



M I D N I G H T   S U N   M I N I N G

**MIDNIGHT SUN MINING CORP.**

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**FOR THE THREE MONTHS ENDED MARCH 31, 2026 and 2025**

**As at May 28, 2026**

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**For the Three-Month Period Ended March 31, 2026**

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## **1. INTRODUCTION**

The following management’s discussion and analysis (“MD&A”) of Midnight Sun Mining Corp. has been prepared as of May 28, 2026. This MD&A should be read in conjunction with the condensed consolidated interim financial statements (“Financial Statements”) of Midnight Sun Mining Corp. and the notes thereto for the period ended March 31, 2026, and the audited consolidated financial statements for the year ended December 31, 2025, which have been prepared using accounting policies consistent with International Financial Reporting Standards (“IFRS”). The Financial Statements have been prepared using the accrual basis of accounting except for cash flow information. All figures are expressed in Canadian dollars unless otherwise indicated.

Management is responsible for the preparation and integrity of the Financial Statements, including the maintenance of appropriate information systems, procedures, and internal controls. Management is also responsible for ensuring that information disclosed externally, including the financial statements and MD&A, is complete and reliable.

### **Description of Business**

Midnight Sun Mining Corp. (the “Company” or “Midnight Sun”) was incorporated on April 11, 2007, pursuant to the Business Corporations Act of British Columbia. The Company’s principal business activity is acquiring, exploring, and evaluating mineral properties and joint venturing or developing these properties further or disposing of them when the evaluation is complete. At March 31, 2026, the Company was in the exploration stage of activity on its jointly held exploration licences in Zambia, and the Financial Statements include the accounts of its subsidiaries Midnight Sun Mining Zambia Limited (“MSM Zambia”), a company incorporated on October 29, 2013 under the laws of Zambia, as well as Midnight Sun (BVI) One Corp. and Midnight Sun (BVI) Two Corp., two companies incorporated in 2018 under the laws of the British Virgin Islands. The Company has consolidated the operations of MSM Zambia since its incorporation.

## **2. HIGHLIGHTS & SUBSEQUENT EVENTS**

### **Corporate and Financial Highlights for and Subsequent to the Period Ended March 31, 2026**

- On January 20, 2026, the Company granted a total of 4,560,000 stock options to various directors, officers, employees, and consultants of the Company. The options have an exercise price of \$1.50 and life of five years.
- On January 20, 2026, the Company announced the completion of a maiden Mineral Resource Estimate for the near-surface Kazhiba Main Oxide Copper Deposit, located in Solwezi, Zambia. The maiden Mineral Resource Estimate (“MRE”) consists of 2.33 million tonnes of Indicated mineral resources grading 1.41% copper (Cu) at a selected base case cut-off of 0.10 % Cu over all rock type categories.

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- On January 29, 2026, the Company reported assay results from 28 drill holes, totalling 5,247.30 metres, from its 100% owned Dumbwa deposit. Ongoing drilling continues to significantly extend the mineralized system at Dumbwa along strike. Drill highlights include:
  - DBW-25-021 intercepted **0.89% Cu over 25m**. Four separate mineralized zones were intercepted within the hole.
  - DBW-25-030 intercepted **0.46% Cu over 50m**, including **1.36% Cu over 6m**.
  - DBW-25-027 intercepted **0.48% Cu over 21.85m**.Samples from an additional 64 drill holes have been submitted for assay, with the remaining samples currently being cut and prepared.
- On April 26, 2026, the Company granted 250,000 stock options to a consultant with a price of \$1.20 and life of four years.
- On May 13, 2026, the Company announced assay results from additional drilling completed at its wholly owned Dumbwa copper deposit in Zambia. Drilling has now exceeded 200 holes and 42,000 metres, confirming near-surface copper sulphide mineralization over a continuous strike length of 5.3 kilometres, with assays received for approximately the first 4 kilometres of drilled strike. The drill program remains ongoing with four rigs focused on extending the deposit along strike and laterally. See the Company's May 13, 2026 news release for further details.
- During the period ended March 31, 2026, an aggregate of 793,709 warrants and 1,025,000 options were exercised for gross proceeds of \$267,738 and \$249,000 respectively.
- Subsequent to the period ended March 31, 2026, an aggregate of 1,286,363 warrants and 200,000 options were exercised for gross proceeds of \$424,500 and \$62,000 respectively.

### **3. EXPLORATION AND EVALUATION ASSETS**

#### **Solwezi Licences - Zambia**

The Company holds interests in three large-scale exploration licences comprising the Solwezi Project in Zambia. Licence 21509-HQ-LEL is held by Zambian High Light Mining Investment Limited ("ZHLMIL"), in which the Company holds an 84.30% interest through its wholly-owned subsidiary, Midnight Sun (BVI) Two Corp. The remaining 15.70% interest in ZHLMIL is held by the original vendor and is presented as a non-controlling interest. Licences 28816-HQ-LEL and 30678-HQ-LEL are held by FAMS Mining Zambia Limited ("FAMS"), a wholly-owned subsidiary of the Company.

