

A copy of this preliminary prospectus has been filed with the securities regulatory authorities in British Columbia, Alberta and Ontario but has not yet become final for the purpose of the sale of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold until a receipt for the prospectus is obtained from the securities regulatory authority.

No securities regulatory authority has expressed an opinion about any information contained herein and it is an offence to claim otherwise.

These securities have not been, and will not be, registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or the securities laws of any state of the United States (as such term is defined in Regulation S under the U.S. Securities Act) and may not be offered, sold or delivered, directly or indirectly, in the United States, except pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. This prospectus does not constitute an offer to sell or solicitation of an offer to buy any of these securities in the United States. See “Plan of Distribution”.

PRELIMINARY PROSPECTUS



Non-Offering Prospectus

February 24, 2020

SUN PEAK METALS CORP.

36,963,369 Common Shares Issuable Upon the Deemed Exercise of 36,963,369 Special Warrants

This prospectus (the “**Prospectus**”) qualifies the distribution of 36,963,369 common shares (the “**Special Warrant Shares**”) of Sun Peak Metals Corp. (“**Sun Peak**” or the “**Company**”), issuable for no additional consideration upon the exercise or deemed exercise of 36,963,369 special warrants (the “**Special Warrants**”) of the Company.

The Special Warrants were issued in three tranches, on December 18, 2019, December 23, 2019 and January 8, 2020, at a price of \$0.35 per Special Warrant to purchasers in certain provinces of Canada, the United States and certain international jurisdictions on a non-brokered private placement basis pursuant to prospectus exemptions under applicable securities legislation and in jurisdictions outside of Canada in compliance with laws applicable to each subscriber, respectively (the “**Special Warrant Private Placement**”). See “*Plan of Distribution*”.

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Shares upon the exercise or deemed exercise of the Special Warrants.

	Price	Net Proceeds to the Company ⁽¹⁾
Per Special Warrant	\$0.35	\$0.35
Total	\$12,843,904.15	\$12,843,904.15⁽²⁾

Note:

- (1) Before deducting the legal, accounting and administrative expenses of the Company in connection with the Special Warrant Private Placement.
- (2) The Company received total gross proceeds of \$12,843,904.15 from the sale of 36,696,869 Special Warrants pursuant to the Special Warrant Private Placement. 379,500 Special Warrants were issued to Canaccord Genuity Corp. as a finder's fee, for which the Company received no additional consideration.

Subject to the terms and conditions of the certificates representing the Special Warrants, each of the Special Warrants entitles the holder thereof to acquire, upon deemed exercise, on the Deemed Exercise Date (as defined below), one Special Warrant Share, subject to adjustment in certain circumstances, without payment of any additional consideration.

The Company is filing this Prospectus to qualify the issuance of the Special Warrant Shares through the filing of a prospectus with securities regulators in Canada in connection with the listing of its common shares (the “**Shares**”) on the TSX Venture Exchange (the “**Exchange**”). The Special Warrants will be deemed to be exercised on the date (the “**Deemed Exercise Date**”) of which is the earlier of (i) the fifth business day after the date on which a receipt for the final prospectus of the Company qualifying the distribution of the Special Warrant Shares issuable on exercise of the Special Warrants (the “**Final Receipt**”) has been issued; and (ii) the date that is four months and one day from the date of issuance of the Special Warrants, at which time each Special Warrant shall be automatically exercised for one Special Warrant Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without further action on the part of the holder. Such Deemed Exercise Date may change upon mutual agreement between the holders of the Special Warrants and the Company.

There is no market through which the Special Warrants may be sold and none is expected to develop.

No additional proceeds will be received by the Company in connection with the issuance of the Special Warrant Shares upon the deemed exercise of the Special Warrants.

There is currently no market through which any of the securities being distributed under this Prospectus, may be sold, and purchasers may not be able to resell such securities acquired hereunder. This may affect the pricing of such securities in the secondary market, the transparency and availability of trading prices, the liquidity of such securities and the extent of issuer regulation. See “Risk Factors” and “Cautionary Note Regarding Forward-Looking Information”.

Concurrently with the filing of this Prospectus, the Company has applied to list the Shares, including the Special Warrant Shares qualified under this Prospectus, on the Exchange. The Company received conditional approval from the Exchange on [•], 2020. Neither the listing nor the intended timing of the listing can be guaranteed. The listing of the Shares will be subject to the Company fulfilling all of the listing requirements of the Exchange, which cannot be guaranteed.

As of the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States.

The Special Warrant Shares to be distributed pursuant to this Prospectus have not and will not be registered under the laws of any foreign jurisdiction, including the U.S. Securities Act.

Prospective investors are advised to consult their own tax advisors regarding the application of Canadian federal income tax laws to their particular circumstances, as well as any other provincial, foreign and other tax consequences of acquiring, holding, or disposing of the Special Warrant Shares.

Prospective investors should rely only on the information contained in this Prospectus. Readers should assume that the information appearing in this Prospectus is accurate only as of its date, regardless of its time of delivery. The Company’s business, financial condition, results of operations and prospects may have changed since that date.

No underwriters or selling agents have been involved in either (i) the offer and sale of the Special Warrants in the Special Warrant Private Placement or (ii) the preparation of this Prospectus or performed any review or independent due diligence of the contents of this Prospectus and no underwriters or selling agents have been or will be compensated for the Special Warrant Private Placement.

Hayley De Witt, a director of the Company, resides outside of Canada and has appointed the following agent for

service of process:

Name of Agent	Address of Agent
DuMoulin Black LLP	10 th Floor, 595 Howe Street, Vancouver, British Columbia V6C 2T5

Purchasers are advised that it may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process. See “*Agent for Service of Process*”.

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

The Company’s head office is located at 15782 Marine Drive Unit 1 White Rock, BC, V4B 1E6 and its registered and records office is located at 15782 Marine Drive Unit 1 White Rock, BC, V4B 1E6.

TABLE OF CONTENTS

INTERPRETATION	7
CAUTION REGARDING FORWARD-LOOKING STATEMENTS	7
CAUTIONARY NOTE REGARDING TECHNICAL INFORMATION	9
CONVENTIONS	9
GLOSSARY OF TERMS.....	9
GLOSSARY OF TECHNICAL TERMS.....	13
SUMMARY OF PROSPECTUS	15
THE COMPANY	15
PRINCIPAL BUSINESS	15
MANAGEMENT, DIRECTORS & OFFICERS	15
PROPERTIES	15
THE SPECIAL WARRANT PRIVATE PLACEMENT.....	15
USE OF PROCEEDS	16
SUMMARY OF SELECTED AUDITED FINANCIAL INFORMATION FOR THE COMPANY	16
RISK FACTORS	17
CORPORATE STRUCTURE	18
GENERAL DEVELOPMENT AND BUSINESS OF THE COMPANY.....	18
OVERVIEW	18
JV AGREEMENT	18
LICENSES	20
ROYALTY AGREEMENTS	20
SPECIAL WARRANTS PRIVATE PLACEMENT	21
BUSINESS CYCLE.....	21
ENVIRONMENTAL POLICIES	21
EMPLOYEES	21
COMPETITION	21
THE SHIRE PROPERTY GROUP	22
PROPERTY DESCRIPTION, LOCATION AND ACCESS	22
HISTORY	24
GEOLOGICAL SETTING, MINERALIZATION AND DEPOSIT TYPES.....	27
DEPOSIT TYPES	37
EXPLORATION.....	40
DRILLING	51
SAMPLE PREPARATION, ANALYSES AND DATA VERIFICATION	51
MINERAL PROCESSING AND METALLURGICAL TESTING.....	53
MINERAL RESOURCE ESTIMATES	53
THE MELI PROPERTY	58
PROPERTY DESCRIPTION, LOCATION AND ACCESS	58
HISTORY	60
GEOLOGICAL SETTING, MINERALIZATION AND DEPOSIT TYPES.....	65
DEPOSIT TYPES	74
MINERAL PROCESSING AND METALLURGICAL TESTING.....	77
MINERAL RESOURCE ESTIMATES	77
EXPLORATION.....	77
DRILLING	83
SAMPLING, ANALYSIS AND DATA VERIFICATION	83

DATA VERIFICATION	83
INTERPRETATION AND CONCLUSIONS	84
USE OF PROCEEDS.....	88
FUNDS AVAILABLE.....	88
PRINCIPAL PURPOSES.....	88
UNALLOCATED FUNDS.....	88
BUSINESS OBJECTIVES AND MILESTONES.....	89
DIVIDENDS	89
SELECTED FINANCIAL INFORMATION.....	89
SELECTED FINANCIAL INFORMATION.....	89
MANAGEMENT’S DISCUSSION AND ANALYSIS	90
DESCRIPTION OF SHARE CAPITAL.....	90
SHARES	90
CONSOLIDATED CAPITALIZATION	90
FULLY DILUTED SHARE CAPITAL	91
OPTIONS TO PURCHASE SECURITIES	91
ELIGIBILITY	91
SHARES SUBJECT TO OPTION PLAN	91
LIMITS WITH RESPECT TO CONSULTANTS AND INVESTOR RELATIONS PERSON	92
EXERCISE OF OPTIONS	92
TERM AND EXPIRY DATE	92
VESTING.....	92
TERMINATION OF OPTIONS	92
NON-ASSIGNABILITY AND NON-TRANSFERABILITY	92
ADJUSTMENTS IN SHARES SUBJECT TO OPTION PLAN.....	93
PRIOR SALES	93
DESCRIPTION OF SECURITIES BEING QUALIFIED FOR DISTRIBUTION	93
SHARES	93
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER.....	94
ADDITIONAL SECURITIES	95
PRINCIPAL SHAREHOLDERS	95
EXECUTIVE OFFICERS AND DIRECTORS.....	95
BIOGRAPHIES.....	96
SHARE OWNERSHIP BY DIRECTORS AND OFFICERS.....	98
CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES	98
PENALTIES OR SANCTIONS	98
PERSONAL BANKRUPTCIES	98
CONFLICTS OF INTEREST	98
EXECUTIVE COMPENSATION	99
COMPENSATION OF NAMED EXECUTIVE OFFICERS	99
DIRECTOR COMPENSATION	101
DIRECTORS’ AND OFFICERS’ LIABILITY INSURANCE.....	101

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS	101
PLAN OF DISTRIBUTION	101
SPECIAL WARRANTS.....	101
QUALIFICATION AND LISTING OF SHARES IN CANADA	102
AUDIT COMMITTEE AND CORPORATE GOVERNANCE.....	102
AUDIT COMMITTEE	102
STATEMENT OF CORPORATE GOVERNANCE PRACTICES	106
RISK FACTORS	109
LEGAL PROCEEDINGS	115
INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS.....	115
AUDITORS	116
TRANSFER AGENT AND REGISTRAR.....	116
MATERIAL CONTRACTS.....	116
EXPERTS.....	116
AGENT FOR SERVICE OF PROCESS	116
PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RECISSION.....	117
CONTRACTUAL RIGHT OF RECISSION	117
 APPENDIX "A"	
SUN PEAK METALS CORP. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED DECEMBER 31, 2018.....	A 1
 APPENDIX "B"	
SUN PEAK METALS CORP. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED DECEMBER 31, 2018.....	B 1
 APPENDIX "C"	
SUN PEAK METALS CORP. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2019.....	C 1
 APPENDIX "D"	
SUN PEAK METALS CORP. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2019.....	D 1
 APPENDIX "E"	
STOCK OPTION PLAN.....	E 1
 CERTIFICATE OF THE ISSUER.....	C-1

INTERPRETATION

Unless the context otherwise requires, all references in this Prospectus to “we”, “our”, “us”, “Sun Peak” or the “Company” refer to Sun Peak Metals Corp. and, to the extent references in this Prospectus are made to matters undertaken by a predecessor in interest to Sun Peak or its subsidiaries, include such predecessor in interest to the Company or its subsidiaries, include such predecessor in interest.

CAUTION REGARDING FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus are forward-looking statements or information (collectively “**forward-looking statements**”). The Company is hereby providing cautionary statements identifying important factors that could cause the actual results of the Company to differ materially from those projected in the forward-looking statements. Any statements that express, or involve discussions as to, expectations, beliefs, plans, objectives, assumptions or future events or performance (often, but not always, through the use of words or phrases such as “may”, “is expected to”, “anticipates”, “estimates”, “intends”, “plans”, “projection”, “could”, “vision”, “goals”, “objective” and “outlook”) are not historical facts and may be forward-looking and may involve estimates, assumptions and uncertainties which could cause actual results or outcomes to differ materially from those expressed in the forward-looking statements.

By their nature, forward-looking statements involve numerous assumptions, inherent risks and uncertainties, both general and specific, which contribute to the possibility that the predicted outcomes may not occur or may be delayed. The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results include, but are not limited to:

- approval of the Exchange to list our Shares;
- our ability to successfully execute our overall strategy and goals;
- our dependence on the Shire Property Group and Meli Property;
- execution of our exploration and development plans for our mineral projects;
- our ability to carry out our current planned exploration programs and development plans with our current financial resources;
- we have a limited operating history and negative operating cash flow;
- the market price for copper, zinc, other base metals and precious metals may not be sufficiently high to ensure that our planned exploration expenditures will be funded;
- we may not be able to demonstrate that any of our mineral projects warrant commercial development;
- we may not be able to access sufficient capital to carry out our business plans, exploration and development plans;
- our exploration and development costs may be higher than anticipated;
- our ability to obtain and comply with all required permits, licenses and regulatory requirements in carrying out our exploration and development plans;
- even if we are successful in demonstrating reserves on any of our properties, our mining projects may not achieve projected rates of production, cash flows, internal rates of return, payback periods or net present values;
- there may be lack of adequate infrastructure to support our mineral projects;
- employee recruitment and retention and dependence on expatriate and Ethiopian nationals’ skills;
- the risk that title to our material properties may be impugned;
- environmental risks, including risks associated with compliance with environmental laws and the completion of any required environmental impact assessments or reclamation obligations;
- economic uncertainties, including changes and volatility in global capital, currency and commodity markets which may impact our ability to raise capital to execute our business, exploration and development plans and the demand for our planned mineral projects;
- competition from other mineral exploration and mining businesses;

- we have not demonstrated that any of our mineral properties contain mineral resources and, even if demonstrated, there is no assurance that any mineral resource estimates will be accurate, exploration potential and mineral grades;
- any required change in mineral resource or mineral reserve estimation methodology;
- changes in the assumptions underlying the mineral resource estimates, which may result in a different (smaller) mineral resource estimate and other related matters;
- the Company conducts business in Ethiopia and there is no guarantee against any future political, or economic instability in Ethiopia or neighboring countries that might adversely affect the Company;
- changes in laws and regulations;
- we may be subject to claims or legal proceedings;
- the possibility of a conflict of interest arising for certain of our director and officers;
- volatility in the market price of the Shares;
- future sales or issuances of equity securities could decrease the value of the Shares, dilute shareholders' voting power and reduce future potential earnings per Share; and
- we intend to retain earnings, if any, to finance the growth and development of our business and do not intend to pay cash dividends on the Shares in the foreseeable future.

Such forward-looking information is necessarily based upon a number of factors and assumptions that, while considered reasonable by the Company as of the date of such statements, are inherently subject to significant business, economic and competitive uncertainties and contingencies. The assumptions underlying the forward-looking information in this Prospectus, which may prove to be incorrect, include, but are not limited to, assumptions relating to:

- our business strategies and exploration plans;
- the costs of implementation of our business plans and exploration and development plans;
- the availability of sufficient capital to enable us to carry out our business strategy and exploration and development plans;
- the completion of the listing of our Shares on the Exchange;
- the results of future exploration and development programs will be consistent with results and estimates included in our NI 43-101 technical reports on our material properties;
- we will be able to obtain the required regulatory approvals necessary to enable us to proceed with our exploration and development programs;
- we will not encounter any unanticipated geological or technical problems in carrying out our exploration and development programs;
- the price of base metals and precious metals remaining consistent with our expectations;
- there will not be any material adverse events or changes outside the normal course of our business; and
- the competitive environment for exploration properties.

Should one or more of the underlying assumptions prove incorrect, or should the risks and uncertainties materialize, actual results may vary materially from those described in the forward-looking statements.

Further, any forward-looking statement speaks only as of the date on which such statement is made, and, except as required by applicable law, the Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for management to predict all such factors and to assess in advance the impact of each such factor on the business of the Company or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement. See *"Risk Factors"*.

CAUTIONARY NOTE REGARDING TECHNICAL INFORMATION

This Prospectus contains disclosure of scientific or technical information for the Company's mineral projects that is based on technical reports for each of the Company's material properties. Those reports are identified under "*The Shire Property Group*" and "*The Meli Property*" below in the discussion of each property. Each of these reports was prepared in accordance with National Instrument 43-101 – *Standards for Disclosure for Mineral Projects* of the Canadian Securities Administrators, by or under the supervision of "qualified persons" (as defined in that National Instrument).

Any mineral reserve or resource figures, and scientific, technical or projected economic information or estimates referred to in this Prospectus are estimates, and no assurances can be given that the information will materialize. Such information is based on expressions of judgment based on knowledge, mining experience, analysis of drilling results and industry practices. Valid estimates made at a given time may significantly change when new information becomes available. While the Company believes that the information included in this Prospectus is well established, the information by its nature is imprecise and depends, to a certain extent, upon statistical inferences which may ultimately prove unreliable. If such estimates of such information are inaccurate or are reduced in the future, this could have a material adverse impact on the Company.

CONVENTIONS

Certain terms used herein are defined in the "Glossary of Terms". Unless otherwise indicated, references to \$ are to Canadian dollars, references to "US\$" are to U.S. dollars and references to Birr are Ethiopian dollars. All financial information with respect to the Company have been presented in Canadian dollars in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee.

GLOSSARY OF TERMS

The following is a glossary of certain defined terms used throughout this Prospectus. This is not an exhaustive list of defined terms used in this Prospectus and additional terms are defined throughout. Terms and abbreviations used in the financial statements of the Company are defined separately and the terms and abbreviations defined below are not used therein, except where otherwise indicated. Words importing the singular, where the context requires, include the plural and vice versa, and words importing any gender include all genders.

"**Affiliate**" means a company that is affiliated with another company as described below:

A company is an "**Affiliate**" of another company if:

- (a) one of them is the subsidiary of the other; or
- (b) each of them is controlled by the same Person;

A company is "**controlled**" by a Person if:

- (a) voting securities of the company are held, other than by way of security only, by or for the benefit of that Person; and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of the company;

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person, or

(c) an Affiliate of any Company controlled by that Person;

“Annual Fee” means the annual fee of \$120,000, subject to certain increases, paid by Sun Peak to Golden Oak pursuant to the Golden Oak Agreement;

“Applicable Securities Law” means applicable securities legislation, securities regulation and securities rules, as amended, and the policies, notices, instruments and blanket orders having the force of law, in force from time to time;

“Associate” means when used to indicate a relationship with a person or company, means:

- (a) an issuer of which the person or company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer;
- (b) any partner of the person or company;
- (c) any trust or estate in which the person or company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity;
- (d) in the case of a person, a relative of that person, including:
 - 1. that person’s spouse or child; or
 - 2. any relative of the person or of his spouse who has the same residence as that person; but

where the Exchange determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

“Axum” means Axum Metals Share Company;

“BCBCA” means the *Business Corporations Act* (British Columbia);

“Board” or **“Board of Directors”** means the board of directors, or comparable corporate governing structure, of the Company;

“Business Day” means a day other than Saturday, Sunday or a statutory holiday in British Columbia, Canada;

“CEO” means Chief Executive Officer;

“CFO” means Chief Financial Officer;

“Company” or **“Sun Peak”** means Sun Peak Metals Corp.;

“Deemed Exercise Date” means the date the Special Warrants are deemed to be exercised, which is the earlier of: (i) the fifth business day after the date on which the Final Receipt has been issued; and (ii) the date that is four months and one day from the date of issuance of the Special Warrants;

“EL” means an Exploration License granted pursuant to the Mining Proclamation;

“Escrow Agent” means Computershare Trust Company of Canada;

“Escrow Agreement” means the escrow agreement to be entered into on the date of the Final Prospectus, among the Company, the Escrow Agent and certain shareholders, pursuant to which the Escrow Securities will be held in escrow;

“Escrow Securities” means 17,566,667 Shares and 1,900,000 common share purchase warrants that are held in escrow pursuant to the Escrow Agreement;

“Exchange” or **“TSXV”** means the TSX Venture Exchange;

“Ezana” means Ezana Mining Development plc;

“Final Prospectus” means the (final) prospectus of the Company, prepared in accordance with NI 41-101;

“Final Receipt” means the receipt issued by the Principal Regulator, evidencing that a receipt has been, or has been deemed to be, issued for the Final Prospectus in British Columbia;

“Harvest” means Harvest Mining PLC;

“Golden Oak” means Golden Oak Corporate Services Ltd.;

“Golden Oak Agreement” means the consulting agreement between Sun Peak and Golden Oak dated August 23, 2016;

“IFRS” means the International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretation Committee;

“JV Agreement” means the option and joint venture shareholders’ agreement between Ezana and Sun Peak dated November 11, 2017, as amended on February 19, 2018, and on October 16, 2018, and on June 28, 2019, and on August 12, 2019;

“JV Properties” means the properties subject to the JV Agreement, currently being the Shire EL and the Meli EL;

“Lul” means Lul Earth Sciences of Addis Ababa;

“Makeda” means Makeda Mining PLC;

“Meli Property” means the Meli EL located in Tigray N.R.S. Province, Ethiopia;

“Meli Technical Report” means the technical report titled “NI 43-101 Technical Report, A Geological Evaluation of the Meli Property, Tigray National Regional State, Northern Ethiopia” with an effective date of January 31, 2020;

“Mining License” means a mining license issued in respect of either the Shire Group Property or the Meli Property;

“Mining Proclamation” means Mining Proclamation of Ethiopia and includes any amendments, modifications, additions or extensions made thereto and any regulations and directives promulgated thereunder, or its successor legislation;

“Ministry of Mines” means the Ministry of Mines and Petroleum of Ethiopia;

“NI 43-101” means National Instrument 43-101 – *Standards of Disclosure for Mineral Properties* of the Canadian Securities Administrators;

“NI 41-101” means National Instrument 41-101 – *General Prospectus Requirements* of the Canadian Securities Administrators;

“NI 52-110” means National Instrument 52-110 – *Audit Committees* of the Canadian Securities Administrators;

“Option Plan” means the stock option plan of the Company discussed under “*Options to Purchase Securities – Share Option Plan*”;

“Options” means the options issued pursuant to the Option Plan;

“Phase 1 Earn-in” has the meaning set out in this prospectus under *“General Development and Business of the Company – JV Agreement”*;

“Phase 1 Loan” means the US\$5 million loan facility Sun Peak may provide to Axum pursuant to the Phase I Loan Agreement;

“Phase 1 Loan Agreement” means the loan facility agreement between Sun Peak and Axum dated June 28, 2019, which provides for the Company to provide the Phase 1 Loan to Axum;

“Phase 2 Loan” means the loan facility Sun Peak may provide to Axum pursuant to the Phase 2 Loan Agreement;

“Phase 2 Earn-in” has the meaning set out in this prospectus under *“General Development and Business of the Company – JV Agreement”*;

“Preliminary Prospectus” means the (preliminary) prospectus of the Company, prepared in accordance with NI 41-101;

“Principal Regulator” means the British Columbia Securities Commission;

“person”, unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“Prospectus” means collectively, the Preliminary Prospectus and the Final Prospectus (including any Supplemental Material thereto);

“Regulation S” means Regulation S promulgated under the U.S. Securities Act;

“Royalty Agreements” means the net smelter returns royalty agreement among Sun Peak, SPE and Rosedale Resources Ltd. dated June 30, 2019 and the net smelter returns royalty agreement among Sun Peak, SPE and Sandstorm Gold Ltd. dated June 30, 2019;

“SEDAR” means the System for Electronic Document Analysis and Retrieval, accessible through the internet at www.sedar.com;

“Shareholders” means the holders of Shares;

“Shares” means the common shares in the capital of the Company;

“Shire Property Group” means the Terer, Nefasit and Adi Da-iro ELs located in Tigray N.R.S. Province, Ethiopia;

“Shire Property Group Technical Report” means the technical report titled “NI 43-101 Technical Report, A Geological Evaluation of the Shire Property, Tigray National Regional State, Northern Ethiopia” with an effective date of January 17, 2020;

“SPE” means Sun Peak Ethiopia Mining plc, a wholly-owned subsidiary of the Company;

“Special Warrant” means a special warrant issued by the Company entitling the holder the right to acquire, without additional payment, one Special Warrant Share for each Special Warrant held, the issuance of the Special Warrant Shares is qualified under this Prospectus;

“Special Warrant Private Placement” means the non-brokered private placement of 36,696,869 Special Warrants at a price of \$0.35 per Special Warrant for total gross proceeds of \$12,843,904.15;

“**Special Warrant Shares**” means the Shares to be issued on exercise or deemed exercise of the Special Warrants;

“**Tigray**” means Tigray Resources Inc.;

“**Transfer Agent**” means the transfer agent and registrar of the Company, being Computershare Investor Services Inc.;

“**U.S. Securities Act**” means the *U.S. Securities Act of 1933*, as amended;

“**USA**”, “**United States**”, “**U.S.**” or “**US**” means the United States of America, its territories and possessions, and any state of the United States, and the District of Columbia; and

“**Warrants**” means Share purchase warrants of the Company.

Words importing the singular number only, include the plural and vice versa, and words importing any gender include all genders.

GLOSSARY OF TECHNICAL TERMS

“ Ag ”	silver
“ Au ”	gold
“ AAB ”	Augaro-Adobha Belt
“ ANB ”	Asmara-Nakfa Belt
“ ANS ”	Arabian-Nubian Shield
“ BIF ”	banded iron formation
“ Co ”	cobalt
“ Cu ”	copper
“ EM ”	electromagnetic
“ Fe ”	iron
“ FT ”	felsic metavolcanic
“ g ”	gram
“ g/t ”	grams per tonne
“ ha ”	hectare
“ IMV ”	intermediate metavolcanic
“ IMVC ”	intermediate metavolcaniclastic
“ IP ”	induced polarization
“ km ”	kilometre

“m”	metre
“Mn”	manganese
“mm”	millimetre
“MMV”	mafic metavolcanic
“MMVC”	mafic metavolcaniclastic
“MS”	metasedimentary
“Ni”	nickel
“oz”	Troy ounce
“Pb”	lead
“t”	Metric tonne
“RC”	reverse circulation
“VMS”	volcanogenic massive sulfide
“VTEM”	Versatile Time Domain Electromagnetic
“Zn”	zinc

SUMMARY OF PROSPECTUS

The following is a summary of the principal features of the Prospectus and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Capitalized used but not defined in this Summary of Prospectus have the meanings ascribed thereto in the Glossary of Terms.

The Company

The Company was incorporated on June 2, 2016 in the province of British Columbia under the name “Sun Peak Metals Corp.”

The Company’s head office is located at 15782 Marine Drive Unit 1 White Rock, BC, V4B 1E6 and its registered and records office is located at 15782 Marine Drive Unit 1 White Rock, BC, V4B 1E6.

The Company has applied, concurrent with the filing of this Prospectus, to list its Shares on the TSXV. Listing will be subject to the Company fulfilling all of the listing requirements of the TSXV.

See “*Corporate Structure*”.

Principal Business

The Company’s principal business is the acquisition, exploration and development of resource properties for the mining of precious and other metals and minerals. Our principal objective is to explore the Shire Property Group and Meli Property. See “*General Development and Business of the Company*”.

Management, Directors & Officers

Our management team includes several individuals with extensive experience in mining, geology, exploration and development and finance. See “*Directors and Executive Officers*”.

Properties

Unless otherwise stated, the technical information in respect of the Shire Property Group is based on the Shire Property Group Technical Report and of the Meli Property is based on the Meli Technical Report.

The Shire Property Group is located in Tigray N.R.S. Province, Ethiopia. The property comprises the Terer EL covering 181.2667 km², the Nefasit EL, covering 430.8084 km² and the Adi Da-iro EL covering 269.3 km².

The Meli Property is located in Tigray N.R.S. Province, Ethiopia. The property covers 97.9251km².

The Shire Property Group Technical Report was prepared in accordance with NI 43-101. The Qualified Persons, as defined by NI 43-101, for the Shire Property Group Technical Report are Charles J. Greig, M.Sc., P.Geo. and Jeffrey D. Rowe, B.Sc., P.Geo. The Shire Property Group Technical Report is available for review under the Company’s profile on SEDAR, or at the office of the Company. See “*Shire Property Group*”.

The Meli Technical Report was prepared in accordance with NI 43-101. The Qualified Persons, as defined by NI 43-101, for the Meli Technical Report are Charles J. Greig, M.Sc., P.Geo. and Jeffrey D. Rowe, B.Sc., P.Geo. The Meli Technical Report is available for review under the Company’s profile on SEDAR, or at the office of the Company. See “*Meli Property*”.

The Special Warrant Private Placement

This Prospectus is being filed in British Columbia, Alberta and Ontario to qualify the distribution of 36,963,369 Special Warrant Shares of the Company issuable for no additional consideration upon the exercise or deemed exercise of 36,963,369 Special Warrants of the Company. 113,000 Special Warrant Shares of the Company issuable upon the

exercise or deemed exercise of 113,000 Special Warrants of the Company will not be qualified for distribution as they were distributed to purchasers in Quebec, Nova Scotia and Saskatchewan. Such 113,000 Special Warrants and the Special Warrant Shares issuable will be subject to resale restrictions pursuant to Applicable Securities Law.

The Special Warrants are not available for purchase pursuant to this Prospectus and no additional funds are to be received by the Company from the distribution of the Special Warrant Shares upon the exercise or deemed exercise of the Special Warrants.

The Company completed the Special Warrant Private Placement in three tranches, on December 18, 2019, December 23, 2019 and January 8, 2020, by issuance of a total 36,696,869 Special Warrants to investors in Canada, the United States and in certain other international jurisdictions on a private placement basis at a price of \$0.35 per Special Warrant. The Company issued 379,500 Special Warrants to Canaccord Genuity Corp. as a finder's fee.

The Special Warrants will be deemed to be exercised on the date of which is the earlier of (i) the fifth business day after the date on which the Final Receipt has been issued; and (ii) the date that is four months and one day from the date of issuance of the Special Warrants, at which time each Special Warrant shall be automatically exercised for one Special Warrant Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without further action on the part of the holder. See "*General Development and Business of the Company*".

Use of Proceeds

As of January 31, 2020, the Company had a working capital balance of approximately \$13.3 million. The Company will not realize any proceeds from the distribution of the Special Warrant Shares.

We intend to use our working capital balance for the exploration and development of the Shire Property Group and the Meli Property.

The key milestone for Sun Peak's development of the Shire Property Group is the proposed work program for 2020 totaling more than \$3.3 million, as set out in the Shire Property Group Technical Report. This includes 6,500m of diamond drilling (4,000m at Terer and 2,500m Nefasit), gravity surveys (7,000 stations), regional and close-spaced soil sampling grids, stream sediment sampling and geological mapping. Once the work program has been completed, the Company will evaluate the results and determine the next steps to pursue with respect to the future exploration activities on the Shire Property Group.

The key milestone for Sun Peak's development of the Meli Property is the proposed work program for 2020 totaling more than \$1.5 million, as set out in the Meli Technical Report. As operator, Sun Peak plans a logical sequence of exploration work beginning with the compilation of all historical data, and following with re-logging and re-sampling of historical drill core that will be acquired from Ezana. This will be supplemented by regional prospecting and detailed geological and structural mapping in selected areas, especially along the VMS trends. In the first year, a variety of geophysical and geochemical surveys will be undertaken, along with re-mapping and re-sampling of existing trenches, and drilling of approximately 4,000m of diamond drill core to test the Eastern Meli massive sulfide zone and its extensions. Once the work program has been completed, the Company will evaluate the results and determine the next steps to pursue with respect to the future exploration activities on the Meli Property.

See "*Use of Proceeds*".

Summary of Selected Audited Financial Information for the Company

The following selected financial information is subject to the detailed information contained in the financial statements of Sun Peak, and notes thereto appearing elsewhere in the Prospectus. The selected financial information is derived from and should be read in conjunction with Sun Peak's audited financial statements for the year ended December 31, 2018 and unaudited interim period ended September 30, 2019. See "*Selected Financial Information*".

	December 31, 2018	September 30, 2019
Balance Sheet		
Current assets	\$823,453	\$1,517,976
Total assets	\$1,104,704	\$2,257,414
Current liabilities	\$84,710	\$62,028
Total liabilities	\$84,710	\$62,028
Shareholders' Equity	\$1,019,994	\$2,195,386

Risk Factors

An investment in the Company involves a substantial degree of risk and should be regarded as highly speculative due to the nature of the business of the Company.

The risks, uncertainties and other factors, many of which are beyond the control of the Company that could influence actual results include, but are not limited to:

- Our success is dependent upon exploring and developing the Shire Property Group and Meli Property.
- Even if we complete the recommended work programs in the Shire Property Group Technical Report and Meli Technical Report, there is no assurance that the results will warrant further development of the Shire Property Group or Meli Property.
- Mining operations are subject to a high degree of risk.
- We are a start-up company and, as such, are subject to many risks common to such enterprises.
- Additional financing may not be available on terms favourable to the Company, or at all.
- Insurance coverage is not available for all potential risks of mining operations.
- The loss of key executives may adversely affect our business and future operations.
- We face strong competition from other mining companies for the acquisition of additional mining properties.
- Actions by non-governmental organizations could result in road closures, work stoppages and law suits for damages.
- The price of the Shares and our financial results, activities and future prospects may be adversely affected by declines in the price of base metals and precious metals.

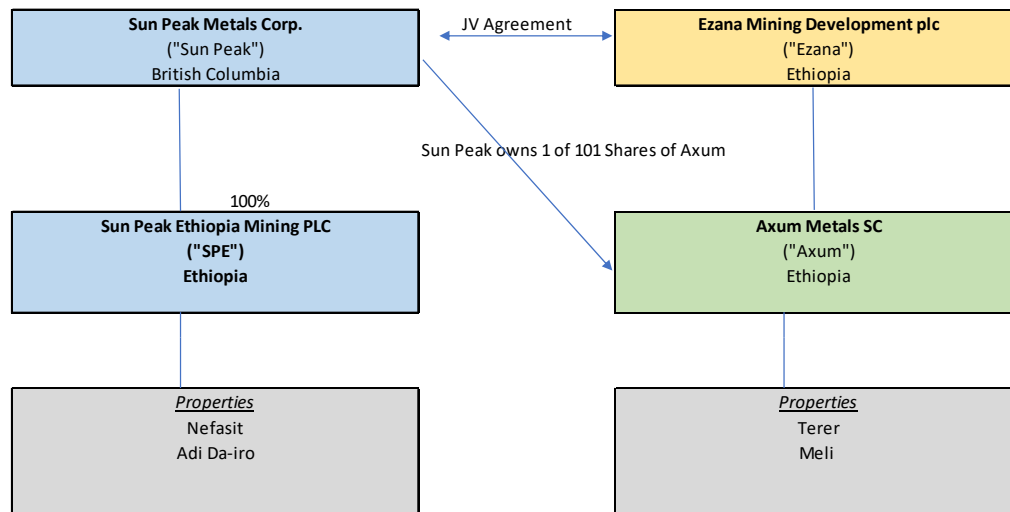
For a detailed description of certain risk factors relating to the Shares which should be carefully considered before making an investment decision. See “*Risk Factors*” for further detail.

CORPORATE STRUCTURE

The Company was incorporated under the *Business Corporations Act* (British Columbia) on June 2, 2016 with the name “Sun Peak Metals Corp.”

The Company’s head office is located at 15782 Marine Drive Unit 1 White Rock, BC, V4B 1E6 and its registered and records office is located at 15782 Marine Drive Unit 1 White Rock, BC, V4B 1E6.

The Company has one wholly-owned subsidiary, Sun Peak Ethiopia Mining plc. The Company also has a corporate joint venture with Ezana, pursuant to which the Company is the legal owner of one share of Axum, with the remaining 100 shares being owned by Ezana and its nominees. The chart below illustrates Sun Peak’s corporate structure.



GENERAL DEVELOPMENT AND BUSINESS OF THE COMPANY

Overview

Sun Peak’s principal business is the acquisition, exploration and development of resource properties for the mining of precious or base metals.

The Shire Property Group and the Meli Property are the mineral projects material to Sun Peak for the purposes of NI 43-101. The Shire Property Group is located in Tigray N.R.S. Province, Ethiopia. It is comprised of the Terer, Nefasit and Adi Da-iro ELs. For further details concerning the Shire Property Group, see “*The Shire Property Group*”. The Meli Property is also located in Tigray N.R.S. Province, Ethiopia. For further details concerning the Meli Property, see “*The Meli Property*”.

The Company’s key objective is to advance exploration on the Shire Property Group and Meli Property with the objective of determining whether the properties contain commercially exploitable deposits of precious or base metals.

JV Agreement

Pursuant to the JV Agreement, the Company has an option to earn up to a 70% interest in Axum, which holds the JV Properties (the Terer EL and the Meli EL). The respective interests of the Company and Ezana in Axum during the earn-in period are set out in the table below:

Shareholder	Effective Date	Completion of Phase 1	Completion of Phase 2	Phase 3 (purchase of 2.5%)
Sun Peak	0%	51%	67.5%	70%
Ezana	100%	49%	32.5%	30%

To acquire a 51% ownership in Axum, the Company must solely fund Axum's exploration expenditures (and other qualifying expenses) on the JV Properties totaling US\$5,000,000 by December 4, 2022, with at least US\$2,000,000 of such expenditures being incurred by June 4, 2021 (the "**Phase 1 Earn-in**"). Funding of the Phase 1 Earn-in will be completed by way of the Phase 1 Loan from the Company to Axum in the amount of US\$5,000,000. As of the date of this prospectus, the Company has advanced approximately US\$1 million of the Phase 1 Loan to Axum in order to fund exploration and other qualifying expenditures on the JV Properties. Upon completion of the Phase 1 Earn-in, the Company will convert the Phase 1 Loan to that number of shares in Axum representing 51% of the issued and outstanding shares of Axum.

The Company may withdraw from its obligations under the JV Agreement at any time prior to completing the Phase 1 Earn-in. If the Company withdraws from its obligations under the JV Agreement or fails to meet the Phase 1 Earn-in requirements, the Company will have no right, title or interest in Axum or the JV Properties and amounts advanced to Axum under the Phase 1 Loan will not be repaid to the Company.

Within 30 days of completing the Phase 1 Earn-in, the Company must give notice to Ezana as to whether it wishes to proceed to exercise the Phase 2 Earn-in (described below). If the Company does not elect to proceed to exercise the Phase 2 Earn-in, the joint venture relationship between the Company and Ezana will be terminated, with the Company holding 51% of Axum and Ezana holding 49%

If the Company elects to proceed with the exercise of the Phase 2 Earn-in, the Company will continue to solely fund Axum's exploration expenditures by way of the Phase 2 Loan at a minimum rate of US\$1,000,000 for each one year period following the date of the Company's election to exercise the Phase 2 Earn-in, to advance the JV Properties through to completion of a definitive feasibility study and the completion of any other studies required to apply for a mining license (the "**Phase 2 Earn-in**") and Axum will apply for a mining license. Upon completion of the Phase 2 Earn-in, the Company will convert the amount drawn against the Phase 2 Loan to that number of shares in Axum representing 16.5% of the issued and outstanding shares of Axum, thus increasing the Company's total interest in Axum to 67.5%. Upon receipt of the feasibility study, the board of directors of Axum will determine whether Axum will proceed with development of the JV Properties.

Within 60 days of Axum being granted a mining license on some or all of the JV Properties, the Company will have an option to purchase 2.5% of the shares of Axum held by Ezana for a purchase price of US\$6,000,000 to be paid within 10 days of delivering the notice of exercise in writing to Ezana, which would result in the Company owning a 70% interest in Axum.

During the Phase 1 Earn-in and Phase 2 Earn-in, all programs on the JV Properties will be funded solely by the Company. After the Phase 2 Earn-in is completed and a mining license is granted, the shareholders of Axum will jointly seek funding from financial institutions for the development of the mine, and work programs and operations will be funded by the shareholders of Axum on a pro-rata basis in proportion to their respective shareholdings in Axum.

During the Phase 1 Earn-in and Phase 2 Earn-in periods, unless as otherwise agreed, the board of directors of Axum will be comprised of four directors, two of whom will be nominated by the Company and two of whom will be nominated by Ezana, with the chairman of the board being one of the directors selected by the Company. The chairman of the board will have a casting vote if there is an equality of votes cast by board members. Pursuant to the JV Agreement, the Company has been appointed as the manager of the joint venture until its resignation, with overall management responsibility for operations of the JV Properties.

Pursuant to the terms of the JV Agreement, Ezana or its nominee is entitled, upon acquiring the necessary licenses, to exclusively conduct precious mining activities for its exclusive benefit on the oxide gold caps located above the

massive sulphide zone on the JV Properties.

Licenses

Under the Mining Proclamation of Ethiopia, ELs grant the holder an exclusive right to search for any mineral in order to establish the existence of any mineral and to determine the extent and economic value of the deposit within the area specific in the license. ELs are valid for an initial period specified in the license, which must not exceed three years. This period may be extended for a maximum period of 10 years if the legal requirements for extension have been met, including the obligations set out in the initial license having been fulfilled. When an application for renewal is made, the holder is generally required to relinquish one quarter of exploration license area; however, the licensing authority may allow renewal of an exploration license without relinquishment of a portion of the license in certain circumstances.

In order to conduct mining operations on a property, a holder of an EL must first conduct a feasibility study on the property and then apply for a mining license. The government of Ethiopia is entitled to a 5% carried interest in any large scale mining investment and further royalty payments may be required by local law.

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

An exchange rate of 22.6 Birr to the Canadian dollar is used for conversion purposes at September 30, 2019.

Terer EL

The Terer EL was issued to Ezana on March 30, 2015 and transferred to Axum on June 12, 2019. The Terer EL has been renewed twice, with the second renewal covering an area of approximately 181 square km and expiring on March 29, 2020. Axum has completed the required expenditure of Birr 16,901,340 (\$747,846) and the Company has made application to renew the Terer EL. The renewal of the Terer EL may require a relinquishment of one quarter of the area covered by the license.

Meli EL

The Meli EL (covering an area that had previously been subject to an EL owned by Ezana) was issued to Axum on December 4, 2019. It has an initial term of three years and covers an area of approximately 98 square km. The license requires the holder to spend approximately Birr 63,426,750 (\$2,806,493) during its current three-year term.

Nefasit EL

The Nefasit EL was issued to SPE on January 1, 2018. It has an initial term of three years and covers an area of approximately 431 square km. The license requires the holder to spend approximately Birr 37,175,925 (\$1,644,952) during its current three-year term.

Adi Da-iro EL

The Adi Da-iro EL was issued to SPE on April 16, 2019. It has an initial term of three years and covers an area of approximately 269 square km. The license requires the holder to spend approximately Birr 41,127,665 (\$1,819,808) during its current three-year term.

Royalty Agreements

Pursuant to the Royalty Agreements, Sandstorm Gold Ltd. and Rosedale Resources Ltd. (together, the “**Royalty Holders**”) each hold a 1% net smelter returns royalty on all economic marketable material produced from the Nefasit EL, the Adi-Dario EL, the Terer EL, the Meli EL and any properties the Company subsequently acquires within five kilometres of the external boundaries of such properties (collectively, the “**Royalty Properties**”). The Royalty Holders have a right of first refusal on the purchase of any proposed metal royalty or metal stream on production from the Royalty Properties. Furthermore, in the event the Company wishes to abandon, relinquish, terminate or fail to

renew or extend all or any portion of the Royalty Properties, the Royalty Holders have the right to acquire any such relinquished property for \$10.00.

Special Warrants Private Placement

The Company completed the Special Warrant Private Placement in three tranches, on December 18, 2019, December 23, 2019 and January 8, 2020, by issuance of a total 36,696,869 Special Warrants to investors in Canada, the United States and in certain other international jurisdictions on a private placement basis at a price of \$0.35 per Special Warrant. The Company issued 379,500 Special Warrants to Canaccord Genuity Corp. as a finder's fee.

Subject to the terms and conditions of the certificates representing the Special Warrants, each of the Special Warrants entitles the holder thereof to acquire, upon deemed exercise, on the Deemed Exercise Date, one Special Warrant Share, subject to adjustment in certain circumstances, without payment of any additional consideration.

The Company is filing this Prospectus to qualify the issuance of the Special Warrant Shares through the filing of a prospectus with securities regulators in Canada in connection with the listing of the Shares on the Exchange. The Special Warrants will be deemed to be exercised on the date of which is the earlier of (i) the fifth business day after the date on which the Final Receipt has been issued; and (ii) the date that is four months and one day from the date of issuance of the Special Warrants, at which time each Special Warrant shall be automatically exercised for one Special Warrant Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without further action on the part of the holder. Such Deemed Exercise Date may change upon mutual agreement between the holders of the Special Warrants and the Company.

The Company will use the proceeds from the Special Warrant Private Placement to complete the work programs recommended in the Shire Property Group Technical Report and Meli Property Technical Report, for listing expenses and for general and administrative expenses attributable to our corporate overhead during the 12 month period following the date of this Prospectus.

Business Cycle

The Company is an exploration and evaluation stage company, focused on mining. As a result, prices of mineral and other metals will have a direct impact on our business. Declining prices can, for example, impact operations by requiring a re-assessment of the feasibility of a particular project, and they can also impact our ability to raise capital. See "*Risk Factors – Metal Price Fluctuations*".

Environmental Policies

We will conduct our activities in accordance with high environmental standards, including compliance with environmental laws, policies and regulations. During our exploration activities we plan to minimize environmental impacts by rehabilitating drill-sites and access roads.

Employees

As at the date of this Prospectus, the Company has a full-time President and Chief Executive Officer, Vice President of Exploration and Geology and Vice President of Project Development. The Company has engaged Golden Oak Corporate Services Ltd. ("**Golden Oak**") to provide the services of a Chief Financial Officer and Corporate Secretary and bookkeeping and corporate support to the Company on a part-time basis. The individuals employed by Golden Oak are expected to devote approximately 50% of their time to the affairs of the Company. See "*Directors and Executive Officers*".

Competition

We compete with other entities in the search for and acquisition of mineral properties. As a result of this competition, the majority of which is with companies with greater financial resources, we may be unable to acquire attractive properties in the future on terms we consider acceptable. We also compete for financing with other resource

companies, many of whom have more advanced properties. There is no assurance that additional capital or other types of financing will be available to us if needed or that, if available, the terms of such financing will be acceptable to us. See “*Risk Factors – Risks Relating to the Company’s Business – Competition for New Properties*” and “*- Financing Requirements*”.

THE SHIRE PROPERTY GROUP

The scientific and technical information in this section relating to the Shire Property Group is derived from, and in some instances is a direct extract from, and based on the assumptions, qualifications and procedures set out in, the Shire Property Group Technical Report. Such assumptions, qualifications and procedures are not fully described in this prospectus and the following summary does not purport to be a complete summary of the Shire Property Group Technical Report. Reference should be made to the full text of the Shire Property Group Technical Report, which will be available for review under the Company’s profile on SEDAR at www.sedar.com.

Property Description, Location and Access

The Shire Property Group is located in northern Ethiopia approximately 590 km (1,100 km ground distance) north of the capital city of Addis Ababa and extending 40 km north from the town of Shire (Figures S4-1 & S4-2). It is centered approximately at latitude 14.29 N and longitude 38.36 E, or in the local UTM datum WGS84, zone 37N coordinates of 431,000 E, 1,580,000 N. Some of the larger communities within, or near the license areas include Shire, Adi Da-iro, Gubata, Slehleka and Semama. As well, several small villages are scattered within the ELs.

Addis Ababa is the political and economic capital of Ethiopia and has service to locations world-wide by Ethiopian Airlines. There are daily flights with Ethiopian Airlines from Addis Ababa to the Shire Property Group and to Axum. Access to the eastern part of the Shire Property Group from the town of Shire is 6 km north on paved highway, then dirt road for approximately 25 km north-easterly to reach the Nefasit mineral showings. This same dirt road provides access to the Terer EL by driving an additional 10 km to the main area of mineral showings. Adi Da-iro EL, located in the northwest part of the Shire Property Group, is reached by travelling 40 km on good asphalt road north from Shire, then taking a dirt road for approximately 10 km to reach the mineral showings.

Ethiopia is accessed and serviced via air, roadway, and one standard gauge rail system from Djibouti to Addis Ababa. At present port-related import and export is cycled through facilities at Djibouti, located 560 km to the southeast on the Arabian Sea. The main paved highway in the region near the Shire Property Group runs east-west through Axum and Shire. A good paved highway also runs north from Shire through Adi Da-iro along the west side of the Shire Property Group. Significant infrastructure in the area includes high voltage power lines installed along the Shire to Adi Da-iro and Adi Nebried to Shiraro roads. The mobile cellphone network is accessible in parts of the exploration area and internet connections are available in Shire. The Company currently has no permanent infrastructure in the Shire Property Group area and exploration is carried out from a house and warehouse compound located in Shire.

Figure S4-1 Shire Property Group location, northern Ethiopia



The Shire Property Group is comprised of three ELs (Nefasit, Adi Da-iro and Terer), totaling approximately 885 square km, that are very nearly contiguous; separated by less than 3 km.

The Nefasit and Adi Da-iro ELs are 100% held by SPE a subsidiary 100% controlled by Sun Peak. The ELs were granted to SPE by the Ministry of Mines; Nefasit on January 1, 2018 and Adi Da-iro on April 16, 2019. The Terer EL was granted to Ezana on March 30th, 2015.

Sun Peak entered into the JV Agreement, whereby Axum was subsequently incorporated to hold the JV Properties. The Meli EL is the subject of a separate technical report. Sun Peak can earn up to 70% shareholding of Axum by satisfying the following conditions:

- 1) To acquire a 51% shareholding in Axum, Sun Peak must solely fund the Phase 1 Earn-in. Sun Peak has to date expended approximately US\$1 million on the JV Properties. Upon satisfying the expenditures, Sun Peak will be issued 51% of the treasury capital of Axum.
- 2) Within 30 days of completing the Phase 1 Earn-in Sun Peak may notify Ezana of its intent to proceed to exercise the Phase 2 Earn-in. Phase 2 Earn-in will allow Sun Peak to earn another 16.5% shareholding in Axum by expending a minimum of US\$1,000,000 for each year from the date of the election to exercise Phase 2, through to the completion of a definitive feasibility study, and any other studies required to apply for a mining license.
- 3) Within 60 days of Axum being issued a mining license on any JV Property, Sun Peak will have the option to purchase 2.5% of Ezana's shares in Axum for a purchase price of US\$6,000,000, to be paid within 10 days of delivery of the notice to Ezana.

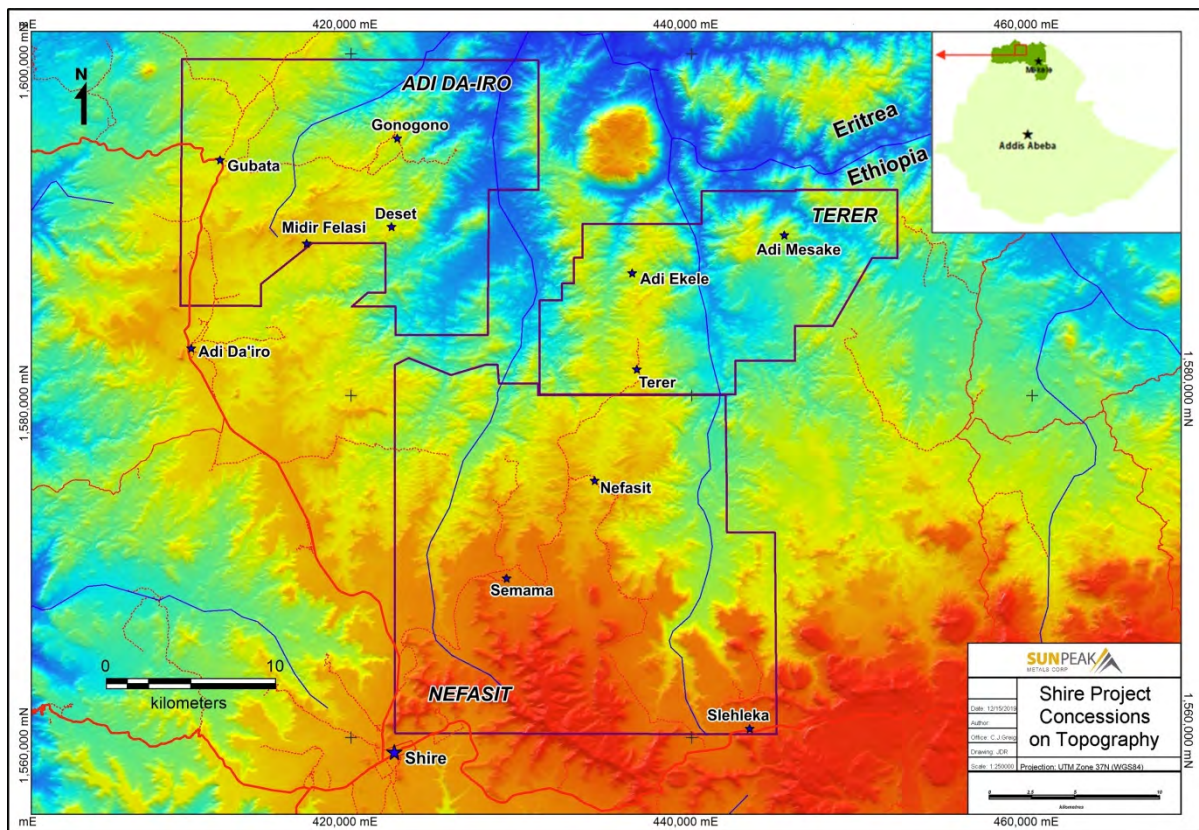
As part of the JV Agreement the Terer EL was transferred from Ezana to Axum on June 12, 2019.

Ethiopian ELs are granted by the Ministry of Mines for a three year term, which is renewable yearly for an additional two years, and may be renewed yearly for up to five more years provided that the licensee proves the necessity to undertake exploration activity beyond the initial work program. Nefasit and Adi Da-iro ELs are in their first three-year term and Terer is in its second one-year renewal and on January 28, 2020, has made application for another one-year renewal.

To the best knowledge of the authors of the Shire Property Group Technical Report, there are no environmental considerations or other significant environmental factors or risks that may affect access, title, or the right or ability to perform work on the Shire Property Group. The government holds the surface rights on which the ELs are located and the areas granted by the ELs are sufficient for any potential mining and milling operations, exploration activities, and all required project facilities. SPE or Axum currently hold all required permits for exploration of the JV Properties.

The government of Ethiopia is entitled to a 5% carried interest in any large scale mining investment and further royalty payments may be required by local law.

Figure S4-2 Location map, Shire Property Group ELs, northern Ethiopia



History

The Shire Property Group area has seen considerable historic work, including stream sediment, soil and rock chip sampling, geological mapping, airborne and ground geophysical surveys, trenching, reverse circulation and diamond drilling and a gold recovery heap leach pilot test. Previous programs were conducted on each of the Shire Property Group's three ELs and the work is discussed below for each area separately.

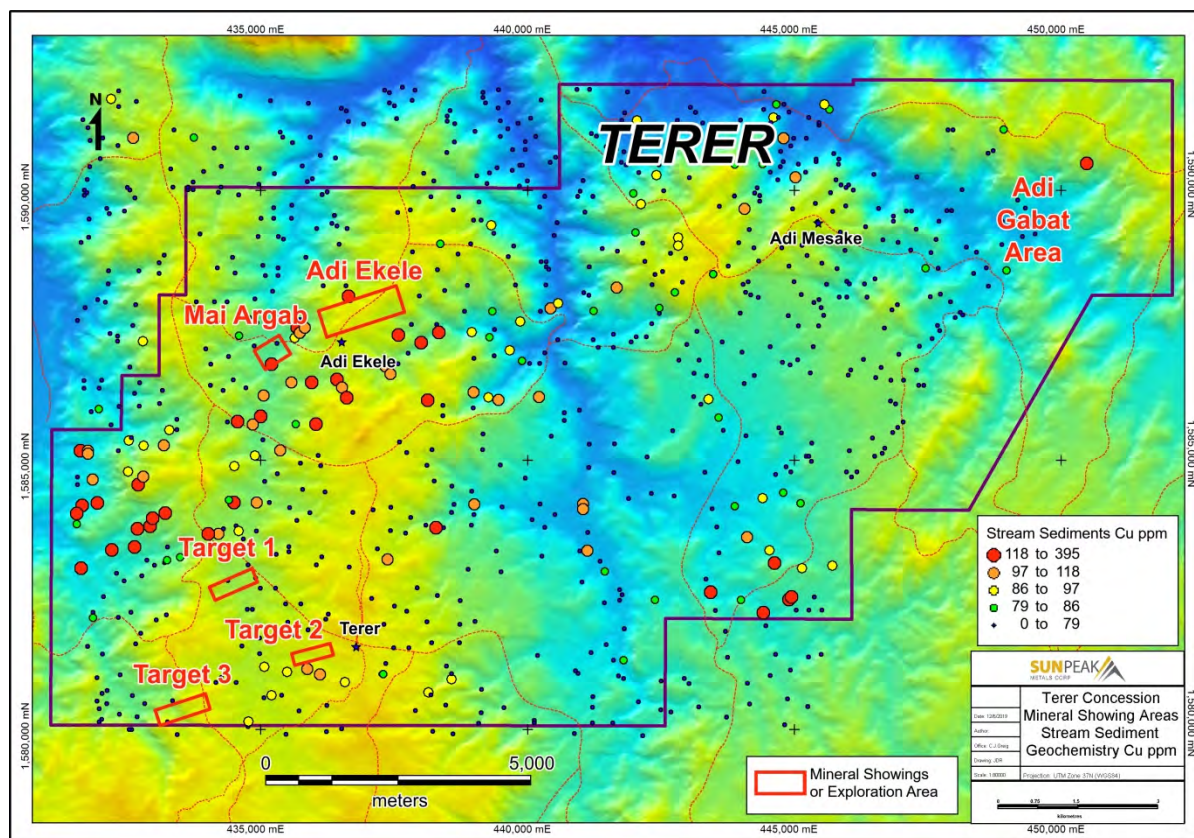
Geochemical exploration work conducted in the area since the 1970's has indicated the presence of gold, silver, copper, zinc and lead mineralization associated with gossan outcrops in several of the sulphidic zones. Prospecting and follow-up of stream sediment geochemical anomalies in 1998 located mineralization at the Mai Argab - Adi Ekele zones on the Terer EL consisting of lenses of gold-bearing goethite-limonite gossan within strongly sericite altered

rocks (Figure S6-3). Diamond drilling from 2007 to 2010 revealed these gossans to be underlain, at depth, by VMS-style sulphidic zones that host gold and base metal mineralization. At Mai Argab - Adi Ekele the sulphide zones have been traced by drilling for lengths of up to 1000 m, with thicknesses of more than 30 m locally, and containing significant metal grades such as 2.06% Cu, 2.44% Zn and 1.19 g/t Au over 24.0 m (Adi Ekele hole ZKH3).

A 5000 ton heap leach pilot test undertaken at the Mai Argab zone in 2011 ascertained that a crude heap leaching process recovered approximately 60% of the contained gold from near-surface oxide material grading about 1.9 g/t Au. The test was stated to have shown that leaching is a relatively low cost (albeit low recovery) method to extract gold from the surface gossans.

