



**CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

**FOR THE NINE MONTHS ENDED**

**AUGUST 31, 2021 AND 2020**

**(Expressed in Canadian Dollars)**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**

**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**

**CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY**

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

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**NOTICE OF NO AUDITOR REVIEW OF  
CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim consolidated financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with the standards established by Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

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**SUN SUMMIT MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)

	August 31, 2021 (Unaudited)	November 30, 2020 (Audited)
	\$	\$
<b>ASSETS</b>		
<b>Current assets</b>		
Cash and cash equivalents	5,709,424	3,045,869
Marketable securities	993	1,476
Receivables	130,663	89,818
Prepaid expenses	9,640	54,424
	<b>5,850,720</b>	<b>3,191,587</b>
<b>Non-current assets</b>		
Reclamation deposit	27,500	27,500
Equipment (Note 4)	25,484	6,533
Exploration advances	2,076	2,125
Mineral properties (Note 5)	230,297	208,178
	<b>6,136,077</b>	<b>3,435,923</b>
<b>LIABILITIES AND EQUITY</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	166,574	143,724
Flow-through premium (Note 7)	1,182,091	91,178
	<b>1,348,665</b>	<b>234,902</b>
<b>Shareholders' equity</b>		
Share capital (Note 8)	24,200,404	19,179,130
Equity reserves (Note 8)	3,700,797	3,216,801
Deficit	(23,113,789)	(19,194,910)
	<b>4,787,412</b>	<b>3,201,021</b>
	<b>6,136,077</b>	<b>3,435,923</b>

Nature of operations and going concern (Note 1)  
Subsequent events (Note 11)

**APPROVED AND AUTHORIZED BY THE DIRECTORS ON OCTOBER 29, 2021:**

“ C. PRENTER ” , Director

“ R. STUART ANGUS ” , Director

**SUN SUMMIT MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)  
(Unaudited)

	For the three months ended		For the nine months ended	
	2021	August 31, 2020	2021	August 31, 2020
	\$	\$	\$	\$
<b>EXPENSES</b>				
Accounting and audit fees (Note 6)	30,117	24,039	104,105	84,574
Advertising and promotion	60,767	39,688	166,335	90,936
Depreciation (Note 4)	1,459	1,972	4,167	5,648
Exploration and evaluation (Note 5)	456,850	348,017	2,583,411	828,627
Insurance	9,120	4,755	14,345	8,591
Investor relations	32,000	65,421	106,452	169,531
Legal and professional fees (Note 6)	56,177	26,671	97,772	83,918
Management fees (Note 6)	73,105	35,350	139,305	67,550
Office and administration expenses	21,266	8,418	48,274	22,877
Share-based payments (Note 6)	(3,544)	125,498	609,275	314,754
Wages and benefits	38,838	25,235	105,199	76,181
Transfer agent and filing fees	20,309	15,432	40,018	28,776
Travel	2,577	-	2,783	11,172
<b>Total Expenses</b>	<b>(799,039)</b>	<b>(720,496)</b>	<b>(4,021,439)</b>	<b>(1,793,135)</b>
<b>OTHER ITEMS</b>				
Foreign exchange gain (loss)	8,250	(10,560)	9,982	(12,964)
Gain on disposition of equipment	-	-	-	5,657
Interest income	2,799	310	8,607	1,799
Impairment of mineral property (Note 5)	-	-	-	(79,165)
Recovery of flow-through premium (Note 7)	19,514	8,358	84,454	8,358
Unrealized gain (loss) on marketable securities	-	68	(483)	328
<b>Total Other Items</b>	<b>30,563</b>	<b>(1,824)</b>	<b>102,560</b>	<b>(75,987)</b>
<b>NET AND COMPREHENSIVE LOSS</b>				
<b>FOR THE PERIOD</b>	<b>(768,476)</b>	<b>(722,320)</b>	<b>(3,918,879)</b>	<b>(1,869,122)</b>
<b>Basic and diluted loss per common share</b>	<b>(0.01)</b>	<b>(0.02)</b>	<b>(0.07)</b>	<b>(0.06)</b>
<b>Weighted average number of common shares</b>				
<b>outstanding – basic and diluted</b>	<b>59,365,333</b>	<b>41,592,847</b>	<b>55,156,752</b>	<b>33,979,553</b>

