MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2022

(Expressed in Canadian dollars)

The following is management's discussion and analysis ("MD&A") of the results of operations and financial condition of Sun Peak Metals Corp. (the "Company" or "Sun Peak") for the year ended December 31, 2022 and up to the date of this MD&A and should be read in conjunction with the accompanying audited consolidated financial statements for the year ended December 31, 2022, together with the notes thereto (the "Financial Report").

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is April 26, 2023.

Description of the Business

Sun Peak 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 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 in Ethiopia.

Sun Peak has been actively investigating other potential opportunities, both in Ethiopia and globally. The Company will provide further details when available.

Overview

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 a 100% interest in the Nefasit, Adi Da-iro, Adi Mendi, and Workemba exploration licenses.

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 the Terer and Meli exploration licenses.

In 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 and invoked force majeure by notification to Ethiopia's Ministry of Mines and Petroleum. The Company has received letters from the Ministry of Mines and Petroleum confirming that the Ministry has accepted the force majeure declaration on its exploration licenses. During force majeure, all work and contractual commitments on the Company's exploration projects are deferred until it is deemed safe and stable by the Company to resume exploration work in the region.

Nefasit

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 for an initial period of three years expiring on December 31, 2020 (extended indefinitely due to force majeure) 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.

Adi Da-iro

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 for an initial period of three years expiring on April 15, 2022 (extended indefinitely due to force majeure) 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.

Adi Mendi

On September 30, 2021, Sun Peak Ethiopia was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area for an initial period of three years expiring on September 29, 2024 provided the licensee has fulfilled the spending obligations of Birr 43,691,350 (approximately $1.0 million) specified in the license agreement. This exploration license was applied for in 2020 prior to the armed conflicts breaking out in the Tigray Region of northern Ethiopia. The exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances. Sun Peak Ethiopia paid $899 in license issuing fees to acquire the license. The project is subject to a 2% NSR royalty.

Workemba

On September 30, 2021, Sun Peak Ethiopia was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area for an initial period of three years expiring on September 29, 2024 provided the licensee has fulfilled the spending obligations of Birr 34,628,250 (approximately $900,000) specified in the license agreement. This exploration license was applied for in 2020 prior to the armed conflicts breaking out in the Tigray Region of northern Ethiopia. The exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances. Sun Peak Ethiopia paid $2,512 in license issuing fees to acquire the license.

Axum Agreement

On November 11, 2017, the Company entered into an option and joint venture shareholders' agreement (the "JV Agreement"), as amended, with 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, 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 (extended indefinitely due to force majeure).

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

On June 12, 2019, the Terer exploration license was transferred by Ezana to Axum with a remaining term that expired March 29, 2020. The Terer exploration license was subsequently renewed for a further one-year term until March 29, 2021 (extended indefinitely due to force majeure). In accordance with the Ministry of Mines regulations for exploration licenses, 25% of the area covered by the original exploration license was relinquished on the renewal. 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 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

On December 4, 2019, Axum was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area for an initial period of three years expiring on December 3, 2022 (extended indefinitely due to force majeure) 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.

COVID-19

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.

Trends

The Company is an exploration company. At this time, issues of seasonality or market fluctuations have had a minor impact on the expenditure patterns. The impact of COVID-19 and the conflicts in Ethiopia had a major impact on the expenditure patterns. The Company expenses its exploration, project investigation and general and administration costs, and these amounts are included in the net income (loss) for each quarter and year. The Company's treasury, in part, determines the levels of exploration.

Selected Annual Information

	Year ended December 31, 2022	Year ended December 31, 2021	Year ended December 31, 2020
Statement of Loss:			
Net revenues	$Nil	$Nil	$Nil
Net loss	$(1,226,589)	$(1,523,515)	$(3,127,975)
Basic and diluted loss per share	$(0.01)	$(0.02)	$(0.05)
Financial Position:			
Total assets	$11,693,579	$12,861,337	$13,118,206
Long term debt	$Nil	$Nil	$Nil

Financial Condition and Results of Operations – year ended December 31, 2022

The consolidated net loss for the year ended December 31, 2022 was $1,226,589 (2021 - $1,523,515).

The significant changes between the current period and the comparative period are discussed below.

Exploration and evaluation expenditures for the year ended December 31, 2022 totalled $Nil compared to $643,406 in the comparative year. Until December 31, 2021, the Company included Ethiopian general and administrative expenses in exploration and evaluation expenditures, however for the year ended December 31, 2022, these expenditures have been included in their respective profit and loss line items.

Project investigation costs for the year ended December 31, 2022 totalled $147,008 (2021 - $Nil) and relates to the identification of new exploration properties investigated by management of the Company.

Salaries and benefits for the year ended December 31, 2022 totalled $604,864 (2021 - $638,289) and primarily relates to salaries paid to the Chief Executive Officer, the VP Exploration & Geology, and the VP Project Development.

Non-cash share-based compensation for the year ended December 31, 2022 totalled $Nil (2021 - $89,265) and relates to stock options that vested during the year.

During the year ended December 31, 2022, the Company recorded management services of $Nil (2021 - $384,000) related to a management services agreement with Kandaka Mining Corp. ("Kandaka") entered into in May 2021. Pursuant to the management services agreement, management of the Company provided Kandaka the services of its management team, administrative services, and shared office space. The Company also recorded a dilution gain on equity investment of $185,625. The management services agreement was terminated effective December 31, 2021.

