



**CONDENSED INTERIM
CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended September 30, 2025

(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)

			September 30,	December 31,
	<i>Note</i>		2025	2024
ASSETS				
Current				
Cash	4	\$	233,660	\$ 2,265,655
Receivables	5		28,245	30,100
Prepaid expenses	6		41,896	39,422
			303,801	2,335,177
Equipment	7		66,262	94,797
Exploration and evaluation assets	8		11,465	11,465
Deferred acquisition costs	9		6,864,459	6,169,292
Equity investment	10		19,693	20,570
		\$	7,265,680	\$ 8,631,301
LIABILITIES				
Current				
Trade and other payables	11	\$	47,143	\$ 118,759
SHAREHOLDERS' EQUITY				
Share capital	12		19,044,808	19,044,808
Reserve	12		2,366,934	2,366,934
Deficit			(14,193,205)	(12,899,200)
			7,218,537	8,512,542
		\$	7,265,680	\$ 8,631,301
Nature of operations and going concern	1			
Proposed transaction	16			
Subsequent event	17			

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 November 24, 2025.

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		Nine months ended	
		September 30,		September 30,	
	<i>Note</i>	2025	2024	2025	2024
Expenses					
Consulting fees	13	\$ 37,500	\$ 37,500	\$ 112,500	\$ 110,000
Depreciation	7	11,089	12,469	33,530	41,066
Exploration and evaluation expenditures	8	52,752	71,032	193,982	312,625
Foreign exchange		7,861	55,157	34,463	68,136
Office expenses		36,590	27,649	113,772	127,750
Marketing and promotion	13	2,344	38,234	64,427	124,485
Professional fees		12,668	7,126	46,687	30,953
Project investigation costs		-	-	17,913	-
Regulatory costs		9,038	8,066	41,154	39,398
Salaries and benefits	13	235,531	160,966	600,196	489,736
Share-based compensation		-	3,389	-	558,209
Travel expenses		13,596	28,499	51,041	113,251
		(418,969)	(450,087)	(1,309,665)	(2,015,609)
Interest income		1,871	39,878	16,537	182,980
Loss on equity investment	10	(85)	(81)	(877)	(1,270)
Loss and comprehensive loss for the period		\$ (417,183)	\$ (410,290)	\$ (1,294,005)	\$ (1,833,899)
Basic and diluted loss per share		\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)
Weighted average number of shares outstanding - basic and diluted		87,098,634	87,098,634	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)

	Nine months ended September 30,	
	2025	2024
Cash flows to operating activities		
Loss for the period	\$ (1,294,005)	\$ (1,833,899)
Items not involving cash:		
Depreciation	33,530	41,066
Share-based compensation	-	558,209
Loss on equity investment	877	1,270
Change in non-cash working capital items:		
Receivables	1,855	87,344
Prepaid expenses	(2,474)	(23,332)
Trade and other payables	(71,616)	(29,228)
	(1,331,833)	(1,198,570)
Cash flows to investing activities		
Purchase of equipment	(4,995)	(4,227)
Deferred acquisition costs	(695,167)	(2,448,165)
	(700,162)	(2,452,392)
Decrease in cash for the period	(2,031,995)	(3,650,962)
Cash, beginning of period	2,265,655	6,511,177
Cash, end of period	\$ 233,660	\$ 2,860,215
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 SHAREHOLDERS' EQUITY**

(Unaudited – Expressed in Canadian dollars)

	Number of shares	Share capital	Reserve	Deficit	Total
Balance, December 31, 2024	87,098,634	\$ 19,044,808	\$ 2,366,934	\$ (12,899,200)	\$ 8,512,542
Loss and comprehensive loss for the period	-	-	-	(1,294,005)	(1,294,005)
Balance, September 30, 2025	87,098,634	\$ 19,044,808	\$ 2,366,934	\$ (14,193,205)	\$ 7,218,537

	Number of shares	Share capital	Reserve	Deficit	Total
Balance, December 31, 2023	87,098,634	\$ 19,044,808	\$ 1,807,536	\$ (10,489,315)	\$ 10,363,029
Share-based compensation	-	-	558,209	-	558,209
Loss and comprehensive loss for the period	-	-	-	(1,833,899)	(1,833,899)
Balance, September 30, 2024	87,098,634	\$ 19,044,808	\$ 2,365,745	\$ (12,323,214)	\$ 9,087,339

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 nine months ended September 30, 2025

(Unaudited – Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Sun Peak Metals Corp. (“Sun Peak” or 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 (“TSXV”) 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 March 2025, the Interim Regional Administration of Ethiopia enacted a suspension of all mining activities in Ethiopia to curb illegal mining activities. While the Company’s operations are currently limited to exploration and not mining, the Company suspended all fieldwork accordingly. In June 2025, and then again in September 2025, the Company formally notified Ethiopia’s Ministry of Mines of a force majeure declaration covering all six of its exploration licenses, with notification accepted in July and November 2025, respectively (Note 8 and 9). In July 2025, the Company also invoked force majeure under the terms of its option and joint venture agreement with Ezana Mining Development plc (“Ezana”), with notification accepted by Ezana (Note 9).

