Sunmetals

Sun Metals Corp.
(formerly North Bluff Capital Corp.)

(An Exploration Stage Company)

MANAGEMENT'S DISCUSSION AND ANALYSIS

For the six months ended June 30, 2018

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(formerly North Bluff Capital Corp.)
Management's Discussion and Analysis
For the six months ended June 30, 2018

This Management's Discussion and Analysis (the "**MD&A**"), dated as of August 13, 2018, is for the six months ended June 30, 2018 and should be read in conjunction with the accompanying unaudited condensed interim consolidated financial statements for the three and six months ended June 30, 2018 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.

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" and "Industry and Economic Factors that May Affect our Business" 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

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 ("TSX-V") in Canada under the symbol "SUNM". All dollar amounts stated in this MD&A are expressed in Canadian dollars unless noted otherwise.

Reverse Takeover Transaction

On May 2, 2018, North Bluff, a newly incorporated wholly-owned subsidiary of North Bluff ("Subco"), and Sun Metals Corp., a private company incorporated under the Business Corporations Act (British Columbia) on June 23, 2017 ("Privco"), completed a transaction (the "Transaction") whereby Subco and Privco amalgamated and the resulting company became a wholly-owned subsidiary of the Company and named Tsayta Resources Corporation ("Tsayta"). As a result of the Transaction, the Company issued to the shareholders of Privco one common share of the Company for each share they held in Privco. The Transaction constituted a reverse takeover under the policies of the TSX-V and a reverse acquisition for accounting purposes, with Privco deemed to have been the acquiror.

In connection with the Transaction, the Company closed a non-brokered private placement, for aggregate gross proceeds of $6,477,100 (the "Offering"). The Offering involved the issuance of 25,788,400 subscription receipts (the "Subscription Receipts") at a price of $0.25 per subscription receipt. The proceeds of the Offering were held in escrow pending the Company receiving all applicable regulatory approvals and completing the Transaction.

As a result of the closing of the Transaction, the following events occurred:

i. The proceeds of the Offering were released from escrow. Upon satisfaction of the escrow conditions, each Subscription Receipt was automatically converted into one Unit for no additional consideration. Each Unit consists of one common share and one share purchase warrant, with each share purchase warrant entitling the holder to acquire one additional common share at a price of $0.35 per share until May 2, 2023, subject to acceleration in certain circumstances. Following conversion of the Subscription Receipts, the Company paid $293,250 in finder's fees and issued 1,173,000 Finder's Warrants. The Finder's Warrants entitle the holder to acquire one additional common share at a price of $0.30 per share until May 2, 2019.

ii. The Company acquired, on a one for one basis, all of the issued and outstanding shares of Privco in exchange for a total of 34,780,001 common shares, of which 21,745,001 common shares are subject to escrow restrictions over a period of three years, 11,140,000 common shares are subject to Seed Share Resale Restrictions ("SSRR") over a period of one year, and 1,895,000 common shares are subject to SSRR over a period of 4 months.

iii. All of the existing directors of the Company resigned and were replaced by nominees of Sun Metals.

iv. Upon receiving final acceptance from the Exchange, the Company changed its name to Sun Metals Corp. and began trading on the Exchange as a Tier 2 Mining Issuer under the symbol "SUNM".

Highlights and Recent Events

Highlights for the quarter ended June 30, 2018 and subsequent period to date are as follows:

- Field crews mobilized to the Stardust Project in early June to establish camp, begin mapping and prospecting, upgrade and maintain roads, install new drill access and drill pads, and supervise an airborne Lidar and photogrammetry survey.

- Consultation with Takla First Nation (Takla) was undertaken very early in the planning process for exploration at the Stardust Project. The consultation efforts ultimately resulted in the signing of a cooperative Exploration Agreement in July 2018 to facilitate the exploration activities to be undertaken at the Stardust Project, which is located within the claimed traditional territory of Takla.

