

**USHA RESOURCES LTD.**  
**2018 STOCK OPTION PLAN**

**1. Purpose**

The purpose of the Stock Option Plan (the “**Plan**”) of **USHA RESOURCES LTD.**, a company incorporated under the *Business Corporations Act* (British Columbia) (the “**Company**”) is to advance the interests of the Company by encouraging the directors, officers, employees and consultants of the Company, and of its subsidiaries and affiliates, to increase their proprietary interest in the Company, encouraging them to remain associated with the Company and furnishing them with additional incentive in their efforts on behalf of the Company in the conduct of its affairs. The Plan seeks to achieve these purposes by providing for Awards in the form of Options.

**2. Definitions**

As used in the Plan, the following terms will have the meanings set out below:

- “**Award**” means any Option granted under the Plan.
- “**Award Agreement**” means any written agreement, contract or other instrument or document evidencing any Award granted under the Plan.
- “**Beneficiary**” means any person designated by a Participant by written instrument filed with the Company to receive any amount, securities or property payable under the Plan in the event of a Participant’s death or, failing any such effective designation, the Participant’s estate and its legal representative.
- “**Board**” means the board of directors of the Company.
- “**Broker**” means a broker who is independent (pursuant to the rules and policies of the Exchange) from the Company.
- “**Change of Control**” means, unless otherwise defined in an Award Agreement or a written employment agreement between the Company and a Participant (which definition shall govern), the occurrence of any of the following events: (1) a person or group of persons becomes the beneficial owner of securities of the Company constituting 50% or more of the voting power of all outstanding voting securities of the Company; (2) individuals who were proposed as nominees (but not including nominees under a shareholder proposal) to become members of the Board immediately prior to a meeting of the shareholders of the Company involving a contest for, or an item of business relating to the election of members of the Board of the Company, not constituting a majority of the members of the Board following such election; (3) a merger, consolidation, amalgamation or arrangement of the Company (or a similar transaction) occurs, unless after the event, 50% or more of the voting power of the combined

corporation is beneficially owned by the same person or group of persons as immediately before the event; or (4) the Company's shareholders approve a plan of complete liquidation or winding-up of the Company, or the sale or disposition of all or substantially all the Company's assets (other than a transfer to an affiliate of the Company); provided that the following shall not constitute a Change of Control: (i) any person or group of persons becoming the beneficial owner of the threshold of securities specified in (1) as a result of the acquisition of securities by the Company which, by reducing the number of securities outstanding, increases the proportional number of securities beneficially held by that person or group of persons, (ii) any acquisition of securities directly from the Company in connection with a bona fide financing or series of financings by the Company, (iii) any acquisition by an employee benefit plan (or related trust) sponsored or maintained by the Company, or (iv) beneficial ownership by affiliates and/or insiders of the Company or affiliates or any increased ownership by any of them.

**“Completion of the Qualifying Transaction”** Means the date the Final Exchange Bulletin is issued by the Exchange.

**“CPC”** Means a company (i) that has filed and obtained a receipt for a preliminary CPC prospectus from one or more of the securities regulatory authorities in compliance with the TSX Venture Exchange policy governing CPCs; and (ii) in regard to which a final Exchange bulletin, evidencing completion of the Qualifying Transaction has not yet been issued.

**“Discounted Market Price”** Means the Market Price less the following maximum discounts based on closing price, subject to a minimum price per share of \$0.05:

<b>Closing Price</b>	<b>Discount</b>
Up to \$0.50	25%
\$0.51 to \$2.00	20%
Above \$2.00	15%

**“Exchange Hold Period”** Means a four month resale restriction imposed by the Exchange on: (a) listed Shares and securities convertible, exercisable or exchangeable into listed Shares (including incentive stock options) issued by the Company to: (i) directors, officers and Promoters of the Company or (ii) to persons holding securities carrying more than 10% of the voting rights attached to the Company's securities both immediately before and after the transaction in which securities are issued, and who have elected or appointed or have the right to elect or appoint one or more directors or senior officers of the Company, except in the case of

securities whose distribution as qualified by a Prospectus or were issued under a securities exchange take-over bid, rights offering or pursuant to an amalgamation or other statutory procedure; (b) listed Shares issued to any person at a price or deemed price that is at a discount to the Market Price except in the case of securities whose distribution was qualified by a Prospectus or were issued under a securities exchange take-over bid, rights offering or pursuant to an amalgamation or other statutory procedure; and (c) incentive stock options granted by the Company to any person with an exercise price that is less than the applicable Market Price.

