

USHA RESOURCES LTD.

CONDENSED INTERIM FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)

SEPTEMBER 30, 2018

(UNAUDITED)

(The accompanying condensed interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors. The Company's independent auditors have not performed a review of these condensed interim financial statements)

USHA RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF FINANCIAL POSITION
(Expressed in Canadian Dollars)
AS AT

	September 30, 2018	March 31, 2018
	(unaudited)	(audited)
ASSETS		
Current		
Cash	\$ 83,999	\$ 109,996
Interest receivable	<u>137</u>	<u>-</u>
	84,136	109,996
Deferred financing costs (Note 3)	<u>58,428</u>	<u>-</u>
	<u>\$ 142,564</u>	<u>\$ 109,996</u>

LIABILITIES AND SHAREHOLDERS' EQUITY

Current		
Accounts payable and accrued liabilities	\$ 55,466	\$ 10,000
Shareholders' equity		
Share capital (Note 4)	110,000	110,000
Deficit	<u>(22,902)</u>	<u>(10,004)</u>
	<u>87,098</u>	<u>99,996</u>
	<u>\$ 142,564</u>	<u>\$ 109,996</u>

Nature and continuance of operations (Note 1)
Subsequent events (Note 7)

Approved and authorized for issue by the Board of Directors on November 28, 2018:

<u>“Navin Varshney”</u>	Director	<u>“Deepak Varshney”</u>	Director
Navin Varshney		Deepak Varshney	

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

USHA RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF LOSS AND COMPREHENSIVE LOSS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30, 2018	Six Months Ended September 30, 2018
EXPENSES		
Office and miscellaneous	\$ 250	\$ 358
Professional fees	5,963	10,963
Travel and entertainment	<u>1,577</u>	<u>1,577</u>
Loss and comprehensive loss for the period	<u>\$ (7,790)</u>	<u>\$ (12,898)</u>
Basic and diluted loss per common share	<u>\$ 0.00</u>	<u>\$ 0.00</u>
Weighted average number of common shares outstanding	<u>-</u>	<u>-</u>

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USHA RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(Expressed in Canadian Dollars)
(Unaudited)

	Share Capital (Note 4)			Total Shareholders' Equity
	Shares	Amount	Deficit	
Balance, February 26, 2018 (incorporation)	-	\$ -	\$ -	\$ -
Common shares issued	2,200,000	110,000	-	110,000
Loss and comprehensive loss for the period	-	-	(10,004)	(10,004)
Balance, March 31, 2018	2,200,000	110,000	(10,004)	99,996
Loss and comprehensive loss for the period	-	-	(12,898)	(12,898)
Balance, September 30, 2018	2,200,000	\$ 110,000	\$ (22,902)	\$ 87,098

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

USHA RESOURCES LTD.
CONDENSED INTERIM STATEMENTS OF CASH FLOWS
(Expressed in Canadian Dollars)
(Unaudited)

	Three Months Ended September 30, 2018	Six Months Ended September 30, 2018
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss for the period	\$ (7,790)	\$ (12,898)
Changes in non-cash working capital items:		
Increase in receivable	(137)	(137)
Increase in accounts payable and accrued liabilities	<u>5,966</u>	<u>10,966</u>
Net cash used in operating activities	<u>(1,961)</u>	<u>(2,069)</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Deferred financing costs	<u>-</u>	<u>(23,928)</u>
Net cash used in financing activities	<u>-</u>	<u>(23,928)</u>
Decrease in cash for the period	(1,961)	(25,997)
Cash, beginning of period	<u>85,960</u>	<u>109,996</u>
Cash, end of period	<u>\$ 83,999</u>	<u>\$ 83,999</u>
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the period for income taxes	<u>\$ -</u>	<u>\$ -</u>

Supplemental information:

The Company accrued deferred financing costs of \$19,500 during the three months ended September 30, 2018 and \$34,500 during the six months ended September 30, 2018.

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

USHA RESOURCES LTD.
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018
(Expressed in Canadian Dollars)
(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Usha Resources Ltd. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* on February 26, 2018. Subsequent to September 30, 2018 (Note 7), the Company completed an Initial Public Offering ("IPO") and was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4. The Company will not carry on any business other than the identification and evaluation of assets or a business with a view to completing a Qualifying Transaction which will be subject to receipt of shareholder approval and acceptance by regulatory authorities.

The Company's head office address is 1575 Kamloops Street, Vancouver BC, V5K 3W1, Canada. The registered and records office address is 400 – 725 Granville Street, Vancouver BC, V7Y 1G5, Canada.

These financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. The financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company's continuing operations are dependent upon its ability to identify, evaluate and negotiate an agreement to acquire an interest in a material asset or business and obtain the necessary financing to do so, within 24 months of listing on the TSX-V. Any acquisition or investment proposed by the Company will be subject to regulatory and other approvals.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared using accounting policies consistent with IFRS issued by the International Accounting Standards Board ("IASB") and Interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). These financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit and loss, which are stated at their fair value. In addition, these financial statements have been prepared using the accrual basis of accounting, except for cash flow information. These condensed interim financial statements, presented in Canadian dollars, should be read in conjunction with the Company's audited annual financial statements for the year ended March 31, 2018.

i) Basis of Measurement

The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgement in applying the Company's accounting policies. Critical estimates and judgements are discussed more fully in the Company's audited annual financial statements for the year ended March 31, 2018.

ii) Significant Accounting Policies

Statement of Compliance

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, "Interim Financial Reporting" using accounting policies consistent with IFRS as issued by the International Accounting Standards Board ("IASB") and Interpretations issued by the International Financial Reporting Interpretations Committee ("IFRIC").

