

<b>Ticker:</b> MMA CN	<b>DQ25 Cash:</b> C\$31m	<b>Project:</b> Solwezi
<b>Market cap:</b> C\$256m	<b>Price:</b> C\$1.34/sh	<b>Country:</b> Zambia
<b>REC. (unc):</b> BUY	<b>TARGET (unc):</b> C\$3.05/sh	<b>RISK RATING (unc):</b> VENTURE

We visited Midnight Sun's Dumbwa copper project in the Domes region of the Zambian Copperbelt, accompanied by the full senior team. Dumbwa has seen step-change improvement across team, geological understanding, and funding. COO Kevin Bonel (Zambia-based, ex-Barrick/Lumwana exploration manager) and VP Exploration Adrian Karolko (Canada-based, ex-Lumina Metals) joined in the last two years and have materially upgraded technical depth; C\$25m raised has enabled the large-scale program Dumbwa warrants: 5 rigs drilling 8,000–10,000m/month on 200m-spaced lines (50m hole spacing, ~240m avg. depth), systematically testing the full 11km strike from south to north. The geological model has evolved materially: First Quantum and early Midnight Sun drilled wide-spaced fences targeting a Lumwana-style gently dipping, laterally extensive structure — one fence in the copper clearing, and lines extending beyond the current tenure boundary — with some hits but also misses, especially to the east, which led FQM to relinquish the property and MMA to lose momentum. The difference now is Midnight Sun have the funding and team to execute a large-scale drilling program which has enabled them to better understand the model - multiple stacked, stratiform lenses fed by a central feeder structure.

Current drilling is 3.5–4.0km north of the southernmost fences. Although assay turnaround times are 5-6 weeks, visual indications are positive: drilling has consistently hit mineralization as the program steps north. With funding in place to complete the 11km program, Midnight Sun is now systematically testing a geological model that, if validated at scale, could define a significant stratiform copper system in one of the world's premier copper districts, underpinning our thesis. **As such, we maintain our BUY rating and our C\$3.05/sh price target based on a 0.50x P/NAV multiple to our NAV and add US\$50m for Kazhiba, US\$30m for other exploration. Our US\$938m NPV (SCPe US\$12,500/t Cu) is derived from a conservative 500mt at 0.50% Cu and a 3% in-situ value multiple.** At this drilling rate, we think the program could cover the 11km in the next 5-7 months (~40,000-60,000m, ~US\$7-10m depending on 5-8 holes per line), enabling an MRE update in Q4. What we like here is rare scale potential that can be explored and permitted within a cycle, and on a standalone company budget – that's the advantage we see with Zambia over traditional porphyry jurisdictions.

**Figure 1. Dumbwa location with Zambian Copperbelt; (B) Topography (C) Bornite sample**



Source: SCP

## Midnight Sun Zambia site visit: Impressive scale with team and geological model to match

We visited Midnight Sun's Solwezi Project in the Domes Region of the Zambian Copperbelt. Our trip was accompanied by CEO Al Fabbro, Corp Dev Adrian O'Brien, COO Kevin Bonel, and VP Exploration Adrian Karolko. Leaving following Cape Town's Mining Indaba, we flew to Solwezi from Zambia's capital of Lusaka (~1h on ProFlight – Zambia's largest domestic airline). Solwezi (pop. ~90k) is the largest city in Zambia's NW Province. The town has good facilities including supermarkets, restaurants, and suitable hotels, while Midnight Sun maintains a guest house. Exploration costs are US\$160/metre all-in and the rigs achieve good productivity, roughly 25m/shift (50-100m/day per rig). The key target of our visit was the Dumbwa sulphide target; Dumbwa sits within the Domes region of the Zambian Copperbelt — the same geological

setting that hosts Barrick's Lumwana (1.62Bt @ 0.52% Cu) and First Quantum's Kansanshi and Sentinel mines. The target includes a 20km copper-in-soil anomaly that has seen only intermittent exploration since the 1970s, of which the southern 11km is the focus of Midnight Sun's current exploration campaign.