These 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 September 30, 2025, the Company had working capital of \$256,658. Subsequent to September 30, 2025, the Company announced its intention to complete a non-brokered private placement for up to \$5,000,000 (Note 16) and certain officers and directors of the Company loaned the Company \$250,000 (Note 17). However, management estimates that these funds and 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.

These consolidated financial statements do not reflect adjustments that would be necessary if the going concern assumption were not appropriate.

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 IFRS Accounting Standards 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, 2024.

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

For the nine months ended September 30, 2025

(Unaudited – Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

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 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:

The carrying value and the recoverability of exploration and evaluation assets and deferred acquisition costs - 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.

Going concern assumption - 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:

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.

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

For the nine months ended September 30, 2025

(Unaudited – Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

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 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.

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. MATERIAL ACCOUNTING POLICY INFORMATION

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, 2024.

New standards, interpretations and amendments not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2025 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.

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

For the nine months ended September 30, 2025

(Unaudited – Expressed in Canadian dollars)

4. CASH

	September 30, 2025	December 31, 2024
Canadian dollar denominated deposits held in Canada	\$ 195,006	\$ 2,128,651
US dollar denominated deposits held in Canada	22,247	73,832
US dollar denominated deposits held in Ethiopia	2,563	62,972
Birr denominated deposits held in Ethiopia	13,844	200
Total	\$ 233,660	\$ 2,265,655

5. RECEIVABLES

	September 30, 2025	December 31, 2024
Amounts due from the Government of Canada pursuant to goods and services input tax credits	\$ 3,959	\$ 6,083
Other	24,286	24,017
Total	\$ 28,245	\$ 30,100

6. PREPAID EXPENSES

	September 30, 2025	December 31, 2024
Prepaid insurance	\$ 22,904	\$ 20,582
Prepaid rent	1,269	5,353
Prepaid other	17,723	13,487
Total	\$ 41,896	\$ 39,422

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

For the nine months ended September 30, 2025

(Unaudited – Expressed in Canadian dollars)

7. EQUIPMENT

	Office furniture and equipment		Field equipment		Vehicles		Total
Cost							
At December 31, 2024	\$	82,326	\$	271,507	\$	113,310	\$ 467,143
Additions		4,995		-		-	4,995
At September 30, 2025	\$	87,321	\$	271,507	\$	113,310	\$ 472,138
Accumulated depreciation							
At December 31, 2024	\$	76,806	\$	182,230	\$	113,310	\$ 372,346
Depreciation		4,190		29,340		-	33,530
At September 30, 2025	\$	80,996	\$	211,570	\$	113,310	\$ 405,876
Carrying amounts							
At December 31, 2024	\$	5,520	\$	89,277	\$	-	\$ 94,797
At September 30, 2025	\$	6,325	\$	59,937	\$	-	\$ 66,262

8. EXPLORATION AND EVALUATION ASSETS

	Ethiopia					
	Nefasit	Adi Dairo	Adi Mendi	Workemba	Total	
December 31, 2024	\$ 5,257	\$ 2,797	\$ 899	\$ 2,512	\$ 11,465	
Additions	-	-	-	-	-	
September 30, 2025	\$ 5,257	\$ 2,797	\$ 899	\$ 2,512	\$ 11,465	

Details on the Company's exploration and evaluation assets are found in Note 8 of the December 31, 2024 consolidated financial statements.

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

For the nine months ended September 30, 2025

(Unaudited – Expressed in Canadian dollars)

2. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures included in the loss for the three and nine months ended September 30, 2025 and 2024 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2025	2024	2025	2024
Nefasit				
Data evaluation	\$ -	\$ 15,000	\$ -	\$ 40,000
Field expenses	-	-	22,918	-
Professional fees	3,394	-	3,394	-
Project administration	4,605	9,178	22,446	35,282
Salaries and benefits	43,695	41,319	135,778	131,624
Travel expenses	1,058	5,535	9,446	105,719
Total	\$ 52,752	\$ 71,032	\$ 193,982	\$ 312,625

9. DEFERRED ACQUISITION COSTS

	September 30, 2025	December 31, 2024
Opening balance	\$ 6,169,292	\$ 3,510,931
Advances to Axum	695,167	1,508,395
Expenses paid on behalf of Axum	-	1,149,966
Closing balance	\$ 6,864,459	\$ 6,169,292

On November 11, 2017, the Company entered into an option and joint venture shareholders' agreement (the "JV Agreement"), as amended, with Ezana Mining Development plc ("Ezana") that became effective on December 12, 2017, when the conditions precedent were met. Pursuant to the JV Agreement, the Company has an option to earn up to 70% in Axum Metals Share Company ("Axum"), which holds the Terer and Meli exploration licenses in Ethiopia. The Company may earn a 51% interest in Axum upon completion of US\$5 million in expenditures by December 3, 2022 (the Terer and Meli projects are in force majeure and the Company will work with Ezana to establish a new date for completion of the US\$5 million expenditures once force majeure is lifted).

