MIDNIGHT SUN MINING CORP.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2016

As at May 26, 2016

Introduction

The following management's discussion and analysis ("MD&A") of Midnight Sun Mining Corp. has been prepared as of May 26, 2016. This MD&A should be read in conjunction with the unaudited condensed interim consolidated financial statements ("Financial Statements") of Midnight Sun Mining Corp. and the notes thereto for the three-month period ended March 31, 2016, 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 except where 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 and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSXV") Policy 2.4. On May 12, 2010, the Company completed a Qualifying Transaction. 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 their evaluation is completed. At March 31, 2016, the Company was in the exploration stage of activity on its optioned exploration permit licenses in Zambia, and the Financial Statements include the accounts of its subsidiary Midnight Sun Mining Zambia Limited ("MSM Zambia"), a company incorporated on October 29, 2013 under the laws of Zambia.

Financial Highlights for the Three Months Ended March 31, 2016

- On March 31, 2016, the Company reported total assets of $1,218,788, including current assets of $99,723, and current liabilities of $113,276.

- On January 29, 2016, the Company announced the closing of the third and final tranche of a non-brokered private placement. In the third tranche, the Company issued 4,045,000 units (the "Units") at a price of $0.10 per Unit for gross proceeds of $404,500. Each Unit consists of one common share ("Common Share") in the capital of the Company and one transferable Common Share purchase warrant ("Warrant"). Each Warrant entitles the holder to purchase one Common Share of the Company for a period of twenty-four months from closing, at an exercise price of $0.20.

Exploration and Evaluation Assets

On July 30, 2013, the Company, entered into and on December 6, 2013 the TSXV approved, an Option Agreement whereby the Company would acquire a 60% interest in two mineral exploration permit licenses located near Solwezi, Zambia (the "Solwezi Licenses") from Kam Chuen Resource Holdings Ltd. The Option Agreement was amended effective April 7, 2015.

Pursuant to the amended Option Agreement, in order to earn a 60% interest, the Company is required to incur $3,666,667 of work expenditures, of which $1,000,000 is a firm commitment, on the Solwezi Licenses in accordance to the following schedule:

a) $1,000,000 of expenditures on or before June 6, 2016;
b) a further $1,333,333 of expenditures on or before December 6, 2016; and
c) a further $1,333,334 of expenditures on or before December 6, 2017.

Under the terms of the Option Agreement the Company is to issue to Kam Chuen a total of 15,333,333 common shares of the Company (the "Shares") according to the following schedule:

a) 1,333,333 Shares (issued February 14, 2014; valued at $186,667);
b) a further 4,000,000 Shares prior to June 6, 2016; and
c) a further 10,000,000 Shares prior to December 6, 2016.

After earning a 60% interest, Midnight Sun has the exclusive right to purchase an additional 20% interest in the Zambian Properties.

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

As at March 31, 2016, the Company had funded the following expenditures on the Solwezi Licenses:

Site and project expenditures		**31-March-16**		**31-Dec-15**
Acquisition costs	$	**225,349**	$	**225,349**
Assays		**47,859**		**48,410**
Diamond drilling		**469,197**		**469,197**
Field expenses		**79,404**		**79,404**
General & administration		**961**		**961**
Geological consulting		**205,190**		**207,190**
Travel and accommodation		**91,106**		**91,106**
Total operations funded	**$**	**1,119,065**		**1,121,617**

During fiscal 2015, the Company completed 610 metres of diamond drilling in 5 holes and conducted geochemical and geophysical programs at Solwezi. During 2016, the Company plans to add to its understanding of the Solwezi Licenses through additional prospecting, sampling and core drilling. As exploration funds become available the Company plans additional drilling on identified drill targets.

