

SHERPA II HOLDINGS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
For the Three Months Ended September 30, 2020

This Management Discussion and Analysis (“MD&A”) of Sherpa II Holdings Corp. (“Sherpa II” or the “Company”) has been prepared by management as of November 30, 2020 and should be read together with the unaudited condensed interim financial statements and related notes for the three months ended September 30, 2020 which are prepared in accordance with International Financial Reporting Standards (“IFRS”). Additional information regarding the Company can be found on SEDAR at www.sedar.com. All of the following amounts are expressed in Canadian dollars unless otherwise stated. The reader should also refer to the Company’s annual audited financial statements for the financial year ended June 30, 2020.

This MD&A may contain “forward-looking statements” which reflect the Company’s current expectations regarding the future results of operations, performance and achievements of the Company. The Company has tried, wherever possible, to identify these forward-looking statements by, among other things, using words such as “anticipate,” “believe,” “estimate,” “expect” and similar expressions. The statements reflect the current beliefs of the management of the Company and are based on currently available information. Accordingly, these statements are subject to known and unknown risks, uncertainties and other factors, which could cause the actual results, performance, or achievements of the Company to differ materially from those expressed in, or implied by, these statements. Forward-looking statements in this document include statements regarding completion of the Transaction and Concurrent Private Placement (as such terms are hereinafter defined).

The Company undertakes no obligation to publicly update or review the forward-looking statements whether as a result of new information, future events or otherwise. Historical results of operations and trends that may be inferred from the following discussion and analysis may not necessarily indicate future results from operations.

Overall Performance

The Company was incorporated pursuant to the provisions of the *Business Corporations Act* (British Columbia) on January 18, 2018.

The Company was formed for the primary purpose of completing an Initial Public Offering (“IPO”) on the TSX Venture Exchange (“Exchange”) as a Capital Pool Company (“CPC”) as defined in Policy 2.4 of the Exchange. As a CPC, the Company’s principal business would be to identify, evaluate and acquire assets, properties or businesses which would constitute a qualifying transaction in accordance with Policy 2.4 of the Exchange (“Qualifying Transaction”).

On September 20, 2018, the Company completed its IPO whereby it issued 2,881,000 common shares of the Company at a price of \$0.10 per share for proceeds of \$288,100. In addition, the Company completed a non-brokered private placement whereby it issued 1,500,000 common shares of the Company at a price of \$0.10 per share for proceeds of \$150,000. The Company also issued to the agent an option to acquire 288,100 common shares of the Company at a price of \$0.10 per share, which expired on September 20, 2020. Aggregate share issuance costs related to these financings totaled \$48,298.

On September 20, 2018, the Company granted 638,100 stock options exercisable at \$0.10 for a period of 5 years. On November 1, 2019, 159,525 stock options were cancelled in connection with the resignation of a director of the Company.

The proposed business of the Company and the completion of a Qualifying Transaction involves a high degree of risk and there is no assurance that the Company will identify an appropriate business for acquisition or investment, and even if so identified and warranted, it may not be able to finance such an acquisition or investment within the requisite time period. Additional funds will be required to enable the Company to pursue such an initiative and the Company may be unable to obtain such financing on terms which are satisfactory to it. Furthermore, there is no assurance that the business will be profitable. These factors indicate the existence of a material uncertainty that may cast doubt about the Company’s ability to continue as a going concern. Should the Company be unable to continue as a going concern, the net realizable value of its assets may be materially less than the amounts on its statement of financial position.

SHERPA II HOLDINGS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
For the Three Months Ended September 30, 2020

Results of Operations

For the three months ended September 30, 2020, the Company reported a net loss of \$55,206 (2019: \$7,311) comprised of general and administrative fees of \$12,829 (2019: \$7,311), transfer agent and filing fees of \$4,874 (2019: \$nil) and professional fees of \$37,503 (2019: \$nil). The increase in expenses of \$47,895 is primarily related to an increase in professional fees, driven by activity related to the proposed Qualifying Transaction with District Metals Corp. (see "Proposed Transactions").

Summary of Quarterly Results

	Q1 2021	Q4 2020	Q3 2020	Q2 2020	Q1 2020	Q4 2019	Q3 2019	Q2 2019
Net Loss for the Period	\$ (55,206)	\$ (31,001)	\$ (11,680)	\$ (25,294)	\$ (7,311)	\$ (12,875)	\$ (15,575)	\$ (4,762)
Loss per Share	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)

Liquidity and Capital Resources

The Company reported working capital of \$258,500 at September 30, 2020 (June 30, 2020 - \$313,706) and cash of \$322,270 (June 30, 2020 - \$332,619).

As of September 30, 2020, the Company had current liabilities of \$65,937 (June 30, 2020 - \$23,955).

On September 20, 2018, the Company completed its IPO whereby it issued 2,881,000 common shares of the Company at a price of \$0.10 per share for proceeds of \$288,100. In addition, the Company completed a non-brokered private placement whereby it issued 1,500,000 common shares of the Company at a price of \$0.10 per share for proceeds of \$150,000. The Company also issued to the agent an option to acquire 288,100 common shares of the Company at a price of \$0.10 per share, which expired on September 20, 2020. Aggregate share issuance costs related to these financings totaled \$48,298, which includes commission of \$28,810 and corporate financing fee of \$19,488 paid to the agent.

The Company may continue to have capital requirements in excess of its currently available resources. In the event the Company's plans change, its assumptions change or prove inaccurate, or its capital resources in addition to projected cash flow, if any, prove to be insufficient to fund operations, the Company may be required to seek additional financing. There can be no assurance that the Company will have sufficient financing to meet its future capital requirements or that additional financing will be available on terms acceptable to the Company in the future.