The Company initially acquired a 60% interest in ZHLMIL during the year ended December 31, 2019, and subsequently increased its ownership interest to 84.30% through additional share subscriptions in 2020 and 2022.

The Solwezi Project licences are maintained in accordance with the Mines and Minerals Development Act, 2015, and are subject to renewal and ongoing compliance with applicable licence terms. Licence 21509-HQ-LEL was renewed in 2025. Licences 28816-HQ-LEL and 30678-HQ-LEL were transferred to FAMS during the year ended December 31, 2024.

As at March 31, 2026, the only asset held by ZHLMIL was the Solwezi exploration and evaluation asset. ZHLMIL had no operations during the period ended March 31, 2026, and accordingly no loss was attributed to the non-controlling interest.

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**Luswishi License – Zambia**

During the year ended December 31, 2025, the Company entered into an Earn-In and Operating Agreement with Zambezi Mint Investment Limited regarding the 366 square kilometre Luswishi Dome Project, located approximately 40 kilometres southeast of the Company’s Solwezi Project, in Zambia.

The Earn-in Agreement consists of three stages:

- Stage 1: To earn an initial 51% ownership of the licence, Midnight Sun must complete CA \$750,000 worth of exploration and development expenditures on the licence within 24 months of the agreement date.
- Stage 2: To earn an additional 19% (70% cumulative ownership) of the licence, Midnight Sun can sole fund an NI 43-101 compliant inferred mineral resource within 24 months of the completion of Stage 1.
- Stage 3: To earn an additional 10% (80% cumulative ownership) of the licence, Midnight Sun can sole fund a pre-feasibility study within 36 months of the completion of Stage 2.

Midnight Sun has the right, but not the obligation, to complete any of the stages and there is no firm expenditure commitment.

**Exploration Property - Expenditures**

As at March 31, 2026, the Company had funded the following expenditures on the Solwezi Licences:

<b>Site and project expenditures</b>	<b>31-Dec-25</b>	<b>Additions</b>	<b>31-Mar-26</b>
Acquisition costs	\$ 12,957,223	\$ -	\$ 12,957,223
Assays	928,364	600,741	1,529,105
Drilling	11,832,092	4,224,345	16,056,437
Field expenses	1,758,773	397,672	2,156,445
General & administration	1,179,634	83,312	1,262,946
Geological consulting	2,772,402	224,375	2,996,777
License	281,968	20,498	302,466
Travel and accommodation	971,024	29,700	1,000,724
<b>Total operations funded</b>	<b>\$ 32,681,480</b>	<b>\$ 5,580,643</b>	<b>\$ 38,262,123</b>

As at March 31, 2026, the Company had funded the following expenditures on the Luswishi Licences:

<b>Site and project expenditures</b>	<b>31-Dec-25</b>	<b>Additions</b>	<b>31-Mar-26</b>
Field expenses	\$ -	\$ 19,322	\$ 19,322
General & administration	-	7,954	7,954
Geological consulting	-	6,988	6,988
License	-	2,196	2,196
Travel and accommodation	-	287	287
<b>Total operations funded</b>	<b>\$ -</b>	<b>\$ 36,747</b>	<b>\$ 36,747</b>

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The following table presents the Company's mineral properties on a property-by-property basis for the two most recent financial years.

	Solwezi	Luswishi	Total
<b>Balance, December 31, 2024</b>	\$ 23,221,453	\$ -	\$ 23,221,453
Exploration expenditures	9,460,027	-	9,460,027
<b>Balance, December 31, 2025</b>	<b>32,681,480</b>	<b>-</b>	<b>32,681,480</b>
Exploration expenditures	5,580,643	36,747	5,617,390
<b>Balance, March 31, 2026</b>	<b>\$ 38,262,123</b>	<b>\$ 36,747</b>	<b>\$ 38,298,870</b>

**Exploration Property – Activities**

The MMA Solwezi properties comprise 384 km<sup>2</sup> of prospective geology contiguous to the mine license held by First Quantum Minerals which contains the Kansanshi Mining Complex. The Kansanshi Mine is one of the largest operating copper mines in Africa. The MMA licences have been sporadically explored by operators prior to 2012, and ensuing exploration activity has generated multiple highly prospective zones for advanced exploration, namely Dumbwa, Kazhiba, Mitu, and Crunch. Significant potential for the discovery and resource development of copper oxides exists across the Company's licences.

**Dumbwa Deposit**

The Dumbwa deposit features a high-grade copper-in-soil anomaly which extends for over 20 kilometres along strike and +1 kilometre in width with peak observed values up to 0.73% copper. Work to date has identified multiple stacked mineralized horizons which are interpreted to be analogous to Barrick's Lumwana Mine located approximately 60 kilometres to the west of the target area. Diamond drilling has been ongoing to establish the continuity, size, and scale of the underlying system.

