



Drilling Resumes on Potential New Gold Structures at the Laflamme Property

Event

Midland announces that drilling has resumed on its Laflamme property, targeting 2 new gold-bearing structures.

Impact: Slightly positive. Anomalous gold discoveries are not significant in grade x thickness, but merit further exploration.

Analysis

- **On March 28, 2013, Midland Exploration announced that drilling had resumed at the Laflamme property.** This follows the discovery of 2 new gold structures during their winter drilling campaign which included 7 drill holes (1,619m) testing geophysical targets. This testing identified anomalous gold mineralization in sheared mafic volcanic rocks with pyrite-pyrrhotite that graded 0.34 g/t Au over 25.5m, including 3.12 g/t Au over 1.50 (hole LAF-13-21), where subsequent downhole Pulse EM suggests an off-hole conductor. In another area to the SW, anomalous intervals grading 0.40 g/t Au over 5.7m (hole LAF-13-24) and 0.34 g/t Au over 3.1m (hole LAF-13-23) were encountered suggesting a potential emerging NE-SW trend.
- **Midland intends to drill 2 additional holes (~300m) to test the east and lateral west extension of the gold-bearing structure.** The Laflamme property is located about 25km northwest of the town of Lebel-sur-Quevillon, Quebec and is a JV with North American Palladium (PDL-T; not rated), which recently announced the sale of its Québec gold assets to Maudore Minerals (MAO-V; not rated). Midland will now be working with Maudore on the property, in a region that could develop into an emerging gold volcanogenic massive sulphide (VMS) area play. Recall that the Laflamme property covers more than 50km of favourable stratigraphy and structures with potential for gold, volcanogenic massive Cu-Zn sulphides and magmatic Ni-Cu-PGE deposits associated with ultramafic rocks. The Laflamme property, located approximately 12km northwest of Maudore's Comtois gold deposit (1.8M oz. Au), was initially acquired in 2008 based on the presence of significant gold, copper and zinc anomalies in till, identified by the Ministère des Ressources naturelles et de la Faune (MRNF) and the Geological Survey of Canada (GSC). On-going work is investigating these anomalous gold discoveries.
- **We are maintaining our Speculative Buy rating and our \$2.75 target price.** Midland has a strong cash position (~\$6M) and established JV and option agreements. We believe that Midland is very well positioned along the Casa Berardi-Cameron Deformation Zone, the Detour Gold Trend and in the Eleonore sector of the James Bay region in northwestern Quebec.

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