Exploration Activities

Outlook

Sun Metals expects to explore the Stardust Project with the intent to identify additional mineralization and increase shareholder value through discovery. The objective of the 2018 field program is to further explore and expand mineralization in an established 2.2 kilometre corridor of polymetallic Carbonate Replacement System mineralization. The Company has developed a budget of $5.0 million for the 2018 field season (May – December 2018), which includes:

- Airborne VTEM and Magnetics survey (100 m line spacing)
- Airborne Lidar and Photogammetry survey
- Mapping and prospecting
- Soil sampling
- Selective relogging and resampling of 80,000 metres of existing drill core
- 15,000 metres of diamond drilling

Field work was initiated in early June, while the VTEM and Magnetic survey was completed in July. The drilling portion of the program began in early August.

Exploration Project

<u>Stardust Project, British Columbia, Canada</u>

On September 7, 2017, the Company, through its wholly-owned subsidiary Tsayta, entered into an Option Agreement (the "Agreement") with Lorraine Copper Corp. ("Lorraine"), as amended May 2, 2018, pursuant to which the Company has the sole and exclusive option to acquire a 100% interest in the Stardust Project, subject to a 2% net smelter return royalty ("NSR") on all precious metals, and a 1% NSR on all other minerals.

The Company's option to acquire a 100% interest in the Stardust Project is exercisable by issuing 2,500,000 common shares in the public capital of the Company, paying a total of $0.4 million, and incurring aggregate exploration expenditures of $6 million associated with the Stardust Project. Further, upon completion of its minimum commitments in the Agreement and upon exercise of the option, the Company is required to issue a number of common shares in the public capital of the Company to Lorraine such that Lorraine holds 30% of the then issued and outstanding common shares of the Company, calculated on a non-diluted basis, as a percentage of the number of the Company's common shares issued and outstanding.

The cash payment and common share issuance schedule is as follows:

	Cash Payment	Shares Issuance
Within 10 days following the Agreement date (paid)	$ 50,000	500,000
On or before January 1, 2018 (paid)	$ 50,000	500,000
On or before January 1, 2019	$ 75,000	500,000
On or before January 1, 2020	$ 100,000	500,000
On or before January 1, 2021	$ 100,000	500,000
Total	$ 375,000	2,500,000

The 1,000,000 common shares issued to Lorraine to date were issued by Privco prior to the Transaction close date, and were determined to have a fair value of $0.1 million at the time of issuance based on Privco's estimated share price.

Pursuant to the Agreement, in order to keep the option in good standing, the Company was required to incur a minimum of $0.5 million in exploration expenditures by December 31, 2017 (completed), and is required to incur a minimum of $1.0 million of exploration expenditures annually in subsequent years. The Company also has the option to make a cash payment to Lorraine in lieu of incurring the annual exploration expenditures on or before December 31 of the applicable year.

Under the Agreement, The Company may purchase from Lorraine at any time 50% of the precious metals NSR, equal to a 1% NSR, for a total amount of $1.5 million. The Company may also purchase 50% of the other minerals NSR, equal to a 0.5% NSR, for a total amount of $1.5 million.

Jurisdiction and Infrastructure

The Stardust Project is located in British Columbia, Canada, an area ranked #2 by international publication the Mining Journal in their World Risk Report 2017[1]. In addition to a strong rating for legal, governance and social categories, infrastructure is a strong contributor to British Columbia's ranking and this is particularly true at Stardust. The project is located 38km 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. 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 History

The Stardust area was first staked in 1944 when the No. 1 zone (Takla Silver Vein) was discovered. Since that time numerous operators have investigated the property and many mineralized zones have been identified. The Bralorne Takla Mercury mine was in operation from November 1943 to September 1944 when mining ceased. During nine months of operation, 59,914 kg of mercury were recovered from 10,206

[1] See the report entitled "World Risk Report 2017" available online at www.mining-journal.com/static/world-risk-report-2017.

tonnes of milled ore from the two largest orebodies[2]. The mercury mineralization is believed to be unrelated to the No. 1 zone which lies at the southern end of the mineralizing system that is the focus of current exploration activities.

