

**USHA RESOURCES LTD.**

**Filing Statement**

IN RESPECT OF THE QUALIFYING TRANSACTION INVOLVING THE ACQUISITION BY USHA  
RESOURCES LTD. OF A 51% INTEREST IN THE NICOBAT PROJECT

Dated as of September 30, 2019

*Neither the TSX Venture Exchange Inc. (the "TSXV") nor any securities regulatory authority has in any way passed upon the merits of the Qualifying Transaction described in this Filing Statement*

**FILING STATEMENT  
TABLE OF CONTENTS**

GLOSSARY .....	5
GLOSSARY OF ABBREVIATIONS USED IN TECHNICAL DISCLOSURE .....	9
SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS .....	9
INFORMATION CONCERNING EMERALD LAKE .....	9
SUMMARY OF FILING STATEMENT .....	10
Summary of the Proposed Qualifying Transaction.....	10
Transaction Details.....	10
Arm's Length Qualifying Transaction .....	11
Private Placement .....	11
Effect of the Transaction.....	11
Interests of Insiders .....	12
Available Funds and Principal Purposes.....	13
Listing and Share Price on the TSXV.....	14
Summary of Relationship or Other Arrangement between Usha and Emerald Lake .....	14
Sponsorship.....	14
Details of Any Conflict of Interest .....	14
Interests of Experts.....	14
Risk Factors.....	15
TSXV Conditional Approval .....	15
RISK FACTORS.....	15
PART I – THE TRANSACTION .....	24
Details of the Transaction.....	24
The Purchase Agreement.....	24
TSXV Approval .....	24
PART II - INFORMATION CONCERNING USHA .....	25
Corporate Structure .....	25
General Development of the Business.....	25
Selected Consolidated Financial Information and Management's Discussion and Analysis .....	25
Description of the Securities.....	26
Stock Option Plan .....	27
Prior Sales .....	28
Stock Exchange Price .....	28
Arm's-Length Qualifying Transaction .....	28
Legal Proceedings.....	29
Auditor, Transfer Agent and Registrar.....	29
Material Contracts .....	29

PART III - INFORMATION CONCERNING Nicobat Project.....	29
Corporate Structure .....	29
Intercorporate Relationships .....	29
General Development of the Business .....	29
Nicobat Property Description and Location .....	30
Accessibility, Climate, Local Resources, Infrastructure, Physiography and First Nations .....	33
History of the Nicobat Project.....	34
Geological Setting and Mineralization .....	39
Exploration.....	47
Deposit Types.....	54
Exploration.....	58
Sample Preparation, Analyses, and Security .....	73
Data Verification .....	74
Mineralization .....	76
Interpretation and Conclusions.....	76
PART IV - INFORMATION CONCERNING THE RESULTING ISSUER .....	77
Corporate Structure .....	77
Intercorporate Relationships .....	77
Narrative Description of the Business .....	77
Description of the Securities.....	78
Pro Forma Consolidated Capitalization .....	78
Fully Diluted Share Capital .....	79
Available Funds and Principal Purposes .....	80
Dividends.....	81
Principal Securityholders .....	82
Directors, Officers and Promoters.....	82
Shareholdings of Directors and Executive Officers .....	83
Biographies of Directors and Executive Officers .....	83
Executive Compensation .....	86
Indebtedness of Directors and Officers .....	87
Investor Relations Arrangements.....	87
Options to Purchase Securities.....	87
Escrowed Securities .....	88
Auditor, Transfer Agent and Registrar .....	88
PART V – GENERAL MATTERS.....	89
Sponsorship Relationship .....	89
Experts.....	89
Interest of Experts.....	89

Other Material Facts .....	89
Board Approval .....	89
Financial Statement Requirements .....	89
CERTIFICATE OF USHA RESOURCES LTD. ....	90
PERSONAL INFORMATION .....	91
SCHEDULE A .....	1
SCHEDULE B .....	1

## GLOSSARY

**"Affiliate"** means a Company that is affiliated with another Company as described below. A Company is an "Affiliate" of another Company if:

- (a) one of them is the subsidiary of the other, or
- (b) each of them is controlled by the same Person.

A Company is "controlled" by a Person if:

- (i) voting securities of the Company are held, other than by way of security only, by or for the benefit of that Person, and
- (ii) the voting securities, if voted, entitle the Person to elect a majority of the directors of the Company.

A Person beneficially owns securities that are beneficially owned by:

- (iii) a Company controlled by that Person, or
- (iv) an Affiliate of that Person or an Affiliate of any Company controlled by that Person;

**"Agent's Options"** means options entitling Canaccord Genuity Corp. to purchase up to 200,000 Usha Shares, issued pursuant to an agency agreement in connection with Usha's initial public offering;

**"Arm's Length Transaction"** means a transaction which is not a Non-Arm's Length Transaction;

**"Associate"** when used to indicate a relationship with a person or company, means

- (a) an issuer of which the person or Company beneficially owns or controls, directly or indirectly, voting securities entitling him to more than 10% of the voting rights attached to outstanding securities of the issuer,
- (b) any partner of the person or Company,
- (c) any trust or estate in which the person or Company has a substantial beneficial interest or in respect of which a person or company serves as trustee or in a similar capacity,
- (d) in the case of a person, a relative of that person, including
  - (i) that person's spouse or child, or
  - (ii) any relative of the person or of his spouse who has the same residence as that person;

but

where the TSXV determines that two persons shall, or shall not, be deemed to be associates with respect to a Member firm (as defined by the TSXV's policies), Member corporation or holding company of a Member corporation, then such determination shall be determinative of their relationships in the application of Rule D with respect to that Member firm, Member corporation or holding company;

**"BCBCA"** means the *Business Corporations Act* (British Columbia), including the regulations promulgated thereunder, as amended;

**"Board"** means the board of directors of Usha;

**"Closing"** means the date of completion of the Transaction;

**“Company”** unless specifically indicated otherwise, means a corporation, incorporated association or organization, body corporate, partnership, trust, association or other entity other than an individual;

**“Completion of the Qualifying Transaction”** means the date the Final Exchange Bulletin is issued by the TSXV;

**“Control Person”** means any person or company that holds or is one of a combination of persons or companies that holds a sufficient number of any of the securities of an issuer so as to affect materially the control of that issuer, or that holds more than 20% of the outstanding voting securities of an issuer except where there is evidence showing that the holder of those securities does not materially affect the control of the issuer;

**“CPC”** means a corporation:

- (a) that has been incorporated or organized in a jurisdiction in Canada;
- (b) 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 TSXV Policy 2.4; and
- (c) in regard to which the Completion of the Qualifying Transaction has not yet occurred;

**“CPC IPO”** means Usha’s initial public offering of 2,000,000 Usha Shares at \$0.10 per Usha Share, which was completed on October 12, 2018;

**“CPC Escrow Agreement”** means the escrow agreement dated September 10, 2018 among Usha, Computershare Investor Services Inc. and certain shareholders of Usha with respect to 2,200,000 Usha Shares;

**“Crystal Lake”** means Crystal Lake Mining Corporation, a corporation incorporated under the BCBCA and owner of a 15% beneficial interest in the Property;

**“Emerald Lake”** means Emerald Lake Development Corporation, a corporation incorporated under the *Business Corporations Act* (Ontario) and the owner of the Property Interest;

**“Filing Statement”** means this filing statement of Usha, including the Schedules attached hereto;

**“Final Exchange Bulletin”** means the TSXV Bulletin which is issued following closing of the Qualifying Transaction and the submission of all required documentation that evidences the final TSXV acceptance of the Qualifying Transaction;

**“IFRS”** means the International Financial Reporting Standards as adopted by the International Accounting Standards Board;

**“Insider”** if used in relation to Usha, means:

- (a) director or senior officer of Usha;
- (b) a director or senior officer of the Company that is an Insider or subsidiary of Usha;
- (c) a Person that beneficially owns or controls, directly or indirectly, Voting Shares carrying more than 10% of the voting rights attached to all outstanding Voting Shares of Usha; or
- (d) Usha itself if it holds any of its own securities;

**“NI 43-101”** means National Instrument 43-101 – Standards of Disclosure for Mineral Projects;

**“Nicobat Project”** means the Nicobat property, of which a 51% undivided interest will be purchased by Usha pursuant to the Purchase Agreement, located in the Dobie Township, Northwest Ontario, as further described in the Technical Report;

**“Non-Arm’s Length Party”** means in relation to a Company, a promoter, officer, director, other Insider or Control Person of that Company (including an Issuer) and any Associates or Affiliates of any of such Persons. In relation to an individual, means any Associate of the individual or any Company of which the individual is a promoter, officer, director, Insider or Control Person;

**“Non-Arm’s Length Qualifying Transaction”** means a proposed Qualifying Transaction where the same party or parties or their respective Associates or Affiliates are Control Persons in both the CPC and in relation to the Significant Assets which are to be the subject of the proposed Qualifying Transaction;

**“Person”** means a Company or individual;

**“Principal”** has the meaning ascribed thereto in the TSXV Corporate Finance Manual;

**“Private Placement”** means the offering of 3,327,000 Usha Units (\$0.095 per Usha Unit) and 1,200,000 Usha FT Units (\$0.13 per Usha FT Unit) for aggregate gross proceeds of \$472,065;

**“Promoter”** has the meaning ascribed thereto in the *Securities Act* (British Columbia);

**“Property”** means the Nicobat Project, as the context requires.

**“Property Interest”** means an undivided 51% interest in the Property to be purchased by Usha from Emerald Lake pursuant to the Purchase Agreement;

**“Purchase”** means the purchase by Usha of the Property Interest on the terms and conditions set forth in the Purchase Agreement;

**“Purchase Agreement”** means the agreement dated March 7, 2019 between Usha and Emerald Lake providing for the terms and conditions of Usha’s purchase of the Property;

**“Qualifying Transaction”** or **“QT”** means a transaction where a CPC acquires Significant Assets other than cash, by way of purchase, amalgamation, Purchase or arrangement with another company or by other means. Usha intends that the Transaction and Private Placement will constitute its Qualifying Transaction;

**“Related Party Transaction”** means a transaction involving Non-Arm’s Length Parties, or other circumstances exist which, in the opinion of the TSXV, may compromise the independence of Usha with respect to the Transaction;

**“Resulting Issuer”** means Usha Resources Ltd., as it exists upon issuance of the Final Exchange Bulletin;

**“Resulting Issuer Agent’s Options”** means options entitling Canaccord Genuity Corp. to purchase Resulting Issuer Shares at a price of \$0.10 in respect of Agent’s Options outstanding prior to the Transaction;

**“Resulting Issuer Options”** means options entitling their holders to purchase Resulting Issuer Shares under the Resulting Issuer Stock Option Plan;

**“Resulting Issuer Shares”** means the common shares in the capital of the Resulting Issuer;

**“Resulting Issuer Warrants”** means the warrants in the capital of the Resulting Issuer;

**“Significant Assets”** means one or more assets or businesses which, when purchased, optioned or otherwise acquired by Usha, together with any other concurrent transactions, would result in Usha meeting the initial listing requirements of the TSXV;

**“Sponsor”** has the meaning specified in Exchange Policy 2.2 – Sponsorship and Sponsorship Requirements.

**“Stock Option Plan”** means the stock option plan as adopted by Usha and which will be assumed by the Resulting Issuer upon completion of the Transaction;

**“Target Company”** means a Company to be acquired by the CPC as its Significant Asset pursuant to a Qualifying Transaction.

**“Technical Report”** means the NI 43-101 technical report with respect to the Nicobat Project dated July 19, 2019 and entitled “The Nicobat Project, Dobie Township, Northwest Ontario (NTS 52C/12NW)”, prepared for Usha by independent qualified persons, Paul Pitman, B.Sc. P.Geo. and Luc Harnois, PhD, P.Geo.;

**“Transaction”** means the transaction pursuant to which Usha will acquire the Property Interest, in exchange for 1,500,000 Usha Shares in accordance with the terms and conditions of the Purchase Agreement and as more particularly described in this Filing Statement, and which, together with the Private Placement, will constitute Usha’s Qualifying Transaction;

**“TSXV”** means the TSX Venture Exchange;

**“TSXV Corporate Finance Manual”** means the Corporate Finance Manual of the TSXV;

**“TSXV Policy 2.4”** means TSXV Policy 2.4 – Capital Pool Companies of the TSXV Corporate Finance Manual;

**“Vendors”** means one or all of the beneficial owners of the Significant Assets (other than a Target Company(ies));

**“Voting Shares”** means a security of Usha that:

- (a) is not a debt security; and
- (b) carries a voting right either under all circumstances or under some circumstances that have occurred and are continuing.

**“Usha”** or **“Issuer”** means Usha Resources Ltd., a corporation incorporated pursuant to the BCBCA;

**“Usha FT Units”** means the flow-through units offered pursuant to the Private Placement, with each Usha FT Unit consisting of one Usha Share and one Usha Warrant (FT);

**“Usha Options”** means stock options to acquire Usha Shares pursuant to the Stock Option Plan;

**“Usha Shareholders”** means the holders from time to time of Usha Shares;

**“Usha Shares”** means common shares in the capital of Usha, as constituted on the date hereof;

**“Usha Units”** means the units offered pursuant to the Private Placement, with each Usha Unit consisting of one Usha Share and one Usha Warrant (Non-FT);

**“Usha Warrant”** means either the Usha Warrant (FT) or the Usha Warrant (Non-FT), as applicable;

**“Usha Warrant (FT)”** means one common share purchase warrant offered pursuant to the flow-through portion of the Private Placement to purchase a Usha Share, with each warrant exercisable for an Usha Share at a price of \$0.26 and expiring 24 months from the date of issuance;

**“Usha Warrant (Non-FT)”** means one common share purchase warrant offered pursuant to the non-flow through portion of the Private Placement to purchase a Usha Share, with each warrant exercisable for an Usha Share at a price of \$0.19 and expiring 24 months from the date of issuance;

## GLOSSARY OF ABBREVIATIONS USED IN TECHNICAL DISCLOSURE

<b>Co</b>	Cobalt	<b>Ni</b>	nickel
<b>Cu</b>	Copper	<b>PGE</b>	platinum group elements
<b>km</b>	kilometers	<b>Pt</b>	platinum
<b>kg</b>	kilogram	<b>Pd</b>	palladium
<b>m</b>	meter	<b>Po</b>	pyrrhotite
<b>mm</b>	millimeter	<b>Py</b>	pyrite
<b>mt</b>	metric tonnes	<b>t</b>	tonne

## SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS

Certain statements in this Filing Statement and the schedules attached hereto are forward looking statements which may include, but are not limited to, statements with respect to: the future financial or operating performance of Usha and its Property; the estimation of mineral resources; the market conditions, business strategy, corporate plans, objectives and goals; the estimates of the timing, cost, nature and results of exploration activities; the projected development of the Nicobat Project and other properties of the Resulting Issuer; exploration expenditures and other expenses for specific exploration and development; the use of capital, the availability of additional capital, the requirements for additional capital and the timing of such requirements; government regulation of mining operations; exploration, mining, developmental and environmental risks; the completion, timing and expected effects of the Transaction and the benefits anticipated to be received by Usha, Emerald Lake and/or the Resulting Issuer from such transactions; title disputes or claims; the impact of competition for mineral projects; limitations of insurance coverage; and the timing and possible outcome of regulatory matters.

Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “projects”, “intends”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward- looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements of Usha or the Resulting Issuer, as applicable, to be materially different from any future results, performance or achievements expressed or implied by the forward- looking statements. Such factors include, but are not limited to, the factors discussed in the section entitled “Risk Factors” in this Filing Statement. Although Usha and Emerald Lake have attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended.

Although Usha and Emerald Lake believe that the expectations represented in such forward-looking statements are reasonable, there can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements. The forward-looking statements contained in this Filing Statement are expressly qualified by this cautionary statement and by the risk factors described in the Filing Statement under the heading “Risk Factors”. The forward-looking statements contained herein are made as of the date of this Filing Statement and Usha, Emerald Lake and the Resulting Issuer disclaim any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise, except where required by applicable securities laws.

## INFORMATION CONCERNING EMERALD LAKE

The information contained or referred to in this Filing Statement relating to Emerald Lake has been furnished by Emerald Lake. In preparing this Filing Statement, Usha has relied upon Emerald Lake to ensure that the Filing Statement contains full, true and plain disclosure of all material facts relating to Emerald Lake. Although Usha has no knowledge that would indicate that any statements contained herein concerning Emerald Lake are untrue or incomplete, neither Usha nor any of its respective directors or officers assumes any responsibility for the accuracy or completeness of such information or for any failure by Emerald Lake to ensure disclosure of events or facts that may have occurred which may affect the significance or accuracy of any such information.

## SUMMARY OF FILING STATEMENT

The following is a summary of information relating to Usha, Emerald Lake and the Resulting Issuer (assuming completion of the Transaction) and should be read together with the more detailed information and financial data and statements contained elsewhere in this Filing Statement. Capitalized terms used in this summary, and not defined in this summary, will have the meaning provided in the Glossary or elsewhere in this Filing Statement. No person is authorized to give any information or to make any representation not contained in this Filing Statement and, if given or made, such information or representation should not be relied upon as having been authorized. This Filing Statement does not constitute an offer to sell, or a solicitation of an offer to purchase, any securities, by any person in any jurisdiction in which such an offer or solicitation is not authorized or in which the person making such offer or solicitation is not qualified to do so or to any person to whom it is unlawful to make such an offer or solicitation. **Neither delivery of this Filing Statement nor any distribution of the securities referred to in this Filing Statement shall, under any circumstances, create an implication that there has been no change in the information set forth herein since the date of this Filing Statement.**

Any material change reports (excluding confidential reports), comparative condensed interim financial statements, comparative annual financial statements and the auditors' report thereon, information circulars, annual information forms and business acquisition reports filed by Usha with the securities commissions or similar authorities in the provinces of Alberta and British Columbia subsequent to the date of this Filing Statement and prior to the Completion of the Qualifying Transaction, shall be deemed to be incorporated by reference in this Filing Statement.

Any statement contained in a document incorporated or deemed to be incorporated by reference herein shall be deemed to be modified or superseded for the purposes of this Filing Statement to the extent that a statement contained herein or in any other subsequently filed document which also is, or is deemed to be, incorporated by reference herein modifies or supersedes such statement. The modifying or superseding statement need not state that it has modified or superseded a prior statement or include any other information set forth in the document that it modifies or supersedes. The making of a modifying or superseding statement shall not be deemed an admission for any purposes that the modified or superseded statement, when made, constituted a misrepresentation, an untrue statement of a material fact or an omission to state a material fact that is required to be stated or that is necessary to make a statement not misleading in light of the circumstances in which it was made. Any statement so modified or superseded shall not be deemed, except as so modified or superseded, to constitute a part of this Filing Statement.

### Summary of the Proposed Qualifying Transaction

On March 7, 2019, Usha and Emerald Lake entered into the Purchase Agreement whereby Usha acquired from Emerald Lake the rights to a 51% interest in the Nicobat Project (as described in a news release dated April 17, 2019), in exchange for 1,500,000 Usha Shares.

The Usha Shares to be issued to Emerald Lake in consideration for the Property Interest pursuant to the Purchase Agreement will be issued at fair market value.

### Transaction Details

Pursuant to the Purchase Agreement, Usha will acquire from Emerald Lake the mineral rights comprising the Property Interest for total consideration of 1,500,000 Usha Shares. Under the terms of the Purchase Agreement, Usha is required to issue to Emerald Lake 1,500,000 Usha Shares within 10 days of TSXV approval.

Usha has agreed to pay Emerald Lake a 2.0% net smelter returns royalty on commencement of commercial production on the Property (the "**Royalty**"). Emerald Lake will also receive a 2.0% net smelter returns royalty from a holder of an undivided 15% interest in the Property on the terms and conditions more particularly set out in a royalty agreement dated March 7, 2019 between Usha and Emerald Lake.

The Transaction will constitute Usha's Qualifying Transaction pursuant to the policies of the TSXV. Upon Completion of the Qualifying Transaction, Usha will continue under its current management and does not expect to change its name or the TSXV trading symbol for the Usha Shares, other than removing the ".P" from its trading symbol.

It is expected that following the Completion of the Transaction (assuming issuance of all Shares to be issued to Emerald Lake under the terms of the Purchase Agreement) Usha shareholders will hold approximately 8,727,000 Usha

Shares, 85.33% of the Resulting Issuer Shares and Emerald Lake will hold approximately 1,500,000 Usha Shares, representing 14.67% of the Resulting Issuer Shares (after giving effect to the Private Placement to be completed in connection with the Transaction).

None of the Non-Arm's Length Parties to Usha has any direct or indirect interest in Emerald Lake or its assets nor are they insiders of Emerald Lake. The Transaction does not constitute a "Non-Arm's Length Qualifying Transaction" as defined in Exchange Policy 2.4 and consequently Usha does not expect that it will be required to obtain shareholder approval for the Transaction.

### **Arm's Length Qualifying Transaction**

The proposed Transaction is not a Non-Arm's Length Qualifying Transaction.

### **Private Placement**

As a condition of Closing, Usha will complete the Private Placement for minimum gross proceeds of \$472,065. The Private Placement is comprised of Usha Units and Usha FT Units.

Each Usha Unit will consist of one Usha Share and one Usha Warrant (Non-FT) to purchase an Usha Share, with each Usha Warrant (Non-FT) exercisable for an Usha Share at a price of \$0.19 and expiring 24 months from the date of issuance.

Each Usha FT Unit will consist of one Usha Share and one Usha Warrant (FT) to purchase an Usha Share, with each Usha Warrant (FT) exercisable for an Usha Share at a price of \$0.26 and expiring 24 months from the date of issuance.

### **Effect of the Transaction**

Following Completion of the Qualifying Transaction, it is expected that:

- (a) Usha will have acquired the Property Interest from Emerald Lake;
- (b) there will be an aggregate of 10,227,000 Resulting Issuer Shares outstanding;
- (c) the following convertible securities issued and outstanding:
  - (i) 4,527,000 share purchase warrants; and
  - (ii) 420,000 Resulting Issuer Options, each exercisable to acquire one Resulting Issuer Share at a price of \$0.10 per Resulting Issuer Share in respect of the Usha Options outstanding prior to the Transaction; and
  - (iii) 200,000 Resulting Issuer Agent's Options, each exercisable to acquire one Resulting Issuer Share at a price of \$0.10 in respect of Agent's Options outstanding prior to the Transaction;
- (d) Emerald Lake will hold an aggregate of 1,500,000 Resulting Issuer Shares representing approximately 14.67% of the outstanding Resulting Issuer Shares (on a non-diluted basis);
- (e) Shareholders of Usha, before completion of the Private Placement and the Transaction, will hold an aggregate of 4,200,000 Usha Shares, representing 41.07% of the outstanding Resulting Issuer Shares (on a non-diluted basis); and

- (f) The board of directors and officers of the Resulting Issuer will be comprised of:

Deepak Varshney, CEO, Corporate Secretary and Director  
 Khalid Naeem, CFO  
 Navin Varshney, Director  
 Leif Smither, Director  
 David Ellett, Director

Usha was incorporated under the *Business Corporations Act* (British Columbia) on February 26, 2018 under the name “Usha Resources Ltd.” Usha is a CPC as defined by TSXV Policy 2.4 – Capital Pool Companies. Usha completed its initial public offering on October 12, 2018 and its common shares became listed and posted for trading on the Exchange on October 16, 2018.

The principal business of Usha is to identify and evaluate businesses and assets for the purpose of completing a Qualifying Transaction, and, once identified and evaluated, to negotiate an acquisition or participation in such assets or businesses. Until the Completion of the Qualifying Transaction, Usha will not carry on business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction. The Transaction and the Private Placement are intended to constitute Usha’s Qualifying Transaction.

As at June 30, 2019, Usha had 4,200,000 shares outstanding, \$41,142 in current liabilities, and \$136,095 in cash. At present, Usha does not own any material assets other than cash. To date, Usha has not conducted any active business operations. Since its incorporation, the principal activities of Usha have consisted of the financing of Usha through its initial public offering, the initial listing of the Usha Shares on the TSXV, the identification of potential acquisitions, the negotiation of the Purchase Agreement and efforts to implement the Transaction. See “Part II – Information Concerning Usha – General Development of the Business”.

After the closing of the Qualifying Transaction, the corporate structure will not change. Usha will not have any subsidiaries.

***Emerald Lake Development Corporation***

Emerald Lake is a privately-held company incorporated in Ontario and governed by the laws of the province of Ontario.

The registered office of Emerald Lake is located at 1997 Remo Drive, Bright’s Grove, Ontario N0N 1C0.

Emerald Lake is the 100% recorded and 85% beneficial interest owner of mineral rights comprising the Nicobat Project, which is located in the province of Ontario.

**Interests of Insiders**

The following is a summary of the interests of any Insider, Promoter or Control Person of Usha and the Resulting Issuer and their respective Associates and Affiliates (before and after giving effect to the Transaction and the Private Placement).

<b>Insiders, Promoter, Control Person</b>	<b>Position</b>	<b>Number of Usha Shares as at the Date of the Filing Statement<sup>(1)</sup></b>	<b>Resulting Issuer Shares upon Completion of the Proposed Qualifying Transaction and Private Placement<sup>(2)</sup></b>
Deepak Varshney <i>British Columbia, Canada</i>	Director of Usha  Proposed Chief Executive Officer, Secretary and Director of the Resulting Issuer	950,000 <sup>(3)</sup> Usha Shares (22.62%)	950,000 Resulting Issuer Shares (9.29%)
Khalid Naeem <i>British Columbia, Canada</i>	Proposed Chief Financial Officer of the Resulting Issuer	Nil	Nil

Leif Smither <i>British Columbia, Canada</i>	Director of Usha  Proposed Director of the Resulting Issuer	100,000 <sup>(4)</sup> Usha Shares (2.30%)	100,000 Resulting Issuer Shares (0.98%)
Navin Varshney <i>British Columbia, Canada</i>	Chief Executive Officer, Chief Financial Officer, Secretary and Director of Usha  Proposed Director of the Resulting Issuer	950,000 <sup>(5)</sup> Usha Shares (22.62%)	950,000 Resulting Issuer Shares (9.29%)
David Ellett <i>Arizona, USA</i>	Director of Usha  Proposed Director of the Resulting Issuer	200,000 <sup>(6)</sup> Usha Shares (4.76%)	200,000 Resulting Issuer Shares (1.96%)

Notes:

1. As of the date hereof, there are 4,200,000 Usha Shares outstanding.
2. Upon completion of the Private Placement and the Transaction, it is expected there will be 10,227,000 Resulting Issuer Shares issued and outstanding.
3. Mr. Deepak Varshney also holds Usha Options to purchase 147,500 Usha Shares. Such options were granted on October 12, 2018 and have an exercise price of \$0.10. These stock options will have an expiry date of October 12, 2023.
4. Mr. Leif Smither holds Usha Options to purchase 50,000 Usha Shares. Such options were granted on October 12, 2018 and have an exercise price of \$0.10. These stock options will have an expiry date of October 12, 2023.
5. Mr. Navin Varshney holds Usha Options to purchase 147,500 Usha Shares. Such options were granted on October 12, 2018 and have an exercise price of \$0.10. These stock options will have an expiry date of October 12, 2023.
6. Mr. David Ellett holds Usha Options to purchase 75,000 Usha Shares. Such options were granted on October 12, 2018 and have an exercise price of \$0.10. These stock options will have an expiry date of October 12, 2023.

## Available Funds and Principal Purposes

### Funds Available

Usha anticipates that immediately following Completion of the Qualifying Transaction, the Resulting Issuer will have available funds of approximately \$502,065, based on estimated working capital as at August 31, 2019 and net proceeds to be received from the Private Placement. The balance of the estimated fees of the Transaction at Closing will be approximately \$35,000. Based on the funds available, represented in the table below, the Resulting Issuer intends to initiate exploration work on the Property and to use the funds for general working capital purposes.

	Working Capital at Closing (\$)	Private Placement \$	Total Funds Available \$
Usha	65,000 <sup>(1)</sup>	472,065	537,065
Less expenses associated with the Transaction or Private Placement <sup>2)(3)</sup>	(20,000) <sup>(2)</sup>	(15,000) <sup>(3)</sup>	(35,000)
<b>Total</b>	<b>45,000</b>	<b>457,065</b>	<b>502,065</b>

Notes:

1. Unaudited estimates based on figures from Usha as of August 31, 2019.
2. Includes the balance of the estimated expenses related to Exchange filings and expenses related to completion of the Transaction.
3. Includes expenses related to the completion of the Private Placement and total anticipated finder's fees in the amount of \$5,500, payable to arm's length parties.

### **Principal Purposes of Funds**

It is expected that the Resulting Issuer will have an aggregate of \$502,065 available in the 12 months following the Completion of the Qualifying Transaction. The following table sets out the principal uses of the funds available over the following 12 months. The principal purposes of the available funds will be as follows:

<b>Principal Use of Funds</b>	<b>Amount</b>
Exploration work on the Property	\$250,000
General and administrative costs	\$100,000
Unallocated working capital	\$152,065
<b>TOTAL</b>	<b>\$502,065</b>

For more information please see, "Part IV – Information Concerning the Resulting Issuer – Available Funds and Principal Purposes".

### **Listing and Share Price on the TSXV**

The Usha Shares were listed on the TSXV on October 16, 2018 under the symbol "USHA.P". Trading in Usha Shares is currently halted pending Completion of the Qualifying Transaction. The closing price of the Usha Shares on April 16, 2019, being the last day on which the Usha Shares traded prior to the announcement of the Transaction was \$0.10 per Usha Share.

The common shares of Emerald Lake are not listed for trading on any exchange.

### **Summary of Relationship or Other Arrangement between Usha and Emerald Lake**

Other than the Transaction and as otherwise disclosed herein, there is no relationship or other arrangement between Usha and Emerald Lake.

### **Sponsorship**

Sponsorship of a Qualifying Transaction of a CPC is required by the TSXV unless exempt in accordance with TSXV Policy 2.4. Usha has applied for a waiver from the sponsorship requirement.

### **Details of Any Conflict of Interest**

Other than as disclosed herein, neither the management of Usha nor Emerald Lake is aware of any material conflicts of interest arising out of the Transaction.

The directors and officers of Usha are aware of the existence of laws governing accountability of directors and officers for corporate opportunity and the laws requiring disclosure by directors and officers of conflicts of interest. Usha will rely upon such laws in respect of any such conflict of interest or in respect of any breach of duty by any of its directors or officers. All such conflicts are required to be disclosed by such directors or officers in accordance with the BCBCA and the directors of Usha are required to govern themselves in respect thereof to the best of their ability in accordance with the obligations imposed upon them by law.

Certain of Usha's directors are also directors, officers or shareholders of other companies that are engaged in the business of acquiring, developing and exploiting natural resource properties. Such associations may give rise to conflicts of interest from time to time.

### **Interests of Experts**

No person or company, whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement, holds any beneficial interest, directly or indirectly, in any property of Usha or the Resulting Issuer or of an Associate or Affiliate of Usha or the Resulting Issuer and no such

person is expected to be elected, appointed or employed as a director, senior officer or employee of Usha or the Resulting Issuer or of an Associate or Affiliate of Usha or the Resulting Issuer and no such person is a Promoter of Usha or the Resulting Issuer or an Associate or Affiliate of Usha or the Resulting Issuer.

Davidson & Company LLP has informed the Issuer that they are independent with respect to Usha within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of British Columbia.

### **Risk Factors**

An investment in Usha Shares or Resulting Issuer Shares (both before and after completion of the Transaction) should be considered highly speculative and involves a high degree of risk. Material risk factors affecting the Resulting Issuer include the following: risks related to the global financial and economic conditions, Usha's limited operating history, exploration, development and production risks, operational risks, risks associated with permits and licenses, acquisition and integration risks, funding and future financing risks, risks associated with stringent regulatory requirements, environmental risks, insurance risks, industry competition risks, litigation risks, risk of reliance on key employees, risks associated with recruiting and retaining qualified personnel, fluctuations of the market price of common shares and other usual risks associated with an investment in a business at an early stage of development. The mining industry is intensely competitive, and the Resulting Issuer must compete in all aspects of its operations with a number of other entities that have greater technical ability, financial resources and access to markets. For a more detailed description of these and other risk factors affecting the Resulting Issuer, see "Risk Factors" below.

### **TSXV Conditional Approval**

The TSXV has conditionally accepted the Transaction subject to Usha fulfilling all of the requirements of the Exchange on or before December 10, 2019.

## **RISK FACTORS**

### **AN INVESTMENT IN SECURITIES OF THE RESULTING ISSUER IS HIGHLY SPECULATIVE AND INVOLVES A HIGH DEGREE OF RISK AND SHOULD ONLY BE MADE BY INVESTORS WHO CAN AFFORD TO LOSE THEIR ENTIRE INVESTMENT.**

Prior to making an investment decision, investors should consider the investment risks set forth below and those described elsewhere in this document, which are in addition to the usual risks associated with an investment in a business at an early stage of development. The directors of Usha consider the risks set forth below to be the most significant, but do not consider them to be all of the risks associated with an investment in securities of Usha or the Resulting Issuer. If any of these risks materialize into actual events or circumstances or other possible additional risks and uncertainties of which the directors are currently unaware or which they consider not to be material in connection with the Resulting Issuer's business, actually occur, the Resulting Issuer's assets, liabilities, financial condition, results of operations (including future results of operations), business and business prospects, are likely to be materially and adversely affected. In such circumstances, the price of the Resulting Issuer's securities could decline and investors may lose all or part of their investment.

### ***Risk Factors Relating to Usha***

#### *The Proposed Qualifying Transaction may not be completed*

The completion of the transactions contemplated by the Purchase Agreement is subject to certain conditions, including obtaining all necessary regulatory approvals and other transactions comprising part of the Transaction and other customary conditions. There can be no assurance that all of the necessary regulatory approvals will be obtained. If the transactions contemplated by the Purchase Agreement are not completed for these reasons or for any other reasons, Usha will have incurred significant costs associated with the failed implementation of the Transaction.

Furthermore, Usha has only limited funds with which to identify and evaluate potential Qualifying Transactions and there can be no assurance that Usha will be able to identify a suitable Qualifying Transaction in the future. Even if a proposed Qualifying Transaction is identified in the future, the completion of such other Qualifying Transaction will be subject to a number of conditions including acceptance by the TSXV.

### *Limited Operating History and History of Losses*

Usha has not commenced commercial operations and has no assets other than cash. Usha has no history of material earnings and will not generate earnings or pay dividends until at least after the completion of a Qualifying Transaction. Until completion of a Qualifying Transaction, Usha is not permitted to carry on any business other than the identification and evaluation of potential transactions.

### *Dilution*

The Transaction will be financed in part by the issuance of additional securities of Usha and this will result in further dilution to the current Usha Shareholders, which dilution may be significant and which may also result in a change of control of Usha.

### *Management and Conflicts of Interest*

The ability of Usha to successfully complete a Qualifying Transaction is dependent on the performance of its current directors and officers, who only devote a portion of their time to the business and affairs of Usha and are, or will be, engaged in other projects or businesses. The current directors, officers and Promoters of Usha also serve as directors and/or officers of other companies which may compete with Usha in its search for the businesses or assets targeted in order to complete a Qualifying Transaction. Accordingly, situations may arise where the directors, officers and promoters of Usha are in a position of conflict with Usha.

### ***Risk Factors Relating to the Resulting Issuer***

The Resulting Issuer's business upon Completion of the Qualifying Transaction, will be the exploration and development of the Nicobat Project. The risk factors associated with the principal business of the Resulting Issuer are discussed below. Briefly, these relate to the highly speculative nature of the mining industry characterized by the requirement for large capital investment from an early stage and a low probability of finding economic mineral deposits. Due to the present stage of exploration and development of the Nicobat Project, the Resulting Issuer may be subject to significant risks. Readers should carefully consider all such risks set out in the discussion below. The Resulting Issuer's actual exploration and operating results may be very different from those expected as at the date of this Filing Statement.

### *Dependence on the Nicobat Project*

The Nicobat Project will be the only property of the Resulting Issuer upon Completion of the Qualifying Transaction. As such, the operations of the Resulting Issuer will be dependent on the Nicobat Project, which may never develop into a commercially viable ore body. Any adverse development affecting the Nicobat Project will have a material adverse effect on the Resulting Issuer's business, prospects, financial performance and results of operations.

### *Exploration and Development Risk*

Mining operations generally involve a high degree of risk. The Resulting Issuer's operations will be subject to all the hazards and risks normally encountered in the exploration, development and production of mineral properties, including unusual and unexpected geologic formations, seismic activity, explosions, rock bursts, cave-ins, flooding, pit wall failure and other conditions involved in drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, damage to life or property, environmental damage, delays in mining, monetary losses and possible legal liability.

The exploration for and development of mineral deposits involves significant risks that even a combination of careful evaluation, experience and knowledge may not eliminate. While the discovery of an ore body may result in substantial rewards, few properties that are explored are ultimately developed into producing mines and no assurance can be given that minerals will be discovered in sufficient quantities or having sufficient grade to justify commercial operations or that funds required for development can be obtained on a timely basis. Mineral exploration involves many risks and uncertainties, and success in exploration is dependent on a number of factors, including the quality of management, quality and availability of geological expertise and the availability of exploration capital. Substantial expenditures are required to establish mineral resources and mineral reserves, complete drilling and to develop processes to extract the minerals, develop mining and processing facilities and suitable infrastructure at any site chosen for mining, and

establish commercial operations. Also, substantial expenses may be incurred on exploration projects which are subsequently abandoned due to poor exploration results or the inability to define reserves which can be mined economically. Even if an exploration program is successful and economically recoverable minerals are found, it can take a number of years from the initial phases of drilling and identification of the mineralization until production is possible, during which time the economic feasibility of extraction may change and the minerals that were economically recoverable at the time of discovery cease to be economically recoverable. There can be no assurance that the minerals recovered in small scale tests will be duplicated in large scale tests under on-site conditions or in production scale operations.

The commercial viability of the Nicobat Project and other properties in which the Resulting Issuer has or may acquire an interest in the future depends upon on a number of factors, all of which are beyond the control of the Resulting Issuer, including, but not limited to: the particular attributes of the deposit, such as size, grade and proximity to infrastructure; copper and gold prices, which are highly cyclical; general and local labour market conditions; the proximity and capacity of milling facilities; local, provincial, federal and international government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; ongoing costs of production; and availability and cost of additional funding. The exact effect of these factors, either alone or in combination, cannot be accurately predicted and their impact may result in the Resulting Issuer not being able to economically extract minerals from any identified mineral resource or mineral reserve which, in turn, could have a material and adverse impact on the Resulting Issuer's cash flows, earnings, results of operations and financial condition and prospects. The Resulting Issuer cannot provide any certainty that the exploration or development programs planned by the Resulting Issuer will result in a profitable commercial mining operation in respect of the Nicobat Project or other properties in which the Resulting Issuer may acquire an interest in the future.

