



**CONDENSED INTERIM  
CONSOLIDATED FINANCIAL STATEMENTS**

**For the nine months ended September 30, 2021**

**(Unaudited – Expressed in Canadian dollars)**

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### **NOTICE TO READER**

These condensed interim consolidated financial statements of Sun Peak Metals Corp. have been prepared by management and approved by 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.

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**SUN PEAK METALS CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

(Unaudited – Expressed in Canadian dollars)

		<b>September 30,</b>	<b>December 31,</b>
	<i>Note</i>	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>			
Current			
Cash	4	\$ 9,732,447	\$ 9,760,495
Receivables	5	157,137	183,313
Prepaid expenses	6	33,633	43,484
		9,923,217	9,987,292
Equipment	7	246,833	303,803
Exploration and evaluation assets	8	8,054	8,054
Deferred acquisition costs	9	3,250,367	2,819,057
Equity investment	10	109,019	-
		\$ 13,537,490	\$ 13,118,206
<b>LIABILITIES</b>			
Current			
Trade and other payables	11	\$ 30,673	\$ 212,469
<b>EQUITY</b>			
Share capital	12	19,044,808	17,745,808
Reserve	12	1,319,923	1,230,658
Deficit		(6,857,914)	(6,070,729)
		13,506,817	12,905,737
		\$ 13,537,490	\$ 13,118,206

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 22, 2021.

**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)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2021	2020	2021	2020
<b>Expenses</b>					
Consulting fees	13	\$ 30,000	\$ 30,000	\$ 90,000	\$ 86,000
Depreciation	8	16,308	11,224	68,538	31,793
Exploration and evaluation expenditures	9	28,941	20,467	212,962	267,424
Foreign exchange		(56,552)	66,357	(20,697)	62,143
Investor relations		180	26,443	1,213	67,543
Office expenses		11,309	55,373	32,130	103,668
Marketing fees	13	3,000	38,000	24,129	104,000
Professional fees		-	41,105	12,184	102,659
Regulatory costs		17,141	37,515	94,152	67,679
Salaries and benefits	13	155,751	92,976	481,827	379,179
Share-based compensation	12 & 13	56,413	-	89,265	1,095,829
Travel expenses		54	33,093	44,404	88,087
		(262,545)	(452,553)	(1,130,107)	(2,456,004)
<b>Dilution gain on equity investment</b>	10	-	-	185,625	-
<b>Interest income</b>		4,867	49,151	15,025	134,099
<b>Loss on equity investment</b>	10	(45,594)	-	(79,106)	-
<b>Management services</b>	10	144,000	-	240,000	-
<b>Write-off of equipment</b>	8	(18,622)	-	(18,622)	-
<b>Loss and comprehensive loss for the period</b>		\$ (177,894)	\$ (403,402)	\$ (787,185)	\$ (2,321,905)
<b>Basic and diluted loss per share</b>		\$ (0.00)	\$ (0.01)	\$ (0.01)	\$ (0.04)
<b>Weighted average number of shares outstanding</b>		79,438,011	78,438,634	79,193,323	63,411,625

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)

	<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>
<b>Cash flows to operating activities</b>		
Loss for the period	\$ (787,185)	\$ (2,321,905)
Items not involving cash:		
Depreciation	68,538	31,793
Share-based compensation	89,265	1,095,829
Dilution gain on equity investment	(185,625)	-
Loss on equity investment	79,106	-
Write-off of equipment	18,622	-
Change in non-cash working capital items:		
Receivables	26,176	(132,058)
Prepaid expenses	9,851	9,695
Trade and other payables	(181,796)	(606,762)
	<u>(863,048)</u>	<u>(1,923,408)</u>
<b>Cash flows to investing activities</b>		
Advance	-	(495)
Purchase of equipment	(30,190)	(116,120)
Deferred acquisition costs	(431,310)	(1,659,830)
Equity investment	(2,500)	-
	<u>(464,000)</u>	<u>(1,776,445)</u>
<b>Cash flows from financing activities</b>		
Exercise of warrants	1,299,000	-
Proceeds from Special Warrants	-	175,000
	<u>1,299,000</u>	<u>175,000</u>
<b>Decrease in cash for the period</b>	<b>(28,048)</b>	<b>(3,524,853)</b>
<b>Cash, beginning of period</b>	<b>9,760,495</b>	<b>14,339,728</b>
<b>Cash, end of period</b>	<b>\$ 9,732,447</b>	<b>\$ 10,814,875</b>
<b>Non-cash investing and financing activities</b>		
Conversion of Special Warrants	\$ -	\$ 12,429,395
Advances allocated to equipment	-	52,690
<b>Supplementary information</b>		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

