



**MANAGEMENT'S DISCUSSION AND ANALYSIS  
QUARTERLY HIGHLIGHTS**

**For the three months ended March 31, 2023**

(Expressed in Canadian dollars)

**SUN PEAK METALS CORP.**  
**For the three months ended March 31, 2023**  
**MANAGEMENT’S DISCUSSION AND ANALYSIS**

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The following is management’s discussion and analysis – quarterly highlights (“MD&A”) of the results of operations and financial condition of Sun Peak Metals Corp. (the “Company” or “Sun Peak”) for the three months ended March 31, 2023 and up to the date of this MD&A, and has been prepared to provide material updates to the business operations, financial condition, liquidity and capital resources of the Company since its last management’s discussion and analysis for the fiscal year ended December 31, 2022 (the “Annual MD&A”).

This MD&A should be read in conjunction with the Annual MD&A and the audited consolidated financial statements for the year ended December 31, 2022, together with the notes thereto, and the accompanying unaudited condensed interim consolidated financial statements and related notes thereto for the three months ended March 31, 2023 (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 May 25, 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. The Company’s common shares are listed for trading on the TSX Venture Exchange (“TSX-V”) under the symbol PEAK and 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.

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**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.

**Financial Condition and Results of Operations – three months ended March 31, 2023**

The consolidated net loss for the three months ended March 31, 2023 was \$767,651 compared to \$390,428 for the three months ended March 31, 2022.

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

Exploration and evaluation expenditures for the three months ended March 31, 2023 totalled \$43,287 (2022 – \$24,563) and relate primarily to general and administration costs of the Company's Ethiopian subsidiary. As noted above, the Company declared force majeure and ceased exploration work on its exploration licenses.

Project investigation costs for the three months ended March 31, 2023 totalled \$55,423 (2022 - \$Nil) and relate to the identification of new exploration properties investigated by management of the Company.

Salaries and benefits for the three months ended March 31, 2023 totalled \$189,268 (2022 - \$169,438) 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 three months ended March 31, 2023 totalled \$358,118 (2022 - \$Nil) and relates to stock options that vested during the period.

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**Liquidity and Capital Resources**

The Company began the fiscal period with \$7,934,905 cash. During the three months ended March 31, 2023, the Company spent \$435,283 on operating activities, net of working capital changes, and \$3,606 on investing activities, to end at March 31, 2023 with \$7,496,016 cash.

As at March 31, 2023, the Company had working capital of \$7,462,773. 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**

The Company had no other related party transactions other than those incurred in the normal course of business as disclosed in the Financial Report.

**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

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	<b>Common Shares Issued and Outstanding</b>	<b>Share Purchase Warrants</b>	<b>Stock Options</b>
<b>Balance as at March 31, 2023</b>	87,098,634	-	6,725,000
<b>Balance as at the date of this MD&amp;A</b>	87,098,634	-	6,725,000

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**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](http://www.sunpeakmetals.com).