#### *Tax Issues*

Usha intends to issue flow-through shares pursuant to flow-through subscription agreements with subscribers. Although the Resulting Issuer intends to incur expenditures as contemplated by those flow-through subscription agreements, there is a risk that expenditures incurred by the Corporation may not qualify as "Canadian exploration expenditures" ("CEE") or "Canadian development expense" ("CDE"), as such terms are defined in the *Income Tax Act* (Canada), or that any such resource expenses incurred will be reduced by other events including failure to comply with the provisions of the flow-through subscription agreements or of applicable income tax legislation. If the Resulting Issuer does not renounce to such subscribers CEE or CDE within the prescribed time period, or if there is a reduction in such amount renounced pursuant to the provisions of the *Income Tax Act* (Canada), the Resulting Issuer may need to indemnify such subscribers, on the terms included in the flow-through subscription agreements, for an amount equal to the amount of any tax payable or that may become payable under the *Income Tax Act* (Canada).

#### *Limited Operating History and Financial Resources*

Usha has a limited operating history and expects that its losses will continue for the foreseeable future. Potential investors should be aware of the difficulties normally encountered by mineral exploration companies and the high rate of failure of such enterprises. The likelihood of success must be considered in light of the problems, expenses, difficulties, complications and delays encountered in connection with the exploration of the mineral properties that the Resulting Issuer plans to undertake. These potential problems include, but are not limited to, unanticipated problems relating to exploration and additional costs and expenses that may exceed current estimates. The expenditures to be made by the Resulting Issuer in the exploration of mineral claims may not result in the discovery of mineral deposits. Problems such as unusual or unexpected formations of rock or land and other conditions are involved in mineral exploration and often result in unsuccessful exploration efforts. If the results of future exploration programs do not reveal viable commercial mineralization, the Resulting Issuer may decide to abandon its claims and acquire new claims for new exploration or cease operations.

There can be no assurance that the Resulting Issuer will ever be profitable in the future. The Resulting Issuer's operating expenses and capital expenditures may increase in subsequent years as needed consultants, personnel and equipment associated with advancing exploration, development and commercial production of the Property and any other properties that the Resulting Issuer has or may acquire are added. The amounts and timing of expenditures will depend on the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with

strategic partners, and the Resulting Issuer's acquisition of additional properties and other factors, many of which are beyond the Resulting Issuer's control.

#### *Uncertainty of Resource Estimates*

No assurance can be given that any tonnages and grades will be achieved or that any level of recovery will be realized. The grade of mineralization recovered may differ materially and adversely from the estimated average grades in any current or future resource estimates. Future production could differ dramatically from resource estimates for, among others, the following reasons:

- mineralization or formations could be different from those predicted by drilling, sampling and similar examinations;
- increases in operating mining costs and processing costs could adversely affect Mineral Resources;
- the grade of the Mineral Resources may vary significantly from time to time and there is no assurance that any particular grade may be recovered from the Mineral Resources; and
- declines in the market price of minerals may render the mining of some or all the Mineral Resources uneconomic.

Any of these factors may require the Resulting Issuer to reduce its Mineral Resource estimates or increase its cost estimates. Short-term factors, such as the need for the additional development of a deposit or the processing of new different grades, may impair the Resulting Issuer's profitability. Should the market price of minerals fall, the Resulting Issuer could be required to materially write down its investment in mining properties or delay or discontinue production or the development of new projects.

#### *Mineral Reserves*

Emerald Lake has not defined any Mineral Reserves on its concessions at the Nicobat Project and there can be no assurance that any of the concessions under exploration contain commercial quantities of any minerals. Even if commercial quantities of minerals are identified, there can be no assurance that the Resulting Issuer will be able to exploit the resources or, if the Resulting Issuer is able to exploit them, that it will do so on a profitable basis. Substantial expenditures may be required to locate and establish Mineral Reserves, to develop extraction processes and to construct mining and processing facilities at a site, and substantial additional financing may be required. It is impossible to ensure that the exploration or development programs planned by the Resulting Issuer will result in a profitable commercial mining operation. The decision as to whether a property contains a commercial mineral deposit and should be brought into production will depend on the results of exploration programs and/or feasibility studies, and the recommendations of duly qualified engineers and geologists. Several significant factors will be considered, including, but not limited to: (i) the attributes of the deposit, such as size, grade and proximity to infrastructure; (ii) mineral prices, which are highly cyclical; (iii) government regulations, including regulations relating to prices, taxes, royalties, land tenure, land use, importing and exporting of minerals and environmental protection; (iv) ongoing costs of production; and (v) availability and cost of additional funding. The exact effect of these factors cannot be accurately predicted, but the combination of these factors may result in the Resulting Issuer not receiving an adequate return on invested capital.

#### *Operational Risks*

Mineral exploration and mining involves many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These hazards include unusual or unexpected formations, formation pressures, inclement weather conditions, seismic activity, fires, power outages, industrial accidents, flooding, explosions, rock bursts, cave-ins or pit wall failures and other conditions involved in the drilling and removal of material, any of which could result in damage to, or destruction of, mines and other producing facilities, catastrophic damage to property or loss of life, labour disruptions, technological failure of mining methods, equipment failure or the inability to obtain suitable or adequate machinery, equipment or labour. Operations in which the Resulting Issuer will have a direct or indirect interest will be subject to all the hazards and risks normally incidental to exploration, development and production of minerals, any of which could result in damage to or destruction of mines and other producing facilities, damage to life and property, environmental damage and possible legal liability for any or all damage. Although the Resulting Issuer intends to maintain liability insurance in an amount which it considers adequate, the nature of these

risks is such that liabilities could exceed policy limits, in which event the Resulting Issuer could incur significant costs that could have a materially adverse effect upon its financial condition.

#### *Title to Property*

The Resulting Issuer will not maintain insurance against title. Title on mineral properties and mining rights involves certain inherent risks due to the difficulties of determining the validity of certain claims as well as the potential for problems arising from the frequently ambiguous conveyance history of many mining properties. Usha has diligently investigated title to its mineral claims; however, this should not be construed as a guarantee of title. The Resulting Issuer cannot give any assurance that title to property will not be challenged or impugned and cannot guarantee that the Resulting Issuer will have or acquire valid title to the Nicobat Project. The possibility also exists that title to the existing property or future prospective properties may be lost due to an omission in the claim of title, prior activities of Emerald Lake which affects the Resulting Issuer's title.

#### *Commodity Prices*

The profitability of the Resulting Issuer's operations will be dependent upon the market price of mineral commodities. Mineral prices fluctuate widely and are affected by numerous factors beyond the control of the Resulting Issuer. These factors include interest rates, the rate of inflation or deflation, global and regional supply and demand, consumption patterns, forward sales by producers, currency exchange fluctuations, speculative activities and increased production due to improved mining and production methods. Such external economic factors are in turn influenced by changes in international investment patterns, monetary systems and political and economic developments in major copper and gold-producing countries throughout the world. The prices of mineral commodities have fluctuated widely in recent years. Current and future price declines could cause commercial production to be impracticable.

The Resulting Issuer's future revenues and earnings also could be affected by the prices of other commodities such as fuel and other consumable items, although to a lesser extent than by the price of copper and gold. The prices of these commodities are affected by numerous factors beyond the Resulting Issuer's control.

#### *Dependence on Future Financings*

The Resulting Issuer will require significant capital and operating expenditures in connection with the development of the Property. There can be no assurance that the Resulting Issuer will be successful in obtaining the required financing as and when needed. Mineral prices, environmental rehabilitation or restitution, revenues, taxes, transportation costs, capital expenditures and operating expenses and geological results are all factors which an impact on the amount of additional capital will have that may be required. To meet such funding requirements, the Resulting Issuer may be required to undertake additional equity financing, which would be dilutive to shareholders. Debt financing, if available, may also involve restrictions on financing and operating activities. There is no assurance that additional financing will be available on terms acceptable to the Resulting Issuer or at all. If the Resulting Issuer is unable to obtain additional financing as needed, it may be required to reduce the scope of its operations or anticipated expansion and pursue only those development plans that can be funded through cash flows generated from its existing operations.

#### *Share Price Volatility*

The market price for the Resulting Issuer Shares cannot be assured. In recent years, the securities markets in Canada have experienced a high level of price and volume volatility, and the market prices of securities of many companies have experienced wide fluctuations in price that have not necessarily been related to the operating performance, underlying asset values or prospects of such companies. The trading price of the Usha Shares has been, and the trading price of the Resulting Issuer Shares may continue to be, subject to large fluctuations. For the same reason, the value of any of the Resulting Issuer's securities convertible into, or exchangeable for, Resulting Issuer Shares may also fluctuate significantly, which may result in losses to investors. The price of the Resulting Issuer Shares will be subject to market trends and conditions generally, notwithstanding any potential success of the Resulting Issuer in creating revenues, cash flows or earnings. Factors that may contribute to volatility in the securities of the Resulting Issuer include macroeconomic developments in North America and globally, and market perceptions of the attractiveness of particular industries. The price of the Resulting Issuer Shares is also likely to be significantly affected by short-term changes in mineral prices or in its financial condition or results of operations as reflected in its quarterly earnings reports.

Other factors unrelated to the Resulting Issuer's performance that may have an effect on the price of the Resulting Issuer Shares include the following: lessening in trading volume and general market interest in the Resulting Issuer's securities may affect an investor's ability to trade significant numbers of Resulting Issuer Shares; the size of the Resulting Issuer's public float may limit the ability of some institutions to invest in the Resulting Issuer's securities; and a substantial decline in the price of the Resulting Issuer Shares that persists for a significant period of time could cause the Resulting Issuer Shares to be delisted from the exchange on which they trade, further reducing market liquidity. The market price for the Resulting Issuer Shares may also be affected by the Resulting Issuer's ability to meet or exceed expectations of analysts or investors. Any failure to meet these expectations, even if minor, may have a material adverse effect on the market price of the Resulting Issuer Shares.

In the past, following periods of volatility in the market price of a company's securities, shareholders have often instituted class action securities litigation against those companies. Such litigation, if instituted, could result in substantial cost and diversion of management attention and resources, which could materially and adversely harm the Resulting Issuer and its financial position.

#### *Government Regulation*

The proposed mining, processing, development and mineral exploration activities of the Resulting Issuer are subject to various laws governing environmental protection, natural resources prospecting, development, production, post-closure reclamation, taxes, labour standards and occupational health, mine safety, toxic substances, land use, water use, land claims of local people and other matters. The costs associated with compliance with such laws and regulations are substantial. Although the Resulting Issuer believes that its mining and processing operations and exploration and development activities will be carried out in accordance with all applicable rules and regulations, no assurance can be given that new rules and regulations will not be enacted or that existing rules and regulations will not be interpreted and applied in a manner which could cause additional expense, capital expenditures, restrictions on or suspension of the Resulting Issuer's operations and delays in the development of the Property and other properties in which the Resulting Issuer may acquire an interest. Moreover, governmental authorities and private parties may bring lawsuits based upon damage to property and injury to persons resulting from the environmental, health and safety impacts of the Resulting Issuer's future operations, which could lead to the imposition of substantial fines, penalties and other civil and criminal sanctions. Substantial costs and liabilities, including bonding, reclamation funding, or other requirements for restoring the environment after the closure of mines, will be inherent in the development of the Nicobat Project. There can be no assurance that any such law, regulation, enforcement or private claim, or any changes thereto, will not have a material adverse effect on the Resulting Issuer's business, financial condition or results of operations.

#### *Permits and Licenses*

The mining and exploration activities of the Resulting issuer will require permits from various governmental authorities and such operations are, and will be, governed by laws and regulations governing exploration, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, safety, mine permitting and other matters. Companies engaged in mining and exploration activities generally experience increased costs and delays as a result of the need to comply with applicable laws, regulations and permits. While Usha believes that it will have all permits and licences necessary to carry on activities on the Property after completion of the Transaction, a substantial number of additional permits and licenses may be required after the completion of the Transaction. The Resulting Issuer anticipates that it will be able to obtain in the future all necessary licenses and permits to carry on the activities which it intends to conduct, and that it intends to comply in all material respects with the terms of such licenses and permits; however, there can be no assurance that all permits that the Resulting Issuer may require for mining and exploration will be obtainable on reasonable terms or on a timely basis, or that such laws and regulations would not have an adverse effect on any project that the Resulting Issuer may undertake. Usha believes it is in substantial compliance with all material laws and regulations which currently apply to its activities. However, there may be unforeseen environmental liabilities of the Resulting Issuer resulting from exploration and/or mining activities and these may be costly to remedy.

#### *Health and Safety Risk*

Mining, like many other extractive natural resource industries, is subject to potential risks and liabilities due to accidents that could result in serious injury or death. The impact of such accidents could affect the profitability of the operations, cause an interruption to operations, lead to a loss of licenses, affect the reputation of the Resulting Issuer and its ability to obtain further licenses, damage community relations and reduce the perceived appeal of the Resulting Issuer as an

employer. Failure to comply with applicable health and safety laws may result in injunctions, damages, suspension or revocation of licences or permits and the imposition of penalties. There can be no assurance that the Resulting Issuer will be at all times in complete compliance with such laws, regulations and permits, or that the costs of complying with current and future health and safety laws and permits will not adversely affect the Resulting Issuer's business, results of operations, financial condition or prospects. The Resulting Issuer will have rigorous procedures in place to manage health and safety protocols in order to reduce the risk of occurrence and the severity of any accident, and will continually invest time and resources to enhance health and safety at all operations. The Resulting Issuer will have insurance policies in place to cover accidents and will regularly monitor the adequacy of such policies.

### *Environmental Matters*

The Resulting Issuer's operations will be subject to laws and regulations regarding environmental matters, the use or abstraction of water, and the discharge of mining wastes and materials. Environmental legislation is evolving in a manner which will require stricter standards and enforcement, increased fines and penalties for non-compliance, more stringent environmental assessments of proposed projects and a heightened degree of responsibility for companies and their officers, directors and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. Furthermore, any failure to comply fully with all applicable laws and regulations could have significant adverse effects on the Resulting Issuer, including the suspension or cessation of operations. Environmental laws and regulations change frequently, and the implementation of new, or the modification of existing, laws or regulations could harm the Resulting Issuer. The Resulting Issuer cannot predict how agencies or courts in foreign countries will interpret existing laws and regulations or the effect that these adoptions and interpretations may have on the Resulting Issuer's business or financial condition.

The Resulting Issuer may be required to make significant expenditures to comply with governmental laws and regulations. Any significant mining operations will have some environmental impact, including land and habitat impact, arising from the use of land for mining and related activities, and certain impact on water resources near the project sites, resulting from water use, rock disposal and drainage run-off. No assurances can be given that such environmental issues will not have a material adverse effect on the Resulting Issuer's operations in the future. Environmental hazards may exist on the Property in which the Resulting Issuer holds interests which are unknown to Emerald Lake or Usha at the present time and which have been caused by previous or existing owners or operators of the properties. While Emerald Lake believes it does not currently have any material unsatisfied environmental obligations, exploration activities may give rise in the future to significant liabilities on the Resulting Issuer's part to the government and third parties and may require the Resulting Issuer to incur substantial costs of remediation.

Failure to comply with applicable laws, regulations and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions. Additionally, the Resulting Issuer does not intend to maintain insurance against environmental risks. As a result, any claims against the Resulting Issuer may result in liabilities the Resulting Issuer will not be able to afford, resulting in the failure of the Resulting Issuer's business. Failure to comply with applicable laws, regulations, and permitting requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed, and may include corrective measures requiring capital expenditures, installation of additional equipment, or remedial actions.

Parties engaged in mining operations or in the exploration or development of mineral properties may be required to compensate those suffering loss or damage by reason of the mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations. Amendments to current laws, regulations and permits governing operations and activities of mining and exploration companies, or more stringent implementation of existing laws, could have a material adverse impact on the Resulting Issuer and cause increases in exploration expenses or capital expenditures or require abandonment or delays in development of new exploration properties.

### *Infrastructure*

Mining, processing, development and exploration activities depend, to one degree or another, on adequate infrastructure. Reliable roads, bridges, power sources and water supply are important factors affecting capital and operating costs. Unusual or infrequent weather phenomena, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect the Resulting Issuer's operations, financial condition and results of operations.

### *Competition*

The mining industry is intensely competitive in all of its phases, and the Resulting Issuer will compete with other exploration companies which have greater financial resources and technical facilities for the acquisition of mineral concessions, claims, leases and other mineral interests as well as for the recruitment and retention of qualified employees and other persons to carry out its mineral exploration and development activities. Recent increases in base and precious metal prices have encouraged increases in mining exploration, development and construction activities, which have resulted in increased demand for, and cost of, exploration, development and construction services and equipment. Increased demand for services and equipment could cause project costs to increase materially, resulting in delays if services or equipment cannot be obtained in a timely manner due to inadequate availability, and increase potential scheduling difficulties and cost increases due to the need to coordinate the availability of services or equipment, any of which could materially increase project exploration, development or construction costs, result in project delays or both.

### *Acquisitions and Integration*

From time to time, the Resulting Issuer may pursue opportunities to acquire additional mining assets and businesses. Any acquisition that the Resulting Issuer may choose to complete may be of a significant size, may change the scale of the Resulting Issuer's business and operations, and may expose the Resulting Issuer to new geographic, political, operating, financial and geological risks. The Resulting Issuer's success in its acquisition activities will depend on its ability to identify suitable acquisition candidates that fit its business strategy, negotiate acceptable terms for any such acquisition, obtain approvals from regulatory authorities in the jurisdiction of the business or property to be acquired, and integrate the acquired operations successfully with those of the Resulting Issuer. Any acquisitions would be accompanied by risks. For example, there may be a significant change in commodity prices after the Resulting Issuer has committed to complete the transaction and established the purchase price or exchange ratio; a material ore body may prove to be below expectations; the Resulting Issuer may have difficulty integrating and assimilating the operations and personnel of any acquired companies, realizing anticipated synergies and maximizing the financial and strategic position of the combined enterprise, and maintaining uniform standards, policies and controls across the organization; the integration of the acquired business or assets may disrupt the Resulting Issuer's ongoing business and its relationships with employees, customers, suppliers and contractors; and, to the extent that the Resulting Issuer makes an acquisition outside of markets in which it has previously operated, the Resulting Issuer may have difficulty conducting and managing operations in a new operating environment.

Acquiring additional business or properties could place increased pressure on the Resulting Issuer's cash flow if such acquisitions involve a cash consideration. In the event that the Resulting Issuer chooses to raise debt capital to finance any such acquisition, the Resulting Issuer's leverage will be increased. If the Resulting Issuer chooses to use equity as consideration for such acquisition, existing shareholders may suffer dilution. Alternatively, the Resulting Issuer may choose to finance any such acquisition with its existing resources. The integration of the Resulting Issuer's existing operations with any acquired business will require significant expenditures of time, attention and funds. Achievement of the benefits expected from consolidation would require the Resulting Issuer to incur significant costs in connection with, among other things, implementing financial and planning systems. The Resulting Issuer may not be able to integrate the operations of a recently acquired business or restructure the Resulting Issuer's previously existing business operations without encountering difficulties and delays. In addition, this integration may require significant attention from the Resulting Issuer's management team, which may detract attention from the Resulting Issuer's day-to-day operations. Over the short-term, difficulties associated with integration could have a material adverse effect on the Resulting Issuer's business. In addition, the acquisition of mineral properties may subject the Resulting Issuer to unforeseen liabilities, including environmental liabilities, which could have a material adverse effect on the Resulting Issuer. There can be no assurance that the Resulting Issuer would be successful in overcoming these risks or any other problems encountered in connection with such acquisitions.

### *Litigation Risk*

All industries, including the mining industry, are subject to legal claims, with and without merit. Defense and settlement costs of legal claims can be substantial, even with respect to claims that have no merit. Due to the inherent uncertainty of the litigation process, the litigation process could take away from management time and effort and the resolution of any particular legal proceeding to which the Resulting Issuer may become subject could have a material effect on the

Resulting Issuer's business, prospects, financial position, results of operations or the Resulting Issuer's property development.

#### *Key Personnel*

Locating and developing mineral deposits depends on a number of factors, not the least of which is the technical skill of the exploration, development and production personnel involved. The success of the Resulting Issuer is largely dependent on the performance of its key personnel. The Resulting Issuer's success is also largely dependent on its ability to hire and retain other highly qualified personnel. This is particularly true in highly technical businesses such as mineral exploration. The number of persons skilled in acquisition, exploration and development of mining properties is limited and competition for this workforce is intense. As the Resulting Issuer's business activity grows, the Resulting Issuer will require additional key executive, financial, operational, administrative and mining personnel. The Resulting Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. These individuals are in high demand and the Resulting Issuer may not be able to attract the personnel it needs. Failure to retain key personnel or to attract and retain additional key individuals with necessary skills could have a materially adverse impact upon the Resulting Issuer's business, its operating results as well as its overall financial condition. The Resulting Issuer has not purchased any "key-man" insurance with respect to any of its directors, officers or key employees and has no current plans to do so.

#### *Insurance and Uninsured Risk*

The business of the Resulting Issuer will be subject to a number of risks and hazards generally, including adverse environmental conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, explosions, rock bursts, cave-ins, natural phenomena such as inclement weather conditions, floods and earthquakes, changes in the regulatory environment and political or social instability. Such occurrences or events could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to properties of the Resulting Issuer or others, delays in mining, monetary losses and possible legal liability.

Although, the Resulting Issuer plans to maintain insurance for protection against certain risks in amounts it considers being reasonable, such insurance may not cover all the potential risks associated with Resulting Issuer's operations. The Resulting Issuer may also decide not to insure against certain risks because of high premiums or other reasons. Moreover, insurance against political risk and risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to the Resulting Issuer or to other companies in the mining industry on acceptable terms. The Resulting Issuer will periodically evaluate the cost and coverage of the insurance against certain risks to determine if it would be appropriate to obtain such insurance. Without such insurance, losses from these events may cause the Resulting Issuer to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

#### *Conflicts of Interest*

Certain of the directors and officers of the Resulting Issuer will be engaged in, and will continue to engage in, other business activities on their own behalf and on behalf of other companies (including mineral resource companies) and, as a result of these and other activities, such directors and officers of the Resulting Issuer may become subject to conflicts of interest. In accordance with the BCBCA, directors who have a material interest in any person who is a party to a material contract or a proposed material contract with the Resulting Issuer are required, subject to certain exceptions, to disclose that interest and generally abstain from voting on any resolution to approve the contract. In addition, the directors and the officers are required to act honestly and in good faith with a view to the best interests of the Resulting Issuer. However, in conflict of interest situations, the Resulting Issuer's directors and officers may owe the same duty to another company and will need to balance the competing obligations and liabilities of their actions. Circumstances (including with respect to future corporate opportunities) may arise which are resolved in a manner that is unfavourable to the Resulting Issuer.

#### *No Dividends*

The Resulting Issuer does not expect to pay dividends on the issued and outstanding Resulting Issuer Shares upon completion of the Transaction or in the foreseeable future. If the Resulting Issuer generates any future earnings such cash resources will be retained to finance further growth and current operations. The board of directors of the Resulting Issuer will determine if and when dividends should be declared and paid in the future based on the financial position of

the Resulting Issuer and other factors relevant at that time. Until the Resulting Issuer pays dividends, which it may never do, a shareholder will not be able to receive a return on his or her investment in the Resulting Issuer Shares unless such Resulting Issuer Shares are sold. In such event, a shareholder may only be able to sell his, her or its Resulting Issuer Shares at a price less than the price such shareholder originally paid for them, which could result in a loss of such shareholder's investment.

## **PART I – THE TRANSACTION**

### **Details of the Transaction**

Since its initial listing on the TSXV, management of Usha has selectively reviewed certain opportunities to complete a Qualifying Transaction, including a merger or business combination with other corporations with assets or business activities which would meet the initial listing requirements of the TSXV. After the consideration of a number of factors and the review of various documents relating to the Nicobat Project, the parties entered into a letter of intent that contemplated that Usha would enter into the Purchase Agreement with Emerald Lake in order to complete the Transaction.

On March 7, 2019, Emerald Lake and Usha executed the Purchase Agreement as announced on April 17, 2019.

The terms of the Transaction were established through arm's length negotiations between the board of directors and management of each of Usha and Emerald Lake. The Transaction is not a Non-Arm's Length Qualifying Transaction.

### **The Purchase Agreement**

Pursuant to the Purchase Agreement, Usha will have the right to acquire from Emerald Lake a 51% interest in copper-nickel-cobalt polymetallic sulphide deposits comprising the Nicobat Project for a total consideration of 1,500,000 Usha Shares. Under the terms of the Purchase Agreement, Usha is required to issue the 1,500,000 Usha Shares no later than ten (10) days after the approval of the TSXV.

The Usha Shares to be issued to Emerald Lake in consideration for the Property Interest will be issued at the fair market value.

Usha will pay Emerald Lake a royalty consisting of 2% net smelter returns royalty upon the commencement of commercial production. A third party company that holds a 15% interest in the Property has also agreed to pay Emerald Lake a 2% net smelter returns royalty on the Property. Pursuant to the Purchase Agreement, Usha and the third party company may buy back up to 1.5% of the NSR from Emerald Lake, on a pari passu basis, by paying \$2,000,000 to Emerald Lake at any time.

The Purchase will become effective on Closing, subject to regulatory approvals.

### **TSXV Approval**

The Completion of the Qualifying Transaction is subject to the approval of the TSXV.

The Resulting Issuer will be considered to have Completed the Qualifying Transaction on the date that the TSXV issues the Final TSXV Bulletin, which is expected to be on or about the fifth business day after the Closing, provided that all required documentation is filed with the TSXV. TSXV Policy 2.4 regarding CPCs shall cease to apply after the Completion of the Qualifying Transaction, except for any escrow resale restrictions, which will continue in full force and effect.

The TSXV has conditionally accepted the Qualifying Transaction subject to Usha fulfilling all of the requirements of the TSXV. Such conditional listing approval is subject to a number of standard conditions as well as receipt of final approval from the TSXV.

## PART II - INFORMATION CONCERNING USHA

### Corporate Structure

#### *Name and Incorporation*

The full corporate name of the Issuer is "Usha Resources Ltd.". The Issuer was incorporated pursuant to the *Business Corporations Act* (British Columbia) on February 26, 2018.

The head office of Usha is located at 1575 Kamloops Street, Vancouver, British Columbia V5K 3W1. The registered office address of Usha is Suite 400 – 725 Granville Street, Vancouver, British Columbia V7Y 1G5.

### General Development of the Business

#### *History*

Usha is a CPC created pursuant to TSXV Policy 2.4. Usha completed its CPC IPO on October 12, 2018. Usha issued 2,000,000 Usha Shares at a price of \$0.10 per Usha Share pursuant to its CPC IPO prospectus, raising gross proceeds of \$200,000. The Usha Shares became listed and posted for trading on the Exchange on October 16, 2018.

On April 17, 2019, Usha announced an agreement to complete a qualifying transaction with Emerald Lake Development Corporation, a company incorporated under the Business Corporations Act (*Ontario*).

The principal business of Usha is to identify and evaluate businesses and assets with a view to completing a Qualifying Transaction, and, once identified and evaluated, to negotiate an acquisition or participation in such assets or businesses. Until the completion of the Qualifying Transaction, Usha will not carry on business other than the identification and evaluation of assets or businesses in connection with a potential Qualifying Transaction.

#### *The Private Placement*

As a condition of Closing, Usha will complete the Private Placement on or before Closing for:

- (a) 3,327,000 Usha Units at a price of \$0.095 per Usha Unit for gross proceeds of \$316,065; and
- (b) 1,200,000 Usha FT Units at a price of \$0.13 per Usha FT Unit for gross proceeds of \$156,000.

Each Usha Unit will consist of one Usha Share and one Usha Warrant (Non-FT) to purchase a Usha Share, with each Usha Warrant (Non-FT) exercisable for an Usha Share at a price of \$0.19 and expiring 24 months from the date of issuance.

Each Usha FT Unit will consist of one Usha Share and one Usha Warrant (FT) to purchase a Usha Share, with each Usha Warrant (FT) exercisable for an Usha Share at a price of \$0.26 and expiring 24 months from the date of issuance.

The Resulting Issuer intends to use the net proceeds from the Private Placement for the exploration and development of the Property and general working capital and corporate purposes. All securities issuable pursuant to the Private Placement will be subject to a four (4) month statutory hold period.

### Selected Consolidated Financial Information and Management's Discussion and Analysis

Since incorporation, Usha has incurred costs in carrying out its initial public offering, in seeking, evaluating and negotiating potential qualifying transactions, and in meeting the disclosure obligations imposed upon it as a reporting issuer listed for trading on the TSXV. The following table sets forth financial information derived from the financial statements for the three month period ended June 30, 2019 and the year ended March 31, 2019. Such information should be read in conjunction with the Usha financial statements included elsewhere in this Filing Statement including those financial statements attached hereto as SCHEDULE A.

	<b>June 30, 2019 (Unaudited) (\$)</b>	<b>March 31, 2019 (Audited) (\$)</b>	<b>March 31, 2018 (Audited) (\$)</b>
<b>Total Assets</b>	140,579	182,562	109,996
<b>Total Expenses</b>	(47,534)	(92,560)	(10,004)
<b>Current Liabilities</b>	41,142	35,591	10,000
<b>Shareholders' Equity</b>	99,437	146,971	99,996
<b>Loss and comprehensive loss for the period</b>	(47,534)	(91,472)	(10,004)
<b>Basic and diluted loss per common share</b>	0.02	0.10	0.00

### *Management's Discussion and Analysis*

Usha's management's discussion and analysis ("**MD&A**") for the three month period ended June 30, 2019 and for the year ended March 31, 2019 are included in this Filing Statement as Schedule "B".

Certain information included in Usha's MD&A is forward-looking and based upon assumptions and anticipated results that are subject to uncertainties. Should one or more of these uncertainties materialize or should the underlying assumptions prove incorrect, actual results may vary significantly from those expected. See "*SPECIAL NOTE REGARDING FORWARD LOOKING STATEMENTS*" in this Filing Statement for further details.

### **Description of the Securities**

#### *Description of shares of Usha*

The authorized share capital of Usha consists of an unlimited number of common shares without nominal or par value (referred to in this Filing Statement as "Usha Shares").

#### *Usha Shares*

The holders of the Usha Shares are entitled to receive notice of and to attend and vote at all meetings of the shareholders of Usha and each Usha Share shall confer the right to one vote in person or by proxy at all meetings of the shareholders of Usha.

The holders of the Usha Shares are entitled to receive such dividends in any financial year as the board of directors of Usha may by resolution determine. In the event of the liquidation, dissolution or winding-up of Usha, whether voluntary or involuntary, the holders of the Usha Shares are entitled to receive the remaining property and assets of Usha.

The Usha Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Usha currently has 4,200,000 Usha Shares outstanding, 200,000 Agent's Options outstanding and 420,000 Usha Options outstanding.

Each Agent's Option is exercisable to purchase one Usha Share at a price of \$0.10 until October 12, 2020. Each Usha Option is exercisable to purchase one Usha Share at a price of \$0.10 per Usha Share until October 12, 2023.

## Usha Warrants

As of the date of this Filing Statement there are no Usha Warrants outstanding.

Each Usha Warrant (Non-FT) issued pursuant to the Private Placement will entitle the holders thereof to purchase one Usha Share at a price of \$0.19 and expire 24 months from the date of issuance.

Each Usha Warrant (FT) issued pursuant to the Private Placement will entitle the holders thereof to purchase one Usha Share at a price of \$0.26 and expire 24 months from the date of issuance

## Stock Option Plan

Usha's Stock Option Plan provides that the board of directors of Usha may from time to time, in its discretion, and in accordance with the Exchange requirements, grant to directors, officers, consultants, and employees of Usha or its subsidiaries, and employees of a person or company which provides management services to Usha or its subsidiaries, non-transferable options to purchase Usha Shares, provided that the number of Usha Shares reserved for issuance does not exceed 10% of the issued and outstanding Usha Shares at any given time, subject to amendment by shareholders and approval by the TSXV.

The following is a summary of the Stock Option Plan:

- (a) the exercise price of Usha Options granted shall be determined by the Board in accordance with the policies of the TSXV;
- (b) the Board may allocate up to a maximum of 10% of the issued and outstanding Usha Shares for the issuance of Usha Options; no single participant may be issued Usha Options representing greater than five (5%) percent of the number of outstanding Usha Shares in any 12 month period; the number of Usha Shares reserved for issuance to any one consultant of the Issuer may not exceed two (2%) percent of the number of outstanding Usha Shares in any 12 month period;
- (c) the aggregate number of Usha Options granted to persons employed in investor relation activities must not exceed two (2%) percent of the outstanding Usha Shares in any 12 month period unless the TSXV permits otherwise. Usha Options issued to consultants providing investor relations services must vest in stages over 12 months with no more than one quarter of the Usha Options vesting in any three month period;
- (d) the Board may determine the term of the Usha Options, but the term shall in no event be greater than five years from the date of issuance;
- (e) unless the Board determines otherwise, Usha Options expire 90 days from the date on which an eligible grantee ceases to be a director, officer, employee, management company employee or consultant of the Issuer; and
- (f) terms of vesting of the Usha Options, the eligibility of directors, officers, employees, management company employees and consultants to receive Usha Options and the number of Usha Options issued to each eligible grantee shall be determined at the discretion of the Board, subject to the policies of the TSXV.

All Usha Shares acquired by Non-Arm's Length Parties pursuant to the exercise of Usha Options prior to the completion of the Transaction must be deposited in escrow and may only be released in accordance with the escrow provisions of TSXV Policy 2.4.

The following table sets out the outstanding Usha Option grants:

Name	Usha Shares Reserved Under Usha Options	Exercise price per Usha Share <sup>(1)</sup>	Expiry Date <sup>(2)</sup>
Deepak Varshney <sup>(3)</sup>	147,500	0.10	October 12, 2023

Leif Smither <sup>(3)</sup>	50,000	0.10	October 12, 2023
Navin Varshney <sup>(3)</sup>	147,500	0.10	October 12, 2023
David Ellett <sup>(3)</sup>	75,000	0.10	October 12, 2023
<b>Total</b>	<b>420,000</b>		

#### Notes

1. The exercise price of such Usha Options was determined by the board of directors of Usha, in accordance with the policies of TSXV.
2. In accordance with TSXV Policy 2.4, Usha Options granted to any person that does not continue as a director, officer, employee, management company employee or consultant of the Resulting Issuer, have a maximum term of the later of twelve (12) months after Completion of the Qualifying Transaction and ninety (90) days after the optionee ceases to be a director, officer, employee or consultant of the Resulting Issuer.
3. Issued to a Non-Arm's Length Party.

#### Prior Sales

Since the date of incorporation of Usha, Usha Shares have been issued as follows:

Date	Number of Usha Shares	Issue Price Per Usha Share (C\$)	Aggregate Issue Price (C\$)	Consideration Received
February 26, 2018	2,200,000 <sup>(1)</sup>	0.05	110,000	Cash
October 12, 2018	2,000,000 <sup>(2)</sup>	0.10	200,000	Cash
Total:	4,200,000			

#### Notes:

1. Seed capital shares issued prior to Usha's initial public offering in 2018.
2. Represents Usha Shares issued pursuant to Usha's initial public offering.

#### Stock Exchange Price

The outstanding Usha Shares are listed for trading on the TSXV under the symbol "USHA.P". Trading of the Usha Shares was halted on March 14, 2019 in connection with the announcement by Usha of the proposed Qualifying Transaction with Emerald Lake and have remained halted since that date. On March 13, 2019, the last trading day prior to the trading halt, the closing price was \$0.10.

Period Ended	Low(\$)	High(\$)	Volume
October 16-October 31	0.16	0.22	75,000
November 2018	0.155	0.165	73,000
December 2018	0.155	0.155	5,500
January 2019	0.14	0.16	37,150
February 2019	0.12	0.125	30,000
March 1 - 13	0.10	0.125	20,000

#### Arm's-Length Qualifying Transaction

The acquisition by Usha of the Property is not a Non-Arm's Length Qualifying Transaction for the purposes of TSXV policies and Multilateral Instrument 61-101 – Protection of Minority Security Holders in Special Transactions. As a result, approval of the Purchase and transactions related thereon by Usha Shareholders is not required under the TSXV policies as a condition to the completion of the Qualifying Transaction.

## **Legal Proceedings**

There are no material pending legal proceedings to which Usha is a party or of which any of its property is the subject matter nor are any such proceedings known to Usha to be contemplated.

## **Auditor, Transfer Agent and Registrar**

The auditor of Usha is Davidson & Company LLP, whose principal office is located at 1200-609 Granville Street, Vancouver, British Columbia V7Y 1G6.

The transfer agent and registrar for the Usha Shares is Computershare Investor Services Inc., whose principal office is located at 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia V3C 3B9.

## **Material Contracts**

Since incorporation, the only material contracts entered into by Usha, other than contracts entered into in the ordinary course of business, are as follows:

- (a) Registrar and Transfer Agent Agreement dated May 10, 2018 between Usha and Computershare Investor Services Inc.
- (b) CPC Escrow Agreement dated September 10, 2018 among Usha, Computershare Investor Services Inc. and certain shareholders of Usha. See “Part IV – Information Concerning the Resulting Issuer – Escrowed Securities.”
- (c) the Purchase Agreement. For more information please see “Part I – the Transaction – Purchase Agreement.”

Copies of the material contracts described above may be inspected at the registered office of Usha located at the offices of Miller Thomson LLP, solicitors of Usha, at Suite 400 – 725 Granville Street, Vancouver, British Columbia, during normal business hours until the date of the closing of the Transaction and for a period of 30 days thereafter.

## **PART III - INFORMATION CONCERNING NICOBAT PROJECT**

### **Corporate Structure**

#### *Name and Incorporation*

Emerald Lake Development Corporation (referred to as “**Emerald Lake**” in this Filing Statement) is a corporation incorporated under the laws of the province of Ontario.

The registered and head office of Emerald Lake is located at 1997 Remo Drive, Bright’s Grove, Ontario N0N 1C0.

### **Intercorporate Relationships**

As of the date of this Filing Statement, Emerald Lake does not have any subsidiary corporations.

### **General Development of the Business**

#### *History*

Emerald Lake is a private company focused on the business of mining, mineral and resource exploration and development in Ontario. Currently, Emerald Lake has only one material Property, the Nicobat Project. The Nicobat Project is located in the Dobie Township, Northwest Ontario. The Nicobat Project is comprised of 48 hectares (ha) and consists of 2 combined surface and mining rights. Emerald Lake has 85% beneficial ownership of mineral rights for the mineral tenures at the Nicobat Project.

