

FORM 51-102F3
MATERIAL CHANGE REPORT

Item 1 Name and Address of Company

Sherpa II Holdings Corp. (the “**Company**” or “**Sherpa**”)
918-1030 West Georgia Street
Vancouver, British Columbia
V6E 2Y3

Item 2 Date of Material Change

December 18, 2020

Item 3 News Release

A news release (the “**News Release**”) with respect to the material change referred to in this report was disseminated by the Company on December 18, 2020 through Cision and was subsequently filed on SEDAR.

Item 4 Summary of Material Change

On December 18, 2020, the Company announced that it had completed its Qualifying Transaction which was previously announced with a news releases dated August 18, 2020, September 16, 2020 and September 24, 2020 and the filing statement of the Company dated December 15, 2020.

Item 5 Full Description of Material Change

Sherpa II Holdings Corp. is pleased to announce that it has completed its previously announced Qualifying Transaction, as such term is defined under the TSX Venture Exchange (the “**Exchange**”) Policy 2.4 – *Capital Pool Companies* (the “**CPC Policy**”), comprised of the acquisition of an 80% undivided interest in eight mineral claims (the “**Bakar Claims**”) located in northwestern Vancouver Island, British Columbia and a 100% undivided interest in all technical data relating to the Bakar Claims (the “**Transaction**”). As consideration for the Transaction, the Company (a) paid \$50,000 in cash, and (b) issued 1,000,000 common shares of the Company, such shares being subject to a hold period of four months and one day, expiring on April 19, 2021. In connection with the Transaction, the Company entered into an unincorporated joint venture with the vendor of the Bakar Claims with respect to their respective joint ownership of the Bakar Claims and the Company assumed a royalty equal to 2.0% of the net smelter returns in respect of the Bakar Claims. For additional information about the Transaction, please see the Company’s news releases dated August 18, 2020, September 16, 2020 and September 24, 2020 and the filing statement of the Company dated December 15, 2020 (the “**Filing Statement**”), which are available at www.sedar.com.

Trading in the common shares of the Company (the “**Common Shares**”) is expected to resume on the Exchange under the symbol “SHRP” on or around December 29, 2020, following the issuance by the Exchange of its final bulletin in respect of the Transaction.

Concurrent with the completion of the Transaction, the Company issued (a) 1,250,000 Common Shares (the “**Hard Dollar Shares**”) at a price of \$0.08 per share for aggregate gross proceeds of \$100,000, and (b) 2,000,000 Common Shares (the “**Flow-Through Shares**”) as “flow-through shares” as such term is defined in subsection 66(15) of the *Income Tax Act* (Canada) at a price of \$0.10 per share for aggregate gross proceeds of \$200,000 (the “**Private Placement**”). The Hard Dollar Shares and the Flow-Through Shares are subject to a hold period of four months and one day, expiring on April 19, 2021.

The net proceeds from the sale of the Hard Dollar Shares will be used for exploration and related expenditures respecting the Bakar Claims and working capital purposes. The gross proceeds from the issuance of the Flow-Through Shares will be used for “Canadian exploration expenses” and will qualify as “flow-through mining expenditures” (the “**Qualifying Expenditures**”), as those terms are defined in the *Income Tax Act* (Canada), which will be renounced to the initial purchasers of the Flow-Through Shares with an effective date no later than December 31, 2020 in an aggregate amount not less than the gross proceeds raised from the issue of the Flow-Through Shares, and, if the Qualifying Expenditures are reduced by the Canada Revenue Agency, the Company will indemnify each initial purchaser of Flow-Through Shares for any additional taxes payable by such subscriber as a result of the Company’s failure to renounce the Qualifying Expenditures as agreed.

Certain insiders of the Company acquired Flow-Through Shares and Hard Dollar Shares pursuant to the Private Placement and as such the Private Placement is considered a related party transaction within the meaning of Exchange Policy 5.9 and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions* (“**MI 61-101**”). Neither the Company, nor to the knowledge of the Company after reasonable inquiry, a related party, has knowledge of any material information concerning the Company or its securities that has not been generally disclosed. The Company has relied on exemptions from the formal valuation and minority approval requirements of sections 5.5(a) and 5.7(1)(a) of MI 61-101 in respect of such insider participation, based on a determination that the fair market value of the participation in the Private Placement by insiders will not exceed 25% of the market capitalization of the Company, as determined in accordance with MI 61-101. The Company did not file a material change report more than 21 days before the expected closing of the Private Placement because the details of the participation therein by related parties of the Company were not settled until shortly prior to closing of the Private Placement and the parties wished to close on an expedited basis for business reasons.