Sporadic exploration on the silver veins was undertaken by a number of operators during the 1950's, 60's and 70's. A listing of the historic work campaigns leading up to Sun Metals' involvement is shown in Table 1. In 1989 Alpha Gold Corporation ("Alpha") acquired the property and over the following three decades Alpha revealed that the silver veins were the distal portion of a fully integrated Carbonate Replacement System that also included zinc – lead – silver mantos, copper – gold skarn and porphyry copper – molybdenum mineralization over a 2,200 metre long corridor. The source of the mineralizing fluids is believed to be the Glover Stock, a portion of which is host to the porphyry copper – molybdenum mineralization. Selected high-grade mineralized intervals from each of the skarn, manto and vein portions of the Carbonate Replacement System are shown in Table 2 below.

Lorraine purchased a 100% interest in the Stardust Project in 2015 from Alpha and in 2017 granted an option to Tsayta to earn a 100% interest in the project, subject to royalties, work commitments, share issuances and cash payments as described above. The numerous intercepts of high-grade mineralization throughout the Carbonate Replacement System are viewed by Sun Metals management as an indication that discovery of a larger and high-grade mineralized body is possible.

Table 1 Summary of Historic Work[3]

Year	Operator	Claims	Zone	Work Performed
1944		Wow #1	1	Zone 1 discovered and staked
1945	McKee Gp.	Wow #1	1	trenching, 106.7 m of drilling
	Leta Expl. Ltd.			
1952-	Bralorne	Wow 1, MV1	1,2,3	5306 m of trenching,
1954	Mines Ltd.	MV2, M	4b	1429 m of drilling
1960	Noranda Canex		"	7 rock cuts, 34 test pits, 200m hand; and 1508m cat trenching
1963	Bralorne	Wow #1	1	sampling
1964	Takla Silver Mines Ltd.	Wow #1	1	229 m of drifting
1966	Takla Silver Mines Ltd.	Wow #1	1	229 m of underground ddh
1968	Takla Silver Mines Ltd.	Wow #1	1	1337 m of surface and 573 m of
	Anchor Mines Ltd.			underground ddh, 90 kg bulk sample
1978	Granby Mining Corp	MV1, MV2, K,L,M	1, 2, 3, 4b,	Pulse EM, surface ddh
1980	Granby Mining Corp	L,M	1, 2, 3, 4b	airborne mag, VLF, ground mag, VLF; soil survey, 2 ddhs
1981	Noranda Expln. Co	L,M	4b	8 ddhs (7 wildcat); soil sampling; mapping
1986	Welcome North Mines Ltd.	Wow 1, MV, L, M	1, 3, 4B	sampling
1986	Pioneer Metals	Wow 1, MV1, M	1,2, 3, 4b	geological survey
1991	Alpha Gold Corp.	MV1	3	906.6m of drilling in 10 holes
1992	Alpha Gold Corp.	L, M	4b	trenching, 1520m of drilling in 30 holes
1993	Alpha Gold Corp.	L, M	4b	24 ddhs
1996	Alpha Gold Corp.		2,3,4b,4	geology, soils, trenching

[2] See the technical report entitled "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.

[3] See the technical report entitled "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.

