

SHERPA II HOLDINGS CORP.

FILING STATEMENT

In respect of the Qualifying Transaction pursuant to Policy 2.4 of the TSX Venture Exchange involving the acquisition by Sherpa II Holdings Corp. of an 80% interest in the Bakar Claims

Dated as of December 15, 2020

Neither the TSX Venture Exchange Inc. nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement.

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ACKNOWLEDGEMENT OF PERSONAL INFORMATION

CERTIFICATE OF SHERPA II HOLDINGS CORP.

GLOSSARY OF TERMS

Unless the context otherwise provides, the following terms used in this Filing Statement shall have the meanings ascribed to them as set forth below:

“**Affiliate**” means a Company that is affiliated with another Company as described below:

A Company is an “Affiliate” of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is “controlled” by a Person if:

- (a) voting securities of Sherpa are held, other than by way of security only, by or for the benefit of that Person, and
- (b) the voting securities, if voted, entitle the Person to elect a majority of the directors of Sherpa.

A Person beneficially owns securities that are beneficially owned by:

- (a) a Company controlled by that Person, or
- (b) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

“**Associate**” when used to indicate a relationship with a Person or Company, means:

- (a) an issuer of which the Person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the Person or Company,
- (c) any trust or estate in which the Person or Company has a substantial beneficial interest or in respect of which a Person or Company serves as trustee or in a similar capacity,
- (d) in the case of a Person, a relative of that Person, including
 - i. that Person’s spouse or child, or
 - ii. any relative of the Person or of his spouse who has the same residence as that Person; but
- (e) where the Exchange determines that two Persons shall, or shall not, be deemed to be Associates with respect to a Member firm, Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D.1.00 of the TSX Venture Exchange Rule Book and Policies with respect to that Member firm, Member corporation or holding company;

“**Bakar Claims**” means the eight mineral claims located in northwestern Vancouver Island, British Columbia, of which an 80% undivided interest will be purchased by Sherpa pursuant to the Purchase Agreement;

“**Bakar Claims Data**” means all data related to the Bakar Claims in the possession of, or under the control of, the Vendor, including all digital data and paper form of information related to the Bakar Claims and not limited to but including maps, surveys, section drawings, plots, assays, drilling results, geophysical, geological, geochemical, geotechnical, metallurgical, underground workings information, mining records and for greater certainty any and all

information related to the Bakar Claims in the possession or under the control of the Vendor, including all historical maps, sections, drawings surface or underground, assays, drill results and any recent exploration results including geophysical, geochemical and geological information;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), including the regulations promulgated thereunder, as amended;

“**Board**” means the board of directors of Sherpa or the Resulting Issuer, as the context requires;

“**CEO**” means Chief Executive Officer;

“**CFO**” means Chief Financial Officer;

“**Closing**” means the date of completion of the Transaction;

“**Common Shares**” means the common shares in the capital of Sherpa;

“**Company**”, unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

“**Control Person**” means any Person or Company that holds or is one of a combination of Persons or Companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

“**CPC**” means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada,
- (b) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the CPC Policy, and
- (c) in regard to which the completion of a Qualifying Transaction has not yet occurred;

“**CPC Escrow Agreement**” means the Form 2F – *CPC Escrow Agreement* dated August 23, 2018, as subsequently amended January 20, 2020 and December 15, 2020, among Sherpa, Computershare Investor Services Inc. and certain Sherpa Shareholders;

“**CPC Escrow Shares**” means the 3,050,000 Common Shares currently held in escrow under the terms of the CPC Escrow Agreement pursuant to the policies of the TSXV;

“**CPC Policy**” means Exchange Policy 2.4 – *Capital Pool Companies*;

“**CSE**” means the Canadian Securities Exchange;

“**Deposit**” has the meaning ascribed thereto on page viii hereof;

“**Development**” means all preparation for the extraction of minerals and recovery of Mineral Products including the construction or installation of a mill, metallurgical processing plant, or any other improvements to be used for a Mining Operation;

“**Exchange**” or “**TSXV**” means the TSX Venture Exchange;

“**Exchange Policy**” means the respective policies of the TSXV;

“**Exploration**” means any activities directed toward ascertaining the existence, location, quantity, quality or commercial value of deposits of Mineral Products;

“**Filing Statement**” means this filing statement of Sherpa;

“**Filing Statement Date**” means the date of this Filing Statement, being December 15, 2020;

“**Final Exchange Bulletin**” means the Exchange bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation and that evidences the final Exchange acceptance of the Qualifying Transaction;

“**Flow-Through Common Share**” means a Common Share issued on a “flow-through” basis, as such term is defined in subsection 66(15) of the ITA;

“**IFRS**” means International Financial Reporting Standards;

“**Initial Listing Requirements**” has the meaning ascribed to such term in Exchange Policy 2.1 – *Initial Listing Requirements*;

“**Insider**” if used in relation to an issuer, means:

- (a) a director or senior officer of the issuer,
- (b) a director or senior officer of a company that is an Insider or subsidiary of the issuer,
- (c) a Person that beneficially owns or controls, directly or indirectly, voting shares carrying more than 10% of the voting rights attached to all outstanding voting shares of the issuer, or
- (d) the issuer itself if it holds any of its own securities;

“**ITA**” means the *Income Tax Act* (Canada);

“**Joint Venture Agreement**” means the joint venture agreement to be entered into between Sherpa and the Vendor with respect to their respective interests in and to the Bakar Claims from and after Closing;

“**Member**” has the meaning in Rule A 1.00 of the TSXV Rule Book and Policies;

“**Mineral Product**” means all ores and concentrates or metals derived from them, containing precious, base and industrial minerals (including gems and uranium) which are found in, on or under the Bakar Claims and may lawfully be explored for, mined and sold under the Mineral Rights and other instruments of title under which the Bakar Claims are held;

“**Mineral Rights**” means:

- (i) a permit, claim, license, lease, concession, tenement or other form of title or tenure; and
- (ii) any other right (including the right to work upon lands),

whether contractual, statutory or otherwise which:

- (iii) is granted, conferred or recognized under applicable law in the Province of British Columbia; and

which, among other things, allows or permits a Person to explore for, mine, extract, sell or otherwise dispose of, minerals;

“**Mining Operation**” means an operation (of which a mine forms part) directed to the mining of ore, and the treatment of ore to produce Mineral Products in a form in which it may be sold;

“**NI 43-101**” means National Instrument 43-101 – *Standards of Disclosure for Mineral Projects*;

“**Non-Arm’s Length Party**” means: (a) in relation to a Company, a Promoter, officer, director, other Insider or Control Person of that Company and any Associates or Affiliates of any such Persons; and (b) in relation to an individual, means any Associate of the individual or any Company of which the individual is a Promoter, officer, director, Insider or Control Person;

“**Non-Arm’s Length Qualifying Transaction**” means a Qualifying Transaction where the same party or parties or their respective Associates or Affiliates control the CPC and the Significant Assets which are to be the subject of the Qualifying Transaction;

“**Option Plan**” means the incentive stock option plan of Sherpa;

“**Options**” means options to purchase Common Shares pursuant to the Option Plan;

“**Person**” means a Company or an individual;

“**Principal**” has the meaning ascribed thereto in the Exchange Policies;

“**Private Placement**” means the non-brokered private placement of 1,250,000 Common Shares and 2,000,000 Flow-Through Common Shares for aggregate gross proceeds of \$300,000;

“**Promoter**” means (a) a person or company who, acting alone or in conjunction with one or more other persons, companies or a combination thereof, directly or indirectly, takes the initiative in funding, organizing or substantially reorganizing the business of an issuer; or (b) a person or company who, in connection with the founding, organizing or substantial reorganizing of the business of an issuer, directly or indirectly, receives in consideration of services or property, or both services and property, 10% or more of any class of securities of the issuer or 10% or more of the proceeds from the sale of any class of securities of a particular issuer, but a person or company who receives such securities or proceeds either solely as underwriting commissions or solely in consideration of property shall not be deemed a Promoter within the meaning of this definition if such person or company does not otherwise take part in founding, organizing or substantially reorganizing the business;

“**Property Interest**” means an undivided 80% interest in the Bakar Claims and a 100% undivided legal and beneficial interest in the Bakar Claims Data to be purchased by Sherpa from the Vendor pursuant to the Purchase Agreement;

“**Purchase Agreement**” means the purchase agreement between Sherpa and the Vendor dated August 17, 2020 providing for the terms of the Transaction;

“**Qualifying Transaction**” means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, acquisition, merger or arrangement with another company or by other means;

“**Required Expenditures**” has the meaning ascribed thereto on page viii hereof;

“**Resulting Issuer**” means Sherpa II Holdings Corp., as it exists upon issuance of the Final Exchange Bulletin;

“**Resulting Issuer Options**” means the options of the Resulting Issuer expected to be outstanding under the Option Plan immediately following Closing;

“**Resulting Issuer Shares**” means common shares in the capital of the Resulting Issuer, after the Closing;

“**Royalty Agreement**” means the royalty agreement dated July 12, 2019 between the Vendor (under its former name, MK2 Ventures Ltd.) and the Royalty Holder providing for a royalty equal to 2% of the net smelter returns in respect of one of the claims comprising the Bakar Claims (1064067 covering 1352.25 hectares);

“**Royalty Holder**” means Longford Capital Corp.;

“**Sherpa**” means Sherpa II Holdings Corp., a company incorporated under the BCBCA;

“**Sherpa IPO**” means the initial public offering of Sherpa, completed by way of CPC prospectus on September 20, 2018, pursuant to which 2,881,000 Common Shares were sold at a price of \$0.10 per Common Share for gross proceeds of \$288,100;

“**Sherpa Shareholders**” means the holders of Common Shares;

“**Sidecar**” means the non-brokered private placement of Sherpa pursuant to which 1,500,000 Common Shares were sold at a price of \$0.10 per Common Share for gross proceeds of \$150,000;

“**Significant Assets**” means one or more assets or businesses which, when purchased, optioned or otherwise acquired by the CPC, together with any other concurrent transactions, would result in the CPC meeting the initial listing requirements of the Exchange;

“**Sponsor**” has the meaning specified in the Sponsorship Policy;

“**Sponsorship Policy**” means Exchange Policy 2.2 – *Sponsorship and Sponsorship Requirements*;

“**Technical Report**” means the NI 43-101 technical report with respect to the Bakar Claims dated effective October 6, 2020 and entitled “NI 43-101 Technical Report on the Bakar Property, Northern Vancouver Island, British Columbia, Canada”, prepared for Sherpa by Luke van der Meer, B.Sc. P.Geo.;

“**Transaction**” means the transaction pursuant to which Sherpa will acquire the Property Interest, in exchange for (a) \$50,000, and (b) 1,000,000 Common Shares in accordance with the terms and conditions of the Purchase Agreement and as more particularly described in this Filing Statement, and which will constitute Sherpa’s Qualifying Transaction;

“**Transfer Agent**” means Computershare Investor Services Inc., the transfer agent and registrar of Sherpa, or its successors from time to time; and

“**Vendor**” means District Metals Corp., a company incorporated under the BCBCA and the owner of the Bakar Claims.

Words importing the singular number include the plural and vice versa, and words importing any gender include all genders.

CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

This Filing Statement contains forward-looking statements concerning the business, operations and financial performance and condition of Sherpa and the Resulting Issuer, as applicable. All statements other than statements of historical fact contained in this Filing Statement are forward-looking statements, including, without limitation, statements regarding the future financial position, business strategy, proposed acquisitions, budgets, litigation, projected costs and plans and objectives of or involving Sherpa or the Resulting Issuer; exploration expenditures and other expenses for specific exploration and development; and the completion, timing and expected effects of the Transaction and the Private Placement. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “believes”, “expects”, “will”, “intends”, “projects”, “anticipates”, “estimates”, “forecasts”, “budgets”, “continuous” or similar words or the negative thereof.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking statements. The forward-looking statements in this Filing Statement reflect the current expectations, assumptions or beliefs of Sherpa based on information currently available to it and on management’s experience and expertise. Examples of such statements include: (a) the intention to complete the Transaction; (b) the description of the Resulting Issuer that assumes completion of the Transaction; and (c) the intention to grow the business and operations of the Resulting Issuer. Many factors could cause the actual results, performance or achievements to be materially different from any future results, performance or achievements that may be expressed or implied by such forward-looking statements, including, without limitation, those listed in “Part VI – Risk Factors” of this Filing Statement. Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results, performance or achievements may vary materially from those expressed or implied by the forward-looking statements contained in this Filing Statement. These factors should be considered carefully and prospective investors should not place undue reliance on the forward-looking statements. Although the forward-looking statements contained in this Filing Statement are based upon what management currently believes to be reasonable assumptions, Sherpa cannot assure prospective investors that actual results, performance or achievements will be consistent with these forward-looking statements. Sherpa and the Resulting Issuer assume no responsibility to update forward looking statements, other than as may be required by applicable securities laws.

Factors that could cause actual results or events to differ materially from current expectations include, but are not limited to:

- (a) the use of funds available to the Resulting Issuer;
- (b) results and performance of the Resulting Issuer;
- (c) cost structure of certain projects of the Resulting Issuer;
- (d) growth expectations and any proposed acquisitions by the Resulting Issuer;
- (e) changes in market dynamics including business relationships and competition;
- (f) capital expenditure programs and the timing and funding thereof;
- (g) the impact of federal, state, provincial, territorial and other governmental regulation on the Resulting Issuer, relative to other issuers of similar size participating in similar business environments;
- (h) expectations relating to the ability of the Resulting Issuer to raise capital;
- (i) treatment under governmental regulatory regimes and tax laws;
- (j) conflicts of interest;
- (k) changes in key management;

- (l) realization of the anticipated benefits of acquisitions and dispositions; and
- (m) the timing and completion of the Transaction.

The forward-looking statements contained in this Filing Statement speak only as of the Filing Statement Date. The forward-looking statements contained herein are expressly qualified in their entirety by this cautionary note.

INFORMATION CONCERNING THE VENDOR

The information contained or referred to in this Filing Statement relating to the Vendor has been furnished by the Vendor. In preparing this Filing Statement, Sherpa has relied upon the Vendor to ensure that this Filing Statement contains full, true and plain disclosure of all material facts relating to the Vendor. Although Sherpa has no knowledge that would indicate that any statements contained herein concerning the Vendor are untrue or incomplete, neither Sherpa nor any of its directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by the Vendor to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

SUMMARY

The following is a summary of information relating to Sherpa, the Transaction and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in, or incorporated by reference in, this Filing Statement.

Unless otherwise stated herein, all capitalized terms herein shall have the meaning set forth in the Glossary of Terms.

Sherpa

Sherpa was incorporated on January 18, 2018 by Certificate of Incorporation issued pursuant to the provisions of the BCBCA under the name “Sherpa II Holdings Corp.” The head office of Sherpa is located at Suite 918 – 1030 West Georgia Street, Vancouver, British Columbia V6E 2Y3 and the registered office of Sherpa is located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

Sherpa is a CPC under the CPC Policy. On September 20, 2018, Sherpa completed the Sherpa IPO and the Sidecar. The Common Shares began trading on the Exchange effective September 24, 2018 under the symbol “SHRP.P”. Since the Sherpa IPO, the principal business of Sherpa has been identifying and evaluating assets or businesses with a view to completing a Qualifying Transaction.

On August 17, 2020, Sherpa entered into the Purchase Agreement and trading in the Common Shares was halted on August 18, 2020 following the announcement that Sherpa had entered into the Purchase Agreement. The Common Shares will remain halted until the Exchange issues the Final Exchange Bulletin.

Until a Qualifying Transaction is completed, Sherpa will not carry on business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction. The Transaction is intended to constitute Sherpa’s Qualifying Transaction.

As at September 30, 2020, Sherpa had 6,381,000 Common Shares outstanding, \$65,937 in current liabilities and \$322,270 in cash. At present, Sherpa does not own any material assets other than cash. Since its incorporation, the principal activities of Sherpa have consisted of the financing of Sherpa through the Sherpa IPO, the initial listing of the Common Shares on the Exchange, the identification of potential acquisitions, the negotiation of the Purchase Agreement and efforts to implement the Transaction.

See “Part I – Information Concerning Sherpa – General Development of the Business”.

Qualifying Transaction

Sherpa entered into the Purchase Agreement with the Vendor on August 17, 2020, whereby it agreed to acquire the Property Interest for total consideration of (a) \$50,000 in cash, and (b) 1,000,000 Common Shares. Sherpa has agreed to solely fund expenditures on the Bakar Claims in the amount of \$200,000 over a period of six months (the “**Required Expenditures**”). Sherpa and the Vendor have agreed to enter into the Joint Venture Agreement with respect to their respective joint ownership of the Bakar Claims and, as operator, Sherpa, on behalf of the joint venture, will assume the obligations of the Vendor under the Royalty Agreement. Pursuant to the Joint Venture Agreement, Sherpa will be permitted to carry out Exploration and Development activities on the Bakar Claims, if commercially reasonable to do so. The Joint Venture Agreement also sets out, among other things, (i) Sherpa’s obligation to solely fund any joint venture expenditures in the amount of the Required Expenditures over a period of six months commencing on the

Closing, and (ii) the rights of Sherpa and the Vendor to any profits from potential future mineral production from the Bakar Claims.

The Purchase Agreement requires Sherpa to, as soon as practicable but subject to Exchange acceptance and compliance with Exchange policies, pay to the Vendor a refundable deposit of \$40,000 (the “**Deposit**”) in the form of an advance to the Vendor as part of the Required Expenditures. The Vendor shall use the Deposit only for Exploration and related expenditures respecting the Bakar Claims, and any such expenditures must be pre-approved in writing by Sherpa. On Closing, any remaining, unspent amount of the Deposit shall be repaid by the Vendor to Sherpa. If the Purchase Agreement is terminated for any reason, then the Vendor shall be required to repay the full amount of the Deposit as soon as practicable following such termination, and in any event within 30 days of such termination. The Purchase Agreement also requires Sherpa to, on Closing or as soon as practicable thereafter, pay to third party service providers all amounts incurred or accrued, but unpaid, by the Vendor prior to the Closing for Exploration and related expenditures respecting the Bakar Claims, provided that such expenditures have been pre-approved in writing by Sherpa.

