

USHA RESOURCES LTD.

CONSOLIDATED FINANCIAL STATEMENTS
(Expressed in Canadian Dollars)
(Unaudited)

SEPTEMBER 30, 2022

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

	September 30, 2022	March 31, 2022
ASSETS		
Current		
Cash	\$ 1,652,730	\$ 1,170,795
Receivables	69,583	20,763
Prepaid expenses	838,398	206,837
	<u>2,560,711</u>	<u>1,398,395</u>
Exploration and evaluation assets (Note 4)	<u>1,960,206</u>	<u>988,645</u>
	<u>\$ 4,520,917</u>	<u>\$ 2,387,040</u>
LIABILITIES AND SHAREHOLDERS' EQUITY		
Current		
Accounts payable and accrued liabilities	\$ 38,331	\$ 90,510
Shareholders' equity		
Share capital (Note 5)	7,166,448	3,658,645
Share subscriptions (Note 5b)	-	34,000
Reserves (Note 5c)	406,060	294,382
Deficit	<u>(3,089,922)</u>	<u>(1,690,497)</u>
	<u>4,482,586</u>	<u>2,296,530</u>
	<u>\$ 4,520,917</u>	<u>\$ 2,387,040</u>

Nature and continuance of operations (Note 1)
Subsequent events (Note 9)

Approved and authorized for issue by the Board of Directors on November 29, 2022:

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

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

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

	Three months ended September 30, 2022	Three months ended September 30, 2021	Six months ended September 30, 2022	Six months ended September 30, 2021
EXPENSES				
Consulting fees (Note 6)	\$ 226,835	\$ 205,429	\$ 1,154,143	\$ 239,385
Insurance	3,450	2,891	6,400	5,750
Office and miscellaneous	139	5,445	26,443	5,553
Professional fees (Note 6)	18,152	11,418	59,536	23,918
Regulatory and filing fees	9,876	14,246	29,146	17,451
Rent and administration charges (Note 6)	16,500	9,000	32,500	15,000
Share-based payments (Note 5c)	18,775	67,641	150,735	67,641
Transfer agent fees	-	998	-	2,729
Travel and entertainment	4,778	5,171	6,474	6,559
	<u>298,505</u>	<u>322,239</u>	<u>1,465,377</u>	<u>383,986</u>
Foreign exchange loss	1,102	80	3,273	57
Other Income	(27)	-	(27)	-
Loss and comprehensive loss for the period	\$ 299,580	\$ 322,319	\$ 1,468,623	\$ 384,043
Basic and diluted loss per common share	\$ 0.01	\$ 0.02	\$ 0.05	\$ 0.03
Weighted average number of common shares outstanding - basic and diluted	31,071,110	13,165,249	31,071,110	13,137,084

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

USHA RESOURCES LTD.**CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY**

(Expressed in Canadian Dollars)

(Unaudited)

	Share Capital (Note 5)		Reserves	Share Subscriptions	Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance, March 31, 2021	15,079,270	\$ 1,727,455	\$ 120,800	\$ -	\$ (748,057)	\$ 1,100,198
Shares issued for stock options exercised (Note 5c)	50,000	5,000	-	-	-	5,000
Reserve transferred for exercised of shares options (Note 5c)	-	3,759	(3,759)	-	-	-
Private placement (Note 5b)	-	-	-	10,000	-	10,000
Share-based payments (Note 5c)	-	-	67,641	-	-	67,641
Warrants exercised (Note 5d)	320,000	60,800	-	-	-	60,800
Loss and comprehensive loss for the period	-	-	-	-	(384,043)	(384,043)
Balance, September 30, 2021	15,449,270	\$ 1,797,014	\$ 184,682	\$ 10,000	\$ (1,132,100)	\$ 859,596
Balance, March 31, 2022	23,145,605	\$ 3,658,645	294,382	\$ 34,000	(1,690,497)	\$ 2,296,530
Private placement (Note 5b)	9,651,338	2,895,401	-	(34,000)	-	2,861,401
Shares issued for mineral claims (Note 5b)	2,423,095	728,419	-	-	-	728,419
Share-based payments (Note 5c)	-	-	150,735	-	-	150,735
Share issue costs (Note 5b)	-	(116,017)	30,141	-	-	(85,876)
Stock options cancelled (Note 5c)	-	-	(69,198)	-	69,198	-
Loss and comprehensive loss for the year	-	-	-	-	(1,468,623)	(1,468,623)
Balance, September 30, 2022	35,220,038	\$ 7,166,448	\$ 406,060	\$ -	\$ (3,089,922)	\$ 4,482,586