Year	Operator	Claims	Zone	Work Performed
1997	Alpha Gold Corp.		2,3,4b,4	soil sampling, 3062.8 m drilling in 16 holes
1998	Alpha Gold Corp.		1, 2, 3	1,103m of drilling in 14 ddhs
1999	Alpha Gold Corp.		3, 4b	3050m drilling in 18 holes, trenching CCS
2000	Alpha Gold Corp.		CCS	4680m drilling in 29 holes.
2001	Alpha Gold Corp.		CCS, Mo	Porphyry Mo-Cu 2945 m in 10 holes; CCS 2664 m in 8 holes
2002	Alpha Gold Corp.	L,M	CCS	7790.4 m in 19 NQ boreholes.
2003	Alpha Gold Corp.	C.G's, L, M	CCS,1,3	7,908 m in 42 NQ boreholes; 37 km soil geochemistry
2004	Alpha Gold Corp.	L,M	CCS,3	6010 m in 21 NQ holes; 724 B horizon soils
2005	Alpha Gold Corp.		East Zone, CCS	5153 m in 16 NQ holes; 587 B horizon soils
2006	Alpha Gold Corp.	514104, 514105, 514117	CCS, GD, Valley	3054m RC drilling in 24 holes; 6855.1m NQ diamond drilling in 32 holes; trenching GD zone
2007	Alpha Gold Corp.	514104, 514105,	CCS, GD, Valley	34 NQ drill holes targeting 2007 geophysical survey targets
2008	Alpha Gold Corp.	514117	Valley	5 NQ drill holes along Pinchi fault, Aeromagnetic Survey
2009	Alpha Gold Corp.	514104, 514105,	CCS	6366.92m NQ drilling in 17 holes
2010	Alpha Gold Corp.	514117	CCS, CCS extension	3986.7m NQ drilling in 14 holes;
2011	Alpha Gold Corp.	514117		Airborne ZTEM survey, mapping, prospecting and soil sampling

Table 2: Notable Intercepts from Stardust Historic Drilling[4]

Hole	**Intercept** (metres)	**Cu** (%)	**Au** (g/t)	**Ag** (g/t)	**Zn** (%)	**Pb** (%)	**From** (metres)	**Azimuth** (degrees)	**Dip** (degrees)
Skarn									
01-44	59.4	0.80	0.7	9.0	-	-	437.5	050	-60
01-47	37.5	0.92	0.7	9.0	-	-	264.2	050	-75
02-09	15.0	2.2	24.0	80.7	-	-	417.3	048	-61
20-5	8.3	1.5	1.3	62.0	5.0	-	91.9	035	-75
including	1.5	1.7	2.0	144.9	22.4	0.1	91.9		
20-9	7.1	0.1	8.7	3.6	0.1	-	64.1	025	-80
and	7.5	2.0	1.5	50.0	-	-	80.9		
and	2.2	0.8	9.6	154.0	1.8	0.6	99.0		
Manto									
99-17	5.8	0.9	0.8	11.0	18.9	-	77.7	065	-55
00-20	4.1	0.9	1.8	354.3	17.0	2.6	120.1	025	-70
03-28	7.6	-	-	14.2	6.5	0.1	62.9	065	-66
and	3.7	-	6.7	12.6	13.7	0.3	117.0		
03-30	5.2	-	20.5	96.9	2.5	6.7	97.9	045	-65
Vein									
03-8	5.5	-	1.2	458.1	0.7	0.7	73.8	270	-50
and	2.0		2.7	814.8	0.7	1.0	86.0		
03-09	5.0	-	13.3	898.0	5.7	1.1	135	270	-68
03-11	7.4		4.8	529.0	0.8	0.2	74.3	274	-68

<u>Exploration at the Stardust Project for the six months ended June 30, 2018</u>

The Company has devised a 2018 field program with a total budget of $5.0 million. The objective of the 2018 field program is to further explore and expand mineralization identified in a 2.2 kilometre corridor of polymetallic Carbonate Replacement System mineralization through a combination of airborne surveying, mapping and prospecting, soil sampling, relogging and resampling of existing drill core, and diamond drilling. Field work consisting of mapping, prospecting and soil sampling was initiated in early June 2018.

For the six months ended June 30, 2018 the Company spent a total of $0.7 million exploring the Stardust Project, compared to a budget of $0.7 million.

Mineral Resources

On January 8, 2018 the Company announced an updated Mineral Resource Estimate on the Canyon Creek Skarn Zone of the Stardust Project completed by Qualified Person for the purposes of NI 43-101, Ronald G. Simpson, P.Geo. of GeoSim Services Inc.[5] 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

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[4] Historic drill hole results are from drilling completed by Alpha Gold Corp. There was no QA/QC program implemented on work prior to 2006. A full discussion and cautionary language and current mineral resources can be found in the technical report entitled "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.

[5] See the technical report entitled "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.

Canyon Creek zone, and has not included drilling information from the manto, vein or porphyry zones due to a lack of information density in those areas.