See “*Part III – The Qualifying Transaction*”.

Description of the Bakar Claims

The Vendor currently owns a 100% right, title and interest in and to the Bakar Claims. The Bakar Claims consist of eight unpatented mineral claims covering 15,686.88 hectares. The Bakar Claims are located in northwestern Vancouver Island near the town of Holberg, British Columbia, Canada. Surface rights and permitting have yet to be completed to allow for further in-depth investigations. Based on the geological setting (i.e. within the sub-aerial Karmutsen volcanic and sedimentary sequence), and the copper-silver mineralogy assemblages and styles, the Bakar Claims are classified as a redbed copper-silver prospect.

See “*Part II – Information Concerning the Bakar Claims*”.

Private Placement

As a condition of Closing, Sherpa will complete the Private Placement for aggregate gross proceeds of \$300,000, which will consist of (a) 1,250,000 Common Shares at a price of \$0.08 per Common Share for aggregate gross proceeds of \$100,000, and (b) 2,000,000 Flow-Through Common Shares at a price of \$0.10 per Flow-Through Common Share for aggregate gross proceeds of \$200,000. The net proceeds of the Private Placement will be used for Exploration and related expenditures respecting the Bakar Claims and working capital purposes.

The proceeds of the Private Placement will be used as set forth under “*Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes*”.

Conditions to Completion of the Transaction

The Closing is subject to certain conditions, including but not limited to: (a) the receipt of all necessary approvals of the boards of directors of Sherpa and the Vendor; (b) the receipt of all required consents and approvals, including without limitation, acceptance of the Transaction by the Exchange as Sherpa’s Qualifying Transaction; (c) Sherpa satisfying the initial listing requirements set by the Exchange for a Tier 2 mining issuer; (d) the completion by Sherpa of the Private Placement; and (e) the completion of satisfactory mutual due diligence.

Closing of the Transaction is expected to occur on or about December 18, 2020 or such other date as may be agreed upon by Sherpa and the Vendor. The Purchase Agreement may be terminated by either party if (a) Sherpa and the Vendor mutually

agree; (b) the Transaction is not permitted to be Sherpa's Qualifying Transaction by the Exchange; or (c) Closing has not occurred on or before December 31, 2020.

See "Part III – The Qualifying Transaction – Material Aspects of the Purchase Agreement".

Resulting Issuer

Following the completion of the Transaction and the Private Placement, it is expected that:

- (1) Sherpa will have acquired the Property Interest from the Vendor;
- (2) Existing Sherpa Shareholders will hold approximately 60.0% of the Resulting Issuer Shares, new Sherpa Shareholders will hold approximately 30.6% of the Resulting Issuer Shares and the Vendor will hold approximately 9.4% of the Resulting Issuer Shares; and
- (3) The Board and officers of the Resulting Issuer will be comprised of:
 - (a) Thomas O'Neill, Chief Executive Officer and Director,
 - (b) Carson Halliday, Chief Financial Officer,
 - (c) Emily Davis, Director,
 - (d) Galen McNamara, Director,
 - (e) Robert Scott, Director, and
 - (f) Maria Wells, Corporate Secretary.

See "Part IV – Information Concerning the Resulting Issuer – Directors, Officers and Promoters."

Interests of Insiders

The following is a summary of the interests of any Insider, Promoter or Control Person of Sherpa and the Resulting Issuer and their respective Associates and Affiliates (after giving effect to the Transaction and the Private Placement).

Insiders, Promoters, Control Persons	Number and Percentage of Resulting Issuer Shares After Giving Effect to the Transaction and the Private Placement ⁽¹⁾
Thomas O'Neill, Chief Executive Officer and Director	1,515,000 (14.3%) ⁽²⁾
Carson Halliday, Chief Financial Officer	Nil (0.00%)
Emily Davis, Director	860,000 (8.1%) ⁽³⁾
Galen McNamara, Director	180,000 (1.7%)
Robert Scott, Director	775,000 (7.3%) ⁽⁴⁾
Maria Wells, Corporate Secretary	50,000 (0.5%)

Notes:

- (1) Table is based on total of 10,631,000 Resulting Issuer Shares issued and outstanding after giving effect to the Transaction and the Private Placement.
- (2) Mr. O’Neill also holds Options to purchase 159,525 Common Shares. Such Options were granted on September 20, 2018, have an exercise price of \$0.10 and expire on September 20, 2023. On Closing, Sherpa proposes to grant Mr. O’Neill an additional 53,175 Options at an exercise price of \$0.10 with an expiry date of September 20, 2023.
- (3) Mrs. Davis also holds Options to purchase 159,525 Common Shares. Such Options were granted on September 20, 2018, have an exercise price of \$0.10 and expire on September 20, 2023. On Closing, Sherpa proposes to grant Mrs. Davis an additional 53,175 Options at an exercise price of \$0.10 with an expiry date of September 20, 2023.
- (4) Mr. Scott also holds Options to purchase 159,525 Common Shares. Such Options were granted on September 20, 2018, have an exercise price of \$0.10 and expire on September 20, 2023. On Closing, Sherpa proposes to grant Mr. Scott an additional 53,175 Options at an exercise price of \$0.10 with an expiry date of September 20, 2023.

See “Part IV – Information Concerning the Resulting Issuer – Directors, Officers and Promoters”.

Non-Arm’s Length Party Transaction

The Qualifying Transaction, if completed, is not a Non-Arm’s Length Qualifying Transaction.

Available Funds

Sherpa anticipates that, immediately following the Closing, the Resulting Issuer will have available funds of approximately \$418,500, based on estimated working capital as at September 30, 2020 and net proceeds to be received from the Private Placement, represented in the table below.

	Amount (\$)
Working capital as at September 30, 2020	258,500
Gross proceeds from the Private Placement	300,000
Less expenses associated with the Transaction and the Private Placement ⁽¹⁾	(100,000)
Less the Deposit	(40,000)
TOTAL	418,500

Note:

- (1) Includes the balance of the estimated expenses related to Exchange filings and completion of the Transaction.

See “Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes”.

Principal Uses of Funds

The following table sets out the expected principal uses of the available funds over the 12 months following Closing.

Principal Use of Funds	Amount Assuming Completion of the Transaction and the Private Placement (\$)
Exploration work on the Bakar Claims	201,314
General and administrative costs	80,000
Unallocated working capital	137,186
TOTAL	418,500

See “Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes”.

Market for Securities

The Common Shares are listed and posted for trading on the Exchange under the symbol “SHRP.P”. The closing price of the Common Shares on August 17, 2020, the last day the Common Shares traded prior to the announcement by Sherpa of the entering into of the Purchase Agreement, was \$0.105. It is anticipated that the Common Shares will resume trading on the Exchange upon completion of the Qualifying Transaction under the symbol “SHRP”.

See “Part I – Information Concerning Sherpa – General Development of the Business – History”.

Sponsor

Sponsorship of a Qualifying Transaction of a CPC is required by the TSXV unless exempt in accordance with the CPC Policy. Sherpa applied for, and received, a waiver from the Exchange from the sponsorship requirement.

See “Part V – General Matters – Sponsorship”.

Interests of Experts

Dale Matheson Carr-Hilton Labonte LLP is the auditor for Sherpa and is independent of Sherpa within the meaning of the *Code of Professional Conduct of the Chartered Professional Accountants of British Columbia*. Luke van der Meer, B.Sc. P.Geo. is the author of the Technical Report and is an independent “qualified person” (within the meaning of NI 43-101). As of the Filing Statement Date, no professional person who has provided an opinion or report referenced in this Filing Statement currently holds more than 1% of the issued and outstanding Common Shares and, upon completion of the Transaction and the Private Placement, will not hold more than 1% of the issued and outstanding Resulting Issuer Shares, and no such professional person is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of its Associates or Affiliates.

See “Part V – General Matters – Interest of Experts”.

Conflicts of Interest

Certain of the directors and officers of Sherpa are also directors, officers or shareholders of other companies. Such associations may give rise to conflicts of interest from time to time.

See “Part IV – Information Concerning the Resulting Issuer – Directors, Officers and Promoters – Conflicts of Interest” and “Part VI – Risk Factors”.

Conditional Acceptance

The Exchange has conditionally accepted the Transaction as the Qualifying Transaction of Sherpa pursuant to a letter dated December 14, 2020 and subject to Sherpa fulfilling all of the requirements of the Exchange on or before March 11, 2021.

Risk Factors

An investment in Common Shares or Resulting Issuer Shares (both before and after completion of the Transaction) should be considered highly speculative and involves a high degree of risk. Material risk factors affecting the Resulting Issuer include the following: risks related to the global financial and economic conditions, Sherpa's limited operating history, exploration, development and production risks, operational risks, risks associated with permits and licenses, acquisition and integration risks, funding and future financing risks, risks associated with stringent regulatory requirements, environmental risks, insurance risks, industry competition risks, litigation risks, risk of reliance on key employees, risks associated with recruiting and retaining qualified personnel, fluctuations in the market price of common shares and other usual risks associated with an investment in a business at an early stage of development. The mining industry is intensely competitive, and the Resulting Issuer must compete in all aspects of its operations with a number of other entities that have greater technical ability, financial resources and access to markets.

See "*Part VI – Risk Factors*".

**PART I
INFORMATION CONCERNING SHERPA**

CORPORATE STRUCTURE

Name and Incorporation

Sherpa was incorporated on January 18, 2018 by Certificate of Incorporation issued pursuant to the provisions of the BCBCA under the name “Sherpa II Holdings Corp.” The head office of Sherpa is located at Suite 918 – 1030 West Georgia Street, Vancouver, British Columbia V6E 2Y3 and the registered office of Sherpa is located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

Sherpa has no subsidiaries.

GENERAL DEVELOPMENT OF THE BUSINESS

History

Sherpa is a CPC under the CPC Policy. Prior to completing the Sherpa IPO and listing on the Exchange, Sherpa issued an aggregate of 2,000,000 Common Shares at a price of \$0.10 per Common Share for gross proceeds of \$200,000, all of which are subject to the CPC Escrow Agreement.

On September 20, 2018, Sherpa completed the Sherpa IPO of 2,881,000 Common Shares at a price of \$0.10 per Common Share for gross proceeds of \$288,100. Concurrently with the Sherpa IPO, Sherpa completed the Sidecar of 1,500,000 Common Shares at a price of \$0.10 per Common Share for gross proceeds of \$150,000. The Common Shares began trading on the Exchange effective September 24, 2018 under the symbol “SHRP.P”. Since the Sherpa IPO, the principal business of Sherpa has been identifying and evaluating assets or businesses with a view to completing a Qualifying Transaction.

On August 17, 2020, Sherpa entered into the Purchase Agreement with the Vendor and trading in the Common Shares was halted on August 18, 2020. The Common Shares will remain halted until the Exchange issues the Final Exchange Bulletin. The Transaction is intended to constitute Sherpa’s Qualifying Transaction.

As at the Filing Statement Date, Sherpa had 6,381,000 Common Shares outstanding, \$65,937 in current liabilities and \$322,270 in cash. At present, Sherpa does not own any material assets other than cash. As required by the CPC Policy, Sherpa has not conducted any active business operations. Since its incorporation, the principal activities of Sherpa have consisted of the financing of Sherpa through its initial public offering, the initial listing of the Common Shares on the Exchange, the identification of potential acquisitions, the negotiation of the Purchase Agreement and efforts to implement the Transaction. The Transaction was negotiated at arm’s length and involves arm’s length parties and, therefore, is not a Non-Arm’s Length Qualifying Transaction under the CPC Policy. As a result, no approval of the Sherpa Shareholders is required as a condition to completion of the Transaction.

**SELECTED FINANCIAL INFORMATION &
MANAGEMENT’S DISCUSSION AND ANALYSIS**

Selected Financial Information

Since incorporation, Sherpa has incurred costs in carrying out its initial public offering, in seeking, evaluating and negotiating potential Qualifying Transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the Exchange. The following table sets forth financial information derived from Sherpa’s financial statements as at and for the financial years ended June 30, 2020 and 2019 and the period from incorporation to June 30, 2018 and for the three-month period ended September 30, 2020. Such information should be read in conjunction with Sherpa’s audited financial statements as at and for the financial years ended June 30, 2020 and 2019 and the period from incorporation to June 30, 2018 and Sherpa’s unaudited condensed interim financial statements for the three-month period ended September 30, 2020. These financial statements are incorporated by reference in this

Filing Statement and can be found under Sherpa’s profile on SEDAR at www.sedar.com. The financial results are not indicative of the results that may be expected for any other period. Sherpa’s audited financial statements are presented in Canadian dollars and have been prepared in accordance with IFRS.

	Three-month period ended September 30, 2020 (\$)	Financial Year Ended June 30, 2020 (\$)	Financial Year Ended June 30, 2019 (\$)	Period from Incorporation on January 18, 2018 to June 30, 2018 (\$)
Total Assets	324,427	337,661	393,092	99,681
Total Expenses	(55,206)	(75,386)	(114,449)	(26,472)
Current Liabilities	65,937	23,955	4,000	33,881
Shareholders’ Equity	258,500	313,706	389,092	65,800
Net and comprehensive loss for the period	(55,206)	(75,386)	(114,449)	(26,472)
Basic and diluted loss per Common Share	(0.02)	(0.02)	(0.04)	(0.00)

Management’s Discussion & Analysis

The Management’s Discussion and Analysis of the financial condition and results of operations of Sherpa for the financial year ended June 30, 2020 and for the three-month period ended September 30, 2020 are incorporated by reference in this Filing Statement and can be found under Sherpa’s profile on SEDAR at www.sedar.com, and should be read in conjunction with Sherpa’s audited financial statements for the financial year ended June 30, 2020 and the unaudited condensed interim financial statements for the three-month period ended September 30, 2020.

DESCRIPTION OF SECURITIES

Common Shares

Sherpa is authorized to issue an unlimited number of Common Shares. As of the Filing Statement Date, 6,381,000 Common Shares were issued and outstanding as fully paid and non-assessable and 478,575 Common Shares were reserved for issuance pursuant to the Option Plan. See “*Part I – Information Concerning Sherpa – Stock Option Plan*”.

Sherpa Shareholders are entitled to one vote per Common Share at the meetings of Sherpa Shareholders, dividends, if, as and when declared by the Board of Sherpa, and, upon liquidation, to share equally in the assets of Sherpa that are distributable to Sherpa Shareholders. Sherpa has not declared or paid any dividends or distributions on the Common Shares to date. The payments of dividends or distributions in the future are dependent on Sherpa’s earnings, financial condition and such other factors as the Board considers appropriate. Sherpa currently does not anticipate paying any dividends in the foreseeable future due to its stage of development, and in no circumstance will it pay any dividends or make any distribution until completion of the Transaction.

STOCK OPTION PLAN

The Board has adopted the Option Plan which is administered by the Board, and was re-approved and adopted by Sherpa Shareholders on December 19, 2019. The Option Plan provides that the Board may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, employees and consultants of Sherpa, non-transferable Options, provided that the number of Common Shares reserved for issuance will not exceed 10% of the issued and outstanding Common Shares. In connection with the foregoing, the number of Common Shares reserved for issuance to any one person in any 12 month period will not exceed 5% of the issued and outstanding Common Shares unless Sherpa has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements. In addition: (a) the number of Common Shares reserved for issuance to any one consultant will not exceed 2% of the issued and outstanding Common Shares; and (b) the number of Common Shares reserved for issuance to persons providing investor relations activities will not exceed 2% of the issued and outstanding Common Shares. Subject to the following, Options must be exercised within a reasonable period following cessation of the optionee's position with Sherpa, provided that if the cessation was by reason of death, the Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Option.

If an optionee does not continue to be a director, officer, consultant or employee of the Resulting Issuer following completion of the Qualifying Transaction, the Options must be exercised within the later of 12 months after completion of a Qualifying Transaction by Sherpa, if any, and 90 days following cessation of the optionee's position with Sherpa, provided that if the cessation of office, directorship or consulting arrangement was by reason of death, the Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Option. Any Common Shares acquired pursuant to the exercise of Options prior to Closing , must be deposited in escrow and will be subject to escrow until the Final Exchange Bulletin is issued.

The exercise price of the Options shall be determined by the Board at the time any Option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange. Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist.

As of the Filing Statement Date, Sherpa has reserved 478,575 Common Shares for issuance pursuant to the Option Plan. The Options are allocated on the following basis:

Optionee	Number of Common Shares Reserved Under Option	Exercise Price (\$)	Expiry Date
Thomas O’Neill CEO and Director	159,525 33.3%	0.10	September 20, 2023
Emily Davis Director	159,525 33.3%	0.10	September 20, 2023
Robert Scott Director	159,525 33.3%	0.10	September 20, 2023

PRIOR SALES

Since the date of incorporation of Sherpa, Common Shares have been issued as follows:

Date	Number of Common Shares	Issue Price Per Common Share (\$)	Aggregate Issue Price (\$)	Consideration Received
January 18, 2018 ⁽¹⁾	1	0.05	0.05	cash
March 12, 2018 ⁽²⁾	2,000,000	0.05	100,000	cash
September 20, 2018 ⁽³⁾	2,881,000	0.10	288,100	cash
September 20, 2018 ⁽⁴⁾	1,500,000	0.10	150,000	cash

Notes:

- (1) This Common Share was repurchased and cancelled by Sherpa on March 12, 2018.
- (2) Seed capital shares issued prior to the Sherpa IPO.
- (3) Issued pursuant to the Sherpa IPO.
- (4) Issued pursuant to the Sidecar.

