



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

For the six months ended June 30, 2020

(Expressed in Canadian dollars)

SUN PEAK METALS CORP.
For the six months ended June 30, 2020
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 six months ended June 30, 2020 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, 2019, with an effective date of May 12, 2020 (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, 2019, together with the notes thereto, and the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the six months ended June 30, 2020 (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 August 26, 2020.

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 head office and registered and records office address is Unit 1 – 15782 Marine Drive, White Rock, B.C. Canada V4B 1E6.

On August 10, 2020, the British Columbia Securities Commission issued a final receipt for its long-form prospectus. On August 17, 2020, the Company's common shares commenced trading on the TSX-V under the symbol PEAK.

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

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 has imposed travel restrictions on any employees, consultants, and contractors outside of Ethiopia. Approved travel to Ethiopia requires testing prior to travel and entry into the country. All Sun Peak personnel based in our Vancouver and Addis Ababa offices are following local medical authorities' guidance on working regulations and rules. The Company's exploration operations on the Shire Project follow local administration guidelines. Distancing practices and extensive hygiene measures are in place with the situation being monitored closely.

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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.

In addition to Sun Peak Ethiopia, the Company also has a corporate joint venture (the "JV Agreement") with Ezana Mining Development plc ("Ezana"), that governs the funding and activities of Axum Metals Share Company ("Axum").

The JV Agreement is fully discussed in the Annual MD&A.

To acquire a 51% shareholding in Axum, Sun Peak must solely fund the Phase 1 Earn-in of US\$5 million by December 4, 2022. Sun Peak has expended approximately US\$1.1 million to the date of this MD&A, will spend US\$3.5 million included on the 2020-2021 work programs (as outlined below), and the remaining US\$0.4 million will be funded in follow up exploration programs prior to December 4, 2022. Upon satisfying the expenditures, Sun Peak will be issued 51% of the treasury capital of Axum.

Exploration Licenses ("ELs")

The Terer EL and the Meli EL are held by Axum and the Company is indirectly earning into those two ELs pursuant to the JV Agreement. The Nefasit EL and the Adi Da-iro EL are held by Sun Peak Ethiopia.

Terer EL

The Terer EL was issued to Ezana on March 30, 2015 for a period of three years. The Terer EL was renewed for one year for the first time on March 29, 2018. The Terer EL 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 EL expiration date. In accordance with the Ministry of Mines regulations for EL's, 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 EL has a required expenditure of Birr 32,382,240 (approximately \$1.5 million).

The project is subject to a 2% net smelter return ("NSR") royalty.

Meli EL

The Meli EL (covering an area that had previously been subject to an EL owned by Ezana) was issued to Axum on December 4, 2019. It has an initial term of three years. The license requires the holder to spend Birr 63,426,750 (approximately \$3 million) during its current term. The project is subject to a 2% NSR royalty.

Nefasit EL

The Nefasit EL was issued to Sun Peak Ethiopia on January 1, 2018. It has an initial term of three years. The license requires the holder to spend Birr 37,175,925 (approximately \$1.7 million) during its current term. The project is subject to a 2% NSR royalty.

Adi Da-iro EL

The Adi Da-iro EL was issued to Sun Peak Ethiopia on April 16, 2019. It has an initial term of three years. The license requires the holder to spend Birr 41,127,665 (approximately \$1.9 million) during its current term. The project is subject to a 2% NSR royalty.

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Exploration

Exploration activities to date were discussed in the Annual MD&A.

2020-2021 work programs

The Company intends to explore the Terer EL, Nefasit EL, and Adi Da-iro EL (the "Shire Property Group") and the Meli EL once the Company returns to full operations, currently expected to be in the fall of 2020.

The key milestone for the Company's development of the Shire Property Group is the proposed work program for 2020-2021 totalling more than \$6.5 million. This includes 16,100 meters of diamond drilling (10,500 meters at Terer, 5,000 meters at Nefasit, and 600 meters at Adi Da-iro), gravity surveys (6,000 stations), regional and close-spaced soil sampling grids, stream sediment sampling and geological mapping. Once the work program has been completed, the Company will evaluate the results and determine the next steps to pursue with respect to the future exploration activities on the Shire Property Group.

The key milestone for the Company's development of the Meli EL is the proposed work program for 2020-2021 totalling more than \$0.8 million. This includes at least 2,000 meters of diamond drilling to test the well-defined Eastern Meli massive sulfide zone to depth, as well as testing of property-wide targets via ground-based geophysical, geochemical, and geological surveys. Once the work program has been completed, the Company will evaluate the results and determine the next steps to pursue with respect to the future exploration activities on the Meli EL.

Qualified Person

The Company's VP, Exploration & Geology, David Daoud, a Qualified Person as defined by NI 43-101, has reviewed, verified, and approved the exploration information and resource disclosures contained in this MD&A.

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 Company expends 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.

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Financial Condition and Results of Operations – six months ended June 30, 2020

The Company began the fiscal period with \$14,339,728 cash. During the six months ended June 30, 2020, the Company spent \$1,450,357 on operating activities, net of working capital changes, spent \$1,356,280 on investing activities, and received \$175,000 from financing activities to end at June 30, 2020 with \$11,708,091 cash.

The consolidated net loss for the six months ended June 30, 2020 was \$1,918,503 (2019 - \$458,398).

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

Consulting fees for the six months ended June 30, 2020 totalled \$56,000 (2019 - \$30,000) and relates to fees paid to Golden Oak Corporate Services Ltd. ("Golden Oak"), a consulting company controlled by the Chief Financial Officer 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. Effective February 1, 2020, Golden Oak's fees, along with other management, were increased in anticipation of the Company going public and increased operations.

Exploration and evaluation expenditures for the six months ended June 30, 2020 totalled \$246,957 (2019 - \$184,808) and relates to exploration work on the Nefasit and Adi Da-iro ELs. The Nefasit EL was acquired on January 1, 2018 and the Adi Da-iro EL was acquired on April 16, 2019.

Marketing fees for the six months ended June 30, 2020 totalled \$66,000 (2019 - \$Nil) and relates to fees paid to two related party companies engaged in anticipation of going public and increased operations.

Salaries and benefits for the six months ended June 30, 2020 totalled \$286,203 (2019 - \$147,117) and primarily relate to salaries paid to the Chief Executive Officer, the VP, Exploration & Geology, and the VP, Project Development. Effective February 1, 2020, management salaries were increase in anticipation of the Company going public and increased operations.

Non-cash share-based compensation for the six months ended June 30, 2020 totalled \$1,095,829 (2019 - \$Nil) and relates to stock options granted during the period.

During the six months ended June 30, 2020, the Company also spent \$1,229,884 (2019 - \$203,156) on the Terer and Meli ELs and these expenditures are presented as deferred acquisition costs as at June 30, 2020, as the Company is earning an interest into Axum, the holder of the Terer and Meli ELs.

Liquidity and Capital Resources

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.

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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 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	-
Total		\$ 187,500	\$ 92,654	\$ 1,317,200	\$ 196,906

- (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.

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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.

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 June 30, 2020	78,438,634	8,957,130	4,200,000
Balance as at the date of this MD&A	78,438,634	8,957,130	4,200,000

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 Management” in the above documents incorporated herein by reference. 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 the 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

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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.