



## **USHA RESOURCES LTD.**

**NOTICE OF MEETING AND MANAGEMENT INFORMATION CIRCULAR**

**FOR**

**ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**OF**

**USHA RESOURCES LTD.**

**TO BE HELD ON DECEMBER 16, 2022**

No securities regulatory authority has in any way passed upon the merits of the transaction described in this information circular.

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**USHA RESOURCES LTD.**

**NOTICE OF ANNUAL GENERAL AND SPECIAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that an annual general and special meeting (the “**Meeting**”) of holders (the “**USHA Shareholders**”) of common shares (the “**USHA Shares**”) of Usha Resources Ltd. (“**USHA**” or the “**Company**”) will be held at 1150 - 789 West Pender Street, Vancouver, British Columbia at 11:00 a.m. (Pacific Time) on Friday, December 16, 2022 for the following purposes:

1. To receive the audited financial statements of the Company for the financial year ended March 31, 2022, the auditor’s report thereon and the management’s discussion and analysis for the financial year ended March 31, 2022;
2. To fix the number of directors for the ensuing year at five (5);
3. To elect directors of the Company for the ensuing year;
4. To re-appoint Davidson & Company LLP, Chartered Professional Accountants, as auditors of the Company for the ensuing year and to authorize the board of directors to fix the auditor’s remuneration;
5. To approve by ordinary resolution of disinterested shareholders, the omnibus incentive plan of the Company, as more particularly described in the accompanying management information circular (the “**Circular**”);
6. To pass, with or without amendment, a special resolution (the “**Arrangement Resolution**”) to approve an arrangement (the “**Arrangement**”) under section 288 of the *Business Corporations Act* (British Columbia) (the “**BCBCA**”), the full text of which resolution is set forth in **Appendix A** to, and all as more particularly described in, the accompanying Circular; and
7. To consider other matters, including without limitation such amendments or variations to the foregoing matters, as may properly come before the Meeting or any adjournment thereof.

The full text of the Arrangement Resolution and the Arrangement Agreement (as defined in the Circular) are set out in Appendices A and B to the Circular and provides additional information relating to the subject matters of the Meeting, including the Arrangement, and is deemed to form part of this Notice of Meeting.

**Registered USHA Shareholders who validly dissent from the Arrangement will be entitled to be paid the fair value of their USHA Shares subject to strict compliance with the provisions of the Interim Order (as set forth herein), the Plan of Arrangement and sections 237 to 247 of the BCBCA. The right to dissent is described in the section of the Circular entitled *The Arrangement - Dissenting Holders’ Rights* and the text of the Interim Order is set out in Appendix C to the Circular. Failure to comply strictly with the requirements set forth in the Plan of Arrangement and sections 237 to 247 of the BCBCA may result in the loss of any right of dissent.**

The Circular provides additional information relating to the matters to be dealt with at the Meeting and is deemed to form part of this Notice. Also accompanying this Notice and the Circular is a form of proxy for use at the Meeting. Any adjourned meeting resulting from an adjournment of the Meeting will be held at a time and place to be specified at the Meeting. Only USHA Shareholders of record at the close of business on **October 25, 2022** will be entitled to receive notice of and vote at the Meeting.

Your vote is important regardless of the number of USHA Shares that you own. If you are a registered USHA Shareholder and are unable to be present in person at the Meeting, we encourage you to vote by completing the enclosed form of proxy. You should specify your choice by marking the box on the enclosed form of proxy and by dating, signing and returning your proxy in the enclosed return envelope addressed to Computershare Investor Services Inc., Proxy Department, 100 University Avenue, 8th Floor, Toronto, Ontario, M5J 2Y1, or by fax number 1-866-249-7775 (toll free)/ 1-416-263-9524 (international) no later than 11:00 a.m. on **Wednesday, December 14, 2022** (Pacific Time) unless the chair elects to exercise his discretion to accept proxies received subsequently. Please do this as soon as possible. Voting by proxy will not prevent you from voting in person if you attend the Meeting and revoke your proxy but will ensure that your vote will be counted if you are unable to attend.

Registered USHA Shareholders may also vote using the internet at [www.investorvote.com](http://www.investorvote.com) or by telephone, toll free, by calling 1-866-832-VOTE (8683) using a touch-tone telephone.

If you are not registered as the holder of your USHA Shares but hold your USHA Shares through a broker or other intermediary, you should follow the instructions provided by your broker or other intermediary to vote your USHA Shares. See *General Proxy Information – Beneficial Shareholders* in the accompanying Circular for further information on how to vote your USHA Shares.

Dated at Vancouver, British Columbia, this 15<sup>th</sup> day of November, 2022.

**USHA RESOURCES LTD.**

*“Deepak Varshney”*

Deepak Varshney,  
CEO, Secretary and Director



## USHA RESOURCES LTD.

### MANAGEMENT INFORMATION CIRCULAR

(Containing information as at November 15, 2022 unless indicated otherwise)

This Management Information Circular (the “**Circular**”) is furnished in connection with the solicitation of proxies by management of Usha Resources Ltd. (the “**Company**” or “**USHA**”) for use at the annual general and special meeting (the “**Meeting**”) of its shareholders (the “**USHA Shareholders**”) to be held on Friday, December 16, 2022 at the time and place and for the purposes set forth in the accompanying notice of the Meeting.

Unless the context otherwise requires, capitalized terms used herein and not otherwise defined shall have the meanings set forth in the Glossary of Terms in this Circular.

In considering whether to vote for the approval of the Arrangement, USHA Shareholders should be aware that there are various risks, including those described under *Risk Factors* in this Circular. USHA Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.

No person has been authorized to give any information or to make any representation in connection with the Arrangement and other matters described herein other than those contained in this Circular and, if given or made, any such information or representation should be considered not to have been authorized by the Company.

This Circular does not constitute the solicitation of an offer to purchase any securities or the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Information contained in this Circular should not be construed as legal, tax or financial advice and USHA Shareholders are urged to consult their own professional advisers in connection therewith.

Descriptions in the body of this Circular of the terms of the Arrangement Agreement and the Plan of Arrangement are merely summaries of the terms of those documents. USHA Shareholders should refer to the full text of the Arrangement Agreement and the Plan of Arrangement for complete details of those documents. The full text of the Arrangement Agreement is attached to this Circular as **Appendix B** and the Plan of Arrangement is attached as Schedule A to the Arrangement Agreement.

### INFORMATION CONCERNING FORWARD-LOOKING STATEMENTS

Except for statements of historical fact contained herein, the information presented in this Circular constitutes “forward-looking statements”. These statements relate to analyses and other information that are based on forecasts of future results, estimates of amounts not yet determinable and assumptions of management.

In certain cases, forward-looking statements can be identified by the use of words such as “plans”, “expects” or “does not expect”, “is expected”, “budget”, “potential”, “scheduled”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “will”, “may”, “could”, “would”, “might” or “will be taken”, “occur” or “be achieved” or the negative of these terms or comparable terminology. By their very nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the forward-looking statements.

A variety of material factors include, among others: the Arrangement Agreement being terminated in certain circumstances; certain conditions precedent to the Arrangement not being satisfied; USHA incurring certain costs, even

if the Arrangement is not completed; and failure to complete the Arrangement, could negatively impact the market price of USHA Shares and future business and financial results; a “market overhang” could adversely affect the market price of the Company after completion of the Arrangement; a resurgence of COVID-19, which has occurred in certain locations, and the possibility of which in other locations remains high and creates ongoing uncertainty that could result in governmental authorities imposing new or more stringent restrictions on movement and business; the integration of Spinco and USHA may not occur as planned; Spinco and USHA being exposed to certain risks associated with operating in foreign countries; as well as those risks described under *Risk Factors* in this Circular, the risks relating to the Company in its interim and annual financial statements and management’s discussion and analysis of those statements, all of which are filed and available for review on SEDAR at [www.sedar.com](http://www.sedar.com). Although the Company has 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 not to be as anticipated, estimated or intended.

In addition, recent unprecedented events in the world economy and global financial and credit markets due to COVID-19 have resulted in heightened market volatility and a contraction in debt and equity markets, which could have a particularly significant, detrimental and unpredictable effect on forward-looking statements. The Company provides no assurances that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company does not intend, and do not assume any obligation, to update any forward-looking statements, other than as required by applicable law. Accordingly, readers should not place undue reliance on forward-looking statements.

## NOTES TO UNITED STATES SHAREHOLDERS

**THE ARRANGEMENT AND THE SECURITIES TO BE ISSUED IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE IN THE UNITED STATES, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE IN THE UNITED STATES PASSED UPON THE FAIRNESS OR MERITS OF THE ARRANGEMENT OR UPON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

Offers and sales of the Spinco Shares and the New USHA Shares to be issued pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or any applicable Securities Laws of any state of the United States and are being issued in reliance on the Section 3(a)(10) Exemption. Such exemption contemplates the approval of the Court, which will consider, among other things, the procedural and substantive fairness of the Arrangement to the USHA Shareholders as further described in this Circular under *Completion of Arrangement - United States Securities Law Considerations*. In addition, such offers and sales may be subject to certain U.S. state laws relating to the offer and sale of securities in particular states of the United States, including exemptions therefrom, commonly referred to as “state blue-sky” laws. The fraud and non-disclosure provisions of the U.S. Securities Act and the U.S. Exchange Act may apply to offers and sales deemed to be made to USHA Shareholders residing in the United States or otherwise entitled to the protection of U.S. Securities Laws, notwithstanding the availability of exemptions from registration under U.S. Securities Laws.

The solicitation of proxies made pursuant to this Circular is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. See *General Proxy Information – Notice to United States Shareholders*. Accordingly, this Circular has been prepared in accordance with disclosure requirements applicable in Canada. USHA Shareholders should be aware that such requirements are different from those of the United States applicable to registration statements under the U.S. Securities Act and to proxy statements under the U.S. Exchange Act.

Information concerning the properties and operations of USHA has been prepared in accordance with the requirements of Canadian Securities Laws, which differ from the requirements of United States Securities Laws. Unless otherwise indicated, all mineral reserve and mineral resource estimates included in this Circular have been prepared in accordance with NI 43-101 and the Canadian Institute of Mining, Metallurgy and Petroleum definitions and classification system (“**CIM Definition Standards**”).

NI 43-101 is a rule developed by the Canadian Securities Administrators that establishes standards for all public disclosure an issuer makes of scientific and technical information concerning mineral projects.

Under Canadian rules, estimates of “inferred mineral resources” may not form the basis of feasibility or pre-feasibility studies except in rare cases. Investors are cautioned not to assume that all or any part of an “inferred mineral resource” exists or is economically or legally mineable. Disclosure of “contained tonnes” in a mineral resource estimate is permitted disclosure under NI 43-101 provided that the grade or quality and the quantity of each category is stated.

Canadian standards, including NI 43-101, differ significantly from the requirements of the SEC Industry Guide 7. Effective February 25, 2019, the SEC adopted new mining disclosure rules under subpart 1300 of Regulation S-K (the “**SEC Modernization Rules**”), with compliance required for the first fiscal year beginning on or after January 1, 2021. The SEC Modernization Rules apply to companies subject to the SEC’s registration and reporting requirements and replace the historical property disclosure requirements included in SEC Industry Guide 7. As a result of the adoption of the SEC Modernization Rules, the SEC now recognizes estimates of “Measured Mineral Resources”, “Indicated Mineral Resources” and “Inferred Mineral Resources”. In addition, the SEC has amended its definitions of “Proven Mineral Reserves” and “Probable Mineral Reserves” to be “substantially similar” to corresponding definitions under the CIM Definition Standards. While the SEC Modernization Rules are purported to be “substantially similar” to the CIM Definition Standards, readers are cautioned that there are differences between the SEC Modernization Rules and the CIM Definitions Standards. Accordingly, there is no assurance any mineral reserves or mineral resources that the Company may report as “proven mineral reserve”, “probable mineral reserve”, “mineral reserves”, “mineral resources”, “measured mineral resources”, “indicated mineral resources” and “inferred mineral resources” under NI 43-101 would be the same had the Company prepared the reserve or resource estimates under the standards adopted under the SEC Modernization Rules.

In addition, the project stage classifications utilized by the Company under NI 43-101 do not conform to defined project stages under the SEC Modernization Rules.

Accordingly, information concerning mineral deposits set forth herein may not be comparable to information made public by companies that report in accordance with United States standards.

Financial statements included or incorporated by reference in this Circular have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to Canadian auditing and auditor independence standards, which differ from United States generally accepted accounting principles, and which apply different auditing and auditor independence standards. These differences may be material in certain respects and, thus, they may not be comparable to financial statements of U.S. companies.

USHA Shareholders who are resident in, or citizens of, the United States are advised to consult their own tax advisors to determine the particular United States tax consequences to them of the Arrangement in light of their particular situation, as well as any tax consequences that may arise under the laws of any other relevant foreign, state, local, or other taxing jurisdiction. Such United States tax consequences are not described herein.

The enforcement by shareholders of civil liabilities under U.S. Securities Laws may be affected adversely by the fact that each of USHA and Spinco is incorporated outside the United States, that most of their respective officers and directors and the experts named herein are residents of a foreign country and that some or all of the respective Assets of USHA and Spinco and the aforementioned persons are located outside the United States. As a result, it may be difficult or impossible for USHA Shareholders to effect service of process within the United States upon USHA or Spinco, their respective officers or directors or the experts named herein, or to realize against them upon judgments of courts of the United States predicated upon civil liabilities under U.S. Securities Laws or any fraud provisions of any state within the United States. In addition, USHA Shareholders should not assume that the courts of Canada (a) would allow them to sue USHA or Spinco, their respective officers or directors, or the experts named herein in the courts of Canada, (b) would enforce judgments of United States courts obtained in actions against such persons predicated upon civil liabilities under U.S. Securities Laws or any fraud provisions of any state within the United States, or (c) would enforce, in original actions, liabilities against such persons predicated upon civil liabilities under U.S. Securities Laws or any fraud provisions of any state within the United States.

## GLOSSARY OF TERMS

The following is a glossary of general terms and abbreviations used in this Circular:

“**affiliate**” has the meaning ascribed thereto in National Instrument 45-106 *Prospectus and Registration Exemptions* (“**NI 45-106**”) of the Canadian Securities Administrators;

“**Arrangement**” means the arrangement of the Company under Section 288 of the BCBCA on the terms and subject to the conditions set out in the Plan of Arrangement, subject to any amendments or variations thereto made in accordance with the terms of the Arrangement Agreement or the Plan of Arrangement or made at the direction of the Court in the Final Order (provided, however, that any such amendment or variation is acceptable to the Company, acting reasonably);

“**Arrangement Agreement**” means the agreement dated effective May 10, 2022 between the Company and Spinco, including all schedules annexed thereto, a copy of which is attached as **Appendix B** to this Circular, and any amendment(s) or variation(s) thereto;

“**Arrangement Resolution**” means the special resolution to be considered by the USHA Shareholders at the Meeting to approve the Arrangement, the full text of which is set out in **Appendix A** to this Circular and is available on [www.sedar.com](http://www.sedar.com) under the profile of the Company;

“**Assets**” means the assets of the Company to be transferred to Spinco pursuant to the Arrangement, being the Nicobat Property;

“**BCBCA**” means the *Business Corporations Act* (British Columbia), S.B.C. 2002, c. 57, as may be amended or replaced from time to time;

“**Beneficial Shareholder**” means a USHA Shareholder who is not a Registered Shareholder;

“**Board**” means the board of directors of the Company;

“**Business Day**” means a day that is not a Saturday, Sunday or statutory holiday in Vancouver, British Columbia;

“**Circular**” means this management information circular, including the Notice of Meeting and all schedules attached hereto and all documents incorporated by reference herein, and all amendments hereof and supplements hereto;

“**Company**” or “**USHA**” means Usha Resources Ltd.;

“**Computershare**” means Computershare Investor Services Inc., the registrar and transfer agent of the Company;

“**Conversion Factor**” means 0.2;

“**Court**” means the Supreme Court of British Columbia;

“**COVID-19**” has the meaning ascribed thereto under the heading “*Risk Factors – Risks Related to Covid-19*”;

“**Discounted Market Price**” has the meaning ascribed thereto in TSXV Policy 1.1 Interpretation;

“**Dissent Rights**” means the rights of dissent exercisable by the USHA Shareholders in respect of the Arrangement described in Article 4 of the Plan of Arrangement;

“**Dissenting Shareholder**” means a USHA Shareholder who has duly and validly exercised Dissent Rights in respect of the Arrangement Resolution in strict compliance with the Dissent Rights and who has not withdrawn or been deemed to have withdrawn such exercise of Dissent Rights, and who will be entitled to be paid fair value for his, her or its USHA Shares in accordance with the Interim Order and the Plan of Arrangement;

“**Effective Date**” means the date upon which all of the conditions to the completion of the Arrangement as set out in Article 5 of the Arrangement Agreement have been satisfied or waived in accordance with the Arrangement Agreement and the Final Order and all documents agreed to be delivered thereunder have been delivered;

“**Effective Time**” means 12:01 a.m. (Pacific Time) on the Effective Date that the Arrangement becomes effective, as set out in the Plan of Arrangement;

“**Endeavor Trust**” Endeavor Trust Corporation, the registrar and transfer agent of Spinco;

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

“**Fairness Opinion**” means the fairness opinion prepared by RWE Growth Partners Inc., a summary of which is attached as **Appendix K**;

“**Final Order**” means the final order of the Court pursuant to Section 291 of the BCBCA, in a form acceptable to USHA, acting reasonably, approving the Arrangement, as such order may be amended by the Court (with the consent of USHA acting reasonably) at any time before the Effective Date or, if appealed, then, unless such appeal is withdrawn or denied, as affirmed or as amended on appeal (provided that any such amendment is acceptable to USHA acting reasonably);

“**Interim Order**” means the interim order of the Court dated November 14, 2022 contemplated by Section 2.2 of the Arrangement Agreement and made pursuant to Section 291 of the BCBCA, providing for, among other things, the calling and holding of the Meeting, as the same may be amended by the Court with the consent of USHA acting reasonably, a copy of which is attached to this Circular as **Appendix C**;

“**Intermediaries**” refers to brokers, investment firms, clearing houses and similar entities that own securities on behalf of Beneficial Shareholders;

“**Jackpot Property**” means the Company’s lithium property comprised of 140 mineral claims located in Jackpot Lake, Clark County, Nevada USA;

“**Lost Basin Property**” means the Company’s gold-copper property comprised of 133 mining claims located in Mojave County, Arizona, USA;

“**Meeting**” means the annual general and special meeting of the USHA Shareholders to be held on Friday, December 16, 2022, including any adjournment or postponement thereof;

“**NI 43-101**” means National Instrument 43-101 *Standards of Disclosure for Mineral Projects* of the Canadian Securities Administrators;

“**Nicobat Property**” means the Company’s nickel-copper cobalt property located in the District of Rainy River, Ontario, Canada;

“**Nicobat Technical Report**” means the NI 43-101-compliant technical report titled “NI 43-101 Technical Report – The Nicobat Project” April 19, 2022, prepared by Andrew Tims, P. Geo, a Geological Consultant of Thunder Bay, Ontario, who is independent of the Issuer.

“**Notice of Meeting**” means the notice of annual and general special meeting of the USHA Shareholders accompanying this Circular;

“**Plan of Arrangement**” means the plan of arrangement attached as Schedule A to the Arrangement Agreement, which Arrangement Agreement is attached as **Appendix B** to this Circular, and any amendment(s) or variation(s) thereto;

“**Proxy**” means the form of proxy accompanying this Circular;

“**Record Date**” means October 25, 2022, as the date for determination of USHA Shareholders entitled to receive notice of and to vote at the Meeting;

“**Registered Shareholder**” means a registered holder of USHA Shares as recorded in the shareholder register of the Company maintained by Computershare;

“**Regulation S**” means Regulation S promulgated under the U.S. Securities Act;

“**Regulatory Approvals**” means those sanctions, rulings, consents, orders, exemptions, permits and other approvals (including the waiver or lapse, without objection, of a prescribed time under a statute or regulation that states that a transaction may be implemented if a prescribed time lapses following the giving of notice without an objection being made) of Governmental Entities;

“**Rule 144**” means Rule 144 promulgated under the U.S. Securities Act;

“**SEC**” means the United States Securities and Exchange Commission;

“**Section 3(a)(10) Exemption**” means the exemption from registration pursuant to Section 3(a)(10) of the U.S. Securities Act;

“**Securities Act**” means the *Securities Act* (British Columbia) and the rules, regulations and published policies made thereunder, as now in effect and as they may be promulgated or amended from time to time;

“**Securities Laws**” means the Securities Act, together with all other applicable Canadian provincial securities laws, the U.S. Securities Act, U.S. Exchange Act, and applicable securities laws of the United States and the states thereof, and the rules and regulations and published policies of the securities authorities thereunder, as now in effect and as they may be promulgated or amended from time to time, and includes the rules and policies of the TSXV;

“**SEDAR**” means the System for Electronic Document Analysis and Retrieval of the Canadian Securities Administrators described in National Instrument 13-101 of the Canadian Securities Administrators and available for public view at [www.sedar.com](http://www.sedar.com);

“**Share Distribution Record Date**” means the record date or such other day as agreed to by the Company, which date establishes the USHA Shareholders who will be entitled to receive the Spinco Shares pursuant to the Plan of Arrangement;

“**Share Exchange Date/Effective Date**” means the share issuance and payable date to the USHA Shareholders;

“**Spinco**” means Formation Metals Inc., a newly-incorporated private company under the BCBCA, which is a Subsidiary of the Company for the purpose of the Plan of Arrangement;

“**Spinco Shareholder**” means a holder of Spinco Shares;

“**Spinco Shares**” means the common shares without par value in the authorized share structure of Spinco;

“**Subsidiary**” has the meaning ascribed thereto in NI 45-106 of the Canadian Securities Administrators;

“**Tax Act**” means the *Income Tax Act* (Canada), R.S.C. 1995, c. 1, and the regulations made thereunder, as now in effect and as they may be amended or replaced from time to time;

“**U.S. Exchange Act**” means the *United States Securities Exchange Act of 1934*, as may be amended or replaced from time to time;

“**U.S. Securities Act**” means the *United States Securities Act of 1933*, as may be amended or replaced from time to time;

“**United States**” and “**U.S.**” means the United States of America, its territories and possessions, any State of the United States, and the District of Columbia.

“**USHA Shareholder**” means a holder of USHA Shares;

“**USHA Shares**” means the common shares without par value in the authorized share structure of the Company; and

“**VWAP**” means the volume-weighted average price, being a measurement that shows the average price of a security, adjusted for its volume.

## SUMMARY OF INFORMATION CIRCULAR

This summary is qualified in its entirety by the more detailed information appearing elsewhere in this Circular, and the Arrangement Agreement and Plan of Arrangement attached as **Appendix B** to this Circular.

References in this Circular are to Canadian dollars unless otherwise indicated.

### The Meeting

The Meeting will be held at 1150 - 789 West Pender Street, Vancouver, BC V6C 1H2, at 11:00 a.m. (Pacific Time) on Friday, December 16, 2022.

At the Meeting, USHA Shareholders will be asked to consider, and if deemed advisable, approve certain annual general matters, the adoption of a new omnibus compensation plan, as well as the Arrangement Resolution authorizing the Arrangement, and to consider such other matters as may properly come before the Meeting.

**By passing the Arrangement Resolution, the USHA Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the USHA Shareholders.**

### The Arrangement

The Company is a junior Canadian exploration company which currently owns the Jackpot Lake Property, Nicobat Property and Lost Basin Property.

The Arrangement has been proposed to efficiently facilitate the reorganization and transfer of the Company's Nicobat Property (the "Assets") to Spinco, and for the parent company, USHA, to focus on its U.S. properties. The Board is of the view that the Arrangement will benefit the Company and the USHA Shareholders based on the information described herein.

The Arrangement will include the transfer of the Assets to Spinco, and will be subject to Court approval, as well as approval by the USHA Shareholders at the Meeting and the TSXV. Pursuant to the Arrangement, USHA will distribute 100% of the Spinco Shares it receives to the USHA Shareholders on a *pro rata* basis.

The Arrangement will result in USHA Shareholders receiving one Spinco Share with respect to every one USHA Share multiplied by the Conversion Factor. As of the date of this Circular, USHA has 35,652,738 USHA Shares issued and outstanding, and the Conversion Factor is 0.2. If USHA issues more USHA Shares before the Share Distribution Record Date, the total number of Spinco Shares to be issued will increase. There will be no change in shareholders' holdings in USHA as a result of the Arrangement. In other words, USHA Shareholders will keep all their USHA Shares and will receive one Spinco Share with respect to every five USHA Shares.

***No outstanding USHA warrants or options will be transferred over to Spinco. USHA warrant and option holders who exercise their warrants and options before the Share Distribution Record Date will receive Spinco Shares. USHA warrant and option holders who do not exercise their warrants and options before the Share Distribution Record Date will not receive Spinco Shares.***

Spinco may or may not apply for a public listing in the future. **There can be no guarantee, assurance or representation that the Spinco Shares will ever be listed on any stock exchange.**

On completion of the Arrangement, (i) Spinco will hold the Assets transferred to it by USHA, (ii) Spinco will become a reporting issuer in the Provinces of British Columbia and Alberta, (iii) each USHA Shareholder will continue to be a shareholder of USHA, (iv) all USHA Shareholders will have become Spinco Shareholders, and (v) USHA will retain its working capital for its Assets, and remain listed on the TSXV and continue to trade under the trading symbol, "USHA", as a junior exploration company.

On completion of the Arrangement, the authorized share capital of USHA will be altered by:

- (i) changing the identifying name of the USHA Shares to Class A common shares without par value, being the "USHA Class A Common Shares";

- (ii) creating a class consisting of an unlimited number of common shares without par value (the “**New USHA Shares**”); and
  - (iii) creating a class consisting of an unlimited number of Class A preferred shares without par value, having the rights and restrictions described in Schedule A to the Plan of Arrangement, being the USHA Class A Preferred Shares.
- (a) Each issued USHA Class A Common Share will be exchanged for one New USHA Share and one USHA Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the USHA Class A Common Shares will be removed from the central securities register of USHA and will be added to the central securities register as the holders of the number of New USHA Shares and USHA Class A Preferred Shares that they have received on the exchange.
  - (b) All of the issued USHA Class A Common Shares will be cancelled with the appropriate entries being made in the central securities register of USHA and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the USHA Class A Common Shares immediately prior to the Effective Date will be allocated between the New USHA Shares and the USHA Class A Preferred Shares so that the aggregate paid up capital of the USHA Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, and each USHA Class A Preferred Share so issued will be issued by USHA at an issue price equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, divided by the number of issued USHA Class A Preferred Shares, such aggregate fair market value of the Distributed Spinco Shares to be determined as at the Effective Date by resolution of the Board. USHA will redeem the issued USHA Class A Preferred Shares for consideration consisting solely of the Distributed Spinco Shares such that each holder of USHA Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Spinco Shares that is equal to the number of USHA Class A Preferred Shares held by such holder multiplied by the Conversion Factor. The total number of Spinco Shares to be distributed to USHA Shareholders shall be approximately 7,130,548 subject to the rounding of fractions and exercise of rights of dissent.
  - (c) The name of each holder of USHA Class A Preferred Shares will be removed as such from the central securities register of USHA, and all of the issued USHA Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of USHA.
  - (d) The Distributed Spinco Shares transferred to the holders of the USHA Class A Preferred Shares pursuant to step §(b) above will be registered in the names of the former holders of USHA Class A Preferred Shares and appropriate entries will be made in the central securities registers of Spinco.
  - (e) The USHA Class A Common Shares and the USHA Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(b) and §(c) above are completed, will be cancelled and the authorized share structure of USHA will be changed by eliminating the USHA Class A Common Shares and the USHA Class A Preferred Shares therefrom.
  - (f) The Notice of Articles and Articles of USHA will be amended to reflect the changes to its authorized share structure made pursuant to the Plan of Arrangement.

The Board approved the Arrangement and authorized the making of an application to the Court for the calling of the Meeting. The Company believes that the Arrangement offers several benefits to USHA Shareholders, a few of which are set out below:

- (i) After the separation, the Company and Spinco will have the flexibility to implement its own unique growth strategies, allowing each organization to refine and refocus their business strategies and plans.
- (ii) USHA Shareholders will have a direct equity interest in Spinco and will be able to participate in any potential growth of Spinco.
- (iii) Additionally, because the resulting business of Spinco will be focused on the Nicobat Property, it is expected to be more readily understood by public investors, allowing Spinco to be in a better position to raise capital and align management and employee incentives with the interests of USHA Shareholders.

- (iv) The Company will continue to operate its business as a junior exploration company, with a focus on its Lost Basin Property and Jackpot Lake Property.

The Arrangement will result in each USHA Shareholder as of the Share Distribution Record Date, other than a Dissenting Shareholder, after the Arrangement, holding Spinco Shares. See *The Arrangement – Steps of the Arrangement*.

### **Recommendation and Approval of the Board of Directors**

**The Board has concluded that the terms of the Arrangement are fair and reasonable to, and in the best interests of, the Company and the USHA Shareholders. The Board has therefore approved the Arrangement and authorized the submission of the Arrangement to the USHA Shareholders and the Court for approval. The Board recommends that USHA Shareholders vote FOR the approval of the Arrangement.**

The Arrangement must be approved by two-thirds of the votes cast at the Meeting by USHA Shareholders and by the Court which, the Company is advised, will consider, among other things, the fairness of the Arrangement to USHA Shareholders.

There is the availability of Dissent Rights to Registered Shareholders with respect to the Arrangement.

### **Conduct of Meeting and Shareholder Approval**

The Interim Order provides that for the Arrangement to proceed, the Arrangement Resolution must be passed, with or without variation, by at least 66.66% of the eligible votes cast with respect to the Arrangement Resolution by USHA Shareholders present in person or by Proxy at the Meeting. See *The Arrangement – Approval of Special Resolution*.

### **Court Approval**

The Arrangement, as structured, requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order does not constitute approval of the Arrangement or the contents of this Circular by the Court.

The draft Notice of Hearing is attached to this Circular as **Appendix E**. In hearing the petition for the Final Order, the Court will consider, among other things, the fairness of the Arrangement to the USHA Shareholders. The Court will also be advised that based on the Court's approval of the Arrangement, the Company and Spinco will rely on an exemption from registration pursuant to the Section 3(a)(10) Exemption for the issuance of the Spinco Shares, the USHA Class A Preferred Shares and the New USHA Shares to any USHA Shareholder who is a United States resident. Assuming approval of the Arrangement by the USHA Shareholders at the Meeting, the hearing for the Final Order is scheduled to take place at 9:45 a.m. (Vancouver time) on or after January 6, 2023, at the Courthouse located at 800 Smithe Street, Vancouver, British Columbia, or at such other date and time as the Court may direct. At this hearing, any USHA Shareholder or director, creditor, auditor or other interested party of the Company who wishes to participate or to be represented or who wishes to present evidence or argument may do so, subject to filing an appearance and satisfying certain other requirements. See *Court Approval of the Arrangement*.