Summary of Quarterly Results

	3 Months Ended December 31, 2022	3 Months Ended September 30, 2022	3 Months Ended June 30, 2022	3 Months Ended March 31, 2022
Total revenues	$ -	$ -	$ -	$ -
Net loss	$ (349,230)	$ (264,589)	$ (222,342)	$ (390,428)
Basic and diluted loss per share	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.01)

	3 Months Ended December 31, 2021	3 Months Ended September 30, 2021	3 Months Ended June 30, 2021	3 Months Ended March 31, 2021
Total revenues	$ -	$ -	$ -	$ -
Net loss	$ (736,330)	$ (177,894)	$ (43,143)	$ (566,148)
Basic and diluted loss per share	$ (0.01)	$ (0.00)	$ (0.00)	$ (0.01)

Fourth Quarter

The Company began the fourth quarter with $8,285,982 in cash. During the fourth quarter, the Company expended $268,982 on operating activities, net of working capital changes, and $82,095 on investing activities, to end the quarter and the year with $7,934,905 in cash.

Liquidity and Capital Resources

The Company began the fiscal period with $9,217,664 cash. During the year ended December 31, 2022, the Company spent $946,832 on operating activities, net of working capital changes, and $335,927 on investing activities, to end at December 31, 2022 with $7,934,905 cash.

As at December 31, 2022, the Company had working capital of $7,848,237. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months.

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 years ended December 31, 2022 and 2021 were as follows:

		Year ended December 31, 2022	Year ended December 31, 2021
Consulting fees			
Golden Oak	(1)	$ 120,000	$ 120,000
Marketing fees			
Peak	(2)	12,000	12,000
VRIFY	(3)	-	11,000
		12,000	23,000
Salaries and benefits			
Chief Executive Officer		166,667	183,333
Vice President Exploration & Geology		166,667	183,333
Vice President Project Development		166,667	183,333
		500,001	549,999
		$ 632,001	$ 692,999

(1) Golden Oak Corporate Services Ltd. ("Golden Oak") is a consulting company owned by the Chief Financial Officer and Corporate Secretary of 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.

Amounts due to related parties

		December 31, 2022	December 31, 2021
Chief Executive Officer	Expenses	$ -	$ 2,478
Vice President Exploration & Geology	Expenses	10,980	-
Vice President Project Development	Expenses	22,374	3,929
Golden Oak	Expenses	616	412
		$ 33,970	$ 6,819

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration and evaluation assets are described in Note 8 to the Financial Report.

Outstanding Share Data as at the date of this MD&A

Authorized: an unlimited number of common shares without par value

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance as at December 31, 2022	87,098,634	-	4,325,000
Options granted	-	-	250,000
Options granted	-	-	2,150,000
Balance as at the date of this MD&A	87,098,634	-	6,725,000

Use of accounting estimates, judgments and assumptions

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. On a quarterly basis, the Company assesses the deferred acquisition costs to determine if any impairment indicators are present.

Equity investment - The Company has a 25% interest in the shares of Kandaka and a director of the Company is the sole director of Kandaka. The Company has determined that it has significant influence in Kandaka, therefore the Company accounts for this investment using equity accounting.

Standards issued but not yet effective

A number of amendments to standards and interpretations are not yet effective as of December 31, 2022 and have not been applied in preparing the Financial Report. In addition, these standards are not expected to impact the Company.

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:

		December 31, 2022	December 31, 2021
Cash	FVTPL	$ 7,934,905	$ 9,217,664
Receivables	Amortized cost	16,649	151,381
Trade and other payables	Amortized cost	131,129	72,298

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 fair value of cash was determined based on Level 1 of the fair value hierarchy.

Risk Management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that there is sufficient capital in order to meet short-term business requirements. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next sixty days. The Company has a working capital balance of $7,858,809 as at December 31, 2022.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity, political risk, and equity prices. These fluctuations may be significant.

(a) Interest Rate Risk: The Company is exposed to interest rate risk to the extent that its cash balances bear variable rates of interest. The interest rate risks on cash and on the Company's obligations are not considered significant.

(b) Foreign Exchange Risk: The Company expects to continue to raise equity predominately in Canadian dollars. The Company is primarily conducting business in Ethiopia. As such, it is subject to risk due to fluctuations in the exchange rate between the Canadian dollar and the Ethiopian Birr. Management believes the foreign exchange risk related to currency conversions is minimal and therefore, does not hedge its foreign exchange risk. The effect of a ten percent change in the foreign exchange rate on the cash held in Ethiopian Birr at December 31, 2022 would be insignificant.

(c) Commodity Price Risk: While the value of the Company's exploration and evaluation assets will be related to the price of gold and the outlook for this mineral, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect to its operational activities.

Historically, the price of gold has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold.

(d) Political Uncertainty Risk: In conducting operations in Ethiopia, the Company is subject to considerations and risks not typically associated with companies operating in Canada. These include risks such as the political, economic, and legal environments as well as the risk of military conflict. Among other things, the Company's results may be adversely affected by changes in the political and social conditions, including unrest in Ethiopia, and by changes in governmental policies with respect to mining laws and regulations, anti-inflationary measures, currency conversion and remittance abroad, and rates and methods of taxation.

Cautionary Note Regarding Forward-looking Statements

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that address activities, events or developments that the Company or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by the Company and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although the Company believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of the Company is subject to a number of risks and uncertainties, including those risk factors discussed under "Risk Factors" in the Company's prospectus dated August 10, 2020 with the additional risks of COVID-19 and the conflicts in Ethiopia and the impact and duration on the Company's work programs. In particular, if any of the risk factors materialize, the expectations, and the predictions based on them, of the Company may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and any documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Unless otherwise required by law, the Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and the Company does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

Other Information

Additional information relating to the Company is available for viewing on the Company's web site at www.sunpeakmetals.com.