Airborne EM surveying flown in 2004 over the Terer and northern Nefasit ELs indicated a large number of strongly conductive areas, some that coincide with mineralized sulphidic zones, including Mai Argab, Adi Angoda and Madadib. Several additional mineralized gossans were discovered over a period of about 10 years by follow-up of geophysical and geochemical anomalies, and many of them received detailed exploration, including soil and rock chip sampling, trenching, local small ground surveys of IP, EM, gravity and magnetics, and limited reverse circulation or diamond drilling. The most prospective of these targets on the Nefasit EL was the Adi Angoda zone (Figure S6-5), which received 10 drill holes in 2009 and 2012 revealing narrow exhalites and massive sulphide horizons, such as in hole ND001, which returned grades of 2.73 g/t Au, 55 g/t Ag, 3.51% Cu, and 2.23% Zn over a 2.80 m interval.

Figure S6-3 Terer EL, mineral showing areas and Cu stream sediment anomalies



The area currently covered by the Adi Da-iro EL (Figure S6-21) was previously held and explored by Ezana and joint venture partner Beijing Donia Resources Co. (Harvest JV) and later by new partner Tigray on their ELs called Midre Felasi and Adi Nebreid. Geological mapping was undertaken by Harvest in 2008-09 and they located gossanous zones of interest in the central area of the current Adi Da-iro EL (Midre Felasi zone).

The gossans consist of dark reddish brown iron oxide and coarse-grained pyrite hosted within a locally brecciated and highly altered mudstone-shale assemblage at the contact with intermediate to mafic metavolcanic rocks. Streams

draining from the area along the NNE trend of the sulphidic zone returned elevated gold values from sediment samples over a strike length of 2.5 km (Archibald et al., 2014). The 5-10 m wide Midre Felasi gossan and alteration zone was traced several hundred meters to the northeast and several rock chip samples proved anomalous; up to 7,930 ppm Cu, 2,130 ppm Zn and 700 ppm Pb.

Figure S6-5 Nefasit EL northern area with Fugro EM conductor targets

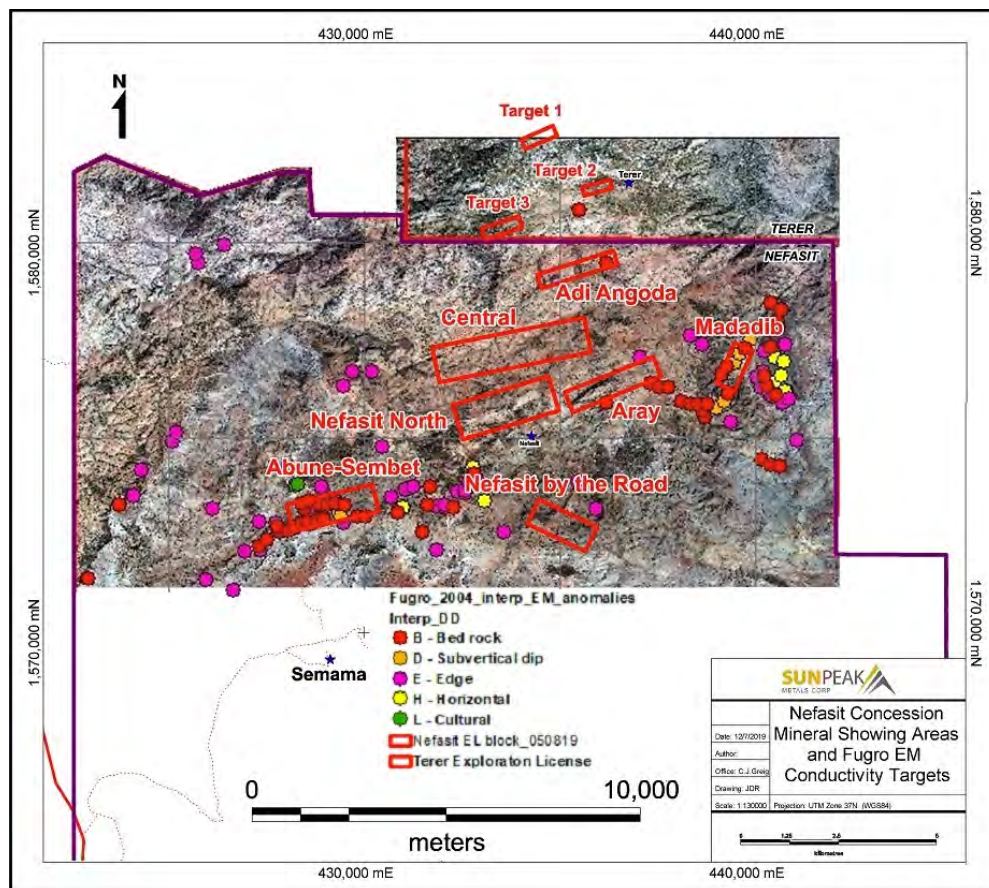
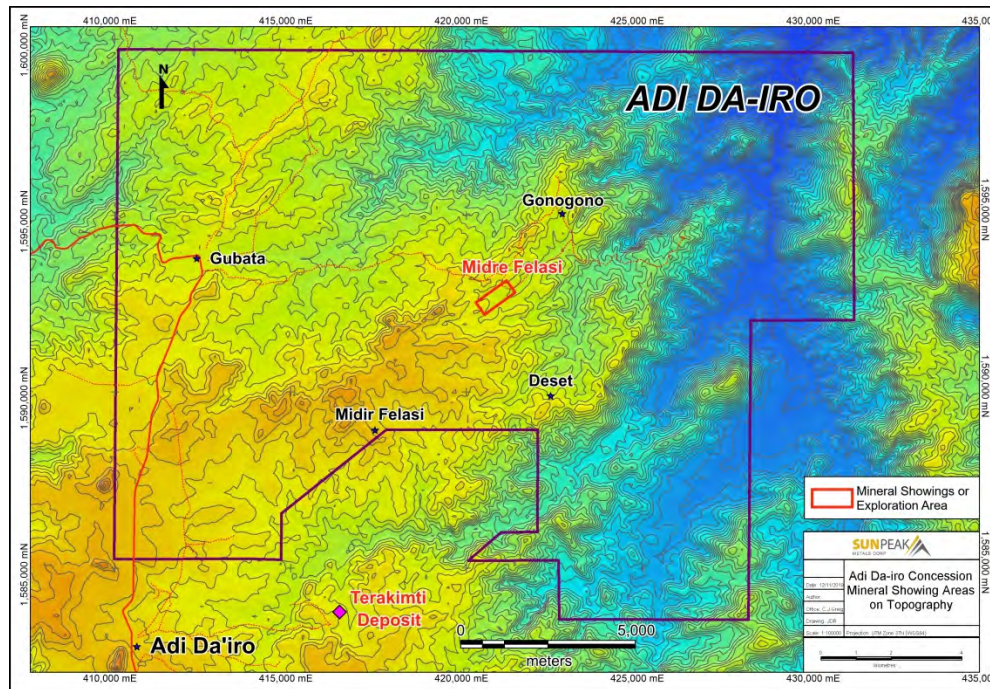


Figure S6-21 Adi Da-iro EL with mineral showing areas on topography



Tigray concluded that their exploration had revealed a VMS target (Midre Felasi) centred on a gossan that returned sporadic anomalous base metal and gold values from rock chip samples and a sulphide-bearing chert showing that returned weakly anomalous values of Au, Cu and Zn. The Tigray-Ezana joint venture chose to concentrate their efforts on their Terakimti VMS property located directly to the south and their northern ELs were allowed to lapse. SPE applied for, and in April 2019 was granted the Adi Da-iro EL that covers the area.

Geological Setting, Mineralization and Deposit Types

Regional Geology

The Neoproterozoic ANS represents a composite granitoid- greenstone belt terrane that straddles the Red Sea and covers much of Eritrea and the northern part of Ethiopia, as well as parts of Egypt, Sudan and the western part of Saudi Arabia. About 25% of Ethiopia is underlain by the western, or Nubian portion of the ANS. The ANS is geologically similar to other granitoid-greenstone shield terranes such as those found in Canada and Australia, which contain significant VMS and gold deposits (Barrie, 2004). More than 60 VMS deposits are known within the ANS. The most significant with respect to the Shire Property Group are the nearby deposits of the Asmara and Bisha districts in Eritrea.

The ANS is recognized as a mixture of distinct Precambrian tectono-stratigraphic terranes believed to have converged and amalgamated between 870 Ma and 650 Ma in a manner similar to accreted magmatic arc terranes. Four terranes are identified in the ANS in Eritrea (Barrie et al., 2007). Nakfa is one of the wider terranes and it underlies much of the central part of Eritrea, extending into the northern part of Ethiopia and encompasses the Shire Property Group area. It is made up of mixed volcanic and metasedimentary (siliciclastic and carbonate) rocks. The Nakfa terrane also contains the Asmara greenstone belt VMS deposits and the Bisha VMS deposit. The Shire Property Group is underlain by the same units of volcanic and volcano-sedimentary rocks as those in the Asmara VMS district, located about 100 km to the northeast.

Local Geology

The Shire property is underlain by NE-SW trending belts of weakly metamorphosed Neoproterozoic rocks comprised mainly of mafic to felsic flows and pyroclastic rocks, as well as volcanoclastic and calcareous sedimentary rocks.

Strongly foliated granitoids, possibly syn-volcanic intrusions, are also noted in close association with felsic metavolcanic rocks.

Oxidized sulphidic zones up to 200 meters or more in width and several kilometers in length occur within the metavolcanic rocks that trend northeasterly across the northern two-thirds of the Meli Property and are readily visible on satellite imagery as rusty weathering rocks and soil. Sulphidic zones commonly occur within felsic volcanoclastic rocks at, or near, interfaces with intermediate-to-basic volcanic and volcanoclastic rocks. Polymetallic VMS-style mineralization in the area is closely associated with many of these sulphidic zones.

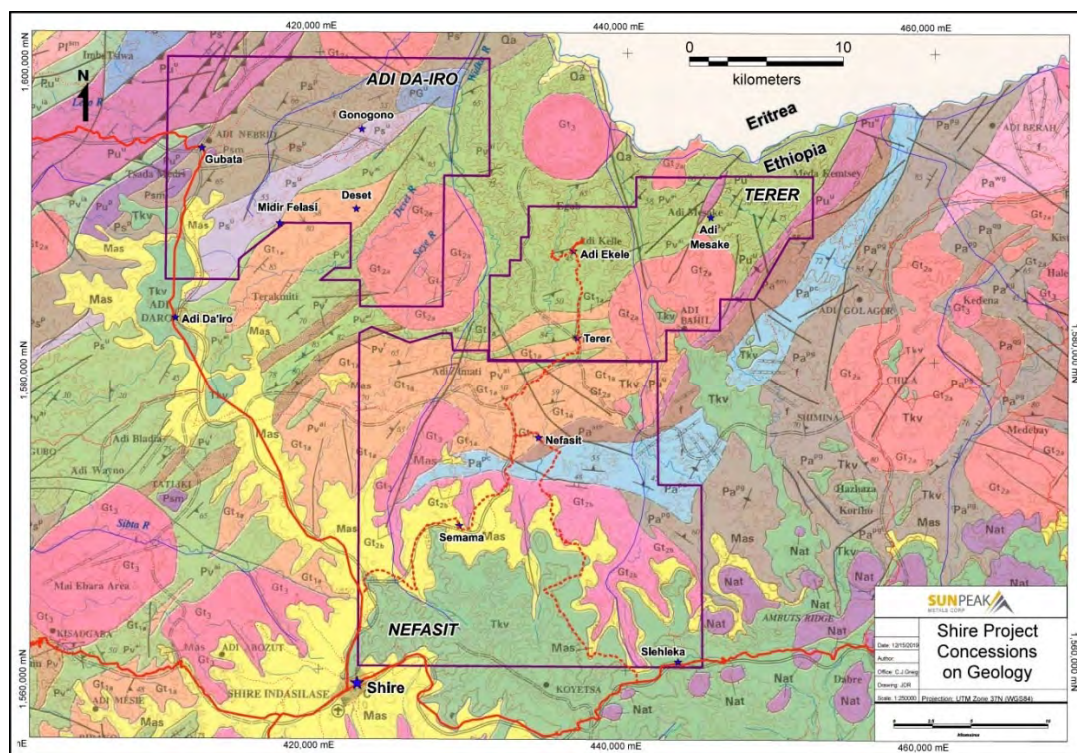
Gardoll et al., 2012 (2012 Annual Exploration Report at Adi Nebried, Hamlo, Igub, Nefasit and Terakimti Concessions) have described dominant lithologies in the Meli Property area, which are summarized below and can be correlated with the geologic units shown on Figure S7-3.

1) Basement Rocks: The basement stratigraphies cut the northwest corner and eastern boundary of the Shire Property Group (Figure S7-3, unit PUu). Both of these belts of rocks are sheared ultramafic complexes interpreted to be oceanic crust that were thrust to the surface during collapse of the basin.

2) Sedimentary Package: Metamorphosed sedimentary rocks (amphibolite schist, phyllite, quartzite and marble) (Figure S7-3, units Paam & Papc) of the Chila block in the south-central and southeastern parts of the Shire Property Group may represent a sedimentary episode that preceded volcanic activity. This band of rocks is separated from the possibly overlying volcanic sequence farther to the northwest by a band of ultramafic basement rocks. One theory holds that thrusting has emplaced the deeper ultramafic sequence between the sedimentary and volcanic assemblages.

3) Felsic and Mafic Dominant Volcanics: A thick package of bi-modal felsic- and mafic-dominated volcanic rocks comprises the first sequence of extrusive rocks deposited during back-arc basement development (Figure S7-3, unit Pvai). These rocks are found over a wide belt that cuts northeasterly through the central part of the Shire Property Group. The rocks are commonly light green, green-grey to grey and fine- to medium-grained. When weathered, the mafics can display remnant pillow structures and fragmental textures and the felsics can be oxidized red-brown from disseminated pyrite content. They typically have well developed foliation and can contain chlorite, amphibole, feldspar and sericite. The true thickness of this package is difficult to assess, as the rocks are interpreted to be folded and perhaps structurally repeated across the width of the belt. The inferred thickness of this package of rocks is between 2,000 and 3,000 m.

Figure S7-3 Shire Property Group area on geology (source: Tadesse, 1997)



Regional mapping has identified that there are repeated cycles in the stratigraphy from felsic to mafic dominant. Detailed mapping at prospective localities has identified that the packages are a complex sequence of inter-bedded extrusive and some intrusive rocks, that on occasion, include minor chert horizons. The extrusive rocks can include tuffaceous and volcanoclastic sequences. These rocks are sparsely intruded by felsic dykes and cut by late quartz veins. Chlorite or epidote alteration is common and appears to be spatially associated with inferred faults and possible shear zones. Tadesse (1997) mapped a granitoid unit containing mega-xenoliths of metavolcanic rocks cutting across the central part of the Shire Property Group. However, more recent mapping by Tigray (Archibald et al., 2014) has shown the area to be mainly underlain by the same mafic and felsic metavolcanic units seen to the northeast, with the exception that they contain abundant bodies of quartz eye porphyritic felsic rocks that are typically parallel to stratigraphy and may be volcanic flows.

The mafic dominant package has associated thin BIF, quartz veins and felsic dykes. The BIF layers are rare and typically exposed for 10-30 m in outcrop and less than 1m thick. The quartz veins are common, are often parallel to stratigraphy and may comprise zones of multiple thin veins over widths of several meters and lengths of 50-100 m or more. Felsic dykes are rare and typically follow stratigraphy.

VMS prospects occur more commonly within felsic rocks, typically near their contact with intermediate to mafic rocks. This includes the Adi Ekele and Adi Angoda VMS prospects in the east-central part of the Shire Property Group. Locally, at VMS prospects, BIF and chert horizons have also been found, and jasperoid alteration is common. Surface exposures of VMS are oxidized to depths of several meters to tens of meters below surface, consisting of iron oxide minerals and silicified host rock. Copper and zinc sulphide minerals have typically been leached from the oxidized zone, however, gold and silver have commonly been concentrated.

A broad belt of mafic dominant volcanic rocks occurs in the northwest part of the Shire Property Group (Adi Da-iro EL), trending along the west side and folded around the northern part of a large granitoid body (Widah batholith) in that area. This belt comprises numerous volcanic sequences but is comprised dominantly of basalt and mafic volcanoclastic rocks that are fine-grained, chloritic and weathered on the surface. Chlorite is the dominant alteration, with epidote and silica alteration commonly associated with interpreted faults. In the mafic volcanoclastic rocks the clasts can often be epidote rich. The rocks appear to have undergone little deformation, however; folded quartz and

epidote veining suggests ductile deformation occurred within the sequence. Cross-cutting quartz veins, as well as felsic and aplite dykes are common. Float occurrences of BIF/Ironstone have been found across the extent of this unit. The mafic dominant rocks form topographic highs, unless the sequence is dominated by volcanoclastic rocks which are more susceptible to erosion.

A belt of granitoid with mega-xenoliths of metavolcanic rocks (unit Gt1a), was mapped by Tadesse (1997) cutting metavolcanic rocks in the northwest part of the Shire Property Group but, as with the central belt of similar rocks, is more likely comprised of abundant bodies of quartz eye porphyritic felsic rocks, typically parallel to stratigraphy, that may be volcanic flows.

4) Shale and Intermediate Volcanic Dominant Sequence: This sequence occurs in the northwest part of the Shire Property Group and is between 1500 and 2500 m thick. The sequence is comprised of shale with chert horizons interbedded with intermediate volcanics. Some mafic flows are present and a gabbro intrusion has been mapped. The area is also intruded by a few small granite plugs. The shale units are soft and light grey in colour with some units containing coarse pyrite. The shale, sometimes altered to sericite, contains silicified chert, banded chert and brecciated chert zones. The basalts and mafic rocks in the area exhibit jasperoid, silica and epidote alteration to varying degrees and are sulphidic in places with several exposures exhibiting pyrite rich “pods”. Quartz veining is present, variably sulphidic and heavily oxidized with occasional boxwork. Topographically the silicified cherts form high ridges sometimes with steep cliffs.

5) Shale Dominant Sequence: This sequence of rocks cuts the far northwest part of the Shire Property Group and is the next stratigraphic unit, and the last in the basin formation. This sequence of rocks was deposited in a deep quiet basin away from the rift zone and any other volcanic activity and is interpreted to be between 500 and 5000 m thick, trending roughly northeast. The shale occurs in fine-grained massive sequences that rarely outcrop but form a white-grey powdery clay-rich soil. Some outcrops occur as sericitized shear zones that form thin ridges that often extend for hundreds of meters. Tadesse (1999) in his regional mapping has included phyllitic and graphitic schists, quartzite and metagreywacke in this unit. Topographically the shale sequence forms low undulating ridges.

6) Syn-Tectonic Granitic Intrusions: The granitic rocks are alkaline feldspar dominant, coarse-grained, pink in colour and possibly syenite in composition. Some smaller intrusions of coarse-grained, white tonalities are also associated with the syenites, but their relationship has not yet been defined and could be mineral segregation, later intrusions and cross cutting dykes.

One of the larger intrusions is about 10 km in diameter and is located approximately central in the Shire Property Group, on the southeast part of the Adi Da-iro EL. A second similar-sized intrusion occurs on the southeast part of the Terer EL. These granitoids, and others like them have structurally affected surrounding rocks, causing them to fold around their borders, as well as buckling and faulting along the contacts of these more rigid massifs. Rafts of country rock are still preserved within the intrusive bodies. Another interesting feature of the syenite granites is that they are associated with later gabbroic intrusions that have formed along their margins in pressure shadows. The late gabbro intrusions are discussed below.

7) Late Quartz Porphyry Intrusions: Quartz porphyry bodies are late intrusive events. Typically the rocks are coarse grained, light grey to light green in colour. Structurally the porphyries have intruded the mafic volcanics along fractures formed during deformation. The geometry of the porphyries is parallel to stratigraphy and normal to principle stress during the collapse of the basin, however, the contacts are intrusive and irregular. The porphyries are fresh resistive rocks and easily identifiable in the field. At some occurrences they have been found associated with gold mineralization.

8) Late Gabbro: Gabbroic intrusions have been found near the central part of the Shire Property Group and these rocks are interpreted to be related to a late mantle plume event. Most of the intrusions are small, between 100 and 500 m in diameter, and are often in granite pressure shadows. The rocks are relatively fresh, coarse-grained and typically form topographic highs. No sulphides have been identified in any of the gabbro intrusions mapped to date.

9) Oxidation Cover: Late Palaeozoic to Mesozoic ironstone (or ferricrete) cover is sometimes found coating rocks near areas of sulphidic rocks.

Property Geology

Detailed property-scale geologic mapping has only been carried out in relatively small areas within the Shire Property Group, focusing on areas of known mineralization or prospective geochemical targets, however there have been general geological observations made by at least two authors, which are summarized below.

Stratigraphy

The geology of the Terer EL, in the northeast part of the project, was reported with greater detail in an annual report for Makeda by Qin et al. (2011). Some of the observations from that report are summarized below, and many of these can be applied to the rest of the Shire Property Group as well.

The Terer area is mainly underlain by meta-volcanic flows and pyroclastic rocks of intermediate to mafic composition intercalated with an increasing number of felsic members in an easterly direction. The intermediate to mafic composition rocks are mainly agglomerates and volcanic breccias, with minor associated flows. Felsic rocks are mostly lava flows with minor intercalations of felsic clastic rocks and are primarily meta-rhyolite, composed of quartz, plagioclase, potassic feldspar and sericite. Commonly the meta-rhyolite is light gray, fine-grained, and massive to weakly foliated. Locally, the massive variety displays a cherty appearance and weathers brown to reddish-brown due to disseminated pyrite.

Felsic quartz porphyry is a distinctive rock type that is found primarily in the southwest and northeast parts of the Terer EL. Blue quartz “eyes” are commonly distributed within a sericitic, felsic volcanoclastic rock. Some documents refer to this unit as quartz porphyry due to the abundance blue quartz “eyes” that give its distinctive appearance; others refer to it as quartz tuff. The rock is commonly dull whitish grey, massive to weakly foliated and consists of 2 to 5 mm diameter quartz porphyroblasts within a fine-grained feldspathic and variably sericitic groundmass.

Intercalated intermediate to basic meta-volcanic rocks comprise much of the western part, and extend into the northeastern part of the Terer EL area. East of this belt these same types of rocks are intercalated with felsic meta-volcanic rocks. The intermediate to mafic meta-volcanic rocks are made up of silicified and epidote altered rock fragments within a matrix of chlorite, feldspar, amphibole and epidote. The southern part of the zone contains meta-agglomerate, with elliptical to sub rounded clasts ranging in size from a few centimeters to fifteen centimeters. Intermediate meta-volcanic rock near the contacts with felsic meta-volcanics is commonly light green to greenish gray, moderately foliated and fine-grained. This rock is locally weakly mineralized with oxidized cubic pyrite. In the southwest, basic meta-volcanic rocks are found in contact with massive to foliated quartz porphyry, and locally the contact between the lithologies is marked by alteration and disseminated sulphide minerals.

Quartz-feldspar-sericite schist is encountered as thin lenses usually associated with felsic meta-volcanic rocks (meta-rhyolite and felsic tuff). In the northeastern part of the Terer EL, however, it commonly occurs interposed with basic to intermediate meta-volcanic rocks. This strongly sericitized and chloritized schist contains local gossan zones, including the mineralized gossans of Adi Ekele and Mai Argab.

Thin layers of BIF occur as discontinuous lenses on the northwest side of the gossanous outcrops in the Adi Ekele area. The BIF consists of fine-grained, light to dark gray, thin cherty lenses and quartz-feldspar-sericite schist that occurs within intermediate to basic meta-volcanic rocks as well as felsic volcanics and, in some places, is associated with gossan material.

Some of the larger mineralized gossans on the Shire Property Group are located in the Adi Ekele area, where they are positioned between intermediate meta-volcanic rock and more felsic feldspar-chlorite-sericite schist. The gossan outcrops are found in a discontinuous pattern for a length of about 2 km. At its widest point the goethite-limonite gossan outcrop reaches up to 13 meters, however, the average width is about 4 meters. It is massive, dark reddish-brown, vuggy and boxworked due to the leaching of sulphide minerals. Oxidation of copper minerals has produced malachite and azurite that locally stain the gossan. Some remnant pyrite locally remains unoxidized. Brecciated quartz fragments and quartz stringers are also components of the gossan. The general orientation of the mineralized zone at Adi Ekele is 070°, dipping steeply to the southeast.

Three large circular-shaped granodiorite to granite intrusive bodies are located in, and near, the northern part of the

Shire Property Group. The Messiha granitoid is found on the southeastern part of the Terer EL, the Widah granitoid is on the southeast part of the Adi Da-iro EL and the Tabir granite is situated just north of the Shire Property Group.

The Messiha and Widah granitoids are light whitish, medium to coarse grained and massive to very weakly foliated around their rims. They are composed of mainly quartz, feldspar, amphiboles and mica. The western rim of the Messiha granitoid is comprised of granite and partly of basic-ultrabasic rocks. According to Taddese (1997), the compositional variation and structural features may classify the intrusions as ring complexes and they are believed to be syn-tectonic. Xenoliths and roof pendants of metavolcanic rocks are noted within both intrusions. As well, these bodies have caused deflection of surrounding metavolcanic units whereby the stratigraphic orientations roughly parallel the contacts of the stocks. Numerous randomly oriented late magmatic intrusions (pegmatites, mafic and aplitic dykes) commonly radiate from the larger bodies. The Tabir granite is whitish to dull pink, coarse grained and mainly consists of quartz, feldspar and mica. It is characterized by a narrow contact metamorphic areole and lack of marginal or overall fabric development; reasons that Tabir is classified as a post-tectonic intrusion (Taddese, 1997).

Across the central part of the Nefasit EL, in the southern part of the Shire Property Group, an irregular strip of sandstone unit is exposed. This unit is probably equivalent to the Adigrat Sandstone of Triassic to Jurassic age (Tadesse, 1997) and sits unconformably on Precambrian basement, as well as apparently capping a large granitic intrusion in this area. The sandstone is thick bedded and reddish brown, with medium to coarse grain size quartz as the dominant mineral and iron hydroxides as cement.

The southern part of the Shire Property Group is primarily underlain by Tertiary basalt that forms steep mountainous terrain in that area. The basalt is described by Tadesse (1997) as stratified, amygdaloidal and scoriaceous, aphanitic or olivine-plagioclase phyric.

Structure

Qin et al. (2011) reported on structural elements encountered during their work for Makeda on the Terer EL. Foliation was observed to be an important and widespread structural feature, which commonly parallels bedding, where bedding is evident. In the northern and central parts of the area, foliation has ENE strikes with steep dips to the southeast, swinging in the southwest to E-W with vertical dips. This change in strike of foliation could be attributed to broad regional folding.

The Terer EL is transected by several regional lineaments, with the most prominent noted by Qin et al. (2011) to trend NE, NW, NNE, NNW, ENE and E-W. Some of these structures follow the major strike of lithologies however most of the lineaments transect lithologies and are related to major strike-slip faults that displace lithologic boundaries and mineralized zones. Shearing is commonly observed in quartz-feldspar-sericite rock units found in the central and the western areas of the Terer EL.

Alteration

Various types of alteration are recognized in the area, with sericitization, chloritization and silicification being the most common types, especially in close proximity to VMS mineralization. Kaolinization and epidotization are less extensive or more weakly developed.

Sulphidic zones generally contain both sericitic and chloritic alteration, with either being more dominant, possibly varying due to the host rock composition. Weak to moderate kaolinization has been noted in limited exposures of quartz porphyry and quartz-feldspar-sericite schist. Weak epidotization has also been observed at some outcrops of basic metavolcanic rocks, particularly as alteration of fragments in agglomerate. The presence of cherty layers within the quartz-feldspar-sericite schist could express silicification or may have formed as primary deposition of siliceous exhalative solutions.

Various oxide minerals are associated with the weathered sulphide bodies outcropping in the area such as; iron oxides (goethite, hematite, jarosite, specularite) and hydroxides (limonite), manganese oxide (pyrolusite) and hydrated copper carbonates (malachite and azurite).

Mineralization

Mineralization on the Shire Property Group is primarily observed as surficial iron oxide minerals hosting gold, silver and base metals and, within drill holes, as VMS related sulphide mineralization. Surficial gossan material is generally deep brown to red in colour, locally varying to yellow. Boxwork and vuggy textures have been locally created by leaching of sulphide minerals. Oxide gossan mineralization is noted to persist to depths of 10-20 m, as seen in drill intercepts.

Malachite and azurite are rarely identified in surface gossan systems, suggesting that most original in situ copper (and zinc) has been leached out of surficial oxide zones and may have re-deposited within supergene zones at depth. Although supergene mineralization has not yet been defined in the mineral prospects on the Shire Property Group it is of significant interest in the region, since it forms significant grade concentrations in Eritrean VMS deposits.

Gold enrichment has been identified in gossan material at Mai Argab, on which a pilot heap leach recovery program was undertaken on a 5000 tonne test lot. Gold enrichment is also evident at Adi Ekele, Adi Angoda, and possibly Madadib, based on increased gold values in surface trenches compared to sulphide intercepts in drill holes. For example, a 7 m channel sample at Adi Angoda averaged 5.40 g/t Au (with a maximum grade of 27.00 g/t Au and 13.1 g/t Ag (Archibald, 2011)).

On the Shire Property Group the majority of drilled mineral intercepts are from the Mai Argab and Adi Ekele zones, as well as a few diamond drill hole intercepts at Adi Angoda. Drill log descriptions of the mineralization from previous work are very brief, identifying it as primarily consisting of pyrite, ranging from weakly to strongly disseminated to banded (laminated) to massive. Chalcopyrite and sphalerite also occur locally as intergrown disseminated grains or interlaminated with pyrite, which are typical features of bedded VMS-style mineralization. Host rocks in drill core are primarily described as dacite, and they are very siliceous and strongly sericite and chlorite altered. Quartz vein hosted pyrite and chalcopyrite, with lesser sphalerite is also found cutting massive sulphides and in the structural footwall to the massive sulphides. Magnetite is found associated with intermediate to basic meta-volcanic rocks and some of the banded iron formations, and specularite, pyrolusite and ankerite are seen locally.

The drill core from the Mai Argab and Adi Ekele zones has recently been acquired by Sun Peak and the core will be re-logged and sampled to gain a better understanding of the mineralization and host stratigraphy.

The VMS sulphide zones on the Shire Property Group are expected to resemble those at the Terakimti VMS deposit, located immediately southwest of the Shire Property Group. Sulphide bodies at Terakimti are described as massive to sub-massive fine-grained pyrite with overprinting, interstitial and fracture-related chalcopyrite and low-Fe sphalerite, and rare galena. Gold and silver occur with pyrite, or in banded sulphide layers and in occasional high grade quartz stringer zones. Exhalative siliceous iron formation occurs at the periphery of the mineralized zone (Archibald et al., 2014).

Mineralization at Shire also displays similarities to the VMS deposits at Asmara, located 100 km to the northeast. These deposits are hosted by assemblages that include metavolcanic and metasedimentary rocks, and they have a hematite/goethite gossan cap on surface that ranges in vertical thickness up to 50 m, and can extend up to 1500 m in strike length (Sunridge Gold Corp.). Beneath the gossan cap, a supergene zone ranging in thickness up to 30 m carries chalcocite, covellite, digenite, bornite and tennantite. The primary mineralization, located below the supergene zone, most commonly consists of pyrite, chalcopyrite, $\pm$ galena, and barite is frequently associated. Common characteristics of VMS-style mineralization are described below. The comparisons are not necessarily indicative of the economics of the mineralization on the Meli Property that is the subject of the Shire Property Group Technical Report.

Mineralized zones encountered on the Shire Property Group

Following are the main areas of mineralization or geochemically anomalous targets on the Shire Property Group; locations are shown on Figure S7-5.

Mai Argab - Adi Ekele

The most advanced stage exploration target on the Shire Property Group is the Mai Argab - Adi Ekele zone, which occurs in the north-central part of the project area and has been drilled in the past with 12 reverse circulation holes and 51 diamond drill holes. Gossan showings are found intermittently from the Mai Argab zone in the southwest, extending over approximately 2.7 km to the northeast end of the Adi Ekele zone, and for about another 2.5 km, totalling over 5 km in length. The width of the surface gossan zone is highly variable, from over 100 meters to less than 2 meters near the northeast end. There are possible northerly trending fault zones that may offset the mineralized horizon by up to 200 meters, based on conductivity patterns shown by geophysical surveys. Three ancient surface excavations are identified along this zone within strongly chloritized and malachite stained rocks. The largest excavation is located at the Mai Argab zone, where oxide material has been excavated over about 150 m of length. In the northeastern part of the Adi Ekele mineralized zone, sphalerite and barite are noted with malachite. Thin veins and stringers of quartz with associated malachite have also been observed at the excavations.

The Mai Argab - Adi Ekele sulphidic zone is underlain by quartz-feldspar-sericite schist, which has a porphyritic appearance (due to the presence of quartz eyes) and intermediate to basic metavolcanic rocks. Mineralization in drill holes is dominated by fresh to oxidized pyrite, which occurs as disseminations, fracture fillings and fine laminations mainly hosted by sericitized felsic metavolcanic and cherty units. Chalcopyrite and sphalerite are also observed in many of the drill holes along this zone, occurring as disseminations or fine laminations.

Drilling results, have been highlighted by moderately thick intercepts with significant grades, such as 25.0 m averaging 2.27% Cu, 2.65% Zn, 0.63 g/t Au and 34.1 g/t Ag (RC hole 13-7) at Adi Ekele and 31.2 m averaging 1.05% Cu, 0.63% Zn and 1.12 g/t Au (DDH WZK0001) at Mai Argab. True thicknesses of these mineralized intercepts are 80-85% of drilled lengths. Adi Ekele has been drill tested over a length of about 1000 m and Mai Argab over a length of about 400 m; both to relatively shallow depths.

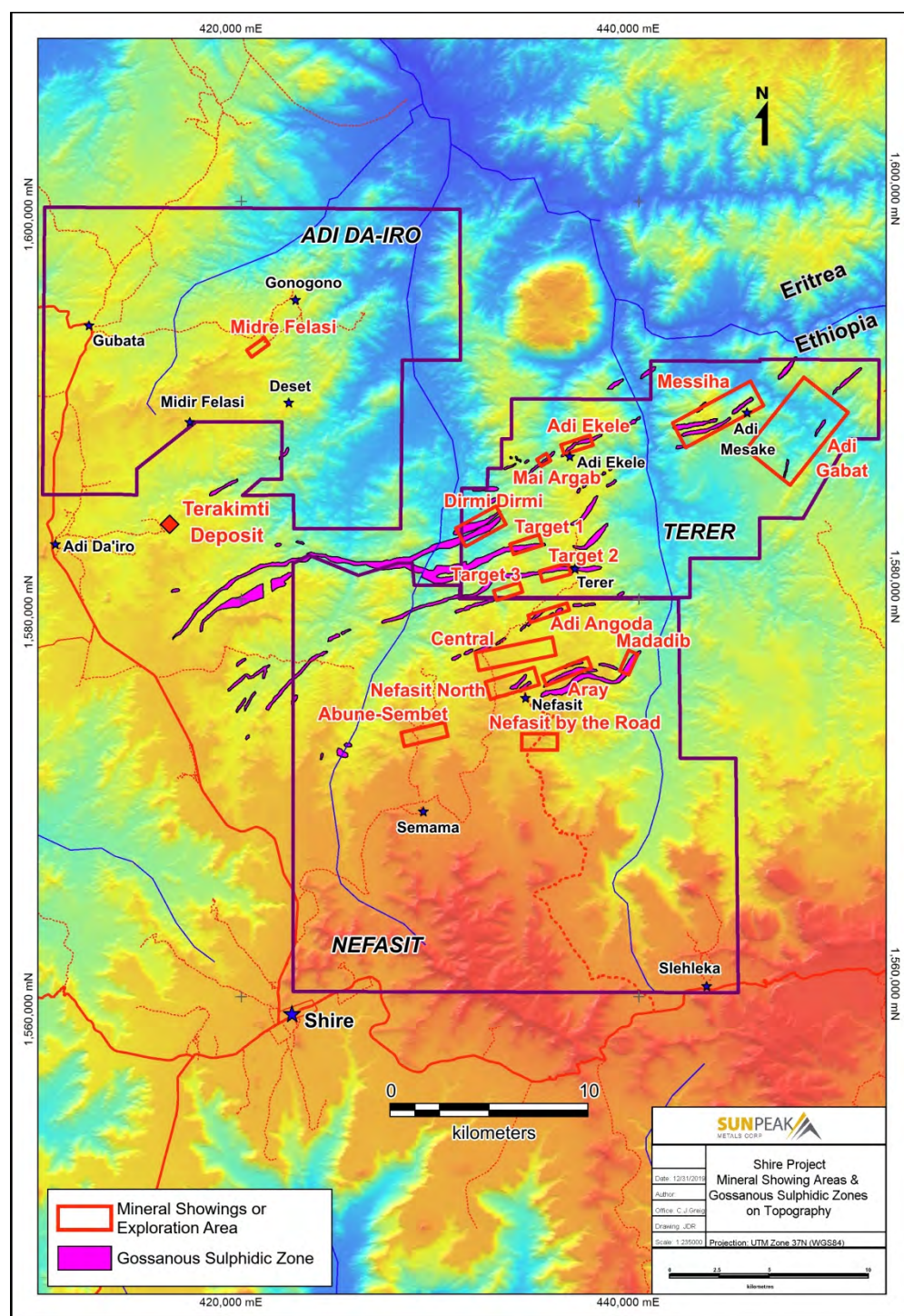
Messiha

At its northeastern end, the Mai Argab - Adi Ekele sulphidic zone is apparently truncated by a north-northwest oriented fault. The fault follows parts of the watercourse of the Messiha River and the amount of dislocation of the sulphidic zone is not known. Farther northeast, in the Messiha zone sediment samples have returned anomalous Zn, Pb, lesser Cu and local Au in an area of rusty-weathering sulphidic zones within slightly chloritized felsic tuff. Irregular gossanous lenses within the zones could be indicative of VMS-style mineralization similar to Adi Ekele which is underlain by the same package of volcanic and volcanoclastic rocks.

Adi Gabat

Little information has been published about mineral occurrences in the Adi Gabat area that covers more than 15 sq km in the northeast corner of the Shire Property Group. Several clusters of strongly anomalous stream sediment geochemical values indicate potential for differing styles of mineral occurrences. The northern part of the area has gossan occurrences that resemble VMS showings in other parts of the Shire Property Group. Farther south a large cluster of strongly anomalous Au in stream sediment samples that is partly coincident with strong As anomalies but low Cu, Zn and Pb values, occurs along the northeast contact between a large granodiorite pluton and volcanic rocks. The differing geochemical signature in this area may indicate that mineral occurrences could be of orogenic gold-type, similar to those found in other regions nearby, some of which contain very high gold content in quartz veins. Rock chip samples of gossan material from the Adi Gabat area have returned several anomalous gold values, up to 3.7 g/t Au.

Figure S7-5 Shire Property Group mineral showing areas and gossanous sulphidic zones



Dirmi Dirmi

The Dirmi Dirmi zone, at the western edge of the Terer EL, occurs 4 km southwest of the Mai Argab zone and it apparently has been disrupted by WNW-oriented dextral faults at both its northeastern and southwestern ends. The width of the Dirmi Dirmi sulphidic zone varies from 40 to 100 meters and it appears to follow a distinct stratigraphic horizon (Ezana private company report). The sulphide minerals occur within quartz-feldspar-sericite schists and

sheared intermediate to basic metavolcaniclastic rocks. Hydrothermal alteration is intimately associated with the sulphide mineralization; in particular chloritization, silicification and sericitization. There is little documentation available describing the Dirmi Dirmi zone; however, numerous stream sediment samples from this area have returned one of the widest clusters of strongly anomalous copper and zinc values on the Shire Property Group.

Targets 1, 2 and 3

Three gossan zones are located southwest and northwest of the village of Terer. They appear to follow stratigraphy, with Targets 2 and 3 possibly along the same horizon and Target 1 along parallel stratigraphy 1.5 km to the north. All three zones are hosted by felsic and intermediate metavolcanic rocks that form belts trending about 060° to 080°. Sericite, chlorite and silica alteration are noted along the zones. Dextral displacement by WNW-oriented faults has been noted by previous workers.

Zones of disseminated pyrite and local lenses of massive goethite gossan with sulphide minerals at depth occur primarily within strongly foliated felsic rocks. Pyritic zones range from <20 m to 120 m in width and extend intermittently over lengths of up to 2 km. One of the larger goethite and sulphide masses is from 5 to 65 m wide and 300 m long (Qin et al., 2011). The sulphidic zones contain chert layers and are intruded by concordant and cross-cutting quartz veins.

Six trenches were dug (1 in Target 1, 5 in Target 2) and hundreds of rock chip samples were collected in 2011, with maximum analytical values reported of 1123 ppm Zn, 2497 ppm Pb and 596 ppm Cu (Qin et al., 2011). Two diamond drill holes are reported from Target 2 zone containing widespread disseminated pyrite, as well as massive banded pyrite with minor chalcopyrite and sphalerite over widths of 0.5 to 4 m (Qin et al., 2011), however, no results are available to the authors.

Hamlo

The Hamlo zone, located in the northwest corner of the Nefasit EL, is the southwest continuation of the Target 1 sulphidic horizon, extending for more than 3 km. The zone consists of disseminated sulphide mineralization (pyrite) hosted by chloritic quartz-feldspar-sericite schist, which is within massive to weakly foliated intermediate to basic metavolcanic rocks. This zone is 20 to 40 meters wide, whereas in the northeast, it reaches up to 100 meters. Localized stream sediment anomalies occur along this trend and a narrow zone comprised of discontinuous lenses of banded iron formation has been discovered. The zone is disrupted by several NNE- and NNW-trending conjugate faults.

Adi Angoda

The Adi Angoda zone lies at the northern edge of the Nefasit EL near the northeast end of a sulphidic belt that extends more than 5 km in length and has an average width of 120 m. Gossanous goethite-limonite zones at Adi Angoda were trenched in 2008 and 2009 (18 trenches) and 527 rock chip samples analyzed, identifying strong gold and copper anomalies. Diamond drilling in 2009 and 2012 (10 holes) at wide-spaced intervals, over a length of 1400 m, targeted lithological, geochemical and geophysical anomalies. The best drill hole in terms of mineralized interval and overall grade was ND001, which returned 3.51% Cu, 2.73 g/t Au, 55 g/t Ag and 2.23% Zn over a 2.80 m interval from a depth of 43.50 m (Archibald et al., 2014).

The holes intersected felsic and mafic volcanic rocks primarily comprised of crystal and lapilli tuffs, as well as quartz porphyry. Disseminated pyrite is common in the holes (typically about 5%) and intervals of laminated pyrite with minor chalcopyrite and sphalerite were encountered over narrow widths of up to 3 meters. Airborne magnetic data and geological mapping suggested potential for additional mineralization at depth to the east of the area drilled (Archibald, 2011).

Nefasit North, Aray, Madadib

The Nefasit sulphidic zone stretches sinuously for a strike length of about 7 km and encompasses the Nefasit North, Aray and Madadib gossan zones to the north and east of the village of Nefasit. The widths of the zones vary from 5 to 40 meters and the sulphides are intensely oxidized to limonite and local secondary copper minerals. The

mineralization is located near the interface of intermediate to basic metavolcanic rocks and felsic tuffs.

Of the three targets, the majority of exploration work has been undertaken at Madadib, including excavation of 8 trenches and drilling of one reverse circulation drill hole. The 30 m vertical hole drilled on the VMS gossan intersected 20 m of gold-enriched gossan, with the upper 10 m grading 4.6 g/t Au (Archibald et al., 2014). Some of the rock chip samples of gossan material from the Madadib trenches returned similar Au values to the drill hole result. The Company has undertaken recent soil sampling in the area and each of the three gossan areas have demonstrated strongly anomalous Cu and Zn, with local coincident Au and Ag, along linear northeast trends ranging from 800 m to more than 1500 m in length. These are priority exploration targets.

Nefasit Central

Recent soil and stream sediment samples over the gossanous area in Nefasit Central zone have returned strongly anomalous Cu values over an area more than 2 km in length that appear to coincide with moderately to strongly magnetic trends. Host rocks in this area include clinopyroxenite, which contains local disseminated chalcopyrite that could be the source of the anomalies. This style of mineralization is of lower exploration priority.

Nefasit by the Road

A recently completed, close-spaced soil sample grid at Nefasit by the Road ostensibly shows narrow, linear, partly coincident Cu and Zn geochemical anomalies that show a possible east-west trend, as well as a northwest trend, over lengths of more than 1 km. The east-west trend coincides with the northern edge of an extensive, linear magnetic low, as well as sitting on the north edge of a gravity high that extends east-west for approximately 1 km. Geological mapping of the anomaly area may help to determine the style and trend of potential mineralization and identify areas in which to focus further work.

Abune-Sembet

The Abune-Sembet area contains gossan zones within a broad east-west trending conductive zone (based on airborne EM) that may be the southwest extension of the gossan zones found at Nefasit North. A few stream sediment samples collected in the area draining the gossans have returned strongly anomalous Zn and moderate Cu values. No mineralized surface showings are known. Recent gravity survey results show a moderate to strong gravity high coinciding with an anomalous drainage area and extending north-easterly for more than 2 km. This gravity high is located at the edge of the survey grid, so additional surveying is required to test its validity.

Midre Felasi

The Midre Felasi zone is a gossan up to 10 m wide within a sulphidic zone about 700 m long. It was explored by previous companies with stream sediment, soil and rock chip sampling that returned moderately anomalous Au, Cu and Zn. No trenching or drilling have been reported for this zone. A recent airborne EM survey indicates anomalously conductive zones underlying the gossan and other areas nearby that warrant further ground follow-up.

Deposit Types

Two deposit types are currently under exploration at the Shire Property Group; VMS and orogenic lode-gold mineralization.

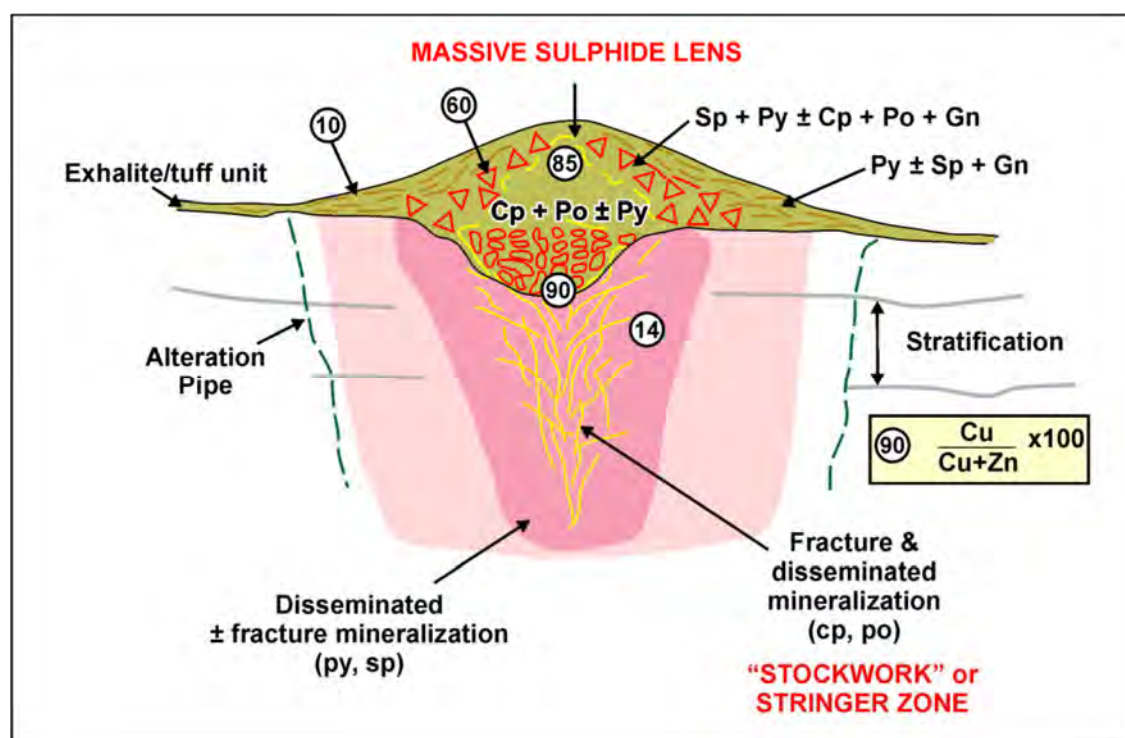
Volcanogenic Massive Sulphide Deposits

VMS deposits are predominantly stratabound accumulations of sulphide minerals that precipitate from hydrothermal fluids on or below the seafloor in a wide range of ancient and modern geological settings. VMS ore deposits formed in close temporal association with submarine volcanism and are formed by hydrothermal circulation and exhalation of sulphides onto the sea floor. They occur within environments dominated by volcanic or volcanic derived sedimentary rocks, and the deposits are coeval and coincident with the formation of the host rocks. As a class, they represent major sources of copper, zinc, lead, gold and silver in a high grade, low tonnage ratio.

The Arabian-Nubian shield hosts more than 60 VMS deposits. Some of the VMS mineralization found on the Shire Property Group has similar style and tenor of base and precious metal mineralization and weathering zonation related to mineralization to those of the Asmara area deposits located 100 km to the northeast.

The VMS mineralization in the Asmara district has been variably described as Kuroko-type (Chewaka and DeWit, 1981) and as bi-modal mafic type (Hannington, 2009), with mineralization hosted within volcanic and metasedimentary rocks deposited in a back arc basin. Generally VMS deposits contain footwall mineralization consisting of quartz-chalcopyrite stringers (stockwork), overlain by primary bedded (stratiform) sulphides composed of pyrite, chalcopyrite, $\pm$ sphalerite, $\pm$ galena, $\pm$ barite, $\pm$ tetrahedrite/tennantite. In some deposits the stratiform massive sulphide lenses makes up the entire economic deposit, whereas in other deposits large quantities of ore are also mined from the stockwork zone. The stratiform sulphides are typical overlain, or grade laterally into, an iron-rich silica facies that is usually manifested as a BIF. The stockwork zone beneath these deposits is the conduit through which the hydrothermal fluids rise and consists of vein sulphide mineralization. Hydrothermal alteration forms a pipe around the stockwork zone and grades from an inner chloritized zone to an outer sericitic zone. A schematic model of active VMS formation, alteration and mineralization is presented in Figure S8-1.

Figure S8-1: Schematic model for active VMS mineralization showing principal alteration and mineralization types
(source: Gibson et al., 2007)



Notes: Idealized VMS deposit showing a stratabound lens of massive sulphide overlying a discordant stringer sulphide zone within an envelope of altered rock (alteration pipe). Base metal zonation indicated by numbers in circles with the highest numbers being Cu-rich and the lower numbers more Zn-rich (Py = pyrite, Cp = chalcopyrite, Po = pyrrhotite, Sp = sphalerite, and Gn = galena. Source: Gibson et al. (2007)

Surficial weathering of VMS mineralization results in the primary sulphides forming secondary, supergene minerals such as chalcocite, covellite, digenite, and bornite. The surface manifestation of a weathered VMS system can range from sulphide minerals partially replaced by oxides, to the total leaching of metals with the exception of silica and iron to produce a hematite-goethite gossan. Gold is an inert metal and may become concentrated in the oxide cap that commonly overlies a VMS sulphide body. VMS deposits usually consist of several mineralized lenses that can attain thicknesses up to 50 m and strike lengths up to 1500 m (Galley, 2004).

Orogenic Gold Deposits

Orogenic gold deposits dominantly form in metamorphic rocks in the mid- to shallow crust (5–15 km depth) in compressional settings that facilitate transfer of hot gold-bearing fluids from deeper levels. The term “orogenic” is used because these deposits likely form in accretionary and collisional orogens (Groves et al., 1998).

A predominance of lode gold deposits are sourced from metamorphic rocks because it is believed that most derive the gold by dehydration of mafic rocks during metamorphism. Deep-seated hydrothermal fluids containing the gold were then transported up faults, whereupon the fluids underwent rapid decrease in temperature and pressure causing precipitation of the gold, along with quartz gangue, in fractures.

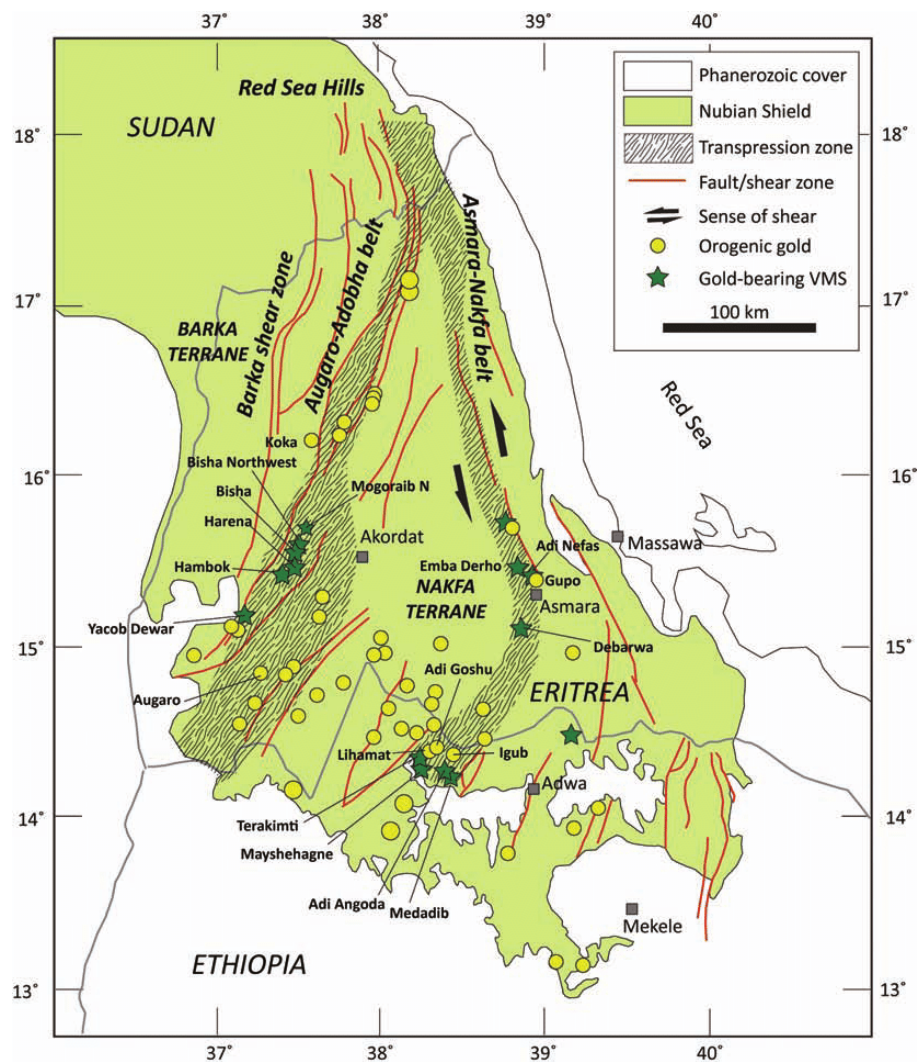
The ANS is a significant gold producing area with numerous orogenic gold deposits, many of which have supported small artisanal workings and a few that have achieved commercial production. Within the Nakfa terrane in Eritrea and northern Ethiopia the AAB and the ANB (Figure S8-3) are the two main transpressional strike-slip shear zones, along which many important mineral deposits occur. Both the world class Bisha VMS and Koka orogenic gold deposits are located in the AAB metallogenic belt. Semi-brittle shear zones developed synchronously along axial planes of isoclinal folds are also common structures in the greenschist metamorphic rocks. Syn- to late-tectonic granitoid magmatic rocks intrude along the ductile shear zones as elliptical rigid bodies. These magmatic rocks are dominated by granite, granodiorite, and diorite, accompanied by finer-grained intrusions and quartz porphyry. The ANB zone changes direction to the south of Asmara, trending toward the Shire Property Group area 100 km to the south-southwest where similar Neoproterozoic rocks are exposed containing occurrences of orogenic gold, such as at Igub and Lihamat.

The host rocks for orogenic gold deposits in the shield range from graphitic mica schist and ultramafic rocks (Lega Dembi, Ethiopia), to granitic stocks (Sukhaybarat East, Saudi Arabia), and along granite contact zones (El Sid and Umm Rus, Egypt). Other host rocks from the area include metamorphosed mafic lavas, volcanoclastic tuff, phyllites and deformed granodiorites. All of the mineralization is epigenetic, and is present in a variety of forms, such as quartz-rich veins, pods, veinlets, stringers, stockworks, and breccias. Vein mineralogy is dominated by quartz, carbonate (calcite, dolomite and siderite), pyrite, arsenopyrite and pyrrhotite, and wallrock alteration is typically comprised of sericite, chlorite, and carbonate.

Many gold vein occurrences are noted in the district near the Shire Property Group, where widespread artisanal workings have produced gold on a small scale. Gold is associated with shear hosted quartz veining and often occurs in association with sulphides within the quartz. The lode dimensions and orientation are varied across the terrane although most are oriented approximately N-S, parallel to the main trend of the orogeny. Individual veins range from a few centimeters up to 3 m in thickness and may occur within sheeted zones that can be 10's of meters wide and up to hundreds of meters long. Typically the ore minerals are pyrite, arsenopyrite and pyrrhotite.

The Koka mine, which began production in 2016 in northwest Eritrea, is an example of the type of target being sought at the Shire Property Group. At Koka a 20 to 30 m wide by 600 m long zone of shear-hosted quartz stockwork veining is found within microgranite. Based on 137 drill holes a probable reserve of 4.6 million tonnes averaging 5.1 g/t Au has been outlined, containing 760,000 oz of gold (Zara Mining company website). The bulk of the resource is shallower than 150m depth and is currently being mined by open pit.

Figure S8-3 Ethiopia-Eritrea major transpressional belts and gold deposits (source: Johnson et al., 2017)



Exploration

The Shire Property Group area has had considerable exploration work conducted by predecessor companies. Sun Peak has obtained results of previous work wherever possible and compiled the results in their exploration database, along with the results of their own work undertaken since 2017, which is presented below for each of the three exploration license areas.

The Sun Peak team (now with Axum) has previously applied the use of modern advanced exploration techniques successfully at both Bisha and the Asmara Project, located nearby in Eritrea. At Bisha the initial holes were drilled underneath the outcropping gossan but a 450 meter step-out targeting a blind geophysical anomaly was very successful, intersecting more than 160 meters thickness of VMS mineralization and demonstrated the economic potential of the Bisha Cu-Zn-Au-Ag deposit.

Likewise, at the Emba Derho Cu-Zn-Au-Ag deposit (Asmara project) in southern Eritrea, five separate operators since the 1960's had explored and drilled the large gossan zone with minimal success. In 2005, the Sun Peak team (with Sunridge Gold at the time) applied the same modern exploration techniques, identifying a large geophysical anomaly offset from the gossans. The first hole targeting this anomaly intersected 206 meters of massive sulphides, which subsequently led to delineation of a sizeable mineralized body.