The Company is the operator of the program and is solely funding Axum.

After earning a 51% interest, the Company may then elect to continue to solely fund Axum through completion of a definitive feasibility study to earn an additional 16.5% interest in Axum for a total interest of 67.5%. The Company may withdraw from its obligations under the JV Agreement at any time prior to earning a 67.5% interest but would forfeit its interest and would have no right, title or interest in Axum or the Axum properties.

Within 60 days of Axum being granted a mining license, the Company will have an option to purchase an additional 2.5% interest in Axum from Ezana for a payment of US\$6 million.

Details on the two licenses are found in Note 9 of the December 31, 2024 consolidated financial statements.

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

For the nine months ended September 30, 2025

(Unaudited – Expressed in Canadian dollars)

10. EQUITY INVESTMENT

	September 30, 2025	December 31, 2024
Opening balance	\$ 20,570	\$ 21,920
Loss	(877)	(1,350)
Closing balance	\$ 19,693	\$ 20,570

The Company has a 25% interest in the shares of Kandaka, a Canadian private mineral exploration company. 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 September 30, 2025 and December 31, 2024, the net assets of Kandaka were as follows:

	September 30, 2025	December 31, 2024
Assets	\$ 78,773	\$ 82,279
Liabilities	-	-
Net assets	78,773	82,279
Ownership	25%	25%
Closing balance	\$ 19,693	\$ 20,570

11. TRADE AND OTHER PAYABLES

	September 30, 2025	December 31, 2024
Trade and other payables in Canada	\$ 29,837	\$ 86,730
Trade and other payables in Ethiopia	7,828	17,337
Amounts due to related parties (Note 13)	9,478	14,692
Total	\$ 47,143	\$ 118,759

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

For the nine months ended September 30, 2025

(Unaudited – Expressed in Canadian dollars)

12. SHARE CAPITAL AND RESERVE**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 nine months ended September 30, 2025.

c) Share-based compensation

The Company has a 10% “rolling” stock option plan which governs the granting of stock options to directors, officers, employees and consultants of the Company or a subsidiary of the Company for the purchase of up to 10% of the issued and outstanding common shares of the Company from time to time. The maximum term of stock options is ten years from the grant date. The exercise price and vesting terms are at the discretion of the directors.

In addition, the Company has an equity incentive plan (the “Equity Plan”) which governs the granting of any restricted share unit, performance share unit or deferred share unit granted under the Equity Plan, to directors, officers, employees and consultants of the Company or a subsidiary of the Company. The Company has reserved for issuance up to 8,709,863 common shares pursuant to the Equity Plan.

The continuity of stock options for the nine months ended September 30, 2025 is as follows:

Expiry date	Exercise price	Balance, December 31, 2024	Issued	Exercised	Cancelled/ Expired	Balance, September 30, 2025
August 17, 2025	\$ 0.35	4,100,000	-	-	(4,100,000)	-
July 20, 2026	\$ 0.35	225,000	-	-	-	225,000
January 18, 2028	\$ 0.235	250,000	-	-	-	250,000
February 22, 2028	\$ 0.26	2,150,000	-	-	-	2,150,000
March 8, 2029	\$ 0.50	1,475,000	-	-	-	1,475,000
		8,200,000	-	-	(4,100,000)	4,100,000
Weighted average exercise price	\$	0.35	\$	-	\$	0.35

As at September 30, 2025, all stock options were exercisable with a weighted average remaining life of 2.68 years.

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

For the nine months ended September 30, 2025

(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 Project Development, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel during the three and nine months ended September 30, 2025 and 2024 was as follows:

		Three months ended September 30,		Nine months ended September 30,	
		2025	2024	2025	2024
Consulting fees					
Golden Oak	(1)	\$ 37,500	\$ 37,500	\$ 112,500	\$ 110,000
Deferred acquisition costs					
VRIFY	(2)	-	15,000	-	40,000
Exploration and evaluation expenditures					
VRIFY	(2)	-	15,000	-	40,000
Marketing and promotion					
Peak	(3)	-	18,000	36,000	54,000
Salaries and benefits					
Chief Executive Officer		46,875	34,375	140,625	104,167
Vice President Project Development		62,500	62,500	187,500	183,333
Former Vice President Exploration & Geology		92,337	31,250	154,837	100,000
		201,712	128,125	482,962	387,500
Share-based compensation		-	3,389	-	463,396
		\$ 239,212	\$ 217,014	\$ 631,462	\$ 1,094,896

(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.

