



**CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

**For the six months ended June 30, 2020**

**(Unaudited – Expressed in Canadian dollars)**

---

### **NOTICE TO READER**

These condensed consolidated interim financial statements of Sun Peak Metals Corp. have been prepared by management and approved by the Board of Directors of the Company. In accordance with National Instrument 51-102 released by the Canadian Securities Administrators, the Company discloses that its external auditors have not reviewed these condensed consolidated interim financial statements, notes to the financial statements or the related Management's Discussion and Analysis.

---

**SUN PEAK METALS CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF FINANCIAL POSITION**

(Unaudited – Expressed in Canadian dollars)

	<i>Note</i>	<b>June 30, 2020</b>	<b>December 31, 2019</b>
<b>ASSETS</b>			
Current			
Cash	4	\$ 11,708,091	\$ 14,339,728
Receivables	5	93,942	14,780
Prepaid expenses	6	14,516	21,837
		11,816,549	14,376,345
Advances		-	52,195
Equipment	7	332,436	174,414
Exploration and evaluation assets	8	8,054	8,054
Deferred acquisition costs	9	2,015,760	785,876
		\$ 14,172,799	\$ 15,396,884
<b>LIABILITIES</b>			
Current			
Trade and other payables	10	\$ 144,830	\$ 721,241
<b>EQUITY</b>			
Share capital	11	17,745,808	5,316,413
Special Warrants	11	-	12,254,395
Reserve	11	1,143,418	47,589
Deficit		(4,861,257)	(2,942,754)
		14,027,969	14,675,643
		\$ 14,172,799	\$ 15,396,884
Nature of operations	1		
Subsequent event	15		

These condensed consolidated interim financial statements were approved and authorized for issue by the Board of Directors of the Company on August 26, 2020.

**On behalf of the Board:**/s/ David Awram

Director

/s/ Greg Davis

Director

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

**SUN PEAK METALS CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited – Expressed in Canadian dollars)

		Three months ended June 30,		Six months ended June 30,	
	Note	2020	2019	2020	2019
<b>Expenses</b>					
Consulting fees	12	\$ 30,000	\$ 12,000	\$ 56,000	\$ 30,000
Depreciation	7	10,364	2,094	20,569	4,188
Exploration and evaluation expenditures	8	96,385	131,076	246,957	184,808
Foreign exchange		62,299	6,391	(4,214)	16,685
Investor relations		18,147	-	41,100	-
Office expenses	12	20,075	34,048	48,295	49,292
Marketing fees	12	33,000	-	66,000	-
Professional fees		23,732	2,000	61,554	2,000
Regulatory costs		45	-	30,164	-
Salaries and benefits	12	144,660	59,545	286,203	147,117
Share-based compensation	11 & 12	25,872	-	1,095,829	-
Travel expenses		4,743	10,918	54,994	27,185
		(469,322)	(258,072)	(2,003,451)	(461,275)
<b>Interest income</b>		48,617	966	84,948	2,877
<b>Loss and comprehensive loss for the period</b>		\$ (420,705)	\$ (257,106)	\$ (1,918,503)	\$ (458,398)
<b>Basic and diluted loss per share</b>		\$ (0.01)	\$ (0.01)	\$ (0.03)	\$ (0.01)
<b>Weighted average number of shares outstanding</b>		55,815,554	33,862,265	55,815,554	33,862,265

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

**SUN PEAK METALS CORP.**  
**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**  
(Unaudited – Expressed in Canadian dollars)

	<b>Six months ended June 30,</b>	
	<b>2020</b>	<b>2019</b>
<b>Cash flows to operating activities</b>		
Loss for the period	\$ (1,918,503)	\$ (458,398)
Items not involving cash:		
Depreciation	20,569	4,188
Share-based compensation	1,095,829	-
Change in non-cash working capital items:		
Receivables	(79,162)	9,202
Prepaid expenses	7,321	(11,128)
Trade and other payables	(576,411)	301,115
	<u>(1,450,357)</u>	<u>(155,021)</u>
<b>Cash flows to investing activities</b>		
Advances	(495)	-
Purchase of equipment	(125,901)	-
Exploration and evaluation assets	-	(2,706)
Deferred acquisition costs	(1,229,884)	(203,156)
	<u>(1,356,280)</u>	<u>(205,862)</u>
<b>Cash flows from financing activities</b>		
Proceeds from Special Warrants	175,000	-
	<u>175,000</u>	<u>-</u>
<b>Decrease in cash for the period</b>	<b>(2,631,637)</b>	<b>(360,883)</b>
<b>Cash, beginning of period</b>	<b>14,339,728</b>	<b>800,658</b>
<b>Cash, end of period</b>	<b>\$ 11,708,091</b>	<b>\$ 439,775</b>
<b>Non-cash investing and financing activities</b>		
Conversion of Special Warrants	\$ 12,429,395	\$ -
Advances included in equipment	52,690	-
<b>Supplementary information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

