CAPITAL MARKETS HAYWOOD

Midnight Sun Mining Corp.

(MMA-V)

SECTOR: Base Metals

STOCK PRICE C$1.28

NO RATING

NO TARGET

SITE VISIT TO SOLWEZI PROJECT

Developing Large Potential Near Major Copper Belt Deposits

OUR TAKE: It's early in the exploration process, but our visit to the Dumbwa project suggests it has elements of a major system that meets or exceeds the resource potential at Barrick's Lumwana deposit (2.0Bt grading 0.5% Cu). In the near term, the Khaziba prospect could develop into a near surface high-grade economic oxide resource that provides significant near-term cash.

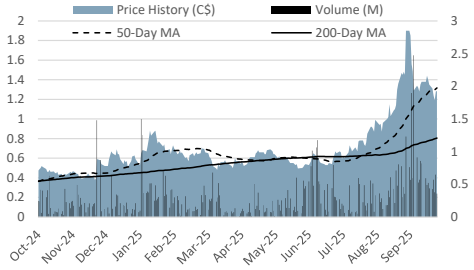
HIGHLIGHTS

- **Visit to Solwezi project in Zambia.** We visited Midnight Sun's Solwezi project in Zambia, including the Dumbwa and Kazhiba projects. We were hosted by Kevin Bonel, COO and head of geology for Zambia, Adrian Karolko, VP of Exploration, and Al Fabbro, CEO.
- **Dumbwa contains extensive mineralization.** Dumbwa is a copper system that extends for over 20 km along strike and ~1 km wide, featuring a soil anomaly over 11km with values in the range of 0.2%-0.3% Cu, and up to 0.73% Cu. Dumbwa is believed to be a north- south shear zone that may be a feeder zone to mineralization at the property, similar to other copper belt deposits. Dumbwa is considered to be a deep crustal system, but mineralization is contained within 250-300m from surface.
- **Extensive Drill program.** There are currently three drills turning at Dumbwa, with a fourth on the way. At this early stage of work on Dumbwa, drilling is testing the geological model to develop a better understanding of the host structure for copper mineralization along the entire strike length of the target. MMA expects to complete up to 8,000m/month, or nearly 50,000m over the next 6 months, with completion targeted by the end of 2Q26, leading to a resource in 2H26. The near-term focus is to complete drilling at the south end of the property to line 600 by the end of November, to demonstrate the strength of the copper sulphide system.
- **Strong initial drill results.** MMA recently reported on drilling of the Dumbwa target, which confirmed copper mineralization. These initial intercepts feature copper mineralization in one hole with 0.51% Cu over 40m at a depth of 100m, including 1.13% Cu over 7m at a depth of 122m (Hole DBW-25-007), and 0.48% Cu over 26m at a depth of 57m (Hole DBW-25-003). These results complement historic results of 1.24% Cu over 16m, and 0.77% Cu over 14m near surface.
- **Large potential of Dumbwa system.** We believe that, based on extensive sampling and early drilling and soil samples demonstrating mineralization extending over 11km, Dumbwa has the potential to generate a resource envelope of 3+ billion tonnes with a grade in the range of 0.3-0.5% Cu. We note that the nearby Lumwana deposit, which extends over a strike of 4km, contains a resource of 1.8Bt grading 0.5% Cu.
- **Kazhiba program concluding.** The Kazhiba target is comprised of malachite (copper oxide) fragments within the top 10-25m of soil of the property. These malachite pieces were transported to site, and could be alluvial, comprising ore material estimated to grade at least 1% Cu. Drilling of 160 short (~50m) holes at Kazhiba is nearing completion. As part of the program, MMA is re-testing historic holes that were considered void, that could contain significant mineralization, with the potential to boost the resource target from 1M to 3M tonnes grading 3% Cu, or from 100M to 150M lbs of contained copper. Based on the current copper price, and considering Kansanshi's needs for copper oxide feed, MMA believes the contained copper in its Kazhiba ore is worth at least $1/lb, allowing for mining, transportation and processing costs, resulting in a net value of $100M -$150M attributable to MMA
- **Milestones ahead.** At Kazhiba, drilling is expected to be completed by the end of November, which could lead to a resource by year-end. This resource would be followed by discussions to sell the property or toll treat the ore, likely at First Quantum's nearby Kansanshi mill. The drill program at Dumbwa is expected to be completed by the end of 2Q26, which would lead into a resource estimate in 2H26, to be followed by a second round of drilling.
- **Strong balance sheet.** MMA recently completed a financing for $26.5M for 19.63M units @ $1.35/unit, where one unit is one common share and one-half of one common share purchase warrant, which entitles the holder to acquire one common share at a price per warrant share of C$2.00 for a period of 24 months from the closing date, set for October 28, 2025. As a result, MMA and is well positioned to carry out its drill programs at Kazhiba and Dumbwa. Securing a tolling deal or a sale of Kazhiba could also be a possible source of funds for the treasury.