**Figure 2. Diamond drill rigs currently in operation at Dumbwa**



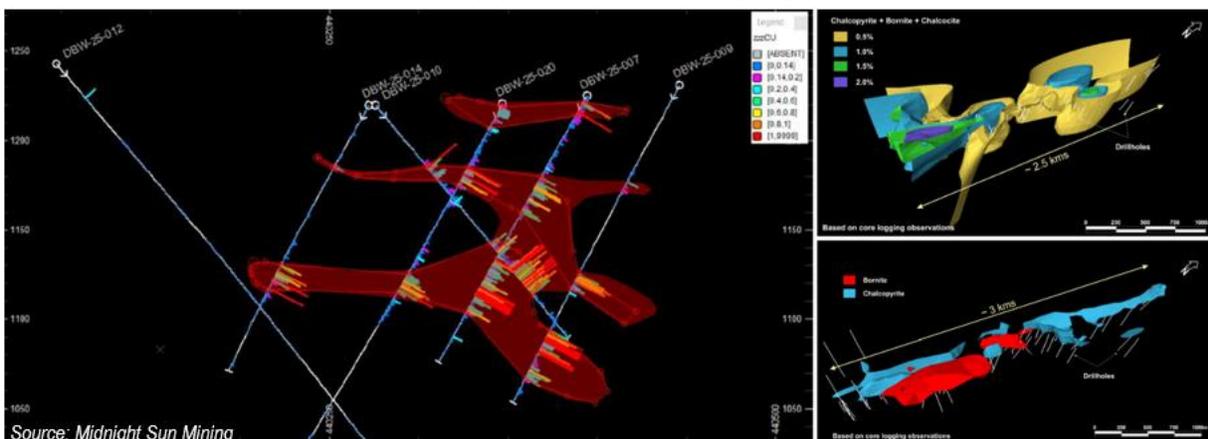
Source: Midnight Sun, taken during our visit

**Our view:** The visit reinforced our conviction that Dumbwa is at an inflection point. The project has been held back by two factors: insufficient funding to run a meaningful program, and a geological model that, as we discuss in detail below, was based on Lumwana which led operators to underestimate the complexity and scale of the mineralizing system. Both constraints have now been addressed. The C\$30.5m raised in October 2025 funds the current 5-rig program drilling 8,000–10,000m/month (US\$1.5m/month), and the revised geological model — multiple stacked stratiform lenses fed by a central feeder structure — provides a framework that explains both the encouraging historical intersections and why prior operators, including First Quantum, failed to define the system.

**Geology: Large scale basement dome target – structural understanding has evolved**

In our view, evolution of the deposit model is our key takeaway from the site visit. Dumbwa sits on the western flank of the Solwezi Dome, where Neoproterozoic Katangan sediments onlap onto Paleoproterozoic basement gneisses — a similar structural setting to Lumwana (basement-hosted). Kansanshi, located nearby, is structurally different, hosted in sediments rather than basement. The 11km copper-in-soil anomaly (peak 0.73% Cu) follows this dome margin; the interpretation here is that long-lived fluid pathways exploited the basement-cover contact and rheological contrasts between competent and less competent gneiss packages.

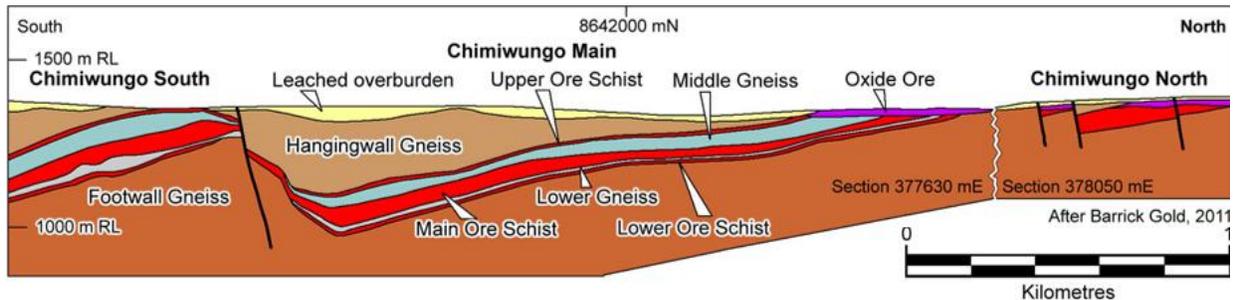
**Figure 3. Dumbwa (A) cross-section and (B/C) isometrics views**