**SUN PEAK METALS CORP.****CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CHANGES IN EQUITY**

(Unaudited – Expressed in Canadian dollars)

	<b>Number of shares</b>	<b>Share capital</b>	<b>Special Warrants</b>	<b>Reserve</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, December 31, 2019</b>	41,362,265	\$ 5,316,413	\$ 12,254,395	\$ 47,589	\$ (2,942,754)	\$ 14,675,643
Special Warrants	-	-	175,000	-	-	175,000
Conversion of Special Warrants	37,076,369	12,429,395	(12,429,395)	-	-	-
Share-based compensation	-	-	-	1,095,829	-	1,095,829
Loss and comprehensive loss for the period	-	-	-	-	(1,918,503)	(1,918,503)
<b>Balance, June 30, 2020</b>	78,438,634	\$ 17,745,808	\$ -	\$ 1,143,418	\$ (4,861,257)	\$ 14,027,969

	<b>Number of shares</b>	<b>Share capital</b>	<b>Special Warrants</b>	<b>Reserve</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, December 31, 2018</b>	33,862,265	\$ 2,316,413	\$ -	\$ -	\$ (1,296,419)	\$ 1,019,994
Loss and comprehensive loss for the period	-	-	-	-	(458,398)	(458,398)
<b>Balance, June 30, 2019</b>	33,862,265	\$ 2,316,413	\$ -	\$ -	\$ (1,754,817)	\$ 561,596

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

## **SUN PEAK METALS CORP.**

### **NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2020

(Unaudited – Expressed in Canadian dollars)

---

#### **1. NATURE OF OPERATIONS**

---

Sun Peak Metals Corp. (the “Company”) is a publicly-traded company incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 2, 2016. Effective August 17, 2020, the Company’s shares are listed on the TSX Venture Exchange and trade under the symbol PEAK (Note 15). The Company’s head office and registered and records office address is Unit 1 – 15782 Marine Drive, White Rock, B.C. Canada V4B 1E6.

The Company’s principal business is the acquisition, exploration, and development of resource properties for the mining of precious or base metals.

The Company organized its wholly owned subsidiary, Sun Peak Ethiopia Mining PLC (“Sun Peak Ethiopia”) under the provisions of the Commercial Code of Ethiopia on October 3, 2016.

In addition to Sun Peak Ethiopia, the Company also has an agreement with Ezana Mining Development plc, that governs the funding and activities of Axum Metals Share Company (Note 9).

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 in the foreseeable future. As at June 30, 2020, the Company had working capital of \$11,671,719. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, customers, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business. Risks include, but are not limited to, the ability of the Company to raise funds, the ability of the Company to conduct operations in the event of safety lockdowns, the inability to travel for professionals and contractors involved in exploration, regional travel and quarantine restrictions within the country, and the disruption of shipping material and samples to and from the project.

These condensed consolidated interim financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

#### **2. BASIS OF PRESENTATION**

---

##### **Statement of compliance**

These condensed consolidated interim financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these condensed consolidated interim financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at the date the Board of Directors approved these condensed consolidated interim financial statements for issue.

These condensed consolidated interim financial statements do not include all of the information and disclosures required by IFRS for annual financial statements and therefore should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2019.

**SUN PEAK METALS CORP.**

**NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2020

(Unaudited – Expressed in Canadian dollars)

---

**2. BASIS OF PRESENTATION (continued)**

---

**Basis of measurement**

These condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments which are measured at fair value. In addition, these condensed consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

**Functional and presentation currency**

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the parent Company's functional currency as well as being the functional currency for the Company's Ethiopian subsidiary.

**Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency - In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" management determined that the functional currency of the parent Company as well as the Company's Ethiopian subsidiary is the Canadian dollar.

Capitalization of deferred acquisition costs - The Company has entered into an agreement to acquire a company holding mineral projects. The expenditures incurred on the mineral projects are being accounted for as advances toward the purchase of a company interest in accordance with IFRS 10 and capitalized to the statement of financial position. Upon attaining control of the company, the Company will consolidate it as a subsidiary.



**SUN PEAK METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2020

(Unaudited – Expressed in Canadian dollars)

---

**3. SIGNIFICANT ACCOUNTING POLICIES**

---

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended December 31, 2019.