TRADING PRICE AND VOLUME

The Common Shares are listed and posted for trading on the Exchange under the symbol “SHRP.P”. Trading of the Common Shares was halted on August 18, 2020 in connection with the announcement by Sherpa of the Transaction and has remained halted since that date. On August 17, 2020, the last trading day prior to the trading halt, the closing price was \$0.105.

The following table sets forth information relating to the trading of the Common Shares on the Exchange, on days which there was trading activity, for the periods indicated.

Period	High (\$)	Low (\$)	Volume
November 2019	0.070	0.070	9,000
December 2019	0.060	0.055	21,000
January 2020	0.060	0.050	27,000
February 2020	0.055	0.055	15,000
March 2020	0.050	0.050	10,000
April 2020	0.050	0.050	10,000
May 2020	0.050	0.050	20,000
June 2020	0.055	0.055	10,000
July 2020	0.105	0.070	64,500
August 1 – Filing Statement Date ⁽¹⁾	No trading	No trading	No trading

Note:

(1) Trading halted August 18, 2020.

ARM’S LENGTH TRANSACTIONS

The acquisition by Sherpa of the Property Interest is not a Non-Arm’s Length Qualifying Transaction for the purposes of Exchange Policies and Multilateral Instrument 61-101 – *Protection of Minority Security Holders in Special Transactions*. As a result, approval of the Transaction by Sherpa Shareholders is not required under the Exchange Policies as a condition to the completion of the Transaction.

LEGAL PROCEEDINGS

Sherpa is neither a party to, nor is any of its property the subject matter of, any legal proceedings, nor are any such proceedings known to Sherpa to be contemplated by any party.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor of Sherpa is Dale Matheson Carr-Hilton Labonte LLP at its Vancouver office, located at Suite 1500, 1140 West Pender Street, Vancouver, British Columbia V6E 4G1.

Transfer Agent and Registrar

Sherpa’s transfer agent and registrar is Computershare Investor Services Inc. at its Vancouver office, located at 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9.

MATERIAL CONTRACTS

Sherpa has not entered into any material contracts (that have continuing obligations), other than:

1. the transfer agent, registrar and disbursing agent agreement dated May 9, 2018 between Sherpa and the Transfer Agent;
2. the CPC Escrow Agreement; and
3. the Purchase Agreement.

Copies of these contracts may be inspected without charge for a period of 30 days after the Filing Statement Date at Suite 918 – 1030 West Georgia Street, Vancouver, British Columbia V6E 2Y3, during ordinary business hours.

PART II INFORMATION CONCERNING THE VENDOR AND THE BAKAR CLAIMS

As at the Filing Statement Date, the Vendor holds a 100% interest and to the Bakar Claims. On May 1, 2019, the Vendor entered into a purchase agreement with the Royalty Holder and James Douglas Rogers to acquire a 100% interest in the Bakar Claims (subject to a 2% net smelter returns royalty) for \$50,000 cash and the issuance of 1,250,000 common shares of the Vendor. The acquisition closed on July 12, 2019. The Vendor was obligated to incur expenditures of \$200,000 within six months from the closing date and these expenditures were to be registered and recorded with the British Columbia Minerals Title Branch, which condition was met by the Vendor.

The Bakar Claims

The following disclosure regarding the Bakar Claims is derived from the Technical Report. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein but which are described in the Technical Report. The Technical Report is available under Sherpa's profile on SEDAR at www.sedar.com. The Technical Report was originally prepared for the Vendor and was re-addressed to Sherpa in connection with the Transaction. The Technical Report is an independently prepared technical report. The qualified person that prepared the Technical Report is independent of Sherpa as defined in NI 43-101.

Luke van der Meer, P.Geol is a qualified person for the purposes of NI 43-101 and has reviewed and approved the scientific and technical information contained herein related to the Bakar Claims.

Introduction

The Technical Report was prepared in connection with this Filing Statement and the Transaction.

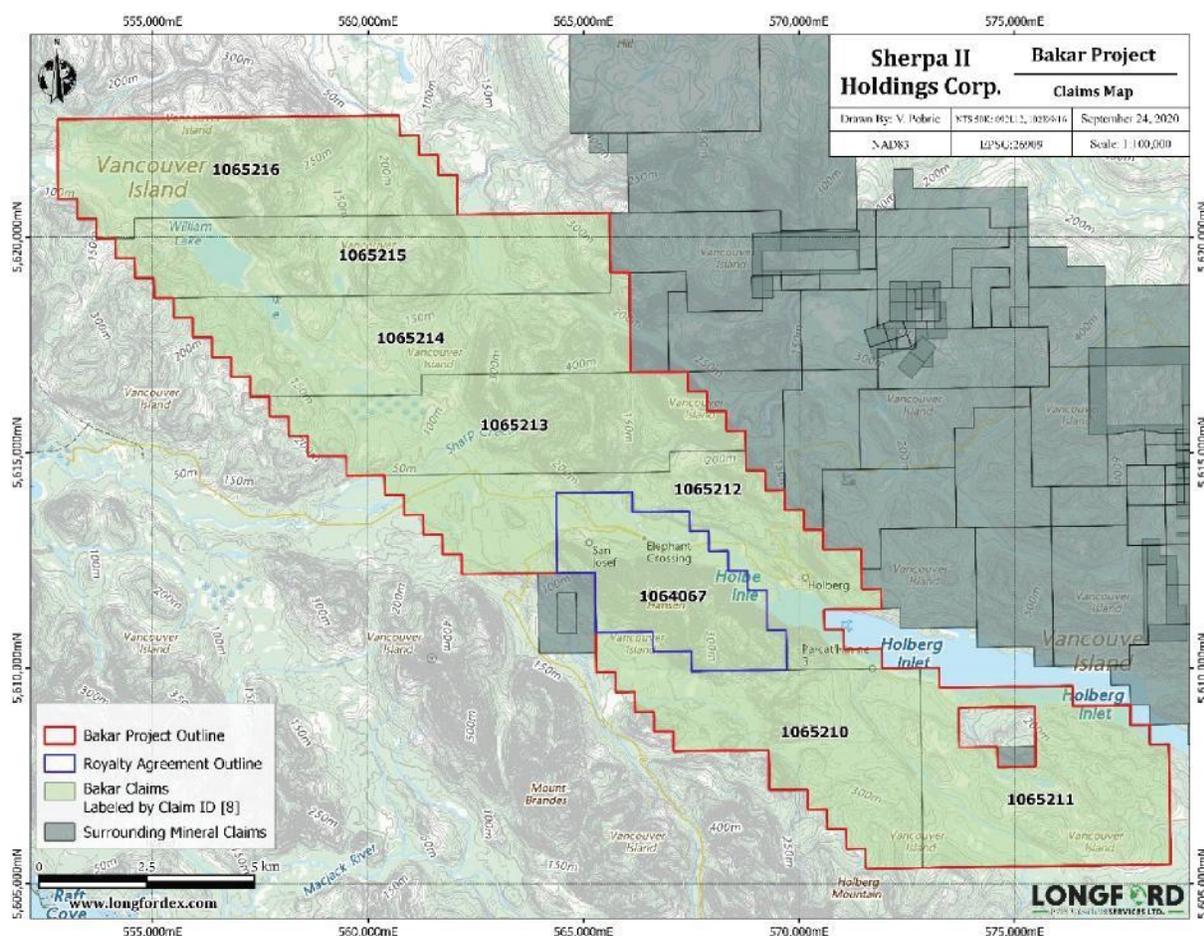
Description, Location and Access

The Bakar Claims extend 18 kilometres to the northwest of Holberg, British Columbia and 10.5 kilometres to the southeast on northern Vancouver Island. The Bakar Claims are in the Nanaimo Mining Division, on NTS map sheet 092L 12 and are centred at approximately 128° 4'W longitude, 50° 40'N latitude. The Bakar Claims have not been legally surveyed to date and no requirement to do so have existed.



The Bakar Claims consist of eight mineral claims (Bakar, Tessa, Koda, Chantel, Tiny, Bandit, Marlee and Avery) and cover approximately 15,686.88 hectares as set out in the table and figure below. The Bakar Claims are currently shown in the online registry as being 100% owned and registered in the name of the Vendor. The Vendor holds directly 100% of the right, title and interest in and to the Bakar Claims. Pursuant to the Purchase Agreement, the Purchaser has agreed to purchase and the Vendor has agreed to sell an 80% undivided legal and beneficial interest in the Bakar Claims.

Title Number	Claim Name	Issue Date	Good to Date yyyy-mm-dd	Status	Area (ha)	Owner
1064067	Bakar	2018-10-26	2029-10-26	GOOD	1352.25	District Metals Corp.
1065210	Tessa	2018-12-20	2021-12-20	GOOD	2050.27	District Metals Corp.
1065211	Koda	2018-12-20	2021-12-20	GOOD	2050.76	District Metals Corp.
1065212	Chantel	2018-12-20	2022-12-20	GOOD	2048.45	District Metals Corp.
1065213	Tiny	2018-12-20	2022-12-20	GOOD	2047.43	District Metals Corp.
1065214	Bandit	2018-12-20	2022-12-20	GOOD	2046.67	District Metals Corp.
1065215	Marlee	2018-12-20	2021-12-20	GOOD	2045.92	District Metals Corp.
1065216	Avery	2018-12-20	2021-12-20	GOOD	2045.13	District Metals Corp.
TOTAL					15,686.88	



The Order of the Chief Gold Commissioner took measures on March 27, 2020 to extend all active mineral claims with an expiry date prior to December 31, 2021. These claims have been amended from their current expiry date and have been extended to December 31, 2021. These measures have been put in place as a direct result of the safety and travel restrictions setup to prevent the spread of the COVID-19 virus. These measures will allow title holders the additional time required to carry out assessment work on claims to keep them in good standing.

Additionally, pursuant to the Royalty Agreement, the Royalty Holder has a royalty equal to 2.0% of the net smelter returns in respect to one of the Bakar Claims (1064067 covering 1,352.25 hectares). The Vendor has the right to purchase 1% of the net smelter returns for \$1,500,000 cash and may also purchase the remaining 1% net smelter returns for \$5,000,000 cash, eliminating the net smelter returns entirely.

Sherpa and the Vendor have agreed to enter into an unincorporated joint venture with respect to their respective joint ownership of the Bakar Claims and Sherpa will assume the obligations of the Vendor under the Royalty Agreement, providing for a royalty equal to 2% of the net smelter returns in respect of the Bakar Claims.

As of the date of the Technical Report, the author was not aware of any environmental liabilities to which the Bakar Claims are subject and the only liability the author of the Technical Report noted relating to historical mining or exploration activities lies within the five known historical adits which are limited in extent and generally shallow. These known adits may require reclamation at some point in the future.

There are no other known significant factors and risks that may affect access, title, or the right or ability to perform work on the Bakar Claims.

The Bakar Claims are accessible from Holberg via San Josef road at the east of the Bakar Claims and Winter Harbour road at the west of the Bakar Claims. These public roads service Winter Harbour and the Cape Scott Provincial Park areas. An extensive network of logging roads along the southern shore of Holberg Inlet and along the San Josef road west of Holberg also service the Bakar Claims. The main active logging roads include Sanjo Main, Stranby Main, Fisherman Main and the SJ100. Active logging roads extend to the boundary limits of Cape Scott Provincial Park on the northern tip of Vancouver Island.

History

The northern portion of the Bakar Claims cover the historical Aird claims. In 1969, a geochemical and geological survey was carried out over the Aird 1-20 claims by Utah Construction and Mining Co. This geochemical soil program collected 1,032 samples and analyzed 516 of them for copper (“Cu”). The program outlined three significant Cu anomalies based on background values within the area of 25 parts per million (“ppm”) Cu. These anomalous zones are believed to be underlain by the Karmutsen volcanics.

In 1974, five diamond drill holes totalling 149.35 metres were drilled by Holberg Mines Ltd. over the Fox claims in an area of limestone overlying basalt. These holes were drilled to test anomalies that were previously outlined in a geophysical and geological survey carried out in 1972 which included the discovery of Cu occurrences near the headwaters of Native Creek. The drill holes intersected basalt with chalcopyrite traces in the bottom of one of the holes, and a trace of chalcopyrite in a limestone band within andesite in another hole.

In 1976, H. S. Haslam & Associates estimated 260 million short tons of limestone in place, based on an area of 190.3 hectares, a depth of 45.72 metres and a density of 2,722 kilograms per cubic metre and in 1980 the Lime, Joy and Fox claims were acquired by World Cement Industries. Limited follow up work has taken place since. The author of the Technical Report (or any other qualified person) has not been able to independently verify this information and has not done sufficient work to classify the historical estimate as current mineral resources or mineral reserves. There is insufficient information to define the historical estimate in a modern classification. It is not necessarily indicative of the mineralization on the Bakar Claims which are the subject of the Technical Report. Sherpa is not treating the historical estimate as current mineral resources or mineral reserves.

In 1990, the area surrounding William Lake was explored by Universal Trident Inc. A piece of malachite and bornite-bearing float contained 8,584 ppm Cu and five ppm silver. Moss mat samples anomalously contained Cu and gold. Results show that significant mineralization occurs in volcanics northeast of William Lake.

In 1991, Consolidated T. C. Resources Ltd. carried out a geochemical survey and line cutting on the Stran 4 and 5 claims. These claims lie to the southeast of William Lake. The program consisted on 113 soils samples collected at 25 metre intervals with 200 metre line spacings and 7.6 kilometres of cut lines.

In 1994, geochemical rock sampling, heavy mineral sampling, prospecting and geological mapping were carried out over the Fox claims by owners Pawliuk and Dasler.

Longford Exploration Services Ltd. (“**Longford Exploration**”), which is entirely independent of the Royalty Holder, completed a site visit on the Bakar Claims on August 23, 2018. This site visit investigated the prospectivity for copper mineralization, verified areas of known mineralization and checked the Bakar Claims for further potential. A total of ten rock grab samples were taken in flow breccias, lapilli tuffs, amygdaloidal basalts, and pillow basalts of the Karmutsen group. Strong mineralization was found in a distinct horizon in the Karmutsen Group which appeared as light olive green amygdaloidal volcanics and flow breccia tuff, in contrast to the underlying unmineralized pillow basalts and dark green amygdaloidal basalt. The copper found in this roughly north west trending Karmutsen horizon occurs as lenses and veins of mainly chalcocite, bornite, and malachite.

On October 26, 2018, James Rogers staked the original Bakar claim #1064067.

Between December 10-12, 2018 Longford Exploration initiated another short two-day site visit to the Bakar Claims on behalf of the Vendor to carry out more prospecting and to assess the lateral extent of mineralization over the Property. A total of seven rock samples were collected during the visit from outcrops of breccia, tuff and gabbro. Four of the samples collected from the gabbro contained massive chalcocite, chalcopyrite, bornite and had intense malachite staining which all returned values > 10,000 ppm Cu. The other samples contained vein-hosted and disseminated sulphides one of which contained 8,300 ppm Cu. Outcrops exhibited a moderate degree of oxidation and appeared to be located within a shear zone. Visible structures within the outcrops included quartz-carbonate veins, isolated quartz veinlets, brecciated augens approximately two centimetres long, a high degree of shearing and some crenulations.

On May 12, 2019, Longford Exploration mobilized a crew of four from Vancouver, British Columbia on behalf of the Vendor to carry out a three-day site visit and review. The crew conducted reconnaissance, geological mapping, prospecting, and sampling of the central Bakar Claims. The primary aim of the program was to plan for a larger program later in the season. The program ran between May 12 to May 15, and, during the program, a total of 21 rock samples and three stream sediment samples were collected.

Typical early-stage work completed by Longford Exploration has included classifying, mapping and sampling of mineralized showings and hosting geology, locating historical workings as well as obtaining general structural orientation data, (structures, contacts, mineralization) and describing observed lithologies.

A total of seven historical exploration cuts and five historical adits were located and recorded with handheld GPS.

On June 4, 2019, following the May 2019 fieldwork recommendations, Longford Exploration mobilized a crew of five from Vancouver, British Columbia on behalf of the Vendor to complete a ten-day site visit and review; the crew conducted further reconnaissance, geological and structural mapping, prospecting, and sampling of the central Bakar Claims. Work was completed throughout the Bakar Claims and thirty-four soil samples were taken from the western flank of Crackerjack Creek and between the two showings. The Crackerjack Creek showing was the primary focus of the detailed study.

In total, 22 rock samples were taken from across the Bakar Claims, testing known mineralization, structures, wall rock and different units to determine the extents of mineralization.

Ninety-three channel samples were collected and sent to the laboratory for analysis. The goal was to confine mineralization and test its continuity around the Crackerjack Creek showing.

Twenty-nine stream sediment samples were taken from different drainages around the Bakar Claims. Each drainage/creek received two samples. One sample was taken close to the inflexion point between the valley and hillside, while the second sample was taken 100 metres upstream.

Structural mapping was completed up Crackerjack Creek, and a detailed analysis was completed connecting structural controls to their relationship with mineralization.

Historical workings were mapped and reviewed to help define the extent of mineralization and historical explorations, and to determine future exploration methods.

In 2019, the Vendor commissioned Geotech Ltd. to fly a VTEM™ survey directly over the Bakar Claims. The survey was flown from May 17, 2019 to May 29, 2019 and covered 804 line-kilometre and a total area of 80 kilometres squared.

Following the 2019 VTEM™ survey, Condor North Consulting, ULC was commissioned to interpret the VTEM™ results from the recently flown survey to identify prospective targets for follow up. The interpretation successfully identified three target zones which were deemed worthy of follow-up work.

Geological Setting and Mineralization

Vancouver Island is located within the Insular Superterrane of Western British Columbia, an amalgamation of the Wrangellia terrane and the Alexander terrane that eventually accreted to North America between the mid-Jurassic and mid-Cretaceous. This was followed by the accretion of the Pacific terrane and the Crescent terrane during the mid-Tertiary time-period. The Bakar Claims are situated in the northern portion of Vancouver Island and is underlain by rock assemblages of the allochthonous Wrangellia terrane.

