



CONSOLIDATED FINANCIAL STATEMENTS

For the year ended December 31, 2025

(Expressed in Canadian dollars)

DAVIDSON

INDEPENDENT AUDITOR'S REPORT

To the Shareholders 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, 2025 and 2024, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including material accounting policy information.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with IFRS Accounting Standards as issued by the International Accounting Standards Board ("IFRS Accounting Standards").

Basis for Opinion

We conducted our audit 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 audit 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 had working capital of \$6,094,424 as of December 31, 2025 and that management estimates that its working capital may not provide the Company with sufficient financial resources to carry out currently planned operations and exploration through the next twelve months. 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.

Key Audit Matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the consolidated financial statements of the current year. These matters were addressed in the context of our audit of the consolidated financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

In addition to the matter described in the Material Uncertainty Related to Going Concern section, we have determined the matters described below to be the key audit matters to be communicated in our auditor's report.

Assessment of Impairment Indicators of Exploration and Evaluation Assets (“E&E Assets”) and Deferred Acquisition Costs (“DAC”)

As described in Note 9 and 10 to the consolidated financial statements, the carrying amount of the Company’s E&E Assets and DAC was \$20,070,058 and \$6,929,822 respectively, as of December 31, 2025. As more fully described in Note 2 and 3 to the consolidated financial statements, management assesses E&E Assets and DAC at each reporting period or whenever events or changes in circumstances indicate the carrying value may not be fully recoverable.

The principal considerations for our determination that the assessment of impairment indicators of E&E Assets and DAC is a key audit matter is that there was judgment made by management when assessing whether there were indicators of impairment for these assets, specifically relating to the assets’ carrying amount which is impacted by the Company’s intent and ability to continue use of, or to advance with these assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of indicators of impairment that could give rise to the requirement to prepare an estimate of the recoverable amount of the E&E Assets and DAC.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management’s assessment of impairment indicators.
- Evaluating the intent for the E&E Assets and DAC through discussion and communication with management.
- Reviewing correspondence with the Ethiopia Ministry of Mines on mineral exploration license extensions of Force Majeure for obligations relating to E&E Assets, and to the properties underlying DAC expenditures.
- Reviewing agreements to determine if the Company is compliant with terms therein, including application of Force Majeure.
- On a test basis, verifying title to ensure mineral rights underlying the exploration and evaluation assets are in good standing.

Accounting for the Acquisition of Saudi Discovery Company SPV Limited (“SDC”)

As described in Note 4 to the consolidated financial statements, during the year ended December 31, 2025, the Company completed the acquisition of SDC (the “Transaction”) for consideration totalling \$21,120,679. As more fully described in Note 2 to the consolidated financial statements, judgement is required by management to assess whether the Transaction constituted a business combination or an asset acquisition.

The principal considerations for our determination that the Transaction is a key audit matter is that there was judgement made by management in determining if the transaction constituted a business combination or asset acquisition, and the related fair value of consideration, and the net assets acquired, including completeness of such net assets. This in turn led to a high degree of auditor judgment, subjectivity, and effort in performing procedures to evaluate audit evidence relating to the judgments made by management in their assessment of the completeness and accuracy of the Transaction including the basis of accounting.

Addressing the matter involved performing procedures and evaluating audit evidence in connection with forming our overall opinion on the consolidated financial statements. Our audit procedures included, among others:

- Evaluating management’s assessment of whether the transaction constituted an asset acquisition or business combination.
- Examining and evaluating the contractual terms identified in the agreements associated with the Transaction
- Evaluating management process related to the recognition of the acquisition, including estimates of net assets acquired and consideration provided in connection with the Transaction.

Other Information

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

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 obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Accounting Standards, 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.

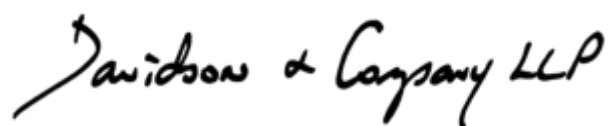
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we 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.
- Plan and perform the group audit to 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.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current year and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

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

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Chartered Professional Accountants

Vancouver, Canada

April 28, 2026

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

	<i>Note</i>	December 31, 2025	December 31, 2024
ASSETS			
Current			
Cash	5	\$ 6,452,757	\$ 2,265,655
Receivables	6	158,214	30,100
Prepaid expenses	7	139,048	39,422
		6,750,019	2,335,177
Equipment	8	169,552	94,797
Exploration and evaluation assets	9	20,070,058	11,465
Deferred acquisition costs	10	6,929,822	6,169,292
Deposits	11	550,530	-
Equity investment	12	17,124	20,570
		\$ 34,487,105	\$ 8,631,301
LIABILITIES			
Current			
Trade and other payables	13	\$ 655,595	\$ 118,759
SHAREHOLDERS' EQUITY			
Share capital	14	46,384,714	19,044,808
Reserve	14	2,434,223	2,366,934
Deficit		(14,987,427)	(12,899,200)
		33,831,510	8,512,542
		\$ 34,487,105	\$ 8,631,301
Nature of operations and going concern	1		
SDC acquisition	4		
Subsequent events	20		

These consolidated financial statements were approved and authorized for issue by the Board of Directors of the Company on April 28, 2026.