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2. BASIS OF PREPARATION (cont'd...)

ii) Significant Accounting Policies

The accounting policies and methods of computation followed in preparing these condensed interim financial statements are substantially the same as those followed in preparing the most recent audited annual financial statements. Changes to accounting policies adopted on April 1, 2018 as a result of changes to standards resulted in no material impact to the financial statements. For a summary of significant accounting policies and expected changes to accounting standards that have been announced but are not yet effective, please refer to the Company's audited annual financial statements for the year ended March 31, 2018.

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities and contingent liabilities at the date of the financial statements and the reported amounts of expenses during the reporting period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates and assumptions could result in outcomes that could require a material adjustment to the carrying amount of the asset or liability affected in future periods.

3. DEFERRED FINANCING COSTS

Deferred financing costs of \$58,428 consist of professional, listing and filing fees related to the Company's IPO (Note 7).

4. SHARE CAPITAL

Authorized:

Unlimited common shares with no par value and unlimited preferred shares with no par value.

Issued:

2,200,000 common shares were issued during the period ended March 31, 2018 at \$0.05 per share for proceeds of \$110,000. These common shares are held in escrow under an escrow agreement. The common shares will be released from escrow when the Company completes its Qualifying Transaction under the following terms: 10% to be released from the date the Transaction bulletin is issued, and 15% to be released every six months thereafter.

Stock options:

The Company maintains a Stock Option Plan (the "Plan") under which it is authorized to grant stock options to executive officers, directors, employees, and consultants. Under the Plan, the number of options that may be issued is limited to no more than 10% of the Company's issued and outstanding shares immediately prior to the grant. While the Company is a CPC until completion of a Qualifying Transaction, the aggregate number of common shares that may be reserved for issuance under the Plan shall not exceed 10% of the common shares to be outstanding as at the closing of the Company's IPO. The exercise price of each stock option shall equal the market price of the Company's shares, less any applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of five years and vest at the discretion of the Board of Directors. The Company approved the stock option plan during the period ended September 30, 2018. The Company also approved the grant to directors and officers upon the closing of the IPO of stock options to purchase 420,000 common shares exercisable at \$0.10 per share and expiring five years from the date of grant.

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NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS
FOR THE SIX MONTHS ENDED SEPTEMBER 30, 2018
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5. FINANCIAL INSTRUMENTS

Fair value

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1 – Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2 – Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3 – Inputs that are not based on observable market data.

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of interest receivable, accounts payable and accrued liabilities approximate their fair values due to their short term to maturity.

Financial risk management

The Company's risk exposures and the impact on the Company's financial instruments are summarized below.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations. The Company limits its exposure to credit risk by placing its cash with a major financial institution. Management feels that the Company's credit risk with respect to cash is remote. Accordingly, the Company does not believe it is subject to significant credit risk.

Interest rate risk

The Company is exposed to interest rate risk to the extent that the cash maintained at the financial institutions is subject to a floating rate of interest. The interest rate risk on cash is not considered significant.

Liquidity risk

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company intends to settle these with funds from its positive working capital position.

Foreign currency risk

Currency risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate due to changes in foreign exchange rates. As at September 30, 2018, the Company did not have any financial instruments denominated in foreign currencies and considers foreign currency risk to be insignificant.

Price risk

Equity price risk is defined as the potential adverse impact on the Company's earnings due to movements in individual equity prices or general movements in the level of the stock market. The Company closely monitors individual equity movements and the stock market to determine the appropriate course of action to be taken by the Company.

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6. CAPITAL MANAGEMENT

Capital is comprised of all the components of the Company's shareholders' equity. As at September 30, 2018, the Company's shareholders' equity was \$87,098 and there was no long-term debt outstanding. The Company manages its capital structure to maximize its financial flexibility making adjustments to it in response to changes in economic conditions and the risk characteristics of the underlying assets and business opportunities. The Company does not presently utilize any quantitative measures to monitor its capital. 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 no more than the lesser of 30% of the gross proceeds from the issuance of common 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 the Exchange Policy 2.4. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company. The Company is not subject to any externally imposed capital requirements or debt covenants. There were no changes in the Company's approach to capital management during the period ended September 30, 2018.

7. SUBSEQUENT EVENTS

Subsequent to the period ended September 30, 2018, the Company:

- i) Closed the filing of a prospectus, offering 2,000,000 common shares at a price of \$0.10 per share (the "Offering") by way of an IPO pursuant to Policy 2.4 "Capital Pool Companies" of the TSX-V. A cash commission of 10% of the gross proceeds of the Offering was paid to the Agent. The Agent was also paid an administration fee of \$15,000 and was reimbursed by the Company for its expenses and legal fees plus disbursements. The Agent was granted an Agent's option to purchase up to 200,000 common shares at a price of \$0.10 per common share, exercisable for a period of 24 months from the date of listing of the common shares on the TSX-V. The gross proceeds from the sale of securities will be restricted whereby the Company cannot spend more than the lesser of 30% or \$210,000 until the completion of a Qualifying Transaction for purposes other than to identify and evaluate assets or businesses and obtain shareholder approval for a proposed Qualifying Transaction if necessary.

The Company's common shares commenced trading on the TSX-V on October 16, 2018.

- ii) Granted incentive stock options to directors and officers of the Company to purchase 420,000 common shares at a price of \$0.10 per share, expiring five years from the date of grant.