**“Fair Market Value”**

means (1) with respect to any property other than the Shares, the fair market value of that property determined by those methods or procedures as may be established from time to time by the Board, and (2) with respect to the Shares, the closing trading price reported for such Shares on the date of reference on the Exchange. If there is no closing trading price reported on any such date, then Fair Market Value with respect to the Shares shall be the volume weighted average trading price for such Shares on the Principal Market for the five (5) days preceding the date of reference on which the Shares traded. If the Shares did not trade, then the Fair Market Value with respect to the Shares will be determined by the Board, acting reasonably, using any other appropriate method selected by the Board.

**“insider”**

has the same meaning as found in the *Securities Act* (BC), as amended, and also includes associates and affiliates of the insider; and “issuances to insiders” includes direct and indirect issuances to insiders.

**“IPO Shares”**

Means the common shares offered to the public pursuant to the IPO.

**“Option”**

means an option to acquire Shares in the capital of the Company granted under the Plan.

**“Management Company Employees”**

means employees of a person or company which provides management services to the Company or its subsidiaries.

**“Market Price”**

Means the last daily closing price of the Company’s listed Common Shares before the date of grant of an Award.

**“Participant”**

Means directors, officers and consultants, and employees of the Company or its subsidiaries, and Management Company Employees that may be granted an Award under the Plan.

**“Person”**

means any individual, corporation, partnership, association, joint-share corporation, trust, unincorporated organization, or government or political subdivision of a government.

**“Shares”**

means any or all, as applicable, of the common shares of the Company and any other shares of the Company as may become the subject of Awards, or become subject to Awards, pursuant to an adjustment made under Sections 14

or 15 of the Plan, and any other shares of the Company or any successor that may be so designated by the Board.

<b>“Tax Act”</b>	means the <i>Income Tax Act</i> (Canada) and the regulations thereto, as amended from time to time.
<b>“Termination Date”</b>	Means the date upon which a Participant ceases to be a Participant eligible to participate under the Plan
<b>“Vested Awards”</b>	means an Award which has become vested in accordance with the provisions of the Plan and applicable Award Agreement or in respect of which the vesting date has been accelerated pursuant to the Plan.
<b>“Qualifying Transaction”</b>	means a transaction where a CPC acquires Significant Assets (as that term is defined in the policies of the TSX Venture Exchange), other than cash, by way of purchase, amalgamation, merger or arrangement with another company or by other means.

### **3. Administration**

The Plan shall be administered by the Board or by a special committee of the directors appointed from time to time by the Board pursuant to rules of procedure fixed by the Board. A majority of the Board shall constitute a quorum, and the acts of a majority of the directors present at any meeting at which a quorum is present, or acts unanimously approved in writing, shall be the acts of the directors.

Subject to the provisions of the Plan, the Board shall have authority to construe and interpret the Plan and all Award Agreements entered into thereunder, to define the terms used in the Plan and in all Award Agreements entered into thereunder, to prescribe, amend and rescind rules and regulations relating to the Plan and to make all other determinations necessary or advisable for the administration of the Plan. All determinations and interpretations made by the Board shall be binding and conclusive on all Participants in the Plan and on any Beneficiaries.

Each Award granted hereunder may be evidenced by an Award Agreement in writing, signed on behalf of the Company and by the Participant, in such form as the Board shall approve. Each such agreement shall recite that it is subject to the provisions of this Plan.

### **4. Stock Exchange Rules**

All Awards granted pursuant to this Plan shall be subject to rules and policies of any stock exchange or exchanges on which the common shares of the Company are then listed and any other regulatory body having jurisdiction hereinafter (hereinafter collectively referred to as, the “Exchange”).

