



**CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2021

(Unaudited – Expressed in Canadian dollars)

NOTICE TO READER

These condensed interim consolidated 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 interim consolidated financial statements, notes to the financial statements or the related Management's Discussion and Analysis.

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

(Unaudited – Expressed in Canadian dollars)

	<i>Note</i>	March 31, 2021	December 31, 2020
ASSETS			
Current			
Cash	4	\$ 9,086,101	\$ 9,760,495
Receivables	5	4,670	183,313
Prepaid expenses	6	24,586	43,484
		9,115,357	9,987,292
Equipment	7	296,241	303,803
Exploration and evaluation assets	8	8,054	8,054
Deferred acquisition costs	9	3,064,527	2,819,057
		\$ 12,484,179	\$ 13,118,206
LIABILITIES			
Current			
Trade and other payables	10	\$ 111,738	\$ 212,469
EQUITY			
Share capital	11	17,745,808	17,745,808
Reserve	11	1,263,510	1,230,658
Deficit		(6,636,877)	(6,070,729)
		12,372,441	12,905,737
		\$ 12,484,179	\$ 13,118,206
Nature of operations	1		

These condensed interim consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on May 25, 2021.

On behalf of the Board:/s/ David Awram

Director

/s/ Greg Davis

Director

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

SUN PEAK METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
(Unaudited – Expressed in Canadian dollars)

		Three months ended March 31,	
	<i>Note</i>	2021	2020
Expenses			
Consulting fees	12	\$ 30,000	\$ 26,000
Depreciation	7	15,473	10,205
Exploration and evaluation expenditures	8	139,813	150,572
Foreign exchange		25,689	(66,513)
Investor relations		778	22,953
Office expenses	12	15,269	28,220
Marketing fees	12	15,129	33,000
Professional fees		2,429	37,822
Regulatory costs		70,375	30,119
Salaries and benefits	12	178,562	141,543
Share-based compensation	11	32,852	1,069,957
Travel expenses		44,350	50,251
		(570,719)	(1,534,129)
Interest income		4,571	36,331
Loss and comprehensive loss for the period		\$ (566,148)	\$ (1,497,798)
Basic and diluted loss per share		\$ (0.01)	\$ (0.04)
Weighted average number of shares outstanding		78,438,634	41,362,265

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

SUN PEAK METALS CORP.**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

(Unaudited – Expressed in Canadian dollars)

	Three months ended March 31,	
	2021	2020
Cash flows to operating activities		
Loss for the period	\$ (566,148)	\$ (1,497,798)
Items not involving cash:		
Depreciation	15,473	10,205
Share-based compensation	32,852	1,069,957
Change in non-cash working capital items:		
Receivables	178,643	(35,851)
Prepaid expenses	18,898	(4,720)
Trade and other payables	(100,731)	(506,184)
	<u>(421,013)</u>	<u>(964,391)</u>
Cash flows to investing activities		
Advance	-	(55,562)
Purchase of equipment	(7,911)	(25,508)
Deferred acquisition costs	(245,470)	(1,220,694)
	<u>(253,381)</u>	<u>(1,301,764)</u>
Cash flows from financing activities		
Proceeds from Special Warrants	-	175,000
	<u>-</u>	<u>175,000</u>
Decrease in cash for the period	(674,394)	(2,091,155)
Cash, beginning of period	9,760,495	14,339,728
Cash, end of period	\$ 9,086,101	\$ 12,248,573
Supplementary information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

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

(Unaudited – Expressed in Canadian dollars)

	Number of shares	Share capital	Special Warrants	Reserve	Deficit	Total
Balance, December 31, 2020	78,438,634	\$ 17,745,808	\$ -	\$ 1,230,658	\$ (6,070,729)	\$ 12,905,737
Share-based compensation	-	-	-	32,852	-	32,852
Loss and comprehensive loss for the period	-	-	-	-	(566,148)	(566,148)
Balance, March 31, 2021	78,438,634	\$ 17,745,808	\$ -	\$ 1,263,510	\$ (6,636,877)	\$ 12,372,441

	Number of shares	Share capital	Special Warrants	Reserve	Deficit	Total
Balance, December 31, 2019	41,362,265	\$ 5,316,413	\$ 12,254,395	\$ 47,589	\$ (2,942,754)	\$ 14,675,643
Special Warrants	-	-	175,000	-	-	175,000
Share-based compensation	-	-	-	1,069,957	-	1,069,957
Loss and comprehensive loss for the period	-	-	-	-	(1,497,798)	(1,497,798)
Balance, March 31, 2020	41,362,265	\$ 5,316,413	\$ 12,429,395	\$ 1,117,546	\$ (4,440,552)	\$ 14,422,802

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

SUN PEAK METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(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 common shares commenced trading on the TSX Venture Exchange (“TSX-V”) under the symbol PEAK. Effective March 4, 2021, the Company’s common shares commenced trading on the OTCQB Venture Market in the United States under the symbol SUNPF. 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. Sun Peak Ethiopia holds two exploration licenses in Ethiopia (Note 8).