**SUN SUMMIT MINERALS CORP.**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

	For the nine months ended August 31,	
	2021	2020
	\$	\$
<b>OPERATING ACTIVITIES</b>		
Net loss for the period	(3,918,879)	(1,869,122)
Items not affecting cash:		
Depreciation	4,167	5,648
Share-based payments	609,275	314,754
Recovery of flow-through premium (Note 7)	(84,454)	(8,358)
Gain on disposition of equipment	-	(5,657)
Unrealized gain on marketable securities	483	(328)
Impairment of mineral property	-	79,165
Foreign exchange	49	(1,036)
Changes in non-cash working capital items:		
Receivables	(40,845)	(11,452)
Prepaid expenses	44,784	15,317
Accounts payable and accrued liabilities	22,850	109,359
<b>Net cash used in operating activities</b>	<b>(3,362,569)</b>	<b>(1,371,710)</b>
<b>INVESTING ACTIVITIES</b>		
Exploration advances	-	(40,000)
Purchase of property and equipment	(23,118)	(9,138)
Mineral property additions	(22,119)	(12,678)
Sale of property and equipment	-	29,181
<b>Net cash used in investing activities</b>	<b>(45,237)</b>	<b>(32,635)</b>
<b>FINANCING ACTIVITIES</b>		
Proceeds from issuance of shares, net	4,624,716	5,255,397
Proceeds from exercise of warrants and stock options	1,446,646	20,140
<b>Net cash provided by financing activities</b>	<b>6,071,362</b>	<b>5,275,537</b>
<b>CHANGE IN CASH</b>	<b>2,663,555</b>	<b>3,871,192</b>
<b>CASH, BEGINNING OF PERIOD</b>	<b>3,045,869</b>	<b>411,091</b>
<b>CASH, END OF PERIOD</b>	<b>5,709,424</b>	<b>4,282,283</b>

**SUN SUMMIT MINERALS CORP.****CONDENSED INTERIM CONSOLIDATED STATEMENT OF CHANGES IN SHAREHOLDERS' EQUITY****(Expressed in Canadian Dollars)****(Unaudited)**

	<b>Share Capital</b>		<b>Equity</b>		<b>Total</b>
	<b>Common Shares</b>		<b>Reserves</b>	<b>Deficit</b>	<b>Shareholders' Equity</b>
	<b>#</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>	<b>\$</b>
Balance at November 30, 2019	26,651,028	13,896,908	2,675,388	(15,943,973)	628,323
Shares issued for cash	22,835,694	5,611,073	-	-	5,611,073
Flow-through premium	-	(129,960)	-	-	(129,960)
Share issuance costs	-	(573,421)	217,745	-	(355,676)
Exercise of warrants	152,052	37,266	(17,126)	-	20,140
Share-based payments	-	-	314,754	-	314,754
Net and comprehensive loss	-	-	-	(1,869,122)	(1,869,122)
<b>Balance at August 31, 2020</b>	<b>49,638,774</b>	<b>18,841,866</b>	<b>3,190,761</b>	<b>(17,813,095)</b>	<b>4,219,532</b>
Balance at November 30, 2020	51,217,824	19,179,130	3,216,801	(19,194,910)	3,201,021
Shares issued for cash	6,953,878	5,000,000	-	-	5,000,000
Share issuance costs	-	(497,161)	121,877	-	(375,284)
Flow-through premium	-	(1,175,367)	-	-	(1,175,367)
Exercise of warrants	5,040,504	1,277,742	(48,396)	-	1,229,346
Exercise of options	918,332	416,060	(198,760)	-	217,300
Share-based payments	-	-	609,275	-	609,275
Net and comprehensive loss	-	-	-	(3,918,879)	(3,918,879)
<b>Balance at August 31, 2021</b>	<b>64,130,538</b>	<b>24,200,404</b>	<b>3,700,797</b>	<b>(23,113,789)</b>	<b>4,787,412</b>