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)

	<i>Note</i>	Year ended December 31,	
		2025	2024
Expenses			
Depreciation	8	\$ 46,176	\$ 125,797
Exploration and evaluation expenditures	9	493,701	469,590
Foreign exchange		41,929	31,422
Office expenses		157,514	159,193
Marketing and promotion	15	78,948	169,361
Professional fees		121,642	113,603
Project investigation costs		17,913	-
Regulatory costs		64,349	46,619
Salaries and benefits / Consulting fees	15	981,606	800,579
Share-based compensation	14 & 15	-	559,398
Travel expenses		108,462	134,333
		(2,112,240)	(2,609,895)
Interest expense	15	(2,923)	-
Interest income		30,382	201,360
Loss on equity investment	12	(3,446)	(1,350)
Loss and comprehensive loss for the year		\$ (2,088,227)	\$ (2,409,885)
Basic and diluted loss per share		\$ (0.02)	\$ (0.03)
Weighted average number of shares outstanding - basic and diluted		89,845,323	87,098,634

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,	
	2025	2024
Cash flows to operating activities		
Loss for the year	\$ (2,088,227)	\$ (2,409,885)
Items not involving cash:		
Depreciation	46,176	125,797
Share-based compensation	-	559,398
Loss on equity investment	3,446	1,350
Change in non-cash working capital items:		
Receivables	103,338	76,859
Prepaid expenses	(6,897)	7,373
Trade and other payables	90,801	56,581
	<u>(1,851,363)</u>	<u>(1,582,527)</u>
Cash flows to investing activities		
Cash received from SDC acquisition	367,742	-
Transaction costs on SDC acquisition	(61,485)	-
Purchase of equipment	(10,929)	(4,634)
Deferred acquisition costs	(760,530)	(2,658,361)
	<u>(465,202)</u>	<u>(2,662,995)</u>
Cash flows to financing activities		
Private placements	6,668,623	-
Share issue costs	(164,956)	-
Related party loans	300,000	-
Repayment of related party loans	(300,000)	-
	<u>6,503,667</u>	<u>-</u>
Change in cash for the year	4,187,102	(4,245,522)
Cash, beginning of year	2,265,655	6,511,177
Cash, end of year	\$ 6,452,757	\$ 2,265,655
Non-cash investing and financing activities		
Broker warrants	\$ 67,289	\$ -
Shares issued on SDC acquisition	20,903,528	-
Transaction costs included in trade and other payables	155,666	-
Supplementary information		
Interest paid	\$ 2,923	\$ -
Income taxes paid	-	-

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

SUN PEAK METALS CORP.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian dollars)

	Number of shares	Share capital	Reserve	Deficit	Total
Balance, December 31, 2024	87,098,634	\$ 19,044,808	\$ 2,366,934	\$ (12,899,200)	\$ 8,512,542
SDC acquisition	58,065,356	20,903,528	-	-	20,903,528
Private placements	19,053,206	6,668,623	-	-	6,668,623
Share issue costs - cash	-	(164,956)	-	-	(164,956)
Share issue costs - warrants	-	(67,289)	67,289	-	-
Loss and comprehensive loss for the year	-	-	-	(2,088,227)	(2,088,227)
Balance, December 31, 2025	164,217,196	\$ 46,384,714	\$ 2,434,223	\$ (14,987,427)	\$ 33,831,510

	Number of shares	Share capital	Reserve	Deficit	Total
Balance, December 31, 2023	87,098,634	\$ 19,044,808	\$ 1,807,536	\$ (10,489,315)	\$ 10,363,029
Share-based compensation	-	-	559,398	-	559,398
Loss and comprehensive loss for the year	-	-	-	(2,409,885)	(2,409,885)
Balance, December 31, 2024	87,098,634	\$ 19,044,808	\$ 2,366,934	\$ (12,899,200)	\$ 8,512,542

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Sun Peak Metals Corp. (“Sun Peak” or the “Company”) is a publicly traded company incorporated pursuant to the provisions of the British Columbia Business Corporations Act on June 2, 2016. The Company’s common shares are listed for trading on the TSX Venture Exchange (“TSXV”) under the symbol PEAK and on the OTCQB Venture Market in the United States under the symbol SUNPF. The Company’s head office and registered and records office address is Unit 1 – 15782 Marine Drive, White Rock, B.C. Canada V4B 1E6.

The Company’s principal business is the acquisition, exploration, and development of resource properties for the mining of precious or base metals in the Ethiopia and the Kingdom of Saudi Arabia (“KSA”).

In March 2025, the Interim Regional Administration of Ethiopia enacted a suspension of all mining activities in Ethiopia to curb illegal mining activities. While the Company’s operations are currently limited to exploration and not mining, the Company suspended all fieldwork accordingly. In June 2025, and then again in September 2025, the Company formally notified Ethiopia’s Ministry of Mines of a force majeure declaration covering all six of its exploration licenses, with notification accepted in July and November 2025, respectively. In March 2026, the Company formally notified Ethiopia’s Ministry of Mines of a force majeure declaration covering all six of its exploration licenses, with notification accepted in March 2026 (Note 8 and 9). In July 2025, the Company also invoked force majeure under the terms of its option and joint venture agreement with Ezana Mining Development plc (“Ezana”), with notification accepted by Ezana (Note 9).

