



M I D N I G H T   S U N   M I N I N G

**Midnight Sun Mining Corp.**

**Condensed Consolidated Interim Financial Statements**

**For the three and nine month periods ended September 30, 2025, and 2024**

*(Expressed in Canadian Dollars)*

### **Notice of No Review of Condensed Consolidated Interim Financial Statements**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the condensed consolidated interim financial statements; they must be accompanied by a notice indicating that the condensed consolidated interim financial statements have not been reviewed by an auditor.

The accompanying condensed consolidated interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these condensed consolidated interim financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of condensed consolidated interim financial statements by an entity's auditor.

**Midnight Sun Mining Corp.**  
**Condensed Consolidated Interim Statements of Financial Position**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

<b>As At</b>	<b>September 30, 2025</b>	<b>December 31, 2024</b>
<b>ASSETS</b>		
Current		
Cash	\$ 5,758,194	\$ 5,310,552
Advances and deposits	495,410	214,970
Short-term investments (note 4)	3,030,378	2,504,555
Receivables	18,356	11,028
	<u>9,302,338</u>	<u>8,041,105</u>
Equipment and Right-of-use asset (note 5)	338,738	293,721
Non-current investments (note 10)	700,000	700,000
Exploration and evaluation assets (note 6)	12,957,223	12,957,223
	<u>13,995,961</u>	<u>13,995,961</u>
<b>Total Assets</b>	<b>\$ 23,298,299</b>	<b>\$ 21,992,049</b>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
Current		
Accounts payable and accrued liabilities	\$ 424,371	\$ 134,849
Lease liabilities (note 7)	76,640	69,783
Due to related parties (note 10)	8,405	6,963
	<u>509,416</u>	<u>211,595</u>
Non-current portion of lease liabilities (note 7)	182,143	244,895
	<u>182,143</u>	<u>244,895</u>
<b>Total Liabilities</b>	<b>691,559</b>	<b>456,490</b>
Shareholders' Equity		
Share capital (note 9)	38,904,779	32,844,544
Reserves – options (note 9)	4,581,948	3,267,299
Reserves – warrants (note 9)	451,336	508,472
Deficit	(23,366,009)	(17,119,442)
	<u>20,572,054</u>	<u>19,500,873</u>
Non-controlling interest (note 6)	2,034,686	2,034,686
	<u>2,034,686</u>	<u>2,034,686</u>
<b>Total Shareholders' Equity</b>	<b>22,606,740</b>	<b>21,535,559</b>
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$ 23,298,299</b>	<b>\$ 21,992,049</b>

Nature of operations (note 1)  
 Commitments and contingences (note 13)  
 Subsequent event (note 14)

Approved and authorized by the Board of Directors on November 28, 2025:

"Robert Sibthorpe"  
 Robert Sibthorpe, Director

"Allan Fabbro"  
 Allan Fabbro, Director

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Midnight Sun Mining Corp.****Condensed Consolidated Interim Statements of Operations and Comprehensive Loss***(Expressed in Canadian Dollars)**(Unaudited)*

	For the three months ended September 30,		For the nine months ended September 30,	
	2025	2024	2025	2024
<b>Expenses</b>				
Accounting and audit fees (note 10)	\$ 29,500	\$ 48,990	\$ 108,142	\$ 126,289
Accretion on lease liabilities (note 7)	6,558	8,334	20,923	26,155
Consulting fees (note 10)	-	39,176	35,708	65,504
Depreciation expense (note 5)	26,031	19,581	65,389	58,744
Exploration cost (note 6)	1,760,752	155,831	2,526,541	254,585
Foreign exchange loss	3,497	13,536	11,966	14,955
Investor and shareholder relations	323,355	154,277	843,248	369,478
Legal fees	13,518	12,969	36,774	106,792
Office services and miscellaneous	29,720	10,479	55,188	16,476
Regulatory and transfer agent fees	13,946	7,783	32,217	35,146
Share-based payments (note 9)	1,262	17,958	1,587,150	838,154
Travel	100,873	19,116	254,750	49,620
Wages and benefits (note 10)	198,467	389,474	863,093	650,254
	(2,507,479)	(897,504)	(6,441,089)	(2,612,152)
Loan forgiven (note 8)	-	-	-	10,000
Unrealized gain on investments	-	175,000	-	175,000
Interest income	68,989	113,728	194,522	123,124
Loss and comprehensive loss for the period	(2,438,490)	(608,776)	(6,246,567)	(2,304,028)
Loss attributable to:				
Owners of the parent	(2,438,490)	(608,776)	(6,246,567)	(2,304,028)
Non-controlling interest	-	-	-	-
	\$(2,438,490)	\$ (608,776)	\$ (6,246,567)	\$ (2,304,028)
Loss per share – basic and diluted	\$ (0.01)	\$ (0.00)	\$ (0.04)	\$ (0.02)
Weighted average number of common shares outstanding – basic and diluted	177,987,581	165,446,207	177,283,663	141,672,291

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Midnight Sun Mining Corp.**  
**Condensed Consolidated Interim Statements of Changes in Shareholders' Equity**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