The information below is a history of the Property, of which the Property Interest will be purchased by Usha pursuant to the Purchase Agreement:

### **Nicobat Property Description and Location**

Substantially all of the information in this section is summarized or extracted from the Technical Report. Portions of the following information are based on assumptions, qualifications and procedures which are not fully described herein but which are described in the Technical Report. Reference should be made to the full text of the Technical Report, which is incorporated by reference herein. A copy of the Technical Report has been filed on SEDAR at [www.sedar.com](http://www.sedar.com) and may also be obtained from Usha upon request.

#### *Area and Location*

The Nicobat Project Cu-Ni-Co polymetallic sulphide historical mineralized zones is located within Dobie Township, Concession 1, Lots 9 and 10 (the Nicobat Property or L-1,5), approximately 6km west of Emo, Ontario. The principal deposit, the Nico 1 lies within the L1 patent and is located adjacent to Manitou Rapids Indian Reserve #11. The patents are wholly owned and registered in the name of Emerald Lake.

The property consists of 2 combined surface and mining right patents. These patents are comprised of 48 hectares (total) with the center of the property located at UTM 0430140E and 5389640N, within Zone 15, using NAD83; 1) ½ West, Lot 9, Conc.1 of Dobie Twp., ½ East, Lot 9, Conc.1 of Dobie Twp. 2) Parcel 3810; Fee simple- absolute – PIN 560370104 (LT); being the west half of lot 9. Concession 1, township of Chapple, district of Rainy River.

As the patents are renewed through payment of land taxes there is no expiry date to them. At this time there has been no First Nation consultation as to future exploration or development as the property are not claims but patents. There are no risks to hinder further exploration such as that already carried out.

Figure 1, below, provides the approximate location of the Nicobat Project.



Figure 1 – Location of Nicobat Project

These two patents lie within Dobie Township, (NTS 52C/12NW) which is part of the Kenora Mining Division, Province of Ontario. The property is legally accessible via the east-west paved Highway 11 and is located 402 km west of Thunder Bay, Ontario and 42 km west of Fort Frances, Ontario.

There are no known environmental liabilities assigned to the Property. A drilling permit must be obtained from the Ontario Government, Natural Resources to continue with drilling. There are no further risks to perform additional work on the Property.

Emerald Lake is currently the registered owner of the Property and Crystal Lake has a 15% beneficial interest. The Purchase Agreement, whereby Usha can acquire a 51% legal and beneficial interest in the Property, is described under the heading PART I – THE TRANSACTION.



Figure 2: **Location of Patents and Manitou Rapids Indian Reservation (purple)**  
 Nicobat Project Project – Patents

Ref: MNM Mining Land Tenure Map, Kenora Mining Division

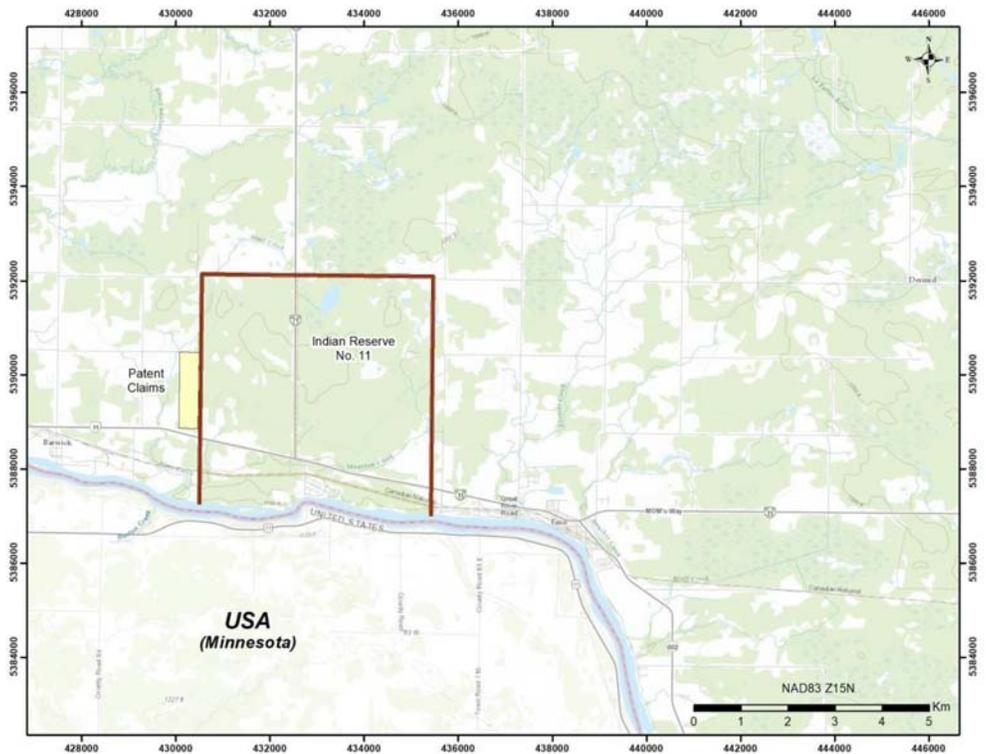


Figure 3: **Claim Map of Dobie & Carpenter Townships Land Holdings**

## **Accessibility, Climate, Local Resources, Infrastructure, Physiography and First Nations**

Access to the L1/L5 patents is by travelling 200m north on the old boundary road adjacent to the Manitou Rapids Indian Reserve #11 using an all-terrain vehicle. This road is located two kilometers west of the Highway 71 / 11 junction. Access is possible year round as is the field season.

The climate is typical of Northwest Ontario with average summer temperatures of +24oC with 90mm of rainfall per month. Average winter temperatures of -18oC with 30cm of snowfall per month. Vegetation consists plants and trees of that of a typical Boreal forest with open fields and swamps typical for northwest Ontario. Much of the property is open field, having been farmed in the past.

The property topography is relatively low relief, not exceeding ten meters in height. Over 80% of the area has been cleared and cultivated in the past. Based upon young tree growth of poplar and minor spruce (all under 15cm diameter) would indicate new growth is about 3 decades old.

The property is 200m north of a major highway close to the USA border, has a buried nature gas line crossing at the southern boundary and a CNR line running south of Highway 11. Access is excellent and all mining facilities could be obtained locally. Potential mining sites, waste disposal areas and sites for processing facilities is unknown at this time.

The geomorphology of the claim area consists of thick glaciofluvial sand and gravel deposits with minor clay components, varying from zero to over 60 meters. Limited bedrock exposures (less than 5%), consist of variable phases of the Dobie Mafic Intrusion. There are no water bodies found on the property but a small swamp (under 1 Ha) occurs on the boundary road into the property; on Manitou Rapids Indian Reserve #11. This makes truck vehicle access difficult but can be overcome with an all-terrain vehicle. A small pond, known as Sims Creek, of 4-5 Ha size, is located adjacent patent (North Half, Lot 10, Conc.1) or 200m northwest of the Nicobat Property.

From acquisition of the project to the date of this report, no disclosed First Nations consultation has taken place. The eastern boundary of the Nicobat Property is attached to Manitou Rapids Indian Reserve #11. Historical exploration has been conducted on the Reserve which contains several Cu-Ni mineralized prospects.



Plate 1: *Area Topography*

### History of the Nicobat Project

The following tables have been compiled from the assessment files in the Kenora Resident Geologist’s Office and other OGS publications and papers and/or reporting from Emerald Lake or Crystal Lake. This information was gathered in part by Mr. Raoul, P.Geo. and former consultant to Crystal Lake. It does not include recent work by Crystal Lake. All former work lies within the property boundaries except where noted.

Table 1: *History of the Nicobat Property, Dobie Township*

Company & Date	Work Completed	Summary
Fort Frances General KAF 52C12NW B-1	General Notes	March 31/52 Tour of “Emo Property” with E. Corrigan with ODM staff. Adjacent to IR#11, current Nicobat Property, located east-west trending ridge of gabbro with scattered chalcopyrite & pyrrhotite. Located more mineralization 2.5km to the east, near present day Hwy 71. Reported values of 1% Ni in massive sulphides, within >80m zone in mineralized gabbro.
Falconbridge 1953 Schaller Option KAF 52C12NW B-2	5 ddh (logs & with assays), RS1 – RS5	Holes RS1-RS5 drilled 1200m NNE of Nicobat Property on IR#11. All holes in overburden except RS5 - no significant sulphides or assays.
Falconbridge 1953 Manitou Rapids KAF 52C12NW B-3	25 ddh (logs & assays) D1 – D25 Most lie outside of the	Holes D1-D16 & D25 on Nicobat Property Hole D1 – 133.8m with 7.16m of 0.60% Cu, 0.95% Ni. Hole D16 – 142.4m with 12.35m of 0.82% Cu, 0.37% Ni and 4.57m of 0.42%

Company & Date	Work Completed	Summary
	property	<p>Cu, 0.48% Ni and Hole D25 – 338.0m with 3.05m of 0.27% Cu, 0.04% Ni.</p> <p>Newspaper article – Dec 22/66 Chibtown Cooper Corp drilled Dobie Mineralized Zone: 1100ft long to 1000ft depth of irregular pipe with 200-250ft wide, 400ft long and plunges 30o-45o eastward. Estimated resource (165 ddh) of 5.2 Mt of 0.28% Cu &amp; 0.24% Ni. Combined 0.52% Cu-Ni, 80% concentrate of 11% Cu and 7% Ni. To 350ft level, grades of 0.65% Cu &amp; 0.85% Ni of 225,000 tons.</p>
Falconbridge 1953 Young-Corrigan Opt. KAF 52C12NW B-4	15 ddh (logs & with assays), R1 – R15. All R series holes lie adjacent to the property on the Indian Reserve with only the holes noted which lie on the patents	Holes R3, R5, R6, R7 on IR#11; 200m E of D1 Hole R15- 64.9m with no assays
Stratmat 1956 Dobie Twp KAF 52C12NW B-4	ODM letter, & Reply by Company (former name of property was referred to as the Young Property)	<p>Young Property (lot 6, conc 10, Dobie Twp) – request by ODM on option of property by Stratmat.</p> <p>Returned information by Stratmat: 5-6 phases, faulting with Cpy in fractures, multiple stages of mineralization, elevated Co, difficult with geophysics (too many anomalies), other company will not give out information.</p>
Unknown (1956?) KAF 52C12NW E-1	Newspaper Article on Young Property	<u>Fort Frances Times article - #30 (1956 ?)</u> AJR Stethem (Stratmat) zone 2000 tons / day with reduction plant of 300 tons /day Nearly \$1,000,000 investment by Stratmat to date. Experts Dr. James A. McCuaig of Montreal (for tonnage) and resident engineer W.B. Magyar (for metallurgy).
Stratmat 1957 Manitou Rapids IR#11 J. Bolen Estate	Geophysical and Geological survey	<p>Survey 1 – Recon Mag Survey – 100ft intervals along 400ft line. Highs associated with magnetite – sulphides.</p> <p>Survey 2 – Ground EM Survey – 100ft intervals with 200ft lines. N-S anomalies with sulphides and E-W anomalies with faulting.</p> <p>Survey 3 – Ground EM by different method – some coincident anomalies.</p> <p>Survey 4 – Gravity Survey – 50ft intervals along 200ft lines. Outlined gabbro intrusion.</p> <p>Survey 5 – Ground EM Survey – 50ft intervals along all N-S lines. Confirms recon survey.</p> <p>Survey 6 &amp; 7 - Prospecting and Mapping – anomalies were followed up locating disseminated sulphides &amp; diabase dike.</p>
West Range Iron Mines 1960 KAF 52C/12NW H-1	Ground Mag & 4 ddh drilling of iron formation to the north of the property	<p>Information on the Dobie IF (aka Young-Corrigan) at the north end of the Dobie Township. Ground Mag &amp; 4 ddh &amp; patent ownership map at 1:15;840 – two parallel, east-west iron formations within metasedimentary rocks (gneisses).</p> <p>Chibtown (1966) reported concentrates grading 11% Cu and 7% Ni and a Cu / Ni ratio equal to 1.57/1. These results appear to indicate a lower recovery of Ni for mineralization taken from a pit located on the property.</p>

Company & Date	Work Completed	Summary
Chibtown Cooper Corp 1966 J. Bolen Estate	Dobie Report on Geology by Holbrooke	Sulphides found several locations of Po-Py, Cpy, Pent in Norite. Size – 1100 ft long by 1000ft deep at 30-45o Several 030o/60oW trending ribs (#1) of higher grade mineralization (5-15ft wide by 400ft long) of 0.65% Cu & 0.87% Ni. Detailed drill hole map at 1 inch:100 ft Map with Location Map & Mineralized Section Chibtown (1966) reported concentrates grading 11% Cu and 7% Ni and a Cu / Ni ratio equal to 1.57/1. These results appear to indicate a lower recovery of Ni.
Long Lac Mineral Expl. May 28, 1968 J. Bolen Estate	Geological Summary to head office	Dave Tims, Engineer Sampling - 0.35-9.36% Cu and 0.7-2.50% Ni with up to 0.38% Co with Cu / Ni ratios from 1 / 2 to 3.7 /1. Co values were up to 0.38%. Soil samples yielding such values in Cu and Ni were described as being unusual, rare and outstanding. Bulk sampling of large diameter percussion drilling yielded unknown results. Location - Lot 9 & 10, Concession 1, Dobie Twp Rock – norite differentiates at edge of gabbro with 1 large mineralized zone and several others. Dimensions of the zone are not described. However a historical resource was calculated by Long Lac Minerals. Resource – 5.2 Mt of 0.28% Cu, 0.24% Ni, 0.05% Co (est) Potential – 2-3 Mt open pit at 2,000 tpd at \$3-4/ton Recommended further work. Note that a qualified person has not carried out any work to classify the above mentioned historical resources numbers as a current resource or mineral reserve. The Issuer is not treating the historical estimate as a current mineral resource or mineral reserve.
D. Young May 30, 1968 J. Bolen Estate	Letter to Sherritt Gordon Mines for option	1952 – discovery by D. Young & E. Corrigan 1952/53 - Ground & Airborne EM & Mag, geochemical survey, 47 ddh (3118m) by Falconbridge 1955/56 – Stratmat drilled over 15,244m and metallurgical (concentrate of 1.62% Cu & 2.64% Ni with 92% Cu recovery & 83% Ni recovery). Reserve estimate at 3.0 Mt but no grade. 1968 – Long Lac Mineral Expl. did bulk sample metallurgical but found high Po concentration
Long Lac Mineral Expl. April 23, 1969 J. Bolen Estate	Concentration Estimate by ODM Mines Branch	Sample of drill cuttings yielded 0.18% Cu and 0.25% Ni. Minerals Pyrrhotite, Calcopyrite, Pyrite, Pentlandite and Violarite (a supergene sulphide mineral formed due to oxidation of pentlandite nickel sulphide )and minor Galena, and Magnetite. Concentrate = 2.61% Cu, 2.10% Ni with Cu/Ni ratio equal to 1.24 /1; and 10.04 % insolubles. This test appears to indicate negligible problems with recovery of Cu as well as with Ni.
Long Lac Mineral Expl. July, 1970 J. Bolen Estate	IP & Resistivity Line Sheets by McPhaar Geophysics	Young-Corrigan Option - there is no available in-depth interpretation of these surveys.
Arthur Young March 29, 1977 J. Bolen Estate	Letter to D. Thomas with part of 1968 Engineer's report	Soil sampling located 10X copper and 7X nickel above background over entire Reserve (#11). Some drilling in 1972 but no data given. Engineer Report is 1968 by D. Tims (above). Soil sampling located 10X copper and 7X nickel above background over entire Reserve (#11). Some drilling in 1972 but no data given. Engineer Report is 1968 by D. Tims (above). This work lies outside of the current property boundary and within

Company & Date	Work Completed	Summary
		the Indian Reserve. It is mentioned as it shows significant mineralization on an adjacent property
Sherritt Gordon April 5, 1977 J. Bolen Estate	Letter regarding Art	Paper search by geologist found assays 0.20 – 0.40% Cu or Ni. Sherritt Gordon wanted values of 0.5 to 1.0% for both so the project was not recommended. No property visit was made by Sherritt and no testing for PGE potential.
Ontario Dept of Mines (ODM) SMDR 000918 June 27, 1977	Emo Ni-Cu Property Visit	Property Visit by R. Beard, Kenora Resident Geologist Local: Dobie Twp, Conc. I, Lot 9, SW ½; 150m west of IR#11 – examined a pit measuring 6m x 6m on 45m sized exposed outcrop. Mentioned by the government geologists were historical resources of: 1957 Stratmat – calculated 3.0 M tons at unknown grade 1966 Chibtown Copper –calculated 5.2 Mt at 0.28% Cu and 0.24% Ni Note that a qualified person has not carried out any work to classify the above mentioned historical resources numbers as a current resource or mineral reserve. The Issuer is not treating the historical estimate as a current mineral resource or mineral reserve  ODM collected samples from the pit of - 0.28% Cu, 0.24% Ni, 0.012% Co
MDI52C12NW00011 Dobie Prospect 1984	Dobie Prospect / Emo Prospect / Sudbury-Northrim / Young-Corrigan Prospect – Cu, Ni, Co	Dobie Prospect / Emo Prospect / Sudbury-Northrim / Young-Corrigan Prospect – Cu, Ni, Co
Miscellaneous Paper 38 - Platinum Group Elements, 1986	PGE's – Pg 22-26 and Map P2047 (Regional Government geologist mapping focusing on platinum)	Sampling of Emo-Fort Frances area by M. Hailstone; Dobie Intrusion (Fletcher & Irvine, 1954) found 3 phases: 1. Coarse-grained, diabasegabbro 2. Medium-grained, hypersthenegabbro 3. Medium-grained, Norite gabbro with 1% Po-Py With localized, coarse-grained pyroxenite and anorthosite. Government sampling of Norite yielded 62 ppb Pd-Pt (palladium, platinum), 296ppm Ni, 35 ppm Cu. Sample of Young-Corrigan pit / showing (SW corner of intrusion) on the property yielded massive sulphides of Po-Cpy-Py-Pent with 2.52% Ni and trace Cu. Sampling of disseminated sulphides yielded 0.31% Ni and 0.30% Cu. Six samples taken but no significant PGE values were located.
Caracle Creek 2007 Crystal Lake consultants		Selected drill hole results tabulated by Caracle Creek (2007) showed 41% contained Ni greater than 1.00% with values ranging from 1.19% to 3.27% Ni.

In addition to the above logged assessment files the Ontario Department of Mines (ODM) and its' successor, the Ontario Geological Survey (OGS) carried out the following regional surveys which include the Property:

1. Geological mapping in the 1953 Annual Report and production of ColoredMap 1954-2 (Scale 1:63:360).
2. A data series map P2047 was produced (1980) of the summary of fieldwork / assessment in the Dobie Township Area (Scale 1:15 840).
3. Kenora-Fort Frances Geological Compilation Series, Map 2443 by C.E. Blackburn, 1979.
4. Gold Grains in Rotasonic Drill Core and Surface Samples (1987-1988), Fort Frances-Rainy River in Report 263 and Map P3140 (Scale: 1:100,000).
5. An Airborne electromagnetic and total intensity magnetic survey was completed on the Rainy River area (1990) with Map 81535 (Scale 1:20 000), covering the Nicobat Property.
6. Quaternary Geology, Fort Frances-Rainy River Area (1991) in Open File 5794 and map P3137 (scale 1:50,000).

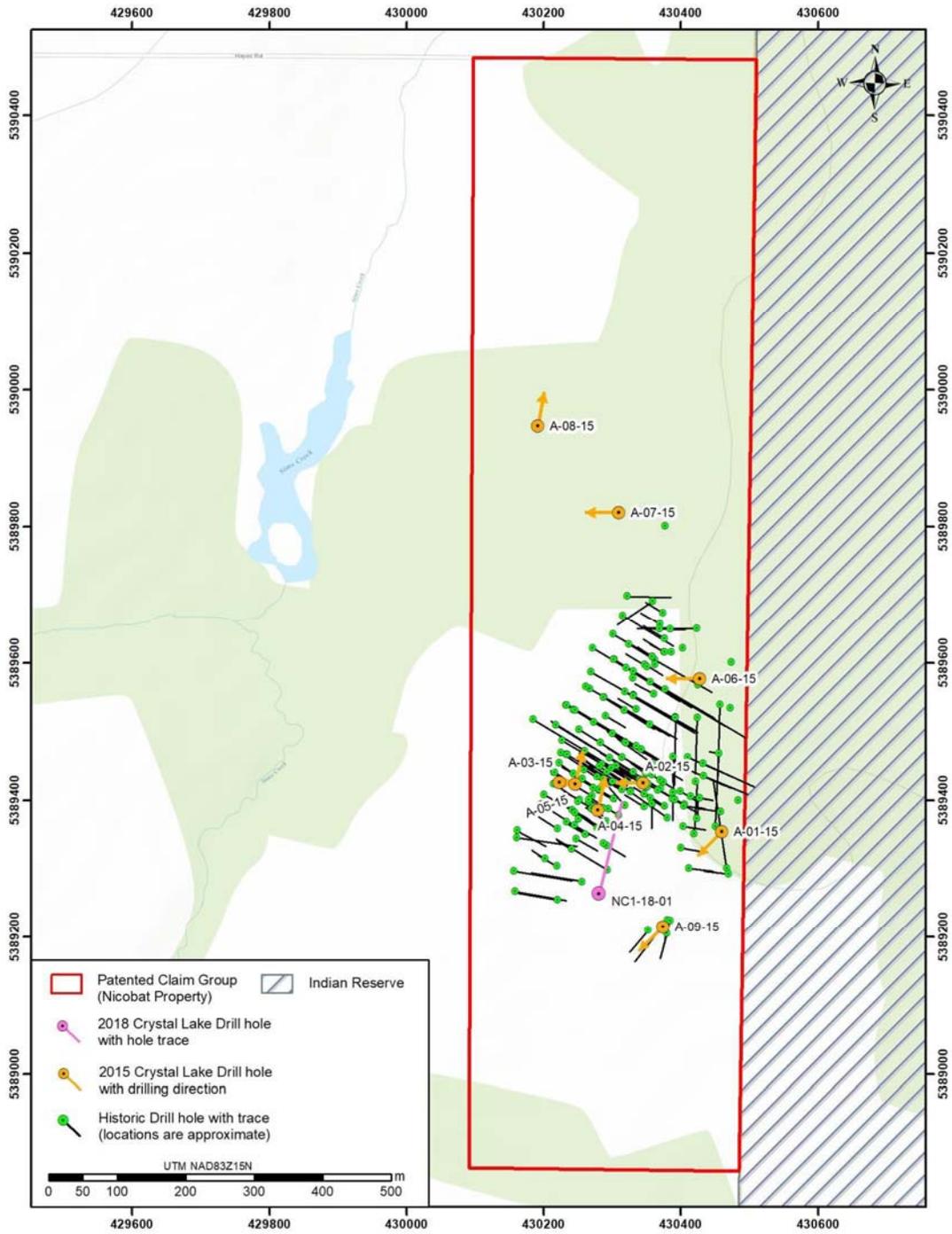


Figure 4: **Plan Map of Historical Drill Holes Using UTM co-ordinates (5m accuracy)**  
 (refer to previous tables) Plus Location of recent Crystal Lake DDH

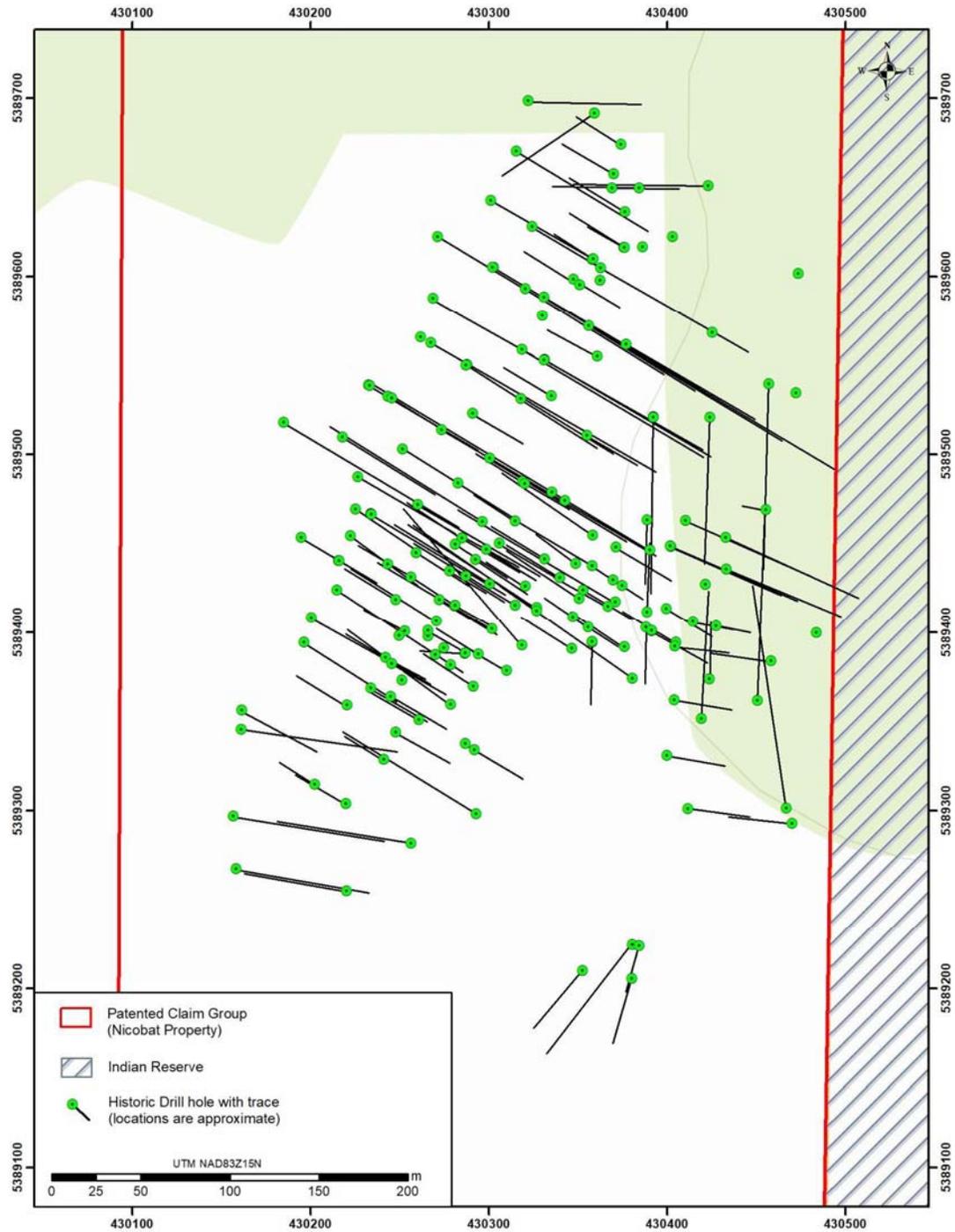


Figure 5: *Expanded Plan Map of Historical Drill Holes*

## Geological Setting and Mineralization

### *Regional Geology*

The Nicobat Property patents and enclosed sulphide deposit is located within the 2.7 billion year old Rainy River Greenstone Belt that forms the southern part of the Wabigoon Subprovince.

The Wabigoon Subprovince is a 900 km long east-west trending area of komatitic to calc-alkaline metavolcanics, that are, in turn, succeeded by clastics and chemical sediments. Into the greenstone rocks granitoid batholiths have intruded forming synformal structures in the supracrustals that often have shear zones along their axial planes. The Wabigoon basement rocks and remnant Mesozoic cover sediments are overlain by Labradorian till of northeastern provenance.

The most recent geological map of the area is the Kenora-Fort Frances Geological Compilation Series map (M2443) at 1:253:440 by C.E. Blackburn (1979). The mapping in the area of Dobie Township was based upon colored geology map 1954-2, the Emo Area at 1:63:360, by Fletcher & Irvine in the 1953 Annual Report.

In the Dobie Township area, a 6.5km long (north-south) by 4.2 km wide (east-west) mafic intrusive unit (the "Dobie Intrusion") of gabbro to norite to diorite has intruded this metavolcanic assemblage. In the NE this mafic intrusive unit has been intruded by a felsic intrusive of granodiorite composition. Several areas of sulphide mineralization have been located in the south and southwest portions of the Dobie Intrusion as described in Section 6.0 – Exploration History.

#### *Local (Property) Geology*

Based upon mapping of Emo Area by Fletcher & Irvine (1953), the Nicobat Property consists of the following units (from oldest to youngest):

Unit 1a, 1b: mafic massive to pillowed flows, tuffs, agglomerates and breccia: The rocks grouped under the general term "greenstone" consist predominantly of dark greyish-green, andesitic and basaltic lavas. One belt is located in Shenston township extending into the southern part of Dobie township. The lavas are mainly fine-grained hornblende and chlorite schists (now metamorphic rocks), with some coarsely crystalline textures. Pillow structures were observed in both belts, and a number of quartz veins were found cutting the north belt.

Unit 2a, 2b: felsic to intermediate flows, tuffs, agglomerates and breccia: The southern part of Dobie township consists of predominantly dacite, dacite porphyry and dacite-andesite agglomerate.

Unit 4b: sandstone, siltstone, argillite and derived schists (+/- iron formation) A unit of sediments occurs on the north end of Dobie townships. This sequence outcrops along the axis of a domed anticline and can most conveniently be separated into three units. A belt, representing the north flank of the anticline, underlies the northern part of Dobie Township and the southeast corner of Mather Township. It trends at azimuth 070o, dips vertically, and is about 4km thick. It is composed of banded quartz- feldspar- biotite schist, an iron formation (Young-Corrigan), and minor amounts of conglomerate. It is intruded on the north by granite and has a contact zone of "lit par lit" about 1500m wide. The other parts are exposed farther to the east, near Emo.

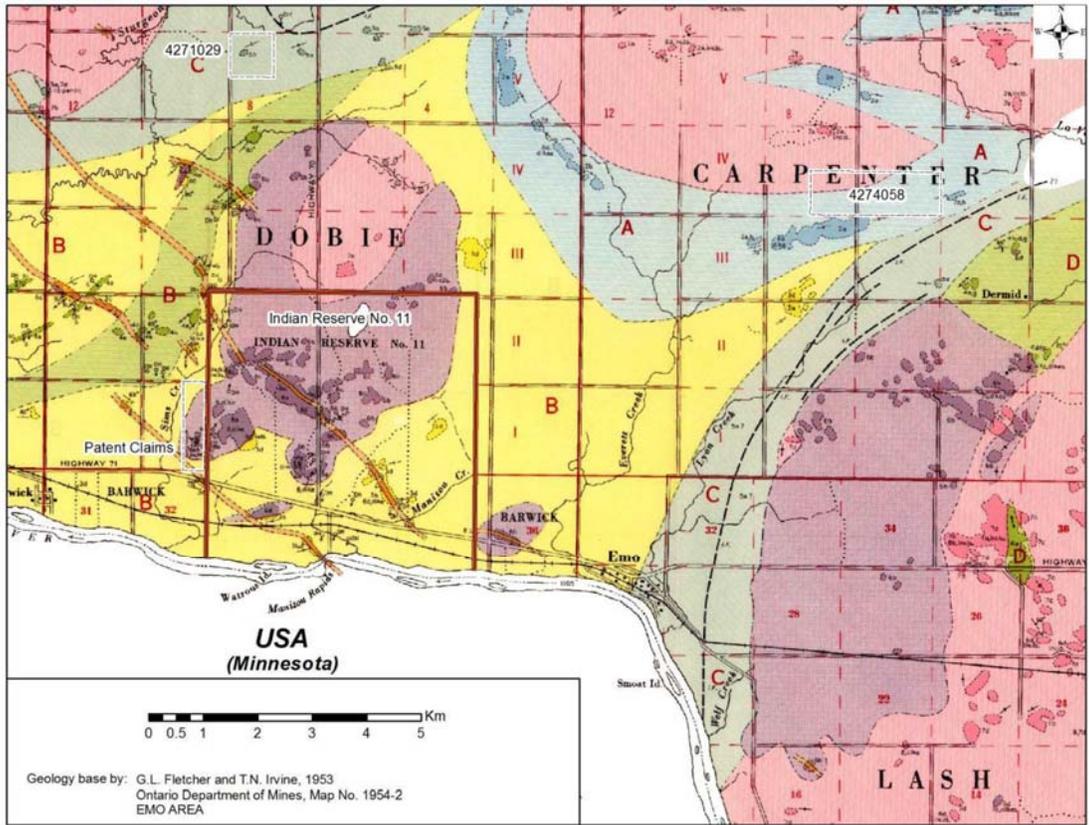


Figure 6: *Regional and Property Geology 1953, Map. 1954-2*

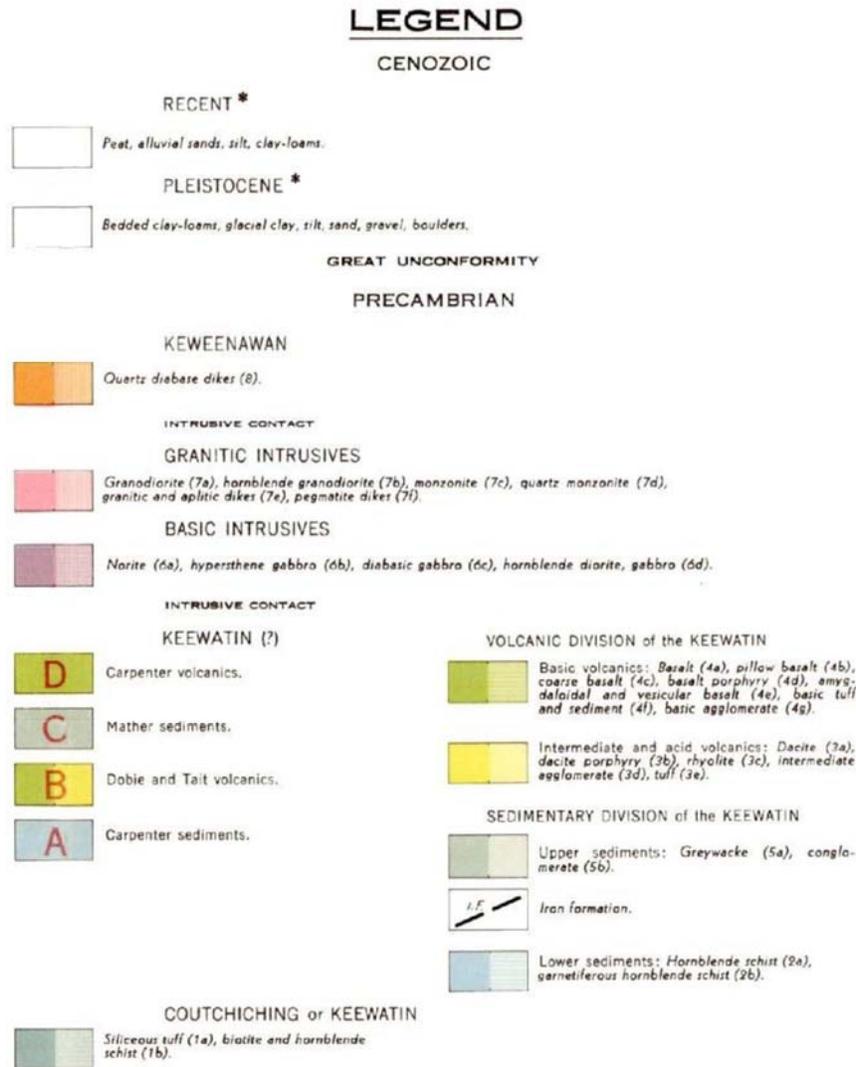


Figure 7: **Regional & Property Geology (Legend)**

Unit 7a: gabbro, norite and diorite (the Dobie Intrusion): The intrusion in Dobie township is about 6.5 km long by 4.2km wide. It has a U-shaped, opening to the northeast. Differentiation has resulted in three recognizable phases (Hailstone 1989):

Coarse-grained, diabase gabbro - 70% labradorite, 20% augite, 10% hypersthene and uralite; Medium- grained, hypersthene gabbro - 50% labradorite, 30% augite, 20% hypersthene and uralite; Medium- grained, norite gabbro - 75% hypersthene, calcic labradorite and small amounts of olivine.

Locally, coarse-grained, pyroxenite and anorthosite occur in minor amounts. The norite (with associated nickel-bearing sulphides) occurs in two bulges on the south boundary of the intrusion. Dykes of hornblende diorite and gabbro are found in the sediments, and inclusions of similar material are found in the granites.

Unit 9a: massive to foliated, equigranular and porphyritic, quartz monzonite, granodiorite, trondhjemite, quartz diorite and granite. A large mass, U-shaped intrusion, consisting of pink and grey, coarse-grained to porphyritic granodiorite to granite is located in the northeast corner of the Dobie Intrusion.

Unit 10: diabase dikes: Diabase and quartz diabase dikes in the area range in width from five centimeters to 60m in width. They commonly trend azimuth 320o with some traced over many kilometers.

The Nicobat Project sulphide mineralization (Nico 1) is hosted by a mafic intrusion, contained within what appears to be a footwall protrusion, located in the southwest region of the basal portion of the Dobie layered complex. Given the absence of any reference to intersections of footwall country rock (in over 220 historical borehole logs) it has to be assumed that either drilling terminated at too shallow a depth, or that the footwall protrusion is a steep walled, and very deep trough. The entire Nico 1 mineralized zone is contained above the 100m depth level.

The Dobie Intrusive complex measures approximately 27 square kilometers at surface. The host country rocks include a variety of fragmental lithologies including “agglomerates”, intercalated clastic metasedimentary rocks and oxide facies banded iron formation.