Fourteen mineralized skarn zones were modeled using a minimum width of 1.5 m. Composite grades were capped at 15 g/Au and 200 g/t Ag. Zn grades above 6% were limited to a 25m 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% Cu, 0.62% Zn, 1.59 g/t Au and 36.8 g/t Ag. An additional inferred 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 in boldface.

Table 1 - Canyon Creek mineral resource estimate – effective date of January 8, 2018 [6]

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

Selected Financial Information

Management is responsible for the condensed interim consolidated 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 interim consolidated financial statements and MD&A.

[6] Mineral resources are not mineral reserves and do not have demonstrated economic viability. 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", effective January 8, 2018, filed under the Company's profile on SEDAR at www.sedar.com.

The financial data presented below for the current period was derived from the financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”).

The condensed interim consolidated financial statements have been prepared in accordance with IAS 34, Interim Financial Reporting, and should be read in conjunction with Privco’s audited financial statements for the period from June 23, 2017 (date of incorporation) to December 31, 2017, 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 condensed interim consolidated financial statements. Details of new accounting standards, effective for the reporting period beginning January 1, 2018, and their effect on the financial information are discussed within this MD&A in the section entitled “Changes in Accounting Policies and New Pronouncements”. 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.

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 asset is located in Canada.

Results of Operations

As Privco was incorporated on June 23, 2017 there were no material transactions during the six months ended June 30, 2017, and consequently no comparative information is provided.

The following financial data are derived from our condensed interim consolidated financial statements for the three and six months ended June 30, 2018:

Results of Operations for the three and six months ended June 30, 2018

	For the three months ended June 30, 2018	**For the six months ended June 30, 2018**
Total Revenue	**$ -**	**$ -**
Exploration and evaluation expenditures	**$ 547,926**	**$ 649,705**
Net loss for the period attributable to shareholders	**$ 3,479,118**	**$ 3,751,664**
Total comprehensive loss for the period	**$ 3,479,118**	**$ 3,751,664**
Basic and Diluted Loss per Share	**(0.06)**	**(0.08)**

Net losses totalled $3.5 million and $3.8 million for the three months ended June 30, 2018, respectively. The significant contributors to the losses were as follows:

(i) Exploration and evaluation expenditures of $0.5 million for the three months ended June 30, 2018, and $0.7 million for the six months ended June 30, 2018. Expenditures for the three months ended June 30, 2018 included geological consulting of $0.2 million, salaries of $0.1 million, and field expenses and equipment rental of $0.1 million. Expenditures for the six months ended June 30, 2018 included geological consulting of $0.3 million, salaries of $0.1 million, and field expenses and equipment rental of $0.2 million.

(ii) Share-based compensation expense of $0.3 million for the three and six months ended June 30, 2018. Share-based compensation expense relates to grants from current and previous periods in which stock options were granted to directors, employees, and consultants. During the three and six months ended June 30, 2018, the Company granted 4.7 million stock options with a weighted average exercise price of $0.25. Stock options granted to employees and consultants were 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 and employees, 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) Salaries and Director Fees of $0.2 million for the three months ended June 30, 2018, and $0.3 million for the six months ended June 30, 2018.

(iv) As a result of the Transaction, for the three and six months ended June 30, 2018 the Company incurred a non-cash, non-recurring listing expense of $2.2 million relating to the accounting treatment of the reverse takeover.

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 and six months ended June 30, 2018 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 June 30, 2018	**As at December 31, 2017**
Total assets	**$ 6,231,770**	**$ 763,302**
Current liabilities	**$ 554,509**	**$ 310,870**
Non-current liabilities	**$ -**	**$ -**
Cash dividends declared	**$ -**	**$ -**

Total assets are primarily comprised of cash of $5.6 million, prepaid expenses of $0.3 million, and exploration and evaluation asset acquisition costs of $0.2 million, consisting of the cash and fair value of shares paid to Lorraine.

Total assets of Privco at December 31, 2017 were primarily comprised of cash of $0.5 million, and exploration and evaluation asset acquisition costs of $0.2 million.