KEY STATISTICS AND METRICS

52-Week High/Low (C$)	$2.00/$0.37	Debt	$0M
YTD Performance	91%	Enterprise Value	$204M
Dividend Yield	n/a	Daily Volume (3 mos.)	461,660
Shares O/S (Basic)	184M	Currency	C$ unless noted
Shares O/S (FD)	236M	Website	Midnightsunmining.com
Market Capitalization	$239M	CEO	Al Fabbro
Cash	~$35M		

Midnight Sun Mining Corp. (MMA-V)



Source: Capital IQ, and Haywood Securities

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- **Dumbwa geology.** Dumbwa is a copper zone that extends for over 20 km along strike and ~1 km wide, featuring a soil anomaly over 11km with values in the range of 0.2%-0.3% Cu, and up to 0.73% Cu. Dumbwa is believed to be a north- south shear zone, which is considered to be a feeder zone to mineralization at the property, similar to other copper belt deposits. The shear is related to the closing of the inter-cratonic Katangan basin during the Lufilian orogeny (Neoproterozoic and early Paleozoic, with its main phase of compressive deformation lasting from approximately 560 to 530 million years ago) and is affected by broad folding, which defines the orientation of the orebody. The basin closure generated hydrothermal brines that transported metal from the basin to form Dumbwa over millions of years in multiple pulses.
- **Mineralization** at Dumbwa is related to the shear zone with hydrothermal fluids that emanated from deep crustal sources and occupied steeply dipping dilational zones filled with quartz and sulfide minerals There are three main styles of mineralization at Dumbwa: (1) "clotted" occurrence of mostly bornite irregularly distributed in veins and fractures, (2) finely disseminated copper sulphides associated with pyrite, and (3) healed fractures and veins. Copper mineralization is contained in bornite (Cu_5FeS_4) (30%), chalcopyrite ($CuFeS_2$) (60%), and chalcocite (Cu_2S) (10%) formed from later recirculation of fluids. Dumbwa is considered to be a deep crustal system, but mineralization is contained within 250-300m from surface.
- **Extensive Drill program.** There are currently three drills turning at Dumbwa, with a fourth on the way. At this early stage of work on Dumbwa, drilling is designed to test the geological model and to develop a better understanding of the host structure for copper mineralization along the entire 20km strike length of the target. Once all rigs are up and running, and assuming up to 40m of core recovered per 12-hour shift, MMA expects to complete up to 8,000m/month, or nearly 50,000m over approximately 6 months, so completion of drilling by the end of 2Q26, leading to a resource in 2H26. The near-term focus is to complete drilling at the south end of the property to line 600 by the end of November, leading to an interim resource in April 2026.
- **Strong initial drill results.** MMA recently reported on drilling of the Dumbwa target which confirmed the mineralized sulphide copper system at depth. These initial intercepts feature copper mineralization in one hole with 0.51% Cu over 40m at a depth of 100m, including 1.13% Cu over 7m at a depth of 122m (Hole DBW-25-007), and 0.48% Cu over 26m at a depth of 57m (Hole DBW-25-003). These results complement historic results of 1.24% Cu over 16m, and 0.77% Cu over 14m near surface.
- **Large potential of Dumbwa system.** The Dumbwa deposit is defined by a soil anomaly with samples containing 0.2%-0.3% Cu (B horizon) with a coincident chargeability anomaly, extending over 11km. We believe that, based on sampling and early drilling, mineralization extending over 11km to a depth of 200m with a width of 500m, at a specific gravity of 2.9, would generate a resource envelope of 3-4 billion tonnes, before consideration of waste as well as pit shell constraints. We believe the grade could be in the range of 0.3-0.5%. We note that Lumwana, about 40km west of Dumbwa, which extends over a strike of 4km, contains a resource of 1.8Bt grading 0.5% Cu.
- **Additional potential.** Beyond the 11km strike defined, there is another 9km of potential mineralization that is controlled by the Zambia army. It is not a priority for now but provides additional upside to the existing Dumbwa trend. MMA expects to secure this ground in 2026.
- **Kazhiba.** There is no bedrock geology at the Kazhiba property, as it is comprised of malachite (copper carbonate, $CuCo_3\ OH_2$) fragments buried in 10-15m of soil. These malachite pieces were transported to site, and could be alluvial, possibly within a paleochannel. Due to the nature of mineralization, grades within the profile are variable but generally considered to comprise ore grading at least 1% Cu. Drill highlights from 2024 include: 10.69% Cu over 21m, 5.60% Cu over 26m, and 3.01% Cu over 15m, and 4.66% Cu over 7m , all near surface with very low strip ratio
- **Drilling at Kazhiba is nearing completion**, based on a program of about 160 short (~50m) holes. However, there are 27 historic holes that were considered void that MMA now recognizes as mineralized with grades of up to 20% Cu, so they are being re-drilled and will likely boost the original resource target of 1M tonnes grading 3%, or 100M lbs of contained copper.
- **…Defining economic deposit.** Once the drill program is complete and previously considered void holes are re-drilled, MMA expects that a more realistic resource could increase from current expectations of 1M tonnes of malachite ore grading 2-3% Cu, or 75M lbs of contained copper, to 3Mt grading 2.5-3.0% Cu, closer to 150M lbs of contained copper. Based on the current copper price, we believe ascribing a value of $1/lb for ore to be eventually toll treated, possibly at First Quantum's Kansanshi mill, would result in a value of $100M -$150M attributable to MMA after consideration of mining, transport and processing. But first, MMA needs to complete drilling, delineate a 43-101 resource, and then enter into negotiations with First Quantum.
- **Milestones ahead.** At Kazhiba, drilling is expected to be completed by the end of November, which could lead to a resource by year-end. This resource would be followed by discussions to toll treat the ore, likely at First Quantum's Kansanshi mill, or a sale of the asset. The drill program at Dumbwa is expected to be completed by the end of 2Q26, which would lead into a resource estimate in 2H26, to be followed by a second round of drilling.
- **Strong balance sheet.** MMA recently completed a financing for $26.5M for 19.63M units @ $1.35/unit, where one unit is one common share and one-half of one common share purchase warrant which entitles the holder to acquire one common share at a price per warrant share of C$2.00 for a period of 24 months from the closing date, set for October 28, 2025. As a result, MMA is well positioned to carry out its drill programs at Kazhiba and Dumbwa. Securing a tolling deal or a sale of kazhiba could also be a potential source of funds for the treasury.