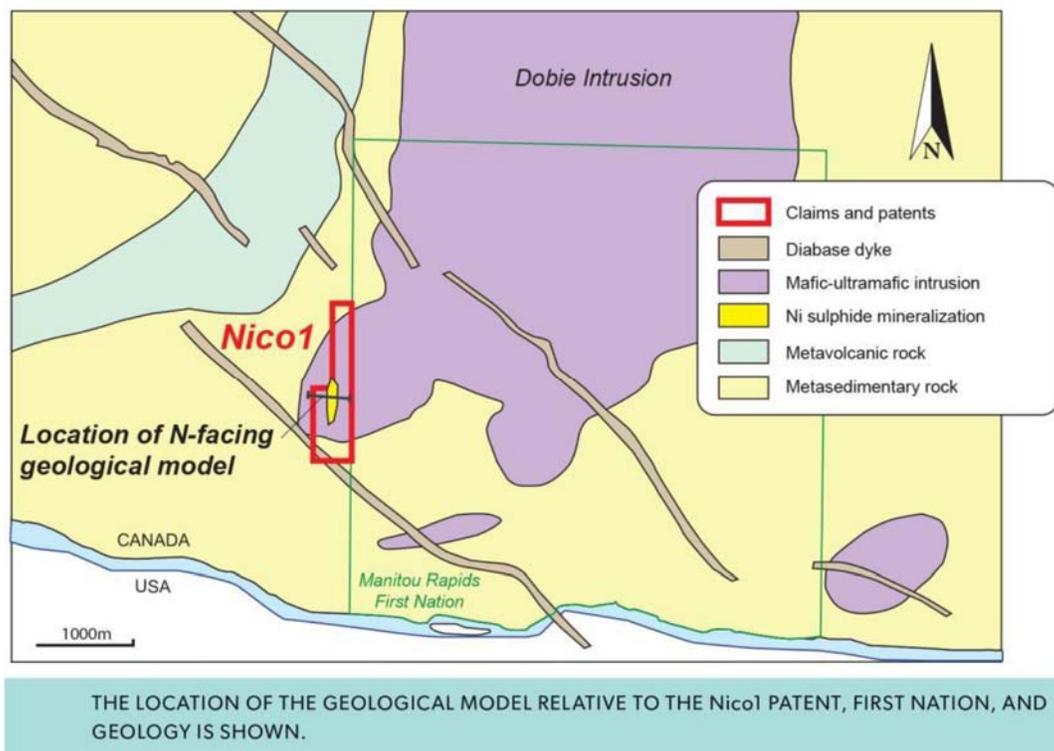


Figure 8: **Geological model at Nico 1 deposit Highlighting the Geology and the Deposit**  
(from Dr. Peter Lightfoot, Phd. Internal reporting for Crystal Lake (Feb 2018))

### Mineralization

Within Dobie Township, there are six known mineral occurrences, based upon the OGS’ mineral deposit index. Only the Dobie prospect (Nico 1) lies within the Nicobat Property and is the center of the Crystal Lake exploration program. Two others lie in the Indian Reserve and are not discussed.

- Dobie Prospect – Cu-Ni associated with gabbroic units (MDI52C12NW00011) -the subject of the project report.
- There are two areas to the west of the Dobie Prospect where known mineralization has been located by historical drilling but have not been given a mineral deposit index (MDI) ref: NI 43-101 by A.J. Raoul (2015). As mentioned above, both lie within the Manitou Rapids Indian Reserve #11.

The Nicobat Project sulphide zones are hosted within a noritic, western sub- zone of the Dobie Gabbro/Norite. Sulphides minerals are dominated by pyrrhotite-pyrite with lesser amounts of chalcopyrite, nickeliferous pyrrhotite, pentlandite, violarite, galena and magnetite.

The mineralized area measures on surface:

- 1100 feet N-S by 900 feet E-W by at least 1,000 feet deep (based on historical data) or in metric units: 335m N-S by 270m E-W by 305m deep

Surface sampling by the OGM in 1986 on the excavated pit confirmed averaged values of 0.31% Ni and 0.30% Cu in this occurrence of disseminated mineralization. No PGE values were found on surface in the 6 samples taken. The pit is located 150m west of IR#11 and is 5m x 6m in surface area.



**Plate 2: *P. Geo. at the 1968 Pit in which Long Lac Mineral dug a bulk sample for metallurgical tests (photo taken June 16, 2016)***

The mineralization found by historical drilling and defined as a deposit by past junior mining explorers (refer to Table 1) is composed of greater than seven high-grade “ribs or shoots”, each being from 3.66m to 12.20m (or 12 ft to 40 ft) in width. These north trending, north plunging higher grade “ribs or shoots” are entirely surrounded and enclosed within a large body, of disseminated sulphides.

Drill core and surface samples from Nico 1 contain disseminated through semi-massive magmatic- textured pyrrhotite, pentlandite and chalcopyrite mineralization hosted by gabbro. The semi-massive sulphide mineralization and mafic inclusions comprise a magmatic breccia within a broader unit of gabbro with disseminated sulphide. These geological relationships are commonly in magmatic sulphide ore deposits and support the importance of effectively testing the rocks beneath the Nico 1 mineralization.

The accompanying maps extracted from Chibtown Copper Corp. show the mineralization to be approximately 134m east of the western footwall contact of the Complex. In this illustration, it would appear that the longer body of so-called (semi) massive ore represents the No 1 “rib or shoot”. The longitudinal section, looking west, of the No1 “rib or shoot” is illustrated in Figure 12. Presumably the same data was used by Stratmat Ltd. (April 12, 1956) but with one significant difference. Stratmat (1956-57) suggested that the mineralization is 33% wider than that illustrated by Chibtown, hence the different calculated resource number.

It should be noted that many of the “ribs or shoots” have not been thoroughly tested by the earlier explorers. None of the sulphide bodies found were tested for gold-silver or platinum group elements. Note that NewGolds gold deposit 25km to the northwest was intruded by the #34 Zone, a very rich copper-nickel massive sulphide deposit with up to 2.93% platinum mineralization. (Hardie, May, 2013). PWP Consultants was present at the time of this discovery while

contracted to Nuinsco Resources (the holder of the property at that time). This information is not necessarily indicative of the mineralization on the property that is the subject of the Technical Report.

All comments on structural features are limited by poor exposure (under 5%) on the Patents. Such determinations are from diabase offsets. Stratigraphy has been determined by pillow structures in the mafic volcanics. In the metasediments all such stratigraphic features are obscured by metamorphic events. A comprehensive geology map on the Dobie patents has not been done by Crystal Lake; likely due to such poor exposure of outcrop.

The following two redrafted sections illustrate the irregularity of the mineralization but do not illustrate geology. A longitudinal section of one of the documented “higher-grade ribs” has not been filed in the Government records and is believed there is insufficient data to create one.

As mentioned, the mineralization as described in the historical assessment data records is described as being comprised of greater than seven high – grade “ribs or shoots” (see Figure 12), each being from 3.65m to 12m in width. One “rib or shoot”, Chibtown’s No.1 body, was said to contain from surface to 105m, 204,000 tonnes grading 0.65% Cu, 0.87% Ni. The other six “ribs or shoots” were not similarly documented. All “ribs or shoots” were identified as being surrounded and enclosed within a larger body of lower-grade disseminated sulphide mineralization. Note that a qualified person has not carried out any work to classify the above mentioned historical resource number as a current resource or mineral reserve. The Issuer is not treating the historical estimate as a current mineral resource or mineral reserve.

In late 2015, Crystal Lake drilled in total 1,860 meters in 10 holes. One drill hole (A-04-15) confirmed that high-grade nickel-copper shoots do exist and are considerably better than previously recorded in the historical drilling. Hole A-04-15 intersected from surface to 63.75 meters a weighted average of 1.05% nickel and 2.18% copper (note that the true width of A-04-15 is materially narrower than the drill hole intersection).

Note that in Figure 9 (below) the outline of the higher-grade rib mineralization plunges at an average of at least 30o to the northeast.

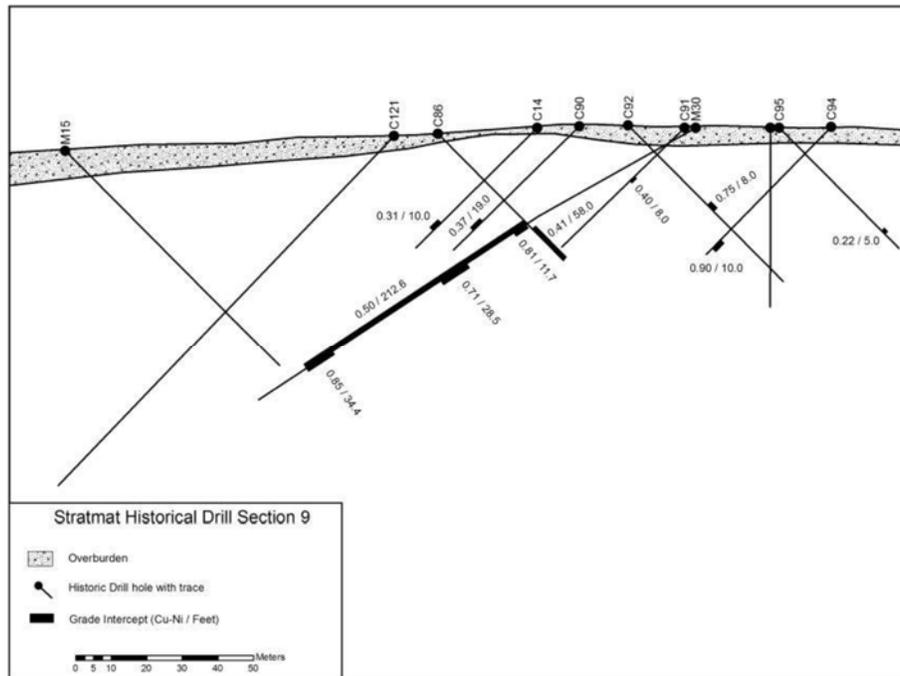


Figure 9: **Stratmat - Typical Historical Drill Section and Down Hole Mineralization**

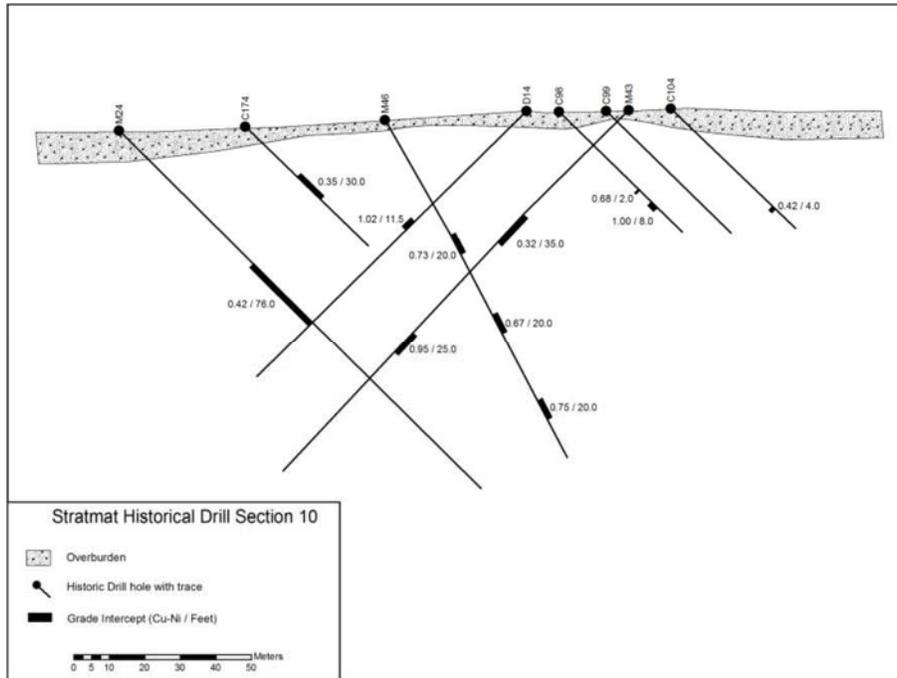


Figure 10: *Stratmat- One Typical Historical Drill Section Illustrating Scattered Mineralization and Barren Zones*

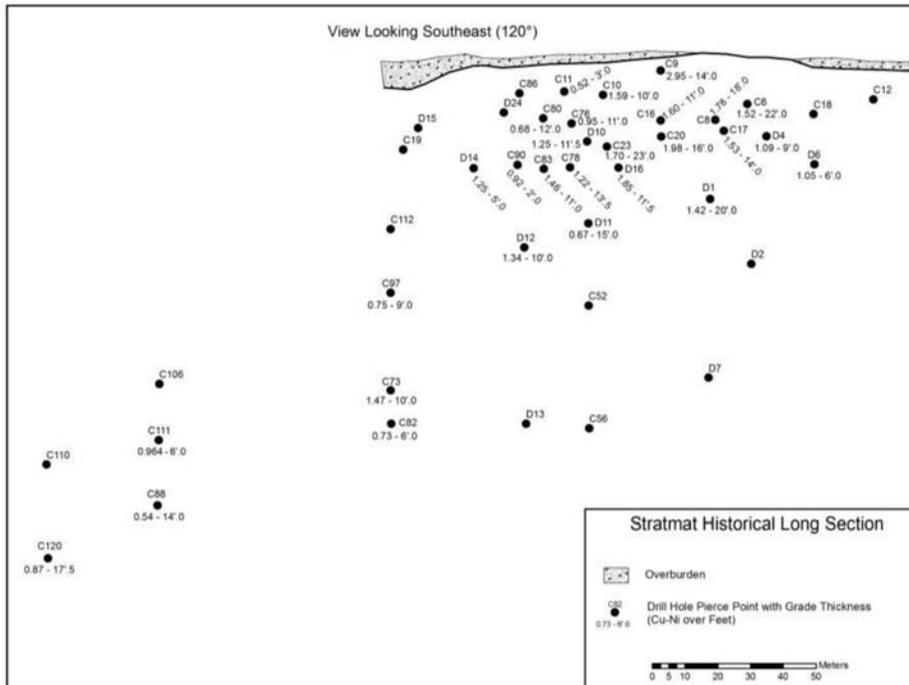


Figure 11: *Longitudinal Section of the No. 1 Zone Nico 1 Deposit Ref: Chibtown Copper Corp. (1966) from OGS Assessment Files*

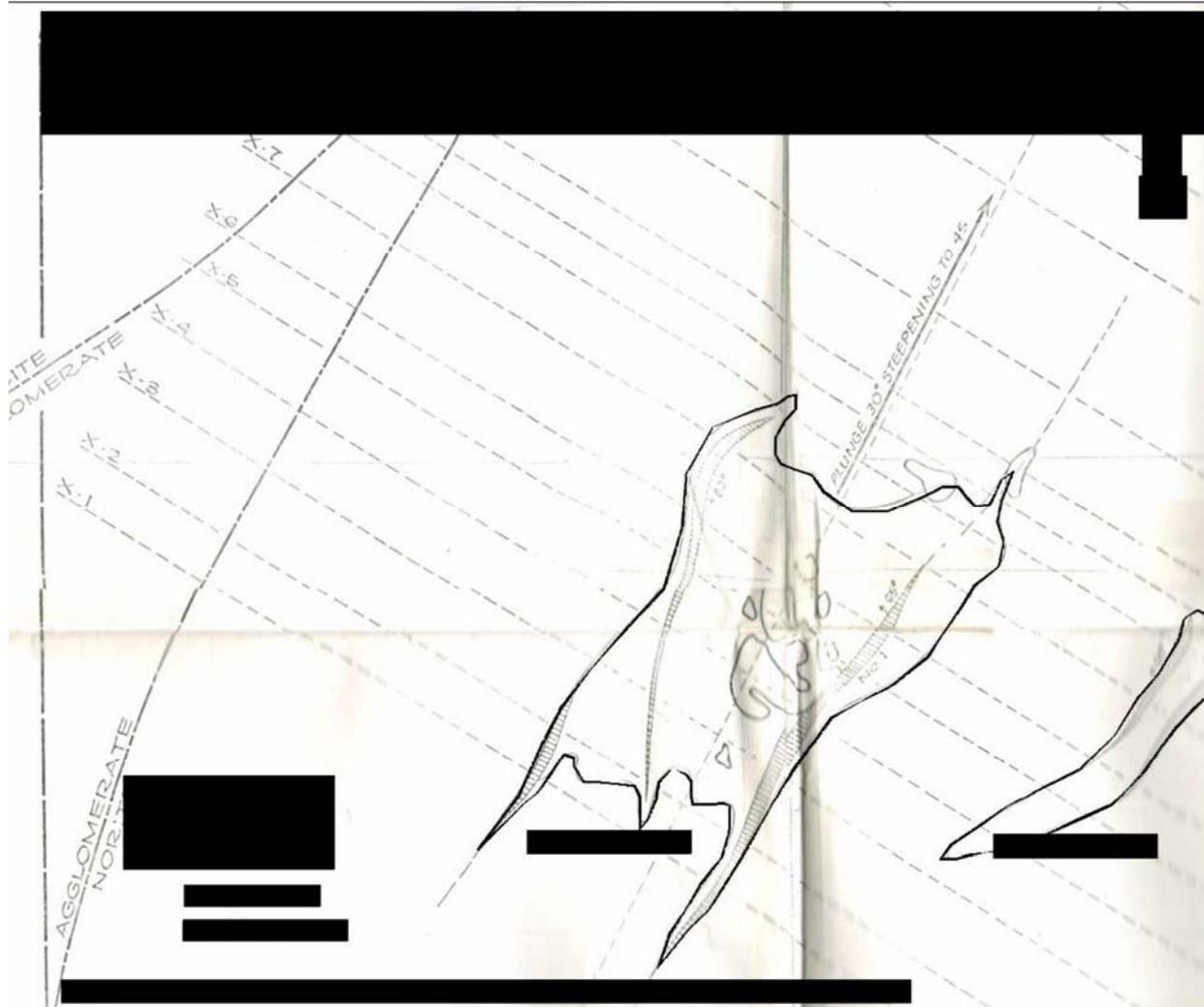


Figure 12: **Historical Trace of A Few of the NICO 1 Deposit Higher Grade Zones ("ribs")**  
 Ref: Chibtown Copper Corp. (1966) from OGS Assessment Files

In summary, the mineralization as described in the historical assessment data records is described as being comprised of greater than seven high – grade “ribs or shoots” (see Figure 12), each being from 3.65m to 12m in width. One “rib or shoot”, Chibtown’s No.1 body, was said to contain from surface to 105m, 204,000 tonnes grading 0.65% Cu, 0.87% Ni. The other six “ribs or shoots” were not similarly documented. All “ribs or shoots” were identified as being surrounded and enclosed within a larger body of lower-grade disseminated sulphide mineralization. Note that a qualified person has not carried out any work to classify the above mentioned historical resource number as a current resource or mineral reserve. The Issuer is not treating the historical estimate as a current mineral resource or mineral reserve.

## Exploration

### Introduction

The historical exploration was fully described above under the subheading “History”. Historically, the property was worked from 1952 – 1972, with prospecting, sampling, ground geophysical surveys (magnetic, electromagnetic, induced polarization and resistivity). Over 220 diamond drill holes (as detailed in Section 6), rotasonic drill holes and metallurgical studies were carried out by various mining companies. Not all of this work, however, is written up in the public records.

Since 2015 Crystal Lake, as operator, carried out additional surveys on the Dobie patents. In 2015 and 2018 the following work described below was conducted and supervised by Crystal Lake as summarized. In the absence of surface outcrop most of this exploration was of indirect measurements by geochemical and geophysical means followed by limited diamond drilling.

### Mapping, Geology

No recent mapping on Dobie Township has replaced the map created in 1953 (by ODM). The Issuer has not mapped the patents nor sampled any outcrops due to limited surface exposures.

### Structural Data

Structural interpretation cannot be determined given the limited exposure of outcrop (under 5%). The structural features that are presented on the maps have been derived by Government mapping (Fletcher & Irvine 1953), geophysical data and industry drill-hole data. Stratigraphic features were determined by from pillow structures in the mafic metavolcanic units. In the metasediments these have been obscured by subsequent metamorphic events of greenschist facies grade. The general structural trend of the area is northeast with local irregularities resulting from igneous intrusions

### Geochemistry

No regional, or Dobie specific, geochemical survey programs were done in the 1950's to accompany the geological mapping. Quaternary mapping by Bajc (1991) ran some radioactive dating of fossils sites at 9,750 to 10,810 years for the Lake Agassiz glacial period regression. There are no radioactive data for the Dobie Intrusion. The nearest age date is for a diabase dike dated 1462 +/- 175 My (Wanless et. Al., 1970).

In 2015 Emerald Lake, one of the vendors, contracted Actlabs, a full service and accredited mineral laboratory in Ontario, to carry out 2 Spatiotemporal Geochemical Hydrocarbon {"SGH"} geochemical surveys on the NICOBAT properties. Soil samples were collected from sites on a cut grid and analyzed by Actlabs. For SGH the quality of sample or the soil horizon sampled is immaterial for interpretation therefore all samples collected are representative from the location sampled.

SGH differs from conventional geochemistry as it is an "organic", deep-penetrating geochemical survey which targets individual metals. In this instance, Ni, Cu and PGEs were analyzed and presented as separate anomalies. The author of this report superimposed the 2015 drill locations with the Ni and the PGE anomalies.

SGH is the only known organic geochemical method that, in spite of the name, uses "non-gaseous" semi-volatile organic compounds interpreted using a forensic signature approach. The analysis involves the testing for 162 hydrocarbon compounds in the C5-C17 carbon series. These hydrocarbons have been shown to be residues from the decomposition of bacteria and microbes that feed on the target commodity as they require inorganic elements to catalyze the reactions necessary to develop hydrocarbons and to grow cells in their life cycle. Specific classes of hydrocarbons have been successful for delineating mineral targets found at over 950 meters in depth. SGH is unique and should not be confused with other hydrocarbon tests or traditional analyses that measure C1 (methane) to C5 (pentane) or other gases. Thus, in spite of the name, SGH does not analyze for any hydrocarbons that are actually gaseous at room temperature. SGH can also be used to analyze for hydrocarbons in sample types other than soil thus the results are independent of the sample type.

Interpretation is based solely on SGH data and does not include the consideration from any other geochemistry (inorganic), geology, or geophysics that may exist related to the survey area(s). The interpretation of the SGH data is in reference to a template or group of SGH classes of compounds specific to a type of mineralization or target that is chosen by the client (i.e. in this instance copper, nickel, platinum). The various templates of SGH Pathfinder Classes that together define the forensic identification signature for a wide range of commodity target types, have been developed through years of research and have been further refined from review of case studies and orientation studies has proven to be able to also address a wide range of lithologies. Over 1,000 studies by Actlabs have refined the SGH method since first developed in 1996. In interpreting the results the SGH Pathfinder Class maps are often expected to illustrate an anomaly that is a vertical projection over mineralization at the shallowest location. The P.Geo. personally recommends that Crystal Lake consider testing the SGH anomalies and has personal experience in this methods success at locating deep mineral deposits.

Results of the interpretation by Actlabs of 228 samples suggest that the identified outstanding nested- segmented halo anomaly of the northern Redox zone appears to vector to the source of the intrusion where upwelling of mineralized fluids may have occurred. This is also expected to be the case for the central and southern Redox zones however, due to “the significant larger dispersion patterns the intrusion as the source of the mineralized fluids may be quite a bit deeper”. This may also indicate that there were multiple intrusive events that took place at different times. The SGH results from the Nicobat Project survey illustrate separate anomalies with signatures associated with copper, nickel and PGE. SGH has often successfully illustrated the zonation that may be present which together describe the possible structure, in this case for a Cu-Ni-PGE type target. Based on an Actlabs, SGH rating scale of 0 to 6 the results of the Dobie intrusion study on the patented ground has been rated from 5.0 to 5.5, in another words, very highly rated drill targets. While complex in detail SGH signatures of copper, nickel and PGE are overlapping zones define the deposit type quite well. However, the interpreter notes that as platinum or other platinum group elements are far less mobile than copper, nickel, or gold, any platinum that might be present is probably near the geometric center of the Redox cell and is at a much greater depth. PGE’s may thus be at a depth that is not able to be detected with SGH. The SGH signature therefore for PGEs is given a lower rating of 4.0 out of a 6.0 rating number.

Maps illustrating the text above are provided below.

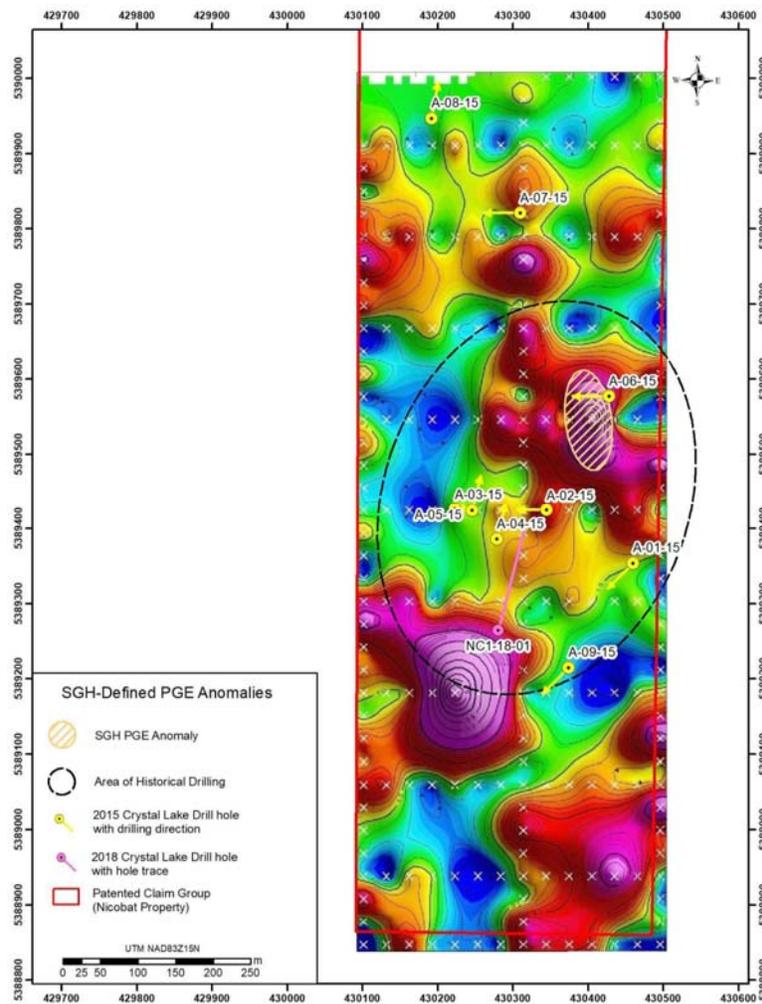


Figure 13: **SGH PGE Results in Relation to the Drilling; Dobie Patents**

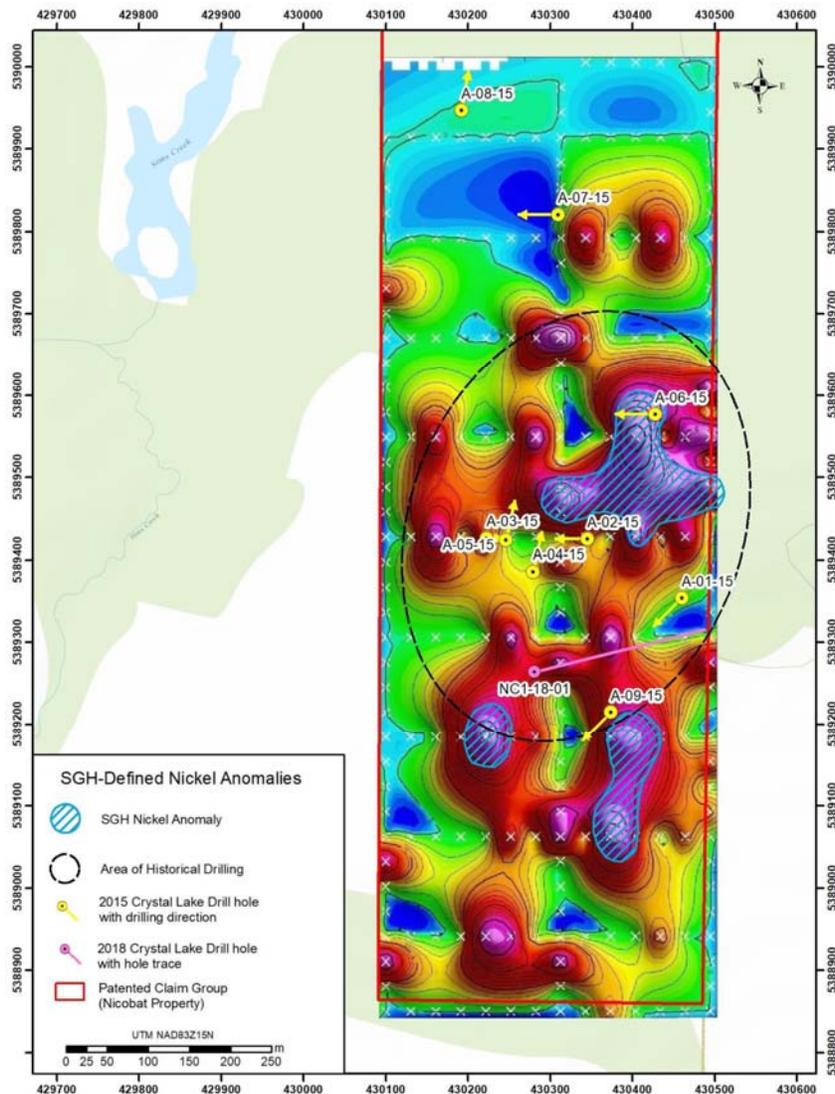


Figure 14: **SGH Ni Results in Relation to Location of Drill Holes**

### Geophysics

The following geophysical surveys were performed on and around the Nicobat Property.

Stratmat 1957 (J. Bolen Estate)

Survey 1 – Recon Mag Survey – 100ft intervals along 400ft line. Highs associated with magnetite – sulphides.

Survey 2 – Ground EM Survey – 100ft intervals with 200ft lines. N-S anomalies with sulphides and E-W anomalies with faulting.

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end of the property which may indicate sulphide mineralization. The natural gas pipeline is highlighted by the airborne survey as a non-geological conductor.

In 2015 both VLF and magnetometer surveys were carried out by Geosig Inc., based out of Quebec City, P.Q., consulting for Emerald Lake on the patent properties. Work done was in August, 2015 prior to any drilling. Figure 16 (next page) illustrates the VLF/magnetic anomalies in relation to the current drill holes.

### Crystal Lake 2018

In 2018 a helicopter deep-penetrating time-domain electromagnetic survey was flown over numerous project areas in NW Ontario, including the two patents discussed in this report, to help evaluate the mineral potential of the Nicobat Project. CGG, through its' Toronto office is a geophysical survey company in operation since 1931 with 35 locations worldwide. CGG carried out, supervised, and provided interpretation of the HELITEM35C airborne survey. The following maps illustrate the results.

The basis of the transient electromagnetic (TEM) geophysical surveying technique relies on the premise that changes in the primary EM field produced in the transmitting loop will result in eddy currents being generated in any conductors in the ground. The eddy currents then decay to produce a secondary EM field which may be sensed in the receiver coil.

A Helitem 35C EM system was flown using a 35m diameter loop at a height of 35m and 15 Hz frequency from March 16-22, 2018. A total area measuring 1,500 by 3,500m was covered at a line spacing of 125m. No magnetic or TEM anomalies were located by the airborne EM survey (see attached figures, below)

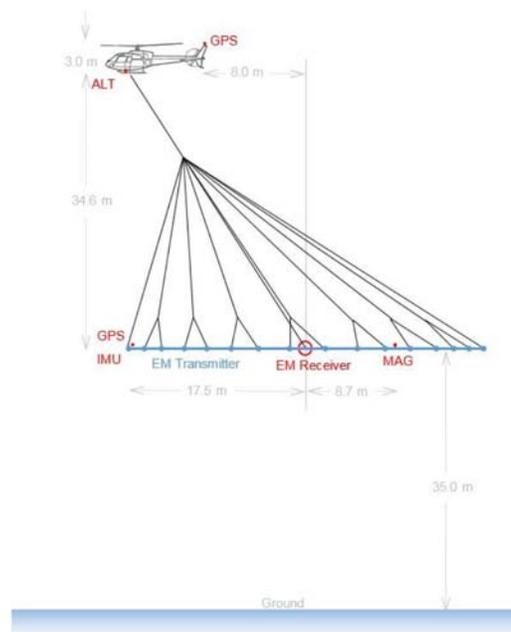


Figure 15: **HELITEM35c Airborne System**

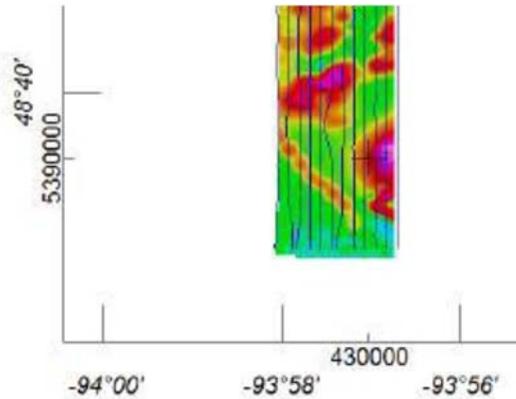


Figure 16: **HELITEM35c Residual Magnetics Properties**

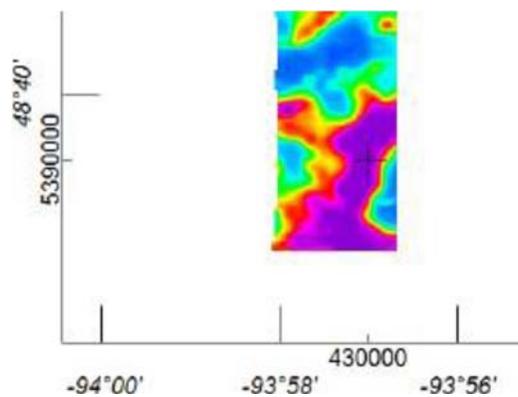


Figure 17: **HELITEM35c Conductivity DB\_7 Channel (04)**

In addition to airborne work, Lamontagne, from March 15-April 20 2018, carried out a UTEM5 14ch surface survey and BHUTEM4 borehole survey of Holes A-04-15 and NC1-18-01 to a depth of 685metres with an estimated 200 metre reactive range to the side of the boreholes. The UTEM5 system was chosen as it was designed to detect very conductive nickel sulphide bodies. This geophysical system is widely used by nickel producers due to its ability to detect and discriminate between highly conductive bodies such as those produced by massive nickel sulphides. The above surveys were carried out to detect or outline deeper features and potential depth continuations of shallow features. The readings taken on surface were sufficient to detect such a body to within 400 – 500 meters depth. A total of 10.775 km was surveyed on E-W Lines picketed at 200m line spacing from Line 0 to 1600N. The downhole surveys of Holes A-04-15 and NC1-18-01 were both surveyed to a depth of 685m using loops from 500 to 1650 by 1500m in size. A 15 to 20m station interval was measured. Lamontagne is a Canadian company based in Kingston that specializes in deep geophysical exploration.

The UTEM5 system collects 3-component EM data from large transmitter loops – three coupling angles – simultaneously translating to superior target definition and improved detection of all targets. BH UTEM 4 is the newest generation down-Hole probe EM system. It can be used to probe drill holes up to 3,400 metres deep. Magnetic, inclinometer and temperature data profiles can be plotted in addition to the EM data. Location of the survey grids, reading taken and the results of these surveys are presented in the profile diagrams below. Surveys on both holes failed to detect an anomaly that would suggest the presence of massive sulphides. A possible cause of the lack of a highly conductive response could have been due to the fact that the EM transmitter loop was not coupled with a potential body which had to be tabular in shape steeply dipping to the west with a north-south strike. The data was examined by Bob Lo, M.Sc, MBA, P.Eng, a noted expert in interpreting down-hole geophysical data.

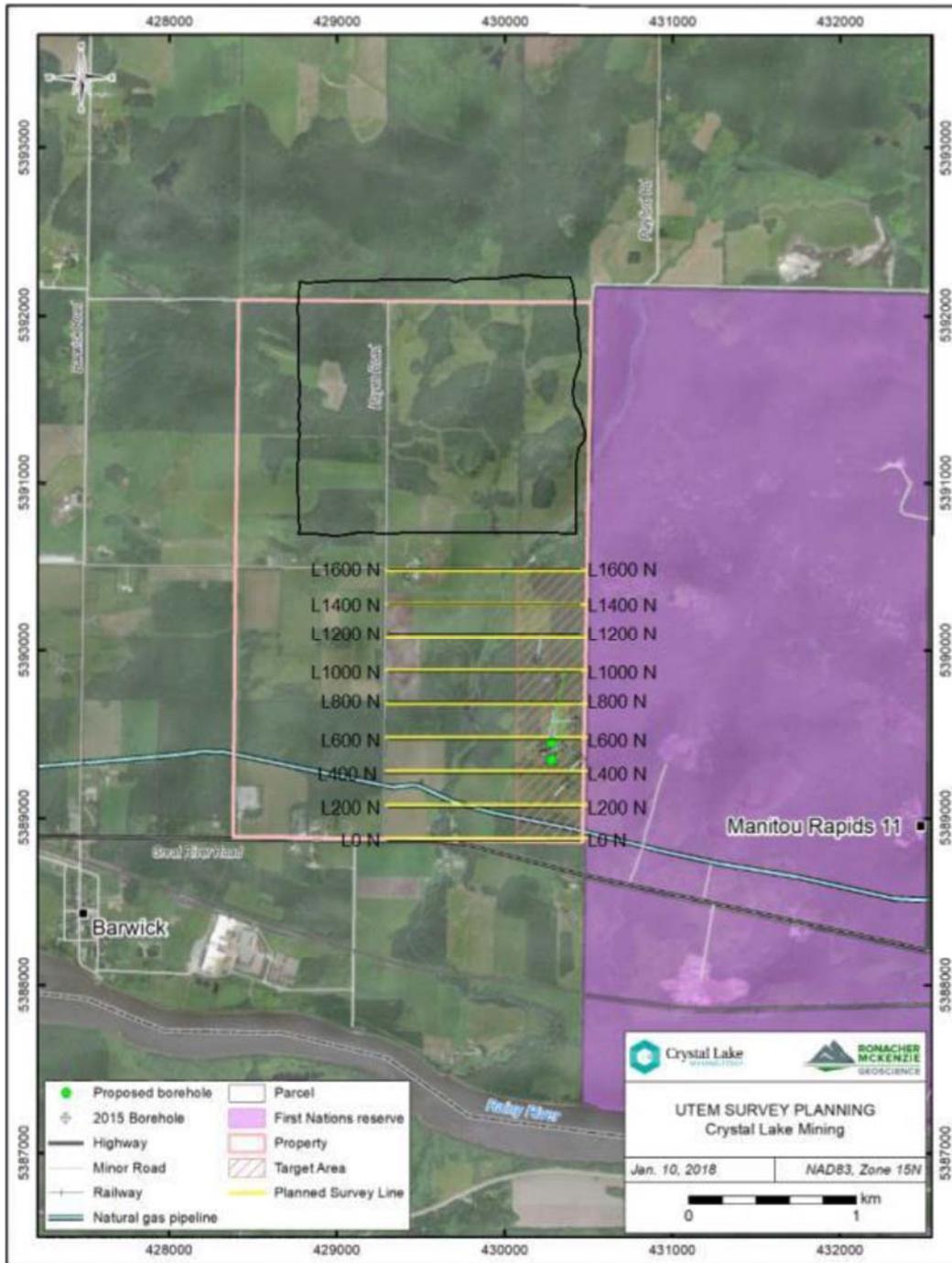
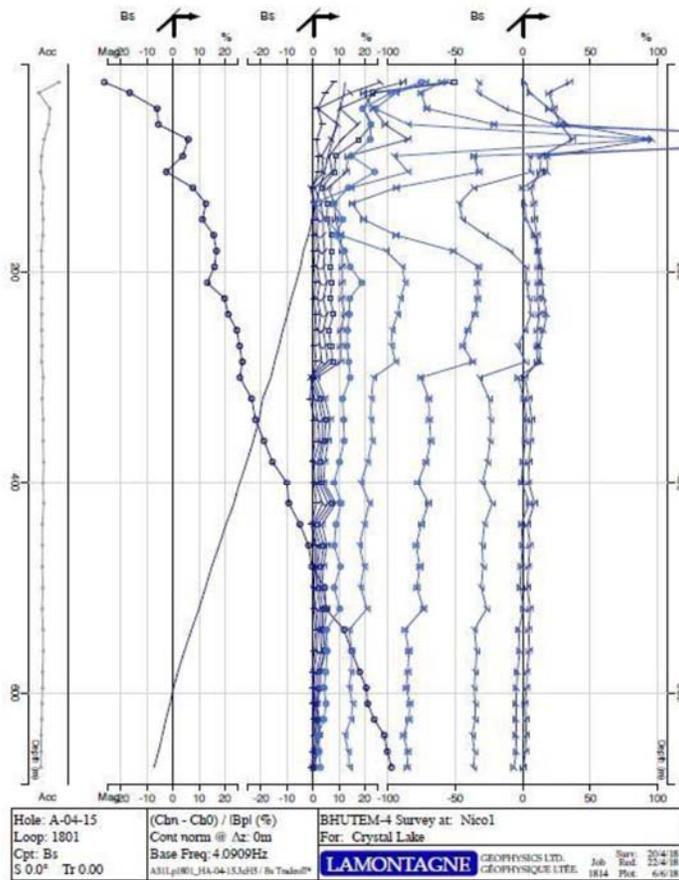


Figure 18: Location of Two Grids and Survey Stations Established for Down-Hole UTEM Survey



A04-15 - Loop 1801 Profiles

PG 22

Figure 19: **Typical Profile of Down-Hole Data for Hole A04-15 to a depth of 685metres Illustrating the Subsurface Mineralization to 75metres but nothing below**

## Deposit Types

### Magmatic Nickel Deposits

Nickel ore is a vast subject so this section is necessarily brief and only an introduction to guide non- scientific readers.