On December 18, 2025, the Company completed the acquisition of all the issued and outstanding shares of Saudi Discovery Company SPV Limited (“SDC”) by way of a share exchange (Note 4). SDC, through its Saudi Arabian subsidiary, holds a portfolio of exploration licenses in the KSA (Note 9).

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business in the foreseeable future. As at December 31, 2025, the Company had working capital of \$6,094,424. Management estimates that its working capital may not provide the Company with sufficient financial resources to carry out currently planned operations and exploration through the next twelve months. Additional financing may be required by the Company to complete its strategic objectives and continue as a going concern. While the Company has been successful in the past in obtaining financing, there is no assurance that it will be able to obtain adequate financing in the future or that such financing will be on terms acceptable to the Company. These material uncertainties may cast significant doubt upon the Company’s ability to continue as a going concern.

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

2. BASIS OF PRESENTATION

Statement of compliance

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards issued by the International Accounting Standards Board.

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 subsidiaries.

Use of estimates and judgments

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

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

(i) Critical accounting estimates

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

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

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

Determining if an acquisition is a business combination or an asset acquisition

As required by IFRS 3 Business Combinations ("IFRS 3"), the Company is required to determine whether the acquisition of SDC (Note 4) should be accounted for as a business combination or an asset acquisition. Management has determined that SDC did not include all the necessary components of a business. Accordingly, the acquisition of SDC has been recorded as an acquisition of SDC's net assets, consisting of SDC's exploration and evaluation assets and working capital.

(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 subsidiaries is the Canadian dollar.

SUN PEAK METALS CORP.
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS
For the year ended December 31, 2025
(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (continued)

Use of estimates and judgments (continued)

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

Equity investment - The Company has a 25% interest in the shares of Kandaka Mining Corp. ("Kandaka") and a director of the Company is the sole director of Kandaka. The Company has determined that it has significant influence in Kandaka, therefore the Company accounts for this investment using equity accounting.

3. MATERIAL ACCOUNTING POLICY INFORMATION

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its subsidiaries, from the date control was acquired. Control exists when the Company possesses power over an investee, has exposure to variable returns from the investee and has the ability to use its power over the investee to affect its returns. All inter-company balances and transactions, and any income and expenses arising from inter-company transactions, are eliminated on consolidation.

Name of subsidiary	Place of incorporation	Ownership interest at December 31, 2025	Principal activity
Sun Peak Ethiopia Mining PLC	Ethiopia	100%	Mineral exploration company
Saudi Discovery Company SPV Limited *	Cayman	100%	Holding company
SDC Resources Corp. *	Canada	100%	Dormant company
Arabian Discovery Mining Company *	KSA	100%	Mineral exploration company
1560620 B.C. Ltd. **	Canada	100%	Dormant company

* acquired in December 2025 (Note 4)

** incorporated on October 20, 2025, dissolved March 19, 2026

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 straight-line basis over the estimated useful lives of each part of an item of equipment.

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.

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 profit or loss, 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.

Deferred acquisition costs

Deferred acquisition costs represent cumulative costs incurred directly attributable to the uncompleted acquisition of a target company and its related net assets. Once complete, the Company will consolidate the entity, or in the event of non-completion, such costs will be written-off. The Company assesses the deferred acquisition costs for impairment indicators each reporting period, including assessment of the target company's underlying net assets.

Financial instruments

Financial assets

On initial recognition, financial assets are recognized at fair value and are subsequently classified and measured at: (i) amortized cost; (ii) fair value through other comprehensive income ("FVTOCI"); or (iii) fair value through profit or loss ("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. Cash and receivables are measured at amortized cost with subsequent impairments recognized in profit or loss.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

Financial instruments (continued)

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.

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 are classified and measured at amortized cost. For the years presented, the Company does not have any derivative financial liabilities.

Equity investment

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

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

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

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.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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 shareholders' equity.

Warrants

The Company accounts for warrants issued in unit offerings comprising a common share and warrant (or portion thereof) using the relative fair value method. Under this method, the fair value of common shares and warrants are measured at the issuance date and the proceeds raised are allocated to the common shares and warrants proportionately. The fair value of common shares is measured based on the quoted market price of the Company's stock and the warrant issued is measured at the issue date using the Black-Scholes option pricing model. The warrant is recorded as share capital if and when the warrants are exercised.

Share-based compensation

Stock options

The Company has a shareholder approved stock option plan that allows Company directors, employees, and consultants to acquire shares of the Company. The fair value of stock options granted is recognized as a share-based compensation expense with a corresponding increase in equity. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee. Consideration paid on the exercise of stock options is credited to share capital and the fair value of the stock options is reclassified from share-based reserve to share capital.

The fair value is measured at grant date and each tranche is recognized over the period during which the stock options vest. The fair value of the stock options granted is measured using the Black-Scholes option pricing model taking into account the terms and conditions upon which the stock options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the number of stock options that are expected to vest.

Share-based payment arrangements in which the Company receives goods or services as consideration for its own equity instruments are accounted for as equity-settled share-based payment transactions.

Restricted Share Units, Performance Share Units, and Deferred Share Units

The Company also has a shareholder approved equity incentive plan which governs the granting of any restricted share unit ("RSU"), performance share unit ("PSU") or deferred share unit ("DSU") to directors, officers, employees and consultants of the Company.

