Sunmetals

Sun Metals Corp.

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the three months ended March 31, 2020

Sun Metals Corp.
Management's Discussion and Analysis
For the three months ended March 31, 2020

This Management's Discussion and Analysis (the "MD&A"), dated as of May 19, 2020, is for the three months ended March 31, 2020 and should be read in conjunction with the unaudited condensed interim consolidated financial statements as at and for the three months ended March 31, 2020 of Sun Metals Corp. (also referred to as "Sun Metals", or the "Company", or "we", or "our", or "its" or "us" within this MD&A), including the related notes thereto, (together, the "Interim Financial Statements") and our other corporate filings including our Annual Information Form for the year ended December 31, 2019 dated April 1, 2020 (the "AIF"), available under Sun Metals' company profile on SEDAR at www.sedar.com.

This MD&A contains forward looking statements that involve numerous risks and uncertainties. The Company continually seeks to minimize its exposure to business risks, but by nature of its business and exploration activities and size, will always have some risk. These risks are not always quantifiable due to their uncertain nature. Should one or more of these risks and uncertainties, including those set forth in this MD&A under the headings "Cautionary Notes Regarding Forward-Looking Statements" materialize, or should underlying assumptions prove incorrect, then actual results may vary materially from those described in forward-looking statements.

The written disclosure of technical information in this MD&A has been approved by Ian Neill, P.Geo, Vice President Exploration of the Company and a Qualified Person ("QP") for the purposes of National Instrument 43-101, *Standards of Disclosure for Mineral Projects* ("NI 43-101"). Readers are directed to the section entitled "Scientific and Technical Disclosure" included within this MD&A.

Company Overview

Sun Metals is a mineral exploration company advancing its 100%-owned flagship Stardust Project ("Stardust") located in northcentral British Columbia, Canada. Stardust is a high-grade copper-gold Carbonate Replacement Deposit with a rich history.

Sun Metals has realized significant discovery success at Stardust. In 2018, our Stardust technical team discovered the 421 zone by drilling DDH18-SD-421, which returned 100 metres of 5.05% copper equivalent (CuEq)[1]. In 2019, we followed up this discovery by intersecting the 421 zone with 15 additional drill holes delineating a significant high-grade copper-gold system. In 2019, we consolidated ownership of Stardust. Combined, we have increased our exposure to, and ability to achieve additional discovery success at Stardust.

Sun Metals also owns 49% of the Lorraine copper-gold project (joint-ventured with Teck Resources Limited), and 100% of the OK copper-molybdenum project. The Company's head office and principal address is located at Suite 1900 – 1055 West Hastings Street, Vancouver, British Columbia, Canada, V6E 2E9. The Company's records office and registered office address is Suite 2600, 1066 West Hastings St., Vancouver, British Columbia, Canada, V6E 3X1.

The Company is listed on the TSX Venture Exchange ("Exchange") in Canada under the symbol "SUNM". All dollar amounts stated in this MD&A are expressed in Canadian dollars unless noted otherwise.

Q1 highlights and significant subsequent events

Fully funded to carry out our 2020 exploration program

- As at the date of this MD&A, the Company's working capital balance is approximately $3.9 million, excluding non-cash flow-through premium liabilities of $0.8 million.

[1] See press release dated November 14, 2018 available at www.sunmetals.ca or the Company's profile on SEDAR at www.sedar.com for further details.

- On May 11 and May 13, 2020, the Company announced a non-brokered private placement financing of up to 18,750,000 units at a price of $0.08 per unit (a "Unit") for gross proceeds of up to $1.5 million (the "Private Placement"). Each Unit consists of one common share of the Company (each, a "Common Share") and one-half of one non-transferable Common Share purchase warrant (each whole warrant, a "Warrant"), with each Warrant exercisable to purchase one additional Common Share of the Company for a period of two years from the date of closing at an exercise price of $0.12 for the first 12 months following closing and an exercise price of $0.15 for the final 12 months of their term.
- The Company's exploration budget for the balance of planned 2020 activities at Stardust is approximately $3.5 million. The field program is expected to consist of approximately 10,000-12,000 metres of diamond drilling with three drill rigs, as well as borehole electromagnetic geophysical surveys (BHEM) and continued geological studies.
- During the quarter we have been finalizing our 2020 exploration program, including securing staff and refining targets. The Company has been in contact with major contractors, all of whom have staff and equipment available and are eager to get back to work. We anticipate commencing site preparation in late June 2020, with drilling to follow as soon as site conditions are deemed suitable.

Ensuring safety during COVID-19

- The Company is making adjustments to its exploration program and schedules in order to commence field work as soon as possible while ensuring the health and safety of employees and contractors and compliance with the COVID-19 safety guidelines outlined by the Government of Canada and the Government of BC, as well as Orders of the BC Provincial Health Officer. We have also implemented measures at our Vancouver office to ensure the health and safety of staff, including work from home processes and suspension of any non-essential travel.

Outlook

Sun Metals expects to continue exploring Stardust with the intent to identify additional mineralization and create shareholder value through discovery and delineation.

The Company's principal objective in 2020 is to continue to advance exploration at Stardust in order to determine if the project hosts mineralization with the potential to be exploited economically. The Company plans to continue focusing its efforts on additional diamond drilling to follow up on the discovery and delineation of the 421 zone in 2018 and 2019.

The 2020 exploration program will focus on expanding the high-grade 421 Zone and exploring for similar thick high-grade, massive sulphide zones within the Stardust mineralized system. Discovery of the 421 Zone and its subsequent delineation dramatically increased our understanding of the geologic controls on mineralization. This knowledge will be utilized in the search for additional high-grade massive sulphides zones at Stardust by our exploration team.

The field program is expected to consist of approximately 10,000-12,000 metres of diamond drilling with three drill rigs, as well as borehole electromagnetic geophysical surveys (BHEM) and continued geological studies. Details of the drilling program will be contingent on the success of the program as it proceeds, keeping options to move emphasis and resources to targets that have been successfully tested with encouraging results. The exploration program will also be contingent on the ongoing status of the COVID-19 pandemic and adhering to government guidelines.