### **Income Tax Considerations**

Canadian federal income tax considerations for USHA Shareholders who participate in the Arrangement or who dissent from the Arrangement are set out in the summary under *Income Tax Considerations – Certain Canadian Federal Income Tax Considerations*. USHA Shareholders who are not residents in Canada have to consult their own tax advisors with respect to possible tax implications of the Arrangement.

**USHA Shareholders should carefully review the tax considerations applicable to them under the Arrangement and are urged to consult their own legal, tax and financial advisors in regard to their particular circumstances.**

### **Right to Dissent**

USHA Shareholders will have the right to dissent from the Plan of Arrangement as provided in the Interim Order, the Plan of Arrangement and sections 237 to 247 of the BCBCA. Any USHA Shareholder who dissents will be entitled to

be paid in cash the fair value for their USHA Shares held so long as such Dissenting Shareholder: (i) does not vote any of his, her or its USHA Shares in favour of the Arrangement Resolution, (ii) provides to the Company written objection to the Plan of Arrangement to the Company's head office at 1575 Kamloops Street, Vancouver, British Columbia, V5K 3W1, at least two Business Days before the Meeting or any postponement(s) or adjournment(s) thereof, and (iii) otherwise complies with the requirements of the Plan of Arrangement and sections 237 to 247 of the BCBCA. See *Rights of Dissent – Dissenters' Rights*.

### **Investment Considerations**

Investments in development stage companies such as the Company and Spinco are highly speculative and subject to numerous and substantial risks that should be considered in relation to the Arrangement. There is no assurance that there will be a public market for the Spinco Shares after the Effective Date. See *Information Concerning Spinco – Risk Factors*.

### **Failure to Complete Arrangement**

**IN THE EVENT THE ARRANGEMENT RESOLUTION IS NOT PASSED BY USHA SHAREHOLDERS, THE COURT OR THE TSXV DO NOT APPROVE THE ARRANGEMENT OR THE ARRANGEMENT DOES NOT PROCEED FOR SOME OTHER REASON, THE COMPANY WILL CARRY ON BUSINESS AS IT IS CURRENTLY CARRYING ON. IN SUCH CIRCUMSTANCES, SPINCO WILL LIKELY REMAIN AS A DORMANT SUBSIDIARY OF THE COMPANY AND THE COMPANY WILL INCUR THE EXPENSES RELATED TO THE PLAN OF ARRANGEMENT.**

### **Information Concerning the Company After the Arrangement**

Following completion of the Arrangement, the Company will continue to carry on its business activities with a focus on the Lost Basin Property and Jackpot Lake Property. Each USHA Shareholder will continue to be a shareholder of the Company, and USHA Shareholders will receive one Spinco Share with respect to every one USHA Share multiplied by the Conversion Factor. The USHA Shareholders will receive approximately 7,130,548 Spinco Shares. The Company will retain its working capital for its Assets and is expected to remain listed on the TSXV and continue to trade under the trading symbol, USHA, as a junior exploration company.

Following completion of the Arrangement, the directors that are elected at the Meeting and the current officers will continue to be the directors and officers of the Company.

### **Information Concerning Spinco After the Arrangement**

Following completion of the Arrangement, Spinco will hold the Assets transferred to it by USHA and Spinco will become a reporting issuer in the Provinces of British Columbia and Alberta.

*There can be no guarantee that the Spinco Shares will be listed on any stock exchange.*

Following completion of the Arrangement, the directors and officers listed under *Information Concerning Spinco After the Arrangement* will become the directors and officers of Spinco.

### **Risk Factors**

In considering whether to vote for the approval of the Arrangement, USHA Shareholders should be aware that there are various significant risks, including those described in this Circular. USHA Shareholders should carefully consider these risk factors, together with other information included in this Circular, before deciding whether to approve the Arrangement.

## **GENERAL PROXY INFORMATION**

### **Solicitation of Proxies**

This Circular is provided in connection with the solicitation of proxies by the management of the Company for use at the Meeting for the purposes set out in the accompanying Notice of Meeting and at any adjournment thereof.

The solicitation of proxies will be primarily by mail, but proxies may be solicited personally or by telephone by directors or officers of the Company. The Company will bear all costs of this solicitation. The Company has arranged for Intermediaries to forward the Meeting Materials, as defined below, to Beneficial Shareholders held of record by those Intermediaries and the Company will not reimburse the Intermediaries for their fees and disbursements in that regard.

### **Record Date**

The Board has fixed **October 25, 2022** as the Record Date for determination of persons entitled to receive notice of and to vote at the Meeting. Only USHA Shareholders of record at the close of business on the Record Date who either attend the Meeting personally or complete, sign and deliver a form of Proxy in the manner and subject to the provisions described herein will be entitled to vote or to have their USHA Shares voted at the Meeting.

### **Appointment of Proxyholders**

The purpose of a Proxy is to designate persons who will vote the Proxy on behalf of a USHA Shareholder in accordance with the instructions given by the USHA Shareholder in the Proxy. The persons whose names are printed in the enclosed form of Proxy are officers or directors of the Company.

The individual(s) named in the accompanying form of Proxy are management's representatives. **If you are a USHA Shareholder entitled to vote at the Meeting, you have the right to appoint a person or company other than the person(s) designated in the Proxy, who need not be a USHA Shareholder, to attend and act for you and on your behalf at the Meeting. You may do so either by inserting the name of that other person in the blank space provided in the Proxy or by completing and delivering another proper Proxy and, in either case, delivering the completed Proxy to the office of Computershare, Proxy Department, 100 University Avenue, Toronto, Ontario M5J 2Y1 or vote via telephone or internet (online) as specified in the Proxy form, no later than 11:00 a.m. (Pacific Time) on Wednesday, December 14, 2022, unless the chair elects to exercise his discretion to accept proxies received subsequently.**

### **Voting by Proxyholder**

The person(s) named in the Proxy will vote or withhold from voting the USHA Shares represented thereby in accordance with your instructions on any ballot that may be called for. If you specify a choice with respect to any matter to be acted upon, your USHA Shares will be voted accordingly. The Proxy confers discretionary authority on the person(s) named therein with respect to:

- (a) each matter or group of matters identified therein for which a choice is not specified, other than the appointment of an auditor and the election of directors;
- (b) any amendment to or variation of any matter identified therein; and
- (c) any other matter that properly comes before the Meeting.

As at the date hereof, the Board knows of no such amendments, variations or other matters to come before the Meeting, other than the matters referred to in the Notice of Meeting. However, if other matters should properly come before the Meeting, the Proxy will be voted on such matters in accordance with the best judgment of the person(s) voting the Proxy.

### **Who Can Vote at the Meeting**

If an USHA Shareholder does not specify a choice and the USHA Shareholder has appointed one of the management proxyholders as proxyholder, the management proxyholder will vote in favour of the matters specified in the Notice of Meeting and in favour of all other matters proposed by management at the Meeting.

**In respect of a matter for which a choice is not specified in the Proxy, the person(s) named in the Proxy will vote the USHA Shares represented by the Proxy for the approval of such matter.**

## Registered Shareholders

Registered Shareholders may wish to vote by Proxy whether or not they are able to attend the Meeting in person. Registered Shareholders electing to submit a Proxy may do so by completing, dating and signing the enclosed form of Proxy and returning it to Computershare by mail to Proxy Department, 100 University Avenue, Toronto, Ontario M5J 2Y1, or vote via telephone or internet (online) as specified in the Proxy form, no later than 11:00 a.m. (Pacific Time) on **Wednesday, December 14, 2022**.

## Beneficial Shareholders

The following information is of significant importance to USHA Shareholders who do not hold USHA Shares in their own name. Beneficial Shareholders should note that the only proxies that can be recognized and acted upon at the Meeting are those deposited by Registered Shareholders (those whose names appear on the records of the Company as the registered holders of USHA Shares). Most USHA Shareholders are “non-registered” shareholders because the shares they own are not registered in their names but are instead registered in the name of the brokerage firm, bank or trust company through which they purchased the shares. Shares beneficially owned by a non-Registered Shareholder are registered either: (i) in the name of an Intermediary that the non-Registered Shareholder deals with in respect of their shares (Intermediaries include, among others, banks, trust companies, securities dealers, or brokers and trustees or administrators of self-administered RRSP, RRIFs, RESPs and similar plans); or (ii) in the name of a clearing agency (such as the Canadian Depository for Securities Limited or the Depository Trust & Clearing Corporation) of which the Intermediary is a participant.

If USHA Shares are listed in an account statement provided to a USHA Shareholder by a broker, then in almost all such cases those USHA Shares will not be registered in the USHA Shareholder’s name on the records of the Company. Such USHA Shares will more likely be registered under the names of the USHA Shareholder’s broker or an agent of that broker. In the United States, many such USHA Shares are registered under the name of Cede & Co. as nominee for The Depository Trust Company (which acts as depository for many U.S. brokerage firms and custodian banks), and in Canada under the name of CDS & Co. (the registration name for The Canadian Depository for Securities Limited, which acts as nominee for many Canadian brokerage firms).

Intermediaries are required to seek voting instructions from Beneficial Shareholders in advance of shareholders’ meetings. Every Intermediary has its own mailing procedures and provides its own return instructions to clients.

## If you are a Beneficial Shareholder

There are two kinds of Beneficial Shareholders: those who object to their name being made known to the issuers of securities which they own (called “**OBOs**” for objecting beneficial owners) and those who do not object to their name being made known to the issuers of the securities which they own (called “**NOBOs**” for non-objecting beneficial owners).

The Company is taking advantage of those provisions of National Instrument 54-101 *Communication of Beneficial Owners of Securities* of the Canadian Securities Administrators, which permits it to deliver Proxy-related materials directly to its NOBOs. As a result, NOBOs can expect to receive a scannable voting instruction form (“**VIF**”). These VIFs are to be completed and returned to Computershare in the envelope provided or by facsimile to the number provided in the VIF. In addition, Computershare will tabulate the results of the VIFs received from NOBOs and will provide appropriate instructions at the Meeting with respect to the USHA Shares represented by the VIFs it receives.

This Circular, with related material, is being sent to both Registered and Beneficial Shareholders, if applicable. If you are a Beneficial Shareholder and the Company or its agent has sent the Meeting Materials directly to you, your name and address and information about your USHA Shares have been obtained in accordance with applicable securities regulatory requirements from the Intermediary who holds your USHA Shares on your behalf. Please return your VIF as specified in your request for voting instructions that you receive.

Beneficial Shareholders who are OBOs should carefully follow the instructions of their Intermediary in order to ensure that their USHA Shares are voted at the Meeting.

The form of Proxy that will be supplied to Beneficial Shareholders by the Intermediaries will be similar to the Proxy provided to Registered Shareholders by the Company. However, its purpose is limited to instructing the Intermediary on how to vote on behalf of the Beneficial Shareholder. Most Intermediaries now delegate responsibility for obtaining

instructions from clients to Broadridge Financial Solutions, Inc. in the United States and Broadridge Financial Solutions Inc., Canada, in Canada (collectively “BFS”). BFS mails a VIF in lieu of a Proxy provided by the Company. The VIF will name the same person(s) as the Proxy to represent Beneficial Shareholders at the Meeting. Beneficial Shareholders have the right to appoint a person (who need not be a Beneficial Shareholder of the Company), other than the person(s) designated in the VIF, to represent them at the Meeting. To exercise this right, Beneficial Shareholders should insert the name of the desired representative in the blank space provided in the VIF. The completed VIF must then be returned to BFS in the manner specified and in accordance with BFS’ instructions. BFS then tabulates the results of all instructions received and provides appropriate instructions respecting the voting of USHA Shares to be represented at the Meeting.

**If you receive a VIF from BFS, you cannot use it to vote USHA Shares directly at the Meeting. The VIF must be completed and returned to BFS in accordance with its instructions, well in advance of the Meeting in order to have the USHA Shares voted.**

Although as a Beneficial Shareholder you may not be recognized directly at the Meeting for the purposes of voting USHA Shares registered in the name of your Intermediary, you, or a person designated by you, may attend at the Meeting as Proxy holder for your Intermediary and vote your USHA Shares in that capacity. If you wish to attend the Meeting and indirectly vote your USHA Shares as Proxy holder for your Intermediary, or have a person designated by you to do so, you should enter your own name, or the name of the person you wish to designate, in the blank space on the VIF provided to you and return the same to your Intermediary in accordance with the instructions provided by such Intermediary, well in advance of the Meeting.

Alternatively, you can request in writing that your broker send you a legal Proxy which would enable you, or a person designated by you, to attend the Meeting and vote your USHA Shares.

With respect to OBOs, in accordance with applicable securities law requirements, the Company will have distributed copies of the Notice of Meeting, Circular, the form of Proxy and the supplemental mailing list (the “**Meeting Materials**”) to request to the clearing agencies and Intermediaries for distribution to non-Registered Shareholders.

Intermediaries are required to forward the Meeting Materials to non-Registered Shareholders unless a non-Registered Shareholder has waived the right to receive them. Intermediaries often use service companies to forward the Meeting Materials to non-Registered Shareholders.

**Beneficial Shareholders (non-Registered Shareholders) should carefully follow the instructions of their Intermediary, including those regarding when and where the Proxy or voting instruction form is to be delivered.**

### **Revocation of Proxies**

In addition to revocation in any other manner permitted by law, a Registered Shareholder who has given a Proxy may revoke it by:

- (a) executing a Proxy bearing a later date or by executing a valid notice of revocation, either of the foregoing to be executed by the Registered Shareholder or the Registered Shareholder’s authorized attorney in writing, or if the Registered Shareholder is a corporation, under its corporate seal by an officer or attorney duly authorized, and by delivering the Proxy bearing a later date to Computershare or at the head office of the Company at 1575 Kamloops Street, Vancouver, British Columbia V5K 3W1, at any time up to and including the last Business Day that precedes the date of the Meeting or, if the Meeting is adjourned or postponed, the last Business Day that precedes any reconvening thereof, or to the Chair of the Meeting on the day of the Meeting or any reconvening thereof, or in any other manner provided by law; or
- (b) personally attending the Meeting and voting the Registered Shareholder’s USHA Shares.

A revocation of a Proxy will not affect a matter on which a vote is taken before the revocation.

### **Notice to United States Shareholders**

The Company’s common shares are not registered under Section 12 of the U.S. Exchange Act and this solicitation of proxies is not subject to the requirements of Section 14(a) of the U.S. Exchange Act. Residents of the United States

should be aware that applicable Canadian proxy solicitation rules differ from those of the United States applicable to proxy statements under the U.S. Exchange Act.

This document does not address any income tax consequences of the disposition of USHA Shares or Spinco Shares by USHA Shareholders in a jurisdiction outside of Canada, including USHA Shareholders subject to United States taxation. USHA Shareholders in a jurisdiction outside of Canada should be aware that the disposition of USHA Shares by them may have tax consequences both in those jurisdictions and in Canada and are urged to consult their tax advisors with respect to their particular circumstances and the tax considerations applicable to them.

Any information concerning any properties and operations of the Company has been prepared in accordance with Canadian standards under applicable Canadian securities laws and may not be comparable to similar information for United States companies.

Financial statements included or incorporated by reference herein have been prepared in accordance with International Financial Reporting Standards, as issued by the International Accounting Standards Board, and are subject to auditing and auditor independence standards which differ from United States generally accepted accounting principles and which apply different auditing and auditor independence standards. These differences may be material in certain respects and, thus, may not be comparable to U.S. companies.

The enforcement by USHA Shareholders and Spinco Shareholders of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company and Spinco are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and the experts named herein are residents of a foreign country and that a substantial portion of the Assets of the Company are and will be, and all of the Assets of Spinco will be, located outside the United States.

#### **INTEREST OF CERTAIN PERSONS OR COMPANIES IN MATTERS TO BE ACTED UPON**

No director or executive officer of the Company, or any person who has held such a position since the incorporation of the Company, nor any associate or affiliate of the foregoing persons, has any material interest, direct or indirect, by way of beneficial ownership of securities or otherwise, in any matter to be acted on at the Meeting.

#### **INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS**

No informed person of the Company, proposed director of the Company or any associate or affiliate of an informed person or proposed director, has any material interest, direct or indirect, in any transaction since the incorporation of the Company or in any proposed transaction which has materially affected or would materially affect the Company or any of its subsidiaries.

#### **VOTING SECURITIES AND PRINCIPAL HOLDERS OF VOTING SECURITIES**

The Company is authorized to issue an unlimited number of common shares without par value. As of the Record Date, there were 35,220,038 USHA Shares issued and outstanding, each carrying the right to one vote. No group of USHA Shareholders has the right to elect a specified number of directors, nor are there cumulative or similar voting rights attached to the USHA Shares.

To the knowledge of the directors and executive officers of the Company, no person or corporation beneficially owns, or controls or directs, directly or indirectly, voting securities of the Company carrying 10% or more of the voting rights attached to any class of outstanding voting securities of the Company.

The audited financial statements for the year ended March 31, 2022, report of the auditor and related management discussion and analysis and the interim financial statements and management discussion and analysis for the period ended June 30, 2022 are attached to this Circular as **Appendix G** and **Appendix H**, respectively, and are available at [www.sedar.com](http://www.sedar.com) under the profile of the Company.

Copies of the financial statements referenced in this Circular as well as all other financial statements may be obtained by USHA Shareholders upon request without charge from the Company at 1575 Kamloops Street, Vancouver, British Columbia, V5K 3W1, telephone: (604) 737-2303, or are available through the internet at [www.sedar.com](http://www.sedar.com).

## VOTES NECESSARY TO PASS RESOLUTIONS

An affirmative vote of 66.66% of the votes cast in person or by Proxy at the Meeting is required to pass the special resolutions described herein.

A simple majority of affirmative votes cast in person or by Proxy at the Meeting by Disinterested Shareholders is required to pass the ordinary resolution with respect to the omnibus incentive plan described herein.

A simple majority of affirmative votes cast at the Meeting is required to pass all other ordinary resolutions described herein.

If there are more nominees for election as directors or appointment of the Company's auditor than there are vacancies to fill, those nominees receiving the greatest number of votes will be elected or appointed, as the case may be, until all such vacancies have been filled. If the number of nominees for election or appointment is equal to the number of vacancies to be filled all such nominees will be declared elected or appointed by acclamation.

## SETTING NUMBER OF DIRECTORS

The persons named in the enclosed Proxy intend to vote in favour of fixing the number of directors at five (5). The Board proposes that the number of directors be fixed at five (5). USHA Shareholders will therefore be asked to approve an ordinary resolution that the number of directors elected be fixed at five (5).

## ELECTION OF DIRECTORS

The term of office of each of the current directors will end at this Meeting. Unless the director's office is earlier vacated in accordance with the provisions of the BCBCA, each director elected will hold office until the next annual general meeting of the Company, or if no director is then elected, until a successor is elected.

The following table sets out the names of management's nominees for election as directors, all major offices and positions with the Company and any of its significant affiliates each now holds, each nominee's principal occupation, business or employment (for the five preceding years for new director nominees), the period of time during which each has been a director of the Company and the number of USHA Shares beneficially owned by each, directly or indirectly, or over which each exercised control or direction, as at the Record Date.

Name of Nominee; Current Position with the Company, Province/State and Country of Residence	Occupation, Business or Employment <sup>(1)</sup>	Period as a Director of the Company	USHA Shares Beneficially Owned or Controlled <sup>(1)</sup>
<b>Deepak Varshney, P. Geo.</b> British Columbia, Canada <i>CEO and Director</i>	Professional Geologist.	February 26, 2018	1,796,500
<b>Navin Varshney, P. Eng.<sup>(2)</sup></b> British Columbia, Canada <i>Director</i>	President of N.K.V. Engineering & Consulting Ltd.	February 26, 2018	2,529,100
<b>David Ellett<sup>(2)</sup></b> Arizona, USA <i>Director</i>	Mortgage loan originator.	February 26, 2018	200,000
<b>Leif Smither</b> British Columbia, Canada <i>Director</i>	Mining finance consultant. Former President and director of Jaxon Minerals Inc. Former director of Earny Resources Ltd. (now Orchid Ventures Inc.)	August 17, 2018	50,000
<b>Adrian Smith<sup>(2)</sup></b> British Columbia, Canada <i>Director</i>	CEO of ArcPacific Resources Corp. and President and Director of M3 Metals Corp.	August 25, 2021	Nil

- (1) The information as to principal occupation, business or employment and USHA Shares beneficially owned or controlled is not within the knowledge of the management of the Company and has been furnished by the respective nominees. Unless otherwise indicated, each nominee has held the same or a similar principal occupation with the organization indicated or a predecessor

thereof for the last five years. The number of USHA Shares beneficially owned by the above nominees for directors, directly or indirectly, is based on information furnished by the nominees themselves.

- (2) Member of the Audit Committee of the Company.

### **CORPORATE CEASE TRADE ORDERS OR BANKRUPTCIES**

None of the proposed directors of the Company (or any of their personal holding companies):

- (a) is, as at the date of this Circular or, has been within ten years before the date of this Circular, a director, CEO or CFO of any company, including the Company, that:
  - (i) was subject to an order that was issued while the proposed director was acting in the capacity as director, CEO or CFO; or
  - (ii) was subject to an order that was issued after the proposed director ceased to be a director, CEO or CFO and which resulted from an event that occurred while the proposed director was acting in the capacity as director, CEO or CFO;
- (b) is, as at the date of this Circular or has been within ten years before the date of this Circular, a director or executive officer, of any company, including the Company, that while the proposed director was acting in that capacity or within a year of the proposed director ceasing to act in that capacity, 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 its assets; or
- (c) has, within the ten years preceding the date of this Circular, 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 that proposed individual.

Within the last ten years, none of the proposed directors of the Company (or any of their personal holding companies) has been subject to:

- (a) 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) any other penalties or sanctions imposed by a court or regulatory body which would likely be considered important to a reasonable securityholder of the Company in deciding whether to vote for a proposed director.

### **APPOINTMENT OF AUDITOR**

Davidson & Company LLP, Chartered Professional Accountants, of 1200 - 609 Granville Street, Vancouver, British Columbia, V7Y 1G6, will be nominated at the Meeting for re-appointment as auditor of the Company at a remuneration to be fixed by the Board.

### **AUDIT COMMITTEE AND RELATIONSHIP WITH AUDITOR**

National Instrument 52-110 *Audit Committees* of the Canadian Securities Administrators (“**NI 52-110**”) requires the Company, as a venture issuer, to disclose annually in its Circular certain information concerning the constitution of its audit committee (“**Audit Committee**”) and its relationship with its independent auditor, in accordance with Form 52-110F2 Disclosure by Venture Issuers, as set forth in the following:

#### **The Audit Committee’s Charter**

The Audit Committee has a charter. A copy of the Audit Committee charter is attached hereto as **Appendix F**.

## **Composition of the Audit Committee**

The current members of the Audit Committee are David Ellet (Chair), Navin Varshney and Adrian Smith. All members of the Audit Committee are considered to be financially literate. Mr. Ellett and Mr. Smith are independent members of the Audit Committee. Mr. Varshney, was an executive officer of the Company, resigning from his position as CEO, CFO and Corporate Secretary of the Company on December 6, 2019, and is not considered to be an independent member of the Audit Committee, pursuant to section 1.4(2) and (3) of NI 52-110 as of the date of this Circular.

A member of the Audit Committee is independent if the member has no direct or indirect material relationship with the Company. A material relationship means a relationship which could, in the view of the Company's Board, reasonably interfere with the exercise of a member's independent judgement.

A member of the Audit Committee is considered financially literate if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company.

## **Relevant Education and Experience**

The following describes the education and experience of each member of the Audit Committee that is relevant to the performance of his responsibilities as an Audit Committee member:

### **David Ellett**

David "Dave" Ellett is a former defenseman in the National Hockey League who enjoyed a successful 16-year career primarily playing for the Winnipeg Jets and Toronto Maple Leafs. During his NHL career, he co-founded ProIce Management, a wealth management company geared towards professional athletes. After his retirement from the NHL, he continued with ProIce and other business ventures which included owning and managing an automotive dealership, a CHL franchise and working in the mining industry as a director of a number of junior mining companies with a focus on logistics, fundraising, and project acquisition.

### **Navin Varshney, P. Eng.**

Navin Varshney is a co-founder and director of the Company who has had a four-decade career in analyzing and speculating in the metals, mining and technology sectors. Since 2008, he has been instrumental in the creation of several Initial Public Offerings / Capital Pool Companies, successfully closing deals for all of them. He has served on many public company boards, holding various positions from President and Chief Executive Officer, Chief Financial officer, and director. In his capacity as a professional engineer, Mr. Varshney has also led N.K.V. Engineering & Consulting Ltd., a successful boutique structural and engineering consulting firm that has provided services throughout British Columbia for the past 29 years.

### **Adrian Smith**

Adrian Smith is presently CEO of ArcPacific Resources Corp. and President and Director at M3 Metals Corp. Mr. Smith is a professional geologist with over a decade of experience in the capital markets and mineral exploration and development sector. He has successfully executed multiple exploration programs and corporate strategies, including the acquisition, development and optioning of the Mohave Gold project in Arizona, USA during his time as CEO of M3 Metals.

Each member of the Company's present and proposed Audit Committee has adequate education and/or experience that is relevant to their performance as an audit committee member and, in particular, the requisite education and experience that have provided the member with:

- (a) an understanding of the accounting principles used by the Company to prepare its financial statements and the ability to assess the general application of those principles in connection with estimates, accruals and reserves;
- (b) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and

complexity of issues that can reasonably be expected to be raised by the Company’s financial statements or experience actively supervising individuals engaged in such activities; and

- (c) an understanding of internal controls and procedures for financial reporting.

### **Audit Committee Oversight**

The Audit Committee has not made any recommendations to the Board to nominate or compensate any external auditor, other than Davidson & Company LLP, Chartered Professional Accountants.

### **Reliance on Certain Exemptions**

The Company’s auditors, Davidson & Company LLP, Chartered Professional Accountants, have not provided any material non-audit services.

### **Pre-Approval Policies and Procedures**

The Audit Committee has not adopted specific policies and procedures for the engagement of non-audit services.

### **External Auditor Service Fees**

The Audit Committee has reviewed the nature and amount of the non-audited services provided by Davidson & Company LLP, Chartered Professional Accountants, to the Company to ensure auditor independence. The following table outlines the fees incurred by Davidson & Company LLP, Chartered Professional Accountants for audit and non-audit services in the last two financial years:

<u>Nature of Services</u>	<u>Fees Paid to Auditor in Financial Year Ended March 31, 2022</u>	<u>Fees Paid to Auditor in Financial Year Ended March 31, 2021</u>
Audit Fees <sup>(1)</sup>	\$17,000	\$18,500
Audit-Related Fees <sup>(2)</sup>	Nil	Nil
Tax Fees <sup>(3)</sup>	Nil	Nil
All Other Fees <sup>(4)</sup>	<u>Nil</u>	<u>Nil</u>
<b>Total:</b>	<b><u>\$17,000</u></b>	<b><u>\$18,500</u></b>

(1) “Audit Fees” include fees necessary to perform the annual audit and quarterly reviews of the Company’s consolidated financial statements. Audit Fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit Fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.

(2) “Audit-Related Fees” include services that are traditionally performed by the auditor. These audit-related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.

(3) “Tax Fees” include fees for all tax services other than those included in “Audit Fees” and “Audit-Related Fees”. This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.

(4) “All Other Fees” include all other non-audit services.

### **Exemption**

At no time since the commencement of the Company’s most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 *De Minimis Non-audit Services* or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110. Part 8 permits a company to apply to a securities regulatory authority for an exemption from the requirements of NI 52-110, in whole or in part.

## CORPORATE GOVERNANCE

### General

Effective June 30, 2005, National Instrument 58-101 Disclosure of Corporate Governance Practices (“**NI 58-101**”) and National Policy 58-201 Corporate Governance Guidelines (“**NP 58-201**”) were adopted in each of the provinces and territories of Canada. NI 58-101 requires issuers to provide disclosure in accordance with Form 58-101F2 Corporate Governance Disclosure (Venture Issuers). NP 58-201 provides guidance on corporate governance practices. The Board believes that good corporate governance improves corporate performance and benefits all USHA Shareholders. The Canadian Securities Administrators have adopted NI 58-201, which provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Company. In addition, the Canadian Securities Administrators have implemented NI 58-101, which prescribes certain disclosure by the Company of its corporate governance practices. This section sets out the Company’s approach to corporate governance and addresses the Company’s compliance with NI 58-101.

### Board of Directors

Directors are considered to be independent if they have no direct or indirect material relationship with the Company. A “material relationship” is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director’s independent judgment.

Management has been delegated the responsibility for meeting defined corporate objectives, implementing approved strategic and operating plans, carrying on the Company’s business in the ordinary course, managing cash flow, evaluating new business opportunities, recruiting staff and complying with applicable regulatory requirements. The Board facilitates its independent supervision over management by reviewing and approving long-term strategic, business and capital plans, material contracts and business transactions, and all debt and equity financing transactions. Through its audit committee, the Board examines the effectiveness of the Company’s internal control processes and management information systems. The plenary Board reviews executive compensation and recommends stock option grants.

The independent members of the Board are David Ellet, Leif Smither and Adrian Smith.

The non-independent members of the Board are Deepak Varshney, CEO and Corporate Secretary of the Company and Navin Varshney, former CEO, CFO and Secretary of the Company.

### Directorships of Other Reporting Issuers

The following directors of the Company are directors of other reporting issuers:

**Deepak Varshney** is a director of Xander Resources Inc., Mantra Exploration Inc., AsiaBaseMetals Inc. and Western Metallica Resources Corp. (formerly Orcus Resources Ltd.).

**Adrian Smith** is a director of Xander Resources Inc., ArcPacific Resources Inc., Flow Metals Corp., Go Metals Corp. and M3 Metals Corp.

### Orientation and Continuing Education

When new directors are appointed, they receive orientation, commensurate with their previous experience, on the Company’s properties, business, technology and industry and on the responsibilities of directors.

Board meetings may also include presentations by the Company’s management and employees to give the directors additional insight into the Company’s business.

### Ethical Business Conduct

The Board has found that the fiduciary duties placed on individual directors by the Company’s governing corporate legislation and the common law and the restrictions placed by applicable corporate legislation on an individual director’s participation in decisions of the Board in which the director has an interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Company.

## **Nomination of Directors**

The Board considers its size each year when it considers the number of directors to recommend to the USHA Shareholders for election at the annual meeting of shareholders, taking into account the number required to carry out the Board's duties effectively and to maintain a diversity of views and experience.