### **5. Shares Subject to Plan**

Subject to adjustment as provided in Section 14 and Section 15 hereof, the Shares to be offered under the Plan shall consist of common shares of the Company's authorized but unissued common shares. Awards may be granted on authorized but unissued Shares of the Company not exceeding 10% of the total number of issued and outstanding Shares of the Company from

time to time at the time. If any Award granted hereunder shall expire or terminate for any reason in accordance with the terms of the Plan without being exercised, the unpurchased Shares subject thereto shall again be available for the purpose of this Plan.

## **6. Maintenance of Sufficient Capital**

The Company shall at all times during the term of the Plan reserve and keep available such numbers of Shares as will be sufficient to satisfy the requirements of the Plan.

## **7. Eligibility and Participation**

Participants shall be eligible for selection to participate in the Plan. Subject to compliance with applicable requirements of the Exchange, Participants may elect to hold Awards granted to them in an incorporated entity wholly owned by them and such entity shall be bound by the Plan in the same manner as if the Awards were held by the Participant.

Subject to the terms hereof, the Board shall determine to whom Awards shall be granted, the terms and provisions of the respective Award Agreements, the time or times at which such Awards shall be granted and vested, and the number of Shares to be subject to each Award. In the case of employees or consultants of the Company or Management Company Employees, the Award Agreements to which they are party must contain a representation of the Company and the Participant that such employee, consultant or Management Company Employee, as the case may be, is a bona fide employee, consultant or Management Company Employee of the Company or its affiliates.

A Participant who has been granted an Award may, if such Participant is otherwise eligible, and if permitted under the policies of the Exchange, be granted an additional Award or Awards if the Board shall so determine.

## **8. Number of Shares Available for Award**

- (a) The number of Shares subject to an option granted to any one Participant shall be determined by the Board, but no one Participant shall be granted an option which exceeds the maximum number permitted by the Exchange.
- (b) No single Participant of the Company may be granted Awards to acquire underlying Shares in a number equalling more than 5% of the issued common shares of the Company in any twelve-month period unless the Company has obtained disinterested shareholder approval in respect of such grant and meets applicable Exchange requirements.
- (c) Awards shall not be granted if the exercise or conversion thereof would result in the issuance of more than 2% of the issued common shares of the Company in any twelve-month period to any one consultant of the Company (or any of its subsidiaries).
- (d) Awards shall not be granted if the exercise thereof would result in the issuance of more than 2% of the issued common shares of the Company in any twelve-month period to persons employed to provide investor relation activities. Options granted to Consultants performing investor relations activities will contain vesting provisions such that vesting occurs over at least 12 months with no more than 1/4 of the options vesting in any 3-month period.

## 9. Options

- (a) The exercise price of the Shares subject to each Option shall be determined by the Board, subject to applicable Exchange approval, at the time any option is granted. In no event shall such exercise price be lower than the exercise price permitted by the Exchange. For greater certainty, in no event shall such exercise price be less than the Discounted Market Price.
- (b) Once the exercise price has been determined by the Board, accepted by the Exchange and the option has been granted, the exercise price of an option may be reduced upon receipt of Board approval, provided that in the case of options held by insiders of the Company (as defined in the policies of the Exchange), the exercise price of an Option may be reduced only if disinterested shareholder approval is obtained.
- (c) Each Option and all rights thereunder shall be expressed to expire on the date set out in the Award Agreement and shall be subject to earlier termination as provided in Section 10, provided that in no circumstances shall the duration of an Option exceed five years from the date of grant.
- (d) The Option period shall be a period of time fixed by the Board not to exceed five years from the date of grant, provided that the option period shall be reduced with respect to any option as provided in Section 10 covering cessation as a director, officer, consultant, employee or Management Company Employee of the Company or its subsidiaries, or death of the Participant.
- (e) Subject to any vesting restrictions imposed by the Exchange, the Board may, in its sole discretion, determine the time during which Options shall vest and the method of vesting, or that no vesting restriction shall exist.
- (f) Subject to any vesting restrictions imposed by the Board, Options may be exercised in whole or in part at any time and from time to time during the Option period. To the extent required by the Exchange, no Options may be exercised under this Plan until this Plan has been approved by a resolution duly passed by the shareholders of the Company.
- (g) Except as set forth in Section 10, no Option may be exercised unless the Participant is at the time of such exercise a director, officer, consultant, or employee of the Company or any of its subsidiaries, or a Management Company Employee of the Company or any of its subsidiaries.
- (h) The exercise of any Option will be contingent upon receipt by the Company at its head office of a written notice of exercise, specifying the number of Shares with respect to which the Option is being exercised, accompanied by cash payment, certified cheque or bank draft for the full purchase price of such Shares with respect to which the option is exercised. No Participant or his legal representatives, legatees or distributees will be, or will be deemed to be, a holder of any common shares of the Company unless and until the certificates for Shares issuable pursuant to options under the Plan are issued to him or them under the terms of the Plan.

