SCP EQUITY RESEARCH

Midnight Sun, 13 May 2026

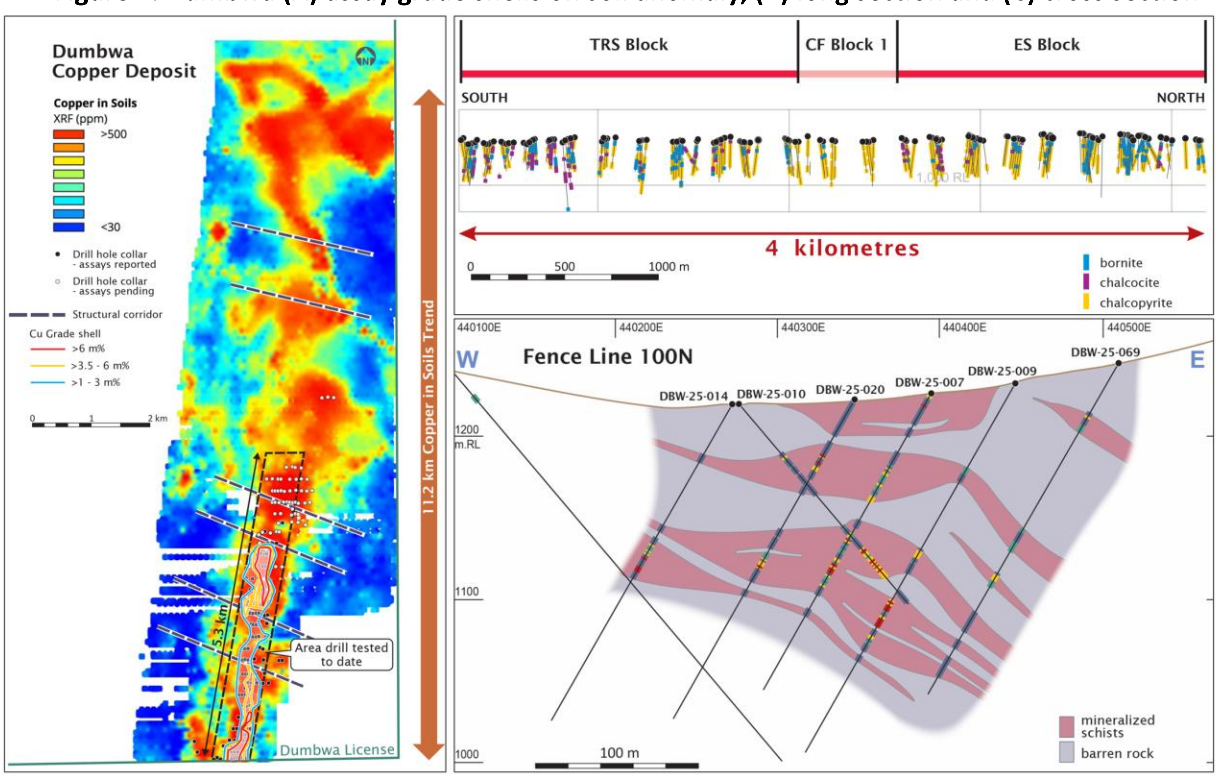
Ticker: MMA CN	**DQ25 Cash:** C$31m	**Project**: Solwezi
Market cap: C$306m	**Price:** C$1.42/sh	**Country:** Zambia
REC. (unc): BUY	*TARGET (-0.40): C$2.65/sh*	*RISK RATING (unc): VENTURE*

Today's drilling results at Dumbwa represent a significant catch up, with assays results delayed from SGS Zambia due to now resolved QAQC issues; MMA has also sent samples to Intertek in Perth to ease the backlog. The new results fill in from ~3km to 4km north from the southernmost fences at Dumbwa, in an area we expected to be patchier based on weaker soil anomalies – we calculate ~13.0m at 0.27% Cu (Holes 25-043 to 25-149) today vs prior average 14.0m @ 0.38% Cu (Holes 25-003 to 25-042). The overall average to date is 13.2m @ 0.30% Cu, with assays received over 4km from south to north, and current drilling towards the copper clearing at ~5.3km north along Dumbwa's 11km strike. We expect grade to increase towards the copper clearing, and it's becoming clear there is some north to south variation with better grades to the south, followed by a weaker ~900m of strike and grades increasing again further north.