The Wrangellia Terrane extends discontinuously north of Vancouver Island through the Queen Charlotte Islands towards central Alaska and is characterized by rocks of the Upper Paleozoic to Lower Mesozoic. In the late Carboniferous Wrangellia collided and amalgamated with the Alexander Terrane in Alaska to form the Insular Superterrane and subsequently accreted to the inboard terranes of the Coast and Intermontane belts as late as the mid-Cretaceous, or as early as the mid-Jurassic.

Prior to its accretion, Wrangellia comprised the Paleozoic Sicker and Buttle Lake Groups and the Middle Triassic Formation. The Sicker and Buttle Lake groups are composed of Devonian to early Permian island-arc volcanic, volcanoclastic, and sedimentary rocks which are known to host VMS deposits, such as Myra Falls. The Karmutsen Formation is an approximately 6,000 metres thick oceanic plateau which conformably overlies the Sicker and Buttle Lake groups; it is composed of tholeiitic flood basalts, minor pillow basalts, pillow breccia and tuff as well as inter-volcanic limestones which underlie approximately 50% of Vancouver Island. Conformably overlying the Karmutsen Formation is a shallow-water carbonate layer known as the Quatsino Formation. The Quatsino Formation is composed of massive to bedded bioclastic limestone which formed during the waning stages of the Karmutsen volcanism and associated subsidence. Continued sedimentation and deeper water resulted in the deposition of the impure limestone and siliciclastic rocks of the Parsons Bay Formation.

A period of quiescence followed by a renewed phase of island-arc magmatism and sedimentation produced the volcanic, volcanoclastic and epiclastic strata of the Bonanza Group, along with the coeval intrusions of the Island Plutonic Suite.

Several mineral occurrences are known to occur on northern Vancouver Island which includes the following styles of deposits:

1. Skarn deposits: Copper-iron and lead-zinc skarns
2. Copper in basic volcanic rocks (Karmutsen Formation): in amygdules, fractures, small shears and quartz carbonate veins, with no apparent relationship to intrusive activity
3. Veins: with gold and/or base metal sulphides, related to intrusive rocks Porphyry copper deposits: largely in the country rock surrounding or enveloping granitic rocks and their porphyritic phases
4. Porphyry copper deposits: largely in the country rock surrounding or enveloping granitic rocks and their porphyritic phases

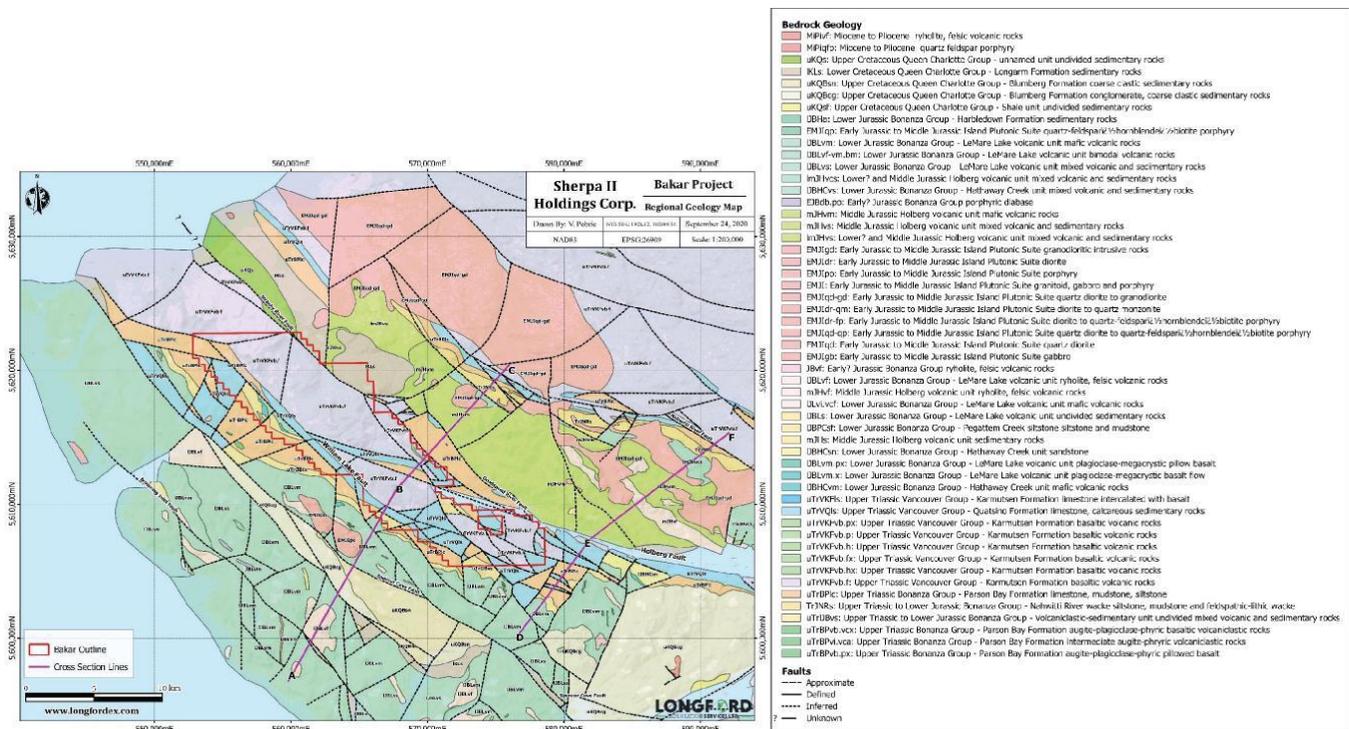


Figure: Bakar Claims Regional Geology Map and Legend.

The Bakar Claims are predominantly underlain by a generally southward-younging sequence of east-west-trending upper Triassic to middle Jurassic volcanics and lesser sedimentary rocks of the Vancouver and Bonanza Groups. The Vancouver Group comprises the tholeiitic flood basalts of the Karmutsen Formation at the base conformably overlain by thinly bedded to massive Quatsino Formation limestone and intercalated marine shale, siltstone and impure limestone of the Parson's Bay Formation. The Lower to mid-Jurassic Bonanza Group is mainly composed of mafic to felsic volcanic with lesser intercalated sedimentary rocks which were deposited in both submarine and subaerial environments with coeval granitoids of the Island Plutonic Suite. Unconformably overlying the Bonanza Group are the marine to non-marine Upper Jurassic to Lower Cretaceous clastic sequences and localized tertiary volcanics of the Longarm Formation and is estimated to be approximately 300 metres thick in the Port Hardy area.

Faulting is prevalent in the region with large-scale block faults with hundreds to thousands of metres of displacement being offset by younger strike-slip faults with displacements up to 750 metres.

Strong copper mineralization has been observed within a distinct horizon of the Karmutsen Formation at the Millington showing on Mount Hansen (located approximately 5 kilometres west of Holberg). The horizon was characterized by olive green amygdaloidal volcanics, basaltic flows and brecciated tuffs which overlie unmineralized pillow basalts and dark green amygdaloidal basalt.

Negligible alteration associated with mineralization has been observed. Where present, alteration comprises epidote and chlorite, which is often intense within the host basalt and is characterized by a buff pistachio green colour and sharp boundaries with unaltered host rock.

The principal copper enriched horizon trends towards the northwest for at least 170 metres and occurs as lenses of disseminated to massive mineralization, and discordant veins and mineralized structures. The mineralization has been traced over a width of 130 metres perpendicular to the horizon so far, though more work is required to fully understand the depth and continuity. The mineralized zone mineralogy comprises predominantly chalcocite, bornite, chalcopyrite, malachite, and also contains lesser covellite, native copper and minor azurite. The complete copper mineral assemblage at the identified copper showings is unknown. Supergene enrichment and oxidation have formed a complex assemblage of copper bearing minerals that have not been studied in the context of the Technical Report.

Bornite, chalcocite, and chalcopyrite lenses have also been observed at higher elevation along the edge of the induced polarization (“IP”) geophysical anomaly identified in 1963 by Hallof and Sutherland. Three high-grade samples collected directly from mineralized sections of outcrop in the vicinity of this anomaly returned values of 2.08 % Cu, 14.66 % Cu and 24.52% Cu when submitted for assay.

Local mineralization may likely be related to dilatational zones and fault jogs and steps along second order fault structures in the area. Near the western end of Holberg Inlet the main fault splits, with one splay following Holberg Inlet and the other branch passing through the west side of the Stranby River valley. High amounts of disseminated sulphides and malachite staining have also been noted in localized areas of intense shearing and fracturing across the Bakar Claims.

Based on observations made to date, the Bakar Claims show many characteristic signs of the volcanic redbed Cu style of mineralization

Deposit Type

The Bakar Claims are likely associated with stratabound mineralized bodies of disseminated copper and copper sulphides which occur in reduced zones of red-bed sequences, known as Redbed Cu deposits. The mineralized zones within the Bakar Claims are believed to occur within subaerial volcaniclastic, tuffs and flow breccias of the Karmutsen Formation.

Volcanic redbed Cu deposits are known to occur in fault-bounded basins in various tectonic settings, including rifts with subaerial flood basalt sequences, intermontane basins in broad zones of extension, and near plate margins with island-arc and continental-arc volcanics. These deposits form in continental to shallow-marine volcanic settings in “low to intermediate latitudes” with arid to semi-arid environments. Deposits tend to form tabular lenses over a few metres to several tens of metres thick which are roughly congruent to the host strata, however deposits may also be strongly influenced by structural controls and lead to the formation of mineralized zones which crosscut stratigraphy such as veins, veinlets, fault breccias and disseminated zones.

The simple ore mineralogy found in these deposits provides a very specific geochemical signature for Cu and usually Ag. Litho-geochemical and stream sediment samples may also return high values of Cu and Ag, with typically high Cu/zinc ratios and low-grade Au values. IP surveys are also useful to delineate mineralized lenses and areas of intense veining associated with these deposits.

It should be noted that the large property size and regional geological environment lends itself to other potential sources of mineralization to occur on the Bakar Claims.

Exploration

Sherpa has not carried out any exploration on the Bakar Claims.

Drilling

Neither Sherpa nor the Vendor have carried out any drilling on the Bakar Claims.

Sampling, Analysis and Data Verification

During the 2018 and 2019 programs completed by Longford Exploration, a total of 60 rock samples, 93 channel samples, 32 stream sediment samples and 34 soil samples were collected. These samples were collected to enable detailed descriptions out of the field and were secured in a manner where sample integrity and provenance was maintained for future analytical procedures.

Rock samples collected were located by GPS. Each sample was collected into its own 18” x 12” poly bag labeled with the locale (i.e. “Bakar”) and a unique 7-character sample ID (i.e. E6690306) assigned from a barcoded Tyvek sample book. A tear-out tag with the barcode and unique sample ID was inserted in the bag with the sample and the bag was

sealed with a cable tie in the field. The sample locations are marked in the field with orange flagging tape and the unique sample ID number written on the flagging tape.

Soil samples were collected at 50 metres intervals along lines spaced 50 metres apart and 25 metres intervals along lines spaced 25 metres apart. All soil sample locations were recorded using hand-held GPS units. Sample sites are marked by aluminum tags inscribed with the sample numbers and affixed to 50 centimetres wooden lath that were driven into the ground. Most of the soil samples were collected from 20 to 30 centimetres deep holes using handheld geo-tools. They were placed into individually pre-numbered Kraft paper bags. Soil samples were sent to Bureau Veritas Mineral Laboratories in Vancouver, British Columbia where they were dried and screened to -180 microns, dissolved using an aqua regia digestion and analyzed for 35 elements using the inductively coupled plasma-mass spectrometry technique.

Two-kilogram stream sediment samples were carefully collected within drainage lines. All sample locations were recorded using a handheld GPS unit and location and relevant descriptions were recorded by following guidelines which were developed by Longford Exploration. Each sample was placed into its own poly bag and assigned a unique sample ID much the same as previously outlined for rock samples.

Longford Exploration maintained custody of all samples until they were delivered in person to Bureau Veritas Mineral Laboratories in Vancouver, British Columbia.

Longford Exploration applied a high-level QA/QC program for early stage exploration programs. A duplicate rock sample was collected every twentieth sample, while stream sediment was duplicated every tenth sample to confirm consistency of the data stream. Pulp duplicates and high-grade copper standards prepared and analyzed by the lab showed a less than 0.8% variability.

The author of the Technical Report believes that all sampling, handling, preparation, and analytical procedures used during the exploration programs on the Bakar Claims are appropriate and consistent with common industry best practices. The laboratories are recognized, accredited commercial assayers.

Much of the data presented in the Technical Report was compiled from assessment reports retrieved from British Columbia's publicly available reports, various publications, news releases and technical reports.

Sample analysis was conducted by ALS Laboratories ("ALS"), a well-recognized and certified laboratory in Canada. The author of the Technical Report did not submit standards or duplicate samples; however, ALS maintains a rigorous internal (blind) QA/QC program throughout the sample preparation and analysis process.

There were no limitations placed on the author of the Technical Report in conducting the aforementioned data verification or the site visit. No other data verification measures were completed as this project is at an early stage of exploration and the samples collected are not intended to be used for a mineral resource or mineral reserve estimate. The author of the Technical Report believes, to the best of his knowledge, that the data used for the purposes of the Technical Report is adequately reliable for its purposes.

Mineral Processing and Metallurgical Testing

This is an early stage exploration-project and no mineral processing or metallurgical testing has been carried out on the Bakar Claims.

Mineral Resource Estimates

This is an early-stage exploration project. No mineral resource estimates have been carried out at this time.

Mineral Reserve Estimates

This is an early-stage exploration project. Mineral reserve estimates are not relevant to the Bakar Claims at this time.

Recommendations

Based on the evaluation of available data, a multi-phase exploration program is recommended on the Bakar Claims, which includes the following:

- Digitize the information from historical drilling, geophysical surveys, mapping and sampling to provide a modern context to advance exploration efforts. Focus on an increased understanding of the nature and extent of mineralization using the geochemical and existing geophysical datasets (Phase 1); and
- Conduct a detailed mapping and sampling program at the Millington showing (where multiple mineralized outcrops occur within the Karmutsen formation) to delineate the extent and thickness of the mineralized horizons. Work should include stream sediment, soil/till and/or moss mat sampling, and channel sampling of visible surface mineralization (Phase 1), and include the following:
 - Detailed lithological and structural geological mapping over areas of excellent exposure in Crackerjack Creek. Particular attention should be paid to understanding stratabound versus discordant (vein and structure) hosted mineralization. It is expected that there will be significant structural controls on mineralization and understanding what these are will be critical to the ongoing exploration effort.
 - Due to the excellent host rock exposures along Crackerjack Creek there exists an opportunity to clearly and consistently map and classify the host Karmutsen formation volcanogenic stratigraphy and define any distal alteration patterns that may be present. It is expected that such an exercise would greatly aid in further regional exploration throughout the Bakar Claims in subsequent exploration programs. Whole rock litho-geochemistry would benefit this immensely.
 - Systematic stream sediment sampling should be completed along the main major drainages emanating from Mount Hansen. This work should be prioritized such that the core mineralized areas are preferentially sampled.
 - An orientation stream sediment sample program should be completed on the second-order drainages that feed Crackerjack Creek. Upon confirmation of anomalism related to copper mineralization and development of a robust methodology, this sampling procedure should be applied throughout the Bakar Claims.
 - Soil sampling lines or moss mat sampling should also be completed on an orientation basis along the ridgeline spurs that occur parallel to Crackerjack Creek.
 - A comprehensive QA/QC program should be implemented for all systematic sampling programs. Due to the high-grade nature of the identified mineralization it is strongly recommended that a robust field duplicate, and coarse lab duplicate program is implemented, as well as representative umpire sampling of the high-grade sample population.

Due to the steep topography, it may prove challenging to establish a uniform soil sampling grid over the area surrounding the Millington showing. Also, considering the potentially stratabound nature of the mineralization a minimum 25 metre grid spacing would likely be required to delineate anomalism from soil geochemistry. Steep slopes surrounding mineralization may also provide false positive soil geochemistry anomalism, owing to high amounts of downhill soil creep.

Based on the results of the initial exploration program (Phase 1), a follow-up diamond drilling program is recommended at the mineralized Millington showing (Phase 2). Due to the steep topography and dense vegetation, it is expected that helicopter-assisted drilling may be required. However, newly established logging tracks and forestry service roads could allow the area to be accessed at higher elevations on Mount Hansen, above the initial target at the Millington showing.

A preliminary budget for Phase 1 of \$201,313.25 (pre-contingency) and for Phase 2 of \$1,100,000 is proposed. A simplified breakdown of costs is provided in the table below. The Phase 2 recommendations are conditional upon positive results of Phase 1.

Table: Proposed exploration budget.

Phase	Description	Estimated Cost (\$)
1	Exploration program (24 day four-person) <ul style="list-style-type: none"> • Prospecting • Geologic mapping • Geochem orientation • Stream sediment, soil/till and/or moss mat sampling • Channel sampling of visible surface mineralization • Site visit (QP/Senior Project Manager) 	201,313.25
2	Diamond drilling program (3,500 metres)	1,100,000
TOTAL		1,301,313.25

PART III THE QUALIFYING TRANSACTION

Background

Since its initial listing on the Exchange, management of Sherpa has selectively reviewed certain opportunities to complete a Qualifying Transaction, including a merger or business combination with other corporations with assets or business activities which would meet the initial listing requirements of the Exchange. After the consideration of a number of factors and the review of various documents relating to the Bakar Claims, Sherpa entered into the Purchase Agreement in order to complete the Transaction.

On August 17, 2020, Sherpa and the Vendor executed the Purchase Agreement as announced on August 18, 2020. The terms of the Transaction were established through arm's length negotiations between the board of directors and management of each of Sherpa and the Vendor. The Transaction is not a Non-Arm's Length Qualifying Transaction. The Exchange has conditionally accepted the Qualifying Transaction, subject to Sherpa fulfilling all of the requirements of the Exchange.