The accompanying notes are an integral part of these condensed interim consolidated financial statements.

**SUN PEAK METALS CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY**

(Unaudited – Expressed in Canadian dollars)

	<b>Number of shares</b>	<b>Share capital</b>	<b>Special Warrants</b>	<b>Reserve</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, December 31, 2020</b>	78,438,634	\$ 17,745,808	\$ -	\$ 1,230,658	\$ (6,070,729)	\$ 12,905,737
Exercise of warrants	8,660,000	1,299,000	-	-	-	1,299,000
Share-based compensation	-	-	-	89,265	-	89,265
Loss and comprehensive loss for the period	-	-	-	-	(787,185)	(787,185)
<b>Balance, September 30, 2021</b>	<b>87,098,634</b>	<b>\$ 19,044,808</b>	<b>\$ -</b>	<b>\$ 1,319,923</b>	<b>\$ (6,857,914)</b>	<b>\$ 13,506,817</b>

	<b>Number of shares</b>	<b>Share capital</b>	<b>Special Warrants</b>	<b>Reserve</b>	<b>Deficit</b>	<b>Total</b>
<b>Balance, December 31, 2019</b>	41,362,265	\$ 5,316,413	\$ 12,254,395	\$ 47,589	\$ (2,942,754)	\$ 14,675,643
Special Warrants	-	-	175,000	-	-	175,000
Conversion of Special Warrants	37,076,369	12,429,395	(12,429,395)	-	-	-
Share-based compensation	-	-	-	1,095,829	-	1,095,829
Loss and comprehensive loss for the period	-	-	-	-	(2,321,905)	(2,321,905)
<b>Balance, September 30, 2020</b>	<b>78,438,634</b>	<b>\$ 17,745,808</b>	<b>\$ -</b>	<b>\$ 1,143,418</b>	<b>\$ (5,264,659)</b>	<b>\$ 13,624,567</b>

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, 2021

(Unaudited – Expressed in Canadian dollars)

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#### **1. NATURE OF OPERATIONS**

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Sun Peak Metals Corp. (the “Company”) is a publicly traded company incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 2, 2016. Effective August 17, 2020, the Company’s common shares commenced trading on the TSX Venture Exchange (“TSX-V”) under the symbol PEAK. Effective March 4, 2021, the Company’s common shares commenced trading 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.

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. Sun Peak Ethiopia holds two exploration licenses in Ethiopia (Note 8).

In addition to Sun Peak Ethiopia, the Company also has an agreement with Ezana Mining Development plc (“Ezana”), that governs the funding and activities of Axum Metals Share Company (“Axum”). Axum holds two exploration licenses in Ethiopia (Note 9).