## 10. Exchange Hold Period

All Options granted to insiders or at a discount to the Market Price are subject to the Exchange Hold Period, commencing the date on which the Options were granted.

## 11. Ceasing To Be a Participant

- (a) Subject to Section 11(c), in the event of a Participant ceasing to be a Participant for any reason other than death or termination for cause:
- (i) all unvested Awards held by such Participant shall immediately cease and terminate on the on the earlier of: (i) the Termination Date, (ii) the date on which notice of termination is given by the Company, or (iii) the date on which notice of termination of the consulting arrangement is given by the Company or the Participant, as the case may be; and
  - (ii) all vested Awards held by such Participant shall cease and terminate on the earlier of: (i) the 90<sup>th</sup> day following the Termination Date, (ii) the 90<sup>th</sup> day following the date on which notice of termination is given by the Company, (iii) the 90<sup>th</sup> day following the date on which notice of termination of the consulting arrangement is given by the Company or the Participant, or (iv) the expiry date of the Awards,

and thereafter shall be of no further force or effect whatsoever as to the Shares in respect of which such Awards have not previously been exercised. In no circumstances shall the operation of this section extend the expiry date of such Awards beyond the limits under the policies of the Exchange.

- (b) In the event of a Participant ceasing to be a Participant as a result of termination for cause, all Awards held by such Participant shall cease and terminate immediately upon the date notice of termination for cause is given by the Company and shall be of no further force or effect whatsoever as to the Shares in respect of which Awards have not previously been exercised.
- (c) Options granted to Participants engaged in investor relations activities shall cease and terminate on the earlier of: (i) the 30<sup>th</sup> day following the Termination Date, (ii) the 30<sup>th</sup> day following the date on which notice of termination is given by the Company, (iii) the 30<sup>th</sup> day following the date on which notice of termination of the consulting arrangement is given by the Company or the Participant, or (iv) the expiry date of the Options, and thereafter shall be of no further force or effect whatsoever as to the Common Shares in respect of which such Options have not previously been exercised. In no circumstances shall the operation of this section extend the expiry date of such Options beyond the term prescribed by Section 9(c) hereof.
- (d) In the event of the death of a Participant on or prior to the expiry time of Options, the Beneficiary of the Participant may exercise the vested Awards held by the Participant at the time of death within a period after the date of the Participant's death as determined by the Board, provided that, such period shall not extend beyond 12 months following the death of the Participant with respect to any Award held by the Participant. For greater certainty, such determination may be made at any time subsequent to the date of grant of the Award, provided that no Award shall remain outstanding beyond 12 months following the date of death,

provided that, in any event, no Award shall remain outstanding for any period that exceeds the expiry date of such Award.

## **12. Rights of Participant**

No person entitled to exercise any Award granted under the Plan shall have any of the rights or privileges of a shareholder of the Company in respect of any Shares issuable upon exercise of such Award until certificates representing such Shares shall have been issued and delivered.

