



MIDNIGHT SUN MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND NINE MONTHS ENDED SEPTEMBER 30, 2021

As at November 26, 2021

MIDNIGHT SUN MINING CORP.
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For the Three & Nine Month Period Ended September 30, 2021

1. INTRODUCTION

The following management’s discussion and analysis (“MD&A”) of Midnight Sun Mining Corp. has been prepared as of November 26, 2021. This MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements (“Financial Statements”) of Midnight Sun Mining Corp. and the notes thereto for the period ended September 30, 2021, and the audited consolidated financial statements for the year ended December 31, 2020, 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 September 30, 2021, the Company was in the exploration stage of activity on its jointly held exploration licenses 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 One Co. and Midnight Sun Two Co., 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

Highlights for and Subsequent to the Three and Nine-Month Period Ended September 30, 2021

- Subsequent to the period ended September 30, 2021, the Company received a cash earn-in payment of USD 250,000 from Rio Tinto for the Solwezi project.
- During the period ended September 30, 2021, the Company received aggregate proceeds of \$112,750 and \$531,167 from option and warrant exercises respectively.
- During the period ended September 30, 2021, the Company issued loans to officers of the Company in the amount of \$173,333. The loans are unsecured, bear interest at 3% per annum, and mature on February 9, 2022
- During the period ended September 30, 2021, the Company closed a non-brokered private placement by issuing 5,619,714 units at a price of \$0.35 per unit for gross proceeds of \$1,966,900. Each unit consist of one common share and one common share purchase warrant, with each whole warrant entitling the holder to acquire one additional common share at a price of \$0.50 for a period of two years from closing. In connection with the offering, the Company paid finders’ fees of \$61,887 in cash and issued 176,820 finders warrants with the same terms as the unit warrants.

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- During the period ended September 30, 2021, the Rio Tinto Mining and Exploration Limited continued their 2021 exploration campaign on Midnight Sun's Solwezi Licenses in Zambia. Rio Tinto is in Stage 1 of the Earn-In and Joint Venture Agreement. The initial 2021 program budget is US \$3,200,000 and is expected to be completed before the end of the fourth quarter. For more information on the exploration activities of Solwezi Copper project, please refer to the news releases dated April 19, 2021 and September 13, 2021.
- During the period ended September 30 2021, the Company granted an aggregate of 550,000 stock options to various consultants and officers with an exercise price of \$0.31. 200,000 of the options expire on April 28, 2026 and 350,000 expire on April 28, 2022.

3. EXPLORATION AND EVALUATION ASSETS

60% Option Agreement

Pursuant to an option agreement (the "Option") dated July 30, 2013, the Company acquired a 60% interest in two mineral prospecting licenses 21509-HQ-LEL and 12124-HQ-LPL, the Solwezi Licenses, which are held by subsidiary of Kam Chuen, Zambian Highlight Mining Investment Limited ("ZHMIL"). To earn the 60% interest in the Solwezi Licences Midnight Sun issued a total of 15,333,333 common shares (issued - valued at \$4,106,667) to Kam Chuen and incurred a total of \$3,666,667 in qualifying expenditures on the Solwezi Licenses. The Company received the 60% interest in ZHLMIL during the year ended December 31, 2019.

Under the Option, Midnight Sun was the operator responsible for managing all exploration and administration of the Solwezi Licenses and the Company has continued in this role since earning the 60% interest.

Solwezi Licenses - Zambia

The Solwezi Licenses cover a total area of 506 square kilometres in the Zambian Copperbelt and are located approximately 15 kilometres from the producing Kansanshi copper/gold mine and roughly 450 kilometres northwest of the Zambian capital of Lusaka.

On March 1, 2017, the Acting Chief Registrar of Mining Rights issued a new exploration license, 21509-HQ-LEL, covering the same ground and replacing the existing license 14039-HQ-LPL. 21059-HQ-LEL is in effect for an initial period of 4 years with the option for future renewals provided the license is maintained in accordance with the contained terms and the *Mines and Mineral Development Act, 2015*.