RSUs, PSUs, and DSUs are equity settled share-based payments. The Company can award performance and non-performance based RSUs. RSUs, PSUs, and DSUs are measured at their intrinsic fair value on the date of grant based on the closing price of the Company's shares on the date prior to the grant and is recognised as share-based compensation expense over the vesting period on one year minimum to three years maximum with the responding credit to reserves. The amount recognised for services as consideration for the RSUs, PSUs, and DSUs granted is based on the number of equity instruments that eventually vest. For performance based RSUs, an estimate is made of when the performance obligations are expected to be satisfied, and the expense is calculated over that period. Upon release of RSUs, PSUs and DSUs, the related share reserve is transferred to share capital.

3. MATERIAL ACCOUNTING POLICY INFORMATION (continued)

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.

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

A number of new standards, amendments to standards and interpretations are not yet effective as of December 31, 2025 and have not been applied in preparing these consolidated financial statements.

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

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4. SDC ACQUISITION

On December 18, 2025, the Company completed the acquisition of all the issued and outstanding shares of Saudi Discovery Company SPV Limited (“SDC”) by way of a share exchange (the “Acquisition”).

SDC, through its Saudi Arabian subsidiary, holds a portfolio of exploration licenses in the KSA (Note 9).

In consideration, the Company issued 58,065,356 common shares to the shareholders of SDC valued at \$20,903,528 in exchange for all the issued and outstanding shares of SDC. Upon completion of the Acquisition, Sun Peak shareholders and the former shareholders of SDC held approximately 60% and 40%, respectively, of the issued and outstanding common shares of the Company.

Certain former shareholders of SDC are directors and officers of the Company. At a meeting of the Sun Peak shareholders on December 1, 2025, the Company obtained shareholder approval for the Acquisition, excluding the votes of certain non-arm’s length parties involved in the Acquisition.

SDC did not meet the definition of a business under IFRS 3 and accordingly the Company has recorded the purchase of SDC as an acquisition of net assets at their relative fair values.

The allocation of the cost of acquisition is summarized as follows:

Consideration paid	
Shares issued	\$ 20,903,528
Transaction costs	217,151
Total	\$ 21,120,679

Net assets (liabilities) received	
Cash	\$ 367,742
Receivables	231,452
Prepaid expenses	92,729
Equipment	110,002
Exploration and evaluation assets	20,058,593
Deposits	550,530
Trade and other payables	(290,369)
Total	\$ 21,120,679

Along with the Acquisition, the Company completed private placements for gross proceeds of \$6,668,623 (Note 14).

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5. CASH

	December 31, 2025	December 31, 2024
Canadian dollar denominated deposits held in Canada	\$ 6,193,661	\$ 2,128,651
US dollar denominated deposits held in Canada	174,982	73,832
US dollar denominated deposits held in Ethiopia	18,656	62,972
Birr denominated deposits held in Ethiopia	13,981	200
SAR denominated deposits held in Saudi Arabia	51,477	-
Total	\$ 6,452,757	\$ 2,265,655

6. RECEIVABLES

	December 31, 2025	December 31, 2024
Amounts due from the Government of Canada pursuant to goods and services input tax credits	\$ 25,990	\$ 6,083
Other	132,224	24,017
Total	\$ 158,214	\$ 30,100

7. PREPAID EXPENSES

	December 31, 2025	December 31, 2024
Prepaid insurance	\$ 20,261	\$ 20,582
Prepaid rent	705	5,353
Prepaid marketing and promotion	78,479	-
Prepaid other	39,603	13,487
Total	\$ 139,048	\$ 39,422

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8. EQUIPMENT

	Office furniture and equipment		Field equipment		Vehicles		Total	
Cost								
At December 31, 2023	\$	80,099	\$	269,100	\$	113,310	\$	462,509
Additions		2,227		2,407		-		4,634
At December 31, 2024		82,326		271,507		113,310		467,143
Additions		10,929		-		110,002		120,931
At December 31, 2025	\$	93,255	\$	271,507	\$	223,312	\$	588,074
Accumulated depreciation								
At December 31, 2023	\$	56,152	\$	122,957	\$	67,440	\$	246,549
Depreciation		20,654		59,273		45,870		125,797
At December 31, 2024		76,806		182,230		113,310		372,346
Depreciation		4,958		39,120		2,098		46,176
At December 31, 2025	\$	81,764	\$	221,350	\$	115,408	\$	418,522
Carrying amounts								
At December 31, 2024	\$	5,520	\$	89,277	\$	-	\$	94,797
At December 31, 2025	\$	11,491	\$	50,157	\$	107,904	\$	169,552

9. EXPLORATION AND EVALUATION ASSETS

	December 31, 2023		Additions		December 31, 2024		Additions		December 31, 2025	
Ethiopia										
Nefasit	\$	5,257	\$	-	\$	5,257	\$	-	\$	5,257
Adi Dairo		2,797		-		2,797		-		2,797
Adi Mendi		899		-		899		-		899
Workemba		2,512		-		2,512		-		2,512
		11,465		-		11,465		-		11,465
Saudi Arabia										
Aff		-		-		-		1		1
Halahila		-		-		-		6,686,197		6,686,197
Al Miyah		-		-		-		6,686,197		6,686,197
Safra		-		-		-		6,686,198		6,686,198
		-		-		-		20,058,593		20,058,593
Total	\$	11,465	\$	-	\$	11,465	\$	20,058,593	\$	20,070,058

