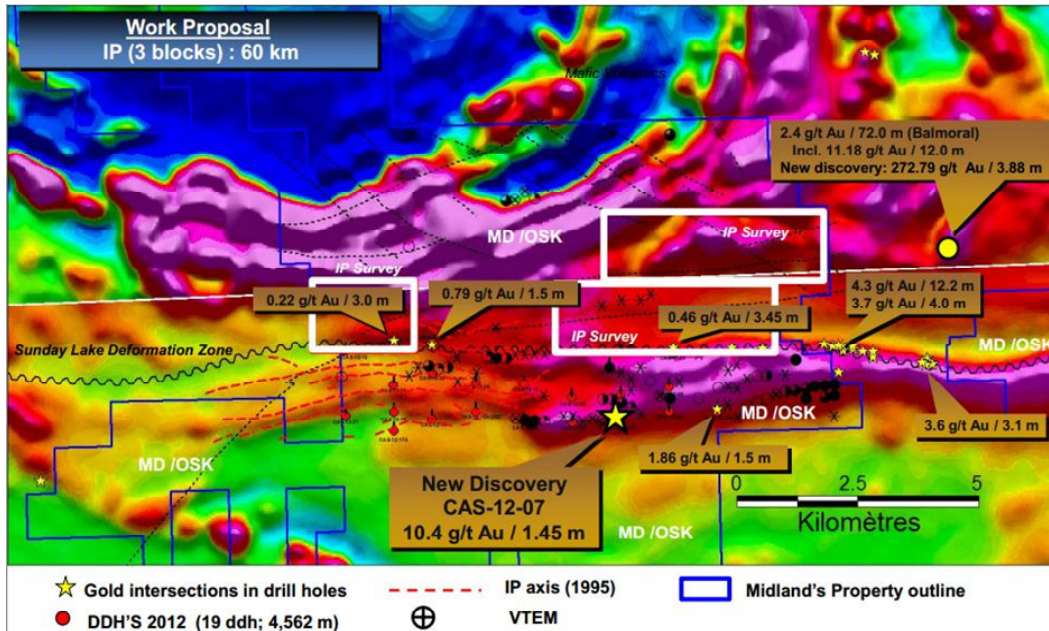
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**Exhibit 1: Location of Casault Property along the Detour Gold Trend**



Source: Company reports.

**Exhibit 2: Area of Planned IP Survey \***



\* Note location of the Sunday Lake Deformation Zone, now north of Hole CAS-12-07.

Source: Company reports.

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Exhibit 3: 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
Lafamme (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	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

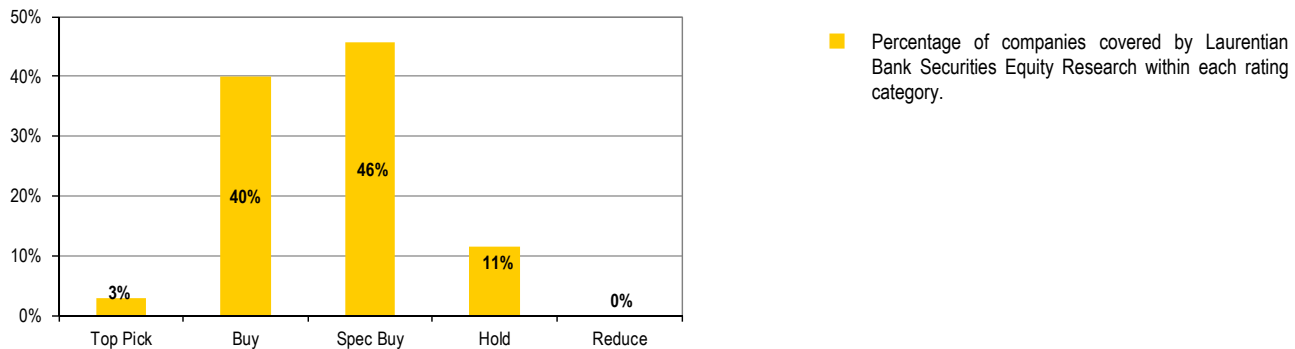
The analyst(s) certify that (1) the views expressed in this report in connection with securities or issuers they analyze accurately reflect their personal views and (2) no part of their compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed by them in this report.

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.

**\* Legend**

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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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- Top Pick** Our best investment idea, the greatest potential value appreciation.
- 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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