Nickel is a high-luster, silver-white metal whose valuable applications have made it a significant and widely used metal. Nickel (abbreviated "Ni") is a transition element that exhibits a mixture of ferrous and nonferrous metal properties. It is both siderophile (i.e., associates with iron) and chalcophile (i.e., associates with sulfur). The bulk of the nickel mined comes from two types of ore deposits:

- laterites where the principal ore minerals are nickeliferous limonite [(Fe,Ni)O(OH)] and garnierite (a hydrous nickel silicate), or
- magmatic sulfide deposits where the principal ore mineral is pentlandite [(Ni,Fe)9S8].

Magmatic sulfide deposits containing nickel and copper ("Cu"), with or without (±) platinum-group elements ("PGE"), account for approximately 60 percent of the world's nickel production. Most of the remainder of the nickel production is derived from lateritic deposits which form by weathering of ultramafic rocks in humid tropical conditions. Magmatic Ni-Cu ± PGE sulfide deposits are spatially and genetically related to bodies of mafic and/or ultramafic rocks. The sulfide

deposits form when the mantle-derived mafic and/or ultramafic magmas become sulfide-saturated and segregate immiscible sulfide liquids, commonly following interaction with continental crustal rocks.

Deposits of magmatic Ni-Cu sulfides occur with mafic and/or ultramafic bodies emplaced in diverse geologic settings. They range in age from Archean to Tertiary, but the largest number of deposits are Archean and Paleoproterozoic. Although deposits occur on most continents, ore deposits (deposits of sufficient size and grade to be economic to mine) are relatively rare; major deposits are present in Russia, China, Australia, Canada, and southern Africa. Nickel-Cu sulfide ore deposits can occur as single or multiple sulfide lenses within mafic and/or ultramafic bodies with clusters of such deposits comprising a district or mining camp. In Canada nickel sulphide deposits are typically found in clusters or "belts" often spanning 10's to 100's of kilometers. These include deposits in the Voisey's Bay area of Labrador, the Raglan (Cape Smith) belt of northern Quebec, the Thompson belt in northern Manitoba and a number of deposits in the Timmins area in the southern Abitibi. The well-known nickel deposits of the Sudbury basin, while sharing a number of features in common with these other deposits, are believed to be related to ultramafic activity triggered by a meteorite impact and are thus in a class of their own.

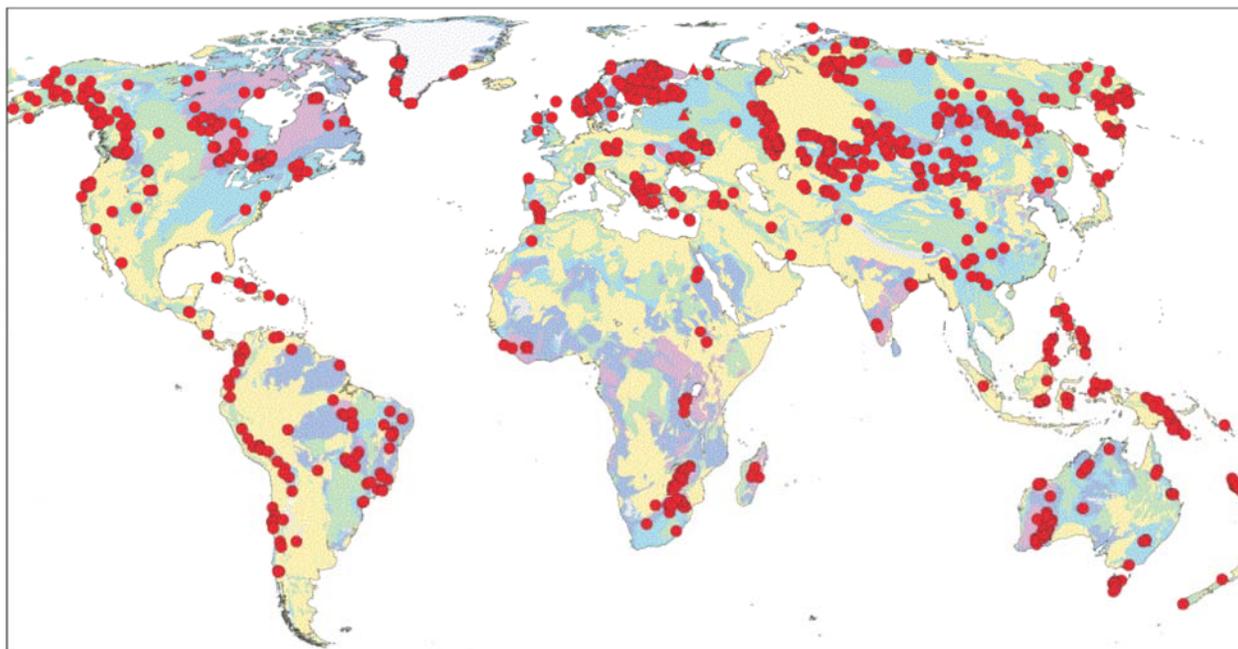


Figure 20: **Magmatic Ni-Cu-PGE Deposits of the World**  
GSC Maps of Deposits & Resources Eckstrand O.R. (undated)

Typically, deposits contain ore grades of between 0.5 and 3 percent Ni and between 0.2 and 2 percent Cu. Tonnages of individual deposits range from a few tens of thousands to tens of millions of metric tons (tonnes) bulk ore. Two giant Ni-Cu districts, with  $\geq 10$  Mt Ni, dominate world Ni sulfide resources and production. These are the Sudbury district, Ontario, Canada, where sulfide ore deposits are at the lower margins of a meteorite impact-generated igneous complex and contain 19.8 Mt Ni; and the Noril'sk- Talnakh district, Siberia, Russia, where the ore deposits are in subvolcanic mafic intrusions related to flood basalts and contain 23.1 Mt Ni. In the United States, the Duluth Complex in Minnesota, comprised of a group of mafic intrusions related to the 1.1 Ga Midcontinent Rift system, represents a major Ni resource of 8 Mt Ni, but deposits generally exhibit low grades (0.2 percent Ni, 0.66 percent Cu) and remain stuck in the process of being proven to be economic. This information is not necessarily indicative of the mineralization on the Property.

The sulfides in magmatic Ni-Cu deposits generally constitute a small volume of the host rock(s) and tend to be concentrated in the lower parts of the mafic and/or ultramafic bodies, often in physical depressions or areas marking changes in the geometry of the footwall topography. In most deposits, the sulfide mineralization can be divided into disseminated, matrix or net, and massive sulfide, depending on a combination of the sulfide content of the rock and the silicate texture. The major Ni-Cu sulfide mineralogy typically consists of an intergrowth of pyrrhotite ( $\text{Fe}_7\text{S}_8$ ), pentlandite ( $[\text{Fe}, \text{Ni}]_9\text{S}_8$ ), and chalcopyrite ( $\text{FeCuS}_2$ ). Cobalt, PGE, and gold (Au) are extracted from most magmatic

Ni-Cu ores as byproducts, although such elements can have a significant impact on the economics in some deposits, such as the Noril'sk-Talnakh deposits, which produce much of the world's palladium. In addition, deposits may contain between 1 and 15 percent magnetite associated with the sulfides.

### The Model

Nickel is believed to be a primary component of the earth's core and largely concentrated in the core and mantle. In the near surface it is most commonly found in association with ultramafic (or mafic) rocks which are high temperature, iron-magnesium rich, typically intrusive rocks sourced from the upper mantle or very deep crustal levels. Current modeling suggests the ultramafic magma's rose toward the surface along mantle plumes – or hot spots – which produce island arc chains, ie the still forming Hawaiian Islands.

The model described below, outlines traditional thinking related to formation of nickel-copper-PGE sulphide deposits.

Within the ultramafic intrusion or flow, sulphide droplets form, often through contamination of the magma with sulphur from adjacent rock units. These sulphide droplets are convected through the magma along flow lines. As they convect through the magma they collect or scavenge nickel, copper and the platinum group elements from the magma – as all of these elements have a strong chemical affinity for sulphur. As the sulphide droplets accumulate metals they become heavier than the magma itself and begin to sink through the magma and accumulate in depressions in the base of the ultramafic.

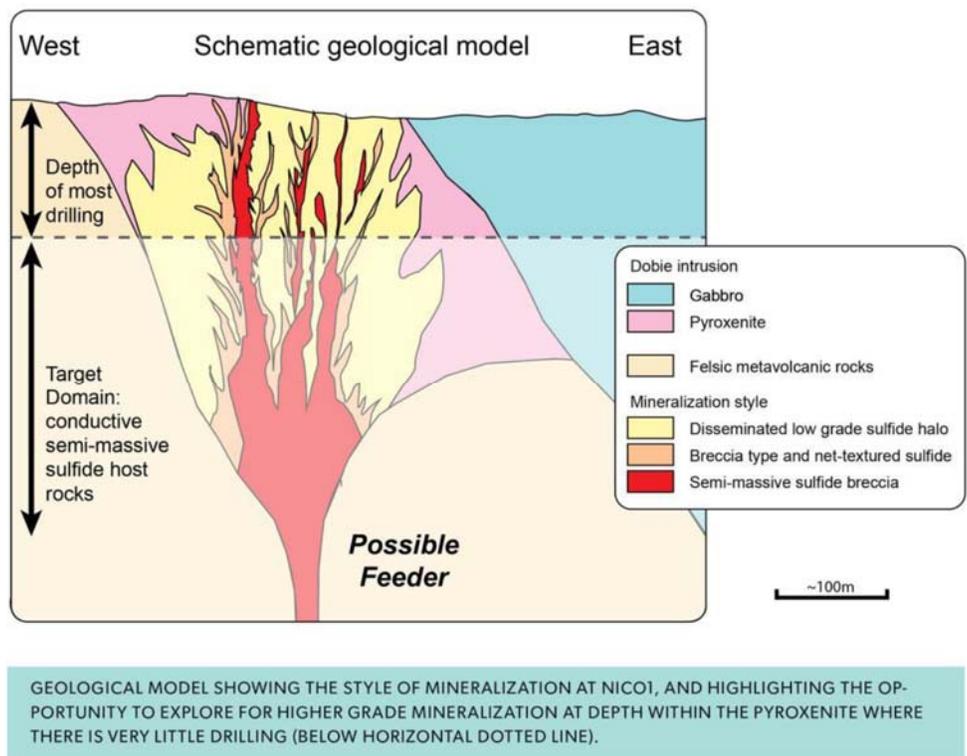


Figure 21: **Geological model at Nico 1 deposit Highlighting the Exploration Target**  
*(from Dr. Peter Lightfoot, PhD. Internal reporting for Crystal Lake (Feb 2018))*

### Sulphide Textures – A Key to Recognizing and Navigating in Magmatic Nickel Systems

Ultimately sufficient sulphides will accumulate within these depressions to form nickel-copper-PGE orebodies. These orebodies are characterized by a number of distinct textural elements.

Working from top to bottom of the system geologists note at the highest levels broad zones of disseminated (or interstitial) sulphide mineralization. You can think of these as individual sulphide drops frozen in place within the magma – sulphides that either didn't have the time to sink before the magma crystallized or drops that didn't reach

sufficient size to sink. Typically, this type of disseminated ore is seen above and lateral to the higher grade, more massive parts of the system. One of the characteristics of magmatic sulphides is that the individual sulphide grains – like the orebodies as a whole – tend to be zoned having a more copper-rich top and nickel rich base. Thus magmatic sulphide grains are typically multi-phase being comprised of separate chalcopyrite (copper-rich), pyrrhotite (iron-rich) and pentlandite (nickel-rich) phases.

A number of open pit nickel deposits have been developed within these disseminated zones which tend to be more laterally extensive than the massive sulphide zones. Often nickel systems progress no further than this disseminated phase. The large Dumont nickel deposit, located near Amos, Quebec would be an example of a large, disseminated nickel deposit which lacks appreciable semi-massive or massive sulphide zones. Average grade of this deposit varies from 0.24% to 0.34% Ni. This information is not necessarily indicative of the mineralization on the Property.

Deeper into the systems the sulphide drops begin to coalesce as they start to sink to what is known as “blebby” or “globular” ore. These “blebs” may reach several centimeters in size and range from aggregates of droplets to semi-massive sulphide “balls”. This type of texture is relatively rare, as the blebs are effectively caught in place as they falling through the magma. Blebs comprised mainly of pyrrhotite with lesser pentlandite and chalcopyrite in ultramafic (peridotite) matrix.

As the sulphides continue to sink we see net-textured (or matrix) ores which are the most common ore type in most high-grade nickel deposits. Here sulphides range from 5 to as much as 50+% of the rock, forming a matrix between silicate minerals. Depending on the dynamics of the magma chamber the sulphides can be thought to have sunk between, and cemented together, earlier formed silicate minerals, or the silicates may have settled into a sulphide pool as the chamber cooled. The genesis can be argued either way but what one ends up with is a “net” of partially connected sulphide grains. In some cases there is enough connectivity between the sulphide grains for them to produce weak to moderate geophysical (electromagnetic “EM”) conductor. All of the mineralization styles above will typically produce I.P. (induced polarization) anomalies.

Ultimately, at the base of the sequence, the sulphide grains will settle until they dominate the base of the depression and form massive nickel-rich sulphides. These are typically the richest parts of any magmatic nickel system but massive nickel sulphide bodies are surprisingly rare, suggesting most systems crystallize before allowing the time for, or don't have the flow dynamics or geometry to generate, formation of massive sulphides. Typically the more massive parts of the system are moderately to highly conductive.

Polished thin sections of drill core from Nico 1 were examined by Dr. Peter Lightfoot, Technical Advisor to Crystal Lake. He reports, “*examination indicate that the host rocks are pyroxenites and the mineralization comprises pyrrhotite, pentlandite, and chalcopyrite. Although there is locally some pyrite, the sulfides appear to be devoid of minerals that negatively impact process technology (e.g. arsenic-rich sulfide minerals and/or platy minerals such as talc). Examination of the pentlandite indicates that the bulk of this mineral occurs in granular form that can easily be liberated from pyrrhotite. Moreover, an electron microprobe study of the pyrrhotite indicates that the Ni concentrations in representative samples are in the range 0.27-0.78 wt% Ni.*”

### Structural Modification

Following the formation of a nickel sulphide zone subsequent activity can modify these original textures. In many cases subsequent magma pulses into the host intrusion, or even new ultramafic volcanic flows, can partially or completely erode the early formed sulphide zones. In some cases, as in the Raglan area of northern Quebec, subsequent magma pulses have led to the formation of multiple “stacked” nickel zones within the host intrusive sequence.

Subsequent deformation, after the formation of the nickel ore bodies, can have a variety of effects and modify primary magmatic textures in a variety of ways. In the Thompson nickel camp of northern Manitoba many of the better orebodies have been remobilized into regional fold noses and have steeply plunging morphologies more similar to Archean gold deposits than classic nickel sulphide deposits.

Currently nickel is in excess supply in the market place which is roughly \$34 billion(US) in size. 60% of the nickel industry is operating at a cash loss as of mid-2015, nevertheless there is no shortage of current and aspiring production stories in the nickel space as participants believe the market could tip into deficit in the very near future. Nickel output in 2017 fell by 24% however nickel demand for batteries is up significantly. Experimental work continues

to increase the usage of nickel in batteries from 60% to possibly 85% Ni which strongly suggests a rising demand. Production of stainless steel continues to be the main end product.

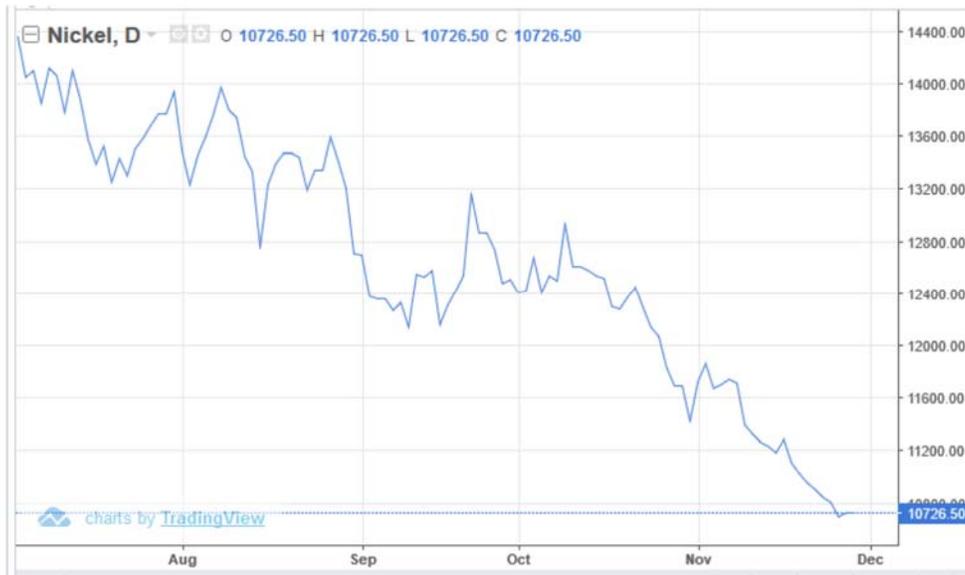


Figure 22: **Current Nickel Pricing 2018**  
(extracted from <https://tradingeconomics.com/commodity/nickel>)

## Exploration

### Introduction

The historical exploration was fully described in Section 6.0. Historically, the property was worked from 1952 – 1972, with prospecting, sampling, ground geophysical surveys (magnetic, electromagnetic, induced polarization and resistivity). Over 220 diamond drill holes (as detailed in Section 6), rotasonic drill holes and metallurgical studies were carried out by various mining companies. Not all of this work, however, is written up in the public records.

Since 2015 Crystal Lake, as operator, carried out additional surveys on the Dobie patents. In 2015 and 2018 the following work described below was conducted and supervised by Crystal Lake as summarized. In the absence of surface outcrop most of this exploration was of indirect measurements by geochemical and geophysical means followed by limited diamond drilling.

### Mapping, Geology

No recent mapping on Dobie Township has replaced the map created in 1953 (by ODM). The Issuer has not mapped the patents nor sampled any outcrops due to limited surface exposures.

### Structural Data

Structural interpretation cannot be determined given the limited exposure of outcrop (under 5%). The structural features that are presented on the maps have been derived by Government mapping (Fletcher & Irvine 1953), geophysical data and industry drill-hole data. Stratigraphic features were determined by from pillow structures in the mafic metavolcanic units. In the metasediments these have been obscured by subsequent metamorphic events of greenschist facies grade. The general structural trend of the area is northeast with local irregularities resulting from igneous intrusions

### Geochemistry

No regional, or Dobie specific, geochemical survey programs were done in the 1950's to accompany the geological mapping. Quaternary mapping by Bajc (1991) ran some radioactive dating of fossils sites at 9,750 to 10,810 years for the Lake Aggaiz glacial period regression. There are no radioactive data for the Dobie Intrusion. The nearest age date is for a diabase dike dated 1462 +/- 175 My (Wanless et. Al., 1970).

In 2015 Emerald Lake, one of the vendors, contracted Actlabs, a full service and accredited mineral laboratory in Ontario, to carry out 2 Spatiotemporal Geochemical Hydrocarbon {"SGH"} geochemical surveys on the NICOBAT properties. Soil samples were collected from sites on a cut grid and analyzed by Actlabs. For SGH the quality of sample or the soil horizon sampled is immaterial for interpretation therefore all samples collected are representative from the location sampled.

SGH differs from conventional geochemistry as it is an "organic", deep-penetrating geochemical survey which targets individual metals. In this instance, Ni, Cu and PGEs were analyzed and presented as separate anomalies. The author of this report superimposed the 2015 drill locations with the Ni and the PGE anomalies.

SGH is the only known organic geochemical method that, in spite of the name<sup>1</sup>, uses "non-gaseous" semi-volatile organic compounds interpreted using a forensic signature approach. The analysis involves the testing for 162 hydrocarbon compounds in the C5-C17 carbon series. These hydrocarbons have been shown to be residues from the decomposition of bacteria and microbes that feed on the target commodity as they require inorganic elements to catalyze the reactions necessary to develop hydrocarbons and to grow cells in their life cycle. Specific classes of hydrocarbons have been successful for delineating mineral targets found at over 950 meters in depth. SGH is unique and should not be confused with other hydrocarbon tests or traditional analyses that measure C1 (methane) to C5 (pentane) or other gases. Thus, in spite of the name, SGH does not analyze for any hydrocarbons that are actually gaseous at room temperature. SGH can also be used to analyze for hydrocarbons in sample types other than soil thus the results are independent of the sample type.

Interpretation is based solely on SGH data and does not include the consideration from any other geochemistry (inorganic), geology, or geophysics that may exist related to the survey area(s). The interpretation of the SGH data is in reference to a template or group of SGH classes of compounds specific to a type of mineralization or target that is chosen by the client (i.e. in this instance copper, nickel, platinum). The various templates of SGH Pathfinder Classes that together define the forensic identification signature for a wide range of commodity target types, have been developed through years of research and have been further refined from review of case studies and orientation studies has proven to be able to also address a wide range of lithologies. Over 1,000 studies by Actlabs have refined the SGH method since first developed in 1996. In interpreting the results the SGH Pathfinder Class maps are often expected to illustrate an anomaly that is a vertical projection over mineralization at the shallowest location. The P.Geo. personally recommends that Crystal Lake consider testing the SGH anomalies and has personal experience in this methods success at locating deep mineral deposits.

Results of the interpretation by Actlabs of 228 samples suggest that the identified outstanding nested-segmented halo anomaly of the northern Redox zone appears to vector to the source of the intrusion where upwelling of mineralized fluids may have occurred. This is also expected to be the case for the central and southern Redox zones however, due to "*the significant larger dispersion patterns the intrusion as the source of the mineralized fluids may be quite a bit deeper*". This may also indicate that there were multiple intrusive events that took place at different times. The SGH results from the NICOBAT survey illustrate separate anomalies with signatures associated with copper, nickel and PGE. SGH has often successfully illustrated the zonation that may be present which together describe the possible structure, in this case for a Cu-Ni-PGE type target. Based on an Actlabs, SGH rating scale of 0 to 6 the results of the Dobie intrusion study on the patented ground has been rated from 5.0 to 5.5, in another words, very highly rated drill targets. While complex in detail SGH signatures of copper, nickel and PGE are overlapping zones define the deposit type quite well. However, the interpreter notes that as platinum or other platinum group elements are far less mobile than copper, nickel, or gold, any platinum that might be present is probably near the geometric center of the Redox cell and is at a much greater depth. PGE's may thus be at a depth that is not able to be detected with SGH. The SGH signature therefore for PGEs is given a lower rating of 4.0 out of a 6.0 rating number.

Maps illustrating the text above are provided below.

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<sup>1</sup> Now referred to as Spatiotemporal Geochemical Hydrocarbons extractive procedures.

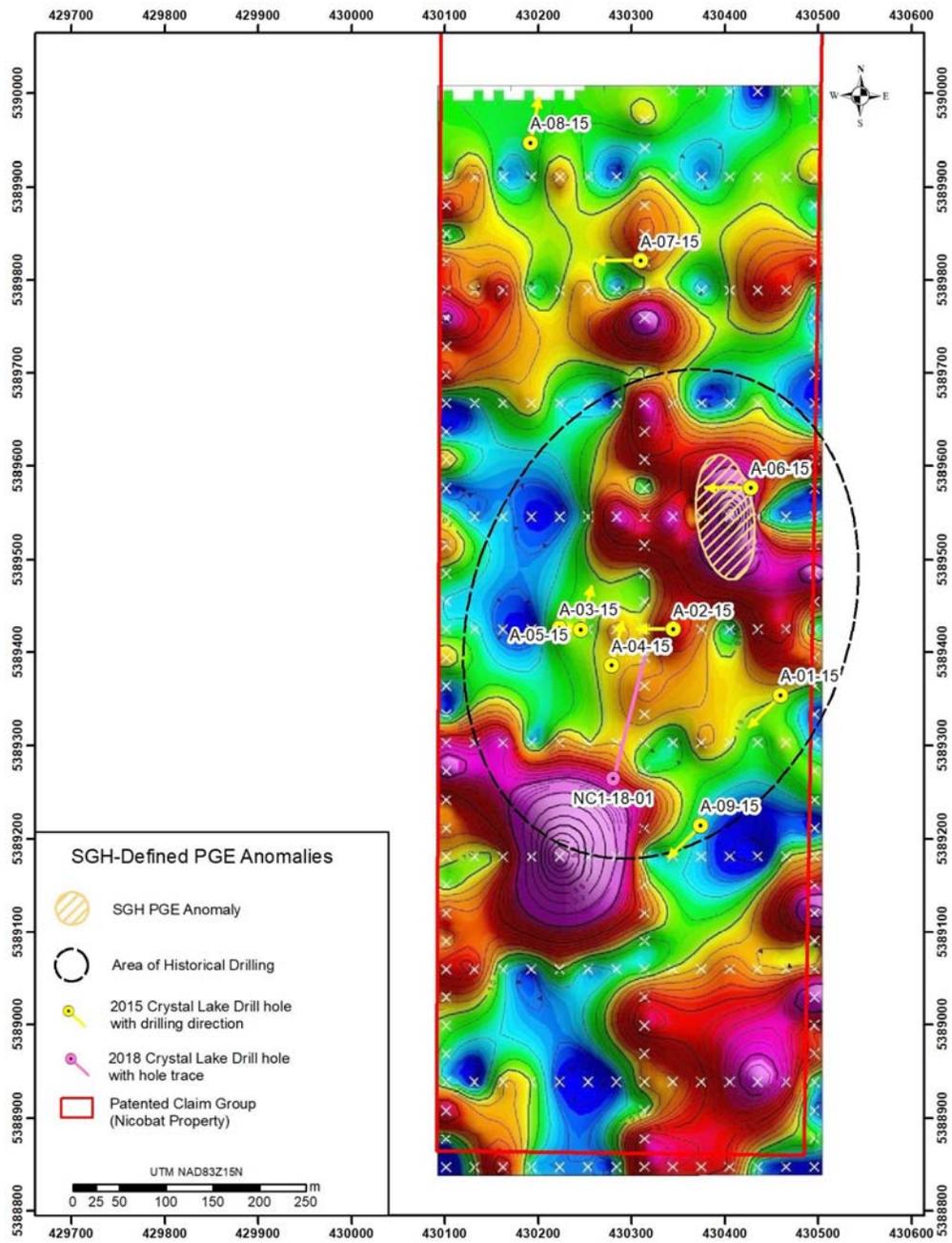


Figure 23: **SGH PGE Results in Relation to the Drilling; Dobie Patents**

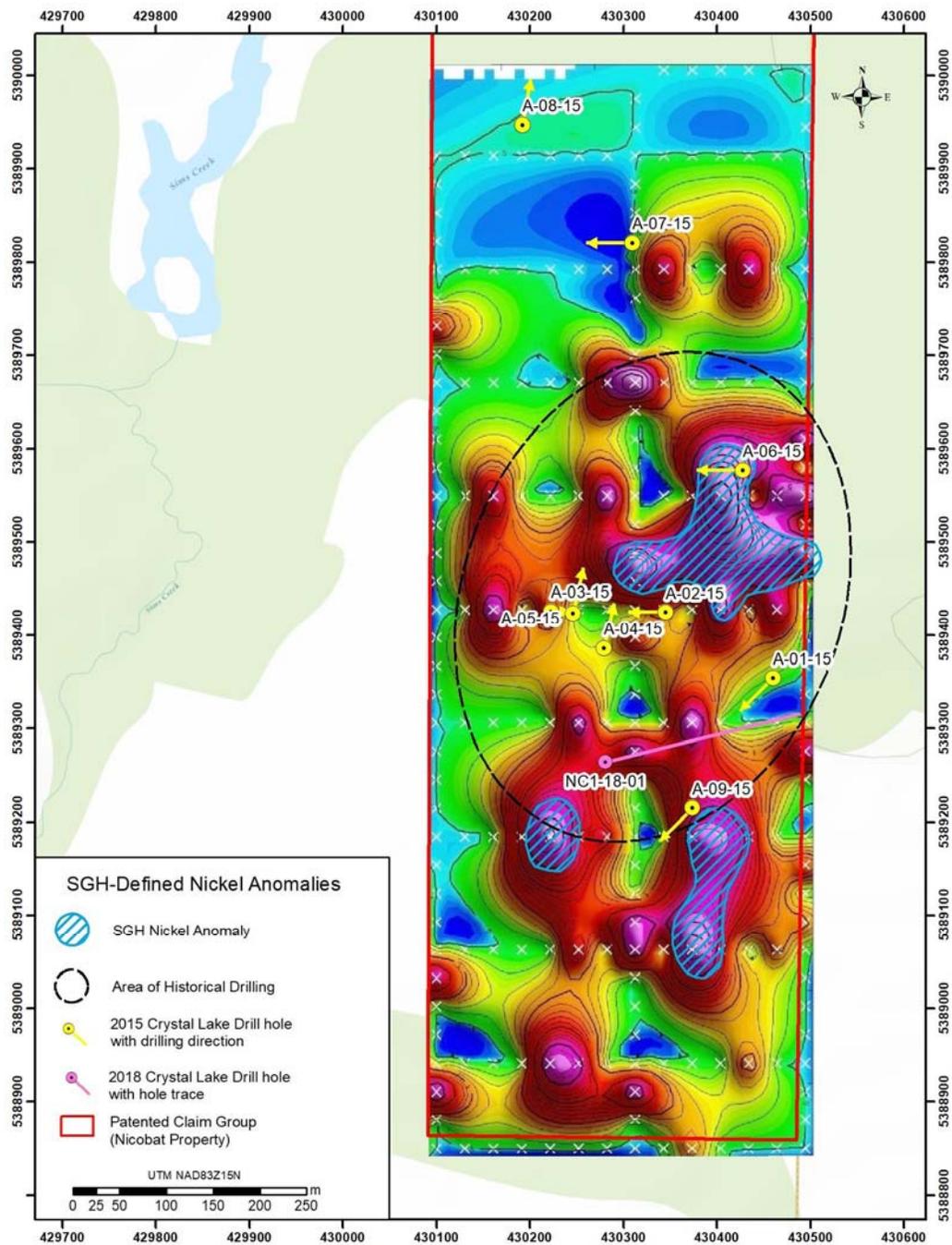


Figure 24: **SGH Ni Results in Relation to Location of Drill Holes**

Geophysics

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#### Crystal Lake 2018

In 2018 a helicopter deep-penetrating time-domain electromagnetic survey was flown over numerous project areas in NW Ontario, including the two patents discussed in this report, to help evaluate the mineral potential of the Nicobat Project. CGG, through its' Toronto office is a geophysical survey company in operation since 1931 with 35 locations worldwide. CGG carried out, supervised, and provided interpretation of the HELITEM35C airborne survey. The following maps illustrate the results.

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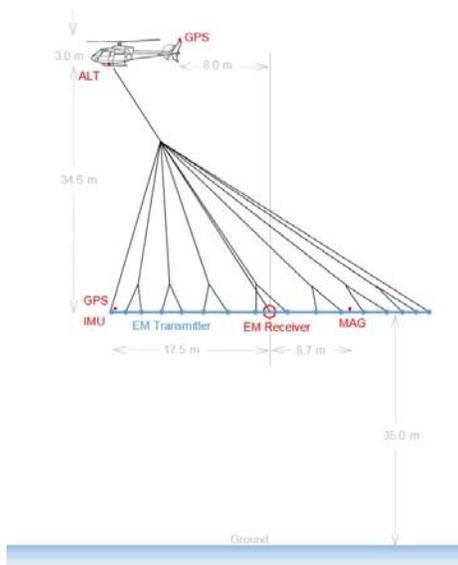


Figure 25 **HELITEM35c Airborne System**

A Helitem 35C EM system was flown using a 35m diameter loop at a height of 35m and 15 Hz frequency from March 16-22, 2018. A total area measuring 1,500 by 3,500m was covered at a line spacing of 125m. No magnetic or TEM anomalies were located by the airborne EM survey (see attached figures, below)

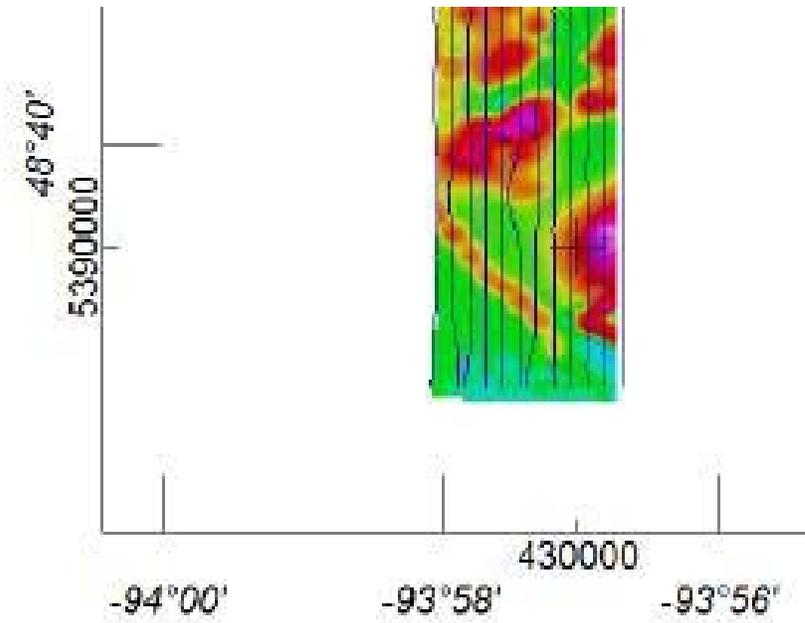


Figure 26: *HELITEM35c Residual Magnetics Properties*

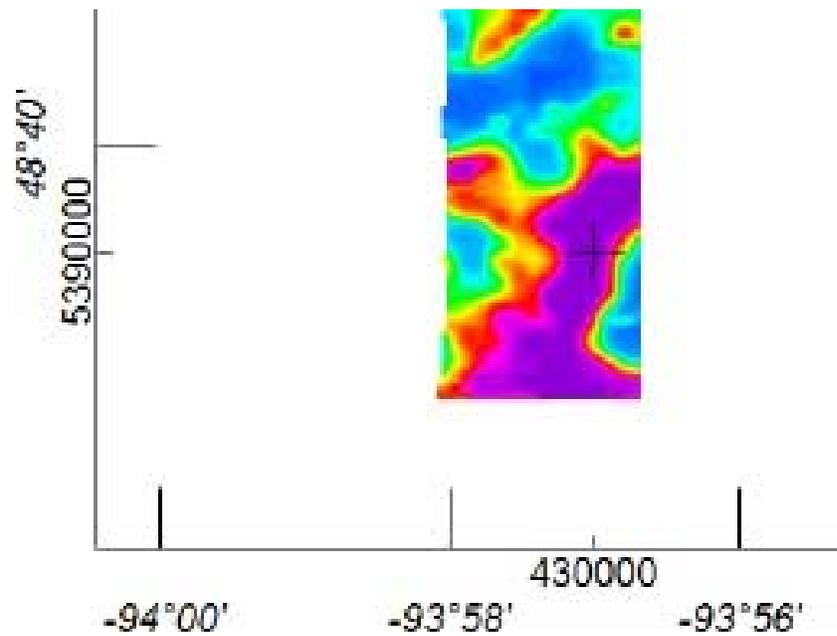


Figure 27: *HELITEM35c Conductivity DB\_7 Channel (04)*

In addition to airborne work, Lamontagne, from March 15-April 20 2018, carried out a UTEM5 14ch surface survey and BHUTEM4 borehole survey of Holes A-04-15 and NC1-18-01 to a depth of 685metres with an estimated 200 metre reactive range to the side of the boreholes. The UTEM-5 system was chosen as it was designed to detect very conductive nickel sulphide bodies. This geophysical system is widely used by nickel producers due to its ability to detect and discriminate between highly conductive bodies such as those produced by massive nickel sulphides. The above surveys were carried out to detect or outline deeper features and potential depth continuations of shallow features. The readings taken on surface were sufficient to detect such a body to within 400 – 500 meters depth. A total of 10.775 km was surveyed on E-W Lines picketed at 200m line spacing from Line 0 to 1600N. The downhole surveys of Holes A-04-15 and NC1-18-01 were both surveyed to a depth of 685m using loops from 500 to 1650 by 1500m in size. A 15 to 20m station interval was measured. Lamontagne is a Canadian company based in Kingston that specializes in deep geophysical exploration.