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

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

	Six months ended September 30, 2022	Six months ended September 30, 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Loss and comprehensive loss for the period	\$ (1,468,623)	\$ (384,043)
Adjustment for item not involving cash:		
Share-based payments	150,735	-
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivable	(48,820)	20,223
(Increase) decrease in prepaid expenses	(631,561)	(6,408)
Increase in accounts payable and accruals	(52,179)	154,086
Net cash used in operating activities	<u>(2,050,448)</u>	<u>(216,142)</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Exploration and evaluation assets	<u>(243,142)</u>	<u>-</u>
Net cash used in investing activities	<u>(243,142)</u>	<u>-</u>
CASH FLOWS FROM FINANCING ACTIVITIES		
Share issue costs	(85,876)	-
Share subscriptions	(34,000)	10,000
Proceeds from the issuance of share capital	2,895,401	69,560
Net cash provided (used) in financing activities	<u>2,775,525</u>	<u>79,560</u>
Increase (decrease) in cash for the period	481,935	(136,582)
Cash, beginning of period	<u>1,170,795</u>	<u>221,758</u>
Cash, end of period	<u>\$ 1,652,730</u>	<u>\$ 85,176</u>
Cash paid during the period for interest	<u>\$ -</u>	<u>\$ -</u>
Cash paid during the period for income taxes	<u>\$ -</u>	<u>\$ -</u>

Supplemental information:

During the six months ended September 30, 2022, the Company issued 9,651,338 common shares pursuant to the non-brokered private placement at a price of \$0.30 per share, warrants valued at \$30,142 as finders' fees on a private placement and 2,423,095 common shares valued at \$728,419 pursuant to the Jackpot Lake agreement with Ares Strategic Mining Inc. (Note 5).

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

USHA RESOURCES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED SEPTEMBER 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

1. NATURE AND CONTINUANCE OF OPERATIONS

Usha Resources Ltd. (the "Company") was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the *Business Corporations Act* on February 26, 2018. The Company was classified as a Capital Pool Company as defined in the TSX Venture Exchange ("TSX-V") Policy 2.4 and its Qualifying Transaction was approved by the regulatory authorities during the year ended March 31, 2020 (Note 4).

The Company is listed for trading on the TSX Venture Exchange ("TSX-V") under the symbol USHA.V, the OTCQB Exchange under the symbol USHAF and the Frankfurt Stock Exchange under the symbol JO0. The Company's head office address is 1575 Kamloops Street, Vancouver BC, V5K 3W1, Canada. The registered and records office address is Bentall 5, 1008 – 550 Burrard Street, Vancouver, BC, V6C 2B5, Canada.

The Company's business is to acquire and explore interests in mineral properties located in North America and its portfolio includes Jackpot Lake, a lithium project in Nevada; Nicobat, a nickel-copper-cobalt project in Ontario; and Lost Basin, a gold-copper project in Arizona.

The Company's exploration and evaluation properties are at the exploration stage. The business of exploring for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. Major expenses may be required to establish ore reserves, to develop metallurgical processes, to acquire construction and operating permits and to construct mining and processing facilities.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, political uncertainty and currency exchange fluctuations and restrictions.

These unaudited interim consolidated financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries.

These unaudited interim consolidated 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.

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds, however, the Company does note that its fundraising abilities were impacted due to lockdowns and other measures implemented to address the coronavirus.

2. BASIS OF PREPARATION

These unaudited interim consolidated 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") and follow the same accounting policies and methods of application as the Company's March 31, 2022 annual audited financial statements, unless otherwise noted. These

interim consolidated financial statements do not include all the information required for full annual financial statements and accordingly, they should be read in conjunction with the Company's most recent annual statements.

These interim consolidated 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.

3. CRITICAL ACCOUNTING ESTIMATES AND JUDGEMENTS

The preparation of interim consolidated 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.
- 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.