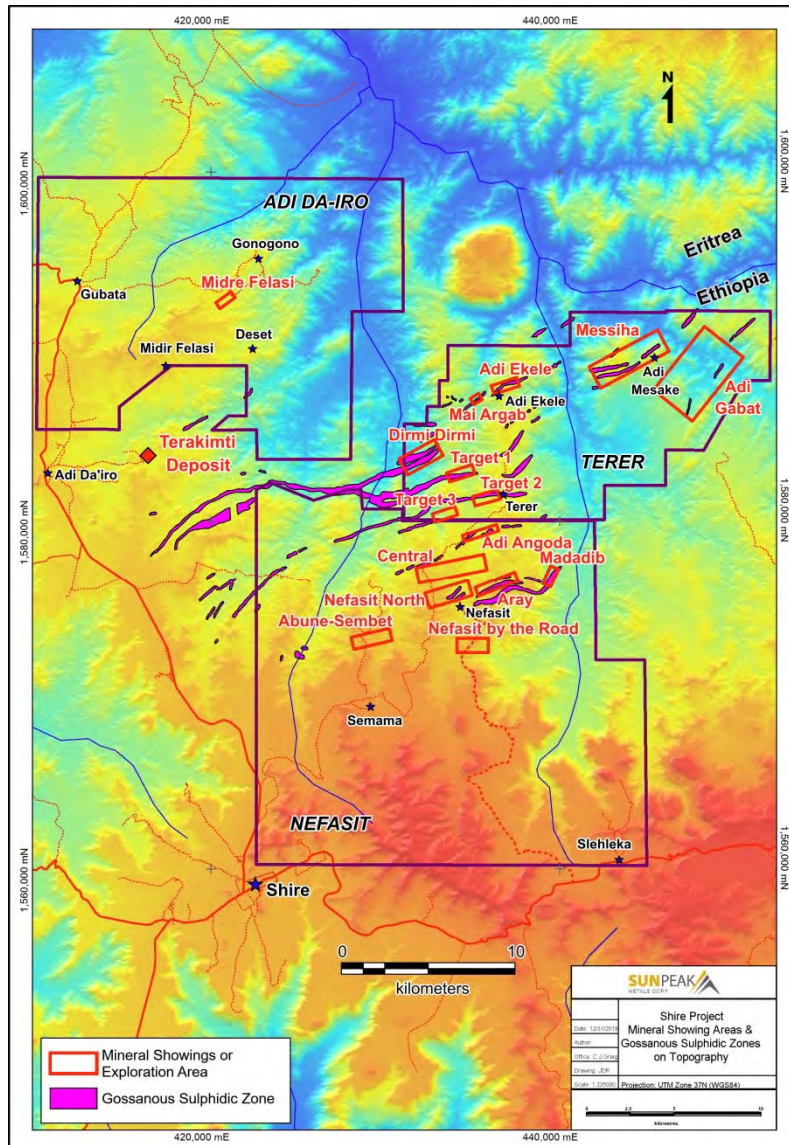
Terer Exploration

In 2017 and 2018 Axum compiled & re-interpreted maps and data from historic work on the Terer EL, as well as conducting geological field visits to evaluate the targets derived from the re-interpretations. Ninety man-days of office work were undertaken by two geological personnel during the 2 year period to collect historical data, to compile the data into acceptable format for GIS software use and to review the results, resulting in selection of priority targets for field follow-up. Sixty man-days of geological field evaluation were undertaken at several of the targets in 2018. \$24,000 was expended during this preliminary stage of data compilation and evaluation.

This work defined five sulphidic trends in the Terer EL with VMS potential (Figure S9-1); these are

1. the Mai Argab - Adi Ekele zone and Northeast & Southwest Extensions;
2. the Hamlo trend (includes Target 1);
3. the Terer trend (includes Targets 2 and 3);
4. the Messiha trend; and
5. the Adi Gabat trend.

Figure S9-1 Shire Property Group gossanous sulphidic trends and mineral target areas

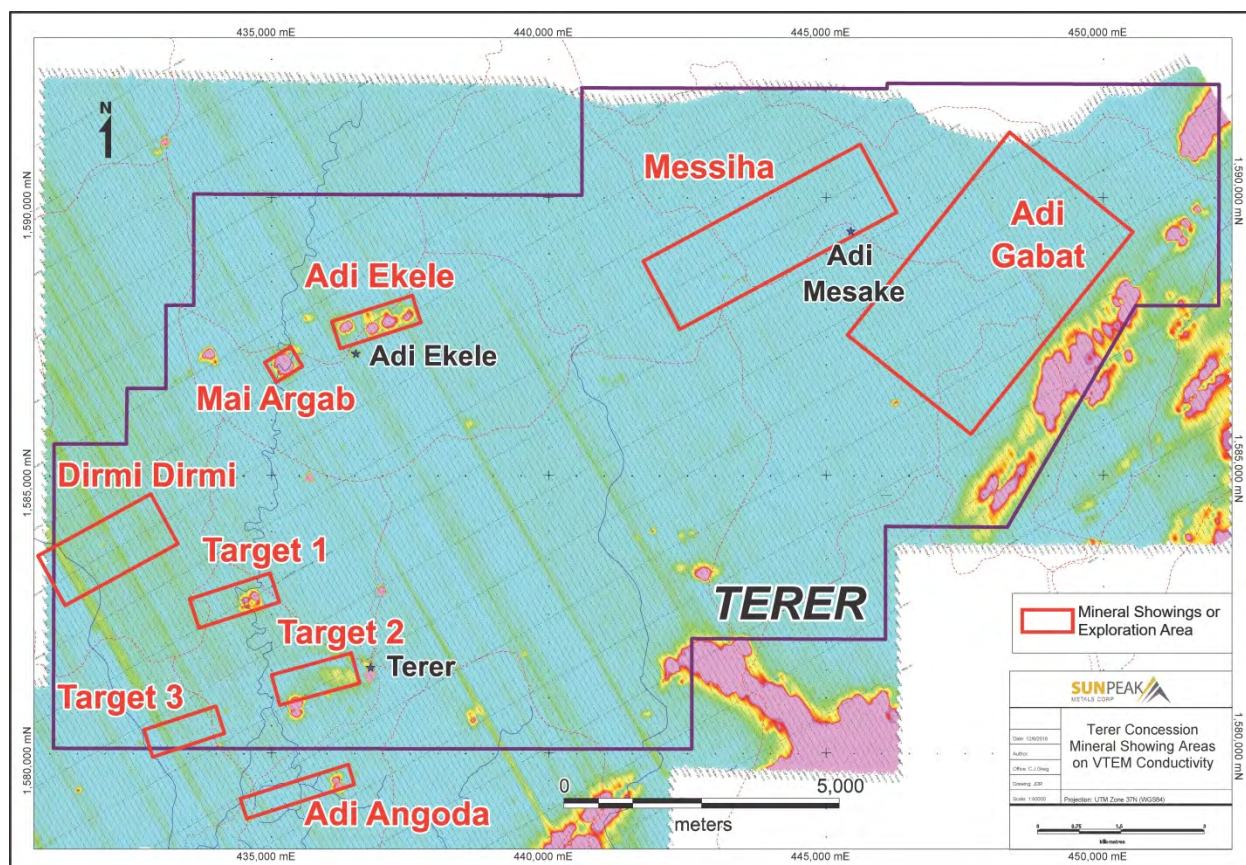


These VMS-bearing mineralized trends have over 45 km of combined strike length, so will require modern VMS exploration concepts and techniques to identify specific targets with economic potential.

In 2018 Axum had Aster satellite image analysis conducted by Dirt Exploration of Cape Town, South Africa covering the Terer and Nefasit Exploration License areas. The cost for purchase of the satellite imagery and the consulting fee for analysis and reporting totaled \$9,500. Major alteration zones comprised of sericite, iron oxides, kaolinite, chlorite, biotite and/or alunite were detected; alteration types that may be associated in varying degrees with either VMS-style, orogenic shear hosted gold, or intrusion hosted gold deposits. The targets that have been identified typically cover large areas, so ground based examination is required to verify and evaluate the potential for mineralization associated with the alteration types. Some of the highest priority Aster image targets have been followed up with 24 man-days of geological mapping and prospecting traverses crossing the main VMS zones and regional trends at a cost of \$24,000. These and other promising targets will continue to receive follow-up work.

In 2019 Axum commissioned Geotech Geophysical of Ontario, Canada to fly an airborne magnetic and VTEM electromagnetic survey over the entire Terer EL, covering 182 sq km at a cost of \$393,633. Figure S9-2 is a preliminary map of the VTEM strongly conductive areas shown in warmer colours (yellow, red and pink) in the Terer area.

Figure S9-2 Terer EL with mineral showing areas and preliminary map of VTEM conductor anomalies (warmer colours represent higher conductivity)

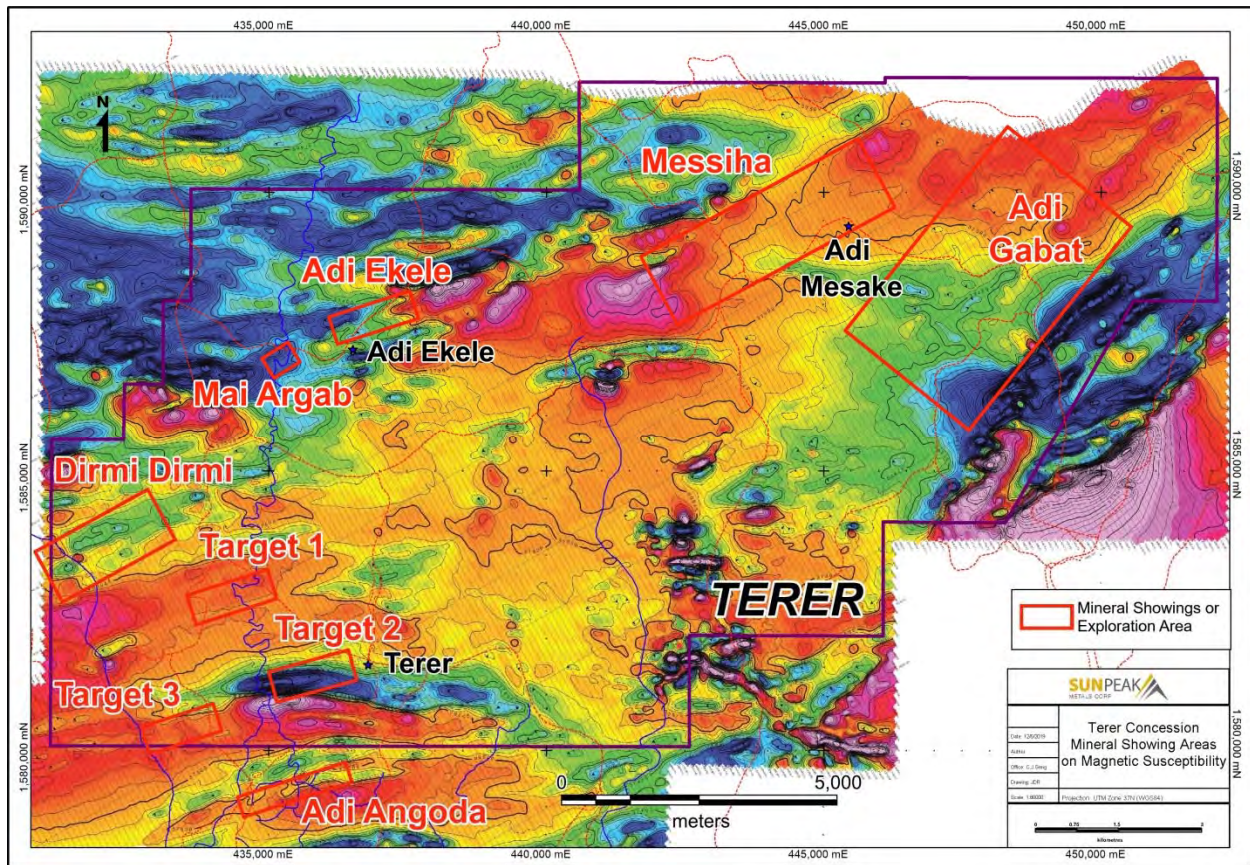


A large northeast-trending conductive area on the east side of the EL appears to be mapping a mafic to ultramafic unit that is likely rich in iron minerals that provide strong conductivity. A northwest-trending conductive zone at the southeast edge of the EL is underlain by Tertiary basalt that is also probably iron-rich. However, the smaller, discrete spot highs of conductivity in the western half of the survey area are underlain by the favourable metavolcanic and metasedimentary rocks that host the known VMS zones, and show good correlation with the zones at Mai Argab, Adi Ekele, Target 1 and Target 2. Other conductor anomalies to the west and southeast of Adi Ekele and to the south and southeast of Target 2 are prime targets for additional ground-based exploration. Furthermore, the modern VTEM

equipment used in this survey utilized a large number of frequencies, allowing refined interpretation of conductive areas and deeper-probing results to test for mineralized bodies at considerable depth below surface.

The preliminary magnetic susceptibility map (Figure S9-3) aids in the interpretation of VTEM results. Target areas display variable magnetic results, but commonly areas of sharp contrast in susceptibility are deemed favourable because magnetic highs can be caused by massive sulphide mineralization or related BIF, whereas magnetic lows may be caused by strong alteration of host rocks, which is often destructive for magnetic minerals. The magnetic map is also a fairly dependable geological mapping tool, helping to distinguish major rock units, as well as large scale structures that may host orogenic gold zones.

Figure S9-3 Terer EL with mineral showing areas and preliminary map of magnetic anomalies (warmer colours represent higher magnetic susceptibility)



Mai Argab, Adi Ekele and Target 2 all exhibit relatively low magnetic susceptibility, possibly due to stronger and more extensive alteration in these areas. Interpretation of subtle magnetic features, in combination with VTEM conductive areas will point to new prospective targets as well as refining the existing ones.

In the latter part of 2019 the Company undertook detailed geological and structural mapping and gravity surveying at the Mai Argab - Adi Akele zone to better understand the configuration of the mineralized gossans on surface, with potential for extension of the zone and possible parallel mineralized horizons that have not been tested by drilling (Figures S9-4, S9-5). Geological mapping required 34 man-days at a cost of \$14,000; the geophysical work was undertaken by MWH Geo-Surveys International Inc. covering 5.2 sq km at a cost of \$142,800.

Figure S9-4 Mai Argab - Adi Akele zone geological map with drill hole collar locations

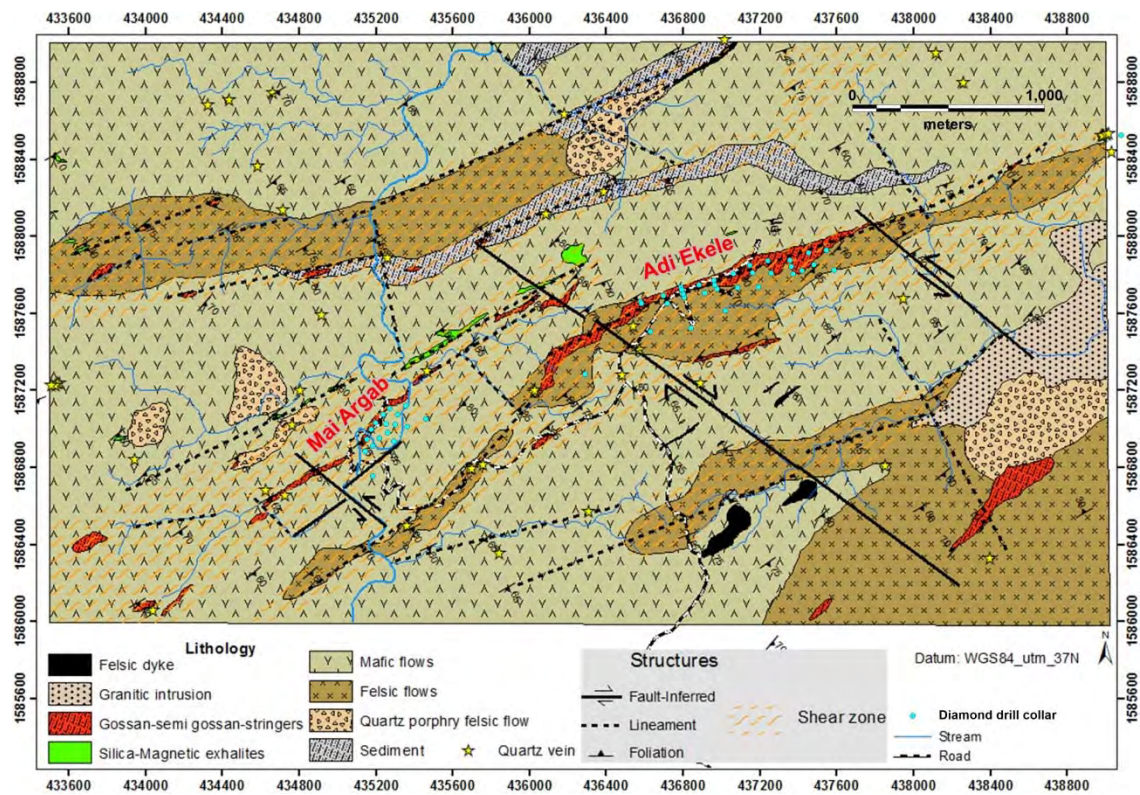
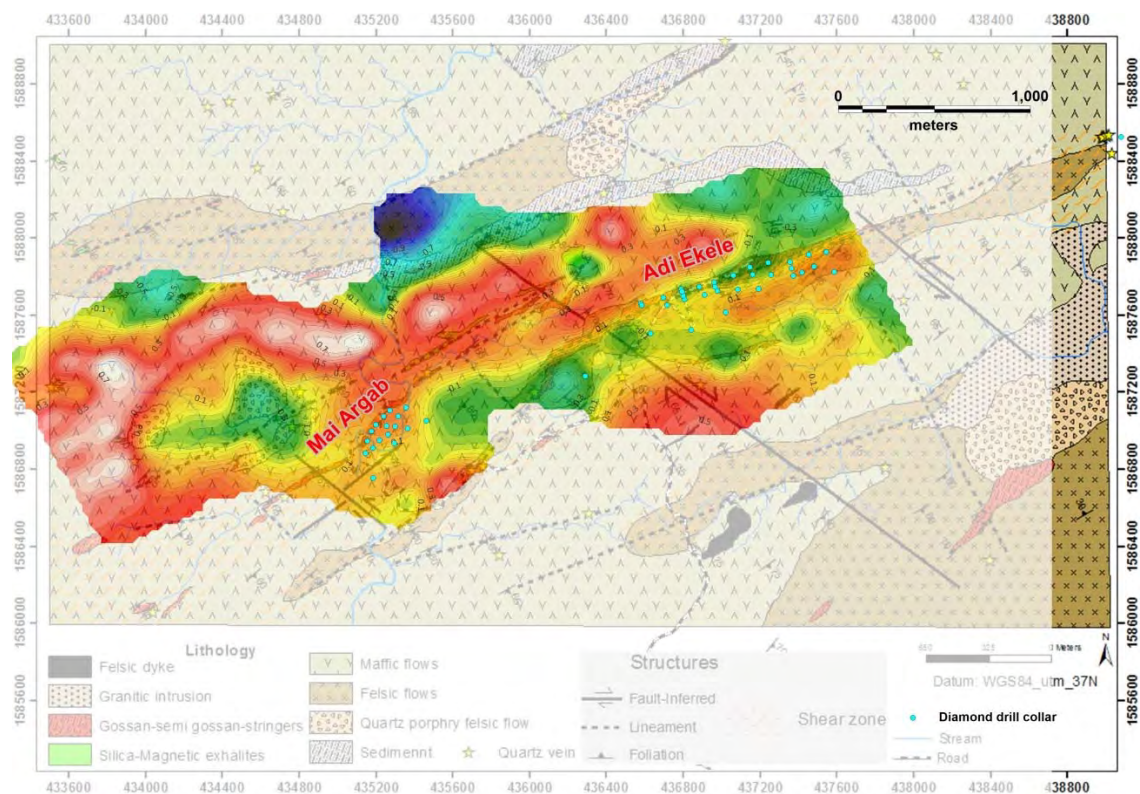


Figure S9-5 Mai Argab - Adi Akele zone geological map with overlain residual gravity results (warmer colours represent higher density)



In December, 2019 data from gravity surveying in the Mai Argab - Adi Akele area was received by the Company with very encouraging results. The mineralized zones currently defined by drilling are known to dip to the southeast at 55° to 80°. These areas are indicated by moderate density anomalies underlying and southeast of the drill collars. However, stronger and more extensive density highs are indicated 350-400 m northwest and parallel to the Mai Argab - Adi Akele zone in an area with mapped felsic volcanic rocks, small gossans and siliceous exhalites on surface. This area has never been drilled and holds excellent promise for massive sulphide mineralization at depth. In addition, a partially defined density high, 500 m to the southeast of the Adi Ekele gossan indicates potential for another parallel mineralized horizon. Further gravity surveying is required to properly outline this anomaly.

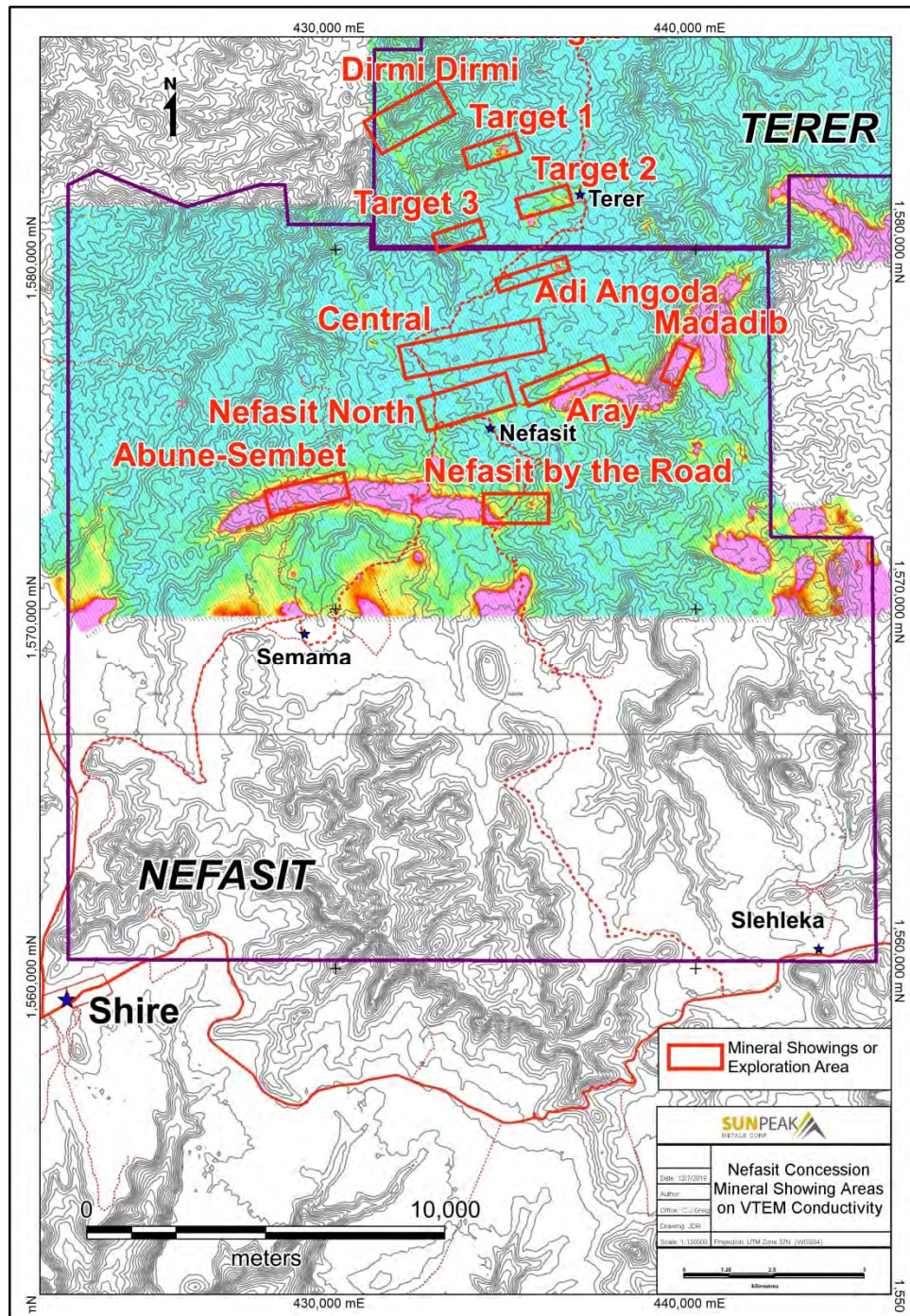
Nefasit Exploration

The Company has completed the following exploration work on their Nefasit License since acquisition in 2018 to present:

- Compiled historic data acquired from Ezana, Makeda and East Africa Metals, primarily covering the Madadib and Adi Angoda VMS prospects. Forty-five man-days of office work were undertaken by two geological personnel to collect historical data, to compile the data into acceptable format for GIS software use and to review the results, resulting in selection of priority targets for field follow-up, at a cost of \$12,500.
- Acquired detailed, 50m resolution satellite images covering the entire Nefasit license area, costing \$10,050.
- Purchased the 2004 Fugro airborne EM data, flown over the northern part of the concession area for Ezana, and re-interpreted the data to define deeper bedrock EM conductors that could be caused by buried massive sulphide bodies. \$9,300 was expended for the data and 5 man-days of geophysical interpretation.
- Had a remote sensing Aster image study done by Dirt Exploration of Cape Town, South Africa, as discussed above under Terer exploration work. The cost is included in the Terer program description.
- Conducted localized geological mapping and prospecting for VMS and orogenic gold style mineralization and associated alteration. Collected and analyzed over 60 rock chip samples from suspected mineralized rocks near Adi Angoda and farther to the south, in the Central zone area. \$8,000 was expended for 20 man-days of geological work and sample analyses.
- Established a 5 km by 7 km soil geochemical grid with 500 m by 50 m sample spacings, yielding 1578 samples over the Adi Angoda zone and prospective targets to the north and south. Sample collection and analyses by portable XRF unit totaled 40 man-days, at a cost of \$73,300.
- Established detailed soil geochemical grids over Madadib and Nefasit by the Road prospects. Grids are approximately 600 m by 1.4 km, with 100 m by 20 m sample spacings for totals of 456 samples from Nefasit by the Road and 394 samples from Madadib. Sample collection and analyses by portable XRF unit totaled 32 man-days, at a cost of \$48,000.
- Collected 100 stream sediment samples within an area measuring about 14 km E-W by 8 km N-S in the region to the south and west of the Adi Angoda zone. Samples were sieved before analysis to recover fine and coarse fractions to attempt to distinguish VMS-style from orogenic gold anomalies that may contain coarser gold particles. Sixty-four man-days to collect the samples and laboratory analytical charges totaled \$30,000.
- Conducted detailed ground gravity surveys by MWH Geosurveys in 2018 at a cost of \$24,800 over separate grids at Adi Angoda, Madadib, Nefasit by the Road, Nefasit West and Abune Sembet VMS prospects totaling over 2,000 measurement stations, covering approximately 37 sq km. Additional gravity surveying was conducted in 2019 to expand the coverage on the Adi Angoda VMS target.
- Had an airborne magnetic and VTEM electromagnetic survey flown by Geotech Geophysical of Ontario, Canada in 2019 that covered approximately 250 sq km over the northern part of the Nefasit concession, at a cost of \$551,082.

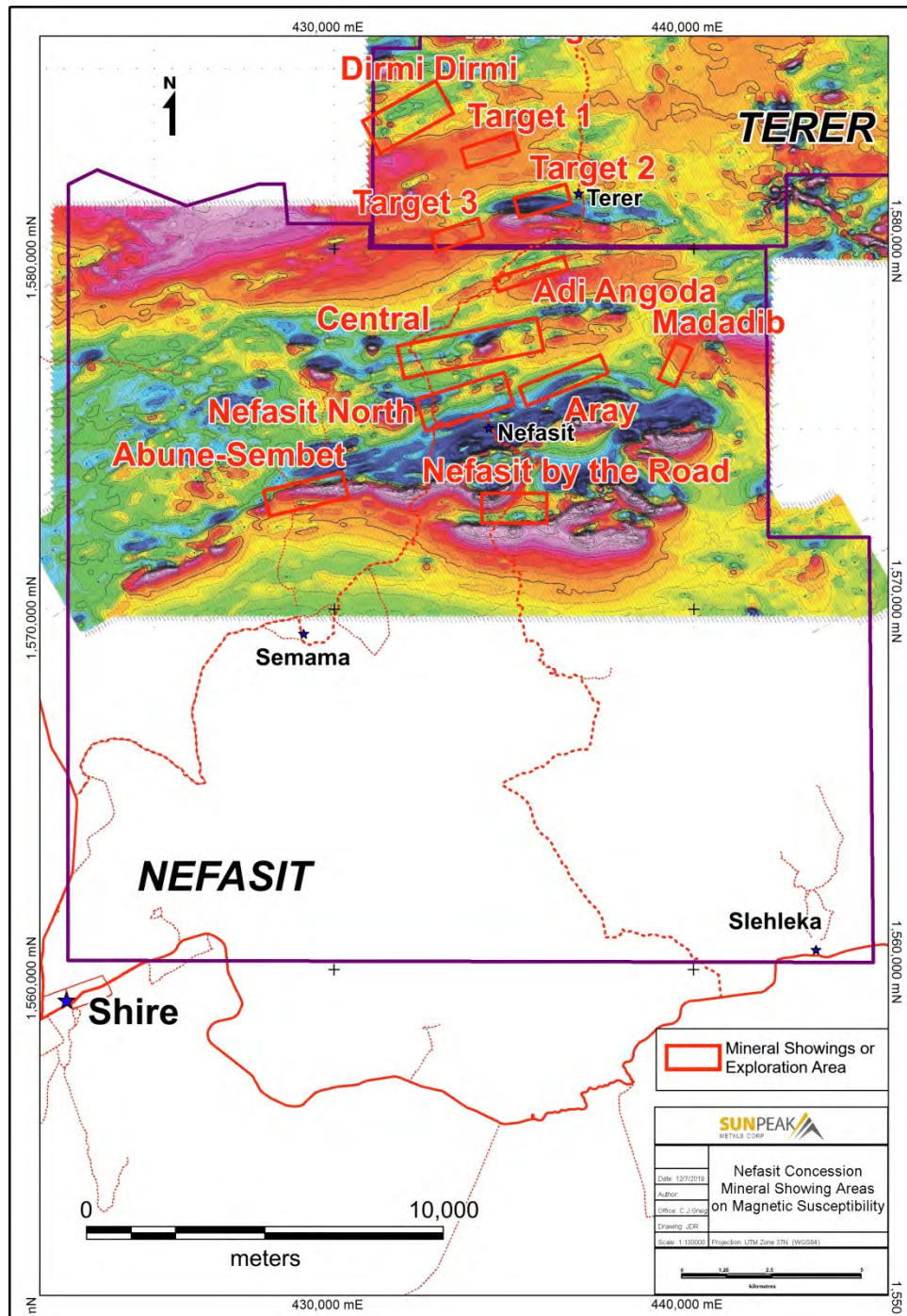
Seven VMS-style anomalies have been defined based on re-interpretation of historical exploration data, prospecting, soil and stream sampling geochemistry and the results of recent airborne electromagnetic and ground gravity surveys. These target anomalies are Adi Angoda, Madadib, Aray, Nefasit by the Road, Abune-Sembet, Nefasit North and Nefasit Central (Figures S9-1 & S9-6).

Figure S9-6 Nefasit EL with mineral showing areas and preliminary map of VTEM conductor anomalies (warmer colours represent higher conductivity)



Preliminary interpretation of the VTEM results shows broad, extensive areas of strongly conductive response, shown in warmer colours (yellow, red and pink) on Figure S9-6. These large conductors in the Madadib, Aray and Abune-Sembet areas appear to define lithologic units that are known to contain graphitic phyllite units with local silica-rich exhalites, amphibole schist and marble bands. As well, strongly conductive areas correspond with a granitoid body mapped in the northern part of the Madadib zone and a north-trending gabbroic intrusive that lies to the east of Madadib, which also shows high magnetic susceptibility (Figure S9-7).

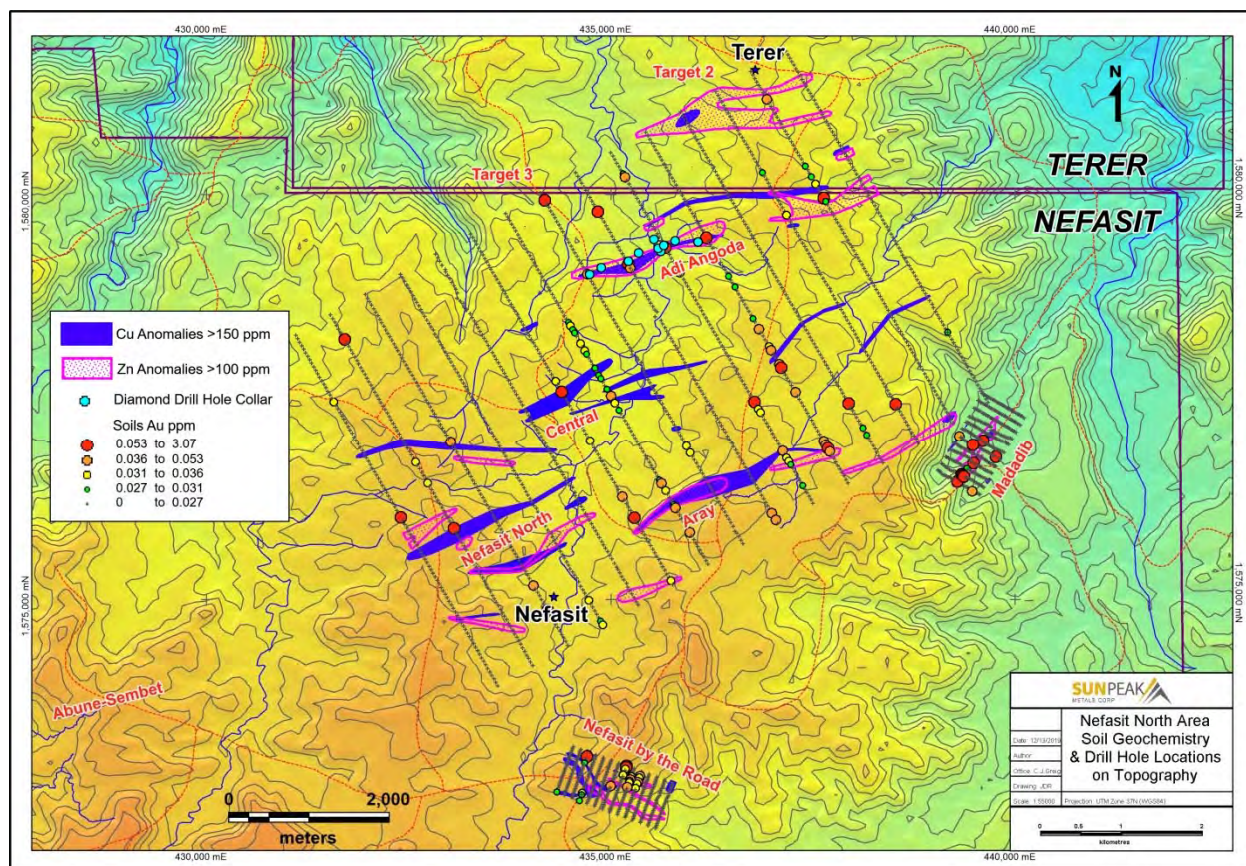
Figure S9-7 Nefasit EL with mineral showing areas and preliminary map of magnetic anomalies (warmer colours represent higher magnetic susceptibility)



The large scale geophysical features are unlikely to represent mineralized zones, which are more likely to manifest as relatively small, discrete conductive highs on the map that stand out from the surrounding geophysical response. There is such a conductor at the east end of the Adi Angoda zone which, significantly, is located just east of the easternmost drill hole, representing a prime exploration target. There are also three conductors dispersed over a length of 1100 m at the west end of the Aray zone. Another is located to the west of the Central zone. The Company will further evaluate these, and other identified targets with geological, geochemical and ground geophysical surveys, to be followed by drilling if warranted.

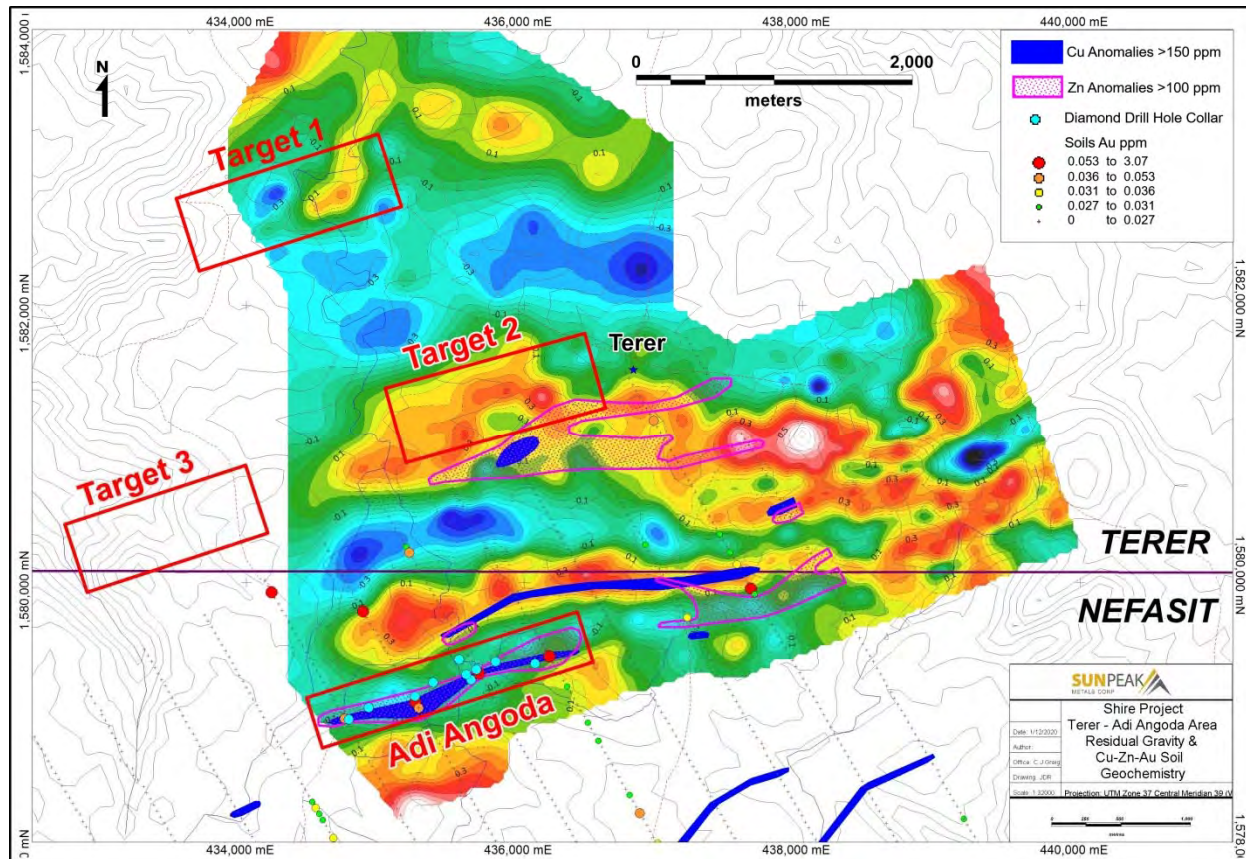
Ground follow up has taken place in 2018-19 to explore and test some of the most favourable targets. Soil sample grids were established over a number of the target areas in the northern part of the Nefasit EL (Figure S9-8). Although some of the sample lines are widely spaced (500 m) the soil anomalies appear to show good continuity across lines in linear east to northeast trends that parallel the orientation of regional stratigraphy. Figure S9-8 illustrates anomalous Cu- and Zn-in-soil trends and these two elements commonly show strong coincidence, such as at Adi Angoda, Nefasit North, Aray and Madadib. Anomalous Au samples plotted on the same map show coincidence with some of the Cu and Zn anomalies, and are especially strong at Madadib, but also show independent Au rich areas that provide additional excellent follow-up targets. Closer-spaced fill-in soil lines (200m x 20m) are planned in some parts of the grid to better define the anomalies.

Figure S9-8 Nefasit EL with mineral showing areas and Cu, Zn, Au soil geochemical anomalies on topography



Localized gravity surveying was conducted in 2018 over several of the primary targets. Part of the Adi Angoda zone was surveyed, testing an area 2.4 km in length and 1.2 km in width, which returned very encouraging results, prompting the Company to considerably expand the survey grid to the north and east in 2019 (Figure S9-9). The results indicate that the surface expression of the Adi Angoda zone is within a gravity low (blue contours on Figure S9-9); however historic drilling has indicated that the strata that host the mineralization are dipping to the northwest. A linear gravity high parallels the surface expression of the zone approximately 400 to 600 m to the northwest. This may be caused by a thickening of the zone at depth or, alternatively and more likely, that another parallel horizon of thicker sulphide mineralization lies to the northwest and was not tested by the historic drill holes. This is supported by a linear copper geochemical anomaly, with spot Zn highs, that overlies the northern gravity anomaly, possibly caused by a VMS mineralized horizon greater than 2 km in length. A gravity high also lies 200 to 400 m southeast of the Adi Angoda gossan zone and this, as well, may represent a parallel mineralized horizon. Further gravity surveying is required to the south to better define the extent of this southern gravity high. The best mineralized copper and gold drill intersection was in the easternmost hole at Adi Angoda and the presence of a gravity high located directly to the east, in addition to a strong EM conductor, provide positive incentive for additional drilling to the northeast.

Figure S9-9 Adi Angoda zone with Cu, Zn, Au soil geochemical anomalies on residual gravity contours (warmer colours represent higher density)

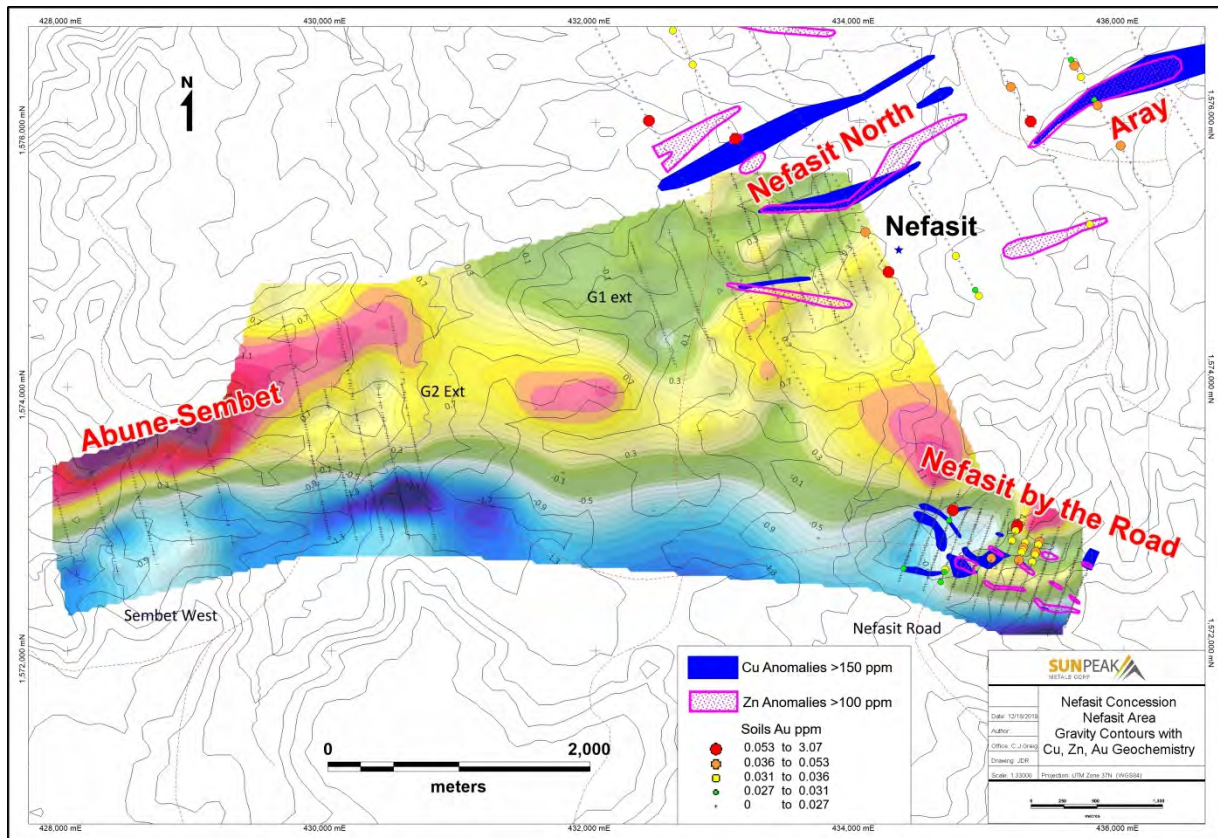


The expanded gravity survey also covered the areas of Target 1 and Target 2 to the north, on the Terer EL. A gravity high underlies the Target 2 area but also extends easterly for more than 2 km, coinciding with an area of anomalous zinc, with local copper, in soil. The strongest part of the gravity high is at the east end of the zinc anomaly, which is also the edge of the soil sample grid. Further soil sampling to the east is required to test the geochemistry in this area of highest density. Two diamond drill holes were drilled in Target 2 area by Makeda in 2011, intersecting wide intervals of disseminated pyrite and massive banded pyrite containing chalcopyrite and sphalerite over widths of 0.5 to 4 m. Makeda did not have the advantage of gravity survey results at the time, so their holes may have touched on the periphery of a mineralized system that could have greater thicknesses associated with the gravity highs. Also, the area to the east of Target 2 has never been drilled and is of high priority for further work.

Gravity results on Figure S9-9 also confirmed a small density high of interest in the Target 1 area but, more notably, defined a northwest-trending gravity high to the north that appears to strengthen at the edge of the survey grid. Additional gravity surveying, as well as geological mapping, soil sampling and prospecting in this area are required to further evaluate this promising anomaly.

Gravity surveying in 2018 to the south and west of Nefasit village covered an area approximately 7.5 km long by 1.2 to 3 km in width (Figure S9-10). A gravity high trending easterly across the geophysical grid appears to coincide with the northern part of a geologic unit described as graphitic phyllite and quartzite with calcareous bands. This also coincides with an area of low magnetic susceptibility. Conversely, the southern part of this unit is indicated by a gravity low and a magnetic high, suggesting that there may be a change in lithologies within the unit from lesser to denser rocks toward the north.

Figure S9-10 Nefasit area with Cu, Zn, Au soil geochemical anomalies on residual gravity contours (warmer colours represent higher density)



Of greater significance is the more subtle linear gravity high on trend to the southwest of the Nefasit North zone that is strongest at the southwest end and may indicate massive sulphide minerals at depth. As well, about 400 m farther south, a gravity anomaly extending southwest from Nefasit village may be a down dip mineralized extension from the Cu and Zn soil geochemical anomalies located along the northern edge of the gravity high. At the Nefasit by the Road grid an east-west gravity high, coinciding with a prominent magnetic low sits approximately between two linear Zn soil anomalies that may originate from VMS mineralized horizons, whereas a more oval shaped gravity high at the north edge of the grid could represent an intrusive plug. Significantly, a number of Au soil anomalies (without Cu and Zn) wrap around the south end of this possible intrusion and could represent orogenic gold mineralization.

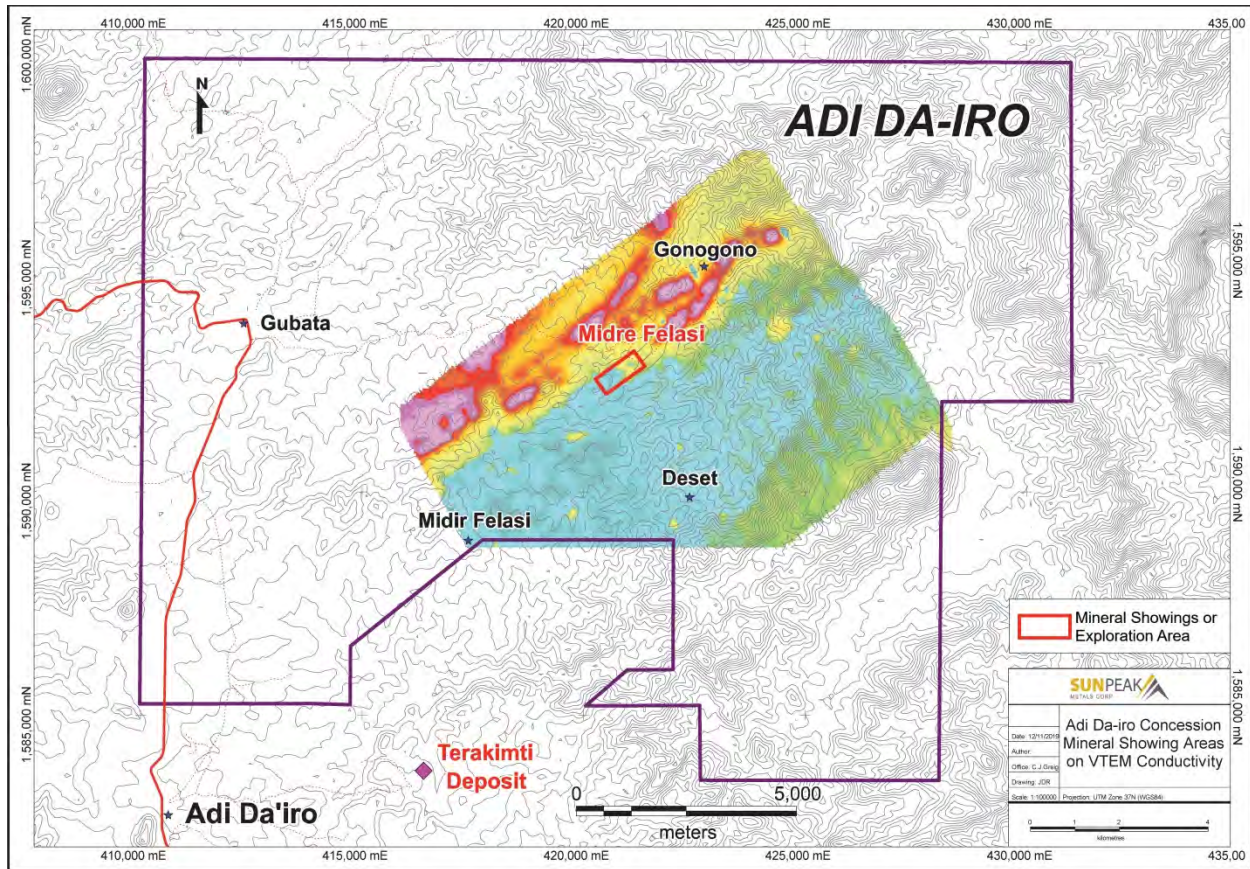
Adi Da-iro Exploration

Sun Peak was granted the Adi Da-iro EL in April, 2019 and since that time the company has undertaken a geophysical survey, as well as limited prospecting of selected targets based on evaluation of historic data. Ten man-days of office work were expended compiling and evaluating data to select favourable targets that were examined with 10 man-days of field work, at a total cost of \$18,000.

In October 2019, a heliborne magnetic and VTEM electromagnetic survey was flown by Geotech Geophysical of Ontario, Canada covering approximately 68 sq km in the central part of the Adi Da-iro concession at a cost of \$128,570.

A strongly conductive northeast trending belt is underlain by metasedimentary rock units in the northwest part of the geophysical grid (Figure S9-11) and the southeast part of the grid is primarily underlain by less conductive metavolcanic rocks and dykes, with a granitic stock along the southeast edge of the survey. There are several small spot VTEM conductors scattered within the more favourable metavolcanic package, many of which warrant ground follow-up exploration, including geological mapping, soil sampling and gravity surveying.

Figure S9-11 Adi Da-iro EL with mineral showing areas and VTEM conductor anomalies (warmer colours represent higher conductivity)



The airborne magnetic results indicate moderate to strong magnetic susceptibility over the metasedimentary rocks in the northwest, but also over some of the metavolcanic rocks in the northeast, with lower magnetic susceptibility farther to the south that may be indicative of the more frequent felsic volcanic rocks and porphyritic dykes that are mapped in that area. Based on geophysical signatures of host lithologies in areas containing VMS mineralized on the Terer and Nefasit ELs the lower magnetic susceptibility areas with smaller, discrete conductive highs appear to be the most prospective targets. This signature would suggest that the southeastern part of the Adi Da-iro survey area extending over a length of 7 km and width of 4 km may have the best potential for VMS mineralization.

Drilling

No drilling has been completed by the Company.

Sample Preparation, Analyses and Data Verification

All samples collected by the Company on the Shire Property Group are subject to quality control procedures to ensure industry best practices are utilized for the handling, sampling, transporting, analysis, storage and documentation of sample materials and their analytical results. Samples collected and analyzed to date consist of stream sediment and soil geochemical samples and grab samples from rock outcrop.

All samples collected have been analyzed for base metals and trace elements using a Niton Thermo Scientific XRF instrument owned and operated by Sun Peak Metals. This unit does not provide low level gold and silver analyses due to its high detection limit for these elements. Gold and silver assays are completed at a laboratory operated by Ezana in Mekele. Approximately 10% of the samples have been independently analyzed for base metals at the same

laboratory.

All samples are held at the Sun Peak secure warehouse in Shire prior to transport to the laboratory and sample pulps are stored in the warehouse following analysis. Transport to the laboratory located in either Mekele, or Addis Ababa, is by company vehicle.

For rock chip, soil and stream sediment samples, the Company has implemented standardized documented procedures for the collection, handling, preparation and analyzing by XRF unit, as well as the processing and digital cataloguing of the analytical results. The authors have reviewed the documentation and finds that the procedures meet accepted industry standards. In-house analyses of samples using an XRF instrument provide sufficient accuracy for base metals (Cu, Zn, Pb) for reconnaissance exploration purposes. Any samples that will be used for purposes of resource calculations, such as surface channel rock samples or drill core will be sent to an accredited laboratory for analyses. As well, Standards and blanks will be submitted with the sample lots to the laboratory, following proper QA/QC procedures.

One of the authors (Greig) undertook various aspects of data verification both during a site visit, and also subsequent to the Project visit. No field exploration was taking place at the time of the visit.

- During the site visit, the Terer and Nefasit EL areas were investigated, including outcrops and historic trench and drill locations.
- Core examination was conducted on historic core from the Terer EL (emphasis on validating geology, mineralization, and alteration).
- The security of the warehouse core and sample storage areas was corroborated.
- With no active drilling taking place written core handling and sampling procedures were reviewed.
- Niton XRF soil geochemistry and standard soil sampling practices were reviewed and the authors were satisfied that good practices were employed at all times by the field crews.
- Personal verification of historic drill pad locations were made at Adi Ekele and Mai Argab on the Terer EL and at Adi Angoda on the Nefasit EL. Trench locations at Madadib were also verified.
- Personal verification samples were not collected.

Since the time of the author's (Greig's) visit to the Shire Property Group in 2018 the following field work has taken place:

- Airborne magnetic and VTEM electromagnetic surveys over a large part of the Shire Property Group
- Geological mapping at Mai Argab – Adi Akele and Adi Angoda
- Gravity surveying at Mai Argab – Adi Akele, Adi Angoda, Madadib, Nefasit by the Road, Nefasit West and Abune Sembet
- Soil geochemical sampling at Adi Angoda, Madadib and Nefasit by the Road
- Stream sediment sampling in the Adi Angoda area

The authors have had access to all of the information from the geophysical, geological and geochemical work that has been undertaken in 2019, since Greig's inspection. The new information has been included in the Shire Property Group Technical Report and the authors have offered interpretations for some of the results in Section 9.1 to 9.3 of the Shire Property Group Technical Report. The authors have also reviewed the sampling and analytical procedures implemented by Company personnel for the recent geochemical work and are satisfied that the quality of the work was satisfactory, and the results are valid. The authors are of the opinion that there has been no substantive change in the geological understanding of the type of mineral targets on the Shire Property Group or the potential for mineral discovery on the Shire Property Group since the time of Greig's inspection.

Drill collar locations have recently been measured by handheld GPS where possible. Logs for some of the historic drill holes are not available, or contain only limited detail; however, the Company has recently acquired the drill core for Adi Akele and Mai Argrab, which comprise the majority of the holes drilled on the Terer property. The Company will re-log the core and collect check samples from the core to be sent to an accredited laboratory. Two or three different certified standards should be inserted into the sample batches of core samples to reference Au, Ag, Cu and Zn, for both lower values and higher values in the upper 1% range. This practice should be maintained for future drilling programs on the Shire Property Group.

Reports of historic work commonly do not have verifying analytical certificates, since the samples were analyzed in-house by portable XRF unit. Therefore, many of the geochemical anomalies previously identified will require check sampling and analyzing. The Company has recently undertaken re-sampling of stream sediment samples over a large area covering much of the northern part of the Shire Property Group.

Mineral Processing and Metallurgical Testing

No mineral processing or metallurgical testing has been carried out by the Company on mineralization from the Shire Property Group.

Mineral Resource Estimates

The Shire Property Group currently has no defined mineral resources. There is insufficient data to determine such an estimate.

Mining Operations

The Shire Property Group currently has no mining operations.

Processing and Recovery Operations

The Shire Property Group currently has no processing and recovery operations.

Infrastructure, Permitting and Compliance Activities

The Shire Property Group is early stage exploration and currently has no infrastructure, permitting or compliance activities other than complying with the ELs.

Capital and Operating costs

The Shire Property Group is early stage exploration.

Interpretations and Conclusions

Sun Peak has undertaken two years of preliminary work on its 885 square kilometer Shire Property Group in northern Ethiopia in preparation for drill testing in 2020. Sun Peak's recent work, plus a compilation of the results of historic exploration work by previous companies has indicated that significant VMS mineral occurrences are present and that there is very good potential to discover economic mineralization on the Shire Property Group.

The Shire Property Group is underlain by NE-SW trending belts of weakly metamorphosed Neoproterozoic rocks comprised mainly of mafic to felsic flows and pyroclastic rocks, as well as volcanoclastic and calcareous sedimentary rocks. This same belt of rocks hosts significant VMS mineral deposits in the Asmara area of Eritrea, 100 km northeast of the Shire Property Group.

Oxidized sulphidic zones up to 200 meters or more in width and several km in length occur within the metavolcanic rocks that trend northeasterly across the northern two-thirds of the Shire Property Group. Sulphidic zones commonly

occur within felsic volcanoclastic rocks at, or near, interfaces with intermediate-to-basic volcanic and volcanoclastic rocks. Polymetallic VMS-style mineralization in the area is closely associated with many of these sulphidic zones.

Geochemical exploration work conducted in the area since the 1970's has indicated the presence of gold, silver, copper, zinc and lead mineralization associated with gossan outcrops in several of the sulphidic zones. Prospecting and follow-up of stream sediment geochemical anomalies in 1998 located mineralization at the Mai Argab - Adi Ekele zones consisting of lenses of gold-bearing goethite-limonite gossan within strongly sericite altered rocks. Diamond drilling from 2007 to 2010 revealed these gossans to be underlain, at depth, by VMS-style sulphidic zones that host gold and base metal mineralization. At Mai Argab - Adi Ekele the sulphide zones have been traced by drilling for lengths of up to 1000 m, with thicknesses of more than 30 m locally, and containing significant metal grades such as 2.06% Cu, 2.44% Zn and 1.19 g/t Au over 24.0 m (Adi Ekele hole ZKH3).