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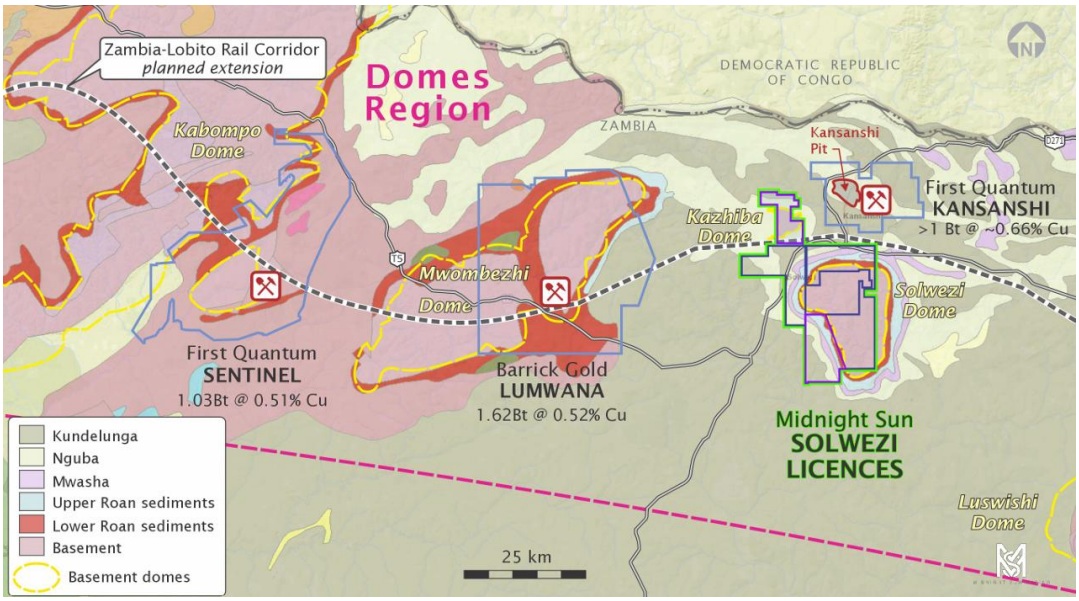
Figure 1: Map of Domes region in Zambia, showing location of Lumwana mine (Barrick), located 40km from Dumbwa, the Kansanshi mine (First Quantum), located 16km from Kazhiba, and Midnight Sun Solwezi licenses containing Dumbwa and Kazhiba projects.