Total assets increased by $5.5 million as at June 30, 2018 in comparison to December 31, 2017 due to net proceeds of the Offering of $6.0 million, cash acquired as part of the Transaction of $0.3 million, and an increase in prepaid expenses of $0.3 million, partially offset by cash operating expenditures of $1.3 million.

We have not yet completed feasibility studies to determine whether the Stardust Project contain 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 increased to $0.6 million at June 30, 2018 in comparison to $0.3 million at December 31, 2017. Accounts payable and accrued liabilities increased by $0.3 million as a result of the timing of activities and accounts payable payments.

The Company has no non-current liabilities at June 30, 2018.

Summary of Quarterly Results

	For the three months ended June 30, 2018	**For the three months ended March 31, 2018**
Total Revenue	**$ -**	**$ -**
Exploration and evaluation expenditures	**$ 547,926**	**$ 101,779**
Net loss for the period attributable to shareholders	**$ 3,479,118**	**$ 272,546**
Total comprehensive loss for the period	**$ 3,479,118**	**$ 272,546**
Basic and Diluted Loss per Share	**(0.06)**	**(0.01)**

The Company's net loss for the quarter ended June 30, 2018 increased by $3.2 million compared to the net loss for the quarter ended March 31, 2018, while exploration and evaluation expenses increased by $0.6 million. The increase in exploration and evaluation expenses during the quarter ended June 30, 2018 is primarily due the commencement of the 2018 field program. As discussed above, the net loss for the three months ended June 30, 2018 included a listing expense of $2.2 million relating to the accounting treatment of the reverse takeover.

Shareholders' Equity

The Company's authorized capital is unlimited common shares without par value.

During the three and six months ended June 30, 2018, the Company issued common shares as follows:

(i) On February 1, 2018, the Company issued a purchase option to acquire 500,000 shares at a price of $0.10 to an employee. The purchase option was exercised on March 22, 2018 for total proceeds of $50,000.

(ii) On May 2, 2018, concurrent with the closing of the Transaction, the gross proceeds of the Offering of $6.4 million were released from escrow. Upon satisfaction of the escrow conditions, the 25,788,400 Subscription Receipts were automatically converted into one Unit for no additional consideration. Each Unit consists of one common share and one share purchase warrant, with each share purchase warrant entitling the holder to acquire one additional common share at a price of $0.35 per share until May 2, 2023, subject to acceleration in certain circumstances. Following conversion of the Subscription Receipts, the Company paid $0.3 million in finder's fees and issued 1,173,000 Finder's Warrants. The Finder's Warrants entitle the holder to acquire one common share at a price of $0.30 per share until May 2, 2019. The Company incurred additional cash share issuance costs of $0.1 million.

Outstanding Share Data

As at August 13, 2018 the following common shares, stock options and share purchase warrants were outstanding:

	# of Shares	Exercise Price	Expiry Date
Issued and Outstanding Common Shares	78,068,401	N/A	N/A
Stock Options	4,650,000	$0.25	May 2, 2023
Warrants	25,788,400 1,173,000 500,000	$0.35 $0.30 $0.35	May 2, 2023 May 2, 2019 November 24, 2019
Fully Diluted	110,179,801		

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 during the six months ended June 30, 2018.

Liquidity

Cash provided by financing activities was $6.4 million during the six months ended June 30, 2018, related to the Offering described above under 'Shareholder's Equity'.

Cash used in operating activities was $1.3 million during the six months ended June 30, 2018, primarily related to cash exploration and evaluation expenditures of $0.7 million, salaries and director fees of $0.3 million, and investor relations expenses of $0.1 million.

Cash used in investing activities during the six months ended June 30, 2018 was $118.

As at the date of this MD&A, the Company has approximately $4.6 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 $4.9 million.

As at June 30, 2018, the Company has no source of positive operating cash flows, and has not yet achieved profitable operations. The Company has incurred negative cash flows from operations of $1.3 million for the six months ended June 30, 2018 and expects to incur further losses in carrying out its planned business objectives. The Company's ability to continue operations 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. With the release of the Offering proceeds, the Company has sufficient funds to complete the planned 2018 field program, and fund general and administrative expenditures. There can be no assurances that the Company will obtain the additional financial resources necessary and/or achieve profitability or positive cash flows in the future.