On November 30, 2018, the Zambian Mining Cadastre issued a renewal of prospecting license 12124-HQ-LPL as large-scale exploration license, 12124-HQ-LEL, having an expiration date of December 23, 2021. This renewal was granted in accordance with the *Mines and Mineral Development Act, 2015* and is the final renewal period available to ZHLMIL. The Company is actively investigating options to retain the same surface area as is currently covered by 12124-HQ-LEL. There is no guarantee that the Company or an affiliated entity will be able to retain this exploration area.

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Addition to ownership interest in Zambian High Light Mining Investment Limited (“ZHMIL”)

On September 22, 2020, the Company increased its ownership share in ZHLMIL to 80.65% by participating in an issuance of 16,022 ZHLMIL ordinary shares at a price of \$618.52 with a total value of \$9,909,927. Of the total subscription, 5,756 ZHLMIL ordinary shares were fully paid up based on previous expenditures incurred by the Company in the amount of \$3,560,020. The remaining 10,266 ZHLMIL ordinary shares in the amount of \$6,349,726 were fully paid up by way of exploration expenditures made on behalf of ZHLMIL by the Company or the Company’s earn-in partner, Rio Tinto Mining and Exploration Limited (“Rio Tinto”) during the year ended December 31, 2020.

Subsequent to the issuance of the shares, in response to a complaint lodged by the non-controlling shareholders, the Patents and Companies Registration Agency (“PACRA”) reversed the Company’s additional holding of 20.65%. The Company believes that this reversal was not in compliance with the laws of Zambia or ZHLMIL’s articles of association and disputed the action made by PACRA. Following a ruling in the Company’s favour, PACRA returned the shares to the Company on June 17, 2021. On the acquisition of the additional 20.65% interest in the ZHMIL, the Company recognized a decrease to the non-controlling interest of \$1,587,043 with a corresponding reduction in deficit.

Exploration Property - Expenditures

As at September 30, 2021, the Company had funded the following expenditures on the Solwezi Licenses:

Site and project expenditures	31-Dec-20	Additions	30-Sept-21
Acquisition costs	\$ 4,136,678	\$ -	\$ 4,136,678
Assays	326,119	-	326,119
Diamond drilling	3,043,326	-	3,043,326
Field expenses	1,212,272	-	1,212,272
General & administration	767,726	73,282	841,008
Geological consulting	1,151,557	19,986	1,171,543
License	260,469	-	260,469
Travel and accommodation	709,705	-	709,705
Total operations funded	\$ 11,607,852	\$ 93,268	\$ 11,701,120

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

	Solwezi	Total
Balance, December 31, 2019	\$ 11,352,312	\$ 11,352,312
Exploration expenditures	255,540	255,540
Total additions during year	255,540	255,540
Balance, December 31, 2020	\$ 11,607,852	11,607,852
Exploration expenditures	93,268	93,268
Total additions during period	93,268	93,268
Balance, September 30, 2021	\$ 11,701,120	\$ 11,701,120

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Exploration Property – Activities

The main deposit types being targeted by exploration on the Solwezi Licences are; Stratiform-type deposits, a common model for many copper deposits within the Zambian Copperbelt, and Hydrothermal-type copper mineralization as found at the nearby Kansanshi Mine.

During the year ended December 31, 2020, the Company's Earn-In partner Rio Tinto commenced its initial work program on the Solwezi Project.

Rio Tinto's 2020 exploration work focused on strengthening their geological understanding of the Solwezi Licences. Emphasis was placed on identifying and modelling the geology of the Kazhiba Dome which underlies the 22 Zone, where an overturned Upper Plate and upright facing Lower Plate are separated by a mafic breccia. This geology appears similar to what is observed at the Kansanshi Mine. The work completed during this program included:

- The reanalysis of previous air core drill samples over the Kazhiba Dome and adjacent areas;
- 129 air core drill holes drilled on a 500 metre x 500 metre grid over the entire Kazhiba Dome;
- Six stratigraphic diamond holes, totalling 2,060 metres, designed to test the Lower Plate of the Kazhiba Dome for mineralisation;
- The air core programme which included 29 air core holes tracking an audio-frequency magnetotelluric geophysical line towards Basement and tested a mineral occurrence at the Gameno (formerly Kifubwe) Prospect;
- The reanalysis of previous soil samples; and
- A 250 metre x 250 metre infill geochemical soil sampling grid.

