SUNPEAK METALS CORP

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2024

(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, 2024 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, 2024, 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 IFRS Accounting Standards and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is April 24, 2025.

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 since 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.

2024 Exploration

From April to June 2024, the Company completed a drill program on the Shire Project. The Company drilled 24 diamond drill holes, totaling 5,236 meters, testing the Terer and Hamlo VMS Targets, which are both located on the Terer Exploration License.

On July 25, 2024, the Company announced the results from the first nine holes of its 2024 drill program and on December 19, 2024, the Company announced the results of the remaining 15 holes. The drill results at Terer and Hamlo, combined with findings from Anguda South, confirm a significant VMS system extending over 10 km, validating the geological model and exploration methods used by Sun Peak. The VMS trend is supported by mapped VMS gossan outcrops, hydrothermal alteration zones, VTEM airborne geophysics, geochemistry, and gravity anomalies, including the large gravity target at Anguda North.

2025 Exploration

As announced February 27, 2025, Ground Time-Domain Electro-Magnetic ("TDEM") surveys were conducted on both the Meli Trend and Anguda North Target. This work is being used to prioritize the next drill locations; the drill is on site and drilling will commence once the TDEM results are received and interpreted.

Field exploration crews have been active at the Shire Project, conducting detailed geological mapping, rock sampling, and grid-based soil sampling on numerous VMS trends, priority and pipeline target areas. The newly identified gossans show significant gold and silver in grab samples at surface. The primary massive sulphide zone below the gossan targets will also be investigated for copper and zinc potential, as seen in other VMS deposits in the region.

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.

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.

Selected Annual Information

	Year ended December 31, 2024	Year ended December 31, 2023	Year ended December 31, 2022
Statement of Loss:			
Net revenues	$Nil	$Nil	$Nil
Net loss	$(2,409,885)	$(1,688,482)	$(1,226,589)
Basic and diluted loss per share	$(0.03)	$(0.02)	$(0.01)
Financial Position:			
Total assets	$8,631,301	$10,425,207	$11,693,579
Long term debt	$Nil	$Nil	$Nil

Financial Condition and Results of Operations – year ended December 31, 2024

The consolidated net loss for the year ended December 31, 2024 was $2,409,885 compared to $1,668,482 for the year ended December 31, 2023.

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

Exploration and evaluation expenditures for the year ended December 31, 2024 totalled $469,590 (2023 – $174,105) 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 during the year, however only on the Terer project which is under an earn-in agreement and therefore not part of the Company's exploration and evaluation expenditures but rather recorded as deferred acquisition costs on the statement of financial position.

Marketing and promotion for the year ended December 31, 2024 totalled $169,361 compared to $12,000 in the comparative year. As noted above, the Company has returned to operations and accordingly has increased its marketing and promotional activities.

Project investigation costs for the year ended December 31, 2024 totalled $Nil compared to $141,906 in the comparative year and relates to the identification of new exploration properties investigated by management of the Company. The Company is now focusing the majority of its resources on the Shire Project.

Salaries and benefits for the year ended December 31, 2024 totalled $653,079 (2023 - $605,872) 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.

Non-cash share-based compensation for the year ended December 31, 2024 totalled $559,398 (2023 - $469,061) and relates to stock options that were granted and vested during the year.

Summary of Quarterly Results

	3 Months Ended December 31, 2024	3 Months Ended September 30, 2024	3 Months Ended June 30, 2024	3 Months Ended March 31, 2024
Total revenues	$ -	$ -	$ -	$ -
Net loss	$ (575,986)	$ (410,290)	$ (500,281)	$ (923,328)
Basic and diluted loss per share	$ (0.01)	$ (0.00)	$ (0.01)	$ (0.01)

	3 Months Ended December 31, 2023	3 Months Ended September 30, 2023	3 Months Ended June 30, 2023	3 Months Ended March 31, 2023
Total revenues	$ -	$ -	$ -	$ -
Net loss	$ (257,931)	$ (314,797)	$ (328,103)	$ (767,651)
Basic and diluted loss per share	$ (0.00)	$ (0.00)	$ (0.01)	$ (0.01)

Fourth Quarter

The Company began the fourth quarter with $2,860,215 in cash. During the fourth quarter, the Company expended $383,957 on operating activities, net of working capital changes, and $210,603 on investing activities, to end the quarter and the year with $2,265,655 in cash.

Liquidity and Capital Resources

The Company began the fiscal year with $6,511,177 cash. During the year ended December 31, 2024, the Company spent $1,582,527 on operating activities, net of working capital changes, and $2,662,995 on investing activities, to end at December 31, 2024 with $2,265,655 cash.

During the year ended December 31, 2024, the Company spent $2,658,361 on the Terer and Meli exploration licenses, towards it's earn-in requirements to the JV Agreement as described in Note 9 to the Financial Report. This amount was recorded as deferred acquisition costs on the statement of financial position.