9. EXPLORATION AND EVALUATION ASSETS (continued)

Ethiopian Projects

Nefasit

On January 1, 2018, the Company was issued an exploration license to explore for minerals in Ethiopia for an initial period of three years expiring on December 31, 2020. Pursuant to the license agreement, the Company was obligated to spend Birr 37,175,925 (approximately \$1.7 million) by December 31, 2020. The exploration license has been extended due to force majeure. The Company paid \$5,257 in license issuing fees to acquire the license in 2018. The project is subject to a 2% net smelter return (“NSR”) royalty.

Adi Da-iro

On April 16, 2019, the Company was issued an exploration license to explore for minerals in Ethiopia for an initial period of three years expiring on April 15, 2022. Pursuant to the license agreement, the Company was obligated to spend Birr 41,127,665 (approximately \$1.9 million) by April 15, 2022. The exploration license has been extended due to force majeure. The Company paid \$2,797 in license issuing fees to acquire the license in 2018. The project is subject to a 2% NSR royalty.

Adi Mendi

On September 30, 2021, the Company was issued an exploration license to explore for minerals in Ethiopia for an initial period of three years expiring on September 29, 2024. Pursuant to the license agreement, the Company was obligated to spend Birr 43,691,350 (approximately \$1.0 million) by September 29, 2024. This exploration license was applied for in 2020 prior to the armed conflicts breaking out in the Tigray Region of northern Ethiopia and was immediately placed into force majeure upon receipt. The project remains in force majeure. The Company paid \$899 in license issuing fees to acquire the license in 2021. The project is subject to a 2% NSR royalty.

Workemba

On September 30, 2021, the Company was issued an exploration license to explore for minerals in Ethiopia for an initial period of three years expiring on September 29, 2024. Pursuant to the license agreement, the Company was obligated to spend Birr 34,628,250 (approximately \$900,000) by September 29, 2024. This exploration license was applied for in 2020 prior to the armed conflicts breaking out in the Tigray Region of northern Ethiopia and was immediately placed into force majeure upon receipt. The project remains in force majeure. The Company paid \$2,512 in license issuing fees to acquire the license in 2021.

9. EXPLORATION AND EVALUATION ASSETS (continued)

Saudi Arabian Projects

On December 18, 2025, the Company completed the acquisition of all the issued and outstanding shares of SDC (Note 4) that, through its Saudi Arabian subsidiary, holds a portfolio of exploration licenses in the KSA.

Safra

The Safra exploration license was awarded by the Ministry of Industry and Mineral Resources (the “Ministry”) through an application of open ground in September 2024 and is valid for an initial five year period.

Al Miyah

The Al Miyah project consists of three exploration licenses awarded as part of the Ministry’s Round 5 auction in February 2025 and all three licenses are valid for an initial five year period.

Halahila

The Halahila exploration license was awarded as part of the Ministry’s Round 5 auction in October 2024 and is valid for an initial five year period.

Afif

The Afif exploration license was awarded by the Ministry through an application of open ground in September 2024 and is valid for an initial five year period.

Royalties

The Safra, Al Miyah, and Halahila licenses are subject to a 2% net smelter returns (“NSR”) royalty which was granted by SDC to Discovery Minerals Corp. (“DMC”). Two of DMC’s shareholders are also directors of the Company, holding a combined total of 20% of DMC.

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9. EXPLORATION AND EVALUATION ASSETS (continued)

Exploration and evaluation expenditures included in the loss for the years ended December 31, 2025 and 2024 are as follows:

	Year ended December 31,	
	2025	2024
Nefasit, Ethiopia		
Data evaluation	\$ -	\$ 40,000
Field expenses	22,206	68,040
Professional fees	6,102	26,420
Project administration	28,704	99,343
Salaries and benefits	196,060	193,623
Travel expenses	26,591	42,164
	279,663	469,590
Safra, Saudi Arabia		
Field expenses	34,647	-
Professional fees	122,137	-
Salaries and benefits	56,122	-
Travel expenses	1,132	-
	214,038	-
Total	\$ 493,701	\$ 469,590

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10. DEFERRED ACQUISITION COSTS

	December 31, 2025	December 31, 2024
Opening balance	\$ 6,169,292	\$ 3,510,931
Advances to Axum	760,530	1,508,395
Expenses paid on behalf of Axum	-	1,149,966
Closing balance	\$ 6,929,822	\$ 6,169,292

Axum agreement

On November 11, 2017, the Company entered into an option and joint venture shareholders' agreement (the "JV Agreement"), as amended, with Ezana Mining Development plc ("Ezana") that became effective on December 12, 2017, when the conditions precedent were met. Pursuant to the JV Agreement, the Company has an option to earn up to 70% in Axum Metals Share Company ("Axum"), which holds the Terer and Meli exploration licenses in Ethiopia. The Company may earn a 51% interest in Axum upon completion of US\$5 million in expenditures by December 3, 2022. The Company believes it has met the required US\$5 million qualifying expenditures and is now working with Ezana to formalize the Company's 51% interest in Axum. The Terer and Meli projects are in force majeure, and accordingly minimum expenditure obligations are suspended until force majeure is lifted.

