



**CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2023

(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 Audit Committee of 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, 2023	December 31, 2022
ASSETS			
Current			
Cash	4	\$ 7,496,016	\$ 7,934,905
Receivables	5	19,637	16,649
Prepaid expenses	6	57,071	27,812
		7,572,724	7,979,366
Equipment	7	269,368	284,863
Exploration and evaluation assets	8	11,465	11,465
Deferred acquisition costs	9	3,381,737	3,381,737
Equity investment	10	27,574	36,148
		\$ 11,262,868	\$ 11,693,579
LIABILITIES			
Current			
Trade and other payables	11	\$ 109,951	\$ 131,129
EQUITY			
Share capital	12	19,044,808	19,044,808
Reserve	12	1,696,593	1,338,475
Deficit		(9,588,484)	(8,820,833)
		11,152,917	11,562,450
		\$ 11,262,868	\$ 11,693,579

Nature of operations

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These condensed interim consolidated financial statements were approved and authorized for issue by the Audit Committee of the Board of Directors of the Company on May 25, 2023.

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>	2023	2022
Expenses			
Consulting fees	13	\$ 30,000	\$ 30,000
Depreciation	7	19,101	22,110
Exploration and evaluation expenditures	8	43,287	24,563
Foreign exchange		818	100,432
Office expenses		49,028	11,462
Marketing fees	13	3,000	3,000
Professional fees		1,998	-
Project investigation costs		55,423	-
Regulatory costs		12,959	28,180
Salaries and benefits	13	189,268	169,438
Share-based compensation	12 & 13	358,118	-
Travel expenses		54,372	3,756
		(817,372)	(392,941)
Interest income		58,295	5,753
Loss on equity investment	10	(8,574)	(3,240)
Loss and comprehensive loss for the period		\$ (767,651)	\$ (390,428)
Basic and diluted loss per share		\$ (0.01)	\$ (0.00)
Weighted average number of shares outstanding		87,098,634	87,098,634

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,	
	2023	2022
Cash flows to operating activities		
Loss for the period	\$ (767,651)	\$ (390,428)
Items not involving cash:		
Depreciation	19,101	22,110
Share-based compensation	358,118	-
Loss on equity investment	8,574	3,240
Change in non-cash working capital items:		
Receivables	(2,988)	151,209
Prepaid expenses	(29,259)	(7,241)
Trade and other payables	(21,178)	175,773
	<u>(435,283)</u>	<u>(45,337)</u>
Cash flows to investing activities		
Purchase of equipment	(3,606)	(187,100)
Deferred acquisition costs	-	(58,705)
	<u>(3,606)</u>	<u>(245,805)</u>
Decrease in cash for the period	(438,889)	(291,142)
Cash, beginning of period	7,934,905	9,217,664
Cash, end of period	\$ 7,496,016	\$ 8,926,522
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	Reserve	Deficit	Total
Balance, December 31, 2022	87,098,634	\$ 19,044,808	\$ 1,338,475	\$ (8,820,833)	\$ 11,562,450
Share-based compensation	-	-	358,118	-	358,118
Loss and comprehensive loss for the period	-	-	-	(767,651)	(767,651)
Balance, March 31, 2023	87,098,634	\$ 19,044,808	\$ 1,696,593	\$ (9,588,484)	\$ 11,152,917

	Number of shares	Share capital	Reserve	Deficit	Total
Balance, December 31, 2021	87,098,634	\$ 19,044,808	\$ 1,338,475	\$ (7,594,244)	\$ 12,789,039
Loss and comprehensive loss for the period	-	-	-	(390,428)	(390,428)
Balance, March 31, 2022	87,098,634	\$ 19,044,808	\$ 1,338,475	\$ (7,984,672)	\$ 12,398,611

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, 2023

(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. 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.

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.

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.

These condensed interim 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, 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.

These condensed interim 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.

SUN PEAK METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

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, 2022.

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.

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.

SUN PEAK METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

(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 Mining Corp. ("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.

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, 2022.

Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted for the current period.

