



# SUN SUMMIT

## MINERALS

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Management's Discussion and Analysis  
For the nine months ended August 31, 2023

## **GENERAL**

This Management Discussion and Analysis ("MD&A") provides a detailed analysis of the business of Sun Summit Minerals Corp. ("Sun Summit" or the "Company") for the nine months ended August 31, 2023 (the "Current Period"). This MD&A contains information up to and including October 30, 2023 and should be read in conjunction with the Company's condensed interim consolidated financial statements and related notes for the Current Period, which have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). All amounts are stated in Canadian dollars unless otherwise indicated.

Additional information relevant to the Company's activities is available on SEDAR at [www.sedar.com](http://www.sedar.com) and the Company's web site at [www.sunsummitminerals.com](http://www.sunsummitminerals.com).

## **FORWARD-LOOKING STATEMENTS**

Certain statements contained in this MD&A that are not historical facts may be forward-looking statements and prospective. Such forward-looking statements involve a number of 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 actual future results. Readers are cautioned not to place undue reliance on these forward-looking statements. See also the **Caution Regarding Forward-Looking Statements** at the end of this MD&A.

## **OVERVIEW**

The Company was incorporated on September 27, 2005 under the *Business Corporations Act* of British Columbia. The Company is engaged in the acquisition and exploration of mineral properties, currently active in British Columbia. The Company has no operations from which to derive revenues and relies on its cash, raised through the issuance of common shares, in order to fund its exploration and general and administrative expenses.

During the Current Period, the Company:

- completed a non-brokered private placement whereby it issued 15,715,733 flow-through units (each a "FT Unit") and 9,123,015 non-flow-through units (each a "NFT Unit") for gross proceeds of \$2,889,420. Each FT Unit consisted of one flow-through common share and one common share purchase warrant. Each NFT Unit consisted of one non-flow-through common share and one common share purchase warrant. Each warrant is exercisable to purchase one non-flow-through common share of the Company until May 10, 2025 at a price of \$0.165. In connection with the private placement, the Company paid cash finder's fees of \$160,757 and issued 1,166,857 finder warrants, with each finder warrant exercisable to purchase one non-flow-through common share of the Company until May 10, 2025 at a price of \$0.165. The Company incurred other legal and professional fees of \$45,458 in connection with the private placement.
- incurred \$2,044,029 in exploration and evaluation expenditures on the Buck Property.
- made a cash payment of \$50,000 and issued 1,000,000 common shares in respect of the Buck Property.

- staked 12 mineral claims totalling 9,086 hectares contiguous to its Buck Property on its southern border, increasing the total property area under claim to 42,781 hectares.
- completed the acquisition from Teck Resources Limited of 19 mineral claims totalling 8,964 hectares contiguous to the western border of Buck Property. As consideration, the Company issued 2,272,727 common shares to Teck. Teck retains a 1.0% net smelter returns ("NSR") royalty on the acquired claims, of which one-half may be purchased for \$2,000,000 at any time. There is also a pre-existing 0.5% NSR royalty to the original landowner which can be purchased by the Company for \$10,000,000. Combined, these two properties expands the Company's land position to a total of 55 mineral claims covering 52,000 hectares (520 square kilometres).

The Company's principal asset is the Buck Property in British Columbia, Canada. The Company also continues to identify and evaluate additional prospective properties in British Columbia. The property is discussed further under Exploration and Acquisition Activities below.

The business of mining and exploration involves a high degree of risk. As Sun Summit has no operations and is without revenues, it is entirely reliant on its current cash and upon future financings in order to fund its exploration and administration expenses. The Company's ability to secure future financing necessary to advance its projects, is dependent on numerous factors, many of which are outside of its control, including fluctuations in the Company's share price, investor perceptions and expectations, and global financial and metals markets. While these factors are dynamic and likely to change over time, at present, equity financing for mineral exploration companies is difficult and there can be no assurance that future financing will be available or secured. Furthermore, given the Company's recent share price and the current state of equity markets, such financing, if available, may be very dilutive to the Company's shares and shareholders. As it has in the past, the Company would likely seek additional financing through, but not limited to, the issuance of additional equity.

Title to mining properties involves certain inherent risks as well, including the difficulties of determining the validity of title and the potential for problems arising from numerous transfers of historical mining properties. The Company has diligently investigated the rights of ownership to all of the mineral concessions in which it has an interest and, to the best of its knowledge, such ownership rights are valid and in good standing. However, this should not be construed as a guarantee of title. The concessions may be subject to prior claims, agreements or transfers, claims by indigenous peoples and rights of ownership may be affected by undetected defects.