In late November 2020, the Company declared force majeure on all four of its exploration licenses by notification to Ethiopia’s Ministry of Mines and Petroleum. In March 2021, the Company received letters from the Ministry of Mines and Petroleum stating that the Ministry has accepted the force majeure declaration on all four exploration licenses. During the force majeure event all work and contractual commitments on the projects are deferred. Currently, all exploration work on the projects remains suspended due to continued unrest in the Tigray Region of Ethiopia which began in November 2020.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, has adversely affected workforces, customers, economies, and financial markets globally. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business. Risks include, but are not limited to, the ability of the Company to raise funds, the ability of the Company to conduct operations in the event of safety lockdowns, the inability to travel for professionals and contractors involved in exploration, regional travel and quarantine restrictions within the country, and the disruption of shipping material and samples to and from the project. The Company suspended exploration operations in March 2020 due to the pandemic and implemented a COVID response plan to comply with local and international regulations. In September 2020, the Company returned to full exploration operations in Ethiopia, however in November 2020, suspended exploration operations again due to the conflicts in Ethiopia.

**SUN PEAK METALS CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended September 30, 2021

(Unaudited – Expressed in Canadian dollars)

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**1. NATURE OF OPERATIONS (continued)**

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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, 2021, the Company had working capital of \$9,892,544. Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned operations through the next twelve months.

These consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

**2. BASIS OF PRESENTATION**

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**Statement of compliance**

These condensed interim consolidated financial statements have been prepared in accordance with International Accounting Standard 34 Interim Financial Reporting (“IAS 34”) as issued by the International Accounting Standards Board (“IASB”). The policies applied in these condensed interim consolidated financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at the date the Board of Directors approved these condensed interim consolidated financial statements for issue.

These condensed interim consolidated financial statements do not include all of the information and disclosures required by IFRS for annual financial statements and therefore should be read in conjunction with the Company’s annual consolidated financial statements for the year ended December 31, 2020.

**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.



**SUN PEAK METALS CORP.**

**NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

For the nine months ended September 30, 2021

(Unaudited – Expressed in Canadian dollars)

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**2. BASIS OF PRESENTATION (continued)**

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**Use of estimates and judgments**

The preparation of the consolidated financial statements in conformity with IFRS requires management to make estimates, judgments and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, income and expenses. Actual results may differ from these estimates.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Critical accounting estimates

Critical accounting estimates are estimates and assumptions made by management that may result in a material adjustment to the carrying amount of assets and liabilities within the next financial year and are, but are not limited to, the following:

The carrying value and the recoverability of exploration and evaluation assets - Management has determined that exploration and evaluation costs incurred which were capitalized may have future economic benefits and may be economically recoverable. Management uses several criteria in its assessments of economic recoverability and probability of future economic benefits including geologic and other technical information, scoping and feasibility studies, accessibility of facilities and existing permits.

(ii) Critical accounting judgments

Information about critical judgments in applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements are, but are not limited to, the following:

Determination of functional currency - In accordance with IAS 21, "The Effects of Changes in Foreign Exchange Rates" management determined that the functional currency of the parent Company as well as the Company's Ethiopian subsidiary is the Canadian dollar.

Capitalization of deferred acquisition costs - The Company has entered into an agreement to acquire a company holding mineral projects. The expenditures incurred on the mineral projects are being accounted for as advances toward the purchase of a company interest in accordance with IFRS 10 and capitalized to the statement of financial position. Upon attaining control of the company, the Company will consolidate it as a subsidiary.

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.

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

For the nine months ended September 30, 2021

(Unaudited – Expressed in Canadian dollars)

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**3. SIGNIFICANT ACCOUNTING POLICIES**

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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, 2020, except as noted below:

**Equity investment**

The Company accounts for its investment in an affiliated company, over which it has significant influence, using the equity method of accounting, whereby the investment is initially recorded at cost, adjusted to recognize the Company's share of earnings or losses and reduced by dividends received.

The Company assesses its equity investments for impairment if there is objective evidence of impairment as a result of one or more events that occurred after the initial recognition of the equity investment and that the event or events have an impact on the estimated future cash flow of the investment that can be reliably estimated. Objective evidence of impairment of equity investments includes:

- significant financial difficulty of the associated companies;
- becoming probable that the associated companies will enter bankruptcy or other financial reorganization; and
- national or local economic conditions that correlate with defaults of the associated companies.

