

**SHERPA II HOLDINGS CORP.**

Condensed Interim Financial Statements

September 30, 2024

Presented in Canadian dollars – Unaudited

### **NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS**

Under National Instrument 51-102, Part 4, subsection 4.3(3) (a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited condensed interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

**SHERPA II HOLDINGS CORP.**

## Condensed Interim Statements of Financial Position

(Expressed in Canadian Dollars)

	Note	September 30, 2024 (unaudited)	June 30, 2024
<b>Assets</b>			
<b>Current assets</b>			
Cash		\$ 28,637	\$ 59,904
GST receivable		1,175	796
Prepaid expenses		5,255	8,010
<b>Total current assets</b>		<b>35,067</b>	<b>68,710</b>
Exploration and evaluation asset	3	742,700	742,700
<b>Total assets</b>		<b>\$ 777,767</b>	<b>\$ 811,410</b>
<b>Liabilities and shareholders' equity</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		\$ 9,692	\$ 23,334
<b>Total liabilities</b>		<b>9,692</b>	<b>23,334</b>
<b>Shareholders' equity</b>			
Share capital	4	1,389,913	1,389,913
Share-based payment reserve	4	94,571	68,870
Deficit		(716,409)	(670,707)
<b>Total shareholders' equity</b>		<b>768,075</b>	<b>788,076</b>
<b>Total liabilities and shareholders' equity</b>		<b>\$ 777,767</b>	<b>\$ 811,410</b>

Nature and continuance of operations and going concern (Note 1)

These financial statements were authorized for issue by the Board of Directors on November 21, 2024.

They are signed on behalf of the Board of Directors by:

"Thomas O'Neill"

Thomas O'Neill, CEO and Director

"Robert Scott"

Robert Scott, Director

*The accompanying notes are an integral part of these condensed interim financial statements.*

**SHERPA II HOLDINGS CORP.**

Condensed Interim Statements of Loss and Comprehensive Loss  
(Expressed in Canadian Dollars – unaudited)

		<b>Three Months Ended</b>	
	Note	<b>September 30, 2024</b>	September 30, 2023
<b>Expenses</b>			
General and administrative		\$ 12,998	\$ 12,753
Consulting fees	5	4,500	4,500
Transfer agent and filing fees		2,503	3,011
Professional fees		-	100
Stock-based compensation	4	25,701	20,938
<b>Net and comprehensive loss</b>		<b>\$ (45,702)</b>	<b>\$ (41,302)</b>
<b>Weighted average number of common shares</b>		<b>20,236,000</b>	17,872,848
<b>Basic and diluted loss per share</b>		<b>\$ (0.00)</b>	<b>\$ (0.00)</b>

*The accompanying notes are an integral part of these condensed interim financial statements.*

**SHERPA II HOLDINGS CORP.**

## Condensed Interim Statement of Changes in Shareholders' Equity

(Expressed in Canadian Dollars – unaudited)

		Share capital		Share-based payment reserve	Deficit	Total shareholders' equity
	Note	Number	Amount			
<b>Balance, June 30, 2023</b>		<b>15,631,000</b>	<b>\$ 1,199,194</b>	<b>\$ 98,800</b>	<b>\$ (586,097)</b>	<b>\$ 711,897</b>
Shares issued for cash		3,125,000	125,000	-	-	125,000
Share issuance costs		-	(8,281)	-	-	(8,281)
Fair value of expired options		-	-	(27,342)	27,342	-
Stock-based compensation		-	-	20,938	-	20,938
Net and comprehensive loss		-	-	-	(41,302)	(41,302)
<b>Balance, September 30, 2023</b>		<b>18,756,000</b>	<b>\$ 1,315,913</b>	<b>\$ 92,396</b>	<b>\$ (600,057)</b>	<b>\$ 808,252</b>
<b>Balance, June 30, 2024</b>		<b>20,236,000</b>	<b>1,389,913</b>	<b>68,870</b>	<b>(670,707)</b>	<b>788,076</b>
Stock-based compensation	4	-	-	25,701	-	25,701
Net and comprehensive loss		-	-	-	(45,702)	(45,702)
<b>Balance, September 30, 2024</b>		<b>20,236,000</b>	<b>\$ 1,389,913</b>	<b>\$ 94,571</b>	<b>\$ (716,409)</b>	<b>\$ 768,075</b>

The accompanying notes are an integral part of these condensed interim financial statements.