In July 2018, discussions with Takla First Nation resulted in the successful negotiation and execution of an Exploration Agreement to facilitate the exploration activities to be undertaken at Stardust, which is located within the claimed traditional territory of Takla First Nation. The Exploration Agreement expired at the end of December 2019, and the Company is advancing discussions with Takla First Nation regarding a new agreement.

Exploration Projects

In 2019, the Company acquired all of the issued and outstanding common shares of Lorraine Copper Corp. (“Lorraine”) by way of a statutory plan of arrangement under the Business Corporations Act (British Columbia) (the “Arrangement”). Following completion of the Arrangement on April 12, 2019, Sun Metals became 100% owner of Stardust with no royalties, 49% owner of the Lorraine copper-gold project (joint-ventured with Teck Resources Limited) and 100% owner of the OK copper-molybdenum project.

Stardust Project, British Columbia, Canada

Overview

Sun Metals’ 100%-owned Stardust flagship project is a large mineralized system with the potential to host multiple zones of economic mineralization. It features a 2.2-kilometre corridor of mineralization including four mineralization styles typical of a CRD system: porphyry, skarn, manto and epithermal vein. Stardust is one of the few CRD systems with each of these CRD components fully intact. Having the ability to view the overall structure of the system provides us the opportunity to better predict how to most efficiently and successfully explore it. Stardust's newly discovered 421 copper-gold skarn and the previously existing Canyon Creek copper-gold skarn are both open for expansion. The Canyon Creek zone contains a NI 43-101 resource (see Mineral Resource section that follows).

Jurisdiction and Infrastructure

The Stardust Project is located in British Columbia, Canada, an area of political stability that has a well-established regulatory regime and a government that has demonstrated strong support for the mining industry. In addition to a stable and well-regulated legal and governance environment, infrastructure is a strong contributor to British Columbia’s standing as a prime location to operate in and this is particularly true at Stardust. The project is located 38 km east of a rail spur which connects to Prince George, British Columbia, and is located the same distance from a single-phase power grid. A 230-kV power line, which connects the currently closed Kemess mine to the BC power grid, is located approximately 80 km northeast of the project. The project is accessible by road, and is an approximately two hour drive north from Fort St James on maintained Forest Service Roads. Well-established ports and shipping facilities are found on the pacific coast of western British Columbia and service many of the operating mines in the province. Climate conditions are also favorable in the area with moderate precipitation in both summer and winter, meaning year-round road access to Stardust is possible.

Exploration

For the three months ended March 31, 2020, the Company incurred $0.3 million of exploration and evaluation expenditures, compared to a budget of $0.3 million. The expenditures centred around planning and preparation for the 2020 field season, including in-depth evaluation of the data collected in the 2019 field season as well as preliminary site preparation activities including snow plowing and road preparation.

Tax credits and returns

The Company has applied for the 20% BC METC and the enhanced tax credit of an additional 10% for Mountain Pine Beetle affected areas, on qualified mining exploration expenditures incurred during the years ended December 31, 2018 and December 31, 2019.

Mineral Resources

No mineral resource estimate has been completed to date on the 421 zone which is the current focus of exploration at the Stardust Project.

On January 8, 2018, the Company announced an updated mineral resource estimate on the Canyon Creek Skarn zone of Stardust completed by QP for the purposes of NI 43-101, Ronald G. Simpson, P.Geo. of GeoSim Services Inc.[2] Grade estimation was based on analytical data from 106 drill holes completed between 1997 and 2017. The estimate includes only skarn mineralization identified in the Canyon Creek zone, and has not included drilling information from the manto, vein or porphyry zones due to a lack of sufficient information in those areas.

Fourteen mineralized skarn zones were modeled using a minimum width of 1.5 metres. Composite grades were capped at 15 g/t gold (Au) and 200 g/t silver (Ag). Zinc (Zn) grades above 6% were limited to a 25 metre range. Block model grades were estimated by the inverse distance cubed method using dynamic anisotropy to simulate the individual zone geometries.

The Canyon Creek deposit is estimated to contain an indicated mineral resource of 985,000 tonnes grading 1.34% Copper (Cu), 0.62% Zn, 1.59 g/t Au and 36.8 g/t Ag. An additional inferred mineral resource contains 1,985,000 tonnes averaging 1.24% Cu, 0.14% Zn, 1.72 g/t Au and 30.5 g/t Ag.

The mineral resource estimate is presented in the following table at a range of cut-off grades with the base case of 1.5% copper equivalent (CuEq) in boldface. Mineral resources are not mineral reserves and do not have demonstrated economic viability.

Table 1 - Canyon Creek mineral resource estimate – effective date of January 8, 2018[3]

INDICATED						
Cutoff Cu Equiv (%)	**Tonnes**	**% Cu**	**% Zn**	**g/t Au**	**g/t Ag**	**%Cu Eq**
1.00	1,336,000	1.16	0.48	1.350	30.6	2.48
1.25	1,146,000	1.25	0.55	1.470	33.8	2.70
1.50	**985,000**	**1.34**	**0.62**	**1.590**	**36.8**	**2.92**
1.75	827,000	1.43	0.72	1.720	39.8	3.16
2.00	681,000	1.53	0.84	1.880	43.3	3.44

INFERRED						
Cutoff Cu Equiv (%)	**Tonnes**	**% Cu**	**% Zn**	**g/t Au**	**g/t Ag**	**%Cu Eq**
1.00	2,968,000	1.05	0.11	1.380	25.0	2.19
1.25	2,477,000	1.14	0.13	1.530	27.6	2.40
1.50	**1,985,000**	**1.24**	**0.14**	**1.720**	**30.5**	**2.65**
1.75	1,540,000	1.35	0.16	1.960	33.7	2.95
2.00	1,229,000	1.45	0.18	2.180	36.3	3.22

[2] See the technical report titled “Stardust Project NI 43-101 Technical Report Omineca Mining Division, British Columbia”, with an effective date of January 8, 2018, filed under the Company’s profile on SEDAR at www.sedar.com.