Under Zambian law, in accordance with the Mines and Minerals Development Act, 2008, administered by the Zambian Ministry of Mines and Energy and Water Development, prospecting licenses once granted, are valid for a period of two years. A prospecting license may be renewed for an additional two-year term, with a total maximum period not exceeding seven years. On February 19, 2015, the Company received notice from the Zambian Ministry of Mines approval for the renewal of Prospecting License 14039-HQ-LPL for an additional two years until March 24, 2017. This renewal was the second two-year renewal for Prospecting License 14039-HQ-LPL. The Company has applied for the second two-year renewal for Prospecting License 12124-HQ-LPL, which was due to expire on December 22, 2015. The Company anticipates the renewal to Prospecting License 12124-HQ-LPL will be granted by the Zambian Ministry of Mines and Energy and Water Development in due course.

<u>Exploration Property Expenditures</u>

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, 2013	**$**	**339,378**	**$**	**339,378**
Acquisition costs		195,338		195,338
Exploration expenditures		389,252		389,252
Balance, December 31, 2014	**$**	**923,968**	**$**	**923,968**
Acquisition costs		12,528		12,528
Exploration expenditures		185,121		185,121
Balance, December 31, 2015	**$**	**1,121,617**	**$**	**1,121,617**
Acquisition costs		**-**		**-**
Exploration expenditures		**(2,552)**		**(2,552)**
Balance, March 31, 2016	**$**	**1,119,065**	**$**	**1,119,065**

Richard Mazur, P.Geo., Director of the Company, reviewed and approved the Exploration and Evaluation Assets descriptions in this Management's Discussion and Analysis.

Summary of Quarterly Results

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

	Mar 31, 2016 $	Dec 31, 2015 $	Sept 30, 2015 $	June 30, 2015 $	Mar 31, 2015 $	Dec 31, 2014 $	Sept 30, 2014 $	June 30, 2014 $
Financial results								
Net loss for period	63,455	67,171	63,210	46,197	54,441	65,868	55,959	58,395
Basic & diluted loss per share	0.00	0.01	0.00	0.00	0.00	0.01	0.00	0.00
Exploration expenditures	(2,552)	196,623	206	622	199	43,944	33,269	188,524
Statement of Financial Position								
Cash	65,301	Nil	Nil	Nil	Nil	Nil	Nil	69,555
Exploration & evaluation assets	1,119,065	1,121,617	937,523	937,362	924,167	923,968	832,318	819,338
Total assets	1,218,788	1,181,587	1,014,904	945,235	943,238	939,288	856,560	911,438
Shareholders' equity	1,105,512	868,930	579,264	616,974	663,171	717,612	783,480	829,139

Exploration expenditures during all quarters shown relate to work done on the Solwezi Licenses. Net losses for all periods reflect general and administrative costs including legal and accounting.

Overall Performance & Results of Operations

Three Month Period Ended March 31, 2016
The Company's loss for the three months ended March 31, 2016, was $63,455, or $0.00 per share, as compared to a loss of $54,441, or $0.00 per share for the three months ended March 31, 2015. Major expenses during the three-month period ended March 31, 2016 consisted of accounting and audit fees, $9,848 (2015: $9,738), investor and shareholder relations, $33,000 (2015: $15,000), legal fees, $nil (2015: $nil), office services and miscellaneous expenses, $8,303 (2015: $14,193), regulatory and transfer agent fees, $1,904 (2015: $3,661), travel, $447 (2015: $3,000) and wages and benefits, $9,478 (2015: $9,498).

During the three-month period ended March 31, 2016, $96,713 in cash was used for operating activities and $138,023 in cash was used for exploration and evaluation investments, these outflows were funded by financing activities totalling $300,037.

Liquidity

As at March 31, 2016, the Company had a $65,301 cash position. 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 March 31, 2016, the Company had working capital deficiency of $13,553 and an accumulated deficit of $4,178,379. In the opinion of management this working capital is insufficient to support the Company's near term general administrative and corporate operating requirements on an on-going basis.

Liquidity Outlook

At present, in order to finance the Company's exploration programs and to cover administrative and overhead expenses, the Company raises money through equity sales, 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 a number of factors, including the progress of exploration activities.

Given volatility in equity markets, global uncertainty in economic conditions, 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 does not have sufficient capital at this time to fulfil its obligations under the Option Agreement or to meet its administrative overhead expenses for the next twelve months and does not have any alternative funding arrangements in place. If the Company is unable to raise required capital it will not fulfil obligations under the Option Agreement or continue to operate.