**SHERPA II HOLDINGS CORP.**

Condensed Interim Statements of Cash Flows  
(Expressed in Canadian Dollars - unaudited)

	<b>Three Months Ended</b>	
	<b>September 30, 2024</b>	<b>September 30, 2023</b>
<b>Cash provided by (used in):</b>		
<b>Operating activities:</b>		
Net loss	\$ (45,702)	\$ (41,302)
Items not effecting cash		
Stock-based compensation	25,701	20,938
Changes in non-cash working capital item:		
Receivables and prepaids expenses	2,376	(11,662)
Accounts payable and accrued liabilities	(13,642)	(3,764)
<b>Cash used in operating activities</b>	<b>(31,267)</b>	<b>(35,790)</b>
<b>Investing activities:</b>		
Exploration and evaluation assets	-	(2,743)
Reimbursement of expenditures from joint operation partner	-	1,000
<b>Cash used in investing activities</b>	<b>-</b>	<b>(1,743)</b>
<b>Financing activities:</b>		
Issuance of shares, net of issuance costs	-	116,719
<b>Cash provided by financing activities</b>	<b>-</b>	<b>116,719</b>
Change in cash	(31,267)	79,186
Cash, beginning	59,904	8,169
Cash, ending	\$ 28,637	\$ 87,355

*The accompanying notes are an integral part of these condensed interim financial statements.*

## **SHERPA II HOLDINGS CORP.**

Notes to the Condensed Interim Financial Statements

For the three months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

### **1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN**

Sherpa II Holdings Corp. (the "Company") was incorporated under the British Columbia Business Corporations Act 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" or "TSX-V") as a Capital Pool Company ("CPC") as defined in Policy 2.4 of the Exchange. On December 15, 2020, the Company completed its Qualify Transaction (the "Transaction"). Subsequently, the Company is engaged in the business of mineral exploration. The head office of the Company is located at Suite 918 – 1030 West Georgia Street, Vancouver, British Columbia V6E 2Y3 and the registered and records office of the Company is located at Suite 2200 – 885 West Georgia Street, Vancouver, British Columbia V6C 3E8. The Company is listed on the TSX-V and trades under the symbol "SHRP".

The Company incurred a loss of \$45,702 for the three months ended September 30, 2024 (2023 - \$41,302). As at September 30, 2024, the Company had an accumulated deficit of \$716,409 (June 30, 2024 - \$670,707). Consequently, continuing business as a going concern is dependent upon the ability of the Company to carry on its exploration projects, generation of positive cash flows, and obtain additional debt or equity financing, all of which are uncertain. These material uncertainties may cast significant doubt on the Company's ability to continue as a going concern.

For significant expenditures, the Company will depend almost exclusively on external capital. Such external capital will include the issuance of additional equity shares. There can be no assurance that capital will be available, as necessary, to meet the Company's operating commitments and development plans. The issuance of additional equity securities by the Company will result in dilution to the equity interests of current shareholders. The Company's future capital requirements will depend on many factors, including the operating costs, the current capital market environment and global market conditions. The continued operations of the Company are dependent on its ability to develop a sufficient financing plan, receive continued financial support from related parties, complete sufficient public equity financing, and ultimately generate profitable operations in the future. The Company has no assurance that it will be successful in its efforts. If the Company is unable to obtain financing in the amounts and on terms deemed acceptable, the future success of the business could be adversely affected. These factors indicate a material uncertainty in the Company's ability to continue operating as a going concern.

### **2. BASIS OF PRESENTATION AND MATERIAL ACCOUNTING POLICIES**

These condensed interim financial statements have been prepared in accordance with International Accounting Standard ("IAS") 34, *Interim Financial Reporting*, as issued by the International Accounting Standards Board ("IASB"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with International Financial Reporting Standards ("IFRS") have been omitted or condensed, and therefore these interim financial statements should be read in conjunction with the Company's June 30, 2024 and 2023 audited annual financial statements and the notes to such financial statements.

These interim financial statements were authorized for issuance by the Company's Board of Directors and follow the same accounting policies and methods of computation as the most recent annual financial statements.

The accounting policies followed by the Company are set out in Note 3 to the audited financial statements for the year ended June 30, 2024 and have been consistently followed in the preparation of these condensed interim financial statements.

## **SHERPA II HOLDINGS CORP.**

### Notes to the Condensed Interim Financial Statements

For the three months ended September 30, 2024 and 2023

(Expressed in Canadian Dollars - unaudited)

#### *New accounting pronouncements*

#### IFRS 18 – Presentation and Disclosure in Financial Statements

In April 2024, the IASB issued IFRS 18, Presentation and Disclosure of Financial Statements (IFRS 18), which replaces IAS 1, Presentation of Financial Statements. IFRS 18 introduces a specified structure for the income statement by requiring income and expenses to be presented into the three defined categories of operating, investing and financing, and by specifying certain defined totals and subtotals. Where company-specific measures related to the income statement are provided, IFRS 18 requires companies to disclose explanations around these measures, which are referred to as management defined performance measures. IFRS 18 also provides additional guidance on principles of aggregation and disaggregation which apply to the primary financial statements and the notes.