The Board does not have a nominating committee and these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required by the Company, this policy will be reviewed.

## **Compensation**

The Board determines compensation for the directors and CEO.

## **Other Board Committees**

At present, the only Board committee is the Audit Committee.

## **Assessments**

The Board monitors the adequacy of information given to directors, communication between the Board and management and the strategic direction and processes of the Board and committees.

## **STATEMENT OF EXECUTIVE COMPENSATION**

### **Executive Compensation**

In this section "Named Executive Officer" ("NEO") means the CEO, the CFO and each of the three most highly compensated executive officers, other than the CEO and the CFO, who were serving as executive officers at the end of the most recently completed fiscal year and whose total compensation exceeds \$150,000, as well as any additional individuals for whom disclosure would have been provided except that the individual was not serving as an officer of the Company at the end of the most recently completed financial year end.

Deepak Varshney, the CEO and Corporate Secretary and Khalid Naeem, the CFO of the Company are currently each an NEO of the Company for the purposes of the following disclosure.

### **Compensation Discussion and Analysis**

#### *Objectives of the Compensation Program*

The Board determines management compensation based on advice and discussion provided by the Board, without reference to formal objectives, criteria or analysis. The Board relies on the experience of its members as officers and directors of the Company and with other junior mining companies in determining its compensation program. The general objectives of the Company's compensation program are to:

- compensate management in a manner that encourages and rewards a high level of performance and outstanding results with a view to increasing shareholder value;
- align management's interests with the interests of shareholders;
- provide a compensation package that is commensurate with other junior mineral exploration companies to enable the Company to attract and retain talent;
- to ensure that the total compensation package is designed in a manner that takes into account the constraints under which the Company operates, in particular that the Company is a junior mineral exploration company without a history of earnings; and
- to ensure that total compensation paid to all NEOs is fair and reasonable.

### *Elements of Compensation*

Base salary is used to provide the NEOs with an agreed-upon annual compensation with the expectation that each NEO will perform his responsibilities to the best of his ability and in the best interests of the Company.

The Company believes that encouraging its executives and employees to become shareholders is the best way of aligning their interests with those of its USHA Shareholders. Equity participation is accomplished through the Company's omnibus incentive plan (the "**Plan**") dated for reference September 12, 2022. The Plan is a 10% rolling stock option (the "**Options**") and 10% fixed restricted share unit ("**RSUs**") plan. Options and RSUs are granted to executives and employees taking into account a number of factors, including the amount and term of Options and RSUs previously granted, base salary and bonuses and competitive factors. The amounts and terms of Options and RSUs granted are determined by the Board based on recommendations put forward by the CEO. Due to the Company's limited financial resources, the Company emphasizes the provisions of Option and RSU grants to maintain executive motivation. The Plan is subject to the approval by Disinterested Shareholders at the Meeting and final acceptance by the TSXV.

The Company proceeded with the adoption of the Plan which replaces the Company's former option plan dated for reference April 18, 2018 following the amendments effected by the TSXV to Policy 4.4 *Security Based Compensation* (formerly, Policy 4.4 *Incentive Stock Options*) in November 2021.

*See Particulars of Matters to be Acted Upon – Approval of Omnibus Incentive Plan*

The Company may also issue a bonus to a NEO, generally at the conclusion of a calendar year. A bonus may be payable if the Company had an exceptional year or accomplished significant achievements. Bonuses are also tied in part to the performance by a NEO each year, and the NEO's contribution to the achievement of the Company's goals and objects for that year.

### *Determination of Amounts of Each Element*

The Board determines the amount of each element of compensation payable to a NEO through reference to other junior mineral exploration companies, the experience of the NEO, and general market conditions, with the intention of meeting the objectives set out above.

While the Company considers the value of each element in determining the values of the other elements of compensation payable, the Company sets each element in reference to the compensation provided to the Company's other officers, employees, and consultants and also to general market standards.

### *Implications of Risks Associated with Compensation Program*

Neither the Board nor a committee of the Board has deemed it necessary to consider the implications of the risks associated with the Company's compensation policies and practices. The Company is a junior mining company that compensates its personnel based upon an agreed upon wage and does not make use of more complicated mechanisms for determining remuneration. Due to the straightforward nature of the model of determining compensation, the Board does not consider there to be material risks associated therewith requiring consideration.

### *NEO or Director's Ability to Purchase Financial Instruments*

The Company does not place restrictions on a NEO or Director's ability to purchase securities or financial instruments, beyond the imposition of blackout periods where applicable and also an expectation that all personnel will strictly abide by insider trading laws. Notwithstanding this fact, financial instruments such as prepaid variable forward contracts, equity swaps, collars, or units of exchange funds that are designed to hedge or offset a decrease in market value of equity securities granted as compensation or held, directly or indirectly, by the NEO or director, are not generally available in connection with the Company.

## Share-based and Option-based Awards

### *Objectives and Rewards of the Compensation Program*

The Company established its Plan to provide incentives to qualified parties to increase their proprietary interest in the Company and thereby encourage their continuing association with the Company. The Board considers Option and RSU grants based on such criteria as performance, previous grants, and hiring incentives. All Option and RSU grants require approval of the Board.

In monitoring or adjusting Option or RSU allotments, the directors take into account their own observations on individual performance (where possible) and their assessment of individual contribution to shareholder value, previous Option and RSU grants and the objectives set for the NEOs and the Board. The scale of Options and RSUs is generally commensurate to the appropriate level of base compensation for each level of responsibility. In addition to determining the number of Options and RSUs to be granted to the methodology outlined above, the directors also make the following determinations:

1. parties who are entitled to participate in the Company's Plan;
2. the exercise price for each Option granted, subject to the policies of any applicable regulatory authority or stock exchange;
  - the date on which each option or RSU is granted;
  - the vesting period, if any, for each Option or RSU;
  - other material terms and conditions of each Option or RSU grant; and
  - any re-pricing or amendment to a Option grant.

The directors make these determinations subject to and in accordance with the provisions of the Company's Plan. The Board reviews and approves grants of Options and RSUs on an annual basis and periodically during a financial year.

## Compensation Governance

### *Policies and Practices*

Due to its size, the Board has not formed a compensation committee. Instead, the full Board is tasked with (a) reviewing and approving corporate goals and objectives relevant to CEO compensation, evaluating the CEO's performance in light of those corporate goals and objectives; (b) discussing and establishing non-CEO officer and director compensation, incentive-compensation plans and equity-based plans; and (c) reviewing executive compensation disclosure before the Company publicly discloses this information. The Board believes that their years of experience with public companies and in particular those in the mining sector have provided them with the skills necessary to evaluate appropriate compensation levels.

## Summary Compensation Table

The following table sets forth the annual and long-term compensation for services in all capacities delivered to the Company for the financial years ended March 31, 2022, 2021 and 2020 of the Company in respect of the NEOs. Compensation paid to the NEOs for such financial years is set out below and expressed in Canadian dollars unless otherwise noted.

## Summary Compensation Table

Name and principal position	Year <sup>(1)</sup>	Salary (\$)	Share-based awards (\$)	Option-based awards (\$) <sup>(4)(5)</sup>	Non-equity incentive plan compensation		Pension value (\$)	All other compensation (\$)	Total compensation (\$)
					Annual incentive plans (\$)	Long-term incentive plans (\$)			
Deepak Varshney <sup>(2)</sup> CEO, Secretary & Director	2022	99,000	N/A	13,987	N/A	N/A	N/A	Nil	99,000
	2021	92,000	N/A	18,392	N/A	N/A	N/A	Nil	110,392
	2020	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil
Khalid Naeem <sup>(3)</sup> CFO	2022	18,500	N/A	Nil	N/A	N/A	N/A	Nil	18,500
	2021	20,000	N/A	Nil	N/A	N/A	N/A	Nil	20,000
	2020	Nil	N/A	Nil	N/A	N/A	N/A	Nil	Nil

- (1) Financial year ended March 31.
- (2) Deepak Varshney has served as CEO and Corporate Secretary of the Company since December 6, 2019.
- (3) Khalid Naeem has served as CFO of the Company since December 6, 2019.
- (4) Mr. Varshney was granted 127,700 incentive options in the year ended March 31, 2021 with a fair value of \$18,392 using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free interest rate of 0.36%, a forfeiture rate of nil, and volatility of 96.15%.
- (5) Mr. Varshney was granted 90,000 incentive options in the year ended March 31, 2022 with a fair value of \$13,987 using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free interest rate of 0.99%, a forfeiture rate of nil, and volatility of 107.70%.

### Outstanding Option-Based Awards

Pursuant to the Plan, the Company may grant up to 10% of the issued and outstanding USHA Shares of the Company pursuant to Option grants and up to 3,522,004 USHA Shares pursuant to RSU grants. As at the Record Date, there were 2,875,927 Options and nil RSUs granted and outstanding under the Plan.

The following table sets out all Option-based awards outstanding as at March 31, 2021 for each NEO. There were no share-based awards granted to any of the NEOs:

Option-based Awards				
Name and Principal Positions	Number of Securities Underlying Unexercised Options (#)	Option Exercise Price (\$)	Option Expiration Date	Value of Unexercised in-the-Money Options (\$) <sup>(1)</sup>
Deepak Varshney CEO and Corporate Secretary	147,500	0.10	October 12, 2023	35,400
	127,700	0.20	September 17, 2025	17,878
	90,000	0.20	July 5, 2026	12,600
Khalid Naeem CFO	N/A	N/A	N/A	N/A

- (1) This amount is based on the difference between the market value of the securities underlying the Options on March 31, 2022, which was \$0.34, being the last trading day of the USHA Shares for the financial year and the exercise price of any outstanding Options.

## Incentive Plan Awards – Value vested or earned during the year

The following table sets out the value vested or earned under incentive plans during the Company's financial year ended March 31, 2022, for each NEO:

Name	Option-based awards Value vested during the year (\$)	Share-based awards – Value vested during the year (\$)	Non-equity incentive plan compensation – Value earned during the year (\$)
Deepak Varshney	N/A	N/A	N/A
Khalid Naeem	N/A	N/A	N/A

## Narrative Discussion of Incentive Plan Awards (NEOs)

Awards are made under the Company's Plan at the discretion of the Board. The Plan reserves a rolling number of USHA Shares issuable on exercise of Options being 10% of the issued and outstanding USHA Shares at any given time, and a fixed up to 10% of RSUs under which the number of USHA Shares of the Company that are issuable pursuant to the exercise of RSUs is a fixed specified number of USHA Shares of the Company at the date of implementation of the Plan by the Company.

The Company uses the Black Scholes Option valuation model in determining the amounts payable related to an Option grant. The Black Scholes Option valuation model is used because it provides a fair value widely accepted by the business community and is regarded as one of the best ways of determining a fair price for Options. The fair value based on the Company's historical stock prices to determine the stock's volatility, the expected life of the Option which is based on the average length of time similar Option grants in the past have remained outstanding prior to the exercise and vesting period of the grant.

As a matter of policy, the Company does not grant Options at an exercise price that is less than the closing price of the USHA Shares on the TSXV the trading day prior to the grant date. Accordingly, all of the Options held by NEOs were granted with an exercise price at or above market price at the date of grant.

## Pension Plan Benefits

The Company does not have a pension plan that provides for payments or benefits to the NEOs at, following, or in connection with retirement.

## Termination and Change of Control Benefits

Except as disclosed below, neither the Company nor any Subsidiary thereof has a contract, agreement, plan or arrangement that provides for payments to a NEO at, following or in connection with any termination (whether voluntary, involuntary or constructive), resignation, retirement, a change of control of the Company, or a change in responsibilities of the NEO following a change of control.

## Director Compensation

Compensation provided to the directors of the Company, not set out in the NEO compensation reported above, for the Company's financial years ended March 31, 2022, 2021 and 2020 is set out below:

Name	Fees earned (\$)	Share-based awards (\$)	Non-equity incentive plan compensa tion (\$)	Pension value (\$)	All other compensation (\$)	Total (\$)
Navin Varshney <sup>(1)</sup>	Nil	Nil	Nil	Nil	45,000	45,000
David Ellett <sup>(2)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Leif Smither <sup>(3)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Adrian Smith <sup>(4)</sup>	Nil	Nil	Nil	Nil	Nil	Nil
Brian Moore <sup>(5)</sup>	Nil	Nil	Nil	Nil	Nil	Nil

- (1) Mr. Varshney has served as a director of the Company since February 26, 2018.
- (2) Mr. Ellett has served as a director of the Company since February 26, 2018.
- (3) Mr. Smither has served as a director of the Company since August 17, 2018.
- (4) Mr. Smith has served as a director of the Company since August 25, 2021.
- (5) Mr. Moore served as a director of the Company from May 12, 2020 to August 25, 2021.

### Narrative Discussion of Director Compensation

There are no arrangements under which directors were compensated by the Company and its subsidiaries during the most recently completed financial year for their services in their capacity as directors or consultants.

The Company compensates its directors through Option and RSU grants.

### Outstanding Share-based Awards and Option-based Awards

The following table sets out all Option-based awards and share-based awards outstanding as at March 31, 2022 for each director that is not a NEO:

Name	Number of securities underlying unexercised options (#)	Option exercise price (\$)	Option expiration date	Value of unexercised in-the-money options (\$) <sup>(1)</sup>
Navin Varshney	147,500	0.10	October 12, 2023	35,400
	125,000	0.20	September 17, 2025	17,500
	90,000	0.20	July 5, 2026	12,600
David Ellett	75,000	0.10	October 12, 2023	18,000
	100,000	0.20	September 17, 2025	14,000
	90,227	0.20	July 5, 2026	12,631.78
Leif Smither	50,000	0.10	October 12, 2023	12,000
	50,000	0.20	September 17, 2025	7,000
	20,000	0.20	July 5, 2026	2,800
Adrian Smith	75,000	0.20	July 5, 2026	10,500

- (1) This amount is based on the difference between the market value of the securities underlying the Options on March 31, 2022, which was \$0.34, being the last trading day of the USHA Shares for the financial year and the exercise price of any outstanding Options.

### Incentive Plan Awards – Value vested or earned during the year (Directors)

The following table sets out the value vested or earned under incentive plans during the Company's last completed financial year, for each director that is not a NEO:

Name	Option-based awards- Value vested during the year (\$)	Share-based awards - Value vested during the year (\$)	Non-equity incentive plan compensation Value earned during the year (\$)
Navin Varshney	N/A	N/A	N/A
David Ellett	N/A	N/A	N/A
Leif Smither	N/A	N/A	N/A
Adrian Smith	N/A	N/A	N/A
Brian Moore	N/A	N/A	N/A

## Equity Compensation Plan Information

	Number of securities to be issued upon exercise of outstanding options, warrants and rights	Weighted-average exercise price of outstanding options, warrants and rights (\$)	Number of securities remaining available for future issuance under equity compensation plans (excluding securities reflected in column (a))
Plan Category	(a)	(b)	(c)
Equity compensation plans approved by securityholders	1,837,927	0.21	476,634
Equity compensation plans not approved by securityholders	N/A	N/A	N/A
<b>Total:</b>	<b>1,837,927</b>		<b>476,634</b>

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No directors, proposed nominees for election as directors, executive officers or their respective associates or affiliates, or other management of the Company were indebted to the Company as of the end of the most recently completed financial year or as at the date hereof.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

To the knowledge of the Company's management, no informed person (a director, officer or holder of 10% or more of the common shares) or nominee for election as a director of the Company or any associate or affiliate of any informed person or proposed director had any interest in any transaction which has materially affected or would materially affect the Company or any of its subsidiaries during the financial year ended March 31, 2022, or has any interest in any material transaction in the current year other than as set out herein.

## MANAGEMENT CONTRACTS

To the knowledge of management of the Company, no informed person or nominee for election as a director of the Company had any interest in any material transaction during the Company's last completed financial year or has any interest in any material transaction in the current year other than as set out herein.

## PARTICULARS OF MATTERS TO BE ACTED UPON

### Approval of Omnibus Incentive Plan

The TSXV policy requires all of its listed companies to have a Security Based Compensation Plan (defined below) if the Company intends to grant or issue Security Based Compensation (defined below) to its directors, officers, employees, management company employees and consultants or to an eligible charitable organization. The Board adopted a new Plan, being an omnibus proxy plan, dated for reference September 12, 2022 to include new terms pursuant to the TSXV Policy 4.4 *Security Based Compensation* that came into effect on November 24, 2021. The Plan replaces the Company's former option plan dated for reference April 18, 2018. The Plan is a 10% rolling Option plan and 10% fixed RSU plan.

Under TSXV policy, the initial adoption of the Plan requires Disinterested Shareholder Approval (defined below) by ordinary resolution and the continuation of the Plan requires annual shareholder approval at each annual meeting of the Company by ordinary resolution. The Board is of the view that the Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in compensation with other companies in the industry.

On September 12, 2022, the Company obtained Board approval and conditional acceptance of the Plan from the TSXV. Following conclusion of the Meeting, the Company will submit the final scrutineer's report from Computershare, together with the executed minutes of the Meeting and any other documents that may be requested by the TSXV to the TSXV to obtain final acceptance on the Plan.

As at the date of this Circular, there were 35,652,738 USHA Shares issued and outstanding. Accordingly, under the Plan the Company has the authority to grant Options to purchase up to a total of 3,565,273 USHA Shares and issue RSUs to purchase up to a total of 3,522,004 USHA Shares. At the date of this Circular, Options to purchase an aggregate of 2,372,227 USHA Shares are granted and outstanding under the Plan and no RSUs were issued and outstanding under the Plan, representing approximately 6.74% of the outstanding common shares in the capital of the Company.

Any Award issued or granted pursuant to an Option or RSU plan previously adopted by the Board which is outstanding at the time the Plan comes into effect shall be deemed to have been issued under the Plan and shall, as of the date the Plan comes into effect, be governed by the terms and conditions hereof.

Unless otherwise defined herein, capitalized terms used herein have the meanings ascribed to them in the Plan.

### ***Material Terms of the Plan***

The following is a summary of the material terms of the Plan:

- a) The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan pursuant to the exercise of Options is equal to a maximum of 10% of the Issued Shares of the Company;
- b) The maximum aggregate number of Plan Shares that may be reserved for issuance under the Plan pursuant to the exercise of RSUs at any point in time is 3,522,004 Plan Shares, unless this Plan is amended pursuant to the requirements of the TSXV;
- c) Only Service Providers (as defined in the TSXV Policies) are eligible to participate in the Plan and receive one or more Awards (defined below). It shall be the responsibility of the Company and the Participant (as defined in the TSXV Policies) to ensure that such Participant is a bona fide Service Provider.
- d) Unless Disinterested Shareholder Approval is obtained (or unless permitted otherwise by the rules of the TSXV):
  - i. the maximum number of Plan Shares (defined below) which may be reserved for issuance to Insiders (as a group) under the Plan, together with common shares issuable under any other Share Compensation Arrangement, shall not exceed 10% of the outstanding shares calculated as of the date of the grant of the Award, unless the Company has obtained Disinterested Shareholder Approval to do so;
  - ii. the maximum number of Plan Shares that may be made issuable to Insiders (as a group) together with Shares issuable any other Share Compensation Arrangement, within a 12-month period, may not exceed 10% of the outstanding shares calculated as of the date of the grant of the Award, unless the Company has obtained Disinterested Shareholder Approval to do so; and
  - iii. subject to Section 1.1(1)ii of the Plan, the maximum number of Plan Shares that may be made issuable pursuant to Awards or issued to, together with common shares made issuable or issued under any other Share Compensation Arrangement, to any one Service Provider under the Plan, within a 12-month period, shall not exceed 5% of the outstanding shares calculated on the date of the grant of the Award or issue of the Plan Shares, as applicable;
- e) The maximum number of Plan Shares which may be made issuable to any one Consultant, together with any other Share Compensation Arrangement, within a 12-month period, shall not exceed 2% of the number of outstanding shares as of the date of the grant of the Award.
- f) Service Providers providing investor relations activities may only be granted Options under the Plan and are not eligible to receive RSUs;
- g) Options granted to Investor Relations Service Providers will vest (i) at a minimum over a period of not less than 12 months as to 25% on the date that is three months from the date of grant, and a further 25% on each successive date that is three months from the date of the previous vesting, or (ii) such longer vesting period as the Board may determine;
- h) The maximum number of Plan Shares that may be made issuable pursuant to Options granted to Investor Relations Service Providers in the previous 12 months shall not exceed 2% of the outstanding shares, calculated at the time of grant;

- i) Upon grant of Awards to Service Providers the Company must ensure that the proposed recipient is a bona fide “Service Provider” of the Company or its affiliates, as defined in the Plan;
- j) A Service Provider is a person who is a director, officer, employee, management company employee, Consultant or company Consultant to the Company;
- k) The Board is responsible for administration of the Plan and all grants and exercises pursuant thereto, but may delegate such administration to a committee of the Board;
- l) Unless the Board at any time otherwise determines, all unvested RSUs held by any RSU recipient and all rights in respect thereof will be automatically cancelled, without further act or formality and without compensation, immediately in the event of a termination arising from the termination of employment or removal from service by the Company or a related entity for cause, retirement of the RSU recipient or the voluntary resignation by the RSU recipient. In situations where the Board exercises its discretion under Section 4.4 of the Plan, in no case shall the RSUs, subject to such discretion, be valid beyond one year from the date of termination;
- m) Unless the Board at any time otherwise determines, if a RSU recipient ceases to be a Service Provider for any of the following reasons, unvested RSUs will immediately vest on the date the RSU recipient ceases to be a Service Provider:
  - (A) death or total disability of a RSU recipient;
  - (B) the termination of employment or removal from service by the Company or a related entity without cause; and
  - (C) the termination of employment by the RSU recipient other than by way of retirement of the RSU recipient or voluntary resignation by the RSU recipient.

In situations where the Board exercises its discretion under this section, in no case shall the RSUs, subject to such discretion, be valid beyond one year from the date of termination.

- n) Options can be exercisable for a maximum of 10 years from the option effective date; provided, however, that if the Option price is required under Section 6.1 of the Plan to be at least 110% of fair market value, each such Option shall terminate not more than five (5) years from the date of the grant thereof, and shall be subject to earlier termination as provided in the Plan;
- o) Subject to Section 6.8(a) of the Plan, all Options will be exercisable only by the Optionee to whom they are granted and will not be assignable or transferable;
- p) If an Optionee dies, any vested option held by the Optionee at the date of death will become exercisable by the Optionee’s lawful personal representatives, heirs or executors until the earlier of one year after the date of death of such Optionee and the date of expiration of the term otherwise applicable to such Option;
- q) At the discretion of the Board, Options may be granted with vesting provisions. However, in all cases where options are granted to Consultants conducting Investor Relations activities those Options will have vesting provisions;
- r) An Option granted to any Service Provider will expire within 90 days (or such other time, not to exceed one year, as shall be determined by the Board as at the date of grant or agreed to by the Board and the Optionee at any time prior to expiry of the Option), after the date the Optionee ceases to be employed by or provide services to the Company, but only to the extent that such Option was vested at the date the Optionee ceased to be so employed by or to provide services to the Company;
- s) In the case of an Optionee being dismissed from employment or service for cause, such Optionee’s Options, whether or not vested at the date of dismissal, will immediately terminate without right to exercise same;

- t) The exercise price of an Option will be set by the Board at the time such Option is allocated under the Plan, and cannot be less than the Discounted Market Price, and in the case of a Service Provider employed or performing services in the United States or otherwise subject to Section 409A or Section 422 of the Code, shall not be less than Fair Market Value on the date of grant. If the Optionee owns directly or by reason of the applicable attribution rules more than 10% of the total combined voting power of all classes of stock of the Company, the Option price per share of the Shares covered by each Option which is intended to be an Option shall be not less than one hundred ten percent (110%) of the Fair Market Value on the date of the grant;
- u) Vesting of Options will be at the discretion of the Board, and will generally be subject to: (i) the Service Provider remaining employed by or continuing to provide services to the Company or its affiliates, as well as, at the discretion of the Board, achieving certain milestones which may be defined by the Board from time to time or receiving a satisfactory performance review by the Company or its affiliates during the vesting period; or (ii) the Service Provider remaining as a director of the Company or its affiliates during the vesting period;
- v) The Board reserves the right in its absolute discretion to amend, suspend, terminate or discontinue the Plan with respect to all Plan shares in respect of options which have not yet been granted under the Plan, and any amendments to the Plan are subject to the Company receiving prior TSXV and shareholder approvals, as applicable, in accordance with the Plan;
- w) Disinterested Shareholder Approval, as defined in the Plan, is required for: (i) a Service Provider to be granted an Option if that Option would result in the total number of Options, together with all other Share Compensation Arrangements of the Company granted to such Service Provider in the previous 12 months, exceeds 5% of the Outstanding Shares; (ii) to allow for: the aggregate number of common shares reserved for issuance under Options granted to Insiders exceeds 10% of the Outstanding Shares, together with any other Share Compensation Arrangement, in the event that the Plan is amended to reserve for issuance more than 10% of the Outstanding Shares, the number of Optioned Shares issued to Insiders within a one-year period exceeds 10% of the Outstanding Shares, together with any other Share Compensation Arrangement, in the event that the Plan is amended to reserve for issuance more than 10% of the Outstanding Shares, the issuance to any one Optionee, within a 12-month period, a number of Common Shares exceeding 5% of the Outstanding Shares, and the aggregate number of Options granted to any one Consultant, together with any other Share Compensation Arrangement, within a 12-month period, shall not exceed 2% of the number of outstanding shares as of the date of grant (iii) to effect a reduction in the Exercise Price of an Option previously granted to an Insider; (iv) any amendment to the Plan that would result in a benefit of an Insider; or (v) to extend the term of an outstanding Option or outstanding Options held by an Insider;
- x) The Company will be required to obtain shareholder approval for any amendment to the Plan where such amendment would amend the (i) Service Providers who may be granted options under the Plan; (ii) method for determining the exercise price of an option; (iii) maximum term of an option under section 3.2 of the Plan; (iv) expiry and termination provisions relation to the options under the Plan, including the addition of a blackout period; (v) limitations under the Plan on the number of options that may be granted to any one person or category of persons, including insiders, as set out in the Plan; (vi) maximum number or percentage, as the case may be, of common shares that may be reserved under the Plan for issuance pursuant to the exercise of the options; (vii) Plan to include a Net Exercise provision (as defined in the TSXV Policies); (viii) the method or formula for calculating prices, values or amounts under the Plan that may result in a benefit to a Participant, including but not limited to the formula for calculating the appreciation of a Stock Appreciation Right (as defined in the TSXV Policies); (ix) the vesting provisions of an option granted under the Plan, subject to prior written approval of the TSXV, if applicable; (x) the termination provision of an option granted under the Plan which does not entail an extension beyond the original expiry date of such option or 12 months from termination; or (xi) if the Company becomes listed or quoted on a stock exchange or stock market senior to the TSXV, it may make such amendments as may be required by the policies of such senior stock exchange or stock market;
- y) The Board may, in its absolute discretion, amend or modify the Plan or any Option granted pursuant to the Plan to: (i) make amendments which are of a typographical, grammatical or clerical nature only; (ii) amendments of a housekeeping nature; and (iii) make such amendments as reduce, and do not increase, the benefits of the Plan to Service Providers.

### ***Shareholder Approval and TSXV Acceptance***

The Plan is subject to the approval by USHA Shareholders and final acceptance by the TSXV. At the Meeting, USHA Shareholders will be asked to consider and vote on the ordinary resolution to approve the Plan, with or without variation, as follows:

#### **“UPON MOTION DULY MADE, IT WAS RESOLVED AS AN ORDINARY RESOLUTION THAT:**

1. Subject to the final acceptance by the TSX Venture Exchange, the Company’s new omnibus incentive plan (the “**Plan**”) dated for reference September 12, 2022, comprising 10% rolling stock options (“**Options**”) and 10% fixed restricted share units (“**RSUs**”), as more particularly described in the management information circular of the Company dated November 15, 2022, be ratified, confirmed and approved.
2. To the extent permitted by law, the Company be authorized to abandon all or any part of the Plan if the board of directors deems it appropriate and in the best interests of the Company to do so.
3. The Company be authorized to grant Options and RSUs pursuant and subject to the terms and conditions of the Plan.
4. The outstanding Options and RSUs which have been granted prior to the implementation of the Plan shall, for the purpose of calculating the number of Options and RSUs that may be granted under the Plan, be treated as Options and RSUs granted under the Plan.
5. Any amendments to the Plan are subject to the Company receiving prior TSXV and shareholder approvals, as applicable, in accordance with the Plan.
6. Any one or more of the directors and officers of the Company be authorized to perform all such acts, deeds and things and execute, under seal of the Company or otherwise, all such documents as may be required to give effect to these resolutions.”

#### **The Board recommends that the USHA Shareholders vote in favour of the Plan.**

The Plan will have to be approved by an ordinary resolution of Disinterested Shareholders (defined below). An ordinary resolution is a resolution passed by the USHA Shareholders at a general meeting by a simple majority of the votes cast in person or by Proxy.

The Board is of the view that the Plan provides the Company with the flexibility to attract and maintain the services of executives, employees and other service providers in competition with other companies in the industry. A copy of the Plan will be available for inspection at the Meeting. An USHA Shareholder may also obtain a copy of the Plan by contacting the Secretary of the Company at telephone number (604) 737-2303.

“**Awards**” means an Option or an RSU.

“**Disinterested Shareholder Approval**” means the approval by a majority of the votes cast by all shareholders of the Company at the Meeting excluding votes attached to listed common shares beneficially owned by Insiders (defined below) of the Company and Associates (as defined in the Securities Act) of Insiders.

“**Eligible Person**” means any person who is a director, employee, officer or consultant other than a person performing Investor Relations Activities (as defined in Policy 1.1. of the TSXV Policies).

An “**Insider**” is a director, or senior officer of the Company, a director or senior officer of a company that is an Insider or Subsidiary of the Company, or a person that beneficially owns or controls, directly or indirectly, voting common shares carrying more than 10% of the voting rights attached to all outstanding voting common shares of the Company.

“**Plan Shares**” means the total number of common shares which may be reserved for issuance under the Plan.

“**Security Based Compensation**” includes any Deferred Share Unit, Performance Share Unit, Restricted Share Unit, Securities for Services, Stock Appreciation Right, Stock Option, Stock Purchase Plan, any security purchase from treasury by a Participant which is financially assisted by the Company by any means whatsoever, and any other compensation or incentive mechanism involving the issuance or potential issuance of securities of a Company from

treasury to a Participant, including securities issued under Part 6, and for greater certainty, does not include: arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the Company;

- a. arrangements under which Security Based Compensation is settled solely in cash and/or securities purchased on the secondary market; and
- b. Shares for Services and Shares for Debt arrangements under Policy 4.3 – *Shares for Debt* that have been conditionally accepted by the TSXV prior to November 24, 2021.