Standards issued but not yet effective

A number of amendments to standards and interpretations are not yet effective as of March 31, 2023 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 ITNERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

4. CASH

	March 31, 2023	December 31, 2022
Canadian dollar denominated deposits held in Canada	\$ 7,338,579	\$ 7,644,003
US dollar denominated deposits held in Canada	94,167	216,319
Birr denominated deposits held in Ethiopia	63,270	74,583
Total	\$ 7,496,016	\$ 7,934,905

5. RECEIVABLES

	March 31, 2023	December 31, 2022
Amounts due from the Government of Canada pursuant to goods and services input tax credits	\$ 6,528	\$ 4,424
Other	13,109	12,225
Total	\$ 19,637	\$ 16,649

6. PREPAID EXPENSES

	March 31, 2023	December 31, 2022
Prepaid insurance	\$ 11,898	\$ 19,047
Prepaid rent	4,317	1,852
Other	40,856	6,913
Total	\$ 57,071	\$ 27,812

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

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

7. EQUIPMENT

	Office furniture and equipment		Field equipment		Vehicles		Total
Cost							
At December 31, 2022	\$	78,371	\$	267,222	\$	113,310	\$ 458,903
Additions		1,728		1,878		-	3,606
At March 31, 2023	\$	80,099	\$	269,100	\$	113,310	\$ 462,509
Accumulated depreciation							
At December 31, 2022	\$	39,588	\$	80,344	\$	54,108	\$ 174,040
Depreciation		3,596		11,986		3,519	19,101
At March 31, 2023	\$	43,184	\$	92,330	\$	57,627	\$ 193,141
Carrying amounts							
At December 31, 2022	\$	38,783	\$	186,878	\$	59,202	\$ 284,863
At March 31, 2023	\$	36,915	\$	176,770	\$	55,683	\$ 269,368

8. EXPLORATION AND EVALUATION ASSETS

	Ethiopia					Total
	Nefasit	Adi Dairo	Adi Mendi	Workemba		
December 31, 2022	\$ 5,257	\$ 2,797	\$ 899	\$ 2,512	\$ 11,465	
Additions	-	-	-	-	-	
March 31, 2023	\$ 5,257	\$ 2,797	\$ 899	\$ 2,512	\$ 11,465	

The Company holds four exploration licenses in Ethiopia. Details on the Company's exploration and evaluation assets are found in Note 8 of the December 31, 2022 consolidated financial statements.

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

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

8. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures included in the loss for the three months ended March 31, 2023, and 2022 are as follows:

	Three months ended March 31,	
	2023	2022
Nefasit		
Project administration	\$ 6,781	\$ 2,996
Salaries and benefits	9,745	6,775
Travel expenses	5,117	2,511
	<u>21,643</u>	<u>12,282</u>
Adi Da-iro		
Project administration	\$ 6,782	\$ 2,996
Salaries and benefits	9,745	6,774
Travel expenses	5,117	2,511
	<u>21,644</u>	<u>12,281</u>
Total	\$ 43,287	\$ 24,563

9. DEFERRED ACQUISITION COSTS

	March 31, 2023	December 31, 2022
Opening balance	\$ 3,381,737	\$ 3,237,124
Advances to Axum	-	144,613
Expenses paid on behalf of Axum	-	-
Closing balance	<u>\$ 3,381,737</u>	<u>\$ 3,381,737</u>

The Company is earning an interest in Axum Metals Share Company, which holds the Terer and Meli exploration licenses. Details on the Company's deferred acquisition costs are found in Note 9 of the December 31, 2022 consolidated financial statements.

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

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

10. EQUITY INVESTMENT

	March 31, 2023	December 31, 2022
Opening balance	\$ 36,148	\$ 54,558
Loss	(8,574)	(18,410)
Closing balance	\$ 27,574	\$ 36,148

The Company has a 25% interest in the shares of Kandaka, a Canadian private company investigating mineral exploration opportunities in Sudan. In addition to the Company's 25% interest in Kandaka, directors and officers of the Company hold an additional 20% of Kandaka. A director of the Company is the sole director of Kandaka.