IFRS 18 will not affect the recognition and measurement of items in the financial statements, nor will it affect which items are classified in other comprehensive income and how these items are classified. The standard is effective for reporting periods beginning on or after January 1, 2027, including for interim financial statements. Retrospective application is required, and early application is permitted. The Company is currently assessing the effect of this new standard on its financial statements.

### **3. EXPLORATION AND EVALUATION ASSETS**

By agreement dated August 17, 2020, and amended on September 23, 2020, the Company entered into a purchase agreement (the “Bakar Purchase Agreement”) with District Metals Corp. (“District”) to acquire an 80% undivided interest in five 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 Transaction closed on December 15, 2020. The Company acquired the Bakar Claims and all technical data for total consideration of:

- \$50,000 cash payment (paid);
- 1,000,000 common shares of the Company (issued with a fair value of \$80,000);
- \$200,000 in work expenditures within six months of closing (the “Required Expenditures”) (incurred); and
- 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 operation with District with respect to their respective joint ownership of the Bakar Claims. During the year ended June 30, 2022, the Company incurred the Required Expenditures pursuant to the Bakar Purchase Agreement, and therefore, pursuant to the Joint Operation, all additional expenditures are to be split on the basis of the relative ownership in the Bakar claims.

On November 10, 2022, the Company ratified an Exploration Management Agreement (the “Agreement”) between the Company and District effective August 31, 2021, whereby District will conduct the exploration on the Bakar property. Pursuant to the Agreement, District will charge the Company a management fee of 10%, based off eligible flow-through expenditures incurred at the Bakar property. During the three months ended September 30, 2024, the Company incurred a management fee of \$Nil pursuant to the Agreement, which contributed to increasing District’s ownership in the Bakar property.

Effective January 1, 2023, the Company amended the joint operation agreement whereby District would fund 100% of the next phase of expenditures to a maximum of \$330,000 to earn back pro-rata ownership in the property, along with application of the 10% management fee of \$33,000, to a maximum of 54% (the “Amended Agreement”). During the three months ended September 30, 2024, the Company incurred \$Nil of expenditures which were funded by District (2023 - \$15,799).

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Costs incurred with respect to the property are summarized below:

	<b>Bakar Property</b>	
<b>Acquisition Costs</b>		
Balance, June 30, 2023	\$	130,000
Additions		-
Balance, June 30, 2024		130,000
Additions		-
<b>Balance, September 30, 2024</b>	<b>\$</b>	<b>130,000</b>
<b>Deferred Exploration Costs</b>		
Balance, June 30, 2023	\$	612,700
Additions		21,299
Charged back to District Metals Corp.		(21,299)
Balance, June 30, 2024		612,700
Additions		-
Charged back to District Metals Corp.		-
<b>Balance, September 30, 2024</b>	<b>\$</b>	<b>612,700</b>
<b>Total</b>		
Balance, June 30, 2024	\$	742,700
<b>Balance, September 30, 2024</b>	<b>\$</b>	<b>742,700</b>

#### 4. SHARE CAPITAL

##### *Common shares*

As of September 30, 2024, the Company had an unlimited number of common shares authorized without par value and 20,236,000 (June 30, 2024 – 20,236,000) common shares outstanding.

##### *Issued*

##### Three months ended September 30, 2024:

The Company did not issue any common shares during the three months ended September 30, 2024.

##### Three months ended September 30, 2023:

On July 27, 2023, the Company completed a private placement for aggregate gross proceeds of \$125,000, which consisted of 3,125,000 units at \$0.04 per unit. Each unit consists of one common share and one common share purchase warrant, which is exercisable into one additional common share at an exercise price of \$0.05 for a period of 5 years. No value was ascribed to the common share purchase warrants using the residual value method. The Company incurred share issuance costs of \$8,281 in connection with the financing.

## SHERPA II HOLDINGS CORP.

Notes to the Condensed Interim Financial Statements  
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### Warrants

A continuity schedule of the Company's outstanding warrants for the three months ended September 30, 2024 and 2023 is as follows:

	September 30, 2024		September 30, 2023	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
<b>Outstanding, beginning</b>	6,645,000	\$ 0.12	5,000,000	\$ 0.14
Granted	-	-	3,125,000	0.05
<b>Outstanding, ending</b>	6,645,000	\$ 0.12	8,125,000	\$ 0.11

At September 30, 2024, the Company had outstanding warrants exercisable to acquire common shares of the Company as follows:

Expiry date	Warrants outstanding	Exercise price	Remaining contractual life (in years)
November 26, 2025	3,500,000	\$ 0.15	1.16
November 26, 2025	1,500,000	\$ 0.12	1.16
July 27, 2028	1,645,000	\$ 0.05	3.82

### Stock Options

The Company has adopted a stock option plan, pursuant to which the Board of Directors of the Company may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, and technical consultants to the Company, nontransferable options to purchase common shares, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding common shares exercisable for a period of up to five years from the date the common shares are listed on the Exchange.