The UTEM5 system collects 3-component EM data from large transmitter loops – three coupling angles – simultaneously translating to superior target definition and improved detection of all targets. newest generation down-Hole probe EM system. It can be used to probe drill holes up to 3,400 metres deep. Magnetic, inclinometer and temperature data profiles can be plotted in addition to the EM data. Location of the survey grids, reading taken and the results of these surveys are presented in the profile diagrams below. Surveys on both holes failed to detect an anomaly that would suggest the presence of massive sulphides. A possible cause of the lack of a highly conductive response could have been due to the fact that the EM transmitter loop was not coupled with a potential body which had to be tabular in shape steeply dipping to the west with a north-south strike. The data was examined by Bob Lo, M.Sc, MBA, P.Eng, a noted expert in interpreting down-hole geophysical data.

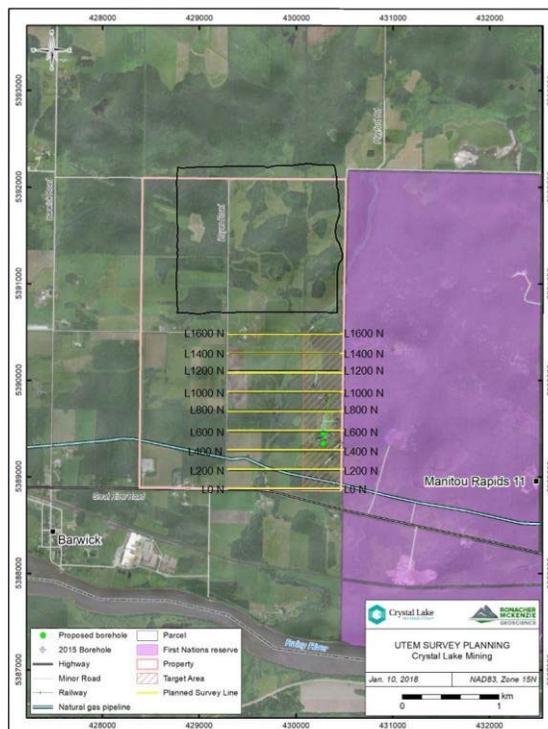
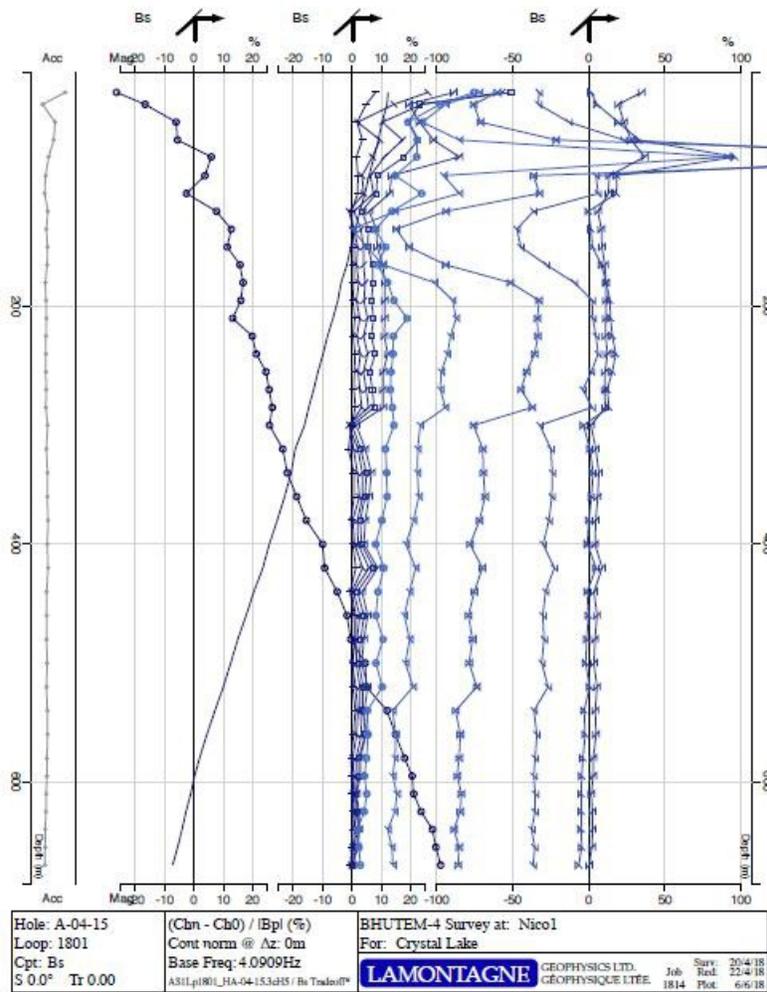


Figure 28: **Location of Two Grids and Survey Stations Established for Down-Hole UTEM Survey**



### A04-15 - Loop 1801 Profiles

PG 22

Figure 29: **Typical Profile of Down-Hole Data for Hole A04-15 to a depth of 685 metres Illustrating the Subsurface Mineralization to 75metres but nothing below**

#### 2015 & 2018 Crystal Lake Drill Programs

As previously mentioned, the historical drilling was summarized above under the subheading “History”. Details of this exploration are scanty and not well recorded. The locations of the historical drilling (see Figures 4 and 5) are as accurate as the historical data permits but should not be used to calculate a possible resource number. All resources previously quoted are historical and cannot be verified with original logs and assay sheets and confirmatory drilling. *A qualified person has not done sufficient work to classify the historical estimates mentioned in previous sections of this report as current mineral resources or mineral reserves. The Issuer is not treating these historical estimates as current mineral resources or mineral reserves.*

The following assay data/hole data is extracted from reports by Falconbridge, 1953 and are representative of the mineralization intersected in the historical holes.. *Holes not assayed are not tabulated below:*

Hole D1 – 133.8m with 7.16m of 0.60% Cu, 0.95% Ni. Hole D2 – 113.4m with 8.29m of 0.32% Cu, 0.39% Ni. Hole D3 – 69.5m with 7.10m of 0.48% Cu, 0.40% Ni. Hole D4 – 58.2m with 4.12m of 0.43% Cu, 0.66% Ni. Hole D5 – 63.6m with 11.13m of 0.31% Cu, 0.19% Ni. Hole D6 – 62.5m with 5.95m of 0.48% Cu, 0.32% Ni. Hole D7 – 62.2m with 8.23m of 0.29% Cu, 0.42% Ni.  
Hole D9 – 88.7m with 1.52m of 0.12% Cu, 0.95% Ni and 5.98m of 0.35% Cu, 0.17% Ni. Hole D10 – 81.4m with 4.57m of 0.77% Cu, 0.49% Ni.  
Hole D11 – 157.9m with 5.70m of 0.41% Cu, 1.10% Ni. and with 3.29m of 0.40% Cu, 0.38% Ni. Hole D12 – 102.4m with 3.57m of 0.45% Cu, 0.17% Ni and 6.13m of 0.88% Cu, 0.36% Ni.  
Hole D13 – 127.4m with 6.40m of 0.43% Cu, 0.15% Ni.  
Hole D14 – 105.2m with 3.45m of 0.20% Cu, 0.84% Ni. Hole D15 – 80.2m with 0.46m of 0.56% Cu, 0.13% Ni. Hole D16 – 142.4m with 12.35m of 0.82% Cu, 0.37% Ni and 4.57m of 0.42% Cu, 0.48% Ni  
Hole D25 – 338.0m with 3.05m of 0.27% Cu, 0.04% Ni.  
Holes R3, R5, R6, R7 on IR#11; 200m E of hole D1 Hole R3 151.2m with no assays.  
Hole R5 – 34.5m with 1.22m of 0.34% Cu, 0.31% Ni. Hole R6 – 35.4m with 2.44m of 0.25% Cu, 0.14% Ni.

In 2015 Crystal Lake drilled 10 holes of NQ core using Full Force Drilling Ltd. out of Peachland, B.C. Emerald Lake was in charge of the project with work being supervised by their consultants on behalf of Crystal Lake. Work was completed in the Fall of 2015 with the program finishing on October 16. Daily work sheets from Full Force were examined to confirm final depths of the holes and any notes on recovery. Original assay sheets were provided by Actlabs to verify core logs.

A site visit was made by the author to substantiate hole locations, outcrops (pit) and review some of the drill core. Core was taken and check assays carried out at 2 independent labs (see Appendix IV). Cross-sections on only the deepest hole (A-04-15) were drawn as it was the deepest hole and the best mineralized. (figures 23 to 26). The results are deemed reliable and there is no factors that could impact the accuracy of the assay data.

In 2018 one new hole (NC1-18-01) was drilled to a depth of 700m (measured downhole). The core was logged by a certified P.Geo. Dr. Luc Harnois, of Ronacher McKenzie Geoscience. In addition Hole A-04-15 was extended from 300m to 700m depth and logged by the same P.Geo., Dr. Harnois. The log for NC1-18-01 is appended in the Appendix. Core was not re-assayed as no mineralized sections were intersected. No mineralization was intersected in the extended hole A-04-15. All original assay sheets from a full-service accredited Lab were examined by the author for accuracy.



Plate 3: **2015 Crystal Lake Drill Hole Collar**

Plate 4: **Drill Hole Collar**

Holes surveyed by Laird Tomalty, field & logistics manager April, 2016

Table 3: **Summary of 2015 Drill Data**

Hole ID	Easting NAD 83	Northing NAD 83	Azi	Dip	Total Depth (feet)	Total Depth (meters)	Start Date	End Date
A-0-15	431715	5396626	262.8	-45	300	91.43	26-Sep-15	28-Sep-15
A-01-15	430460	5389354	225	-45	500	152.39	10-Oct-15	11-Oct-15
A-02-15	430345	5389425	270	-45	580	176.78	29-Sep-15	01-Oct-15
A-03-15	430223	5389426	90	-45	580	176.69	07-Oct-15	10-Oct-15
A-04-15	430279	5389386	13	-40	1000	304.72	04-Oct-15	07-Oct-15
A-05-15	430246	5389424	13	-40	890	271.27	01-Oct-15	03-Oct-15
A-06-15	430428	5389577	270	-45	680	207.24	09-Oct-15	10-Oct-15
A-07-15	430310	5389821	270	-50	380	115.79	12-Oct-15	13-Oct-15
A-08-15	430192	5389947	10	-45	690	210.27	13-Oct-15	14-Oct-15
A-09-15	430374	5389215	225	-45	500	152.40	15-Oct-15	17-Oct-15

Table 4: **Summary of 2018 DDH**

(summary log had to be created from various Excel files)

Hole ID	Easting NAD 83	Northing NAD 83	Azi	Dip	Total Depth (feet)	Total Depth (meters)	Start Date	End Date
NC1-18-01	430281	5389264	14	-50	2,296	700	24-Mar-18	not stated
A-04-15 (drilled Deeper)	430279	5389386	13	-40	To 2,296	To 700m (extension)	17-Mar-18	23-Mar 18

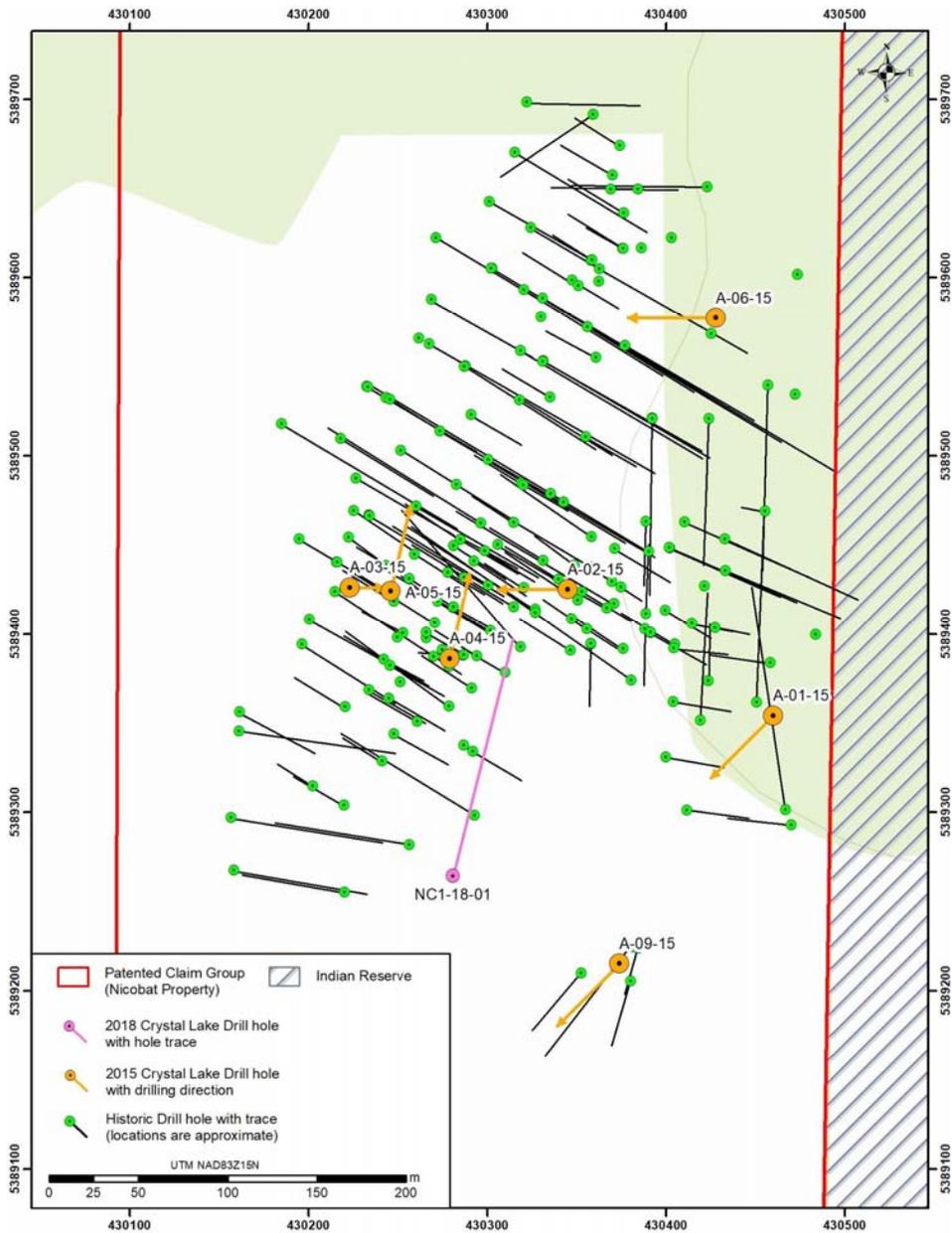


Figure 30: 2015 & 2018 Crystal Lake DDHs on Plan Map of Historical Drill Holes

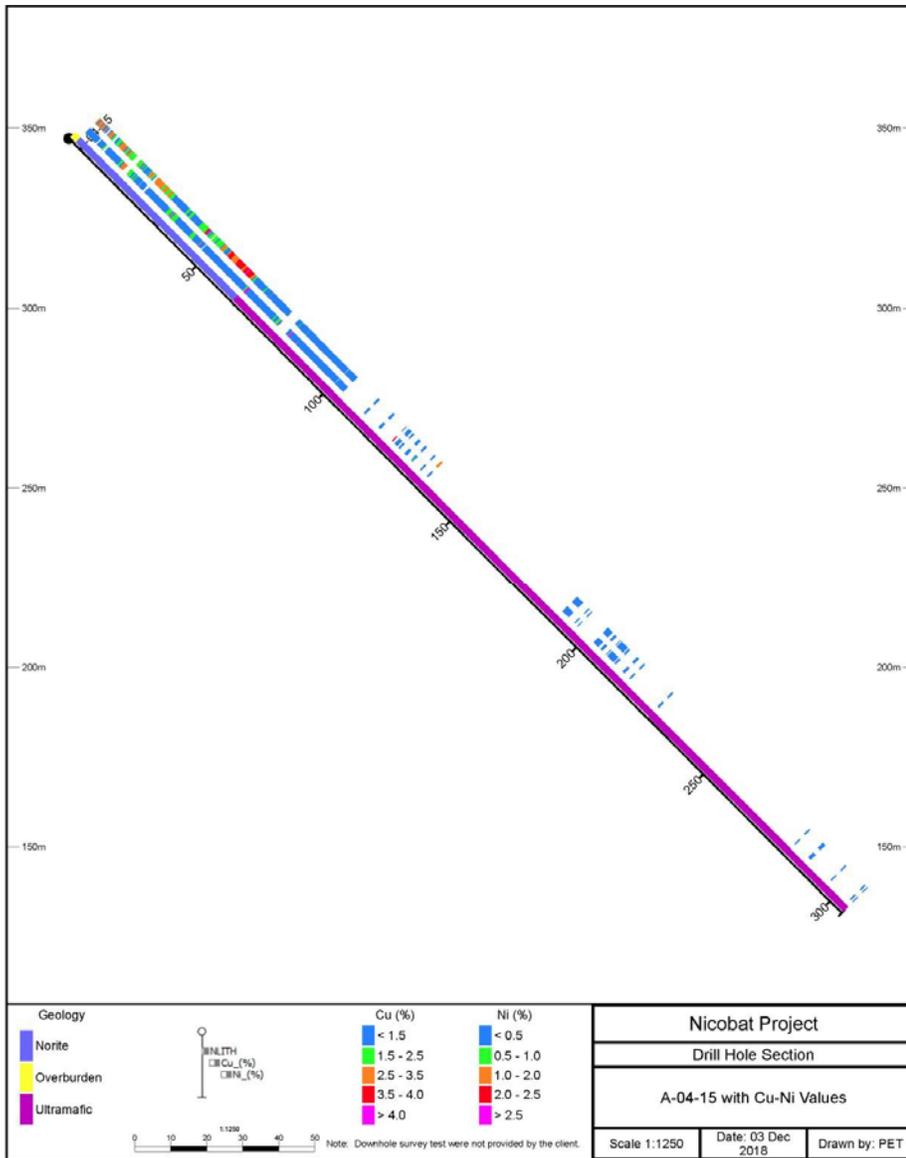


Figure 31: *Cu/Ni Values on DDH A-04-15 Cross Section*

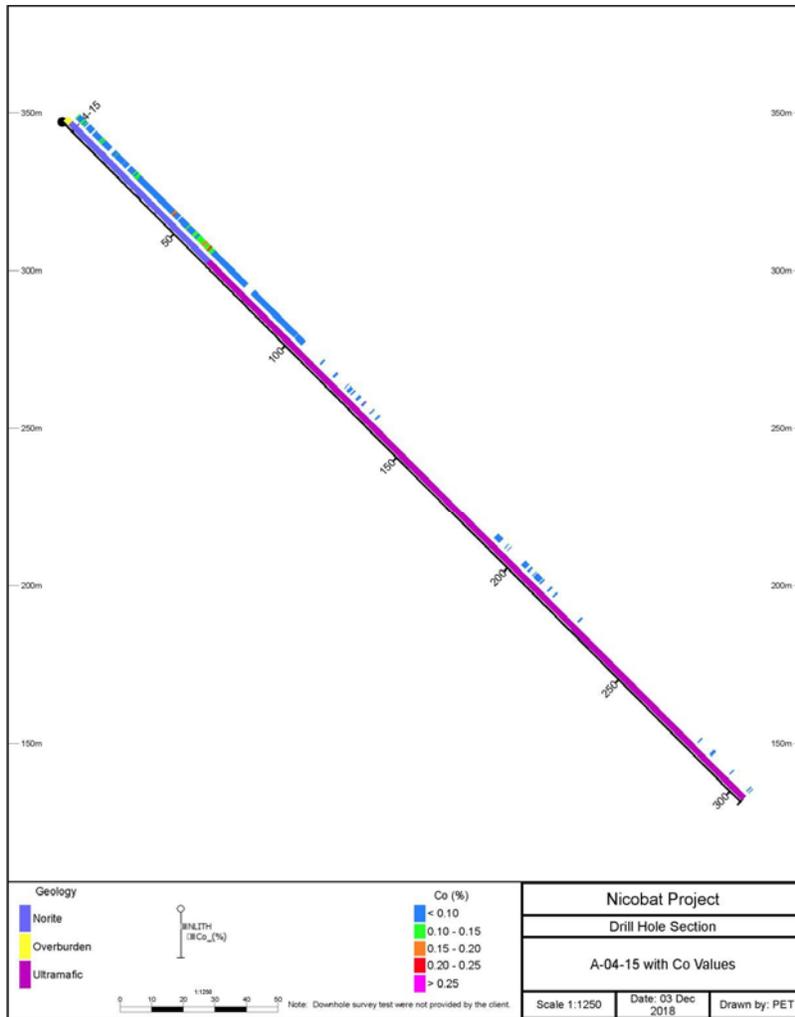


Figure 32: **Co Values on DDH A-04-15 Cross Section**

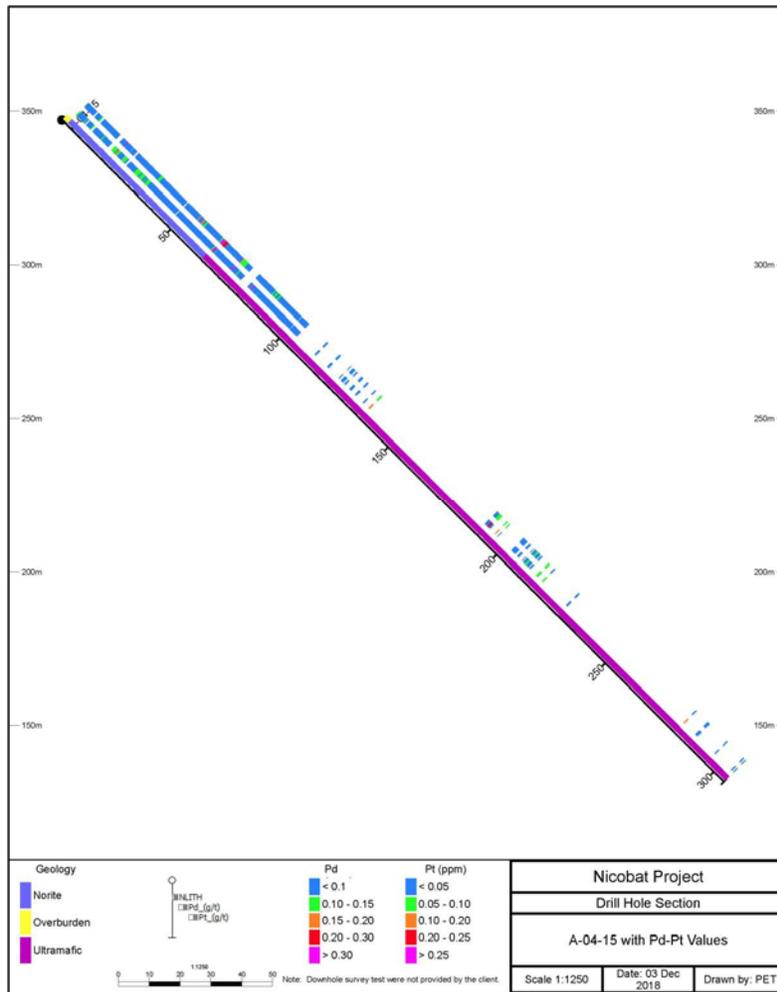


Figure 33: *PGE Values on DDH A-04-15 Cross Section*

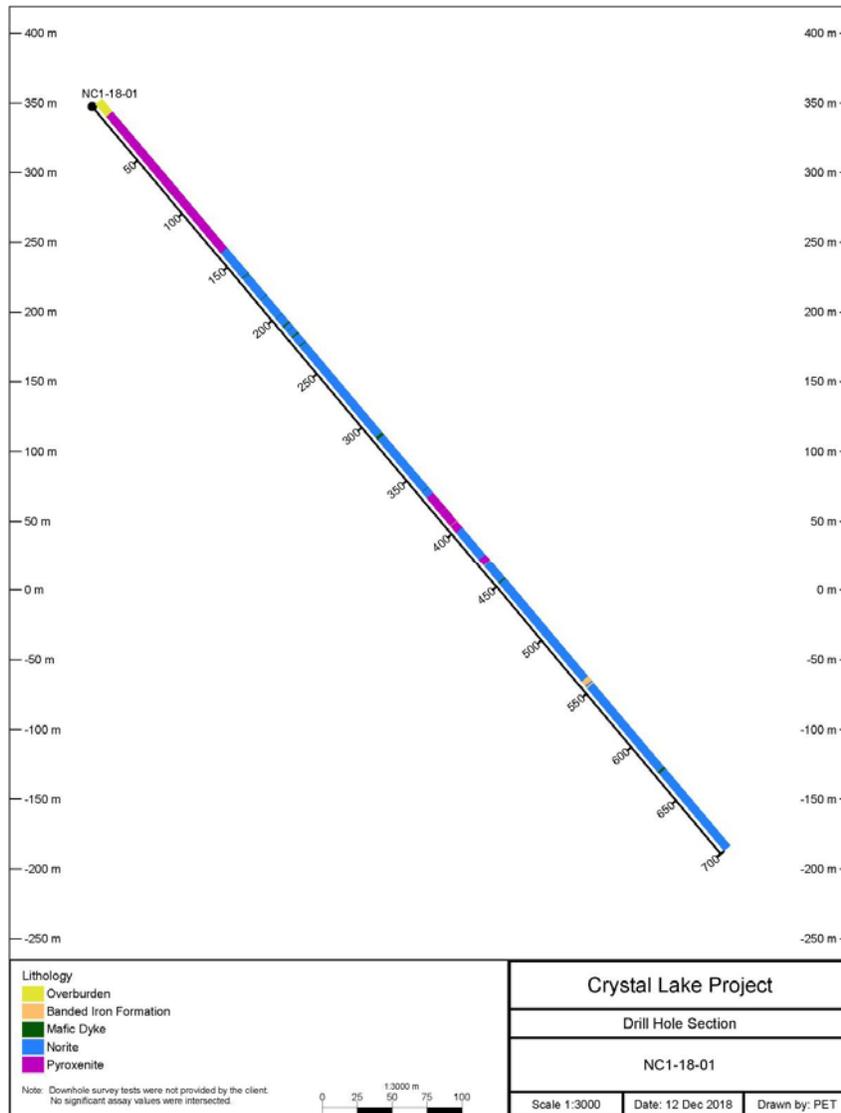


Figure 34: **DDH NC1-18-01 Cross Section**

Observations on 2015 & 2018 Crystal Lake Drill Program

Out of the 10 holes drilled in the 2015 program only one hole A-04-15 showed significant values of copper and nickel. This hole was drilled down the north plunge direction of the deposit into one of the higher-grade “ribs” and may or may not have stayed within the higher grade section as the higher values were not continuous to the end of the hole. (see Figure 33) As a reminder and comparison, historical drill results recorded in the 1950s intersected several “shoots” of higher than average grade of which only one had a resource calculated on it. Each shoot was measured from 3.65m to 12m in width. One “rib or shoot”, Chibtown’s No.1 body, was said to contain from surface to 105m, 204,000 tonnes grading 0.65% Cu, 0.87% Ni. The other six “ribs or shoots” were not similarly documented. All “ribs or shoots” were identified as being surrounded and enclosed within a larger body of lower-grade disseminated sulphide mineralization. *Note that a qualified person has not done sufficient work to classify the historical estimate mentioned above as current mineral resource or mineral reserve. The Issuer is not treating these historical estimates as current mineral resources or mineral reserves. Note too that no calculations can be made for determining an accurate width of the mineralized zone as only one hole was drilled into this shoot.*

Crystal Lake's hole A-04-15 however, confirms the earlier historical drill hole data and gives greater clarity as to average grades since it was drilled down-plunge. From surface to 30m an average grade of 0.78% Ni and 1.86% Cu were assayed. This betters the Chibtown resource mentioned in the previous paragraph and surface bedrock values. Individual assays of copper and nickel are recorded within the sections averaged (see Table 5 below). What is intriguing, and represents the exploration potential of the NICOBAT deposit in 2016 is the depth extent of the mineralization and whether these shoots lead to a massive sulphide zone at depth. It can be assumed that any massive sulphides would be of higher grades given the genetic model sought. . It is not known in 2016 if Hole A-04 deviated from the rib or petered out. A geophysical UTEM survey, carried out in 2018, however, down Hole A-04, did not find any anomalies indicative of a massive sulphide deposit to depth. Hole A-04-15 was extended in 2018 to 700m depth but no mineralization was logged or assayed.

Table 5: Nickel – Copper Values in *DDH A-04-15*

<b>From</b>	<b>To</b>	<b>Core Length</b>	<b>NI</b>	<b>Cu</b>
(m)	(m)	(m)	%	%
2.07	32.16	30.09	0.78	1.86
42.84	46.15	3.31	0.98	1.11
53.95	63.75	9.8	1.92	0.17
63.75	101.29	37.54	0.24	0.71
111.87	137.16	25.29	0.07	0.13
190.24	216.53	26.29	0.04	0.1

The other drill holes did not produce any significant values other than confirming the presence of the surrounding lower grade mineralization. Hole NC1-18-01 drilled to a depth of 700m did not intersect any high grade ribs and a down-hole UTEM survey did not detect any off-hole indications of massive sulphides.

The relationship between the sample length in hole A-04-15 and the true width of the mineralization is unknown and cannot be determined from just the one hole intersection.

### **Sample Preparation, Analyses, and Security**

All core in 2015 was delivered to Activation Laboratories Ltd. (Actlabs), Ancaster, Ontario, for sample preparation and assay. Actlabs is a full service, licensed and highly respected laboratory with offices worldwide and is independent of the Company and Vendor. Before shipping all samples were stored in a locked shed and sealed in buckets when shipped. An electric core saw was used to split the core with 50% of the core retained onsite. This core remains securely locked in a core facility. Core was split onsite at the property and prepared and analyzed by Actlabs for Cu, Ni, Co, Au, Ag, Re, Pt, Pd. Au, Ag, Pt, Pd were analyzed by a fire assay method while Cu, Ni and Co were analyzed by ICP. No preparatory work was carried out by Crystal Lake. Actlabs received the samples, dried them and crushed each sample prior to assay. Actlabs inserted their own blanks and duplicates to test the accuracy of the equipment and accuracy of the results. Crystal Lake personnel relied on Actlabs for sample checks and standards to be inserted in the assaying procedures. The author is confident that the sample preparation and analytical procedures carried out by Crystal Lake and Actlabs was adequate and conformed to industry standards. No confirmation assays were carried out by another Laboratory. In 2018 the drill core was sent to SGS, an international accredited mineral processing Laboratory, for assaying. Processing was by sodium peroxide fusion/ICP-MS package (34 elements). The author visited the core facility and is satisfied that all

normal precautions were taken for security of the sample. Both Laboratories are internationally respected for their services. Actlabs and SGS are accredited by the Standards Council of Canada (SCC) and accredited to international quality standards through the International Organization for Standardization/International Electrotechnical Commission (ISO/IEC) 17025 plus CAN-P-1579 (Mineral Analysis).

### Data Verification

### Site Visit

Luc Harnois (Ph.D., P.Geo.), senior project geologist for Ronacher McKenzie Geoscience, was on the property from 15<sup>th</sup> March 2018 to 6<sup>th</sup> April 2018. During his stay on the property, hole A-04-15 was drilled (extended) from 300m to 700m, and hole NC1-18-01 was drilled from 0 to 700m. The work done and the observations by Dr. Harnois include:

- Locating holes A-04-15 and NC1-18-01
- Core logging
- Core sampling



Drill hole A-04-15, 17 March 2018.



Reflex APS on NC1-18-01, 24 March 2018. APS data: LAT 48deg 39min 9.0601s, LONG 93deg 56min 47.8674sec, ELEV 350.3m. The collar is at UTM (NAD83, zone 15) 430281.1E, 5389263.8N, ELEV 347.3m (ground level).

Core logging and sampling was done by Dr. Harnois. Core cutting and sampling was done on site. Standards (OREAS70b and OREAS73a), as well as blanks and duplicates were inserted in the sampling sequence for quality control. 15% of all the bags sent to the SGS laboratory for analysis were standards, blanks and duplicates. Dr. Harnois was present when SGS picked up the drill core samples.



Core logging facility (white building to the left) and core storage (smaller white building in the middle). The doors of both buildings were locked when the logger and helpers were not present on site. Angus Road, near Emo, Ontario, 24 March 2018.



Core logging facility, 24 March 2018. The door to the left leads to the core saw room.

A transient electromagnetic (TEM) airborne survey over the property was also done in March 2018:



TEM survey by CGG, 18 March 2018.



TEM survey by CGG, 18 March 2018.

According to a search of the Ontario Assessment Files Database (OAFD), the System for Electronic Document Analysis and Retrieval (more commonly known as SEDAR), and the Crystal Lake website, there was no more work done on the property after April 2018.

### Data Verification

Crystal Lake did not perform any data verification of assay results. No blanks or standard samples were inserted into the samples sent to the Laboratories. Actlabs and SGS perform routine assay checks however and nothing unusual was recorded by either Lab. Check assays taken by Paul Pitman on 2015

core confirmed the reliability of the original results (Appendix 1V). All assay data is deemed reliable by the principal author. In 2018 standards from Ore Research and Exploration (OREAS) were inserted to check on the SGS Laboratory. As well blanks were also inserted. OREAS of Australia provides reference materials to mining companies to provide geologists with an effective means of ensuring quality control. SGS Mineral Services of Toronto, Canada is one such participating Laboratory.

### **Mineralization**

No modern mineral processing or metallurgical tests have been conducted to date. In 1956 Stratmat drilled over 15,244m with metallurgical work producing a concentrate of 2.64% Ni and 1.62% Cu with 83% recovery for nickel and 92% for copper. Additional details are unknown and no full report of this work exists in the public domain other than the above mentioned information.

In 1966 Chibtown Copper produced an 80% concentrate of 7% Ni and 11% Cu from a head grade of combined 0.52% Cu-Ni. Cobalt assays were up to 0.38% Co but averaged only 0.05% Co. In 1968 Long Lac Mineral Explor. took a bulk sample for metallurgical work but full results were not reported other than producing a concentrate of 2.10% Ni and 2.61% Cu. The Issuer reported that the drill cuttings assayed 0.25% Ni and 0.18% Cu.

Details of historical metallurgical work are scanty with very little information provided in the Mining Files of the Ontario Government.

### **Interpretation and Conclusions**

The NICOBAT Project, as presented in this report, is a base-metal project in which a nickel-copper-PGE polymetallic sulfide zone has been partially outlined by historical drilling and further work is proposed. Historical drilling by Chibtown Copper outlined several lenses which aggregated to a potential 4.8 to 6.35 million mt averaging 0.24% Ni and 0.28% Cu. Note that a qualified person has not done sufficient work to classify the above historical estimate as a current mineral resource or mineral reserve. The Issuer is not treating these historical estimates as current mineral resources or mineral reserves. Details, such as logs and method of calculation of this work are unavailable; the point to be made by the author of this report is that a body of mineralized norite may host higher-grade mineralization to depth if indirect evidence of the presence of massive sulphide mineralization can be located by deep geochemical surveys presenting targets for diamond drilling. It is the writer's opinion that the SGH geochemical data strongly suggests that further deep drilling is warranted and that the data points to potentially undiscovered sulphide mineralization.

There are no risks in the reliability of the data presented in this report. The projects mineral potential depends on the results from future drilling campaigns.

The exploration area is protected by patented lands with excellent infrastructure, rail and power. The project is led by Dr. Peter Lightfoot, technical advisor to Crystal Lake. Dr. Lightfoot is a retired geologist from Inco and Vale with decades of international experience in copper-nickel ores.

The polymetallic sulphides (copper-nickel-cobalt-PGEs) located within the two patented claims describe a N-S trending linear noritic target measuring 305 m by an average of 210m in width to a depth of 245m or deeper. Historically, metallurgical tests on bulk samples from the near surface mineralization yielded concentrates grading up to 11% Cu and 7% Ni. This mineralization remains possibly open to the north (down plunge) and perhaps to depth as defined by geochemical survey results. Recent drilling in 2015 confirmed that the historical information is correct and that higher-grade "ribs" are present, surrounded by lower-grade nickel-copper mineralization. Grades from hole A-04-15 are quite good and the indicated deep targets located by the SGS geochemical survey then massive sulphides with expected higher-grades may be found further downplunge.

While downhole and surface geophysics failed to outline any anomalies to depth of the high-grade shoots, drilling of hole NC1 18-01 was located at the southern end of the patents. Since the shoots plunge northward it is proposed to drill one deep 700m hole at the northern end of the project centered on the SGH geochemical anomaly. Testing of this deep geochemical anomaly has been ignored by previous explorers.

## **PART IV - INFORMATION CONCERNING THE RESULTING ISSUER**

### **Corporate Structure**

#### *Name and Incorporation*

Following the Completion of the Qualifying Transaction, the Resulting Issuer will operate under the name "Usha Resources Ltd." and will be governed by the provisions of the BCBCA.

The head office of Usha will be located at 1575 Kamloops Street, Vancouver, British Columbia V5K 3W1.

### **Intercorporate Relationships**

After the closing of the Qualifying Transaction, the corporate structure of the Resulting Issuer will not change. The Resulting Issuer will not have any subsidiaries.

### **Narrative Description of the Business**

The Resulting Issuer's business objectives after the Completion of the Qualifying Transaction will be the continued exploration and development of the Property and other properties in which the Resulting Issuer may thereafter acquire an interest.

#### *Stated Business Objectives and Milestones*

The Resulting Issuer intends to take all actions and to fulfill all requirements to ensure the land tenements comprising the Property are maintained in accordance with regulatory requirements.

After Completion of the Qualifying Transaction, the Resulting Issuer intends to perform work on the Property to establish whether deep mineralized targets on the patented ground can be located by one further drill test. The work is expected to be completed in 2019 and the costs associated with the work are set out under the heading below.

#### *Development of the Property*

Based on management of the Resulting Issuer's analysis of the Property, the Technical Report and recommendations from the author of the Technical Report, the Resulting Issuer intends to complete the following exploration and development activities after the Completion of the Qualifying Transaction:

### **Proposed Budget for 2019 Exploration**

Purpose/Category	Unit Cost**	Total Costs/	Notes
<b>Field Head Office/Administration</b>			
House rent for geos - Emo	\$500/mo	\$1,000	
Emo Motel costs - drillers	\$500/day	\$5,000	
communications (phone/ cell)	110/mo	\$1,000	
long distance to USA	75/mo	\$300	

internet	75/mo	\$200	
office and logging supplies		\$1,000	
<b>Labor Costs</b>			
Contract Field Geologist	\$1,000/day	\$15,000	<i>Logging core, manage drill</i>
Report Writing/Assay comp.	\$100/hr	\$5,000	<i>Revise NI 43-101 ?</i>
Field Tech /core cutting	\$ 250.00/day	\$7,000	<i>Billed on a daily project basis</i>
<b>Travel/Vehicle Rentals</b>			
airfare/mobilization to site	variable	\$5,000	
truck rental	\$ 1,500/mth	\$2,000	
other field services 4wheel carts	\$1,500/mth	\$1,500	
<b>Line Re-location, establish pickets</b>			
Grid location, drill site recon	\$1,000/day	\$3,000	
<b>Housing&amp; Equipment Costs</b>			
Food, heating, taxes, electricity	\$100/day x 3mo	\$1,000	
<b>Geophysics</b>			
UTEM Downhole of 2109 holes		\$20,000	
interpretation of survey/mob etc		\$2,000	
<b>Geochemistry</b>			
Grid tightening of SGS 2019 survey		\$25,000	
Interpretation, report costs		\$5,000	
<b>Contract drilling Costs</b>			
Direct Costs of vertical 700m hole		\$100,000	
Other contract costs; fuel etc		\$25,000	
<b>Contingency (Overruns) @ 10%</b>		\$25,000	
	<b>Total</b>	<b>\$250,000</b>	

The completion of the above noted activities are estimates only and subject to change.