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

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

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

Terer

On June 12, 2019, the Terer exploration license was transferred by Ezana to Axum with a remaining term that expired March 29, 2020. The Terer exploration license was subsequently renewed for one-year terms in March 2020 and again in March 2021. Thereafter, the exploration license has been extended due to force majeure. The project is subject to a 2% NSR royalty.

Meli

On December 4, 2019, Axum was issued an exploration license pursuant to explore for minerals in Ethiopia for an initial period of three years expiring on December 3, 2022. Pursuant to the license agreement, Axum was obligated to spend Birr 63,426,750 (approximately \$3.0 million) by December 3, 2022. The exploration license has been extended due to force majeure. The project is subject to a 2% NSR royalty.

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11. DEPOSITS

	December 31, 2025	December 31, 2024
Opening balance	\$ -	\$ -
Additions (Note 4)	550,530	-
Closing balance	\$ 550,530	\$ -
Al Miyah	\$ 280,865	\$ -
Halahilah	269,665	-
Closing balance	\$ 550,530	\$ -

The Company acquires the majority of its exploration licenses in the KSA through a bidding process. Bidders are required to provide a performance financial guarantee in favor of the Ministry to guarantee their bid. This deposit must be for an amount equal to at least fifteen per cent (15%) of the bidder's projected expenditure throughout the work program.

The performance financial guarantee may be called upon by the Ministry at any time during the term of the exploration license in the event that the relevant licensee fails to meet the agreed performance requirements and targets as set out in the work program.

12. EQUITY INVESTMENT

	December 31, 2025	December 31, 2024
Opening balance	\$ 20,570	\$ 21,920
Loss	(3,446)	(1,350)
Closing balance	\$ 17,124	\$ 20,570

The Company has a 25% interest in the shares of Kandaka, a Canadian private mineral exploration company. In addition to the Company's 25% interest in Kandaka, directors and officers of the Company hold an additional 20% of Kandaka. A director of the Company is the sole director of Kandaka.

As at December 31, 2025 and 2024, the net assets of Kandaka were as follows:

	December 31, 2025	December 31, 2024
Assets	\$ 68,495	\$ 82,279
Liabilities	-	-
Net assets	68,495	82,279
Ownership	25%	25%
Closing balance	\$ 17,124	\$ 20,570

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13. TRADE AND OTHER PAYABLES

	December 31, 2025	December 31, 2024
Trade and other payables in Canada	\$ 417,071	\$ 86,730
Trade and other payables in Ethiopia	17,969	17,337
Trade and other payables in Saudi Arabia	50,056	-
Amounts due to related parties (Note 15)	170,499	14,692
Total	\$ 655,595	\$ 118,759

14. SHARE CAPITAL AND RESERVE

a) Authorized share capital

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

b) Issued share capital

During the year ended December 31, 2025, the Company completed the following:

- On November 27, 2025, a wholly owned subsidiary of the Company (“FinCo”) completed a non-brokered private placement through the issuance of 16,032,470 FinCo subscription receipts at a price of \$0.35 per FinCo subscription receipt for gross proceeds of \$5,611,365. Each FinCo subscription receipt was exchangeable into one unit of the Company.

On closing of the Acquisition (Note 4) on December 18, 2025, each FinCo subscription receipt was exchanged for one unit of the Company. Each unit consists of one common share and one-half of one warrant with each whole warrant exercisable to acquire one common share at a price of \$0.50 per share until December 18, 2028.

The Company paid cash finder’s fees of \$111,216 and issued 299,760 FinCo broker warrants exercisable to acquire one FinCo common share at a price of \$0.50 per FinCo share until November 27, 2028. The FinCo broker warrants were valued at \$58,452 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.39%; an expected volatility of 100%; an expected life of 3 years; a forfeiture rate of zero; and an expected dividend of zero.

On closing of the Acquisition (Note 4) on December 18, 2025, each FinCo broker warrant was exchanged for one warrant of the Company. Each warrant is exercisable to acquire one common share of the Company at a price of \$0.50 per share until December 18, 2028.

The warrants are subject to an accelerated expiry provision such that, if the volume-weighted average price of the Company’s common shares on the TSXV equals or exceeds \$1.00 for 20 consecutive trading days, then the warrants will expire 30 days following the date on which the Company either provides notice of acceleration to the holders of the warrants or issues a news release announcing the acceleration, in each case at the Company’s election.

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14. SHARE CAPITAL (continued)

b) Issued share capital (continued)

- On November 27, 2025, the Company completed a non-brokered private placement through the issuance of 3,020,736 subscription receipts at a price of \$0.35 per subscription receipt for gross proceeds of \$1,057,258. Each subscription receipt was exchangeable into one unit of the Company.

On closing of the Acquisition (Note 4) on December 18, 2025, each subscription receipt was exchanged for one unit of the Company. Each unit consists of one common share and one-half of one warrant with each whole warrant exercisable to acquire one common share at a price of \$0.50 per share until December 18, 2028.