	Shares	Amount	Reserves – warrants	Reserves – options	Deficit	Total	Non-controlling interest	Total shareholders' equity
<b>Balance, December 31, 2023</b>	<b>118,581,014</b>	<b>\$ 22,082,698</b>	<b>\$ 271,657</b>	<b>\$ 2,608,547</b>	<b>\$ (13,770,501)</b>	<b>\$ 11,192,401</b>	<b>\$ 2,034,686</b>	<b>\$ 13,227,087</b>
Private placement	45,454,544	10,000,000	-	-	-	10,000,000	-	10,000,000
Share issuance costs	-	(480,374)	-	-	-	(480,374)	-	(480,374)
Share issuance costs – finders' warrants	-	(403,856)	403,856	-	-	-	-	-
Share-based payments	-	-	-	838,154	-	838,154	-	838,154
Options exercised	1,255,000	438,934	-	(188,884)	-	250,050	-	250,050
Warrants exercised	338,440	103,084	(1,552)	-	-	101,532	-	101,532
Loss for the period	-	-	-	-	(2,304,028)	(2,304,028)	-	(2,304,028)
<b>Balance, September 30, 2024</b>	<b>165,628,998</b>	<b>31,740,486</b>	<b>673,961</b>	<b>3,257,817</b>	<b>(16,074,529)</b>	<b>19,597,735</b>	<b>2,034,686</b>	<b>21,632,421</b>
Warrants exercised	3,218,793	1,104,058	(165,489)	-	-	938,569	-	938,569
Share-based payments	-	-	-	9,482	-	9,482	-	9,482
Loss for the period	-	-	-	-	(1,044,913)	(1,044,913)	-	(1,044,913)
<b>Balance, December 31, 2024</b>	<b>168,847,791</b>	<b>32,844,544</b>	<b>508,472</b>	<b>3,267,299</b>	<b>(17,119,442)</b>	<b>19,500,873</b>	<b>2,034,686</b>	<b>21,535,559</b>
Warrants exercised	14,248,807	5,417,084	(57,136)	-	-	5,359,948	-	5,359,948
Options exercised	2,315,000	643,151	-	(272,501)	-	370,650	-	370,650
Share-based payments	-	-	-	1,587,150	-	1,587,150	-	1,587,150
Loss for the period	-	-	-	-	(6,246,567)	(6,246,567)	-	(6,246,567)
<b>Balance, September 30, 2025</b>	<b>185,411,598</b>	<b>\$ 38,904,779</b>	<b>\$ 451,336</b>	<b>\$ 4,581,948</b>	<b>\$ (23,366,009)</b>	<b>\$ 20,572,054</b>	<b>\$ 2,034,686</b>	<b>\$ 22,606,740</b>

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

**Midnight Sun Mining Corp.**  
**Condensed Consolidated Interim Statements of Cash Flows**  
*(Expressed in Canadian Dollars)*  
*(Unaudited)*

<b>For the nine months ended September 30,</b>	<b>2025</b>		<b>2024</b>	
<b>Operating activities</b>				
Loss for the period	\$	(6,246,567)	\$	(2,304,028)
Items not affecting cash:				
Depreciation		65,389		58,744
Accretion on lease liabilities		20,923		26,155
Share-based payments		1,587,150		838,154
Loan forgiven		-		(10,000)
Unrealized gain on investments		-		(175,000)
Interest accrued on short term investments		(68,961)		(85,671)
Changes in non-cash working capital items				
Accounts payable and accrued liabilities		289,522		(6,851)
Due to related parties		1,442		(74,463)
Receivables		(7,328)		(23,635)
Advances and deposits		(280,440)		(236,807)
		(4,638,870)		(1,993,402)
<b>Investing activities</b>				
Purchase of short-term investments		(3,000,000)		(5,000,000)
Redemption of short-term investments		2,543,138		-
Equipment purchased		(116,341)		-
		(573,203)		(5,000,000)
<b>Financing activities</b>				
Proceeds from private placements		-		10,000,000
Proceeds from warrant exercises		5,359,948		101,532
Proceeds from option exercises		370,650		250,050
Proceeds from loans payable		-		73,750
Loan repayments made		-		(226,750)
Share issuance costs		-		(480,374)
Payments toward lease liabilities		(70,883)		(72,299)
		5,659,715		9,645,909
<b>Net change in cash</b>		<b>447,642</b>		<b>2,652,507</b>
<b>Cash, beginning of period</b>		<b>5,310,552</b>		<b>23,883</b>
<b>Cash, end of period</b>	<b>\$</b>	<b>5,758,194</b>	<b>\$</b>	<b>2,676,390</b>
<b>SUPPLEMENTAL NON-CASH DISCLOSURES</b>				
Fair value of options reclassified to reserves on exercise	\$	272,501	\$	188,884
Adjustment to lease liabilities and right of use assets	\$	5,935	\$	711
Valuation of finders' warrants included in share issuance costs	\$	-	\$	403,856
Fair value of warrants reclassified to reserves on exercise	\$	57,136	\$	1,552

The accompanying notes are an integral part of these condensed consolidated interim financial statements.