4. EXPLORATION AND EVALUATION ASSETS

The Company incurred expenditures on the properties as follows:

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NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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(Expressed in Canadian Dollars)

(Unaudited)

Acquisition Costs	Nicobat, Ontario	Lost Basin, Arizona	Jackpot Lake, Nevada	Total
Balance, March 31, 2020	\$ 150,000	\$ -	\$ -	\$ 150,000
Lease payment	-	34,592	-	34,592
Issuance of common shares	95,000	200,000	-	295,000
Balance, March 31, 2021	245,000	234,592	-	479,592
Lease payment	-	31,988	-	31,988
Balance, March 31, 2022	245,000	266,580	-	511,580
Issuance of common shares	-	-	728,419	728,419
Cash consideration	-	-	75,000	75,000
Lease payment	-	32,581	-	32,581
Balance, September 30, 2022	245,000	299,161	803,419	1,347,580
Exploration Expenditures:				
Balance, March 31, 2020	11,568	-	-	11,568
Consulting fees	-	13,629	-	13,629
Geological consulting and reports	32,350	45,056	-	77,406
Field Expenses	9,357	76,785	-	86,142
Assay Sampling	23,313	24,113	-	47,426
Exploration equipment	-	9,638	-	9,638
Legal fees for acquisition	-	14,294	-	14,294
Drilling Expenses	197,229	-	-	197,229
Titles Claims Fees	2,073	-	-	2,073
Total costs, March 31, 2021	275,890	183,515	-	459,405
Consulting fees	-	5,289	-	5,289
Geological consulting and reports	-	1,105	-	1,105
Field Expenses	728	9,632	-	10,360
Assay Sampling	-	94	-	94
Titles Claims Fees	812	-	-	812
Balance, March 31, 2022	277,430	199,635	-	477,065
Consulting fees	3,744	-	-	3,744
Exploration advances	-	-	60,667	60,667
Geological consulting and reports	1,800	-	8,554	10,354
Field Expenses	154	48	-	202
Assay Sampling	-	2,869	-	2,869
Drilling Expenses	-	-	57,725	57,725
Balance, September 30, 2022	283,128	202,552	126,946	612,626
Total costs	\$ 528,128	\$ 501,713	\$ 930,365	\$ 1,960,206

Title to exploration and evaluation assets

Title to exploration and evaluation assets 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 conveyancing history characteristic of many mineral properties. The Company has investigated title to all of its mineral properties and, to the best of its knowledge, title to all of its properties is in good standing.

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The Company has three exploration assets:

Nicobat property, Ontario, Canada

The Company's first project was acquired as part of its Qualifying Transaction. The Company acquired an initial 51% interest during fiscal 2020 in consideration for 1,500,000 common shares valued at \$150,000. During fiscal 2021 the Company increased its interest by 34% through the issuance of an additional 500,000 common shares of the Company valued at \$95,000, bringing its total interest to 85%. The property is subject to a 2% net smelter returns royalty of which 1.5% can be repurchased for USD\$2,000,000 until the end of the five-year period commencing from the date the property is put into commercial production.

On May 10, 2022, the Company entered into an arrangement agreement (the "Arrangement") with its wholly-owned subsidiary, Formation Metals Inc. ("Formation Metals" or "FMI"), to transfer the Nicobat property to FMI. Under the terms of the Arrangement, USHA shareholders will be issued one (1) share of FMI with respect to every five (5) shares of USHA owned on the share distribution record date (the "Share Distribution Record Date"), which will be predetermined by USHA's Board of Directors. Holders of USHA options and warrants, who exercise their options and/or warrants before the Share Distribution Record Date, will also be entitled to receive one (1) share of FMI with respect to every five (5) shares of USHA.

Lost Basin property, Arizona, USA

The Company entered into a binding Letter of Intent ("LOI") with AJA Mining LLC and Gold Basin Mining EXP LLC (collectively, the "Optionors") on June 3, 2020, whereby the Optionors granted the Company the option to acquire a 100% interest in certain mineral claims located in Arizona. Pursuant to the agreement, the Company issued 1,000,000 common shares valued at \$200,000 in fiscal 2021. The Company is required to make annual lease payments of US\$25,000, and within three years make a final payment of US\$3,000,000.

