

SHERPA II HOLDINGS CORP.

MANAGEMENT DISCUSSION & ANALYSIS

For the Year Ended June 30, 2025

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 year ended June 30, 2025. This MD&A should be read in conjunction with the audited financial statements of the Company for the fiscal year ended June 30, 2025 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.sedarplus.ca. All of the following amounts are expressed in Canadian dollars unless otherwise stated. This MD&A has been prepared as of October 28, 2025.

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 December 15, 2020 the Company completed its Qualifying Transaction, acquiring 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 from District Metals Corp. (“District”). As consideration for the Bakar Claims, the Company issued total consideration of:

- \$50,000 cash payment (paid)
- 1,000,000 common shares of the Company (issued)
- \$200,000 in work expenditures within six months of closing (incurred) (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 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 at 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 year ended June 30, 2025, the Company incurred a management fee of \$142 pursuant to the Agreement (2024 - \$1,936).

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 year ended June 30, 2025, the Company incurred expenditures of \$2,525, of which \$1,425 was funded by District (2024 - \$19,363).

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On June 3, 2025, the Company agreed to purchase the remaining ownership of the Bakar Claims from District for total consideration of 1,500,000 common shares (the "Agreement"). The Agreement is pending acceptance from the TSX-V and had not closed as of June 30, 2025, so the common shares have not yet been issued.

Costs incurred with respect to the property are summarized below:

	Bakar Property	
Acquisition Costs		
Balance, June 30, 2023	\$	130,000
Additions		-
Balance, June 30, 2024		130,000
Additions		-
Balance, June 30, 2025	\$	130,000
Deferred Exploration Costs		
Balance, June 30, 2023	\$	612,700
Additions		21,299
Charged back to District Metals Corp.		(21,299)
Balance, June 30, 2024		612,700
Additions		2,667
Charged back to District Metals Corp		(1,567)
Bond refund		(15,000)
Balance, June 30, 2025		598,000
Total		
Balance, June 30, 2024	\$	742,700
Balance, June 30, 2025	\$	728,800

During the year ended December 31, 2025, the Company received a refund of \$15,000 from the BC Ministry of Mining and Critical Minerals related to the bond security it had posted for its permit application. The required bond amount was revised from \$33,000 to \$18,000 resulting in the refund and the permit remains open with the remaining bond in place.

Selected Annual Information

The selected financial information below are derived from the Company's audited financial statements for the years ended June 30, 2025, 2024 and 2023, prepared in accordance with IFRS. The Company's significant accounting policies and new accounting policies applied in the preparation of its financial statements are outlined in Note 3 to the Company's audited financial statements for the years ended June 30, 2025 and 2024.

	Year Ended		
	June 30, 2025	June 30, 2024	June 30, 2023
Total revenue	\$ -	\$ -	\$ -
Net loss	143,215	135,478	43,058
Basic and diluted loss per common share:	0.01	0.01	0.00
		As at	
	June 30, 2025	June 30, 2024	June 30, 2023
Cash	\$ 62,175	\$ 59,904	\$ 8,169
Total assets	799,756	811,410	759,310
Current and total liabilities	75,785	23,334	47,413
Shareholders' equity	723,971	788,076	711,897

For a discussion of the factors affecting the Company's losses see "Results of Operations" and "Fourth Quarter" below.

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Results of Operations

For the year ended June 30, 2025, the Company reported a net loss of \$143,215, an increase in loss of \$7,737 as compared to the net loss of \$135,478 for the year ended June 30, 2024. The increase in loss was driven by:

- Stock-based compensation increased by \$8,797 due to an option grant in the current year.
- General and administrative costs increased by \$953 driven by standard fluctuations in the course of business.

The increase in loss was offset by:

- Transfer agent and filing fees decreased by \$1,003, due to a decrease in capital activity in the year.
- Professional fees decreased by \$1,010, driven by standard fluctuations in the course of business.

Summary of Quarterly Results

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

	Q4 2025	Q3 2025	Q2 2025	Q1 2025	Q4 2024	Q3 2024	Q2 2024	Q1 2024
Net Loss for the Period	\$ (49,004)	\$ (21,325)	\$ (27,184)	\$ (45,702)	\$ (41,495)	\$ (19,847)	\$ (32,834)	\$ (41,302)
Loss per Share	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.00)	\$ (0.01)	\$ (0.00)	\$ (0.00)	\$ (0.00)

The increase in loss for Q4, 2025 is driven by an increase in professional fees related to the annual audit.

The decrease in loss for Q3, 2025 is driven by a recovery of professional fee costs as well as a decrease in transfer agent, regulatory and listing fees.