Amounts due to related parties

		September 30, 2025	December 31, 2024
Chief Executive Officer	Expenses	\$ -	\$ 8,112
Vice President Project Development	Expenses	7,996	5,384
Corporate Secretary	Expenses	-	309
Golden Oak	Expenses	1,482	887
		\$ 9,478	\$ 14,692

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

For the nine months ended September 30, 2025

(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; fair value through other comprehensive income; or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

		September 30, 2025	December 31, 2024
Cash	Amortized cost	\$ 233,660	\$ 2,265,655
Receivables	Amortized cost	28,245	30,100
Trade and other payables	Amortized cost	47,143	118,759

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. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost.

Risk management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2024.

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

For the nine months ended September 30, 2025

(Unaudited – Expressed in Canadian dollars)

16. PROPOSED TRANSACTION

In October 2025, the Company entered into a definitive share exchange agreement with Saudi Discovery Company SPV Limited (“SDC”) and all of its shareholders (the “SDC Shareholders”) pursuant to which Sun Peak will acquire 100% of the issued and outstanding shares of SDC (the “Transaction”).

SDC is a privately held mineral exploration company with a portfolio of exploration licenses in the Kingdom of Saudi Arabia.

Under the terms of the share exchange agreement, Sun Peak will issue an aggregate of 58,065,356 common shares to the SDC Shareholders in exchange for all issued and outstanding shares of SDC. Upon completion of the Transaction, Sun Peak shareholders and the former shareholders of SDC will hold approximately 60% and 40%, respectively, of the issued and outstanding Sun Peak common shares, exclusive of any securities to be issued in connection with the Offering (as described below).

In connection with the Transaction, the Company intends to close a non-brokered private placement of up to 14,285,714 subscription receipts of a wholly owned subsidiary of the Company (“FinCo”) at a price of \$0.35 per subscription receipt for aggregate gross proceeds of up to \$5,000,000 (the “Offering”). Each subscription receipt will be automatically exchanged upon the satisfaction of Escrow Release Conditions (as defined below), without any further action by the holder and for no additional consideration, for one unit of FinCo. Each unit shall consist of one common share of FinCo and one-half of one warrant of FinCo.

Following closing of the Offering, FinCo is expected to amalgamate with another wholly owned subsidiary of the Company, with FinCo surviving as a wholly owned subsidiary of Sun Peak. Upon completion of the Transaction, FinCo and the resulting issuer of the Transaction are expected to amalgamate under the name “Sun Peak Metals Corp.”, and each FinCo share will be exchanged for one common share of Sun Peak and each FinCo warrant will be exchanged for one warrant of Sun Peak exercisable to acquire one Sun Peak Share at an exercise price of \$0.50 per share for a period of 36 months from the date of issuance. The Sun Peak warrants will be subject to an accelerated expiry provision such that, if the volume-weighted average price of the Sun Peak shares on the TSXV equals or exceeds \$1.00 for 20 consecutive trading days, then the Sun Peak warrants will expire 30 days following the date on which the Company either provides notice of acceleration to the holders of the Sun Peak warrants or issues a news release announcing the acceleration, in each case at the Company’s election. The Company reserves the right to increase the private placement by 50% in the context of the market.

The gross proceeds of the Offering will be placed in escrow and held by the subscription receipt agent pending satisfaction of the escrow release conditions, which are expected to include, among other things: (i) completion, satisfaction or waiver of all conditions precedent to the Transaction in accordance with its terms; and (ii) receipt of all required shareholder and regulatory approvals, as applicable (the “Escrow Release Conditions”). Upon satisfaction of the Escrow Release Conditions, the escrowed funds will be released to FinCo and the subscription receipts will be automatically converted into FinCo units.

The Offering is subject to customary closing conditions. The Company may pay finder’s fees in connection with the Offering, in accordance with applicable securities laws and the policies of the TSXV, if applicable.

The Transaction remains subject to customary closing conditions, including acceptance of the TSXV, regulatory and shareholder approvals, and is expected to close in December 2025.

SUN PEAK METALS CORP.

NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the nine months ended September 30, 2025

(Unaudited – Expressed in Canadian dollars)

17. SUBSEQUENT EVENT

In November 2025, certain officers and directors of the Company loaned the Company a total of \$250,000 at an interest rate of 10%. The loans are unsecured and payable no later than December 31, 2025.