“**Security Based Compensation Plan**” includes any Stock Option Plan, DSU Plan, PSU Plan, RSU Plan, SAR Plan, SP Plan and/or any other compensation or incentive mechanism involving the issuance or potential issuance of securities of a Company from treasury to a Participant (excluding any Shares for Services arrangement that has been conditionally accepted by the TSXV under Policy 4.3 – *Shares for Debt* prior to November 24, 2021).

“**Share Compensation Arrangement**” includes the Company’s Plan, any RSUs or options granted under the Company’s Plan, and any performance share unit, restricted share unit, securities for services, stock appreciation right, stock option, stock purchase plan, any security purchase from treasury by a Participant which is financially assisted by the Company by any means whatsoever, and any other compensation or incentive mechanism involving the issuance or potential issuance of securities of the Company from treasury to a Participant, and is subject to TSXV Policies. A Share Compensation Arrangement does not include:

- (a) arrangements which do not involve the issuance from treasury or potential issuance from treasury of securities of the Company;
- (b) security-based compensation arrangements that are settled solely in cash and/or securities purchased on the secondary market; and
- (c) security-based compensation arrangements that qualify as shares for services and shares for debt arrangements under the TSXV policies;

## **THE ARRANGEMENT**

### **General**

The Arrangement will be carried out pursuant to the Arrangement Agreement, the Plan of Arrangement and related documents. A summary of the principal terms of the Arrangement Agreement and the Plan of Arrangement is provided in this section. This summary does not purport to be complete and is qualified in its entirety by reference to the Arrangement Agreement and the Plan of Arrangement, which is appended to this Circular. Capitalized terms have the meaning set out in the Glossary of Terms or are otherwise defined herein.

### **Approval by Special Resolution**

At the Meeting, USHA Shareholders will be asked to approve the Arrangement Resolution, in the form set out in **Appendix A** attached to this Circular. The approval of the Arrangement Resolution will require at least a two-thirds majority of the votes cast by USHA Shareholders at the Meeting present in person or represented by Proxy voting as a single class. In addition, completion of the Arrangement is subject to receipt of required Regulatory Approvals, including the approval of the Court and other customary closing conditions.

**The Board has unanimously approved the Arrangement Agreement and the Plan of Arrangement and recommends that the USHA Shareholders vote FOR the Arrangement Resolution.** See *The Arrangement – Recommendation of the USHA Board* below.

### **Reasons for the Arrangement**

The Arrangement has been proposed to efficiently facilitate the reorganization of the Company’s existing Assets to Spinco, and for the parent company, USHA, to focus on the development of its Jackpot Lake Property and Lost Basin

Property. The Board is of the view that the Arrangement will benefit the Company and the USHA Shareholders based on the following summary and background.

The Arrangement will include the transfer of the Assets to Spinco. The Arrangement is subject to Court approval, as well as approval by the USHA Shareholders at the Meeting and the acceptance by the TSXV. Pursuant to the Arrangement, USHA will distribute 100% of the Spinco Shares it receives to the USHA Shareholders on a *pro rata* basis. The USHA Shareholders will be entitled to receive one Spinco Share in relation to every one USHA Share multiplied by the Conversion Factor, which is 0.2. There will be no change in shareholders' holdings in USHA because of the Arrangement. No outstanding USHA warrants or options will be transferred over to Spinco. Spinco may or may not apply for a public listing in the near future.

On completion of the Arrangement, (i) Spinco will hold the Assets transferred to it by USHA, (ii) Spinco will become a reporting issuer in the Provinces of British Columbia and Alberta, (iii) each USHA Shareholder will continue to be a shareholder of the Company, (iv) all USHA Shareholders will have become Spinco Shareholders, and (v) the Company will retain its working capital for its Assets, and subject to meeting the continuous listing requirements will remain listed on the TSXV and continue to trade under the trading symbol, "USHA", as a junior exploration company.

**There can be no guarantee that the Spinco Shares will ever be listed on any stock exchange.**

**If the Spinco Shares are not listing on a qualified exchange, they will not qualify to be held in registered investment accounts such as Registered Retirement Savings Plan (RRSP) or Tax Free Savings (TFS) accounts.**

### **Property to be Transferred to Spinco**

On May 11, 2022, the Company announced the Arrangement whereby it intends to spin out the Nicobat Property into Spinco, a wholly-owned Subsidiary of USHA. The Spinco Shares will then be distributed to the USHA Shareholders. The Arrangement is designed to deliver greater value to the USHA Shareholders by unlocking the value of the Nicobat Property, and allowing current management to focus on the acquisition, exploration and development of its U.S. Properties (as defined in *The Arrangement – Properties to Remain in USHA*). Upon completion of the Arrangement, Spinco will hold a 100% interest in the Assets.

### **Nicobat Property**

#### **Technical Report**

The following information has been excerpted from the Nicobat Technical Report. For the purposes of this Circular, the following information pertains to the Nicobat Property. This summary is of a general nature only and is not intended to be complete. All references to figures and tables under this section are to the Nicobat Technical Report. Readers are encouraged to read the Nicobat Technical Report in its entirety which is available for review under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com).

#### **Project Description Location and Access**

The Nicobat Property was originally acquired on July, 2015 by Emerald Lake Development Corporation ("**Emerald Lake**") for the potential in hosting copper, nickel and cobalt metals within the Dobie Mafic Intrusion. Max Power Mining Corp (formerly Crystal Lake Mining Corp.) ("**Enduro**") currently holds a 15% interest subject to a 2% net smelter returns royalty ("**NSR**") interest. A 51% interest has been negotiated in an amended agreement on behalf of the Company. The patents are registered with 85% interest in the Company's name and 15% interest in the name of Emerald Lake Development Corporation, beneficially owned on behalf of Max Power Mining Corp.

The Nicobat Property is a polymetallic sulphide mineralized zone located within Dobie Township, Concession 1, part of Lot 9 (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.



Figure 1. General Location Map (refer to Figure 2 for locations on a Service Ontario map)

The Nicobat Property consists of 2 combined surface and mining right patents. The center of the property is located at UTM 0430140E and 5389640N, within Zone 15 (using NAD83) as follows:

- 1) ½ West, Lot 9, Conc.1 of Dobie Twp., Parcel 3810 (numbered 0104 on map); Fee simple- absolute – PIN 56037-0104 (LT); being the west half of lot 9. Concession 1, township of Chapple, district of Rainy River and;
- 2) ½ East, Lot 9, Conc.1 of Dobie Twp.; Parcel 409 (numbered 0214 on map) ; Fee Simple - absolute – PIN 56037-0214(LT); being the east 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. The Parcel abstracts can be found Appendix AA.

At this time there has been no First Nation consultation as to future exploration or development as the Nicobat Property are not claims but patents. There are no risks to hinder further exploration such as that already carried out.

These two patents lie within Dobie Township, (NTS 52C/12NW) which is part of the Kenora Mining Division, Province of Ontario. The Nicobat 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 Nicobat Property. There are no further risks to perform additional work on the Nicobat Property.

Current ownership of the Nicobat Property patents is 15% with Emerald Lake owned beneficially on behalf of Max Power Mining Corp and USHA holding the remaining 85%. A 2% NSR is held by the Vendor and USHA has the right to at any time acquire up to 1.5% of the vendor held 2% NSR royalty, free and clear of any liens, charges or encumbrances whatsoever, upon payment of \$CDN 2,000,000 (two million).

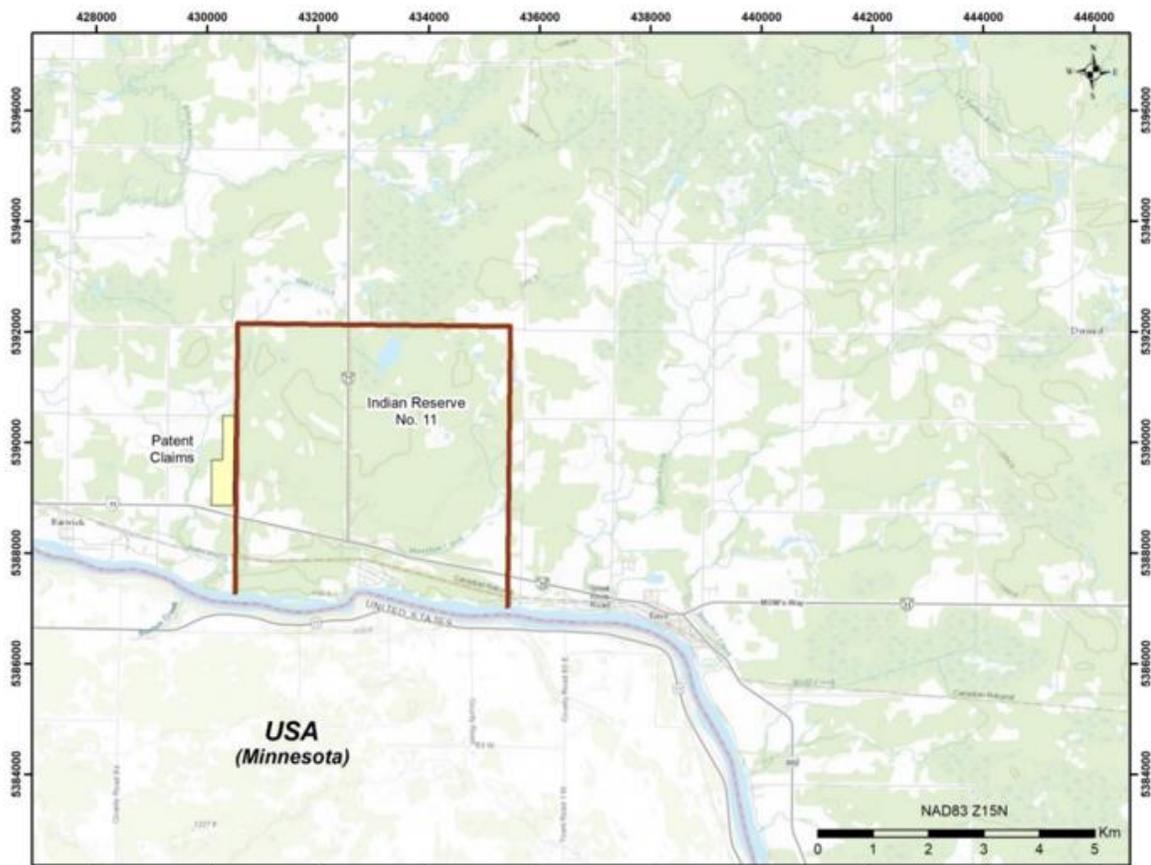


Figure 2. Location of Patents (0108 and 0104) and Manitou Rapids Indian Reservation (56038e)

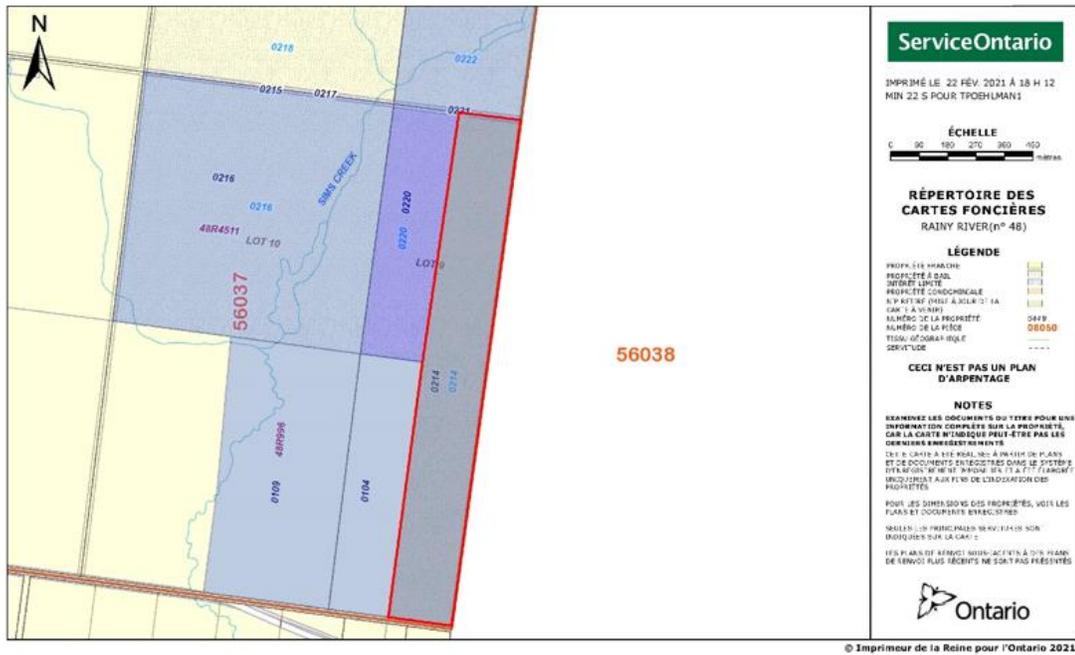


Figure 3. Map of Dobie Township Land Holdings

### 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 of 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 Nicobat 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 Nicobat 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 currently.

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 the 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.



*Photo 1. Area Topography*

**History**

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 Company (vendors) reporting. This information was gathered in part by Mr. Raoul, P.Geo. and former consultant to Enduro and registered as Table 1 (pp11-14) in his September 14, 2015 NI 43-101. It did not include recent work by Enduro. All former work lies within the Nicobat 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.

<p>Falconbridge 1953 Manitou Rapids KAF 52C12NW B-3, B4</p> <p>Young Corrigan Option</p>	<p>25 ddh (logs &amp; assays) D1 – D25</p> <p>Most lie outside of the property</p> <p>15 ddh (logs &amp; 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</p>	<p>Holes D1-D16 &amp; D25 on NICOBAT Property</p> <p>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 Hole D25 – 338.0m with 3.05m of 0.27% Cu, 0.04% Ni.</p> <p><u>Newspaper article</u> – Dec 22/66 <u>Chibtown</u> Cooper Corp drilled Dobie Mineralized Zone: 1100ft long to 1000ft depth of irregular pipe with 200-250ft wide, 400ft long and plunges 30<sup>o</sup>-45<sup>o</sup> 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> <p>Holes R3, R5, R6, R7 on IR#11; 200m E of D1</p>
<p><u>Stratmat</u> 1956 Dobie Twp KAF 52C12NW B-4</p>	<p>ODM letter, &amp; Reply by Company (former name of property the Young Property</p>	<p>Young Property (lot 6, conc 10, Dobie Twp) – request by ODM on option of property by <u>Stratmat</u>.</p> <p>Returned information by <u>Stratmat</u>:</p> <p>5-6 phases, faulting with <u>Copy</u> in fractures, multiple stages of mineralization, elevated Co, difficult with geophysics (too many anomalies), other company will not give out information.</p>
<p>Unknown (1956?) KAF 52C12NW E-1</p>	<p>Newspaper Article on Young Property</p>	<p>Fort Frances Times article - #30 (1956?) <u>Stratmat</u> zone 2000 tons /day with reduction plant of 300 tons /day Nearly \$1,000,000 investment by <u>Stratmat</u> to date. Experts Dr. James A. McCuaig of Montreal (for tonnage) and resident engineer W.B. Magyar (for metallurgy).</p>
<p><u>Stratmat</u> 1957 Manitou Rapids IR#11 J. Bolen Estate</p>	<p>Geophysical and Geological survey.</p>	<p>Survey 1 – Recon Mag Survey – 100ft intervals along 400ft line. Highs associated with magnetite – <u>sulphides</u>. Survey 2 – Ground EM Survey – 100ft intervals with 200ft lines. N-S anomalies with <u>sulphides</u> and E-W anomalies with faulting. Survey 3 – Ground EM by different method – some coincident anomalies. Survey 4 – Gravity Survey – 50ft intervals along 200ft lines. Outlined gabbro intrusion. Survey 5 – Ground EM Survey – 50ft intervals along all N-S lines. Confirms recon survey. Survey 6 &amp; 7 - Prospecting and Mapping – anomalies were followed up locating disseminated <u>sulphides</u> &amp; diabase dike.</p>
<p>West Range Iron Mines 1960 KAF 52C/12NW H-1</p>	<p>Ground Mag &amp; 4 ddh drilling of iron formation to the north of the property</p>	<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 Copper Corp 1966</p> <p>J. Bolen Estate</p>	<p>Dobie Report on Geology by Holbrooke</p>	<p>Sulphides found several locations of Po-Py, Cpy, Pent in Norite. Size – 1100 ft long by 1000ft deep at 30-45° Several 030°/60°W trending ribs (#1) of higher grade mineralization (5-15ft wide by 400ft long) of 0.65% Cu &amp; 0.87% Ni. Detailed drill hole map at 1 inch:100 ft Map with Location Map &amp; 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 for mineralization taken from a pit located on the property</p>
<p>Long Lac Mineral Expl, May 28, 1968</p> <p>J. Bolen Estate</p>	<p>Geological Summary to head office</p>	<p>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 &amp; 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 Company is not treating the historical estimate as a current mineral resource or mineral reserve.</p>
<p>D. Young May 30, 1968</p> <p>J. Bolen Estate</p>	<p>Letter to Sherritt Gordon Mines for option</p>	<p>1952 – discovery by D. Young &amp; E. Corrigan</p> <p>1952/53 - Ground &amp; Airborne EM &amp; Mag, geochemical survey, 47 ddh (3,118m) by Falconbridge</p> <p>1955/56 – Stratmat drilled over 15,244m and produced a metallurgical (concentrate of 1.62% Cu &amp; 2.64% Ni with 92% Cu recovery &amp; 83% Ni recovery). Stratmat labelled the resource as a reserve estimate at 3.0 Mt but no grade. 1968 – Long Lac Mineral Expl. did bulk sample and some metallurgical work but found high Po in the concentrate.</p> <p>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 Company is not treating the historical estimate as a current mineral resource or mineral reserve</p>
<p>Long Lac Mineral Expl. April 23, 1969</p> <p>J. Bolen Estate</p>	<p>Concentrate Estimate by ODM Mines Branch</p>	<p>Sample of drill cuttings yielded 0.18% Cu and 0.25% Ni. Minerals Pyrrhotite, Chalcopyrite, Pyrite, Pentlandite and Violarite (a supergene sulphide mineral formed due to oxidation of pentlandite nickel sulphide) and minor Galena, and Magnetite.</p> <p>Concentrate = 2.61% Cu, 2.10% Ni with Cu/Ni ratio equal to 1.24 /1; and 10.04 % insolubles.</p> <p>This test appears to indicate negligible problems with recovery of Cu as well as with Ni.</p>

Long Lac Mineral Expl. <u>July, 1970</u> J. Bolen Estate	IP & Resistivity Line Sheets by <u>McPhar</u> 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 provided.  Engineer Report is 1968 by D. Tims (above). This work lies outside of the current property boundary and within the Indian Reserve. It is mentioned as it shows significant mineralization on an adjacent property
<u>Sherritt Gordon</u> April 5, 1977 J. Bolen Estate	Letter	Paper search by geologist found assays in Government files of 0.20 – 0.40% Cu or Ni.  <u>Sherritt Gordon</u> wanted values of 0.5 to 1.0% for <u>both so</u> the project was not recommended. No property visit was made by <u>Sherritt</u> 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 ¼; 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 <u>Stratmat</u> – calculated 3.0 M tons at unknown grade 1966 <u>Chibtown Copper</u> – 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 <u>above mentioned</u> historical resources numbers as a current resource or mineral reserve. The Company 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  (KAF 52C/12NW B-3)	ODM / OGS  (Ontario Geological Survey) database	Dobie Prospect / Emo Prospect / Sudbury-Northrim /Young-Corrigan Prospect – Cu, Ni, Co  Local: 430085E, 5389540N, Zone 15 Source: OGS 1954, Map 1954-2 in AR  Resource: 5.2 Mt at 0.28% Cu, 0.24% Ni  Note that a qualified person has not carried out any work to classify the <u>above mentioned</u> historical resources numbers as a current resource or mineral reserve. The Company is not treating the historical estimate as a current mineral resource or mineral reserve  Bulk sample: averaged 1.23% Cu, 0.55% Ni, 0.078% Co (not specified in detail)  Concentrate: 1.68% Cu, 2.64% Ni (1968) Minerals: Po- <u>Py-Pent-Cpy-Sph-Mgt</u> and Violarite

Miscellaneous Paper 38 - Platinum Group Elements, 1986	PGE's – Pg 22-26 and Map P2047  (Regional Government geologist mapping focusing on platinum)	<p>Sampling of Emo-Fort Frances area by M. <u>Hailstone; Dobie</u> Intrusion (Fletcher &amp; Irvine, 1954) found 3 phases:</p> <ol style="list-style-type: none"> <li>1. Coarse-grained, diabasegabbro</li> <li>2. Medium-grained, <u>hypersthene</u>gabbro</li> <li>3. Medium-grained, Norite gabbro with 1% Po-Py With localized, coarse-grained pyroxenite and anorthosite.</li> </ol> <p>Government sampling of Norite yielded 62 ppb Pd-Pt (palladium, platinum), 296ppm Ni, 35 ppm Cu. <u>Continued on Miscellaneous Paper 38</u></p> <p>Sample of Young- massive <u>sulphides of Po-Cpy-Py-Pent</u> with 2.52% Ni and trace Cu. Sampling of</p>
		disseminated <u>sulphides</u> yielded 0.31% Ni and 0.30% Cu. A total of six samples taken but no significant PGE values were located.
<u>Caracle Creek</u> 2007 Crystal Lake consultants		Selected drill hole results tabulated by <u>Caracle Creek</u> (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 Colored Map 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).

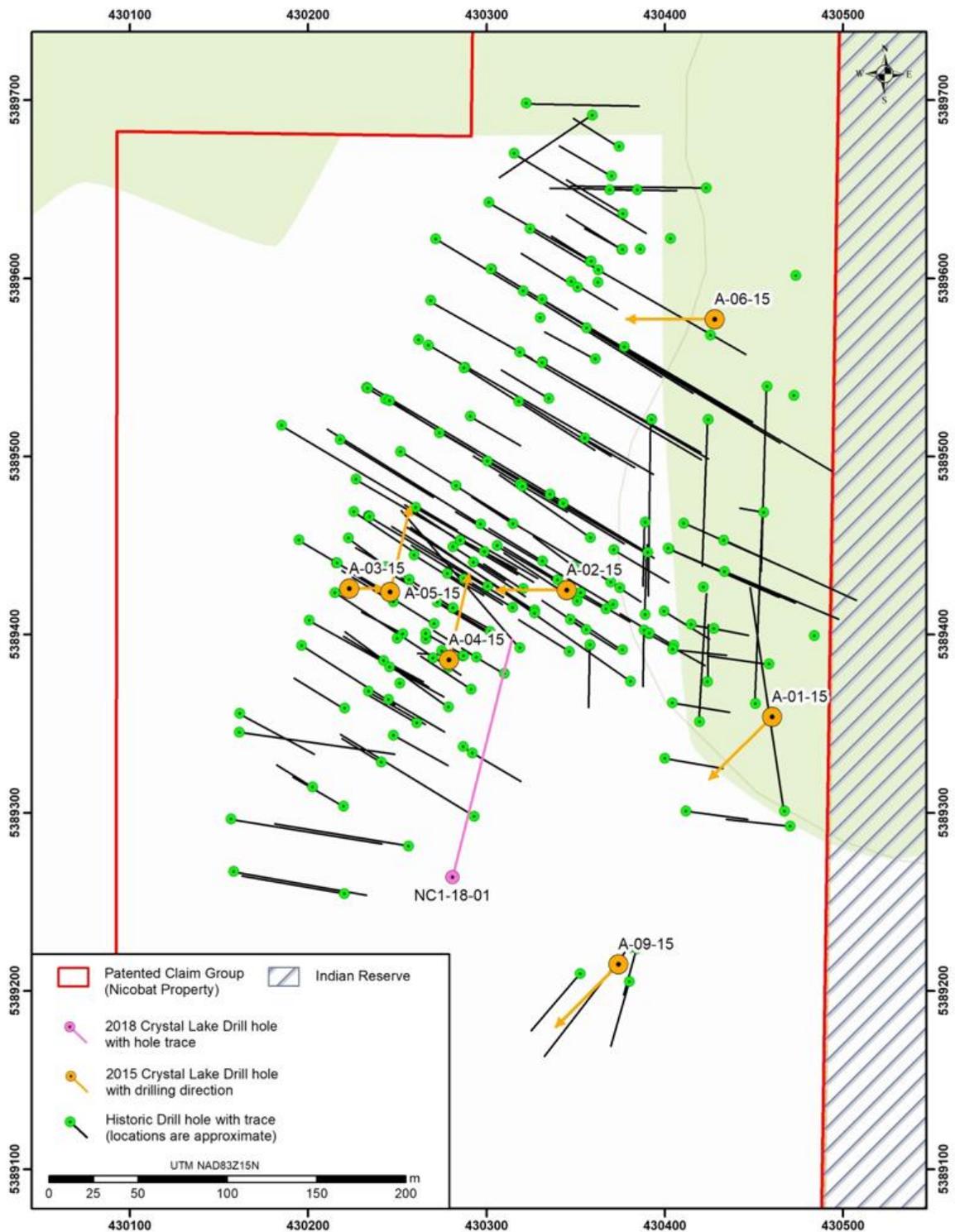


Figure 4. Plan Map of Historical Drill Holes Using UTM co-ordinates (5m accuracy) (refer to previous tables) Plus Location of recent Crystal Lake DDH.

## Geological Setting, Mineralization and Deposit Types

### Geological Setting

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.

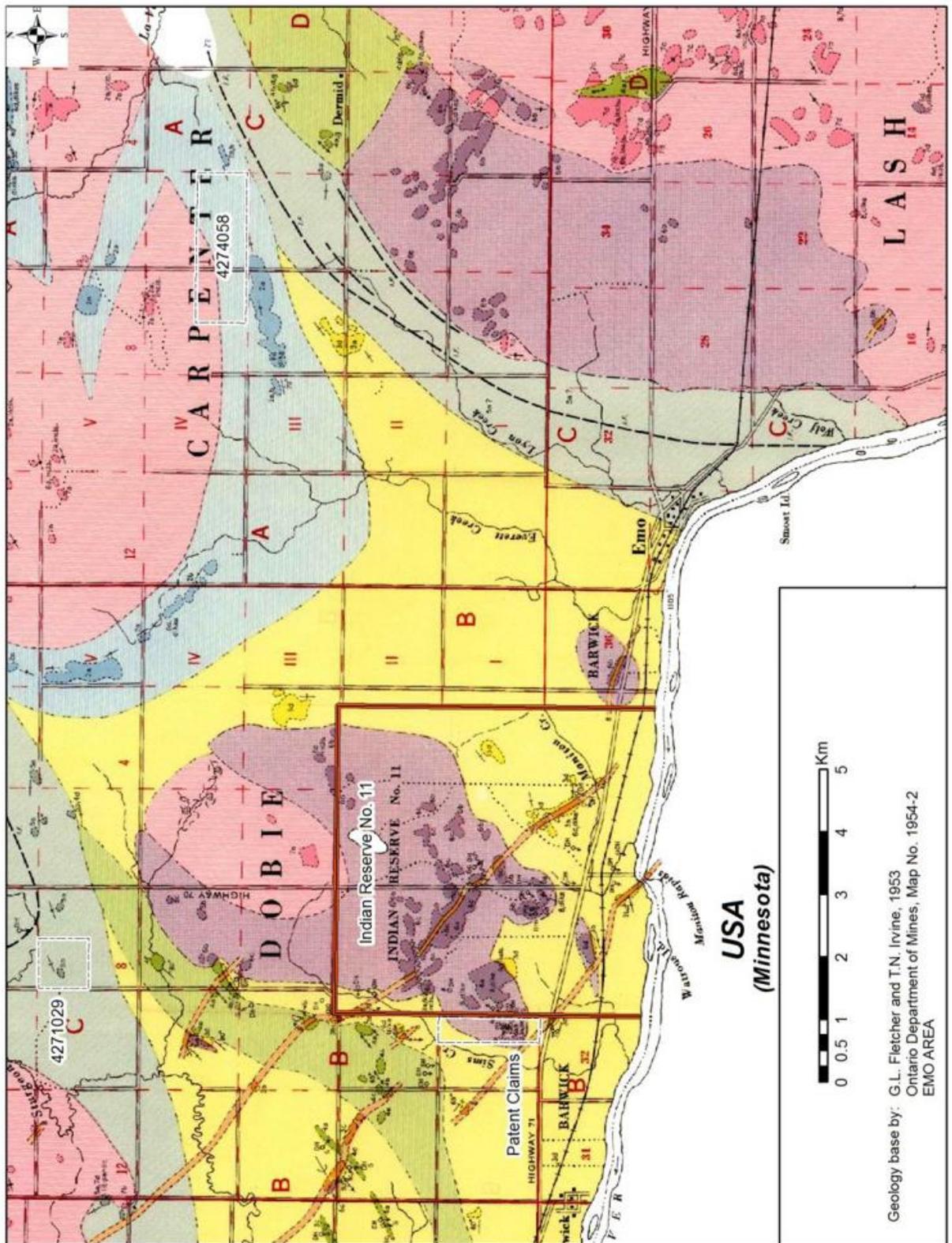
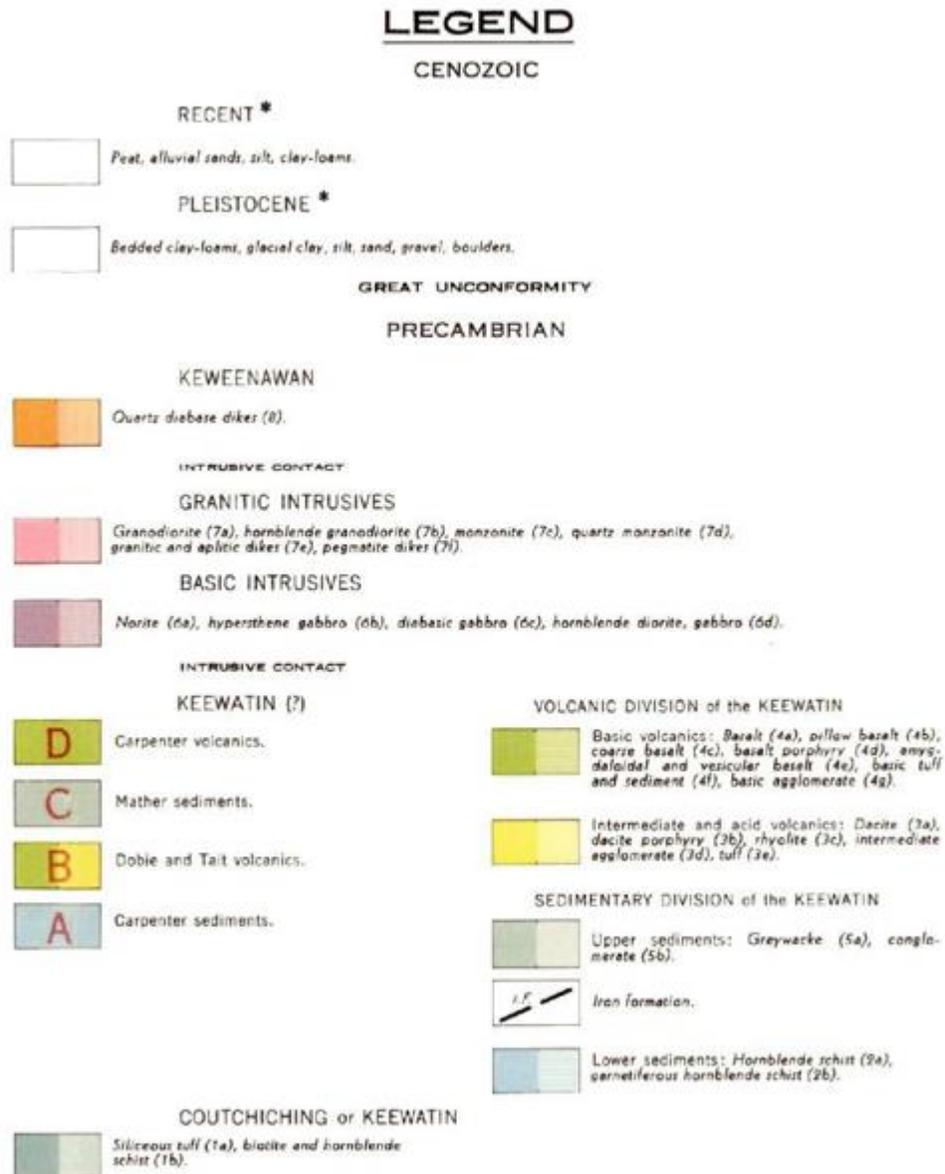


Figure 5. Regional and Property Geology 1953, Map. 1954-2



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 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.