The Company paid cash finder's fees of \$19,906 and issued 56,873 broker warrants. Each broker warrant is exercisable to acquire one common share at a price of \$0.50 per share until November 27, 2028. The broker warrants were valued at \$8,837 using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 2.39%; an expected volatility of 80%; an expected life of 3 years; a forfeiture rate of zero; and an expected dividend of zero. The Company also incurred other share issuance costs of \$33,834.

The warrants are subject to an accelerated expiry provision as described above.

- On December 18, 2025, the Company issued 58,065,356 common shares valued at \$20,903,528 to acquire SDC (Note 4).

There were no common shares issued during the year ended December 31, 2024.

c) Warrants

The continuity of share purchase warrants for the year ended December 31, 2025 is as follows:

Expiry date	Exercise price	Balance, December 31, 2024	Granted	Exercised	Cancelled/ Expired	Balance, December 31, 2025
November 27, 2028	\$ 0.50	-	56,873	-	-	56,873
December 18, 2028	\$ 0.50	-	9,826,363	-	-	9,826,363
		-	9,883,236	-	-	9,883,236
Weighted average exercise price	\$	-	\$ 0.50	\$	-	\$ 0.50

As at December 31, 2025, the weighted average remaining life of the warrants outstanding was 2.97 years.

There were no warrants issued or outstanding during the year ended December 31, 2024.

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14. SHARE CAPITAL (continued)

d) Share-based compensation

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

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

The continuity of stock options for the year ended December 31, 2025 is as follows:

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

As at December 31, 2025, all stock options were exercisable with a weighted average remaining life of 2.43 years.

The continuity of stock options for the year ended December 31, 2024 is as follows:

Expiry date	Exercise price	Balance, December 31, 2023	Issued	Exercised	Cancelled/ Expired	Balance, December 31, 2024
August 17, 2025	\$ 0.35	4,100,000	-	-	-	4,100,000
July 20, 2026	\$ 0.35	225,000	-	-	-	225,000
January 18, 2028	\$ 0.235	250,000	-	-	-	250,000
February 22, 2028	\$ 0.26	2,150,000	-	-	-	2,150,000
March 8, 2029	\$ 0.50	-	1,475,000	-	-	1,475,000
		6,725,000	1,475,000	-	-	8,200,000
Weighted average exercise price	\$ 0.32	\$ 0.50	\$ -	\$ -	\$ -	\$ 0.35

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14. SHARE CAPITAL (continued)

d) Share-based compensation (continued)

During the year ended December 31, 2025, the Company recorded share-based compensation of \$Nil (2024 - \$559,398) for stock options that vested during the year.

On March 8, 2024, the Company granted 1,425,000 stock options to directors, officers, employees and consultants of the Company at a fair value of \$540,436 or \$0.38 per option, all of which was recorded as share-based compensation for the year ended December 31, 2024. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.46%; an expected volatility of 100%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

On March 8, 2024, the Company granted 50,000 stock options to a consultant of the Company at a fair value of \$18,962 or \$0.38 per option, of which \$18,962 was recorded as share-based compensation for the year ended December 31, 2024. The options vest 25% immediately and 25% every three months thereafter. The fair value of the options granted was determined using the Black-Scholes option pricing model with the following assumptions: a risk-free interest rate of 3.46%; an expected volatility of 100%; an expected life of 5 years; a forfeiture rate of zero; and an expected dividend of zero.

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15. RELATED PARTY TRANSACTIONS

Compensation of key management personnel

Key management includes members of the Board of Directors, the President and Chief Executive Officer, the Vice President Project Development, the Chief Financial Officer, and the Corporate Secretary. The aggregate compensation paid, or payable, to key management personnel during the year ended December 31, 2025 and 2024 was as follows:

	Year ended December 31,	
	2025	2024
Salaries and benefits / Consulting fees		
Chief Executive Officer	\$ 203,125	\$ 142,708
Vice President Project Development	250,000	245,833
Former Vice President Exploration & Geology	311,087	131,250
Golden Oak (1)	150,000	147,500
	914,212	667,291
Deferred acquisition costs		
VRIFY (2)	-	40,000
Exploration and evaluation expenditures		
VRIFY (2)	-	40,000
Marketing and promotion		
Peak (3)	36,000	72,000
Share-based compensation	-	464,585
Interest expense		
Chairman	1,120	-
Chief Executive Officer	840	-
Golden Oak (1)	963	-
	2,923	-
	\$ 953,135	\$ 1,283,876

(1) Golden Oak Corporate Services Ltd. ("Golden Oak") is a consulting company owned by the Chief Financial Officer and Corporate Secretary of the Company. The Chief Financial Officer and the Corporate Secretary are employees of Golden Oak and are not paid directly by the Company.

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

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

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15. RELATED PARTY TRANSACTIONS (continued)

Amounts due to related parties

		December 31, 2025	December 31, 2024
Chief Executive Officer	Expenses	\$ -	\$ 8,112
Vice President Project Development	Expenses	-	5,384
Corporate Secretary	Expenses	-	309
Golden Oak	Expenses	3,003	887
Director	Expenses	11,246	-
Former Vice President Exploration & Geology	Fees	156,250	-
		\$ 170,499	\$ 14,692

In November and December 2025, certain officers and directors of the Company loaned the Company a total of \$300,000 at an interest rate of 10%. The loans were unsecured and payable no later than December 31, 2025. The loans were repaid in full with interest of \$2,923 in December 2025.

