

**SHERPA II HOLDINGS CORP.**  
**MANAGEMENT DISCUSSION & ANALYSIS**  
For the Three Months Ended September 30, 2021

This Management Discussion and Analysis (“MD&A”) is management’s interpretation of the financial condition and results of operations of Sherpa II Holdings Corp. (“Sherpa II” or the “Company”) for the three months ended September 30, 2021. This MD&A should be read in conjunction with the audited financial statements of the Company for the fiscal year ended June 30, 2021 and the condensed interim financial statements for the three months ended September 30, 2021, prepared in accordance with the International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”). This MD&A supplements, but does not form part of, the Company’s financial statements. Additional information regarding the Company can be found on SEDAR at [www.sedar.com](http://www.sedar.com). All of the following amounts are expressed in Canadian dollars unless otherwise stated. This MD&A has been prepared as of November 26, 2021.

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.

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 discussions 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 at a price of \$0.10 per common share for proceeds of \$288,100. In addition, the Company completed a non-brokered private placement whereby it issued 1,500,000 common shares at \$0.10 per common 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, expiring 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.

On December 15, 2020 the Company completed its Qualifying Transaction, acquiring 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 from District Metals Corp. (“District”). As consideration for the Bakar Claims, the Company issued 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 (the “Required Expenditures”)
- Carry over of the 2.0% net smelter royalty (“NSR”) from the royalty agreement dated July 12, 2019 between District 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.

In connection with the Transaction, the Company entered into an unincorporated joint venture with District with respect to their respective joint ownership of the Bakar Claims. Sherpa II will serve as the Operator of the joint venture.

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Costs incurred with respect to the property are summarized below:

<b>Acquisition Costs</b>	<b>Bakar Property</b>	
Balance, June 30, 2020	\$	-
Additions		130,000
Balance, June 30, 2021		130,000
Additions		-
Balance, September 30, 2021	\$	130,000
<b>Deferred Exploration Costs</b>		
Balance, June 30, 2020	\$	-
Additions		181,942
Balance, June 30, 2021		181,942
Additions		29,508
Balance, June 30, 2021	\$	211,450
<b>Total</b>		
Balance, June 30, 2021	\$	311,942
Balance, September 30, 2021	\$	341,450

As at September 30, 2021, the Company had paid the \$50,000 cash purchase price and issued 1,000,000 common shares with a fair value of \$80,000. The Company had incurred \$169,828 of the \$200,000 Required Expenditures.

On December 18, 2020, the Company completed a private placement for gross proceeds of \$300,000. The Company issued 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.

### Results of Operations

For the three months ended September 30, 2021, the Company reported a net loss of \$10,764 (2020: \$55,206) comprised of general and administrative fees of \$6,105 (2020: \$12,829), transfer agent and filing fees of \$3,056 (2020: \$4,874), professional fees of \$8,207 (2020: \$37,503), and the reversal of flow-through share premium liability of \$6,604 (2020: \$nil). The decrease in expenses of \$44,442 is primarily related to a decrease in professional fees, which were higher in 2020 due to activity related to the Qualifying Transaction, as well as the reversal of the flow-through premium liability.

### Summary of Quarterly Results

A summary of the quarterly results for the prior 8 quarters is as follows:

	Q1 2022	Q4 2021	Q3 2021	Q2 2021	Q1 2021	Q4 2020	Q3 2020	Q2 2020
Net Loss for the Period	\$(10,764)	\$ 6,593	\$ (41,692)	\$ (117,834)	\$ (55,206)	\$ (31,001)	\$ (11,680)	\$ (25,394)
Loss per Share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.02)	\$ (0.00)	\$ (0.00)	\$ (0.01)

### Liquidity and Capital Resources

The Company reported working capital of \$119,685 at September 30, 2021 (June 30, 2021 - \$159,957) and cash of \$138,520 (June 30, 2021 - \$180,892).

As of September 30, 2021, the Company had current liabilities of \$31,266 (June 30, 2021: \$33,063).