[3] All figures have been rounded to reflect the relative accuracy of the estimates. Copper equivalent (Cu Eq. calculations reflect total gross metal content using US$ of $3.00/lb Cu, $1.25/lb Zn, $1,300/oz Au, and $18/oz Ag and have not been adjusted to reflect metallurgical recoveries. A cut-off grade of 1.5% Cu equivalent represents an in-situ metal value of approximately $100/tonne which is believed to represent a reasonable break-even cost for underground mining and processing. For further details, see technical report entitled “Stardust Project NI 43-101 Technical Report Omineca Mining Division, British Columbia”, with an effective date of January 8, 2018, filed under the Company’s profile on SEDAR at www.sedar.com.

Other Projects

Lorraine Project, British Columbia, Canada

The Lorraine project comprises two contiguous properties, the Lorraine-Jajay and the Jan-Tam-Misty properties. The Company owns 49% of the Lorraine-Jajay property, and Teck owns 51%, and the Company owns 44.1% of the adjacent Jan-Tam-Misty property, Teck owns 45.9%, and Commander Resources holds a 10% carried interest. In October 2019, Teck completed an airborne survey at the Lorraine project. The Company has not yet devised further plans for the Lorraine project as of the date of this MD&A.

OK Project, British Columbia, Canada

The Company owns 100% of the OK Project, subject to a 2.5% net smelter royalty. The Company has not yet devised further plans for the OK project as of the date of this MD&A.

Selected Financial Information

Management is responsible for the Interim Financial Statements referred to in this MD&A, and provided officers' disclosure certifications filed with the Canadian provincial securities commissions. The Audit Committee of the Company's Board of Directors has been delegated the authority to review and approve the condensed consolidated interim financial statements.

The Interim Financial Statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and should be read in conjunction with the Company's audited financial statements for the year ended December 31, 2019, which have been prepared in accordance with International Financial Reporting Standards ("**IFRS**") as issued by the International Accounting Standards Board ("**IASB**").

Our significant accounting policies are presented in Note 3 of the audited financial statements for the year ended December 31, 2019. The Company's policy is to expense all exploration and evaluation expenditures relating to our mineral exploration property interests, until such time as the viability of the mineral interest is determined.

The financial data presented below for the current and comparative periods was derived from the financial statements prepared in accordance with IFRS. Sun Metals raises its financing and incurs head office expenses in Canadian dollars and therefore, it has been determined to have a Canadian dollar functional currency.

The Company conducts its business in a single operating segment which is the mineral exploration business in Canada. The Company's exploration and evaluation assets are located in Canada.

Results of Operations

The following financial data are derived from our Interim Financial Statements for the three months ended March 31, 2020 and 2019, respectively:

	For the three months ended March 31, 2020	**For the three months ended March 31, 2019**
Total Revenue	**$ -**	**$ -**
Exploration and evaluation expenditures	**$ 260,743**	**$ 268,204**
Net loss for the period attributable to shareholders	**$ 774,543**	**$ 939,360**
Total comprehensive loss for the period	**$ 774,543**	**$ 939,360**
Basic and Diluted Loss per Share	**(0.01)**	**(0.01)**

Three months ended March 31, 2020 vs three months ended March 31, 2019

Net losses totalled $0.8 million for the three months ended March 31, 2020, and $0.9 million for the three months ended March 31, 2019 respectively. The significant contributors to the losses for the three months ended March 31, 2020 and March 31, 2019 were as follows:

(i) Exploration and evaluation expenditures remained consistent at $0.3 million for the three months ended March 31, 2020 and the three months ended March 31, 2019.

(ii) Non-cash share-based compensation expense decreased to $0.1 million for the three months ended March 31, 2020 compared to $0.2 million for the three months ended March 31, 2019. Share-based compensation expense relates to grants from the prior year in which stock options were granted to directors, employees, and consultants. During the three months ended March 31, 2020 the Company did not grant any stock options. During the three months ended March 31, 2019 the Company granted 75,000 stock options with an exercise price of $0.46 to a consultant. Stock options granted to employees and consultants are subject to vesting restrictions over a three-year period with the corresponding share-based compensation expense being recognized over this period, while director grants vest immediately on grant with the corresponding expenses recognized at the time of grant.

Generally, share-based compensation expense should be expected to vary from period to period depending on several factors, including whether options are granted in a period and whether options have fully vested or are cancelled in a period. In determining the fair market value of share-based compensation granted to directors, employees, and consultants management makes significant assumptions and estimates. These estimates have an effect on the share-based compensation expense recognized and the equity reserves balance on our statements of financial position. Management has made estimates of the life of the options, the expected volatility and the expected dividend yields that could materially affect the fair market value of this type of security. The estimates were chosen after reviewing the historical life of the options and analyzing share price history from that of a peer group to determine volatility.

(iii) Professional fees decreased to $0.1 million for the three months ended March 31, 2020 from $0.2 million for the three months ended March 31, 2019, primarily as a result of legal and consulting fees incurred in the prior period in regards to the Arrangement with Lorraine. The professional fees incurred during the three months ended March 31, 2019 in relation to the Arrangement were subsequently capitalized upon completion of the Arrangement.

Additional disclosure concerning Sun Metals' general and administrative expenses and exploration and evaluation expenses is provided in the Company's Statement of Loss and Comprehensive Loss contained in the Company's condensed interim consolidated financial statements for the three months ended March 31, 2020 which are available on the Company's website at www.sunmetals.ca or on its profile on SEDAR at www.sedar.com.

Financial Position

	As at March 31, 2020	**As at December 31, 2019**
Total assets	**$ 26,156,681**	**$ 28,306,283**
Current liabilities	**$ 1,004,097**	**$ 2,465,928**
Non-current liabilities	**$ 134,777**	**$ 131,937**
Cash dividends declared	**$ -**	**$ -**

Total assets at March 31, 2020 are primarily comprised of cash of $3.1 million, amounts receivable of $1.1 million, prepaid expenses of $0.1 million, and exploration and evaluation asset acquisition costs of $21.6

million, consisting primarily of the allocated fair value of the consideration transferred to Lorraine upon closing of the Arrangement.

Total assets decreased by $2.1 million as at March 31, 2020 in comparison to December 31, 2019 due primarily to cash paid to settle December 31, 2019 payables of $1.4 million, and cash operating expenditures of $0.7 million.