## **1. Nature of Operations**

Midnight Sun Mining Corp. (the “Company”) was incorporated on April 11, 2007 pursuant to the Business Corporations Act of British Columbia. The Company’s principal business activity is the acquisition and exploration of mineral property interests. The Company is in the exploration stage and substantially all the Company’s efforts are devoted to financing and exploring these property interests. There has been no determination whether the Company’s interests in unproven exploration and evaluation assets contain economically recoverable mineral resources.

The Company is listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol “MMA”, and its corporate head office is located at Suite 1205, 789 West Pender Street, Vancouver, BC.

## **2. Basis of Presentation**

### **a) Statement of compliance**

These unaudited condensed consolidated interim financial statements, including comparatives, have been prepared in accordance with IFRS Accounting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”). These unaudited condensed consolidated interim financial statements have been prepared in accordance with international Accounting Standard 34, Interim Financial Reporting. Accordingly, they do not include all the information required for full annual financial statements required by IFRS as issued by IASB and interpretations issued by IFRIC.

The policies applied in these unaudited condensed consolidated interim financial statements are based on IFRS issued and outstanding as of November 28, 2025, the date the Board of Directors approved the statements. The same accounting policies and methods of computation are followed in these unaudited condensed consolidated interim financial statements as compared with the most recent annual consolidated financial statements as at and for the year ended December 31, 2024. Any subsequent changes to IFRS that are given effect in the Company’s annual financial statements for the year ending December 31, 2024, could result in restatement of these unaudited condensed consolidated interim financial statements.

### **b) Going concern**

These condensed consolidated interim financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. If the going concern assumption were not appropriate for these condensed consolidated interim financial statements, then adjustments would be necessary in the carrying value of assets and liabilities, the reported revenues and expenses and the statement of financial position classifications used.

The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future. While the Company has been successful in the past at raising funds, there can be no assurance that it will be able to do so in the future.

**2. Basis of Presentation (continued)**

**b) Going concern (continued)**

During the nine-month period ended September 30, 2025, and the year ended December 31, 2024, the Company experienced operating losses before income taxes and negative operating cash flows with the operations of the Company having been primarily funded by the issuance of share capital. The Company expects to incur further losses in the development of its business. These material uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

As at September 30, 2025, the Company had an accumulated deficit of \$23,366,009 (December 31, 2024 - \$17,119,442) and had working capital of \$8,792,922 (December 31, 2024 – \$7,829,510). Management has estimated that the Company has adequate financing to complete all currently planned exploration programs. Continued operations are dependent on the Company's ability to complete public equity financing, secure project debt financing or generate profitable operations in the future.

In the event cash flow from operations, if any, together with the proceeds for any future financings are insufficient to meet the Company's operating expenses, the Company will be required to re-evaluate its planned expenditures and allocate its total resources in such a manner as the Board of Directors and management deem to be in the Company's best interest. This may result in a substantial reduction of the scope of existing and planned operations.

These condensed consolidated interim financial statements do not give effect to adjustments, which could be material, to the carrying values and classification of assets and liabilities, which may be required should the Company be unable to continue as a going concern.

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company's business or ability to raise funds.

**c) Consolidation**

These condensed consolidated interim financial statements include the accounts of the Company and its controlled subsidiaries. Control exists when the Company possess power over an investee, has exposure to variable returns from the investee and the ability to use its power over the investee to affect its returns. All significant inter-company transactions have been eliminated upon consolidation. The Company's significant subsidiaries are as follows:

	<b>Country of Incorporation</b>	<b>Effective Interest</b>
Midnight Sun Mining Zambia Limited ("MSM Zambia")	Zambia	100%
Midnight Sun (BVI) One Corp.	BVI	100%
Midnight Sun (BVI) Two Corp.	BVI	100%
Zambian High Light Mining Investment Limited ("ZHLMIL")	Zambia	84.30%
FAMS Mining Zambia Limited ("FAMS")	Zambia	100%

## **2. Basis of Presentation (continued)**

### **d) Functional and presentation currency**

The Company's reporting and functional currency is the Canadian dollar. The functional currency of MSM Zambia, Midnight Sun One Co., Midnight Sun Two Co., FAMS, and ZHLMIL is also the Canadian dollar. Monetary assets and liabilities of the Company are translated into Canadian dollars at the exchange rate in effect on the statement of financial position date while non-monetary assets and liabilities are translated at historical rates, and revenues and expenses are translated at the average rates over the reporting period. Gains and losses from these translations are included in the results from operations.

### **e) Basis of measurement**

These condensed consolidated interim financial statements have been prepared on a historical cost basis except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cashflow information.

### **f) Estimates and judgments**

The preparation of these condensed consolidated interim financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expenses during the reporting period. Actual outcomes could differ from these estimates. These condensed consolidated interim financial statements include estimates, which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimate is revised, and the revision affects both current and future periods.