**Kazhiba Deposit**

The Kazhiba deposit is located less than 10 kilometres from the Kansanshi Mine Complex. Multiple drill intercepts in work completed to date have identified a high-grade copper oxide blanket, the source of which is yet to be discovered.

On September 19, 2024, the Company announced the start of exploration work at Kazhiba as part of a previously announced Cooperative Exploration Plan in place with First Quantum Minerals. This program, designed to define near surface oxide copper resources as a potential feed source for First Quantum's Kansanshi Mine, included 3,000 metres of reverse circulation drilling, partial ionic leach soil sampling and an induced polarization survey over a previously untested anomaly at Kazhiba.

On January 8, 2025, the Company announced the completion of the 2024 Kazhiba exploration program with a total of 2,005 metres of RC Drilling within 54 holes as well as wide spaced IP Surveying of additional targets at Kazhiba and a partial ionic leach geochemical survey.

On January 29, 2025, the Company announced that it had intersected high-grade oxide copper in the recently completed Kazhiba exploration program. Drill highlights include:

- **MSZ22-028: 21.0m @ 10.69% copper**
- **MSZ22-020: 26.0m @ 5.60% copper**
- **MZZ22-012: 15.0m @ 3.01% copper**
- **MSZ22-030: 7.0m @ 4.66% copper**

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In addition, on February 27, 2025, the Company announced that the 2024 geochemical and geophysical exploration programs defined significant new sulphide and oxide targets on Kazhiba.

On January 20, 2026, the Company announced the completion of a maiden Mineral Resource Estimate for the near-surface Kazhiba Main Oxide Copper Deposit. The Mineral Resource Estimate consists of 2.33 million tonnes of Indicated mineral resources grading 1.41% copper at a selected base case cut-off of 0.10% Cu over all rock types.

Mitu Target

The Mitu Trend targets lie west of the Dumbwa deposit and were developed based on the interpretation of airborne magnetic data which highlighted a corridor of intense deformation, about 8 – 10 kilometres wide. In the 2022 field season, Midnight Sun completed seven holes on the Mitu Trend target area to test the continuity of the historic intercept in hole MDD-17-15 which measured 3.44% copper, 0.07% cobalt and 0.06% nickel over 11.6m (see the Company’s news release dated July 4, 2017). Initial results on the Mitu trend were announced on November 7, 2022.

Copper mineralization intercepted at Mitu is associated with cobalt, nickel, and anomalous gold. This suite of metals is comparable in mineralization style and grade to those at First Quantum’s Sentinel Mine, located approximately 120 kilometres west of Midnight Sun’s Solwezi Project.

Recent Mitu Drill Highlights Include:

- **MTDD044: 11.50m @ 1.41% copper, 0.11% cobalt, and 0.03% nickel**
  - **Incl. 4.15m @ 1.29% copper, 0.13% cobalt, and 0.09% nickel;** and
  - **Incl. 5.80m @ 1.86% copper, 0.07% cobalt, and 0.02% nickel**
- **MTDD045: 7.30m @ 0.58% copper, 0.02% cobalt, and 0.02% nickel**
- **MTDD047: 26.10m @ 0.32% copper, 0.07% cobalt, and 0.05% nickel**
- **MTDD048: 22.25m @ 0.23% copper, 0.01% cobalt, and 0.03% nickel**

Crunch Target

The Crunch Target is situated between the Kazhiba Dome in the northwest and the Solwezi Dome in the southeast. An analysis of a VTEM electromagnetic survey over the target area suggests that a northeast trending wedge of the Copperbelt strata is crunched between the two domes with apparent interference fold patterns. Ten holes were drilled at the Crunch Zone target area to test a Kansanshi-style target model that resulted in significant geological information.

Recent activities – Dumbwa, Kazhiba, and Mitu

On April 2, 2025, the Company announced the initiation of exploration across the Solwezi project. This phase of exploration includes an IP survey at the Dumbwa deposit, Kazhiba oxide and sulphide drill testing and a Mitu Target partial ionic leach sampling program. The program is designed to advance the scale of known oxide copper mineralization, test a large, brand-new target for sulphide copper mineralization, and advance the Mitu and Dumbwa deposit towards drill testing.

On June 5, 2025, the Company announced the initiation of diamond drilling on the Kazhiba sulphide targets and on July 22, 2025, the Company announced the initiation of reverse circulation drilling with 164 holes designed to test extensions to the Oxide mineralization initially drilled in 2024 at Kazhiba.

On July 17, 2025, the Company announced the completion of a dipole-dipole IP survey over the Dumbwa Soil Anomaly. The results of this survey correlate well with previous drilling in the area and with the large

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geochemical soil anomaly. This survey is being used to direct a drill program to target potential sulphide copper mineralization at the Dumbwa deposit, with commencement of drilling announced on August 6, 2025

In August and September of 2025 the Company accelerated drilling of the Dumbwa deposit with the addition of a second and third diamond drill rigs. On October 1, 2025, the Company announced initial intercepts at Dumbwa with 39.7 metres of 0.51% copper including 7.0 metres of 1.13% copper returned from hole DBW-25-007 and 25.9 metres of 0.48% copper returned from hole DBW-25-003.