Purchase Agreement

The following is a summary of the material terms of the Purchase Agreement. This summary does not purport to be a complete summary of the Purchase Agreement and it is qualified in its entirety by reference to the full text of the Purchase Agreement, a copy of which is available for review under Sherpa's profile on SEDAR at www.sedar.com.

Pursuant to the Purchase Agreement, Sherpa has agreed to acquire from the Vendor an 80% undivided interest in the mineral rights comprising the Bakar Claims and a 100% undivided interest in all technical data relating to the Bakar Claims for total consideration of (a) \$50,000 in cash, and (b) 1,000,000 Common Shares. Sherpa has agreed to solely fund expenditures on the Bakar Claims in the amount of \$200,000 over a period of six months. Sherpa and the Vendor have agreed to enter into an unincorporated joint venture with respect to their respective joint ownership of the Bakar Claims and Sherpa will assume the obligations of the Vendor under the Royalty Agreement, providing for a royalty equal to 2% of the net smelter returns in respect of the Bakar Claims.

The Purchase Agreement requires Sherpa to, as soon as practicable but subject to Exchange acceptance and compliance with Exchange policies, pay to the Vendor a refundable deposit of \$40,000 in the form of an advance to the Vendor as part of the Required Expenditures. The Vendor shall use the Deposit only for Exploration and related expenditures respecting the Bakar Claims, and any such expenditures must be pre-approved in writing by Sherpa. On Closing, any remaining, unspent amount of the Deposit shall be repaid by the Vendor to Sherpa. If the Purchase

Agreement is terminated for any reason, then the Vendor shall be required to repay the full amount of the Deposit as soon as practicable following such termination, and in any event within 30 days of such termination. The Purchase Agreement also requires Sherpa to, on Closing or as soon as practicable thereafter, pay to third party service providers all amounts incurred or accrued, but unpaid, by the Vendor prior to the closing for Exploration and related expenditures respecting the Bakar Claims, provided that such expenditures have been pre-approved in writing by Sherpa.

Upon completion of the Transaction, Sherpa does not expect to change its name or trading symbol.

Joint Venture Agreement

Pursuant to the Joint Venture Agreement, Sherpa, as operator, will have full possession and control over the Bakar Claims and the Bakar Claims Data and all powers and authorities necessary to:

- (a) carry out Exploration and/or Development on the Bakar Claims, if commercially reasonable to do so;
- (b) conduct technical, commercial and economic feasibility studies to establish whether or not a Mining Operation is economically viable in or on the Bakar Claims;
- (c) develop one or more mines and bring the Bakar Claims to commercial production, if Sherpa determines it is, among other things, technically, commercially and economically viable to do so; and
- (d) pursue any other activity in connection with or incidental to any of the foregoing.

The Joint Venture Agreement will also set out, among other things, (i) Sherpa's obligation to solely fund any joint venture expenditures in the amount of the Required Expenditures over a period of six months commencing on the Closing, and (ii) the rights of Sherpa and the Vendor to any profits from potential future mineral production from the Bakar Claims.

Private Placement

Concurrent with, and conditional on, the Closing, Sherpa expects to complete a private placement for aggregate gross proceeds of \$300,000, which will consist of (a) 1,250,000 Common Shares for aggregate gross proceeds of \$100,000, and (b) 2,000,000 Flow-Through Common Shares for aggregate gross proceeds of \$200,000. The net proceeds of the Private Placement will be used for Exploration and related expenditures respecting the Bakar Claims and working capital purposes. Closing of the Transaction is conditional on completion of the Private Placement.

It is expected that following the completion of the Transaction and the Private Placement, existing Sherpa Shareholders will hold approximately 60.0% of the Resulting Issuer Shares, new Sherpa Shareholders will hold approximately 30.6% of the Resulting Issuer Shares and the Vendor will hold approximately 9.4% of the Resulting Issuer Shares.

Exchange Acceptance

Completion of the Transaction as Sherpa's Qualifying Transaction is subject to the acceptance of the Exchange. The Resulting Issuer will be considered to have completed the Qualifying Transaction on the date that the Exchange issues the Final Exchange Bulletin, which is expected to be on or about the second business day after the Closing, provided that all required documentation is filed with the Exchange. The CPC Policy shall cease to apply after the Qualifying Transaction is completed, except for any escrow resale restrictions, which will continue in full force and effect. The Exchange has conditionally accepted the Qualifying Transaction, subject to Sherpa fulfilling all of the requirements of the Exchange.

**PART IV
INFORMATION CONCERNING THE RESULTING ISSUER**

CORPORATE STRUCTURE

Name and Incorporation

Following completion of the Transaction, the Resulting Issuer will operate under the name “Sherpa II Holdings Corp.” and will be governed by the provisions of the BCBCA.

The head office will be located at Suite 918 – 1030 West Georgia Street, Vancouver, British Columbia V6E 2Y3 and the registered office will be located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia V6C 3E8.

After the Closing, the corporate structure of the Resulting Issuer will not change. The Resulting Issuer will not have any subsidiaries.

NARRATIVE DESCRIPTION OF THE BUSINESS

The Resulting Issuer’s business objectives following the completion of the Transaction will be the continued exploration and Development of the Bakar Claims and other properties in which the Resulting Issuer may thereafter acquire an interest.

Stated Business Objectives and Milestones

Based on management of the Resulting Issuer’s analysis of the Bakar Claims, the Technical Report and recommendations from the author of the Technical Report, the Resulting Issuer’s short-term milestone will be the completion of the following exploration and development activities after the Transaction is completed:

Proposed Budget for Phase 1 Work Program – 2021 Exploration

Phase	Description	Estimated Cost (\$)
1	Exploration program (24 day four-person) <ul style="list-style-type: none"> • Prospecting • Geologic mapping • Geochem orientation • Stream sediment, soil/till and/or moss mat sampling • Channel sampling of visible surface mineralization • Site visit (QP/Senior Project Manager) 	201,313.25
TOTAL		201,313.25

The Resulting Issuer intends to complete the exploration activities as recommended in the Technical Report commencing in spring 2021 with the Phase 1 work program. The Resulting Issuer’s completion of the Phase 2 work program recommended in the Technical Report will be contingent upon the receipt of favorable results upon completion of the Phase 1 work program. A preliminary budget of \$1,100,000 for the Phase 2 work program is proposed, which consists of a 3,500-metre diamond drilling program.

There are no known mineral reserves or mineral resources on the Resulting Issuer’s properties and the proposed exploration programs on the Bakar Claims are exploratory. See “*Risk Factors*”. The Resulting Issuer plans to use its unallocated working capital to continue to expand its acquisition, exploration and development strategy.

Other than as described in this Filing Statement, there are no other particular significant events or milestones that must occur for the Resulting Issuer’s initial business objectives to be accomplished. However, there is no guarantee that the Resulting Issuer will meet its business objectives or milestones described above within the specific time periods, within

the estimated costs or at all. The completion of the above-noted activities are estimates only and the Resulting Issuer may, for sound business reasons, reallocate its time or capital resources, or both, differently than as described above.

DESCRIPTION OF THE SECURITIES

Upon completion of the Qualifying Transaction, the Common Shares will be the Resulting Issuer Shares and the Options will be the Resulting Issuer Options. For a description of the attributes of the Common Shares and the Options, refer to “Part I – Information Concerning Sherpa – Description of Securities” of this Filing Statement. Upon completion of the Transaction and the Private Placement, it is expected that there will be 10,631,000 Resulting Issuer Shares and 638,100 Resulting Issuer Options outstanding.

PRO FORMA CAPITALIZATION

Pro Forma Capitalization

The following table sets forth the *pro forma* capitalization of the Resulting Issuer as at September 30, 2020, as more particularly described in the *pro forma* balance sheet attached to this Filing Statement as Appendix A.

Capital	Amount authorized or to be authorized	Amount outstanding before giving effect to the Transaction and the Private Placement	Outstanding as at the Filing Statement Date after giving effect to the Transaction and the Private Placement ⁽¹⁾
Resulting Issuer Shares	Unlimited	6,381,000	10,631,000
Resulting Issuer Options	10%	478,575	638,100 ⁽²⁾
TOTAL		6,859,575	11,269,100

Notes:

(1) The *pro forma* deficit of the Resulting Issuer as at September 30, 2020 was \$256,209.

(2) Includes 159,525 Options to be issued on Closing.

Fully-Diluted Share Capital

The fully-diluted share capital of the Resulting Issuer, after completion of the Transaction and the Private Placement, will consist of the securities set forth in the table below. Including all of the below securities, it is expected that there will be 10,631,000 Resulting Issuer Shares issued and outstanding, along with an aggregate of 638,100 Resulting Issuer Shares issuable upon conversion or exercise, as applicable, of convertible securities, for an aggregate of 11,269,100 Resulting Issuer Shares outstanding on a fully-diluted basis as set forth in the table below.

Categories of Securities	Number of Resulting Issuer Shares	Percentage of Total Diluted Resulting Issuer Share Capital Post-Closing
Resulting Issuer Shares issued by Sherpa prior to completing the Sherpa IPO (currently held in escrow)	2,000,000	17.8%
Resulting Issuer Shares issued by Sherpa pursuant to the Sherpa IPO	2,881,000	25.6%
Resulting Issuer Shares issued by Sherpa pursuant to the Sidecar	1,500,000	13.3%
Resulting Issuer Shares issued to the Vendor	1,000,000	8.9%
Resulting Issuer Shares to be issued pursuant to the Private Placement	3,250,000	28.8%
Resulting Issuer Shares reserved for issuance upon the exercise of the Resulting Issuer Options	638,100 ⁽¹⁾	5.7%
TOTAL	11,269,100	100% ⁽²⁾

Notes:

- (1) Includes 159,525 Options to be issued on Closing.
- (2) Numbers may not add due to rounding.

AVAILABLE FUNDS AND PRINCIPAL PURPOSES

Funds Available

Sherpa anticipates that, immediately following the completion of the Transaction, the Resulting Issuer will have available funds of approximately \$418,500, based on estimated working capital as at September 30, 2020 and net proceeds to be received from the Private Placement. Estimated expenses of the Transaction and the Private Placement will be approximately \$100,000. Based on the funds available, represented in the table below, the Resulting Issuer intends to initiate exploration work on the Bakar Claims and to use the funds for working capital purposes.

	Amount
	(\$)
Working capital as at September 30, 2020	258,500
Gross proceeds from the Private Placement	300,000
Less expenses associated with the Transaction and the Private Placement ⁽¹⁾	(100,000)
Less the Deposit	(40,000)
TOTAL	418,500

Note:

- (1) Includes the estimated expenses related to Exchange filings and expenses related to completion of the Transaction and the Private Placement.

Dividends

It is not expected that the Resulting Issuer will declare any dividends for the foreseeable future. The Resulting Issuer will have no restrictions on paying dividends, but if the Resulting Issuer generates earnings in the foreseeable future, it is expected that such earnings will be retained to finance growth, if any. The Board of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based upon the Resulting Issuer's financial position at the relevant time. Holders of Resulting Issuer Shares will be entitled to an equal share in any dividends declared and paid on the Resulting Issuer Shares.

Principal Purposes of Funds

It is expected that the Resulting Issuer will have approximately \$418,500 available at Closing. The following table sets out the principal uses of the funds available over the 12 months following Closing.

Principal Use of Funds	Amount Assuming Completion of the Transaction (\$)
Exploration work on the Bakar Claims	201,314
General and administrative costs	80,000
Unallocated working capital	137,186
TOTAL	418,500

The Resulting Issuer will spend the available funds on the principal purposes as indicated above. Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve these objectives. The Resulting Issuer will require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements to meet its objectives, in which case the Resulting Issuer expects to either issue additional equity securities or incur indebtedness. There is no assurance that additional funds required by the Resulting Issuer will be available if needed. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives over the next 12 months.

PRINCIPAL SECURITY HOLDERS

To the knowledge of Sherpa, upon completion of the Transaction and the Private Placement, the only person who will beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the Resulting Issuer Shares is Thomas O'Neill, who is expected to hold the following Resulting Issuer Shares:

Name	No. of Resulting Issuer Shares Beneficially Owned, Controlled, or Directed, Directly of Indirectly ⁽¹⁾	Percentage of Outstanding Resulting Issuer Shares ⁽²⁾
Thomas O'Neill	1,515,000	14.3%

Notes:

- (1) These numbers are derived from the public filings made by Mr. O'Neill on the System for Electronic Disclosure by Insiders (SEDI). This number does not include convertible securities held by Mr. O'Neill.
- (2) Based on a total of 10,631,000 Resulting Issuer Shares issued and outstanding.

DIRECTORS, OFFICERS AND PROMOTERS

The directors of the Resulting Issuer are expected to be Thomas O'Neill, Emily Davis, Galen McNamara and Robert Scott and the officers of the Resulting Issuer are expected to be Thomas O'Neill, Chief Executive Officer, Carson Halliday, Chief Financial Officer, and Maria Wells, Corporate Secretary. It is anticipated that the Audit Committee of the Resulting Issuer will consist of Messrs. O'Neill and Scott and Mrs. Davis. Galen McNamara and Robert Scott will be "independent", as such term is defined within the meaning of National Instrument 52-110 – *Audit Committees* ("NI 52-110"). Mr. O'Neill will not be considered to be independent as he will be an officer of the Resulting Issuer and Mrs. Davis will not be considered to be independent as she was an officer of Sherpa within the three preceding years. Each proposed member of the Audit Committee is "financially literate", as such term is defined within the meaning of NI 52-110, and possesses education or experience that is relevant for the performance of their responsibilities as Audit Committee members.

The term of office of the directors expires annually at the time of the Resulting Issuer's annual general meeting or when or until their successor is duly appointed or elected. The term of office of the Resulting Issuer's officers expires at the discretion of the Resulting Issuer's directors.

It is not anticipated that any of the members of management of the Resulting Issuer will enter into any non-competition or non-disclosure agreements with the Resulting Issuer after the Transaction is completed.

The following are the names and municipalities of residence of the individuals who will hold office as directors and officers of the Resulting Issuer upon completion of the Transaction, their proposed positions and offices with the Resulting Issuer, the number and percentage of Resulting Issuer Shares that the proposed director or officer will own, or over which control or direction will be exercised following the completion of the Transaction, the period served as a director or officer of Sherpa and their principal occupations during the last five years.

Name, Expected Position and Municipality of Residence	Principal Occupation for the Previous Five Years	Date First Elected/Appointed as a Director or Officer	Number and Percentage of Resulting Issuer Shares after giving effect to the Transaction and the Private Placement and Percentage of Class Held or Controlled ⁽¹⁾
Thomas O’Neill ⁽²⁾ CEO, Director and Promoter Vancouver, British Columbia, Canada	Founder, Thomas O’Neill & Associates Inc.	January 18, 2018	1,515,000 (14.3%) ⁽²⁾
Carson Halliday CFO Vancouver, British Columbia, Canada	Accounting Manager, Sentinel Corporate Services Inc. (September 2020 to present); Accounting Manager, Deloitte Canada (September 2015 to September 2020)	N/A	Nil (0.00%)
Emily Davis ⁽²⁾ Director North Vancouver, British Columbia, Canada	Corporate Administrator, TransCanna Holdings Inc. (September 2019 – present); Corporate Administrator, TY Management Corp. (July 2012 – September 2019)	January 18, 2018	860,000 (8.1%) ⁽³⁾
Galen McNamara Director Vancouver, British Columbia, Canada	Chief Executive Officer, Summa SilverCorp.; Entrepreneur and geologist	N/A	180,000 (1.7%)
Robert Scott ⁽²⁾ Director Vancouver, British Columbia, Canada	President, Corex Management Inc.	January 18, 2018	775,000 (7.3%) ⁽⁴⁾
Maria Wells Corporate Secretary Vancouver, British Columbia, Canada	Corporate Administrator, Sentinel Corporate Services Inc. (April 2017 – present); Executive Assistant and Office Manager, Vancouver	November 8, 2019	50,000 (0.5%)

Name, Expected Position and Municipality of Residence	Principal Occupation for the Previous Five Years	Date First Elected/Appointed as a Director or Officer	Number and Percentage of Resulting Issuer Shares after giving effect to the Transaction and the Private Placement and Percentage of Class Held or Controlled ⁽¹⁾
Whitecaps FC (March 2013 – April 2017)			

Notes:

- (1) Table is based on total of 10,631,000 Resulting Issuer Shares issued and outstanding after giving effect to the Transaction and the Private Placement.
- (2) Member of the Audit Committee of the Resulting Issuer.

After giving effect to the Transaction, the proposed directors and officers of the Resulting Issuer, and their Associates and Affiliates, as a group, whether, beneficial, direct or indirect, will hold 3,380,000 Resulting Issuer Shares, representing approximately 31.8% of the outstanding Resulting Issuer Shares.

Biographies of Management and Directors

The following are biographies of each of the proposed members of management and directors of the Resulting Issuer:

Thomas O’Neill, Chief Executive Officer and Director, Age 57

Mr. O’Neill is the founder of one of Vancouver’s leading insurance and financial advisory firms, Thomas O’Neill & Associates Inc. His company provides expertised guidance in the areas of individual insurance, employee benefits, group pension plans, and individual investment portfolios, in British Columbia, Alberta and Ontario, as well as internationally. Mr. O’Neill is also a founding member of the Executive Planning Group (EPG), a strategic alliance comprised of the top advisors across Canada. Mr. O’Neill has built strong relationships within both the mining/resource industry and investment brokerage business. His more than 30 years of experience in financial planning has given him the required knowledge to understand and assess the general applications of the accounting principles used by Sherpa and to understand the internal controls and procedures for financial reporting. With a sound understanding of these financial and accounting principles, as well as the particulars of the mining industry, Mr. O’Neill has sat on numerous boards of directors to impart his particular expertise. Mr. O’Neill is an independent contractor and is not subject to the terms of a formal engagement agreement, non-competition agreement or non-disclosure agreement with the Resulting Issuer. Mr. O’Neill will devote his time to the Resulting Issuer on an as needed basis.