As at December 31, 2024, the Company had working capital of $2,216,418. Management estimates that its working capital may not provide the Company with sufficient financial resources to carry out currently planned operations and exploration through the next twelve months. Additional financing may be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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 years ended December 31, 2024 and 2023 was as follows:

		Year ended December 31,	
		2024	**2023**
Consulting fees			
Golden Oak	(1)	$ 147,500	$ 120,000
Deferred acquisition costs			
VRIFY	(2)	40,000	-
Exploration and evaluation expenditures			
VRIFY	(2)	40,000	-
Marketing and promotion			
Peak	(3)	72,000	12,000
Salaries and benefits			
Chief Executive Officer		142,708	150,000
Vice President Exploration & Geology		131,250	195,833
Vice President Project Development		245,833	195,833
		519,791	541,666
Share-based compensation		464,585	395,060
		$ 1,283,876	$ 1,068,726

(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) VRIFY Technology Inc. ("VRIFY") is a company of which a director of the Company is a principal.
(3) Peak Investor Marketing Corp. ("Peak") is a company of which the spouse of the Chief Executive Officer is a principal.

During the year ended December 31, 2024, the Company received salary reimbursements of $18,750 (2023 - $141,217) related to time spent by its senior management on SDC Resources Corp. ("SDC") business. These salary reimbursements were recorded as a credit to salaries and benefits on the statement of loss. SDC is a Canadian private mineral exploration company controlled by a private Abu Dhabi company whose sole director is also a director of the Company.

Amounts due to related parties

		December 31, 2024	December 31, 2023
Chief Executive Officer	Expenses	$ 8,112	$ 7,126
Vice President Project Development	Expenses	5,384	2,104
Corporate Secretary	Expenses	309	-
Golden Oak	Expenses	887	227
		$ 14,692	$ 9,457

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, 2024	87,098,634	-	8,200,000
Balance as at the date of this MD&A	87,098,634	-	8,200,000

Use of accounting estimates, judgments and assumptions

The preparation of the consolidated financial statements in conformity with IFRS Accounting Standards 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:

<u>The carrying value and the recoverability of exploration and evaluation assets and deferred acquisition costs</u> - Management has determined that exploration and evaluation, and deferred acquisition costs 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.

<u>Going concern assumption</u> - In the determination of the Company's ability to meet its ongoing obligations and future contractual commitments management relies on the Company's planning, budgeting and forecasting process to help determine the funds required to support the Company's normal operations for a period of one year. Changes in estimated cash use may alter the Company's ability to meet its ongoing obligations and future contractual commitments and could result in adjustments to the amounts and classifications of assets and liabilities should the Company be unable to continue as a going concern.

(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:

<u>Determination of functional currency</u> - 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.

<u>Capitalization of deferred acquisition costs</u> - 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 consolidated 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.

<u>Equity investment</u> - 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.

New accounting policy

The following amendments to existing standards have been adopted by the Company commencing January 1, 2024:

IAS 1, Presentation of Financial Statements

Amendments to IAS 1 Presentation of Financial Statements clarify how to classify debt and other liabilities as current or non-current. The amendments help to determine whether, in the statement of financial position, debt and other liabilities with an uncertain settlement date should be classified as current (due or potentially due to be settled within one year) or noncurrent. The amendments also include clarifying the classification requirements for debt an entity might settle by converting it into equity. The adoption of these amendments did not materially impact these consolidated financial statements.

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2024 and have not been applied in preparing these consolidated financial statements.

On April 9, 2024, the IASB issued IFRS 18 "Presentation and Disclosure in the Financial Statements" ("IFRS 18") replacing IAS 1. IFRS 18 introduces categories and defined subtotals in the statement of profit or loss, disclosures on management-defined performance measures, and requirements to improve the aggregation and disaggregation of information in the financial statements. As a result of IFRS 18, amendments to IAS 7 were also issued to require that entities use the operating profit subtotal as the starting point for the indirect method of reporting cash flows from operating activities and also to remove presentation alternatives for interest and dividends paid and received. Similarly, amendments to IAS 33 "Earnings per Share" were issued to permit disclosure of additional earnings per share figures using any other component of the statement of profit or loss, provided the numerator is a total or subtotal defined under IFRS 18. IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, and is to be applied retrospectively, with early adoption permitted. The Company is currently assessing the impact of the standard on its financial statements.

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, 2024	December 31, 2023
Cash	Amortized cost	$ 2,265,655	$ 6,511,177
Receivables	Amortized cost	30,100	106,959
Trade and other payables	Amortized cost	118,759	62,178

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 cash, receivables and trade and other payables approximate their fair values due to their short-term nature. The financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

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 $2,216,418 as at December 31, 2024.

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 and keeps the majority of its treasury 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, the US 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 US dollars and Ethiopian Birr at December 31, 2024 would be nominal.

(c) Commodity Price Risk: While the value of the Company's exploration and evaluation assets will be related to the price of gold, copper, zinc and other metals and the outlook for these minerals, 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, copper, zinc and other metals 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, copper, zinc and other metals.

(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 (Note 1). 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.

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 completing the obligations to earn a 67.5% interest in the JV Agreement, 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. These assumptions and risks include, but are not limited to, assumptions and risks associated with the state of the political stability of Ethiopia, equity financing markets and results of future exploration activities by the Company. 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.