



UPDATE ON MIDLAND'S ACTIVITIES AND RECENT EXPLORATION SUCCESSES

Montreal, July 5, 2012. Midland Exploration Inc. ("**Midland**") (TSX-V: **MD**) is pleased to provide a important update on its numerous exploration activities including many recent exploration successes, namely the discovery of three new gold-bearing structures and a new Ni-Cu-PGE zone. Over the course of 2012, five projects in partnership with Agnico-Eagle Mines Limited, Osisko Mining Corporation, Aurizon Mines Limited, North American Palladium Limited, and Japan Oil, Gas and Metals National Corporation, will see more than 15,000 metres of drilling to investigate targets located for the most part at very shallow depths.

Gold Projects (Abitibi and James Bay, Quebec)

Maritime-Cadillac Project - JV with Agnico-Eagle Mines Limited ("**Agnico-Eagle**")

The drilling program completed in the spring of 2012 on the Maritime-Cadillac property was designed to confirm the south plunge and continuity of a major gold-bearing structure referred to as the Dyke East Zone. Two drill holes (141-12-33 and 34A) spaced about 150 metres apart and totalling 1,485.3 metres were completed in 2012 along the south-plunging extension of the Dyke East Zone. Drill hole 141-12-33 intersected a gold-bearing zone grading 0.97 g/t Au over 5.3 metres from 599.2 to 604.5 metres, including 2.2 g/t Au over 1.6 metres. This zone was followed by another interval grading 2.7 g/t Au over 5.9 metres, including a higher-grade zone at 5.4 g/t Au over 2.5 metres. Drill hole 141-12-34A intersected an interval grading 1.1 g/t Au over 9.7 metres from 646.3 to 656.0 metres, including 2.2 g/t Au over 4.1 metres. These two drill holes thus confirm our interpretation of a major south-plunging gold structure, which remains open beyond a vertical depth of 750 metres. Midland believes these new results on Maritime-Cadillac warrant further drilling in order to test the extensions of the Dyke East Zone. The preparation of the next drilling program is in progress.

The Maritime-Cadillac property is contiguous to the Lapa gold mine property (700,000 ounces of gold in proven and probable reserves, with 2.4 million tonnes at 6.5 g/t Au), in commercial production since May 2009.

The Maritime-Cadillac project is currently a 50/50 joint venture between Agnico-Eagle and Midland. Agnico-Eagle is now working to increase its interest in the project by solely financing all ongoing exploration expenditures on the project, earning 1 % additional interest for every \$1,000,000 in exploration expenditures, to a maximum of 15 % additional interest.

Casault Project - Optioned to Osisko Mining Corporation ("**Osisko**")

During the winter 2012 drilling program on Casault, which consisted of nineteen (19) drill holes totalling 4,562 metres, drill hole CAS-12-07 intersected a new high-grade gold-bearing structure grading 10.4 g/t Au over 1.45 metres from 176.60 to 178.05 metres, including 13.05 g/t Au over 0.75 metre from 177.30 to 178.05 metres. This new gold zone is characterized by the presence of 10-15 % disseminated pyrite along a structure with strong quartz-sericite-calcite alteration. This new gold-bearing zone occurs along the contact between a granodiorite intrusion and enclosing mafic

volcanic rocks. It remains open and untested in all directions. The next phase of exploration work is currently in the planning stages and will include an induced polarization survey and further drilling.

The Casault property is located about 40 kilometres east of the Detour Lake gold deposit, which currently hosts an aggregate 23.3 million ounces of gold in measured and indicated resources (43-101) and 5.8 million ounces in inferred resources (43-101), including 15.6 million ounces of gold in near-surface mineral reserves (*Source: Detour Gold Corporation press release dated January 25, 2012*).

The option agreement with Osisko for the Casault project, currently in its first year, states that Osisko shall spend a total of \$6,000,000 in exploration expenditures over five years and make payments totalling \$600,000 to earn 50 % interest in the project.

Patris Project - Optioned to Aurizon Mines Limited ("**Aurizon**")

During the latest drilling program comprising sixteen (16) drill holes for a total of 3,007 metres, a new gold-bearing structure was intersected at shallow depth on the Patris property. Drill hole PAT-11-15 encountered a silicified and weakly sheared felsic intrusion in contact with a major fault zone, which yielded an interval grading 0.48 g/t Au over 17.0 metres from 87.0 to 104.0 metres, including a zone at 0.94 g/t Au over 4.0 metres from 100.0 to 104.0 metres. A second gold-bearing zone was also intersected, grading 0.86 g/t Au over 3.0 metres from 177.0 to 180.0 metres. Stripping and channel sampling on the KE-3 showing yielded assay results of 4.73 g/t Au over 0.4 metre. In addition, ground-based geophysical work, namely magnetic and induced polarization surveys, identified new targets in the southeast part of the property.

