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September 12, 2013

## 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 Québec. 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, 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)	28.5
Rating	Buy (S)	Market Cap (M)	\$24.5
Risk	High	Float O/S (M)	25.1
Price	\$0.86	Float Value (M)	\$21.6
1-Yr Target	\$1.65	Avg Daily Volume (K)	13.2
Dividend	n/a	Enterprise Value (M)	\$20.4
Yield (%)	n/a	Control Blocks:	
1-Yr ROR	92%	Mgmt. & Dir.	12%
52 Wk High-Low	\$1.55-\$0.80	Net Debt/Cap	n/a
Valuation	0.80x NAV sum of parts	BVPS	\$0.34
Year End	Sep. 30		

Expenditures (M) - Years ending Sep. 30						
	2012	F2013	F2014	F2015	F2016	F2017
Capex	n/a	n/a	n/a	n/a	n/a	n/a
Exploration	\$6.0	\$4.0		Funded by partners		\$3.0
Resource Estimate	Tonnes (Mt)		Grade (g/t Au)		Contained Gold (oz)	
n/a						

Source: Company reports; Bloomberg; LBS.

## Midland Remaining Active: Performing Prospecting Programs at Eleonore-Centre

Over the summer 2013, Midland has remained active with multiple prospecting programs, notably on its wholly-owned Eleonore project located in the James Bay region of Québec. Recall that Midland has a portfolio of over 20 properties in the Province of Québec, and are exploring for a multiple commodities (Exhibits 1 and 3). Midland has successfully established JV and option agreements, with partners including Agnico-Eagle (AEM-T; not rated), Osisko (OSK-T; not rated), JOGMEC and others, who are expected to continue contributing funds for exploration on their respective projects. This provides flexibility given Midland's total cash & equivalents and investments of ~\$4.3M (as at June 30, 2013).

**James Bay Area: Trying to find another Roberto.** An exploration team is completing an exploration program with mechanical stripping on new auriferous zones. Initial results returned new gold zones (open in all directions) with values up to 18 g/t Au from selected grab sampling. Recall that the Eleonore project (Centre and West) is situated approximately 30km southwest of and west Goldcorp's Eleonore project that is under construction and set for initial production by late 2014. Since 2009, prospecting work has delineated various highly prospective gold showings that are now, we believe, near drill stage. We highlight that Virginia Mines Inc. (VGQ-T; Top Pick, \$13.75 target price) is also active in this area with its Anatacau-Wabamisk project.

**Upcoming Catalysts:** Over the course of the fall, we expect Midland to provide assay results as well as potentially announce new partnership agreements. We highlight that Midland also remains active in the Abitibi Gold Belt as well as in Northern Quebec. Please see following page for details.

## Conclusion –Maintaining Speculative Buy

We are maintaining our Speculative Buy rating and our \$1.65 target price, which we derive from our NAV estimate of \$57.4M or \$1.87 per share (Exhibit 2). Midland's partnership model of established JV and option agreements allows it to remain active in exploration. With a sufficient cash position and tight share structure (less than 31M shares F/D), the company is well-positioned along the Casa Berardi-Cameron Deformation Zone, the Detour Gold Trend and the Eleonore sector of the James Bay region in northwestern Québec.



## Beyond Eleonore-Centre – Active in the Abitibi Gold Belt

Midland recently completed an underground and surface drill program at the Maritime Cadillac project with Agnico-Eagle Mines. Initial results suggest a promising zone open in all directions with values up to 1.5 g/t Au over 18.9m. Located near Agnico-Eagle's Lapa Mine, we believe Midland's position is highly strategic.

We understand that Midland has had discussions with Osisko in order to resume drilling on the Casault Project, notably deepening some of the previous drill holes ending in anomalous gold mineralization. Recall that the Casault property is well situated in the Detour Gold Trend where Balmoral Resources Inc. (BAR-T; Buy (S), target price \$1.00) and Detour Gold (DGC-T; Buy, target price \$18.75) have recently disclosed exploration results (see Action Flashes dated September 6, 2013 and September 10, 2013 respectively).