On December 15, 2020, the Company completed a private placement for aggregate gross proceeds of \$300,000, which consisted of 1,250,000 common shares at \$0.08 per share, for aggregate gross proceeds of \$100,000 and 2,000,000 flow-through common shares at \$0.10 per share, for aggregate gross proceeds of \$200,000.

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The Company's ability to continue its operations is dependent on its success in raising equity through share issuances, suitable debt financing and/or other financing arrangements. While the Company has been successful in raising equity in the past, there can be no guarantee that it will be able to raise sufficient funds to fund its activities and general and administrative costs in the next twelve months and in the future. The condensed interim financial statements for the three months ended September 30, 2021, do not give effect to the required adjustments to the carrying amounts and classification of assets and liabilities should the Company be unable to continue as a going concern.

**Off-Balance Sheet Arrangements**

The Company does not utilize off-balance sheet arrangements.

**Transactions with Related Parties**

During the three months ended September 30, 2021 and 2020, the Company did not enter into any transactions with related parties.

**Proposed Transactions**

None.

**Critical Accounting Estimates**

Not applicable for Venture Issuers.

**New accounting standard and interpretation**

None.

**Financial Instruments**

*Categories of financial instruments and fair value measurements*

The Company's financial assets and liabilities are classified as follows:

	<b>September 30, 2021</b>	<b>June 30, 2021</b>
<b>Financial assets:</b>		
<i>Fair value through profit and loss</i>		
Cash	\$ 138,520	\$ 180,892
<b>Financial liabilities:</b>		
<i>Other financial liabilities</i>		
Accounts payable	\$ 190	\$ 2,520

The fair values of the Company's cash and accounts payable approximate their carrying amounts due to the short-term nature of these instruments.

*Management of financial risks*

The Company's financial instruments expose the Company to certain financial risks, including credit risk, liquidity risk, interest rate risk and foreign currency risk.

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. At September 30, 2021, the Company was exposed to credit risk on its cash.

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The Company's cash is held with a high credit quality financial institution in Canada and as at September 30, 2021, management considers its exposure to credit risk to be low.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities. The Company manages liquidity risk by maintaining adequate cash and managing its capital and expenditures.

At September 30, 2021, the Company had cash of \$138,520 (June 30, 2021 - \$180,892) and accounts payable and accrued liabilities of \$25,232 (June 30, 2021 - \$20,425) with contractual maturities of less than one year. However, the Company assessed its liquidity risk as high as at September 30, 2021 as management will need additional financing to continue its operations and fund its exploration program.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company's financial assets and financial liabilities are not exposed to interest rate risk due to their short-term nature and maturity. The Company is not exposed to interest rate risk at September 30, 2021.

Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in foreign exchange rates. The Company is exposed to foreign currency risk to the extent that it has monetary assets and liabilities denominated in foreign currencies.

As at September 30, 2021, the Company is not exposed to foreign currency risk, as it does not have cash or payables denominated in a foreign currency.

**Risks and Uncertainties**

The Company's business is mineral property acquisition, exploration and development business and as a result it may be exposed to a number of operational, financial, regulatory and other risks and uncertainties that are typical in the natural resource industry and common to other companies in the exploration and development stage. These risks may not be the only risks faced by the Company. Additional risks and uncertainties not presently known by the Company or which are presently considered immaterial could adversely impact the Company's business, results of operations, and financial performance in future periods. Refer to the Company's Filing Statement dated December 15, 2020 for a list of risk factors impacting the Company.

**Other Requirements**

***Summary of Outstanding Securities as at November 26, 2021***

Authorized: Unlimited number of common shares without par value.

Issued and outstanding: 15,631,000 common shares (including 2,275,000 common shares held in escrow).

Stock options: 638,100 stock options at \$0.10 per share until September 20, 2023, and 425,000 stock options at \$0.11 per share until February 23, 2024.

Warrants: 1,500,000 warrants at an exercise price of \$0.12, expiring November 26, 2023, and 3,500,000 warrants at an exercise price of \$0.15, expiring November 26, 2023.

Additional disclosures pertaining to the Company's technical report, management information circulars, material change reports, press releases, and other information are available on the SEDAR website at [www.sedar.com](http://www.sedar.com).