**Standards issued but not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective as of June 30, 2020 and have not been applied in preparing these condensed consolidated interim financial statements. In addition, these standards are not expected to impact the Company.

---

**4. CASH**

---

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Canadian dollar denominated deposits held in Canada	\$ 10,881,680	\$ 14,065,055
US dollar denominated deposits held in Canada	353,285	94,360
US dollar denominated deposits held in Ethiopia	257,082	139,212
Birr denominated deposits held in Ethiopia	216,044	41,101
<b>Total</b>	<b>\$ 11,708,091</b>	<b>\$ 14,339,728</b>

---

**5. RECEIVABLES**

---

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Amounts due from the Government of Canada pursuant to goods and services input tax credits	\$ 8,750	\$ 13,881
Interest receivable	84,945	-
Other	247	899
<b>Total</b>	<b>\$ 93,942</b>	<b>\$ 14,780</b>

---

**6. PREPAID EXPENSES**

---

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Prepaid insurance	\$ 3,870	\$ 8,817
Prepaid marketing	4,000	-
Prepaid rent	6,646	10,366
Other	-	2,654
<b>Total</b>	<b>\$ 14,516</b>	<b>\$ 21,837</b>

**SUN PEAK METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2020

(Unaudited – Expressed in Canadian dollars)

**7. EQUIPMENT**

	Office furniture and equipment	Field equipment	Vehicles	Total
<b>Cost</b>				
At December 31, 2019	\$ 15,794	\$ 48,284	\$ 128,361	\$ 192,439
Additions	25,508	106,123	46,960	178,591
At June 30, 2020	\$ 41,302	\$ 154,407	\$ 175,321	\$ 371,030
<b>Accumulated depreciation</b>				
At December 31, 2019	\$ 1,928	\$ 13,958	\$ 2,139	\$ 18,025
Depreciation	3,100	4,511	12,958	20,569
At June 30, 2020	\$ 5,028	\$ 18,469	\$ 15,097	\$ 38,594
<b>Carrying amounts</b>				
At December 31, 2019	\$ 13,866	\$ 34,326	\$ 126,222	\$ 174,414
At June 30, 2020	\$ 36,274	\$ 135,938	\$ 160,224	\$ 332,436

**8. EXPLORATION AND EVALUATION ASSETS**

	Nefasit Project	Adi Dairo Project	Total
December 31, 2019	\$ 5,257	\$ 2,797	\$ 8,054
Additions	-	-	-
June 30, 2020	\$ 5,257	\$ 2,797	\$ 8,054

**Nefasit project**

On January 1, 2018, Sun Peak Ethiopia was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the "Nefasit project") for an initial period of three years expiring on December 31, 2020. Provided the licensee has fulfilled the spending obligations of Birr 37,175,925 (approximately \$1.7 million) specified in the license agreement, the exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances. Sun Peak Ethiopia paid \$5,257 in license issuing fees to acquire the license. The project is subject to a 2% net smelter return ("NSR") royalty.

**SUN PEAK METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2020

(Unaudited – Expressed in Canadian dollars)

**8. EXPLORATION AND EVALUATION ASSETS (continued)****Adi Da-iro project**

On April 16, 2019, Sun Peak Ethiopia was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the “Adi Da-iro project”) for an initial period of three years expiring on April 15, 2022. Provided the licensee has fulfilled the spending obligations of Birr 41,127,665 (approximately \$1.9 million) specified in the license agreement, the exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances. Sun Peak Ethiopia paid \$2,797 in license issuing fees to acquire the license. The project is subject to a 2% NSR royalty.

Exploration and evaluation expenditures included in the loss for the three and six months ended June 30, 2020 and 2019 are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Nefasit				
Project administration	\$ 16,798	\$ 15,194	\$ 21,920	\$ 49,251
Salaries and benefits	4,524	10,527	8,437	21,471
Studies and evaluations	1,724	118,251	58,595	121,964
Travel expenses	2,143	8,575	8,328	13,593
	25,189	152,547	97,280	206,279
Adi Da-iro				
Project administration	30,986	-	43,777	-
Salaries and benefits	13,570	-	25,310	-
Studies and evaluations	20,209	-	55,606	-
Travel expenses	6,431	-	24,984	-
	71,196	-	149,677	-
Total	\$ 96,385	\$ 152,547	\$ 246,957	\$ 206,279

**9. DEFERRED ACQUISITION COSTS**

	June 30, 2020	December 31, 2019
Opening balance	\$ 785,876	\$ 239,702
Advances to Axum	675,782	97,410
Expenses paid on behalf of Axum	554,102	448,764
Closing balance	\$ 2,015,760	\$ 785,876