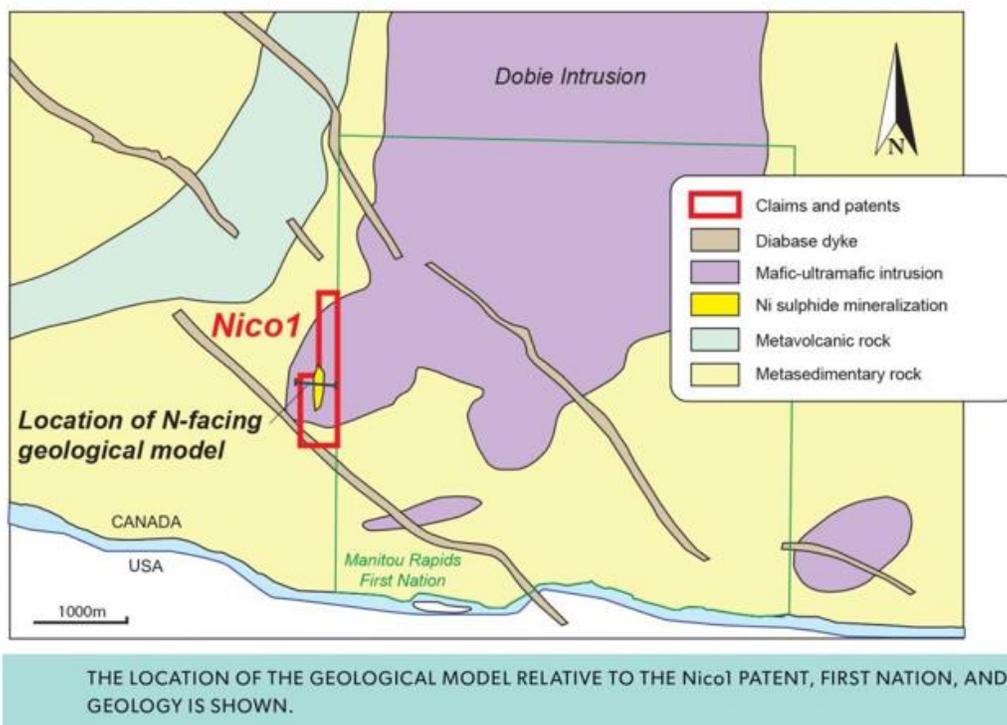


Figure 6. Geological model at Nico 1 deposit Highlighting the Geology and the Deposit (from Dr. Peter Lightfoot, PhD. Internal reporting for Crystal Lake (Feb 2018).

### **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 Enduro 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 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.



*Photo 2. Paul Pitman P. Geo. at the 1968 Pit  
(Long Lac Minerals 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 2) 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 (page 28). 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 this 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 Enduro; 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 Company is not treating the historical estimate as a current mineral resource or mineral reserve. <https://www.facebook.com/trucly.hothi.180>

In late 2015, Enduro 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 7 (below) the outline of the higher-grade rib mineralization plunges at an average of at least 30° to the northeast.

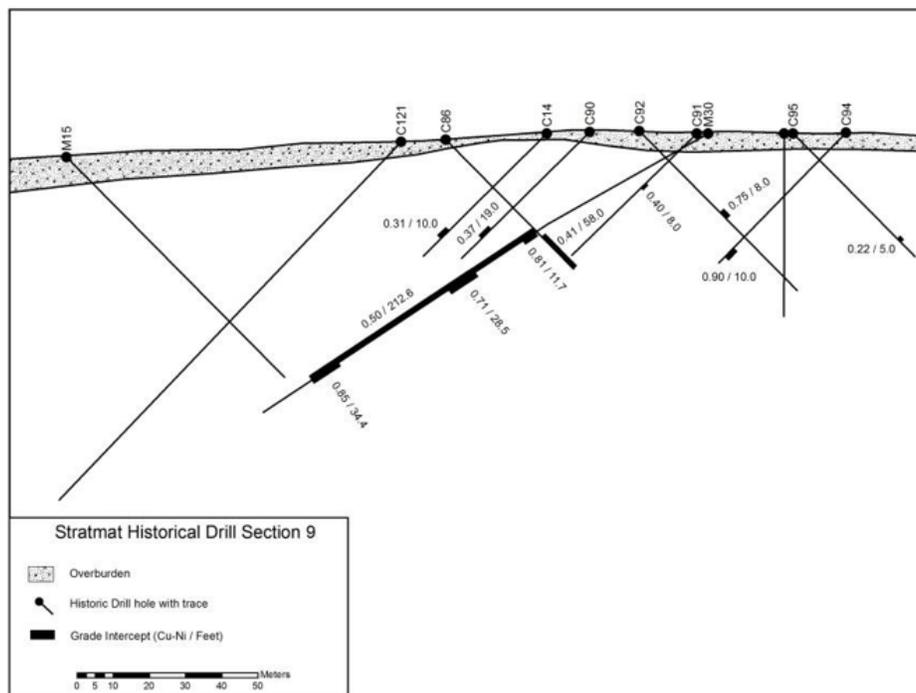


Figure 7. Stratmat - Typical Historical Drill Section and Down Hole Mineralization

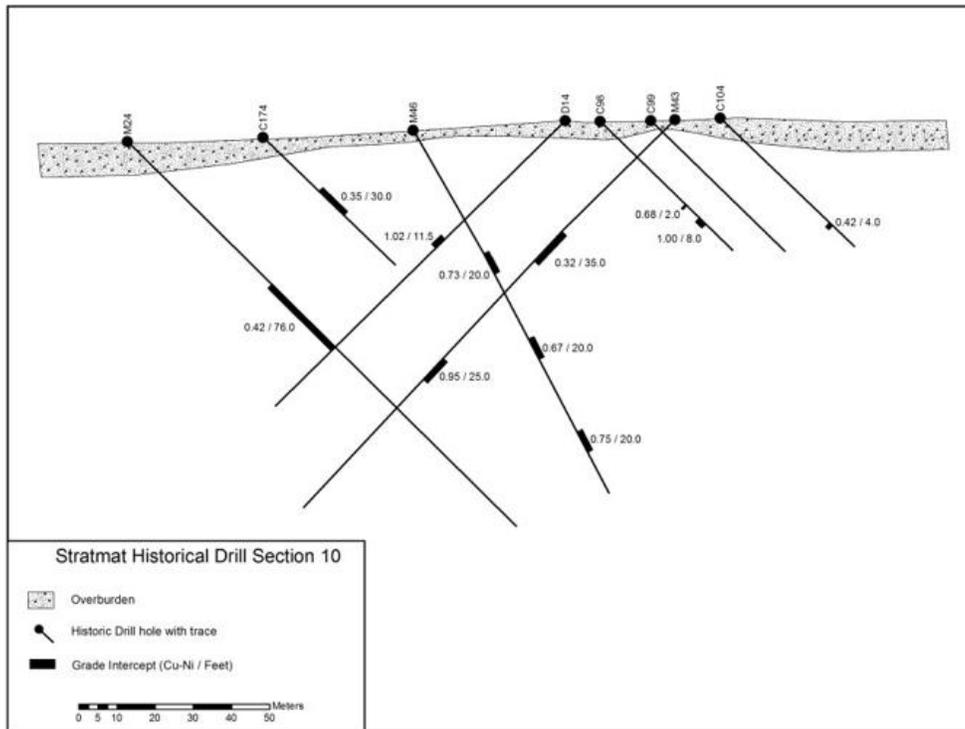


Figure 8. Stratmat- One Typical Historical Drill Section Illustrating Scattered Mineralization and Barren Zones

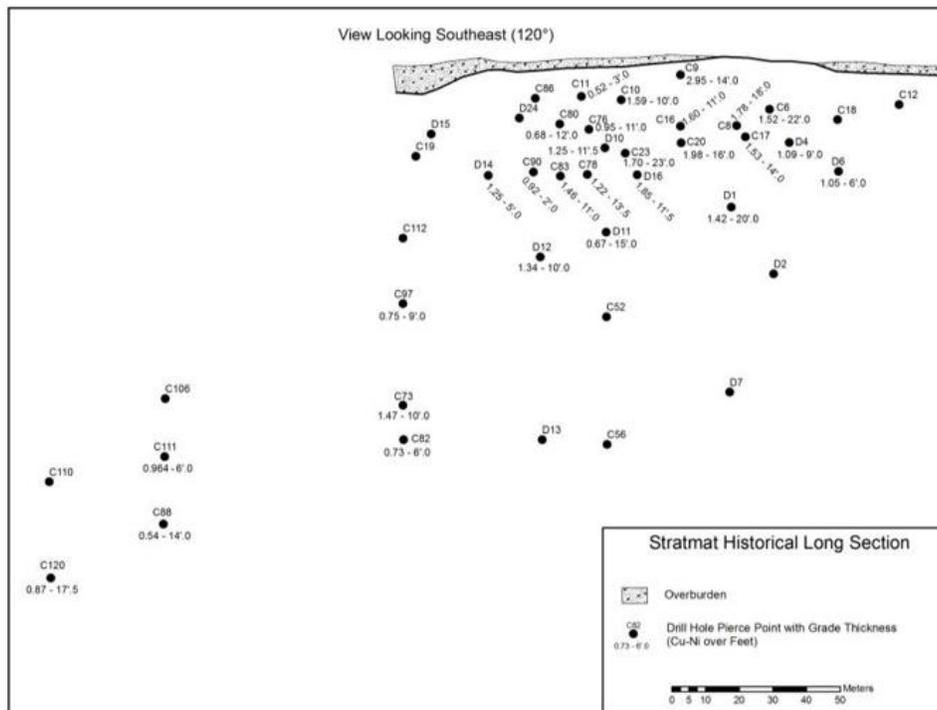


Figure 9. Longitudinal Section of the No. 1 Zone Nico 1 Deposit  
(Ref: Chibtown Copper Corp. (1966) from OGS Assessment Files)

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 10), 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 Company is not treating the historical estimate as a current mineral resource or mineral reserve.



Figure 10 Historical Trace of A Few of the NICO 1 Deposit Higher Grade Zones ("ribs")  
(Ref: Chibtown Copper Corp. (1966) from OGS Assessment Files)

## Deposit Types

### Magmatic Nickel Deposits 1

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  $[(Ni,Fe)_9S_8]$ .

Magmatic sulfide deposits containing nickel and copper ("Cu"), with or without ( $\pm$ ) 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.

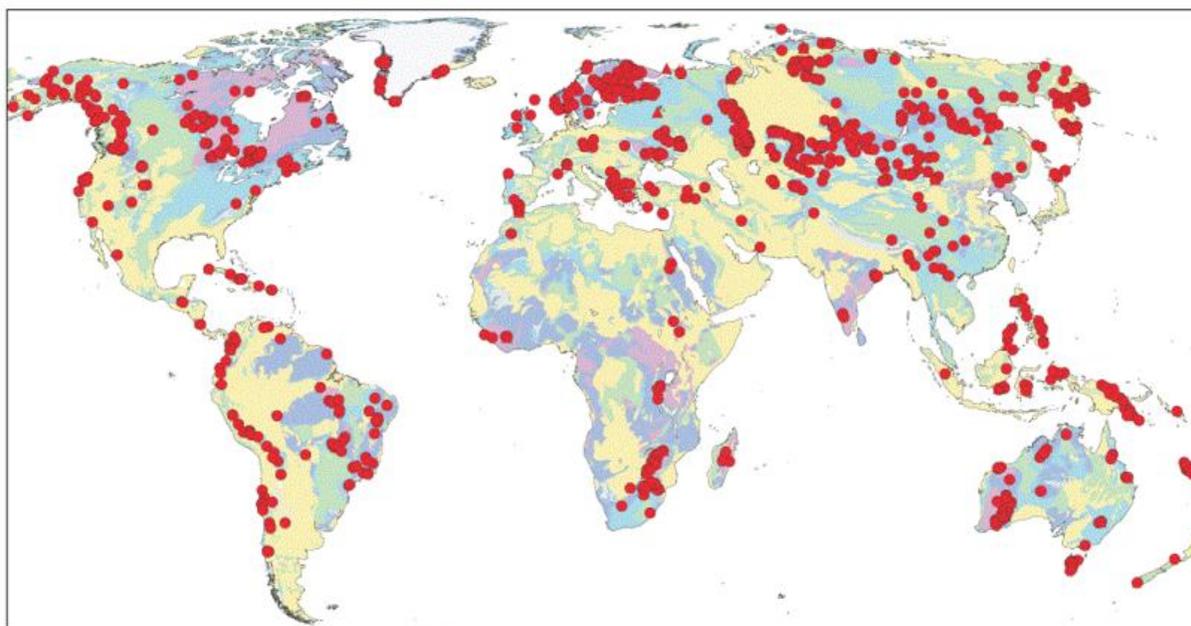


Figure 11. Magmatic Ni-Cu-PGE Deposits of the World GSC Maps of Deposits & Resources [Eckstrand O.R. \(undated\)](#)

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 that is the subject of the technical report.

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,

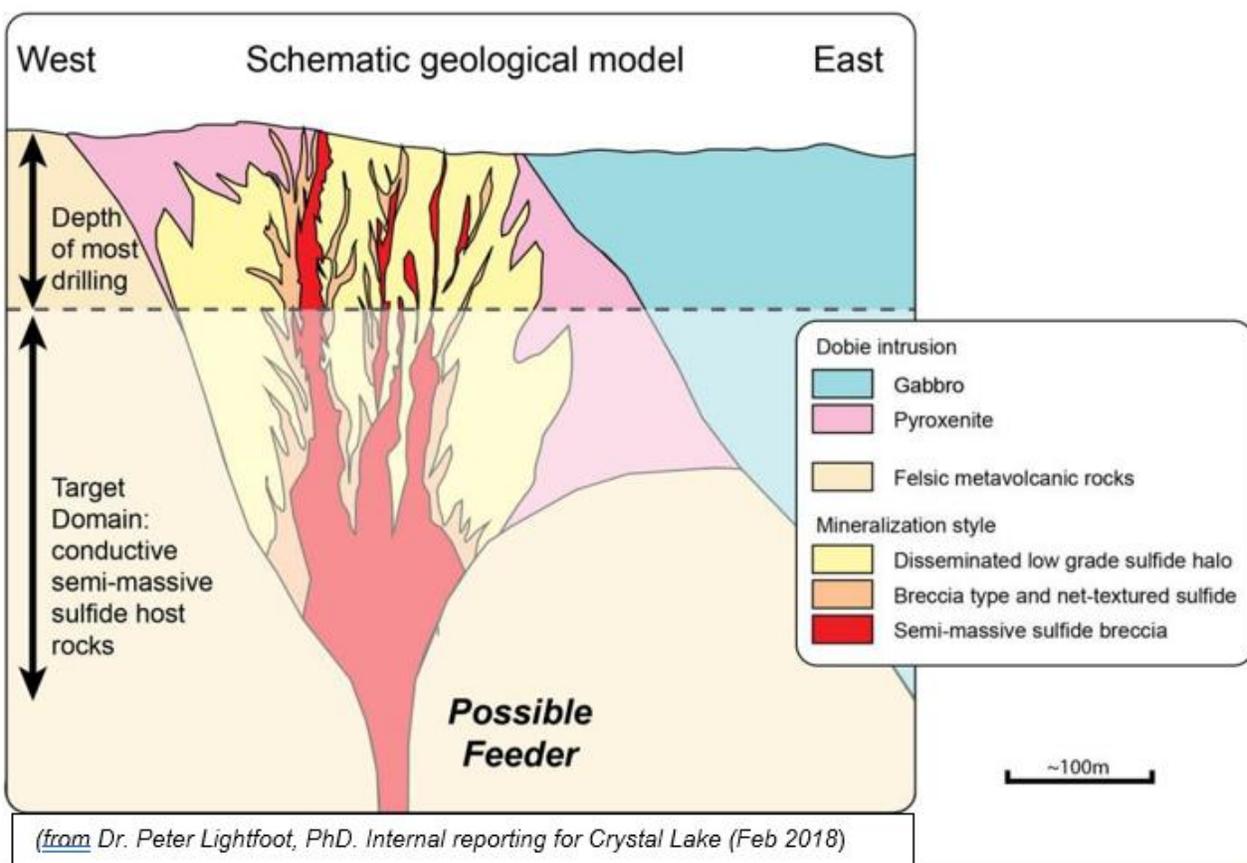
such as the Noril'sk-Talnakh deposits, which produce much of the world's palladium. In addition, deposits may contain between 1 and 15 percent magnetite associated with the sulfides.

### 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.



GEOLOGICAL MODEL SHOWING THE STYLE OF MINERALIZATION AT NICO1, AND HIGHLIGHTING THE OPPORTUNITY TO EXPLORE FOR HIGHER GRADE MINERALIZATION AT DEPTH WITHIN THE PYROXENITE WHERE THERE IS VERY LITTLE DRILLING (BELOW HORIZONTAL DOTTED LINE).

Figure 12. Geological Model at Nico 1 deposit Highlighting the Exploration Target

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 that is subject of the technical report.

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 Enduro. 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.

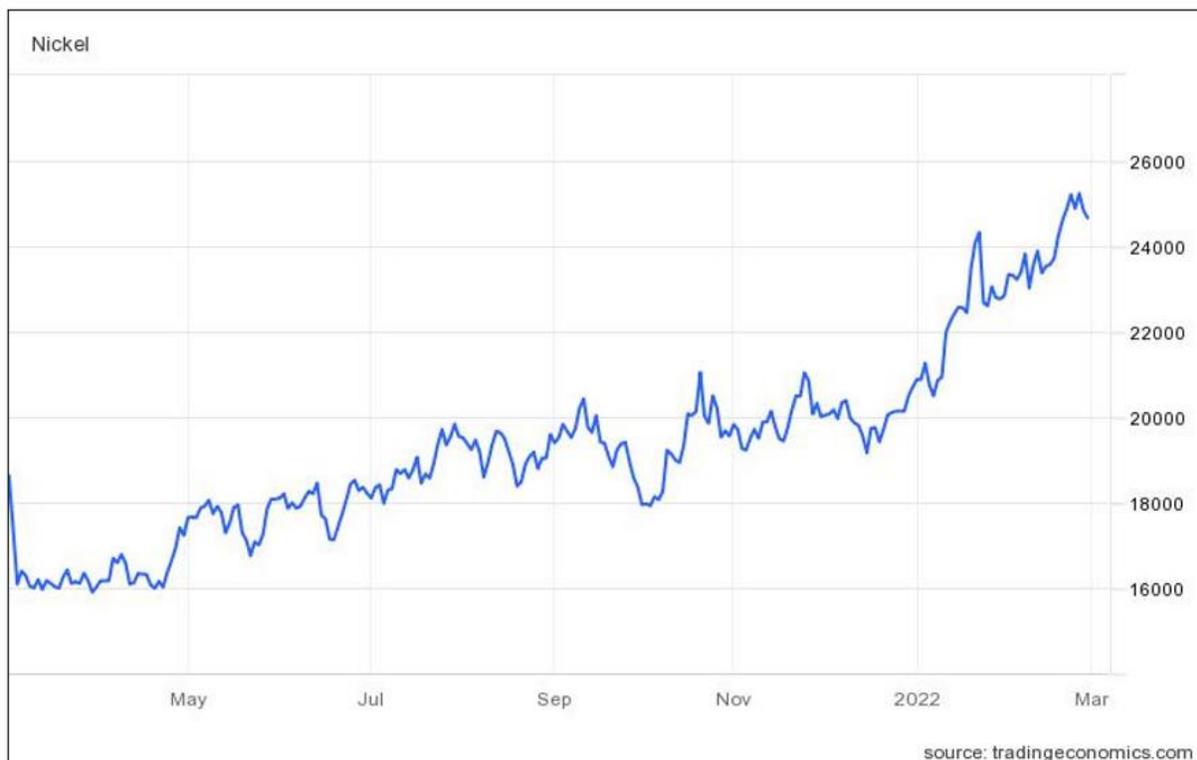


Figure 13. Current Nickel Pricing to the end of 2021

(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.

In 2015 and 2018 Enduro, as operator, conducted a HELITEM35C airborne survey, Soil Hydrocarbon Gas survey, 10 diamond drill holes and an UTEM5 downhole survey of the two deepest drill holes. Due to the absence of surface outcrop USHA followed up with a limited diamond drilling drill program of 1,439 m in 2020.

### Mapping, Geology

No recent mapping on Dobie Township has replaced the map created in 1953 (by ODM). The Company 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 Soil Gas 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 2015 and 2018 drill locations are plotted with the Ni and the PGE anomalies. 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.

The interpretation of 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. 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.

Results of the of 228 SGH 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. Notes that 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.

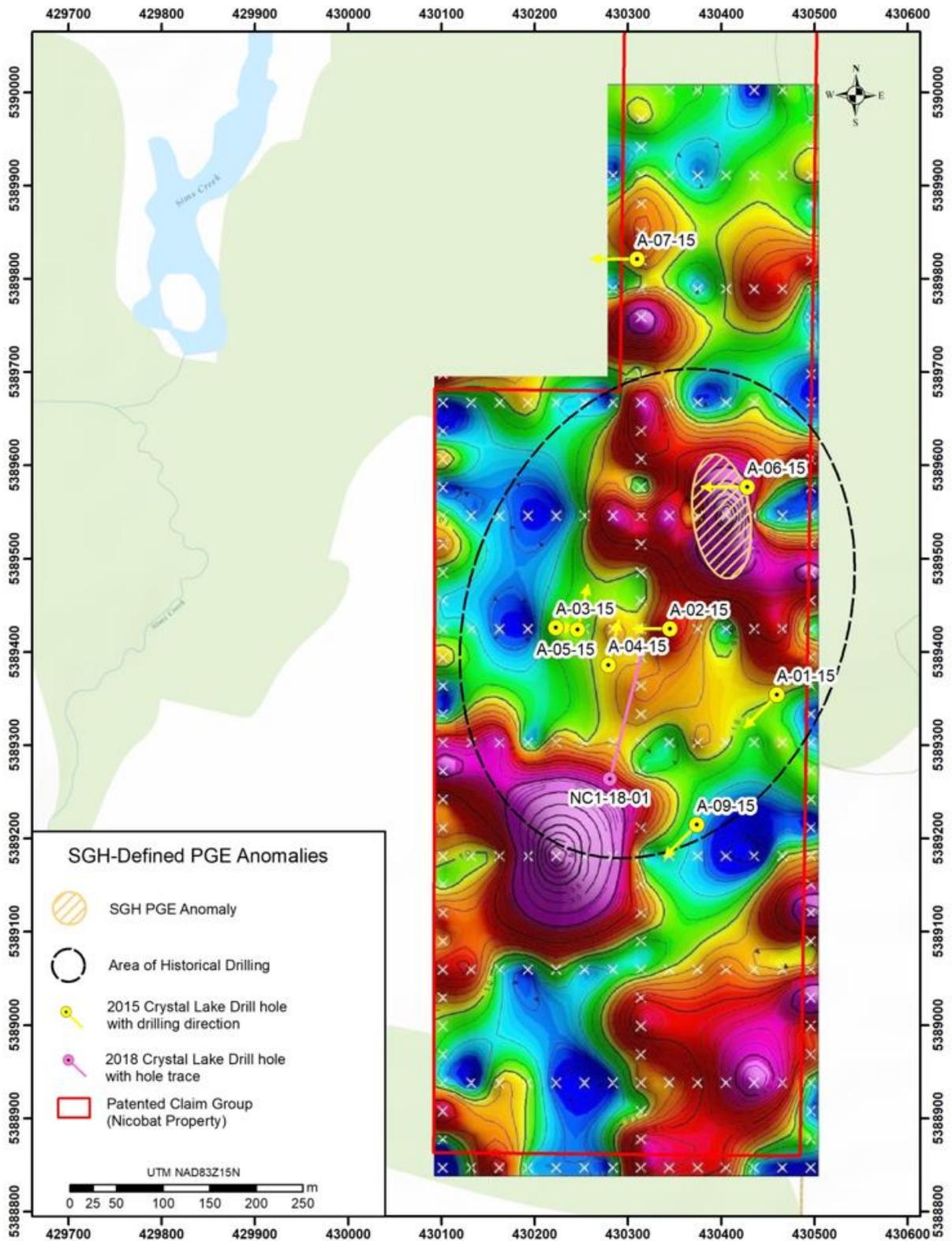


Figure 14. SGH PGE Results in Relation to the Drilling; Dobie Patents

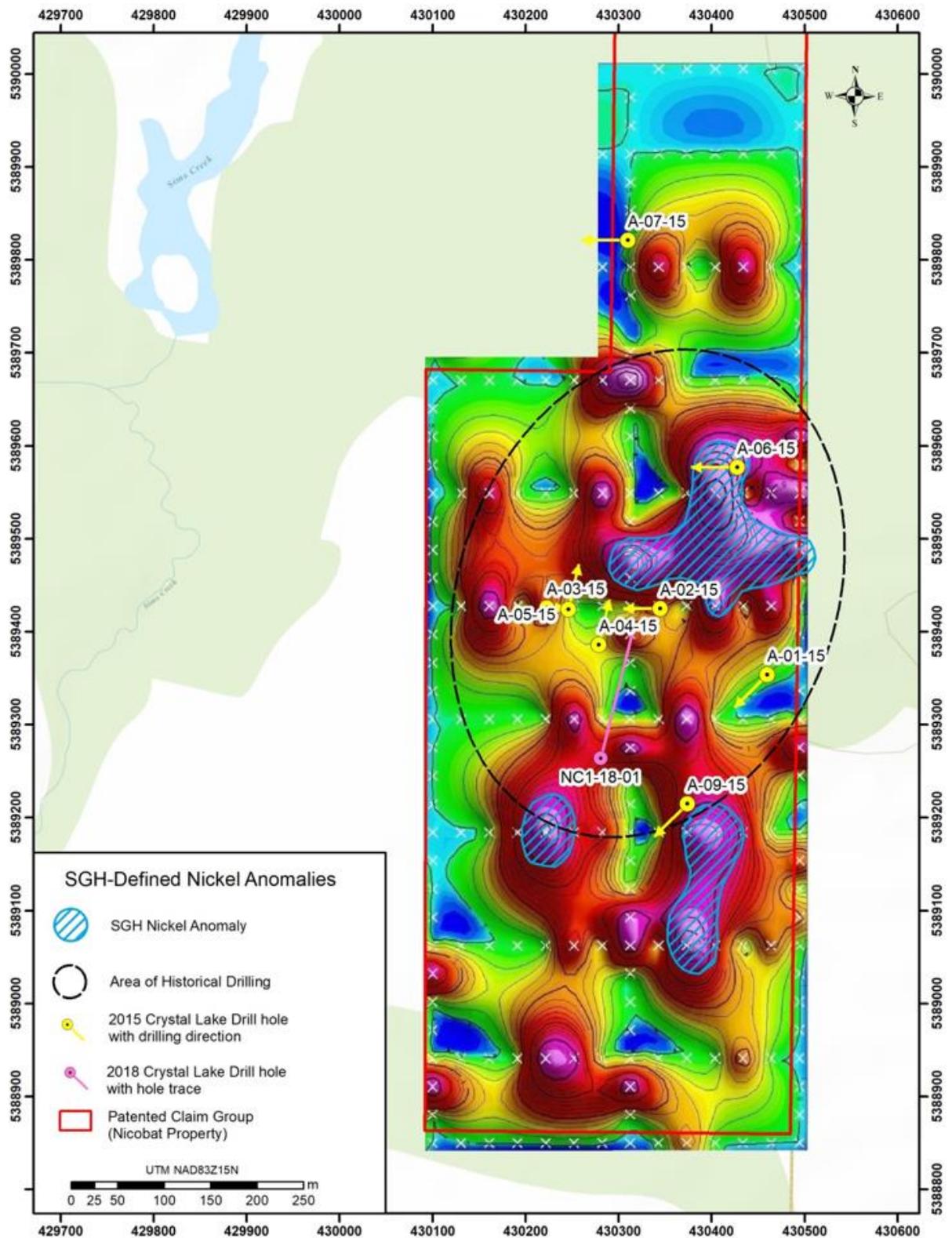


Figure 15. SGH Ni Results in Relation to Location of Drill Holes

## 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.

Survey 3 – Ground EM by different method – some coincident anomalies.

Survey 4 – Gravity Survey – 50ft intervals along 200ft lines. Outlined gabbro intrusion.

Survey 5 – Ground EM Survey – 50ft intervals along all N-S lines and confirms the reconnaissance survey.

Note that in the 1950s EM was a developing technique and depth of penetration of the survey would be less than 150 feet (45m).

### Ontario Geological Survey 1990

The Rainy River area was flown by the OGS in 1990, using Airborne Electromagnetic and Total Magnetic Survey at scale 1:20,000 (maps 81506 -81537). Five EM anomalies, with a co-incident magnetic high were located on the north 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 17 illustrates the residual magnetic signature over the patents.