We have not yet completed a feasibility study to determine whether Stardust contains resources that are economically recoverable. The fair value of all cash and non-cash consideration paid in relation to the acquisition of the Company's mineral property interests are capitalized as incurred. All exploration and evaluation expenditures incurred are expensed in the Company's statement of loss and comprehensive loss. If a property proceeds to development, any costs then incurred would become part of pre-production and development costs of the mine. If a property is abandoned or continued exploration is not deemed appropriate in the foreseeable future, the related acquisition costs are written off.

Current liabilities, which consist of flow-through premium liabilities of $0.8 million and accounts payable and accrued liabilities of $0.2 million, decreased to $01.0 million at March 31, 2020 in comparison to $2.5 million at December 31, 2018, primarily due to the decrease in accounts payable and accrued liabilities at March 31, 2020 as a result of the completion of the 2019 field exploration program in December 2019.

Summary of Quarterly Results

	For the three months ended							
	March 31, 2020	**December 31, 2019**	**September 30, 2019**	**June 30, 2019**	**March 31, 2019**	**December 31, 2018**	**September 30, 2018**	**June 30, 2018**
Total revenue	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**	**$ -**
Exploration and evaluation expenditures	**$260,743**	**$2,326,829**	**$3,241,934**	**$1,663,777**	**$ 268,204**	**$ 406,266**	**$2,267,584**	**$ 547,926**
Net loss for the period attributable to shareholders	**$774,543**	**$2,203,643**	**$2,349,181**	**$1,456,147**	**$ 939,360**	**$1,388,658**	**$2,752,121**	**$3,479,118**
Total comprehensive loss for the period	**$774,543**	**$2,203,643**	**$2,349,181**	**$1,456,147**	**$ 939,360**	**$1,388,658**	**$2,752,121**	**$3,479,118**
Basic and diluted loss per Share	**(0.01)**	**(0.02)**	**(0.02)**	**(0.01)**	**(0.01)**	**(0.02)**	**(0.04)**	**(0.06)**

The Company's net loss for the quarter ended March 31, 2020 decreased by $1.4 million compared to the net loss for the quarter ended December 31, 2019, primarily due to the reduction in exploration and evaluation expenditures of $2.1 million as the Company was conducting an active field program during the three months ended December 31, 2019. The reduction was partially offset by the recognition of a $0.8 million deferred income tax recovery in the quarter ended December 31, 2019 from the partial amortization of the flow-through liability recognized in relation to the December 2018 financing, and from the partial amortization of the flow-through liabilities recognized in relation to the October 2019 financing.

The Company's net loss for the quarter ended December 31, 2019 decreased by $0.1 million compared to the net loss for the quarter ended September 30, 2019, primarily due to the reduction in exploration and evaluation expenditures resulting from the recognition of $1.1 million in government assistance related to the Company's BC METC claims. The reduction was partially offset by the recognition of a $1.4 million deferred income tax recovery in the quarter ended September 30, 2019 from the partial amortization of the flow-through liability recognized in relation to the December 2018 financing, compared to the recognition of a $0.8 million deferred income tax recovery in the quarter ended December 31, 2019 from the partial amortization of the flow-through liability recognized in relation to the December 2018 financing, and from the partial amortization of the flow-through liabilities recognized in relation to the October 2019 financing.

The Company's net loss for the quarter ended September 30, 2019 decreased by $0.9 million compared to the net loss for the quarter ended June 30, 2019, primarily due to the $1.4 million deferred income tax recovery from the partial reversal of the flow-through liability recognized in relation to the December 2018 financing relating to qualifying resource expenditures incurred during the period, partially offset by the increase in exploration and evaluation expenses as the 2019 drilling program at Stardust was underway for the full quarter.

The Company's net loss for the quarter ended June 30, 2019 increased by $0.6 million compared to the net loss for the quarter ended March 31, 2019, primarily due to the increase in exploration and evaluation expenses of $1.4 million due to the commencement of the 2019 drilling program at Stardust. The net loss for the quarter ended June 30, 2019 was reduced due to a $0.8 million deferred income tax recovery from the partial reversal of the flow-through share premium liability recognized in relation to the December 2018 financing.

The Company's net loss for the quarter ended March 31, 2019 decreased by $0.4 million compared to the net loss for the quarter ended December 31, 2018, primarily due to the decrease in exploration and evaluation expenses of $0.1 million, as well as a $0.2 million decrease in share-based payment expense, and a $0.1 million decrease in salaries due to annual bonuses paid to employees in the quarter ended December 31, 2018.

The Company's net loss for the quarter ended December 31, 2018 decreased by $1.4 million compared to the net loss for the quarter ended September 30, 2018, primarily due to the decrease in exploration and evaluation expenses of $1.9 million. The decrease in exploration and evaluation expenses during the quarter ended December 31, 2018 is primarily due to the completion of 2018 field work at Stardust in September 2018.

The Company's net loss for the quarter ended September 30, 2018 decreased by $0.8 million compared to the net loss for the quarter ended June 30, 2018, while exploration and evaluation expenses increased by $1.7 million. The increase in exploration and evaluation expenses during the quarter ended September 30, 2018 is primarily due to increased exploration activity relating to 2018 field work, including the commencement of diamond drilling. The net loss for the three months ended June 30, 2018 also included a listing expense of $2.2 million relating to the accounting treatment of the reverse takeover.

Shareholders' Equity

The Company's authorized capital consists of unlimited common shares (the "Shares") without par value.

The Company did not issue any Shares during the three months ended March 31, 2020. During the year ended December 31, 2019, the Company issued and cancelled Shares as follows:

(i) On April 12, 2019, the Company issued 27,515,380 Shares pursuant to the Arrangement.

(ii) During the year ended December 31, 2019, 7,662,398 common share purchase warrants with a weighted average exercise price of $0.30 were exercised for total proceeds of $2.3 million. In connection with these warrant exercises, the related fair value amount of $1.4 million was transferred from equity reserves to share capital.

(iii) During the year ended December 31, 2019, 758,333 stock options with a weighted average exercise price of $0.17 were exercised for total proceeds of $0.1 million. The weighted average share price on the date the stock options were exercised during the period was $0.46. In connection with these stock option exercises, the related fair value amount of $0.3 million was transferred from equity reserves to share capital.