The decrease in loss for Q2, 2025 is a result of no stock-based compensation being recognized in the quarter.

The increase in loss for Q1, 2025 is a result of stock-based compensation being recognized in the quarter, driven by the vesting of stock options.

The decrease in loss for Q3, 2024 is driven by expenditure fluctuations nominally compared to the previous quarters.

Liquidity and Capital Resources

The Company reported a working capital deficit of \$4,829 at June 30, 2025 (June 30, 2024 – working capital of \$45,376) and cash of \$62,175 (June 30, 2024 - \$59,904).

As of June 30, 2025, the Company had current liabilities of \$75,785 (June 30, 2024 - \$23,334).

On May 9, 2024, 730,000 warrants were exercised at an exercise price of \$0.05, for gross proceeds of \$36,500.

On May 15, 2024, 750,000 warrants were exercised at an exercise price of \$0.05, for gross proceeds of \$37,500.

On January 20, 2025, 987,500 warrants were exercised at an exercise price of \$0.05 per unit, for gross proceeds of \$49,375.

On October 22, 2025 the Company completed a non-brokered private placement (the "Offering") for aggregate gross proceeds of \$623,737, by the sale of 1,568,386 units ("Units") at a price of \$0.135 per Unit and 2,746,699 flow-through units ("FT Units") at a price of \$0.15 per FT Unit. Each Unit consists of one common share in the capital of the Company (a "Common Share") and one-half of one common share purchase warrant (each whole common share purchase warrant, a "Warrant"). Each FT Unit consists of one flow-through common share in the capital of the Company (a "FT Share") and one-half of one Warrant. Each Warrant entitles the holder thereof to purchase one additional Common Share (each, a "Warrant Share") at an exercise price of \$0.25 until October 22, 2027.

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.

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The consolidated financial statements for the year ended June 30, 2025, 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

The Company's related parties consist of its key management personnel and close family members of its key management personnel. Key management personnel are those persons having authority and responsibility for planning, directing and controlling the activities of the Company, directly or indirectly, and consist of the Chief Executive Officer and Chief Financial Officer.

During the year ended June 30, 2025, the Company paid Carson Halliday \$18,000 (2024 - \$18,000) respectively for CFO consulting fees. There was \$Nil owing to related parties as of June 30, 2025 (2024 - \$Nil).

During the year ended June 30, 2025, the Company incurred stock-based compensation expenses of \$28,103, related to stock options granted to the officers and directors of the Company (2024 - \$Nil).

During the year ended June 30, 2025 the Company received a loan of \$50,000 from an officer of the Company. The loan carries interest at 10% per annum, is unsecured, and is due on demand. The Company accrued interest on the loan of \$137 during the year ended June 30, 2025 (2024 - \$Nil). This loan was repaid on October 23, 2025.

All transactions are incurred in the normal course of business and are negotiated on terms between the parties which are believed to represent fair market value for all services rendered. Any amounts due to related parties arising from the above transactions are unsecured, non-interest bearing and are due upon receipt of invoices.

Fourth Quarter

For the three months ended June 30, 2025, the Company incurred a net loss of \$49,004 compared to \$41,495 for the same period in 2024, a decrease in loss of \$7,509. The decrease in loss was nominal and costs incurred were in the normal course of operations.

Proposed Transactions

None.

Critical Accounting Estimates

Not applicable for Venture Issuers.

New accounting standard and interpretation

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.

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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.

Financial Instruments

Categories of financial instruments and fair value measurements

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

	June 30, 2025	June 30, 2024
Financial assets:		
<i>Fair value through profit and loss</i>		
Cash	\$ 62,175	\$ 59,904
Financial liabilities:		
<i>Other financial liabilities</i>		
Accounts payable	\$ 7,648	\$ -
Loan payable	\$ 50,000	\$ -

The fair values of the Company's cash and accounts payable and loan 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 June 30, 2025, 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 June 30, 2025, 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 June 30, 2025, the Company had cash of \$62,175 (June 30, 2024 - \$59,904) , accounts payable and accrued liabilities of \$25,785 (June 30, 2024 - \$23,334) and a loan payable of \$50,000 (June 30, 2024 - \$nil) with contractual maturities of less than one year. The Company assessed its liquidity risk as high as at June 30, 2025 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 June 30, 2025.

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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 June 30, 2025, 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 October 28, 2025

As at the date of this MD&A, the Company had 25,538,585 common shares issued and outstanding, 2,115,000 stock options outstanding, and 7,963,145 warrants convertible into common shares outstanding.

The Company has authorized an unlimited number of common shares without par value.

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.sedarplus.ca.