### Description of the Securities

Upon Completion of the Qualifying Transaction, the Usha Shares will be the Resulting Issuer Shares, the Usha Warrants will be the Resulting Issuer Warrants, the Usha Options will be the Resulting Issuer Options and the Usha Agent's Options will become the Resulting Issuer Agent's Options. For a description of the attributes of the Usha Shares, Usha Warrants, Usha Options and the Usha Agent's Options, please refer to "Part II – Information Concerning Usha – Description of Securities" of this Filing Statement.

Upon Completion of the Qualifying Transaction, it is expected that there will be 10,227,000 Resulting Issuer Shares, 4,527,000 Resulting Issuer Warrants, 420,000 Resulting Issuer Options and 200,000 Resulting Issuer Agent's Options outstanding.

### Pro Forma Consolidated Capitalization

The following table sets forth the pro forma of the Resulting Issuer as at June 30, 2019 on a consolidated basis.

Designation of Security	Amount authorized or to be authorized	Amount outstanding before giving effect to the Transaction or the Private Placement	Amount outstanding after giving effect to the Transaction	Amount outstanding after giving effect to the Transaction and the Private Placement
Resulting Issuer Shares	unlimited	4,200,000	5,700,000	10,227,000
Resulting Issuer Options	10%	420,000	420,000	420,000
Resulting Issuer Agent's Options	200,000	200,000	200,000	200,000
Resulting Issuer Warrants	unlimited	Nil	Nil	4,527,000
<b>Total</b>		4,820,000	6,320,000	15,374,000

### Fully Diluted Share Capital

The following tables outline the expected number and percentage of securities of the Resulting Issuer to be outstanding after giving effect to the Transaction:

#### After Giving Effect to the Proposed Qualifying Transaction

Designation of Security	Number	Percentage (fully-diluted)
<b>Resulting Issuer Shares</b>		
Shares Issued and Outstanding	10,227,000	66.52%
<b>Total (non-diluted)</b>	<b>10,227,000</b>	
<b>Reserved for issuance under:</b>		
Share purchase warrants	4,527,000	29.45%
Usha Options	420,000	2.73%
Usha Agent's Options	200,000	1.30%
<b>Total (fully-diluted)</b>	<b>15,374,000</b>	<b>100%</b>

### Resulting Issuer Shares

<b>Issued To</b>	<b>Amount outstanding after giving effect to the Transaction</b>	<b>Percentage of total Resulting Issuer Shares after giving effect to the Transaction and Private Placement (non-diluted)</b>	<b>Percentage of total Resulting Issuer Shares after giving effect to the Transaction and Private Placement (fully diluted)</b>
Issued and Outstanding prior to the Transaction and Private Placement	4,200,000	41.07%	27.32%
Emerald Lake	1,500,000	14.67%	9.76%
Private Placement purchasers	4,527,000	44.27%	29.45%
<b>Total</b>	<b>10,227,000</b>	<b>100%</b>	<b>66.52%</b>

### Resulting Issuer Options

<b>Issued To</b>	<b>Amount outstanding after giving effect to the Transaction</b>	<b>Percentage of total Resulting Issuer Securities after giving effect to the Transaction and Private Placement</b>
Resulting Issuer directors/officers	420,000	2.73%
Resulting Issuer Agent's Options	200,000	1.30%

### Resulting Issuer Warrants

<b>Issued To</b>	<b>Amount outstanding after giving effect to the Transaction</b>	<b>Percentage of total Resulting Issuer Securities after giving effect to the Transaction and Private Placement</b>
Private Placement	4,527,000	29.45%

## Available Funds and Principal Purposes

### Available Funds

Usha anticipates that immediately following Completion of the Qualifying Transaction, the Resulting Issuer will have available funds of approximately \$502,065, based on estimated working capital as at August 31, 2019 and net proceeds to be received from the Private Placement. Estimated fees of the Transaction and Private Placement at Closing will be approximately \$60,000. Based on the funds available, represented in the table below, the Resulting Issuer intends to initiate exploration work on the Property and to use the funds for general working capital purposes.

	<b>Working Capital at Closing (\$)</b>	<b>Private Placement \$</b>	<b>Total Funds Available \$</b>
Usha	65,000 <sup>(1)</sup>	472,065	537,065
Less Expenses of Transaction or Private Placement <sup>(2)(3)</sup>	(20,000) <sup>(2)</sup>	(10,000) <sup>(3)</sup>	(35,000)
<b>Total</b>	<b>45,000</b>	<b>462,065</b>	<b>502,065</b>

Notes:

1. Unaudited estimates based on figures from Usha as of August 31, 2019.

2. Includes the balance of the estimated expenses related to Exchange filings and expenses related to completion of the Transaction.

3. Includes expenses related to the completion of the Private Placement and total anticipated finder's fees in the amount of \$5,500, payable to arm's length parties.

### *Principal Purposes of Funds*

It is expected that the Resulting Issuer will have an aggregate of \$502,065 available in the 12 months following the Completion of the Qualifying Transaction. The following table sets out the principal uses of the funds available over the following 12 months. The principal purposes of the available funds will be as follows:

<b>Principal Use of Funds</b>	<b>Amount</b>
Exploration work on the Property	\$250,000
General and administrative costs	\$100,000
Unallocated working capital	\$152,065
<b>TOTAL</b>	<b>\$502,065</b>

The Resulting Issuer will spend the available funds on completion of the principal purposes as indicated above. Notwithstanding the foregoing, there may also be circumstances where, for sound business reasons, a reallocation of funds may be necessary for the Resulting Issuer to achieve these objectives. The Resulting Issuer will require additional funds in order to fulfill all of the Resulting Issuer's expenditure requirements to meet its objectives, in which case the Resulting Issuer expects to either issue additional equity securities or incur indebtedness. There is no assurance that additional funds required by the Resulting Issuer will be available if needed. However, it is anticipated that the available funds will be sufficient to satisfy the Resulting Issuer's objectives over the next 12 months.

### **Dividends**

The proposed directors of the Resulting Issuer anticipate that the Resulting Issuer will retain all future earnings and other cash resources for the future operation and development of its business, and accordingly, do not intend to declare or pay any cash dividends in the foreseeable future. Payment of any future dividends will be at the discretion of the board of the directors of the Resulting Issuer after taking into account many factors including the Resulting Issuer's operating results, financial condition and current and anticipated cash assets.

## Principal Securityholders

To the knowledge of Usha, upon completion of the Private Placement and the Transaction, no person will beneficially own, directly or indirectly, or exercise control or direction over more than 10% of the Resulting Issuer Shares.

## Directors, Officers and Promoters

### *Name, Address, Occupation and Security Holdings*

The following are the names and municipalities of residence of each proposed director and officer of the Resulting Issuer, the positions and offices to be held with the Resulting Issuer, their respective principal occupations within the five preceding years and the number and percentage of common shares of the Resulting Issuer which will be held by each of them on completion of the Transaction, after giving effect to the Private Placement. Each director will hold office until the next annual meeting of the Resulting Issuer unless his office is earlier vacated in accordance with the BCBCA.

<b>Name and Place of Residence</b>	<b>Principal Occupation for the Past Five Years</b>	<b>Date First Elected/Appointed as a Director or Officer</b>	<b>Number and Percentage of Voting Usha Shares Beneficially Owned, Directly or Indirectly, or Controlled by the Proposed Director/Officer<sup>(1)</sup></b>
Deepak Varshney <sup>(3)</sup> Vancouver, British Columbia	President of NKV Engineering & Consulting Ltd.	February 26, 2018	950,000 9.29%
Khalid Naeem Surrey, British Columbia	Certified Professional Accountant	To be appointed at the closing of the Transaction	Nil
Navin Varshney <sup>(3)</sup> Vancouver, British Columbia	Project Manager/ Geologist	February 26, 2018	950,000 9.29%
David Ellett <sup>(2) (3)</sup> Phoenix, Arizona, USA	Mortgage Loan Originator	February 26, 2018	200,000 1.96%
Leif Smither Vancouver, British Columbia	Director, Earny Resources Ltd.; President/Director, Jaxon Minerals Inc.	August 17, 2018	100,000 0.98%

Notes:

1. The information as to the Usha Shares owned, not being within the knowledge of Usha, has been provided by the respective Directors and Officers.
2. Chairman of Audit Committee.
3. Member of Audit Committee.

It is anticipated that the Audit Committee will be comprised of three individuals as follows: Messrs. Deepak Varshney, Navin Varshney and David Ellett. Messrs. Navin Varshney and David Ellett will be “independent”, as such term is defined within the meaning of National Instrument 52-110. Mr. Deepak Varshney will not be independent as he will be an officer of the Resulting Issuer. Each proposed member of the Audit Committee is “financially literate”, as such term is defined within the meaning of National Instrument 52-110 and possesses education or experience that is relevant for the performance of their responsibilities as Audit Committee members.

The term of office of the directors expires annually at the time of the Resulting Issuer’s annual general meeting or when or until their successor is duly appointed or elected. The term of office of the Resulting

Issuer's executive officers expires at the discretion of the Resulting Issuer's directors. One of the directors of the Resulting Issuer will not be independent of the Resulting Issuer within the meaning of National Instrument 58-101. Deepak Varshney is the proposed Chief Executive Officer and Secretary of the Resulting Issuer. The remaining proposed directors of the Resulting Issuer are independent within the meaning of National Instrument 58-101.

It is not anticipated that any of the management of the Resulting Issuer will enter into non-competition or non-disclosure agreements after the Completion of the Qualifying Transaction.

### **Shareholdings of Directors and Executive Officers**

As at the date of this Filing Statement, after giving effect to the Transaction, the proposed directors and executive officers of the Resulting Issuer, as a group, will own 2,200,000 Resulting Issuer Shares, representing approximately 25.21% of the issued and outstanding Resulting Issuer Shares.

### **Biographies of Directors and Executive Officers**

The following is a brief description of each of the proposed directors and executive officers of the Resulting Issuer (including details with regard to their principal occupations for the last five years).

*Deepak Varshney – Chief Executive Officer, Secretary and Director, Age 31*

Mr. Deepak Varshney has a B.Sc. in Earth Sciences (Geology) from Simon Fraser University. Deepak is the Senior Project Manager at TRI Environmental Consulting Inc., an environmental consulting firm.

From May 2012 to August 2014, Deepak acted as Environmental Geologist / Project Manager for Pacific Environmental Consulting Ltd., an environmental consulting firm.

Deepak received a P. Geo. designation from Engineers and Geoscientists British Columbia in June 2018.

*Khalid Naeem, Chief Financial Officer, Age 43*

Mr. Khalid Naeem has over 15 years of experience. Mr. Naeem started his career in public practice and has held progressively more senior roles in junior mining, oil and gas public companies. He moved on and started working for Canada Revenue Agency (CRA) in 2008, where he worked in tax and compliance areas and held progressive senior positions before leaving CRA in October 2018. Mr. Naeem has extensive experience in tax and compliance, public and private enterprises' financial policy, management and internal financial reporting.

As CFO of the Resulting Issuer, his responsibilities will include operational and financial strategy, governance and risk management and financial reporting for the Company. Mr. Naeem is a Chartered Professional Accountant (CPA, CGA) and is also a member of Association of Chartered Certified Accountant (ACCA).

*Navin Varshney, Director, Age 60*

Mr. Navin Varshney is the President of N.K.V. Engineering & Consulting Ltd., a private company involved in providing structural and geotechnical engineering services on residential projects for the last 27 years. Navin has also been a director and officer of a number of mineral exploration companies listed on the Exchange, including Earny Resources Ltd., Jaxon Minerals Inc., Naina Capital Corp. and Sunset Cove Mining Inc. (formerly, Numine Resources Ltd.). Navin obtained his Bachelor of Science degree in Engineering in 1982 from the Aligarh Muslim University in India. Navin received a P. Eng. designation from Engineers and Geoscientists British Columbia.

*Leif Smither, Director, Age 47*

Mr. Leif Smither currently serves as a director of Earny Resources Ltd. (TSXV), a position he has held since February 2011. Leif was previously a director of Jaxon Mining Inc. (TSXV) from March 2007 to October 2016 where he was involved in raising funds for the company's exploration work. Leif was a consultant for Westminster Resources Ltd. (TSXV) from 2008 to 2016. He was also the Head of Corporate Development for Starfield Resources Inc. from 2003 to 2007. At the time of Leif's involvement, Starfield Resources Inc. was a TSXV Tier 1 issuer and it is now a Toronto Stock Exchange issuer. While engaged by Starfield Resources Inc., Leif was involved in raising funds to advance one of the largest undeveloped nickel copper deposits.

Leif completed the Professional Financial Planner course at the Canadian Securities Institute in 1997. He was granted the Professional Financial Advisor designation by the Canadian Securities Institute in 1997. He is currently a non-practicing Professional Financial Advisor.

*David Ellett, Director, Age 55*

Mr. David Ellett served as a director Earny Resources Ltd. (TSXV) from May 2015 to May 2017. He also worked for Sierra Iron Ore Corp. (TSXV) from June 2001 to July 2014 and Victory Resources (TSXV). His work for these two companies was focused on logistics. He was involved in purchasing and arranging for the movement of equipment for exploration projects. He has also been involved in the logistics for drilling and other exploration projects.

David played NHL Hockey for 16 years, spending most of his career in Winnipeg and Toronto.

During his NHL career he co-founded Prolce Management, a wealth management company geared towards professional athletes. After his retirement from the NHL he continued with Prolce Management and other business ventures which included owning and managing an automotive dealership, a CHL hockey franchise and working in the mining industry.

David has also been a licensed Mortgage Loan Originator with American Pacific Mortgage since June 2016.

### ***Promoter Considerations***

Navin Varshney may be considered to be a Promoter of Usha in that he took the initiative in organizing Usha and Usha's Qualifying Transaction. Assuming Completion of the Qualifying Transaction, Mr. Varshney will hold an aggregate of 950,000 Resulting Issuer Shares representing 9.29% of the issued and outstanding Resulting Issuer Shares. Mr. Varshney will also hold Resulting Issuer Options to acquire an additional 147,500 Resulting Issuer Shares at a price of \$0.10 per Resulting Issuer Share.

Navin Varshney's son, Deepak Varshney may be considered an Associate of Mr. Navin Varshney. Assuming Completion of the Qualifying Transaction, Mr. Deepak Varshney will also hold an aggregate of 950,000 Resulting Issuer Shares representing 9.29% of the issued and outstanding Resulting Issuer Shares. Mr. Deepak Varshney will also hold Resulting Issuer Options to acquire an additional 147,500 Resulting Issuer Shares at a price of \$0.10 per Resulting Issuer Share.

### ***Corporate Cease Trade Orders or Bankruptcies***

No proposed director, officer or promoter of the Resulting Issuer, or any shareholder anticipated to hold sufficient number of securities of the Resulting Issuer to materially affect the control of the Resulting Issuer, is, or, within 10 years before the date of this Filing Statement, has been, a director, officer or promoter of any person or company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order that denied the relevant company access to any exemptions under applicable securities legislation that was in effect for a period of more than 30 consecutive days; or
- (b) became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold the assets of that person.

**Penalties or Sanctions**

No proposed director, officer or promoter of the Resulting Issuer, or any shareholder anticipated to hold a sufficient number of securities of the Resulting Issuer to materially affect control of the Resulting Issuer; is, or, within the last 10 years, has been:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable investor making an investment decision.

**Personal Bankruptcies**

No proposed director, officer or promoter of the Resulting Issuer, or any shareholder anticipated to hold sufficient securities of the Resulting Issuer to materially affect the control of the Resulting Issuer, or a personal holding company of any such persons, has, within the last 10 years, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or been subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the individual.

**Conflicts of Interest**

There are potential conflicts of interest to which the directors, officers and promoter of the Issuer will be subject in connection with the operations of the Issuer. Some of the directors, officers and promoter have been and will continue to be engaged in the identification and evaluation, with a view to potential acquisition of interests in businesses and corporations on their own behalf and on behalf of other corporations, and situations may arise where the directors and officers will be in direct competition with the Issuer. Conflicts, if any, will be subject to the procedures and remedies under the *Business Corporations Act* (British Columbia).

**Other Reporting Issuer Experience**

The following table sets out the proposed directors, officers and promoters of the Resulting Issuer that are, or have been within the last five years, directors, officers or promoters of other reporting issuers:

Name	Name of Reporting Issuer	TSXV or Market	Position	From	To
Navin Varshney	Earny Resources Ltd.	TSXV	Director, President, CEO and Corporate Secretary	February 2011	March 2019
	Jaxon Mining Inc.	TSXV	Director	November 2006	March 2017

David Ellett	Earny Resources Ltd.	TSXV	Director	May 2015	May 2017
Leif Smither	Earny Resources Ltd.	TSXV	Director	February 2011	March 2019
	Jaxon Mining Inc.	TSXV	Director and President	March 2007	October 2016

## **Executive Compensation**

### ***Compensation Discussion and Analysis***

After Completion of the Qualifying Transaction, it is expected that the executive compensation structure of the Resulting Issuer and the philosophy of the directors of the Resulting Issuer in respect of executive compensation will be substantially similar to that of Usha.

### ***Summary Compensation Table – Proposed Compensation***

Upon Completion of the Qualifying Transaction, each of Deepak Varshney (proposed Chief Executive Officer, Secretary and Director of Usha) and Khalid Naeem (proposed CFO of Usha) will enter into employment agreements with the Resulting Issuer pursuant to which each of Messrs. Varshney and Smither will provide their respective services to the Resulting Issuer. The terms and conditions of such employment agreements have not yet been determined and will be subject to the prior approval of the Resulting Issuer's board of directors.

### ***Incentive Plans Awards***

#### *Share-based awards*

During the 12-month period following Completion of the Qualifying Transaction, it is not expected that the Resulting Issuer will grant any share-based awards, being awards granted under an equity incentive plan of equity-based instruments that do not have option-like features, including, for greater certainty, common shares, restricted shares, restricted share units, deferred share units, phantom shares, phantom share units, common share equivalent units, and stock.

#### *Option-based awards*

The Resulting Issuer intends to grant Resulting Issuer Options to its directors, officers, employees and consultants; however, the details of such grants have not yet been determined and will be subject to the prior approval of the Resulting Issuer's board of directors. Such stock options are expected to be granted under the Stock Option Plan which will be assumed by the Resulting Issuer. For an overview of the Stock Option Plan, please see the discussion under the heading "Part II – Information Concerning Usha – Stock Option Plan".

#### *Pension Plan Benefits*

During the 12-month period following Completion of the Qualifying Transaction, it is not expected that the Resulting Issuer will provide for defined benefit plans or defined contribution plans, being plans that provide for payments or benefits at, following, or in connection with retirement, or provide for deferred compensation plans.

#### *Compensation of Directors*

It is anticipated that the directors of the Resulting Issuer will be paid fees for their services; however, the amounts of such fees will be determined in the discretion of the board of directors of the Resulting

Issuer following Completion of the Qualifying Transaction. The Resulting Issuer may also grant stock options to directors in recognition of the time and effort that such directors devote to the Resulting Issuer. It is not anticipated that directors who are otherwise employed by or engaged to provide services to the Resulting Issuer will be paid director's fees.

### Indebtedness of Directors and Officers

No individual who is, or at any time since the beginning of the most recently completed financial year of Usha, was, a director or officer of Usha, no proposed director or officer of the Resulting Issuer, and no associate of any such director, officer or proposed nominee, is indebted to Usha or any of its subsidiaries (other than for "routine indebtedness" as defined by applicable securities legislation) or has any indebtedness that is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by Usha or any of its subsidiaries.

### Investor Relations Arrangements

There is no written or oral agreement or understanding that has been reached with any person to provide any promotional or investor relations services for the Resulting Issuer.

### Options to Purchase Securities

Other than as set out in the table below, as at the date of this Filing Statement, there are no stock options to purchase securities of the Resulting Issuer that will be held upon Completion of the Qualifying Transaction by:

- proposed officers of the Resulting Issuer as a group and proposed directors of the Resulting Issuer who are not also officers as a group;
- officers of all subsidiaries of the Resulting Issuer as a group and directors of those subsidiaries who are not also officers of the subsidiary as a group;
- other employees of the Resulting Issuer as a group;
- consultants of the Resulting Issuer as a group; and
- any other person or company, including any agent or underwriter.

The following table sets out information, as of the date of this Filing Statement, of Usha Options to purchase Resulting Issuer Shares that will be held upon Completion of the Qualifying Transaction to the extent presently known:

Class of Optionee	Name of Holder	Type of Security	Number of Resulting Issuer Shares Under Option	Exercise Price (\$)	Expiry Date <sup>(1)</sup>
Proposed Director and Officer	Deepak Varshney	Usha Options	147,500	\$0.10	October 12, 2023
Proposed Director	Leif Smither	Usha Options	50,000	\$0.10	October 12, 2023
Proposed Director	Navin Varshney	Usha Options	147,500	\$0.10	October 12, 2023
Proposed Director	David Ellett	Usha Options	75,000	\$0.10	October 12, 2023

Notes:

1. In accordance with TSXV Policy 2.4, these Resulting Issuer Options will expire on the later of twelve (12) months following the Completion of the Qualifying Transaction and ninety (90) days after the holder ceases to be a director, officer, employee or consultant of the Resulting

Issuer.

### Stock Option Plan

Upon Completion of the Qualifying Transaction, the Resulting Issuer will retain the Stock Option Plan adopted by Usha. See “Part II – Information Concerning the Resulting Issuer – Description of Securities – Stock Option Plan”.

### Escrowed Securities

#### CPC Escrowed Shares

Subject to the CPC Escrow Agreement among Usha, Computershare Investor Services Inc. and the founding shareholders of Usha, 10% of such securities shall be released from escrow on the completion of the Proposed Transaction (the “Initial Release”) and an additional 15% shall be released on the dates that are 6 months, 12 months, 18 months, 24 months, 30 months and 36 months following the Initial Release.

Name and Municipality of Residence of Securityholder Holder	Designation of Class	Prior to Giving Effect to the Proposed Transaction and the Private Placement		After Giving Effect to the Proposed Transaction <sup>(1)(2)</sup>	
		No. of securities held in escrow	Percentage of Class	No. of securities held in escrow	Percentage of Class
Navin Varshney <i>Vancouver, British Columbia</i>	Common Shares	950,000	22.62%	950,000	9.29%
Deepak Varshney <i>Vancouver, British Columbia</i>	Common Shares	950,000	22.62%	950,000	9.29%
David Ellett <i>Phoenix, Arizona</i>	Common Shares	200,000	4.76%	200,000	1.96%
Leif Smither <i>Vancouver, British Columbia</i>	Common Shares	100,000	2.38%	100,000	0.98%
<b>Total</b>		<b>2,200,000</b>	<b>52.38%</b>	<b>2,200,000</b>	<b>21.51%</b>

Notes:

1. Assumes that the escrowed shareholders in the above table do not purchase Resulting Issuer Shares pursuant to the Private Placement.
2. After completion of the share issuance to Emerald Lake and after completion of the Private Placement.

### Auditor, Transfer Agent and Registrar

The auditors of the Issuer are Davidson & Company LLP with an address at 1200-609 Granville St, Vancouver, BC V7Y 1G6.

The Registrar and Transfer Agent for the Common Shares of the Issuer is Computershare Investor Services Inc. with an address at 510 Burrard St, 3rd Floor Vancouver, BC V6C 3B9.

## **PART V – GENERAL MATTERS**

### **Sponsorship Relationship**

Usha has applied for an exemption from sponsorship requirements in connection with the Transaction, as such requirements are defined in TSXV Policy 2.4.

### **Experts**

#### *Reports and Opinions*

The following professional persons have prepared reports or provided opinions that are either included in or referred to in this Filing Statement:

- Davidson & Company LLP, Chartered Professional Accountants, have provided auditor's report on the financial statements of Usha for the year ended March 31, 2019, a copy of which is attached hereto as part of SCHEDULE A.
- Paul Pitman, B.Sc. P.Geo., and Luc Harnois, PhD, P.Geo. are the co-authors of the Technical Report and they are each an independent "qualified person" (within the meaning of NI 43-101).

### **Interest of Experts**

Except as disclosed herein, no person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this Filing Statement or as having prepared or certified a report or valuation described or included in this Filing Statement holds more than 1% beneficial interest, direct or indirect, in any property of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Resulting Issuer or of an associate or affiliate of the Resulting Issuer and no such person is a promoter of the Resulting Issuer or an associate or affiliate of Usha or the Resulting Issuer.

### **Other Material Facts**

There are no material facts about Usha, the Resulting Issuer or the Transaction that are not disclosed under the preceding items and are necessary in order for the Filing Statement to contain full, true and plain disclosure of all material facts relating to Usha and the Resulting Issuer, assuming completion of the Transaction.

### **Board Approval**

This Filing Statement has been approved by the board of directors of Usha. Where information contained in this Filing Statement rests particularly with the knowledge of a Person other than Usha, each has relied upon information furnished by such Person.

### **Financial Statement Requirements**

The unaudited financial statements for the three month period ended June 30, 2019 and the audited financial statements of Usha for the year ended March 31, 2019 are attached hereto as SCHEDULE A.

**CERTIFICATE OF USHA RESOURCES LTD.**

Dated: September 30, 2019

The foregoing, constitutes full, true and plain disclosure of all material facts relating to the securities of Usha Resources Ltd. assuming Completion of the Qualifying Transaction.

*"Navin Varshney"*

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Name: Navin Varshney  
Title: Chief Executive Officer, Chief  
Financial Officer, Corporate Secretary  
and Director

On behalf of the board of directors of Usha Resources Ltd.

*"Leif Smither"*

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Name: Leif Smither  
Title: Director

*"David Ellett"*

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Name: David Ellett  
Title: Director

## PERSONAL INFORMATION

Usha Resources Ltd. hereby acknowledges and agrees that it has obtained the express written consent of each individual to:

- (a) the disclosure of Personal Information by Usha Resources Ltd. to the TSXV pursuant to the TSXV's Form 3B2 – Information Required in a Filing Statement For A Qualifying Transaction; and
- (b) the collection, use and disclosure of Personal Information by the TSXV for the purposes described in the TSXV's Appendix 6B or as otherwise identified by the TSXV, from time to time.

DATED this September 30, 2019

*“Navin Varshney”*

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Name: Navin Varshney

Title: Chief Executive Officer, Chief  
Financial Officer, Corporate Secretary  
and Director

**SCHEDULE A**

**UNAUDITED FINANCIAL STATEMENTS FOR THE THREE MONTH PERIOD ENDED JUNE 30, 2019  
AND AUDITED FINANCIAL STATEMENTS OF USHA FOR THE YEAR ENDED MARCH 31, 2019**

**USHA RESOURCES LTD.**

**CONDENSED INTERIM FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**JUNE 30, 2019**

**(UNAUDITED)**

(The accompanying condensed interim financial statements have been prepared by management and approved by the Audit Committee and the Board of Directors.)

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

	June 30, 2019	March 31, 2019
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 136,095	\$ 176,701
Receivables	1,076	1,088
Prepaid expenses	<u>2,730</u>	<u>4,095</u>
	139,901	181,884
<b>Exploration and evaluation assets (Note 3)</b>	<u>678</u>	<u>678</u>
	<u>\$ 140,579</u>	<u>\$ 182,562</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	<u>\$ 41,142</u>	<u>\$ 35,591</u>
<b>Shareholders' equity</b>		
Share capital (Note 4)	206,246	206,246
Reserves	42,201	42,201
Deficit	<u>(149,010)</u>	<u>(101,476)</u>
	<u>99,437</u>	<u>146,971</u>
	<u>\$ 140,579</u>	<u>\$ 182,562</u>

**Nature and continuance of operations (Note 1)**

**Approved and authorized for issue by the Board of Directors on August 29, 2019:**

<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 June 30, 2019	Three Months Ended June 30, 2018
<b>EXPENSES</b>		
Office and miscellaneous	\$ 362	\$ 108
Professional fees	28,275	5,000
Rent and administration charges (Note 5)	4,725	-
Regulatory fees	13,644	-
Transfer agent fees	944	-
	47,950	5,108
Interest income	(416)	-
<b>Loss and comprehensive loss for the period</b>	<b>\$ (47,534)</b>	<b>\$ (5,108)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ 0.02</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding</b>	<b>2,000,000</b>	<b>-</b>

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

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

	Share Capital (Note 4)		Reserves	Deficit	Total Shareholders' Equity
	Shares	Amount			
Balance, March 31, 2018	2,200,000	\$ 110,000	\$ -	\$ (10,004)	\$ 99,996
Loss and comprehensive loss for the period	-	-	-	(5,108)	(5,108)
Balance, June 30, 2018	2,200,000	\$ 110,000	\$ -	\$ (15,112)	\$ 94,888
Balance, March 31, 2019	4,200,000	\$ 206,246	\$ 42,201	\$ (101,476)	\$ 146,971
Loss and comprehensive loss for the period	-	-	-	(47,534)	(47,534)
Balance, June 30, 2019	4,200,000	\$ 206,246	\$ 42,201	\$ (149,010)	\$ 99,437

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 June 30, 2019	Three Months Ended June 30, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the period	\$ (47,534)	\$ (5,108)
Changes in non-cash working capital items:		
Decrease in receivable	12	-
Decrease in prepaid expenses	1,365	-
Increase in accounts payable and accrued liabilities	<u>5,551</u>	<u>5,000</u>
Net cash used in operating activities	<u>(40,606)</u>	<u>(108)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Deferred financing costs	<u>-</u>	<u>(23,928)</u>
Net cash provided by (used in) financing activities	<u>-</u>	<u>(23,928)</u>
<b>Increase (decrease) in cash for the period</b>	<b>(40,606)</b>	<b>(24,036)</b>
<b>Cash, beginning of period</b>	<b><u>176,701</u></b>	<b><u>109,996</u></b>
<b>Cash, end of period</b>	<b>\$ 136,095</b>	<b>\$ 85,960</b>
<b>Cash paid during the period for interest</b>	<b>\$ -</b>	<b>\$ -</b>
<b>Cash paid during the period for income taxes</b>	<b>\$ -</b>	<b>\$ -</b>

**Supplemental information:**

There were no non-cash investing or financing activities for the three-month period ended June 30, 2019. The Company accrued deferred financing fees of \$15,000 during the three-month period ended June 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 THREE MONTHS ENDED JUNE 30, 2019  
(Expressed in Canadian Dollars)  
(Unaudited)

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**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. The Company is 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 approval 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 condensed interim 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. While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. 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. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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, 2019.

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, 2019.

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").

**USHA RESOURCES LTD.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2019  
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**2. BASIS OF PREPARATION (cont'd...)**

ii) Significant Accounting Policies (cont'd...)

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, 2019 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, 2019.

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.

**Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements**

Other accounting standards or amendments to existing accounting standards that have been issued are either not applicable or are not expected to have a significant impact on the Company's financial statements. The Company has adopted these standards:

- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company anticipates the standard will have no significant impact on its financial statements.

**3. EXPLORATION AND EVALUATION ASSETS**

The Company entered into an agreement dated March 7, 2019 with Emerald Lake Development Corporation (the "Vendor") for the right to purchase an undivided 51% interest in certain patented mining property (the "Property"), located in the Dobie Township, Northwest Ontario. The purchase price of the Property is the issuance of 1,500,000 common shares of the Company to the Vendor to be issued no later than ten days after the approval of the TSX-V. In addition, the Company and a third-party company that holds a 15% interest in the Property shall pay the Vendor a 2.0% net smelter returns royalty upon the commencement of commercial production from the Property. The Company and the third-party company shall have the right at any time to acquire up to 1.5% of the royalty from the Vendor for the price of U.S. \$2,000,000 until the end of the five-year period commencing from the date that the Property is put into commercial production.

This agreement is expected to constitute the Company's Qualifying Transaction under the Capital Pool Companies policy of the TSX-V. The Qualifying Transaction is subject to the approval of the TSX-V.

**USHA RESOURCES LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2019**  
(Expressed in Canadian Dollars)  
(Unaudited)

**4. SHARE CAPITAL**

a) Authorized:

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

b) Issued:

The Company issued 2,200,000 common shares 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.

During the year ended March 31, 2019, the Company issued 2,000,000 common shares at a price of \$0.10 per share for proceeds of \$200,000 by way of its Initial Public Offering (the “Offering” or “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 Company paid an aggregate of \$93,128 in cash commission, administration fee, legal and other expenses (all disclosed as share issue costs). The Agent was granted Agent’s warrants 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 Agent’s warrants were recorded at a fair value of \$10,626.

c) 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 year ended March 31, 2019. Upon the closing of the Offering, the Company approved the grant to directors and officers of stock options to purchase 420,000 common shares exercisable at \$0.10 per share and expiring five years from the date of grant (until October 12, 2023).

Stock option transactions are summarized as follows:

	Number	Weighted Average Exercise Price
Outstanding, March 31, 2018	-	\$ -
Granted	<u>420,000</u>	<u>0.10</u>
Outstanding, March 31, 2019 and June 30, 2019	<u>420,000</u>	<u>\$ 0.10</u>

**USHA RESOURCES LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2019**  
(Expressed in Canadian Dollars)  
(Unaudited)

**4. SHARE CAPITAL (cont'd...)**

c) Stock options (cont'd...)

The following stock options were outstanding at June 30, 2019:

	Number of options outstanding	Exercise Price	Expiry Date	Remaining contractual life (years)
Options	420,000	\$ 0.10	October 12, 2023	4.29

Using the Black-Scholes option pricing model, the stock options are recorded at a fair value of \$31,575 as reserves on the statement of financial position.

d) Agent's warrants:

Agents' warrants are summarized as follows:

	Number of Agents' Warrants	Weighted Average Exercise Price
Outstanding and exercisable at March 31, 2018	-	\$ -
Granted	200,000	0.10
Outstanding and exercisable at March 31 and June 30, 2019	200,000	\$ 0.10

**5. RELATED PARTY TRANSACTIONS**

The Company accrued rent and office administration charges of \$4,725 for the three months ended June 30, 2019 (2018: \$nil) to a company controlled by a director. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**6. 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:

**USHA RESOURCES LTD.**  
NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2019  
(Expressed in Canadian Dollars)  
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**6. FINANCIAL INSTRUMENTS (cont'd...)**

- 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 receivables and 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.

*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 June 30, 2019, 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.

**USHA RESOURCES LTD.**  
**NOTES TO THE CONDENSED INTERIM FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2019**  
(Expressed in Canadian Dollars)  
(Unaudited)

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**7. CAPITAL MANAGEMENT**

Capital is comprised of all the components of the Company's shareholders' equity. As at June 30, 2019 and March 31, 2019, the Company's shareholders' equity was \$99,437 and \$146,971 respectively 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 June 30, 2019.

**USHA RESOURCES LTD.**

**FINANCIAL STATEMENTS**  
**(Expressed in Canadian Dollars)**

**MARCH 31, 2019**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Usha Resources Ltd.

### *Opinion*

We have audited the accompanying financial statements of Usha Resources Ltd. (the "Company"), which comprise the statements of financial position as at March 31, 2019 and 2018, and the statements of loss and comprehensive loss, changes in shareholders' equity and cash flows for the year ended March 31, 2019 and the period of incorporation from February 26, 2018 to March 31, 2018, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2019 and 2018, and its financial performance and its cash flows for the year ended March 31, 2019 and the period of incorporation from February 26, 2018 to March 31, 2018 in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 1 of the financial statements, which indicates that while the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favorable terms. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report includes Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.



We obtained Management's Discussion and Analysis prior to the date of this auditor's report. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### ***Responsibilities of Management and Those Charged with Governance for the Financial Statements***

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

### ***Auditor's Responsibilities for the Audit of the Financial Statements***

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Peter Maloff.