On the Laflamme gold project, drilling could resume this winter. We understand that Midland is working in partnership with Maudore Mineral Ltd. (MAO-V; not rated) to evaluate the recently delineated mineralized gold corridor (see March 28, 2013 Action Flash). IP surveys were completed in summer 2013 and new targets remain untested in the new gold corridor.

Finally, in the Abitibi an important VTEM survey was completed over an area located along strike with the Casa Berardi Mine owned by Hecla Mining (HL-NYSE; not rated). Midland has ongoing discussions with potential future partners for its Casa Berardi claims as well as for its Dunn and Patris projects.

## Northern Quebec – Seeking opportunity

Midland recently generated a new PGE project (see July 10, 2013 Action Flash) that could be strategically well timed. The Pallas PGE project is located near Kuujuaq, where several PGE undrilled showings were investigated during a 2 week summer prospecting program. We understand that Impala Platinum Holdings Ltd. (IMP-JSE; not rated) and Northern Shield Resources (NRN-V; not rated) just completed a drilling program along strike with Midland's land position and that Midland's Japanese partner JOGMEC has completed due diligence on Pallas, perhaps tempted by what could be another Yterby type deal. Like gold, platinum and palladium prices have somewhat rebounded after the sell-off in June 2013, climbing more than 20% to above the \$1,550/oz and \$750/oz levels respectively, in line with the 21.5% rise in gold since the June low at \$US1,180/oz. Au. With potential for supply disruptions from strike action in South Africa and its mature state of mines, we believe that exploring for platinum group elements a good opportunity with focus to "quality over quantity".



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
Bassignac	\$0.0	James Bay (uranium)	\$0.2
Casault (50%)	\$7.2	James Bay (various)	\$0.8
Dunn	\$2.0	<b>Midland Eleonore</b>	<b>\$6.0</b>
Lafamme (50%)	\$6.0	<b>Grenville</b>	
<b>Maritime-Cadillac (49%)</b>	<b>\$9.1</b>	Gatineau	\$2.0
Paris (50%)	\$5.8	Vermillion (50%)	\$0.3
Valmond	\$2.2	<b>Quebec-Labrador</b>	
Jouvex	\$0.3	Ytterby (50%)	\$4.0
<b>Appalaches</b>		<b>Kuujuak (Pallas)</b>	<b>\$0.3</b>
Weedon	\$0.5	<b>Other</b>	
		Other properties	\$2.3
Exploration potential goodwill	\$0.0	<b>Total NAV</b>	<b>\$57.4</b>
Cash & equivalents, Investments	\$4.0	Shares outstanding (FD)	30.7
Take-over premium	n/a	<b>Total NAV per share (FD)</b>	<b>\$1.87</b>
Source: LBS.		<b>0.8X NAV</b>	<b>\$1.50</b>



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Exhibit 3 - Midland's Projects NAV Appraisal

