



MIDLAND EXPLORATION AND NORTH AMERICAN PALLADIUM COMMENCE FIRST DRILLING PROGRAM ON LAFLAMME

Montreal, August 31, 2010. Midland Exploration Inc. ("**Midland**") (TSX-V: MD), in partnership with North American Palladium Limited ("**North American Palladium**"), is pleased to report the start of an important diamond drilling campaign to test several new geophysical targets on its Laflamme Property, located approximately 25 kilometres west of the town of Lebel-sur-Quévillon, in the Abitibi region of Quebec.

Following a helicopter-borne VTEM electromagnetic and magnetic survey conducted in late 2009, ground-based geophysical work consisting of magnetic, electromagnetic (TDEM and Max-Min) and induced polarization (IP) surveys were completed on different grids in order to cover newly defined electromagnetic conductors as well as several gold targets represented by intersections between second- and third-order structures interpreted during a detailed structural study. Moreover, many of these new drill targets occur near anomalous till samples, some with significant amounts of chalcopyrite grains in heavy mineral concentrates, or anomalous gold concentrations in till, as well as iron carbonate alteration in the bedrock.

North American Palladium plans to commence shortly a 10-hole diamond drilling program totalling 2,800 metres to test these new targets, many of which are interpreted at more than 150 metres depth, *i.e.* below the historical depth penetration of previous airborne surveys.

This property, currently held 100% by Midland, consists of 494 claims covering a surface area of about 260 square kilometres. The Laflamme property acquisition, at the end of 2008, was based on significant gold and copper anomalies in till samples collected during the Octave project, jointly led by the Ministry of Natural Resources and Wildlife of Quebec and the Geological Survey of Canada. This property is strategically well positioned between the Sleeping Giant mine held by North American Palladium, which to date has produced more than 1 million ounces of gold, and the Comtois high-grade gold deposit held by Maudore, which contains an uncut inferred resource of 1.4 million ounces of gold (Source: Press Release Maudore Minerals Ltd dated August 11th 2010).

Terms of Exploration Agreement

North American Palladium has the option to acquire 50% interest in the Laflamme property for a consideration of \$1,000,000 in exploration work and payments totaling \$100,000 over a period of four years. The company has a firm commitment to spend \$300,000 in exploration work during the first year of the agreement. North American Palladium will be project operator until completion of a positive pre-feasibility study. Following acquisition of an initial 50% interest, North American Palladium will have the option to acquire an additional 15% interest upon delivery of a bankable feasibility study.

About North American Palladium

North American Palladium is a Canadian precious metals company focused on the production of palladium and gold in mining friendly jurisdiction. Lac des Iles, the Company's flagship mine, is one of North America's two primary palladium producers. Located approximately 85 kilometers northwest of Thunder Bay, Ontario, Lac des Iles has produced palladium since 1993. NAP also owns and operates the Sleeping Giant mine located in the prolific Abitibi region of Quebec. The Company has extensive landholdings adjacent to both the Lac des Iles and Sleeping Giant mines, and is pursuing an

aggressive exploration program aimed at increasing its reserves and resources in those areas. North America Palladium trades on the NYSE Amex under the symbol PAL and on the TSX under the symbol PDL.

About Midland

Midland targets the excellent mineral potential and the favourable investment climate of Quebec to make the discovery of new world-class deposits of gold, base metals and REE. Midland is proud to count on reputable partners such as Zincore Metals Inc., Agnico-Eagle Mines Limited, Osisko Mining Corporation, North American Palladium Limited, Japan Oil, Gas and Metals National Corporation and Soquem Inc. Midland prefers to work in partnership and intends to conclude additional agreements in regard to newly acquired properties. Midland is currently evaluating new opportunities and other projects in order to increase the portfolio of the Company.

This press release was prepared by Mario Masson, VP Midland Exploration and Qualified Person as defined by NI 43-101. For further information, please consult Midland's website or contact:

Gino Roger, President and Chief Executive Officer

Tel: 450 420-5977

Fax: 450 420-5978

E-mail: info@midlandexploration.com

Website: www.midlandexploration.com

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