Carson Halliday, Chief Financial Officer, Age 27

Mr. Halliday is a Chartered Professional Accountant with a strong background in financial reporting. Mr. Halliday has experience working with mining clients of all stages and sizes of the commodity life cycle as a result of his five years working in Deloitte’s audit practice, primarily in the mining industry. Mr. Halliday holds a Bachelor of Commerce degree from the University of Calgary. Mr. Halliday is an independent contractor and is not subject to the terms of a formal engagement agreement, non-competition agreement or non-disclosure agreement with the Resulting Issuer. Mr. Halliday will devote his time to the Resulting Issuer on an as needed basis.

Emily Davis, Director, Age 49

Mrs. Davis has more than 25 years of experience providing a variety of administrative and corporate services to publicly listed companies in the financial, technology and natural resource sectors. She acted as Chief Financial Officer and Corporate Secretary of Sherpa until November 2019. Currently Mrs. Davis is the Principal of Meraki Corporate Services Inc. Prior to that, Mrs. Davis was the President of Venture One Corp. and Director of

Administration of TY Management Corp. She has also worked with several merchant banks, managing portfolios of private and public companies, focused on mining, energy and technology. Mrs. Davis currently serves as a director and/or officer of a number of public and private companies in a diverse group of industries. Mrs. Davis is an independent contractor and is not subject to the terms of a formal engagement agreement, non-competition agreement or non-disclosure agreement with the Resulting Issuer. Mrs. Davis will devote her time to the Resulting Issuer on an as needed basis.

Galen McNamara, Director, Age 36

Mr. McNamara is a Geologist with more than 15 years of extensive discovery and capital markets experience. He is co-founder and Director of Summa Silver Corp (CSE: SSVR). He is the co-winner of the 2018 PDAC Bill Dennis “Prospector of the Year” Award and 2016 Mines and Money Exploration Award. He is the former Senior Project Manager – Exploration & Development at NexGen Energy, where he managed all field based drilling and exploration activities, and he was instrumental in the discovery and delineation of multiple high grade uranium zones. Mr. McNamara holds Bachelor and Master’s Degrees in Geology from Laurentian University. Mr. McNamara is an independent contractor and is not subject to the terms of a formal engagement agreement, non-competition agreement or non-disclosure agreement with the Resulting Issuer. Mr. McNamara will devote his time to the Resulting Issuer on an as needed basis.

Robert Scott, Director, Age 51

Mr. Scott, CPA, CA, CFA brings more than 20 years of professional experience in accounting, corporate finance, and merchant and commercial banking and has served on the management teams and boards of a number of Canadian publicly traded companies. He is a founder and president of Corex Management Inc., a private company providing accounting, administration, and corporate compliance services to privately held and publicly traded companies for over 10 years. Mr. Scott currently holds senior management and board positions with a number of TSX Venture Exchange and Canadian Securities Exchange issuers. Mr. Scott is an independent contractor and is not subject to the terms of a formal engagement agreement, non-competition agreement or non-disclosure agreement with the Resulting Issuer. Mr. Scott will devote his time to the Resulting Issuer on an as needed basis.

Maria Wells, Corporate Secretary, Age 55

Ms. Wells has been an integral member of some of Vancouver’s most successful teams in corporate finance and venture capital markets that have sourced, developed and facilitated capital investments, which financed and brought countless companies to market. She has over 30 years of experience with administrative and corporate services for a variety of private companies, and public companies on the Toronto Stock Exchange, the TSX Venture Exchange and the Canadian Securities Exchange. Ms. Wells is currently Corporate Administrator of Sentinel Corporate Services Inc., and was previously with Dundee Securities, Investment Banking focused on mining for 10 years. Ms. Wells is an independent contractor and is not subject to the terms of a formal engagement agreement, non-competition agreement or non-disclosure agreement with the Resulting Issuer. Ms. Wells will devote her time to the Resulting Issuer on an as needed basis.

Corporate Cease Trade Orders

No director, executive officer or Promoter of the Resulting Issuer is, as of the Filing Statement Date, or has been, within ten years prior to the Filing Statement Date, a director, chief executive officer, chief financial officer or Promoter of any company, including Sherpa and any personal holding companies, that was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days, that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer of the relevant company.

Bankruptcies

No director, executive officer or Promoter of the Resulting Issuer, or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, or any personal holding companies of the foregoing, is, as of the Filing Statement Date, or has been, within ten years prior to the Filing Statement Date, a director, executive officer, Promoter or shareholder of any company, as applicable, that, while the person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

Penalties or Sanctions

No director, executive officer or Promoter of the Resulting Issuer, or shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to affect materially the control of the Resulting Issuer, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Conflicts of Interest

There are potential conflicts of interest to which the directors, proposed directors and officers of the Resulting Issuer will be subject with respect to the operations of the Resulting Issuer. Certain of the directors, proposed directors and/or officers serve as directors and/or officers of other companies or have significant shareholdings in other companies. Any conflicts of interest will be subject to and governed by the law applicable to directors and officers conflicts of interest, including the procedures prescribed by the BCBCA. The BCBCA requires that directors and officers of the Resulting Issuer, who are also directors or officers of a party which enters into a material contract with the Resulting Issuer or otherwise have a material interest in a material contract entered into by the Resulting Issuer, must disclose their interest and, in certain instances, refrain from voting on any resolution of the Resulting Issuer's directors to approve the contract.

Standing Committees of the Board

The Resulting Issuer will have an Audit Committee comprised of the following three directors: Messrs. O'Neill and Scott and Mrs. Davis. It is not anticipated that there will be any other committees of the Board of the Resulting Issuer in the near term following the Closing given the early stage of the Resulting Issuer's development.

Promoter Consideration

Other than Thomas O'Neill, there is no person or company that will be considered a Promoter of the Resulting Issuer, nor has any person or company acted as Promoter for Sherpa within the past two years.

Other Reporting Issuer Experience

The following table sets out the proposed directors and officers of the Resulting Issuer that are, or have been within the last five years, directors, officers or Promoters of other reporting issuers.

<u>Name</u>	<u>Name of Reporting Issuer</u>	<u>Exchange</u>	<u>Position</u>	<u>Term</u>
Thomas O'Neill	ESV Resources Ltd.	TSXV	Director	August 27, 2020 to present
	Mich Resources Ltd.	CSE	Director	November 2019 to present
	Royal Sapphire Corp.	TSXV	CEO	March 2018 to present

Name	Name of Reporting Issuer	Exchange	Position	Term
	Summa Silver Corp.	CSE	Director	February 2020 to present
	CruzSur Energy Corp. (formerly PentaNova Energy Corp.)	TSXV	Director	May 2016 to April 2017
	Japan Gold Corp. (formerly Skyridge Resources Ltd.)	TSXV	Director	April 2013 to September 2016
	Last Mile Holdings Ltd. (formerly OJO Electric Corp., formerly Arcturus Ventures Inc.)	TSXV	CEO and Interim Director	August 2019 to October 2019
	Nubeva Technologies Ltd. (formerly Sherpa Holdings Corp.)	TSXV	CEO and Director	February 2017 to February 2018
	PMI Resources Ltd.	TSXV	Director	April 2013 to May 2017
	Pure Global Cannabis Inc. (formerly Royal Sapphire Corp.)	TSXV	Director	March 2018 to July 2018
Emily Davis	VON Capital Corp.	TSXV	Director	September 2020 to present
	Bethpage Capital Corp.	NEX	Director	March 2017 to May 2019
	Block X Capital Corp. (formerly Lions Gate Metals Inc.)	CSE	Director	November 2016 to February 2020
	Datinvest International Ltd.	NEX	Corporate Secretary	July 2016 to September 2019
	District Metals Corp. (formerly MK2 Ventures Ltd.)	TSXV	Corporate Secretary	July 2019 to June 2020
	Nubeva Technologies Ltd. (formerly Sherpa Holdings Corp.)	TSXV	CFO, Corporate Secretary and Director	February 2017 to February 2018
	Oyster Oil & Gas Ltd.	TSXV	Corporate Secretary	September 2014 to September 2019
	Summa Silver Corp.	CSE	CFO	February 2020 to March 2020
Galen McNamara	Hornby Bay Mineral Exploration Ltd.	TSXV	Director	April 2010 to present
	Summa Silver Corp.	CSE	CEO and Director	April 2020 to present
	District Metals Corp. (formerly MK2 Ventures Ltd.)	TSXV	VP Exploration and Development	July 2018 to July 2019
	Getchell Gold Corp.	CSE	Director	May 2011 to July 2017
Robert Scott	Capitan Mining Inc.	TSXV	CFO	August 2020 to present
	FinCanna Capital Corp.	CSE	CFO	December 2017 to present

Name	Name of Reporting Issuer	Exchange	Position	Term
	Genesis Metal Corp.	TSXV	Director	August 2014 to present
	Graphene 3D Lab Inc.	TSXV	CFO	July 2016 to present
	Great Bear Resources Ltd.	TSXV	CFO	January 2017 to present
	K2 Gold Corporation	TSXV	CFO	May 2017 to present
	Mongolia Growth Group Ltd.	TSXV	Director	December 2014 to present
	Nickel One Resources Inc.	TSXV	CFO	February 2016 to present
	Riverside Resources Inc.	TSXV	CFO	July 2007 to present
	Valore Metals Corp. (formerly Kivalliq Energy Corporation)	TSXV	CFO	July 2017 to present
	Northern Empire Resources Corp.	TSXV	CFO	March 2017 to January 2018
	Northair Silver Corp.	TSXV	CFO	December 2014 to April 2016
	Altan Rio Minerals Limited	TSXV	CFO	March 2011 to May 2013
	Altan Nevada Minerals Limited	TSXV	CFO	September 2009 to May 2013
Maria Wells	Dragonfly Capital Corp.	NEX	Corporate Secretary	April 2018 to November 2019

EXECUTIVE COMPENSATION

Compensation Discussion and Analysis

After the Transaction is completed, it is expected that the executive compensation structure of the Resulting Issuer and the philosophy of the directors of the Resulting Issuer in respect of executive compensation will be substantially similar to that of Sherpa.

Proposed Compensation

At the date of this Filing Statement, the Resulting Issuer does not propose to compensate its directors and officers for the 12-month period following the completion of the Transaction, other than through the grant of Resulting Issuer Options, as described below.

Incentive Plans Awards

Share-based awards

During the 12-month period following the completion of the Transaction, it is not expected that the Resulting Issuer will grant any share-based awards, being awards granted under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

Option-based awards

The Resulting Issuer intends to grant Resulting Issuer Options to its directors, officers, employees and consultants; however, the details of such grants have not yet been determined and will be subject to the prior approval of the Board of the Resulting Issuer. Such Resulting Issuer Options are expected to be granted under the Option Plan. For an overview of the Option Plan, see the discussion under the heading “*Part I – Information Concerning Sherpa – Stock Option Plan*”.

Pension Plan Benefits

During the 12-month period following the completion of the Transaction, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans.

Compensation of Directors

In addition to any fees to be paid to the directors of the Resulting Issuer for their services, the Resulting Issuer may also grant Resulting Issuer Options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer. It is not anticipated that directors who are otherwise employed by or engaged to provide services to the Resulting Issuer will be paid director’s fees.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No person who is a director or officer of Sherpa or is proposed to be a director or officer of the Resulting Issuer is: (a) indebted to Sherpa; or (b) is indebted to another entity which indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Sherpa.

INVESTOR RELATIONS ARRANGEMENTS

Sherpa has not entered into any written or oral agreement or understanding with any person to provide any promotional or investor relations services for the Resulting Issuer or its securities or to engage in activities for the purpose of stabilizing the market. Any such agreement or understanding that may be entered into following the completion of the Transaction will be at the determination of the Board of the Resulting Issuer.

OPTIONS TO PURCHASE SECURITIES

The Option Plan will continue in force following Closing and provides that the Board may from time to time, in its discretion, and in accordance with TSXV requirements, grant to directors, officers, employees and consultants of the Resulting Issuer, non-transferable Resulting Issuer Options, provided that the number of Resulting Issuer Shares reserved for issuance will not exceed 10% of the issued and outstanding Resulting Issuer Shares. In connection with the foregoing, the number of Resulting Issuer Shares reserved for issuance to any one person in any 12 month period will not exceed 5% of the issued and outstanding Resulting Issuer Shares unless the Resulting Issuer has obtained disinterested shareholder approval in accordance with the policies of the TSXV in respect of such grant and meets applicable Exchange requirements. In addition: (a) the number of Resulting Issuer Shares reserved for issuance to any one consultant will not exceed 2% of the issued and outstanding Resulting Issuer Shares; and (b) the number of Resulting Issuer Shares reserved for issuance to persons providing investor relations activities will not exceed 2% of the issued and outstanding Resulting Issuer Shares.

Resulting Issuer Options must be exercised within a reasonable period following cessation of the optionee’s position with the Resulting Issuer, provided that if the cessation was by reason of death, the Resulting Issuer Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Resulting Issuer Option. If an optionee does not continue to be a director, officer, consultant or employee of the Resulting Issuer following completion of the Qualifying Transaction, Resulting Issuer Options may be exercised from the later of 12 months after completion of a Qualifying Transaction by the Resulting Issuer, if any, and 90 days following cessation of the optionee’s position with the Resulting Issuer, provided that if the cessation of office, directorship, or consulting

arrangement was by reason of death, the Resulting Issuer Option may be exercised within a maximum period of one year after such death, subject to the expiry date of such Resulting Issuer Option.

The exercise price of the Resulting Issuer Options shall be determined by the Board at the time any Resulting Issuer Option is granted. In no event shall such exercise price be lower than the minimum exercise price permitted by the policies of the Exchange. Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Resulting Issuer Options shall vest and the method of vesting, or that no vesting restriction shall exist.

Upon completion of the Transaction, it is expected that the Resulting Issuer will have 638,100 Resulting Issuer Options issued and outstanding to acquire Resulting Issuer Shares, and 638,100 Resulting Issuer Shares reserved for issuance under the Option Plan. The following table shows the expected allocation of Reporting Issuer Options:

Category of Optionee	Number of Options to Purchase Resulting Issuer Shares ⁽¹⁾	Exercise Price	Market Value on Date of Grant per share	Expiry Date
Director / Officer of Resulting Issuer				
Thomas O'Neill	212,700 ⁽²⁾	\$0.10	\$0.105	September 20, 2023
Emily Davis	212,700 ⁽²⁾	\$0.10	\$0.105	September 20, 2023
Robert Scott	212,700 ⁽²⁾	\$0.10	\$0.105	September 20, 2023
TOTAL	638,100			

Notes:

- (1) Options vested on date of grant.
- (2) Includes 53,175 Options to be issued on Closing.

ESCROWED SECURITIES

Subject to the CPC Escrow Agreement among Sherpa, the Transfer Agent and the founding shareholders of Sherpa, 10% of such securities shall be released from escrow on the completion of the Qualifying Transaction (the “**Initial Release**”) and an additional 15% shall be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Name and Municipality of Residence of Securityholder	Designation of class	Prior to Giving Effect to the Transaction		After Giving Effect to the Transaction	
		Number of securities held in escrow	Percentage of class	Number of Resulting Issuer Shares to be held in escrow ⁽²⁾	Percentage of class ⁽¹⁾⁽²⁾⁽³⁾
Thomas O'Neill British Columbia, Canada	Common Shares	1,140,000	17.9%	1,140,000	10.7%

Emily Davis British Columbia, Canada	Common Shares	860,000	13.5%	860,000	8.1%
Galen McNamara British Columbia, Canada	Common Shares	Nil	0.0%	30,000	0.3%
Robert Scott British Columbia, Canada	Common Shares	500,000	7.8%	500,000	4.7%
Maria Wells British Columbia, Canada	Common Shares	50,000	0.8%	50,000	0.5%
Mike Marosits British Columbia, Canada	Common Shares	250,000	3.9%	250,000	2.4%
Maria Scott British Columbia, Canada	Common Shares	250,000	3.9%	250,000	2.4%
TOTAL		3,050,000	47.8%	3,080,000	29.0%⁽⁴⁾

Notes:

- (1) Based on a total of 10,631,000 Resulting Issuer Shares issued and outstanding.
- (2) Assumes that Principal's do not purchase more than 25% of the Resulting Issuer Shares pursuant to the Private Placement.
- (3) After completion of the share issuance to the Vendor and the Private Placement.
- (4) Numbers may not add due to rounding.

AUDITOR, TRANSFER AGENT AND REGISTRAR

Auditor

The auditor of the Resulting Issuer will not change as a result of the Transaction. See “*Part I – Information Concerning Sherpa – Auditor, Transfer Agent and Registrar.*”

Transfer Agent and Registrar

The transfer agent and registrar of the Resulting Issuer will not change as a result of the Transaction. See “*Part I – Information Concerning Sherpa – Auditor, Transfer Agent and Registrar.*”

**PART V
GENERAL MATTERS**

SPONSORSHIP

Sherpa has obtained an exemption from the sponsorship requirements of the Exchange.

INTEREST OF EXPERTS

Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, the auditor for Sherpa, is independent of Sherpa within the meaning of the *Code of Professional Conduct of the Chartered Professional Accountants of British Columbia*. Luke van der Meer, B.Sc. P.Geo. is the author of the Technical Report and is an independent “qualified person” (within the meaning of NI 43-101). As of the Filing Statement Date, no professional person who has provided an opinion or report referenced in this Filing Statement, currently holds more than 1% of the issued and outstanding Common Shares, will not hold more than 1% of the issued and outstanding Resulting Issuer Shares, and no such professional person is expected to be elected, appointed or employed as a director, officer or employee of the Resulting Issuer or of its Associates or Affiliates.