The next exploration program will consist of an additional 2,000 metres of drilling to test the extensions of new gold-bearing structures and investigate new induced polarization anomalies.

The option agreement with Aurizon for the Patris project, currently in its second year, states that Aurizon shall spend a total of \$3,000,000 in exploration expenditures over four years and make payments totalling \$230,000 to earn 50 % interest in the project.

Laflamme Project - JV with North American Palladium Limited ("**North American Palladium**")

Ground-based geophysical surveys were carried out in the winter of 2012 in the immediate vicinity of new gold and Ni-Cu-PGE discoveries made in 2011 and to date, a total of eight (8) drill holes totalling 2,072 metres have been completed.

In 2011, drill hole LA-11-08 intersected an interval grading 0.66 % Ni, 0.35 % Cu, 0.17 g/t Pt, 0.16 g/t Pd, 0.11 g/t Au and 1.4 g/t Ag over 8.0 metres, including a higher-grade zone at 1.55 % Ni, 0.53 % Cu, 0.26 g/t Pt, 0.28 g/t Pd, 0.13 g/t Au and 1.9 g/t Ag over 1.6 metre (*see Midland press release dated June 15, 2011*). In 2012, two (2) additional holes were drilled to test an off-hole conductor detected below hole -08. LA-12-13 intersected a mineralized zone grading 0.19 % Ni, 0.18 % Cu, 0.12 g/t Pt and 0.15 g/t Pd over 5.2 metres from 197.7 to 202.9 metres. Another drill hole, LA-12-15, yielded assay results of 0.27 % Ni, 0.33 % Cu, 0.18 g/t Pt and 0.20 g/t Pd over 3.55 metres, from 171.65 to 175.20 metres. Another, deeper off-hole anomaly was detected during a downhole PEM survey, at 380 metres depth, along the extension of the original discovery hole, LA-11-08. This new Ni-Cu-PGE zone remains open in all directions and will be tested by further drilling.

A VTEM survey was also undertaken in the northeast part of the property and identified several new high-priority Ni-Cu-PGE targets that were subsequently followed-up by ground geophysics and will be followed-up by drilling in the next following weeks.

Three (3) holes were drilled to test induced polarization anomalies and another hole was drilled about 100 metres northeast of LA-11-11, which encountered 9.7 g/t Au over 1.0 metre. Drill hole LA-12-16

obtained a grade of 0.26 g/t Au over 1.0 metre, from 178.7 to 179.7 metres, whereas another interval grading 0.33 g/t Au over 1.0 metre was intersected from 111.0 to 112.0 metres in drill hole LA-12-17. Drill hole LA-12-19 was collared to the northeast of LA-11-11 and intersected volcanic rocks with strong epidote alteration that graded 0.14 g/t Au over 7.80 metres from 295.5 to 303.3 metres. This new gold-bearing zone remains open in all directions and will be tested by further drilling. In addition, Maudore Minerals Ltd recently announced a new high-grade gold discovery located less than one kilometre from the Laflamme property. An interval grading 71.7 g/t Au over 1.2 metres, included in a wider zone grading 26.3 g/t Au over 3.3 metres was reported by Maudore. The Laflamme property hosts several untested VTEM conductors located on strike with this new discovery (see *Maudore Minerals press release dated June 6, 2012*).

The Laflamme property is currently a 50/50 joint venture between North American Palladium and Midland.

James Bay Eleonore Project - 100% Midland

The James Bay Eleonore project encompasses the Eleonore West and Eleonore Centre properties, located about 30 km west and southwest of Goldcorp's Eleonore gold deposit, in a similar geological setting. The world-class Eleonore deposit hosts 3.15 million ounces of gold in measured and indicated resources at an average grade of 11.92 g/t Au, in addition to 6.25 million ounces of gold in inferred resources at an average grade of 12.93 g/t Au (*Source: Goldcorp press release dated February 17, 2010*). Prospecting and geophysical work on the Eleonore Centre property confirmed a favourable geological sequence, uncovered several gold showings grading up to 13.6 g/t Au, and identified several untested geophysical targets. A recent soil geochemistry survey in which 272 samples were collected across the Eleonore Centre property delineated a series of As-Cu-Sb anomalies clustered along a north-south-trending axis in the west part of the property. Following these positive results, 28 new claims were recently acquired by Midland by map staking. The new claims were added to the Eleonore West property and cover a favourable geological sequence for gold mineralization, as observed in the vicinity.

The prospecting campaign conducted on our Guyer project resulted in grades up to 37.1 % Fe in a magnetite-chert iron formation. Midland intends to pursue exploration efforts on these properties during the summer, to discover new gold showings and bring them to the drilling stage.