A 5000 ton heap leach pilot test undertaken at the Mai Argab zone in 2011 ascertained that a crude heap leaching process recovered approximately 60% of the contained gold from near-surface oxide material grading about 1.9 g/t Au. The test was stated to have shown that leaching is a relatively low cost (albeit low recovery) method to extract gold from the surface gossans.

Airborne EM surveying flown in 2004 over the central and northeastern parts of the Shire Property Group indicated a large number of strongly conductive areas, some that coincide with mineralized sulphidic zones, including Mai Argab, Adi Angoda and Madadib. Several additional mineralized gossans were discovered over a period of about 10 years by follow-up of geophysical and geochemical anomalies, and many of them received detailed ground exploration. The most prospective of these targets was the Adi Angoda zone, which received 10 drill holes in 2009 and 2012 revealing narrow exhalites and massive sulphide horizons, such as in hole ND001, which returned grades of 2.73 g/t Au, 55 g/t Ag, 3.51% Cu, and 2.23% Zn over a 2.80 m interval.

Sun Peak undertook a heliborne VTEM survey in 2019 that covered the same area as the 2004 EM survey, as well as covering favourable stratigraphy in the northwest part of the Shire Property Group. The more advanced equipment and software used for the current survey are capable of much finer discernment of subtle anomalies, as well as probing to greater depths below surface. The Company has recognized at least 16 target areas on the Shire Property Group and has begun to systematically evaluate them by geological mapping, rock chip sampling, stream, sediment sampling, soil geochemical grids and geophysical surveys (primarily gravity).

Ground follow-up work has been very encouraging, especially the results of soil geochemical and gravity surveys. At the Mai Argab - Adi Akele zone detailed mapping and gravity results indicate a potential parallel mineralized zone 400 m to the north, with stronger and more extensive density highs than those over the known VMS zone. This area has never been tested by drilling.

Soil sampling grids in the central part of the Shire Property Group, covering approximately 37 square km, has revealed a number of linear, northeast-trending Cu-Zn anomalies, some of which have been gravity surveyed and show coincident zones of high density that could be indicative of massive sulphide mineralization at depth. In particular, a Cu-in-soil anomaly with a coincident linear gravity high is located 400-600 m to the north and runs parallel to the Adi Angoda zone, over a length of approximately 3 km. About 1000 m farther north another extensive parallel gravity high is coincident with a Zn-in-soil anomaly over about a 2 km length. These are very significant anomalies and are high priority drill targets.

Considering the widespread occurrence of sulphidic zones and gossan outcrops that are associated with high gold, copper, zinc and silver mineralization it can be concluded that the Shire Property Group area is highly prospective for gold-rich copper-zinc massive sulphide mineralization. Despite its high potential for precious and base metal mineralization, the Shire VMS prospect has been under-explored and is only now receiving the advanced exploration that is required for success.

Proposed Work

Sun Peak has submitted exploration proposals to the Ministry of Mines as part of the requirements for retaining their exploration licenses. The authors' recommendations for exploration are consistent with the remaining uncompleted

work that was part of the Company's proposal and which is expected to be completed over the next year.

Previous operators in the project area have targeted drilling based on the mapping of gossans and then drilling directly beneath them. This is a logical first pass method, but more sophisticated exploration techniques must be applied to the project in order to discover an economic deposit that may not come to surface.

Sun Peak has proposed a work program for 2020 for the Shire Property Group totaling more than C\$3.3 million. This includes 6,500 meters of diamond drilling (Terer 4,000 m, Nefasit 2,500 m), gravity surveys (7,000 stations), regional and close-spaced soil sampling grids, stream sediment sampling and geological mapping. The authors are in agreement with the proposed exploration work and agree that the budgeted amounts of expenditures are warranted.

Terer Proposed Work

Compilation and re-interpretation of historic work and ground follow-up from 2017 to present by the Axum team has defined five potential VMS trends in the Terer EL area with over 45 km of combined strike length. As well, targets for possible orogenic gold hosted in major shear zones or gold skarns have been identified by anomalous gold values in stream sediments along the northern contact of the Messiha granitic intrusive with Neoproterozoic volcano-sedimentary rocks.

The following next phase of exploration work is proposed for the Terer EL:

- Regional geological mapping from Mai Argab to northeast of Adi Ekele along the VMS trend for over 6 kilometers.
- Similar mapping along the geological trends for the other four identified targets.
- Detailed geological mapping of VMS gossans and exhalites (quartzites, banded iron formations and cherts) identified along each of the trends.
- Soil sample grids will be established over potential VMS and orogenic gold mineral trends with sample spacing nominally at 200 m x 50 m; estimated 5000 soil samples to analyze for base metals with selected samples analyzed for gold.
- During geological and structural mapping and prospecting approximately 300 rock chip samples will be collected and analyzed for base metals with selected samples analyzed for gold.
- Estimated 10 trenches of 30 meters length on average across VMS or orogenic gold trends to follow up mapping and soil sampling surveys; approximately 300 channel samples will be collected and analyzed for base metals and gold.
- Ground gravity surveys over defined VMS trends to follow up geochemical and airborne EM anomalies; estimated minimum of 3,000 stations.
- A minimum of 1000 meters of diamond drilling (HQ and NQ size) will initially test the VMS mineralized trend between Mai Argab and the Northeast Extension defined by previous exploration work. Additional drilling will test VMS and orogenic gold targets as they are defined by geochemical and geophysical surveys.

Nefasit Proposed Work

Compilation and re-interpretation of historic work and ground follow-up from 2018 to present by the Company has defined seven potential VMS trends in the Nefasit EL area.

The following next phase of exploration work is proposed for the Nefasit EL:

- Regional geological mapping to cover an 8 km (north-south) by 12 km (east-west) area covering the VMS targets that lie between Terer on the north and 3 km south of Nefasit village.
- Detailed geological mapping and sampling to follow up any VMS gossans and exhalites (silica-rich and banded iron formations) that have been identified.
- Detailed geological mapping and sampling of shear zones that show potential for orogenic gold mineralization.

- Generate detailed structural maps covering the VMS trends and the shear zones based on compilation of geological, geophysical and geochemical data plotted on detailed satellite imagery.
- Fill in the stream sediment sampling data that already covers a large part of the prospective geological terrane on the Shire Property Group in specific areas lacking sample coverage; estimated at 200 stream sediment samples to analyze for base metals and gold.
- Soil sample grids will be established over potential VMS and orogenic gold mineral trends with sample spacing nominally at 200 m x 20 m; estimated 10 sq km generating 3000 soil samples to analyze for base metals with selected samples analyzed for gold.
- Ground gravity surveys over defined VMS trends to follow-up geochemical and airborne EM anomalies; estimated survey grids totaling 15 sq km with a minimum of 2,000 stations on 200 m x 20 m grid spacings.
- A minimum of 2500 meters of diamond drilling (HQ and NQ size) will initially test the most prospective VMS mineralized trends defined by exploration work. Additional drilling will test other VMS and orogenic gold targets as they are defined by ongoing geological, geochemical and geophysical surveys.

Adi Da-iro Proposed Work

Sun Peak plans a logical sequence of exploration work beginning with the compilation of all historical data, interpretation of this data, followed by regional prospecting and then detailed geological mapping in certain areas. In the first year, there will be various geophysical and geochemical surveys and re-mapping.

The following is the first phase of exploration work proposed for the Adi Da-iro concession:

- Regional prospecting, followed by detailed geological and structural mapping at approximately 1:2,000 scale.
- Ground gravity surveys over defined VMS trends to follow-up geochemical and airborne EM anomalies; estimated survey grids totaling 15 sq km with a minimum of 2,000 stations on 200 m x 20 m grid spacings.
- Soil geochemistry over identified airborne geophysical anomalies.
- Estimated 10 trenches of 30 meters length on average across VMS or orogenic gold trends; approximately 300 channel samples will be collected and analyzed for base metals and gold.
- Regional Stream sediment surveys at 2 to 4 samples per sq km.

Proposed Budget

Proposed exploration expenditures for the Shire Property Group in 2020 total C\$3,331,650. The budgeted work has been divided between the three exploration licenses and is detailed below.

<u>Terer</u>	US\$
Core drilling - 4,000m	750,000
Assaying	150,000
Gravity Geophysics - 3,000 stns	100,000
Soil Geochemistry - close spacing on select targets	20,000
Trenching	10,000
Mapping - Regional and local scale	20,000
Camp Construction	120,000
Claims and permitting	5,000
Fuel	50,000
Road Maintenance	10,000
Contingency	130,000
Subtotal US\$	1,365,000
<u>Nefasit</u>	
Core drilling - 2,500m	500,000
Assaying	110,000
Gravity Geophysics - 2,000 stns	65,000
Soil Geochemistry - close spacing on select targets	10,000
Stream Sediment Survey	10,000
Mapping - Regional and local scale	20,000
Road Maintenance	35,000
Claims and permitting	5,000
Fuel	40,000
Contingency	75,000
Subtotal US\$	870,000
<u>Adi Da-iro</u>	
Assaying	30,000
Gravity Geophysics - 2000 stns	65,000
Soil Geochemistry - regional	20,000
Soil Geochemistry - close spacing on select targets	10,000
Stream Sediment Survey	10,000
Mapping - Regional and local scale	20,000
Trenching	10,000
Vehicles (1 - Toyota Hilux)	40,000
Fuel	30,000
Road Maintenance	10,000
Contingency	25,000
Subtotal US\$	270,000
Shire Property Group Total 2020 Expenditure	
Forecast (US\$):	\$2,505,000
(C\$) @1.33 exchange rate:	\$3,331,650

THE MELI PROPERTY

The scientific and technical information in this section relating to the Meli Property is derived from, and in some instances is a direct extract from, and based on the assumptions, qualifications and procedures set out in, the Meli Technical Report. Such assumptions, qualifications and procedures are not fully described in this Prospectus and the following summary does not purport to be a complete summary of the Meli Technical Report. Reference should be made to the full text of the Meli Technical Report, which will be available for review under the Company's profile on SEDAR at www.sedar.com.

Property Description, Location and Access

Property Location

The Meli Property is located in the northwestern part of Tigray National Regional State in northern Ethiopia approximately 570 km (1,100 km ground distance) north of the capital city of Addis Ababa (estimated population 7,823,000 in 2019), and 24 km south-west from the town of Shire. Figures M4-1 and M4-2 show the location of the property. The Meli EL is located within the Asgede-Tsimbila Woreda, centered approximately at latitude 13.9700° N and longitude 38.0408° E, or in the local UTM datum WGS84, zone 37N coordinates of 396,400 E, 1,544,620 N. Some of the larger communities within, or near, the EL areas include Meli, Idaga Hibret and Indaba Guna. As well, several small villages are located within the EL.

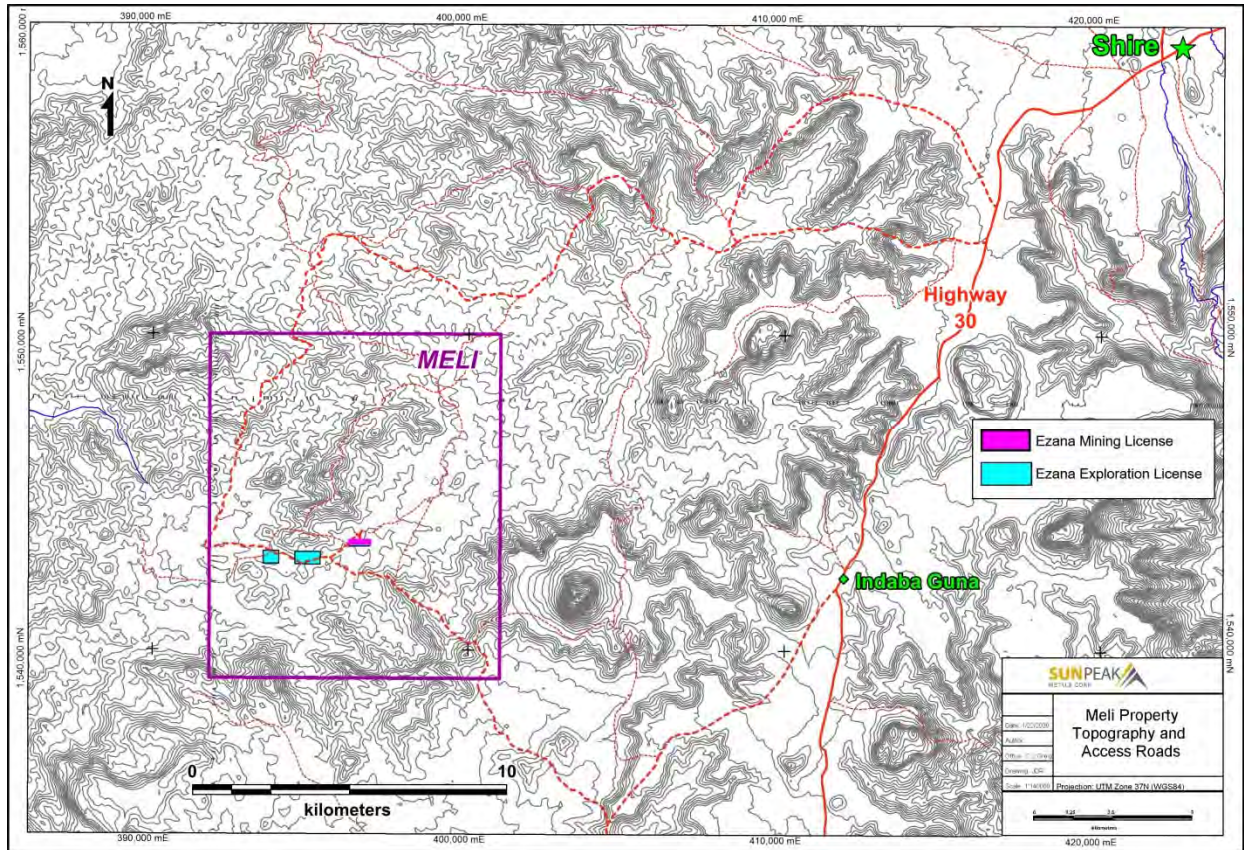
Figure M4-1 Location map, Meli Property EL, northern Ethiopia



Property Description

The project is comprised of the Meli EL (Figure M4-2). The EL comprises a block measuring about 11 kilometers north-south by 9 kilometers east-west and covering a total area of approximately 100 square kilometers.

Figure M4-2 Location map, Meli Property concession, northern Ethiopia



Sun Peak entered into the JV Agreement, whereby Axum was subsequently incorporated to hold the JV Properties. The Meli EL is the subject of the Meli Technical Report. Sun Peak can earn up to 70% shareholding of Axum by satisfying the following conditions:

- 1) To acquire a 51% shareholding in Axum, Sun Peak must solely fund the Phase 1 Earn-in. Sun Peak has to date expended approximately US\$1 million on the JV Properties. Upon satisfying the expenditures, Sun Peak will be issued 51% of the treasury capital of Axum.
- 2) Within 30 days of completing the Phase 1 Earn-in Sun Peak may notify Ezana of its intent to proceed to exercise the Phase 2 Earn-in. Phase 2 Earn-in will allow Sun Peak to earn another 16.5% shareholding in Axum by expending a minimum of US\$1,000,000 for each year from the date of the election to exercise Phase 2, through to the completion of a definitive feasibility study, and any other studies required to apply for a mining license.
- 3) Within 60 days of Axum being issued a mining license on any JV Property, Sun Peak will have the option to purchase 2.5% of Ezana's shares in Axum for a purchase price of US\$6,000,000, to be paid within 10 days of delivery of the notice to Ezana.

The Meli EL was granted to Axum by the Ministry of Mines on December 3, 2019 for a 3 year term, which is renewable yearly for up to an additional 7 years, provided that the licensee proves the necessity to undertake exploration activity

beyond the initial work program.

Ezana holds a Mining License covering 0.0512 km² in the central part of the Meli EL that grants Ezana the right to mine the oxide portion of a small VMS deposit and recover gold from the oxide material at a beneficiation plant on-site. Neither Axum nor Sun Peak hold any rights to the production from oxide material on this Mining License. In addition, Ezana has 3 small ELs nearby, measuring 0.064 km², 0.32 km² and 0.20 km² (Figure M4-3). Ezana has two years to convert the ELs to mining licenses, otherwise they will be cancelled and the areas will become part of the Meli EL.

Access

Addis Ababa is the political and economic capital of Ethiopia and has service to locations world-wide by Ethiopian Airlines. In addition, the neighbouring countries are accessible by regularly scheduled air services as well as via a network of roads. There is a daily flight with Ethiopian Airlines from Addis Ababa to Shire.

The Meli Property is accessed by a 22 km drive south from the town of Shire on asphalt road to Indaba Guna, with an additional drive for about 25 km on gravel road to the mineral showings near Meli village via Idaga Hibret village. A network of dirt roads provides vehicle access within the Meli ELs during the dry season. Portions of the property are not easily accessible during the wet seasons due to the inundation of the roads and a lack of bridges spanning seasonal water courses.

Ethiopia is accessed and serviced via air, roadway, and one standard gauge rail system from Djibouti to Addis Ababa. At present port-related import and export is cycled through facilities at Djibouti, located 560 km to the southeast. The main paved highway in the region runs east-west through Axum and Meli. A good paved highway also runs south from Shire and passes 10 km east of the Meli Property. Significant infrastructure in the area includes high voltage power lines installed along the roads between Shire and Adi Da-iro and between Adi Nebried and Shiraro. The mobile cellphone network is accessible in parts of the exploration area and internet connections are available in Meli. The company currently has no permanent infrastructure in the Meli ELs area and exploration is carried out from a house and warehouse compounds hosted in Shire.

History

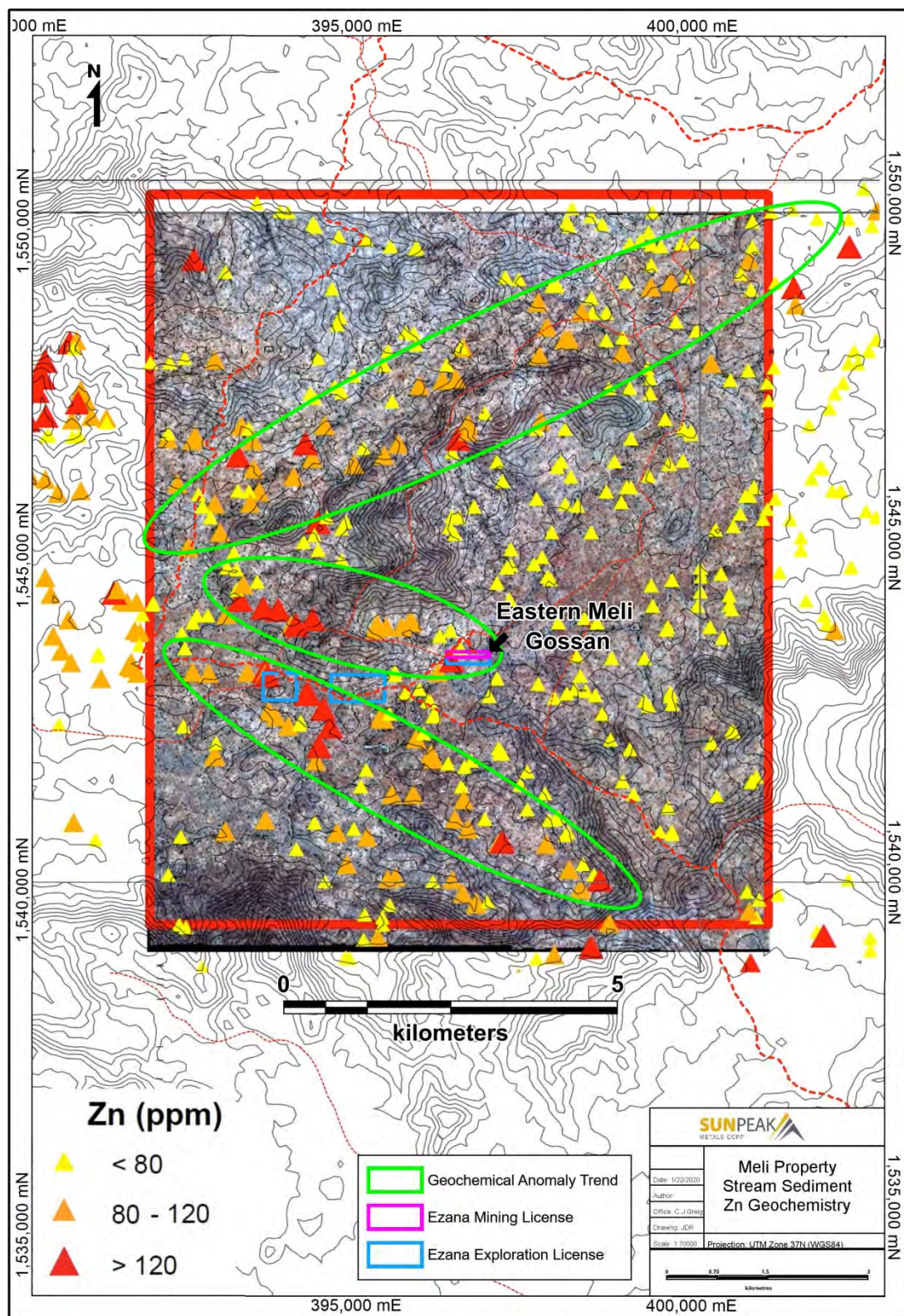
Parts of the project area have seen considerable historic work, including stream sediment, soil and rock chip sampling, geological mapping, geophysical surveys, trenching, reverse circulation and diamond drilling.

The earliest reconnaissance exploration in the Meli EL area was recorded by Ezana, beginning in about 2006 on their 800 km² Rahwa prospecting license. Ezana conducted stream sediment and rock chip sampling and geological mapping which led to the discovery of three precious metal rich gossans to the east of the village of Meli that lie within a zone that has an overall strike length of 3.5 km (Meli gossan zones).

In 2007 Ezana converted its prospecting license to an exploration license and conducted detailed exploration in the area covered by the Meli EL, comprised of dense stream sediment and rock chip sampling. Broad trends of anomalous geochemistry were defined by stream sediment sample results, particularly by Zn and Ag values, with local coincident Au and Cu (Figure M6-1).

The anomalous areas appear to be aligned with the stratigraphy, and are perhaps associated with VMS-mineralized horizons. The known gossan zones in the south-central part of the Meli Property fall along ESE anomalous trends and, in the northern third of the Meli Property, a very extensive area of anomalous Zn and Ag extends for more than 12 km on a northeast trend. Ezana followed up some of the anomalies with local prospecting and rock chip sampling; however, the discovery of significant mineralization in the Meli gossans area diverted its exploration attention, leaving the majority of the extensive geochemical targets within the Meli Property area under-explored.

Figure M6-1 Meli concession area stream sediment Zn geochemistry (source: Ezana private report)



In 2007 Ezana had Lul Earth Sciences of Addis Ababa (“Lul”) undertake integrated detailed geophysical surveys, including magnetic, gravity and IP/resistivity surveys over a 1.5 X 3.5 km area that encompassed the three gold-bearing Meli gossan zones. The thirty-five NNW-trending survey lines were each 1,500 m in length and spaced 100 m apart.

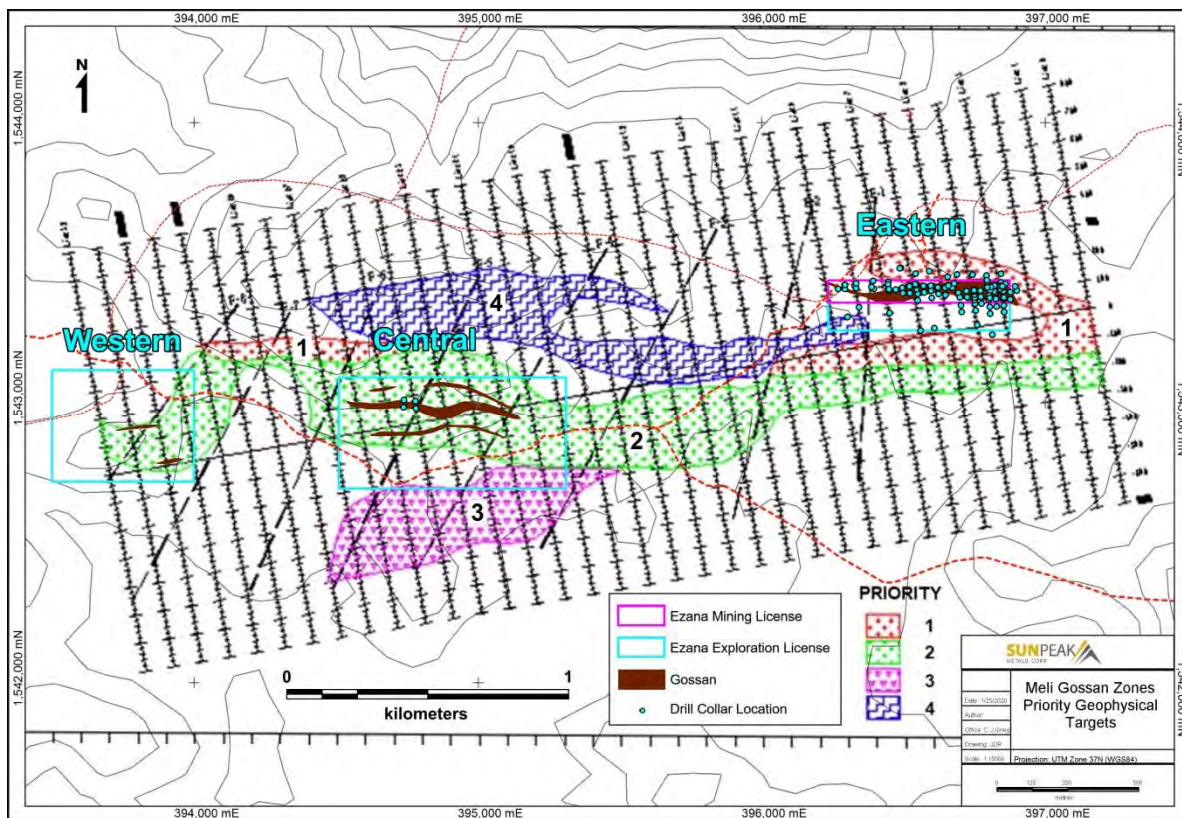
Interpretation of the IP results by Lul (2007) indicated that the top 20 to 40 m on all sections generally exhibits sub-horizontal low resistivity and low chargeability characteristics which suggest that moderately deep and intense weathering has affected the area.

The IP chargeability exhibits relatively high, continuous, mostly elongated and sometimes spatially broad zones. These zones mainly coincide with mafic metavolcanic/volcanoclastic rock units which appear to host the observed gossanous and/or sulphidic rocks, and it is considered very likely that the zones correspond with rocks carrying fairly uniform and relatively abundant sulphides, which are by nature highly chargeable. The wider nature of the IP responses to the west is interpreted to reflect the widening of the sulphide-bearing rock units at depth.

Lul’s (2007) interpretation of the gravity results shows generally high, continuous, mainly elongate and sometimes wide responses. The gravity highs coincide mainly with the mafic metavolcanic/volcanoclastic rock units that host the observed gossanous and or sulphidic rocks, as well as with the elevated IP responses. Given that the highs most probably correspond with rock units with uniformly and relatively high density characteristics, the broadening of the responses most probably indicates that the higher- density rock units thicken at depth.

Lul (2007) also depicted the magnetic results to show relatively narrow, continuous and elongate magnetic highs which again coincide largely with the mafic metavolcanic/volcanoclastic rock units that host the gossanous and sulphidic rocks. In the western part of the grid this zone becomes relatively broader, where it correlates in part with siliceous rocks that are visibly rich in iron. The zones in that area most probably correspond to rock units with uniformly high metallic mineral content – they may be altered felsic metavolcanics rocks.

Figure M6-8 Priority geophysical targets in the area of Meli gossan zones (source: Lul Earth Sciences, 2007)



Lul's (2007) ultimate objective of the integrated geophysical survey was to delineate all possible mineralized zones that exist in the Meli gossan area, down to considerable depths. Each technique reflects different physical parameters of rocks, and therefore the results both complement and supplement one another, with the result that zones with unique combinations of physical characteristics can be delineated. Accordingly, the final results of all the applied methods were super-imposed, resulting in the delineation of four principle zones of interest (Figure M6-8). Lul's (2007) descriptions of the observed characteristics of the four zones, slightly modified, follow:

Priority 1: this category is of highest priority in terms of possible sulphide related poly-metallic mineralization. It is generally characterized by high magnetic, high gravity, high IP and low resistivity responses. There are two such targets identified:

1. the eastern target seems to split into two elongate zones, which may indicate either a bifurcation or tight folding of the anomalous zone at this point. This zone is also open to the east.
2. the western target seems to be a single elongate zone that pinches out in both directions.

Priority 2: the second category in terms of priority targets for possible mineralization is generally characterized by intermediate magnetic highs, high gravity, high IP and low resistivity responses. This target stretches the length of the Meli survey area, is relatively wide, and is open in both directions.

Priority 3: the third category in terms of priority targets for possible mineralization is generally characterized by high gravity, high IP and high resistivity responses. This zone occurs in the southern part of the grid, is relatively broad and of short strike length; it is possibly underlain by mafic metavolcanic rocks.

Priority 4: the fourth category in terms of priority targets for possible mineralization is generally characterized by magnetic highs, gravity lows, low IP and low resistivity responses. This zone is relatively narrow and elongate, and lies in the northern part of the grid.

Drilling to date has been concentrated almost exclusively on the Eastern gossan zone, along the northern limb of the Priority 1 geophysical target, with no drill testing of the southern limb. In the Central gossan zone, 1500 m to the west, four holes have been drilled, but there has been no drilling of the Priority 1 target located to the northwest of the Central zone.

Ezana began drilling targets in the Meli gossan area in 2008, when they drilled 7 shallow vertical holes, totaling 269 m, with a water well percussion drill on the Eastern Meli gossan, with an intent to test the down dip continuity of mineralization. In 2009, a RC drill was contracted to complete 9 boreholes on the Eastern gossan; they had an aggregate depth of 429 m. These holes were oriented at an azimuth of 3500 and inclined at -550. Table M2-1 shows the averaged grades of sampled rock chip intervals from the holes. Percussion holes have prefix RVH and RC holes have prefix RHRC. Some of the holes returned some very significant gold grades, such as 16.76 g/t Au over 20 m in hole RVH-04 and 39.51 g/t Au over 12 m in hole RVH-07. While these grades are no doubt significant, they may be artificially enhanced by contamination from collapse of the hole walls above the bit during drilling, as well as by loss of some of the fine material which was reported to be wind-blown when cuttings reached surface. Rock chip samples from the holes were analyzed at a laboratory by fire assay/ atomic absorption methods for Au, Ag, Cu, Pb, Zn, Co, Ni, Mn and Fe.

The 2008 holes were primarily drilled to test the gold-enriched oxide zone, which was found to extend to about 30 m depth, but some holes also encountered sulphide minerals near or below that depth. For example, in RHRC-01A, massive sulphide was encountered between 25 and 30 m. In RHRC-08, massive sulphide was encountered between 31 and 42 m and between 47 and 54 m and the hole bottomed in massive sulphide due to drilling problems. Samples from this hole returned gold values ranging from 0.2 to 3 g/t Au, with one 1 m sample returning a high of 11.4 g/t Au; copper averaged 0.5% over 33 m and zinc averaged 0.67% over 22 m. True thickness is approximately 95% of the reported drilled length.

Ezana also undertook continuous chip sampling in trenches cut across the gossan zone. The chip samples, which averaged 4 kg, were collected in 1 m sample intervals from trench walls 10 cm above the trench floor, mainly to avoid contamination. In 2009, the channel samples, along with analyses from the 16 Eastern gossan zone drill holes, were used by Ezana in an internal report to quantify the mineralization.

This same Ezana internal report stated that the Eastern Meli gossan was the largest and most auriferous of the three known mineralized gossans, with an average width of 20 m and an overall strike length of 600 m. The Western and Central Meli gossans were reported to be relatively patchy and narrow and to show weak gold content. The report also stated that the multi-disciplinary geophysical surveys described above were undertaken in the gossanous areas and that they defined four anomalous zones. The report, however, gave no details or data and no recommendations for follow-up of the zones.

In December 2008, Andrew Philips from ACA Howe International assessed the Meli Property and made recommendations for further exploration. Philips recommended additional trenching, along with test-pitting, drilling and geophysical exploration, with the aim of outlining prospective mineralized targets that might warrant rigorous drill testing.

Following from these recommendations, in the period between 2009 and 2012, Ezana drilled more than 80 diamond drill holes in the Eastern Meli gossan. The objective of most of this testing, however, was to test the potential of the oxide cap, and so only a few of the holes were drilled into the deeper parts of the underlying sulphide-bearing zone. In addition, while all of the holes were assayed for Au, only 29 were assayed for the base metals (Cu, Zn, Pb) and for Ag. Of the holes drilled into the sulphide zone, a number returned very significant intercepts, including 4.2% Cu, 0.7% Zn, 1.5 g/t Au, 37.1 g/t Ag over 17.4 m (hole RH-DH-01, 28.65-46.05 m) and 2.4% Cu, 1.0% Zn, 2.6 g/t Au, 37.8 g/t Ag over 15.1 m (hole RH-DH-49, 65.0-80.1 m). True thicknesses of the mineralized intervals are approximately 90-95% of the drilled lengths. In terms of geometry, the few holes that were drilled to depth indicate that the sulphide zone dips about 55° to the south and that it appears to be continuous down dip for at least 100 m, where it remains open to depth, as well as along strike.

The drilled part of the Eastern gossan zone at Meli has been traced along strike to shallow depths for approximately 600 m, and while there is a section of up to tens of meters thickness within the eastern 200 meters, the zone appears to tail out to the west to thicknesses of a few meters or less. In 2007, geophysical surveys run across the zone suggested that chargeability and density decreased to the west, but the surveys also suggested that these parameters were strong toward the east, where they remain open. The surveys also suggested the presence of a sub-parallel zone approximately 250 m to the south.

To the west, at the Central Meli gossan that lies approximately 1500 m west of the Eastern Meli gossan, four diamond drill holes were cored to depths of between 35 and 110 m. The drilled area lies within an area of strong chargeability and high density, but to the best knowledge of the authors, it is not known what the drill holes intersected, and no further drilling appears to have been undertaken in the Central zone.

In 2013 Ezana applied for, and was granted, a mining license by the Ministry of Mines. Ezana undertook mine planning and feasibility studies and followed-up in 2016 with construction of a small carbon-in-pulp extraction plant adjacent to the Eastern Meli gossan zone. Open cut extraction of the gossan cap commenced in 2017 and the mill has operated intermittently since that time. There are no public records of gold production from the Meli gossan zone; although a news article published locally on Jan 2, 2018 indicated that the plant was processing up to 3,000 grams of gold per day, with capacity of up to 4,500 grams per day (800 tonnes/day). The article also stated that the plant has provided more than 200 temporary and permanent jobs.

In 2017 Ezana signed the JV Agreement. Axum undertook compilation and re-interpretation of all the previous exploration data and initiated construction of an AcGIS/MapInfo GIS spatial database.

From the compiled and re-interpreted maps in the GIS database, as well as from geological field visits, the work by Axum suggested that at least two types of mineral deposits might occur in the Meli EL area, as follows:

1. VMS-style mineralization defined by oxide gossans underlain by sulphidic zones, and

2. Orogenic gold vein mineralization hosted by shear zones and outlined by altered host rocks and geochemical anomalies.

In 2019 Axum applied for, and was granted, the Meli EL, which surrounds the area of Ezana’s small mining license area and Ezana’s two small ELs covering the Central and Western gossan zones.

Previous work on the Meli EL has focused on surface sampling and drilling of exposed gossanous oxide zones that have long been the focus in the region. In contrast, the authors and the Axum joint venture team strongly believe that more than 80% of the Meli area remains under-explored for its potential to host economic mineralization, and that much of that potential exists in shallowly covered and as yet untested zones. The Axum team has already identified primary targets for further exploration and the results of that exploration between 2019 and the present day are described in the section below titled “*Exploration*”.

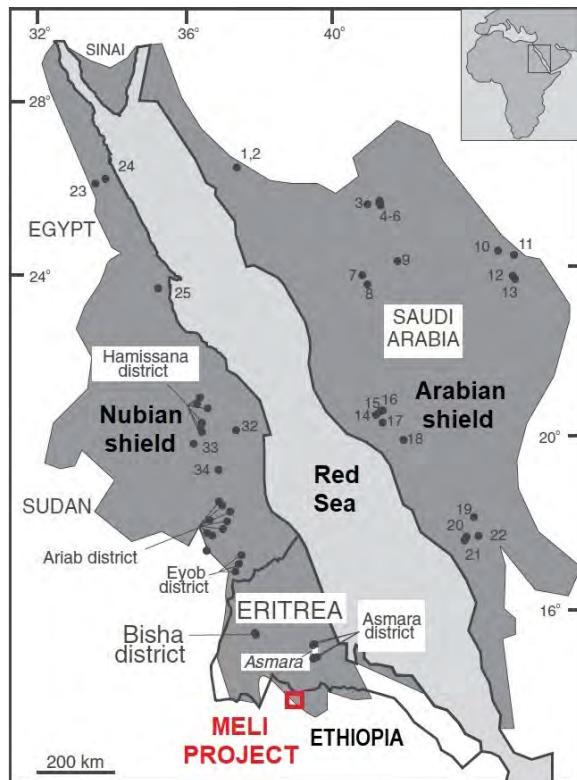
Geological Setting, Mineralization and Deposit Types

Regional Geology

The Neoproterozoic ANS represents a composite granitoid-greenstone belt terrane that straddles the Red Sea and covers much of Eritrea and the northern part of Ethiopia, as well as parts of Egypt, Sudan and the western part of Saudi Arabia (Figure M7-1). About 25% of Ethiopia is underlain by the western, or Nubian portion of the ANS. The ANS is geologically similar to other granitoid-greenstone shield terranes such as those found in Canada and Australia, which contain significant VMS and gold deposits (Barrie, 2004). More than 60 VMS deposits are known within the ANS as illustrated by the dots on Figure M7-1 (Barrie, 2007). The most significant with respect to the Meli Property are the nearby deposits of the Asmara and Bisha districts in Eritrea.

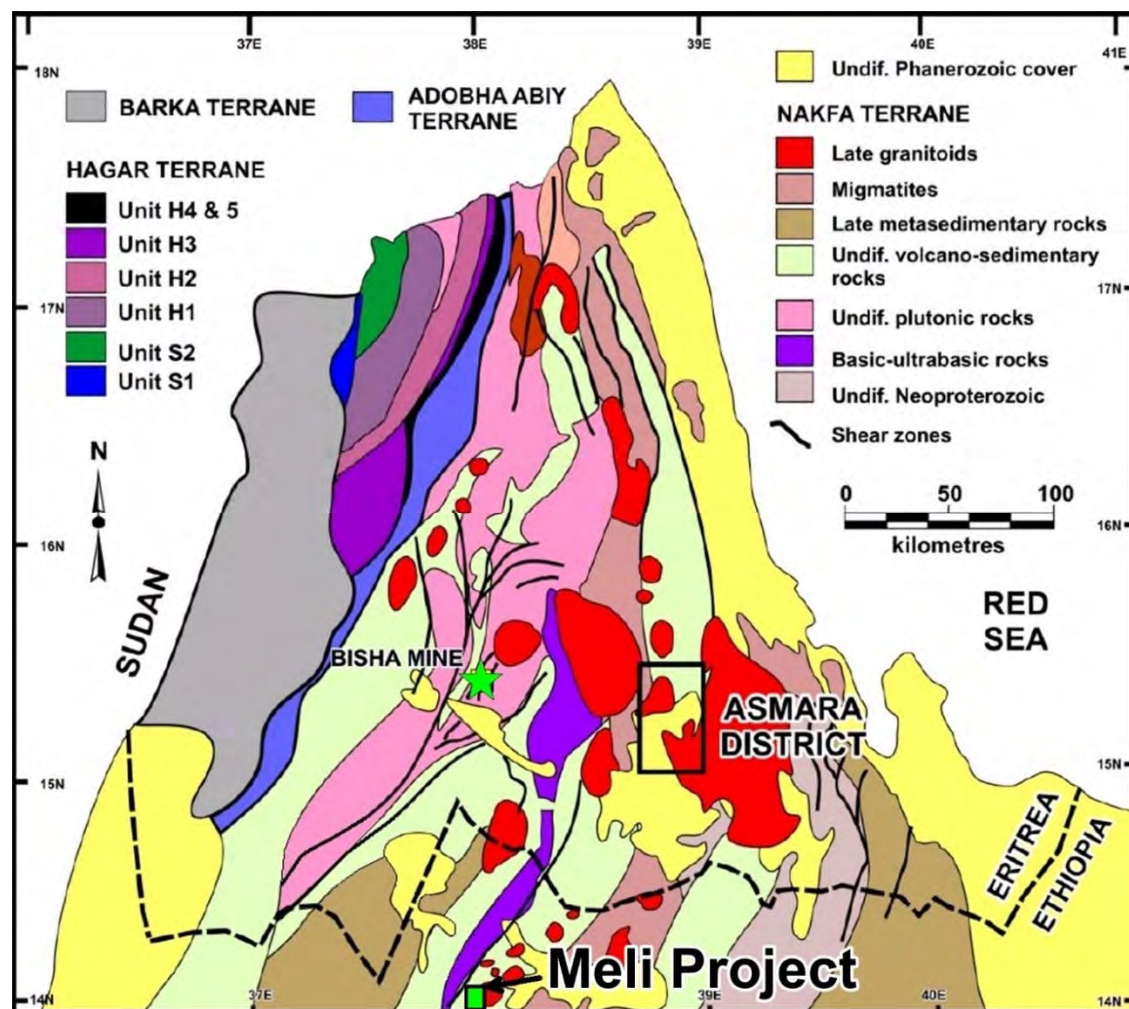
Figure M7-1 Arabian-Nubian shield & VMS deposits (Source: Barrie et al., 2007)

(Dots represent locations of more than 60 VMS deposits within the shield)



The ANS is recognized as a mixture of distinct Precambrian tectono-stratigraphic terranes believed to have converged and amalgamated between 870 Ma and 650 Ma in a manner similar to accreted magmatic arc terranes. Four terranes are identified in the ANS in Eritrea (Figure M7-2) (Barrie et al., 2007). Nakfa is one of the wider terranes and it underlies much of the central part of Eritrea, extending into the northern part of Ethiopia and encompasses the Meli Property area. It is made up of mixed volcanic and metasedimentary (siliciclastic and carbonate) rocks. The Nakfa terrane also contains the Asmara greenstone belt VMS deposits and the Bisha VMS deposit. The Meli Property is underlain by the same units of volcanic and volcano-sedimentary rocks as those in the Asmara VMS district, located about 100 km to the northeast.

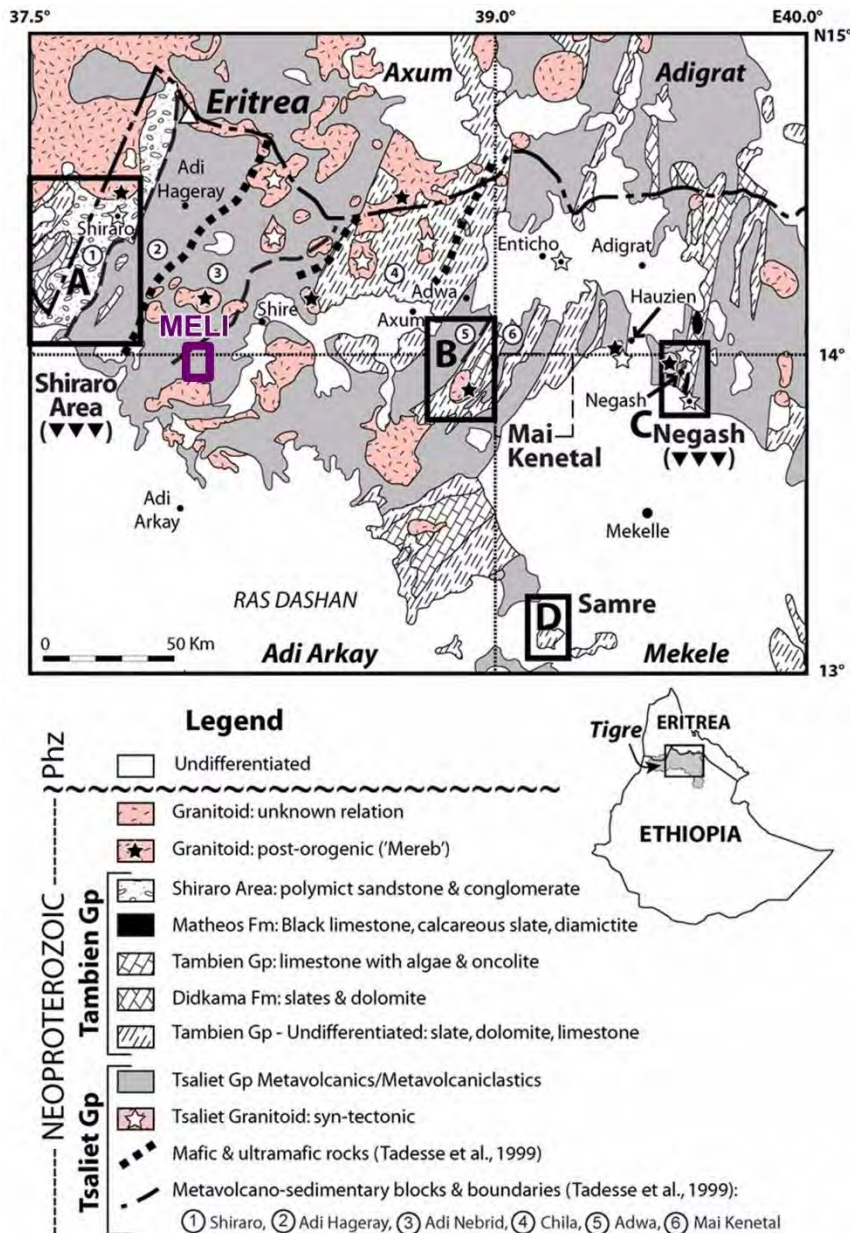
Figure M7-2 Meli Property geological setting with relation to Asmara district and Bisha mine (Source: Archibald et al., 2014; Redrawn after Drury and De Souza-Filho, 1998))



Local Geology

The project area is found in the southern part of the Nakfa Terrane which has been further subdivided into a number of tectonically and stratigraphically distinct blocks within one of which, the Adi Nebrid block, the majority of mineral occurrences are located. It consists of a northeasterly striking, steeply dipping, low grade sequence of basic to intermediate flows, pyroclastics, minor rhyolite and various epiclastic sediments of Neoproterozoic age. A number of granitoid intrusive complexes cut the layered rocks and have locally deformed the enclosing layered rocks. This block cuts through the area of the Meli Property which is primarily underlain by Tsaliyet Group metavolcanic and metavolcaniclastic rocks (Figure M7-3).

Figure M7-3 Geology of the Meli region (source: Miller et al., 2011)



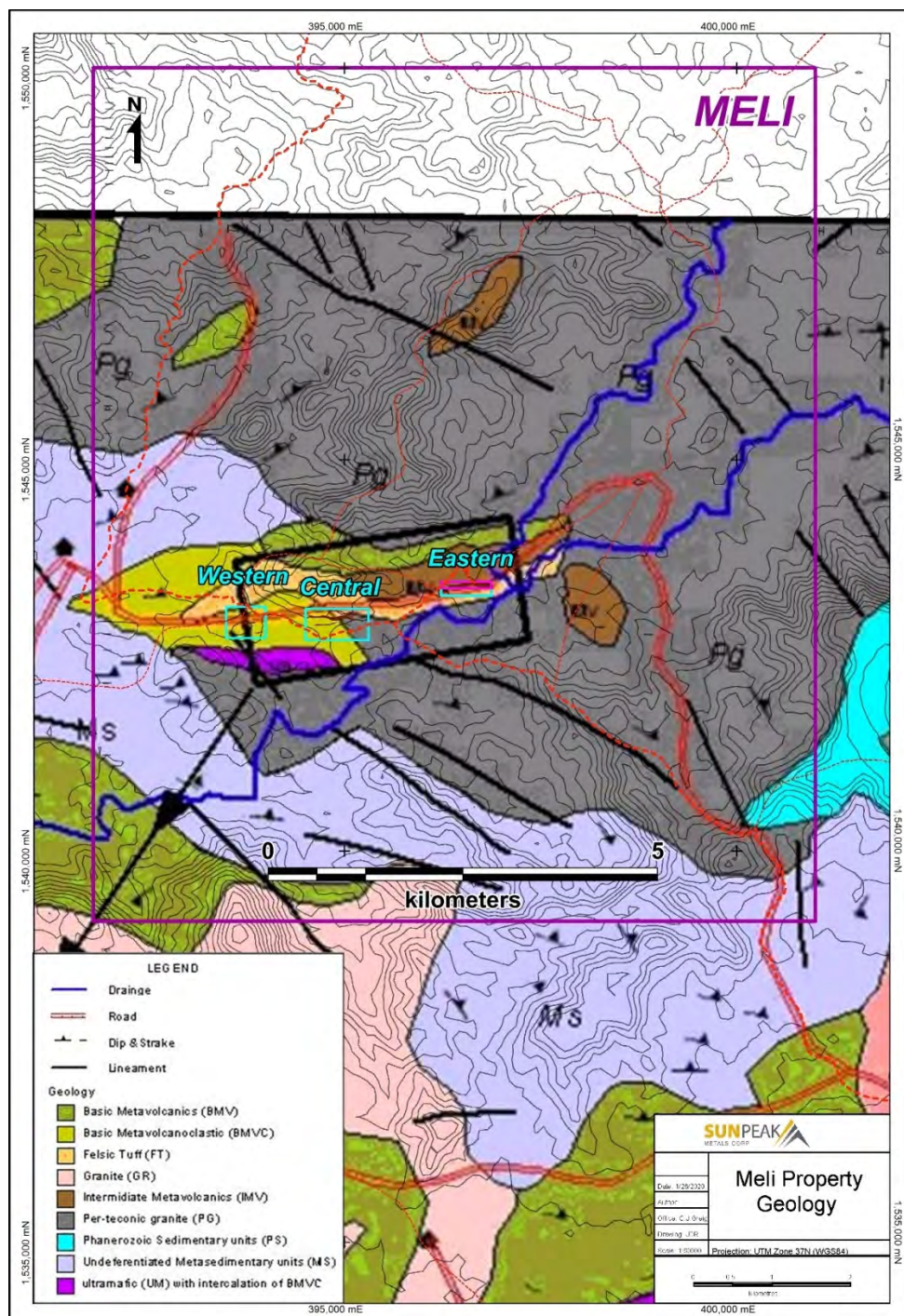
The diversity of lithologies within the Adi Nebrid block is a function of the collapsed back-arc basin geological setting of the area. This setting is postulated due to the presence of cycles of mafic and felsic volcanic and volcanoclastic rocks, syn-volcanic intrusions, and the occurrence of deep and shallow water sediments (Archibald et al., 2014). The area underwent significant deformation during destruction of the back-arc basin resulting in the development of isoclinal and recumbent folds, as well as thrusts and shear faults. A period of crustal thickening followed, resulting in the emplacement of late orogenic granitic bodies.

Tadesse (1997) conducted geological studies over the area covered by the Axum map sheet directly to the north of the Meli EL. He suggested that the shear zones between the blocks bear evidence of early pervasive shortening, which was progressively followed by late sinistral strike slip movements. Such structural sequences are also common in the accreted terranes of ANS and are consistent with field mapping, indicating that the area has a characteristic of an intra-oceanic island arc tectonic setting.

Property Geology

The following section has been summarized from a private company report by Ezana (Geological Report of Meli Area, September 2009) which describes the dominant lithologies present in the Meli EL area. The major rock groups can be correlated in the text with Figure M7-4. The geological mapping was focused on the area of known mineralization at the Meli gossans (Figure M7-5), however, the general geological observations can be applied to the Meli Property as a whole.

Figure M7-4 Meli Property geology



The area is underlain by mafic to felsic metavolcanic rocks, quartzite, ultramafic rocks and foliated granitoids. Regional mapping has identified that there is a repetition in the volcanic stratigraphy from felsic to mafic dominant. Detailed mapping at prospective localities has identified that the packages are a complex sequence of inter-layered extrusive and local intrusive rocks that, on occasion, include minor chert horizons. The extrusive rocks can include tuffaceous and volcanoclastic sequences. VMS prospects occur more commonly within felsic or intermediate rocks, typically near their contact with mafic rocks, including at the Eastern Meli gossan VMS prospect in the south-central part of the Meli Property. Regionally, at VMS prospects, BIF and chert horizons have also been found, and jasperoid alteration is common. Detailed descriptions of the lithologies, structures, metamorphism, alteration assemblages and mineralized zones in the study area are presented below.

Stratigraphy

Mafic Metavolcanic Rocks

This unit is exposed as attenuated, dispersed blocks and roof pendants within foliated, possibly syn-tectonic granodiorite bodies and is locally found in contact with felsic and intermediate metavolcanic rocks, such as in the Meli gossan area. The common foliation within the rocks strikes E-W and dips moderately to steeply to the south. The mafic metavolcanic rocks include flows, agglomerate and volcanoclastic rocks. The flows are metamorphosed and now largely represented by chlorite-feldspar schist, which appear as lenses within mafic tuff, and in which randomly oriented needle-like tremolite-actinolite crystals can be observed in places. Sulphidation has been observed along narrow highly strained silicified zones within these rocks. The tuffaceous (fragmental) rocks range from light to dark green and are basaltic in composition. They are commonly comprised of silicified and epidotized rock fragments within a matrix of chlorite, amphibole, feldspar and epidote. The size of the fragments varies from a few millimeters to about 10 centimeters in long dimension. The fragments have elliptical to sub-rounded shapes and show alignment due to flattening and local stretching into the common foliation. Epidotized fragments appear as clots and stringers and locally the rocks host concordant veins and veinlets of quartz that typically display chloritic selvages.

Intermediate Metavolcanic Rocks

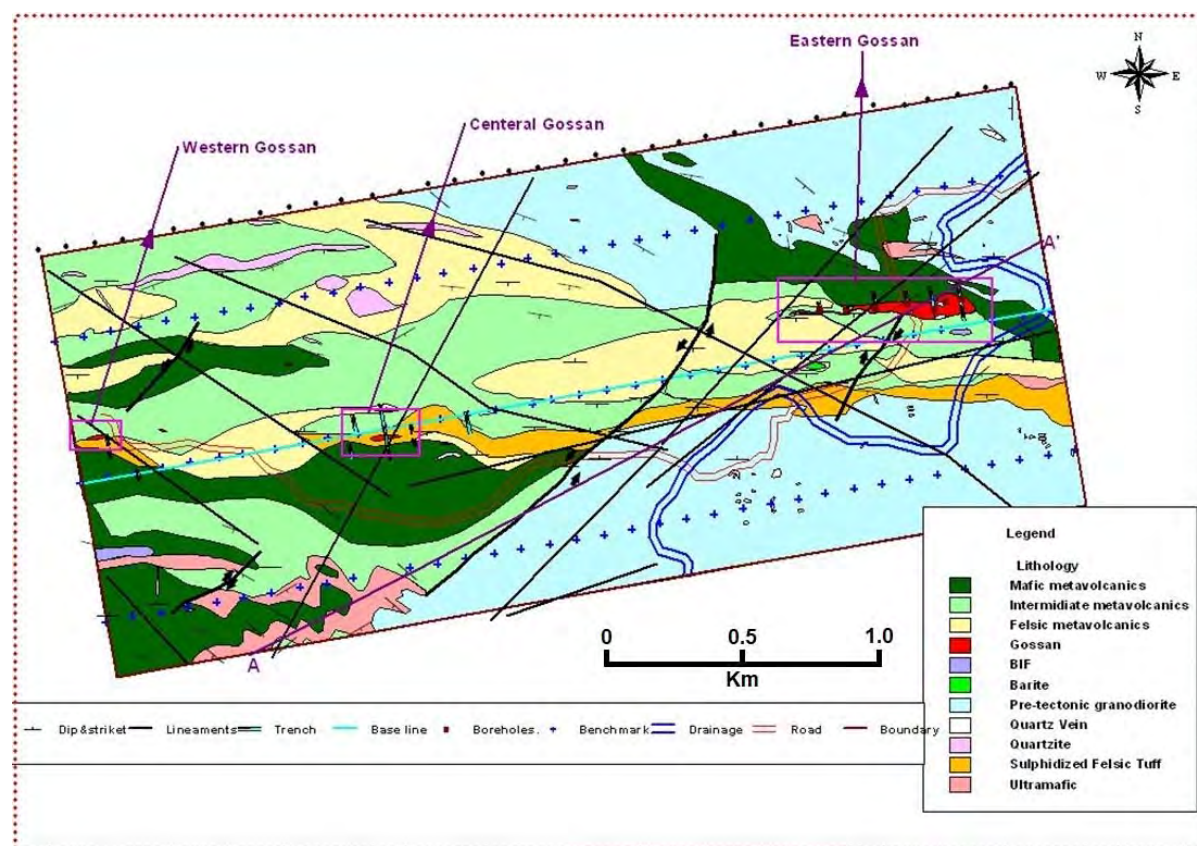
Exposures of IMV rocks are relatively small and scattered within the area mapped. They are most commonly identified in the Meli gossan area, where they are in contact with felsic and mafic tuff. The rock is grayish green in colour and the fine to medium grained rocks range from massive to well foliated, with the massive variety occurring as blocky outcrops. The rocks are composed largely of quartz and chlorite as a groundmass to coarser grained mafic minerals; local lenticular to radiated actinolite grains were noted. The IMVC rocks are typified by lithic to quartz-rich clasts, and in places, concordant veins and veinlets of quartz with chlorite-rich selvages were noted. Foliation in the Meli gossan area swings from an E-W strike on the west to one which strikes to the SE on the east; dips are generally steep (approximately 70°) and to the S and SW. Relict primary sedimentary structures are represented by bedding and are locally still preserved in the rock, suggesting deposition in a subaqueous environment.

Felsic Metavolcanic Rocks

The unit of felsic metavolcanic rocks is a felsic crystal tuff or flow that occurs mainly as a long narrow belt adjacent to basic and intermediate metavolcanic units in the central part of the study area. The Central and Western Meli gossans are closely associated with this rock type, with the most conspicuous feature being its unevenly and variably distributed grains of quartz “eyes”, which vary from fine to medium and even locally coarse grained and constitute about 10% of the rock. The quartz eyes occur in a fine grained matrix of quartz, feldspar and sericite. They are sub rounded and elliptical in shape, are glassy, and are white to bluish in colour. The rocks typically weather an orange-brown colour, and are buff, white or pale grey on fresh surfaces. In places, particularly close to the gossans, the felsic tuff is more chloritic and the rock may take on a green hue. The typically strongly foliated parts may locally display a crenulation cleavage and commonly display variegated colours, ranging from reddish brown, to white-grey and locally, dark brown. Toward the gossan, the content and size of the quartz eyes appears to decrease, possibly due to intense shearing and comminution of individual crystals. Kaolinization of these rocks may locally be prominent, and the felsic rocks are also commonly cut by abundant quartz veins. As is the case for the IMV rocks, foliation in the Meli gossans area swings from an E-W strike on the west to one which strikes to the SE on the east, and dips are generally steep (approximately 70°) and to the S and SW. Petrographic examination of a sample of felsic tuff revealed the following modal abundance: quartz (65%), calcite (15%), chlorite (10%) and pyrite (10%). The rocks show well

developed schistosity outlined by fine grained quartz, calcite and chlorite in anastomosing bands which wrap around the euhedral to subhedral quartz phenocrysts, which show wavy extinction, likely resulting from deformation.

