

Midnight Sun Mining and KoBold Metals Company Join Forces on the Dumbwa Target in Zambia

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KoBold Metals, an AI driven battery metal exploration and mining company, can spend USD\$15 million in exploration and make cash payments totaling USD\$500,000 over 4.5 years to earn a 75% interest in the Dumbwa portion of Midnight Sun's Solwezi Project.

Vancouver, Feb. 20, 2024 - [Midnight Sun Mining Corp.](#) (TSXV: MMA) (OTCQB: MDNGF) (the "Company" or "Midnight Sun") is pleased to announce the Company has signed an earn-in agreement (the "Earn-In Agreement") with KoBold Metals Company ("KoBold"), through their respective Zambian subsidiaries, to explore the Dumbwa Target ("Dumbwa Target" or "Dumbwa"), located on the Company's Solwezi Project in Zambia.

KoBold Metals Company is a US-based, privately held, battery metal exploration and mining company that combines geoscience, data science, machine learning, and artificial intelligence to search for the critical minerals needed for the clean energy transition. KoBold is backed by technology investors including Breakthrough Energy Ventures (initiated by Bill Gates) and Silicon Valley venture capital firm Andreessen Horowitz, as well as institutional investors such as T. Rowe Price and Canadian Pension Plan Investment Board.

The Earn-In Agreement allows KoBold to earn a 75% interest in Dumbwa by incurring USD\$15 million in exploration expenditures and making cumulative cash payments to Midnight Sun of USD\$500,000 over 4.5 years.

Midnight Sun President & CEO Al Fabbro states: "KoBold has assembled one of the top global sediment-hosted copper teams - including Dr. David Broughton - and I cannot overstate how pleased we are to have them at the helm on Dumbwa. Their bench strength speaks to the quality of this outstanding tier-one exploration target and the seriousness of their approach. As evidenced by the impressive roster of keystone investors in KoBold, they are on track to become new industry leaders using incredibly sophisticated proprietary technology to fast-track the discovery of critical minerals. We look forward to KoBold applying their groundbreaking exploration approach to the Dumbwa Target and moving this important Zambian copper asset toward development together, which we view as perfectly timed to coincide with an upcoming phase of unprecedented global copper demand."

KoBold Metals Africa Chief Executive Officer, Mfikeyi Makayi, states: "KoBold is looking forward to exploring the Dumbwa Target alongside Midnight Sun as we have long been interested in the Solwezi Dome. The Dumbwa Target hosts intriguing copper-in-soil anomalies and a structural setting comparable to other major deposits in the region. The KoBold sediment-hosted copper team has decades of experience working in the African Copperbelt, which we will combine with our library of analytical tools and proprietary technology to aggressively explore at Dumbwa. We look forward to working with Midnight Sun and drilling at Dumbwa in 2024."

The Dumbwa exploration target is located in the heart of the Zambia-Congo Copperbelt, and is one of four key prospects that comprise Midnight Sun's 506² kilometre Solwezi Project (see Figure 1). Dumbwa is located within one of three exploration licenses held by the Company; the Company anticipates continuing exploration on its other licenses as well as the portions of the license within which Dumbwa is located that are not subject to the earn-in. The Dumbwa Target area included in the KoBold agreement is 108² kilometres. KoBold plans to initiate a drill campaign in 2024 to begin systematic exploration of structural targets at Dumbwa.

The remaining 398² kilometres of property that make up the Solwezi Project will remain with Midnight Sun, and the Company intends to continue exploration on the other key targets outside of the area subject to the

KoBold Earn-In Agreement.

See Figure 1 - "Solwezi Licences" at end of news release.

About KoBold Metals

- KoBold Metals Company, a US-based exploration and mining company, is advancing 60 active projects spanning 4 continents. Founded in 2018, KoBold is backed by world-class technology investors including Breakthrough Energy Ventures (initiated by Bill Gates), and Silicon Valley venture capital firm Andreessen Horowitz, as well as institutional investors such as T. Rowe Price and the Canadian Pension Plan Investment Board. KoBold leverages artificial intelligence through proprietary analytical tools and big data to improve and accelerate the exploration process.
- KoBold has an established presence in Zambia, including its flagship Mingomba project for which it is currently completing resource definition drilling and a pre-feasibility study. KoBold has over 40 people based in Zambia, led by Mfikeyi Makayi, CEO of KoBold Metals Africa.

Significant Terms of The Earn-In Agreement

To complete the earn-in requirements, KoBold must complete the following:

- Year 1 Anniversary of the Agreement Date - Completion of a minimum of 2,000 metres of diamond core drilling, which is a firm commitment;
- Year 2 Anniversary of the Agreement Date - USD\$4,000,000 of exploration expenditures;
- Year 3 Anniversary of the Agreement Date - USD\$7,000,000 of cumulative exploration expenditures; and
- Year 4.5 Anniversary of the Agreement Date - USD\$15,000,000 of cumulative exploration expenditures.