Further results were reported on November 18, 2025, with DBW-25-009 returning 0.98% copper over 15 metres and 0.79% copper over 5.25 metres and hole DBW-25-010 returning 1.0% copper over 22 metres. This drilling effectively expanded mineralization intersected to a strike length of nearly 1.5 kilometres. On January 29, 2026, the Company released the results from a further 28 holes, totalling 5,247.3 metres, successfully extending the drilled strike length of the Dumbwa deposit to 3.6 kilometres. Highlights from the 28 drill holes include 0.89% copper over 25.0 metres from DBW-25-021, 0.46% copper over 50.0 metres from DBW-25-030 and 0.48% copper over 21.85 metres from DBW-25-027.

On May 13, 2026 the Company announced that drilling at the Dumbwa copper deposit had exceeded 200 holes for a total of 42,000 metres. Results from drilling confirm near surface copper sulphide mineralization over a continuous strike length of 5.3 kilometres with assays received for the first ~4 kilometres of drilled strike. Highlights from drilling include 93 meters at 0.40% copper from DBW-25-099R, 80 metres at 0.39% copper from DBW-25-123, 44 metres at 0.53% copper from DBW-25-036, and 36 metres @ 0.58% copper from DBW-25-122.

The discovery and delineation program continues with four rigs focussed on growing the deposit north along strike and to extend previously drilled mineralization east and west.

Darin Labrenz, P.Geo., a Qualified Person under NI 43-101, has reviewed the technical information contained herein.

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**5. SUMMARY OF QUARTERLY RESULTS**

The tables below present selected financial data for the Company's eight most recently completed quarters, all information was prepared in accordance with IFRS.

	Mar 31 2026 \$	Dec 31 2025 \$	Sept 30 2025 \$	June 30 2025 \$
<b>Financial results</b>				
Net loss for period	10,776,049	7,983,877	2,438,490	3,115,236
Basic & diluted loss per share	0.05	0.04	0.01	0.02
Exploration expenditures	5,617,390	6,933,486	1,760,752	585,453
<b>Statement of Financial Position</b>				
Cash	26,192,369	30,992,806	5,758,194	6,394,545
Exploration & evaluation assets	12,957,223	12,957,223	12,957,223	12,957,223
Total assets	41,734,330	45,596,032	23,298,299	23,603,978
Shareholders' equity	39,610,182	44,917,049	22,606,740	23,269,413
	Mar 31 2025 \$	Dec 31 2024 \$	Sept 30 2024 \$	June 30 2024 \$
<b>Financial results</b>				
Net loss for period	692,841	1,044,913	608,776	1,301,444
Basic & diluted loss per share	0.00	0.01	0.00	0.00
Exploration expenditures	180,336	468,429	155,831	64,511
<b>Statement of Financial Position</b>				
Cash	6,719,363	5,310,552	2,676,390	3,533,058
Exploration & evaluation assets	12,957,223	12,957,223	12,957,223	12,957,223
Total assets	23,574,324	21,992,049	22,073,818	22,594,093
Shareholders' equity	23,158,214	21,535,559	21,632,421	22,082,857

**6. DISCUSSION OF OPERATIONS**

The following discussions address some of the reasons for variations in the quarterly numbers, but as is typical with junior exploration and mining companies there can be significant fluctuation from quarter to quarter. Quarterly results can vary greatly depending on whether the Company is in an active exploration phase or has granted stock options. Activity levels are primarily dependent on the success of the Company's ongoing exploration and evaluation work and the Company's ability to raise funds through equity issuances. The granting of stock options can cause a material variation in net loss on a quarterly basis due to the resulting share-based payment charges which can be significant.

**Overall Performance & Results of Operations**

*Three Month Period Ended March 31, 2026.*

The Company's loss for the three months ended March 31, 2026 was \$10,776,049, or \$0.05 per share, compared to a loss of \$692,841, or \$0.00 per share, for the three months ended March 31, 2025. The increase in loss was primarily due to increased exploration activity on the Company's Zambian projects and share-based payment expense recognized on options granted and vested during the period, partially offset by interest income and an unrealized gain on non-current investments.

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Significant expenses during the three-month period ended March 31, 2026 included exploration costs of \$5,617,390 (2025 - \$180,336), share-based payments of \$4,973,445 (2025 - \$4,625), investor and shareholder relations of \$383,855 (2025 - \$253,945), wages and benefits of \$258,588 (2025 - \$140,825), travel of \$239,947 (2025 - \$74,917), office services and miscellaneous of \$52,103 (2025 - \$18,241), accounting and audit fees of \$40,000 (2025 - \$29,500), legal fees of \$30,802 (2025 - \$4,267), and regulatory and transfer agent fees of \$19,175 (2025 - \$6,818).