(iv) On October 23, 2019 and October 30, 2019 the Company completed the first and second tranches of a bought-deal private placement, pursuant to which the Company issued 8,100,000 Premium FT Shares at a price of $0.315 per Premium FT Share issued, and 14,400,000 FT Shares at a price of C$0.25 per FT Share for aggregate gross proceeds of $6.2 million (the "Offering"). Flow-through premiums totaling $1.3 million, being the difference between the Premium FT Shares and FT Shares subscription price and the market price of the Company's common shares on the date of issue, related to the sale of the associated tax benefits of the qualifying resource expenditures have been recorded as a flow-through premium liability in the consolidated statement of financial position. In connection with the private placement the Company paid commissions, legal fees and filing fees totaling $0.5 million.

(v) Subsequent to the close of the Arrangement, the Company entered into a capital contribution agreement with Tsayta, whereby Tsayta transferred the 1,500,000 Shares of the Company acquired by Tsayta upon amalgamation with Lorraine to Sun Metals. The Shares were cancelled on June 19, 2019.

Outstanding Share Data

As at May 19, 2020 the following Shares, stock options and Share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Shares	148,004,612	N/A	N/A
Stock Options	4,466,667 4,100,000 75,000 75,000 270,000 216,000 270,000	$0.25 $0.28 $0.46 $0.55 $0.09 $0.11 $0.13	May 2, 2023 Dec 24, 2023 Mar 26, 2024 May 27, 2024 May 3, 2026 Nov 3, 2026 May 16, 2027
Warrants	21,613,400 378,000	$0.35 $0.09	May 2, 2023 May 26, 2021
Fully Diluted	179,468,579		

Capital Resources

Sun Metals considers the items included in the statement of shareholders' equity as capital. Management of 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. In order to maintain or adjust the capital structure, the Company may issue new shares or return capital to shareholders. The Company is not subject to externally imposed capital requirements. Sun Metals' objectives when managing capital are to safeguard the Company's ability to continue as a going concern, so that it can continue to explore its mineral property interests and continue its operations for the benefit of its shareholders. There has been no change to the Company's approach to management of capital during the three months ended March 31, 2020.

Liquidity

Cash used in operating activities was $1.7 million during the three months ended March 31, 2020, primarily related to cash exploration and evaluation expenditures of $0.3 million, salaries and director fees of $0.2 million, investor relations expenses of $0.1 million, and cash paid to settle December 31, 2019 payables of $1.4 million.

As at the date of this MD&A, the Company has approximately $2.8 million in cash. The Company's working capital balance (defined as current assets less current liabilities) as at the date of this MD&A is approximately $3.1 million ($3.9 million excluding the flow-through premium liabilities related to the Offering of $0.8 million).

As at March 31, 2020, the Company has no source of positive operating cash flows, and has not yet achieved profitable operations. As at March 31, 2020, the Company had working capital of $4.1 million (excluding the flow-through premium liability of $0.8 million) of which $3.4 million is committed to be spent on qualifying exploration expenditures to satisfy flow-through share requirements, leaving $0.7 million to finance additional exploration expenditures and general and administrative expenditures through the next twelve months. The Company's ability to continue as a going concern is dependent upon successfully obtaining additional financing, entering into a merger or other business combination transaction involving a third party, the successful development or sale of the Company's mineral property interests or a combination thereof.

On March 11, 2020 the COVID-19 outbreak was declared a pandemic by the World Health Organization, which has resulted in governments enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown and increased volatility in national and global equity and commodity markets. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any interventions. The actual and threatened spread of COVID-19 could adversely impact the Company's ability to raise capital, collect tax credit receivables, and its operations in future periods. While the Company believes that it will be able to raise additional funds and/or reduce expenditures to continue as a going concern there is no assurance that the Company will be successful in obtaining additional funding at an acceptable cost as and when needed or at all. Failure to obtain additional funding on a timely basis may cause the Company to postpone exploration and/or evaluation plans or substantially reduce its operations. These factors indicate the existence of a material uncertainty that 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. Such adjustments could be material.

Proposed Transactions

At present, there are no proposed transactions before the Board for consideration.

Related Party Transactions

Transactions with related parties for goods and services are made on normal commercial terms and are considered to be at arm's length.

<u>Oxygen Capital Corp ("Oxygen")</u>

Oxygen is a private company owned by three directors of the Company and provides technical and administrative services to the Company (the "Oxygen Agreement") on a cost recovery basis, including providing some staffing who are seconded to the Company, office facilities and other administrative functions. Oxygen does not mark-up costs or charge a fee to the Company. As at March 31, 2020, Oxygen holds a refundable security deposit of $19,500 on behalf of the Company (December 31, 2010 - $19,500). During the three months ended March 31, 2020, a total of $0.2 million was paid or accrued to Oxygen as a reimbursement of costs incurred by Oxygen on behalf of the Company (March 31, 2019 - $0.2 million). As at March 31, 2020, the Company has a payable amount to Oxygen of $39,204 (December 31, 2019 – $0.1 million). This amount was paid subsequent to December 31, 2019.

<u>Compensation of key management personnel</u>

Key management includes members of the Board, the President and Chief Executive Officer, the Chief Financial Officer, and the Vice President, Exploration. The aggregate total compensation, paid or payable to key management for services incurred directly through the Company or indirectly through Oxygen is as follows:

Name	Nature of Compensation	Three months ended March 31, 2020	Three months ended March 31, 2019
President and Chief Executive Officer	Salary	$ 60,244	$ 59,063
Chief Financial Officer	Salary	36,970	19,238
Vice President, Exploration	Salary	48,450	47,500
Directors	Directorship	66,250	57,500
Total		**$ 211,914**	**$ 183,301**

The value of share-based compensation issued in prior periods to key management personnel for the three months ended March 31, 2020 totalled $36,025 (March 31, 2019 - $0.1 million). Share-based compensation is the fair value of options granted and vested to key management personnel. These amounts have not been included in the table above and should be considered as additional compensation. The Chief Financial Officer is employed by Oxygen and the increase in salary for the three months ended March 31, 2030 is primarily as a result of increased time allocated to Sun Metals.