In our view, today refines the model – we've consistently seen broad lower grade mineralization averaging 0.3% Cu, and operationally we think it makes more sense to mine the broader zones than try to high grade to target 0.5% Cu. We like the scale of the asset, and the fact that Zambia is a place you can drill cheaply and permit a mine. The potential here is a bulk near surface that is permittable and buildable; given the positive outlook for copper and lack of genuine new discoveries with scale, we think the natural torque and scale are worthwhile combination.

***Model changes:** We previously based on our valuation on 500MT at 0.5% Cu and a 3% insitu multiple. We adjust this to 700Mt at 0.3% Cu, which we think better reflects the grades to date, and a bulk system. **We maintain our BUY rating and adjust our PT to C$2.65 based on a 0.50x P/NAV multiple to our NAV and add US$50m for Kazhiba, US$30m for other exploration.** The next ~1.3km of drilling results approaches the copper clearing and we expect better grades and widths given stronger geochemical results and the strong correlation between soils and assay results to date. We expect drilling to continue north over Dumbwa's 11km strike length, while we also see potential to extend mineralization to the east.*

Figure 1. Dumbwa (A) assay grade shells on soil anomaly, (B) long section and (C) cross section



Source: Midnight Sun

Dumbwa assay results: Strike extended to 5.3km, lower tenor but better grade expected to the N

Today, Midnight Sun reported drillhole results from the Dumbwa deposit (Zambia), with drilling now surpassing 200-holes (42,000m) and confirming near surface copper sulphide mineralisation, over a 5.3km continuous strike, with assays received for the first ~4km of drilled strike as per MMA and 66 holes pending. Highlights from today include **93m @ 0.40% Cu** from 152m, **80m @ 0.39% Cu** from 127m, and **89m @ 0.25% Cu** from 132m with an SCP average of 13.0m @ 0.27% Cu from today's results. MMA has focused drill testing to the upper ~220m of the deposit, the E-W width of the mineralized corridor now ranges from 200m to 500m+ with grade variability along N-S strike influenced by cross-cutting NW-SE structures that adversely affect the strain regime and subsequent development of mineralised schists; grades are more consistent E-W and across the width of the corridor.

MMA describes the 5.3km of strike as follows: a 1,800m long x 200-500m+ wide higher grade zone (TRS Block) starts at the southern boundary. This is then followed by a ~900m long x 200m wide lower grade zone (CF Block 1) with lower strain in the gneisses and poor schistose lens development and persistent although weaker mineralisation. This transitions into a ~1,600m long x ~500m wide higher grade zone (ES Block). Bringing the total to 3.3km x 200-500m+ with mineralization starting at surface to 175-220m depth with some holes showing mineralization at depths of 300m+.

Drilling to date has tested ~1/3 of the total 11.2km strike, MMA will continue drilling along the planned strike length of 11.2km in Phase One with a further 200 holes (40,000m) planned including lateral extensions on previously drilled fences.

Finally, MMA announced the SGS laboratory issues have been resolved following SGS's internal audits and MMA's QA/QC and communication efforts. With the issues now resolved the associated assay backlog has been substantially alleviated. Assay results for 66 of the 200 holes drilled to date (including ongoing holes) remain pending. MMA has also been working with Intertek and has dispatched recent samples to Intertek in Perth.

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$1.42/sh, C$306m	**Project PNAV today:**	0.30x	**Asset:** Solwezi
Author: J Chan	**Rec / xNAV PT:**	BUY, C$2.65/sh	**$1xNAV_{1Q26}$ FF FD:**	C$4.73/sh	**Country:** Zambia

SOTP *project* valuation*	**US$m**	**O/ship**	**NAVx**	**C$/sh**
Dumbwa (3% insitu value x 0.5x NAV)	**788**	100%	0.50x	2.06
Kahziba (nominal)	**50**	100%	1.00x	0.26
Exploration	30	100%	1.00x	0.16
Net Cash	23	100%	1.00x	0.12
Cash from ITM options	12	100%	1.00x	0.06
SCPe Group NAV	**902**		PT:	**2.66**
			Market P/NAV	0.30x

Commodity price	**CY25A**	**CY26E**	**CY27E**	**CY28E**	**CY29E**
Copper price (US$/lb)	4.52	5.81	5.72	5.67	5.67
Resource	Mt	Cu	In situ Cu (kt)		
SCPe Dumbwa (nominal)	700	0.30%	2,100		
Kazhiba	2.33	1.41%	33		
Capital structure	**Basic**	**FD**			
Shares (m)	215.6	261.3			

Source: SCP estimates

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TENDER: The analyst recommends tendering shares to a formal tender offering

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SELL:	0
UNDER REVIEW:	0
TENDER:	1
NOT RATED:	0
TOTAL	61

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