## **7. LIQUIDITY AND CAPITAL RESOURCES**

As at March 31, 2026, the Company had \$26,192,369 in cash. The Company does not have cash flow from operations due to it being an exploration stage company; therefore, financings have been the sole source of funds. At March 31, 2026, the Company had a working capital of \$24,964,501. In the opinion of management this working capital is sufficient to support the Company's continuing general administrative and corporate operating requirements as well as any planned exploration activities.

### **Liquidity Outlook**

In order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through the sale of equity, from the exercise of convertible securities and from optioning its exploration and evaluation assets. Many factors influence the Company's ability to raise funds, including the health of the resource market, the climate for mineral exploration investment, the Company's track record, and the experience and calibre of its management. Actual funding requirements may vary from those planned due to several factors, including the progress of exploration activities.

As at March 31, 2026, the Company has sufficient cash to meet its needs over the next fiscal year. Accordingly, the Company does not have any current plans to seek additional funding by way of equity financing.

### **Capital Resources**

The Company has sufficient capital to cover its administrative overhead expenses along with any planned exploration activities for the next twelve months.

### **Use of Proceeds**

Since entering into the Earn-in agreement for the Solwezi property, the Company completed the following financings:

- In November 2013, the Company raised \$0.70 million through a private placement
- In May 2014, the Company raised \$0.34 million through a private placement
- In October 2015, the Company raised \$0.29 million through a private placement.
- In January 2016, the Company raised \$0.40 million through a private placement.
- In December 2016, the Company raised \$1.31 million through a private placement.
- In November 2017, the Company raised \$2.70 million through a private placement.
- In May 2018, the Company raised \$1.1 million through a private placement.
- In December 2018, the Company raised \$1.00 million through a private placement.
- In August 2019, the Company raised \$0.33 million through a private placement.
- In May 2020, the Company raised \$1.07 million through a private placement.
- In July 2021, the Company raised \$1.97 million through a private placement.

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- In January 2023, the Company raised \$0.93 million through a private placement.
- In May 2024, the Company raised \$10.00 million through a private placement.
- In October 2025, the Company raised \$30.48 million through a brokered issuance.

The following table sets out a comparison of how the Company used the proceeds following the closing date, an explanation of the variances and the impact of the variance on the ability of the Company to achieve its business objectives and milestones.

<b>Intended Use of Proceeds</b>	<b>Actual Use of Proceeds</b>
To advance the Company’s properties and for general and administrative purposes.	To March 31, 2026, the Company incurred a total of \$12,957,223 in mineral property acquisition costs for the Solwezi property, of which \$4,106,667 was share-based. The Company has also accumulated a total of \$25,341,647 in exploration costs on its Zambian project. The remaining funds are to be spent on general operating and administrative costs.
Explanation of variances and the impact of variances on the ability of the Company to achieve its business objectives and milestones	No material variances are identifiable to the Company. Proceeds have been used as intended and to further acquisition and exploration of the Company’s Solwezi licences while meeting administrative requirements.

**8. TRANSACTIONS WITH RELATED PARTIES**

The Company’s related parties at March 31, 2026, consist of 8 officers, directors, and family members (and their related companies).

<b>Name of Related Party</b>	<b>Position</b>	<b>Nature of transaction</b>
Allan J. Fabbro	Director & CEO	Director Fees & Wages
Mathew Mackenzie	Secretary, Executive VP	Wages
Richard J. Mazur	Director	Director Fees
Wayne Moorhouse	Director	Director Fees
Brett Richards	Director	Director Fees
Robert A. Sibthorpe	Chairman Emeritus & Director	Director Fees
Samantha Fabbro	Office Manager	Wages
Alastair Brownlow / Red Fern Consulting Ltd.	CFO	Management services

As at March 31, 2026, \$11,827 (December 31, 2025 - \$8,658) is due to officers, directors, or companies with a director in common.

During the period ended March 31, 2026, the Company charged rent of \$13,500 (2025 - \$9,000) to a company related by common directors and officers. As at March 31, 2026, \$14,175 (December 31, 2025 - \$nil) is included within receivables from related parties.

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*Non-current Investments*

During the year ended December 31, 2020, the Company purchased 2,500,000 common shares of Red Sea Resources Ltd. (“Red Sea”) at a price of \$0.01 per common share for a total of \$25,000. Red Sea, a private company, has common officers and directors as the Company and is in the process of identifying and acquiring exploration and evaluation properties in Egypt. During the year ended December 31, 2020, the Company was granted an additional 800,000 common shares of Red Sea valued at \$0.05 per share for a total of 3,300,000 as a financing fee on the issuance of a USD \$650,000 loan. During the year ended December 31, 2021, the Company was granted an additional 200,000 common shares of Red Sea, valued at \$0.10 per common share on the advance of an additional USD \$100,000 loan for a total of 3,500,000 Red Sea common shares.

During the period ended March 31, 2026, the Company recognized an unrealized gain on investments of \$700,000 (year ended December 31, 2025 - \$nil). As at March 31, 2026, the investments were valued at \$0.40 (December 31, 2025 - \$0.20) per common share for a total value of \$1,400,000 (December 31, 2025 - \$700,000), based on the valuation of recently closed private placements by Red Sea.