The number of common shares reserved for issuance to any individual director or officer will not exceed 5% of the issued and outstanding common shares and the number of common shares reserved for issuance to all technical consultants will not exceed 2% of the issued and outstanding common shares. Options may vest immediately on grant, or over a period as determined by the Board of Directors.

The Black-Scholes Option Pricing Model inputs for stock options granted during the three months ended September 30, 2024, are as follows:

Grant Date	Expiry Date	Share Price at Grant Date	Exercise Price	Risk-Free Interest Rate	Expected Life (in years)	Volatility Factor	Dividend Yield	Fair Value
July 9, 2024	July 9, 2029	\$0.05	\$0.05	3.46%	5	114%	0%	\$0.04

During the three months ended September 30, 2024, the Company recognized stock-based compensation of \$25,701 (2023 - \$20,938).

## SHERPA II HOLDINGS CORP.

### Notes to the Condensed Interim Financial Statements

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A continuity schedule of the Company's outstanding stock options for the three months ended September 30, 2024 and 2023 is as follows:

	September 30, 2024		September 30, 2023	
	Number outstanding	Weighted average exercise price	Number outstanding	Weighted average exercise price
<b>Outstanding, beginning</b>	1,385,000	\$ 0.08	1,350,000	\$ 0.12
Granted	630,000	0.05	925,400	0.05
Expired	-	-	(425,400)	0.10
<b>Outstanding and exercisable, ending</b>	<b>2,015,000</b>	<b>\$ 0.07</b>	<b>1,850,000</b>	<b>\$ 0.07</b>

At September 30, 2024, the Company had stock options outstanding to acquire common shares of the Company as follows:

Expiry date	Options outstanding	Options exercisable	Exercise price	Remaining contractual life (in years)
December 8, 2026	474,600	474,600	\$ 0.15	2.19
July 27, 2028	485,000	485,000	\$ 0.05	3.82
September 21, 2028	425,400	425,400	\$ 0.05	3.98
July 9, 2029	630,000	630,000	\$ 0.05	4.78

#### *Share-based payment reserve*

The share-based payment reserve records items recognized as stock-based compensation expense and other share-based payments until such time that the stock options or warrants are exercised, at which time the corresponding amount will be transferred to share capital.

## 5. RELATED PARTY TRANSACTIONS

Key management personnel are persons responsible for planning, directing and controlling the activities of an entity, and include the Company's officers and directors. During the three months ended September 30, 2024, the Company paid an officer \$4,500 (2023 - \$4,500) for consulting fees. There was \$Nil owing to related parties as of September 30, 2024 (2023 - \$Nil).

## 6. FINANCIAL INSTRUMENTS

#### *Categories of financial instruments and fair value measurements*

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

	September 30, 2024	June 30, 2024
<b>Financial assets:</b>		
<i>Fair value through profit and loss</i>		
Cash	\$ 28,637	\$ 59,904
<b>Financial liabilities:</b>		
<i>Other financial liabilities</i>		
Accounts payable	\$ -	\$ 23,334

## **SHERPA II HOLDINGS CORP.**

### Notes to the Condensed Interim Financial Statements

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(Expressed in Canadian Dollars - unaudited)

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, 2024, the Company was exposed to credit risk on its cash.

The Company's cash is held with a high credit quality financial institution in Canada and as at September 30, 2024, 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, 2024, the Company had cash of \$28,637 (June 30, 2024 - \$59,904) and accounts payable and accrued liabilities of \$9,692 (June 30, 2024 - \$23,334) with contractual maturities of less than one year. However, the Company assessed its liquidity risk as high as at September 30, 2024 as management will need additional financing to continue its operations.

#### **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, 2024.

#### **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, 2024, the Company is not exposed to foreign currency risk, as it does not have cash or payables denominated in a foreign currency.

## **7. MANAGEMENT OF CAPITAL**

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.

In order to carry out the planned activities and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. Management reviews its capital management approach on an ongoing basis and believes that this approach, given the relative size of the Company, is reasonable. There were no changes in the Company's approach to capital management since inception. The Company is not subject to external capital requirements.