On July 15, 2022, pursuant to the terms of the binding LOI with AJA Mining, LLC, the Company advanced US\$25,000 converted into Canadian \$32,581 to the AJA Mining, LLC towards the annual lease payment of the in 133 mineral claims in an interest-free loan.

Jackpot Lake, Nevada, USA

On May 2, 2022, the Company received approval from the TSX-V for its mineral property option agreement with Ares Strategic Mining Inc. (the "Vendor") to acquire a 100% interest in 140 mineral claims located in Jackpot Lake, Clark County, Nevada for total consideration of \$75,000 cash and \$950,000 in shares over a 12-month period. The Company completed its first payment of \$75,000 cash and issued 1,678,062 common shares to the Vendor on May 2, 2022.

On September 14, 2022, the Company issued 745,033 common shares valued at \$225,000 pursuant to the Jackpot Lake agreement with Ares Strategic Mining Inc. as the second payment under the option agreement.

5. SHARE CAPITAL

a) Authorized:

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

b) Issued:

During the six months ended September 30, 2022, the Company issued 9,651,338 Units pursuant to a non-brokered private placement at a price of \$0.30 per Unit, and 2,423,095 common shares valued at \$728,419 pursuant to the Jackpot Lake agreement with Ares Strategic Mining Inc. The Company also granted warrants to acquire 286,247 common shares exercisable at \$0.45 for two years as finders' fees on the private placement. The warrants were valued

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at \$30,142 using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk-free interest rate of 2.96%, a forfeiture rate of nil, and volatility of 76.02%

Each Unit issued pursuant to the non-brokered private placement consisted of one common share and one-half of one transferable share purchase warrant with each whole warrant exercisable at \$0.45 per share for a period of two (2) years from the date of closing, provided that in the event that the closing price of the Company's Shares on the TSX-V (or such other exchange on which the Company's Shares may become traded) is \$0.75 or greater per share during any thirty (30) consecutive trading day period at any time subsequent to four months and one day after the closing date, the warrants will expire at 4:00 p.m. on the 30th day after the date on which the Company provides notice of such accelerated expiry. No value was attributed to the warrant component of the units.

During the year ended March 31, 2022, the Company issued 8,066,335 common shares pursuant to the private placement, exercise of warrants and stock option as stated below:

- i) 3,414,335 shares were issued in a non-brokered private placement at a price of \$0.30 per share.
- ii) 320,000 warrants were exercised at a price of \$0.19 per share.
- iii) 3,007,000 warrants were exercised at a price of \$0.19 per share.
- iv) 1,200,000 warrants were exercised at a price of \$0.26 per share.
- v) 5,000 warrants were exercised at a price of \$0.30 per share.
- vi) 50,000 stock options were exercised at a price of \$0.10 per share.
- vii) 70,000 stock options were exercised at a price of \$0.20 per share.

During the year ended March 31, 2021, the Company issued 500,000 common shares valued at \$95,000 pursuant to the Emerald Lake agreement and issued 1,000,000 common shares valued at \$200,000 pursuant to the agreement with AJA Mining LLC and Gold Basin Mining EXP LLC (Note 4).

During the year ended March 31, 2021, the Company issued 200,000 common shares for proceeds of \$20,000 pursuant to the exercise of agent's warrants.

On October 21, 2020, the Company closed the first tranche of the Company's non-brokered private placement, issuing an aggregate of 2,065,830 non-flow through units at \$0.20 per unit raising gross proceeds of \$413,166. On November 23, 2020, the Company closed the second tranche of the Company's non-brokered private placement, issuing an aggregate of 100,000 non-flow through units at \$0.20 per unit raising gross proceeds of \$20,000. On December 2, 2020, the Company closed the final tranche of its non-brokered private placement, issuing an aggregate of 499,440 units at \$0.20 per unit and 487,000 flow through units at \$0.25 per flow through unit raising gross proceeds of \$221,638. During the year ended March 31, 2021, the Company recorded shares issuance costs in the amount of \$4,061.