Source: Company Reports

Figure 2: View of countryside at the Dumbwa project, featuring copper clearing, where vegetation is leached by copper mineralization

Source: Haywood Securities

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Figure 3: One of three drills at Dumbwa project

Source: Haywood Securities

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Figure 4: Photo of bornite mineralization with quartz, within chlorite altered host gneiss rock, at Dumbwa project

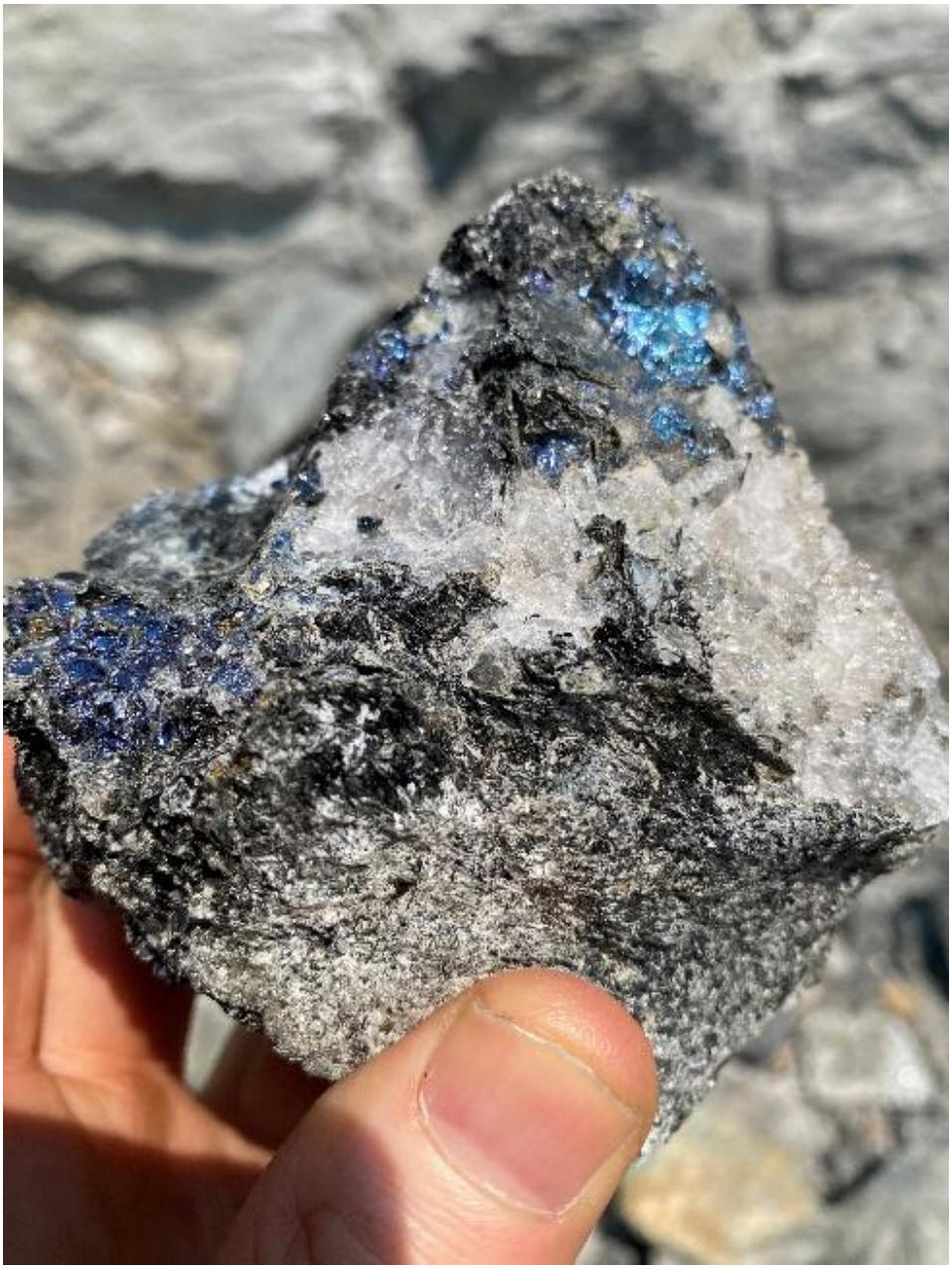

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Figure 5: Photo of disseminated copper mineralization in chalcopyrite at Dumbwa project

Source: Haywood Securities

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Figure 6: Photo of malachite (copper carbonate, $CuCo_3\ OH_2$) mineralization at Kazhiba project

Source: Midnight Sun Mining

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	%	#	IB Clients (TTM)
Buy	70.5%	62	87.0%
Hold	3.4%	3	0.0%
Sell	0.0%	0	0.0%
Tender	2.3%	2	0.0%
UR	4.5%	4	4.3%
Dropped (TTM)	19.3%	17	8.7%

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