16. SEGMENTED INFORMATION

Operating segments are identified on the basis of internal reports that are regularly reviewed by the chief operating decision-maker to allocate resources to the segments and to assess their performance.

The chief operating decision-maker who is responsible for allocating resources and assessing performance of the operating segments, has been defined as the Chief Executive Officer.

The Company operates in a single segment, being mineral exploration and evaluation.

With the exception of the cash disclosed in Note 5, all of the Company's significant assets are located in Ethiopia and the KSA.

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17. 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, 2025	December 31, 2024
Cash	Amortized cost	\$ 6,452,757	\$ 2,265,655
Receivables	Amortized cost	158,214	30,100
Deposits	Amortized cost	550,530	-
Trade and other payables	Amortized cost	655,595	118,759

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

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

The carrying values of cash, receivables, deposits, 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.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized as follows:

Credit Risk

Credit risk is the risk of potential loss to the Company if a counterparty to a financial instrument fails to meet its contractual obligations. The Company's credit risk is primarily attributable to its liquid financial assets, including cash and receivables. The Company limits the exposure to credit risk in its cash by only investing its cash with high-credit quality financial institutions in business and savings accounts, guaranteed investment certificates and in government treasury bills which are available on demand by the Company for its programs.

Liquidity Risk

Liquidity risk is the risk that the Company will not have the resources to meet its obligations as they fall due. The Company manages this risk by closely monitoring cash forecasts and managing resources to ensure that there is sufficient capital in order to meet short-term business requirements. All of the Company's financial liabilities are classified as current and are anticipated to mature within the next sixty days. The Company 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 and keeps the majority of its treasury in Canadian dollars. The Company is conducting business in Ethiopia and the KSA. As such, it is subject to risk due to fluctuations in the exchange rate between the Canadian dollar, the US dollar, the Ethiopian Birr, and the Saudi Riyal. Management believes the foreign exchange risk related to currency conversions is minimal and therefore, does not hedge its foreign exchange risk. The effect of a ten percent change in the foreign exchange rate on the cash held in US dollars, Ethiopian Birr, and the Saudi Riyal at December 31, 2025 would be nominal.
- (c) Commodity Price Risk: While the value of the Company's exploration and evaluation assets will be related to the price of gold, copper, zinc and other metals, and the outlook for these minerals, the Company currently does not have any operating mines and hence does not have any hedging or other commodity based risks in respect to its operational activities.

Historically, the price of gold, copper, zinc and other metals has fluctuated significantly and is affected by numerous factors outside of the Company's control, including but not limited to industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities, and certain other factors related specifically to gold, copper, zinc and other metals.

17. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (continued)

Risk management (continued)

Market Risk (continued)

- (d) **Political Uncertainty Risk:** In conducting operations in Ethiopia and the KSA, the Company is subject to considerations and risks not typically associated with companies operating in Canada (Note 1). These include risks such as the political, economic, and legal environments as well as the risk of military conflict. Among other things, the Company's results may be adversely affected by changes in the political and social conditions, including unrest in Ethiopia, the conflict in the middle east, 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.

18. MANAGEMENT OF CAPITAL

The Company manages its common shares, options, 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.

There have been no changes to the Company's approach to capital management for the years presented.

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19. INCOME TAXES

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	Year ended December 31,	
	2025	2024
Loss for the year	\$ (2,088,227)	\$ (2,409,885)
Expected income tax recovery	\$ (564,000)	\$ (651,000)
Change in statutory, foreign tax, foreign exchange rates and other	(122,000)	235,000
Permanent differences	81,000	221,000
Impact of SDC acquisition	(331,000)	-
Share issue costs	(15,000)	-
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	(14,000)	(6,000)
Change in unrecognized deductible temporary differences	965,000	201,000
Total	\$ -	\$ -

The significant components of the Company's unrecognized deferred tax assets are as follows:

	December 31,	December 31,
	2025	2024
Deferred tax assets (liabilities)		
Exploration and evaluation asset	\$ 385,000	\$ 256,000
Equipment	17,000	11,000
Share issue costs	12,000	-
Non-capital losses available for future periods	2,651,000	1,833,000
Total unrecognized deferred tax assets	\$ 3,065,000	\$ 2,100,000

Deferred tax assets have not been recognized in these financial statements as it is not probable that they will be realized.

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	December 31,	
	2025	Expiry date range
Temporary differences		
Share issue costs	\$ 43,000	2026 to 2029
Exploration and evaluation asset	56,000	No expiry date
Equipment	1,297,000	No expiry date
Non-capital losses available for future periods	9,783,000	See below
Non-capital losses by country:		
Canada	9,427,000	2036 to 2045
Ethiopia	338,000	No expiry date
Kingdom of Saudi Arabia	18,000	No expiry date

Tax attributes are subject to review, and potential adjustment, by tax authorities.

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20. SUBSEQUENT EVENTS

Subsequent to December 31, 2025, the Company completed the following:

- On January 9, 2026, the Company granted 6,575,000 stock options to directors, officers, employees and consultants of the Company exercisable at a price of \$0.38 until January 9, 2031.
- In March 2026, the Company was awarded seven exploration licenses as a part of the Ministry's Round 9 auction and all seven exploration licenses are valid for an initial five year period.