Information about critical judgments and estimates in applying accounting policies that have the most significant effect on the amounts recognized in the condensed consolidated interim financial statements are as follows:

#### **i. Asset carrying values and impairment charges.**

At each reporting period, the Company reviews its non-current assets to determine whether there are any indications of impairment. Calculating the estimated recoverable amount of the cash generating unit for non-current asset impairment tests requires management to make estimates and assumptions with respect to estimated recoverable reserves, estimated future commodity prices, the expected future operating and capital costs and discount rates. Changes in any of these assumptions or estimates used in determining the recoverable amount could impact the impairment analysis.

#### **ii. Recognition of deferred taxes**

The determination of income tax expense and deferred income tax involves judgment and estimates as to the future taxable earnings, expected timing of reversals of deferred tax assets and liabilities, and interpretations of laws in the countries in which the Company operates. The Company is subject to assessments by tax authorities who may interpret the tax law differently. Changes in these estimates may materially affect the final amount of deferred income taxes or the timing of tax payments.

## 2. Basis of Presentation *(continued)*

### f) Estimates and judgments *(continued)*

#### i. Share-based payments

Estimating the fair value of granted stock options requires determining the most appropriate valuation model which is dependent on the terms and conditions of the grant. This estimate also requires determining the most appropriate inputs to the valuation model including the expected rate of forfeitures and dividend yield and making assumptions about them.

#### ii. Provision for environmental rehabilitation

The Company assesses its reclamation provisions at each reporting date. Significant estimates and assumptions are made in determining the provision for environmental rehabilitation as there are numerous factors that will affect the ultimate amount payable. These factors include estimates of the extent, cost, and timing of rehabilitation activities, technological changes, regulatory changes, cost increases as compared to the inflation rate, and changes in discount rates. These uncertainties may result in future expenditures differing from the amounts currently provided.

#### iii. Functional currency

Management considers the determination of the functional currency of the Company a significant judgment. Management has used its judgment to determine the functional currency that most faithfully represents the economic effects of the underlying transactions, events and conditions and considered various factors including the currency of historical and future expenditures and the currency in which funds from financing activities are generated. A Company's functional currency is only changed when there is a material change in the underlying transactions, events, and conditions.

#### iv. Investments

The fair value of financial instruments that are not traded in an active market is estimated on the basis of the price established in recent transactions involving similar instruments or, in the absence thereof, determined using valuation techniques. The Company uses its judgment to select a variety of methods and make assumptions that are mainly based on market conditions existing at the end of each reporting period.

#### v. Loans receivable

The Company exercises judgment in identifying impaired loans receivable, the collection of which may be uncertain. In determining whether an impairment loss should be recorded in profit or loss, the Company considers whether there is any observable data indicating that an increase in the credit risk or a decrease in the estimated future cash flows from a loan has occurred. This evidence may include observable data indicating that there has been an adverse change in the payment status and days outstanding.

## 2. Basis of Presentation (*continued*)

### g) New and Amended IFRS standards

#### 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

## 3. Management of Financial Risk

Fair value measurement disclosure includes classification of financial instrument fair values in a hierarchy comprising three levels reflecting the significance of the inputs used in making the measurements, described as follows:

Level 1: Valuations based on quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2: Valuations based on directly or indirectly observable inputs in active markets for similar assets or liabilities, other than Level 1 prices such as quoted interest or currency exchange rates; and

Level 3: Valuations based on significant inputs that are not derived from observable market data, such as discounted cash flow methodologies based on internal cash flow forecasts.

The Company has designated its non-current investments at level 2 (note 10).

The Company’s financial instruments are exposed to certain financial risks. The risk exposures and the impact on the Company’s financial instruments are summarized as follows.

### a. Fair value

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

### b. Interest rate risk

The Company has non-material exposure at September 30, 2025 and December 31, 2024, to interest rate risk through its financial instruments.

### c. Currency risk

Throughout the period ended September 30, 2025, and the year ended December 31, 2024, 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.

### 3. Management of Financial Risk *(continued)*

#### d. 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. At September 30, 2025, the Company had a \$3,000,000 six-month locked guaranteed interest certificate with a major Canadian financial institution recognized within short-term investments and valued at \$3,030,378 inclusive of accrued interest, for which Management believes the risk of loss to be remote. The Company also has \$261,755 held with a major financial institution in Zambia. Management believes the risk of loss to be remote.

Receivables consist primarily of goods and services tax due from the Government of Canada. The Company considers credit risk associated with these amounts to be low.

#### e. 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, 2025, the Company had \$5,758,194 cash (December 31, 2024 – \$5,310,552) and current liabilities of \$509,416 (December 31, 2024 - \$211,595).