## **13. Proceeds from Sale of Shares**

The proceeds from the sale of Shares issued upon the exercise of Awards shall be added to the general funds of the Company and shall thereafter be used from time to time for such corporate purposes as the Board may determine.

## **14. Adjustments**

- (a) In the event that the Board determines that any dividend or other distribution (whether in the form of cash, Shares, other securities or other property), recapitalization, share split, share dividend, reverse share split, reorganization, merger, consolidation, split-up, spin-off, combination, repurchase or exchange of Shares or other securities of the Company, issuance of warrants or other rights to purchase Shares or other securities of the Company, or other similar corporate transaction or event affects the Shares such that an adjustment is determined by the Board to be appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan and any Awards granted under the Plan, then the Board will, in any manner as it may deem equitable subject to, if applicable, approval of any Exchange, adjust any or all of (1) the number and kind of Shares which thereafter may be made the subject of Awards, (2) the number and kind of Shares subject to outstanding Awards, and (3) the Fair Market Value or the grant or exercise price with respect to any Award or, if deemed appropriate, make provision for a cash payment to the holder of an outstanding Award; provided, however, that the number of Shares subject to any Award denominated in Shares will always be a whole number. Notwithstanding the foregoing, any adjustments made pursuant to this Section 14(a) shall be such that the “in-the-money” value of any Option granted hereunder shall not be increased and that all Options are continuously governed by section 7 of the Tax Act.
- (b) In the event the Company or any affiliate assumes outstanding employee awards or the right or obligation to make future awards in connection with the acquisition of another business or another corporation or business entity, the Board may, subject to, if applicable, approval of any Exchange, make any adjustments, not inconsistent with the terms of the Plan, in the terms of Awards as it deems appropriate in order to achieve reasonable comparability or other equitable relationship between the assumed awards and the Awards granted under the Plan as so adjusted.
- (c) Subject to, if applicable, approval of any Exchange, the Board is hereby authorized to make adjustments in the terms and conditions of, and the criteria included in, Awards in recognition of unusual or non-recurring events (including, without limitation, the events described in Section 14(a) or Section 15 affecting

the Company, any affiliate, or the financial statements of the Company or any affiliate, or of changes in applicable laws, regulations, or accounting principles, whenever the Board determines that those adjustments are appropriate in order to prevent dilution or enlargement of the benefits or potential benefits intended to be made available under the Plan.

- (d) Notwithstanding the provisions contained herein for the expiry of Awards, in the event that the expiry date of an Award falls during a black out period that is formally imposed by the Company pursuant to its policies as a result of the *bona fide* existence of undisclosed Material Information (as such term is defined in the policies of the Exchange), the expiry date of such Award shall be automatically extended for a period of ten Business Days following the general disclosure of the undisclosed Material Information. The automatic extension described in this Section 14(d) hereof will not apply where the Participant or the Company is subject to a cease trade order (or similar order) in respect of the Company's securities
- (e) Adjustments under this Section shall be made by the Board whose determination as to what adjustments shall be made, and the extent thereof, shall be final, binding and conclusive. No fractional Share shall be required to be issued under the Plan on any such adjustment.

## **15. Change of Control**

If a Change of Control occurs, and unless otherwise provided in an Award Agreement or a written employment contract between the Company and a Participant and except as otherwise set out in this paragraph, the Board, in its sole discretion, may provide that (1) the successor corporation will assume each Award or replace it with a substitute Award on terms substantially similar to the existing Award, (2) the Board may permit the acceleration of vesting of any or all Awards, (3) the Awards will be surrendered for a cash payment equal to the Fair Market Value thereof, or (4) any combination of the foregoing will occur, provided that the replacement of any Award with a substitute Option shall, at all times, comply with the provisions of subsection 7(1.4) of the Tax Act, and the replacement of any Award with a substitute Option such that the substitute Award shall continuously be governed by Section 7 of the Tax Act.