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

In early November 2020, armed conflicts broke out in the Tigray Region of northern Ethiopia and a state of emergency was declared in the Tigray Region by the Federal Democratic Republic of Ethiopia government. The Company immediately suspended all work programs. In late November 2020, the Company invoked force majeure on all four of its exploration licenses by notification to Ethiopia’s Ministry of Mines and Petroleum. In March 2021, the Company received letters from the Ministry of Mines and Petroleum stating that the Ministry has accepted the force majeure declaration on all four exploration licenses. The Company also invoked force majeure pursuant to the joint venture agreement between the Company and Ezana by notification to Ezana. During force majeure all work and contractual commitments on the projects are deferred until it is deemed safe and stable by the Company to resume exploration work in the region.

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. The Company suspended exploration operations in March 2020 due to the pandemic and implemented a COVID response plan to comply with local and international regulations. In September 2020, the Company returned to full exploration operations in Ethiopia, however in November 2020, suspended exploration operations again due to the conflicts in Ethiopia.

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

For the three months ended March 31, 2021

(Unaudited – Expressed in Canadian dollars)

1. NATURE OF OPERATIONS (continued)

These consolidated 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 March 31, 2021, the Company had working capital of \$9,003,619. Management estimates that these funds will provide the Company with sufficient financial resources to carry out its exploration and operations through the next twelve months.

These consolidated 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 interim consolidated 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 interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at the date the Board of Directors approved these condensed interim consolidated financial statements for issue.

These condensed interim consolidated 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, 2020.

Basis of measurement

These condensed interim consolidated 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 interim consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

Functional and presentation currency

These condensed interim consolidated 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.

SUN PEAK METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2021

(Unaudited – Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

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.

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed interim consolidated financial statements are the same as those applied by the Company as at and for the year ended December 31, 2020.

Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of March 31, 2021 and have not been applied in preparing these consolidated financial statements. In addition, these standards are not expected to impact the Company.

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

For the three months ended March 31, 2021

(Unaudited – Expressed in Canadian dollars)

4. CASH

	March 31, 2021	December 31, 2020
Canadian dollar denominated deposits held in Canada	\$ 8,786,877	\$ 9,069,865
US dollar denominated deposits held in Canada	15,192	4,559
US dollar denominated deposits held in Ethiopia	-	201,180
Birr denominated deposits held in Ethiopia	284,032	484,891
Total	\$ 9,086,101	\$ 9,760,495

5. RECEIVABLES

	March 31, 2021	December 31, 2020
Amounts due from the Government of Canada pursuant to goods and services input tax credits	\$ 4,133	\$ 8,096
Interest receivable	-	175,000
Other	537	217
Total	\$ 4,670	\$ 183,313

6. PREPAID EXPENSES

	March 31, 2021	December 31, 2020
Prepaid insurance	\$ 3,321	\$ 7,522
Prepaid rent	5,271	12,621
Other	15,994	23,341
Total	\$ 24,586	\$ 43,484

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

For the three months ended March 31, 2021

(Unaudited – Expressed in Canadian dollars)

7. EQUIPMENT

	Office furniture and equipment	Field equipment	Vehicles	Total
Cost				
At December 31, 2020	48,969	150,213	172,613	371,795
Additions	7,911	-	-	7,911
At March 31, 2021	\$ 56,880	\$ 150,213	\$ 172,613	\$ 379,706
Accumulated depreciation				
At December 31, 2020	8,680	28,326	30,986	67,992
Depreciation	2,152	6,514	6,807	15,473
At March 31, 2021	\$ 10,832	\$ 34,840	\$ 37,793	\$ 83,465
Carrying amounts				
At December 31, 2020	\$ 40,289	\$ 121,887	\$ 141,627	\$ 303,803
At March 31, 2021	\$ 46,048	\$ 115,373	\$ 134,820	\$ 296,241

8. EXPLORATION AND EVALUATION ASSETS

	Nefasit Project	Adi Dairo Project	Total
December 31, 2020	5,257	2,797	8,054
Additions	-	-	-
March 31, 2021	\$ 5,257	\$ 2,797	\$ 8,054

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

For the three months ended March 31, 2021

(Unaudited – Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures on the Nefasit and Adi Da-iro exploration licenses included in the loss for the three months ended March 31, 2021 and 2020 are as follows:

	Three months ended March 31,	
	2021	2020
Nefasit		
Project administration	\$ 52,740	\$ 5,122
Salaries and benefits	9,108	3,913
Studies and evaluations	-	56,871
Travel expenses	8,059	6,185
	69,907	72,091
Adi Da-iro		
Project administration	52,739	12,791
Salaries and benefits	9,108	11,740
Studies and evaluations	-	35,397
Travel expenses	8,059	18,553
	69,906	78,481
Total	\$ 139,813	\$ 150,572

9. DEFERRED ACQUISITION COSTS

	March 31, 2021	December 31, 2020
Opening balance	\$ 2,819,057	\$ 785,876
Advances to Axum	-	921,843
Expenses paid on behalf of Axum	245,470	1,111,338
Closing balance	\$ 3,064,527	\$ 2,819,057

10. TRADE AND OTHER PAYABLES

	March 31, 2021	December 31, 2020
Trade and other payables in Canada	\$ 79,090	\$ 168,224
Trade and other payables in Ethiopia	4,436	16,824
Amounts due to related parties (Note 12)	28,212	27,421
Total	\$ 111,738	\$ 212,469

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

For the three months ended March 31, 2021

(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

There were no common shares issued during the three months ended March 31, 2021.

c) Escrow shares

As at March 31, 2021, the Company had 13,303,571 common shares held in escrow, to be released 3,325,893 on August 17, 2021, February 17, 2022, August 17, 2022, and February 17, 2023.

d) Warrants

The continuity of warrants for the three months ended March 31, 2021 is as follows:

Expiry date	Exercise price	Balance, December 31, 2020	Issued	Exercised	Expired	Balance, March 31, 2021
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

e) 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 three months ended March 31, 2021 is as follows:

Expiry date	Exercise price	Balance, December 31, 2020	Issued	Exercised	Expired	Balance, March 31, 2021
August 17, 2025	\$ 0.35	4,100,000	-	-	-	4,100,000
August 17, 2025	\$ 0.35	100,000	-	-	(100,000)	-
September 8, 2025 *	\$ 0.95	300,000	-	-	-	300,000
		4,500,000	-	-	(100,000)	4,400,000
Weighted average exercise price	\$ 0.39	\$ -	\$ -	\$ -	\$ 0.35	\$ 0.39

* expired subsequent to March 31, 2021

As at March 31, 2021, 4,160,000 stock options were exercisable with a weighted average remaining life of 4.39 years.

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

For the three months ended March 31, 2021

(Unaudited – Expressed in Canadian dollars)

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

During the three months ended March 31, 2021, the Company recorded share-based compensation of \$32,852 (2020 - \$1,069,957) for stock options that vested during the period.

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 months ended March 31, 2021 and 2020 were as follows:

		Three months ended March 31,	
		2021	2020
Consulting fees			
Golden Oak	(1)	\$ 30,000	\$ 26,000
Marketing fees			
Peak	(2)	3,000	30,000
VRIFY	(3)	3,000	3,000
		6,000	33,000
Salaries and benefits			
Chief Executive Officer		37,500	35,000
Vice President Exploration & Geology		37,500	35,000
Vice President Project Development		37,500	35,000
		112,500	105,000
Share-based compensation		-	952,523
		\$ -	\$ 952,523

(1) Golden Oak is a consulting company controlled by the Chief Financial Officer, and 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) Peak Investor Marketing Corp. ("Peak") is a company of which the spouse of the Chief Executive Officer is a principal.

(3) VRIFY Technology Inc. ("VRIFY") is a company of which a director of the Company is a principal.

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

For the three months ended March 31, 2021

(Unaudited – Expressed in Canadian dollars)

12. RELATED PARTY TRANSACTIONS (continued)

Amounts due to related parties

As at March 31, 2021, the Company owed \$28,212 (December 31, 2020 – \$27,421) to related parties as follows: \$11,670 to Sandstorm for shared office costs, and \$21,227 to Greg Davis, \$3,912 to Scott Ansell, \$942 to David Daoud, and \$2,137 to Golden Oak for the reimbursement of expenses. All amounts owed are unsecured and non-interest bearing and are recorded in trade and other payables (Note 10).

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.

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:

		March 31, 2021	December 31, 2020
Cash	FVTPL	\$ 9,086,101	\$ 9,760,495
Receivables	Amortized cost	4,670	183,313
Trade and other payables	Amortized cost	111,738	212,469

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.

SUN PEAK METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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(Unaudited – Expressed in Canadian dollars)

14. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Financial Instruments (continued)

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, 2020.