#### f. 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.

### 4. Short-term Investments

During period ended September 30, 2025 and year ended December 31, 2024, the Company purchased and redeemed a series of Guaranteed Interest Certificates ("GICs") from the government of Canada. The GICs each had a life of 180-days and were not eligible for early redemption. A continuity of short-term investments for the period ended September 30, 2025 is as follows:

	September 30, 2025	December 31, 2024
Opening Balance	\$ 2,504,555	\$ -
Investments purchased	3,000,000	7,500,000
Interest recognized	68,961	134,883
Investments redeemed	(2,543,138)	(5,130,328)
Closing balance	\$ 3,030,378	\$ 2,504,555

## 5. Equipment and Right-of-Use Asset

	Field Equipment	Vehicles	Computer Equipment	Right-of- Use Asset	Total
<b>Cost</b>					
Balance, December 31, 2023	\$ -	\$ -	\$ -	\$ 390,878	\$ 390,878
Adjustment to leases (note 7)	-	-	-	711	711
Balance, December 31, 2024	-	-	-	391,589	391,589
Adjustment to leases (note 7)	-	-	-	(5,935)	(5,935)
Additions	2,670	112,984	687	-	116,341
Balance, September 30, 2025	\$ 2,670	\$ 112,984	\$ 687	\$ 385,654	\$ 501,995
<b>Accumulated Depreciation</b>					
Balance, December 31, 2023	\$ -	\$ -	\$ -	\$ 19,543	\$ 19,543
Depreciation	-	-	-	78,325	78,325
Balance, December 31, 2024	-	-	-	97,868	97,868
Depreciation	108	7,702	22	57,557	65,389
Balance, September 30, 2025	\$ 108	\$ 7,702	\$ 22	\$ 155,425	\$ 163,257
<b>Carrying Values</b>					
December 31, 2024	\$ -	\$ -	\$ -	\$ 293,721	\$ 293,721
September 30, 2025	\$ 2,562	\$ 105,282	\$ 665	\$ 230,229	\$ 338,738

## 6. Exploration and Evaluation Assets

	Solwezi
<b>Balance, December 31, 2023, 2024, and September 30, 2025</b>	\$ 12,957,223

### *Solwezi property*

Pursuant to an option agreement, the Company acquired a 60% interest in two Zambian mineral property licences (the "Solwezi Licences") during the year ended December 31, 2019. The licences are held by a Zambian registered company, ZHLMIL, of which Midnight Sun acquired an initial 60% shareholding from Kam Chuen who retained the remaining 40%. The Company holds its interest in ZHLMIL through the Company's wholly owned subsidiary, Midnight Sun (BVI) Two Corp. The share transfer from Kam Chuen to Midnight Sun (BVI) Two Corp. occurred on October 20, 2019, and was registered in Zambia with the Patents and Companies Registration Agency. The acquisition was accounted for as an asset acquisition.

On March 1, 2017, the Acting Chief Registrar of Mining Rights issued the licence 21509-HQ-LEL which was in effect for a period of 4 years with the option for future renewals providing the licence is maintained in accordance with the contained terms and the *Mines and Minerals Development Act, 2015*. On February 28, 2021, licence 21509-HQ-LEL was renewed for a further 3-year period and during the year ended December 31, 2024, the Company applied for an extension on 21509-HQ-LEL. On January 2, 2025, Zambian Mining Licensing Committee issued an update that the license has been approved. In renewing the claim in February 2021, the Company was required to relinquish 50% of the licence area. The relinquished 50% was granted to Rio Tinto Exploration Zambia Limited as licence 28816-HQ-LEL and was held on behalf of the Company as per the terms of the Earn-In and Joint Venture Agreement between Rio Tinto Mining and Exploration Limited ("Rio Tinto") and Midnight Sun. During the year ended December 31, 2024, the licence was transferred from Rio Tinto to the Company's wholly-owned subsidiary, FAMS.

## 6. Exploration and Evaluation Assets *(continued)*

On November 30, 2018, the Zambian Mining Cadastre issued a renewal of prospecting licence 12124-HQ-LPL as large-scale exploration licence, 12124-HQ-LEL, having an expiration date of December 23, 2021. This renewal was the final renewal period available to ZHLMIL. In accordance with the Mines and Minerals Development Act, 2015, for a period of 12 months, ZHLMIL is precluded from owning the same licence area which expired. In order to preserve the licence area, Rio Tinto formed a new corporation, Solwezi Metals Exploration Ltd., to apply for a new Licence over the same area. The relationship between Solwezi Metals Exploration Ltd. and Midnight Sun is governed by the terms of the Earn-In and Joint Venture Agreement between Rio Tinto and Midnight Sun. Solwezi Metals Exploration Ltd.'s application was accepted by the Zambian Mining Cadastre on November 23, 2021, and licence 30678-HQ-LEL was granted on March 27, 2023. During the year ended December 31, 2024, 30678-HQ-LEL was transferred from Solwezi Metal Exploration Ltd. to the Company's wholly-owned subsidiary, FAMS.

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 former earn-in partner, Rio Tinto during the year ended December 31, 2020. On the acquisition of the additional 20.65% interest in the ZHLMIL, the Company recognized a decrease to the non-controlling interest of \$2,676,818 with a corresponding reduction in deficit.

On December 7, 2022, the Company increased its ownership share in ZHLMIL to 84.30% by participating in an issuance of 7,187 ZHLMIL ordinary shares at a price of \$618.52 with a total value of \$4,445,303. The remaining ordinary shares in the amount 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. On the acquisition of the additional 3.64% interest in the ZHLMIL, the Company recognized a decrease to the non-controlling interest of \$471,385 with a corresponding reduction in deficit.