Going Concern

The Financial Statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Several material uncertainties may cast a significant doubt on the validity of this assumption. The Company continues to incur operating losses, has limited financial resources, no source of operating cash flow, and no assurances that sufficient funding, including adequate financing, will be available to conduct further exploration and development of its exploration and evaluation asset projects. The Company's ability to continue as a going concern is dependent upon its ability to obtain the financing necessary to complete its mineral projects by issuance of share capital or through joint ventures, and to realize future profitable production or proceeds from the disposition of its exploration and evaluation assets.

Related Party Transactions

The Company's related parties at March 31, 2016 consist of 7 officers and directors (and their related companies).

Name of Related Party	Position at March 31, 2016	Nature of transaction
Allan J. Fabbro	Director	Director
Adrian Karolko	Director (MSM Zambia)	Geological consulting
Mathew Mackenzie	Corporate Secretary	Management services
Richard J. Mazur / Mirador Management	Director	Director
Wayne Moorhouse	CFO	Management services
Robert A. Sibthorpe / 069426 BC Ltd	President, CEO & director	Management services
Tom Ye	Director	Director

The following amounts were incurred or paid to related parties and/or their related companies during the three month periods ended March 31, 2016 and 2015:

	Three Months ended March 31,	
Nature of Expenditure	**2016**	**2015**
Wages and benefits	$6,000	$6,000
Share-based payments	-	-
Total	**$6,000**	**$6,000**

Compensation paid or accrued to key management and/or their related companies during the three month periods ended March 31, 2016 and 2015 is as follows:

Key management	**Three Months ended March 31,**	
	2016	**2015**
Fees	$6,000	-
Share-based payments	-	-
Total	**$6,000**	**-**

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 March 31, 2016, $16,439 (December 31, 2015 - $21,103) is due to officers, directors or companies with a director in common for cash advances, unpaid geological consulting fees, unpaid wages and unpaid expenses.

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.

Critical Accounting Estimates

The preparation of financial statements requires the Company to select from possible alternative accounting principles, and to make estimates and assumptions that determine the reported amounts of assets and liabilities at the balance sheet date and reported costs and expenditures during the reporting period. Estimates and assumptions may be revised as new information is obtained, and are subject to change. The Company's accounting policies and estimates used in the preparation of the financial statements are considered appropriate in the circumstances, but are subject to judgments and uncertainties inherent in the financial reporting process.

Property acquisition costs and related direct exploration costs may be deferred until the properties are placed into production, sold, abandoned, or written down, where appropriate. The Company's accounting policy to capitalize exploration costs is consistent with IFRS and applicable guidelines for exploration stage companies. The policy is consistent with other junior exploration companies that have not established mineral reserves. An alternative policy would be to expense exploration costs until sufficient work has been done to determine that there is a probability a mineral reserve can be established; or alternatively, to expense such costs until a mineral reserve has been objectively established. Management is of the view that its current policy is appropriate for the Company at this time. Based on annual impairment reviews made by management, or earlier reviews if circumstances warrant, in the event that the long-term expectation is the net carrying amount of capitalized exploration costs will not be recovered, then the carrying amount is written down accordingly and the write-down charged to operations. A write-down may be warranted in situations where a property is to be sold or abandoned; or exploration activity ceases on a property due to unsatisfactory results or insufficient available funding.

Financial and Other Instruments

Financial Instruments – Recognition and Measurement
Financial instruments include cash, receivables (including amounts receivable from option partners), accounts payable and accrued liabilities (including amounts payable to joint venture partners) and amounts due to related parties.

The Company has designated each of its significant categories of financial instruments as follows:

Cash	Fair value through profit or loss
Receivables	Loans and receivables
Amounts due to related parties	Other financial liabilities
Accounts payable and accrued liabilities	Other financial liabilities

Fair value adjustments, if any, are not reasonably determinable by management as comparable interest rate and risk profiles are not available.

Fair value measurement disclosure includes classification of financial instrument fair values in a fair value 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.