## **EXPLORATION AND ACQUISITION ACTIVITIES**

The Company has an option to acquire a 100% interest in the Buck Property, subject to a 2.5% NSR royalty in favour of the optionors. The Buck property lies within the western Skeena Arch region of central British Columbia; a region endowed with a variety of past- and present-producing metallic mines, advanced developed prospects and hundreds of mineral occurrences. The primary target developed to-date is an intermediate sulfidation epithermal system with both bulk tonnage disseminated mineralization and high-grade vein zones with gold, silver, and zinc mineralization. The property is located about 10 kilometres south of the town of Houston in north-central British Columbia.

In addition, the Company also acquired 100% interest in 19 additional mineral claims from Teck totalling 8,964 hectares, subject to a 1.0% NSR royalty on these claims, of which one-half may be purchased for \$2,000,000 at any time. There is also a pre-existing 0.5% NSR royalty to the original landowner which can be purchased by the Company for \$10,000,000.

The Buck Property highlights include:

- large hydrothermal system identified at the Buck Main zone, with intensely altered breccia bodies, and drill-indicated mineralization open in all directions;
- the Buck Main zone is considered to be part of the Late Cretaceous Kasalka Group; potentially similar to some major bulk tonnage gold deposits in B.C., such as Artemis Gold's Blackwater Gold Project;
- close proximity to several former operating mines: Equity Silver (Goldcorp), Endako (Centerra Gold Inc.) and Huckleberry (Imperial Metals Corporation) - mineralization hosted on those properties is not necessarily indicative of mineralization hosted at the Buck Property;
- excellent exploration potential for possible new discoveries at multiple untested targets including structurally controlled gold/silver/zinc mineralization; additional mineralized breccia bodies, and a drill-ready porphyry copper-molybdenum mineralized zone at the CR prospect;
- road accessible with excellent infrastructure, including access to electrical and gas utilities, highways and major airports; and
- large land package totalling approximately 52,000 hectares.

Exploration on the Buck Property to date includes:

- 15 diamond drill holes totalling 5,998 metres were completed on Buck Main in 2020 intersecting wide zones of continuous gold mineralization and multiple discrete zones of high-grade gold mineralization;
- 50 diamond drill holes totalling 17,464 metres were completed in 2021 on Buck Main confirming the continuity of mineralization and discovering new zones of mineralization;
- 19 diamond drill holes totalling 7,149 metres were completed in 2022 on Buck Main discovering new zones of near-surface mineralization and outlining the strong expansion potential of the system;
- 9 diamond drill holes totalling 2,016 metres were completed in Q1 2023 at two previously untested target areas to the south of Buck Main (Irk and Eagle Eye zones);

- 13 diamond drill holes totalling 3,738 metres were completed in Q3 2023 on Buck Main indicating strong expansion potential laterally and at depth; and
- 68 historic drill holes were drilled prior to Sun Summit optioning the property, with most intersecting gold/silver/zinc mineralization.

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 (incurred) and make cash payments totalling \$300,000 and issue 4,000,000 common shares of the Company on or before October 9, 2024. As at August 31, 2023, the Company had made cash payments of \$100,000 to the optionors and issued 1,900,000 common shares to the optionors pursuant to the option agreement.

On the exercise of the option, the optionors will be granted a 2.5% NSR royalty on the Buck Property, which can be reduced to a 1.5% NSR royalty with the payment of \$2,500,000 to the optionors prior to the first anniversary of the commencement of commercial production. Following the exercise of the option, an additional 4,000,000 common shares must also be issued to the optionors upon the earlier of the completion of a bankable feasibility study or October 9, 2027.

## **SELECTED FINANCIAL INFORMATION**

The following table sets out selected quarterly financial information derived from the Company's unaudited interim condensed consolidated financial statements for each of the eight quarters ended on the dates indicated below. The data should be read in conjunction with the Company's condensed interim consolidated financial statements for the Current Period and the notes thereto.

Period	Revenue	Net Loss	Basic and Diluted Loss per share
	\$	\$	\$
3 <sup>rd</sup> quarter ended August 31, 2023	Nil	1,022,415	0.01
2 <sup>nd</sup> quarter ended May 31, 2023	Nil	1,008,336	0.01
1 <sup>st</sup> quarter ended February 28, 2023	Nil	586,411	0.01
4 <sup>th</sup> quarter ended November 30, 2022	Nil	2,004,568	0.03
3 <sup>rd</sup> quarter ended August 31, 2022	Nil	675,453	0.01
2 <sup>nd</sup> quarter ended May 31, 2022	Nil	1,588,572	0.02
1 <sup>st</sup> quarter ended February 28, 2022	Nil	531,088	0.01
4 <sup>th</sup> quarter ended November 30, 2021	Nil	3,583,864	0.06

The Company's quarterly and annual results vary primarily in accordance with its exploration activities.