Rio Tinto's 2021 exploration program is currently underway and will focus on three targets- Dumbwa and Mawemba/Likoka on the Mitu trend discovered by Midnight Sun in 2017.

Dumbwa is a 20 kilometre copper-in-soil anomaly where previous drilling encountered disseminated chalcopyrite and bornite with certain similarities to Barrick's Lumwana Mine. The best hole to date at Dumbwa was drilled by a previous operator and intercepted 1.24% Cu over 16 metres starting at a depth of 164 metres (SDRC-13). The planned program includes infill soils, air core drilling, reverse circulation drilling and diamond drilling to test possible mineralization on geophysical targets.

Mawemba is a geophysical anomaly along the Mitu Trend which has returned positive geochemical and air core drill results similar to the original Mitu discovery area. Diamond drilling and an expanded soil survey are planned for the Mawemba target area. Diamond drill hole MDD-17-15 by Midnight Sun intersected 4.23% CuEq over 11.6 metres (see the Company's news release dated July 4, 2017) as a >3.7 kilometre step out from the discovery at Mitu. Rio Tinto is tightening geochemical spacing and increasing air core drill coverage of the area in preparation for a diamond drill campaign in this area now called Likoka.

Richard Mazur, P.Geo., Director of the Company, a Qualified Person under NI 43-101, has reviewed the information contained herein.

4. SUMMARY OF QUARTERLY RESULTS

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

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	Sept 30 2021 \$	June 30 2021 \$	Mar 31 2021 \$	Dec 31 2020 \$
Financial results				
Net loss for period	178,408	340,837	184,678	108,015
Basic & diluted loss per share	0.00	0.00	0.00	0.00
Exploration expenditures	29,502	31,347	32,419	20,203
Statement of Financial Position				
Cash	2,495,656	1,030,954	721,620	1,061,964
Exploration & evaluation assets	17,841,010	17,811,508	17,780,161	17,747,742
Total assets	21,905,166	20,156,877	19,740,873	19,776,987
Shareholders' equity	21,742,595	19,982,745	19,622,585	19,535,914
	Sept 30 2020 \$	June 30 2020 \$	March 31 2020 \$	December 31 2019 \$
Financial results				
Net loss for period	167,978	402,451	80,690	160,150
Basic & diluted loss per share	0.00	0.00	0.00	0.00
Exploration expenditures	97,621	126,388	11,328	133,143
Statement of Financial Position				
Cash	129,341	277,330	23,053	6,969
Exploration & evaluation assets	19,026,039	18,873,332	18,797,499	18,790,702
Total assets	19,281,883	19,372,133	18,954,687	18,935,012
Shareholders' equity	19,066,289	19,165,942	18,241,607	18,301,797

All exploration expenditures relate to work done on the Solwezi Licenses. Net losses for all periods reflect general and administrative costs including legal and accounting.

5. 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 September 30, 2021.

The Company's loss for the three months ended September 30, 2021, was \$178,408, or \$0.00 per share, as compared to a loss of \$167,978, or \$0.00 per share for the three months ended September 30, 2020. The change was largely related to increases to salaries and wages to officers and directors which were board-approved during the fiscal year ended December 31, 2020 and legal fees resulting from the company's defence of matters in Zambia, offset by a recovery in foreign exchange fluctuations and a reduction in consulting and legal fees.

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Significant expenses during the three-month period ended September 30, 2021 consisted of accounting and audit fees, \$36,937 (2020: \$15,575), consulting fees, \$9,000 (2020: \$31,025), investor and shareholder relations, \$10,279 (2020: \$24,897), legal fees, \$23,330 (2020: \$56,477), office services and miscellaneous, \$18,764 (2020: \$12,782), regulatory and transfer agent fees, \$22,731 (2020: \$7,811), share-based payments, \$5,163 (2020: \$8,325), and wages and benefits, \$76,334 (2020: \$6,240).

