



Midnight Sun Mining Corp.

(MMA-V)
SECTOR: Mining

STOCK PRICE C\$1.03
RATING **BUY**
TARGET PRICE C\$3.00
RISK Very High

DRILL RESULTS FROM DUMBWA PROJECT

Longer Strike Lower Grade

OUR TAKE: The drill program at Dumbwa has now demonstrated continuous mineralization over ~5.3km; however, the copper grades are lower than expected, mostly 0.30% - 0.40% Cu or lower. Despite this weaker grade profile, we believe the deposit remains economically viable due to its shallow, gently dipping nature, and the potential to extend mineralization over 11km.

HIGHLIGHTS

- ◆ **Over 200 holes, 42,000m drilled.** Midnight Sun reported drill results from its Dumbwa copper deposit in Zambia, the first since January 29, 2026. Results were released for 99 holes with assays received for the first ~4km of drilled strike length, with assays now for 149 holes out of 200 holes drilled to date, for a total of 42,000m.
- ◆ **Mineralization now extends over 5km, but results below expectations.** Drilling to date confirms near surface copper sulphide mineralization over 5.3km of strike length. The drill defined medium-to-high grade zones total 3,300m of strike length, with widths varying from 200m to over 500m. Highlights from drilling include 0.4% Cu over 93m starting at a depth of 152m, 0.58% over 36m starting at a depth of 106m, and 0.85% Cu over 18m, starting at a depth of 23m, as well as narrower intervals closer to 1% Cu. Overall, many holes were in the 0.3%-0.4% Cu range or lower, which is lower than expectations closer to 0.5% Cu, although most intercepts were above 0.1%, which could be considered a cutoff grade for an economic resource with a 3:1 strip ratio.
- ◆ **Similar to Lumwana.** The work to date demonstrates that the Dumbwa and Lumwana deposits share geological similarity, formed by the same basement-hosted structural and mineralization processes. Like the nearby Lumwana deposit, Dumbwa is a stacked series of horizontal to shallow east dipping copper sulphide mineralized biotite and muscovite schists within a barren grey and pink basement gneiss sequence. The schists are strained, which has resulted in their variable development over the strike that has been drilled to date, with increasing strain resulting in greater schist development and higher copper sulphide concentration. At Dumbwa, grade variability is pronounced along north-south strike and is influenced by cross-cutting northwest-southeast structures that affect the strain regime and subsequent development of mineralized schists.
- ◆ **Resource by year-end, possibly.** The discovery and delineation drill program continues with 4 rigs, focused on growing the deposit to the north along strike and to extend previously drilled mineralization crosscutting features east and west. The first half of the Dumbwa system covering 11.2km is expected to be drilled by September, which could lead to a resource by year-end. Based on the company's general estimate of 100Mt per km, MMA could deliver a 1Bt resource estimate. MMA would then test the remainder of the 20km copper-in-soil anomaly in 2027. Further soil testing is also planned north of current drilling in order to better define zones of mineralization.
- ◆ **Midnight Sun is well financed, with over \$25M in cash.** Management expects to have up to \$15M left by the end of the Dumbwa drill program. Discussions are ongoing for the sale of the Kazhiba property, which could result in up to \$50M to the company.

RECOMMENDED ACTION

We continue to believe in the potential at Dumbwa

- ◆ **The stock has taken a beating on the results,** down 27.5%, back to levels of September 2025, when drilling at Dumbwa was getting underway. We recognize the market will require time to adjust to a lower-grade deposit with variability of grades among zones, but we believe the potential for a billion-tonne resource remains for Dumbwa, benefiting from proximity to infrastructure, shallow depth and continuity of mineralization, with a gradual dip favoring a straightforward mining scenario with reasonable strip ratio – all factors that are supportive of an economic deposit. We maintain our Buy rating and C\$3.00 target price for patient investors.

KEY STATISTICS AND METRICS

52-Week High/Low (\$C)	\$2.00 / \$0.50
YTD Performance	-23.13%
Dividend Yield	N/A
Shares O/S (B)	213.2
Market Capitalization	\$160M
Cash	\$25M
Debt	\$0M
Enterprise Value	\$137M
Daily Volume (3 mos.)	565,200
Currency	US\$ unless noted

HAYWOOD ESTIMATES (USD)

	2028E	2029E	2030E
Net Revenue (\$M)	\$0.0	\$0.0	\$223.3
EBITDA (\$M)	\$0.0	-\$2.4	-\$4.7
EPS (\$)	-\$0.01	-\$0.02	\$0.41
CFPS (\$)	\$0.00	\$0.00	\$0.63
FCFPS (\$)	-\$0.24	-\$0.24	\$0.62