*Loans and Debenture Receivable*

During the year ended December 31, 2020, the Company issued a promissory note to Red Sea in the amount of US\$650,000 without interest, payable on demand. During the year ended December 31, 2021, the Company extended an additional US\$108,990 to Red Sea, resulting in a total loan of US\$758,990 outstanding (\$962,248).

During the year ended December 31, 2022, the Company entered into an agreement whereby it increased the amount advanced to \$1,331,129 and renegotiated the instrument as a convertible debenture denominated in Canadian dollars, maturing on January 11, 2023, and convertible at \$0.15 per common share. The convertible debenture includes interest of \$63,030 owing at the time of repayment.

As at March 31, 2026, the Company has taken an allowance for doubtful accounts of \$981,129 (December 31, 2025 - \$981,129) on the Red Sea loans. During the period ended March 31, 2026, a total of \$nil (December 31, 2025 - \$nil) was repaid on the loans and reversed against the allowance for doubtful accounts.

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**9. KEY MANAGEMENT COMPENSATION**

Compensation paid or accrued to key management and/or their related companies during the periods ended March 31, 2026 and 2025 is as follows:

Nature of Expenditure	For the Three Month Ended	
	2026	March 31, 2025
Wages, director fees and benefits:		
Allan Fabbro	\$ 65,500	\$ 48,000
Matthew Mackenzie	55,000	41,250
Richard J. Mazur	3,000	3,000
Wayne Moorhouse	3,000	3,000
Brett Richards	3,000	3,000
Samantha Fabbro	15,000	-
Robert A. Sibthorpe	9,500	9,500
	<u>154,000</u>	<u>107,750</u>
Accounting fees:		
Alastair Brownlow <sup>1</sup>	26,500	19,500
	<u>26,500</u>	<u>19,500</u>
Share-based payments	<u>1,963,202</u>	<u>-</u>
<b>Total</b>	<b>\$ 2,143,702</b>	<b>\$ 127,250</b>

1. Paid to Red Fern Consulting Ltd, a company of which Mr. Brownlow is an associate.

Key management consists of those individuals having authority and responsibility for, directly or indirectly, planning, directing, and controlling the activities of the Company. Wages are paid to the Company's CEO, Corporate Secretary and Directors and Consulting fees are amounts paid to the consulting firm of which the Company's CFO is an associate.

All the above payments and accruals were made in the normal course of operations and have been valued here and in the Financial Statements at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**10. OFF-BALANCE SHEET ARRANGEMENTS**

The Company has no off-balance sheet arrangements.

**11. PROPOSED TRANSACTIONS**

The Company does not currently have any proposed transactions other than the transactions discussed in this MD&A; however, the Company will continue to review potential property acquisitions in addition to conducting exploration work on its properties.

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## **12. CHANGES IN ACCOUNTING POLICY**

No changes in accounting policy were adopted during the period ended March 31, 2026.

### New accounting standards issued but not yet effective:

IFRS 18, Presentation and Disclosure in Financial Statements (“IFRS 18”), which will replace IAS 1, Presentation of Financial Statements aims to improve how companies communicate in their financial statements, with a focus on information about financial performance in the statements of loss and comprehensive loss, in particular additional defined subtotals, disclosures about management-defined performance measures and new principles for aggregation and disaggregation of information. IFRS 18 is effective from January 1, 2027. Companies are permitted to apply IFRS 18 before that date. The Company has not yet determined the impact of this amendment on its financial statements.

## **13. FINANCIAL INSTRUMENTS AND RELATED RISKS**

The Board, through the Audit Committee, is responsible for identifying the principal risks facing the Company and ensuring that appropriate risk management systems are developed and implemented. The Company manages its exposure to financial risks, including liquidity risk, foreign exchange rate risk, interest rate risk and credit risk in accordance with its risk management framework.

### **Financial Instruments**

#### Financial assets

The Company classified its financial assets in the following categories: at fair value through profit and loss (“FVTPL”), at fair value through other comprehensive income (“FVTOCI”), or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company’s accounting policy for each of the categories is as follows:

*Financial assets at FVTPL:* Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of (loss) income. Realized and unrealized gains and losses arising from changes in the fair value of financial assets held at FVTPL are included in the statement of operations and comprehensive loss in the period.

*Financial assets at FVTOCI:* Financial assets carried at FVTOCI are recorded at fair value and transaction costs are expensed in the statement of operations and comprehensive loss. Realized and unrealized gains and losses arising from changes in fair value of the financial assets held at FVTOCI are included in other comprehensive (loss) income in the period.

Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive (loss) income as they arise.

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*Financial assets at amortized cost:* A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

*Impairment of financial assets at amortized cost:* The Company recognizes a loss allowance for expected credit losses on financial assets that are measured at amortized cost.