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 the 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.

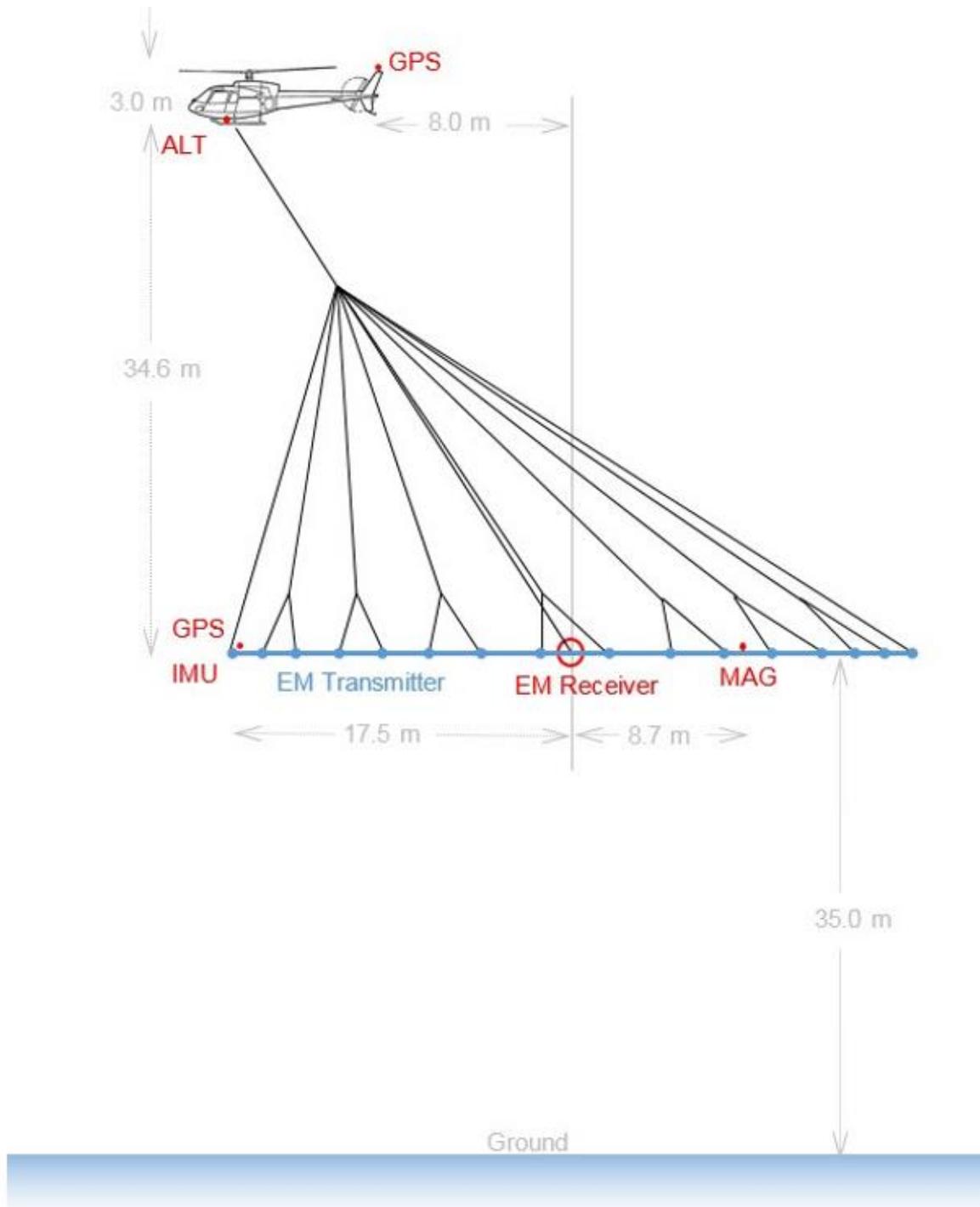


Figure 16. HELITEM35c Airborne System

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)

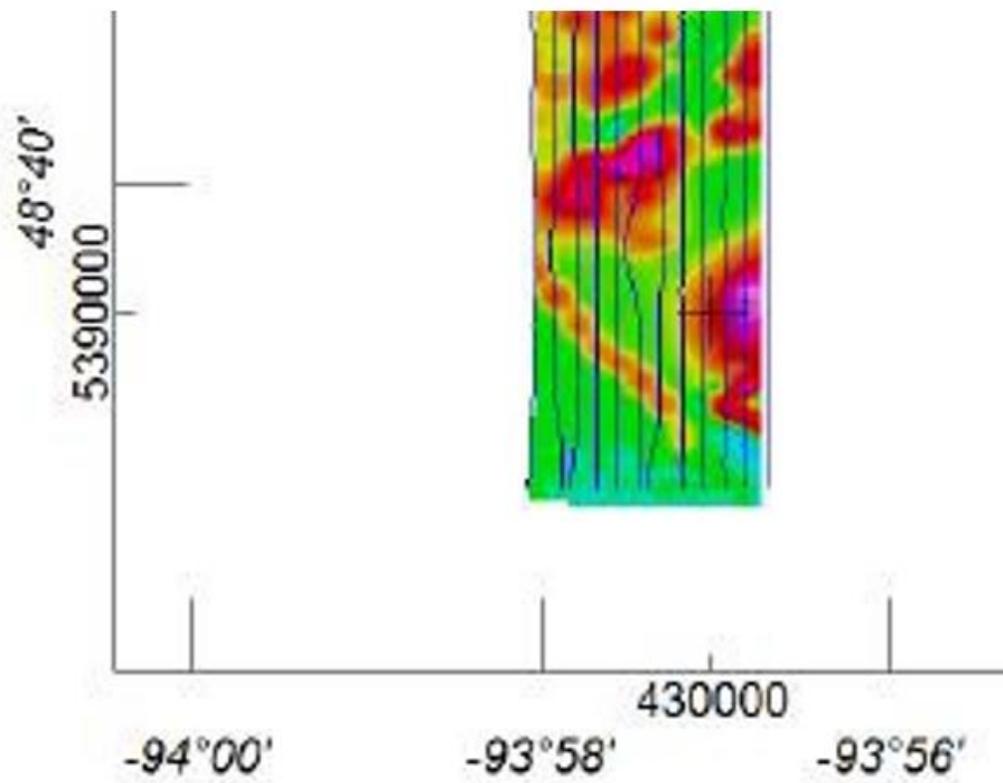


Figure 17. HELITEM35c Residual Magnetics Properties

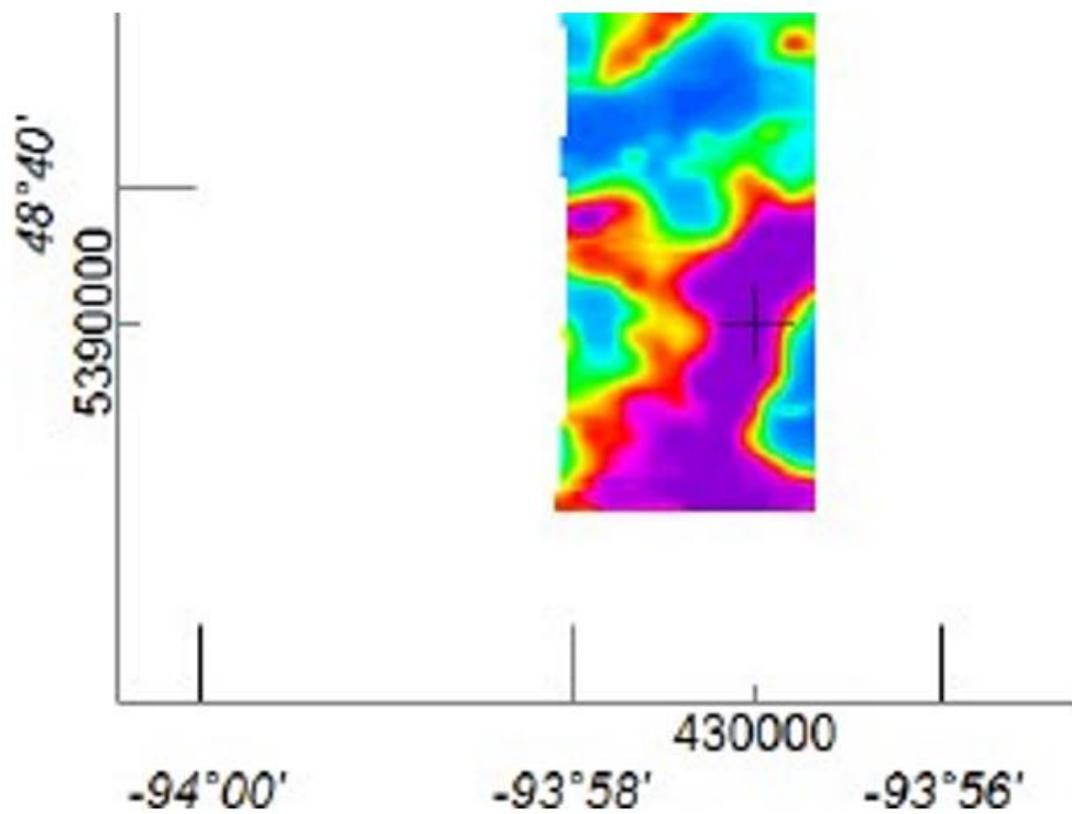


Figure 18. HELITEM35c Conductivity DB\_7 Channel (04)

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 above surveys were carried out to detect or outline deeper features and potential depth continuations of shallow features. 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. 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.

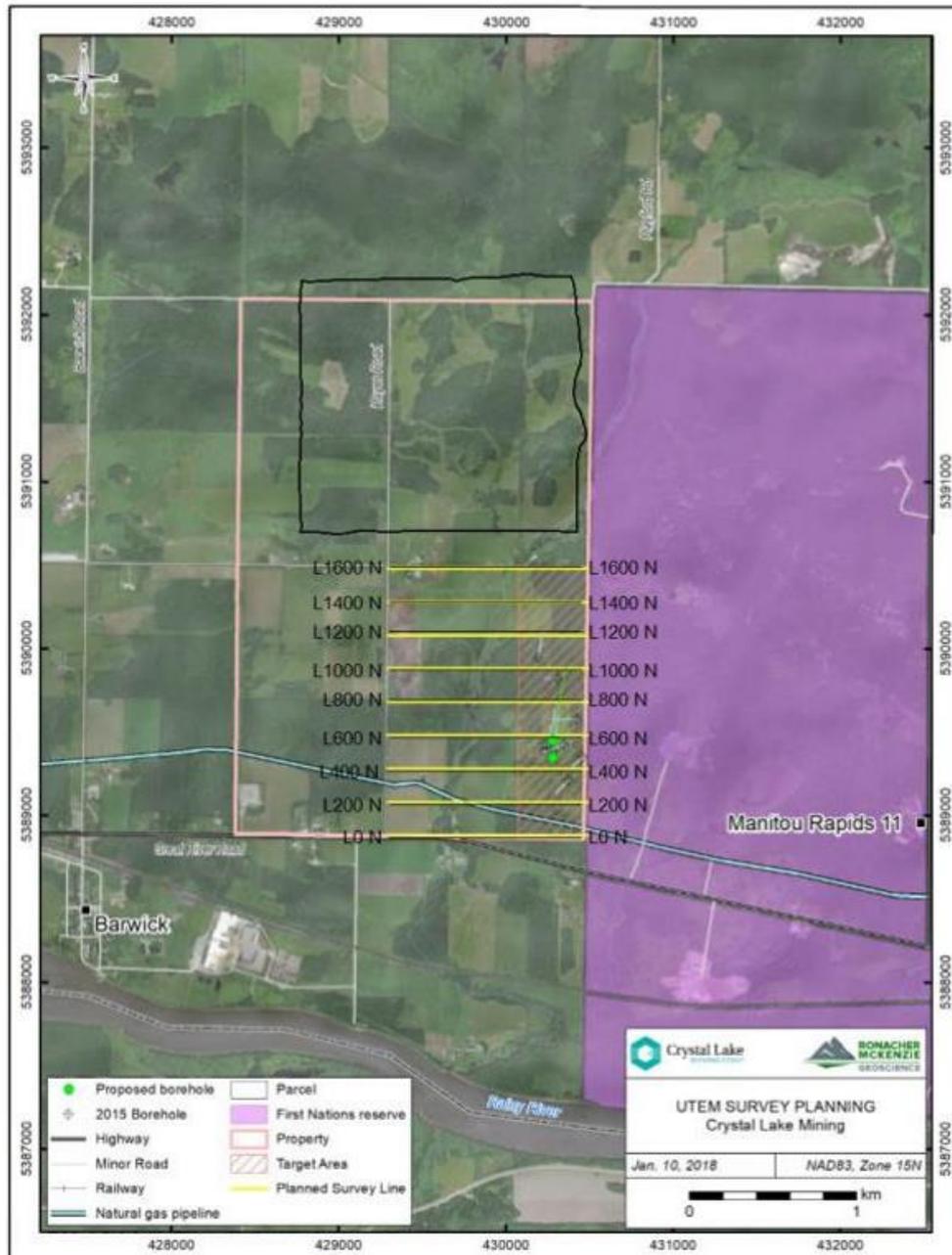
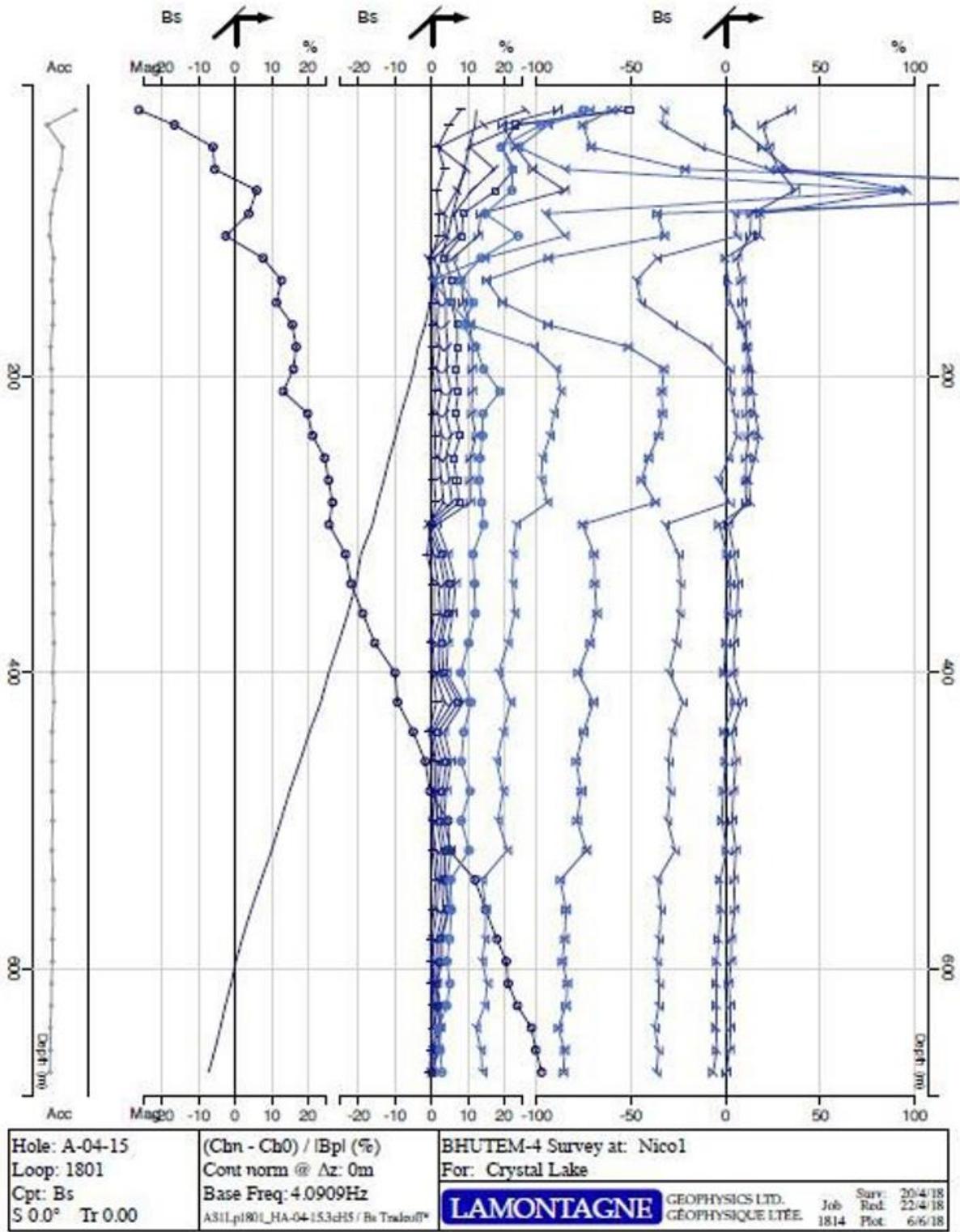


Figure 19. Location of Two Grids and Survey Stations Established for Down-Hole UTEM Survey



## A04-15 - Loop 1801 Profiles

Figure 20. 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)

## DRILLING

### Pre-2015 Drilling

As previously mentioned, the historical drilling was summarized in Section 6 of the report. 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 the report as current mineral resources or mineral reserves. The Company 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:

*Table 3. 1953 Falconbridge Results*

Hole ID	Depth_m	Width_m	Cu_%	Ni_%
D1	133.8	7.16	0.6	0.95
D2	113.4	8.29	0.32	0.39
D3	69.5	7.1	0.48	0.4
D4	58.2	4.12	0.43	0.66
D5	63.6	11.13	0.31	0.19
D6	62.5	5.95	0.48	0.32
D7	32.2	8.23	0.29	0.42
D8	136			
D9	88.7	1.52	0.12	0.95
D9		5.98	0.35	0.17
D10	81.4	4.57	0.7	0.49
D10		3.29	0.4	0.38
D11	157.9	5.7	0.41	
D11		3.29	0.4	0.48
D12	102.4	3.57	0.45	
D12		6.13	0.88	0.36
D13	127.4	6.4	0.43	0.15
D14	105.2	3.45	0.2	0.84
D15	80.2	0.46	0.56	0.13
D16	142.4	12.35	0.82	0.37
D16		4.57	0.42	0.48
D25	338	3.05	0.27	0.04

### ENDURO AND EMERALD LAKE DRILL PROGRAMS

In 2015 Enduro drilled 9 holes of NQ core on the property using Full Force Drilling Ltd. out of Peachland, B.C. Emerald Lake was the operator on behalf of Enduro. Work was completed in the Fall of 2015 with the program finishing on October 16.

A site visit was made by the author to substantiate hole locations, outcrops (pit) and review some of the drill core. The results are deemed reliable and there are 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.Geol., Dr. Harnois. Drill Logs for the 2015 and 2018 are appended in the Appendix X.

*Table 4. Summary of 2015 Drill Hole Data*

Hole ID	Easting	Northing	Azi	Dip	Total Depth (m)	Start Date	End Date
A-00-15	431715	5396626	262.8	-45	91.43	26-Sep-15	28-Sep-15
A-01-15	430460	5389354	225	-45	152.39	10-Oct-15	11-Oct-15
A-02-15	430345	5389425	270	-45	176.78	29-Sep-15	01-Oct-15
A-03-15	430223	5389426	90	-45	176.69	07-Oct-15	10-Oct-15
A-04-15	430279	5389386	13	-40	304.72	04-Oct-15	07-Oct-15
A-05-15	430246	5389424	13	-40	271.27	01-Oct-15	03-Oct-15
A-06-15	430428	5389577	270	-45	207.24	09-Oct-15	10-Oct-15
A-07-15	430310	5389821	270	-50	115.79	12-Oct-15	13-Oct-15
A-09-15	430374	5389215	225	-45	152.40	15-Oct-15	17-Oct-15

*Table 5. Summary of 2018 Drill Hole Data*

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

Hole ID	Easting	Northing	Azi	Dip	Total Depth (m)	Start Date	End Date
NC1-18-01	430283	5389264	262.8	-50	700	24-Mar-18	Not stated
A-04-15	430279	5389386	225	-40	Extended to 700	17-Mar-18	23-Mar-18



*Photo 3. 2015 Crystal Lake Drill Hole Collar*



*Photo 4. 2018 Drill Hole Collar*

## USHA 2020 DRILL PROGRAMS

USHA carried out 1,429 m of diamond drilling in 7 holes on the Nicobat property between October 18, 2020 and November 15, 2020. The objective of the drill programs was two-fold. The first objective was to test mineralization intersected by past operators. The second, to test the potential for expanding the mineralization.

Collar and drillhole information for all the 2020 holes completed USHA are tabulated in the Table 6 below. Drill intersections are reported as drill thicknesses. True widths of mineralized intervals are interpreted to be between 50 to 90% of the reported lengths; the steep and irregular nature of the mineralized zones precludes greater specificity regarding true widths.

*Table 6. USHA 2020 Drill Hole Data*

Hole ID	Easting (m)	Northing (m)	Azimuth	Dip	Depth	Start Date	End Date
A20-10	430247	5389431	93	-46	101	19-Oct-20	24-Oct-20
A20-11	430249	5389482	93	-45	131	24-Oct-20	26-Oct-20
A20-12	430248	5389482	93	-56	160	26-Oct-20	28-Oct-20
A20-13	430253	5389508	93	-50	155	30-Oct-20	01-Nov-20
A20-14	430222	5389401	92.4	-48	164	02-Nov-20	03-Nov-20
A20-15	430379	5389466	275.1	-70	437	03-Nov-20	11-Nov-20
A20-16	430197	5389399	93	-48	281	11-Nov-20	14-Nov-20

Asinike Drilling Inc of Whitefish Bay First Nation (Naotkamegwanning) was used for all this drill campaign. The drill was a skid mounted diamond core drills (Photo 5) capable of drilling to depths in excess of 1,000 m. All of the 2020 drill core produced for USHA utilized NQ (47.6 mm) tools and rods.

All drillholes were initially sited using a handheld Garmin GPSmap76c unit. At the completion of the hole, casing is left in the hole and capped. The drillhole ID is stamped onto the casing cap. At the completion of the program the drillholes are surveyed a second time with the GPSmap76 and this information is added to the “Header” as the final UTM location.

While pickets were used to coarsely align the drill, a REFLEX APS unit was used to finish setting the drill head azimuth and dip. Downhole surveys of the drillholes were conducted using a Reflex Gyro, a non-magnetic north seeking tool. Survey date for the top half of the first hole, A20-16, is lacking due to defective instrumentation. Typically, the first measurement was taken just past the casing at ~ 5m, with readings taken every 30 m thereafter and again, at the end of the hole.

The core was delivered to the geologist during the morning crew shift change typically at the core shack. The core shack was a private facility within Ft Frances.

As a result of competent bedrock and reliable drilling practices, drill core recovery rates have been in excess of 98% for the duration of the project. To the Authors knowledge, there have been no drilling, sampling, or recovery factors that could materially impact the accuracy and reliability of the result.

The holes were continuously sampled when sulphide content was greater than trace amount with sample sizes ranging between ~0.5–1.5 m long, and sampling based on lithology, mineralization, or structural breaks.

The program was supervised by the author with core logging assistance from Harvey M. Buck of Thunder Bay. The author spotted all of the drill holes. Samples were sent to AGAT Laboratories Ltd. facility in Thunder Bay.



*Photo 5. A20-15 Setup*



*Photo 6. Interior of core shack*



*Photo 7. Exterior of core shack*

The drilling intersected a potential magma conduit composed of cumulate textured olivine gabbro with disseminated to net-textured Cu-Ni sulphide mineralization. Wide mineralized intervals from 25 metres to 46 m were intersected hosting pyrrhotite and pyrite plus chalcopyrite and trace pentlandite. Composite weighted average intersections are list below in Table 7. Based on the drilling completed to date, the mineralized conduit unit appears to be plunging to the northeast at  $-45^\circ$ . Additional drilling is required to extend the plunge of the mineralized unit and test the potential to host semi-massive to massive Cu-Ni mineralization.

Table 7. Significant mineralized intersections from 2020 Drilling.

Hole ID	From (m)	To (m)	Interval (m)	Logged Rock Type	Cu (%)	Ni (%)
A20-10	43	82	39	Olivine Gabbro	0.36	0.17
A20-11	71.5	96.5	25	Olivine Gabbro	0.35	0.20
A20-12	64	110	46	Olivine Gabbro	0.30	0.16
A20-13	111.5	146	34.5	Olivine Gabbro	0.37	0.21
A20-14	2.5	26	23.5	Olivine Gabbro	0.34	0.26
A20-15	56	95	29	Olivine Gabbro	0.31	0.16
A20-16	23	27.5	4.2	Olivine Gabbro	0.55	0.12