Rare Earth Project (Quebec-Labrador)

Projet Ytterby - JV with Japan Oil, Gas and Metals National Corporation ("JOGMEC")

In 2011, our drill program was targeting several Rare Earth Elements ("REE") showings identified last year on the Ytterby 2 and Ytterby 3 properties located respectively 65 km and 100 km south of the Strange Lake - B-Zone REE project area. A 1404 meters drill program was preceded by geological mapping and channel sampling on both properties in order to help orienting our drill program.

On Ytterby 3 property, it is on the CP and CP North ("CPN") showings that the best channel samples were returned respectively with 1.33 % total rare earths oxides plus yttrium oxide ("TREO + Y₂O₃") over 2.7 metres including 2.35 % TREO + Y₂O₃ over 0.48 metre; and 0.81 % TREO + Y₂O₃ over 3.0 metres including 1.36 % TREO + Y₂O₃ over 1.5 metre. The CP and CPN Showings were drill tested by a 152.4 and 100.0 metres holes respectively. Assay results from the CP Showing, drill hole Y3-11-03, returned 0.17 % TREO + Y₂O₃ over 43.9 metres from 108.5 to 152.4 ending in the mineralization with 0.28 % TREO + Y₂O₃ over 13.8 meters. Drill Y3-11-04 aiming the CPN showing returned 0.12 % TREO + Y₂O₃ over 7.5m from 25.0 to 32.5 metres, 0.13 % TREO + Y₂O₃ over 12.0 m from 38.0 to 50.0 metres and 0.15 % TREO + Y₂O₃ over 7.5 m from 64.0 to 71.5m.

On Ytterby 2 property, eighteen channels, covering a 30 metres by 75 metres area, were cut through the Falls Showing located in the west central portion of the Ytterby 2 syenogranite. Hundred twenty seven (127) channel samples collected returned in average 0.13 % TREO + Y₂O₃ and 68 part per million ("ppm") dysprosium oxide ("Dy₂O₃") among which 59% account for heavy rare earth oxides plus yttrium ("HREO + Y₂O₃"). The best channels returned 0.41 % TREO+Y₂O₃ with 236 ppm Dy₂O₃ over 3.0 metres among which 56 % account for HREO + Y₂O₃. The Falls showing was drilled by a 182.9 metres hole and returned no significant TREO + Y₂O₃ values. However heavy rare earth oxides ("HREO") ratios over TREO distribution analysis indicated that the lower portion of the hole is significantly anomalous in HREO reaching locally up to 67 % HREO.

Moreover, following up various airborne radiometric anomalies, three new mineralized alkaline intrusions were discovered in the vicinity of Ytterby 3 property during our 2011 exploration campaign. There are the Plug, Ytterby 5 and the Ninety showings, the first two returning composites of 0.42 % TREO + Y₂O₃ over 10.3 metres and 0.46 % TREO + Y₂O₃ over 18.0 metres respectively, whereas the Ninety showing returned 0.45 % TREO + Y₂O₃ with an impressive 93 % HREO + Y₂O₃. Midland and JOGMEC are very encouraged by these first trenching, diamond drill and prospecting results from our Ytterby properties. Based on the encouraging 2011 results, JOGMEC has indicated its intention to continue exploration in 2012 with Midland and an initial budget of \$1,500,000 has been approved. This new program will include diamond drillings, stripping and channel sampling and pedogeochemical sampling over the best prospects identified in 2011. This new field program has been initiated at the beginning of July.

Quality Control

The exploration program on the Maritime-Cadillac project is conducted by Agnico-Eagle. Assay samples are taken from BQ-size drill core sawn in half; one half is shipped to a commercial laboratory and the other half is kept for future reference. Assays were conducted by ALS Chemex-Chimitec in Val-d'Or. Quality control samples, standards and blanks, were inserted in the sample stream for mineralized zones. The exploration program on the Laflamme project is conducted by North American Palladium. Assay samples are taken from NQ-size drill core sawn in half; one half is shipped to a commercial laboratory and the other half is kept for future reference. Assays were conducted by AGAT in Sudbury, and included blanks and standards inserted in the sample stream as a quality control procedure. The data are reviewed by Mario Masson, VP Midland Exploration and Qualified Person as defined by National Instrument 43-101. Drill intersections are reported as core lengths and their true thickness remains to be determined.

The Ytterby exploration program is supervised by Mr. Robert Banville, senior geologist for Midland and Qualified Person as defined under National Instrument 43-101. Previously reported analyses were performed by Activation Laboratories Ltd. of Ancaster, Ontario, which has a strict internal QA/QC program which includes mineralized standards, blanks and duplicate samples.

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 rare earth elements. Midland is proud to count on reputable partners such as Osisko Mining Corporation, Agnico-Eagle Mines Limited, Aurizon Mines Limited, North American Palladium Limited, Japan Oil, Gas and Metals National Corporation and SOQUEM Inc. Midland prefers to work in partnership and intends to quickly 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 exploration for Midland and Qualified Person as defined by NI 43-101. For further information, please consult Midland's new website or contact:

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