The following table shows the classification of the Company's financial assets under IFRS 9:

Financial asset	IFRS 9 Classification
Cash	Amortized cost
Advances and deposits	Amortized cost
Loan receivable	Amortized cost
Receivables	Amortized cost

Financial liabilities

The Company classifies its financial liabilities into one of two categories, depending on the purpose for which the liability was incurred. The Company's accounting policy for each category is as follows:

*Fair value through profit or loss* – This category comprises derivatives or liabilities acquired or incurred principally for the purpose of selling or repurchasing in the near term. They are carried in the statement of financial position at fair value with changes in fair value recognized in the statement of operations and comprehensive loss.

*Other financial liabilities* - This category includes accounts payable and accrued liabilities which are recognized at amortized cost using the effective interest method.

Transaction costs in respect of financial instruments at fair value through profit or loss are recognized in the statement of operations and comprehensive losses immediately, while transaction costs associated with all other financial instruments are included in the initial measurement of the financial instrument.

The following table shows the classification of the Company's financial liabilities under IFRS 9:

Financial liability	IFRS 9 Classification
Accounts payable and accrued liabilities	Other financial liabilities
Due to related parties	Other financial liabilities
Loan payable	Other financial liabilities

The carrying value of receivables, loan receivable, accounts payable and accrued liabilities, and amounts due to related parties approximated their fair value because of the short-term nature of these instruments.

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**Related Risks**

*Interest rate risk*

The Company has non-material exposure at March 31, 2026 and March 31, 2025 to interest rate risk through its financial instruments.

*Currency Risk*

Throughout the period ended March 31, 2026, the majority of the Company's cash was held in Canadian dollars, the Company's functional and reporting currency. The Company is exposed to currency risk due to accounts payable denominated in US Dollars. A 1% change in the foreign exchange rate between the Canadian and US Dollar would not result in a material fluctuation in the loss for the period.

*Credit risk*

The Company has some cash balances and no interest-bearing debt. The Company's current policy is to invest excess cash in investment-grade short-term deposit certificates issued by Canadian financial institutions with which it keeps its bank accounts and management believes the risk of loss to be remote. The Company has \$387,462 held with a major financial institution in Zambia. Management believes the risk of loss to be remote.

Receivables consist of goods and services tax due from the Government of Canada in the amount of \$42,351. The Company considers credit risk associated with these amounts to be low.

*Liquidity Risk*

The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. As at March 31, 2026, the Company had \$26,192,369 cash (December 31, 2025 – \$30,992,806) and current liabilities of \$1,985,089 (December 31, 2025 - \$517,222).

*Finance Risk*

The Company has no source of operating cash flow and no assurance that additional funding will be available to it for further exploration and development of its projects when required. Although the Company has been successful in the past in obtaining financing through the sale of equity securities or joint ventures, there can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favorable. Failure to obtain such additional financing could result in the delay or indefinite postponement of further exploration and development of its properties.

*Price Risk*

The Company is exposed to price risk with respect to commodity prices. The Company closely monitors commodity prices to determine the appropriate course of action to be taken by the Company. The Company is exposed to market price risk on its non-current investments; however, this exposure is not considered significant relative to total assets.

**14. RISKS AND UNCERTAINTIES**

The Company has no history of profitable operations, and its present business is at an early stage. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that the Company will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

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The risks and uncertainties described in this section are not inclusive of all risks and uncertainties to which the Company may be subject.

*Political Risk*

The Company's operations and investments may be affected by local political and economic developments including: expropriation; nationalization; invalidation of governmental orders; permits or agreements pertaining to property rights; failure to enforce existing laws; failure to uphold property rights; political unrest; labour disputes; limitations on repatriation of earnings; limitations on foreign ownership; inability to obtain or delays in obtaining necessary mining permits; opposition to mining from local, environmental or other non-governmental organizations; government participation; royalties, duties, rates of exchange, high rates of inflation, price controls, exchange controls, currency fluctuations; taxation and changes in laws, regulations or policies; as well as by laws and policies of Canada affecting foreign trade, investment and taxation.

*Location Risk*

The Company's property interests are located in remote, undeveloped areas and the availability of infrastructure such as surface access, skilled labour, fuel and power at an economic cost, cannot be assured. These are integral requirements for exploration, development and production facilities on exploration and evaluation assets.

*Discovery Risk*

Resource property acquisition, exploration, development, and operation is a highly speculative business that involves significant risks, which even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of precious metals and other minerals may result in substantial rewards, few properties that are explored are ultimately developed into producing mines. Major expenses may be required to locate and establish economically viable mineral deposits, to develop metallurgical processes and to construct mining and processing facilities at a particular site. It is impossible to ensure that the acquisition, exploration, or development programs planned by the Company will result in a profitable commercial mining operation. The potential for any project to eventually become an economically viable operation depends on numerous factors including: the quantity and quality of the minerals discovered if any, the proximity to infrastructure, metal, and mineral prices (which vary considerably over time) and government regulations. The exact effect these factors can have on any given exploration property cannot accurately be predicted but the effect can be materially adverse.