Contractual Obligations

Technical and Administrative Services Agreement

The Company's general and administrative costs, including office costs, with respect to its head office premises are paid by Oxygen pursuant to the Oxygen Agreement, and may be terminated by either party giving at least 180 days' prior written notice of such termination. Upon termination, by the Company, of the Oxygen Agreement, the Company shall pay to Oxygen an amount equal to the average general and administrative monthly costs incurred under the Oxygen Agreement for the previous six month period, any employee termination fees due under the Oxygen Agreement as a result of the termination as such term is defined under the Oxygen Agreement, and the Company's share of any contractual obligations entered into on its behalf by Oxygen.

Flow-Through Obligation

As at March 31 2020, the Company is committed to incur, on a best efforts basis, qualifying resource expenditures of $3.4 million pursuant to the October 2019 private placement before January 1, 2021. If the Company does not spend these funds in compliance with the Government of Canada flow-through regulations, it may be subject to litigation from various counterparties. The Company intends to fulfill its flow-through commitments within the given time constraints.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at March 31, 2020 or as at the date hereof.

Significant Accounting Judgments, Estimates and Assumptions

The preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and expenses. Estimates and judgments are regularly evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these assumptions and estimates could result in outcomes that require a material adjustment to the carrying amount of assets or liabilities affected in future periods. Further information on management's judgments, estimates and assumptions and how they impact the various accounting policies are described below and also in the relevant notes to the financial statements.

The Company considered the impact of the COVID-19 pandemic on the significant judgments and estimates made in these condensed interim consolidated financial statements and determined that the effects of COVID-19 did not have a material impact on the estimates and judgments applied for the three months ended March 31, 2020.

i) Going Concern

The assessment of the Company's ability to continue as a going concern requires significant judgment. The Company considers the factors outlined in the "Liquidity" section above when making its going concern assessment.

ii) Review of Asset Carrying Values and Impairment Assessment

In accordance with the Company's accounting policy, each asset is evaluated every reporting period to determine whether there are any indications of impairment. If any such indication exists, a formal estimate of the recoverable amount is performed and an impairment loss is recognized to the extent that the carrying amount exceeds the recoverable amount. The recoverable amount of an asset is measured at the higher of value in use and fair value less costs to sell. The most significant assets the Company assesses for impairment are exploration and evaluation assets and property, plant and equipment. Judgements involved in assessing impairment of exploration and evaluation assets are discussed below.

iii) Exploration and Evaluation Asset and Expenditures

The application of the Company's accounting policy for exploration and evaluation assets and expenditures requires judgment to determine whether future economic benefits are likely, from either future exploitation or sale, or whether activities have not reached a stage that permits a reasonable assessment of the existence of reserves.

Resource exploration is a speculative business and involves a high degree of risk. There is no certainty that the expenditures made by the Company in the exploration of its property interests will result in discoveries of commercial quantities of minerals. Exploration for mineral deposits involves risks which even a combination of professional evaluation and management experience may not eliminate. Significant expenditures are required to locate and estimate ore reserves and further the development of a property. Capital expenditures to bring a property to a commercial production stage are also significant. There is no assurance the Company has, or will have, commercially viable ore bodies and there is no assurance that the Company will be able to arrange sufficient financing to bring ore bodies into production.

For the three months ended March 31, 2020, the Company carefully considered current facts and circumstances, a process which requires significant judgment, and concluded no indicators of impairment exist concluded no indicators of impairment exist which indicate the carrying value may exceed the recoverable amount of the Company's exploration and evaluation acquisition costs.

iv) Determination of the Fair Value of Share-based Payments

The fair value of stock options granted and warrants issued is computed to determine the relevant charge to equity reserves and the statement of income (loss) and related obligation as applicable. In order to compute this fair value, the Company uses the Black-Scholes option pricing model; this inherently requires management to make various estimates and assumptions in relation to the expected life of the award, expected volatility, risk-free rate and forfeiture rates. Changes in any of these inputs could cause a significant change in the share-based compensation expense charged in the statement of income (loss) and to equity reserves in a given period. Management believes that the estimates involving its share-based payments are reasonable.

v) Decommissioning, Restoration and Similar Liabilities

Decommissioning, restoration and similar liabilities are estimated based on the Company's interpretation of current regulatory requirements and constructive obligations, and are measured at the present value of discounted cash flows for the estimated liabilities.

Carrying value is determined based on the net present value of estimated future cash expenditures for the settlement of decommissioning, restoration and similar liabilities that may occur upon decommissioning of certain of the Company's assets. Such estimates are subject to change based on changes in laws and regulations and negotiations with regulatory authorities.

Financial instruments and fair value measurement

There are three levels of the fair value hierarchy that prioritize the inputs to valuation techniques used to measure fair value, with Level 1 inputs having the highest priority. The three levels of the fair value hierarchy are described below:

Level 1 – Unadjusted quoted prices in active markets that are accessible at the measurement date for identical, unrestricted assets or liabilities.

Level 2 – Quoted prices in markets that are not active, or inputs that are observable, either directly or indirectly, for substantially the full term of the asset or liability; and

Level 3 – Prices or valuation techniques that require inputs that are both significant to the fair value measurement and unobservable (supported by little or no market activity).

The Company does not have any financial assets and liabilities measured and recognized the statement of financial position at fair value.

At March 31, 2020, the carrying amounts of cash, amounts receivable, deposits, accounts payable and accrued liabilities are considered to be a reasonable approximation of their fair values, due to their short-term nature.

Risks associated with financial instruments

The Company's activities expose it to a variety of financial instrument related risks. The Board provides oversight for the Company's risk management processes. The type of risk exposure and the way in which such exposure is managed is explained as follows:

<u>Credit Risk</u>

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. Financial instruments that potentially subject the Company to credit risk consist of cash, amounts receivable and deposits. The carrying amount of financial assets recorded in the financial statements, net of any allowances for losses, represents the maximum exposure to credit risk.

The Company deposits its cash with high credit quality major Canadian financial institutions as determined by ratings agencies. The Company does not invest in asset-backed deposits or investments and does not expect any credit losses.

To reduce credit risk, the Company regularly reviews the collectability of its amounts receivable and establishes an allowance based on its best estimate of potentially uncollectible amounts. The Company historically has not had difficulty collecting its amounts receivable.