**SUN SUMMIT MINERALS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED AUGUST 31, 2021 AND 2020**  
**(Expressed in Canadian Dollars)**  
**(Unaudited)**

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**1. NATURE OF OPERATIONS AND GOING CONCERN**

Sun Summit Minerals Corp. (“the Company”) was incorporated on September 27, 2005 under the *Business Corporations Act* of British Columbia and its shares trade on the TSX Venture Exchange (the “Exchange”) under the symbol SMN and on the OTCQB Venture Market of the OTC Markets Group Inc. under the symbol SMREF. The Company’s mailing address is 1700 – 1030 W. Georgia Street, Vancouver, BC, V6E 2Y3. The registered and records office address is Suite 704 – 595 Howe Street, Vancouver, BC, V6C 2T5.

The Company is engaged in the acquisition, exploration and development of precious metal properties in British Columbia, Canada.

The Company is in the process of exploring its mineral properties and has not yet determined whether these properties contain resources that are economically recoverable. The realization of amounts shown for mineral properties and related deferred costs is dependent upon the discovery and exploitation of economically recoverable resources, the ability of the Company to obtain necessary financing to complete development, and attaining future profitable production or proceeds from the disposition of such properties.

These condensed interim consolidated financial statements have been prepared by management on a going concern basis, which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business for the foreseeable future. At August 31, 2021, the Company had not yet achieved profitable operations and has an accumulated deficit of \$23,113,789 since its inception. A number of alternatives including, but not limited to selling an interest in one or more of its properties or completing a financing, are being evaluated with the objective of funding ongoing activities and obtaining additional working capital. The continuing operations of the Company are dependent upon its ability to continue to raise adequate financing and to commence profitable operations in the future and repay its liabilities arising from normal business operations as they become due. These material uncertainties may cast significant doubt on the entity’s ability to continue as a going concern. These condensed interim consolidated financial statements do not include any adjustments to the recoverability and classification of recorded asset amounts and classification of liabilities that might be necessary should the Company be unable to continue as a going concern.

In March 2020 the World Health Organization declared the CoViD-19 illness, caused by the novel coronavirus, to be a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. Currently, the global pandemic has not had a significant effect on the Company’s operations other than certain delays and ensuring new protocols are being implemented in order to reduce the risk of further spread.

**2. BASIS OF PRESENTATION**

The condensed interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) applicable to preparation of interim financial statements, including IAS 34, Interim Financial Reporting. The condensed interim consolidated financial statements should be read in conjunction with the annual financial statements for the year ended November 30, 2020, which have been prepared in accordance with IFRS as issued by IASB. The accounting policies adopted are consistent with those of the previous financial year, except for recent accounting pronouncements as described in Note 3 below. The Board of Directors approved the condensed interim consolidated financial statements on October 29, 2021.

**SUN SUMMIT MINERALS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
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**3. RECENT ACCOUNTING PRONOUNCEMENTS**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee.

During the period ended August 31, 2021, the Company was not required to, and has not adopted any new standards, interpretations, amendments and improvements to existing standards which had a material impact on the Company's condensed interim consolidated financial statements. The Company also does not expect the adoption of any currently announced new standards, interpretations, amendments and improvements to existing standards to have a material impact on the Company's condensed interim consolidated financial statements.