As at September 30, 2025, the only asset held by ZHLMIL is the Solwezi exploration and evaluation asset. There were no operations within ZHLMIL for the period ended September 30, 2025, and accordingly no loss attributed to the NCI.

### ***Luswishi Dome Project***

During the period ended September 30, 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 CAD \$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.

## 6. Exploration and Evaluation Assets *(continued)*

- 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 spend.

As at September 30, 2025 and December 31, 2024, the Company had funded the following cumulative exploration expenditures on the Solwezi Licences:

	September 30, 2025	December 31, 2024
Site and project expenditures:		
Acquisition costs	\$ 12,957,223	\$ 12,957,223
Assays	814,274	396,631
Drilling	5,885,194	4,301,444
Field expenses	1,380,803	1,354,087
General and administrative	1,146,808	1,037,891
Geological consulting	2,371,988	2,072,567
Licence	281,968	281,968
Travel and accommodation	909,736	819,642
<b>Total operations funded</b>	<b>\$ 25,747,994</b>	<b>\$ 23,221,453</b>

The following table presents the Company's exploration expenditures on the Solwezi Licenses for the nine-month periods ended September 30, 2025, and 2024:

	September 30, 2025	September 30, 2024
Site and project expenditures:		
Assays	\$ 417,643	\$ -
Drilling	1,583,750	-
Field expenses	26,716	5,785
General and administrative	108,917	67,097
Geological consulting	299,421	163,689
Licences	-	6,627
Travel & accommodation	90,094	11,387
<b>Exploration cost</b>	<b>\$ 2,526,541</b>	<b>\$ 254,585</b>

## 7. Lease Liabilities

During the year end ended December 31, 2023, the Company entered into an office lease for a term of five years from October 1, 2023, with expected total payments of \$496,018. Using an annual discount rate of 10%, the Company recognized a lease liability and corresponding right-of-use asset (note 5) of \$390,878. During the period ended September 30, 2025, the Company recognized an adjustment to lease liabilities and right-of-use asset (note 5) of \$5,935 (year ended December 31, 2024 - \$711) due to amendments to the lease payment schedule.

## 7. Lease Liabilities (continued)

The following is a reconciliation of the changes in the lease liabilities for nine-month period ended September 30, 2025, and year ended December 31, 2024.

	September 30, 2025	December 31, 2024
Opening Balance	\$ 314,678	\$ 376,275
Adjustment	(5,935)	711
Payments	(70,883)	(96,399)
Lease accretion	20,923	34,091
	258,783	314,678
Lease liabilities, current portion	(76,640)	(69,783)
Lease liabilities, non-current portion	\$ 182,143	\$ 244,895

The following summarizes the undiscounted minimum lease payments under the lease liabilities:

Fiscal Year	Payment
2025	\$ 24,562
2026	98,250
2027	99,185
2028	76,492
Amount representing future lease accretion	(39,706)
Lease liabilities	\$ 258,783

## 8. Loans Payable

### *CEBA loan*

As part of the Government of Canada's response to the COVID-19 global pandemic, certain businesses were eligible to apply for the Canada Emergency Business Account (the "CEBA"). The CEBA provided companies with a \$40,000 interest free loan to be used to cover non-deferrable operating expenses during the period where operations had been temporarily reduced due to the economic impacts of the COVID-19 virus. During the year ended December 31, 2020, the Company applied for the CEBA and received the \$40,000 loan. The CEBA remained interest free until January 18, 2024, and had no fixed repayment schedule during that time. If \$30,000 was repaid on or before January 18, 2024, the remaining \$10,000 would be forgiven. If, at January 18, 2024, any amount remained unpaid, the Company would enter into an extension agreement whereby it would accrue interest at a rate of 5% per annum, with a repayment schedule to be determined at that time. During the year ended December 31, 2024, the Company repaid \$30,000 and the remaining \$10,000 loan was forgiven.

### *Promissory note*

During the year ended December 31, 2023, the Company issued a promissory note to an arm's-length party in the amount of \$100,000. The note is unsecured, matures on June 4, 2024, and bears interest of \$10,000, recognizable immediately. If not repaid by maturity, a penalty of \$10,000 will be applied to the loan balance. During the year ended December 31, 2024, the loan was repaid in full.

## 8. Loans Payable (continued)

### *Related party loans*

During the year ended December 31, 2023, the Company received an aggregate of \$13,000 in unsecured loans from two officers of the Company (note 10). The loans are non-interest bearing and are repayable on demand. During the year ended December 31, 2024, the Company received additional \$73,750 from the two officers under the same terms. During the year ended December 31, 2024, the loans were repaid in full.

A reconciliation of loans payable for the period ended September 30, 2025, and the year ended December 31, 2024 is as follows:

	September 30, 2025	December 31, 2024
Opening balance	\$ -	\$ 163,000
Additions	-	73,750
Interest accrued	-	-
Repayments	-	(226,750)
Loan forgiven	-	(10,000)
	-	-
Current portion of loans payable	-	-
Non-current portion of loans payable	\$ -	\$ -

## 9. Share Capital and Reserves

### a. Authorised

Unlimited number of common shares authorised, without par value.