The Company's deposits are held by a related party and major Canadian financial institutions and are not considered to be subject to credit risk.

<u>Liquidity Risk</u>

Liquidity risk is the risk that an entity will encounter difficulty in raising funds to meet commitments associated with financial instruments. The Company attempts to manage liquidity risk by maintaining sufficient cash balances. Liquidity requirements are managed based on expected cash flows to ensure that there is sufficient capital in order to meet short-term obligations. At March 31, 2020, the Company had cash of $3.1 million (December 31, 2019 - $4.8 million) and amounts receivable of $1.1 million (December 31, 2019 - $1.5 million) to settle accounts payable and accrued liabilities of $0.2 million (December 31, 2019 - $1.7 million) and meet its flow-through financing resource expenditure commitment of $3.4 million (December 31, 2019 - $3.7 million). Subsequent to March 31, 2020, the Company announced the Private Placement for gross proceeds of up to $1.5 million.

Interest Rate Risk

Interest rate risk is the risk that the future cash flows or fair value of a financial instrument will fluctuate due to changes in market interest rates. The Company's cash balance is deposited in an account which earns a variable interest rate. The Company does not believe it is exposed to material interest rate risk on its cash balance.

Business Risks and Uncertainties

Additional information on risks and uncertainties related to Sun Metals' business is provided in the Company's Annual Information Form dated April 1, 2020 under the heading "Risk Factors".

Legal Matters

Sun Metals is not currently, and was not at any time during the year ended December 31, 2019, party to, nor has any of its property interests been the subject of, any material legal proceedings or regulatory actions.

Management's Responsibility for the Financial Statements

The preparation and presentation of the accompanying Interim Financial Statements, MD&A and all financial information in the Interim Financial Statements are the responsibility of management and have been approved by the Audit Committee of the Company's Board of Directors. The financial statements have been prepared in accordance with IFRS. Financial statements by nature are not precise since they include amounts based upon estimates and judgments. When alternative treatments exist, management has chosen those it deems to be the most appropriate in the circumstances.

Disclosure Controls and Procedures and Internal Controls Over Financial Reporting

Disclosure controls and procedures ("DC&P") are intended to provide reasonable assurance that information required to be disclosed is recorded, processed, summarized and reported within the time periods specified by securities regulations and that information required to be disclosed is accumulated and communicated to management. Internal controls over financial reporting ("ICFR") are intended to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purpose in accordance with IFRS.

Venture Issuer companies are not required to provide representations in the interim filings relating to the establishment and maintenance of DC&P and ICFR, as defined in NI 52-109. In particular, the CEO and CFO certifying officers do not make any representations relating to the establishment and maintenance of (a) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation, and (b) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with IFRS. The issuer's certifying officers are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in their certificates regarding the absence of misrepresentations and fair disclosure of financial information. Investors should be aware that inherent limitations on the ability of certifying officers of a Venture Issuer (as defined in NI 52-109) to design and implement on a cost effective basis DC&P and ICFR as defined in NI 52-109 may result in additional risks to the quality, reliability, transparency and timeliness of annual filings and other reports provided under securities legislation.

Controls and Procedures

In connection with National Instrument 52-109, Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109") the CEO and CFO of the Company have filed a Venture Issuer Basic Certificate with respect to the financial information contained in the Interim Financial Statements and respective accompanying MD&A as at March 31, 2020 (together the "Interim Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certificate does not include representations relating to the establishment and maintenance of disclosure controls and procedures and internal control over financial reporting, as defined in NI 52-109. For further information, the reader should refer to the Venture Issuer Basic Certificates filed by the Company with the Interim Filings on SEDAR at www.sedar.com.

Scientific and Technical Disclosure

The Company's only material property for the purposes of applicable Canadian securities laws is the Stardust Project.

Unless otherwise indicated, Sun Metals has prepared the technical information in this MD&A ("Technical Information") based on information contained in the following technical report:

"Stardust Project NI 43-101 Technical Report Omineca Mining Division, British Columbia", effective January 8, 2018, filed under the Company's profile on SEDAR at www.sedar.com (the "Stardust Technical Report").

Technical Information was also based on information contained in news releases (collectively the "Disclosure Documents") available under Sun Metals' company profile on SEDAR at www.sedar.com. The Disclosure Documents are each intended to be read as a whole, and sections should not be read or relied upon out of context. The Technical Information is subject to the assumptions and qualifications contained in the Disclosure Documents.

Our Disclosure Documents were in part prepared by or under the supervision of an independent QP. Readers are encouraged to review the full text of the Disclosure Documents which qualifies the Technical Information. Readers are advised that mineral resources that are not mineral reserves do not have demonstrated economic viability.

Mineral resource estimates relating to Stardust are only estimates and no assurance can be given that any particular level of recovery of minerals will be realized or that an identified mineral resource will ever qualify as a commercially mineable or viable deposit which can be legally and economically exploited. Although there has been no economic analysis summarized in this MD&A relating to the Stardust Technical Report, readers are cautioned that the Stardust Technical Report is preliminary in nature and includes inferred and indicated mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves, and there is no certainty that this will indeed occur. Further studies, including engineering and economics, are required (typically as a Feasibility Study) with regards to infrastructure and operational methodologies.

Ian Neill, P.Geo, Sun Metals' VP of Exploration, is the Company's QP for the purposes of NI 43-101, and has reviewed and approved that the scientific or technical information contained in this MD&A related to the Stardust Technical Report, is consistent with that provided by the QPs responsible for preparing the Stardust Technical Report, and has reviewed and verified the technical data disclosed in this document relating to those projects in which the Company holds an interest. Mr. Neill has consented to the inclusion of the Technical Information in the form and context in which it appears in this MD&A.