**4. EQUIPMENT**

	<b>Office Equipment</b>	<b>Vehicles</b>	<b>Exploration Equipment</b>	<b>Totals</b>
	\$	\$	\$	\$
Cost:				
Balance, November 30, 2019	22,233	26,714	1,635	51,548
Additions	9,138	-	-	4,600
Disposals	(5,105)	(26,714)	(1,635)	(33,421)
Balance, November 30, 2020	27,266	-	-	27,266
Additions	-	-	23,118	23,118
Disposals	-	-	-	-
Balance, August 31, 2021	27,266	-	23,118	50,384
Accumulated depreciation:				
Balance, November 30, 2019	16,642	7,480	693	24,815
Additions	7,161	-	-	7,161
Disposals	(3,070)	(7,480)	(693)	(11,243)
Balance, November 30, 2020	20,733	-	-	20,733
Additions	1,371	-	2,796	4,167
Disposals	-	-	-	-
Balance, August 31, 2021	22,104	-	2,796	24,900
Carrying values:				
<b>Balance, November 30, 2020</b>	<b>6,533</b>	<b>-</b>	<b>-</b>	<b>6,533</b>
<b>Balance, August 31, 2021</b>	<b>5,162</b>	<b>-</b>	<b>20,322</b>	<b>25,484</b>

**SUN SUMMIT MINERALS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED AUGUST 31, 2021 AND 2020**  
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**5. MINERAL PROPERTIES**

A summary of capitalized acquisition costs is as follows:

	<b>CUATRO DE MAYO PROJECT</b>	<b>BUCK PROPERTY</b>	<b>TOTAL</b>
	\$	\$	\$
Balance at November 30, 2019	79,165	62,500	141,665
Additions:			
Cash payments	-	37,678	37,678
Common shares issued	-	108,000	108,000
Write-down	(79,165)	-	(79,165)
Balance, November 30, 2020	-	208,178	208,178
Additions:			
Cash payments	-	22,119	22,119
<b>Balance, August 31, 2021</b>	<b>-</b>	<b>230,297</b>	<b>230,297</b>

Exploration and evaluation costs incurred during the nine months ended August 31, 2021 and 2020 are as follows:

	<b>BUCK PROPERTY</b>	<b>OTHER PROJECTS</b>	<b>TOTAL</b>
	\$	\$	\$
Drilling	903,478	-	903,478
Equipment rental	114,528	-	114,528
Field supplies and on-site expenses	136,555	-	136,555
Geochemical surveying	672,620	-	672,620
Geological consulting	26,100	1,324	27,424
Geophysics, topographic, mapping	43,322	-	43,322
Miscellaneous	50,082	12,910	62,992
Mineral rights	-	13,319	13,319
On-site personnel costs	398,928	-	398,928
Sampling, prospecting, study	143,764	1,404	145,168
Transportation and accommodation	173,539	4,676	178,215
Mineral exploration tax credits	(113,137)	-	(113,137)
<b>Expenses for the nine months ended August 31, 2021</b>	<b>2,549,779</b>	<b>33,632</b>	<b>2,583,411</b>
Field supplies and on-site expenses	180,270	236	180,506
Geological consulting	78,109	14,013	92,122
Geophysics, topographic, mapping	62,032	-	62,032
Mineral rights	-	8,809	8,809
Sampling, prospecting, study	409,252	-	409,252
Travel expenses	69,575	6,331	75,906
<b>Expenses for the nine months ended August 31, 2020</b>	<b>799,238</b>	<b>29,389</b>	<b>828,627</b>

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**5. MINERAL PROPERTIES (continued)**

**Buck Property**

As of July 5, 2019, the Company entered into an option agreement (the “Buck Agreement”) to acquire a 100% interest in a mineral property in north-central British Columbia (the “Buck Property”). To exercise the option and obtain a 100% interest in the Buck Property, the Company must incur \$112,000 in exploration expenditures by December 31, 2019, and make cash payments totalling \$300,000 and issue 4,000,000 common shares of the Company on or before the fifth anniversary of Exchange approval of the Buck Agreement, on October 9, 2019, as follows:

	<b>Cash</b>	<b>Common shares</b>
	\$	#
On October 9, 2019 (paid and issued)	25,000	250,000
On or before October 9, 2020 (paid and issued)	25,000	400,000
On or before October 9, 2021 (paid and issued subsequent to August 31, 2021)	25,000	500,000
On or before October 9, 2022	25,000	750,000
On or before October 9, 2023	50,000	1,000,000
On or before October 9, 2024	150,000	1,100,000
<b>Total</b>	<b>300,000</b>	<b>4,000,000</b>

On the exercise of the option, the optionors will be granted a 2.5% net smelter return (“NSR”) royalty on any commercial production from the Property. An additional 4,000,000 common shares are also to be issued to the optionors upon the earlier of the completion of a bankable feasibility study or the eighth anniversary of the Exchange’s approval of the Buck Agreement on October 9, 2019.

During the year ended November 30, 2020, the Company made cash payments totalling \$12,678 to stake additional claims adjacent to the existing claims comprising the Buck Property. During the nine months ended August 31, 2021, the Company made cash payments totalling \$22,119 to stake additional claims adjacent to the existing claims comprising the Buck Property. As of August 31, 2021, the Company has made cash payments of \$50,000 to the optionors and issued 650,000 common shares to the optionors pursuant to the Buck Agreement. Subsequent to August 31, 2021, the Company made a cash payment of \$25,000 and issued 500,000 common shares to the optionors.

**Chunibas**

On January 22, 2015, the Company signed an option agreement with Argonaut Gold Inc. (“Argonaut”) to acquire a concession in the El Chunibas area in northwestern Mexico for cash payments of US\$50,000 over two years. The Company paid \$12,250 (US\$10,000) during fiscal 2015 and the remaining \$54,511 (US\$40,000) during the year ended November 30, 2016. Argonaut retains a 1% NSR royalty on any future production, one-half of which can be purchased by the Company for US\$1,000,000.

On January 27, 2015, the Company acquired 100% ownership of an additional claim in the El Chunibas area in northwestern Mexico for \$12,404 (US\$10,000). There is no retained interest or future royalty payable to the counterparty to the acquisition agreement, a private Mexican citizen.

**Other Projects**

During the year ended November 30, 2020, the Company recorded a write-down of \$79,165 (2019 - \$Nil), pertaining to the capitalized acquisition costs of the Cuatro de Mayo project in Mexico. Currently the Company does not have any future plans to continue exploration work on the property.

**SUN SUMMIT MINERALS CORP.**  
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**6. RELATED PARTY TRANSACTIONS**

**Compensation of key management personnel**

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole.

The remuneration of the directors and the chief executive officer for the nine months ended August 31, 2021 and 2020 were as follows:

	<b>2021</b>	<b>2020</b>
	\$	\$
Management fees <sup>(i)</sup>	130,500	114,200
Share based payments – included in wages and benefits	368,681	230,167
<b>Total</b>	<b>499,181</b>	<b>344,367</b>

(i) Management fees includes \$104,400 (2020 – \$67,300) classified as management fees and \$26,100 (2020 - \$46,900) classified as exploration and evaluation costs paid to related parties.

**Transactions with other related parties**

Certain of the Company’s officers render services to the Company through entities in which they are an officer, director, or partner.

The Company incurred the following fees and expenses during the nine months ended August 31, 2021 and 2020 with these related parties as follows:

	<b>2021</b>	<b>2020</b>
	\$	\$
Accounting fees	66,250	55,300
Legal fees	83,268	40,378
Legal fees related to share issuance costs	42,750	58,100
<b>Total</b>	<b>192,268</b>	<b>153,778</b>

At August 31, 2021, there was \$Nil (November 30, 2020 - \$33,610) included in accounts payable and accrued liabilities that was owing to related parties for accounting and legal fees.