### b. Share issuances

At September 30, 2025, the Company had 185,411,598 common shares (December 31, 2024 – 168,847,791) issued and outstanding.

#### *2025 share issuances*

Excluding option and warrant exercises (notes 9(c) and 9(d)), the Company did not have any share issuances for the period ended September 30, 2025.

## 9. Share Capital and Reserves *(continued)*

### Share issuances *(continued)*

#### 2024 share issuances

During the year ended December 31, 2024, the Company closed a non-brokered private placement by issuing 45,454,544 units at a price of \$0.22 per unit for gross proceeds of \$10,000,000. Each unit consists of one common share of the Company and one common share purchase warrant, entitling the holder to purchase one additional common share of the Company at a price of \$0.33 per common share for a period of 36 months. The Company paid finders' fees of \$431,529, issued 1,374,337 finders' warrants with a life of 36-months and exercise price of \$0.33, and issued 588,193 finders' warrants with a life of 36-months and exercise price of \$0.22. The finders' warrants were valued at \$403,856 using the following weighted average Black-Scholes assumptions: risk-free rate of 4.05%, expected life of 3 years, and volatility of 94.76%. In connection with the financing, the Company incurred additional closing costs of \$48,845.

### c. Stock options

The Company has a stock option plan (the "Plan") whereby the maximum number of shares reserved for issue under the plan shall not exceed 10% of the outstanding common shares of the Company, as at the date of the grant. Options granted must be exercised no later than ten years from the date of grant or such lesser period as determined by the Company's Board of Directors. The exercise price of an option may not be less than the closing price on the TSX-V on the last trading day preceding the grant date. Options granted to directors, officers, employees, and consultants vest upon grant. Options granted in relation to investor relations services vest in equal quarterly intervals over a term of 12 months.

Stock options outstanding and exercisable are summarized as follows:

	Number of stock options outstanding	Weighted average exercise price
<b>Balance, December 31, 2023</b>	<b>8,725,000</b>	<b>\$ 0.18</b>
Granted	5,150,000	0.24
Exercised	(1,255,000)	0.20
Expired/Cancelled	(225,000)	0.16
<b>Balance, December 31, 2024</b>	<b>12,395,000</b>	<b>\$ 0.20</b>
Granted	3,550,000	0.60
Exercised	(2,315,000)	0.16
Expired/Cancelled	(430,000)	0.19
<b>Balance, September 30, 2025</b>	<b>13,200,000</b>	<b>\$ 0.32</b>
<b>Exercisable, September 30, 2025</b>	<b>13,200,000</b>	<b>\$ 0.32</b>

**9. Share Capital and Reserves (continued)**

**c. Stock options (continued)**

During the period ended September 30, 2025, the Company granted 3,550,000 stock options (December 31, 2024 – 5,150,000) with a weighted average fair value of \$0.45 (December 31, 2024 - \$0.17) per option. Total share-based payments recognized for the period ended September 30, 2025, was \$1,587,150 (2024 - \$820,196) for incentive options granted and vested. The fair value of options at the date of grant was estimated using the Black-Scholes Option Pricing Model using the following weighted average assumptions:

	<b>September 30, 2025</b>	<b>December 31, 2024</b>
Weighted average share price on date of grant	\$ 0.60	\$ 0.24
Risk-free interest rate	2.82%	3.71%
Expected life of option	5 years	4.53 years
Expected annualized volatility	97.29%	95.59%
Expected dividend rate	0%	0%

At September 30, 2025, the Company has the following stock options outstanding:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Number of stock options outstanding</b>	<b>Weighted average years to expiry</b>
April 28, 2026	\$ 0.31	200,000	0.58
August 12, 2027	\$ 0.165	2,950,000	1.87
March 10, 2028	\$ 0.21	2,150,000	2.44
May 9, 2029	\$ 0.225	3,800,000	3.61
June 19, 2029	\$ 0.33	550,000	3.72
June 2, 2030 <sup>1</sup>	\$ 0.60	3,550,000	4.67
		<b>13,200,000</b>	<b>3.27</b>

1. Subsequent to September 30, 2025, 100,000 of these options were exercised for proceeds of \$60,000.

**d. Warrants**

Share purchase warrants outstanding and exercisable are summarized as follows:

	<b>Warrants outstanding</b>	<b>Weighted average exercise price</b>
<b>Balance, December 31, 2023</b>	<b>10,597,514</b>	<b>\$ 0.41</b>
Granted	47,417,074	0.33
Exercised	(3,557,233)	0.29
<b>Balance, December 31, 2024</b>	<b>54,457,355</b>	<b>0.35</b>
Exercised	(14,248,807)	0.38
Expired	(1,278,000)	0.50
<b>Balance, September 30, 2025</b>	<b>38,930,548</b>	<b>\$ 0.33</b>

