

MIDLAND EXPLORATION

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Our first new recommendation this month is Midland Exploration, a well-funded junior explorer with a wealth of great projects in mining-friendly Quebec.

Like some of our other picks, Midland is a prospect generator, one that has had great success attracting partners to fund exploration work on its many projects. The company's portfolio is enjoying an average annual expenditure of around \$4 million, with the vast majority of that money being supplied by its various JV partners.

Midland's management team runs a tight ship, currently spending a mere C\$300,000 a year or so on exploration and overhead. When combined with a \$4.6 million treasury and other companies' willingness to finance the more expensive aspects of exploration, the company's miserly cash burn rate gives it the ability to survive, and even thrive, in the current market turmoil.

Midland's projects run the gamut from gold to platinum-group metals to base metals and rare earths. Many of these properties are in the backyard of world-class metals deposits. Currently, the company has 19 projects in a portfolio that covers a combined 2,525 square

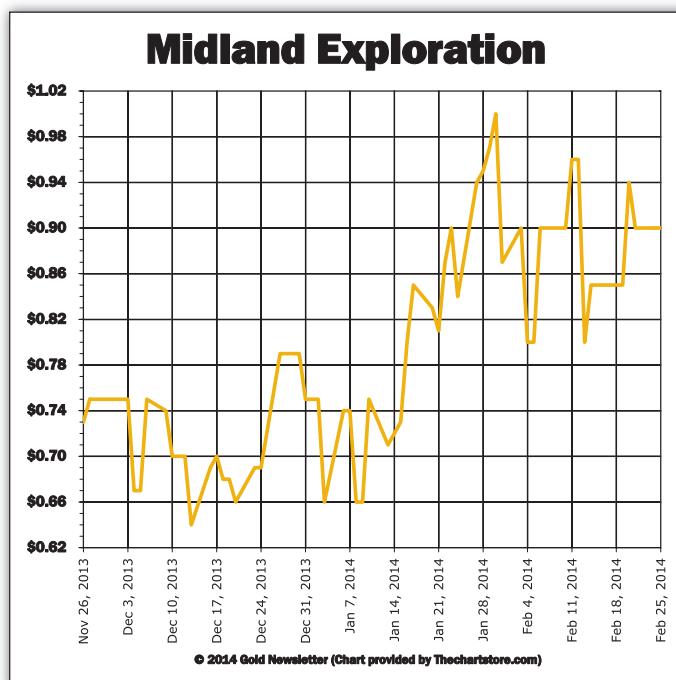
kilometers.

The company's current list of JV partners includes Teck, Agnico-Eagle, Donner, Maudore, JOGMEC and SOQUEM. These partners plan to spend more than C\$3 million exploring Midland's projects in 2014, a commitment that will mean more than 8,000 meters (combined) of drilling.

Midland's full treasury allowed it to make some key acquisitions in Quebec in 2013, adding the Jouvex, Valmond, Heva and Pallas properties to the fold. Jouvex, Valmond and Heva are three of seven projects that the company owns along the prolific Abitibi gold belt. The other four are Casault, Laflamme, Patris-Dunn and Maritime-Cadillac.

The amount of exploration planned this year for Midland's projects will ensure a steady stream of news flow.

A winter drilling program with JV partner Donner is coming up for their shared Jouvex project. Follow-on drilling will also begin soon at Laflamme,



which is JV'd to Maudore. Target identification is ongoing at Maritime-Cadillac, currently under joint venture with Agnico-Eagle. Midland's Patris, BJ Eleonore and Pallas projects will also see work this year.

The company's share structure is drum tight, which one would expect, given its obvious facility with the prospect generator model. Midland is managed by a team with an eye for high-potential projects and a knack for finding partners willing to fund the more expensive phases of exploring those projects.

In short, Midland offers a winning combination of great projects, news flow and the potential for an explosive share

(Continued...)

price move, should one of its JV partners hit paydirt. It's a strong buy and a solid addition to this list.

Midland Exploration Inc.

Recent Share Price:C\$0.90

Shares Outstanding:30.3 million

Market Cap:C\$27.3 million

Shares Outstanding

Fully Diluted:32.7 million

Market Cap

Fully Diluted:C\$29.4 million ▲

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