**SUN PEAK METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2020

(Unaudited – Expressed in Canadian dollars)

---

**9. DEFERRED ACQUISITION COSTS (continued)**

---

**Axum agreement**

On November 11, 2017, the Company entered into an option and joint venture shareholders' agreement (the "JV Agreement"), as amended, with Ezana Mining Development plc ("Ezana") that became effective on December 12, 2017, when the conditions precedent were met. Pursuant to the JV Agreement, the Company has an option to earn up to 70% in Axum Metals Share Company ("Axum"), which holds the Terer and Meli exploration licenses. The Company may earn a 51% interest in Axum upon completion of US\$5 million in expenditures by December 3, 2022.

The Company is the operator of the program and is sole funding Axum.

After earning a 51% interest, the Company may then elect to continue to solely fund Axum through completion of a definitive feasibility study to earn an additional 16.5% interest in Axum. Within 60 days of Axum being granted a mining license, the Company will have an option to purchase an additional 2.5% interest in Axum from Ezana for a payment of US\$6 million.

**Terer project**

The Terer exploration license was issued to Ezana on March 30, 2015 for a period of three years. The Terer exploration license was renewed for one year for the first time on March 29, 2018. The Terer exploration license was transferred to Axum on June 12, 2019 (the "Terer project"). Application for a third one year renewal was submitted on January 28, 2020 and accepted in May 2020, retaining the March 29th exploration license expiration date. In accordance with the Ministry of Mines regulations for exploration licenses, 25% of the area covered by the original exploration license was relinquished. The Company does not consider the 25% area relinquished to be prospective and it does not affect the exploration program for the Terer project. Axum has completed the required expenditure of Birr 16,901,340 (approximately \$800,000). The third-year renewal of the Terer exploration license has a required expenditure of Birr 32,382,240 (approximately \$1.5 million). The project is subject to a 2% NSR royalty.

**Meli project**

On December 4, 2019, Axum was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the "Meli project") for an initial period of three years expiring on December 3, 2022. Provided Axum has fulfilled the spending obligations of Birr 63,426,750 (approximately \$3.0 million) specified in the license agreement, the exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances. The project is subject to a 2% NSR royalty.

---

**10. TRADE AND OTHER PAYABLES**

---

	<b>June 30, 2020</b>	<b>December 31, 2019</b>
Trade and other payables in Canada	\$ 33,402	\$ 404,436
Trade and other payables in Ethiopia	82,997	236,699
Amounts due to related parties (Note 12)	28,431	80,106
<b>Total</b>	<b>\$ 144,830</b>	<b>\$ 721,241</b>

**SUN PEAK METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2020

(Unaudited – Expressed in Canadian dollars)

**11. SHARE CAPITAL****a) Authorized share capital**

The authorized share capital is comprised of an unlimited number of common shares without par value.

**b) Issued share capital**

On January 8, 2020, the Company completed a non-brokered private placement through the issue of 500,000 special warrants (“Special Warrants”) at \$0.35 per Special Warrant for gross proceeds of \$175,000. Each Special Warrant is exercisable into one common share of the Company.

In April and May 2020, the Company issued 37,076,369 common shares of the Company on conversion of 37,076,369 Special Warrants, for no additional consideration.

**c) Warrants**

The continuity of warrants for the six months ended June 30, 2020 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, December 31, 2019</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, June 30, 2020</b>
September 23, 2021	\$ 0.15	8,200,000	-	-	-	8,200,000
September 23, 2021	\$ 0.15	500,000	-	-	-	500,000
December 18, 2021	\$ 0.35	257,130	-	-	-	257,130
		8,957,130	-	-	-	8,957,130
Weighted average exercise price	\$ 0.16	\$ -	\$ -	\$ -	\$ -	\$ 0.16

**d) Options**

On January 24, 2020, the Company adopted a rolling stock option plan (the Plan”) which is applicable to directors, officers, employees and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one time. The maximum term of stock options is ten years from the grant date. The exercise price and vesting terms are at the discretion of the directors.