Cautionary Notes Regarding Forward-Looking Statements

This MD&A, contains “forward-looking information” and “forward-looking statements” within the meaning of applicable securities laws, which include, but are not limited to, statements or information concerning; the timing and availability of refunds related to various tax credits; future financial or operating performance of Sun Metals and its business, operations, properties and the future price of copper, zinc, gold, silver and other metal prices; the potential quantity and/or grade of minerals; the potential size of a mineralized zone or potential expansion of mineralization; proposed exploration and development of Sun Metals’ exploration property interests; the timing and amount of estimated future production, costs of production and mine life of the various mineral projects of Sun Metals; the interpretation and actual results of historical production at certain of our exploration properties, as well as specific historic data associated with and drill results from those properties, and the reliance on technical information provided by third parties; the timing and amount of estimated capital, operating and exploration expenditures, costs and timing of the development of new deposits and of future exploration, acquisition and development activities, estimated exploration budgets and timing of expenditures and community relations activities, requirements for additional capital; government regulation of exploration and mining operations; environmental risks and reclamation expenses, other claims or existing, pending or threatened litigation or other proceedings; title disputes; the ability to maintain exploration licences for its properties in accordance with the requirements of applicable mining laws in Canada; limitations of insurance coverage, future issuances of Shares to satisfy obligations under any option and earn-in agreements or the acquisition of exploration properties and the timing and possible outcome of regulatory and permitting matters; negotiations with the Takla First Nation; the potential impact of the COVID-19 pandemic on the Company and its operations; and any other statement that may predict, forecast, indicate or imply future plans, intentions, levels of activity, results, performance or achievements, and involve known and unknown risks, uncertainties and other factors which may cause the actual plans, intentions, activities, results, performance or achievements of Sun Metals to be materially different from any future plans, intentions, activities, results, performance or achievements expressed or implied by such forward-looking statements and information. Except for statements of historical fact, information contained herein or incorporated by reference herein constitutes forward-looking statements and forward-looking information. Often, but not always, forward-looking statements and forward-looking information can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates”, “will”, “projects”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events, results or conditions “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved.

Statements relating to mineral reserves and resources are deemed to be forward looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the mineral reserves and resources described exist in the quantities predicted or estimated and may be profitably produced in the future. Estimated values of future net revenue do not represent fair market value. There is no certainty that it will be commercially viable to produce any portion of the resources.

Forward-looking statements and forward-looking information are not guarantees of future performance and are based upon a number of estimates and assumptions of management at the date the statements are made including among other things, assumptions about future prices of copper, zinc, gold, silver, and other metal prices, changes in the worldwide price of other commodities such as coal, fuel and electricity fluctuations in resource prices, currency exchange rates and interest rates, favourable operating conditions, political stability, obtaining governmental approvals and financing on time, obtaining renewals for existing licences and permits and obtaining required licences and permits, labour stability, stability in market conditions, availability of equipment, accuracy of any mineral resources and mineral reserves, anticipated costs and expenditures, negotiations with the Takla First Nation, assumptions about the effect of the COVID-19 pandemic and our ability to achieve our goals. While we consider these assumptions to be reasonable, the assumptions are inherently subject to significant business, social, economic, political, regulatory, competitive and other risks and uncertainties, contingencies and other factors that could cause actual performance, achievements, actions, events, results or conditions to be materially different from those projected in the forward-looking statements and forward-looking information. Many assumptions are based on factors and events that are not within the control of Sun Metals and there is no assurance they will prove to be correct.

Furthermore, such forward-looking statements and forward-looking information involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements or forward-looking information. Such factors include, among others; risks with respect to meeting applicable tax credit criteria; continued availability of applicable tax credit programs; general business, economic, competitive, political, regulatory and social uncertainties; disruptions or changes in the credit or securities markets and market fluctuations in prices for Sun Metals' securities; judgement of management when exercising discretion in their use of proceeds from a financing; potential dilution of Share voting power or earnings per Share as a result of the exercise of incentive stock options, future financings or future acquisitions financed by the issuance of equity; discrepancies between actual and estimated mineral reserves and resources; the Company is an exploration and development stage company with no history of pre-tax profit and no income from its operations and there can be no assurance that the Company's operations will be profitable in the future; changes in project parameters as plans continue to be refined; changes in labour costs or other costs of production; possible variations of mineral grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry, including but not limited to environmental risks and hazards, cave-ins, pitwall failures, flooding, rock bursts and other acts of God or natural disasters or unfavourable operating conditions and losses; political instability, hostilities, insurrection or acts of war or terrorism; the speculative nature of mineral exploration and development, including the risk of diminishing quantities or grades of mineralization; Sun Metals' ability to renew existing licences and permits or obtain required licences and permits; changes in government legislation and regulation; fluctuations in commodity prices; requirements for future funding to satisfy contractual obligations and additional capital needs generally; changes or disruptions in market conditions; market price volatility; increased infrastructure and/or operating costs; reclamation costs; the Company has limited operating history and no history of earnings; reliance on a finite number of properties; limits of insurance coverage and uninsurable risk; contests over title to properties; environmental risks and hazards; limitations on the use of community water sources; the need to obtain and maintain licences and permits and comply with laws and regulations or other regulatory requirements; competitive conditions in mineral exploration and mining business; the ability of the Company to retain its key management employees and shortages of skilled personnel and contractors; potential acquisitions and their integration with the Company's current business; influence of third party stakeholders; risks of litigation; the Company's system of internal controls; conflicts of interest; credit and/or liquidity risks; changes to the Company's dividend policy; and the risks involved in the exploration, development and mining business generally. Although we have attempted to identify important factors that could cause actual performance, achievements, actions, events, results or conditions to differ materially from those described in forward looking statements or forward-looking information, there may be other factors that cause performance, achievements, actions, events, results or conditions to differ from those anticipated, estimated or intended. The above list is not exhaustive and additional risks are disclosed in the Company's Annual Information Form, which is available on SEDAR at www.sedar.com.

Forward-looking statements and forward-looking information contained herein are made as of the date of this MD&A and we disclaim any obligation to update or revise any forward-looking statements or forward-looking information, whether as a result of new information, future events or results or otherwise, except as required by applicable law. There can be no assurance that forward-looking statements or forward-looking information will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements or forward-looking information. All forward-looking statements and forward-looking information attributable to us is expressly qualified by these cautionary statements.

Additional Information

Additional information relating to Sun Metals, including the Company's Annual Information Form, is available on SEDAR at www.sedar.com . Additional information relating to Sun Metals can also be obtained on the Company's website at www.sunmetals.ca.