Nine Month Period Ended September 30, 2021

The Company's loss for the nine months ended September 30, 2021, was \$703,923, or \$0.01 per share, as compared to a loss of \$651,119, or \$0.01 per share for the nine months ended September 30, 2020. The change was largely related to increases to salaries and wages to officers and directors which were board-approved during the fiscal year ended December 31, 2020 and legal fees resulting from the company's defence of matters in Zambia, offset by a decrease in share-based payments recognized during the period ended September 30, 2021.

Major expenses during the nine-month period ended September 30, 2021 consisted of accounting and audit fees, \$66,937 (2020: \$35,137), consulting fees, \$13,000 (2020: \$55,597), investor and shareholder relations, \$61,675 (2020: \$44,453), legal fees, \$130,523 (2020: \$69,435), office services and miscellaneous expenses, \$71,573 (2020: \$38,023), regulatory and transfer agent fees, \$34,929 (2020: \$19,482), share-based payments, \$78,858 (2020: \$325,973), and wages and benefits, \$263,793 (2020: \$18,720).

During the nine-month period ended September 30, 2021, \$719,190 in cash was used for operating activities.

During the nine-month period ended September 30, 2021, investing activities required \$394,026 in cash, comprised of \$93,268 in cash used for exploration and evaluation asset expenditures and \$300,758 advanced as a loan to related parties.

During the nine-month period ended September 30, 2021, the Company generated \$2,546,908 from financing activities, comprised of \$1,966,900 in proceeds from private placements, \$112,750 in proceeds from option exercises, \$531,167 in proceeds from warrant exercises, and \$28,800 in share subscriptions received, less share issuance costs of \$72,871 and payments towards lease liabilities of \$19,838.

6. LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2021, the Company had \$2,495,656 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 September 30, 2021, the Company had a working capital of \$3,918,002. In the opinion of management this working capital is sufficient to support the Company's near term general administrative and corporate operating requirements on an on-going basis.

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.

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Management is encouraged by improving equity markets for mineral exploration programs and anticipates seeking additional sources of funding prior to the end of the fiscal year. Given volatility in equity markets, global economic uncertainty, cost pressures and results of exploration activities there can be no certainty equity funding will be available to the Company or if available funding will be on acceptable terms. Management believes it will be able to raise equity capital as required but recognizes that there will be risks which may be beyond its control.

Capital Resources

The Company believes it has sufficient capital to cover its administrative overhead expenses for the next twelve months. During the year ended December 31, 2020, the Company finalized and approved a budget for planned exploration activities on the Solwezi Licences for the remainder of 2020 and into the fiscal year ended December 31, 2021. The budget is expected to be satisfied through exploration activities completed by Rio Tinto, as part of the initial work program and stage 1 activities as defined by the Earn-in Agreement. To continue exploring the Solwezi Licenses without the participation of Rio Tinto, Midnight Sun may be required to raise additional capital, and if capital is not available the Company will have to delay some planned exploration expenditures. During the period ended September 30, 2021, the Company closed a private placement financing which generated proceeds of \$1,966,900.

7. TRANSACTIONS WITH RELATED PARTIES

The Company's related parties at September 30, 2021 consist of 8 officers and directors (and their related companies).

Name of Related Party	Position at Sept 30, 2020	Nature of transaction
Allan J. Fabbro	Director & CEO	Director
Fengjie Huang	Director(Zambian subsidiary)	Management services
Mathew Mackenzie	Secretary	Corporate secretary
Richard J. Mazur	Director	Director
Wayne Moorhouse	Director	Director
Brett Richards/Richards Enterprises Inc.	Director	Director
Robert A. Sibthorpe / 069426 BC Ltd	VP Exploration & Director	Management services
Alastair Brownlow / Red Fern Consulting Ltd.	CFO	Management services

As at September 30, 2021, \$2,919 (December 31, 2020 - \$4,200) is due to officers, directors, or companies with a director in common for cash advances, unpaid geological consulting fees, unpaid wages and bonuses and unpaid expenses. Included in share subscriptions receivable is \$4,700 (December 31, 2020 - \$33,500) due from a director and officer of the Company. Included in accounts receivable is \$26,920 (December 31, 2020 - \$25,780) due from a director and officer of the Company.