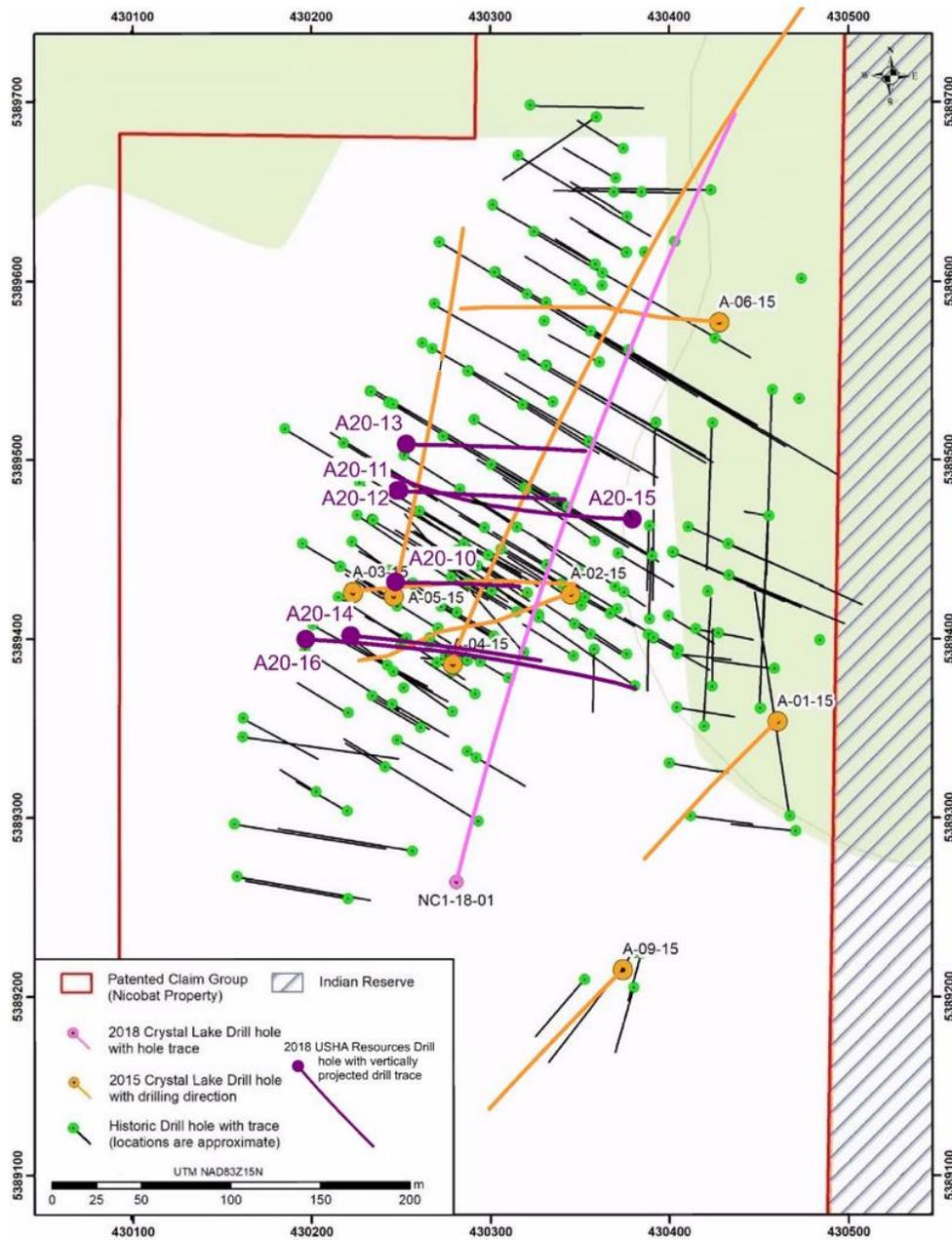


Figure 21. 2015, 2018 & 2020 DDHs on Plan Map of Historical Drill Holes

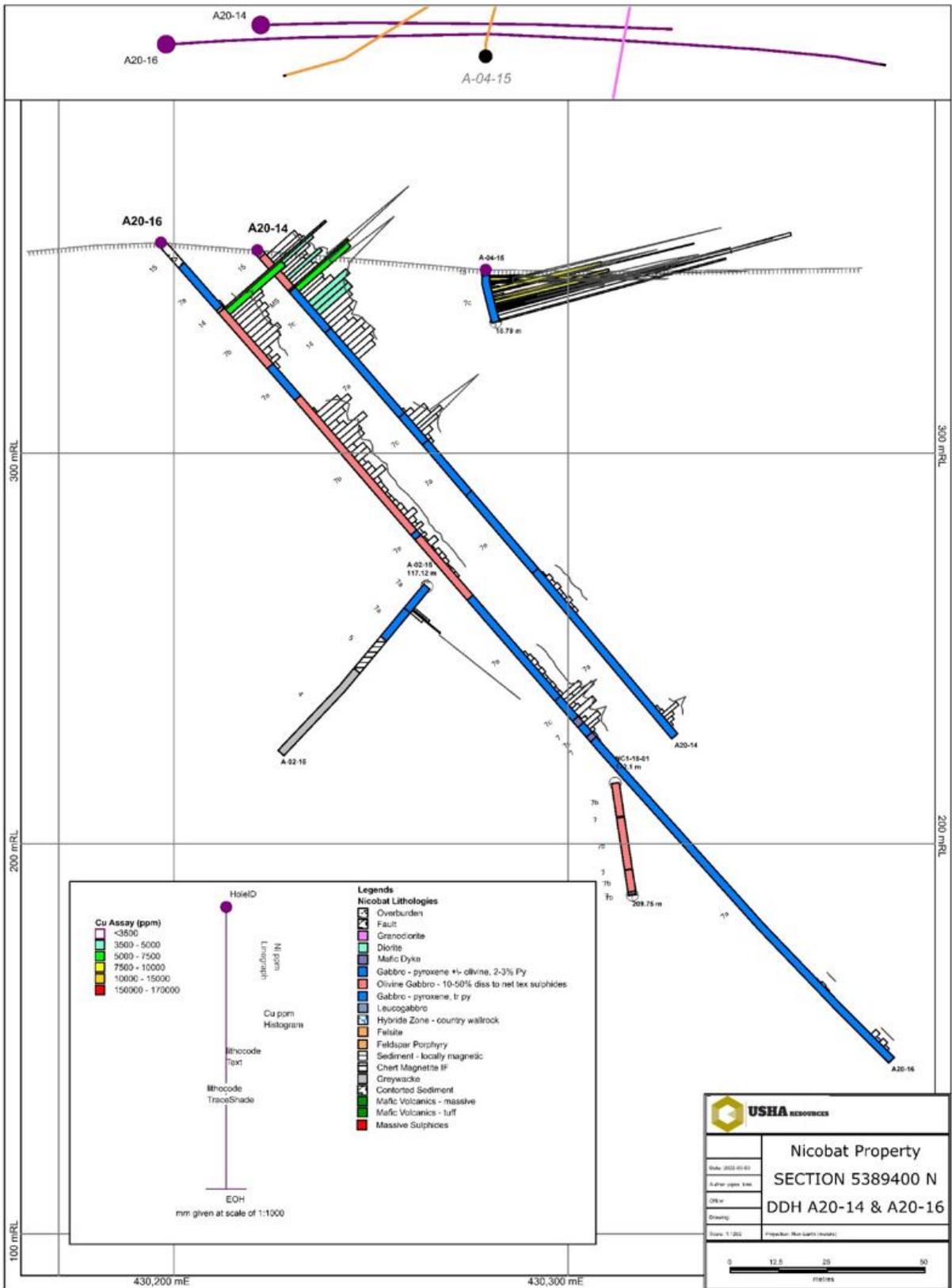


Figure 22. DDH A20-14 & A20-16 with plotted Cu and Ni

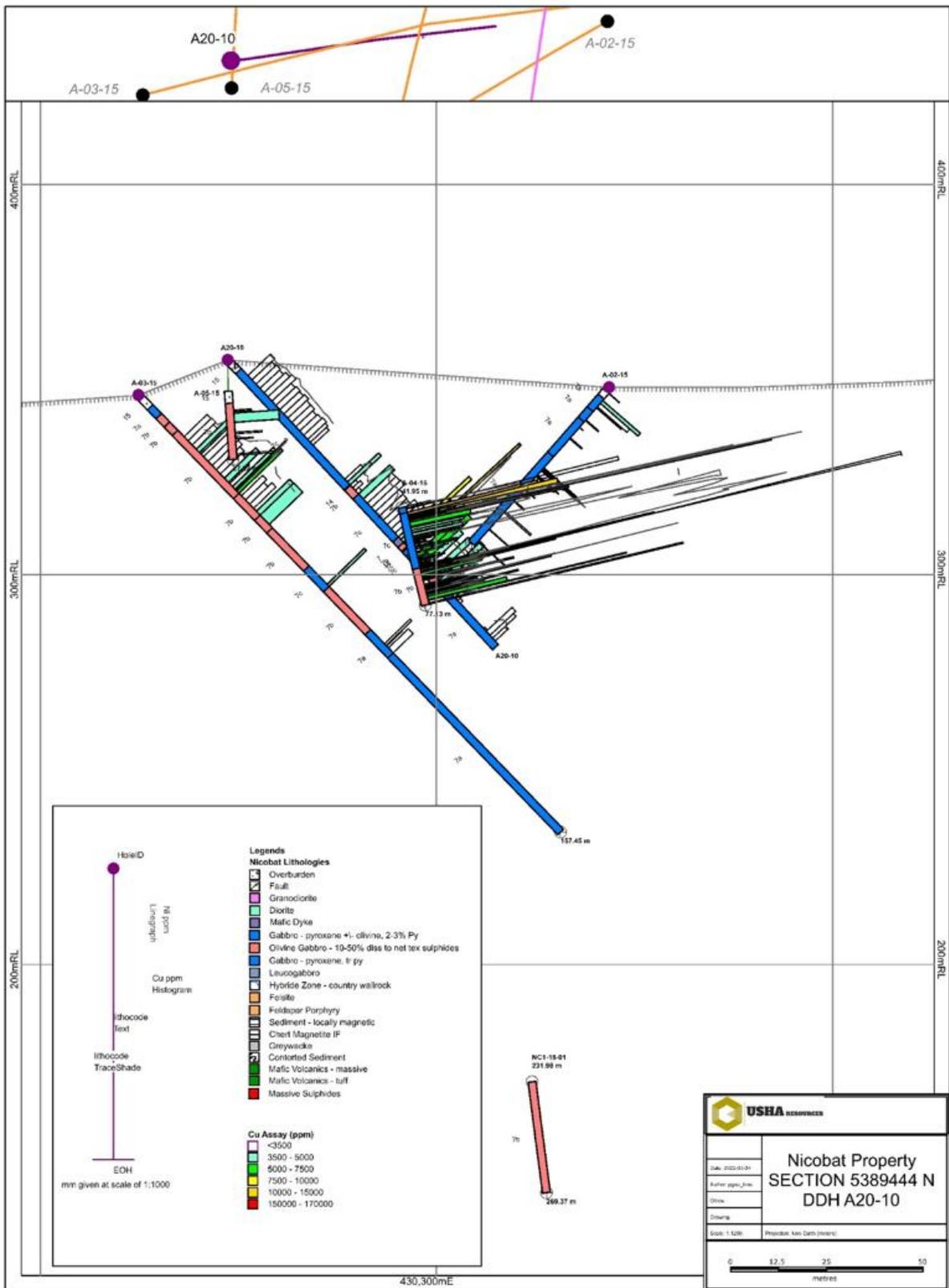
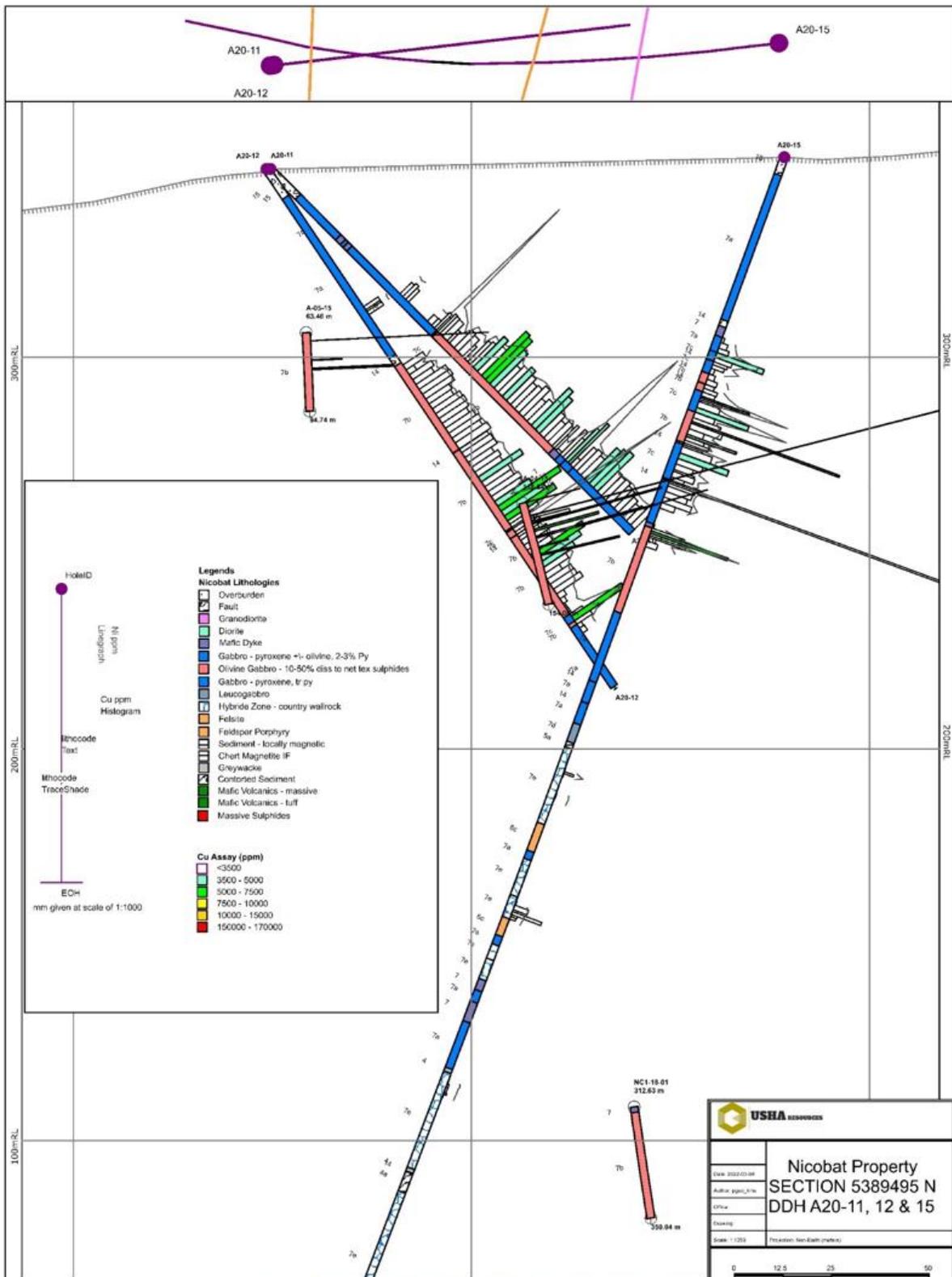


Figure 23. DDH A20-10 with plotted Cu and Ni



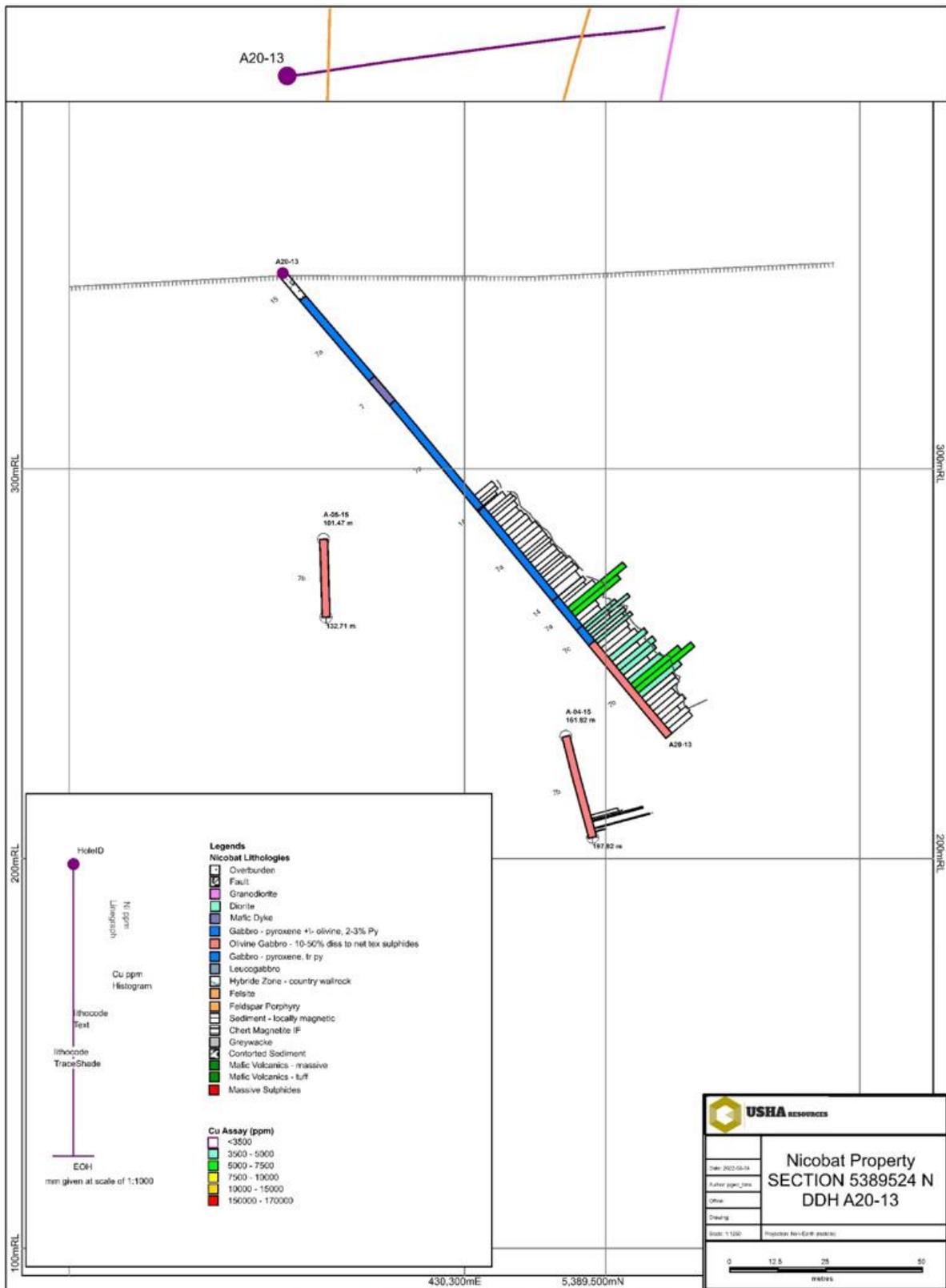


Figure 25. DDH A20-13 with plotted Cu and Ni

## SAMPLING, ANALYSIS AND DATA VERIFICATION

Details of drill core sampling for the 2015 and 2018 drill programs were adequately described in the previous technical report Pitman et al. (2019). The following sample preparation, analysis and security were designed and supervised by the author.

### Sample Preparation and Security

Upon delivery of the core by the foreman's helper, core box lids were removed, core box numbers and meterage tags checked. Core box meterage's were recorded for later fixation of metallic tags for storage and the core was marked every 1 meter. If an error was encountered the issue was discussed with the Foreman helper and he called the Foreman by cell phone to inform him of any corrective measures than were required. Magnetic susceptibility readings were then taken every 3 metres typically near meterage tags.

Core was then logged into an MS Access macro. A major unit was generally considered any lithological unit greater than 1 metre. A minor unit was any lithological unit under 1metre. Samples were laid as to not cross lithological boundaries. Minimum sample length was generally established at 50 centimetres with the maximum sample length at 1.5m. Those intervals designated for sampling and assaying were then sawed in half with a diamond drill saw in the core shack. Samples were secured in plastic sample bags with a zip tie and placed into rice bags again secured by a zip tie. Samples were locked nightly within a core shack.

### Analytical Methods and Quality Control Procedures

All sampled core in 2020 was delivered to AGAT Laboratories' lab in Thunder Bay, Ontario for sample preparation and assay. AGAT is a full-service licensed laboratory with offices throughout Canada and is independent of the Company. Before shipping all samples were stored in a locked garage and sealed in rice bags when shipped. An electric core saw was used to split the core with 50% of the core retained onsite. This core remains stored on the Nicobat property. Core was split at the cores hack and shipped by Gardwine Transport to the AGAT facility in Thunder Bay. Samples were not shipped on Fridays to avoid overnight layovers in the shipping depos. AGAT analyzed the samples using, method 201-073, 45 elements by partial Aqua-Regia acid digestion followed by ICP-OES finish. Over limit copper and nickel assays results were re-run by Sodium Peroxide Fusion - ICP-OES finish (201-079) to ascertain the true metal content. Gold, Platinum and Palladium content was determined by method 202-055 using a 30g fire assay with ICP-OES finish. No preparatory work was carried out by USHA. AGAT received the samples, dried them and crushed each sample prior to assay. AGAT inserted their own blanks and duplicates to test the accuracy of the equipment and accuracy of the results AGAT is a fully accredited laboratory and conforms with the requirements of CAN-P-4E (ISO/IEC 17025:2005) and CAN-P-1579 by the Standards Council of Canada.

In addition to the AGAT Laboratories Quality Control Protocols, the author carried out the following QA/QC Protocols. Blanks, core duplicates and two certified standards were inserted every 10<sup>th</sup> sample. In total 24 certified reference materials, 13 core duplicates and 12 blank material were inserted in the sample stream. The certified reference materials (CRM) and blank material is listed below in Table 8.

*Table 8. Reference materials used as standards and blanks during the QA/QC protocol*

CRM Code	Cu ppm	Ni ppm	Au ppm	Pt ppm	Pd ppm
CDN-ME-1207 *	40700	15,7200	0.046	0.568	0.992
CDN-ME-1307 **	27600	37900	0.063	0.433	0.563
White Limestone ***	3	3	0.001	0	0

\*CDN-ME-1207 is made from ore supplied by Xstrata Nickel from their Raglan mine in Quebec.

\*\*CDN-ME1307 is an altered peridotite from the Wellgreen Complex, Yukon Territory, Canada.

\*\*\*Limestone Blank values are averaged values of blank material inserted into sample stream.

## **Data Verification**

The authors of the previous technical report appear to have been qualified and the information prepared according to standards that were acceptable. The author has no known reason to believe that any of the information used to prepare the Pitman et al. (2019) report is invalid or contains misrepresentations.

## **SITE VISIT**

The author, Andrew Tims, P. Geo, designed and implemented the 2020 drill program personally logging 930 m of drill core with Harvey M. Buck logging the remainder of the core under the author's supervision. Logging and sample collection was undertaken to industry best practices. Core facilities were clean and well organized.

Standards (CDN-ME-1207 and CDN-ME-1307), as well as blanks and duplicates were inserted in the sampling sequence for quality control. QAQC sampling accounted for 10% of all the samples sent to the AGAT laboratory for analysis. The saw was cleaned prior to sample collection and thoroughly cleaned after sample collection and QAQC cutting procedures reviewed. Samples averaging approximately 5 kg were taken per 1.5 m of drilling.

The author visited the rig numerous times and observed the drill crew exhibiting adequate care in handling and boxing the core. Every drill setup completed during this program was visited to confirm the casing was capped and labelled, site was clean and a final UTM location recorded by GPS.

## **QAQC 2020 DRILL PROGRAM AUDIT**

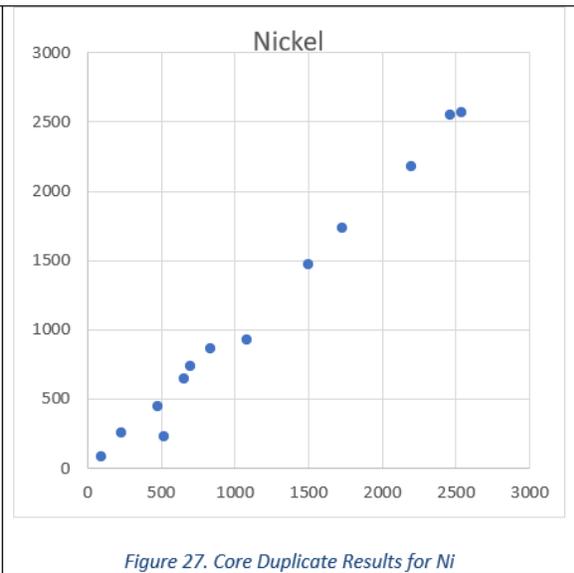
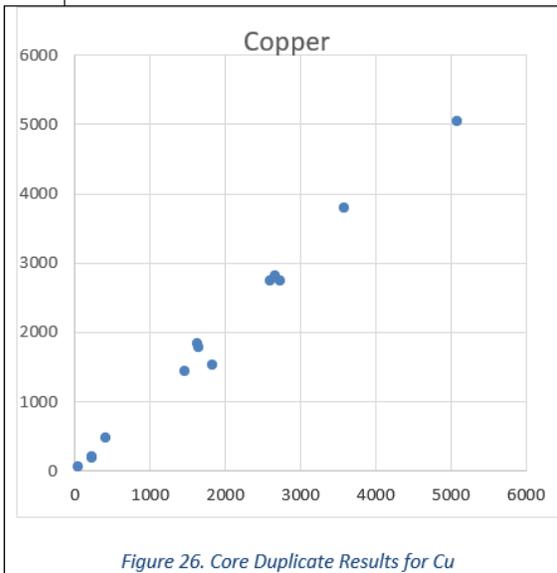
The results of the 2020 QAQC drill program audit was satisfactory. As described in Section 11.2, QAQC protocols during the drill program involved insertion of blanks, standards and core duplicates in the sampling stream. The results of the QAQC audit are described below.

### **Blanks**

There were 12 blank QAQC samples inserted into the sample stream during the 2020 Nicobat drill program making up 24% of total QAQC samples. The maximum accepted value for Cu and Ni for a blank QAQC sample was 33 ppm Cu which is 68X the detection limit for both metals and anything that assayed above 33 ppm was considered a failure. All blanks fell below the maximum accepted value.

### **Core Duplicates**

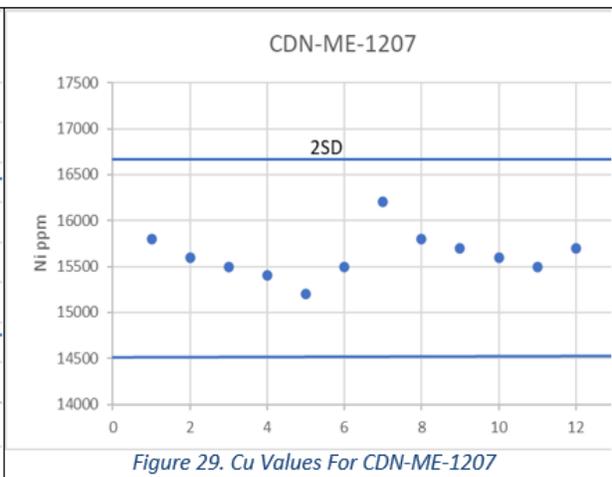
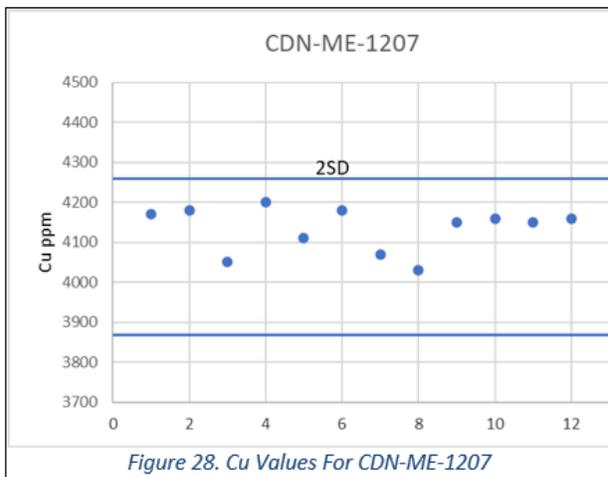
Core duplicate samples are used to monitor sample batches for potential sample mix-ups and monitor the data variability as a function of both laboratory error and sample homogeneity. The duplicate samples are 1/4 split cores taken on site. One field duplicate was inserted in every 40th sample. The original sample and its duplicate result were also plotted against each other (Q-Q Plot) and the results displayed a normal distribution around the trendline. Based on the analysis of results for duplicate QAQC samples, there were no true failures. The results are shown in Figure 26 and 27.

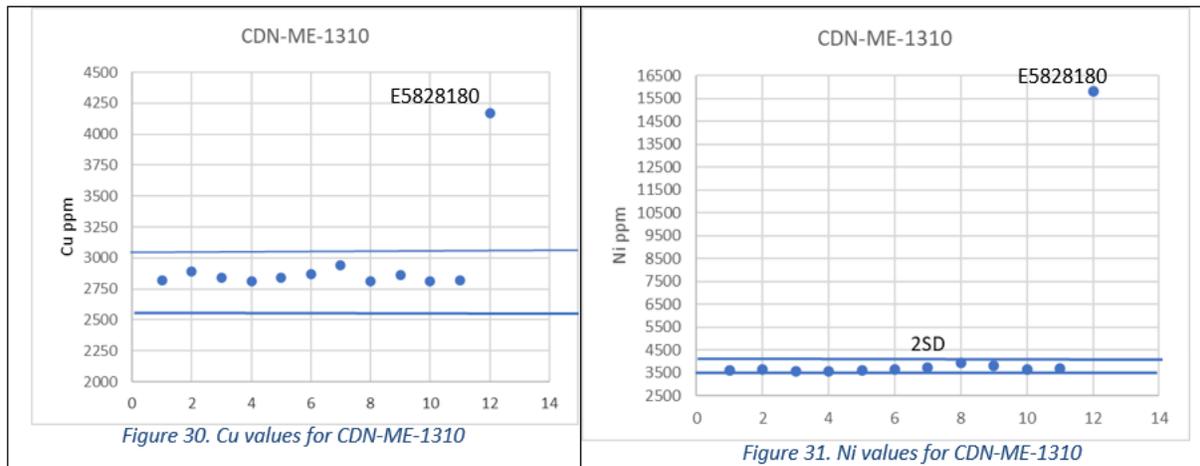


**Standards (Certified Reference Material)**

Commercial certified standards are used to test the precision and accuracy of gold assays and to monitor the consistency of the laboratory’s performance. The standards are purchased in pre-measured individual packets weighing approximately 100 g and were sourced from CDN Resources Laboratories Ltd. The standards are inserted into the sample sequences, approximately every 20th and 30th sample. A standard analysis outside of the acceptable tolerance levels is defined by analytical values that are greater than two standard deviations above or below the expected certified gold value. In the event of a standard outside the tolerance limits, 10 samples above and 10 below the failed standard within a lab defined batch may be selected for re-analysis. Extreme outliers are often determined to be a result of the incorrect standard sample being inserted into the sample stream or errors in the sample data entry; these samples would then be corrected in the database. Plotted results for each of the standard used in the 2020 exploration program is presented below in Figure 28 to 31. The blue solid lines denote the upper and lower tolerance levels of three standard deviations

In total, there were 24 standards inserted into the sample stream during the drill program. Two standards (high grade and a low grade) Cu & Ni standards were chosen to be used in the QAQC program. Standard CDN-ME-1207 accounted for 12 of the 24 standards analyzed with CDN-ME-1307 accounting for the other 12 standards. All standards fell within the acceptable limits. The single outlier for ME-1307 result of the incorrect standard (ME-1207) being inserted.





### Conclusions and Recommendations

USHA’s insertion rate for Standards, Blanks, and Duplicates is within industry standards of 10%, with a further 11% internal laboratory QA/QC samples added in the sample stream by the assay laboratory. Plots of QA/QC samples over time illustrate that there is no evidence of analytical bias present. Results from inserted blanks suggests low cross-sample contamination. These results lend confidence to the validity of the sample program. The one incorrectly submitted standard has been added to the proper database and fits well within the expected values.

Going forward a program of umpire assaying should be implemented whereby randomly selected sample pulps were assayed at umpire lab, as an additional QA/QC measure.

### MINERAL PROCESSING AND METALLURGICAL TESTING

USHA has not performed any mineral processing or metallurgical testing within the Nicobat Property. Pitman et al (2019) highlighted that Stratmat drilled over 15,244m of core using a bulk sample for metallurgical work. This work resulted in 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.

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 from the pit but full results were not reported other than stating that a concentrate of 2.10% Ni and 2.61% Cu was the result of the testing. The Company reported that the drill cuttings from 2015 drilling averaged 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.

### MINERAL RESOURCE AND MINERAL RESERVE ESTIMATES

USHA has not performed any resources estimates on the Nicobat Property.

### ADJACENT PROPERTIES

There are no other properties in the immediate area of the Nicobat Project that are being explored for copper- nickel ore bodies. Work is not taking place on the Manitou Rapids Indian Reserve #11 which holds moderate potential for discovery. NewGold’s Rainy River Mine located just 21 kilometres north is a gold operation with a dismembered layered mafic intrusion cutting the 17-gold zone. The intrusion hosts the 34-Sulphide Zone, a contact style Cu-Ni-Co mineralization along the base of the intrusion. This information was publicly disclosed at the time of discovery in 1995.

Metalcorp's North Rock Property is a second similar occurrence 67 kilometres to east. This occurrence is underlain by the 20km long Grassy Portage layered mafic intrusion and hosts four known zones of magmatic copper-nickel sulphide mineralization.

All these properties are regionally proximal to the major transcurrent Quetico fault that separates northern Wabigoon and the southern Quetico Subprovinces.

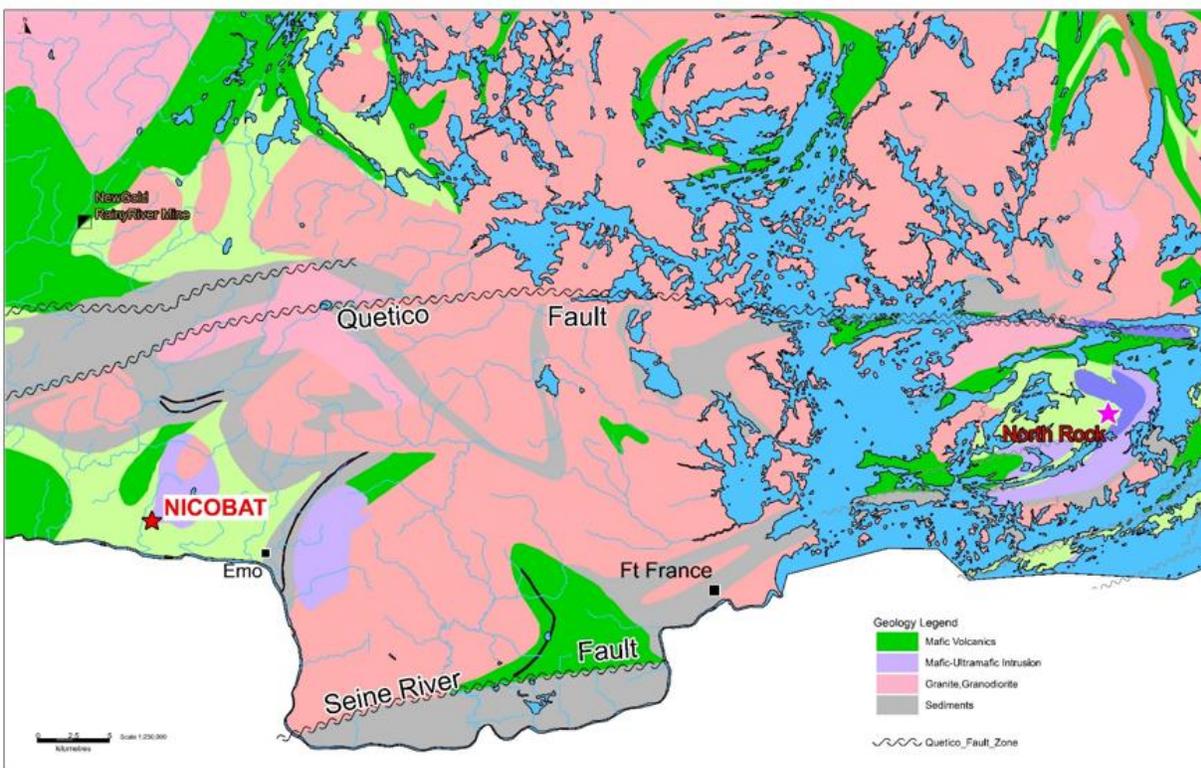


Figure 32. Location of Similar Ni-Cu Occurrences

## OTHER RELEVANT DATA AND INFORMATION

The author is not aware of any additional data or information that would change his findings, interpretation, conclusions and recommendations of the potential of the Nicobat Property.