**Standards issued but not yet effective**

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2021 and have not been applied in preparing these consolidated financial statements. In addition, these standards are not expected to impact the Company.

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**4. CASH**

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	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Canadian dollar denominated deposits held in Canada	\$ 8,474,539	\$ 9,069,865
US dollar denominated deposits held in Canada	1,139,160	4,559
US dollar denominated deposits held in Ethiopia	10,991	201,180
Birr denominated deposits held in Ethiopia	107,757	484,891
<b>Total</b>	<b>\$ 9,732,447</b>	<b>\$ 9,760,495</b>

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

For the nine months ended September 30, 2021

(Unaudited – Expressed in Canadian dollars)

**5. RECEIVABLES**

	September 30, 2021	December 31, 2020
Amounts due from the Government of Canada pursuant to goods and services input tax credits	\$ -	\$ 8,096
Interest receivable	-	175,000
Due from Kandaka (Note 10)	151,200	-
Other	5,937	217
<b>Total</b>	<b>\$ 157,137</b>	<b>\$ 183,313</b>

**6. PREPAID EXPENSES**

	September 30, 2021	December 31, 2020
Prepaid insurance	\$ 18,740	\$ 7,522
Prepaid rent	878	12,621
Other	14,015	23,341
<b>Total</b>	<b>\$ 33,633</b>	<b>\$ 43,484</b>

**7. EQUIPMENT**

	Office furniture and equipment	Field equipment	Vehicles	Total
<b>Cost</b>				
At December 31, 2020	\$ 48,969	\$ 150,213	\$ 172,613	\$ 371,795
Additions	30,190	-	-	30,190
Write-off	-	-	(27,745)	(27,745)
At September 30, 2021	\$ 79,159	\$ 150,213	\$ 144,868	\$ 374,240
<b>Accumulated depreciation</b>				
At December 31, 2020	\$ 8,680	\$ 28,326	\$ 30,986	\$ 67,992
Depreciation	12,765	28,443	27,330	68,538
Write-off	-	-	(9,123)	(9,123)
At September 30, 2021	\$ 21,445	\$ 56,769	\$ 49,193	\$ 127,407
<b>Carrying amounts</b>				
At December 31, 2020	\$ 40,289	\$ 121,887	\$ 141,627	\$ 303,803
At September 30, 2021	\$ 57,714	\$ 93,444	\$ 95,675	\$ 246,833

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

For the nine months ended September 30, 2021

(Unaudited – Expressed in Canadian dollars)

**8. EXPLORATION AND EVALUATION ASSETS**

	<b>Nefasit Project</b>	<b>Adi Dairo Project</b>	<b>Total</b>
December 31, 2020	5,257	2,797	8,054
Additions	-	-	-
September 30, 2021	\$ 5,257	\$ 2,797	\$ 8,054

Exploration and evaluation expenditures on the Nefasit and Adi Da-iro exploration licenses included in the loss for the three and nine months ended September 30, 2021 and 2020 are as follows:

	<b>Three months ended September 30,</b>		<b>Nine months ended September 30,</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
<b>Nefasit</b>				
Project administration	\$ 3,186	\$ 682	\$ 65,377	\$ 22,602
Salaries and benefits	8,422	1,628	28,988	10,065
Studies and evaluations	-	516	-	59,111
Travel expenses	2,863	2,879	12,116	11,207
	14,471	5,705	106,481	102,985
<b>Adi Da-iro</b>				
Project administration	\$ 3,185	\$ 569	\$ 65,377	\$ 44,346
Salaries and benefits	8,422	2,884	28,988	28,194
Studies and evaluations	-	2,671	-	58,277
Travel expenses	2,863	8,638	12,116	33,622
	14,470	14,762	106,481	164,439
<b>Total</b>	<b>\$ 28,941</b>	<b>\$ 20,467</b>	<b>\$ 212,962</b>	<b>\$ 267,424</b>