In addition to these expenditure requirements, KoBold must pay Midnight Sun cash payments on the following schedule to maintain the Earn-In Agreement:

- On commencement of the earn-in - USD \$100,000
- Year 1 Anniversary of Agreement Date - USD \$100,000
- Year 2 Anniversary of Agreement Date - USD \$100,000
- Year 3 Anniversary of Agreement Date - USD \$100,000
- Year 4 Anniversary of Agreement Date - USD \$100,000

Commencement of the earn-in is subject to a number of conditions, including the re-assignment of the license within which the Dumbwa Target is located to the Company's subsidiary. The Earn-In Agreement provides that if the conditions are not satisfied by June 30, 2024 (unless otherwise agreed to by the parties), the Earn-In Agreement will terminate. KoBold has the right to extend the outside date by up to six months, in KoBold's sole discretion.

Formation of Joint Venture Company

Upon completion of the obligations under the Earn-In Agreement by KoBold, the parties will form a separate company (the "JV Co"), to be held initially by KoBold and the Company (or their Zambian subsidiaries) as to 75% and 25% respectively. The parties to the JV Co will be subject to the terms of a Shareholder's Agreement, a copy of which is included as an appendix to the Earn-In Agreement. The parties have agreed that the Dumbwa Target will be separated from the Company's existing license into a new license, and assigned to JV Co.

The agreed form of Shareholder's Agreement includes the following material terms:

- JV Co be governed by a Board of Directors, initially consisting of two directors nominated by KoBold, and one director nominated by the Company
- JV Co will propose work programs. Shareholders will have the obligation to fund their proportionate interest, or face dilution as a result of a failure to participate
- A party diluted to less than a 10% interest will have their interest converted to a 1% Net Smelter Royalty capped at USD\$40 million

- Authority of the Board will be subject to certain matters reserved to Shareholders
- The Company will have a right to participate pro rata in future issuances of shares of the JV Co
- The Company's shareholding interest will be subject to drag along rights in favour of the majority shareholder (KoBold), and the Company will have the benefit of tag along rights in the event of a sale by KoBold
- The JV Co will have the ability to cancel shares held by a party in the event that the party is or becomes controlled by a sanctioned entity, and will have the right to repurchase the shares for fair market value in certain other circumstances

Dumbwa Target Highlights

- The Dumbwa Target features a continuous high-grade copper-in-soil anomaly, which extends for over 20 km along strike and +1 km in width, with peak values of up to 0.73% copper.
- The Dumbwa Target features multiple stacked mineralized horizons, which are believed to be analogous to Barrick's Lumwana Mine, located ~40 kilometres to the west of the Solwezi Project.
- Exploration work to date, which includes geochemical analysis and geophysics, indicate that systematic drilling guided by structural controls is the next step toward establishing continuity, size, and scale of an underlying system.

The Earn-In Agreement remains subject to regulatory approval as well as customary conditions and contains representations, warranties, covenants and indemnities as are typical for agreements of this nature.

Qualified Person: Darin Labrenz, P.Geo., a Qualified Person under NI 43-101, has reviewed and approved the technical data and contents of this release.

About Midnight Sun

Midnight Sun is focused on exploring our flagship Solwezi Project, located in Zambia. Situated in the heart of the Zambia-Congo Copperbelt, the second largest copper producing region in the world, our property is vast and highly prospective. Our Solwezi Project is surrounded by world-class producing copper mines, including Africa's largest copper mining complex right next door, First Quantum's Kansanshi Mine. Led by an experienced geological team with multiple discoveries and mines around the world to their credit, Midnight Sun intends to find and develop Zambia's next generational copper deposit.

ON BEHALF OF THE BOARD OF [Midnight Sun Mining Corp.](#)

Al Fabbro
President & CEO

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This news release contains "forward-looking statements" within the meaning of the applicable Canadian securities legislation that are based on expectations, estimates, assumptions and projections as at the date of this news release. The information in this news release about the timing and ability of the Company and KoBold to obtain the approval of relevant regulatory bodies, if at all; timing of the commencement of the earn-in; the work expenditure amounts and timing of those expenditures incurred by KoBold, if at all; the transfer of the relevant property to a joint venture entity, if at all; the respective ownership interests of the Company and KoBold in the joint venture entity; and any other information herein that is not a historical fact may be "forward-looking statements". Any statement that involves discussions with respect to predictions, expectations, beliefs, plans, projections, objectives, assumptions, future events or performance (which may,

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Although the forward-looking statements contained in this news release are based upon what management believes, or believed at the time, to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with such forward-looking statements, as there may be other factors that cause results not to be as anticipated, estimated or intended. Such factors include, among others, risks relating to the timing and ability of the Company and KoBold to remove conditional subjects of the Earn-In Agreement, including the ability to obtain and the timing of the approval of relevant regulatory bodies, if at all; risks relating to property interests; risks related to access to the project; risks inherent in mineral exploration, including the fact that any particular phase of exploration may be unsuccessful; the risk that KoBold determines not to proceed with the earn in at any time after completing the minimum work program, and before having expended the full USD\$15 million for the earn in; geo-political risks; the global economic climate; metal prices; environmental risks; political risks; and community and non-governmental actions. Neither the Company nor any other person assumes responsibility for the accuracy and completeness of any such forward-looking statements. The Company does not undertake, and assumes no obligation, to update or revise any such forward-looking statements or forward-looking information contained herein to reflect new events or circumstances, except as may be required by law.

Figure 1 - "Solwezi Licences"

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