**“DAVIDSON & COMPANY LLP”**

Vancouver, Canada

Chartered Professional Accountants

July 24, 2019

**USHA RESOURCES LTD.**  
**STATEMENTS OF FINANCIAL POSITION**  
(Expressed in Canadian Dollars)  
AS AT MARCH 31

	2019	2018
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 176,701	\$ 109,996
Receivables	1,088	-
Prepaid expenses	<u>4,095</u>	<u>-</u>
	181,884	109,996
<b>Exploration and evaluation assets (Note 5)</b>	<u>678</u>	<u>-</u>
	<u>\$ 182,562</u>	<u>\$ 109,996</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	<u>\$ 35,591</u>	<u>\$ 10,000</u>
<b>Shareholders' equity</b>		
Share capital (Note 6)	206,246	110,000
Reserves	42,201	-
Deficit	<u>(101,476)</u>	<u>(10,004)</u>
	<u>146,971</u>	<u>99,996</u>
	<u>\$ 182,562</u>	<u>\$ 109,996</u>

**Nature and continuance of operations (Note 1)**

**Approved and authorized for issue by the Board of Directors on July 24, 2019:**

<u>"Navin Varshney"</u>	Director	<u>"Deepak Varshney"</u>	Director
Navin Varshney		Deepak Varshney	

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

**USHA RESOURCES LTD.**  
**STATEMENTS OF LOSS AND COMPREHENSIVE LOSS**  
(Expressed in Canadian Dollars)

	Year Ended March 31, 2019	Period From Incorporation on February 26, 2018 to March 31, 2018
<b>EXPENSES</b>		
Office and miscellaneous	\$ 908	\$ 4
Professional fees	41,209	10,000
Rent and administration charges (Note 8)	9,450	-
Regulatory fees	1,717	-
Share-based payments (Note 6c)	31,575	-
Transfer agent fees	4,847	-
Travel and entertainment	<u>2,854</u>	<u>-</u>
	92,560	10,004
Interest income	<u>(1,088)</u>	<u>-</u>
<b>Loss and comprehensive loss for the year</b>	<b>\$ (91,472)</b>	<b>\$ (10,004)</b>
<b>Basic and diluted loss per common share</b>	<b>\$ 0.10</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding – basic and diluted</b>	<b>931,507</b>	<b>-</b>

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

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

	Share Capital (Note 6)				Total Shareholders' Equity
	Shares	Amount	Reserves	Deficit	
Balance, February 26, 2018 (incorporation)	-	\$ -	\$ -	\$ -	\$ -
Common shares issued at \$0.05	2,200,000	110,000	-	-	110,000
Loss and comprehensive loss for the period	<u>-</u>	<u>-</u>	<u>-</u>	<u>(10,004)</u>	<u>(10,004)</u>
Balance, March 31, 2018	2,200,000	110,000	-	(10,004)	99,996
Common shares issued at \$0.10 (Note 6b)	2,000,000	200,000	-	-	200,000
Share issue costs (Note 6b)	-	(93,128)	-	-	(93,128)
Fair value of agent's warrants (Note 6b)	-	(10,626)	10,626	-	-
Share-based payments (Note 6c)	-	-	31,575	-	31,575
Loss and comprehensive loss for the year	<u>-</u>	<u>-</u>	<u>-</u>	<u>(91,472)</u>	<u>(91,472)</u>
Balance, March 31, 2019	4,200,000	\$ 206,246	\$ 42,201	\$ (101,476)	\$ 146,971

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

**USHA RESOURCES LTD.**  
**STATEMENTS OF CASH FLOWS**  
(Expressed in Canadian Dollars)

	Year Ended March 31, 2019	Period From Incorporation on February 26, 2018 to March 31, 2018
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss for the year	\$ (91,472)	\$ (10,004)
Adjustment for item not involving cash:		
Share-based payments	31,575	-
Changes in non-cash working capital items:		
Increase in receivables	(1,088)	-
Increase in prepaid expenses	(4,095)	-
Increase in accounts payable and accrued liabilities	<u>25,591</u>	<u>10,000</u>
Net cash used in operating activities	<u>(39,489)</u>	<u>(4)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	<u>(678)</u>	<u>-</u>
Net cash used in investing activities	<u>(678)</u>	<u>-</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Proceeds from the issuance of share capital	200,000	110,000
Share issue costs	<u>(93,128)</u>	<u>-</u>
Net cash provided by financing activities	<u>106,872</u>	<u>110,000</u>
<b>Increase in cash for the year</b>	66,705	109,996
<b>Cash, beginning of year</b>	<u>109,996</u>	<u>-</u>
<b>Cash, end of year</b>	<u>\$ 176,701</u>	<u>\$ 109,996</u>
<b>Cash paid during the year for interest</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash paid during the year for income taxes</b>	<u>\$ -</u>	<u>\$ -</u>

**Supplemental information:**

The Company recorded a fair value of \$10,626 in reserves as share issue costs during the year ended March 31, 2019 on 200,000 agent's warrants granted in connection to the IPO (Note 6b). There were no non-cash investing or financing activities during the period ended March 31, 2018.

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

## **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. The Company is 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 approval 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 are presented in Canadian dollars, which is the functional currency of the Company.

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. While the Company has been successful in obtaining its required financing in the past, there is no assurance that such financing will be available or be available on favourable terms. An inability to raise additional financing may impact the future assessment of the Company as a going concern. 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. These material uncertainties may cast significant doubt upon the Company's ability to continue as a going concern.

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**

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.

The information about significant areas of judgment considered by management in preparing the financial statements is as follows:

- i) The carrying value and the recoverability of exploration and evaluation assets included in the statements of financial position. The cost model is utilized and the value of the exploration and evaluation assets is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.
- ii) The inputs used in calculating the fair value for share-based payments expense included in profit or loss and share-based share issuance costs included in shareholders' equity. The share-based payments expense is estimated using the Black-Scholes options-pricing model as measured on the grant date to estimate the fair value of stock options. This model involves the input of highly subjective assumptions, including the expected price volatility of the Company's common shares, the expected life of the options, and the estimated forfeiture rate.

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

- iii) The valuation of shares issued in non-cash transactions. Generally, the valuation of non-cash transactions is based on the value of the goods or services received. When this cannot be determined, it is based on the fair value of the non-cash consideration. When non-cash transactions are entered into with employees and those providing similar services, the non-cash transactions are measured at the fair value of the consideration given up using market prices.
- iv) Deferred tax assets are recognized in respect of tax losses and other temporary differences to the extent it is probable that taxable income will be available against which the losses can be utilized. Judgment is required to determine the amount of deferred tax assets that can be recognized based upon the likely timing and level of future taxable income together with future tax planning strategies.

**3. SIGNIFICANT ACCOUNTING POLICIES**

**Exploration and evaluation assets**

Pre-exploration costs are expensed as incurred. Costs related to the acquisition and exploration of mineral properties are capitalized by property until the commencement of commercial production. If commercially profitable ore reserves are developed, capitalized costs of the related property are reclassified as mining assets after an impairment test and amortized using the unit of production method. If, after management review, it is determined that capitalized acquisition, exploration and evaluation costs are not recoverable over the estimated economic life of the property, or the property is abandoned, or management deems there to be an impairment in value, the property is written down to its net realizable value.

Any option payments received by the Company from third parties or tax credits refunded to the Company are credited to the capitalized cost of the mineral property. If payments received exceed the capitalized cost of the mineral property, the excess is recognized as income in the year received. The amounts shown for mineral properties do not necessarily represent present or future values. Their recoverability is dependent upon the discovery of economically recoverable reserves, the ability of the Company to obtain the necessary financing to complete the development, and future profitable production or proceeds from the disposition thereof.

**Impairment**

At the end of each reporting period, the Company's assets are reviewed to determine whether there is any indication that those assets may be impaired. If such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. The recoverable amount is the higher of fair value less costs to sell and value in use. Fair value is determined as the amount that would be obtained from the sale of the asset in an arm's length transaction between knowledgeable and willing parties. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset is estimated to be less than the carrying amount, the carrying amount of the asset is reduced to the recoverable amount and the impairment loss is recognized in the profit or loss for the period. For an asset that does not generate largely independent cash inflows, the recoverable amount is determined for the cash generating unit to which the asset belongs.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or cash-generating unit) is increased to the revised estimate of its recoverable amount, but to an amount that does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or cash-generating unit) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Provision for environmental rehabilitation**

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement of mineral properties and equipment, when those obligations result from the acquisition, construction, development or normal operation of the assets. The net present value of future rehabilitation cost estimates arising from the decommissioning of plant and other site preparation work is capitalized to mining assets along with a corresponding increase in the rehabilitation provision in the period incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The rehabilitation asset is depreciated on the same basis as mining assets.

The Company's estimates of reclamation costs could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to mining assets with a corresponding entry to the rehabilitation provision. The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates. Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit and loss for the year. The Company had no provisions for environmental rehabilitation as at March 31, 2019.

**Loss per share**

The Company presents basic loss per share for its common shares, calculated by dividing the loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the period. Diluted loss per share does not adjust the loss attributable to common shareholders or the weighted average number of common shares outstanding when the effect is anti-dilutive.

**Share-based payments**

The Company may grant stock options to acquire common shares of the Company to directors, officers, employees and consultants. An individual is classified as an employee when the individual is an employee for legal or tax purposes, or provides services similar to those performed by an employee.

The fair value of stock options is measured on the date of grant, using the Black-Scholes option pricing model, and is recognized over the vesting period. Consideration paid for the shares on the exercise of stock options is credited to share capital.

In situations where equity instruments are issued to non-employees and some or all of the goods or services received by the entity as consideration cannot be specifically identified, they are measured at fair value of the share-based payment. Otherwise, share-based payments are measured at the fair value of goods or services received.

**Flow-through common shares**

Resource expenditure deductions for income tax purposes related to exploration activities funded by flow-through share arrangements are renounced to investors in accordance with Canadian income tax legislation. On issuance, the Company bifurcates the flow-through share into i) a flow-through share premium, equal to the estimated premium, if any, investors pay for the flow-through feature, which is recognized as a liability and ii) share capital. Upon expenses being incurred, the Company derecognizes the flow-through premium liability for the amount of tax reduction renounced to the shareholders. The premium is recognized as other income.

Proceeds received from the issuance of flow-through shares are restricted to be used for only Canadian resource property exploration expenditures within a two-year period. The Company may also be subject to a Part XII.6 tax on flow-through proceeds renounced under the "Look-back" Rule, in accordance with the Government of Canada flow-through regulations. When applicable, this tax is accrued as a financial expense until paid.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Income taxes**

Income tax on the profit or loss for the periods presented comprises current and deferred tax. Income tax is recognized in profit or loss except to the extent that it relates to items recognized directly in equity, in which case it is recognized in equity. Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at period end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recorded by providing for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. The following temporary differences are not provided for: goodwill not deductible for tax purposes; the initial recognition of assets or liabilities which affect neither accounting nor taxable loss as well as differences relating to investments in subsidiaries to the extent that they will probably not reverse in the foreseeable future. The amount of deferred tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities, using tax rates enacted or substantively enacted at the statement of financial position date.

A deferred tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be utilized.

Additional income taxes that arise from the distribution of dividends are recognized at the same time as the liability to pay the related dividend. Deferred tax assets and liabilities are offset when there is a legally enforceable right to set off current tax assets against current tax liabilities and when they relate to income taxes levied by the same taxation authority and the Company intends to settle its current tax assets and liabilities on a net basis.

**Financial instruments**

The Company has adopted the new accounting standard IFRS 9 – Financial Instruments, effective April 1, 2018. The new standard sets out requirements for classifying, recognizing and measuring financial assets and financial liabilities. This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement.

IFRS 9 is effective for annual periods beginning on or after January 1, 2018. IFRS 9 allows for an exemption from restating prior periods in respect of the standard's classification and measurement requirements. The Company has chosen to apply this exemption upon initial adoption, although it was determined that the adoption of IFRS 9 had no impact on the comparative period's financial statements.

IFRS 9 establishes three primary measurement categories for financial assets: fair value through profit and loss ("FVTPL"), fair value through other comprehensive income ("FVOCI") and amortized cost. The basis for classification depends on the entity's business model and the contractual cash flow characteristics of the instrument. For financial liabilities, the new standard retains most of the requirements of IAS 39, except that fair value changes due to changes in an entity's own credit risk are recorded in other comprehensive income rather than in net earnings.

Upon adoption of IFRS 9, the Company has changed its accounting policy for financial instruments as follows:

**Classification**

The Company determines the classification of its financial instruments at initial recognition. Upon initial recognition, a financial asset is classified as measured at: amortized cost, fair value through profit and loss ("FVTPL"), or fair value through other comprehensive income (loss) ("FVOCI"). The classification of financial assets is generally based on the business model in which a financial asset is managed and its contractual cash flow characteristics. The adoption of IFRS 9 has not had a significant effect on the Company's accounting policies related to financial liabilities and derivative financial instruments. A financial liability is classified as measured at amortized cost or FVTPL.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments (cont'd...)**

A financial asset is measured at amortized cost if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is to hold assets to collect contractual cash flows; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

A debt investment is measured at FVOCI if it meets both of the following conditions and is not designated as FVTPL:

- it is held within a business model whose objective is achieved by both collecting contractual cash flows and selling financial assets; and
- its contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

An equity investment that is held for trading is measured at FVTPL. For other equity investments that are not held for trading, the Company may irrevocably elect to designate them as FVOCI. This election is made on an investment-by-investment basis.

All financial assets not classified as measured at amortized cost or FVOCI as described above are measured at FVTPL. This includes all derivative financial assets. On initial recognition, the Company may irrevocably designate a financial asset that otherwise meets the requirements to be measured at amortized cost or at FVOCI as at FVTPL if doing so eliminates or significantly reduces an accounting mismatch that would otherwise arise.

Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL (such as instruments held for trading or derivatives) or the Company has elected to measure them at FVTPL.

The Company completed an assessment of its financial assets and liabilities as at March 31, 2019. The adoption of IFRS 9 has no quantitative impact on the Company's financial instruments as at March 31, 2019.

However, it has an impact on the classification of the Company's financial instruments compared to the old standard IAS 39 as follows:

<b>Asset or Liability</b>	<b>Original classification IAS 39</b>	<b>New classification IFRS 9</b>
Cash	FVTPL	FVTPL
Receivables	Loans and receivables	Amortized cost
Accounts payable and accrued liabilities	Other liabilities	Amortized cost

**Measurement**

Initial measurement

On initial recognition, all financial assets and financial liabilities are measured at fair value adjusted for directly attributable transaction costs except for financial assets and liabilities classified as FVTPL, in which case the transaction costs are expensed as incurred.

**3. SIGNIFICANT ACCOUNTING POLICIES (cont'd...)**

**Financial instruments (cont'd...)**

Subsequent measurement

The following accounting policies apply to the subsequent measurement of financial instruments:

**Financial assets at FVTPL**

These assets are subsequently measured at fair value. Net gains and losses, including any interest or dividend income, are recognized in profit or loss.

**Financial assets at amortized cost**

These assets are subsequently measured at amortized cost using the effective interest method. The amortized cost is reduced by impairment losses. Interest income, foreign exchange gains and losses and impairment are recognized in profit or loss. Any gain or loss on derecognition is recognized in profit or loss.

**Equity investments at FVOCI**

These assets are subsequently measured at fair value. Dividends are recognized as income in profit or loss unless the dividend clearly represents a recovery of part of the cost of the investment. Other net gains and losses are recognized in OCI and are never reclassified to profit or loss.

**Debt investments at FVOCI**

These assets are subsequently measured at fair value. Interest income is calculated using the effective interest rate method, foreign exchange gains and losses and impairment are recognized in profit or loss. Other net gains and losses are recognized in OCI. On derecognition, gains and losses accumulated in OCI are reclassified to profit or loss.

Impairment of financial instruments

The Company assesses at each reporting date whether there is objective evidence that a financial asset or a group of financial assets is impaired.

For financial assets measured at amortized cost, and debt investments at FVOCI, the Company applies the “expected credit loss” impairment model. On adoption of the expected credit loss model there was no material adjustment. The adoption of the new expected credit loss impairment model under IFRS 9, as opposed to an incurred credit loss model under IAS 39, had a negligible impact on the carrying amounts of the Company's financial assets on the transition date given the Company transacts exclusively with large international financial institutions and other organizations with strong credit ratings and the negligible historical level of customer default.

**4. NEW ACCOUNTING PRONOUNCEMENTS**

**New standards and interpretations not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2019. The following has not yet been adopted by the Company:

**4. NEW ACCOUNTING PRONOUNCEMENTS (cont'd...)**

IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company anticipates the standard will have no significant impact on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**5. EXPLORATION AND EVALUATION ASSETS**

The Company entered into an agreement dated March 7, 2019 with Emerald Lake Development Corporation (the "Vendor") for the right to purchase an undivided 51% interest in certain patented mining property (the "Property"), located in the Dobie Township, Northwest Ontario. The purchase price of the Property is the issuance of 1,500,000 common shares of the Company to the Vendor to be issued no later than ten days after the approval of the TSX-V. In addition, the Company and a third-party company that holds a 15% interest in the Property shall pay the Vendor a 2.0% net smelter returns royalty upon the commencement of commercial production from the Property. The Company and the third-party company shall have the right at any time to acquire up to 1.5% of the royalty from the Vendor for the price of U.S. \$2,000,000 until the end of the five-year period commencing from the date that the Property is put into commercial production.

This agreement is expected to constitute the Company's Qualifying Transaction under the Capital Pool Companies policy of the TSX-V. The Qualifying Transaction is subject to the approval of the TSX-V.

During the year ended March 31, 2019 the Company spent \$678 on a geological report for the Property.

**6. SHARE CAPITAL**

a) Authorized:

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

b) Issued:

The Company issued 2,200,000 common shares 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.

During the year ended March 31, 2019, the Company issued 2,000,000 common shares at a price of \$0.10 per share for proceeds of \$200,000 by way of its Initial Public Offering (the "Offering" or "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 Company paid an aggregate of \$93,128 in cash commission, administration fee, legal and other expenses (all disclosed as share issue costs). The Agent was granted Agent's warrants 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 Agent's warrants were recorded at a fair value of \$10,626.

**USHA RESOURCES LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**MARCH 31, 2019**

**6. SHARE CAPITAL (cont'd...)**

c) 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 year ended March 31, 2019. Upon the closing of the Offering, the Company approved the grant to directors and officers of stock options to purchase 420,000 common shares exercisable at \$0.10 per share (Note 8) and expiring five years from the date of grant (until October 12, 2023).

Stock option transactions are summarized as follows:

	Number	Weighted Average Exercise Price
Outstanding, March 31, 2018	-	\$ -
Granted	<u>420,000</u>	<u>0.10</u>
Outstanding, March 31, 2019	<u>420,000</u>	<u>\$ 0.10</u>

The following stock options were outstanding at March 31, 2019:

	Number of options outstanding	Exercise Price	Expiry Date	Remaining contractual life (years)
Options	420,000	\$ 0.10	October 12, 2023	4.54

Using the Black-Scholes option pricing model, the stock options are recorded at a fair value of \$31,575 in the statement of loss and comprehensive loss. This amount was also recorded as reserves on the statement of financial position.

The following weighted-average assumptions were used for the valuation of stock options.

	2019
Weighted average fair value	\$0.08
Risk-free interest rate	2.38%
Expected life of options	5 years
Annualized volatility	100%
Dividend rate	0%

**USHA RESOURCES LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**MARCH 31, 2019**

**6. SHARE CAPITAL (cont'd...)**

d) Agent's warrants

Agents' warrants are summarized as follows:

	Number of Agents' Warrants	Weighted Average Exercise Price
Outstanding and exercisable at March 31, 2018	-	\$ -
Granted	200,000	0.10
Outstanding and exercisable at March 31, 2019	200,000	\$ 0.10

These warrants will expire on October 12, 2020.

The fair value of the agent's warrants granted was calculated using the Black-Scholes pricing model with the following weighted-average assumptions:

	2019
Weighted average fair value	\$0.05
Risk-free interest rate	2.27%
Expected life	2 years
Annualized volatility	100%
Dividend rate	0%

**7. INCOME TAXES**

A reconciliation of income taxes at statutory rates with reported taxes is as follows:

	2019	2018
Loss before income taxes	\$ (91,472)	\$ (10,004)
Combined Canadian federal and provincial statutory rate	27%	27%
Expected income tax recovery	\$ (25,000)	\$ (3,000)
Permanent difference	9,000	-
Share issue cost	(25,000)	-
Change in unrecognized deductible temporary differences	41,000	3,000
Net income tax recovery	\$ -	\$ -

**USHA RESOURCES LTD.**  
**NOTES TO THE FINANCIAL STATEMENTS**  
(Expressed in Canadian Dollars)  
**MARCH 31, 2019**

**7. INCOME TAXES (cont'd...)**

The significant components of the Company's unrecorded deferred tax assets are as follows:

	March 31, 2019	March 31, 2018
Deferred tax assets (liabilities):		
Share issue costs	\$ 20,000	\$ -
Non-capital losses available for future period	<u>24,000</u>	<u>3,000</u>
<b>Total unrecognized deferred tax assets</b>	<b>\$ 44,000</b>	<b>\$ 3,000</b>

The significant components of the Company's unrecognized temporary differences and tax losses are as follows:

	2019	Expiry Date Range	2018	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	\$ 1,000	No expiry date	\$ -	-
Share issue costs	75,000	2040 to 2043	-	-
Non-capital losses available for future period	<u>87,000</u>	<u>2038 to 2039</u>	<u>10,000</u>	<u>2038</u>

Tax attributes are subject to review, and potential adjustment, by tax authorities.

**8. RELATED PARTY TRANSACTIONS**

- a) The Company paid rent and office administration charges of \$9,450 (2018: \$nil) for the year ended March 31, 2019 to a company controlled by a director. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.
- b) Accounts payable included \$14,671 (2018: \$nil) owed to directors of the Company for operating expenses paid on behalf of the Company during the year ended March 31, 2019.
- c) Stock options granted to directors and officers to purchase 420,000 common shares exercisable at \$0.10 per share (Note 6c) were valued at \$31,575 (2018: \$nil).

**9. 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.

**9. FINANCIAL INSTRUMENTS (cont'd...)**

**Fair value (cont'd...)**

Cash is carried at fair value using a level 1 fair value measurement. The recorded values of receivables and 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.

*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 March 31, 2019, 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.

**10. CAPITAL MANAGEMENT**

Capital is comprised of all the components of the Company's shareholders' equity. As at March 31, 2019 and March 31, 2018, the Company's shareholders' equity was \$146,971 and \$99,996 respectively 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 year ended March 31, 2019.

**SCHEDULE B**

**MANAGEMENT'S DISCUSSION AND ANALYSIS FOR USHA FOR THE THREE MONTH PERIOD  
ENDED JUNE 30, 2019 AND FOR THE YEAR ENDED MARCH 31, 2019**

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2019**

**The effective date of this report is August 29, 2019**

**Management Discussion & Analysis:**

Management's discussion and analysis ("MD&A") provides a detailed analysis of the results and financial condition of Usha Resources Ltd. (the "Company" or "Usha") for the three months ended June 30, 2019. The following management discussion and analysis, prepared as of August 29, 2019, should be read together with the unaudited condensed interim financial statements for the three months ended June 30, 2019 with the related notes attached thereto and the audited financial statements for the year ended March 31, 2019 with the related notes attached thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A supplements, but does not form part of the financial statements. Management is responsible for the preparation of the financial statements and the MD&A for the three months ended June 30, 2019. News releases and previous filings may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Description of Business:**

The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on February 26, 2018. The Company completed its initial public offering ("IPO") of 2,000,000 common shares for gross proceeds of \$200,000 on October 12, 2018. The Company's common shares were listed on the TSX Venture Exchange ("TSX-V") on October 12, 2018 and commenced trading on the TSX-V on October 16, 2018 under the symbol "USHA.P".

The Company was listed as a Capital Pool Company ("CPC") as defined in TSX-V Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business with a view to completing a Qualifying Transaction as defined under TSX-V Policy 2.4.

**Forward Looking Statements:**

This Management Discussion and Analysis contains certain forward-looking statements and information relating to Usha that is based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. When used in this document, the words "anticipate", "believe", "estimate", "expect", "implied", "intend" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein. Usha cautions that forward-looking statements involve risk and uncertainty.

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2019**

**Overall Performance**

- The Company's loss for the three months ended June 30, 2019 was \$47,534 (2018: \$5,108).
- Working capital at June 30, 2019 was \$98,759.

**Qualifying Transaction – Proposed Transaction**

The Company entered into an agreement dated March 7, 2019 with Emerald Lake Development Corporation (the "Vendor") for the right to purchase an undivided 51% interest in a copper-nickel-cobalt-polymetallic sulphide deposit referred to as the Nicobat Project (the "Property"), located in the Dobie Township in the Kenora Mining Division, Ontario. The Property consists of two combined surface and mining right patents which comprise 48 hectares. The purchase price of the Property is the issuance of 1,500,000 common shares of the Company to the Vendor to be issued no later than ten days after the approval of the TSX-V. In addition, the Company and a third-party company that holds a 15% interest in the Property shall pay the Vendor a 2.0% net smelter returns royalty upon the commencement of commercial production from the Property. The Company and the third-party company shall have the right at any time to acquire up to 1.5% of the royalty from the Vendor for U.S. \$2,000,000 until the end of the five-year period commencing from the date that the Property is put into commercial production.

This agreement is expected to constitute the Company's Qualifying Transaction under the Capital Pool Companies policy of the TSX-V. The Qualifying Transaction is subject to the approval of the TSX-V. Upon completion of this transaction, the parties anticipate that the Company will be listed as a Tier 2 mining issuer.

Concurrent with the closing of the acquisition, the Company plans to conduct a private placement of 2,100,000 units at a price of \$0.095 per unit. Each unit will consist of one common share and one share purchase warrant. Each warrant is exercisable to purchase one warrant share of the Company at \$0.19 per warrant share for a period of two years from the date of issuance of the units.

The Company also plans to conduct a flow-through unit financing for the issuance of 1,731,000 flow-through units at a price of \$0.13 per unit. Each unit will consist of one flow-through common share and one non-flow-through common share purchase warrant. Each whole warrant is exercisable to purchase one warrant share of the Company at \$0.26 per warrant share for a period of two years from the date of issuance of the units.

**Critical accounting policies and estimates**

The preparation of the annual financial statements in accordance with International Financial Reporting Standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates. A detailed description of these matters, as well

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2019**

as the significant accounting policies adopted by the Company are disclosed in the notes to the audited financial statements for the year ended March 31, 2019.

**Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2019. The following has been adopted by the Company:

- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company anticipates the standard will have no significant impact on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

**Summary of Quarterly Results & Results of Operations**

The table below provides, for each of the last six quarterly periods, a summary of corporate losses and is derived from unaudited quarterly financial statements prepared by management. The Company's condensed interim financial statements are prepared in accordance with IFRS applicable to interim financial statements and are expressed in Canadian dollars.

	Loss per quarter	Loss per share	Property costs
Feb. 26, 2018 – March 31, 2018	\$10,004	\$ -	\$ -
April 1, 2018 – June 30, 2018	5,108	-	-
July 1, 2018 - Sept. 30, 2018	7,790	-	-
Oct. 1, 2018 - Dec. 31, 2018	47,770	0.03	-
Jan. 1, 2019 - March 31, 2019	30,804	0.02	678
April 1, 2019 – June 30, 2019	47,534	0.02	-

**Discussion of Operations for the three months ended June 30, 2019**

Loss and comprehensive loss for the three-month period ended June 30, 2019 was \$47,534 (2018: \$5,108) of which \$28,275 (2018: \$5,000) was expended on audit, accounting and legal fees related

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2019**

primarily to the Company's investigation and application for its Qualifying Transaction which is ongoing. Regulatory fees of \$13,644 were incurred for the three months ended June 30, 2019, of which \$10,500 was for filing fees related to the Qualifying Transaction. Rent and administration charges of \$4,725 (2018: nil) were paid to a private company that has a Director in common with the Company (see related party transactions).

### **Liquidity, Capital Resources and Capital Expenditures**

At June 30, 2019, the Company's working capital, defined as current assets less current liabilities, was \$98,759 (March 31, 2019: \$146,293). The existing working capital should be sufficient for the Company to meet its ongoing obligations. Further financing may be required, however, in order to complete a Qualifying Transaction, and to provide funding for future operations. The successful completion of such financing is not guaranteed, and depends on a number of factors, including the general sentiment in the capital markets, the strength of commodities prices and the strength of the local and global economies.

Other sources of funds potentially available to the Company are (1) through the exercise of 420,000 stock options granted to directors and officers at a price of \$0.10 per share expiring five years from the grant date (until October 12, 2023) and (2) through the exercise of the Agent's warrants to purchase up to 200,000 common shares at a price of \$0.10 per share expiring two years from the listing date of the common shares on the TSX-V (until October 12, 2020).

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.

### **Contractual obligations**

The Company has no long-term debt outstanding or contractual obligations, other than the requirement to issue 1,500,000 common shares to the Vendor of the mineral property for the proposed Qualifying Transaction discussed earlier.

### **Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements.

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2019**

**Financial risk factors**

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

*Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and interest receivable. The Company limits its exposure to credit loss by placing its cash and G.I.C.'s with major financial institutions.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at June 30, 2019, the Company's cash and receivables exceeded its current liabilities. In order to meet future obligations as they become due, the Company may need to access funding from the issuance of equity securities, the exercise of stock options or through other sources. The Company's access to financing is uncertain and there is no assurance of continued access to equity funding.

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

a) *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 risks on cash and on the Company's obligations are not considered significant.

b) *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at June 30, 2019, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) *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.

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2019**

**Related Party Transactions**

The Company paid rent and office administration charges of \$4,725 for the three months ended June 30, 2019 to a private company (N.K.V. Engineering and Consulting Ltd.) which has an executive officer (Navin Varshney, President) in common with the Company. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**Outstanding Share Data**

Authorized Capital

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

Issued and Outstanding Capital

4,200,000 common shares were issued and outstanding at June 30, 2019 and at August 29, 2019.

Stock Options & Warrants Outstanding (at June 30, 2019 and at August 29, 2019).

	Number of options	Exercise Price	Expiry Date
Directors' Stock Options	420,000	\$0.10	Oct. 12, 2023
Agent's Warrants	200,000	\$0.10	Oct. 12, 2020

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**The effective date of this report is July 24, 2019**

**Management Discussion & Analysis:**

Management's discussion and analysis ("MD&A") provides a detailed analysis of the results and financial condition of Usha Resources Ltd. (the "Company" or "Usha") for the year ended March 31, 2019. The following management discussion and analysis, prepared as of July 24, 2019, should be read together with the audited financial statements for the year ended March 31, 2019 with the related notes attached thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A supplements, but does not form part of the financial statements. Management is responsible for the preparation of the financial statements and the MD&A for the year ended March 31, 2019. News releases and previous filings may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

**Description of Business:**

The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* (British Columbia) on February 26, 2018. The Company completed its initial public offering ("IPO") of 2,000,000 common shares for gross proceeds of \$200,000 on October 12, 2018. The Company's common shares were listed on the TSX Venture Exchange ("TSX-V") on October 12, 2018 and commenced trading on the TSX-V on October 16, 2018 under the symbol "USHA.P".

The Company was listed as a Capital Pool Company ("CPC") as defined in TSX-V Policy 2.4. The principal business of the Company is the identification and evaluation of assets or a business with a view to completing a Qualifying Transaction as defined under TSX-V Policy 2.4.

**Forward Looking Statements:**

This Management Discussion and Analysis contains certain forward-looking statements and information relating to Usha that is based on the beliefs of the Company, or management, as well as assumptions made by and information currently available to the Company or management. When used in this document, the words "anticipate", "believe", "estimate", "expect", "implied", "intend" and similar expressions, as they relate to the Company or its management, are intended to identify forward-looking statements. Such statements reflect the current view of the Company regarding future events and are subject to certain risks, uncertainties and assumptions, including the risks and uncertainties noted. Should one or more of these risks materialize, or should underlying assumptions prove incorrect, actual results may vary materially from those described herein as anticipated, believed, estimated, implied, expected or intended. In each instance, forward-looking information should be considered in the light of the accompanying meaningful cautionary statements herein. Usha cautions that forward-looking statements involve risk and uncertainty.

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**Overall Performance**

- The Company's loss for the year ended March 31, 2019 was \$91,472.
- Working capital at March 31, 2019 was \$146,293.

**Qualifying Transaction – Proposed Transaction**

The Company entered into an agreement dated March 7, 2019 with Emerald Lake Development Corporation (the "Vendor") for the right to purchase an undivided 51% interest in a copper-nickel-cobalt-polymetallic sulphide deposit referred to as the Nicobat Project (the "Property"), located in the Dobie Township in the Kenora Mining Division, Ontario. The Property consists of two combined surface and mining right patents which comprise 48 hectares. The purchase price of the Property is the issuance of 1,500,000 common shares of the Company to the Vendor to be issued no later than ten days after the approval of the TSX-V. In addition, the Company and a third-party company that holds a 15% interest in the Property shall pay the Vendor a 2.0% net smelter returns royalty upon the commencement of commercial production from the Property. The Company and the third-party company shall have the right at any time to acquire up to 1.5% of the royalty from the Vendor for U.S. \$2,000,000 until the end of the five-year period commencing from the date that the Property is put into commercial production.

This agreement is expected to constitute the Company's Qualifying Transaction under the Capital Pool Companies policy of the TSX-V. The Qualifying Transaction is subject to the approval of the TSX-V. Upon completion of this transaction, the parties anticipate that the Company will be listed as a Tier 2 mining issuer.

Concurrent with the closing of the acquisition, the Company plans to conduct a private placement of 2,100,000 units at a price of \$0.095 per unit. Each unit will consist of one common share and one share purchase warrant. Each warrant is exercisable to purchase one warrant share of the Company at \$0.19 per warrant share for a period of two years from the date of issuance of the units.

The Company also plans to conduct a flow-through unit financing for the issuance of 1,731,000 flow-through units at a price of \$0.13 per unit. Each unit will consist of one flow-through common share and one non-flow-through common share purchase warrant. Each whole warrant is exercisable to purchase one warrant share of the Company at \$0.26 per warrant share for a period of two years from the date of issuance of the units.

**Critical accounting policies and estimates**

The preparation of the annual financial statements in accordance with International Financial Reporting Standards requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates. A detailed description of these matters, as well

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

as the significant accounting policies adopted by the Company are disclosed in the notes to the audited financial statements for the year ended March 31, 2019.

### **New Accounting Pronouncements**

The Company has adopted the new accounting standard IFRS 9 – Financial Instruments, effective April 1, 2018. The new standard sets out requirements for classifying, recognizing and measuring financial assets and financial liabilities. This standard replaces IAS 39 – Financial Instruments: Recognition and Measurement. A fuller description of this new accounting standard is provided in Note 3 to the audited financial statements for the year ended March 31, 2019.

### **New standards and interpretations not yet adopted**

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or IFRIC that are mandatory for accounting periods beginning on or after January 1, 2019. The following has not yet been adopted by the Company.

- IFRS 16, Leases: New standard to establish principles for recognition, measurement, presentation and disclosure of leases with an impact on lessee accounting, effective for annual periods beginning on or after January 1, 2019. The Company anticipates the standard will have no significant impact on its financial statements.

Other accounting standards or amendments to existing accounting standards that have been issued but have future effective dates are either not applicable or are not expected to have a significant impact on the Company's financial statements.

### **Selected Annual Information**

The following table sets out certain audited financial information for the Company for each of the last two fiscal years.

<b>Fiscal year ended March 31</b>	<b>2019</b>	<b>2018</b>
Loss and comprehensive loss	\$91,472	\$10,004
Exploration & evaluation assets	678	-
Total assets	182,562	109,996
Deficit	101,476	10,004

### **Discussion of Operations for the year ended March 31, 2019**

The review of operations should be read in conjunction with the audited financial statements of the Company for the year ended March 31, 2019 and the period ended March 31, 2018. Loss and comprehensive loss for the current year was \$91,472 (\$10,004 for the comparative period from February 26 to March 31, 2018). The fiscal 2019 loss included a charge of \$31,575 to share-based payments to record the fair value of stock options granted on October 12, 2018. Rent and administration charges of \$9,450 (2018: nil) were paid to a private company that has a Director in

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

common with the Company (see related party transactions). Professional fees (legal, audit and accounting) of \$41,209 increased compared to the 2018 amount that was accrued for \$10,000, as the Company completed its initial public offering and increased its search for new business opportunities that resulted in the signing of a mineral property agreement that is expected to constitute the Company's Qualifying Transaction (as described earlier).

**Summary of Quarterly Results & Results of Operations**

The table below provides, for each of the last five quarterly periods, a summary of corporate losses and is derived from unaudited quarterly financial statements prepared by management. The Company's condensed interim financial statements are prepared in accordance with IFRS applicable to interim financial statements and are expressed in Canadian dollars.

	<b>Loss per quarter</b>	<b>Loss per share</b>	<b>Property costs</b>
Feb. 26, 2018 – March 31, 2018	\$10,004	\$ -	\$ -
April 1, 2018 – June 30, 2018	5,108	-	-
July 1, 2018 - Sept. 30, 2018	7,790	-	-
Oct. 1, 2018 - Dec. 31, 2018	47,770	0.03	-
Jan. 1, 2019 - March 31, 2019	30,804	0.02	678

**Discussion of Operations for the three months ended March 31, 2019**

Loss and comprehensive loss for the three-month period ended March 31, 2019 was \$30,804 (2018: \$10,004) of which \$23,236 (2018: \$10,000) was expended on audit, accounting and legal fees related primarily to the Company's IPO and the application for its qualifying transaction. Rent and administration charges of \$4,725 (2018: nil) were paid to a private company that has a Director in common with the Company

**Liquidity, Capital Resources and Capital Expenditures**

At March 31, 2019, the Company's working capital, defined as current assets less current liabilities, was \$146,293 (2018: \$99,996). The closing of the IPO on October 12, 2018 provided \$165,800 of funds to the Company (\$200,000 gross proceeds less the cash commission and legal fees and disbursements paid to the Agent for the IPO). Other sources of funds potentially available to the Company are (1) through the exercise of 420,000 stock options granted to directors and officers at a price of \$0.10 per share expiring five years from the grant date (until October 12, 2023) and (2) through the exercise of the Agent's warrants to purchase up to 200,000 common shares at a price of \$0.10 per share expiring two years from the listing date of the common shares on the TSX-V (until October 12, 2020).

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

The gross proceeds from the sale of securities will be restricted whereby the Company cannot spend more than the lesser of 30% of the aggregate gross proceeds from the sale of all securities issued by the Company 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 existing working capital should be sufficient for the Company to meet its ongoing obligations. Further financing may be required, however, in order to complete a Qualifying Transaction, and to provide funding for future operations. The successful completion of such financing is not guaranteed, and depends on a number of factors, including the general sentiment in the capital markets, the strength of commodities prices and the strength of the local and global economies.

**Contractual obligations**

The Company has no long-term debt outstanding or contractual obligations, other than the requirement to issue 1,500,000 common shares to the Vendor of the mineral property for the proposed Qualifying Transaction discussed earlier.

**Off-balance sheet arrangements**

The Company has no off-balance sheet arrangements.

**Financial risk factors**

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

*Credit risk*

Financial instruments that potentially subject the Company to a significant concentration of credit risk consist primarily of cash and interest receivable. The Company limits its exposure to credit loss by placing its cash and G.I.C.'s with major financial institutions.

*Liquidity risk*

The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due. As at March 31, 2019, the Company's cash and receivables exceeded its current liabilities. In order to meet future obligations as they become due, the Company may need to access funding from the issuance of equity securities, the exercise of stock options or through other sources. The Company's access to financing is uncertain and there is no assurance of continued access to equity funding.

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

*Market risk*

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates and commodity and equity prices.

a) *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 risks on cash and on the Company's obligations are not considered significant.

b) *Foreign currency risk*

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at March 31, 2019, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) *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.

**Related Party Transactions**

- a) The Company paid rent and office administration charges of \$9,450 for the year ended March 31, 2019 to a private company (N.K.V. Engineering and Consulting Ltd.) which has an executive officer (Navin Varshney, President) in common with the Company. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.
- b) Accounts payable included \$14,671 owed to two Directors of the Company for operating expenses paid on behalf of the Company during the year ended March 31, 2019. These amounts were repaid to the Directors subsequent to March 31, 2019.
- c) Stock options granted to directors and officers to purchase 420,000 common shares exercisable at \$0.10 per share were valued at \$31,575.

**USHA RESOURCES LTD.**  
**MANAGEMENT DISCUSSION AND ANALYSIS**  
**FOR THE YEAR ENDED MARCH 31, 2019**

**Outstanding Share Data**

Authorized Capital

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

Issued and Outstanding Capital

4,200,000 common shares were issued and outstanding at March 31, 2019 and at July 24, 2019.

Stock Options & Warrants Outstanding (at March 31, 2019 and July 24, 2019).

	Number of options	Exercise Price	Expiry Date
Directors' Stock Options	420,000	\$0.10	Oct. 12, 2023
Agent's Warrants	200,000	\$0.10	Oct. 12, 2020