**9. DEFERRED ACQUISITION COSTS**

	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Opening balance	\$ 2,819,057	\$ 785,876
Advances to Axum	63,705	921,843
Expenses paid on behalf of Axum	367,605	1,111,338
Closing balance	\$ 3,250,367	\$ 2,819,057

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

For the nine months ended September 30, 2021

(Unaudited – Expressed in Canadian dollars)

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**10. EQUITY INVESTMENT**

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	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Opening balance	\$ -	\$ -
Additions	2,500	-
Dilution gain	185,625	-
Loss	(79,106)	-
Closing balance	\$ 109,019	\$ -

In April 2021, the Company invested \$2,500 in Kandaka, a Canadian private company investigating mineral exploration opportunities in Sudan. This investment represents a 25% interest in Kandaka.

In May 2021, the Company and Kandaka entered into a management services agreement whereby management of the Company would provide Kandaka the services of its management team, administrative services, and shared office space. In consideration, Kandaka would pay the Company \$3,000 per month for administrative services and shared office space, as well as each of the Company's technical personnel would charge a daily rate of \$1,000 per day. During the nine months ended September 30, 2021, the Company recorded management services of \$240,000 related to the management services agreement.

During the nine months ended September 30, 2021, the Company also recorded a dilution gain on equity investment of \$185,625 and a loss on equity investment of \$79,106.

As at September 30, 2021, Kandaka owed the Company \$151,200 pursuant to the management services agreement. The Company subsequently received this amount from Kandaka.

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**11. TRADE AND OTHER PAYABLES**

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	<b>September 30, 2021</b>	<b>December 31, 2020</b>
Trade and other payables in Canada	\$ 10,975	\$ 168,224
Trade and other payables in Ethiopia	9,431	16,824
Amounts due to the Government of Canada pursuant to goods and services input tax credits	9,230	-
Amounts due to related parties (Note 13)	1,037	27,421
Total	\$ 30,673	\$ 212,469

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

For the nine months ended September 30, 2021

(Unaudited – Expressed in Canadian dollars)

**12. SHARE CAPITAL****a) Authorized share capital**

The authorized share capital is comprised of an unlimited number of common shares without par value.

**b) Issued share capital**

During the nine months ended September 30, 2021, the Company issued 8,660,000 common shares on the exercise of warrants for gross proceeds of \$1,299,000.

**c) Escrow shares**

As at September 30, 2021, the Company had 10,882,857 common shares held in escrow, to be released in stages over a period of 36 months from August 17, 2020.

**d) Warrants**

The continuity of warrants for the nine months ended September 30, 2021 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, December 31, 2020</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>Balance, September 30, 2021</b>
September 23, 2021	\$ 0.15	8,200,000	-	(8,160,000)	(40,000)	-
September 23, 2021	\$ 0.15	500,000	-	(500,000)	-	-
December 18, 2021	\$ 0.35	257,130	-	-	-	257,130
		8,957,130	-	(8,660,000)	(40,000)	257,130
Weighted average exercise price	\$ 0.16	\$ -	\$ -	\$ 0.15	\$ 0.15	\$ 0.35

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

For the nine months ended September 30, 2021

(Unaudited – Expressed in Canadian dollars)

**12. SHARE CAPITAL (continued)****e) Stock options**

The Company has a rolling stock option plan (the Plan”) which is applicable to directors, officers, employees and consultants. Under the Plan, the total outstanding stock options that may be granted are limited to 10% of the outstanding common shares of the Company at any one 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.

The continuity of stock options for the nine months ended September 30, 2021 is as follows:

<b>Expiry date</b>	<b>Exercise price</b>	<b>Balance, December 31, 2020</b>	<b>Issued</b>	<b>Exercised</b>	<b>Expired</b>	<b>September 30, 2021</b>
August 17, 2025	\$ 0.35	4,100,000	-	-	-	4,100,000
August 17, 2025	\$ 0.35	100,000	-	-	(100,000)	-
September 8, 2025	\$ 0.95	300,000	-	-	(300,000)	-
July 20, 2026	\$ 0.35	-	225,000	-	-	225,000
		4,500,000	225,000	-	(400,000)	4,325,000
Weighted average exercise price	\$ 0.39	\$ 0.35	\$ -	\$ -	\$ 0.80	\$ 0.35

As at September 30, 2021, all stock options were exercisable with a weighted average remaining life of 3.93 years.