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 potential exploration and evaluation properties. The Company also issued a promissory note to Red Sea in the amount of USD \$650,000 without interest, payable on demand. In connection with the issuance, Red Sea issued the Company an aggregate of 800,000 common shares as a transaction bonus. The shares were recognized in income with a value of \$0.05 per share for a total of \$40,000. During the period ended September 30, 2021, the Company extended an additional USD \$100,000 to Red Sea, resulting in a total loan of USD 750,000 outstanding (\$955,575).

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During the period ended September 30, 2021, the Company issued loans to officers of the Company in the amount of \$173,333. The loans are unsecured, bear interest at 3% per annum, and mature on February 9, 2022. Together with the Red Sea loans, total loans receivable from related parties as at September 30, 2021 was \$1,128,908.

As at September 30, 2021, the fair value of the Company's 3,300,000 shares in Red Sea was \$330,000 (December 31, 2020 - \$330,000)

8. KEY MANAGEMENT COMPENSATION

Compensation paid or accrued to key management and/or their related companies during the nine-month ended September 30, 2021, and 2020 is as follows:

Nature of Expenditure	For the Nine-Months Ended	
	2021	September 30, 2020
Wages and benefits	\$ 213,000	\$ 18,720
Consulting fees	36,000	-
Management Services	-	44,577
Share-based payments	45,860	205,071
Total	\$ 294,860	\$ 268,368

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 Company's CFO.

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.

9. OFF-BALANCE SHEET ARRANGEMENTS

The Company has no off-balance sheet arrangements.

10. 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.

11. CHANGES IN ACCOUNTING POLICY

There were no changes to accounting policies for the nine-month period ended September 30, 2021.

12. 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.

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.

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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
Short-term investments	FVTPL
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, short-term investments, accounts payable and accrued liabilities, loan payable, and amounts due to related parties approximated their fair value because of the short-term nature of these instruments.

Related Risks

Interest rate risk

The Company has non-material exposure at September 30, 2021 and December 31, 2020 to interest rate risk through its financial instruments.

Currency Risk

Throughout the nine-month period ended September 30, 2021, 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 net loss for the period.

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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 also has \$30,961 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 \$11,344 and \$26,920 from a director and officer. The Company also holds a \$955,575 loan receivable from related part, bearing no interest and payable on demand and \$173,333 from officers and directors bearing interest at 3% per annum and repayable within six months of issuance. Management believes the risks of collection to be low given its relationship with the parties.

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 September 30, 2021, the Company had \$2,495,656 cash (December 31, 2020 – \$1,061,964) and current liabilities of \$98,045 (December 31, 2020 - \$201,073). Management has assessed that the Company's current working capital is sufficient to support the Company's near term general administrative and corporate operating requirements.

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.

13. RISKS AND UNCERTAINTIES

See the Company's MD&A for the year ended December 31, 2020 for disclosure of risks and uncertainties.

14. COMMITMENTS

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

15. 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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16. DISCLOSURE OF OUTSTANDING SHARE DATA

The table below presents the Company's common share data as of November 26, 2021.

	Price	Expiry date	November 26, 2021
Common shares issued and outstanding			113,004,014
Securities convertible into common shares:			
Stock Options	\$0.25	November 28, 2021	2,500,000
	\$0.35	August 18, 2022	1,000,000
	\$0.36	January 31, 2023	2,250,000
	\$0.135	May 6, 2025	2,300,000
	\$0.31	April 28, 2026	200,000
	\$0.31	April 28, 2022	350,000
Total Options			8,600,000
Warrants	\$0.25	May 25, 2022	7,922,185
	\$0.25	May 25, 2022	419,090
	\$0.50	July 2, 2023	5,796,534
Total Warrants			14,137,809
Total options & warrants outstanding			22,737,809

17. 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.sedar.com.

18. 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.

19. 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

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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.sedar.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.

20. ADDITIONAL INFORMATION

Additional information is available on SEDAR at www.sedar.com.