## 9. Share Capital and Reserves (continued)

### d. Warrants

As at September 30, 2025, the Company had the following warrants outstanding:

Expiry date	Exercise price	Number of warrants outstanding	Weighted average years to expiry
May 22, 2027 <sup>1</sup>	\$ 0.33	37,634,045	1.64
May 22, 2027 <sup>2</sup>	\$ 0.33	1,296,503	1.64
		38,930,548	1.64

1. Subsequent to September 30, 2025, 4,984,613 of these warrants were exercised for proceeds of \$1,644,922.

2. Subsequent to September 30, 2025, 669,179 of these warrants were exercised for proceeds of \$220,829.

## 10. Related Party Transactions and Key Management Compensation

The Company's related parties at September 30, 2025, consist of 7 officers and directors (and their related companies), as follows:

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

Compensation paid or accrued to key management and/or their related companies during the period ended September 30, 2025, and 2024 was as follows:

Nature of expenditure	For the period ended September 30,	
	2025	2024
Wages and benefits	\$ 623,250	\$ 493,500
Accounting fees	58,500	96,909
Consulting fees	1,500	-
Share-based payments	757,225	393,710
	\$ 1,440,475	\$ 984,119

Key management consists of those individuals having authority and responsibility for, directly or indirectly, planning, directing, and controlling the activities of the Company.

As at September 30, 2025, \$8,405 (December 31, 2024 - \$6,963) is due to officers, directors, or companies with a director in common.

During the period ended September 30, 2025, the Company charged rent of \$34,500 (2024 - \$54,000) to a company related by common directors and officers. During the year ended December 31, 2024, the Company recognized an allowance for doubtful accounts of \$9,000 related to rent recognized during the year ended December 31, 2023. As at September 30, 2025, \$nil (December 31, 2024 - \$nil) is included within receivables from related parties.

## 10. Related Party Transactions and Key Management Compensation *(continued)*

### *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 bringing the total shares held to 3,500,000.

During the period ended September 30, 2025, the Company recognized an unrealized gain on investments of \$nil (year ended December 31, 2024 - \$175,000). As at September 30, 2025, the investments were valued at \$0.20 (December 31, 2024 - \$0.20) per common share for a total value of \$700,000 (December 31, 2024 - \$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 USD 650,000 without interest, payable on demand. During the year ended December 31, 2021, the Company extended an additional USD 108,990 to Red Sea, resulting in a total loan of USD 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 September 30, 2025, the Company has taken an allowance for doubtful accounts of \$981,129 (December 31, 2024 - \$981,129) on the Red Sea loans. During the period ended September 30, 2025, a total of \$nil (December 31, 2024 - \$nil) was repaid on the loans and reversed against the allowance for doubtful accounts. As at September 30, 2025, a total of \$981,129 (December 31, 2024 - \$981,129) was owing.

### *Loans payable*

During the year ended December 31, 2023, the Company received an aggregate of \$13,000 in unsecured loans from two officers of the Company. The loans are non-interest bearing and are repayable on demand. During the year ended December 31, 2024, the Company received additional \$73,750 from the two officers under the same terms. During the year ended December 31, 2024, these loans were repaid in full.

## 11. Segmented Information

The Company has one reportable operating segment, being the acquisition and exploration of mineral properties. As at September 30, 2025, the Company's exploration and evaluation assets are located in Zambia, Africa and the Company's right-of-use assets are located in Canada.

## 12. Capital Management

The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition and exploration of its exploration and evaluation assets and to maintain a flexible capital structure for its projects for the benefit of its stakeholders. As the Company is in the exploration stage, its principal source of funds is from the issuance of common shares. Further information relating to liquidity risk is disclosed in note 3.

In the management of capital, the Company includes the components of shareholders' equity. The Company manages the capital structure and adjusts it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may issue new shares, enter into joint venture property arrangements, acquire or dispose of assets or adjust the amount of cash and cash equivalents and investments.

In order to facilitate the management of its capital requirements, the Company prepares budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The budgets are approved by the Board of Directors. The Company is not subject to any externally imposed capital requirements and does not presently utilize any quantitative measures to monitor its capital. There was no change to the Company's capital management approach during the period ended September 30, 2025.

## 13. Commitments and Contingencies

During the year ended December 31, 2022, the minority shareholder of ZHLMIL brought an action in Zambia objecting to the Earn-In Agreement, on the basis that the Company has acted in a manner oppressive to the Joint Venture Partner's interest in ZHLMIL. The Company is of the view that the action is without merit and is vigorously defending the action and accordingly, no provision has been recorded in relation to the legal proceedings.

## 14. Subsequent Event

Subsequent to the period ended September 30, 2025, the Company closed a brokered financing by issuing 22,574,500 units at a price of \$1.35 per unit for gross proceeds of \$30,475,575. Each unit consists of one common share and one-half of one common share purchase warrant with each whole warrant entitling the holder to acquire an additional common share at a price of \$2.00 for a period of two years. In connection with the offering, the Company paid finders' fees of \$1,828,535 and issued 1,354,470 finders' warrants with an exercise price of \$1.35 and life of two years.