**f) Share-based compensation**

During the nine months ended September 30, 2021, the Company recorded share-based compensation of \$89,265 (2020 - \$1,095,829) for stock options that vested during the period.

On July 20, 2021, the Company granted 225,000 stock options to two advisors of the Company at a fair value of \$56,413 or \$0.25 per option, which was recorded as share-based compensation for the nine months ended September 30, 2021. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 0.73%; an expected volatility of 100%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

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

For the nine months ended September 30, 2021

(Unaudited – Expressed in Canadian dollars)

**13. RELATED PARTY TRANSACTIONS***Compensation of key management personnel*

Key management includes members of the Board of Directors, the President and Chief Executive Officer, the Vice President Exploration & Geology, the Vice President Project Development, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel, which includes the amounts disclosed above, during the three and nine months ended September 30, 2021 and 2020 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Consulting fees				
Golden Oak (1)	\$ 30,000	\$ 30,000	\$ 90,000	\$ 86,000
Marketing fees				
Peak (2)	3,000	30,000	9,000	90,000
VRIFY (3)	3,000	8,000	9,000	14,000
	6,000	38,000	18,000	104,000
Salaries and benefits				
Chief Executive Officer	50,000	37,500	133,333	110,000
Vice President Exploration & Geology	50,000	37,500	133,333	110,000
Vice President Project Development	50,000	37,500	133,333	110,000
	150,000	112,500	399,999	330,000
Share-based compensation	-	-	-	952,523
	\$ -	\$ -	\$ -	\$ 952,523

(1) Golden Oak is a consulting company controlled by the Chief Financial Officer, and a director and the Corporate Secretary of the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.

(2) Peak Investor Marketing Corp. ("Peak") is a company of which the spouse of the Chief Executive Officer is a principal.

(3) VRIFY Technology Inc. ("VRIFY") is a company of which a director of the Company is a principal.

*Amounts due to related parties*

As at September 30, 2021, the Company owed \$1,037 (December 31, 2020 – \$27,421) to related parties, being \$872 to Golden Oak and \$165 to an officer of the Company, all for the reimbursement of expenses. All amounts owed are unsecured and non-interest bearing and are recorded in trade and other payables (Note 11).



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

For the nine months ended September 30, 2021

(Unaudited – Expressed in Canadian dollars)

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**14. SEGMENTED INFORMATION**

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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.

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**15. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT**

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**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:

		<b>September 30, 2021</b>	<b>December 31, 2020</b>
Cash	FVTPL	\$ 9,732,447	\$ 9,760,495
Receivables	Amortized cost	157,137	183,313
Trade and other payables	Amortized cost	30,673	212,469

The Company's financial instruments recorded at fair value require disclosure about how the fair value was determined based on significant levels of inputs described in the following hierarchy:

- Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the reporting date. Active markets are those in which transactions occur in sufficient frequency and value to provide pricing information on an ongoing basis.
- Level 2 - Pricing inputs are other than quoted prices in active markets included in Level 1. Prices in Level 2 are either directly or indirectly observable as of the reporting date. Level 2 valuations are based on inputs including quoted forward prices for commodities, time value and volatility factors, which can be substantially observed or corroborated in the marketplace.
- Level 3 - Valuations in this level are those with inputs for the asset or liability that are not based on observable market data.

The carrying values of receivables and trade and other payables approximate their fair values due to their short-term nature. These financial instruments are classified as financial assets and liabilities at amortized cost and are reported at amortized cost. The carrying value of cash was determined based on Level 1 of the fair value hierarchy.

**Risk management**

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2020.