Proposed Transactions

As is typical of the mineral exploration and development industry, the Company is continually reviewing potential transactions and opportunities that could enhance shareholder value. There is no guarantee that any contemplated transaction will be concluded. 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.

Oxygen Capital Corp ("Oxygen").

Oxygen is a private company owned by three directors of the Company and provides technical and administrative services to the Company (the "Oxygen Agreement") at cost, including providing some staffing who are seconded to the Company, office facilities and other administrative functions. As at June 30, 2018, Oxygen holds a refundable security deposit of $19,500 on behalf of the Company, equal to an estimated amount of three months of services (December 31, 2017 - $19,500). During the six months ended June 30, 2018 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. As at June 30, 2018, the Company has a payable amount to Oxygen of $56,487 (December 31, 2017 – $14,096). This amount was paid subsequent to June 30, 2018.

Compensation of key management personnel

Key management includes members of the Board of Directors, the Special Advisor to the Board of Directors, 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 directly or via Oxygen is as follows:

Name	Nature of Compensation	Six months ended June 30, 2018
President and Chief Executive Officer	Salary	$ 97,500
Chief Financial Officer	Salary	23,780
Vice President, Exploration	Salary	80,000
Directors	Directorship	78,333
Special Advisor	Consulting Fee	5,833
Total		**$ 285,446**

Share-based compensation issued to key management personnel during the six months ended June 30, 2018 totalled $0.3 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.

Contractual Obligations

Technical and Administrative Services Agreement

The Company's general and administrative costs, including rent, 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 Agreement for the previous six month period, any employee termination fees due under the 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.

Off-Balance Sheet Arrangements

The Company had no off-balance sheet arrangements as at June 30, 2018 or as at the date hereof.

Changes in Accounting Policies and New Pronouncements

New, Amended and Future IFRS Pronouncements

The Company prepares its consolidated financial statements in accordance with IFRS and interpretations of the IFRIC as issued by the IASB. The effects of the adoption of new, amended and future IFRS pronouncements are discussed below:

<u>IFRS 9 – Financial Instruments</u>

On January 1, 2018 the Company adopted IFRS 9 – Financial Instruments ("IFRS 9") which replaced IAS 39 - Financial Instruments: Recognition and Measurement. IFRS 9 provides a revised model for recognition and measurement of financial instruments and a single, forward-looking 'expected loss' impairment model. IFRS 9 also includes a substantially reformed approach to hedge accounting. The standard is effective for annual periods beginning on or after January 1, 2018. IFRS 9 did not impact the Company's classification and measurement of financial assets and liabilities:

Account	IAS 39 Classification	IFRS 9 Classification
Cash	Amortized Cost	Amortized Cost
Sales taxes receivable	Amortized Cost	Amortized Cost
Other receivables	Amortized Cost	Amortized Cost
Deposits	Amortized Cost	Amortized Cost
Trade payables	Amortized Cost	Amortized Cost
Accrued liabilities	Amortized Cost	Amortized Cost

The standard also had no impact on the carrying value of the Company's financial instruments at the transition date. The following are the significant accounting policies which have been amended as a result of IFRS 9, and applied at January 1, 2018:

Financial Instruments

(i) Financial Assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVOCI") or at amortized cost. The classification depends on the purpose for which the financial assets were acquired. Management determines the classification of its financial assets at initial recognition.

<u>Cash and Cash Equivalents</u>

Cash and cash equivalents comprise cash balances held in banks and call deposits with original maturities of three months or less and guaranteed investment certificates with no penalty for early redemption. Cash and cash equivalents are classified as subsequently measured at amortized cost. At June 30, 2018 the Company has no cash equivalents as all cash is held in a bank account.