EXPERTS

The following professional persons have prepared reports or have provided opinions that are either included or referenced within this Filing Statement:

1. Dale Matheson Carr-Hilton Labonte LLP, Chartered Professional Accountants, has provided auditor’s reports on the audited financial statements of Sherpa incorporated by reference in this Filing Statement; and
2. Luke van der Meer, B.Sc. P.Geo. is the author of the Technical Report and is an independent “qualified person” (within the meaning of NI 43-101).

OTHER MATERIAL FACTS

There are no material facts about Sherpa or the Transaction that are not disclosed in this Filing Statement and which are necessary in order for this Filing Statement to contain full, true and plain disclosure of all material facts relating to Sherpa or the Resulting Issuer assuming completion of the Transaction.

BOARD APPROVAL

The Board of Sherpa has approved the contents of this Filing Statement.

FINANCIAL STATEMENTS

The audited financial statements of Sherpa for the financial years ended June 30, 2020 and 2019 and the unaudited condensed interim financial statements of Sherpa for the three-month period ended September 30, 2020 are hereby incorporated by reference in this Filing Statement and can be found under Sherpa’s profile on SEDAR at www.sedar.com.

**PART VI
RISK FACTORS**

An investment in Sherpa or the Resulting Issuer is subject to various risks and should be considered highly speculative. Investors should consider the following risk factors in addition to those outlined or otherwise referred to in this Filing Statement.

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this Filing Statement, which are in addition to the usual risks associated with an investment in

a business at an early stage of development. The directors of Sherpa consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of Sherpa or the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

An investment in securities of the Resulting Issuer is highly speculative and involves a high degree of risk and should only be made by investors who can afford to lose their entire investment.

RISK FACTORS RELATING TO SHERPA

Limited History of Operations

Sherpa has a very limited history of operations, is in the early stage of development and, in compliance with the CPC Policy, has conducted no active business and has received no revenues other than interest revenues. As such, Sherpa is subject to many risks, all of which are common to such enterprises, including under-capitalization, cash shortages, and limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that Sherpa will be successful in achieving a return on shareholders' investment and its likelihood of success must be considered in light of its early stage of operations. Sherpa has no intention of paying dividends in the near future.

The Transaction May Not be Completed

The Transaction is subject to final acceptance of the Exchange. There can be no assurance that all of the necessary regulatory approvals will be obtained. If the Transaction is not completed for these reasons or for any other reason, including as a result of the termination of the Purchase Agreement by, Sherpa will have incurred significant costs associated with the failed implementation of the Transaction. Furthermore, Sherpa has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that Sherpa will be able to identify a suitable Qualifying Transaction in the future. Even if a Qualifying Transaction is identified in the future, there can be no assurance that Sherpa will be able to successfully complete such transaction and the completion of such other Qualifying Transaction is subject to a number of conditions including acceptance by the Exchange and, in the case of a Non-Arm's Length Qualifying Transaction, approval of the majority of the minority shareholders.

Management and Conflicts of Interest

The ability of Sherpa to successfully complete a Qualifying Transaction is dependent on the performance of its current directors and officers, who only devote a portion of their time to the business and affairs of Sherpa and are, or will be, engaged in other projects or businesses. The current directors and officers of Sherpa also serve as directors and/or officers of other companies which may compete with Sherpa in its search for the businesses or assets targeted in order to complete a Qualifying Transaction. Accordingly, situations may arise where the directors and officers of Sherpa are in a position of conflict with Sherpa.

Dilution

The Transaction will be financed in part by the issuance of additional securities of Sherpa and this will result in further dilution to the current Sherpa Shareholders.

RISK FACTORS RELATING TO THE RESULTING ISSUER

The Resulting Issuer's business upon completion of the Transaction, will be the exploration and development of the Bakar Claims. The risk factors associated with the principal business of the Resulting Issuer are discussed below. Briefly, these relate to the highly speculative nature of the mining industry characterized by the requirement for large capital investment from an early stage and a low probability of finding economic mineral deposits. Due to the present stage of

exploration and development of the Bakar Claims, the Resulting Issuer may be subject to significant risks. Readers should carefully consider all such risks set out in the discussion below. The Resulting Issuer's actual exploration and operating results may be very different from those expected as at the Filing Statement Date.

Public Health Crises

On March 11, 2020, the World Health Organization declared a novel strain of coronavirus known as COVID-19 to be a worldwide pandemic. The speed and extent of the spread of COVID-19, and the duration and intensity of resulting business disruption and related financial and social impact, are uncertain and such adverse effects may be material. Efforts to slow the spread of COVID-19 could impact the exploration and development of the Bakar Claims.

To date, a number of governments have declared states of emergency and have implemented restrictive measures such as travel bans, quarantine and self-isolation. If the exploration or development of the Bakar Claims are disrupted or suspended as a result of these or other measures, it may have a material adverse impact on the Resulting Issuer's results of operations, financial condition and stock price. While governmental agencies and private sector participants will seek to mitigate the adverse effects of COVID-19, and the medical community is seeking to develop vaccines and other treatment options, the efficacy and timing of such measures is uncertain. The actual and threatened spread of COVID-19 globally could adversely affect global economies and financial markets resulting in a prolonged economic downturn and a decline in the value of the price of the Resulting Issuer Shares. The extent to which COVID-19 (or any other disease, epidemic or pandemic) impacts business activity or financial results, and the duration of any such negative impact, will depend on future developments, which are highly uncertain and cannot be predicted, including new information which may emerge concerning COVID-19 and the actions required to contain or treat its impact, among others.

Dependence on the Bakar Claims

The Bakar Claims will be the only property of the Resulting Issuer upon completion of the Transaction. As such, the operations of the Resulting Issuer will be dependent on the Bakar Claims, which may never develop into a commercially viable ore body. Any adverse development affecting the Bakar Claims will have a material adverse effect on the Resulting Issuer's business, prospects, financial performance and results of operations.

Exploration and Development Risk

Mining operations generally involve a high degree of risk. The Resulting Issuer's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of mineral properties, including unusual and unexpected geologic formations, seismic activity, explosions, rock bursts, cave-ins, flooding, pit wall failure and other conditions involved in drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, delays in mining, monetary losses and possible legal liability.

The exploration for, and development of, mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines and no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. Mineral exploration involves many risks and uncertainties, and success in exploration is dependent on a number of factors, including the quality of management, quality and availability of geological expertise and the availability of exploration capital. Substantial expenditures are required to establish mineral resources and mineral reserves, complete drilling and to develop processes to extract the minerals, develop mining and processing facilities and suitable infrastructure at any site chosen for mining, and establish commercial operations. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically. Even if an exploration program is successful and economically recoverable minerals are found, it can take a number of years from the initial phases of drilling and identification of the mineralization until production is possible, during which time the economic feasibility of extraction may change and the minerals that were economically recoverable at the time of discovery cease to be economically recoverable. There can be no assurance that the minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale operations.

The commercial viability of the Bakar Claims and other properties in which the Resulting Issuer may acquire an interest in the future depends upon on a number of factors, all of which are beyond the control of the Resulting Issuer, including, but not limited to: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; copper and silver prices, which are highly cyclical; general and local labour market conditions; the proximity and capacity of milling facilities; local, provincial, federal and international government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; ongoing costs of production; and availability and cost of additional funding. The exact effect of these factors, either alone or in combination, cannot be accurately predicted and their impact may result in the Resulting Issuer not being able to economically extract minerals from any identified mineral resource or mineral reserve which, in turn, could have a material and adverse impact on the Resulting Issuer's cash flows, earnings, results of operations and financial condition and prospects. The Resulting Issuer cannot provide any certainty that the exploration or development programs planned by the Resulting Issuer will result in a profitable commercial mining operation in respect of the Bakar Claims or other properties in which the Resulting Issuer may acquire an interest in the future.

Tax Issues

Sherpa intends to issue Common Shares on a "flow-through" basis pursuant to flow-through subscription agreements with subscribers. Although the Resulting Issuer intends to incur expenditures as contemplated by those flow-through subscription agreements, there is a risk that expenditures incurred by the Resulting Issuer may not qualify as "Canadian exploration expenditures" ("CEE"), as such term is defined in the ITA, or that any such resource expenses incurred will be reduced by other events including failure to comply with the provisions of the flow-through subscription agreements or of applicable income tax legislation. If the Resulting Issuer does not renounce to such subscribers CEE within the prescribed time period, or if there is a reduction in such amount renounced pursuant to the provisions of the ITA, the Resulting Issuer may need to indemnify such subscribers, on the terms included in the flow-through subscription agreements, for an amount equal to the amount of any tax payable or that may become payable under the ITA.

Limited Operating History and Financial Resources

Sherpa has a limited operating history and expects that its losses will continue for the foreseeable future. Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that the Resulting Issuer plans to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Resulting Issuer in the exploration of mineral claims may not result in the discovery of mineral deposits. Problems such as unusual or unexpected formations of rock or land and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. If the results of future exploration programs do not reveal viable commercial mineralization, the Resulting Issuer may decide to abandon its claims and acquire new claims for new exploration or cease operations.

There can be no assurance that the Resulting Issuer will ever be profitable in the future. The Resulting Issuer's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Bakar Claims and any other properties that the Resulting Issuer may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners, and the Resulting Issuer's acquisition of additional properties and other factors, many of which are beyond the Resulting Issuer's control.

Uncertainty of Mineral Resource Estimates

The Vendor has not defined any mineral resources on the Bakar Claims and there can be no assurance that any of the concessions under exploration contain commercial quantities of any minerals. No assurance can be given that any tonnages and grades will be achieved or that any level of recovery will be realized. The grade of mineralization recovered may differ materially and adversely from the estimated average grades in any future mineral resource estimates. Future production could differ dramatically from any future mineral resource estimates for, among others, the following reasons:

- mineralization or formations could be different from those predicted by drilling, sampling and similar examinations;
- increases in operating mining costs and processing costs could adversely affect mineral resources;
- the grade of the mineral resources may vary significantly from time to time and there is no assurance that any particular grade may be recovered from the mineral resources; and
- declines in the market price of minerals may render the mining of some or all of the mineral resources uneconomic.

Any of these factors may require the Resulting Issuer to reduce its mineral resource estimates or increase its cost estimates. Short-term factors, such as the need for the additional development of a deposit or the processing of new different grades, may impair the Resulting Issuer's profitability. Should the market price of minerals fall, the Resulting Issuer could be required to materially write down its investment in mining properties or delay or discontinue production or the development of new projects.

Mineral Reserves

The Vendor has not defined any mineral reserves on the Bakar Claims and there can be no assurance that any of the concessions under exploration contain commercial quantities of any minerals. Even if commercial quantities of minerals are identified, there can be no assurance that the Resulting Issuer will be able to exploit the mineral resources or, if the Resulting Issuer is able to exploit them, that it will do so on a profitable basis. Substantial expenditures may be required to locate and establish mineral reserves, to develop extraction processes and to construct mining and processing facilities at a site, and substantial additional financing may be required. It is impossible to ensure that the exploration or development programs planned by the Resulting Issuer will result in a profitable commercial mining operation. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend on the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and geologists. Several significant factors will be considered, including, but not limited to: (i) the attributes of the deposit, such as size, grade and proximity to infrastructure; (ii) mineral prices, which are highly cyclical; (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; (iv) ongoing costs of production; and (v) availability and cost of additional funding. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Resulting Issuer not receiving an adequate return on invested capital.

Operational Risks

Mineral exploration and mining involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include unusual or unexpected formations, formation pressures, inclement weather conditions, seismic activity, fires, power outages, industrial accidents, flooding, explosions, rock bursts, cave-ins or pit wall failures and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, catastrophic damage to property or loss of life, labour disruptions, technological failure of mining methods, equipment failure or the inability to obtain suitable or adequate machinery, equipment or labour. Operations in which the Resulting Issuer will have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. Although the Resulting Issuer intends to maintain liability insurance in an amount which it considers adequate, the nature of these risks is such that liabilities could exceed policy limits, in which event the Resulting Issuer could incur significant costs that could have a materially adverse effect upon its financial condition.

Title to Property

The Resulting Issuer will not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for

problems arising from the frequently ambiguous conveyance history of many mining properties. Sherpa has diligently investigated title to its mineral claims; however, this should not be construed as a guarantee of title. The Resulting Issuer cannot give any assurance that title to property will not be challenged or impugned and cannot guarantee that the Resulting Issuer will have or acquire valid title to the Bakar Claims. The possibility also exists that title to the existing property or future prospective properties may be lost due to an omission in the claim of title or prior activities of the Vendor which affects the Resulting Issuer's title.

First Nations Rights and Title

The nature and extent of First Nations rights and title remains the subject of active debate, claims and litigation in British Columbia. First Nations in British Columbia have made claims of aboriginal rights and title to substantial portions of land and water in the province, including areas where the Bakar Claims are situated, creating uncertainty as to the status of competing property rights. The Supreme Court of Canada has held that indigenous groups may have a spectrum of aboriginal rights in lands that have been traditionally used or occupied by their ancestors. Such aboriginal rights and title are not absolute and may be infringed by government in furtherance of a legislative objective, subject to meeting a justification test. Additional uncertainty has arisen due to the recent decision of the Supreme Court of Canada in *Tsilhqot'in Nation v. British Columbia* (2014 SCC 44), which recognized the Tsilhqot'in Nation as holding aboriginal title to approximately 1,900 square kilometres of territory in the interior of British Columbia. This decision represents the first successful claim for aboriginal title in Canada and may lead other First Nations in British Columbia to pursue aboriginal title in their traditional land-use areas. The effect of such claims on any particular area of land will not be determinable until the exact nature of historical use, occupancy and rights to such property have been clarified by a decision of the Courts or definition in a treaty. First Nations in the province are seeking settlements including compensation from governments with respect to these claims, and the effect of these claims cannot be estimated at this time. The federal and provincial governments have been seeking to negotiate settlements with indigenous groups throughout British Columbia in order to resolve many of these claims. Any settlements that may result from these negotiations may involve a combination of cash, resources, grants of conditional rights to undertake traditional pursuits (like hunting, gathering, trapping and fishing) on public lands, and some rights of self-government. The issues surrounding aboriginal title and rights are not likely to be resolved in the near future.

In a landmark decision in 2004, the Supreme Court of Canada determined that there is a duty on government to consult with and, where appropriate, accommodate First Nations where government decisions may impact on claimed, but as yet unproven, aboriginal rights or title. This decision also provided much needed clarification of the duties of consultation and accommodation. This decision was re-enforced in a 2010 decision of the Supreme Court of Canada, in which the Court re-affirmed and re-stated the test for determining when the duty to consult arises. The Court has made clear that third parties are not responsible for consultation or accommodation of indigenous interests and that this responsibility lies with government. However, government permits, including environmental and mine permits, will not be granted by provincial and federal agencies unless they are satisfied that the duty to consult and accommodate has been fully met. In 2005, the Supreme Court of Canada confirmed that this duty exists with respect to claimed treaty rights.

The Bakar Claims lie within territory claimed by First Nations and given the unsettled nature of land claims and treaty rights in British Columbia, there can be no guarantee that there will not be delays in obtaining any required approvals, unexpected interruptions in project progress, requirements for First Nations consent, cancellation of permits and licenses, or additional costs to advance the Resulting Issuer's projects.

In addition, the Government of Canada has expressed a renewed commitment to implementing the United Nations Declaration of the Rights of Indigenous People ("UNDRIP"), and more recently, the Government of British Columbia passed legislation to incorporate the UNDRIP into the laws of British Columbia. The UNDRIP requires governments to obtain the free, prior and informed consent of indigenous peoples who may be affected by government action, such as the granting of mining concessions or approval of mine permits.

In order to facilitate mine permitting, construction, commencement and/or expansion of mining activities, the Resulting Issuer may deem it necessary and prudent to try to obtain the cooperation and approval of the local First Nations groups. Any cooperation and approval may be predicated on the Resulting Issuer committing to take measures to limit the adverse impacts on local First Nations groups and ensuring that some of the economic benefits of the construction and mining activity will be enjoyed by the local First Nations groups. There can be no guarantee that any of the Resulting

Issuer's efforts to secure such cooperation or approval would be successful or that the assertion of First Nations rights and title, or claims of insufficient consultation or accommodation, will not create delays in project approval or unexpected interruptions in project progress, requirements for First Nations consent, cancellation of permits and licenses, or result in additional costs to advance our projects.

Commodity Prices

The profitability of the Resulting Issuer's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Resulting Issuer. These factors include interest rates, the rate of inflation or deflation, global and regional supply and demand, consumption patterns, forward sales by producers, currency exchange fluctuations, speculative activities and increased production due to improved mining and production methods. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political and economic developments in major copper and silver-producing countries throughout the world. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable. The Resulting Issuer's future revenues and earnings could also be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of copper and silver. The prices of these commodities are affected by numerous factors beyond the Resulting Issuer's control.

Dependence on Future Financings

The Resulting Issuer will require significant capital and operating expenditures in connection with the development of the Bakar Claims. There can be no assurance that the Resulting Issuer will be successful in obtaining the required financing as and when needed. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which could have an impact on the amount of additional capital that may be required. To meet such funding requirements, the Resulting Issuer may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Resulting Issuer or at all. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion and pursue only those development plans that can be funded through cash flows generated from its existing operations, if any.

Share Price Volatility

The market price for the Resulting Issuer Shares cannot be assured. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The trading price of the Common Shares has been, and the trading price of the Resulting Issuer Shares may continue to be, subject to large fluctuations. For the same reason, the value of any of the Resulting Issuer's securities convertible into, or exchangeable for, Resulting Issuer Shares may also fluctuate significantly, which may result in losses to investors. The price of the Resulting Issuer Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings. Factors that may contribute to volatility in the securities of the Resulting Issuer include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Resulting Issuer Shares is also likely to be significantly affected by short-term changes in mineral prices.