Off-Balance Sheet Arrangements

The Company does not utilize off-balance sheet arrangements.

SHERPA II HOLDINGS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
For the Three Months Ended September 30, 2020

Transactions with Related Parties

During the three months ended September 30, 2020 and 2019, there have been no transactions with related parties.

Proposed Transactions

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 "Transaction"). The intention is for the Transaction to constitute the Company's Qualifying Transaction. The Company is expected to 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
- assumption of the 2.0% net smelter returns 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 (1% for \$1,500,000 cash and 1% for \$5,000,000 cash).

Concurrent with the closing of the Transaction, the Company expects to complete a private placement for gross proceeds of \$300,000 (the "Concurrent Private Placement"). The Company expects to issue 1,250,000 common shares of the Company at a price of \$0.08 per share for aggregate gross proceeds of \$100,000 and 2,000,000 common shares of the Company to be issued as "flow-through shares" at a price of \$0.10 per flow-through share, for aggregate gross proceeds of \$200,000. As at September 30, 2020, the Transaction and the Concurrent Private Placement have not been completed.

Capital Management

The Company's objective when managing capital is to maintain its ability to continue as a going concern in order to provide returns for shareholders and benefits for other stakeholders.

The Company's capital structure consists of cash and share capital. The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to complete a Qualifying Transaction. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

The Company's primary objective with respect to its capital management has been to ensure that it has sufficient cash resources to fund the identification and evaluation of potential acquisitions to constitute its Qualifying Transaction. To secure the additional capital necessary to pursue its business objectives, the Company may attempt to raise additional funds through the issuance of equity or by securing strategic partners.

The proceeds raised from the issuance of common shares may only be used to identify and evaluate assets or businesses for future investment, with the exception that not more than the lesser of 30% of the gross proceeds from the issuance of shares or \$210,000 may be used to cover prescribed costs of issuing the common shares or administrative and general expenses of the Company. These restrictions apply until completion of a Qualifying Transaction by the Company as defined under Exchange Policy 2.4.

Critical Accounting Estimates

Not applicable for Venture Issuers.

New accounting standards and interpretations

None.

SHERPA II HOLDINGS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
For the Three Months Ended September 30, 2020

Financial Instruments and Other Instruments

The carrying amounts of cash and accounts payable approximate fair value because of the short-term maturity of these items.

Risks and Uncertainties

The Company has been actively working to identify and evaluate assets or businesses in order to complete a Qualifying Transaction and currently has no source of recurring income. The Company has not commenced commercial operations, and has no significant assets other than cash, has no history of earnings and will not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction, if at all. Until the completion of a Qualifying Transaction, the Company is not permitted to carry on another business other than the identification and evaluation of significant assets in pursuit of a Qualifying Transaction.

There can be no assurances that the Company will identify any assets or businesses in pursuit of a Qualifying Transaction, or have the financial resources necessary to complete a Qualifying Transaction. Nor can there be any assurance that the Company will be able to obtain additional financing in the future on terms acceptable to the Company or at all.

The Company's success depends to a certain degree upon key members of the Company's management. It is expected that these individuals will be a significant factor in the Company's growth and success. The loss of the service of members of the management team could have a material adverse effect on the Company.

Qualifying Transaction

As a CPC, the Company is required to complete a Qualifying Transaction within 24 months of the date of the listing of its shares on the Exchange. The common shares of the Company were listed on the Exchange on September 24, 2018. The Company has now exceeded this 24-month anniversary and if it is unable to complete the Transaction, the Exchange may, as a result, suspend trading of the the Company's common shares. At the time of suspension, the Company may be transferred to the Exchange's NEX board.

Coronavirus ("COVID-19")

The Company's operations could be significantly adversely affected by the effects of a global outbreak of a contagious disease, including the recent outbreak of respiratory illness caused by COVID-19. The Company cannot accurately predict the impact COVID-19 will have on its operations and the ability of others to meet their obligations with the Company, including uncertainties relating to the ultimate geographic spread of the virus, the severity of the disease, the duration of the outbreak, and the length of travel and quarantine restrictions imposed by governments of affected countries. In addition, a significant outbreak of contagious diseases in the human population could result in a widespread health crisis that could adversely affect the economies and financial markets of many countries, resulting in an economic downturn that could further affect the Company's operations and ability to finance its operations.

Financial Instruments and Risk Management

Management of Financial Risks

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes, inclusive of documented investment policies, counterparty limits, and controlling and reporting structures. The type of risk exposure and the way in which such exposure is managed is provided as follows:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Company's primary exposure to credit risk is on its cash. The Company manages its credit risk relating to cash through the use of a major financial institution which has a high credit quality as determined by rating agencies. The Company assessed credit risk as low.

SHERPA II HOLDINGS CORP.
MANAGEMENT DISCUSSION & ANALYSIS
For the Three Months Ended September 30, 2020

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company's liquidity and operating results may be adversely affected if its access to the capital market is hindered. The Company has no source of revenue and has obligations to meet its administrative overheads and to settle amounts payable to its creditors. The Company has been successful in raising equity financing; however, there is no assurance that it will be able to do so in the future. The Company assessed liquidity risk as moderate.

Foreign Exchange Risk

Foreign exchange risk is the risk that the Company's financial instruments will fluctuate in value as a result of movements in foreign exchange rates. The Company has a nominal amount of cash denominated in foreign currencies. The Company assessed foreign exchange risk as low.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company is not exposed to interest rate risk.

Other Requirements

Summary of Outstanding Securities as at November 30, 2020

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 6,381,000 common shares (including 3,000,000 common shares held in escrow).

Stock options: 478,575 @ \$0.10 per share until September 20, 2023.

Warrants: None.