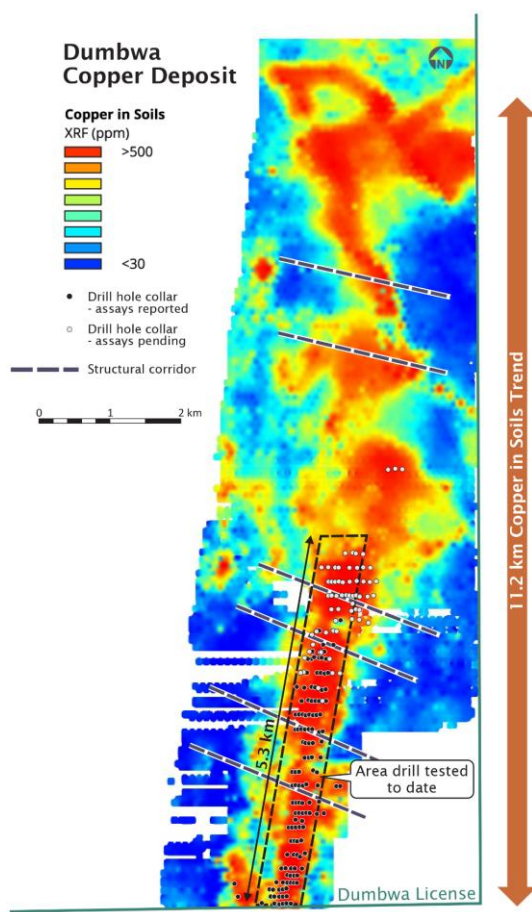
VALUATION

MMA is trading at a P/NAV of 0.34x, based on our corporate NAV of C\$3.06/sh, which reflects our estimated value per pound of in situ copper resource potential at its Dumbwa and Kazhiba projects.

Our target price of C\$3.00 per share is based on a multiple of 0.98x our NAV.

- ◆ **Quality control issues resolved.** In February 2026, MMA encountered quality control issues with core sample assays at SGS Laboratories in Zambia, which persisted across multiple batches, creating a significant backlog of assay results. SGS conducted internal audits of their laboratory and systems, which identified several contributing factors, including ICP instrument calibration issues, poor-quality argon gas supply, and complications arising from a facility relocation. SGS has since remedied the issues, with assay results now meeting Midnight Sun’s internal QA/QC standards. With the issues now resolved, the associated assay backlog has been substantially alleviated. Of the 200 holes drilled to date, including ongoing holes that have not yet been sampled, assay results for 66 holes remain pending. The Company has also been working with Intertek Laboratories and has dispatched recent samples for assaying to Intertek in Perth, Australia.
- ◆ **Variability of grade distribution.** As seen in the grade distribution map, the first higher grade zone (the “TRS Block”) starts at the south concession boundary and is approximately 1,800m long, varying from 200m wide to more than 500m wide in places, with scope to increase the known mineralized envelope eastwards and at greater depth. This is followed by a lower grade zone (“CF Block 1”) ~900m along strike and again averaging around 200m wide. Here the strain in the gneisses is observed as lower and consequently there was poor schistose lens development and weaker mineralization, although the mineralization remains persistent along strike. This lower grade zone transitions into the next higher-grade portion of the deposit (the “ES Block”) which, to date, has been extended for 1,600m along strike at an average width of ~500m, expanding it to over twice the width of the southernmost higher-grade zone. This brings the drill defined medium-to-high grade zones to a total strike length of 3,300m with widths varying from 200m to over 500m. In both higher-grade zones, mineralization depth extent has been demonstrated to start at surface and reach between 175m and 220m deep, with occasional deeper holes demonstrating mineralization continuing to a depth greater than 300m.

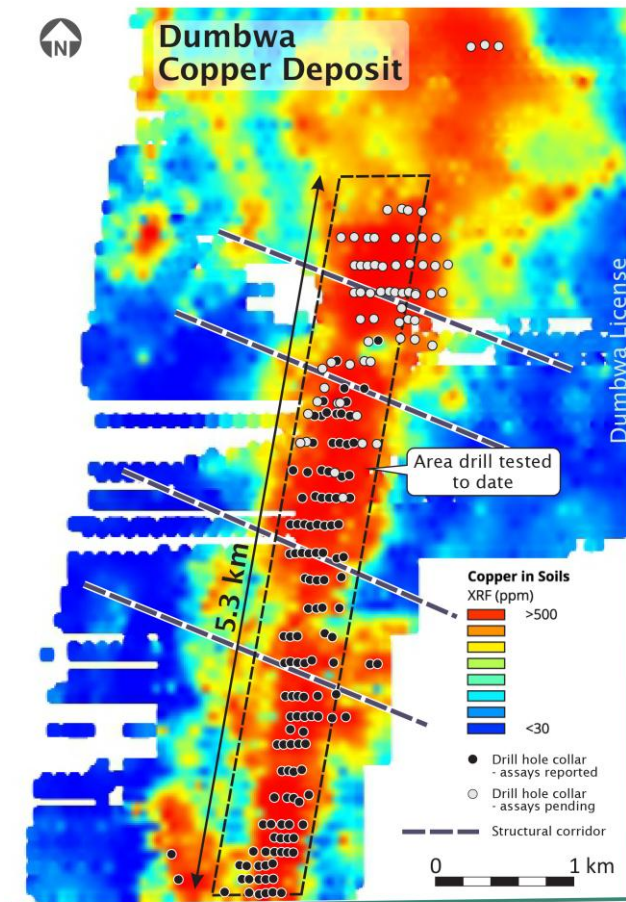
Figure 1: Dumbwa drilling to date, plotted on 11.2km Phase One copper-in-soil anomaly, target area