Figure M7-5 Geology of the Meli gossans area (source: Ezana private company report, 2009)



Quartzite

Outcrops of this resistant rock type are found in the Meli gossans area, where they extend discontinuously along east-west trends and underlie the low hills in the area (Figure M7-5). The rocks occur in association with magnetite-rich BIF and they contain pyrite and iron oxides. They display variegated colours such as white, light to deep purple, yellow, and light to dark grey. In the Eastern gossan zone the quartzites are found in association with felsic tuff and intermediate metavolcanics as concordant to locally brecciated, 1-2 meter thick bands which pinch and swell (meso-scale boudinage) on the outcrop-scale. The quartzite layers appear to be syn-depositional, and their association with magnetite-rich BIF suggests that they may be exhalative in origin.

Metasedimentary Rocks

An undifferentiated MS unit extends southeasterly across the southern part of the Meli Property. In that area the unit is primarily fine grained, occurring as fissile strongly foliated phyllitic rocks with locally apparent bedding. The phyllitic rocks are comprised mainly of quartz and muscovite, with local graphite, and are gray, black or pale red in colour. The phyllitic rocks are commonly cut by aplitic dikes and quartz veins.

Ultramafic Intrusive Rocks

This unit is exposed in the southern part of the Meli gossans area. The rocks are comprised of variable amounts of talc, pyroxene, serpentine and chlorite. They typically display well developed schistosity that is outlined primarily by the talc and chlorite components. Minor pods of serpentinite and pyroxenite are included, and morphologically, the rocks form narrow chains of small bodies which occupy both tops and saddles of topographic relief. The talc schist

is light grey to cream coloured and is locally coated by black manganese oxides, while the talc-chlorite schist is light to dark green in colour. The talc-bearing rock frequently contains coarse pyrite cubes and less commonly contains magnetite. Regionally, the ultramafic rock occurs in association with metavolcanic and metasedimentary rocks that have been interpreted to be part of a thrust nappe and have been interpreted to represent the southwestern continuation of the Meda Kemtse Ultramafic Melange of the Adi-Nebried Block.

Granitoid Rocks

The granitoid unit that has been mapped in the north part of the Meli Property has not been described in the Ezana report. It is believed to be a continuation of an extensive granitoid unit mapped by Tadesse (1997) in the Axum map sheet to the north. The granitoid rocks contain pendants, screens, or “mega-xenoliths” of metavolcanic rocks. Recent mapping by Tigray Resources (Archibald et al., 2014) has shown the area of Tadesse’s granitoid to be underlain mainly by mafic and felsic metavolcanic rocks that contain abundant bodies of quartz eye porphyritic felsic rocks. These are typically aligned parallel to stratigraphy and may in fact be volcanic flows—the suggestion is that there may be greater exploration potential within these mapped bodies than previously realized.

Granodiorite that is exposed to the southeast of the Meli Property encompasses xenoliths and roof pendants of metavolcanic rocks. The granodiorite is variably foliated and its contact with the adjacent belt of metavolcanic rocks appears to be structural. The rocks are grayish in colour and contain medium grained eyes of quartz contained in a matrix of quartz, feldspar, sericite, chlorite and minor amphibole. A number of concordant to discordant veins and veinlets of quartz, along with a variety of dykes may be observed in this unit.

Structural Geology

Ezana (2009) reported that lithologies and associated gossans of the study area show multiple phases of deformation. Moderately to well-developed foliations (S1), variably described as phyllitic and schistose, are the most prominent and recognizable structural element in the area. The foliation is best displayed in the fine grained felsic, intermediate and mafic metavolcanic rocks and is less well-developed in the granitoid rocks. The general strike of the fabric in the Meli gossans area is E-W with slight deviation to WNW-ESE, while dips range from moderate to steep (45° to 70°) to the south. In other parts of the region, including the northern part of the Meli Property, the foliation has a relatively consistent NE strike. Suggestions have been made previously that this may indicate that the Meli gossans area lies in the hinge of broad regional-scale fold.

Local variations in the orientation of the foliation in the Meli gossans area have been interpreted by Ezana (2009) to represent antiforms and synforms, with axial planes following the general E-W trends of the foliation. These interpreted folds are suggested to be isoclinal and to have tight rounded hinge zones that have been transposed by later structures. The Eastern Meli gossan has been interpreted by Ezana (2009) to lie within the hinge zone of a fold and the Central and Western gossans are interpreted to lie on the attenuated and sheared limb of the same fold.

Kinematic indicators were suggested by Ezana (2009) to support a structural regime of regional thrust tectonics, with an up-dip sense of tectonic transport to the north, with associated planar fabrics tightly folded. Thrusting was also interpreted to be manifest as elongated epidotized fragments, by the presence of mineral lineations, by attenuated quartz veins, and by stacked and possibly repeated sheets of mafic and felsic tuff.

A later phase of deformation was interpreted by Ezana (2009) to have produced broad upright folds characterized by undulating axial surfaces generally striking NE-SW, and dipping very steeply to the SE. Ezana (2009) interpreted these folds to have transposed the S1 fabric and earlier tight (F1) folds and thrust planes.

A final phase of deformation was interpreted by Ezana (2009) to be manifest in shear zones, such as that which was noted at the contact between the metavolcanic rocks and the granitoid body interpreted to have been emplaced during tectonism. There Ezana (2009) noted a schistose to phyllonitic fabric striking to the NE (050°) and dipping steeply to the SE. Asymmetric (rotated) ptigmatic folds of quartz veins were interpreted to suggest a dextral sense of displacement on the shear zone (Ezana 2009). Such strike-slip structures, and others striking to the NW-SE and NNE-SSW, and with both dextral and sinistral apparent displacements, were interpreted by Ezana (2009) to form conjugate sets that may have displaced earlier structures. Similarly, relatively late semi-ductile to brittle deformation may also

be manifest in the region as sulphidized zones associated with quartz veins and veinlets, and as brecciated to boudinaged quartz veins, such as at the Eastern Meli gossan.

Alteration

Previous researchers have reported that the Precambrian rocks of the ANS have been metamorphosed to lower greenschist facies. Tadesse (1997) outlined regional and contact metamorphic belts in the metavolcanic and metasedimentary rocks of the Axum Sheet to the north. In the Meli area, the mafic and intermediate metavolcanic rocks contain calcite- actinolite-epidote-chlorite-quartz assemblages, while the felsic metavolcanic rocks commonly contain sericite and quartz. The metamorphic mineral assemblages, and principally the micaceous minerals, have governed the planar fabric of the rocks, which are represented by slaty, phyllitic and schistose textures.

Various types of hydrothermal alteration assemblages have been recognized in the area, with sericitization, chloritization and silicification being the most common, especially in close proximity to VMS- or orogenic gold-style mineralization. Kaolinization and epidotization appear to be less extensive or more weakly developed. A classic alteration pipe in VMS deposits has a sericite-chlorite-quartz-pyrite rich margin and a quartz-chlorite- sulphide rich core (Galley et al., 1999), and this may be the assemblage that is locally present in the Meli gossans area.

Sulphidic zones generally contain both sericitic and chloritic alteration, with one or the other being more dominant, and perhaps most influenced by host rock composition. Sericitic alteration is pervasive in the strongly deformed and commonly sulphidized felsic metavolcanics rocks and is noted along the contact of the Central and Western Meli gossans. Kaolinization is intimately associated with sericitization and is localized in the central part of the sericite zone, suggesting that it might represent a progressive alteration product of sericite. In bore-holes and trenches at the Eastern Meli gossan, the FT rocks consist largely of chlorite and disseminated sulphides. This assemblage is typical of footwall chlorite alteration in VMS deposits. Elsewhere in the more felsic lithologies, the presence of cherty layers within quartz-feldspar-sericite schist has been interpreted to represent silicified zones or primary siliceous exhalative layers (Ezana 2009).

Weak epidotization has also been observed at some outcrops of the MMV rocks, particularly as an alteration product in the common fragments in agglomerate (coarse fragmental rocks). Adjacent to the Eastern Meli gossan epidote alteration can be intense and may even occur as massive zones.

In addition to the silicate alteration assemblages described above, a variety of oxide minerals may be associated with the weathered sulphide bodies that outcrop in the Meli area. These include iron oxides (goethite, hematite, jarosite, specularite), hydroxides (limonite), manganese oxide (pyrolusite) and hydrated copper carbonates (malachite and azurite).

Mineralization

Mineralization on the Meli Property is primarily observed as surficial iron oxide minerals (goethite, limonite) hosting gold and minor base metals. Beneath the better developed and more massive gossans, in a number of the deeper diamond drill holes, precious and base metals-rich VMS-style massive and semi-massive sulphide mineralization has been intersected. The surficial gossan material is generally deep brown to red in colour, locally varying to yellow. Vuggy and boxwork textures are locally created by leaching of sulphide minerals, and disseminated, layered or laminated, wavy and grooved hydrated silica (chert/jasper) has also been noted within the gossan. Milky, glassy, iron-stained and brecciated veins and veinlets of quartz also occur, and are commonly concordant with the gossans. Ghosts of weathered sulphide minerals may also be observed as disseminations and fine stringers in the typically strongly foliated, sericitized and kaolinized felsic metavolcanic rocks which commonly occur adjacent to the gossans. Borehole drilling and geophysical surveys have defined the zones of strong oxidation beneath the gossans as occurring to an average depth of 30 meters in the Eastern gossan and, at a depth of possibly up to 75 meters in the Central and Western gossans.

The sizes and character of the Meli gossans vary considerably. The better-known Eastern gossan zone extends for approximately 650 meters along strike, is 80 meters across in its eastern part, and approximately 1 meter wide near its

western end (Figure M7-5). The trend of the mineralization is concordant with the E-W trends in the host rocks; the gossan and underlying sulphide mineralization dip steeply to the south.

The Central gossan has a strike length of approximately 100 meters and the surface width varies from 1 meter to 5 meters. The trend varies from E-W to NE along strike and the mineralized zone appears to dip steeply to the south. Layering, quartz and primary or secondary sulphide minerals are not observed in the Central gossan. The results of sampling from the Central gossan were not available to the authors.

The Western gossan has a strike length of approximately 100 meters and the surface width varies from 1 meter to 6 meters. The trend varies from E-W to NE along strike and like the other mineralized zones, the Western gossan zone appears to dip steeply to the south. Brecciated quartz and banded white chert with concretion-like zones of yellowish and deep brown hydrated silica/jasper are found within the gossan, but as with the Central gossan, primary or secondary sulphide minerals and bedding are not apparent. Results of sampling from the Central gossan were similarly not available to the authors.

Malachite and azurite occur very rarely in the surface gossans, which suggests that most of the original in situ copper (and zinc) has been leached out of surficial oxide zones. The copper and zinc may have been re-deposited within supergene zones at depth, and since it forms significant grade concentrations in the nearby Eritrean VMS deposits, potential supergene zones represent attractive and little-tested targets in the Meli region.

The presence of gold in gossan material at the Eastern Meli gossan zone has long been known, with the majority of drilled gold-bearing mineralized intercepts on the Meli Property coming from there. In addition, mining has been ongoing at the Eastern Meli gossan since 2017 (see “History” section). Drilling of the gossan has yielded some excellent intercepts in the gossanous material, such as in percussion drill hole RVH-07, which returned 39.51 g/t Au over 12 m. Most of the holes at the zone were drilled only in the oxide cap, however a number of the few deeper holes have intersected massive sulphide mineralization, returning very encouraging values such as 4.2% Cu, 0.7% Zn, 1.5 g/t Au, and 37.1 g/t Ag over 17.4 m (hole RH-DH-01, 28.65-46.05 m).

Drill logs for these holes were not available to the authors, but a study by Samuel et al. (2015) of the Meli VMS mineralization in drill core and in thin section has provided descriptions, which have been summarized as follows. Petrographic work by Samuel et al. (2015) of core samples identified a sulphide mineral assemblage that includes pyrite, chalcopyrite, sphalerite and galena in varying proportions. Pyrite is the most abundant sulfide. It has well developed fractures that are filled by other sulfides, particularly chalcopyrite and galena. Chalcopyrite, sphalerite and gangue minerals are also intergrown with pyrite crystals and are also locally found present as inclusions within pyrite. Chalcopyrite was the only copper mineral observed, and bornite, covellite and chalcocite, which may reasonably be expected in a supergene enriched zone, were not found in the samples examined by Samuel et al. (2015). Sphalerite was locally found to have been replaced by chalcopyrite and by later pyrite. Galena occurs as a minor phase, and is found as inclusions in pyrite and chalcopyrite as well as in the fractures within early pyrite. Samuel et al. (2015) determined that the base metal values were similar to those in the primary massive sulfide mineralization at the Bisha VMS deposit in Eritrea, and they classified the mineralization as Cu-Zn (+Au)-rich. Samuel et al. (2015) also determined that the major oxide values from the rocks hosting the sulphides indicated that the volcanic rocks varied considerably, but overall suggested that the volcanism was bimodal, and comparable to that of the metavolcanic rocks of the Adi Nebrid Block that host Eritrean VMS deposits in the region to the north, which has been interpreted to have been deposited in an island arc setting.

Samuel et al. (2015) further observed that the base metal sulfide mineralization was somewhat recrystallized, fine to medium grained, massive and lenticular in nature, and that two or three lenses were present in the area drilled. To date, with very limited drilling, only a single lens has yielded intersections suggestive of truly significant thicknesses, and so far, that lens appears to be approximately 20 m thick and to occur over a minimum strike length of 200 m. This larger body appears to lie along stratigraphic contacts, between either MMV and IMV or IMVC rocks, or between flows of IMV and IMVC. It is clear that the sulphide body follows the trend of the host rocks that the contact is quite sharp, and that alteration is quite conspicuous in the host rocks close to the contact. In contrast to the Eastern Meli gossan, gossanous surface exposures and the few drill intersections described from the Central and Western zones suggest that those zones are relatively thin and discontinuous, at least close to surface.

While exploration below the shallow oxidized zones at Meli has been limited, the sulphide zones therein are expected to resemble those at the nearby Terakimti VMS deposit, located approximately 45 km to the north-northeast. At Terakimti, the sulphide mineralization has been more completely tested, and it bears characteristics common to VMS-style mineralization worldwide. Such characteristics are described in more detail below. Sulphide bodies at Terakimti fit many of these characteristics and are described by Archibald et al. (2014) as being comprised largely of massive to sub-massive fine-grained pyrite that has been overprinted by interstitial and fracture-related chalcopyrite and low-Fe sphalerite, along with rare galena. Gold and silver occur along with the pyrite, or in banded sulphide layers and in local high-grade stringer zones (Archibald et al., 2014). Exhalative siliceous iron formation appears to occur at the periphery of the mineralized zone.

From what is known of the sulphide mineralization encountered to date on the Meli Property, it also has similarities in style to VMS-type mineralization. The tenor of base and precious metals mineralization is similar, as are the mineralogy, the bimodal host rocks, and the alteration assemblages. In addition, the weathering of the sulphide horizons, as well as the related mineralogical and metal zonations are similar to those of the Asmara area deposits in Eritrea, which are located approximately 170 km to the northeast. One of the authors (Greig) mapped those deposits between 2006 and 2008, and while the intent of the Meli Report is not to suggest that the Meli gossan zones will yield similar resources, the geological setting is similar, as are other characteristics, and the potential for significant VMS-style mineralization is clearly evident. The VMS deposits at Asmara have been described as bi-modal mafic type, hosted by metavolcanic and metasedimentary rocks, and while barite is a commonly associated mineral that has not yet been described at Meli, the Asmara deposits have a hematite/goethite gossan cap at surface that ranges in vertical thickness to a similar depth as at Meli (i.e., up to 50 m), and that can extend up to 1500 m in strike length (Sunridge Gold technical reports). At the Asmara area deposits, a supergene zone ranging up to 30 m in thickness carries chalcocite, covellite, digenite, bornite and tennantite, while the hypogene primary mineralization below the supergene zone most commonly consists of pyrite, chalcopyrite, $\pm$ galena.

Orogenic gold veins represent another potential target at Meli. They have been discovered in nearby areas and are commonly hosted by the same metavolcanic rock units as those found on the Meli Property. To date, no significant gold-bearing veins have been located at Meli, although concordant quartz veins and veinlets occur within the metavolcanic rocks, the gossans and in the granodioritic rocks. Sheared, boudinaged and locally brecciated veins and veinlets are also found locally within the sulphidized felsic tuff adjacent to gossans. The veins commonly exhibit a glassy texture and a milky colour and locally contain oxidized remnants of sulphide minerals. And while little systematic sampling of the veins has occurred to date, anomalous gold concentrations have been returned from some of the veins.

Deposit Types

Two deposit types are currently under exploration at the Meli Property; VMS and orogenic lode-gold mineralization.

Volcanogenic Massive Sulphide Deposits

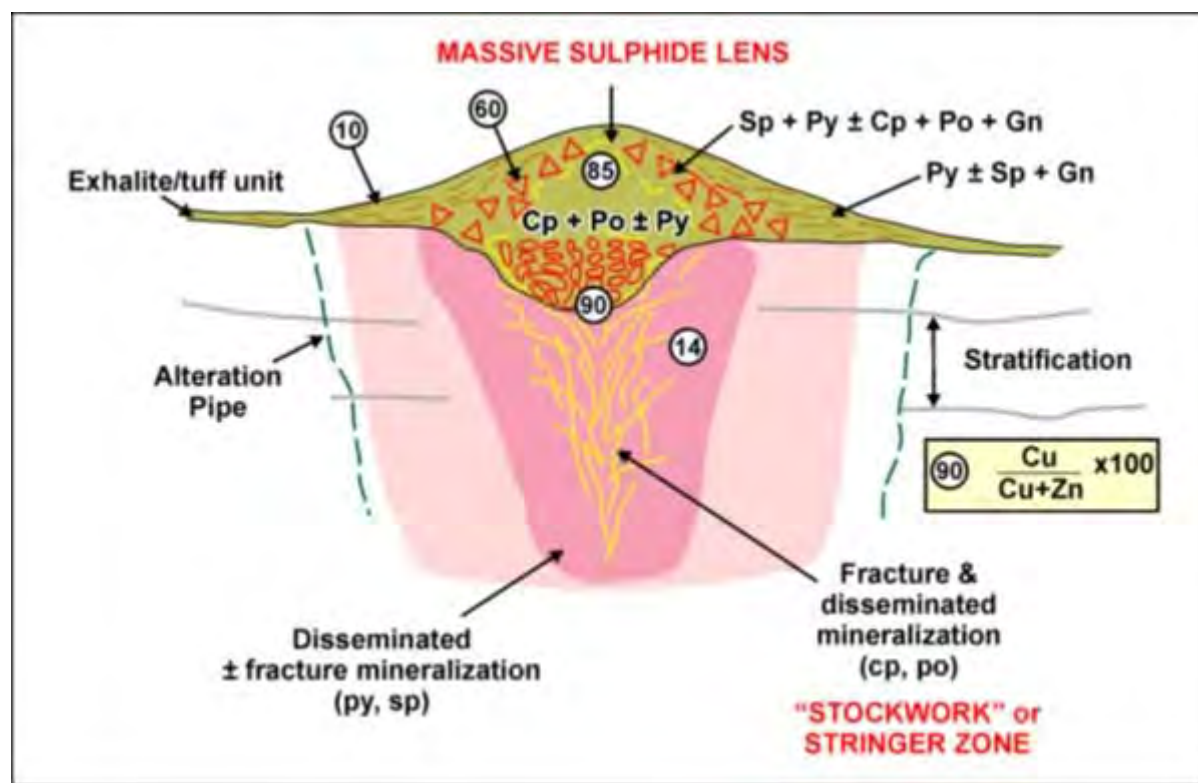
VMS deposits are predominantly stratabound accumulations of sulphide minerals that precipitate from hydrothermal fluids on or below the seafloor in a wide range of ancient and modern geological settings. VMS ore deposits formed in close temporal association with submarine volcanism and are formed by hydrothermal circulation and exhalation of sulphides onto the sea floor. They occur within environments dominated by volcanic or volcanic derived sedimentary rocks, and the deposits are coeval and coincident with the formation of the host rocks. As a class, they represent major sources of copper, zinc, lead, gold and silver in a high grade, low tonnage ratio.

The ANS hosts more than 60 VMS deposits (Figure M8-1). Some of the VMS mineralization found on the Meli Property has similar style and tenor of base and precious metal mineralization and weathering zonation related to mineralization to those of the Asmara area deposits located 170 km to the northeast.

The VMS mineralization in the Asmara district has been variably described as Kuroko-type (Chewaka and DeWit, 1981) and as bi-modal mafic type (Hannington, 2009), with mineralization hosted within volcanic and metasedimentary rocks deposited in a back arc basin. Generally VMS deposits contain footwall mineralization consisting of quartz-chalcopyrite stringers (stockwork), overlain by primary bedded (stratiform) sulphides composed of pyrite, chalcopyrite, $\pm$ sphalerite, $\pm$ galena, $\pm$ barite, $\pm$ tetrahedrite/tennantite. In some deposits the stratiform massive

sulphide lenses makes up the entire economic deposit, whereas in other deposits large quantities of ore are also mined from the stockwork zone. The stratiform sulphides are typical overlain, or grade laterally into, an iron-rich silica facies that is usually manifested as a BIF. The stockwork zone beneath these deposits is the conduit through which the hydrothermal fluids rise and consists of vein sulphide mineralization. Hydrothermal alteration forms a pipe around the stockwork zone and grades from an inner chloritized zone to an outer sericitic zone. A schematic model of active VMS formation, alteration and mineralization is presented in Figure M8-1.

Figure M8-1: Schematic model for active VMS mineralization showing principal alteration and mineralization types (source: Gibson et al., 2007)



Notes: Idealized VMS deposit showing a stratabound lens of massive sulphide overlying a discordant stringer sulphide zone within an envelope of altered rock (alteration pipe). Base metal zonation indicated by numbers in circles with the highest numbers being Cu-rich and the lower numbers more Zn-rich (Py = pyrite, Cp = chalcopyrite, Po = pyrrhotite, Sp = sphalerite, and Gn = galena). Source: Gibson et al. (2007)

Surficial weathering of VMS mineralization results in the primary sulphides forming secondary, supergene minerals such as chalcocite, covellite, digenite, and bornite. The surface manifestation of a weathered VMS system can range from sulphide minerals partially replaced by oxides, to the total leaching of metals with the exception of silica and iron to produce a hematite-goethite gossan. Gold is an inert metal and may become concentrated in the oxide cap that commonly overlies a VMS sulphide body. VMS deposits usually consist of several mineralized lenses that can attain thicknesses up to 50 m and strike lengths up to 1500 m (Galley, 2004).

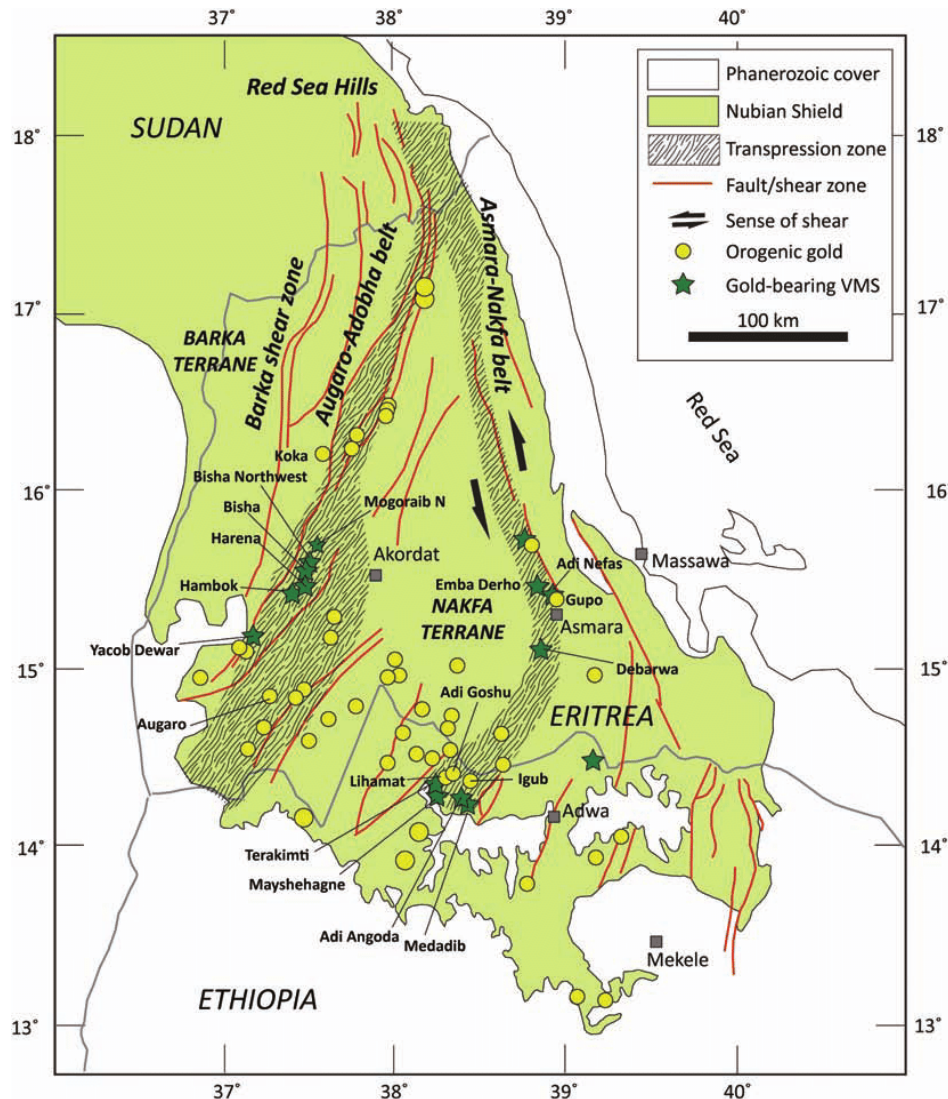
Orogenic Gold Deposits

Orogenic gold deposits dominantly form in metamorphic rocks in the mid- to shallow crust (5–15 km depth) in compressional settings that facilitate transfer of hot gold-bearing fluids from deeper levels. The term "orogenic" is used because these deposits likely form in accretionary and collisional orogens (Groves et al., 1998).

A predominance of lode gold deposits are sourced from metamorphic rocks because it is believed that most derive the gold by dehydration of mafic rocks during metamorphism. Deep-seated hydrothermal fluids containing the gold were then transported up faults, whereupon the fluids underwent rapid decrease in temperature and pressure causing precipitation of the gold, along with quartz gangue, in fractures.

The ANS is a significant gold producing area with numerous orogenic gold deposits, many of which have supported small artisanal workings and a few that have achieved commercial production. Within the Nakfa terrane in Eritrea and northern Ethiopia the AAB and the ANB (Figure M8-2) are the two main transpressional strike-slip shear zones, along which many important mineral deposits occur. Both the world class Bisha VMS and Koka orogenic gold deposits are located in the AAB metallogenic belt. Semi-brittle shear zones developed synchronously along axial planes of isoclinal folds are also common structures in the greenschist metamorphic rocks. Syn- to late-tectonic granitoid magmatic rocks intrude along the ductile shear zones as elliptical rigid bodies. These magmatic rocks are dominated by granite, granodiorite, and diorite, accompanied by finer-grained intrusions and quartz porphyry. The ANB zone changes direction to the south of Asmara, trending toward the Meli Property area 170 km to the south-southwest where similar Neoproterozoic rocks are exposed containing occurrences of orogenic gold, such as at Igub and Lihamat.

Figure M8-2 Ethiopia-Eritrea major transpressional belts and gold deposits (source: Johnson et al., 2017)



The host rocks for orogenic gold deposits in the shield range from graphitic mica schist and ultramafic rocks (Lega Dembi, Ethiopia), to granitic stocks (Sukhaybarat East, Saudi Arabia), and along granite contact zones (El Sid and Umm Rus, Egypt). Other host rocks from the area include metamorphosed mafic lavas, volcanoclastic tuff, phyllites and deformed granodiorites. All of the mineralization is epigenetic, and is present in a variety of forms, such as quartz-rich veins, pods, veinlets, stringers, stockworks, and breccias. Vein mineralogy is dominated by quartz, carbonate (calcite, dolomite and siderite), pyrite, arsenopyrite and pyrrhotite, and wallrock alteration is typically comprised of sericite, chlorite, and carbonate.

Many gold vein occurrences are noted in the district near the Meli Property, where widespread artisanal workings have produced gold on a small scale. Gold is associated with shear hosted quartz veining and often occurs in association with sulphides within the quartz. The lode dimensions and orientation are varied across the terrane although most are oriented approximately N-S, parallel to the main trend of the orogeny. Individual veins range from a few centimeters up to 3 m in thickness and may occur within sheeted zones that can be 10's of meters wide and up to hundreds of meters long. Typically the ore minerals are pyrite, arsenopyrite and pyrrhotite.

The Koka mine, which began production in 2016 in northwest Eritrea, is an example of the type of target being sought at the Meli Property. At Koka a 20 to 30 m wide by 600 m long zone of shear-hosted quartz stockwork veining is found within microgranite. Based on 137 drill holes a probable reserve of 4.6 million tonnes averaging 5.1 g/t Au has been outlined, containing 760,000 oz of gold (Zara Mining company website). The bulk of the resource is shallower than 150m depth and is currently being mined by open pit.

Mineral Processing and Metallurgical Testing

No mineral processing or metallurgical testing has been carried out by Axum on mineralization from the Meli Property.

Mineral Resource Estimates

The Meli Property currently has no defined mineral resources. There is insufficient data to determine such an estimate.

Mining Operations

As previously described Ezana has a small mining operation within the Meli EL. Axum currently has no mining operations.

Processing and Recovery Operations

The Meli Property currently has no processing and recovery operations.

Infrastructure, Permitting and Compliance Activities

The Meli Property is early stage exploration and currently has no infrastructure, permitting or compliance activities other than complying with the ELs.

Capital and Operating costs

The Meli Property is early stage exploration.

Exploration

The Meli EL area has had considerable exploration work conducted in the past by predecessor companies. Sun Peak has obtained results of previous work wherever possible and compiled the results in their exploration database, along with the results of their own work undertaken since 2018, which is presented below.

Meli Exploration

In 2018 and 2019, Axum compiled and re-interpreted maps and data from historic work at Meli, as well as conducting geological field visits to evaluate the targets derived from the re-interpretations. Historical data primarily consisted of results of work in the Meli gossan zones, and this included geological mapping, ground geophysical and geochemical surveys, and trenching and drilling. 20 man-days of office work were undertaken by two geological personnel during the 2 year period to collect historical data, to compile the data into acceptable format for GIS software use and to review the results, generating priority targets for field follow-up. 60 man-days of geological field evaluation were undertaken at several of the targets in 2018. \$22,000 was expended during this preliminary stage of data compilation and evaluation.

In 2018 Axum contracted Aster satellite image analysis to Dirt Exploration of Cape Town, South Africa, who used high resolution imagery (0.5 meter/ pixel) to examine the Meli exploration license area. The cost for purchase of the satellite imagery and the consulting fee for analysis and reporting totalled \$3,800. Major alteration zones comprised of sericite, iron oxides, kaolinite, chlorite, biotite and/or alunite were detected. These are alteration types which may be associated to varying degrees with either VMS-style, orogenic shear hosted gold, or intrusion hosted gold deposits.

The Aster satellite work outlined a considerable number of areas apparently underlain by rocks affected by strong sericitic alteration. Figure M9-1 shows areas of potential sericite alteration, as well as outlines of areas containing anomalous Zn, Ag, Cu, Au in stream sediment samples. The stream sediment anomalies are discussed above, and it is apparent from the figure that there are several areas of concentrated sericitic alteration that coincide with anomalous stream sediment geochemistry. These represent excellent exploration targets, particularly those immediately west and northwest of known VMS-style mineralization at the Eastern Meli gossan zone.

Some of the highest priority Aster image targets have been followed up with geological mapping and prospecting traverses that were laid out to cross the main VMS zones and regional trends. \$14,000 was expended for 20 man-days of geological work and sample analyses. These and other promising targets will continue to receive follow-up work.

In February, 2018 a detailed ground gravity survey was conducted by MWH Geosurveys at a cost of \$56,000 over the 3.5 km long Meli gossans trend. The survey consisted of 2,000 gravity stations at 20 meter station intervals on grid lines spaced at 200 meters. The 4 km x 1 km grid covered the Eastern, Central and Western VMS gossan zones (Figure M9-2).

Figure M9-1 Aster image sericite analysis with anomalous geochemical trends

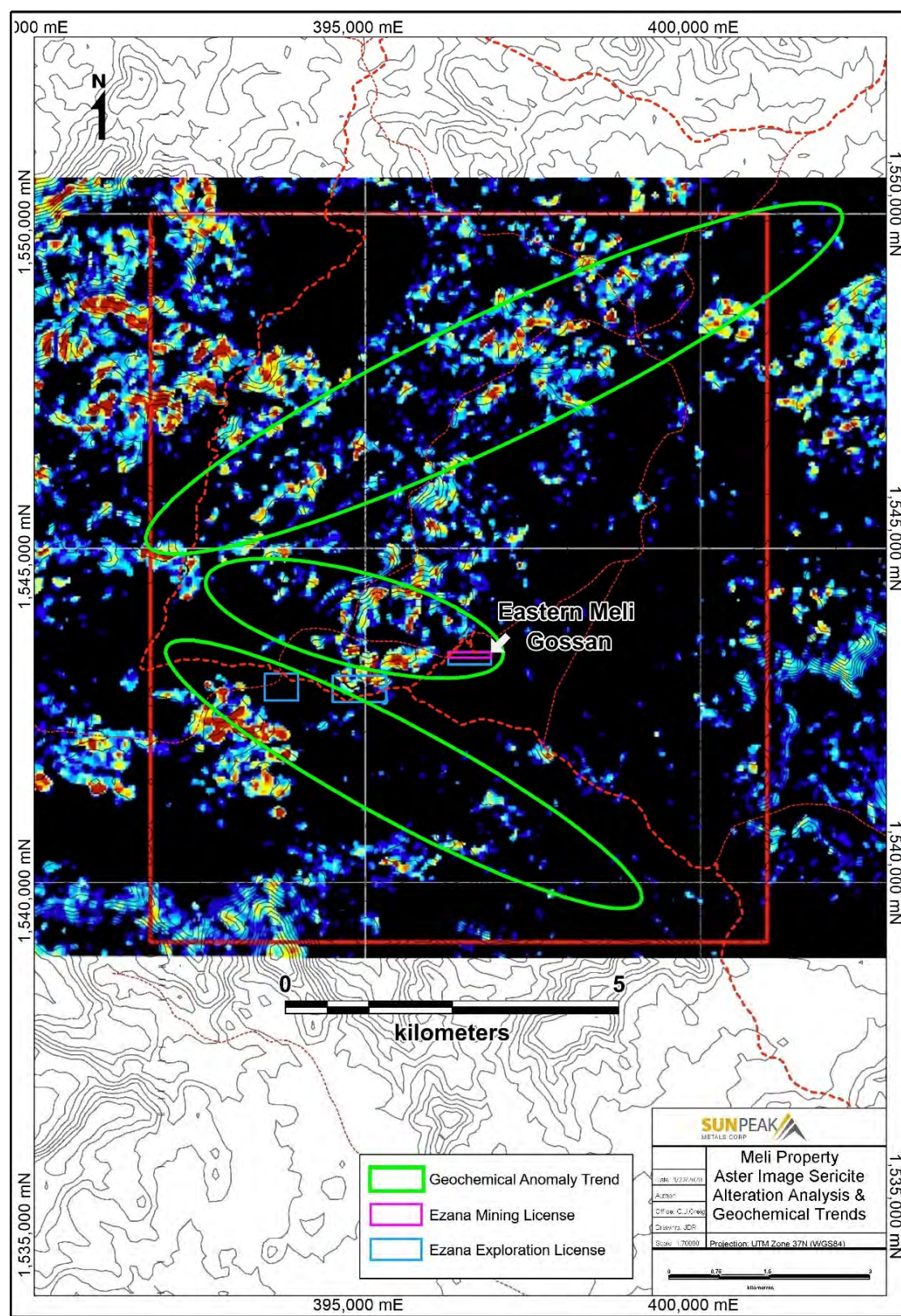
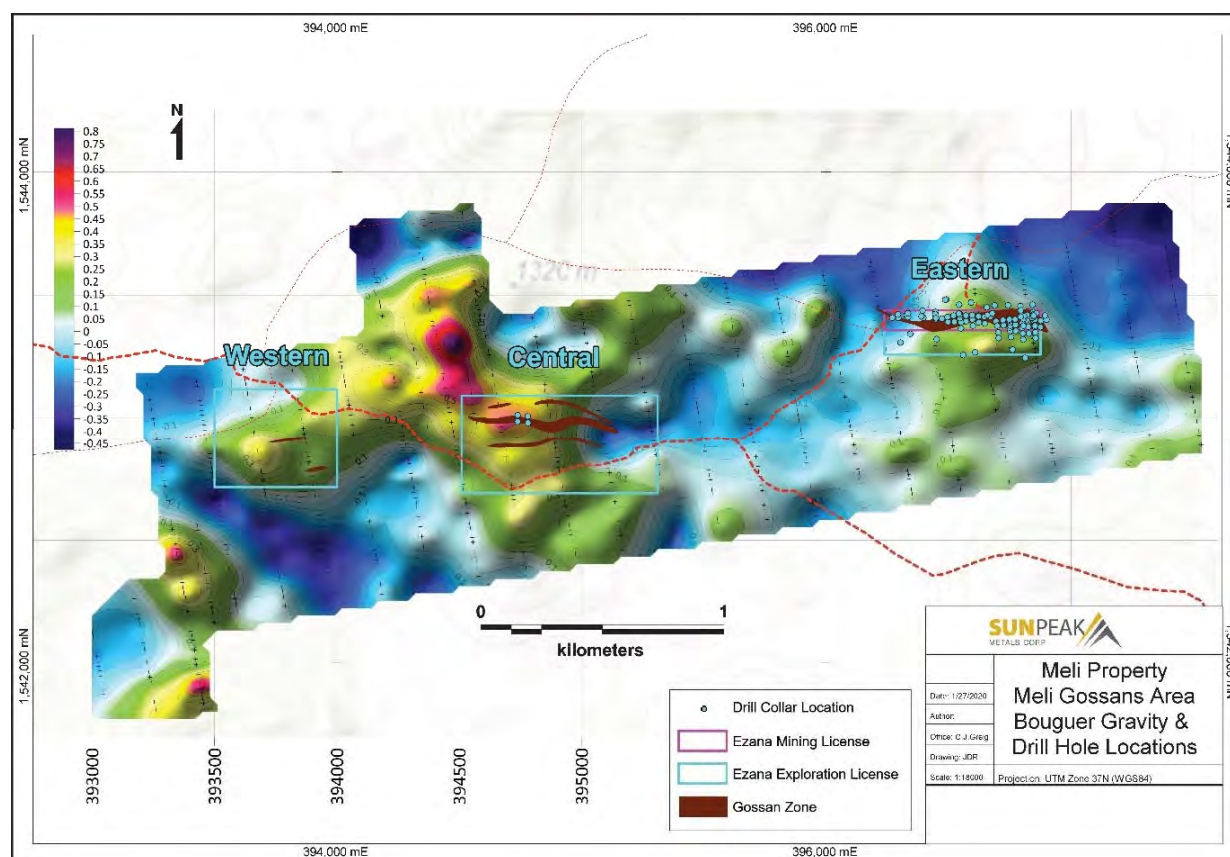


Figure M9-2 Meli gossans area with gravity anomalies (warmer colours represent higher gravity strength)



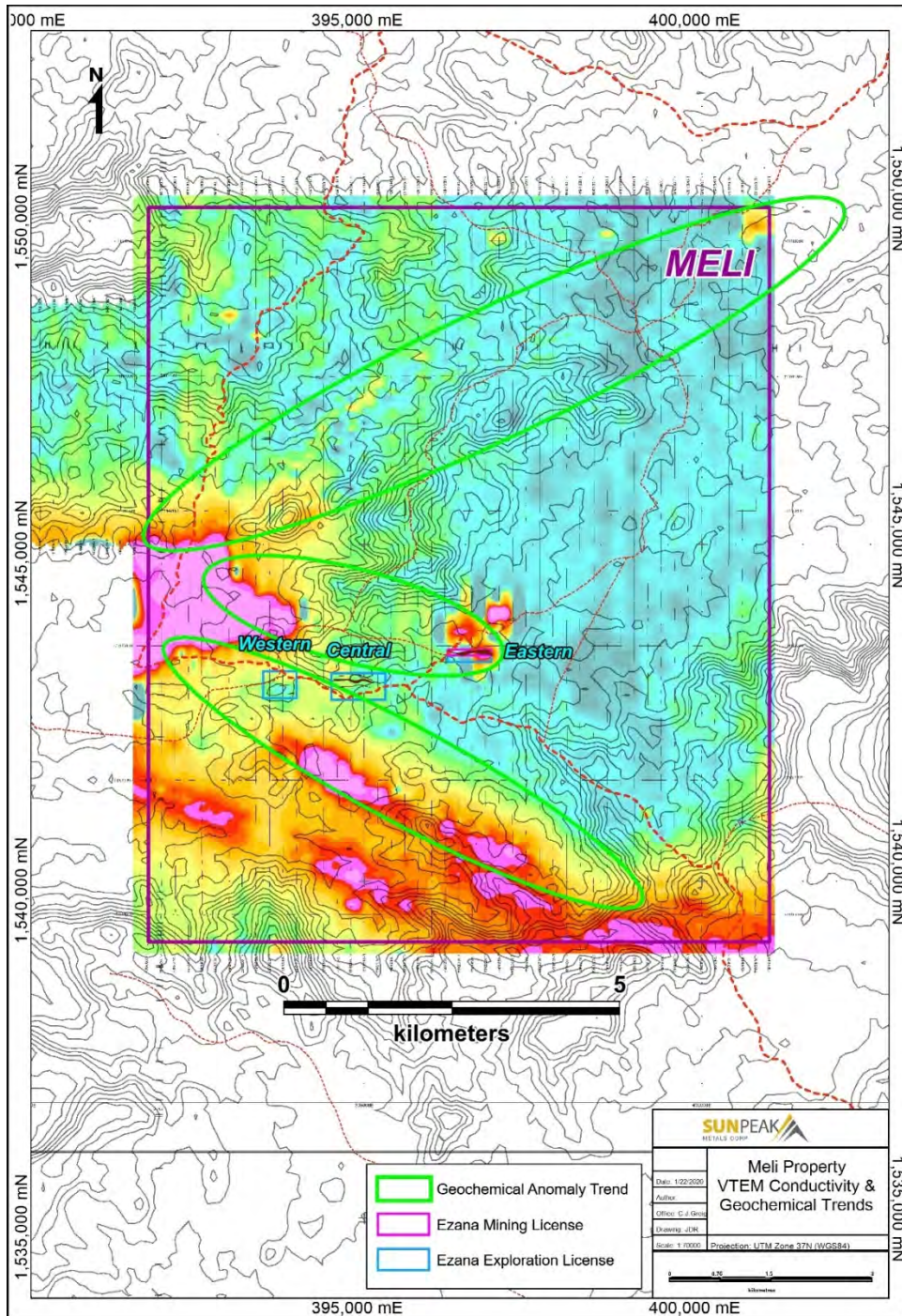
This modern gravity survey indicates that the strongest gravity anomaly coincides with the Central Meli gossan and extends to the NNW for approximately 700 m. It occurs within a much larger gravity high of moderate intensity that is continuous with that surrounding the Western gossan zone. Previously the Central gossan zone has been tested by only four drill holes. They were drilled between 2009 and 2012 and were located on the southeastern-most margin of the gravity high. Unfortunately, results from the holes are not available to the authors.

A moderate gravity high is also present to the south of the Eastern Meli gossan zone. It is approximately 500 m long in an east-west direction and is interpreted to reflect possible thickening of the sulphide body at the Eastern Gossan zone that is known from drilling to dip approximately 55° to the south from the surface gossan exposure. A down-dip projection to the center of the gravity high puts it at a dip length of about 175 m, well below the depth of previous drill holes at Eastern Meli. The Company has plans to test this down-dip potential with a number of drill holes in 2020.

In 2019 Axum commissioned Geotech Geophysical of Ontario, Canada to fly an airborne magnetic and VTEM electromagnetic survey across the entire Meli license area, covering 100 sq km at a cost of \$197,000. Figure 9-3 shows the VTEM results, with strongly conductive areas shown in warmer colours (yellow, red and pink). A broad northwest-trending strongly conductive area crossing the south and southwestern parts of the concession appears, at least in part, to be mapping out a sequence which includes phyllitic metasedimentary rocks that are likely rich in graphitic horizons, which would be strongly conductive. Some of these strongly conductive rocks to the south of the Meli gossan zones coincide with a trend of geochemically anomalous stream sediment samples, and as a consequence these areas warrant further exploration. The presence of a similarly conductive unit to the northwest of the Western Meli gossan zone may also suggest that similar and possibly correlative rocks lie in the hinge of a regional-scale fold of uncertain overall orientation.

Another notable conductive feature is the strong conductor apparent near the eastern end of the Eastern Meli gossan zone. It may be an indication of the presence of massive sulphide mineralization that is known to underlie the gossan. Two areas of strong conductivity to the north of the Eastern gossan zone are likely caused by cultural anomalies, because they are located in the areas of the Ezana mill and camp buildings.

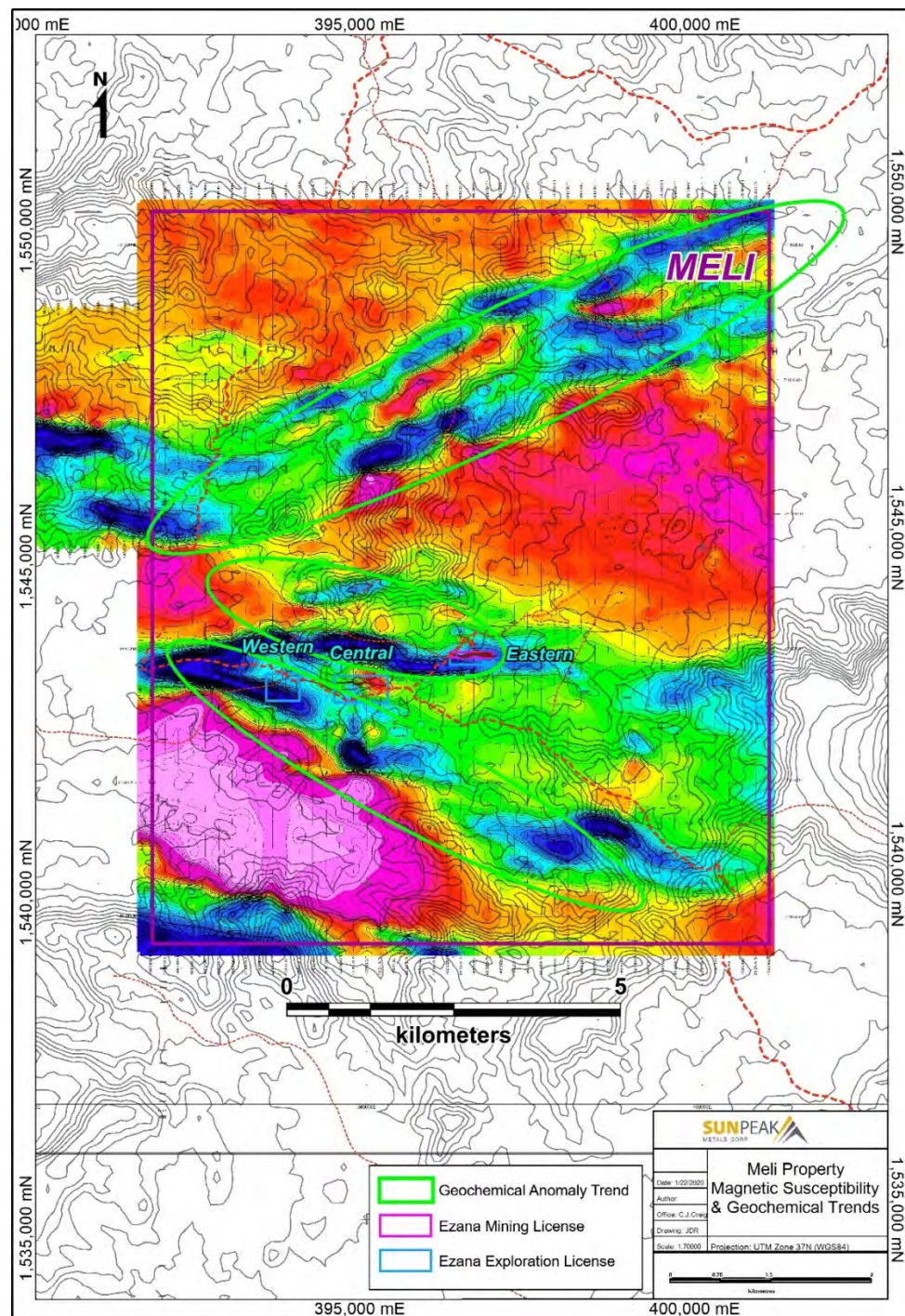
Figure M9-3 Meli EL with mineral showing areas and VTEM conductor anomalies (warmer colours represent higher conductivity)



A number of weakly to moderately conductive areas fall within the extensive geochemical trend in the north part of the Meli Property (Figure M9-3). These should be followed up with geological, prospecting and further reconnaissance

rock and soil sampling. While this area has been mapped as being underlain by granitoid rocks, it also hosts a number of prominent Aster satellite alteration features and may be expected to be underlain by extensive areas of metavolcanic rocks which may be favourable hosts for VMS-style mineralization.

Figure M9-4 Meli EL with mineral showing areas and Magnetic anomalies (warmer colours represent higher magnetic intensity)



The magnetic susceptibility map generated by the same airborne survey flown by Geotech Geophysical (Figure M9-4) is considered by some to be less definitive than a VTEM survey, but a number of features are worthy of note and

deserve an improved understanding. For one, some of the most intense and continuous magnetic highs appear to correlate well with the conductive belts discussed above and interpreted to be underlain in part by phyllitic and graphitic metasedimentary rocks. Another intriguing observation is that the two belts of relative magnetic lows display a positive correlation with the three main areas of anomalous stream sediment geochemistry, the one on the north with the decided east- northeast trend and the one on the south which is broader, less well-defined, and which encompasses the Meli gossans as well as both of the other areas of anomalous stream sediment geochemistry. In a general sense, might these areas best outline the areas underlain by belts of metavolcanic rocks with variable magnetic susceptibilities and with the highest exploration potential for VMS-style mineralization? In detail, exceptions to generalities such as these certainly do occur. For example, to the north of the Meli gossan zones an east-west trending magnetic high underlies the central part of one of the anomalous geochemical trends. The strongest Au, Ag, Zn and Cu values occur at the west end of that geochemical trend, which coincides with the highest magnetic susceptibility, as well as an area of high conductivity. This presents a very compelling exploration target that is worthy of follow-up.

What the airborne geophysical and satellite imagery surveys really suggest, particularly when considered in the context of the stream sediment sampling results and previous geological mapping, is that much of the Meli Mining License remains ripe for exploration. To best direct this exploration, these data sets need to be integrated and used to generate targets for follow-up field-based surveys. Previous work has focused largely on surface sampling and drilling of exposed gossanous oxide zones. The authors strongly believe, however, that much of the Meli EL area remains under-explored and excellent potential exists for new mineral discoveries at relatively shallow depths.

Drilling

No drilling has been completed by the company.

Sampling, Analysis and Data Verification

All samples collected by Axum on the Meli Property are subject to quality control procedures to ensure industry best practices are utilized for the handling, sampling, transporting, analysis, storage and documentation of sample materials and their analytical results. Axum is planning to collect stream sediment and soil geochemical samples and grab samples from rock outcrop, to be followed by drill core samples.

Field samples will be geochemically analyzed for base metals and trace elements using a Niton Thermo Scientific XRF instrument owned and operated by Sun Peak Metals. This unit does not provide low level gold and silver analyses due to its high detection limit for these elements. Samples will be independently analyzed for gold and silver at a laboratory in Mekele or Addis Ababa.

All samples are held at the Sun Peak secure warehouse in Shire prior to transport to the laboratory and sample pulps are stored in the warehouse following analysis. Transport to the laboratory located in either Mekele, or Addis Ababa, is by company vehicle.

For rock chip, soil and stream sediment samples, the Company has implemented standardized documented procedures for the collection, handling, preparation and analyzing by XRF unit, as well as the processing and digital cataloguing of the analytical results. The authors have reviewed the documentation and finds that the procedures meet accepted industry standards. In-house analyses of samples using an XRF instrument provide sufficient accuracy for base metals (Cu, Zn, Pb) for reconnaissance exploration purposes. Any samples that will be used for purposes of resource calculations, such as surface channel rock samples or drill core will be sent to an accredited laboratory for analyses. As well, Standards and blanks will be submitted with the sample lots to the laboratory, following proper QA/QC procedures.

Data Verification

One of the authors (Greig) undertook various aspects of data verification both during a site visit, and also subsequent to the Meli Property visit. No field exploration was taking place at the time of the visit.

- During the property visit, the Meli EL area was investigated, including outcrops and historic trench and drill locations.
- With no active drilling taking place written core handling and sampling procedures were reviewed.
- Niton XRF soil geochemistry and standard soil sampling practices were reviewed and the authors were satisfied that good practices were employed at all times by the field crews.
- Personal verification of historic drill pad locations were made at Eastern Meli gossan zone on the Meli EL.
- Personal verification samples were not collected.
- The security of the warehouse core and sample storage areas was corroborated.

Since the time of the author's (Greig) visit to the Meli Property in 2018 airborne magnetic and VTEM electromagnetic surveys were flown over the entire area of the Meli Property. The authors have had access to all of the information from this recent geophysical work. The information has been included in the Meli Technical Report and the authors have offered interpretations for some of the results in Section 9.1 of the Meli Technical Report. The authors are of the opinion that there has been no substantive change in the geological understanding of the type of mineral targets on the Meli Property or the potential for mineral discovery on the Meli Property since the time of Greig's inspection.

Drill collar locations have recently been measured where possible by Company personnel using a handheld GPS unit. Logs for the historic drill holes are not available; however, Axum has recently acquired the drill core from the Eastern and Central Meli gossan zones for all of the holes that intersected sulphide mineralization beneath the oxide cap. The core is currently stored in the Company's warehouse in Shire and Company personnel will re-log the core and collect check samples that will be sent to an accredited laboratory. Two or three different certified standards will be inserted into the sample batches of core samples to reference Au, Ag, Cu and Zn, for both lower values and for higher values in the upper 1% range. This practice should be maintained for future drilling programs on the Meli Property.

Reports of historic work commonly do not have verifying analytical certificates, since the samples were analyzed at an in-house laboratory or by portable XRF unit. Therefore, many of the geochemical anomalies previously identified will require check sampling and analyses. The Company plans to re-sample streams and soil samples that historically were reported to contain anomalous levels of gold, silver and base metals within the most prospective target areas.

Previous detailed geological mapping was conducted only in the relatively small area of the Meli gossans, whereas the remainder of the Meli Property has seen only generalized and broad- scale mapping. The Company will be undertaking detailed geological mapping in the main target areas, as defined by geochemical and geophysical surveys.

Historical geophysical surveys, including magnetic, gravity and IP surveys, were restricted to the small area of the Meli gossans. The Company has recently flown the entire Meli Property with a modern VTEM survey and will undertake detailed ground gravity surveys to follow-up the main targets.

Field work data collected by predecessor companies is primarily stored as Microsoft Excel files, Microsoft Word files, Adobe Portable Document Files (pdf), and image files, although some of the reports are incomplete, and may lack suitable maps or figures. Some of the previous information has been coupled with standard GPS location information to produce georeferenced maps and data for compilation and presentation in MapInfo GIS software, and Sun Peak continues to build on this GIS database, which was made available to the authors.

Interpretation and Conclusions

Axum has undertaken two years of preliminary work on its 100 square kilometer Meli Property in preparation for drill testing in 2020. Axum's recent work, plus a compilation of the results of historic exploration work by previous companies has indicated that significant VMS mineral occurrences are present and that there is very good potential to discover economic mineralization on the Meli Property.

The Meli Property is underlain by east to northeast trending belts of weakly metamorphosed Neoproterozoic rocks comprised mainly of mafic to felsic flows and pyroclastic rocks, as well as related volcanoclastic and sedimentary

rocks. This same belt of rocks hosts significant VMS mineral deposits in the Asmara area of Eritrea, 170 km north-northeast of the Meli Property.

Gossanous, oxidized, sulphide zones up to 80 m or more in width and 600 m in strike length have been discovered within a 3.5 km-long easterly elongate belt hosted by metavolcanic rocks in the south-central part of the Meli Property. VMS-style polymetallic sulphide mineralization has been discovered by drilling beneath one of the gossanous oxide zones, with excellent precious and base metals-bearing intercepts of over 17 m in thickness.

Geochemical exploration elsewhere in the Meli area has indicated, through the presence of anomalous gold, silver, copper and zinc from stream sediment sampling, that other extensive (up to 10 km in length) linear belts of favourable volcanic host rocks also exist. Prospecting and follow-up of stream sediment geochemical anomalies in 2006 was responsible for locating the known gold-enriched gossan zones in the south-central part of the Meli Property—these are the Eastern, Central and Western Meli gossan zones, detailed above, which are exposed over a length of approximately 3.5 km.

The most extensive mineralized gossan at Meli is the Eastern zone, which consists of a lens of gold-bearing goethite-limonite material within strongly chlorite-sericite altered volcanic rocks. Percussion and diamond drilling in more than 95 holes drilled between 2008 and 2012 focused on defining a shallow gold-rich zone within the oxide cap. The oxide gold zone extends to depths of 25 to 30 m, and in 2009 Ezana made a preliminary, non-compliant estimate, suggesting that the mineralized cap may contain approximately 4 tons (3600 kg) of gold with an average grade of 4.0 g/t Au calculated with a 0.3 g/t Au cut-off (Ezana private company report).

Only a few of the holes in the Eastern gossan were drilled to depths greater than approximately 50 meters. Where drilled deeper, the holes indicate that the sulphide zone, which is continuous with the gold-bearing oxide zone, dips about 55° to the south, continues at least 100 m down dip, and contains VMS-style base metals and gold mineralization. A number of holes returned very significant intercepts, including 4.2% Cu, 0.7% Zn, 1.5 g/t Au, 37.1 g/t Ag over 17.4 m (hole RH-DH-01, 28.65-46.05 m) and 2.4% Cu, 1.0% Zn, 2.6 g/t Au, 37.8 g/t Ag over 15.1 m (hole RH-DH-49, 65.0-80.1 m). The sulphide zone in these two holes shows consistent strong copper mineralization with associated zinc mineralization, and zinc values appear to increase in grade downhole (0.2 to 2.3% Zn). Lead values coincide with zinc, but for the most part they are of lower tenor, returning less than 0.3% Pb. This zone is open to expansion at depth and along strike.

In 2007, Ezana ran a number of geophysical surveys across the Eastern Meli gossan zone. The surveys indicated that chargeability and density decreased to the west, but that they were both strong and open to the east. The surveys also suggested that a possible parallel zone occurred approximately 250 m to the south. In 2013, Ezana applied for, and was granted, a mining license by the Ethiopian Ministry of Mines. A mill was built and open cut extraction of the Eastern Meli gossan zone commenced in 2017. The mill has operated intermittently since that time, with a capacity of producing up to 4,500 grams of gold per day.