## **RESULTS OF OPERATIONS**

The Company currently has no properties in production and, consequently, has no operating income or cash inflows with the exception of investment and other income. All expenses directly related to the acquisition of the Company's mineral properties have been capitalized as mineral properties. All other costs relating to exploration, evaluation and property maintenance are expensed as incurred.

**OPERATIONS DURING THE NINE MONTHS ENDED AUGUST 31, 2023  
COMPARED TO THE NINE MONTHS ENDED AUGUST 31, 2022**

The Company incurred a loss of \$2,617,162 during the Current Period compared to a loss of \$2,795,113 during the nine months ended August 31, 2022 (the "Comparative Period"), resulting in a decrease in net loss of \$177,951.

Some of the significant changes are as follows:

- Exploration and evaluation: \$2,044,029 (2022 - \$2,769,024) – The decrease in the exploration and evaluation expenses during the Current Period relate to the Company focusing on strategic targets in British Columbia and on the Buck Property.
- Gain on sale of subsidiary: \$Nil (2022 - \$505,663) – During the Comparative Period, the Company recorded a gain on the sale of its former subsidiary, SMN Mexico, resulting from the fair value of the consideration received and the net liability position of SMN Mexico at the date of sale.
- Recovery of flow-through premium: \$355,709 (2022 - \$568,473) – The decrease in recovery of flow-through premium corresponds to the decreased level of exploration and evaluation expenditures incurred during the Current Period.
- Share-based payments: \$19,207 (2022 - \$170,734) – The decrease in share-based payments reflects the decrease in the number of stock options granted and vested during the Current Period compared to the Comparative Period.

Other costs incurred for the Company's operations during the Current Period remained relatively consistent with those incurred during the Comparative Period.

**OPERATIONS DURING THE THREE MONTHS ENDED AUGUST 31, 2023  
COMPARED TO THE THREE MONTHS ENDED AUGUST 31, 2022**

The Company incurred a loss of \$1,022,415 during the three months ended August 31, 2023 ("Current Quarter") compared to a loss of \$675,453 during the three months ended August 31, 2022 (the "Comparative Quarter"), resulting in an increase in net loss of \$346,962.

Some of the significant changes are as follows:

- Exploration and evaluation: \$855,882 (2022 - \$309,883) – The increase in the exploration and evaluation expenses during the Current Quarter relate to the Company focusing on strategic targets in British Columbia and on the Buck Property.
- Recovery of flow-through premium: \$145,109 (2022 - \$309,738) – The increase in recovery of flow-through premium corresponds to the increased level of exploration and evaluation expenditures incurred during the Current Quarter.
- Share-based payments: \$Nil (2022 - \$170,734) – The decrease in share-based payments reflects the decrease in the number of stock options granted and vested during the Current Quarter compared to the Comparative Quarter.

Other costs incurred for the Company's operations during the Current Quarter remained relatively consistent with those incurred during the Comparative Quarter

## **LIQUIDITY AND CAPITAL RESOURCES**

At August 31, 2023 and November 30, 2022, the Company's liquidity and capital resources were as follows:

	<u>August 31, 2023</u>	<u>November 30, 2022</u>
	\$	\$
Cash and receivables	1,551,264	2,226,158
Accounts payable	(18,403)	(39,615)
Working capital	2,007,522	1,839,695

As at August 31 2023, the Company had \$1,402,233 (November 30, 2022 - \$2,123,647) in cash and cash equivalents. The Company's plan is to continue to conserve its cash resources (other than cash allocated to flow-through expenditures) while focusing on further evaluating the current project portfolio.

During the Current Period, a total of \$2,044,029 was spent on exploration and evaluation activities (2022 - \$2,769,024).

## **OFF BALANCE SHEET ARRANGEMENTS**

The Company has no off balance sheet arrangements.

## **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 Executive Chairman, the President, and the former Chief Executive Officer for the nine months ended August 31, 2023 and 2022 was as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
Management fees	-	90,900
Salaries and wages	93,750	93,750
Share based payments	16,750	126,195
<b>Total</b>	<b>110,500</b>	<b>310,845</b>

### **Transactions with other related parties**

Some 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, 2023 and 2022 with these related parties as follows:

	<b>2023</b>	<b>2022</b>
	\$	\$
Accounting fees	57,250	64,350
Legal fees	49,859	64,785
Share issuance costs	47,632	46,245
<b>Total</b>	<b>154,741</b>	<b>175,380</b>

At August 31, 2023, there was \$2,900 (November 30, 2022: \$10,539) included in accounts payable and accrued liabilities that was owing to related parties for accounting and legal fees.