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

Financial Risks and Uncertainties

Interest rate risk
The Company has non-material exposure at March 31, 2016 and December 31, 2015 to interest rate risk through its financial instruments.

Currency Risk
As at March 31, 2016 and December 31, 2015, 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 in US Dollars

Credit risk
The Company has no significant concentrations of credit risk arising from operations. 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's investment policy is to invest its cash in highly liquid short-term interest-bearing investments with maturities of 90 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations. Management believes the risk to be minimal.

Receivables consist mainly of goods and services tax due from the Federal Government of Canada.

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 March 31, 2016, the Company had $65,301 cash (December 31, 2015 – $nil) and current liabilities of $113,276 (December 31, 2015 - $312,657). The Company's current working capital is insufficient to support the Company's near term general administrative and corporate operating requirements on an on-going basis. The Company intends to raise funds adequate to meet its liquidity needs for the next twelve months via private placement.

Sensitivity analysis
Based on management's knowledge and experience of the financial markets, the Company believes the following movements are "reasonably possible" over a year:

- Cash includes deposits, which are at variable interest rates. Sensitivity to a plus or minus 1% change in rates would not materially affect the net loss;
- The Company does not hold significant balances in foreign currencies to give rise to exposure to foreign exchange risk.

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.

Non-Financial Risks and Uncertainties

The Company is in the business of acquiring and exploring mineral properties. It is exposed to a number of risks and uncertainties that are common to mineral exploration companies or companies with a similar business model. The industry is cash intensive at all stages and is subject to variations in commodity prices, market sentiment, exchange rate fluctuations, inflation and other risks. The Company currently has no source of revenue other than interest on its cash balances. The Company will rely mainly on equity financing to fund exploration activities on its mineral properties.

For more information of the risks and uncertainties to which the Company may be subject please refer to the Company's MD&A for the financial year ended December 31, 2015.

Nature of the 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.

Share Capital Information

The table below presents the Company's common share data as of May 26, 2016.

		Price	Expiry date	May 26, 2016
Common shares, issued and outstanding				**32,862,266**
Securities convertible into common shares:				
	Stock Options	$0.155	April 5, 2018	100,000
		$0.25	July 1, 2016	250,000
		$0.25	May 31, 2017	525,000
		$0.25	January 23, 2019	550,000
	Total Options			1,425,000
	Warrants	$0.30	May 29, 2016	2,700,000
		$0.20	October 26, 2017	1,356,250
		$0.20	November 4, 2017	1,500,000
		$0.20	January 29, 2018	4,045,000
	Broker Warrants	$0.30	May 29, 2016	40,000
		$0.20	January 29, 2018	134,000
	Total Warrants			9,775,250
Total options & warrants				**11,200,250**

Dividends

Midnight Sun has no earnings or dividend record and is unlikely to pay any dividends in the foreseeable future as it intends to employ available funds for mineral exploration and. Any future determination to pay dividends will be at the discretion of the Board of Directors of Midnight Sun and will depend on Company's financial condition, results of operations, capital requirements and such other factors as the Board of Directors deem relevant.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Commitments

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

Additional Disclosure for Venture Issuers without Significant Revenue

Additional disclosure concerning Midnight Sun's general and administrative expenses and exploration and evaluation assets expenditures is provided in the Company's Financial Statements as at and for the period ended March 31, 2016. These Financial Statements are available on SEDAR at [www.sedar.com.](http://www.sedar.com)

Management's Responsibility for Financial Statements

The information provided in this report, including the financial statements, is the responsibility of management. In the preparation of these statements, estimates are sometimes necessary to make a determination of future values for certain assets or liabilities. Management believes such estimates have been based on careful judgments and have been properly reflected in the accompanying financial statements.

In contrast to the certificate required under National Instrument 52-109 Certificate of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"), the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures "(DC&P") and internal control over financial reporting ("ICFR"), as defined in NI 52-109, in particular, the certifying officers filing this certificate are not making any representations relating to the establishment and maintenance of:

i. controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and

ii. a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in this certificate. Investors should be aware that inherent limitations on the ability of certifying officers of a venture issuer to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation.

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.

Additional Information

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

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 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.