In 2017, Axum was formed pursuant to the JV Agreement with a mandate to explore the Meli Property for VMS-style and orogenic gold deposits. Ezana retains small mining and exploration license areas over the three Meli gossan zones, with the right to mine the oxide cap material and recover the gold therefrom. The rights to the underlying sulphide mineralization are held by Axum, as are the mineral rights for the remainder of the Meli EL.

In 2018 and 2019 Axum compiled and re-interpreted maps and data from the historical work at Meli, and Axum conducted geological field visits to evaluate targets developed during the compilation and re-interpretation. In addition, Axum undertook ground-based gravity surveys, helicopter VTEM and magnetic surveys, and satellite image analysis to identify alteration assemblages. In the Aster satellite image analysis, the data suggested that the greater Meli area encompassed areas outside of the Meli gossans area which were strongly and extensively sericite altered. Some of these areas coincided with regions of anomalous stream sediment geochemistry, and so they represent compelling and largely untested greenfields exploration targets.

Another component of Axum's exploration were detailed ground gravity surveys, including one conducted across the 3.5 km long trend hosting the known Meli gossans. The strongest gravity anomaly corresponded with the Central gossan zone and extended to the NNW for about 700 m. Four drill holes have been drilled previously on the southeastern margin of the gravity high, but no results are available from that drilling and the majority of the gravity

anomaly has not been drill tested. A moderate gravity high is also located to the south of the Eastern Meli gossan zone, and this is interpreted to represent a thicker part of the known sulphide body that dips approximately 55° south from the surface exposure of the gossan. The projection of the anomaly puts it about 175 m down dip, which is below the depth of any previous drilling. Drill-testing this down-dip potential is a priority for the Company in 2020.

In the heliborne VTEM survey, a strong conductor was identified that lay near the eastern end of the Eastern Meli gossan zone. It was interpreted to indicate the presence of the known Eastern Meli massive sulphide mineralization that is known to underlie the surface gossan. Further potential was suggested in the VTEM and airborne magnetic surveys by the presence of moderately to strongly conductive areas, in part coincident with extensive bands of alternating high and low magnetic susceptibility that fall within the extensive anomalous geochemical trends in the northern and southern parts of the Meli Property. While these show potential the geophysical data needs to be thoroughly integrated with other data sets to select areas with the greatest mineral potential, and follow-up ground-based exploration strategies need to be established.

For the Meli Property in 2020, Axum has proposed a comprehensive work program totaling more than C\$1.5 million. This includes at least 4,000 meters of diamond drilling to test the well-defined Eastern Meli massive sulfide zone to depth, as well as testing of property-wide targets via ground-based geophysical, geochemical and geological surveys. The authors are in agreement with the proposed exploration work and strategies and agree that the budgeted amounts of expenditures are reasonable and warranted.

Considering that the Meli Property area is host to a known precious metals-rich VMS sulphide zone with overlying gold-rich oxides, and considering that the area includes widespread stream sediment geochemical anomalies associated with geophysical targets and satellite- indicated altered host rocks along regional strike from rich and well-known Eritrean VMS districts, it can be concluded that the Meli Property represents a highly prospective area for exploration of gold-rich copper-zinc massive sulphide mineralization. Despite its excellent potential for precious and base metals mineralization, the Meli EL and the Meli gossans area remain under-explored and are only now receiving the advanced exploration that they deserve and which are required for discovery.

Axum has submitted exploration proposals to the Ministry of Mines as part of the requirements for Year 1 activities. The Meli Report authors' recommendations for exploration are consistent with the remaining uncompleted work that was part of the Company's proposal, which is listed below and expected to be completed over the next year.

Proposed Work

The previous operator in the Meli Property area has targeted drilling based on the mapping of gossans and then drilling directly beneath them. This is a logical first pass method, but more sophisticated exploration techniques must be applied to the project in order to find an economic deposit that may not come to surface.

Compilation and re-interpretation of historic work from 2018 to present by what the Axum team now has defined a number of potential VMS or orogenic gold targets in the Meli EL. These targets have initially been identified by anomalous gold and base metal values in stream sediment samples that were collected over the entire Meli Property at moderate density. Axum has recently flown an airborne VTEM survey over the Meli Property and the identified conductive zones that coincide with geochemical anomalies will be priority 1 targets for follow-up.

The next phase of exploration work proposed for the Meli EL is as follows:

- Regional geological mapping and prospecting, concentrating on belts of favourable metavolcanic lithologies and geochemical anomalies.
- Detailed geological mapping of VMS gossans and exhalites (mapped as quartzites, banded iron formation and chert) identified along each of the trends.
- As a follow up on the extensive stream sediment sampling programs already completed by previous exploration companies, specific areas lacking sample coverage or requiring verification will be sampled; estimated at 200 stream sediment samples to analyze for base metals and gold.

- Soil sample grids will be established over potential VMS and orogenic gold mineral trends with sample spacing nominally at 200 m x 50 m; estimated 2000 soil samples to analyze for base metals with selected samples analyzed for gold.
- During geological and structural mapping and prospecting approximately 100 rock chip samples will be collected and analyzed for base metals with selected samples analyzed for gold.
- Ground gravity surveys over defined VMS trends to follow up geochemical and airborne EM anomalies; estimated minimum of 1,000 stations.
- A minimum of 4000 meters of diamond drilling (HQ or NQ size) will initially test the VMS mineralized trend at depth beneath the Eastern Meli gossan zone, as defined by previous shallow drilling. Additional drilling will test VMS and orogenic gold targets as they are defined by geochemical and geophysical surveys.

Axum plans a logical sequence of exploration work beginning with the compilation of all historical data, and following with re-logging and re-sampling of historical drill core that will be acquired from Ezana. This will be supplemented by regional prospecting and detailed geological and structural mapping in selected areas, especially along the VMS trends. In the first year, a variety of geophysical and geochemical surveys will be undertaken, along with re-mapping and re-sampling of existing trenches, and drilling of approximately 4,000 meters of diamond drill core to test the Eastern Meli massive sulfide zone and its extensions. Table M18-2 show the proposed budget for year one.

Table M18-2 Summary of first year budget

Core drilling - 4,000m	750,000
Assaying	150,000
Gravity surveys - 1,000 stns	30,000
Soil geochemical surveys - regional	20,000
Stream sediment surveys	10,000
Mapping - regional and detailed scale	10,000
Claims and permitting	5,000
Vehicles (1 - Toyota Hilux)	40,000
Fuel	40,000
Contingency	80,000
Meli Property Total 2020 Expenditure Forecast (US\$):	\$1,135,000
(C\$) @1.33 exchange rate:	\$1,509,550

USE OF PROCEEDS

Funds Available

The gross proceeds paid to the Company from the sale of the Special Warrants pursuant to the Special Warrant Private Placement were \$12,843,904.15. The estimated net proceeds received by the Company from the Special Warrant Private Placement (after deducting legal expenses and costs to complete the Special Warrant Private Placement, the listing of the Shares on the Exchange and the qualification of the Prospectus) will be approximately \$12,594,624. The Company will not realize any proceeds from the distribution of the Special Warrant Shares.

As at January 31, 2020, the Company had positive working capital of \$13.3 million, which includes the net proceeds from the Special Warrant Offering. See “*General Development and Business of the Company – Special Warrants Private Placement*” and “– *Sun Peak Private Placements*”.

Principal Purposes

We intend to use our working capital balance to complete the work programs recommended in the Shire Property Group Technical Report and Meli Property Technical Report, for listing expenses and for general and administrative expenses attributable to our corporate overhead during the 12 month period following the date of this Prospectus.

Principal purposes for the use of available funds	\$
Total Available Funds as of January 31, 2020	13,300,000
Recommended work program for Shire Property Group ⁽¹⁾	3,332,000
Recommended work program for Meli Property ⁽²⁾	1,510,000
Listing Expenses ⁽³⁾	200,000
General and Administrative Expenses ⁽⁴⁾	1,230,000
Balance of Available Funds	7,028,000

Notes:

1. See “*The Shire Property Group*”.
2. See “*The Meli Property*”.
3. Estimated remaining costs in connection with the completion of the listing of Shares on the Exchange, including professional fees (including legal and accounting expenses).
4. General and administrative expenses over the next 12 months are projected to include the following: salaries, regulatory fees, rent, office expenses, insurance, investor and shareholder relations, travel costs.

While we intend to spend the funds available to us as stated above, there may be circumstances where, for sound business reasons, a re-allocation of funds may be necessary. See “*Risk Factors*”.

We currently have no operating cash flow as we currently do not have any revenue generating operating activities. As a consequence, and as a result of our business plans for exploration at the Shire Property Group and the Meli Property, we expect cash flow from operations to be negative for the foreseeable future. See “*Risk Factors*”.

Unallocated Funds

Unless otherwise deemed advantageous and approved by the Board, unallocated funds will be invested only in securities of, or those guaranteed by, the Government of Canada or any provinces of Canada, in certificates of deposit or interest-bearing accounts of Canadian chartered banks or trust companies or in prime commercial paper. The

Company's Chief Financial Officer will be responsible for the investment of all unallocated funds.

Business Objectives and Milestones

The Company's current sole business objectives are the exploration and development of the Shire Property Group and the Meli Property.

The key milestone for Sun Peak's development of the Shire Property Group is the proposed work program for 2020 totaling more than \$3.3 million, as set out in the Shire Property Group Technical Report. This includes 6,500m of diamond drilling (4,000m at Terer and 2,500m Nefasit), gravity surveys (7,000 stations), regional and close-spaced soil sampling grids, stream sediment sampling and geological mapping. Once the work program has been completed, the Company will evaluate the results and determine the next steps to pursue with respect to the future exploration activities on the Shire Property Group.

The key milestone for Sun Peak's development of the Meli Property is the proposed work program for 2020 totaling more than \$1.5 million, as set out in the Meli Technical Report. As operator, Sun Peak plans a logical sequence of exploration work beginning with the compilation of all historical data, and following with re-logging and re-sampling of historical drill core that will be acquired from Ezana. This will be supplemented by regional prospecting and detailed geological and structural mapping in selected areas, especially along the VMS trends. In the first year, a variety of geophysical and geochemical surveys will be undertaken, along with re-mapping and re-sampling of existing trenches, and drilling of approximately 4,000m of diamond drill core to test the Eastern Meli massive sulfide zone and its extensions. Once the work program has been completed, the Company will evaluate the results and determine the next steps to pursue with respect to the future exploration activities on the Meli Property.

DIVIDENDS

The Company has not, since its inception, declared or paid any dividends on its Shares. The declaration of dividends on our Shares is within the discretion of the Board and will depend on the assessment of, among other factors, capital requirements, earnings, and the operating and financial condition of the Company. We currently intend to retain future earnings, if any, to finance the expansion of our business and do not anticipate paying dividends in the foreseeable future. See "*Risk Factors*".

SELECTED FINANCIAL INFORMATION

Selected Financial Information

The following selected financial information is subject to the detailed information contained in the financial statements of Sun Peak, and notes thereto appearing elsewhere in the Prospectus. The selected financial information is derived from and should be read in conjunction with Sun Peak's audited financial statements for the years ended December 31, 2017 and 2018 (Appendix A) and unaudited interim period ended September 30, 2019 (Appendix C). For reporting purposes, we prepare our financial statements in Canadian dollars and in accordance with IFRS. You should read the following information in conjunction with the financial statements and the related notes thereto, along with the respective Management's Discussion and Analysis.

	December 31, 2018 \$	September 30, 2019 \$
Balance Sheet		
Current assets	823,453	1,517,976
Total assets	1,104,704	2,257,414

Amount due to related parties	27,315	20,268
Current liabilities	84,710	62,028
Total liabilities	84,710	62,028
Shareholders' Equity	1,019,994	2,195,386

Management's Discussion and Analysis

The Management's Discussion and Analysis for Sun Peak for the year ended December 31, 2018 is attached to this Prospectus as Appendix B. The Management's Discussion and Analysis for Sun Peak for the nine months ended September 30, 2019 is attached to this Prospectus as Appendix D.

Certain information included in Sun Peak's Management's Discussion and Analysis is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "Caution Regarding Forward-Looking Statements" for further details.

DESCRIPTION OF SHARE CAPITAL

Sun Peak is authorized to issue an unlimited number of Shares without par value. As of the date of this Prospectus, there were 41,362,265 Shares issued and outstanding as fully paid and non-assessable common shares.

Shares

Holders of Shares are entitled to receive notice of, and to attend and vote at, all meetings of the shareholders of the Company, and each Share confers the right to one vote, provided that the shareholder is a holder on the applicable record date declared by the Board. The holders of Shares, subject to the prior rights, if any, of any other class of shares of the Company, are entitled to receive such dividends in any financial year as the Board may determine. In the event of the liquidation, dissolution or winding-up of the Company, whether voluntary or involuntary, the holders of the Shares are entitled to receive, subject to the prior rights, if any, of the holders of any other class of shares of the Company, the remaining property and assets of the Company. The Shares are not subject to call or assessment rights, redemption rights, rights regarding purchase for cancellation or surrender, or any pre-emptive or conversion rights.

CONSOLIDATED CAPITALIZATION

The following table sets forth our share and loan capitalization as at the date of this Prospectus and the *pro forma* capitalization of Sun Peak in a pro-forma basis as at the date of this Prospectus after giving effect to the conversion of the Special Warrants.

This table should be read in conjunction with the financial statements and notes thereto incorporated by reference in this Prospectus.

Description of the Share and Loan Capital	Securities Authorized	As at the date of this Prospectus	As at the date of this Prospectus on a pro-forma basis after giving effect to the conversion of the Special Warrants ⁽¹⁾⁽²⁾
Common Shares	Unlimited	41,362,265	78,438,634
Special Warrants	N/A	37,076,369	0

Notes:

1. The Special Warrants Private Placement involved the issuance of 37,076,369 Special Warrants at a price of \$0.35 per Special Warrant (including 379,500 Special Warrants issued to Canaccord Genuity Corp. as a finder's fee).
2. This assumes the exercise or deemed exercise of 37,076,369 Special Warrants upon qualification of this Prospectus.

Fully Diluted Share Capital

The following table sets out the fully diluted share capital of the Company as of the date hereof:

	Shares outstanding and issuable as at the date of this Prospectus	% of total issued and outstanding
Shares	41,362,265	53%
Shares to be issued on conversion of Special Warrants	37,076,369	47%
Total	78,438,634	100%

OPTIONS TO PURCHASE SECURITIES

The Company adopted a stock option plan (the “**Option Plan**”) on January 24, 2020, under which the Board may from time to time in its discretion, grant to directors, officers, employees and consultants of the Company non-transferable options to purchase Shares. As of the date of this Prospectus, Sun Peak has granted 4,100,000 stock options with a five year term at an exercise price of \$0.35.

The principal purpose of the Option Plan is to advance the interests of the Company by encouraging the directors, employees and consultants of the Company and of its subsidiaries or affiliates, if any, by providing them with the opportunity, through options, to acquire Shares in the share capital of the Company, thereby increasing their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs.

Eligibility

Any officer, director, employee, management company employee, consultant or investor relations person of the Company or its wholly-owned subsidiaries (each as described in the Option Plan and each, an “**Eligible Person**”) is eligible to receive Options under the Option Plan. The Board has full and final authority to determine the Eligible Persons who are granted Options under the Option Plan and the number of Shares subject to each Option.

Shares Subject to Option Plan

The maximum number of Shares which may be available for issuance under the Option Plan, together with any other security-based compensation plan of the Company, will not exceed 10% of the total number of Shares issued and outstanding from time to time. The Option Plan is an “evergreen plan” and accordingly, any issuance of Shares from treasury, including the issuances of Shares in respect of which Options are exercised, and any expired or cancelled Options, shall automatically replenish the number of Shares issuable under the Option Plan.

The maximum number of Shares which may be issued or reserved for issuance to any one Person (as described in the Option Plan), and companies wholly-owned by that Person, under the Option Plan within any 12-month period shall not exceed 5% of the issued and outstanding Shares, calculated on the date an Option is granted to such Person.

Limits with Respect to Consultants and Investor Relations Person

The maximum number of Options which may be granted to any one consultant under the Option Plan, together with any other of the Company's previously established and outstanding security-based compensation plans or grants, within any 12-month period, must not exceed 2% of the issued and outstanding Shares, calculated at the date an Option is granted to such consultant (on a non-diluted basis).

The maximum number of Options which may be granted to all investor relations persons under the Option Plan, together with any other of the Company's previously established and outstanding security-based compensation plans or grants, within any 12-month period, must not exceed 2% of the issued and outstanding Shares, calculated on the date an Option is granted to any such investor relations person (on a non-diluted basis).

Exercise of Options

The exercise price of Options issued may not be less than the "discounted market price" (as described in the Option Plan) of the Shares at the time the Option is granted. In addition, the exercise price will not be lower than as permitted by applicable TSXV policies.

Subject to the provisions of the Option Plan and the particular Option, an Option may be exercised, in whole or in part, by delivering a written notice of exercise to the Company along with payment in cash, bank transfer or certified cheque for the full amount of the exercise price of the Shares then being purchased.

Term and Expiry Date

The period within which Options may be exercised and the number of Options which may be exercised in any such period are determined by the Board at the time of granting the Options provided, however, that the maximum term of any Options awarded under the Option Plan is 10 years.

Vesting

All Options granted pursuant to the Option Plan may vest and become exercisable at the discretion of the Board provided that if required by any stock exchange on which the Shares trade any Options granted to investor relations persons must vest in stages over not less than 12 months with no more than one-quarter of the aggregated number of Options vesting in any single three-month period.

Termination of Options

An optionee who ceases to be an Eligible Person for any reason, other than as a result of having been dismissed for cause or as a result of the optionee's death, may exercise any vested and unexpired Options held by such optionee for a period of 90 days from the date of cessation (or until the normal expiry date of the Option rights of such optionee, if earlier), subject to extension by the Board to a maximum of one year with approval from the TSXV.

In the event of a death of the optionee during the currency of the optionee's Option, any vested Option theretofore granted to the optionee is exercisable by the optionee's lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such optionee and the expiry date of the Option.

If an optionee ceases to be an Eligible Person as a result of having been dismissed for cause, all unexercised Options of that optionee under the Option Plan shall immediately become terminated and shall lapse.

Non-Assignability and Non-Transferability

Options granted under the Option Plan will be non-assignable and non-transferable by an optionee other than pursuant to a will or by the laws of descent and distribution, and such Option shall be exercisable, during an optionee's lifetime, only by the optionee.

Adjustments in Shares Subject to Option Plan

The Option Plan contains provisions for the treatment of Options in the event of a reorganization, stock split, stock dividend, combination of shares, merger, consolidation, rights offering or any other change in the corporate structure or Shares of the Company. The Options granted under the Option Plan may contain such provisions as the Board may determine with respect to adjustments to be made in the number and kind of Shares covered by such Options and in the exercise price in the event of such change.

The foregoing summary of the Option Plan is not complete and is qualified in its entirety by reference to the Option Plan, which is attached hereto as Appendix E.

PRIOR SALES

The following table sets out particulars of the Shares and securities exercisable for or exchangeable into Shares issued within the 12 months prior to the date of this Prospectus.

Date	Type of Security	Number of Securities Issued	Issue/Exercise Price
July 4, 2019	Common Shares	5,000,000	Issue Price: \$0.40 per Share
December 20, 2019	Common Shares	2,500,000	Issue Price: \$0.40 per Share
December 18, 2019	Special Warrants	30,776,369	Issue Price: \$0.35 per Special Warrant
December 23, 2019	Special Warrants	5,800,000	Issue Price: \$0.35 per Special Warrant
January 8, 2020	Special Warrants	500,000	Issue Price: \$0.35 per Special Warrant
January 23, 2020	Stock Options	4,100,000	Exercise Price: \$0.35 per Stock Option (expiry five years from the date of listing)

DESCRIPTION OF SECURITIES BEING QUALIFIED FOR DISTRIBUTION

This Prospectus is being filed in British Columbia, Alberta and Ontario to qualify the distribution of 36,963,369 Special Warrant Shares of the Company issuable for no additional consideration upon the exercise or deemed exercise of 36,963,369 Special Warrants of the Company. 113,000 Special Warrant Shares of the Company issuable upon the exercise or deemed exercise of 113,000 Special Warrants of the Company will not be qualified for distribution as they were distributed to purchasers in Quebec, Nova Scotia and Saskatchewan. Such Special Warrants and the Special Warrant Shares issuable will be subject to resale restrictions pursuant to Applicable Securities Law.

Shares

The Special Warrant Shares issuable upon the exercise or deemed exercise of the Special Warrants will have the same rights as the Shares. See “*Description of Share Capital*” for a description of the rights of holders of Shares.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

As of the date of this prospectus, the following sets out the securities of the Company that, to the knowledge of the Company, are held in escrow or are subject to contractual restrictions on transfer.

Pursuant to National Policy 46-201 – *Escrow for Initial Public Offerings*, the following securities of the Company are expected to be held in escrow on listing on the Exchange (the “**Escrowed Securities**”) (on a partially-diluted basis).

Name of Shareholder	Type of Securities Held In Escrow	Number and Percentage of Class ⁽¹⁾
David Awram	Common Shares	1,366,667 (3.30%)
	Warrants	700,000 (8.05%)
Greg Davis	Common Shares	5,214,167 (12.61%)
	Warrants	200,000 (2.30%)
David Daoud	Common Shares	5,280,833 (12.77%)
	Warrants	400,000 (4.60%)
Doris Meyer	Common Shares	490,834 (1.19%)
	Warrants	200,000 (2.30%)
Stephen de Jong	Common Shares	300,000 (0.73%)
Scott Ansell	Common Shares	4,814,166 (11.64%)
	Warrants	200,000 (2.30%)
Dan O’Brien	Common Shares	100,000 (0.24%)
	Warrants	200,000 (2.30%)

Note:

1. Based on: 41,362,265 Shares issued and outstanding and 8,700,000 common share purchase warrants outstanding.

The Escrow Securities are held in escrow pursuant to an escrow agreement among the Company, the Escrow Agent and the holders of the Escrow Securities. The Escrow Securities subject to Emerging Issuer Escrow will be released according to the following schedule:

Release Date	Portion of Escrow Securities Released
On the date the Company’s securities are listed on a Canadian exchange (the “listing date”)	1/10 of the Escrow Securities
Six months after the listing date	1/6 of the remaining Escrow Securities

Release Date	Portion of Escrow Securities Released
12 months after the listing date	1/5 of the remaining Escrow Securities
18 months after the listing date	1/4 of the remaining Escrow Securities
24 months after the listing date	1/3 of the remaining Escrow Securities
30 months after the listing date	1/2 of the remaining Escrow Securities
36 months after the listing date	All remaining Escrow Securities

Additional Securities

If the principals acquire any additional securities of the Company of the type listed above, those securities will be added to the securities already in escrow, to increase the number of remaining Escrow Securities. Such increased number of remaining Escrow Securities will be released in accordance with the release schedule in the table above.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Company, no person directly or indirectly beneficially owns, or exercises control or direction over, Shares carrying more than 10% of the voting rights attaching to all the outstanding Shares as at the date of this Prospectus.

EXECUTIVE OFFICERS AND DIRECTORS

The following table sets out the name, jurisdiction of residence of our directors and executive officers as well as their positions with the Company and principal occupation for the previous five years, and the number and percentage of the Shares owned, directly or indirectly, or over which control or direction is exercised, by each of our directors and executive officers. All officers and employees are required to sign standard confidentiality and non-disclosure agreements with the Company.

Name, Current Position, and Province and Country of Residence	Position Held Since⁽¹⁾	Principal Occupation(s) During Past Five Years	Common Shares Beneficially Owned or Controlled	Total Ownership on an Undiluted Basis
David Awram ⁽²⁾ Chairman and Director Vancouver, British Columbia	November 2, 2017	Director and Senior Executive Vice President of Sandstorm Gold Ltd.	1,366,667	3.30%
Greg Davis President, CEO and Director White Rock, British Columbia	August 23, 2016	VP Business Development for Sunridge Gold Corp	5,214,167	12.61%
Hayley De Witt ⁽²⁾ Director London, England	January 24, 2020	Founder of Pathway Ventures UK Ltd. Investment Analyst at Orion	-	0%

Name, Current Position, and Province and Country of Residence	Position Held Since ⁽¹⁾	Principal Occupation(s) During Past Five Years	Common Shares Beneficially Owned or Controlled	Total Ownership on an Undiluted Basis
		Resource Partners (UK) LLP		
Doris Meyer ⁽²⁾⁽³⁾ Corporate Secretary and Director White Rock, British Columbia	June 2, 2016	Founder and Director of Golden Oak Corporate Services Ltd.	490,834	1.19%
Stephen de Jong ⁽²⁾⁽⁴⁾ Director North Vancouver, British Columbia	January 21, 2019	Chairman of Integra Resources Corp. Director of GFG Resources Inc. President and CEO of Integra Gold Corp.	300,000	0.73%
David Daoud Vice President of Exploration and Geology North Vancouver, British Columbia	August 23, 2016	VP Exploration of Sunridge Gold Corp.	5,280,833	12.77%
Scott Ansell Vice President of Project Development Abbotsford, British Columbia	August 23, 2016	VP Project Development of Sunridge Gold Corp. VP Project Development of Avant Minerals Inc.	4,814,166	11.64%
Dan O'Brien Chief Financial Officer Surrey, British Columbia	August 23, 2016	President of Golden Oak Corporate Services Ltd	100,000	0.24%

Note:

1. Term of board appointment expires upon holding the first annual meeting of shareholders.
2. Doris Meyer was a member of Audit Committee until January 24, 2020 and Hayley De Witt became a member of the Audit Committee on January 24, 2020
3. Doris Meyer holds 324,167 common shares directly, 66,667 through Golden Oak, and 100,000 through GO2 Corporate Services Ltd.
4. Stephen de Jong holds 300,000 common shares through 1136796 BC Ltd.

Biographies

David Awram – Chairman and Director, Age 46

David Awram co-founded Sandstorm Gold Ltd. and is currently a Director and its Senior Executive Vice President. Through his contributions to capital raises, technical due diligence, and corporate development, David has been instrumental in growing Sandstorm Gold from a start-up to a leading mid-tier royalty company. Before starting Sandstorm, David served as Director of Investor Relations at Silver Wheaton Corp. (now Wheaton Precious Metals Corp.) where his role included corporate development and investor relations during Silver Wheaton's dramatic growth into a multi-billion-dollar company. David is a graduate of the University British Columbia with a Bachelor of Science degree in Geology. David is also a director and Audit Committee member of Integra Resources Corp.

Greg Davis, President, CEO and Director, Age 53

Greg Davis was VP Business Development for Sunridge Gold Corp from 2007 until the sale of the Asmara project in April 2016. The Asmara Project was advanced from exploration and development through acquiring a mining license. Prior to Sunridge, Greg was part of the discovery team at Nevsun Resources' Bisha Project as on-site Project Manager. Greg has mining technical background and has over 25 years of experience in all levels of corporate and project

management in various jurisdictions around the world.

David Daoud, Vice President of Exploration and Geology and Director, Age 56

David Daoud is a geologist with over 25 years of experience mostly in Africa. David was the VP - Exploration for Sunridge Gold Corp. and led the exploration team to the discovery of the large Emba Derho VHMS deposit in Eritrea and helped advance the four deposits (Emba Derho, Debarwa and Adi Nefas VHMS and Gupo orogenic gold) to a bankable feasibility study and the acquisition of a mining license. David was also part of the discovery team of Bisha VHMS deposit in Eritrea for Nevsun Resources. In addition, David has extensive experience in conducting exploration in greenstone hosted orogenic gold deposits in Mali and Brazil and was part of the exploration team that made the discoveries of Jericho and 5034 diamond mines for Lytton mineral and Mountain Province Diamonds in northern Canada.

Doris Meyer, Corporate Secretary and Director, Age 67

Doris Meyer was Corporate Secretary and a Director of Sunridge Gold Corp. from February 2002 to December 2016 and Chief Financial Officer from February 2002 to October 2013. Doris is an officer and/or director of several mineral exploration companies trading on the AIM, TSX and TSX Venture stock exchanges. Ms. Meyer gained her early experience in the mining industry as Vice President Finance of Queenstake Resources Ltd. from 1985 to 2003. Ms. Meyer launched her private company Golden Oak in October 1996 with Queenstake as her first client. Since that time, Golden Oak has provided publicly traded mineral exploration companies with administrative, financial reporting and corporate compliance services.

Stephen de Jong, Director, Age 36

Stephen de Jong has 10 years of experience in the mining industry and was most recently the President and CEO of Integra Gold from 2012 until its sale to Eldorado Gold Corporation in July 2017 for C\$590 million. Under his leadership at Integra Gold, Steve attracted a high-calibre team of geologists, engineers, entrepreneurs and consultants that advanced the Integra Gold's Lamaque project from an exploration property to a near-term production asset. Steve is set on transforming the mining industry using high-tech and highly-connected methods, and co-led the efforts behind the 2016 Integra Gold Rush Challenge and the 2017 #DisruptMining initiatives. Steve holds a Bachelor of Commerce degree from Royal Roads University and is the Chairman of Integra Resources Corp. and CEO and co-founder of VRIFY. He is also a director of GFG Resources Inc.

Hayley De Witt, Director, Age 35

Hayley de Witt is the founder of Pathway Ventures UK Ltd., a privately held London based venture capital /consultancy firm focused on metals and mining. Previously, she worked as an Investment Analyst at Orion Resource Partners (UK) LLP and as an exploration geologist for both junior and major mining companies in Canada. Hayley holds a Professional Science Master's (PSM) degree in Economic Geology from the University of Arizona and a Bachelor of Science degree in Earth and Ocean Sciences (Geology) from the University of British Columbia. She also holds a Bachelor of Arts degree in Humanistics & English Literature from McGill University and the Investment Management Certificate (IMC) awarded by the CFA Society United Kingdom.

Scott Ansell, Vice President of Project Development, Age 53

Scott Ansell has an engineering background with over 25 years of expertise in project management, feasibility studies, permitting and mining finance. Scott was most recently VP Project Development for Sunridge Gold where he managed the completion of prefeasibility studies, feasibility and environmental and social studies for the Asmara Project in Eritrea, which led to the awarding of a mining license by the government of Eritrea. Scott was previously Technical Director of Studies and Manager of Consulting, Geology and Mining for AMEC Americas, located in Lima, Peru and Vancouver, Canada. He has previous experience in Africa with Nevsun Resources as Project Manager in Mali and Eritrea.

Dan O'Brien, Chief Financial Officer, Age 50

Dan O'Brien was Chief Financial Officer of Sunridge Gold Corp. from October 2013 to December 2016. Dan O'Brien is the Chief Financial Officer for Sun Peak and is a member of the Institute of Chartered Professional Accountants of British Columbia. Dan is a principal and employee of Golden Oak and he is also Chief Financial Officer for a number of publicly listed exploration companies trading on the TSX and TSXV. Dan was previously a senior manager at a leading Canadian accounting firm where he specialized in the audit of public companies in the mining and resource sector.

Share Ownership by Directors and Officers

Upon completion of the distribution of the Special Warrant Shares, as a group, the Company's directors and executive officers beneficially owned, directly or indirectly, or exercised control over 17,738,095 Shares or 22.61% of the issued and outstanding Shares on a non-diluted basis. The statement as to the number of ordinary shares beneficially owned, directly or indirectly, or over which control or direction is exercised by the directors and officers of the Company, as a group, is based upon information furnished by the directors and officers.

Corporate Cease Trade Orders or Bankruptcies

To the best of the Company's knowledge, no existing or proposed director, officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company is, or within the ten years prior to the date hereof has been, a director or CEO or CFO of any corporation that, while that person was acting in the capacity of director or CEO or CFO of that corporation, was the subject of a cease trade order or similar order or an order that denied the corporation access to any exemption under securities legislation for a period of more than 30 consecutive days.

Penalties or Sanctions

No existing or proposed director or officer of the Company, nor any shareholder holding sufficient securities of the Company to materially affect control of the Company has been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority or been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor making an investment decision.

Personal Bankruptcies

No existing or proposed director or officer of the Company, nor any shareholder holding sufficient securities of the Company to affect materially the control of the Company, nor any personal holding company of any such person has, within the ten years before the date of this Prospectus become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangements or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

Conflicts of Interest

The directors of the Company are required by law to act honestly and in good faith with a view to the best interests of the Company and to disclose any interests, which they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board of Directors, any director in a conflict will disclose his interest and abstain from voting on such matter.

Other than as disclosed herein, there are no known existing or potential conflicts of interest among the Company, its promoters, directors and officers or other members of management of the Company or of any proposed promoter, director, officer or other member of management as a result of their outside business interests except that certain of the directors and officers serve as directors and officers of other companies, and therefore it is possible that a conflict may arise between their duties to the Company and their duties as a director or officer of such other companies. See

“Risk Factors”.

EXECUTIVE COMPENSATION

Prior to obtaining a receipt for this Prospectus from securities regulatory authorities in British Columbia, Alberta and Ontario, the Company was not a reporting issuer in any jurisdiction. As a result, certain information required by Form 51-102F6V – *Statement of Executive Compensation* (“**Form 51- 102F6V**”) has been omitted pursuant to Section 1.3(8) of Form 51-102F6V.

Compensation of Named Executive Officers

Securities legislation requires the disclosure of the compensation received by each Named Executive Officer of the Company. “Named Executive Officer” is defined by securities legislation to mean: (i) the CEO; (ii) the CFO; (iii) each of the three most highly compensated executive officers of the Company, including any of its subsidiaries, or the three most highly compensated individuals acting in a similar capacity, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually more than \$150,000 for that financial year; and (iv) each individual who would be a “Named Executive Officer” under paragraph (iii) but for the fact that the individual was neither an executive officer of the Company or its subsidiaries, nor acting in similar capacity, at the end of the most recently completed financial year. As of the date of this Prospectus, the Company has the following Named Executive Officers (collectively, the “**Named Executive Officers**” or “**NEOs**”):

- a. Greg Davis, President, CEO and Director of the Company; and
- b. Dan O’Brien, CFO of the Company.

Compensation Discussion and Analysis

Sun Peak does not have a compensation committee or a formal compensation policy. Sun Peak relies solely on the directors to determine the compensation of the Named Executive Officers. In determining compensation, the directors consider industry standards and Sun Peak’ financial situation but does not currently have any formal objectives or criteria. The performance of each executive officer is informally monitored by the directors, having in mind the business strengths of the individual and the purpose of originally appointing the individual as an officer.

Option-based Awards

As at the date of this Prospectus, Sun Peak has granted the directors, executive officers and employees an aggregate of 4,100,000 stock options.

Summary Compensation Table

The summary compensation table sets the compensation anticipated to be paid to the individuals who are the Directors and Named Executive Officers once the Company becomes a reporting issuer. The anticipated compensation set out herein is based on current conditions in the mining industry and on the associated approximate allocation of time for each NEO, and is as such subject to adjustments based on changing market conditions and corresponding changes to required time commitments.

Name and Principal Position	Salary (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Greg Davis, President, CEO and Director	150,000	-	-	-	-	150,000

Name and Principal Position	Salary (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
David Daoud Vice President of Exploration and Geology	150,000	-	-	-	-	150,000
Scott Ansell Vice President of Project Development	150,000	-	-	-	-	150,000
Doris Meyer Corporate Secretary and Director and Dan O'Brien, CFO	120,000	-	-	-	-	120,000
David Awram, Chairman and Director	-	-	-	-	-	-
Stephen de Jong Director	-	-	-	-	-	-
Hayley De Witt Director	-	-	-	-	-	-

Incentive Plan Awards

The Company intends to continue its Option Plan. In considering new grants to directors and executive officers, the Board will consider the number of Options, if any, previously granted to each director and executive officer.

Pension Plan Benefits

The Company does not anticipate having any deferred compensation plan or pension plan that provides for payments or benefits at, following or in connection with retirement.

Termination and Change of Control Benefits

As of the date hereof the Company has an employment contract, with each of Greg Davis, Scott Ansell and David Daoud (the “**Executives**”) that provides for payments to the Executives at, following, or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, pursuant to a change in control of the Company in the amount of one year’s salary in effect at the time.

On August 23, 2016, the Company entered into a consulting agreement (“**Golden Oak Agreement**”) with Golden Oak, a company in which Dan O’Brien and Doris Meyer are directors. Golden Oak provides their services as the Chief Financial Officer and Corporate Secretary of the Company and the provision as an independent contractor by Golden Oak to the Company of accounting, financial, corporate and regulatory compliance services in consideration

of an annual service fee plus applicable taxes and reimbursement of reasonable office costs and expenses and all pre-approved travel and out-of-pocket expenses incurred by Golden Oak in furtherance of or in connection with the business of the Company and its subsidiaries. The Golden Oak Agreement is for an indefinite term, unless terminated in accordance with its terms. The annual fee (the “**Annual Fee**”) of \$72,000 was increased to \$120,000 on February 1, 2020. The Golden Oak Agreement may be terminated by the Company immediately with cause and with 90 days’ notice at any time without cause, or payment in lieu of notice. Upon such payment and reimbursement of any other amounts then due and owing, Golden Oak shall have no further recourse from the Company. On a defined change of control event and if the Company terminates the Golden Oak Agreement without cause, within one year following the event, Golden Oak will be entitled to be paid by the Company the Annual Fee. The Golden Oak Agreement may be terminated by Golden Oak upon 60 days’ written notice to the Company provided that the Company may waive such notice, in which case Golden Oak’s services will terminate upon the Company giving such waiver. During the 60 day notice period, Golden Oak will agree to perform their obligations to the Company if the Company requests such performance and will perform such obligations in the manner directed by the Company. The Golden Oak Agreement contains non-disclosure and non-solicitation provisions typical of an agreement of its nature.

DIRECTOR COMPENSATION

As of the date hereof, no cash compensation has been paid to directors, with the exception of certain stock option grants to each of the directors on January 24, 2020. The Company does not expect to pay cash compensation to the directors in the next twelve months.

Sun Peak contemplates that each independent director, if any, will continue to be entitled to participate in any security based compensation arrangement or other plan adopted by Sun Peak with the approval of the Board and/or Sun Peak’s shareholders, as may be required by applicable law or Exchange policies.

Directors’ and Officers’ Liability Insurance

We carry directors’ and officers’ liability insurance for any of our directors or officers.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

As at the date of this Prospectus, none of the directors and executive officers of Sun Peak or associates of such persons is indebted to Sun Peak or another entity where the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Sun Peak.

PLAN OF DISTRIBUTION

This Prospectus is being filed in British Columbia, Alberta and Ontario to qualify the distribution of 36,963,369 Special Warrant Shares of the Company issuable for no additional consideration upon the exercise or deemed exercise of 36,963,369 Special Warrants of the Company. 113,000 Special Warrant Shares of the Company issuable upon the exercise or deemed exercise of 113,000 Special Warrants of the Company will not be qualified for distribution as they were distributed to purchasers in Quebec, Nova Scotia and Saskatchewan. Such Special Warrants and the Special Warrant Shares issuable will be subject to resale restrictions pursuant to Applicable Securities Law.

Special Warrants

The Company completed the Special Warrant Private Placement in three tranches, on December 18, 2019, December 23, 2019 and January 8, 2020, by issuance of a total 36,696,869 Special Warrants to investors in Canada, the United States and in certain other international jurisdictions on a private placement basis at a price of \$0.35 per Special Warrant. The Company issued 379,500 Special Warrants to Canaccord Genuity Corp. as a finder’s fee. The Special Warrants were issued pursuant to prospectus exemptions under applicable securities legislation.

The Company is filing this Prospectus to qualify the issuance of 36,963,369 Special Warrant Shares through the filing of a prospectus with securities regulators in British Columbia, Alberta and Ontario in connection with the listing of the Shares on the Exchange. The Special Warrants will be deemed to be exercised on the fifth business day following

when the Final Receipt is issued, at which time each Special Warrant shall automatically exercise into one Special Warrant Share, subject to adjustment in certain circumstances, without payment of any additional consideration and without further action on the part of the holder. Such Deemed Exercise Date may change upon mutual agreement between the holders of the Special Warrants and the Company.

In the event of certain alterations of the outstanding Shares, including any subdivision, consolidation or reclassification, an adjustment shall be made to the terms of the Special Warrants such that the holders shall, upon the exercise or deemed exercise of the Special Warrants following the occurrence of any of those events, be entitled to receive the same number and kind of securities that they would have been entitled to receive had they exercised their Special Warrants prior to the occurrence of those events. No fractional Special Warrant Shares will be issued upon the exercise or deemed exercise of the Special Warrants. The holding of Special Warrants does not make the holder thereof a shareholder of the Company or entitle the holder to any right or interest granted to shareholders.

In the event that a holder of Special Warrants exercises such securities prior to the date which is four months and one day after the original date of issuance of Special Warrants, the Special Warrant Shares issued upon exercise of such Special Warrants will be subject to statutory hold periods under Applicable Securities Law and shall bear such legends as required by Applicable Securities Law.

Qualification and Listing of Shares in Canada

This Prospectus qualifies the distribution of 36,963,369 Special Warrant Shares under Applicable Securities Law in British Columbia, Alberta and Ontario.

As at the date of this Prospectus, the Company does not have any of its securities listed or quoted, has not applied to list or quote any of its securities, and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, a U.S. marketplace, or a marketplace outside Canada and the United States.

Sun Peak received conditional approval to list the Shares on the Exchange on [•], 2020. The listing of the Shares will be subject to the Company fulfilling all of the listing requirements of the Exchange, which cannot be guaranteed.

This Prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the U.S. or to, or for the account or benefit of, U.S. persons. None of the Special Warrant Shares have been or will be registered under the U.S. Securities Act or the securities laws of any state of the U.S. and may not be offered or sold within the U.S. or to, or for the account or benefit of, U.S. persons, except in transactions exempt from the registration requirements of the U.S. Securities Act and applicable state securities laws.

The Special Warrants may not be exercised by or on behalf of a U.S. person or a person in the U.S. unless an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws is available.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Audit Committee

The Company has formed an Audit Committee (the “**Audit Committee**”) on July 17, 2018. The Audit Committee is comprised of David Awram, Stephen de Jong and, since January 24, 2020, Hayley De Witt, all of whom are financially literate as such term is defined in NI 52-110. David Awram, Stephen de Jong and Hayley De Witt are considered independent. Doris Meyer was a member of the Audit Committee until January 24, 2020. A description of the education and experience of each Audit Committee member that is relevant to the performance of his responsibilities as an Audit Committee member may be found above under the heading “*Executive Officers and Directors*”.

The Audit Committee will be responsible for reviewing the Company’s financial reporting procedures, internal controls and the performance of the financial management and external auditors of the Company. The Audit Committee will also review the annual audited financial statements and make recommendations to the Board. The Company is relying on the exemption set out in section 6.1 of NI 52-110. A copy of the Audit Committee’s proposed charter is set out below.

Audit Committee Charter

1. Purpose

- 1.1. The Audit Committee is ultimately responsible for the policies and practices relating to integrity of financial and regulatory reporting, as well as internal controls to achieve the objectives of safeguarding of corporate assets; reliability of information; and compliance with policies and laws. Within this mandate, the Audit Committee's role is to:
 - (a) support the Board of Directors in meeting its responsibilities to shareholders;
 - (b) verify the independence of the external auditor;
 - (c) facilitate effective communications between management and the external auditor and provide a link between the external auditor and the Board of Directors; and
 - (d) increase the credibility and objectivity of the Company's financial reports and public disclosure.
- 1.2. The Audit Committee will make recommendations to the Board of Directors regarding items relating to financial and regulatory reporting and the system of internal controls following the execution of the Committee's responsibilities as described herein.
- 1.3. The Audit Committee will undertake those specific duties and responsibilities listed below and such other duties as the Board of Directors from time to time prescribe.

2. Membership

- 2.1. Each member of the Audit Committee must be a director of the Company.
- 2.2. The Audit Committee will consist of at least three members, the majority of whom are neither officers nor employees of the Company or any of its affiliates.
- 2.3. The members of the Audit Committee will be appointed annually by and will serve at the discretion of the Board of Directors.

3. Authority

- 3.1. In addition to all authority required to carry out the duties and responsibilities included in this charter, the Audit Committee has specific authority to:
 - (a) engage, and set and pay the compensation for, independent counsel and other advisors as it determines necessary to carry out its duties and responsibilities; and
 - (b) communicate directly with management and any internal auditor, and with the external auditor without management involvement.

4. Duties and Responsibilities

- 4.1. The duties and responsibilities of the Audit Committee include:
 - (a) recommending to the Board of Directors the external auditor to be nominated by the Board of Directors;
 - (b) recommending to the Board of Directors the compensation of the external auditor;
 - (c) reviewing the external auditor's audit plan, fee schedule and any related services proposals;
 - (d) overseeing the work of the external auditor;

- (e) verifying that the external auditor is in good standing with the Canadian Public Accountability Board and will enquire if there are any sanctions imposed by the CPAB on the external auditor;
 - (f) verifying that the external auditor meets the rotation requirements for partners and staff on the Company's audits;
 - (g) reviewing and discussing with management and the external auditor the annual audited financial statements, including discussion of material transactions with related parties, accounting policies, as well as the external auditor's written communications to the Committee and to management;
 - (h) reviewing the external auditor's report, audit results and financial statements prior to approval by the Board of Directors;
 - (i) reporting on and recommending to the Board of Directors the annual financial statements and the external auditor's report on those financial statements, prior to Board approval and dissemination of financial statements to shareholders and the public;
 - (j) reviewing financial statements, MD&A and annual and interim earnings press releases prior to public disclosure of this information;
 - (k) ensuring adequate procedures are in place for review of all public disclosure of financial information by the Company, prior to its dissemination to the public;
 - (l) overseeing the adequacy of the Company's system of internal accounting controls and internal audit process and obtaining from the external auditor summaries and recommendations for improvement of such internal controls and processes;
 - (m) ensuring the integrity of disclosure controls and internal controls over financial reporting;
 - (n) resolving disputes between management and the external auditor regarding financial reporting;
 - (o) establishing procedures to deal with complaints and concerns, from employees and others, regarding questionable accounting, internal accounting controls or auditing practises;
 - (p) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;
 - (q) reviewing and approving the Company's hiring policies with respect to partners or employees (or former partners or employees) of either a former or the present external auditor;
 - (r) pre-approving all non-audit services to be provided to the Company or any subsidiaries by the Company's external auditor; and
 - (s) overseeing compliance with regulatory authority requirements for disclosure of external auditor services and Audit Committee activities.
- 4.2. The Audit Committee will report, at least annually, to the Board regarding the Committee's examinations and recommendations.
- 5. Meetings**
- 5.1. The quorum for a meeting of the Audit Committee is a majority of the members of the Committee who are not officers or employees of the Company or of an affiliate of the Company.
- 5.2. The members of the Audit Committee must elect a chair from among their number and may determine their own procedures.

- 5.3. The Audit Committee may establish its own schedule of meeting dates that it will provide to the Board of Directors in advance.
- 5.4. The Audit Committee will meet separately with the President and separately with the Chief Financial Officer of the Company at least annually to review the financial affairs of the Company.
- 5.5. The Audit Committee will meet with the external auditor of the Company at least once each year, at such time(s) as it deems appropriate, to review the external auditor's examination and report.
- 5.6. The external auditor must be given reasonable notice of, and has the right to appear before and to be heard at, each meeting of the Audit Committee.
- 5.7. The chair of the Audit Committee must convene a meeting of the Audit Committee at the request of the external auditor, to consider any matter that the auditor believes should be brought to the attention of the Board of Directors or the shareholders.

6. Reports

- 6.1. The Audit Committee will record its recommendations to the Board in written form which will be incorporated as a part of the minutes of the Board of Directors' meeting at which those recommendations are presented.

7. Minutes

- 7.1. The Audit Committee will maintain written minutes of its meetings, which minutes will be filed with the minutes of the meetings of the Board of Directors.

Audit Committee Oversight

Since the commencement of the Company's most recently completed financial year, there has not been a recommendation of the Audit Committee to nominate or compensate an external auditor which was not adopted by the Company's Board.

Pre-Approval Policies and Procedures

The Audit Committee will have authority and responsibility for pre-approval of all non-audit services to be provided to the Company or its subsidiary entities by the external auditors or the external auditors of the Company's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit Committee.

Reliance on Certain Exemptions

Since the commencement of the Company's most recently completed financial year, it has not relied on an exemption, in whole or in part, granted under Part 8 of NI 52-110.

External Auditor Service Fees by Category

In connection with the Company's last fiscal year end, the Company incurred audit fees as set out in the table below. In the table, "audit fees" are fees billed by the Company's external auditor for services provided in auditing the Company's annual financial statements. "Audit-related fees" are fees not included in audit fees that are billed by the auditor for assurance and related services that are reasonably related to the performance of the audit review of the Company's financial statements. "Tax fees" are fees billed by the auditor for professional services rendered for tax compliance, tax advice and tax planning. "All other fees" are fees billed by the auditor for products and services not included in the foregoing categories. All amounts in the table are expressed in Canadian dollars.

Financial Year Ending	Audit Fees	Audit Related Fees	Tax Fees	All Other Fees
December 31, 2017	\$25,000	0	\$2,500	0
December 31, 2018	\$32,000	0	\$3,250	0

Statement of Corporate Governance Practices

Corporate governance relates to the activities of the Board, the members of which are elected by and are accountable to the shareholders, and takes into account the role of the individual members of management who are appointed by the Board and who are charged with day-to-day management of the Company.

National Policy 58-201 – *Corporate Governance Guidelines* (the “**Guidelines**”) establishes corporate governance guidelines to be used by issuers in developing their own corporate governance practices. The Board is committed to ensuring that the Company has an effective corporate governance system, which adds value and assists the Company in achieving its objectives.

The Company’s approach to corporate governance is set forth below.

Mandate of the Board

The Board assumes responsibility for the stewardship of the Company and the enhancement of shareholder value. The Board is responsible for:

- (a) ensuring that management develops and implements a strategic plan that takes into account market realities and regulatory compliance;
- (b) upholding a comprehensive policy for communications with shareholders and the public at large;
- (c) developing and formalizing the responsibilities for each member of the Board, including the responsibilities of the President vis-à-vis corporate objectives;
- (d) ensuring that the risk management of Sun Peak is prudently addressed; and
- (e) overseeing succession planning for management.

The frequency of meetings of the Board and the nature of agenda items may change from year to year depending upon the activities of Sun Peak. However, the Board meets at least quarterly and at each meeting there is a review of the business of Sun Peak.

The Board of the Company facilitates its exercise of independent supervision over the Company’s management through frequent meetings of the Board being held to obtain an update on significant corporate activities and plans, both with and without members of the Company’s management being in attendance.

Composition of the Board

The Board is composed of five directors, of which Messrs. David Awram and Stephen de Jong and Miss Hayley De Witt are considered as independent directors. For this purpose, a director is independent if he or she has no direct or indirect “material relationship” with Sun Peak. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of the director’s independent judgment. An individual who has been an employee or executive officer of the Company within the last three years is considered to have a material relationship with the Company.

Of the directors, Greg Davis, by virtue of his position as President and CEO of the Company and Doris Meyer, by

virtue of her position as Corporate Secretary of the Company, are considered not independent.

Directorships

The following directors currently serve or had served on the following boards of directors of other public companies in the last ten years:

Name	Name of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
David Awram	Sandstorm Gold Ltd.	TSX	Director, Senior Executive Vice President	March 2007	Present
	Integra Resources Corp.	TSXV	Director	November 2017	February 2020
	Sandstorm Metals & Energy Ltd.	TSXV	Director, Senior Executive Vice President	January 2010	July 2014
	NuLegacy Gold Corporation	TSXV	Director	November 2010	February 2013
	Mission Gold Ltd.	TSXV	Director	November 2010	February 2013
	Premier Royalty Inc.	TSXV	Director	May 2013	May 2015
	Luna Gold Corp.	TSXV	Director	August 2014	May 2015

Name	Name of Other Reporting Issuers	Name of Exchange or Market	Position	From	To
Stephen de Jong	Integra Resources Corp.	TSXV	Chairman and Director	August 2017	Present
	GFG Resources Inc.	TSXV	Director	October 2016	Present
Doris Meyer	Sunridge Gold Corp.	TSXV	Director, Corporate Secretary	February 2004	December 2016
	Asiamet Resources Limited.	AIM/TSXV	Director, Corporate Secretary	June 2000	January 2015
	Standard Tolling Corp.	TSXV	Director, Interim CEO, Corporate Secretary	January 2016	April 2017
Hayley De Witt	Eclipse Gold Mining Corporation	TSXV	Director	August 2019	present

Orientation and Education

Sun Peak will provide new directors with an orientation program upon joining the Company that includes copies of relevant financial, technical, scientific and other information regarding its products and meetings with management.

Board members are encouraged to communicate with management and auditors, to keep themselves current with industry trends and developments, and to attend related industry seminars. Board members have full access to the Company's records.

Ethical Business Conduct

While Sun Peak has not adopted a written code of business conduct and ethics, the Board will from time to time discuss and emphasize the importance of matters relating to conflicts of interest, protection and proper use of corporate

assets and opportunities, confidentiality of corporate information, compliance with laws and the reporting of any illegal or unethical behaviour.

Nomination of Directors

It is the view of the Board that all directors, individually and collectively, should assume responsibility for nominating directors. The Board is responsible for identifying and recommending potential nominees for directorship and senior management. The Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

New nominees must have a track record in general business management, special expertise in an area of strategic interest to the Company, the ability to devote the time required, shown support for the Company's mission and strategic objectives, and a willingness to serve.

Compensation

Compensation matters are currently determined by the entire Board. The Board is responsible for reviewing the compensation plans and severance arrangements for management, to ensure they are commensurate with comparable companies. The Board will ensure that Sun Peak has a plan for continuity of its officers and a compensation plan that is motivational and competitive.

Assessments

The Board and each individual director are regularly assessed regarding their effectiveness and contribution. The assessment considers and takes into account:

- in the case of the Board, its mandate and charter; and
- in the case of an individual director, the applicable position description(s), if any, as well as the competencies and skills each individual director is expected to possess.

RISK FACTORS

An investment in the Shares involves a high degree of risk and should be considered speculative. An investment in the Shares should only be undertaken by those persons who can afford the total loss of their investment. You should carefully consider the risks and uncertainties described below, as well as other information contained in this Prospectus, including the financial statements and accompanying notes, appearing elsewhere in this Prospectus, before buying Shares. The risks and uncertainties below are not the only ones Sun Peak faces. Additional risks and uncertainties not presently known to Sun Peak or that Sun Peak believes to be immaterial may also adversely affect Sun Peak's business. If any of the following risks occur, Sun Peak's business, financial condition and results of operations could be seriously harmed and you could lose all or part of your investment.

Foreign Operation and Political Risk

The Company conducts business in Ethiopia through its foreign subsidiaries with financial assets in Ethiopia, and substantially all of its assets are held in such entities. There is no guarantee against any future political, or economic instability in Ethiopia or neighboring countries that might adversely affect the Company.

Political unrest in Egypt, Libya, Syria, Yemen, Saudi Arabia, Somalia, South Sudan, Sudan and other countries in the region has had an impact on investor confidence with companies operating in northern Africa, including Ethiopia, even though no direct effect is evident or anticipated in the operations at the Shire Property Group or Meli Property or communications with the Ethiopian government. New government regulations in Canada, the United States or other countries in which the Company operates could adversely affect the Company's future business and operations. In addition, intervention by the international community through organizations such as the United Nations could affect the political risk of operating in Ethiopia. There are also unresolved tensions between Ethiopia and Eritrea and the

possibility of future armed conflicts between Ethiopia and Eritrea by rebel groups or otherwise which could affect or interfere with continued operations at the Shire Property Group or Meli Property.

Other risks the Company may face in operating in foreign jurisdictions include unforeseen government actions, acts of god, terrorism, hostage taking, military repression, extreme fluctuations in currency exchange rates, high rates of inflation, labour unrest, the risks of war or civil unrest, expropriation and nationalization, renegotiation or nullification of existing concessions, licenses, permits and contracts, illegal mining, changes in taxation policies, restrictions on foreign exchange and repatriation, and changing political conditions, currency controls, export controls, and governmental regulations that favour or require the awarding of contracts to local contractors or require foreign contractors to employ citizens of, or purchase supplies from, a particular jurisdiction or other events.

All or any of these factors, limitations, or the perception thereof could impede the Company's activities, result in the impairment or loss of part or all of the Company's interest in the properties, or otherwise have an adverse impact on the Company's valuation and stock price.

Dependence on the Shire Property Group and Meli Property

Sun Peak is an exploration and evaluation stage company and as such does not anticipate receiving revenue for some time. We are primarily focused on the exploration and development of the Shire Property Group and Meli Property. The Shire Property Group and Meli Property do not have identified Mineral Reserves, which will be required as a basis for determining if the Shire Property Group and Meli Property have bodies of commercial mineralization, nor does it have any Mineral Resources. The costs, timing and complexities of exploration at the Shire Property Group and Meli Property may be greater than we anticipate. As a result, unless we acquire additional property interests, any adverse developments affecting the Shire Property Group and Meli Property could have a material adverse effect upon the Company and would materially and adversely affect the potential mineral resource production, profitability, financial performance and results of operations of the Company. Mineral exploration and development involves a high degree of risk and few properties that are explored are ultimately developed into producing mines. There is no assurance that our mineral exploration and development programs at the Shire Property Group and Meli Property will result in the definition of bodies of commercial mineralization. There is also no assurance that even if commercial quantities of mineralization are discovered that the Shire Property Group and Meli Property will be brought into commercial production. The discovery of bodies of commercial mineralization is dependent upon a number of factors, not the least of which is the technical skill of the exploration personnel involved. The commercial viability of a mineral deposit once discovered is also dependent upon a number of factors, some of which are the particular attributes of the deposit (such as size, grade and proximity to infrastructure), metal prices and government regulations, including regulations relating to royalties, allowable production, importing and exporting of minerals and environmental protection. Most of the above factors are beyond our control. As a result, there can be no assurance that our exploration and development programs at the Shire Property Group and Meli Property will define bodies of commercial mineralization or that the Shire Property Group and Meli Property will ultimately become a producing mine. Failure to do so will have a material adverse impact on our operations and potential future profitability.

Obtaining and Renewing Licenses and Permits

In the ordinary course of business, we will be required to obtain and renew governmental licenses or permits for the operation and expansion of the Shire Property Group and Meli Property or for the development, construction and commencement of mining at the Shire Property Group and Meli Property. Obtaining or renewing the necessary governmental licenses or permits is a complex and time-consuming process involving numerous jurisdictions and often involving public hearings and costly undertakings on our part. The duration and success of our efforts to obtain and renew licenses or permits are contingent upon many variables not within our control, including the interpretation of applicable requirements implemented by the licensing authority. We may not be able to obtain or renew licenses or permits that are necessary to our operations, including, without limitation, an exploitation license, or the cost to obtain or renew licenses or permits may exceed what we believe we can recover from the Shire Property Group and Meli Property if it is put into production. Any unexpected delays or costs associated with the licensing or permitting process could delay the development or impede the operation of a mine, which could adversely impact our operations and profitability.