As at March 31, 2023 and December 31, 2022, the net assets of Kandaka were as follows:

	March 31, 2023	December 31, 2022
Assets	\$ 116,320	\$ 147,306
Liabilities	(6,028)	(2,716)
Net assets	110,292	144,590
Ownership	25%	25%
Closing balance	\$ 27,574	\$ 36,148

11. TRADE AND OTHER PAYABLES

	March 31, 2023	December 31, 2022
Trade and other payables in Canada	\$ 58,169	\$ 60,693
Trade and other payables in Ethiopia	947	36,466
Amounts due to related parties (Note 13)	50,835	33,970
Total	\$ 109,951	\$ 131,129

12. 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, 2023.

c) Escrow shares

As at March 31, 2023, the Company had 3,097,214 common shares held in escrow, to be released on August 17, 2023.

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

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

12. SHARE CAPITAL (continued)**d) Share-based compensation**

The continuity of stock options for the three months ended March 31, 2023 is as follows:

Expiry date	Exercise price	Balance, December 31, 2022	Issued	Exercised	Cancelled/ Expired	Balance, March 31, 2023
August 17, 2025	\$ 0.35	4,100,000	-	-	-	4,100,000
July 20, 2026	\$ 0.35	225,000	-	-	-	225,000
July 20, 2026	\$ 0.235	-	250,000	-	-	250,000
July 20, 2026	\$ 0.26	-	2,150,000	-	-	2,150,000
		4,325,000	2,400,000	-	-	6,725,000
Weighted average exercise price	\$ 0.35	\$ 0.26	\$ -	\$ -	\$ -	\$ 0.32

As at March 31, 2023, all stock options were exercisable with a weighted average remaining life of 3.31 years.

During the three months ended March 31, 2023, the Company recorded share-based compensation of \$358,118 (2022 - \$Nil) for stock options that vested during the period.

On January 18 2023, the Company granted 250,000 stock options to an employee of the Company at a fair value of \$34,570 or \$0.14 per option, which was recorded as share-based compensation for the three months ended March 31, 2023. 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 2.93%; an expected volatility of 69%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On February 22, 2023, the Company granted 2,000,000 stock options to directors, officers, and employees of the Company at a fair value of \$313,237 or \$0.16 per option, which was recorded as share-based compensation for the three months ended March 31, 2023. 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 3.66%; an expected volatility of 70%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On February 22, 2023, the Company granted 150,000 stock options to a consultant of the Company at a fair value of \$23,493 or \$0.16 per option, of which \$10,311 was recorded as share-based compensation for the three months ended March 31, 2023. The options vest 25% immediately and 25% every three months thereafter. 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 3.66%; an expected volatility of 70%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

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

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

13. 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, 2023 and 2022 were as follows:

	Three months ended March 31,	
	2023	2022
Consulting fees		
Golden Oak	(1) \$ 30,000	\$ 30,000
Marketing fees		
Peak	(2) 3,000	3,000
Salaries and benefits		
Chief Executive Officer	37,500	50,000
Vice President Exploration & Geology	45,833	50,000
Vice President Project Development	45,833	50,000
	<u>129,166</u>	<u>150,000</u>
Share-based compensation	300,058	-
	<u>\$ 462,224</u>	<u>\$ 183,000</u>

(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.

Amounts due to related parties

		March 31,	December 31,
		2023	2022
Chief Executive Officer	Expenses	\$ 36,342	\$ -
Vice President Exploration & Geology	Expenses	13,278	10,980
Vice President Project Development	Expenses	-	22,374
Golden Oak	Expenses	1,215	616
		<u>\$ 50,835</u>	<u>\$ 33,970</u>

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

For the three months ended March 31, 2023

(Unaudited - Expressed in Canadian dollars)

14. 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.

15. 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, 2023	December 31, 2022
Cash	FVTPL	\$ 7,496,016	\$ 7,934,905
Receivables	Amortized cost	19,637	16,649
Trade and other payables	Amortized cost	109,951	131,129

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 management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2022.