



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

For the three months ended March 31, 2024

(Expressed in Canadian dollars)

SUN PEAK METALS CORP.
For the three months ended March 31, 2024
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 three months ended March 31, 2024 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, 2023 (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, 2023, 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, 2024 (the “Financial Report”).

All financial information in this MD&A is derived from the Company’s financial statements prepared in accordance with IFRS Accounting Standards and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is May 29, 2024.

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 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.

Force Majeure Ends

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.

In November 2022, a peace agreement named “Agreement for Lasting Peace through a Permanent Cessation of Hostilities” was announced between the conflicting parties.

In early 2024, the Company received notification letters from the Ministry of Mines declaring that force majeure has ended for its Terer, Meli, and Nefasit exploration licenses. Sun Peak has now commenced work on these three licenses including drilling to test multiple copper-gold VMS targets developed by the Company.

The Shire Project

Sun Peak is exploring the district-scale Shire VMS Project in the Tigray Region of northern Ethiopia. The Shire Project is comprised of six exploration licenses and covers approximately 1,450 square kilometers in the prospective Arabian Nubian Shield. The licenses are in the same geological environment as both the Bisha Mine and the Asmara Projects to the north in Eritrea. The Sun Peak team have worked in East Africa for more than two decades and the Company’s strategy is to apply exploration techniques that have worked successfully in the region before, to build assets through major copper-gold VMS discoveries.

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2024 Exploration

On April 4, 2024, the Company announced that drilling had commenced on the Shire Project. The initial 2024 drill program has 6,000 to 7,000 meters planned and will focus on new, untested copper-gold VMS targets which have been developed by the Company starting with the Hamlo Prospect.

The Hamlo Prospect – Terer exploration licence

The Hamlo VMS Prospect is one of several high priority anomalies that are part of a well-developed VMS cluster located on the south-central part of the Terer exploration license. The prospect was identified by exploration work which showed a significant gold and copper soil geochemistry anomaly. The 2019 airborne VTEM survey then identified a strong electromagnetic (EM) conductor, coincident with VMS style geology which was mapped over one kilometer. Subsequent detailed ground gravity work defined a gravity high anomaly that appears to be related to the subsurface extension of the gossan at surface.

The initial phase of drilling at Hamlo will be targeted to intercept a gravity anomaly located below the gossan at surface and will attempt to test up to three mineralized zones: the oxide cap (gossan), the Cu enriched supergene zone and the primary sulfide zone initially to a depth of 250 meters.

Following the initial phase of drilling at Hamlo, drilling will then test the Terer target.

Summary of Work from Suspended Program in November 2020

Exploration work, including drilling with two diamond drills, had begun in October 2020 and was abruptly suspended when the regional conflict in Ethiopia began on November 4, 2020. During this time, 11 drill holes for 1,534 meters were drilled at the Meli Main Target, 2 drill holes for 108 meters were drilled at the Meli Far West Gossan Target, and 10 drill holes for 730 meters were drilled at the Anguda Southern Limb Target, located on the Terer License.

In early 2024, the exploration team was able to recover the drill core and resume work, including logging and sampling the core from 2020.

On May 28, 2024, the Company announced the final drill assay results from the suspended drill program.

Qualified Person

The technical content of this MD&A has been reviewed and approved by David K. Daoud, B.Sc. P.Geo., a qualified person as defined by National Instrument 43-101 – Standards of Disclosure for Mineral Projects.

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Human Rights

Sun Peak's ethos is to conduct its operations anywhere in the world to the same high standards. Respect for human rights is an essential part of Sun Peak's commitment to ethical business.

Sun Peak carried out human rights due diligence as appropriate to our size, the nature and context of the Company's operations in Ethiopia and the risks of adverse human rights practices before deciding to resume operations at the Shire Project and to ensure adherence to the Company's Human Rights Policy. The Company is satisfied that it is taking all efforts to ensure the Company has a legitimate process in place in the remediation of adverse human rights impacts as and where identified and that the Company caused or contributed to these impacts.