Financing Requirements

Any potential development activities at the Shire Property Group and Meli Property will require substantial additional capital. When such additional capital is required, we will need to pursue various financing transactions or arrangements, including joint venturing of projects, debt financing, equity financing or other means. Additional financing may not be available when needed or, if available, the terms of such financing might not be favourable to us and might involve substantial dilution to existing shareholders. We may not be successful in locating suitable financing transactions in the time period required or at all, may not obtain the capital required by other means. A failure to raise capital when needed would have a material adverse effect on our business, financial condition and results of operations. Any future issuance of Shares to raise required capital will likely be dilutive to shareholders. In addition, debt and other mezzanine financing may involve a pledge of assets and may be senior to interests of equity holders. We may incur substantial costs in pursuing future capital requirements, including investment banking fees, legal fees, accounting fees, securities law compliance fees, printing and distribution expenses and other costs. The ability to obtain needed financing may be impaired by such factors as the capital markets (both generally and in the mining industry in particular), our status as a new enterprise with a limited history, and the price of base metals on the commodities markets (which will impact the amount of asset-based financing available) and/or the loss of key management personnel. Further, if the price of base metals and other metals on the commodities markets decreases, then potential revenues from the Shire Property Group and Meli Property will likely decrease and such decreased revenues may increase the requirements for capital. Failure to obtain sufficient financing will result in a delay or indefinite postponement of development or production at the Shire Property Group and Meli Property.

Operating History

We have a limited history of operations and are considered a start-up company. As such, we are subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and lack of revenues. There is no assurance that we will be successful in achieving a return on shareholders' investment and the likelihood of our success must be considered in light of our early stage of operations.

Negative Operating Cash Flow

We currently have a negative operating cash flow and may continue to have that for the foreseeable future. Our failure to achieve profitability and positive operating cash flows could have a material adverse effect on our financial condition and results of operations.

Metal Price Fluctuations

The price of precious metals and base metals are affected by numerous factors beyond our control, including levels of supply and demand, global or regional consumptive patterns, sales by government holders, metal stock levels maintained by producers and others, increased production due to new mine developments and improved mining and production methods, speculative activities related to the sale of metals, availability and costs of metal substitutes, international economic and political conditions, interest rates, currency values and inflation. Declining market prices for these metals could materially adversely affect our future operations and profitability.

Title to Assets

Searches of mining records are carried out in accordance with mining industry practices to confirm satisfactory title to properties in which the Company holds or intends to acquire an interest, but the Company does not obtain title insurance with respect to such properties. The possibility exists that title to one or more of the properties, particularly title to undeveloped properties, might be defective because of errors or omissions in the chain of title, including defects in conveyances and defects in locating or maintaining such claims or concessions. The ownership and validity of mining claims and concessions are often uncertain and may be contested. The Company has taken and will continue to take all reasonable steps, in accordance with the laws and regulations of the jurisdictions in which their properties are located, to ensure proper title to its properties and to properties it may acquire in the future, either at the time of acquisition or prior to any major expenditures thereon. This, however, should not be construed as a guarantee of title.

There are no assurances that the Company will obtain title. Both presently owned and after-acquired properties may be subject to prior unregistered agreements, transfers, land claims or other claims or interests. In addition, third parties may dispute the rights of the Company to its respective mining and other interests. The Company will attempt to clear title and obtain legal opinions commensurate to the intended level of expenditures required on areas that show promise. There can be no assurance, however, that it will be successful in doing so.

Governmental Regulation

Our operations, exploration and development activities will be subject to the laws and regulations of Canada and Ethiopia governing various matters including environmental protection, management and use of toxic substances and explosives, management of natural resources, exploration, development, production, and postclosure reclamation of mines, imports and exports, price controls, taxation, mining royalties, labour standards and occupational health and safety, including mine safety and historic and cultural preservation. The costs associated with legal compliance will be substantial. In addition, possible future laws and regulations, changes to existing laws and regulations (including the imposition of higher taxes and mining royalties which have been, or may be, implemented or threatened) or more stringent enforcement of current laws and regulations by governmental authorities, could cause additional expense, capital expenditures, restrictions on or suspension of our operations and planned operations and delays in the development of the Shire Property Group and Meli Property. Moreover, these laws and regulations may allow governmental authorities and private parties to bring lawsuits based upon damages to property and injury to persons resulting from the environmental, health and safety impacts of our operations, or possibly even those actions of parties from whom we acquired our mines or properties. Such legal actions could lead to the imposition of substantial fines, penalties or other civil or criminal sanctions. It is difficult to strictly comply with all regulations that will be imposed on us. We will retain competent and well-trained individuals and consultants to assist us with compliance with such laws and regulations, however, even with the application of considerable skill we may inadvertently fail to comply with certain laws. Failure to comply with laws and regulations could lead to financial restatements, fines, penalties, loss, reduction or expropriation of entitlements, the imposition of additional local or foreign parties as joint venture partners with carried or other interests and other material negative impacts on us.

Operating Hazards, Risks and Insurance

The ownership, operation and development of a mine or mineral property involves many risks which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include environmental hazards, industrial accidents, explosions and third-party accidents, the encountering of unusual or unexpected geological formations, ground falls and cave-ins, mechanical failure, unforeseen metallurgical difficulties, power interruptions, flooding, earthquakes and periodic interruptions due to inclement or hazardous weather conditions. These occurrences could result in environmental damage and liabilities, work stoppages, delayed production and resultant losses, increased production costs, damage to, or destruction of, mineral properties or production facilities and resultant losses, personal injury or death and resultant losses, asset write downs, monetary losses, claims for compensation of loss of life and/or damages by third parties in connection with accidents (for loss of life and/or damages and related pain and suffering) that occur on company property, and punitive awards in connection with those claims and other liabilities. It is not always possible to fully insure against such risks, and we may decide not to take out insurance against such risks as a result of high premiums or other reasons. Should such liabilities arise they could reduce or eliminate any future profitability and result in an increase in costs and a decline in value of our securities. Liabilities that we incur may exceed the policy limits of insurance coverage or may not be covered by insurance, in which event we could incur significant costs that could adversely impact our business, operations, potential profitability or value. Despite efforts to attract and retain qualified personnel, as well as the retention of qualified consultants, to manage our interests, even when those efforts are successful, people are fallible and human error could result in significant uninsured losses to us. These could include loss or forfeiture of mineral interests or other assets for nonpayment of fees or taxes, significant tax liabilities in connection with any tax planning effort we might undertake and legal claims for errors or mistakes by our personnel.

Environmental Hazards

All phases of our operations with respect to the Shire Property Group and Meli Property will be subject to environmental regulation. Environmental legislation involves strict standards and may entail increased scrutiny, fines and penalties for noncompliance, stringent environmental assessments of proposed projects and a high degree of

responsibility for companies and their officers, directors and employees. Changes in environmental regulation, if any, may adversely impact our operations and future potential profitability. In addition, environmental hazards may exist on the Shire Property Group and Meli Property which are currently unknown. We may be liable for losses associated with such hazards, or may be forced to undertake extensive remedial cleanup action or to pay for governmental remedial cleanup actions, even in cases where such hazards have been caused by previous or existing owners or operators of the property, or by the past or present owners of adjacent properties or by natural conditions. The costs of such cleanup actions may have a material adverse impact on our operations and future potential profitability.

Reclamation Obligations

Reclamation requirements are designed to minimize long-term effects of mining exploitation and exploration disturbance by requiring the operating company to control possible deleterious effluents and to reestablish to some degree pre-disturbance land forms and vegetation. We will be subject to such requirements for our activities on the Shire Property Group and Meli Property. Any significant environmental issues that may arise, however, could lead to increased reclamation expenditures and could have a material adverse impact on our financial resources. Infrastructure Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important elements of infrastructure, which affect capital and operating costs. The lack of availability on acceptable terms or the delay in the availability of any one or more of these items could prevent or delay exploration or development of the Shire Property Group and Meli Property. If adequate infrastructure is not available in a timely manner, there can be no assurance that the exploration or development of the Shire Property Group and Meli Property will be commenced or completed on a timely basis, if at all; that the resulting operations will achieve the anticipated production volume; or that the anticipated construction costs and ongoing operating costs associated with the exploration and/or development of the Shire Property Group and Meli Property will not be higher than anticipated. In addition, inadequate infrastructure may result in lower than anticipated production volume or higher construction or operating costs. Furthermore, unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of necessary infrastructure could adversely affect our operations and profitability.

Employee Recruitment and Retention

Recruiting and retaining qualified personnel will be critical to our success. We are dependent on the services of key executives including our Chief Executive Officer and other highly skilled and experienced executives and personnel focused on managing our interests. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As our business activity grows, we will require additional key financial, administrative, geologic and mining personnel as well as additional operations staff. There is no assurance that we will be successful in attracting, training and retaining qualified personnel as competition for persons with these skill sets increases. If we are not successful in attracting, training and retaining qualified personnel, the efficiency of our operations could be impaired, which could have an adverse impact on our future cash flows, earnings, results of operations and financial condition.

Expatriate and Nationals' Skills Risk

The Company's development programs in Ethiopia and elsewhere rely on attracting and retaining expatriate and nationals with mining experience to staff key operations and administration management positions. The Company's inability to attract and retain personnel with the skills and experience to manage the operation and train and develop staff, due to the intense international competition for such individuals, may adversely affect its business, future operations and financial condition.

Adverse General Economic Conditions

The unprecedented events in global financial markets in the past several years have had a profound impact on the global economy. Many industries, including the mining industry, are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange and precious metal markets and a lack of market liquidity. A continued or worsened slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel

and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect our growth and profitability. Specifically, the global credit/liquidity crisis could impact the cost and availability of financing and our overall liquidity, the volatility of base metal prices would impact our revenues, profits, losses and cash flow, continued recessionary pressures could adversely impact demand for our production, volatile energy, commodity and consumables prices and currency exchange rates would impact our production costs and the devaluation and volatility of global stock markets would impact the valuation of our equity and other securities. These factors could have a material adverse effect on our financial condition and results of operations.

Competition for New Properties

An element of our business strategy is to make selected acquisitions. We expect to continue to evaluate acquisition opportunities on a regular basis and intend to pursue those opportunities that we believe are in our long-term best interests. There is a limited supply of desirable mineral lands available in areas where we would consider conducting exploration or development activities. Because we face strong competition for new properties from other mining companies, some of which have greater financial resources than we do, we may be unable to acquire attractive new mining properties on terms that we consider acceptable. In addition, competition in the mining business for limited sources of capital could adversely impact our ability to acquire and develop suitable mines, mineral developmental projects, mineral producing companies or properties having significant exploration potential. As a result, there is no assurance that we will be able to acquire additional mining properties. The success of any acquisition that we make will depend upon our ability to effectively manage the operations of entities we acquire and to realize other anticipated benefits. The process of managing acquired businesses may involve unforeseen difficulties and may require a disproportionate amount of management resources. There can be no assurance that we will be able to successfully manage the operations of businesses we acquire or that we achieve the anticipated benefits of our acquisitions.

Shortages of Critical Parts, Equipment and Skilled Labour

Our ability to acquire critical resources such as input commodities, drilling equipment, tires and skilled labour due to increased worldwide demand, may cause unanticipated cost increases and delays in delivery times, thereby impacting operating costs, capital expenditures and development schedules.

Foreign Exchange Rate Fluctuations

Fluctuations in currency exchange rates, particularly the weakening or strengthening of the U.S. dollar and Ethiopian Birr (being the currency used in respect of exploration costs) against the Canadian dollar (being the currency in which the Company raises money and in which it reports), could have a significant effect on our results of operations. The Company currently does not engage in any hedging activities in connection with foreign currency requirements.

Claims and Legal Proceedings

We may be subject to claims or legal proceedings covering a wide range of matters that arise in the ordinary course of business activities, including claims relating to ex-employees. These matters may give rise to legal uncertainties or have unfavourable results. We will carry liability insurance coverage and mitigate risks that can be reasonably estimated. In addition, we may be involved in disputes with other parties in the future that may result in litigation or unfavourable resolution which could materially adversely impact our financial position, cash flow and results of operations.

Conflicts of Interest

Certain of our directors and officers also serve as directors and/or officers of other companies involved in natural resource exploration and development. Consequently, there is a possibility that a conflict could arise for such directors and officers. Any Company-related decision made by any of these directors and officers involving the Company should be made in accordance with their duties and obligations to deal fairly and in good faith and to act in the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which such director may have a conflict of interest in accordance with the procedures set forth

in the BCBCA and other applicable laws.

Risks Relating to our Shares Market Price of Shares and Volatility

The Shares do not currently trade on any exchange or stock market. Securities of microcap and small- cap companies have experienced substantial volatility in the past, often based on factors unrelated to the companies' financial performance or prospects. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of the Shares is also likely to be significantly affected by short-term changes in base metal or other mineral prices or in our financial condition or results of operations. Other factors unrelated to our performance that may affect the price of the Shares include the following: the extent of analytical coverage available to investors concerning our business may be limited if investment banks with research capabilities do not follow the Company; lessening in trading volume and general market interest in the Shares may affect an investor's ability to trade significant numbers of Shares; the size of our public float may limit the ability of some institutions to invest in Shares; and a substantial decline in the price of the Shares that persists for a significant period of time could cause the Shares, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Shares at any given point in time may not accurately reflect our long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. We may in the future be the target of similar litigation. Securities litigation could result in substantial costs and damages and divert management's attention and resources. The fact that no market currently exists for the Shares may affect the pricing of the Shares in the secondary market, the transparency and availability of trading prices and the liquidity of the Shares. The market price of the Shares is affected by many other variables which are not directly related to our success and are, therefore, not within our control. These include other developments that affect the market for all resource sector securities, the breadth of the public market for our Shares and the attractiveness of alternative investments. The effect of these and other factors on the market price of the Shares is expected to make the Share price volatile in the future, which may result in losses to investors.

Dilution

Future sales or issuances of equity securities could decrease the value of the Shares, dilute shareholders' voting power and reduce future potential earnings per Share. We may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Shares) and may issue additional equity securities to finance our operations, development, exploration, acquisitions or other projects. We cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in our earnings per share.

No Dividends Expected for Foreseeable Future

We intend to retain earnings, if any, to finance the growth and development of our business and do not intend to pay cash dividends on the Shares in the foreseeable future. The payment of future cash dividends, if any, will be reviewed periodically by our Board and will depend upon, among other things, conditions then existing including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors. See "Dividends".

LEGAL PROCEEDINGS

Sun Peak is not aware of any material legal proceedings involving Sun Peak nor are any such proceedings known by Sun Peak to be contemplated.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Other than as set forth in this Prospectus, none of (i) the directors or executive officers of the Company, (ii) the

shareholders who beneficially own or control or direct, directly or indirectly, more than 10% percent of the Company's outstanding voting securities, or (iii) any Associate or Affiliate of the foregoing Persons, in any transaction in which the Company has participated within the three years before the date of this Prospectus, that has materially affected or is reasonably expected to materially affect the Company.

AUDITORS

The auditor of Sun Peak is Davidson & Company LLP, Chartered Professional Accountants, located at Suite 1200 – 609 Granville Street, Vancouver, B.C.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Shares is Computershare Investor Services Inc. at its principal offices in 510 Burrard Street, 3rd Floor, Vancouver, Canada.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business and as otherwise noted below, the Company has not entered into any agreements which are currently in effect and considered to be currently material:

- JV Agreement;
- Phase I Loan agreement; and
- Royalty Agreements

Copies of the material agreements may be inspected at Sun Peak's head office during normal business hours at any time during the period of distribution of the securities offered hereby.

EXPERTS

Information of a scientific or technical nature in respect of the Shire Property Group is included in this prospectus based upon the Shire Property Group Technical Report, with an effective date of January 17, 2020, prepared by Charles J. Greig, M.Sc., P.Geo. and Jeffrey D. Rowe, B.Sc., P.Geo, who are independent "qualified persons" under NI 43-101. To the best of the Company's knowledge, after reasonable inquiry, as of the date hereof, the aforementioned individuals and their firms do not beneficially own, directly or indirectly, any Shares.

Information of a scientific or technical nature in respect of the Meli Property is included in this prospectus based upon the Meli Technical Report, with an effective date of January 31, 2020, prepared by Charles J. Greig, M.Sc., P.Geo. and Jeffrey D. Rowe, B.Sc., P.Geo, who are independent "qualified persons" under NI 43-101. To the best of the Company's knowledge, after reasonable inquiry, as of the date hereof, the aforementioned individuals and their firms do not beneficially own, directly or indirectly, any Shares.

The Company's auditors for the financial statements included in this Prospectus, Davidson & Company LLP, in Vancouver, British Columbia, report that they are independent from the Company in accordance with the Rules of Professional Conduct of the Chartered Professional Accountants of British Columbia.

AGENT FOR SERVICE OF PROCESS

Ms. Hayley De Witt has appointed the Company's counsel, DuMoulin Black LLP, located at 595 Howe Street, 10th Floor, Vancouver, British Columbia, V6C 2T5, as her agent for service of process in British Columbia. It may not be possible for investors to enforce judgments obtained in Canada against any person or company that is incorporated, continued or otherwise organized under the laws of a foreign jurisdiction or resides outside of Canada, even if the party has appointed an agent for service of process.

PURCHASERS' STATUTORY RIGHTS OF WITHDRAWAL AND RECISSION

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of a Prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser with remedies for rescission or, in some jurisdictions, damages if the Prospectus and any amendment contains a misrepresentation or is not delivered to the purchaser, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province for the particulars of these rights or consult with a legal adviser.

CONTRACTUAL RIGHT OF RECISSION

The Company has granted to each holder of a Special Warrant a contractual right of rescission of the prospectus-exempt transaction under which the Special Warrant was initially acquired. The contractual right of rescission provides that if a holder of a Special Warrant who acquires Special Warrant Shares on the exercise or deemed exercise of the Special Warrant as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of this prospectus or an amendment to this prospectus containing a misrepresentation,

- (a) the holder is entitled to rescission of both the holder's exercise or deemed exercise of its Special Warrant and the private placement transaction under which the Special Warrant was initially acquired;
- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Company on the acquisition of the Special Warrant; and
- (c) if the holder is a permitted assignee of the interest of the original Special Warrant subscriber, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

APPENDIX A

**SUN PEAK METALS CORP. AUDITED CONSOLIDATED FINANCIAL STATEMENTS FOR THE YEAR ENDED
DECEMBER 31, 2018**

[Please see attached.]



CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2018

(Expressed in Canadian dollars)

INDEPENDENT AUDITOR'S REPORT

To the Directors of
Sun Peak Metals Corp.

Opinion

We have audited the accompanying consolidated financial statements of Sun Peak Metals Corp. (the "Company"), which comprise the consolidated statements of financial position as at December 31, 2018 and 2017, and the consolidated statements of loss and comprehensive loss, changes in equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2018 and 2017, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company's working capital of \$738,743 and the \$2,000,000 proceeds from its July 2019 private placement may not provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Other Information

Management is responsible for the other information.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

We did not review any other information during the conduct of our audit.



Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Guy Thomas.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

December 6, 2019

SUN PEAK METALS CORP.
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian dollars)

			December 31,	December 31,
	<i>Note</i>		2018	2017
ASSETS				
Current				
Cash	4	\$	800,658	\$ 172,806
Receivables			20,259	5,117
Prepaid expenses			2,536	2,593
			823,453	180,516
Equipment	5		36,292	1,260
Exploration and evaluation asset	6		5,257	-
Deferred acquisition costs	7		239,702	-
		\$	1,104,704	\$ 181,776
LIABILITIES				
Current				
Trade and other payables	8	\$	84,710	\$ 116,861
EQUITY				
Share capital	9		2,316,413	567,073
Subscriptions received in advance	9		-	10,000
Deficit			(1,296,419)	(512,158)
			1,019,994	64,915
		\$	1,104,704	\$ 181,776
Nature of operations and going concern	1			
Subsequent events	16			

These consolidated financial statements are approved for issue by the Board of Directors on December 6, 2019.

On behalf of the Board:

_____/s/ David Awram_____
Director

_____/s/ Greg Davis_____
Director

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

SUN PEAK METALS CORP.
CONSOLIDATED STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian dollars)

		Year ended December 31,	
	<i>Note</i>	2018	2017
Expenses			
Consulting fees	11	\$ 72,000	\$ 72,000
Depreciation	5	6,843	315
Exploration and evaluation expenditures	6	278,030	-
Foreign exchange		(6,943)	56,940
Office expenses	11	77,623	25,140
Professional fees		32,875	27,000
Project investigation costs	10	-	214,851
Salaries and benefits	11	333,796	-
		(794,224)	(396,246)
Interest income		9,963	-
Loss and comprehensive loss for the year		\$ (784,261)	\$ (396,246)
Basic and diluted loss per share		\$ (0.02)	\$ (0.02)
Weighted average number of shares outstanding		33,287,140	22,106,849

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

SUN PEAK METALS CORP.
CONSOLIDATED STATEMENTS OF CASH FLOWS
(Expressed in Canadian dollars)

	Year ended December 31,	
	2018	2017
Cash flows to operating activities		
Loss for the year	\$ (784,261)	\$ (396,246)
Items not involving cash:		
Depreciation	6,843	315
Change in non-cash working capital items:		
Receivables	(15,142)	(3,031)
Prepaid expenses	57	(2,593)
Trade and other payables	(38,615)	80,626
	<u>(831,118)</u>	<u>(320,929)</u>
Cash flows to investing activities		
Purchase of equipment	(41,875)	(1,575)
Exploration and evaluation asset	(5,257)	-
Deferred acquisition costs	(233,238)	-
	<u>(280,370)</u>	<u>(1,575)</u>
Cash flows from financing activities		
Proceeds from private placements	1,739,340	25,000
Subscriptions received in advance	-	10,000
	<u>1,739,340</u>	<u>35,000</u>
Change in cash for the year	627,852	(287,504)
Cash, beginning of year	172,806	460,310
Cash, end of year	\$ 800,658	\$ 172,806
Non-cash investing and financing activities		
Deferred acquisition costs included in trade and other payables	\$ 6,464	\$ -
Shares issued for subscriptions received in advance	10,000	-
Supplementary information		
Interest paid	-	-
Income taxes paid	-	-

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

SUN PEAK METALS CORP.
CONSOLIDATED STATEMENTS OF CHANGES IN EQUITY
(Expressed in Canadian dollars)

	Number of shares	Share capital	Subscriptions received in advance	Deficit	Total
Balance, December 31, 2017	22,200,000	\$ 567,073	\$ 10,000	\$ (512,158)	\$ 64,915
Private placement	11,662,265	1,749,340	(10,000)	-	1,739,340
Loss and comprehensive loss for the year	-	-	-	(784,261)	(784,261)
Balance, December 31, 2018	33,862,265	\$ 2,316,413	\$ -	\$ (1,296,419)	\$ 1,019,994

	Number of shares	Share capital	Subscriptions received in advance	Deficit	Total
Balance, December 31, 2016	21,700,000	\$ 542,073	\$ -	\$ (115,912)	\$ 426,161
Private placement	500,000	25,000	-	-	25,000
Subscriptions received in advance	-	-	10,000	-	10,000
Loss and comprehensive loss for the year	-	-	-	(396,246)	(396,246)
Balance, December 31, 2017	22,200,000	\$ 567,073	\$ 10,000	\$ (512,158)	\$ 64,915

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

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Canadian dollars)

1. NATURE OF OPERATIONS AND GOING CONCERN

Sun Peak Metals Corp. (the "Company") is a private company incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 2, 2016. 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. 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 is engaged in the identification, acquisition, exploration and, if warranted, development of mineral resource projects in Ethiopia.

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 December 31, 2018, the Company had working capital of \$738,743. In July 2019, the Company completed a non-brokered private placement for proceeds of \$2,000,000 (Note 16). Management estimates that these funds may not provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. Accordingly, the Company may need to seek additional sources of financing to carry on future operations. 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 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

Statement of compliance

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). The policies applied in these consolidated financial statements are based on the IFRS issued and outstanding as at the date the Board of Directors approved these financial statements for issue.

Basis of measurement

These 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 consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

These 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 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 agreements to acquire companies holding mineral projects. The acquisitions 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 such companies, the Company will consolidate as subsidiaries.

3. SIGNIFICANT ACCOUNTING POLICIES

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly owned Ethiopian subsidiary, Sun Peak Ethiopia. Inter-company balances and transactions, and any unrealized income and expenses arising from inter-company transactions, are eliminated in preparing the consolidated financial statements.

Foreign currency translation

Transactions in foreign currencies are initially recorded in the functional currency by applying exchange rates at the dates of the transactions in the financial statements of each entity in the Company.

Monetary assets and liabilities denominated in foreign currencies at the reporting date are re-translated to the functional currency at the reporting date exchange rate.

Non-monetary items that are measured in terms of historical cost in a foreign currency are translated using the exchange rate at the date of the transaction. Non-monetary assets and liabilities denominated in foreign currencies that are measured at fair value are re-translated to the functional currency at the exchange rate at the date that the fair value was determined. Foreign currency differences arising on re-translation are recognized in profit or loss.

Equipment

Equipment is recorded at cost less accumulated depreciation and accumulated impairment losses, if any. Depreciation is recognized in operations on a either a declining balance basis or straight-line basis over the estimated useful lives of each part of an item of equipment, the choice dependant on which most closely reflects the expected pattern of consumption of the future economic benefits embodied in the asset. Depreciation rates for office furniture and field equipment are 20%.

An item of equipment is de-recognized upon disposal or when no future economic benefits are expected to arise from the continued use of the asset. Any gain or loss arising on disposal of the asset, determined as the difference between the net disposal proceeds and the carrying amount of the asset, is recognized in profit or loss.

Exploration and evaluation assets

Upon acquiring the legal right to explore a mineral property, all direct costs related to the acquisition of exploration and evaluation assets will be capitalized as exploration and evaluation assets. Exploration and evaluation expenditures incurred prior to the acquisition of a mineral project or determination of the feasibility of mining operations and a decision to proceed with development are charged to profit or loss as incurred. Development expenditures incurred subsequent to a development decision, and to increase or to extend the life of existing production, will be capitalized and will be amortized on the unit-of-production method based upon estimated proven and probable reserves. When there is little prospect of further work on a property being carried out by the Company, the remaining deferred costs associated with that property are charged to operations during the period such determination is made.

The Company will assess exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount may exceed its recoverable amount.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Restoration, rehabilitation and environmental obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations, including those associated with the reclamation of exploration and evaluation assets and property, plant and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. Initially, a liability for an asset retirement obligation is recognized at its fair value in the period in which it is incurred if a reasonable estimate of cost can be made. The Company records the present value of estimated future cash flows associated with reclamation as a liability when the liability is incurred and increases the carrying value of the related assets for that amount.

Impairment

At each statement of financial position reporting date, the Company reviews the carrying amounts of its tangible and intangible assets to determine whether there is an indication that those assets have suffered an impairment loss. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment loss (if any). Where it is not possible to estimate the recoverable amount of an individual asset, the Company estimates the recoverable amount of the cash-generating unit to which the assets belong.

The recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset.

If the recoverable amount of an asset (or cash-generating unit) is estimated to be less than its carrying amount, the carrying amount of the asset (or cash-generating unit) is reduced to its recoverable amount. An impairment loss is recognized immediately in operations, unless the relevant asset is carried at a revalued amount, in which case the impairment loss is treated as a revaluation decrease.

Where an impairment loss subsequently reverses, the carrying amount of the asset (cash-generating unit) is increased to the revised estimate of its recoverable amount, but so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years.

Financial instruments

IFRS 9 Financial Instruments ("IFRS 9") replaced IAS 39 Financial Instruments: Recognition and Measurement ("IAS 39") and all previous versions of IFRS 9. There was no material impact to the Company's consolidated financial statements as a result of transitioning to IFRS 9 on January 1, 2018.

IFRS 9 uses a single approach to determine whether a financial asset is classified and measured at amortized cost or at fair value. The classification and measurement of financial assets is based on the Company's business models for managing its financial assets and whether the contractual cash flows represent solely payments of principal and interest ("SPPI"). Financial assets are initially measured at fair value and are subsequently measured at either (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"), or (iii) at fair value through profit or loss ("FVTPL").

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

The following table summarizes the classification of the Company's financial instruments under IAS 39 and IFRS 9:

	IAS 39	IFRS 9
Financial assets		
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Financial liabilities		
Trade and other payables	Other financial liabilities	Amortized cost

The following is the Company's new accounting policy for financial instruments under IFRS 9:

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) FVTOCI; or (iii) FVTPL. The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. A financial asset is measured at fair value net of transaction costs that are directly attributable to its acquisition except for financial assets at FVTPL where transaction costs are expensed. All financial assets not classified and measured at amortized cost or FVTOCI are classified as FVTPL. On initial recognition of an equity instrument that is not held for trading, the Company may irrevocably elect to present subsequent changes in the investment's fair value in other comprehensive income/loss.

The classification determines the method by which the financial assets are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Receivables are measured at amortized cost with subsequent impairments recognized in profit or loss. Cash is classified as FVTPL.

Impairment

An 'expected credit loss' impairment model applies which requires a loss allowance to be recognized based on expected credit losses. The estimated present value of future cash flows associated with the asset is determined and an impairment loss is recognized for the difference between this amount and the carrying amount as follows: the carrying amount of the asset is reduced to estimated present value of the future cash flows associated with the asset, discounted at the financial asset's original effective interest rate, either directly or through the use of an allowance account and the resulting loss is recognized in profit or loss for the period.

In a subsequent period, if the amount of the impairment loss related to financial assets measured at amortized cost decreases, the previously recognized impairment loss is reversed through profit or loss to the extent that the carrying amount of the investment at the date the impairment is reversed does not exceed what the amortized cost would have been had the impairment not been recognized.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Financial liabilities

Financial liabilities are designated as either: (i) FVTPL; or (ii) amortized cost. All financial liabilities are classified and subsequently measured at amortized cost except for financial liabilities at FVTPL. The classification determines the method by which the financial liabilities are carried on the statement of financial position subsequent to inception and how changes in value are recorded. Trade and other payables is classified as other financial liabilities and carried on the statement of financial position at amortized cost. As at December 31, 2018, the Company does not have any derivative financial liabilities.

Loss per share

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

Share capital

Common shares are classified as share capital. Incremental costs, net of tax effects, directly attributable to the issue of common shares are recognized as a deduction from equity.

Warrants

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate exploration and evaluation assets. These equity financing transactions may involve the issuance of common share or units. Each unit comprises a certain number of common shares and a certain number of warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to the expiry as stipulated by the transaction. Warrants that are part of units are assigned a value based on the residual value, if any, and included in reserves.

Warrants that are issued as payment for agency or finders' fees or other transaction costs are accounted for as share-based payments.

Income taxes

Current tax is the expected tax payable or receivable on the taxable income or loss for the year, using tax rates enacted or substantively enacted at the reporting date, and any adjustment to tax payable in respect of previous years.

3. SIGNIFICANT ACCOUNTING POLICIES (continued)

Income taxes (continued)

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. Deferred tax is not recognized for the following temporary differences: the initial recognition of assets or liabilities in a transaction that is not a business combination and that affects neither accounting nor taxable operations, and differences relating to investments in subsidiaries and jointly controlled entities to the extent that it is probable that they will not reverse in the foreseeable future. In addition, deferred tax is not recognized for taxable temporary differences arising on the initial recognition of goodwill. Deferred tax is measured at the tax rates that are expected to be applied to temporary differences when they reverse, based on the laws that have been enacted or substantively enacted by the reporting date.

Deferred tax assets and liabilities are offset if there is a legally enforceable right to offset current tax assets and liabilities, and they relate to income taxes levied by the same tax authority on the same taxable entity, or on different tax entities, but they intend to settle current tax liabilities and assets on a net basis or their tax assets and liabilities will be realized simultaneously.

A deferred tax asset is recognized for unused tax losses, tax credits and deductible temporary differences, to the extent that it is probable that future taxable profits will be available against which they can be utilized. Deferred tax assets are reviewed at each reporting date and are reduced to the extent that it is no longer probable that the related tax benefit will be realized.

Related party transactions

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

New standards, interpretations and amendments not yet effective

Certain new standards, amendments to standards and interpretations are not yet effective as of December 31, 2018 and have not been applied in preparing these financial statements.

Effective for annual periods beginning on or after January 1, 2019:

- New standard IFRS 16, Leases

All leases result in the lessee obtaining the right to use an asset at the start of the lease and, if lease payments are made over time, also obtaining financing. Accordingly, from the perspective of the lessee, IFRS 16 eliminates the classification of leases as either operating leases or finance leases as is required by IAS 17 Leases and, instead, introduces a single lessee accounting model. When applying that model, a lessee is required to recognize assets and liabilities. A lessor continues to classify its leases as operating leases or finance leases, and accounts for those two types of leases differently.

The Company has not early adopted this new standard and this standard is not expected to have a material effect on the financial statements.

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Canadian dollars)

4. CASH

	December 31, 2018	December 31, 2017
Canadian dollar denominated deposits held in Canada	\$ 717,700	\$ 3,312
US dollar denominated deposits held in Canada	74,661	2,278
Birr denominated deposits held in Ethiopia	8,297	167,216
Total	\$ 800,658	\$ 172,806

5. EQUIPMENT

	Office furniture	Field equipment	Total
Cost			
At December 31, 2016	\$ -	\$ -	\$ -
Additions	1,575	-	1,575
At December 31, 2017	1,575	-	1,575
Additions	-	41,875	41,875
At December 31, 2018	\$ 1,575	\$ 41,875	\$ 43,450
Accumulated depreciation			
At December 31, 2016	\$ -	\$ -	\$ -
Depreciation	315	-	315
At December 31, 2017	315	-	315
Depreciation	1,260	5,583	6,843
At December 31, 2018	\$ 1,575	\$ 5,583	\$ 7,158
Carrying amounts			
At December 31, 2017	\$ 1,260	\$ -	\$ 1,260
At December 31, 2018	\$ -	\$ 36,292	\$ 36,292

6. EXPLORATION AND EVALUATION ASSET

Nefasit project

On January 1, 2018, Sun Peak Ethiopia was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the "Nefasit project") for an initial period of three years expiring on December 31, 2020. Provided the licensee has fulfilled the spending obligations of \$1.7 million (Birr 37,175,925) specified in the license agreement, the exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances. Sun Peak Ethiopia paid \$5,257 in license issuing fees to acquire the license, recorded as exploration and evaluation asset.

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSET (continued)

Exploration and evaluation expenditures included in the loss for the year ended December 31, 2018 and 2017 are as follows:

	Year ended December 31,	
	2018	2017
Consulting fees	\$ 165,461	\$ -
Legal fees	18,557	-
Travel	38,260	-
Advances	55,752	-
Total	\$ 278,030	\$ -

7. DEFERRED ACQUISITION COSTS

	December 31, 2018	December 31, 2017
Opening balance	\$ -	\$ -
Consulting fees	160,235	-
Legal fees	41,207	-
Travel	38,260	-
Closing balance	\$ 239,702	\$ -

Terer and Meli projects

On November 11, 2017, the Company signed 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 will hold the Terer and Meli exploration licenses once they are transferred to Axum from Ezana. The Company will earn a 51% interest in Axum upon completion of US\$5 million in expenditures within three years of the licenses being held by Axum. To retain the 51% interest, the Company must then elect to continue to sole fund Axum through completion of a definitive feasibility study to earn a total 67.5% interest in Axum. Within 60 days of the Company being granted a mining license, the Company will have an option to purchase a 2.5% interest in Axum from Ezana for a payment of US\$6 million. The Company is the operator of the program and is sole funding Axum.

The Terer license was transferred to Axum from Ezana in June 2019 (Note 16).

It was determined that the Meli license was not validly transferable and accordingly, with the consent of Ezana and the Minister of Mines Petroleum and Natural Gas, in July 2019, Axum applied directly for an exploration license. The Meli license was issued to Axum in December 2019 (Note 16). The Meli license that had been held by Ezana was cancelled.

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Canadian dollars)

8. TRADE AND OTHER PAYABLES

	December 31, 2018	December 31, 2017
Trade and other payables in Canada	\$ 30,089	\$ 26,398
Trade and other payables in Ethiopia	27,306	632
Amount due to related parties (Note 11)	27,315	89,831
Total	\$ 84,710	\$ 116,861

9. 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 year ended December 31, 2018, the Company completed a non-brokered private placement through the issue of 11,662,265 common shares at \$0.15 per share for proceeds of \$1,749,340, of which \$10,000 was received in 2017 and recorded as subscriptions received in advance as at December 31, 2017.

During the year ended December 31, 2017, the Company completed a non-brokered private placement through the issue of 500,000 units at \$0.05 per unit for proceeds of \$25,000. Each unit comprised one common share and one common share purchase warrant with each warrant exercisable to purchase one common share at an exercise price of \$0.15 until September 23, 2021.

c) Warrants

The continuity of warrants for the year ended December 31, 2018 is as follows:

Expiry date	Exercise price	Balance, December 31, 2017	Issued	Exercised	Expired	Balance, December 31, 2018
September 23, 2021	\$ 0.15	8,200,000	-	-	-	8,200,000
September 23, 2021	\$ 0.15	500,000	-	-	-	500,000
		8,700,000	-	-	-	8,700,000
Weighted average exercise price	\$ 0.15	\$ -	\$ -	\$ -	\$ -	\$ 0.15

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)

c) Warrants (continued)

The continuity of warrants for the year ended December 31, 2017 is as follows:

Expiry date	Exercise price	Balance, December 31, 2016	Issued	Exercised	Expired	Balance, December 31, 2017
September 23, 2021	\$ 0.15	8,200,000	-	-	-	8,200,000
September 23, 2021	\$ 0.15	-	500,000	-	-	500,000
		8,200,000	500,000	-	-	8,700,000
Weighted average exercise price	\$ 0.15	\$ 0.15	\$ -	\$ -	\$ -	\$ 0.15

10. PROJECT INVESTIGATION COSTS

During the year ended December 31, 2017, the Company incurred certain expenditures such as consulting fees and travel related to the identification of exploration properties in Ethiopia prior to obtaining rights on the properties.

	Year ended December 31,	
	2018	2017
Consulting fees	\$ -	\$ 20,110
Legal fees	-	103,157
Travel	-	91,584
Total	\$ -	\$ 214,851

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

a) Consulting fees

During the year ended December 31, 2018, the Company paid or accrued \$72,000 (2017 - \$72,000) to Golden Oak Corporate Services Ltd. ("Golden Oak"). Golden Oak is a consulting company controlled by a Director, Corporate Secretary of the Company. Golden Oak provides the services of a chief financial officer, a corporate secretary, and accounting and administrative staff to the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.

b) Compensation of key management personnel

Key management includes members of the Board of Directors, the President and the 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 years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31,	
	2018	2017
Consulting fees	\$ 72,000	\$ 72,000
Office expenses	27,409	-
Salaries and benefits	333,796	-
Total	\$ 433,205	\$ 72,000

Amounts due to key management personnel for reimbursement of expenses are disclosed in Note 8. All amounts owed are unsecured and non-interest bearing.

12. SEGMENTED INFORMATION

IFRS 8 "Operating Segments" requires operating segments to be 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 as at December 31, 2018.

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Canadian dollars)

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

		December 31, 2018	December 31, 2017
Cash	FVTPL	\$ 800,658	\$ 172,806
Receivables	Amortized cost	20,259	5,117
Trade and other payables	Amortized cost	84,710	116,861

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 market place.
- 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 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. The Company's receivables include balances receivable from the government of Canada.

13. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk Management (continued)

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 is exposed to liquidity risk.

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. 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 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 one percent change in the foreign exchange rate on the cash held in Ethiopian Birr at December 31, 2018 would be insignificant.
- (c) Commodity Price Risk: While the value of the Company's exploration and evaluation assets will be related to the price of gold and the outlook for this mineral, 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 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.

- (d) Political Uncertainty Risk: In conducting operations in Ethiopia, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions 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.

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Canadian dollars)

14. MANAGEMENT OF CAPITAL

The Company manages its common shares and warrants as capital. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern in order to pursue the acquisition of exploration and evaluation assets and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk. The Company is not subject to externally imposed capital requirements.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue debt, acquire or dispose of assets, or adjust the amount of cash.

In order to facilitate the management of its capital requirements, the Company prepares expenditure forecasts that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. In order to maximize ongoing exploration efforts, the Company does not pay out dividends.

The Company's investment policy is to keep its cash treasury on demand deposit in an interest bearing Canadian chartered bank account. The Company does not expect that its current capital resources will be sufficient to carry out its currently planned exploration and operations through the next twelve months (Note 1).

There have been no changes to the Company's approach to capital management for the years presented.

15. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended December 31,	
	2018	2017
Loss for the year	\$ (784,261)	\$ (396,246)
Expected income tax recovery	\$ (212,000)	\$ (103,000)
Change in statutory, foreign tax, foreign exchange rates and other	(6,000)	3,000
Permanent differences	(1,000)	-
Change in unrecognized deductible temporary differences	219,000	100,000
Total	\$ -	\$ -

The significant components of the Company's deferred tax assets are as follows:

	December 31,	December 31,
	2018	2017
Deferred tax assets (liabilities)		
Exploration and evaluation asset	\$ 117,000	\$ 39,000
Equipment	2,000	-
Non-capital losses available for future periods	231,000	92,000
Total unrecognized deferred tax assets	\$ 350,000	\$ 131,000

Deferred tax assets have not been recognized in these financial statements as it is not probable that they will be realized.

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2018
(Expressed in Canadian dollars)

15. INCOME TAXES (continued)

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	December 31, 2018	Expiry date range
Temporary differences		
Exploration and evaluation asset	\$ 421,000	No expiry date
Equipment	6,000	
Non-capital losses available for future periods	840,000	See below
Canada	699,000	2036 to 2038
Ethiopia	141,000	2026 to 2028

Tax attributes are subject to review, and potential adjustment, by tax authorities.

16. SUBSEQUENT EVENTS

Subsequent to December 31, 2018, the Company completed the following transactions:

- a) On April 16, 2019, Sun Peak Ethiopia was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the "Adi Dairo project") for an initial period of three years expiring on April 15, 2022. Provided Sun Peak Ethiopia has fulfilled the spending obligations of \$1.9 million (Birr 41,127,665) specified in the license agreement, the exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances.
- b) On June 12, 2019, Axum was transferred an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the "Terer project") for the remainder of the exploration period that expires March 30, 2020. Provided Axum has fulfilled the spending obligations of \$800,000 (Birr 16,901,340) specified in the license agreement, the exploration license may be renewed under certain circumstances.
- c) On July 4, 2019, the Company completed a non-brokered private placement with Sandstorm Gold Ltd. ("Sandstorm") and Rosedale Resources Ltd. ("Rosedale") through the issue of 5,000,000 common shares at \$0.40 per share for proceeds of \$2,000,000 with each of Sandstorm and Rosedale investing \$1,000,000 each. Sandstorm and Rosedale each received a 1.0% net smelter return ("NSR") royalty over 100% of the future production from the Adi Dairo, Nefasit and Terer properties.
- d) On December 4, 2019, Axum was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the "Meli project") for an initial period of three years expiring on December 3, 2022. Provided Axum has fulfilled the spending obligations of \$3.0 (Birr 63,426,750) specified in the license agreement, the exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances.
- e) Pursuant to an agreement with Sandstorm and Rosedale, and upon the Meli license having been issued to Axum, Sandstorm and Rosedale will each invest another \$500,000 at \$0.40 per share and receive 1,250,000 common shares each and a 1% NSR royalty over 100% of the future production of the Meli property.

APPENDIX B

**SUN PEAK METALS CORP. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE YEAR ENDED
DECEMBER 31, 2018**

[Please see attached.]



MANAGEMENT'S DISCUSSION AND ANALYSIS

For the year ended December 31, 2018

(Expressed in Canadian dollars)

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018 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, 2018, 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 International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is December 6, 2019.

Description of the Business

Sun Peak is a private company incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 2, 2016. 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.

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

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

Overview

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

The JV Agreement

Pursuant to the JV Agreement, the Company has an option to earn up to a 70% interest in Axum, which holds the JV Properties (the Terer Exploration License ("EL") and the Meli EL). The respective interests of the Company and Ezana in Axum during the earn-in period are set out in the table below:

Shareholder	Effective Date	Completion of Phase 1	Completion of Phase 2	Phase 3 (purchase of 2.5%)
Sun Peak	0%	51%	67.5%	70%
Ezana	100%	49%	32.5%	30%

To acquire a 51% ownership in Axum, the Company must solely fund Axum's exploration expenditures (and other qualifying expenses) on the JV Properties totalling US\$5,000,000 by December 4, 2022, with at least US\$2,000,000 of such expenditures being incurred by June 4, 2021 (the "Phase 1 Earn-in"). Funding of the Phase 1 Earn-in will be completed by way of the Phase 1 Loan from the Company to Axum in the amount of US\$5,000,000. Upon completion of the Phase 1 Earn-in, the Company will convert the Phase 1 Loan to that number of shares in Axum representing 51% of the issued and outstanding shares of Axum.

The Company may withdraw from its obligations under the JV Agreement at any time prior to completing the Phase 1 Earn-in. If the Company withdraws from its obligations under the JV Agreement or fails to

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

meet the Phase 1 Earn-in requirements, the Company will have no right, title or interest in Axum or the JV Properties and amounts advanced to Axum under the Phase 1 Loan will not be repaid to the Company.

Within 30 days of completing the Phase 1 Earn-in, the Company must give notice to Ezana as to whether it wishes to proceed to exercise the Phase 2 Earn-in (described below). If the Company does not elect to proceed to exercise the Phase 2 Earn-in, the joint venture relationship between the Company and Ezana will be terminated, with the Company holding 51% of Axum and Ezana holding 49%.

If the Company elects to proceed with the exercise of the Phase 2 Earn-in, the Company will continue to solely fund Axum's exploration expenditures by way of the Phase 2 Loan at a minimum rate of US\$1,000,000 for each one year period following the date of the Company's election to exercise the Phase 2 Earn-in, to advance the JV Properties through to completion of a definitive feasibility study and the completion of any other studies required to apply for a mining license (the "Phase 2 Earn-in") and Axum will apply for a mining license. Upon completion of the Phase 2 Earn-in, the Company will convert the amount drawn against the Phase 2 Loan to that number of shares in Axum representing 16.5% of the issued and outstanding shares of Axum, thus increasing the Company's total interest in Axum to 67.5%. Upon receipt of the feasibility study, the board of directors of Axum will determine whether Axum will proceed with development of the JV Properties.

Within 60 days of Axum being granted a mining license on some or all of the JV Properties, the Company will have an option to purchase 2.5% of the shares of Axum held by Ezana for a purchase price of US\$6,000,000 to be paid within 10 days of delivering the notice of exercise in writing to Ezana, which would result in the Company owning a 70% interest in Axum.

During the Phase 1 Earn-in and Phase 2 Earn-in, all programs on the JV Properties will be funded, designed and managed solely by the Company. After the Phase 2 Earn-in is completed and a mining license is granted, the shareholders of Axum will jointly seek funding from financial institutions for the development of the mine, and work programs and operations will be funded by the shareholders of Axum on a pro-rata basis in proportion to their respective shareholdings in Axum.

During the Phase 1 Earn-in and Phase 2 Earn-in periods, unless as otherwise agreed, the board of directors of Axum will be comprised of four directors, two of whom will be nominated by the Company and two of whom will be nominated by Ezana, with the chairman of the board being one of the directors selected by the Company. The chairman of the board will have a casting vote if there is an equality of votes cast by board members. Pursuant to the JV Agreement, the Company has been appointed as the manager of the joint venture until its resignation, with overall management responsibility for operations of the JV Properties.

Pursuant to the terms of the JV Agreement, Ezana or its nominee is entitled, upon acquiring the necessary licenses, to exclusively conduct precious mining activities for its exclusive benefit on the oxide gold caps located above the massive sulphide zone on the JV Properties.

Licenses

Under the Mining Proclamation of Ethiopia, ELs grant the holder an exclusive right to search for any mineral in order to establish the existence of any mineral and to determine the extent and economic value of the deposit within the area specific in the license. ELs are valid for an initial period specified in the license, which must not exceed three years. This period may be extended for a maximum period of 10 years if the legal requirements for extension have been met, including the obligations set out in the initial license having been fulfilled. When an application for renewal is made, the holder is generally required to relinquish one quarter of exploration license area; however, the licensing authority may allow renewal of an exploration license without relinquishment of a portion of the license in certain circumstances.

In order to conduct mining operations on a property, a holder of an EL must first conduct a feasibility study on the property and then apply for a mining license. The government of Ethiopia is entitled to a 5% carried interest in any large-scale mining investment and further royalty payments may be required by local law.

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

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

An exchange rate of 21.1 Birr to the Canadian dollar is used for conversion purposes at December 31, 2018.

Terer EL

The Terer EL was issued to Ezana on March 30, 2015 and transferred to Axum on June 12, 2019. The Terer EL has been renewed twice, with the second renewal covering an area of approximately 181 square kilometres and expiring on March 29, 2020. The license requires the holder to spend Birr 16,901,340 (\$801,011). The Company expects that the Terer EL will be renewed for additional terms. Further renewal of the Terer EL may require a relinquishment of one quarter of the area covered by the license.

Meli EL

The Meli EL (covering an area that had previously been subject to an EL owned by Ezana) was issued to Axum on December 4, 2019. It has an initial term of three years and covers an area of approximately 98 square kilometres. The license requires the holder to spend Birr 63,426,750 (\$3,006,007) during its current term.

Nefasit EL

The Nefasit EL was issued to Sun Peak Ethiopia on January 1, 2018. It has an initial term of three years and covers an area of approximately 431 square kilometres. The license requires the holder to spend Birr 37,175,925 (\$1,761,892) during its current term.

Adi Da-iro EL

The Adi Da-iro EL was issued to Sun Peak Ethiopia on April 16, 2019. It has an initial term of three years and covers an area of approximately 269 square kilometres. The license requires the holder to spend Birr 41,127,665 (\$1,949,178) during its current term.

Royalty Agreements

Sandstorm Gold Ltd. and Rosedale Resources Ltd. (together, the "Royalty Holders") each hold a 1% net smelter returns royalty on all economic marketable material produced from the Nefasit EL, the Adi-Dario EL, the Terer EL, the Meli EL and any properties the Company subsequently acquires within five kilometres of the external boundaries of such properties (collectively, the "Royalty Properties"). Pursuant to the Royalty Agreements, the Royalty Holders have a right of first refusal on the purchase of any proposed metal royalty or metal stream on production from the Royalty Properties. Furthermore, in the event the Company wishes to abandon, relinquish, terminate or fail to renew or extend all or any portion of the Royalty Properties, the Royalty Holders have the right to acquire any such relinquished property for \$10.00.

Exploration

The Shire property area, comprising the Terer EL, the Nefasit EL and the Adi Da-iro EL, has had considerable exploration work conducted by predecessor companies. Sun Peak has obtained results of previous work wherever possible and compiled the results in their exploration database, along with the results of their own work undertaken since 2017, which is presented below for each of the three exploration license areas.

The Axum data compilation and preliminary field work defined five sulphidic trends in the Terer EL with Volcanic Massive Sulphide ("VMS") potential. These VMS-bearing mineralized trends have over 45 kilometers of combined strike length, so will require modern VMS exploration concepts and techniques to identify specific targets with economic potential.

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

In 2018 Axum had Aster satellite image analysis covering the Terer and Nefasit EL areas. Some of the highest priority Aster image targets have been followed up with geological mapping and prospecting traverses crossing the main VMS zones and regional trends. These and other promising targets will continue to receive follow-up work.

In 2019, Axum commissioned an airborne magnetic and VTEM electromagnetic survey over the entire Terer EL area and the northern half of the Nefasit EL. Figure 5-2 is a preliminary map of the VTEM strongly conductive areas shown in warmer colours (yellow, red and pink) in the Terer area.

In the latter part of 2019 the Company undertook detailed geological and structural mapping and gravity surveying at two zones on the Terer EL to better understand the configuration of the mineralized gossans on surface, with potential for extension of the zone and possible parallel mineralized horizons that have not been tested by drilling. The results were encouraging. These zones have never been drilled and hold promise for massive sulphide mineralization at depth. In addition, a partially defined density high, 500 m to the southeast of the one of the zones gossan indicates potential for another parallel mineralized horizon. Further gravity surveying is required to properly outline this anomaly.

Additional work on the Nefasit EL was conducted in the same period. Seven VMS-style anomalies have been defined based on re-interpretation of historical exploration data, prospecting, soil and stream sampling geochemistry and the results of the recent airborne electromagnetic and ground gravity surveys. The Company will further evaluate the identified targets with geological, geochemical and ground geophysical surveys, to be followed by drilling if warranted. Ground follow up took place in 2018-19 to explore and test some of the most favourable targets. Soil sample grids were established over a number of the target areas in the northern part of the Nefasit EL. Closer-spaced fill-in soil lines (200m x 20m) are planned in some parts of the grid to better define the anomalies. Localized gravity surveying was conducted in 2018 over several of the primary targets.

Since being issued the Adi Da-iro EL in April 2019, the Company has undertaken a geophysical survey, as well as limited prospecting of selected targets based on evaluation of historic data. In October 2019, a heliborne magnetic and VTEM electromagnetic survey was flown covering approximately 10 km by 7.5 km in the central part of the Adi Da-iro concession.

The airborne magnetic results indicate moderate to strong magnetic susceptibility over the metasedimentary rocks in the northwest, but also over some of the metavolcanic rocks in the northeast, with lower magnetic susceptibility farther to the south that may be indicative of the more frequent felsic volcanic rocks and porphyritic dykes that are mapped in that area. Based on geophysical signatures of host lithologies in areas containing VMS mineralized on the Terer and Nefasit concessions the lower magnetic susceptibility areas with smaller, discrete conductive highs appear to be the most prospective targets. This signature would suggest that the southeastern part of the Adi Da-iro survey area extending over a length of 7 km and width of 4 km may have the best potential for VMS mineralization.

In 2019 Axum applied for, and on December 4, 2019 was granted, the Meli EL, which surrounds the area of Ezana's small mining license area and Ezana's 2 small exploration licenses covering the Central and Western Gossan zones. In 2013 Ezana applied for, and was granted, a mining license and undertook mine planning and feasibility studies, followed by the construction of a small carbon-in-pulp extraction plant in 2016 adjacent to the Eastern Meli gossan zone within the Meli EL. Open cut extraction of the gossan cap commenced in 2017 and the mill has operated intermittently since that time.

Axum undertook compilation and re-interpretation of all the previous exploration data and input it into ArcGIS/MapInfo GIS software programs.

From these compiled & re-interpreted maps, as well as geological field visits, the Axum work indicated that at least two types of mineral deposits could exist in the Meli concession area:

- 1) VMS-style mineralization defined by oxide gossans underlain by sulphidic zones, and

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

2) Orogenic gold hosted by shear zones defined by alteration and geochemical anomalies.

Previous work on the Meli concession has focused on surface sampling and drilling of exposed gossanous oxide zones, however, the Axum exploration team strongly believes that more than 80% of the area is still under-explored for economic mineral potential. The team identified primary targets for further exploration commencing in 2020.

Qualified Person

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

Selected Annual Information

	Year ended December 31, 2018	Year ended December 31, 2017	Period from Incorporation on June 2, 2016 to December 31, 2016
Statement of Loss:			
Net revenues	\$Nil	\$Nil	\$Nil
Net loss	\$(784,261)	\$(396,246)	\$(115,912)
Basic and diluted loss per share	\$(0.02)	\$(0.02)	\$(0.01)
Financial Position:			
Total assets	\$1,104,704	\$181,776	\$462,396
Long term debt	\$Nil	\$Nil	\$Nil

Results of Operations – year ended December 31, 2018

The consolidated net loss for the year ended December 31, 2018 was \$784,261 (2017 - \$396,246).

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

Consulting fees for the year ended December 31, 2018 totalled \$72,000 (2017 - \$72,000) and relates to fees paid to Golden Oak Corporate Services Ltd. ("Golden Oak"), a consulting company controlled by a Director, Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, a Corporate Secretary, and accounting and administrative staff to the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.

Exploration and evaluation expenditures for the year ended December 31, 2018 totalled \$278,030 (2017 - \$Nil) and all relates to exploration work on the Nefasit project. The Nefasit EL was acquired on January 1, 2018.

Office expenses for the year ended December 31, 2018 totalled \$77,623 (2017 - \$25,140), as anticipated increased as the Company increases operations on its exploration projects in Ethiopia.

Project investigation costs for the year ended December 31, 2017 were \$214,851 and relate to certain expenditures such as consulting fees and travel related to the identification of exploration properties in Ethiopia prior to obtaining rights on the properties. In January 2018, the Company obtained the Nefasit EL and all associated costs thereafter were considered exploration and evaluation expenditures. Further, the Company entered into an agreement with Ezana on the Terer and Meli ELs in late 2017 and all associated

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

costs thereafter have been capitalized as deferred acquisition costs on the statement of financial position. Accordingly, there are no project investigation costs for the year ended December 31, 2018.

Salaries and benefits for the year ended December 31, 2018 totalled \$333,796 and relate to salaries paid to the Chief Executive Officer, the VP, Exploration & Geology, and the VP, Project Development. These officers were not paid any salaries during the year ended December 31, 2017.

Summary of Quarterly Results

The Company is not a reporting issuer and accordingly has not prepared consolidated financial information on a quarterly basis for the years ended December 31, 2018 and 2017. Accordingly, a summary of quarterly results has not been presented.

Liquidity and Capital Resources

The Company began the fiscal year with \$172,806 cash. During the year ended December 31, 2018, the Company spent \$831,118 on operating activities, net of working capital changes, spent \$280,370 on investing activities, and received \$1,739,340 from financing activities to end at December 31, 2018 with \$800,658 of cash.

Financing activities

From inception to the date of this MD&A, the Company has raised \$4.3 million as follows:

- In August 2016, the Company issued 13,500,000 founder shares at \$0.01 per share for gross proceeds of \$135,000 of which \$106,415 was paid in cash and \$28,585 was for settlement of trade and other payables.
- In September 2016, the Company completed a non-brokered private placement through the issue of 8,200,000 units at \$0.05 per unit for gross proceeds of \$410,000. Each unit comprised one common share and one common share purchase warrant with each warrant exercisable to purchase one common share at an exercise price of \$0.15 until September 23, 2021. The Company incurred share issue costs of \$2,927.
- In March 2017, the Company completed a non-brokered private placement through the issue of 500,000 units at \$0.05 per unit for proceeds of \$25,000. Each unit comprised one common share and one common share purchase warrant with each warrant exercisable to purchase one common share at an exercise price of \$0.15 until September 23, 2021.
- In January 2018, the Company completed a non-brokered private placement through the issue of 11,662,265 common shares at \$0.15 per share for proceeds of \$1,749,340, of which \$10,000 was received in 2017.
- In July 2019, the Company completed a non-brokered private placement through the issue of 5,000,000 common shares at \$0.40 per share for proceeds of \$2,000,000 with each of the investees investing \$1,000,000 each. The investees each received a 1.0% net smelter return royalty over 100% of the future production from the Adi Da-iro, Nefasit and Terer properties.

As at December 31, 2018, the Company had working capital of \$738,743. Management estimates that

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

these funds together with the funds raised subsequent to year end, may not provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months. Accordingly, the Company may need to seek additional sources of financing to carry on future operations. 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.

Fourth Quarter

The Company is not a reporting issuer and accordingly has not prepared consolidated financial information on a quarterly basis for the years ended December 31, 2018 and 2017. Accordingly, fourth quarter results have not been presented.