The continuity of stock options for the six months ended June 30, 2020 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, December 31, 2019</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, June 30, 2020</b>
August 17, 2025	\$ 0.35	-	4,200,000	-	-	4,200,000
		-	4,200,000	-	-	4,200,000
Weighted average exercise price	\$ -	\$ 0.35	\$ -	\$ -	\$ -	\$ 0.35

**SUN PEAK METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2020

(Unaudited – Expressed in Canadian dollars)

**11. SHARE CAPITAL (continued)****e) Share-based compensation**

On January 24, 2020, the Company granted 4,100,000 stock options to directors, officers, employees, and consultants at a fair value of \$1,069,957 or \$0.26 per option, which was recorded as share-based compensation for the six months ended June 30, 2020. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 1.41%; an expected volatility of 100%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On April 15, 2020, the Company granted 100,000 stock options to a consultant at a fair value of \$25,872 or \$0.26 per option, which was recorded as share-based compensation for the six months ended June 30, 2020. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.42%; an expected volatility of 100%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

**12. RELATED PARTY TRANSACTIONS***Compensation of key management personnel*

Key management includes members of the Board of Directors, the President and Chief Executive Officer, the Vice President Exploration & Geology, the Vice President Project Development, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel, which includes the amounts disclosed above, during the three and six months ended June 30, 2020 and 2019 were as follows:

		Three months ended June 30,		Six months ended June 30,	
		2020	2019	2020	2019
Consulting fees					
Golden Oak	(1)	\$ 30,000	\$ 12,000	\$ 56,000	\$ 30,000
Office expenses					
Sandstorm	(2)	12,000	8,654	25,177	16,906
Marketing					
Peak	(3)	30,000	-	60,000	-
VRIFY	(4)	3,000	-	6,000	-
Salaries and benefits					
Greg Davis	Officer & Director	37,500	20,000	72,500	50,000
David Daoud	Officer	37,500	20,000	72,500	50,000
Scott Ansell	Officer	37,500	32,000	72,500	50,000
Share-based compensation					
Greg Davis	Officer & Director	-	-	195,724	-
David Daoud	Officer	-	-	195,724	-
Scott Ansell	Officer	-	-	195,724	-
Golden Oak	Officers	-	-	117,434	-
David Awram	Director	-	-	117,434	-
Stephen de Jong	Director	-	-	78,290	-
Hayley De Witt	Director	-	-	52,193	-
<b>Total</b>		<b>\$ 187,500</b>	<b>\$ 92,654</b>	<b>\$ 1,317,200</b>	<b>\$ 196,906</b>

**SUN PEAK METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2020

(Unaudited – Expressed in Canadian dollars)

---

**12. RELATED PARTY TRANSACTIONS (continued)**

---

- (1) Golden Oak is a consulting company controlled by Dan O'Brien, the Chief Financial Officer, and Doris Meyer, a director and the Corporate Secretary, of the Company. Golden Oak provides the services of a Chief Financial Officer, a Corporate Secretary, and accounting and administrative staff to the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.
- (2) Sandstorm Gold Ltd. ("Sandstorm") is a company of which David Awram, a director of the Company, is an officer. Sandstorm provides the Company with shared office space.
- (3) Peak Investor Marketing Corp. ("Peak") is a consulting company of which Nichola Vermiere is a principal. Ms. Vermiere is the spouse of Greg Davis, the President and Chief Executive Officer and a director of the Company. Peak provides marketing services to the Company.
- (4) VRIFY Technology Inc. ("VRIFY") is a consulting company of which Stephen de Jong, a director of the Company, is a principal. VRIFY provides marketing services to the Company.

*Amounts due to related parties*

As at June 30, 2020, the Company owed \$28,431 (December 31, 2019 – \$80,106) to related parties as follows: \$12,000 to Sandstorm for shared office costs, \$10,500 to Peak for marketing fees, \$5,250 to VRIFY for marketing fees, and \$681 to Golden Oak for the reimbursement of expenses. All amounts owed are unsecured and non-interest bearing.

---

**13. SEGMENTED INFORMATION**

---

Operating segments are identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and evaluation.

With the exception of the cash disclosed in Note 4, all of the Company's significant assets are located in Ethiopia as at June 30, 2020 and December 31, 2019.

**SUN PEAK METALS CORP.****NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS**

For the six months ended June 30, 2020

(Unaudited – Expressed in Canadian dollars)

---

**14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

---

**Financial Instruments**

Financial instruments are classified into one of the following categories: fair value through profit or loss (“FVTPL”); fair value through other comprehensive income (“FVTOCI”); or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

		<b>June 30, 2020</b>	<b>December 31, 2019</b>
Cash	FVTPL	\$ 11,708,091	\$ 14,339,728
Receivables	Amortized cost	85,192	899
Trade and other payables	Amortized cost	144,830	721,241

The Company’s financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values of receivables and trade and other payables approximate their fair values due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value of cash was determined based on Level 1 of the fair value hierarchy.

**Risk management**

The Company’s risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2019.

---

**15. SUBSEQUENT EVENT**

---

On August 17, 2020, the Company’s common shares commenced trading on the TSX Venture Exchange under the symbol PEAK.