Escrowed Securities

In connection with the Company’s initial public offering and sidecar private placement completed on September 20, 2018, 3,050,000 Common Shares beneficially owned by insiders of Sherpa, non-arm’s length parties and pro group members are held in escrow pursuant to a CPC escrow agreement (the “**CPC Escrow Agreement**”) on the terms fully disclosed in the Filing Statement.

In connection with the completion of the Transaction, an additional 30,000 Common Shares held by Galen McNamara, a new Director of the Company, will be held in escrow pursuant to the additional value escrow agreement among Sherpa, its escrowed shareholders and Computershare Trust Company of Canada, as the escrow agent (the “**Value Escrow Agreement**”). The aggregate of 3,080,000 Common Shares subject to escrow under the CPC Escrow Agreement and the Value Escrow Agreement shall be released from escrow as follows: 10% of such escrowed shares will be released immediately upon the issuance of the Exchange bulletin evidencing final acceptance of the Transaction, with the balance to be released in six equal tranches of 15% every six months thereafter.

Board of Directors and Management

Following the completion of the Transaction, the board of directors of the Company will consist of Thomas O’Neill, Emily Davis, Robert Scott and Galen McNamara. Thomas O’Neill will serve as the Company’s Chief Executive Officer, Carson Halliday will serve as the Company’s Chief Financial Officer and Maria Wells will serve as the Company’s Corporate Secretary.

Grant of Stock Options

The Company has granted options to acquire a total of 159,525 Common Shares to officers and directors of the Company with an exercise price of \$0.10 per share, expiring on September 20, 2023.

Early Warning Disclosure

In connection with the Private Placement, Thomas O'Neill, of Vancouver, British Columbia (the "**Acquiror**") acquired ownership, control or direction over 250,000 Flow-Through Shares and 125,000 Hard Dollar Shares, requiring disclosure pursuant to the early warning requirements of applicable securities laws. The Acquiror also received 53,175 stock options on closing of the Transaction.

Prior to the completion of the Private Placement, the Acquiror beneficially owned an aggregate of 1,140,000 Common Shares and 159,525 stock options, representing approximately 10.7% of the issued and outstanding Common Shares on a non-diluted basis and approximately 19.7% on a partially-diluted basis. On closing of the Private Placement, the Acquiror owns or controls an aggregate of 1,515,000 Common Shares and 212,700 stock options, representing approximately 14.3% of the issued and outstanding Common Shares on a non-diluted basis and approximately 15.9% on a partially-diluted basis.

The Acquiror intends to evaluate his investment in the Company and to increase or decrease his beneficial shareholdings from time to time, as he may determine appropriate for investment purposes.

The Acquiror will be filing an early warning report with additional information in respect of the foregoing matters under the Company's SEDAR profile at www.sedar.com. A copy of the early warning report may also be obtained by contacting the Acquiror at (604) 484-4170.

About the Company

Sherpa II Holdings Corp. is a Canadian junior mineral exploration company with an 80% undivided interest in the Bakar Claims located in northwestern Vancouver Island, British Columbia and a 100% undivided interest in all technical data relating to the Bakar Claims.

NEITHER THE TSX VENTURE EXCHANGE NOR ITS REGULATION SERVICES PROVIDER (AS THAT TERM IS DEFINED IN POLICIES OF THE TSX VENTURE EXCHANGE) ACCEPTS RESPONSIBILITY FOR THE ADEQUACY OR ACCURACY OF THIS RELEASE.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This news release contains certain forward-looking statements, including statements about the Company's future plans and intentions. Wherever possible, words such as "may", "will", "should", "could", "expect", "plan", "intend", "anticipate", "believe", "estimate", "predict" or "potential" or the negative or other variations of these words, or similar words or phrases, have been used to identify these forward-looking statements. These statements reflect management's current beliefs and are based on information currently available to management as at the date hereof.

Forward-looking statements involve significant risk, uncertainties and assumptions. Many factors could cause actual results, performance or achievements to differ materially from the results discussed or implied in the forward-looking statements. These factors should be considered carefully and readers should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this news release are based upon what management believes to be reasonable assumptions, the Company cannot assure readers that actual results will be consistent with these forward-looking statements.

These forward-looking statements are made as of the date of this news release, and the Company assumes no obligation to update or revise them to reflect new events or circumstances, except as required by law.

Item 6 Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7 Omitted Information

Not applicable.

Item 8 Executive Officer

For further information contact Thomas O'Neill, Chief Executive Officer at (604) 484-4170.

Item 9 Date of Report

DATED as of this 29th day of December 2020.