<u>Loans and Receivables</u>

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. They are classified as current assets or non-current assets based on their maturity date. Amounts receivable and deposits have been classified under this category. Loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost. Trade receivables are recorded net of lifetime expected credit losses.

(ii) Financial Liabilities

The Company classifies its financial liabilities as at amortized cost.

Accounts Payable and Accrued and Other Liabilities

Accounts payable, accrued and other liabilities are initially recognized at the amount required to be paid less, when material, a discount to reduce the payables to fair value. Subsequently, accounts payables are measured at amortized cost. Financial liabilities are classified as current or non-current based on their maturity date.

Expected Credit Losses

The Company applies the simplified approach to determining expected credit losses, which requires expected credit losses to be recognized on initial recognition of trade receivables.

IFRS 16 – Leases

IFRS 16 - *Leases* specifies how an entity will recognize, measure, present and disclose leases. The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. The standard is effective for annual periods beginning on or after January 1, 2019, with early adoption permitted. The Company is currently evaluating the impact of the adoption of this standard on its financial statements and does not presently expect it to have a significant impact based on its current leases.

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.

i) 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.

ii) 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 six months ended June 30, 2018, there were no indicators of impairment on the Company's exploration and evaluation assets, or the Company's other assets.

iii) 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.

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 June 30, 2018, 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 deposit is held by a related party and is 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 June 30, 2018, the Company had cash of $5.6 million to settle current liabilities of $0.6 million.

<u>Interest Rate Risk</u>

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. For the six month period ended June 30, 2018, a plus or minus 0.5% change in market interest rates would affect the Company's interest earned on cash by approximately $4,000.

Business Risks and Uncertainties

Additional information on risks and uncertainties related to Sun Metals' business is provided in North Bluff Capital Corp.'s Filing Statement dated March 31, 2018 under the heading "Risk Factors".

Legal Matters

Sun Metals is not currently, and was not at any time during the period June 23, 2017 (date of incorporation) to December 31, 2017, 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 financial statements, MD&A and all financial information in the 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.

Subsequent Events Not Otherwise Described Herein

Other than disclosed above, the following items of significance occurred after June 30, 2018:

i. On July 24, 2018, the Company issued a total of 500,000 Units pursuant to an Exploration Agreement between the Company and Takla First Nation ("Takla"). The Units are comprised of one common share in the capital of the Company (each, a "Share") and one common, non-transferable share purchase warrant (each, a "Warrant"). The Warrants are exercisable at $0.35 for a period of 18 months from issuance.

Controls and Procedures

In connection with 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 condensed interim consolidated financial statements and respective accompanying MD&A as at June 30, 2018 (together the "Interim Filings").

In contrast to the certificate under NI 52-109, the Venture Issuer Basic Certification 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.

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 annual 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 annual filings, Annual 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 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 interim and annual filings and other reports provided under securities legislation.

Scientific and Technical Disclosure

The Company's only exploration project 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 Qualified Person ("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 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 validated 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 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, future financial or operating performance of Sun Metals and its business, operations, properties and the future price of gold, and 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 Metal's 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; completion of expenditure obligations under an option agreement and earn-in agreements to which the Company is a party; government regulation of mining operations, environmental risks and reclamation expenses, title disputes, the ability to maintain exploration licences for its properties in accordance with the requirements of applicable mining laws in Canada; government regulation of exploration and mining operations; environmental risks, other claims or existing, pending or threatened litigation or other proceedings, limitations of insurance coverage, future issuances of Common Shares to satisfy earn-in obligations or the acquisition of exploration properties and the timing and possible outcome of regulatory and permitting matters 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 gold, copper, silver, molybdenum 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 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: 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 Metal's securities; judgement of management when exercising discretion in their use of proceeds from a financing; potential dilution of Common Share voting power or earnings per share as a result of the exercise of 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 Metal's 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.

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 can be obtained on the Company's website at www.sunmetals.ca.

SUN METALS CORP.

/s/ "Steve Robertson"

Steve Robertson
President and Chief Executive Officer

SUN METALS CORP.

/s/ "Lauren McDougall"

Lauren McDougall
Chief Financial Officer