**SUN SUMMIT MINERALS CORP.**  
**NOTES TO CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE NINE MONTHS ENDED AUGUST 31, 2021 AND 2020**  
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**(Unaudited)**

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**7. FLOW-THROUGH PREMIUM**

- i. During the nine months ended August 31, 2021, the Company issued flow-through units and recognized a non-cash deferred flow-through premium of \$1,175,367 as the difference between the fair value of the amounts recognized as equity and the amounts paid by investors.
- ii. During the year ended November 30, 2020, the Company issued flow-through units and recognized a non-cash deferred flow-through premium of \$129,960 as the difference between the fair value of the amounts recognized as equity and the amounts paid by investors. During the nine months ended August 31, 2021, the Company recognized \$84,454 as recovery of the deferred flow-through premium liability related to this flow-through financing as other income based on the amount of eligible expenditures incurred. As at August 31, 2021, the remaining unrealized flow-through premium related to this flow-through financing was \$6,724 (November 30, 2020 - \$91,178).

**8. SHARE CAPITAL AND EQUITY RESERVES**

- a) Authorized  
  
Unlimited number of common shares without par value
- b) Issued

During the nine months ended August 31, 2021:

- i. The Company issued 6,953,878 flow-through units for gross proceeds of \$5,000,000. Each unit consisted of one flow-through common share and one-half share purchase warrant, with each whole warrant entitling the purchase of one (non flow-through) common share for two years at a price of \$0.90.  
  
In connection with the private placement, the Company paid cash finders' fees of \$269,364 and issued a total of 371,036 finders' warrants, with each warrant exercisable to purchase one common share for two years at a price of \$0.66 or \$0.81 with a fair value of \$121,877. The Company also incurred other share issuance costs of \$105,920 in connection with the private placement.
- ii. The Company issued 5,040,504 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$1,229,346. In connection with the exercise of share purchase warrants, the Company reallocated \$48,396 from contributed surplus to shareholders' equity.
- iii. The Company issued 918,332 common shares pursuant to the exercise of stock options for gross proceeds of \$217,300. In connection with the exercise of stock options, the Company reallocated \$198,760 from contributed surplus to shareholders' equity.

**SUN SUMMIT MINERALS CORP.**  
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**8. SHARE CAPITAL AND EQUITY RESERVES (continued)**

b) Issued (continued)

During the nine months ended August 31, 2020:

- iv. The Company issued 266,667 flow-through common shares pursuant to a private placement for gross proceeds of \$40,000.
- v. The Company issued 5,813,703 common shares pursuant to a private placement wherein the Company issued 5,813,703 units at a price of \$0.135 per unit for gross proceeds of \$784,850. Each unit consisted of one common share and one-half share purchase warrant, with each full warrant to purchase one common share for three years at a price of \$0.20.

In connection with the private placement, the Company paid cash finders' fees of \$37,100 and issued 274,820 finders' warrants, with each warrant exercisable to purchase one common share for one year at a price of \$0.135. The Company also incurred other share issuance costs of \$9,750 in connection with the private placement.

- vi. The Company issued 3,000,039 common shares pursuant to a private placement wherein the Company issued 3,000,039 units at a price of \$0.23 per unit for gross proceeds of \$690,009. Each unit consisted of one common share and one share purchase warrant to purchase one common share for three years at a price of \$0.30. The Company incurred share issuance costs of \$11,206 in connection with the private placement.
- vii. The Company issued 13,755,285 flow-through units for gross proceeds of \$4,096,214. Each unit consisted of one flow-through common share and one-half share purchase warrant, with each whole warrant entitling the purchase of one (non flow-through) common share for two years at a price of \$0.34.

In connection with the private placement, the Company paid cash finders' fees of \$259,602 and issued a total of 858,513 finders' warrants, with each warrant exercisable to purchase one common share for two years at a price of \$0.26 or \$0.34. The Company also incurred other share issuance costs of \$36,350 in connection with the private placement.

- viii. The Company issued 152,052 common shares pursuant to the exercise of share purchase warrants for gross proceeds of \$20,140. In connection with the exercise of the share purchase warrants, the Company reallocated \$17,126 from equity reserves to share capital.