Source: Company Reports



Figure 2: Dumbwa drilling to date, magnified to show current 5.3km drilled strike extent, plotted on Phase One copper-in-soil anomaly, target area



Source: Company Reports



Figure 3: Top 20 Drill Hole Results

Hole ID	From (m)	To (m)	Interval (m)	Cu (%)	Hole ID	From (m)	To (m)	Interval (m)	Cu (%)
DBW-25-099R	58	60	2	0.54	DBW-25-065	91	98	7	0.16
	152	245	93	0.4		127	163	36	0.33
DBW-25-123	29	33.78	4.78	0.31	DBW-25-106	38	43	5	0.19
	59	67	8	0.44		59	67	8	0.4
	127	207	80	0.39		173	210	37	0.31
DBW-25-036 and	0	44	44	0.53	DBW-25-031	27	36	9	0.34
	119.54	137	17.46	0.37		119	142	23	0.49
DBW-25-111	52	57	5	1.75		160	181	21	0.34
	63	79	16	0.35	DBW-25-037	0	42	42	0.25
	132	221	89	0.25	DBW-25-127	42	72	30	0.32
DBW-25-122 including	11	20.6	9.6	0.18	96	107	11	0.53	
	77	91	14	0.19	174.95	180	5.05	0.29	
	106	142	36	0.58	DBW-25-117	42	46	4	0.51
	127	142	15	1.03	67	95	28	0.3	
	171	238	67	0.3	103	109	6	0.19	
DBW-25-147 including	0	17	17	0.2	143	182	39	0.15	
	41	102	61	0.34	DBW-25-120	13	19	6	0.54
	41	47	6	1.3	89	144.5	55.5	0.15	
	82	85	3	1.38	164	172	8	0.46	
	111	126	15	0.27	DBW-25-108	10	51	41	0.2
	154	168.05	14.05	0.51	106	153	47	0.14	
182	183	1	1.34	DBW-25-054	14	20	6	0.19	
DBW-25-064	0.7	47	46.3	0.42	37	54	17	0.47	
DBW-25-114	26	32	6	0.21	including	37	38	1	5.94
	43	87	44	0.37	64.3	66	1.7	0.57	
	122	208.5	86.5	0.15	79	86	7	1.01	
DBW-25-149 including	23	40.84	17.84	0.85	DBW-25-148	72.2	78	5.8	0.18
	31	39	8	1.71	86	102	16	0.17	
	50.58	72	21.42	0.38	119	139.7	20.7	0.17	
	171	197.65	26.65	0.38	169	190	21	0.33	
DBW-25-110	42	77	35	0.36					
	89	102	13	0.34					
	145	154	9	0.2					

Source: Company Reports



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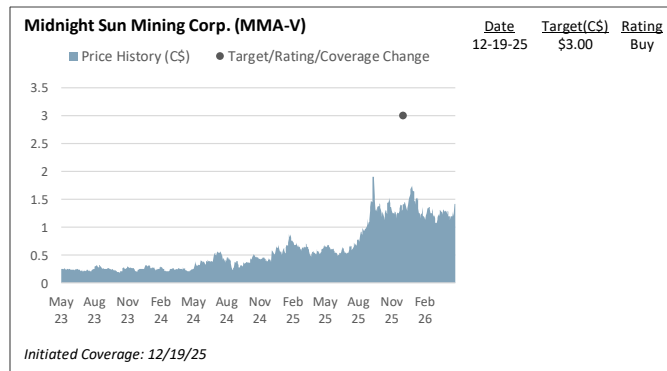
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Distribution of Ratings (as of May 14, 2026)

	%	#	IB Clients (TTM)
Buy	77.6%	66	96.7%
Hold	2.4%	2	0.0%
Sell	0.0%	0	0.0%
Tender	3.5%	3	3.3%
UR	0.0%	0	0.0%
Dropped (TTM)	16.5%	14	0.0%

Price Chart, Rating and Target Price History (as of May 14, 2026)



B: Buy; H: Hold; S: Sell; T: Tender; UR: Under Review
Source: Capital IQ and Haywood Securities



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