## **16. CPC**

Notwithstanding any other provision of this Plan, while the Company is a CPC and until the Company completes its Qualifying Transaction, the following restrictions apply:

- (a) the maximum number of Awards granted on authorized but unissued common shares of the Company as set out under Section 5, must not exceed a maximum of 10% of the post-IPO issued and outstanding share-capital of the Company;
- (b) the maximum number of Awards granted to any individual director or officer on authorized but unissued common shares of the Company as set out under Section 8(b) may not exceed 5% of the post-IPO issued and outstanding share-capital of the Company;
- (c) the maximum number of Awards granted to any technical consultants on authorized but unissued common shares of the Company as set out under

Section 8(c) must not exceed 2% of the post-IPO issued and outstanding share-capital of the Company;

- (d) the exercise price of Awards as set out under Section 9(a) cannot be less than the greater of the IPO Share price and the Discounted Market Price;
- (e) no Awards may be granted to a Participant providing investor relations activities, promotional or market-making services;
- (f) Awards granted to any Participant that do not continue as a director, officer, technical consultant or employee of the Company as set out under Section 10, have a maximum term of the later of (i) 12 months after the Completion of the Qualifying Transaction and 90 days after the Participant ceases to become a director, officer, technical consultant or employee; and
- (g) all Awards exercised prior to the completion of the Qualifying Transaction will be subject to escrow provisions.

## **17. Transferability**

All benefits, rights and options accruing to any Participant in accordance with the terms and conditions of the Plan shall not be transferable or assignable unless specifically provided herein or the extent, if any, permitted by the Exchange. During the lifetime of a Participant any benefits, rights and options may only be exercised by the Participant.

## **18. Tax Withholding**

Notwithstanding any other provision contained herein, in connection with the exercise of an Award by a Participant from time to time, as a condition to such exercise (i) the Company shall require such Participant to pay to the Company an amount as necessary so as to ensure that the Company is in compliance with the applicable provisions of any federal, provincial or local law relating to the withholding of tax or other required deductions (the “**Applicable Withholdings and Deductions**”) relating to the exercise of such Awards; or (ii) in the event a Participant does not pay the amount specified in (i), the Company shall be permitted to engage a Broker or other agent, at the risk and expense of the Participant, to sell an amount of underlying Shares issuable on the exercise of such Awards and to apply the cash received on the sale of such underlying Shares as necessary so as to ensure that the Company is in compliance with the Applicable Withholdings and Deductions relating to the exercise of such options. In addition, the Company shall be entitled to withhold from any amount payable to a Participant, either under this Plan or otherwise, such amount as may be necessary so as to ensure that the Company is in compliance with Applicable Withholdings and Deductions relating to the exercise of such Awards.

## **19. Amendment and Termination of Plan**

Subject to applicable approval of the Exchange, the Board may, at any time, suspend or terminate the Plan. Subject to applicable approval of the Exchange, the Board may also at any time amend or revise the terms of the Plan; provided that no such amendment or revision shall result in a material adverse change to the terms of any options theretofore granted under the Plan, unless shareholder approval, or disinterested shareholder approval, as the case may be, is obtained for such amendment or revision.

## **20. Necessary Approvals**

The ability of a Participant to exercise Awards and the obligation of the Company to issue and deliver Shares in accordance with the Plan is subject to any approvals which may be required from shareholders of the Company and any regulatory authority or stock exchange having jurisdiction over the securities of the Company. If any Shares cannot be issued to any Participant for whatever reason, the obligation of the Company to issue such Shares shall terminate and any Award exercise price paid to the Company will be returned to the Participant.

## **21. Effective Date of Plan**

The Plan has been adopted by the Board of the Company subject to the approval of the Exchange and, if so approved, subject to the discretion of the Board, the Plan shall become effective upon such approvals being obtained.

## **22. Interpretation**

The Plan will be governed by and construed in accordance with the laws of the Province of British Columbia.

**MADE** by the Board of Directors of the Company as evidenced by the signature of the following director duly authorized in that behalf effective the 18<sup>th</sup> day of April, 2018.

*“Navin Varshney”*

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NAVIN VARSHNEY  
Chief Executive Officer, Chief Financial  
Officer, Corporate Secretary and Director