Source: Midnight Sun Mining

The current understanding, which we gained from COO Kevin Bonel and VP Exploration Adrian Karolko, interprets Dumbwa as a system of multiple stacked, stratiform lenses hosted in favourable basement lithologies (principally two-mica gneiss and mica-garnet gneiss), with mineralization fed by a central, steeply-dipping feeder structure. Copper sulphides (bornite and chalcopyrite, with bornite dominant in higher-grade zones) occur as disseminations in the host gneiss and as late-stage vein infill. This stacked lens architecture means cumulative mineralised widths across a 100–200m corridor can be meaningful even where individual lenses are modest in true width.

**Figure 4. Cross section through the Chimiwungo Deposit, Lumwana**



Source: PorterGeo

Prior operators, focused on a model similar to Lumwana: basement-hosted in a series of shallowly dipping laterally extensive schists, which effectively act as one shallowly dipping package, enabling a large-scale open pit at low strip ratio. First Quantum drilled Dumbwa in the early 2000s targeting a single gently-dipping Lumwana-style structure: wide-spaced fences including one in the copper clearing and lines extending south beyond the current tenure boundary. Drilling to the east of the feeder structure missed the lenses entirely, consistent with the steep geometry, and First Quantum relinquished. Early Midnight Sun drilling similarly lacked the structural framework to target the lenses. The current program — 200m line spacing, 50m hole spacing, ~240m average depth — is designed to drill through the feeder corridor and intersect the lens package on each section, building a three-dimensional picture of the system from south to north along the full 11km strike.

**Figure 5. Copper sulphide mineralization at Dumbwa**



Source: SCP

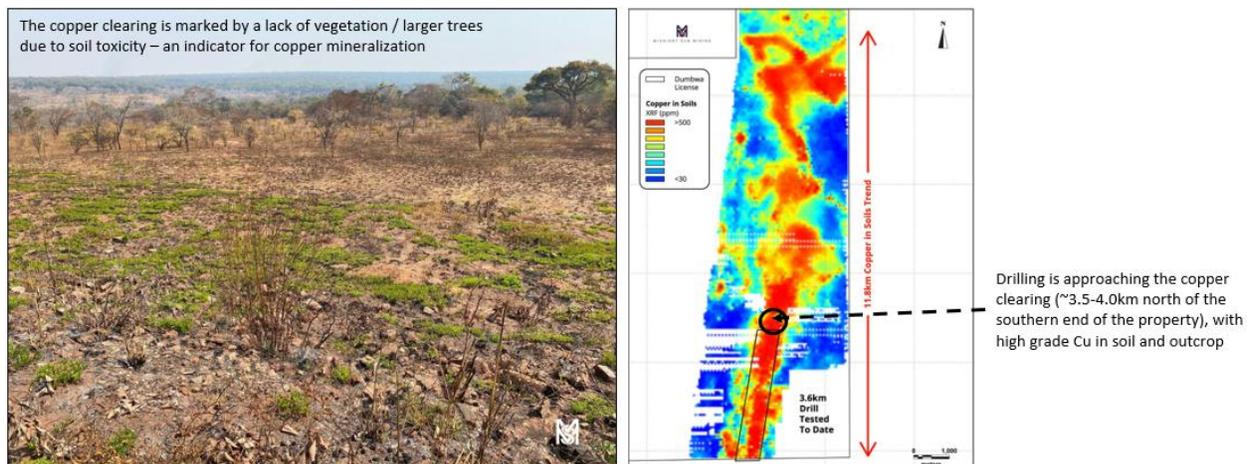
**Our view:** This was the breakthrough in our view: Understanding where prior exploration struggled, and what has changed now. Although we think that better funding enabling a comprehensive program aided the shift in understanding, the new model fits what we're seeing in the drilling and still allows for potentially billion tonne scale if continuity continues over the 11km strike. While the higher grade zones

are hosted in stratiform lenses, disseminated low grade mineralization occurs outside these structures, which could build tonnage at lower cutoff grades. We see potential for a higher grade scenario, ~500Mt at 0.5+% Cu at a higher cutoff, as well as a lower grade scenario that incorporates disseminated mineralization, which would optimize better at higher copper prices.