Each non-flow through unit consists of one common share and one-half of one transferable share purchase warrant. Each warrant is exercisable to purchase one warrant share of the Company at \$0.30 per warrant share for a period of two years from the date of issuance of the units, provided that in the event that the closing price of the Company's shares on the TSX Venture Exchange (or such other exchange on which the Company's shares may become traded) is \$0.75 or greater per share during any thirty (30) consecutive trading day period at any time subsequent to four months and one day after the closing date, the warrants will expire at 4:00 p.m. on the 30th day after the date on which the Company provides notice of such accelerated expiry to the holders of the warrants. No value was attributed to the warrant component of the units.

The Company calculates the tax effect of any premium related to the issuance of flow-through shares by reviewing the value of corresponding common shares and warrants issued in connection with the issuance. As a result, the Company recognized a premium of \$24,350 as a flow-through premium liability on the issuance of the flow-through shares.

As at September 30, 2022, there were 330,000 (2021: 990,000) shares in escrow.

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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.

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. The Company approved the grant to directors and officers of stock options to purchase 420,000 common shares exercisable at \$0.10 per share expiring five years from the date of grant (until October 12, 2023).

During the six months ended September 30, 2022, the Company granted 250,000 incentive stock options vesting as to ¼ every three months from the date of grant over a period of not less than 12 months, the Company granted 100,000 incentive stock options with a fair value of \$12,540 using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk free interest rate of 2.37%, a forfeiture rate of nil, and volatility of 74.96%, the Company granted 50,000 incentive stock options with a fair value of \$5,588 using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk free interest rate of 2.52%, a forfeiture rate of nil, and volatility of 75.14%, the Company granted 471,000 incentive stock options with a fair value of \$56,986 using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk free interest rate of 2.67%, a forfeiture rate of nil, and volatility of 75.96%, the Company granted 437,000 incentive stock options with a fair value of \$56,846 using the Black-Scholes pricing model assuming a life expectancy of two years, a risk free interest rate of 2.55%, a forfeiture rate of nil, and volatility of 75.90%, the Company granted 30,000 incentive stock options with a fair value of \$3,501 using the Black-Scholes pricing model assuming a life expectancy of two years, a risk free interest rate of 3.79%, a forfeiture rate of nil, and volatility of 77.24%, the Company granted 50,000 incentive stock options with a fair value of \$5,496 using the Black-Scholes pricing model assuming a life expectancy of two years, a risk free interest rate of 3.89%, a forfeiture rate of nil, and volatility of 77.67%. The Company expensed \$150,735 as share-based compensation for stock options.

During the six months ended September 30, 2022, 200,000 of the outstanding stock options were expired and 150,000 of the outstanding stock options were cancelled. The corresponding amount of \$69,198 was transferred from reserves to deficit.

	Number	Weighted Average Exercise Price
Outstanding, March 31, 2020	420,000	\$ 0.10
Granted	<u>652,700</u>	<u>0.21</u>
Outstanding, March 31, 2021	1,072,700	0.17
Granted	885,227	0.26
Exercised	<u>(120,000)</u>	<u>0.16</u>
Outstanding, March 31, 2022	1,837,927	0.21
Granted	1,388,000	0.30
Expired	<u>(350,000)</u>	<u>0.29</u>
Outstanding, September 30, 2022	<u>2,875,927</u>	<u>0.25</u>

The following stock options were outstanding and exercisable as at September 30, 2022:

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	Number of options outstanding	Number of options exercisable	Exercise Price	Expiry Date	Remaining contractual life (years)
Options	370,000	370,000	\$ 0.10	October 12, 2023	1.03
Options	502,700	502,700	\$ 0.20	September 17, 2025	2.97
Options	365,227	365,227	\$ 0.20	July 5, 2026	3.76
Options	25,000	25,000	\$ 0.335	October 7, 2026	4.02
Options	50,000	50,000	\$ 0.355	November 11, 2026	4.12
Options	75,000	75,000	\$0.29	January 7, 2024	1.27
Options	100,000	100,000	\$0.31	February 9, 2024	1.36
Options	250,000	-	\$0.375	April 4, 2024	1.51
Options	100,000	100,000	\$0.300	April 5, 2024	1.52
Options	50,000	50,000	\$0.300	April 19, 2024	1.55
Options	471,000	471,000	\$0.285	May 10, 2024	1.61
Options	437,000	437,000	\$0.290	May 27, 2024	1.66
Options	30,000	30,000	\$0.300	September 16, 2024	1.96
Options	50,000	50,000	\$0.250	September 27, 2024	1.99

d) Warrants

As at September 30, 2022, the Company had 8,547,556 warrants outstanding.