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**8. SHARE CAPITAL AND EQUITY RESERVES (continued)**

c) Stock options

The Company's stock option transactions are as follows:

	Number of Shares issuable under Options	Weighted Average Exercise Price
		\$
Shares issuable under Options outstanding at November 30, 2019	1,750,000	0.50
Granted	2,050,000	0.23
Expired	(66,667)	0.48
<b>Shares issuable under Options outstanding at November 30, 2020</b>	<b>3,733,333</b>	<b>0.35</b>
Granted	1,475,000	0.43
Exercised	(918,332)	0.24
<b>Shares issuable under Options outstanding at August 31, 2021</b>	<b>4,290,001</b>	<b>0.40</b>
<b>Shares issuable under Options exercisable at August 31, 2021</b>	<b>4,160,000</b>	<b>0.40</b>

As at August 31, 2021, the following stock options were outstanding:

Number of Shares issuable under Options Outstanding	Exercise Price	Expiry Date
	\$	
50,000	0.18	December 31, 2021
133,334	0.56	February 1, 2022
500,000	0.57	June 2, 2022
100,000	0.48	July 12, 2022
66,667	0.54	October 2, 2022
75,000	0.43	January 13, 2023
600,000	0.56	June 25, 2023
630,000	0.18	February 6, 2025
300,000	0.30	June 1, 2025
150,000	0.30	June 15, 2025
150,000	0.31	August 4, 2025
75,000	0.28	October 22, 2025
200,000	0.30	November 10, 2025
1,225,000	0.43	January 13, 2026
45,000	0.38	January 31, 2026
<b>4,290,001</b>		

As at August 31, 2021 the stock options outstanding have a weighted average outstanding life of 3.01 years.

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**8. SHARE CAPITAL AND EQUITY RESERVES (continued)**

c) Stock options (continued)

The Company has a 10% rolling stock option plan whereby the Company may from time to time, in accordance with the Exchange's requirements, grant to directors, officers, employees and consultants options to purchase common shares of the Company. The options can be granted for a maximum of five years, the vesting provisions are determined by the Board of Directors and, the exercise price of each option is required to be no less than the market price of the Company's stock as calculated immediately preceding the day of the grant and shall not be less than \$0.10 per share.

During the nine months ended August 31, 2021, the Company granted stock options to various directors, officers and consultants of the Company to purchase 1,475,000 common shares. Each stock option is exercisable at prices ranging from \$0.38 to \$0.48 for a period ranging from 18 months to five years.

During the nine months ended August 31, 2020, the Company granted stock options to various directors, officers and consultants of the Company to purchase 1,175,000 common shares. Each stock option is exercisable at a price of \$0.18 per common share for a period ranging from 13 months to five years.

During the nine months ended August 31, 2021 and 2020, the Company recorded share-based payments of \$609,275 (2020 - \$314,754) in connection with the stock options granted and vested during the period. The fair value of the stock options granted was estimated as at the date of the grant using the Black-Scholes Option Pricing Model and the following weighted average assumptions:

	<b>2021</b>	<b>2020</b>
Risk free interest rate	0.42%	1.02%
Expected life of options	4.61 years	4.90 years
Expected dividend yield	0%	0%
Expected stock price volatility	125%	153%
Exercise price	\$0.43	\$0.22
Stock price	\$0.43	\$0.23
<b>Weighted average fair value per option</b>	<b>\$0.35</b>	<b>\$0.21</b>

d) Warrants

The Company's warrant transactions are as follows:

	<b>Number of Shares issuable under Warrants</b>	<b>Weighted Average Exercise Price \$</b>
Shares issuable under Warrants outstanding at November 30, 2019	<b>3,887,136</b>	<b>0.20</b>
Exercised	(1,331,102)	
Issued	13,917,865	
Shares issuable under Warrants outstanding at November 30, 2020	16,473,899	0.28
Issued	3,847,974	
Exercised	(5,040,504)	
Expired	(121,618)	
<b>Shares issuable under Warrants outstanding at August 31, 2021</b>	<b>15,159,751</b>	<b>0.30</b>