### Next catalysts: Drilling currently through 3.5-4.0km of the 11km strike, pace enables H2 MRE

With approximately 3.5–4.0km drilled from the southernmost fences, Midnight Sun has established the model across the southern portion of the system and is now drilling northward along the remaining ~7km of strike. At 200m line spacing and 5–8 holes per section, we estimate 175–280 holes and 42,000–67,000m of drilling remain to complete coverage of the 11km anomaly — approximately 5–8 months at the current pace of 8,000–9,000m/month. At US\$160/m all-in (including assays), completing the program represents US\$7–11m of expenditure, well within the ~US\$22m equivalent raised in October 2025 and leaving meaningful capital for Kazhiba and corporate costs. With assay turnaround and resource modelling, we think an updated resource estimate is achievable in 2H26, most likely 4Q26.

**Figure 6. (A) Dumbwa copper clearing (in dry season), (B) map of copper in soils over Dumbwa**



Source: Midnight Sun, annotated by SCP

From a catalyst perspective, drilling is just now reaching the higher-grade copper clearing and we expect drill results from this area to be very strong, based on the strength of the Cu-in soil anomaly in this area. Big picture, we think Midnight Sun offers a rare combination of scale, accessibility and low cost to explore that makes it one of our top picks in the copper exploration space. The geological model is now sufficiently understood to give confidence that drilling is targeting the right structures, the team is the strongest the company has had, and the company is well funded to deliver the maiden MRE.

**Figure 7. (A) Typical Dumbwa vegetation; (B) Copper clearing – note the lack of larger trees/shrubs**



Source: Pictures taken by Midnight Sun and SCP during the visit

## Why we like Midnight Sun

1. Large scale 11km Cu-in soil Dumbwa basement target, potential for Bn tonne plus system, rare
2. Revamped management and exploration led COO Dr Kevin Bonel (key exploration role at Barrick for Lumwana)
3. Potential for quick cash flow generation from 72Mlbs at 1.4% Cu Kazhiba Oxides

## Catalysts

- **1H26:** Ongoing Dumbwa drilling results (10,000m month)
- **2H26:** Dumbwa maiden MRE, potential processing agreement with First Quantum for Kazhiba oxide material

## Research

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Ticker: MMA CN	Price / mkt cap:	C\$1.34/sh, C\$286m	Project PNAV today:	0.24x	Asset:	Solwezi			
Author: J Chan	Rec / xNAV PT:	BUY, C\$3.05/sh	1xNAV <sub>1026</sub> FF FD:	C\$5.53/sh	Country:	Zambia			
<b>SOTP project valuation*</b>			<b>Commodity price</b>						
	<b>US\$m</b>	<b>O/ship</b>	<b>NAVx</b>	<b>C\$/sh</b>	<b>CY25E</b>	<b>CY26E</b>	<b>CY27E</b>	<b>CY28E</b>	<b>CY29E</b>
Dumbwa (3% insitu value x 0.5x NAV)	938	100%	0.50x	2.47	Copper price (US\$/lb)	5.67	5.67	5.67	5.67
Kazhiba (nominal)	50	100%	1.00x	0.26	<b>Resource</b>	Mt	Cu	In situ Cu (kt)	
Exploration	30	100%	1.00x	0.16	SCPe Dumbwa (nominal)	500	0.50%	2,500	
Net Cash	22	100%	1.00x	0.12	Kazhiba	2.33	1.41%	33	
Cash from ITM options	11	100%	1.00x	0.06	<b>Capital structure</b>	Basic	FD		
SCPe Group NAV	1,051		PT:	3.07	Shares (m)	213.7	260.1		
			Market P/NAV	0.24x					

Source: SCP estimates

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UNDER REVIEW:	0
TENDER:	0
NOT RATED:	0
TOTAL	56

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