A summary of changes in outstanding warrants is as follows:

	Warrants outstanding	Weighted Average Exercise Price
Outstanding and exercisable at March 31, 2020	4,727,000	\$ 0.20
Warrants issued	1,588,735	0.31
Warrants exercised	(200,000)	0.10
Outstanding and exercisable at March 31, 2021	6,115,735	\$ 0.23
Warrants issued	1,851,904	0.45
Warrants exercised	(4,532,000)	0.21
Outstanding and exercisable at March 31, 2022	3,435,639	\$ 0.38
Warrants issued	5,111,917	0.45
Outstanding and exercisable at September 30, 2022	8,547,556	\$ 0.42

The following warrants were outstanding at September 30, 2022:

	Number of Shares	Exercise Price	Expiry Date
Warrants:			
Agent's warrants	5,250	\$ 0.30	October 21, 2022
Agent's warrants	3,150	0.30	December 2, 2022
Agent's warrants	4,200	0.35	December 2, 2022
Agent's warrants	134,237	0.45	November 12, 2023
Agent's warrants	10,500	0.45	December 17, 2023
Agent's warrants	49,220	0.45	April 1, 2024
Agent's warrants	75,800	0.45	May 13, 2024
Agent's warrants	114,800	0.45	May 17, 2024
Agent's warrants	46,427	0.45	June 14, 2024

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(Unaudited)

Non-flow through warrants	1,032,915	0.30	October 20, 2022
Non-flow through warrants	50,000	0.30	November 22, 2022
Flow-through warrants	243,500	0.35	December 1, 2022
Non-flow through warrants	244,720	0.30	December 1, 2022
Non-flow through warrants	1,483,834	0.45	November 12, 2023
Non-flow through warrants	223,333	0.45	December 17, 2023
Non-flow through warrants	384,667	0.45	April 1, 2024
Non-flow through warrants	1,467,499	0.45	May 13, 2024
Non-flow through warrants	717,500	0.45	May 17, 2024
Non-flow through warrants	2,256,004	0.45	June 14, 2024

6. RELATED PARTY TRANSACTIONS

The aggregate amount of expenditures paid or payable to key management personnel consisting of directors, former directors or companies with common directors was as follows:

Name of the Key management personnel	Company's Name	Nature of Transaction	Three months ended September 30, 2022	Three months ended September 30, 2021
Deepak Varshney, CEO	Castello Q Development Corporation	Consulting fees	\$ 45,000	\$ 24,000
Navin Varshney, Director	N.K.V. Engineering & Consulting Ltd	Rent and administration charges	16,500	9,000
Khalid Naeem, CFO	KN Consulting Inc./Aterna Advisors Inc.	Accounting fees	7,500	4,000

- a) Accounts payable included \$8,700 (2021: \$25,138) owed to directors and officers of the Company for operating expenses paid on behalf of the Company during the six months ended September 30, 2022.

7. FINANCIAL INSTRUMENTS**Fair value**

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

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

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

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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 September 30, 2022, 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.

8. CAPITAL MANAGEMENT

Capital is comprised of all the components of the Company's shareholders' equity as at September 30, 2022, the Company's shareholders' equity was \$4,482,586 and there was no long-term debt outstanding. The Company manages its capital structure to maximize its financial flexibility adjusting 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. 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 six months ended September 30, 2022.

9. SUBSEQUENT EVENTS

On October 4, 2022, the Company received notice from the TSX Venture Exchange that warrants expiring October 21, November 23, and December 2, 2022 had been approved to be extended by 1-year. The Company had applied for the extension on September 23, 2022.

On October 13, 2022, the Company filed a National Instrument 43-101 technical report which has been prepared in accordance with NI 43-101 -- Standards of Disclosure for Mineral Projects, on the company's Nicobat project, in relation to the proposed spinout of the company's nickel-copper-cobalt property located in Northwest Ontario.

On November 10, 2022, the Company announced that it had begun exploration activities at the Jackpot Lake lithium brine project relating to the drilling program permitted for 2,700 metres and 6 boreholes.