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**8. SHARE CAPITAL AND EQUITY RESERVES (continued)**

d) Warrants (continued)

As at August 31, 2021, the following share purchase warrants were outstanding:

Number of Shares issuable under Warrants	Exercise Price	Expiry Date
	\$	
1,410,000	0.20*	November 21, 2022
754,436	0.20	February 19, 2023
3,000,039	0.30	May 29, 2023
5,748,899	0.34	July 23, 2022
398,403	0.26	July 23, 2022
3,476,938	0.90	July 29, 2023
207,838	0.66	July 29, 2023
163,198	0.81	July 29, 2023
<b>15,159,751</b>		

\* The exercise price of these warrants will increase to \$0.25 on November 22, 2021.

As at August 31, 2021, the warrants outstanding have a weighted average outstanding life of 1.38 years.

During the nine months ended August 31, 2021, the Company issued 371,036 (2020 – 1,133,313) finders' warrants in connection with a private placements completed during the period. The Company recorded share issuance costs of \$121,877 (2020 - \$217,745) in connection with the finders' warrants. The fair value of the finders' warrants was estimated as at the date of the grant using the Black-Scholes Option Pricing Model and the following weighted average assumptions:

	2021	2020
Risk free interest rate	0.42%	0.58%
Expected life of warrants	2.00 years	1.76 years
Expected dividend yield	0%	0%
Expected stock price volatility	131%	140%
Exercise price	\$0.73	\$0.26
Stock price	\$0.55	\$0.29
<b>Weighted average fair value per warrants</b>	<b>\$0.33</b>	<b>\$0.19</b>

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**9. SEGMENTED INFORMATION**

The Company currently conducts substantially all of its operations in Canada and Mexico in one business segment being the exploration and development of mineral properties. Geographical information for the Company's significant non-current assets is as follows:

<b>August 31, 2021</b>	<b>Canada</b>	<b>Mexico</b>	<b>Total</b>
	\$	\$	\$
Reclamation deposit	27,500	-	27,500
Equipment	25,484	-	25,484
Exploration advances	-	2,076	2,076
Mineral properties	230,297	-	230,297
	<b>283,281</b>	<b>2,076</b>	<b>285,357</b>

  

<b>November 30, 2020</b>	<b>Canada</b>	<b>Mexico</b>	<b>Total</b>
	\$	\$	\$
Reclamation deposit	27,500	-	27,500
Equipment	6,533	-	6,533
Exploration advances	-	2,125	2,125
Mineral properties	208,178	-	208,178
	<b>242,211</b>	<b>2,125</b>	<b>244,336</b>

**10. COMMITMENTS**

- i. During the nine months ended August 31, 2021, the Company issued flow-through common shares for gross proceeds of \$5,000,000. Expenditures related to the use of flow-through share proceeds are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors. As at August 31, 2021, the Company had \$5,000,000 in unspent flow-through funds. The Company is required to incur these expenditures before December 31, 2021 under the general rule and before December 31, 2022 under the look-back rule.
- ii. During the year ended November 30, 2020, the Company issued flow-through common shares for gross proceeds of \$4,136,214. Expenditures related to the use of flow-through share proceeds are not available as a tax deduction to the Company as the tax benefits of these expenditures are renounced to the investors. As at August 31, 2021, the Company had \$210,718 (November 30, 2020 - \$2,872,528) in unspent flow-through funds. The Company was required to incur these expenditures before December 31, 2020 under the general rule and before December 31, 2021 under the look-back rule. The Government of Canada has announced that it may extend the look-back rule by one year which would mean the Company could have until December 31, 2022 to incur these expenditures.

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**11. SUBSEQUENT EVENTS**

Subsequent to August 31, 2021:

- i. The Company made a cash payment of \$25,000 and issued 500,000 common shares to the optionors in connection with the Buck Agreement (see Note 5).
- ii. The Company issued 75,000 common shares pursuant to the exercise of stock options.