Other factors unrelated to the Resulting Issuer's performance that may have an effect on the price of the Resulting Issuer Shares include the following: lessening in trading volume and general market interest in the Resulting Issuer's securities may affect an investor's ability to trade significant numbers of Resulting Issuer Shares; the size of the Resulting Issuer's public float may limit the ability of some institutions to invest in the Resulting Issuer's securities; and a substantial decline in the price of the Resulting Issuer Shares that persists for a significant period of time could cause the Resulting Issuer Shares to be delisted from the exchange on which they trade, further reducing market liquidity. The market price for the Resulting Issuer Shares may also be affected by the Resulting Issuer's ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have

a material adverse effect on the market price of the Resulting Issuer Shares. In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could materially and adversely harm the Resulting Issuer and its financial position.

Liquidity for the Resulting Issuer Shares

There is no assurance that there will be a liquid market for the Resulting Issuer Shares. Trading volumes for the Resulting Issuer Shares may fluctuate dramatically from day to day and from month to month. The stock market has, from time to time, experienced extreme price and volume fluctuations, which have often been unrelated to the operating performance, net asset values or prospects of particular companies. There can also be no assurance that an active trading market in securities of the Resulting Issuer will be established and sustained. If an active public market for the Resulting Issuer Shares does not develop, the liquidity of a shareholder's investment may be limited and the share price may decline. Further, should investor interest in the Resulting Issuer wane, shareholders may find it difficult to sell their shares or may be unable to do so. Additionally, no assurance can be given as to the market price of the Resulting Issuer Shares after completion of the Transaction.

Compliance with rules and requirements applicable to public companies

Changing laws, regulations and standards relating to corporate governance and continuous disclosure result in increased legal and financial compliance costs. These laws, regulations and standards are subject to varying interpretations, in many cases due to their lack of specificity, and, as a result, their application in practice may evolve over time as new guidance is provided by regulatory and governing bodies. This could result in continuing uncertainty regarding compliance matters and higher costs necessitated by ongoing revisions to disclosure and governance practices.

Government Regulation

The proposed mining, processing, exploration and development activities of the Resulting Issuer are subject to various laws governing environmental protection, natural resources prospecting, development, production, post-closure reclamation, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. The costs associated with compliance with such laws and regulations are substantial. Although the Resulting Issuer believes that its mining and processing operations and exploration and development activities will be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be interpreted and applied in a manner which could cause additional expense, capital expenditures, restrictions on or suspension of the Resulting Issuer's operations and delays in the development of the Bakar Claims and other properties in which the Resulting Issuer may acquire an interest. Moreover, governmental authorities and private parties may bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of the Resulting Issuer's future operations, which could lead to the imposition of substantial fines, penalties and other civil and criminal sanctions. Substantial costs and liabilities, including bonding, reclamation funding, or other requirements for restoring the environment after the closure of mines, will be inherent in the development of the Bakar Claims. There can be no assurance that any such law, regulation, enforcement or private claim, or any changes thereto, will not have a material adverse effect on the Resulting Issuer's business, financial condition or results of operations.

Permits and Licenses

The mining and exploration activities of the Resulting Issuer will require permits from various governmental authorities and such operations are, and will be, governed by laws and regulations governing exploration, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in mining and exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. While Sherpa believes that it will have all permits and licenses necessary to carry on activities on the Bakar Claims after completion of the Transaction, a substantial number of additional permits and licenses may be required after the completion of the Transaction. The Resulting Issuer anticipates that it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licenses

and permits; however, there can be no assurance that all permits that the Resulting Issuer may require for mining and exploration will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Resulting Issuer may undertake. Sherpa believes the Vendor is in substantial compliance with all material laws and regulations which currently apply to its activities. However, there may be unforeseen environmental liabilities of the Resulting Issuer resulting from exploration and/or mining activities and these may be costly to remedy.

Health and Safety Risk

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Resulting Issuer and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Resulting Issuer as an employer. Failure to comply with applicable health and safety laws may result in injunctions, damages, suspension or revocation of licenses or permits and the imposition of penalties. There can be no assurance that the Resulting Issuer will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future health and safety laws and permits will not adversely affect the Resulting Issuer's business, results of operations, financial condition or prospects. The Resulting Issuer will have rigorous procedures in place to manage health and safety protocols in order to reduce the risk of occurrence and the severity of any accident, and will continually invest time and resources to enhance health and safety at all operations.

Environmental Matters

The Resulting Issuer's operations will be subject to laws and regulations regarding environmental matters, the use or extraction of water, and the discharge of mining wastes and materials. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Resulting Issuer, including the suspension or cessation of operations. Environmental laws and regulations change frequently, and the implementation of new, or the modification of existing, laws or regulations could harm the Resulting Issuer.

The Resulting Issuer may be required to make significant expenditures to comply with governmental laws and regulations. Any significant mining operations will have some environmental impact, including land and habitat impact, arising from the use of land for mining and related activities, and certain impact on water resources near the project sites, resulting from water use, rock disposal and drainage run-off. No assurances can be given that such environmental issues will not have a material adverse effect on the Resulting Issuer's operations in the future. Environmental hazards may exist on the Bakar Claims in which the Resulting Issuer holds interests which are unknown to the Vendor or Sherpa at the present time and which have been caused by previous or existing owners or operators of the properties. While the Vendor believes it does not currently have any material unsatisfied environmental obligations, exploration activities may give rise in the future to significant liabilities on the Resulting Issuer's part to the government and third parties and may require the Resulting Issuer to incur substantial costs of remediation.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Additionally, the Resulting Issuer does not intend to maintain insurance against environmental risks. As a result, any claims against the Resulting Issuer may result in liabilities the Resulting Issuer will not be able to afford, resulting in the failure of the Resulting Issuer's business. Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more

stringent implementation of existing laws, could have a material adverse impact on the Resulting Issuer and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new exploration properties.

Infrastructure

Mining, processing, exploration and development activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important factors affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Resulting Issuer's operations, financial condition financial performance.

Competition

The mining industry is intensely competitive in all of its phases, and the Resulting Issuer will compete with other exploration companies which have greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other persons to carry out its mineral exploration and development activities. Recent increases in base and precious metal prices have encouraged increases in mining exploration, development and construction activities, which have resulted in increased demand for, and cost of, exploration, development and construction services and equipment. Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays or both.

Acquisitions and Integration

From time to time, the Resulting Issuer may pursue opportunities to acquire additional mining assets and businesses. Any acquisition that the Resulting Issuer may choose to complete may be of a significant size, may change the scale of the Resulting Issuer's business and operations, and may expose the Resulting Issuer to new geographic, political, operating, financial and geological risks. The Resulting Issuer's success in its acquisition activities will depend on its ability to identify suitable acquisition candidates that fit its business strategy, negotiate acceptable terms for any such acquisition, obtain approvals from regulatory authorities in the jurisdiction of the business or property to be acquired, and integrate the acquired operations successfully with those of the Resulting Issuer. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Resulting Issuer has committed to complete the transaction and established the purchase price or exchange ratio; a material ore body may prove to be below expectations; the Resulting Issuer may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Resulting Issuer's ongoing business and its relationships with employees, customers, suppliers and contractors; and, to the extent that the Resulting Issuer makes an acquisition outside of markets in which it has previously operated, the Resulting Issuer may have difficulty conducting and managing operations in a new operating environment.

Acquiring additional business or properties could place increased pressure on the Resulting Issuer's cash flow if such acquisitions involve a cash consideration. In the event that the Resulting Issuer chooses to raise debt capital to finance any such acquisition, the Resulting Issuer's leverage will be increased. If the Resulting Issuer chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Resulting Issuer may choose to finance any such acquisition with its existing resources. The integration of the Resulting Issuer's existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation would require the Resulting Issuer to incur significant costs in connection with, among other things, implementing financial and planning systems. The Resulting Issuer may not be able to integrate the operations of a recently acquired business or restructure the Resulting Issuer's previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from the Resulting Issuer's management team, which may detract attention from the Resulting Issuer's day-to-day operations. Over the short-term, difficulties associated with integration could have a material adverse effect on the Resulting Issuer's business. In addition, the acquisition of mineral properties may subject the Resulting Issuer to unforeseen liabilities,

including environmental liabilities, which could have a material adverse effect on the Resulting Issuer. There can be no assurance that the Resulting Issuer would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

Litigation Risk

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which the Resulting Issuer may become subject could have a material effect on the Resulting Issuer's business, prospects, financial position, results of operations or the Resulting Issuer's property development.

Key Personnel

Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration, development and production personnel involved. The success of the Resulting Issuer is largely dependent on the performance of its key personnel. The Resulting Issuer's success is also largely dependent on its ability to hire and retain other highly qualified personnel. This is particularly true in highly technical businesses such as mineral exploration. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for this workforce is intense. As the Resulting Issuer's business activity grows, the Resulting Issuer will require additional key executive, financial, operational, administrative and mining personnel. The Resulting Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. These individuals are in high demand and the Resulting Issuer may not be able to attract the personnel it needs. Failure to retain key personnel or to attract and retain additional key individuals with necessary skills could have a materially adverse impact upon the Resulting Issuer's business, its operating results as well as its overall financial condition. The Resulting Issuer has not purchased any "key-man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

Insurance and Uninsured Risk

The business of the Resulting Issuer will be subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, explosions, rock bursts, cave-ins, natural phenomena such as inclement weather conditions, floods and earthquakes, changes in the regulatory environment and political or social instability. Such occurrences or events could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Resulting Issuer or others, delays in mining, monetary losses and possible legal liability.

Although, the Resulting Issuer plans to maintain insurance for protection against certain risks in amounts it considers being reasonable, such insurance may not cover all the potential risks associated with the Resulting Issuer's operations. The Resulting Issuer may also decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against political risk and risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Resulting Issuer or to other companies in the mining industry on acceptable terms. The Resulting Issuer will periodically evaluate the cost and coverage of the insurance against certain risks to determine if it would be appropriate to obtain such insurance. Without such insurance, losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

Conflicts of Interest

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to be engaged in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Resulting Issuer are required, subject to certain exceptions, to

disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer. However, in conflict of interest situations, the Resulting Issuer's directors and officers may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions. Circumstances (including with respect to future corporate opportunities) may arise which are resolved in a manner that is unfavourable to the Resulting Issuer.

No Dividends

The Resulting Issuer does not expect to pay dividends on the issued and outstanding Resulting Issuer Shares upon completion of the Transaction or in the foreseeable future. If the Resulting Issuer generates any future earnings such cash resources will be retained to finance further growth and current operations. The board of directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based on the financial position of the Resulting Issuer and other factors relevant at that time. Until the Resulting Issuer pays dividends, which it may never do, a shareholder will not be able to receive a return on his or her investment in the Resulting Issuer Shares unless such Resulting Issuer Shares are sold. In such event, a shareholder may only be able to sell his, her or its Resulting Issuer Shares at a price less than the price such shareholder originally paid for them, which could result in a loss of such shareholder's investment.

APPENDIX A
PRO FORMA BALANCE SHEET

See attached.

SHERPA II HOLDINGS CORP.

PRO FORMA FINANCIAL STATEMENTS

(IN CANADIAN DOLLARS)

UNAUDITED – PREPARED BY MANAGEMENT

September 30, 2020

SHERPA II HOLDINGS CORP.**Pro Forma Statement of Financial Position (unaudited – prepared by Management)****As at September 30, 2020**

(Expressed in Canadian dollars)

	Sherpa II Holdings Corp.	Pro Forma Adjustments	Note	Pro Forma Balances
ASSETS				
Current				
Cash	\$ 322,270	\$ (50,000)	3)a)	\$ 412,270
		(40,000)	3)a)	
		300,000	3)b)	
		(100,000)	3)c)	
Prepaid Expenses	2,167	-		2,167
Deposit	-	40,000	3)a)	40,000
Total current assets	324,437	160,000		474,437
Exploration and evaluation properties	-	130,000	3)a)	130,000
	\$ 324,437	\$ 280,000		\$ 604,437
Current				
Accounts payable and accrued liabilities	\$ 65,937	\$ -		\$ 65,937
Flow through share premium liability	-	40,000	3)b)	40,000
	65,937	40,000		105,937
Shareholders' equity				
Share capital	\$ 466,770	\$ 80,000	3)a)	\$ 806,770
		260,000	3)b)	
Share-based payment reserve	47,939			47,939
Deficit	(256,209)	(100,000)	3)c)	(356,209)
	258,500	240,000		498,500
	\$ 324,437	\$ 280,000		\$ 604,437

The accompanying notes are an integral part of these pro forma financial statements.

SHERPA II HOLDINGS CORP.

Notes to the Pro Forma Financial Statements (unaudited – prepared by Management)

(Expressed in Canadian dollars)

1. Proposed Transaction

On August 18, 2020 the Company announced that it had entered into a definitive purchase agreement with District Metals Corp. to acquire 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 intention is for the Transaction to constitute the Company’s Qualifying Transaction. The Company will acquire the Bakar Claims and all technical data for total consideration of:

- \$50,000 cash payment;
- 1,000,000 common shares of the Company;
- \$200,000 in work expenditures within six months of closing; and
- Carry over of the 2.0% net smelter royalty (“NSR”) from the royalty agreement dated July 12, 2019 between District Metals Corp. and Longford Capital Corp. on one of the eight mineral claims that comprises the Bakar Claims. The 2.0% NSR may be repurchased entirely for \$6,500,000 cash.

Concurrent with the closing of the transaction, the Company expects to complete a private placement for gross proceeds of \$300,000. The Company expects to issue 1,250,000 common shares at a price of \$0.08 per common share for aggregate gross proceeds of \$100,000 and 2,000,000 common shares to be issued as “flow-through shares” at a price of \$0.10 per flow-through common share, for gross proceeds of \$200,000.

2. Pro Forma Transaction

The accompanying unaudited pro-forma financial statements of Sherpa II Holdings Corp. have been prepared by management in accordance with International Reporting Standards (“IFRS”) from information derived from the financial statements of Sherpa to show the effect of the proposed transaction as described in Note 1.

The accounting policies used for the pro-forma financial statements are the same as those used in Sherpa’s annual financial statements except for the accounting policy for flow-through shares, which are a new transaction. The Company’s accounting policy is that the value of the flow-through shares is bifurcated into a share component corresponding to the price of a non-flow-through share, and a liability component representing the premium paid. As eligible expenditures are incurred, the deferred premium liability is reversed into profit or loss on a pro-rata basis.

The unaudited pro-forma consolidated financial statements of Sherpa are compiled from and include:

- a) Sherpa II Holdings Corp.’s unaudited condensed interim financial statements as at September 30, 2020;
- b) The additional information set out in Note 3.

The unaudited pro forma consolidated financial statements have been prepared for illustration purposes only and may not be indicative of the financial statements that would have occurred if the proposed transactions had been in effect at the date indicated and is not necessarily indicative of the financial position and performance projected in the future. Management of Sherpa believes that the assumptions used provide a reasonable basis for presenting all of the significant effects of the Business Combination, including transactions completed in connection with completing the Business Combination, and that the pro forma adjustments give appropriate effect to those assumptions and are appropriately applied. Completion of the Business Combination is subject to a number of conditions, including but not limited to, TSX Venture Exchange’s acceptance. There can be no assurance that the Business Combination will be completed as proposed or at all.

SHERPA II HOLDINGS CORP.

Notes to the Pro Forma Financial Statements (unaudited – prepared by Management)

(Expressed in Canadian dollars)

3. Pro Forma Adjustments

The unaudited pro-forma financial statements incorporate the following assumptions and adjustments:

- a) As described above, Sherpa entered into a definitive agreement with District Metals Corp. dated August 18, 2020 to acquire an 80% undivided interest in the Bakar Claims. The consideration for the Bakar Claims includes a \$50,000 cash payment and the issuance of 1,000,000 common shares. The common shares of Sherpa were valued at \$0.08 per share, consistent with the deemed value of the shares pursuant to the definitive agreement.

Pursuant to the purchase agreement, the Company is responsible to advance to District Metals Corp., as part of the required expenditures, a maximum sum of \$40,000.

- b) Concurrent with the transaction, the Company expects to complete a private placement for gross proceeds of \$300,000. The Company expects to issue 1,250,000 common shares at a price of \$0.08 per share for aggregate proceeds of \$100,000 and 2,000,000 flow through shares at a price of \$0.10 per flow through share, for gross proceeds of \$200,000.

The flow-through shares were issued at a premium of \$0.02 per flow-through share, calculated as the difference in the price per flow-through share and the price per common share. This resulted in a flow-through share premium liability of \$40,000.

- c) Costs of approximately \$100,000 to complete the qualifying transaction.

4. Pro Forma Share Capital

	Number of shares		Amount
Outstanding common shares of ZTR as at June 30, 2020	6,381,000	\$	466,770
Shares issued for Bakar Claims	1,000,000		105,000
Shares issued for private placement	3,250,000		260,000
Pro forma share capital	10,631,000	\$	831,770

5. Pro Forma Effective Income Tax Rate

The pro forma effective income tax rate applicable to operations of the Company in Canada is 27%.

Federal tax rate	15%
Provincial tax rate	12%
	27%

ACKNOWLEDGEMENT OF PERSONAL INFORMATION

“Personal Information” means any information about an identifiable individual. Sherpa II Holdings Corp. hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (1) the disclosure of Personal Information by Sherpa II Holdings Corp. to the TSXV pursuant to the TSXV’s Form 3B2 – *Information Required in a Filing Statement For A Qualifying Transaction*; and
- (2) the collection, use and disclosure of Personal Information by the TSXV for the purposes described in the TSXV’s Appendix 6B or as otherwise identified by the TSXV, from time to time.

DATED this 15th day of December, 2020

“Thomas O’Neill”

Thomas O’Neill
Chief Executive Officer

CERTIFICATE OF SHERPA II HOLDINGS CORP.

DATED: December 15, 2020

The foregoing constitutes full, true and plain disclosure of all material facts relating to the securities of Sherpa II Holdings Corp. assuming completion of the Transaction.

“Thomas O’Neill”

Thomas O’Neill
Chief Executive Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Emily Davis”

Emily Davis
Director

“Robert Scott”

Robert Scott
Director