## **FINANCIAL INSTRUMENTS RISK EXPOSURE AND MANAGEMENT**

As at August 31, 2023, the carrying values of the reclamation deposit and accounts payable approximate their fair values due to the short-term nature of these instruments. Cash and marketable securities are measured at fair value.

## **RISKS AND UNCERTAINTIES**

The principal business of the Company is the acquisition and exploration of mineral properties.

An investment in securities of the Company involves a high degree of risk and must be considered highly speculative due to the nature of the Company's business and the present stage of exploration and development of its mineral properties. In addition to information set out or incorporated by reference in this MD&A, prospective investors should carefully consider the risk factors set out below. Readers are encouraged to thoroughly review the risks factors detailed in the Company's annual MD&A for fiscal 2021. Any one of such risk factors could materially affect the Company's financial condition and future operating results and could cause actual events to differ materially from those described in forward looking statements relating to the Company. Risks and uncertainties of importance to Sun Summit and its operation include (but are not limited to) those related to:

- exploration
- operating in a foreign jurisdiction
- title to its properties
- the requirement for additional and ongoing funding
- global economic conditions
- its reliance on independent contractors
- the market price of the Company's shares and volatility thereof
- dilution of the Company's share capital
- future sales of shares by existing shareholders
- future profits or losses
- currency fluctuations
- competition
- loss of key employees
- conflicts of interest
- labour and employment matters
- acquisitions and integration
- environmental regulations
- factors beyond the Company's control
- litigation and tax
- operating hazards
- infrastructure
- no history of dividends

## **ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

The consolidated financial statements have been prepared on a historical cost basis except for certain financial instruments classified as financial instruments at fair value through profit and loss, which are stated at fair value. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information. All dollar amounts presented are in Canadian dollars unless otherwise specified.

### **Exploration and evaluation expenditures**

Costs directly related to the acquisition of mineral properties are capitalized. Option payments are considered acquisition costs if the Company has the intention of exercising the underlying option.

Exploration, evaluation and property maintenance costs incurred on sites without an existing mine and on areas outside the boundary of a known mineral deposit which contains proven and probable reserves are expensed as incurred up to the date of establishing that property costs are economically recoverable and that the project is technically feasible.

If no economically viable ore body is discovered, previously capitalized acquisition costs are expensed in the period that the property is determined to be uneconomical or abandoned.

### **Significant accounting estimates and judgments**

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

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

### **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 Current Period, the Company was not required to, and did not adopt any new standards, interpretations, amendments and improvements which had a material impact on the Company's condensed interim consolidated financial statements.

The Company 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.

**CAPITAL MANAGEMENT**

The objective when managing capital is to safeguard the Company's ability to continue as a going concern, so that it can continue to provide adequate returns to shareholders, benefits to other stakeholders and to have sufficient funds on hand to meet the Company's exploration plans to ensure the on-going growth of the business.

The Company considers the items in the shareholders' equity as capital. The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of its underlying assets. In order to maintain or adjust capital structure, the Company may issue new shares through private placements, sell assets, incur debt, or return capital to shareholders. The Company is not subject to externally imposed capital requirements.

**DISCLOSURE OF OUTSTANDING SHARE DATA**

Authorized share capital consists of an unlimited number of common shares without par value. As at the date of this MD&A, the Company had 105,601,688 common shares issued and outstanding and options and warrants outstanding to purchase common shares as follows:

<b>Number of Shares issuable under Options</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	\$	
1,175,000	0.18 to 0.57	March 24, 2024
470,000	0.18	February 6, 2025
175,000	0.30	June 1, 2025
150,000	0.30	June 15, 2025
150,000	0.31	August 4, 2025
975,000	0.43	January 13, 2026
1,400,000	0.57	November 10, 2026
950,000	0.25	July 11, 2027
200,000	0.18	November 3, 2027
150,000	0.16	November 30, 2027
<b>5,795,000</b>		

<b>Number of Shares issuable under Warrants</b>	<b>Exercise Price</b>	<b>Expiry Date</b>
	\$	
6,274,497	0.70	March 25, 2024
26,005,605	0.165	May 10, 2025
<b>32,280,102</b>		

## **EFFECTIVENESS OF DISCLOSURE CONTROLS**

The Company has internal controls over financial reporting to provide reasonable assurance as to the reliability of financial reporting and the preparation of financial statements prepared for external purposes are in accordance with IFRS. There is an inability to totally segregate duties due to the small size of the Company, but management believes these weaknesses have been mitigated through management and directors' involvement.