*Environmental Risk*

Environmental laws and regulations may affect the operations of Midnight Sun. These laws and regulations set various standards regulating certain aspects of health and environmental quality. They provide for penalties and other liabilities for the violation of such standards and establish, in certain circumstances, obligations to rehabilitate current and former facilities and locations where operations are or were conducted. Furthermore, the permission to operate could be withdrawn temporarily where there is evidence of serious breaches of health and safety, or even permanently in the case of extreme breaches. Significant liabilities could be imposed on the Company for damages, clean-up costs or penalties in the event of certain discharges into the environment, environmental damages caused by previous owners of acquired properties or non-compliance with environmental laws or regulations. The Company intends to minimize these risks by taking steps to ensure compliance with environmental, health and safety laws and regulations and operating to international environmental standards.

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*Price Risk*

The market price of precious metals and other minerals is volatile and cannot be controlled.

*Conflicts*

The Company's directors and officers serve as directors or officers or may be associated with other reporting companies or have significant shareholdings in other public companies. To the extent that such other companies may participate in business or asset acquisitions, dispositions, or ventures in which the Company may participate, the directors and officers of the Company may have a conflict of interest in negotiating and concluding terms respecting the transaction.

*Dependence on Key Personnel*

The Company is very dependent upon the personal efforts and commitment of its existing management. To the extent that management's services would be unavailable for any reason, a disruption to the operations of the Company could result, and other persons would be required to manage and operate the Company.

*Competitive Risk*

The mineral industry is intensely competitive in all its phases. The Company competes with many other mineral exploration companies who have greater financial resources and technical capacity.

**15. COMMITMENTS**

Other than obligations disclosed in the Financial Statements and elsewhere in this MD&A the Company does not have any commitments.

**16. NATURE OF SECURITIES**

The purchase of the Company's securities involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks. The Company's securities should not be purchased by persons who cannot afford the possibility of the loss of their entire investment. Furthermore, an investment in the Company's securities should not constitute a major portion of an investor's portfolio.

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**17. DISCLOSURE OF OUTSTANDING SHARE DATA**

The table below presents the Company's common share data as of May 28, 2026.

	Price	Expiry date	May 28, 2026
Common shares issued and outstanding			<b>215,588,236</b>
Securities convertible into common shares:			
<b>Stock Options</b>			
	\$0.165	August 12, 2027	2,550,000
	\$0.21	March 10, 2028	1,650,000
	\$0.225	May 9, 2029	3,600,000
	\$0.33	June 19, 2029	550,000
	\$0.60	June 2, 2030	3,325,000
	\$1.50	January 20, 2031	4,560,000
	\$1.20	April 26, 2030	250,000
<b>Total Options</b>			<b>16,485,000</b>
<b>Warrants</b>			
	\$0.33	May 22, 2027	30,738,432
	\$0.33	May 22, 2027	514,315
	\$2.00	October 28, 2027	11,287,250
	\$1.35	October 28, 2027	1,348,770
<b>Total Warrants</b>			<b>43,888,767</b>
<b>Total options &amp; warrants outstanding</b>			<b>60,373,767</b>

**18. ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS**

Additional disclosure concerning Midnight Sun's general and administrative expenses and exploration and evaluation assets expenditures is provided in the Company's Financial Statements. These Financial Statements are available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).

**19. APPROVAL**

The Board of Directors oversees management's responsibility for financial reporting and internal control systems through an Audit Committee. This Committee meets periodically with management and annually with the independent auditors to review the scope and results of the annual audit and to review the financial statements and related financial reporting and internal control matters before the financial statements are approved by the Board of Directors and submitted to the shareholders of the Company. The Board of Directors of Midnight Sun has approved the financial statements, and the disclosure contained in this MD&A. A copy of this MD&A will be provided to anyone who requests it.

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**20. FORWARD LOOKING INFORMATION**

Forward-looking statements relate to future events or future performance and reflect management's expectations or beliefs regarding future events and include, but are not limited to, statements with respect to the estimation of mineral reserves and resources, the realization of mineral reserve estimates, the timing and amount of estimated future production, costs of production, capital expenditures, success of operations, environmental risks, permitting risks, unanticipated reclamation expenses, title disputes or claims and limitations on insurance coverage. In certain cases, forward-looking statements can be identified by the use of words such as "plans", "expects" or "does not expect", "is expected", "budget", "scheduled", "estimates", "forecasts", "intends", "anticipates" or "does not anticipate", or "believes", or variations of such words and phrases or statements that certain actions, events or results "may", "could", "would", "might" or "will be taken", "occur" or "be achieved" or the negative of these terms or comparable terminology. By their very nature forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements. Such factors include, among others, risks related to actual results of current exploration activities; changes in project parameters as plans continue to be refined; future prices of resources; possible variations in ore reserves, grade or recovery rates; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; as well as those factors detailed from time to time in the Company's interim and annual financial statements which are filed and available for review on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com). Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results not to be as anticipated, estimated or intended. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

**21. ADDITIONAL INFORMATION**

Additional information is available on SEDAR+ at [www.sedarplus.com](http://www.sedarplus.com).