Sun Peak fully understands and appreciates the seriousness of the internal conflict and humanitarian crisis caused by the conflict in the Tigray region of Ethiopia. Since the beginning of this crisis, the Company has acted in accordance with its core values of integrity and ethical business and have attempted to use all practical means at our disposal to support and help our employees, their families, and their communities.

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, 2024

The consolidated net loss for the three months ended March 31, 2024 was \$923,328 compared to \$767,651 for the three months ended March 31, 2023.

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, 2024 totalled \$76,065 (2023 – \$43,287) and relate primarily to general and administration costs of the Company's Ethiopian subsidiary. As noted above, the Company had declared force majeure and ceased exploration work on its exploration licenses. The Company started drilling subsequent to March 31, 2024 and the level of expenditures is expected to increase in 2024.

Marketing and promotion for the three months ended March 31, 2024 totalled \$33,534 compared to \$3,000 in the comparative period. As noted above, the Company has returned to operations and accordingly has increased its marketing and promotional activities. The level of expenditures is expected to increase in 2024.

Project investigation costs for the three months ended March 31, 2024 totalled \$Nil compared to \$55,423 in the comparative period and relates to the identification of new exploration properties investigated by management of the Company. The Company is now focussing the majority of its resources on the Shire Project.

Salaries and benefits for the three months ended March 31, 2024 totalled \$162,325 (2023 - \$189,268) and primarily relates to salaries paid to the Chief Executive Officer, the VP Exploration & Geology, and the VP Project Development. The Chief Executive Officer and the VP Exploration & Geology have been seconded to other companies to varying degrees so that the portion of the salary paid by those other companies reduces each executive's salary from Sun Peak.

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Non-cash share-based compensation for the three months ended March 31, 2024 totalled \$547,351 (2023 - \$358,118) and relates to stock options that were granted and vested during the period.

Liquidity and Capital Resources

The Company began the fiscal period with \$6,511,177 cash. During the three months ended March 31, 2024, the Company spent \$463,465 on operating activities, net of working capital changes, and \$255,267 on investing activities, to end at March 31, 2024 with \$5,792,445 cash.

As at March 31, 2024, the Company had working capital of \$5,986,331. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months.

As at the date of this MD&A, the Company has 8,200,000 in-the-money stock options with a weighted average exercise price of \$0.35, that if exercised would provide the Company with additional working capital.

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

	Common Shares Issued and Outstanding	Share Purchase Warrants	Stock Options
Balance as at March 31, 2024	87,098,634	-	8,200,000
Balance as at the date of this MD&A	87,098,634	-	8,200,000

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Disclaimer for Forward-Looking Information

Certain information and statements in this MD&A may be considered forward-looking information or forward-looking statements for purposes of applicable securities laws (collectively, "forward-looking statements"), which reflect the expectations of management regarding its disclosure and amendments thereto. Forward-looking statements consist of information or statements that are not purely historical, including any information or statements regarding beliefs, plans, expectations or intentions regarding the future. Such information or statements may include, but are not limited to, statements with respect to the goal of making a significant discovery and the development of a large-scale project in Ethiopia and identifying other potential properties and opportunities both in Ethiopia and globally. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits Sun Peak will obtain from them. These forward-looking statements reflect management's current views and are based on certain expectations, estimates and assumptions, which may prove to be incorrect. A number of risks and uncertainties could cause actual results to differ materially from those expressed or implied by the forward-looking statements, including without limitation: the risk that the results of the planned exploration programs at the Shire Project do not meet expected results. These forward-looking statements are made as of the date of this MD&A and, except as required by applicable securities laws, Sun Peak assumes no obligation to update these forward-looking statements, or to update the reasons why actual results differed from those projected in the forward-looking statements. Additional information about these and other assumptions, risks and uncertainties are set out in the "Risks and Uncertainties" section in the Prospectus filed with Canadian security regulators.

Other Information

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