## **FUTURE PLANS AND OUTLOOK**

### **Exploration**

The Company's primary focus will be continuing exploration on the Buck Property. Several drill programs have been completed by Sun Summit since the property was optioned:

- 15 diamond drill holes totalling 5,998 metres were completed in 2020;
- 50 diamond drill holes totalling 17,464 metres were completed in 2021;
- 19 diamond drill holes totalling 7,149 metres were completed in 2022;
- 22 diamond drill holes totalling 5,754 metres were completed in 2023.

Multiple underexplored targets are also present on the Buck Property which the Company plans to continue to explore and advance to the drill-ready stage.

Sun Summit's management and Board of Directors strongly believe that the Company's Buck Property provides significant opportunity for increasing shareholder value.

### **Corporate**

Based on planned additional equity financing, the Company expects to have sufficient financial resources to meet its administrative overhead expenses for the next 12 months. The Company bases its decisions regarding where to direct its exploration expenditures on a number of factors including the priority of targets, the type of exploration program required to add meaningful technical understanding, and the level of financial resources available to it and is therefore able to increase or decrease these expenditures as necessary depending on its level of funding. Nonetheless, as the Company has no revenues or sources of income at this time, it will be reliant on future financing to meet its ongoing working capital and exploration expenses.

While Sun Summit has been successful in raising capital in the past, there can be no assurance that additional capital will be available to it in the future. Such financing, if available, it may be very dilutive to the Company's shares and shareholders. As it has in the past, the Company would likely continue to seek additional financing through, but not limited to, the issuance of additional equity.

## **CAUTION REGARDING FORWARD-LOOKING STATEMENTS**

Statements contained in this document that are not historical facts may be forward-looking statements and prospective. These statements appear in a number of different places in this MD&A and can be identified by words such as "estimates", "projects", "expects", "intends", "continues", "plans", "may", "will", "could" or their negatives or other comparable words.

Forward-looking statements include statements regarding the outlook for our future operations, plans and timing for the commencement or advancement of exploration activities on our properties, statements about

future market conditions, forecasts of future costs and expenditures, the outcome of any legal proceedings, and other expectations, intention and plans that are not historical fact. Forward-looking statements are based on certain factors and assumptions including expected economic conditions, precious metal prices, results of operations, performance, and business prospects and opportunities.

The Company considers the factors and assumptions on which these forward-looking statements are based to be reasonable at the time they were prepared but cautions readers that these assumptions may ultimately prove to be incorrect. Forward-looking statements by their nature necessarily involve risks, uncertainties and other factors including, without limitation, the risk that precious metal prices fluctuations could adversely affect the Company, that the Company's exploration activities may not result in profitable commercial mining operations, that competition in the precious metal industry could adversely affect the Company, that failure to obtain additional financing on a timely basis could cause the Company to reduce its interest in its properties, that compliance with and changes to environmental and other regulatory laws could adversely affect the Company, as well as other unanticipated and unusual events. These and other factors could cause actual results to differ materially from future results expressed or implied by such forward-looking statements. Consequently, all forward-looking statements made in this MD&A are qualified by this cautionary statement and there can be no assurance that actual results or developments anticipated by the Company will be realized.

For the reasons set forth above, investors should not place undue reliance on forward-looking statements. Except as required by applicable securities laws (and the Company's disclosure policy), the Company disclaims any intention or obligation to update or revise any forward looking statements whether as a result of new information, future events or otherwise.

#### **NATIONAL INSTRUMENT 43-101 DISCLOSURE**

The technical information contained in this document has been verified, and the disclosure of such technical information has been approved, by Sun Summit's Vice-President of Exploration, Ken MacDonald, P. Geo. a "Qualified Person" as defined in National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators.

All technical information for the Company's exploration programs is obtained and reported under a formal quality assurance and quality control (QA/QC) program. Sun Summit's sample collection, integrity, and quality control and assurance procedures are in line with industry best practices.

#### **ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE**

Additional disclosure concerning Sun Summit's operating expenses and exploration costs is provided in the Company's condensed interim consolidated statements of net and comprehensive loss and in Note 5 of the condensed interim consolidated financial statements and related notes for the nine months ended August 31, 2023 available on Sun Summit's website at [www.sunsummitminerals.com](http://www.sunsummitminerals.com) or under its profile on SEDAR accessed through [www.sedar.com](http://www.sedar.com).

#### **APPROVAL**

The Audit Committee of the Company has approved the disclosure contained in this MD&A.