Related Party Transactions

a) Consulting fees

During the year ended December 31, 2018, the Company paid or accrued \$72,000 (2017 - \$72,000) to Golden Oak.

b) Office expenses

During the year ended December 31, 2018, the Company paid or accrued \$27,409 (2017 - \$Nil) to Sandstorm Gold Ltd. for the cost of renting one office shared by the Company's three executives. The Company pays Sandstorm rent and reimbursement of shared office costs.

c) 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 years ended December 31, 2018 and 2017 were as follows:

	Year ended December 31,	
	2018	2017
Consulting fees	\$ 72,000	\$ 72,000
Office expenses	27,409	-
Salaries and benefits	333,796	-
Total	\$ 433,205	\$ 72,000

As at December 31, 2018, the Company owed \$27,315 (2017 - \$89,831) to key management personnel for the reimbursement of expenses. All amounts owed are unsecured and non-interest bearing.

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration and evaluation assets are described in Note 6 to the Financial Report.

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

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, 2018	33,862,265	8,700,000	-
Private placement	5,000,000	-	-
Balance as at the date of this MD&A	38,862,265	8,700,000	-

Use of accounting estimates, judgments and assumptions

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 agreements to acquire companies holding mineral projects. The acquisitions 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 such companies, the Company will consolidate as subsidiaries.

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

New Accounting Standards

Refer to the discussion of "New standards, interpretations and amendments not yet effective" in Note 3 to the Financial Report. The Company has not applied any of the new and revised IFRS detailed therein, all of which have been issued but are not yet effective at the date of this MD&A.

Financial Instruments and Risk Management

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or at amortized cost. The carrying values of the Company's financial instruments are classified into the following categories:

		December 31, 2018	December 31, 2017
Cash	FVTPL	\$ 800,658	\$ 172,806
Receivables	Amortized cost	20,259	5,117
Trade and other payables	Amortized cost	84,710	116,861

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 market place.
- 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 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. The Company's receivables include balances receivable from the government of Canada.

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

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 is exposed to liquidity risk.

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. 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 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 one percent change in the foreign exchange rate on the cash held in Ethiopian Birr at December 31, 2018 would be insignificant.
- (c) Commodity Price Risk: While the value of the Company's exploration and evaluation assets will be related to the price of gold and the outlook for this mineral, 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 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.

- (d) Political Uncertainty Risk: In conducting operations in Ethiopia, the Company is subject to considerations and risks not typically associated with companies operating in North America. These include risks such as the political, economic and legal environments. Among other things, the Company's results may be adversely affected by changes in the political and social conditions 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.

SUN PEAK METALS CORP.
For the year ended December 31, 2018
MANAGEMENT'S DISCUSSION AND ANALYSIS

Cautionary Note Regarding Forward-looking Statements

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that address activities, events or developments that the Company or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by the Company and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although the Company believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of the Company is subject to a number of risks and uncertainties, including those risk factors discussed under "Risk Management" in the above documents incorporated herein by reference. In particular, if any of the risk factors materialize, the expectations, and the predictions based on them, of the Company may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Unless otherwise required by law, the Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and the Company does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

Other Information

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

APPENDIX C

**SUN PEAK METALS CORP. UNAUDITED CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
FOR THE INTERIM PERIOD ENDED SEPTEMBER 30, 2019**

[Please see attached.]



CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS

For the nine months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

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

(Unaudited – Expressed in Canadian dollars)

			September 30, 2019	December 31, 2018
	<i>Note</i>			
ASSETS				
Current				
Cash	4	\$	1,479,200	\$ 800,658
Receivables			11,985	20,259
Prepaid expenses			26,791	2,536
			1,517,976	823,453
Equipment	5		30,011	36,292
Exploration and evaluation assets	6		7,963	5,257
Deferred acquisition costs	7		701,464	239,702
		\$	2,257,414	\$ 1,104,704
LIABILITIES				
Current				
Trade and other payables	8	\$	62,028	\$ 84,710
EQUITY				
Share capital	9		4,316,413	2,316,413
Deficit			(2,121,027)	(1,296,419)
			2,195,386	1,019,994
		\$	2,257,414	\$ 1,104,704
Proposed transaction	13			
Subsequent events	7 & 14			

These condensed consolidated interim financial statements are approved for issue by the Board of Directors on February 19, 2020.

On behalf of the Board:

_____/s/ David Awram_____
Director

_____/s/ Greg Davis_____
Director

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

SUN PEAK METALS CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**
(Unaudited – Expressed in Canadian dollars)

		Three months ended September 30,		Nine months ended September 30,	
	<i>Note</i>	2019	2018	2019	2018
Expenses					
Consulting fees	10	\$ 18,000	\$ 18,000	\$ 48,000	\$ 54,000
Depreciation	5	2,093	2,094	6,281	4,750
Exploration and evaluation expenditures	6	221,578	17,803	455,042	124,741
Foreign exchange		22,323	7,764	39,008	1,050
Office expenses	10	20,041	13,562	44,985	39,091
Professional fees		-	139	2,000	10,276
Salaries and benefits	10	84,207	82,670	231,324	251,919
		(368,242)	(142,032)	(826,640)	(485,827)
Interest income		2,032	1,396	2,032	6,981
Loss and comprehensive loss for the period		\$ (366,210)	\$ (140,636)	\$ (824,608)	\$ (478,846)
Basic and diluted loss per share		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.01)
Weighted average number of shares outstanding		38,753,569	22,200,000	35,473,987	33,093,324

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

SUN PEAK METALS CORP.**CONDENSED CONSOLIDATED INTERIM STATEMENTS OF CASH FLOWS**

(Unaudited – Expressed in Canadian dollars)

	Nine months ended September 30,	
	2019	2018
Cash flows to operating activities		
Loss for the period	\$ (824,608)	\$ (478,846)
Items not involving cash:		
Depreciation	6,281	4,750
Change in non-cash working capital items:		
Receivables	8,274	(14,407)
Prepaid expenses	(24,255)	(12,692)
Trade and other payables	(22,682)	(92,432)
	(856,990)	(593,627)
Cash flows to investing activities		
Purchase of equipment	-	(41,875)
Exploration and evaluation assets	(2,706)	(5,067)
Deferred acquisition costs	(461,762)	(205,460)
	(464,468)	(252,402)
Cash flows from financing activities		
Proceeds from private placements	2,000,000	1,739,340
	2,000,000	1,739,340
Increase in cash for the period	678,542	893,311
Cash, beginning of period	800,658	172,806
Cash, end of period	\$ 1,479,200	\$ 1,066,117
Non-cash investing and financing activities		
Shares issued for subscriptions received in advance	\$ -	\$ 10,000
Supplementary information		
Interest paid	\$ -	\$ -
Income taxes paid	-	-

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

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

(Unaudited – Expressed in Canadian dollars)

	Number of shares	Share capital	Subscriptions received in advance	Deficit	Total
Balance, December 31, 2018	33,862,265	\$ 2,316,413	\$ -	\$ (1,296,419)	\$ 1,019,994
Private placement	5,000,000	2,000,000	-	-	2,000,000
Loss and comprehensive loss for the period	-	-	-	(824,608)	(824,608)
Balance, September 30, 2019	38,862,265	\$ 4,316,413	\$ -	\$ (2,121,027)	\$ 2,195,386

	Number of shares	Share capital	Subscriptions received in advance	Deficit	Total
Balance, December 31, 2017	22,200,000	\$ 567,073	\$ 10,000	\$ (512,158)	\$ 64,915
Private placement	11,662,265	1,749,340	(10,000)	-	1,739,340
Loss and comprehensive loss for the period	-	-	-	(478,846)	(478,846)
Balance, September 30, 2018	33,862,265	\$ 2,316,413	\$ -	\$ (991,004)	\$ 1,325,409

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

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

For the nine months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

1. NATURE OF OPERATIONS

Sun Peak Metals Corp. (the “Company”) is a private company incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 2, 2016. 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. The Company’s head office and registered and records office address is Unit 1 – 15782 Marine Drive, White Rock, B.C. Canada V4B 1E6.

Sun Peak’s principal business is the acquisition, exploration and development of resource properties for the mining of precious or base metals.

In addition to Sun Peak Ethiopia, the Company also has a corporate joint venture with Ezana Mining Development plc, that governs the funding and activities of Axum Metals Share Company (Note 7).

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, 2019, the Company had working capital of \$1,455,948. Subsequent to September 30, 2019, the Company completed non-brokered private placements for gross proceeds of \$13,843,904 (Note 14). Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

These 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

Statement of compliance

These condensed consolidated interim 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 consolidated interim financial statements are based on International Financial Reporting Standards (“IFRS”) issued and outstanding as at the date the Board of Directors approved these condensed consolidated interim financial statements for issue.

These condensed consolidated interim 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, 2018.

Basis of measurement

These condensed consolidated interim 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 consolidated interim financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

2. BASIS OF PRESENTATION (continued)

Functional and presentation currency

These condensed consolidated interim 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 condensed consolidated interim 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 agreements to acquire companies holding mineral projects. The acquisitions 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 such companies, the Company will consolidate as subsidiaries.

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

For the nine months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

3. SIGNIFICANT ACCOUNTING POLICIES

The accounting policies applied by the Company in these condensed consolidated interim financial statements are the same as those applied by the Company as at and for the year ended December 31, 2018.

Adoption of new and revised standards and interpretations

On January 1, 2019, the Company adopted IFRS 16 – Leases (“IFRS 16”). IFRS 16 applies a control model to the identification of leases, distinguishing between a lease and a service contract on the basis of whether the customer controls the leased asset. For assets that meet the definition of a lease, IFRS 16 requires a single, on-balance sheet accounting model similar to finance lease accounting, with exceptions for short-term leases, leases of low value assets, and mineral exploration leases. The Company does not have any leases that fall within the application of IFRS 16.

Standards issued but not yet effective

A number of new standards, amendments to standards and interpretations are not yet effective as of September 30, 2019 and have not been applied in preparing these condensed consolidated interim financial statements. In addition, none of these standards are applicable to the Company.

4. CASH

	September 30, 2019	December 31, 2018
Canadian dollar denominated deposits held in Canada	\$ 1,139,880	\$ 717,700
US dollar denominated deposits held in Canada	45,491	74,661
US dollar denominated deposits held in Ethiopia	140,284	-
Birr denominated deposits held in Ethiopia	153,545	8,297
Total	\$ 1,479,200	\$ 800,658

SUN PEAK METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine months ended September 30, 2019
(Unaudited – Expressed in Canadian dollars)

5. EQUIPMENT

		Office furniture		Field equipment		Total
Cost						
At December 31, 2018	\$	1,575	\$	41,875	\$	43,450
Additions		-		-		-
At September 30, 2019	\$	1,575	\$	41,875	\$	43,450
Accumulated depreciation						
At December 31, 2018	\$	1,575	\$	5,583	\$	7,158
Depreciation		-		6,281		6,281
At September 30, 2019	\$	1,575	\$	11,864	\$	13,439
Carrying amounts						
At December 31, 2018	\$	-	\$	36,292	\$	36,292
At September 30, 2019	\$	-	\$	30,011	\$	30,011

6. EXPLORATION AND EVALUATION ASSETS

		Nefasit Project		Adi Da-iro Project		Total
December 31, 2018	\$	5,257	\$	-	\$	5,257
Additions		-		2,706		2,706
September 30, 2019	\$	5,257	\$	2,706	\$	7,963

Nefasit project

On January 1, 2018, Sun Peak Ethiopia was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the “Nefasit project”) for an initial period of three years expiring on December 31, 2020. Provided the licensee has fulfilled the spending obligations of Birr 37,175,925 (approximately \$1.7 million) specified in the license agreement, the exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances. Sun Peak Ethiopia paid \$5,257 in license issuing fees to acquire the license.

Adi Da-iro project

On April 16, 2019, Sun Peak Ethiopia was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the “Adi Da-iro project”) for an initial period of three years expiring on April 15, 2022. Provided the licensee has fulfilled the spending obligations of Birr 41,127,665 (approximately \$1.9 million) specified in the license agreement, the exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances. Sun Peak Ethiopia paid \$2,706 in license issuing fees to acquire the license.

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

For the nine months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

6. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures included in the loss for the three and nine months ended September 30, 2019 and 2018 are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Geological consulting	\$ 167,839	\$ 10,373	\$ 336,988	\$ 79,555
Professional fees	41	-	13,144	17,883
Administration	43,142	-	80,761	-
Travel	10,556	7,430	24,149	27,303
Total	\$ 221,578	\$ 17,803	\$ 455,042	\$ 124,741

7. DEFERRED ACQUISITION COSTS

	September 30, 2019	December 31, 2018
Opening balance	\$ 239,702	\$ -
Geological consulting	361,704	160,235
Professional fees	47,012	41,207
Administration	28,896	-
Travel	24,150	38,260
Closing balance	\$ 701,464	\$ 239,702

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 now holds the Terer and Meli exploration licenses. The Company may earn a 51% interest in Axum upon completion of US\$5 million in expenditures within three years of the Terer and Meli licenses being held by Axum. Ezana transferred the Terer license to Axum in June 2019. It was determined that the Meli license was not validly transferable and accordingly, with the consent of Ezana and the Minister of Mines Petroleum and Natural Gas, in July 2019, Axum applied directly for an exploration license. The Meli license was issued to Axum in December 2019. The Meli license that had been held by Ezana was cancelled.

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

After earning a 51% interest, Sun Peak 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. 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.

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

For the nine months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

7. DEFERRED ACQUISITION COSTS (continued)

Terer project

On June 12, 2019, Axum was transferred an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the “Terer project”) for the remainder of the exploration period that expires March 29, 2020. Provided the licensee has fulfilled the spending obligations of Birr 16,901,340 (approximately \$800,000) specified in the license agreement, the exploration license may be renewed under certain circumstances.

Meli project

On December 4, 2019, Axum was issued an exploration license pursuant to the Ethiopian Mining Proclamation to explore for minerals within a defined area (the “Meli project”) for an initial period of three years expiring on December 3, 2022. Provided Axum has fulfilled the spending obligations of Birr 63,426,750 (approximately \$3.0 million) specified in the license agreement, the exploration license may be renewed twice for additional terms of one year each and beyond under certain circumstances.

8. TRADE AND OTHER PAYABLES

	September 30, 2019	December 31, 2018
Trade and other payables in Canada	\$ 30,240	\$ 30,089
Trade and other payables in Ethiopia	11,520	27,306
Amounts due to related parties (Note 10)	20,268	27,315
Total	\$ 62,028	\$ 84,710

9. 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

On July 4, 2019, the Company completed a non-brokered private placement through the issue of 5,000,000 common shares at \$0.40 per share for proceeds of \$2,000,000 with each of the investees investing \$1,000,000 each. The investees each received a 1.0% net smelter return (“NSR”) royalty over 100% of the future production from the Adi Da-iro, Nefasit and Terer projects.

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

For the nine months ended September 30, 2019

(Unaudited – Expressed in Canadian dollars)

9. SHARE CAPITAL (continued)**c) Warrants**

The continuity of warrants for the nine months ended September 30, 2019 is as follows:

Expiry date	Exercise price	Balance, December 31, 2018	Issued	Exercised	Expired	Balance, September 30, 2019
September 23, 2021	\$ 0.15	8,200,000	-	-	-	8,200,000
September 23, 2021	\$ 0.15	500,000	-	-	-	500,000
		8,700,000	-	-	-	8,700,000
Weighted average exercise price	\$ 0.15	\$ -	\$ -	\$ -	\$ -	\$ 0.15

10. RELATED PARTY TRANSACTIONS**a) Consulting fees**

During the three and nine months ended September 30, 2019, the Company paid or accrued \$18,000 (2018 - \$18,000) and \$48,000 (2018 - \$54,000) respectively, to Golden Oak Corporate Services Ltd. ("Golden Oak"). Golden Oak is a consulting company controlled by the Chief Financial Officer and the Corporate Secretary of the Company. Golden Oak provides the services of a Chief Financial Officer, a Corporate Secretary, and accounting and administrative staff to the Company.

b) Compensation of key management personnel

Key management includes members of the Board of Directors, the President and the 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, 2019 and 2018 were as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2019	2018	2019	2018
Consulting fees	\$ 18,000	\$ 18,000	\$ 48,000	\$ 54,000
Office expenses	9,128	6,371	26,034	19,169
Salaries and benefits	84,207	82,670	231,324	251,919
Total	\$ 111,335	\$ 107,041	\$ 305,358	\$ 325,088

Amounts due to related parties for reimbursement of expenses are disclosed in Note 8. All amounts owed are unsecured and non-interest bearing.

SUN PEAK METALS CORP.
NOTES TO THE CONDENSED CONSOLIDATED INTERIM FINANCIAL STATEMENTS
For the nine months ended September 30, 2019
(Unaudited – Expressed in Canadian dollars)

11. SEGMENTED INFORMATION

IFRS 8 “Operating Segments” requires operating segments to be 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 as at September 30, 2019

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Financial Instruments

Financial instruments are classified into one of the following categories: FVTPL; FVTOCI; or at amortized cost. The carrying values of the Company’s financial instruments are classified into the following categories:

		September 30, 2019	December 31, 2018
Cash	FVTPL	\$ 1,479,200	\$ 800,658
Receivables	Amortized cost	11,985	20,259
Trade and other payables	Amortized cost	62,028	84,710

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.

12. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk management

The Company's risk management objectives and policies are consistent with those disclosed by the Company for the year ended December 31, 2018.

13. PROPOSED TRANSACTION

The Company is in the process of filing a prospectus to qualify the distribution of 36,963,369 common shares pursuant to the conversion of 36,963,369 Special Warrants (Note 14) and to support a public listing on the TSX Venture Exchange.

14. SUBSEQUENT EVENTS

Subsequent to September 30, 2019, the Company completed the following transactions:

- a) On December 20, 2019, the Company completed a non-brokered private placement through the issue of 2,500,000 common shares at \$0.40 per share for proceeds of \$1,000,000 with each of the investees investing \$500,000 each. The investees each received a 1.0% NSR royalty over 100% of the future production from the Meli project.
- b) On December 18, 2019, December 23, 2019, and January 8, 2020, the Company completed a non-brokered private placement through the issue of 36,696,869 special warrants ("Special Warrants") at \$0.35 per Special Warrant for gross proceeds of \$12,843,904. Each Special Warrant is exercisable into one common share of the Company and will, if not exercised earlier, be deemed to be exercised on the date that is the earlier of:
 - a. the fifth business day after the date on which the Company obtains a receipt from the applicable securities commission(s) in Canada for the final prospectus qualifying the distribution of the common shares to be issued upon exercise or deemed exercise of the Special Warrants; and
 - b. the date that is four months and a day after date of issuance of the Special Warrants.The Company paid finder's fees of \$334,698 cash, 379,500 Special Warrants, and 257,130 broker warrants in relation to the private placement. The broker warrants are exercisable at \$0.35 per share for a period of two years.
- c) On January 23, 2020, the Company granted 4,100,000 stock option exercisable at a price of \$0.35 per share for a period of five years.

APPENDIX D

**SUN PEAK METALS CORP. MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE INTERIM PERIOD
ENDED SEPTEMBER 30, 2019**

[Please see attached.]



MANAGEMENT'S DISCUSSION AND ANALYSIS QUARTERLY HIGHLIGHTS

For the nine months ended September 30, 2019

(Expressed in Canadian dollars)

SUN PEAK METALS CORP.
For the nine months ended September 30, 2019
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 nine months ended September 30, 2019 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, 2018, with an effective date of December 6, 2019 (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, 2018, together with the notes thereto, and the accompanying unaudited condensed consolidated interim financial statements and related notes thereto for the nine months ended September 30, 2019 (the "Financial Report").

All financial information in this MD&A is derived from the Company's financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") and all dollar amounts are expressed in Canadian dollars unless otherwise indicated.

The effective date of this MD&A is February 19, 2020.

Description of the Business

Sun Peak is a private company incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 2, 2016. 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.

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

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

The Company is in the process of filing a prospectus to qualify the distribution of 36,963,369 common shares pursuant to the conversion of 36,963,369 Special Warrants (described below) and to support a public listing on the TSX Venture Exchange.

The Company raised gross proceeds of \$12.8 million from the sale of Special Warrants (described below) and is well funded to conduct its exploration programs in 2020.

Overview

In addition to Sun Peak Ethiopia, the Company also has a corporate joint venture (the "JV Agreement") with Ezana Mining Development plc ("Ezana"), that governs the funding and activities of Axum Metals Share Company ("Axum"). The JV Agreement is fully discussed in the Annual MD&A.

Exploration Licenses ("ELs")

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

An exchange rate of 22.6 Birr to the Canadian dollar is used for conversion purposes at September 30, 2019.

SUN PEAK METALS CORP.
For the nine months ended September 30, 2019
MANAGEMENT'S DISCUSSION AND ANALYSIS

Terer EL

The Terer EL was issued to Ezana on March 30, 2015 and transferred to Axum on June 12, 2019. The Terer EL has been renewed twice, with the second renewal covering an area of approximately 181 square kilometres and expiring on March 29, 2020. The license requires the holder to spend Birr 16,901,340 (\$747,846). The Company expects that the Terer EL will be renewed for additional terms. Further renewal of the Terer EL may require a relinquishment of one quarter of the area covered by the license.

Meli EL

The Meli EL (covering an area that had previously been subject to an EL owned by Ezana) was issued to Axum on December 4, 2019. It has an initial term of three years and covers an area of approximately 98 square kilometres. The license requires the holder to spend Birr 63,426,750 (\$2,806,493) during its current term.

Nefasit EL

The Nefasit EL was issued to Sun Peak Ethiopia on January 1, 2018. It has an initial term of three years and covers an area of approximately 431 square kilometres. The license requires the holder to spend Birr 37,175,925 (\$1,644,952) during its current term.

Adi Da-iro EL

The Adi Da-iro EL was issued to Sun Peak Ethiopia on April 16, 2019. It has an initial term of three years and covers an area of approximately 269 square kilometres. The license requires the holder to spend Birr 41,127,665 (\$1,819,808) during its current term.

Exploration

Exploration activities to December 6, 2019 were discussed in the Annual MD&A.

The Company intends to explore the Shire Property Group (Nefasit, Adi Da-iro, and Terer ELs) and the Meli Property (Meli EL) in 2020.

The proposed 2020 work program for the Shire Property Group totals more than \$3.3 million and is set out in the Shire Property Group Technical Report. This includes 6,500m of diamond drilling (4,000m at Terer and 2,500m Nefasit), gravity surveys (7,000 stations), regional and close-spaced soil sampling grids, stream sediment sampling and geological mapping. Once the work program has been completed, the Company will evaluate the results and determine the next steps to pursue with respect to the future exploration activities on the Shire Property Group.

The proposed 2020 work program for the Meli Property totals more than \$1.5 million and is set out in the Meli Technical Report. As operator, Sun Peak plans a logical sequence of exploration work beginning with the compilation of all historical data, and following with re-logging and re-sampling of historical drill core that will be acquired from Ezana. This will be supplemented by regional prospecting and detailed geological and structural mapping in selected areas, especially along the VMS trends. In the first year, a variety of geophysical and geochemical surveys will be undertaken, along with re-mapping and re-sampling of existing trenches, and drilling of approximately 4,000m of diamond drill core to test the Eastern Meli massive sulfide zone and its extensions. Once the work program has been completed, the Company will evaluate the results and determine the next steps to pursue with respect to the future exploration activities on the Meli Property.

SUN PEAK METALS CORP.
For the nine months ended September 30, 2019
MANAGEMENT'S DISCUSSION AND ANALYSIS

Qualified Person

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

Trends

The Company is an exploration company. At this time, issues of seasonality or market fluctuations have had a minor impact on the expenditure patterns. The Company expenses its exploration, project investigation and general and administration costs, and these amounts are included in the net income (loss) for each quarter. The Company's treasury, in part, determines the levels of exploration.

The level of the Company's exploration and evaluation expenditures is largely determined by the strength of resource capital and commodity markets and its ability to obtain investor support for its projects.

Financial Condition and Results of Operations – nine months ended September 30, 2019

The Company began the fiscal period with \$800,658 cash. During the nine months ended September 30, 2019, the Company spent \$856,990 on operating activities, net of working capital changes, spent \$464,468 on investing activities, and received \$2,000,000 from financing activities to end at September 30, 2019 with \$1,479,200 cash.

The consolidated net loss for the nine months ended September 30, 2019 was \$824,608 (2018 - \$478,846).

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

Consulting fees for the nine months ended September 30, 2019 totalled \$48,000 (2018 - \$54,000) and relates to fees paid to Golden Oak Corporate Services Ltd. ("Golden Oak"), a consulting company controlled by the Chief Financial Officer and a Director and Corporate Secretary of the Company. Golden Oak provides the services of a chief financial officer, a corporate secretary, and accounting and administrative staff to the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company. During the nine months ended September 30, 2019, Golden Oak, along with other management, reduced its fees for two months to cut costs pending fund raising after which they were restored to normal levels.

Exploration and evaluation expenditures for the nine months ended September 30, 2019 totalled \$455,042 (2018 - \$124,741) and primarily relates to exploration work on the Nefasit EL. The Nefasit EL was acquired on January 1, 2018. The Adi Da-iro EL was acquired on April 16, 2019 and has incurred limited exploration work for the period.

Salaries and benefits for the nine months ended September 30, 2019 totalled \$231,234 (2018 - \$251,919) and relate to salaries paid to the Chief Executive Officer, the VP Exploration & Geology, and the VP Project Development. During the nine months ended September 30, 2019, management, reduced their salaries for two months to cut costs pending fund raising after which they were restored to normal levels.

As the Company expands its exploration activities all expenses are expected to increase.

SUN PEAK METALS CORP.
For the nine months ended September 30, 2019
MANAGEMENT'S DISCUSSION AND ANALYSIS

Liquidity and Capital Resources

As at September 30, 2019, the Company had working capital of \$1,455,948.

Financing

In December 2019 and January 2020, the Company raised approximately \$13.8 million as follows:

- a) On December 20, 2019, the Company completed a non-brokered private placement through the issue of 2,500,000 common shares at \$0.40 per share for proceeds of \$1,000,000 with each of the investees investing \$500,000 each.
- b) On December 18, 2019, December 23, 2019, and January 8, 2020, the Company completed a non-brokered private placement through the issue of 36,696,869 special warrants ("Special Warrants") at \$0.35 per Special Warrant for gross proceeds of \$12,843,904. Each Special Warrant is exercisable into one common share of the Company and will, if not exercised earlier, be deemed to be exercised on the date that is the earlier of:
 - a. the fifth business day after the date on which the Company obtains a receipt from the applicable securities commission(s) in Canada for the final prospectus qualifying the distribution of the common shares to be issued upon exercise or deemed exercise of the Special Warrants; and
 - b. the date that is four months and a day after date of issuance of the Special Warrants.

The Company paid finder's fees of \$334,698 cash, 379,500 Special Warrants, and 257,130 broker warrants in relation to the private placement. The broker warrants are exercisable at \$0.35 per share for a period of two years.

Management estimates that these funds will provide the Company with sufficient financial resources to carry out currently planned exploration and operations through the next twelve months.

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.

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	Special Warrants
Balance as at September 30, 2019	38,862,265	8,700,000	-	-
Private placement	2,500,000	-	-	-
Special Warrants	-	257,130	4,100,000	-
Stock Options	-	-	-	37,076,369
Balance as at the date of this MD&A	41,362,265	8,957,130	4,100,000	37,076,369

SUN PEAK METALS CORP.
For the nine months ended September 30, 2019
MANAGEMENT'S DISCUSSION AND ANALYSIS

Additional Disclosure for Venture Issuers without Significant Revenue

The components of exploration and evaluation assets are described in Note 6 to the Financial Report.

Cautionary Note Regarding Forward-looking Statements

This MD&A may include or incorporate by reference certain statements or disclosures that constitute "forward-looking information" under applicable securities laws. All information, other than statements of historical fact, included or incorporated by reference in this MD&A that address activities, events or developments that the Company or its management expects or anticipates will or may occur in the future constitute forward-looking information. Forward-looking information is provided through statements that are not historical facts and are generally, but not always, identified by the words "expects", "plans", "anticipates", "believes", "intends", "estimates", "projects", "potential" and similar expressions, or that events or conditions "will", "would", "may", "could" or "should" occur or continue. These forward-looking statements are based on certain assumptions and analyses made by the Company and its management in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors it believes are appropriate in the circumstances.

Although the Company believes such forward-looking information and the expectations expressed in them are based on reasonable assumptions, investors are cautioned that any such information and statements are not guarantees of future realities and actual realities or developments may differ materially from those projected in forward-looking information and statements. Whether actual results will conform to the expectations of the Company is subject to a number of risks and uncertainties, including those risk factors discussed under "Risk Management" in the above documents incorporated herein by reference. In particular, if any of the risk factors materialize, the expectations, and the predictions based on them, of the Company may need to be re-evaluated. Consequently, all of the forward-looking information in this MD&A and the documents incorporated herein by reference is expressly qualified by these cautionary statements and other cautionary statements or factors contained herein or in documents incorporated by reference herein, and there can be no assurance that the actual results or developments anticipated by the Company will be realized or, even if substantially realized, that they will have the expected consequences for the Company.

Forward-looking statements are based on the beliefs, estimates and opinions of the Company's management on the date the statements are made. Unless otherwise required by law, the Company expressly disclaims any intention and assumes no obligation to update or revise any forward-looking statements in the event that management's beliefs, estimates or opinions, or other factors, should change, whether as a result of new information, future events or otherwise, and the Company does not have any policies or procedures in place concerning the updating of forward-looking information other than those required under applicable securities laws. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information.

Other Information

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

APPENDIX E

STOCK OPTION PLAN

[Please see attached.]

SUN PEAK METALS CORP.

JANUARY 24, 2020

STOCK OPTION PLAN

1. PURPOSE OF THE PLAN

Sun Peak Metals Corp. (the “**Company**”) hereby establishes a stock option plan for directors, senior officers, Employees, Management Company Employees and Consultants (as such terms are defined below) of the Company and its subsidiaries (collectively “**Eligible Persons**”), to be known as the “Sun Peak Metals Corp. Stock Option Plan” (the “**Plan**”). The purpose of the Plan is to give to Eligible Persons, as additional compensation, the opportunity to participate in the success of the Company by granting to such individuals options, exercisable over periods of up to 10 years as determined by the board of directors of the Company, to buy shares of the Company at a price not less than the Market Price prevailing on the date the option is granted less applicable discount, if any, permitted by the policies of the Exchanges and approved by the Board.

2. DEFINITIONS

In this Plan, the following terms shall have the following meanings:

- 2.1 “**Board**” means the Board of Directors of the Company.
- 2.2 “**Change of Control**” means the occurrence of any one or more of the following events:
 - (i) a consolidation, reorganization, amalgamation, merger, acquisition or other business combination (or a plan of arrangement in connection with any of the foregoing), other than solely involving the Company and any one or more of its affiliates, with respect to which all or substantially all of the persons who were the beneficial owners of the Shares and other securities of the Company immediately prior to such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement do not, following the completion of such consolidation, reorganization, amalgamation, merger, acquisition, business combination or plan of arrangement, beneficially own, directly or indirectly, more than 50% of the resulting voting rights (on a fully-diluted basis) of the Company or its successor;
 - (ii) the sale, exchange or other disposition to a person other than an affiliate of the Company of all, or substantially all of the Company’s assets;
 - (iii) a resolution is adopted to wind-up, dissolve or liquidate the Company;
 - (iv) a change in the composition of the Board, which occurs at a single meeting of the shareholders of the Company or upon the execution of a shareholders’ resolution, such that individuals who are members of the Board immediately prior to such meeting or resolution cease to constitute a majority of the Board, without the Board, as constituted immediately prior to such meeting or resolution, having approved of such change; or
 - (v) any person, entity or group of persons or entities acting jointly or in concert (an “**Acquiror**”) acquires or acquires control (including, without limitation, the right to vote or direct the voting) of Voting Securities of the Company which, when added to the Voting Securities owned of record or beneficially by the Acquiror or which the Acquiror has the right to vote or in respect of which the Acquiror has the right to direct the voting, would entitle the Acquiror and/or associates and/or affiliates of the Acquiror to cast or to direct the casting of 20% or more of the votes attached to all of the Company’s outstanding Voting Securities which may be cast to elect directors of the Company or the successor Company (regardless of whether a meeting has been called to elect directors);

For the purposes of the foregoing, “Voting Securities” means Shares and any other shares entitled to vote for the election of directors and shall include any security, whether or not issued by the

Company, which are not shares entitled to vote for the election of directors but are convertible into or exchangeable for shares which are entitled to vote for the election of directors including any options or rights to purchase such shares or securities.

- 2.3 “**Company**” means Sun Peak Metals Corp. and its successors.
- 2.4 “**Consultant**” means a “Consultant” as defined in the TSXV Policies.
- 2.5 “**Consultant Company**” means a “Consultant Company” as defined in the TSXV Policies.
- 2.6 “**Disability**” means any disability with respect to an Optionee which the Board, in its sole and unfettered discretion, considers likely to prevent permanently the Optionee from:
 - a. being employed or engaged by the Company, its subsidiaries or another employer, in a position the same as or similar to that in which he was last employed or engaged by the Company or its subsidiaries; or
 - b. acting as a director or officer of the Company or its subsidiaries.
- 2.7 “**Discounted Market Price**” of Shares means, if the Shares are listed only on the TSX Venture Exchange, the Market Price less the maximum discount permitted under the TSXV Policy applicable to Options.
- 2.8 “**Eligible Persons**” has the meaning given to that term in section 1 hereof.
- 2.9 “**Employee**” means an “Employee” as defined in the TSXV Policies.
- 2.10 “**Exchanges**” means the TSX Venture Exchange and, if applicable, any other stock exchange on which the Shares are listed.
- 2.11 “**Expiry Date**” means the date set by the Board under section 3.1 of the Plan, as the last date on which an Option may be exercised.
- 2.12 “**Grant Date**” means the date specified in an Option Agreement as the date on which an Option is granted.
- 2.13 “**Insider**” means an “Insider” as defined in the TSXV Policies.
- 2.14 “**Investor Relations Activities**” means “Investor Relations Activities” as defined in the TSXV Policies.
- 2.15 “**Joint Actor**” means a person acting “jointly or in concert with” another person as that phrase is interpreted in National Instrument 62-104 – *Take-Over Bids and Issuer Bids*.
- 2.16 “**Management Company Employee**” means a “Management Company Employee” as defined in the TSXV Policies.
- 2.17 “**Market Price**” of Shares at any Grant Date means the last closing price per Share on the trading day immediately preceding the day on which the Company announces the grant of the option or, if the grant is not announced, on the Grant Date, or if the Shares are not listed on any stock exchange, “Market Price” of Shares means the price per Share on the over-the-counter market determined by dividing the aggregate sale price of the Shares sold by the total number of such Shares so sold on the applicable market for the last day prior to the Grant Date.
- 2.18 “**Option**” means an option to purchase Shares granted pursuant to, or governed by, this Plan and any pre-existing stock option plan of the Company.

- 2.19 **“Option Agreement”** means an agreement, in the form attached hereto as Schedule “A”, whereby the Company grants to an Optionee an Option.
- 2.20 **“Optionee”** means each of the Eligible Persons granted an Option pursuant to this Plan and their heirs, executors and administrators.
- 2.21 **“Option Price”** means the price per Share specified in an Option Agreement, adjusted from time to time in accordance with the provisions of section 5.
- 2.22 **“Option Shares”** means the aggregate number of Shares which an Optionee may purchase under an Option.
- 2.23 **“Plan”** means this Sun Peak Metals Corp. Stock Option Plan.
- 2.24 **“Shares”** means the common shares in the capital of the Company as constituted on the Grant Date provided that, in the event of any adjustment pursuant to section 5, “Shares” shall thereafter mean the shares or other property resulting from the events giving rise to the adjustment.
- 2.25 **“Securities Act”** means the Securities Act, R.S.B.C. 1996, c.418, as amended, as at the date hereof.
- 2.26 **“TSXV Policies”** means the policies included in the TSX Venture Exchange Corporate Finance Manual and “TSXV Policy” means any one of them.
- 2.27 **“Unissued Option Shares”** means the number of Shares, at a particular time, which have been reserved for issuance upon the exercise of an Option but which have not been issued, as adjusted from time to time in accordance with the provisions of section 5, such adjustments to be cumulative.
- 2.28 **“Vested”** means that an Option has become exercisable in respect of a number of Option Shares by the Optionee pursuant to the terms of the Option Agreement.

3. GRANT OF OPTIONS

3.1 Option Terms

The Board may from time to time authorize the issue of Options to Eligible Persons. The Option Price under each Option shall be not less than the Discounted Market Price on the Grant Date. The Expiry Date for each Option shall be set by the Board at the time of issue of the Option and shall not be more than 10 years after the Grant Date, subject to the operation of section 4.1. Options shall not be assignable (or transferable) by the Optionee.

3.2 Limits on Shares Issuable on Exercise of Options

The number of Shares reserved for issuance under the Plan and all of the Company’s other previously established or proposed share compensation arrangements:

- (a) in aggregate shall not exceed 10% of the total number of issued and outstanding Shares on a non-diluted basis on the Grant Date; and
- (b) to any one Optionee within a 12-month period shall not exceed 5% of the total number of issued and outstanding shares on a non-diluted basis.

The number of Shares which may be issuable under the Plan and all of the Company’s other previously established or proposed share compensation arrangements, within a one-year period:

- (a) to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis;

- (b) to Insiders as a group shall not exceed 10% of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis;
- (c) to any one Consultant shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis; and
- (d) all Eligible Persons who undertake Investor Relations Activities shall not exceed 2% in the aggregate of the total number of issued and outstanding Shares on the Grant Date on a non-diluted basis.

3.3 Option Agreements

Each Option shall be confirmed by the execution of an Option Agreement. Each Optionee shall have the option to purchase from the Company the Option Shares at the time and in the manner set out in the Plan and in the Option Agreement applicable to that Optionee. For stock options to Employees, Consultants, Consultant Companies or Management Company Employees, the Company is representing herein and in the applicable Option Agreement that the Optionee is a bona fide Employee, Consultant, Consultant Company or Management Company Employee, as the case may be, of the Company or its subsidiary. The execution of an Option Agreement shall constitute conclusive evidence that it has been completed in compliance with this Plan.

4. EXERCISE OF OPTION

4.1 When Options May be Exercised

Subject to sections 4.3 and 4.4, an Option may be exercised to purchase any number of Shares up to the number of Vested Unissued Option Shares at any time after the Grant Date up to 4:00 p.m. Pacific Time on the Expiry Date and shall not be exercisable thereafter. In the event that the Expiry Date of an Option falls during, or within five trading days of, a trading blackout period imposed by the Company (the “**Blackout Period**”), the Expiry Date of such Option shall automatically be extended to a date which is 10 trading days following the end of such Blackout Period (the “**Extension Period**”); provided that if an additional Blackout Period is subsequently imposed by the Company during the Extension Period, then such Extension Period shall be deemed to commence following the end of such additional Blackout Period to enable the exercise of such Option within 10 trading days following the end of the last imposed Blackout Period.

4.2 Manner of Exercise

The Option shall be exercisable by delivering to the Company a notice specifying the number of Shares in respect of which the Option is exercised together with payment in full of the Option Price for each such Share. Upon notice and payment there will be a binding contract for the issue of the Shares in respect of which the Option is exercised, upon and subject to the provisions of the Plan. Delivery of the Optionee’s cheque payable to the Company in the amount of the Option Price shall constitute payment of the Option Price unless the cheque is not honoured upon presentation in which case the Option shall not have been validly exercised.

4.3 Vesting of Option Shares

The Board, subject to the policies of the Exchanges, may determine and impose terms upon which each Option shall become Vested in respect of Option Shares. Unless otherwise specified by the Board at the time of granting an Option, and subject to the other limits on Option grants set out in Section 3.2 hereof, all Options granted under the Plan shall vest and become exercisable in full upon grant, except Options granted to Consultants performing Investor Relations Activities, which Options must vest in stages over twelve months with no more than one-quarter of the Options vesting in any three month period.

4.4 Termination of Employment

If an Optionee ceases to be an Eligible Person, his or her Option shall be exercisable as follows:

(a) Death or Disability

If the Optionee ceases to be an Eligible Person, due to his or her death or Disability or, in the case of an Optionee that is a company, the death or Disability of the person who provides management or consulting services to the Company or to any entity controlled by the Company, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of:

- (i) 365 days after the date of death or Disability; and
- (ii) the Expiry Date.

(b) Termination For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person as a result of termination for cause as that term is interpreted by the courts of the jurisdiction in which the Optionee, or, in the case of a Management Company Employee or a Consultant Company, of the Optionee's employer, is employed or engaged; any outstanding Option held by such Optionee on the date of such termination, whether in respect of Option Shares that are Vested or not, shall be cancelled as of that date.

(c) Early Retirement, Voluntary Resignation or Termination Other than For Cause

If the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person due to his or her retirement at the request of his or her employer earlier than the normal retirement date under the Company's retirement policy then in force, or due to his or her termination by the Company other than for cause, or due to his or her voluntary resignation, the Option then held by the Optionee shall be exercisable to acquire Vested Unissued Option Shares at any time up to but not after the earlier of the Expiry Date and the date which is 90 days (30 days if the Optionee was engaged in Investor Relations Activities) after the Optionee or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, ceases to be an Eligible Person. Notwithstanding the foregoing, the Board may, in its sole discretion if it determines such is in the best interests of the Company, extend the Expiry Date of the Option of an Optionee to a later date up to a maximum of one year from the Expiry Date in accordance with TSXV Policy 4.4 (Section 3.8(i)).

(d) Spin-Out Transactions

If pursuant to the operation of sub-paragraph 5.3(c) an Optionee receives options (the "**New Options**") to purchase securities of another company (the "**New Company**") in respect of the Optionee's Options (the "**Subject Options**"), the New Options shall expire on the earlier of: (i) the Expiry Date of the Subject Options; (ii) if the Optionee does not become an Eligible Person in respect of the New Company, the date that the Subject Options expire pursuant to sub-paragraph 4.4(a), (b) or (c), as applicable; (iii) if the Optionee becomes an Eligible Person in respect of the New Company, the date that the New Options expire pursuant to the terms of the New Company's stock option plan that correspond to sub-paragraphs 4.4(a), (b) or (c) hereof; and (iv) the date that is one (1) year after the Optionee ceases to be an Eligible Person in respect of the New Company or such shorter period as determined by the Board.

For purposes of this paragraph 4.4, the dates of death, Disability, termination, retirement, voluntary resignation, ceasing to be an Eligible Person and incapacity shall be interpreted to be without regard to any period of notice (statutory or otherwise) or whether the Optionee or his or her estate continues thereafter to receive any compensatory payments from the Company or is paid salary by the Company in lieu of notice of termination.

For greater certainty, an Option that had not become Vested in respect of certain Unissued Option Shares at the time that the relevant event referred to in this section 4.4 occurred, shall not be or become vested or exercisable in respect of such Unissued Option Shares and shall be cancelled.

4.5 Effect of a Take-Over Bid

If a *bona fide* offer (an “Offer”) for Shares is made to the Optionee or to shareholders of the Company generally or to a class of shareholders which includes the Optionee, which Offer, if accepted in whole or in part, would result in the offeror becoming a control person of the Company, within the meaning of subsection 1(1) of the Securities Act, the Company shall, immediately upon receipt of notice of the Offer, notify each Optionee of full particulars of the Offer, whereupon (subject to the approval of the Exchanges) all Option Shares subject to such Option will become Vested and the Option may be exercised in whole or in part by the Optionee so as to permit the Optionee to tender the Option Shares received upon such exercise, pursuant to the Offer. However, if:

- (a) the Offer is not completed within the time specified therein; or
- (b) all of the Option Shares tendered by the Optionee pursuant to the Offer are not taken up or paid for by the offeror in respect thereof,

then the Option Shares received upon such exercise, or in the case of clause (b) above, the Option Shares that are not taken up and paid for, may be returned by the Optionee to the Company and reinstated as authorized but unissued Shares and with respect to such returned Option Shares, the Option shall be reinstated as if it had not been exercised and the terms upon which such Option Shares were to become Vested pursuant to section 4.3 shall be reinstated. If any Option Shares are returned to the Company under this section 4.5, the Company shall immediately refund the exercise price to the Optionee for such Option Shares.

4.6 Acceleration of Expiry Date

If at any time when an Option granted under the Plan remains unexercised with respect to any Unissued Option Shares, an Offer is made by an offeror, the Board may, upon notifying each Optionee of full particulars of the Offer, declare all Option Shares issuable upon the exercise of Options granted under the Plan, Vested, and declare that the Expiry Date for the exercise of all unexercised Options granted under the Plan is accelerated so that all Options will either be exercised or will expire prior to the date upon which Shares must be tendered pursuant to the Offer. The Board shall give each Optionee as much notice as possible of the acceleration of the Options under this section, except that not less than 5 business days notice is required and more than 30 days notice is not required.

4.7 Compulsory Acquisition or Going Private Transaction

If and whenever, following a take-over bid or issuer bid, there shall be a compulsory acquisition of the Shares of the Company pursuant to Division 6 of the *Business Corporations Act* (British Columbia) or any successor or similar legislation, or any amalgamation, merger or arrangement in which securities acquired in a formal take-over bid may be voted under the conditions described in Section 8.2 of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions*, then following the date upon which such compulsory acquisition, amalgamation, merger or arrangement is effective, an Optionee shall be entitled to receive, and shall accept, for the same exercise price, in lieu of the number of Shares to which such Optionee was theretofore entitled to purchase upon the exercise of his or her Options, the aggregate amount of cash, shares, other securities or other property which such Optionee would have been entitled to receive as a result of such bid if he or she had tendered such number of Shares to the take-over bid.

4.8 Effect of a Change of Control

If a Change of Control occurs, all Option Shares subject to each outstanding Option will become Vested, whereupon such Option may be exercised in whole or in part by the Optionee, subject to the approval of the Exchanges, if necessary.

4.9 Exclusion From Severance Allowance, Retirement Allowance or Termination Settlement

If the Optionee, or, in the case of a Management Company Employee or a Consultant Company, the Optionee's employer, retires, resigns or is terminated from employment or engagement with the Company or any subsidiary of the Company, the loss or limitation, if any, pursuant to the Option Agreement with respect to the right to purchase Option Shares which were not Vested at that time or which, if Vested, were cancelled, shall not give rise to any right to damages and shall not be included in the calculation of nor form any part of any severance allowance, retiring allowance or termination settlement of any kind whatsoever in respect of such Optionee.

4.10 Shares Not Acquired

Any Unissued Option Shares not acquired by an Optionee under an Option which has expired may be made the subject of a further Option pursuant to the provisions of the Plan.

5. ADJUSTMENT OF OPTION PRICE AND NUMBER OF OPTION SHARES

5.1 Share Reorganization

Whenever the Company issues Shares to all or substantially all holders of Shares by way of a stock dividend or other distribution, or subdivides all outstanding Shares into a greater number of Shares, or combines or consolidates all outstanding Shares into a lesser number of Shares (each of such events being herein called a "**Share Reorganization**") then effective immediately after the record date for such dividend or other distribution or the effective date of such subdivision, combination or consolidation, for each Option:

- (a) the Option Price will be adjusted to a price per Share which is the product of:
 - (i) the Option Price in effect immediately before that effective date or record date; and
 - (ii) a fraction, the numerator of which is the total number of Shares outstanding on that effective date or record date before giving effect to the Share Reorganization, and the denominator of which is the total number of Shares that are or would be outstanding immediately after such effective date or record date after giving effect to the Share Reorganization; and
- (b) the number of Unissued Option Shares will be adjusted by multiplying (i) the number of Unissued Option Shares immediately before such effective date or record date by (ii) a fraction which is the reciprocal of the fraction described in subsection (a)(ii).

5.2 Special Distribution

Subject to the prior approval of the Exchanges, whenever the Company issues by way of a dividend or otherwise distributes to all or substantially all holders of Shares;

- (a) shares of the Company, other than the Shares;
- (b) evidences of indebtedness;
- (c) any cash or other assets, excluding cash dividends (other than cash dividends which the Board has determined to be outside the normal course); or
- (d) rights, options or warrants;

then to the extent that such dividend or distribution does not constitute a Share Reorganization (any of such non-excluded events being herein called a "**Special Distribution**"), and effective immediately after the record date at which holders of Shares are determined for purposes of the Special Distribution, for each Option the Option Price will be reduced, and the number of Unissued Option Shares will be correspondingly increased, by such amount, if any, as is determined by the Board in its sole and unfettered discretion to be appropriate in order to properly reflect any diminution in value of the Option Shares as a result of such Special Distribution.

5.3 Corporate Organization

Whenever there is:

- (a) a reclassification of outstanding Shares, a change of Shares into other shares or securities, or any other capital reorganization of the Company, other than as described in sections 5.1 or 5.2;
- (b) a consolidation, merger or amalgamation of the Company with or into another corporation resulting in a reclassification of outstanding Shares into other shares or securities or a change of Shares into other shares or securities;
- (c) an arrangement or other transaction under which, among other things, the business or assets of the Company become, collectively, the business and assets of two or more companies with the same shareholder group upon the distribution to the Company's shareholders, or the exchange with the Company's shareholders, of securities of the Company, or securities of another company, or both; or
- (c) a transaction whereby all or substantially all of the Company's undertaking and assets become the property of another corporation;

(any such event being herein called a “**Corporate Reorganization**”) the Optionee will have an option to purchase (at the times, for the consideration, and subject to the terms and conditions set out in the Plan) and will accept on the exercise of such option, in lieu of the Unissued Option Shares which he/she would otherwise have been entitled to purchase, the kind and amount of shares or other securities or property that he/she would have been entitled to receive as a result of the Corporate Reorganization if, on the effective date thereof, he/she had been the holder of all Unissued Option Shares or if appropriate, as otherwise determined by the Board.

5.4 Determination of Option Price and Number of Unissued Option Shares

If any questions arise at any time with respect to the Option Price or number of Unissued Option Shares deliverable upon exercise of an Option following a Share Reorganization, Special Distribution or Corporate Reorganization, such questions shall be conclusively determined by the Company's auditor, or, if they decline to so act, any other firm of Chartered Accountants in Vancouver, British Columbia, that the Board may designate and who will have access to all appropriate records and such determination will be binding upon the Company and all Optionees.

5.5 Regulatory Approval

Any adjustment to the Option Price or the number of Unissued Option Shares purchasable under the Plan pursuant to the operation of any one of sections 5.1, 5.2 or 5.3 is subject to the approval of the Exchanges and any other governmental authority having jurisdiction.

6. MISCELLANEOUS

6.1 Right to Employment

Neither this Plan nor any of the provisions hereof shall confer upon any Optionee any right with respect to employment or continued employment with the Company or any subsidiary of the Company or interfere in any way with the right of the Company or any subsidiary of the Company to terminate such employment.

6.2 Necessary Approvals

The Plan shall be effective upon the approval of the Plan by the Board and the Exchange or any regulatory authority having jurisdiction over the securities of the Company and shall be ratified thereafter by the shareholders of the Company by way of an ordinary resolution at the next duly convened meeting of the shareholders of the Company. Disinterested shareholder approval (as required by the Exchanges) will be obtained for any reduction in the exercise price of any Option granted under this Plan if the Optionee is an Insider of the Company at the time of the proposed amendment. The obligation of the Company to sell and deliver Shares in accordance with the Plan is subject to the approval of the Exchanges and any governmental authority having jurisdiction. If any Shares cannot be issued to

any Optionee for any reason, including, without limitation, the failure to obtain such approval, then the obligation of the Company to issue such Shares shall terminate and any Option Price paid by an Optionee to the Company shall be immediately refunded to the Optionee by the Company.

6.3 Administration of the Plan

The Board shall, without limitation, have full and final authority in their discretion, but subject to the express provisions of the Plan, to interpret the Plan, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations deemed necessary or advisable in respect of the Plan. Except as set forth in section 5.4, the interpretation and construction of any provision of the Plan by the Board shall be final and conclusive. Administration of the Plan shall be the responsibility of the appropriate officers of the Company and all costs in respect thereof shall be paid by the Company.

6.4 Withholding Taxes

The exercise of each Option granted under the Plan is subject to the condition that if at any time the Company determines, in its discretion, that the satisfaction of withholding tax or other withholding liabilities is necessary or desirable in respect of such exercise, such exercise is not effective unless such withholding has been effected to the satisfaction of the Company. In such circumstances, the Company may require that the Optionee pay to the Company, in addition to and in the same manner as the exercise price for the Shares, such amount as the Company is obliged to remit to the relevant tax authority in respect of the exercise of the Option. Alternatively, the Company shall have the right in its discretion to satisfy any such liability for withholding or other required deduction amounts by retaining or acquiring any Shares acquired upon exercise of any Option, or retaining any amount payable, which would otherwise be issued or delivered, provided or paid to an Optionee by the Company, whether or not such amounts are payable under the Plan.

6.5 Amendments to the Plan

The Board may from time to time, subject to applicable law and to the prior approval, if required, of the shareholders, Exchanges or any other regulatory body having authority over the Company or the Plan, suspend, terminate or discontinue the Plan at any time, or amend or revise the terms of the Plan or of any Option granted under the Plan and the Option Agreement relating thereto, provided that no such amendment, revision, suspension, termination or discontinuance shall in any manner adversely affect any Option previously granted to an Optionee under the Plan without the consent of that Optionee. Any amendments to the Plan or options granted thereunder will be subject to the approval of the shareholders.

6.6 Form of Notice

A notice given to the Company shall be in writing, signed by the Optionee and delivered to the head business office of the Company.

6.7 No Representation or Warranty

The Company makes no representation or warranty as to the future market value of any Shares issued in accordance with the provisions of the Plan.

6.8 Compliance with Applicable Law

If any provision of the Plan or any Option Agreement contravenes any law or any order, policy, by-law or regulation of any regulatory body or Exchange having authority over the Company or the Plan, then such provision shall be deemed to be amended to the extent required to bring such provision into compliance therewith.

6.9 No Assignment

No Optionee may assign any of his or her rights under the Plan or any option granted thereunder.

6.10 Rights of Optionees

An Optionee shall have no rights whatsoever as a shareholder of the Company in respect of any of the Unissued Option Shares (including, without limitation, voting rights or any right to receive dividends, warrants or rights under any rights offering).

6.11 Previously Granted Options

Stock options which are outstanding under pre-existing stock option plan(s) of the Company as of the effective date of this Plan shall continue to be exercisable and shall be deemed to be governed by and be subject to the terms and conditions of this Plan except to the extent that the terms of this Plan are more restrictive than the terms of such pre-existing plan(s) under which such stock option were originally granted, in which case the applicable pre-existing plan(s) shall govern, provided that the pre-existing plan(s) are in compliance with the TSXV Policy 4.4 - *Incentive Stock Options*.

6.12 Conflict

In the event of any conflict between the provisions of this Plan and an Option Agreement, the provisions of this Plan shall govern.

6.13 Governing Law

The Plan and each Option Agreement issued pursuant to the Plan shall be governed by the laws of the province of British Columbia.

6.14 Time of Essence

Time is of the essence of this Plan and of each Option Agreement. No extension of time will be deemed to be or to operate as a waiver of the essentiality of time.

6.15 Entire Agreement

This Plan and the Option Agreement sets out the entire agreement between the Company and the Optionees relative to the subject matter hereof and supersedes all prior agreements, undertakings and understandings, whether oral or written.

SCHEDULE "A"

SUN PEAK METALS CORP.

STOCK OPTION PLAN - OPTION AGREEMENT

[The following legend is required in respect of: (i) Options with an Option Price at a discount to the Market Price; or (ii) Options granted to directors, officers, promoters of the Company or persons holding securities carrying more than 10% of the voting rights and who have elected or appointed or have the right to elect or appoint one or more directors or senior officers of the Company: *Without prior written approval of the TSX Venture Exchange and compliance with all applicable securities legislation, the securities represented by this agreement and any securities issued upon exercise thereof may not be sold, transferred, hypothecated or otherwise traded on or through the facilities of the TSX Venture Exchange or otherwise in Canada or to or for the benefit of a Canadian resident until ●, 20● (being four months and one day after the date of grant).*]

This Option Agreement is entered into between **SUN PEAK METALS CORP.** (the "**Company**") and the **OPTIONEE** named below pursuant to the Company Stock Option Plan (the "**Plan**"), a copy of which is attached hereto, and confirms that:

1. on ●, 20● (the "**Grant Date**");
2. ● (the "**Optionee**");
3. was granted the option (the "**Option**") to purchase ● common shares (the "**Option Shares**") of the Company;
4. for the price (the "**Option Price**") of \$● per share;
5. which rights to purchase the Option Shares under the Option may be exercised and will vest as follows:
 - (a) [**ONE-QUARTER (1/4)**] of the total number of share options granted will vest ● (●) **MONTHS** after the Grant Date, being ●;
 - (b) a further [**ONE-QUARTER (1/4)**] of the total number of share options granted will vest ● (●) **MONTHS** after the Grant Date, being ●; and
 - (c) a further [**ONE-QUARTER (1/4)**] of the total number of share options granted will vest ● (●) **MONTHS** after the Grant Date, being ●; and
 - (d) a further [**ONE-QUARTER (1/4)**] of the total number of share options granted will vest ● (●) **MONTHS** after the Grant Date, being ●; and
6. the Option will terminate on ● (the "**Expiry Date**");

all on the terms and subject to the conditions set out in the Plan. For greater certainty, Option Shares continue to be exercisable until the termination or cancellation thereof as provided in this Option Agreement and the Plan.

Where the Optionee is resident in or otherwise subject to the securities laws of the United States, the Optionee acknowledges that any Option Shares received by him/her upon exercise of the Option have not been registered under the United States *Securities Act of 1933*, as amended, or the Blue Sky laws of any state (collectively, the "**Securities Acts**"). The Optionee acknowledges and understands that the Company is under no obligation to register, under the Securities Acts, the Option Shares received by him/her or to assist him/her in complying with any exemption from such registration if he/she should at a later date wish to dispose of the Option Shares. The Optionee acknowledges that the Option Shares shall bear a legend restricting the transferability thereof, such legend to be substantially in the following form:

"The shares represented by this certificate have not been registered or qualified under the United States Securities Act of 1933, as amended or state securities laws. The shares may not be offered for sale, sold, pledged or otherwise disposed of unless so registered or qualified, unless an exemption exists or unless such disposition is not subject to U.S. federal or state securities laws, and the Company may require that the availability of any exemption or the inapplicability of such

securities laws be established by an opinion of counsel, which opinion of counsel shall be reasonably satisfactory to the Company.”

By signing this Option Agreement, the Optionee acknowledges that the Optionee has read and understands the Plan and agrees to the terms and conditions of the Plan and this Option Agreement.

Acknowledgement – Personal Information

The undersigned hereby acknowledges and consents to:

- (a) the disclosure to the TSX Venture Exchange and all other regulatory authorities of all personal information of the undersigned obtained by the Company; and
- (b) the collection, use and disclosure of such personal information by the TSX Venture Exchange and all other regulatory authorities in accordance with their requirements, including the provision to third party service providers, from time to time.

IN WITNESS WHEREOF the parties hereto have executed this Option Agreement as of the ● day of ●, 20●.

Signature

Print Name

Address

SUN PEAK METALS CORP.

Per: _____

Authorized Signatory

CERTIFICATE OF SUN PEAK METALS CORP.

Dated: February 24, 2020

This prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by Sun Peak Metals Corp. as required by the securities legislation of British Columbia, Alberta and Ontario.

“Greg Davis”

Greg Davis
Chief Executive Officer

“Dan O’Brien”

Dan O’Brien
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

Dated: February 24, 2020

“Doris Meyer”

Doris Meyer
Director

“David Awram”

David Awram
Director