Project	Potential Mineral Resources (M oz. Au)	Potential Mineral Resources (Mt)	Commitments (M)	Historical Works (M)	Acreage Propensity (\$/ha)	Acreage Value (M)	Mineral Potential Value (10\$/oz) (M)	Mineral Potential Value (M)	Location Premium	Mineral Potential Probability	Assessed Total Value (M)
<b>Abitibi</b>											
Maritime-Cadillac	2.0	0	\$1.00	\$2.52	2 800	\$0.48	\$20.00		1.50	0.50	\$9.10
Abitibi (Au Generation)	0.0	0	\$0.00	\$0.10	600	\$0.48	\$0.00				\$0.50
Bassignac	0.5	0	\$0.00	\$0.05	600	\$0.33	\$5.00		1.00	0.20	\$0.00
Casault	1.5	0	\$6.60	\$0.56	900	\$15.88	\$15.00		1.20	0.40	\$7.20
Chicobi	0.5	0	\$0.00	\$0.00	300	\$0.76	\$5.00		0.70	0.20	\$0.71
Dunn	1.0	0	\$0.00	\$1.05	800	\$1.93	\$9.50		1.00	0.30	\$2.00
Laflamme	1.0	0.75	\$1.10	\$1.71	700	\$21.06	\$10.00	\$1.5	1.00	0.80	\$6.00
Patris	1.5	0	\$3.23	\$1.00	800	\$2.61	\$15.00		1.00	0.50	\$5.80
Valmond	0.5	0	0	\$0.00	500	\$2.20	\$5.00		1.00	0.50	\$2.20
Jouvex	0.5	0	0	\$0.01	500	\$3.40	\$5.00		1.00	0.30	\$0.30
<b>James Bay</b>											
James Bay (Gold)	1.0	0	0	\$1.46	500	\$14.98	\$10.00		0.90	0.40	\$3.50
James Bay (Uranium)	0.0	5.0	0	\$0.39	200	\$2.45		\$10.00	0.50	0.20	\$0.20
James Bay (Fe-Mo-Cu)	0.0	50.0	0	\$0.08	300	\$0.27		\$7.50	0.50	0.30	\$0.75
Midland Eleonore	1.5	0	0	\$0.73	800	\$24.69	\$15.00		1.10	0.40	\$6.00
<b>Grenville</b>											
Gatineau	0.0	15.0	\$0.00	\$1.13	600	\$4.16		\$7.50	0.60	0.40	\$2.00
Vermillion	0.5	0	0	\$0.55	300	\$0.70	\$5.00		0.80	0.40	\$0.30
Yttria	0.0	75.0	0	0	200	\$0.87		\$7.50	0.50	0.50	\$1.93
<b>Appalaches</b>											
Beauce	0.3	0	0	0	200	\$3.13		\$2.50	0.30	0.50	\$0.40
Weedon	0.0	3	0	\$1.04	600	\$13.88		\$3.00	1.00	0.50	\$0.50
<b>Quebec-Labrador</b>											
Ytterby	0.0	150.0	\$2.70	\$2.91	500	\$26.56		\$15.00	0.80	0.60	\$4.00
Kuujuak (Pallas)	0	1000%	0.0	0.025	250	5		1	0.8	0.25	\$0.30
<b>Total</b>											<b>\$53.69</b>

Source: Company reports, LBS.



# Laurentian Bank Securities Equity Research Industry - Action Note

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## Important Disclosures

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

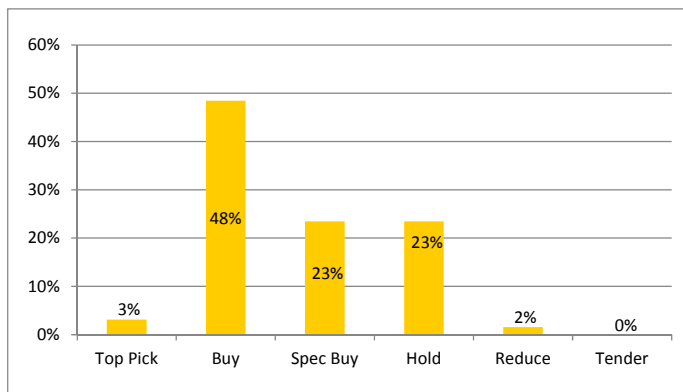
The analyst(s) certify that (1) the views expressed in this report in connection with securities or issuers they analyze accurately reflect their personal views and (2) no part of their compensation was, is, or will be directly or indirectly, related to the specific recommendations or views expressed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

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- P** This issuer paid a portion of the travel-related expenses incurred by the Analyst to visit material operations of this issuer.

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■ Percentage of companies covered by Laurentian Bank Securities Equity Research within each rating category.

Source: Laurentian Bank Securities

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<b>Buy</b>	The stock is expected to generate significant risk-adjusted returns over the next 12 months.
<b>Hold</b>	The stock is expected to generate modest risk-adjusted returns over the next 12 months.
<b>Reduce</b>	The stock is expected to generate negative risk-adjusted returns over the next 12 months.
<b>Tender</b>	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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