## INTERPRETATIONS AND CONCLUSIONS

There are no risks in the reliability of the data presented in this report. The exploration area is protected by patented lands with excellent infrastructure, rail and power. The Rainy River District is a rural residential environment so establishing good community relations will be critical moving the project forward.

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 drilling and further work is proposed. USHA's 2020 drill program confirmed previous drill results and tested the potential for adding tonnage and grade. The of 1,439 m of diamond drilling in 7 holes intersected a potential magma conduit composed of cumulate textured olivine gabbro with disseminated and net-textured sulphide Cu-Ni mineralization. Wide mineralized intervals from 25 metres to 46 metres were intersected and consisted of disseminated blebs to semi-massive sulphides hosting pyrrhotite and pyrite plus chalcopyrite and trace pentlandite. Highlights include:

- Drill hole A20-12 intersected 46 metres (150.9 feet) of disseminated to strongly interconnected sulphides in an olivine cumulate, starting at 64 metres.
- Where drill hole A-04-15 drilled subparallel to the plunge of the feeder conduit, all but one of the A20 holes drilled across the conduit confirming its substantial width and exploration potential.

- The 2020 Nicobat drill program tested 120 m of strike length, the near surface expression, of a 550 m long plunging magma conduit that exists on the property.

Based on the drilling completed to date, the mineralized conduit unit appears to be plunging to the northeast at -45°. Additional drilling is required to extend the plunge of the mineralized unit and test the potential to host semi-massive to massive Cu-Ni mineralization.

## RECOMMENDATIONS

Future work should focus on following and outlining the mineralized magma conduit that fed the large Dobie mafic Intrusive to the northeast looking for sudden changes in the conduit's direction or geometry that would favour mechanically segregating and deposition of sulphides. The following four stage working program is recommended with the follow-on stage contingent on positive results from the previous stage:

*Table 9. Proposed Budget Estimate*

Stage	Tool	Cost	Totals
Phase 1	Drone Mag & Inversion	29,000	
	Soil Geochem - MMI	50,000	
	Target Generation	10,000	
	Drill Test Targets - 750 m	131,000	220,000
Phase 2	Delineation Drilling 2000 m	350,000	
	Borehole EM - 600 m @ 20/m	12,000	362,000
Phase 3	Delineation Drilling 3000 m	525,000	
	Borehole EM - 800 m @ 20/m	16,000	541,000
Phase 4	Delineation Drilling 3000 m	525,000	525,000
Total of Phased Program			\$1,648,000

## Properties to Remain in USHA

Following completion of the Arrangement, the Company will retain its working capital for its Assets and remain listed on the TSXV and continue to trade under the trading symbol, "USHA", as a junior exploration company. The following comprises the "U.S. Properties":

### Lost Basin Property

On June 3, 2020, the Company entered into a letter of intent (the "Lost Basin LOI") for an option to acquire 100% of AJA Mining LLC and Gold Basin Mining EXP LLC's (the "Lost Basin Optionors") interest in certain mining claims known as the Lost Basin Property, comprised of 133 mining claims in the Lost Basin Gold Mining District in Mohave County, Arizona, USA.

#### Lost Basin Property Highlights:

- Located in a top-class mining friendly jurisdiction with straight-forward legislation.
- Able to operate year end; good road access.
- Limited shallow drilling indicates significant zones of potentially economic bulk gold mineralization with "blue sky" potential.
- High-grade widespread gold grades at surface support economic mining potential.
- Exploration will focus on areas with little or no recorded drilling.

Pursuant to the Lost Basin LOI, to acquire 100% interest, the Company is required to:

- Pay USD\$25,000 to the Lost Basin Optionors with respect to the lease of the claims on or before the date that is 3 Business Days after the date upon which the Company has received approval from the TSXV of the agreement (the "TSXV Effective Date");
- Issue 1,000,000 USHA Shares to the Lost Basin Optionors on or before the date that is 10 days from the TSXV Effective Date;

- Pay annual payments and fees to the government with respect to the Lost Basin Property, which currently amount to USD\$25,000 per year; and
- Pay USD\$3,000,000 in cash or USHA Shares or a combination of cash and USHA Shares to the Lost Basin Optionors within 3 years from the TSXV Effective Date. The USHA Shares will be issued at a price based on the closing price of the Company's USHA Shares on the date preceding the date of the issuance of such USHA Shares.

The Company will determine how it will make this final payment by the end of year 3. Pursuant to section 3 of the Lost Basin LOI, the Company has the right to terminate the Lost Basin LOI by providing written notice to the Lost Basin Optionors and the Company will have no obligation to make any payments in respect of the option, or any portion thereof, that have not yet been made as of the date of termination.

### **Jackpot Property**

On March 17, 2022, the Company entered into a mineral property option agreement (the “**Jackpot Option Agreement**”) with Ares Strategic Mining for an option to acquire 100% of Ares Strategic Mining Inc.'s (the “**Jackpot Optionor**”) interest in certain mining claims known as the Jackpot Lake Property, comprised of 140 mining claims on 2,800 acres located in Jackpot Lake, Clark County, Nevada, USA.

#### Jackpot Property Highlights:

- Highest lithium value of 550 ppm with an average of 175 ppm, comparable to Albemarle, the only lithium producing mine in the U.S that is also located in Nevada.
- Drill ready project with the ability to operate year-round, with good road access.
- Closed basin resource determined through gravitational surveying.

Pursuant to the Jackpot Option Agreement, to acquire 100% interest, the Company is required to:

- \$75,000 payable to the Jackpot Optionor within 5 days from receiving approval from the TSXV;
- \$500,000 payable to the Jackpot Optionor in USHA Shares within 5 days from the date of Exchange approval, to be issued at a deemed value at the greater of the 10-day VWAP or Discounted Market Price;
- \$225,000 payable to the Jackpot Optionor through a combination of cash or USHA Shares (at the discretion of the Issuer), up to a maximum of 1,500,000 Shares, on the 6 month anniversary date, to be issued at a deemed value at the greater of the 10-day VWAP or Discounted Market Price; and
- \$225,000 payable to the Jackpot Optionor through a combination of cash or USHA Shares (at the discretion of the Issuer), up to a maximum of 1,500,000 Shares, on the 12 month anniversary date, to be issued at a deemed value at the greater of the 10-day VWAP or Discounted Market Price.

The Company has agreed to incur not less than \$1,000,000 worth of expenditures on the Jackpot Lake Property within two years of signing the Jackpot Option Agreement unless the option price has been paid in full.

The Jackpot Optionor will return a 1% Gross Overriding Royalty (“**GORR**”) as further defined in Schedule B of the Jackpot Option Agreement, subject to a buyback provision by the Company, whereby it may acquire, at any time, one-half of the GORR (0.5% GORR) for \$1,000,000.

### **Fairness of the Arrangement**

The Arrangement was determined to be fair to the USHA Shareholders by the Board based upon the following factors, among others:

1. the procedures by which the Arrangement will be approved, including the requirement for 66.66% approval by the USHA Shareholders and approval by the Court after a hearing at which fairness will be considered;
2. the Fairness Opinion prepared by RWE Growth Partners Inc. The summary of said Fairness Opinion is attached as **Appendix K**;
3. the possibility of pursuing a proposed listing of the Spinco Shares on a stock exchange;

4. the opportunity for USHA Shareholders who are opposed to the Arrangement, upon compliance with certain conditions, to dissent from the approval of the Arrangement in accordance with the Interim Order, and to be paid fair value for their USHA Shares; and
5. each USHA Shareholder on the Share Distribution Record Date will participate in the Arrangement on a *pro rata* basis and, upon completion of the Arrangement, will continue to hold substantially the same *pro rata* interest that such USHA Shareholder held in the Company prior to completion of the Arrangement and substantially the same *pro rata* interest in Spinco.

The full version of the Fairness Opinion prepared by RWE Growth Partners Inc. is available upon request from the Company at Suite 400 – 1681 Chestnut Street, Vancouver, BC, V6J 4M6, telephone: (604) 737-2303 or fax: (604) 737-1140.

#### *Dissenting Shareholders*

Each USHA Share held by a Dissenting Shareholder will be deemed to be directly transferred and assigned by such Dissenting Shareholder to USHA (free and clear of any liens) and cancelled for the following consideration (which is more particularly described in the Plan of Arrangement): (a) the fair value of the USHA Shares (in cash) to be determined as of the close of business on the day before the Effective Time; or (b) if it is determined that a Dissenting Shareholder is not entitled, for any reason, to be paid the fair value for their USHA Shares, then such USHA Shares will be deemed to have participated in the Arrangement as of the Effective Time and such holder will be entitled to receive Spinco Shares as consideration as if such holder had not exercised Dissent Rights.

In no circumstances will USHA or any other person be required to recognize a person purporting to exercise Dissent Rights unless such person is a Registered Shareholder in respect of which such rights are sought to be exercised.

#### *Effect of the Arrangement*

On completion of the Arrangement, Spinco will issue approximately 7,130,548 Spinco Shares to the USHA Shareholders. USHA Shareholders will hold 100% of the total issued and outstanding Spinco Shares, subject any Spinco Shares to be issued by Spinco pursuant to additional financing(s). For a description of the rights attached to the Spinco Shares, see *Information Concerning Spinco – Share Capital*.

On completion of the Arrangement, (i) Spinco will hold the Assets transferred to it by USHA, (ii) Spinco will become a reporting issuer in the Provinces of British Columbia and Alberta, (iii) each USHA Shareholder will continue to be a shareholder of the Company, (iv) all USHA Shareholders will have become Spinco Shareholders, and (v) the Company will retain its working capital for its Assets, and remain listed on the TSXV and continue to trade under the trading symbol, USHA, as a junior exploration company. **There can be no guarantee that the Spinco Shares will be listed on any stock exchange.**

On completion of the Arrangement, the authorized share capital of USHA will be altered by:

- (i) changing the identifying name of the USHA Shares to Class A common shares without par value, being the “**USHA Class A Common Shares**”;
  - (ii) creating a class consisting of an unlimited number of common shares without par value (the “**New USHA Shares**”); and
  - (iii) creating a class consisting of an unlimited number of Class A preferred shares without par value, having the rights and restrictions described in Schedule A to the Plan of Arrangement, being the USHA Class A Preferred Shares.
- (a) Each issued USHA Class A Common Share will be exchanged for one New USHA Share and one USHA Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the USHA Class A Common Shares will be removed from the central securities register of USHA and will be added to the central securities register as the holders of the number of New USHA Shares and USHA Class A Preferred Shares that they have received on the exchange.

- (b) All of the issued USHA Class A Common Shares will be cancelled with the appropriate entries being made in the central securities register of USHA and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the USHA Class A Common Shares immediately prior to the Effective Date will be allocated between the New USHA Shares and the USHA Class A Preferred Shares so that the aggregate paid up capital of the USHA Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, and each USHA Class A Preferred Share so issued will be issued by USHA at an issue price equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, divided by the number of issued USHA Class A Preferred Shares, such aggregate fair market value of the Distributed Spinco Shares to be determined as at the Effective Date by resolution of the board of directors of USHA. USHA will redeem the issued USHA Class A Preferred Shares for consideration consisting solely of the Distributed Spinco Shares such that each holder of USHA Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Spinco Shares that is equal to the number of USHA Class A Preferred Shares held by such holder multiplied by the Conversion Factor. The total number of Spinco Shares to be distributed to USHA Shareholders shall be approximately 7,130,548, subject to the rounding of fractions and exercise of rights of dissent.
- (c) The name of each holder of USHA Class A Preferred Shares will be removed as such from the central securities register of USHA, and all of the issued USHA Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of USHA.
- (d) The Distributed Spinco Shares transferred to the holders of the USHA Class A Preferred Shares pursuant to step §(b) above will be registered in the names of the former holders of USHA Class A Preferred Shares and appropriate entries will be made in the central securities registers of Spinco.
- (e) The USHA Class A Common Shares and the USHA Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in steps §(c) and §(e) above are completed, will be cancelled and the authorized share structure of USHA will be changed by eliminating the USHA Class A Common Shares and the USHA Class A Preferred Shares therefrom.
- (f) The Notice of Articles and Articles of USHA will be amended to reflect the changes to its authorized share structure made pursuant to the Plan of Arrangement.

#### *Effective Date of the Arrangement*

If the Arrangement Resolution is passed, the Final Order is obtained, every other requirement of the BCBCA relating to the Arrangement is complied with and all other conditions disclosed in the Arrangement Agreement and summarized below under *The Arrangement Agreement — Conditions to the Arrangement Becoming Effective* are satisfied or waived, the Arrangement will become effective on the Effective Date. USHA and Spinco currently expect that the Effective Date will be in February 2023 and will be announced by a news release.

#### *Recommendation of the USHA Board*

By passing the Arrangement Resolution, the USHA Shareholders will also be giving authority to the Board to use its best judgment to proceed with and cause the Company to complete the Arrangement without any requirement to seek or obtain any further approval of the USHA Shareholders.

The Board approved the Arrangement and authorized the submission of the Arrangement to the USHA Shareholders and the Court for approval. In reaching this conclusion, the Board considered the benefits to the Company and the USHA Shareholders, as well as the financial position, opportunities and the outlook for the future potential and operating performance of the Company and Spinco.

The Arrangement Resolution also provides that the Plan of Arrangement may be amended by the Board before or after the Meeting without further notice to USHA Shareholders. The Board has no current intention to amend the Plan of Arrangement; however, it is possible that the Board may determine that it is appropriate that amendments be made.

After careful consideration, the Board has unanimously determined that the offered consideration of one (1) Spinco Share in exchange for every one USHA Shares multiplied by the Conversion Factor held by USHA Shareholders under the Arrangement is fair, from a financial point of view to USHA Shareholders and that the Arrangement is in the best

interests of USHA. **Accordingly, the Board has concluded that the Arrangement is in the best interests of the Company and the USHA Shareholders, and unanimously recommends that the USHA Shareholders vote FOR the Arrangement Resolution at the Meeting.**

### **Conditions to the Arrangement**

The Arrangement Agreement provides that the Arrangement will be subject to the fulfillment of certain conditions, including the following:

1. the Arrangement Agreement must be approved by the USHA Shareholders at the Meeting in the manner referred to under *Shareholder Approval*, as described below;
2. the Arrangement must be approved by the Court in the manner referred to under *Court Approval of the Arrangement*, as described below;
3. all other consents, orders, regulations and approvals, including regulatory, the TSXV and judicial approvals and orders, required, necessary or desirable for the completion of the Arrangement must have been obtained or received, each in a form acceptable to the Company and Spinco; and
4. the Arrangement Agreement must not have been terminated.

If any of the conditions set out in the Arrangement Agreement are not fulfilled or performed, the Arrangement Agreement may be terminated, or in certain cases the Company or Spinco, as the case may be, may waive the condition in whole or in part. As soon as practicable after the fulfillment of the conditions contained in the Arrangement Agreement, the Final Order will be deposited with the records office of the Company together with such other material as may be required, in order that the Arrangement will become effective.

Management of the Company believes that all material consents, orders, regulations, approvals or assurances required for the completion of the Arrangement will be obtained in the ordinary course upon application therefore.

### **SHAREHOLDER APPROVAL**

In order for the Arrangement to become effective, the Arrangement Resolution must be passed, with or without variation, by a special resolution of at least 66.66% of the eligible votes cast in respect of the Arrangement Resolution by USHA Shareholders present in person or by Proxy at the Meeting.

The sole Spinco Shareholder, being the Company, has approved the Arrangement by consent resolutions.

### **COURT APPROVAL OF THE ARRANGEMENT**

The Arrangement as structured requires the approval of the Court. Prior to the mailing of this Circular, the Company obtained the Interim Order authorizing the calling and holding of the Meeting and providing for certain other procedural matters. The Interim Order is attached as **Appendix C** to this Circular. The Notice of Hearing is attached as **Appendix E** to this Circular.

The Court has broad discretion under the BCBCA when making orders in respect of arrangements and the Court may approve the Arrangement as proposed or as amended in any manner the Court may direct, subject to compliance with such terms and conditions, if any, as the Court thinks appropriate. The Court, in hearing the application for the Final Order, will consider, among other things, the fairness of the terms and conditions of the Arrangement to the USHA Shareholders.

The Arrangement requires Court approval under the BCBCA. In addition to this approval, the Court will be asked for an order and declaration following a Court hearing that the terms and conditions of the Arrangement are procedurally and substantially fair to the USHA Shareholders, which will, in part, serve as the basis for the Section 3(a)(10) Exemption. Before the mailing of this Circular, USHA obtained the Interim Order providing for the calling and holding of the Meeting, the Dissent Rights and certain other procedural matters. The Interim Order is provided in **Appendix C** to this Circular. If the Arrangement Resolution is passed at the Meeting in the manner required by the Interim Order, USHA intends to make an application to the Court for the Final Order at 9:45 a.m. (Vancouver time), or as soon

thereafter as counsel may be heard, on January 6, 2023 at the Courthouse, 800 Smithe Street, Vancouver, British Columbia, or at any other date and time as the Court may direct. The Final Order is required for the Arrangement to become effective, and before the hearing of the Final Order, the Court will be informed that the Final Order will also constitute the basis for the Section 3(a)(10) Exemption with respect to the Spinco Shares, the USHA Class A Preferred Shares and the New USHA Shares to be issued pursuant to the Arrangement. The Court has broad discretion under the BCBCA when making orders with respect to the Arrangement and the Court will consider, among other things, the fairness and reasonableness of the Arrangement, both from a substantive and a procedural point of view. The Court may approve the Arrangement, either as proposed or as amended, on the terms presented or substantially on those terms. There can be no guarantee that the Court will approve the Arrangement. Depending upon the nature of any required amendments and in accordance with the Arrangement Agreement, USHA or Spinco may determine not to proceed with the Arrangement.

Any USHA Shareholders who wish to appear or be represented and to present evidence or arguments at that hearing must file and serve a response to petition no later than 4:00 p.m. (Vancouver time) on **Thursday, December 15, 2022** along with any other documents required, all as set out in the Interim Order and Notice of Hearing, the texts of which are set out in Appendices C and E to this Circular, and satisfy any other requirements of the Court. Such persons should consult with their legal advisor with respect to the legal rights available to them in relation to the Arrangement and as to the necessary requirements to assert any such rights.

### COMPLETION OF ARRANGEMENT

#### Proposed Timetable for Arrangement

The anticipated timetable for the completion of the Arrangement and the key dates proposed are as follows:

Record Date:	October 25, 2022
Annual General and Special Meeting:	December 16, 2022
Final Court Approval:	January 6, 2023

**The Share Distribution Record Date, Share Exchange Date/Effective Date, and the Mailing Date of the DRS Statements for the Spinco Shares will be determined by the Board of the Company and announced by a news release in advance after the Arrangement is approved by USHA Shareholders, the Supreme Court of British Columbia and accepted by the TSXV.**

Due Bill trading procedures pursuant to section 13 of TSXV Policy 3.2 may apply in respect of the share distribution and, if applicable, a full explanation of such procedures will be given to shareholders sufficiently in advance of the Share Distribution Record Date by press release.

#### DRS Statements

As soon as practicable after the Share Exchange Date/Effective Date, DRS Statements representing the appropriate number of Spinco Shares will be sent to all USHA Shareholders of record on the Share Distribution Record Date.

#### Relationship Between the Company and Spinco After the Arrangement

On completion of the Arrangement, the directors and management of the Company are expected to consist of the current directors of the Company:

Deepak Varshney	-	CEO, Secretary and Director
Khalid Naeem	-	CFO
Navin Varshney	-	Director
David Ellett	-	Director
Leif Smither	-	Director
Adrian Smith	-	Director

Currently Mr. Deepak Varshney is the sole director of Spinco. On completion of the Arrangement, the directors and management of Spinco are expected to consist of the following:

Deepak Varshney	-	CEO, Secretary and Director
Khalid Naeem	-	CFO

Navin Varshney	-	Director
David Ellett	-	Director
Brian Moore	-	Director

## **Distribution and Resale of Spinco Shares under Canadian Securities Laws**

### *Exemption from Canadian Prospectus Requirements and Resale Restrictions*

The distribution of the Spinco Shares pursuant to the Arrangement expected to constitute a distribution of securities that is exempt from the prospectus requirements of Canadian Securities Laws and is exempt from or otherwise is not subject to the registration requirements under applicable Canadian Securities Laws. The Spinco Shares received pursuant to the Arrangement will not be legended and may be resold through registered dealers in each of the provinces of Canada provided that (i) the trade is not a “control distribution” as defined in National Instrument 45-102 *Resale of Securities* of the Canadian Securities Administrators, (ii) no unusual effort is made to prepare the market or to create a demand for the Spinco Shares, as the case may be, (iii) no extraordinary commission or consideration is paid to a person or company in respect of such sale, and (iv) if the selling security holder is an insider or officer of Spinco, the selling security holder has no reasonable grounds to believe that Spinco is in default of applicable Canadian Securities Laws.

**The foregoing discussion is only a general overview of the requirements of Canadian Securities Laws for the resale of the Spinco Shares received upon completion of the Arrangement. All holders of USHA Shares are urged to consult with their own legal counsel to ensure that any resale of their Spinco Shares complies with applicable securities legislation.**

### **United States Securities Laws Considerations**

**The following discussion is only a general overview of certain requirements of United States Securities Laws applicable to the securities received upon completion of the Arrangement. All holders of securities received in connection with the Arrangement are urged to consult with counsel to ensure that the resale of their securities complies with applicable securities legislation.**

The Spinco Shares, USHA Class A Preferred Shares and New USHA Shares to be issued to the USHA Shareholders under the Arrangement have not been registered under the U.S. Securities Act, or under the securities laws of any state of the United States, and will be issued to USHA Shareholders resident in the United States in reliance on the Section 3(a)(10) Exemption on the basis of the approval of the Arrangement by the Court, and pursuant to available exemptions from registration under applicable state securities laws. The Court will be advised that the Court’s approval, if obtained, will constitute the basis for an exemption from the registration requirements of the U.S. Securities Act.

The following discussion is a general overview of certain requirements of federal U.S. Securities Laws that may be applicable to USHA Shareholders in the United States. All USHA Shareholders in the United States are urged to consult with their own legal counsel to ensure that any subsequent resale of Spinco Shares and New USHA Shares to be received pursuant to the Arrangement complies with applicable Securities Laws, including state blue-sky laws that may be applicable to the Spinco Shares and New USHA Shares received under the Arrangement.

The discussions presented herein do not address the U.S. Securities Laws for persons who are “affiliates” of Spinco other than as expressly referenced herein. The definition of “affiliates” for such purpose is set forth under *U.S. Resale Restrictions – Securities Issued to USHA Shareholders* below. Further information applicable to USHA Shareholders in the United States is disclosed under *Information Concerning Forward-Looking Statements – Notes to United States Shareholders* and *General Proxy Information - Notice to United States Shareholders*.

The following discussion does not address the Canadian Securities Laws that will apply to the issue of Spinco Shares and New USHA Shares into the United States or the resale of these securities within Canada by USHA Shareholders in the United States. USHA Shareholders in the United States reselling their Spinco Shares or New USHA Shares in Canada must comply with Canadian Securities Laws, as outlined elsewhere in this Circular, and should confirm that any such sales comply with an exemption from registration under the U.S. Securities Act, as further discussed below.

### *U.S. Resale Restrictions – Securities Issued to USHA Shareholders*

The Spinco Shares and New USHA Shares issued to an USHA Shareholder who is an “affiliate” of either the Company or Spinco prior to the Arrangement or will be an “affiliate” of Spinco or the Company after the Arrangement will be

subject to certain restrictions on resale imposed by the U.S. Securities Act. Pursuant to Rule 144 under the U.S. Securities Act, an “affiliate” of an issuer for the purposes of the U.S. Securities Act is a person that directly, or indirectly through one or more intermediaries, controls, or is controlled by, or is under common control with, such issuer.

#### *Exemption from the Registration Requirements of the U.S. Securities Act*

The offer and sale of Spinco Shares, USHA Class A Preferred Shares and New USHA Shares to be received by USHA Shareholders pursuant to the Arrangement have not been and will not be registered under the U.S. Securities Act or the Securities Laws of any state of the United States and will be issued in reliance upon the Section 3(a)(10) Exemption and exemptions provided under the Securities Laws of each state of the United States in which USHA Shareholders reside, described above as “state blue-sky laws”. The Section 3(a)(10) Exemption exempts the issuance of any securities issued in exchange for one or more bona fide outstanding securities from the general requirement of registration under the U.S. Securities Act where the terms and conditions of the issuance and exchange of such securities have been approved by a court of competent jurisdiction that is expressly authorized by law to grant such approval, after a hearing upon the procedural and substantive fairness of the terms and conditions of such issuance and exchange at which all persons to whom it is proposed to issue the securities have the right to appear and receive timely and adequate notice thereof. The Court is authorized to conduct a hearing at which the procedural and substantive fairness of the terms and conditions of the Arrangement will be considered. The Court issued the Interim Order on November 14, 2022 and, subject to the approval of the Arrangement by the USHA Shareholders, a hearing in respect of the Final Order for the Arrangement will be held on January 6, 2023 at 9:45 a.m. (Vancouver time), or as soon thereafter as counsel may be heard, before the Court at the courthouse at 800 Smith Street, Vancouver, British Columbia. All USHA Shareholders are entitled to appear and be heard at this hearing. Accordingly, the Final Order will, if granted, constitute a basis for reliance on the Section 3(a)(10) Exemption with respect to the Spinco Shares, USHA Class A Preferred Shares and New USHA Shares to be received by USHA Shareholders in exchange for their USHA Shares pursuant to the Arrangement. To the extent state blue-sky laws are applicable to any offers or sales of Spinco Shares made in any state or territory of the United States, Spinco will rely on available exemptions under such laws.

#### *Resales of New USHA Shares by Affiliates Pursuant to Rule 144*

In general, pursuant to Rule 144, persons who are “affiliates” of the Company after the Effective Date, or were “affiliates” of the Company within 90 days prior to the Effective Date, will be entitled to sell in the United States those New USHA Shares that they receive pursuant to the Arrangement, provided that, during any three-month period, the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated quotation system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale (or such other applicable date specified in Rule 144), subject to specified restrictions on manner of sale requirements, aggregation rules, notice filing requirements, the availability of current public information about the issuer required under Rule 144 and the shell company limitations set forth in Rule 144. Persons who are “affiliates” of the Company after the Effective Date or who were “affiliates” of the Company during the 90-day period prior to the Effective Date should consult with their respective securities counsel before engaging in offers or sales of New USHA Shares issued pursuant to the Arrangement.

#### *Resales of Spinco Shares by Affiliates Pursuant to Rule 144*

In general, pursuant to Rule 144, persons who are “affiliates” of Spinco after the Effective Date, or were “affiliates” of Spinco within 90 days prior to the Effective Date, will be entitled to sell in the United States those Spinco Shares that they receive pursuant to the Arrangement, provided that, during any three-month period, the number of such securities sold does not exceed the greater of one percent of the then outstanding securities of such class or, if such securities are listed on a United States securities exchange and/or reported through the automated quotation system of a U.S. registered securities association, the average weekly trading volume of such securities during the four calendar week period preceding the date of sale (or such other applicable date specified in Rule 144), subject to specified restrictions on manner of sale requirements, aggregation rules, notice filing requirements, the availability of current public information about the issuer required under Rule 144 and the shell company limitations set forth in Rule 144. Persons who are “affiliates” of Spinco after the Effective Date or who were “affiliates” of Spinco during the 90-day period prior to the Effective Date should consult with their respective securities counsel before engaging in offers or sales of Spinco Shares issued pursuant to the Arrangement.

### *Resales of New USHA Shares by Affiliates Pursuant to Regulation S*

In general, pursuant to Regulation S, if at the Effective Date the Company is a “foreign issuer” (as defined in Regulation S under the U.S. Securities Act), persons who are “affiliates” of the Company after the Effective Date, or were “affiliates” of the Company within 90 days prior to the Effective Date, solely by virtue of their status as an officer or director of the Company, may sell their New USHA Shares outside the United States in an “offshore transaction” (which would include a sale through the TSXV) if none of the seller, an “affiliate” of the seller or any person acting on their behalf engages in “directed selling efforts” in the United States with respect to such securities and provided that no selling concession, fee or other remuneration is paid in connection with such sale other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent.

For purposes of Regulation S, “directed selling efforts” means any activity undertaken for the purpose of, or that could reasonably be expected to have the effect of, conditioning the market in the United States for any of the securities being offered.

Also, for purposes of Regulation S, an offer or sale of securities is made in an “offshore transaction” if the offer is not made to a person in the United States and either (a) at the time the buy order is originated, the buyer is outside the United States, or the seller reasonably believes that the buyer is outside of the United States, or (b) the transaction is executed in, on or through the facilities of a “designated offshore securities market” (which would include a sale through the TSXV), and neither the seller nor any person acting on its behalf knows that the transaction has been pre-arranged with a buyer in the United States.

Certain additional restrictions set forth in Regulation S are applicable to sales outside the United States by a holder of New USHA Shares who is an “affiliate” of the Company after the Effective Date, or was an “affiliate” of the Company within 90 days prior to the Effective Date, other than by virtue of his or her status as an officer or director of the Company.

### *Resales of Spinco Shares by Affiliates Pursuant to Regulation S*

In general, pursuant to Regulation S, if at the Effective Date Spinco is a “foreign issuer” (as defined in Regulation S under the U.S. Securities Act), persons who are “affiliates” of Spinco after the Effective Date, or were “affiliates” of Spinco within 90 days prior to the Effective Date, solely by virtue of their status as an officer or director of Spinco, may sell their Spinco Shares outside the United States in an “offshore transaction” (as discussed above, which would include a sale through the TSXV) if none of the seller, an “affiliate” of the seller or any person acting on their behalf engages in “directed selling efforts” (as defined above) in the United States with respect to such securities and provided that no selling concession, fee or other remuneration is paid in connection with such sale other than the usual and customary broker’s commission that would be received by a person executing such transaction as agent.

Certain additional restrictions set forth in Regulation S are applicable to sales outside the United States by a holder of Spinco Shares who is an “affiliate” of Spinco after the Effective Date, or was an “affiliate” of Spinco within 90 days prior to the Effective Date, other than by virtue of his or her status as an officer or director of Spinco.

### *Additional Information for U.S. Security Holders*

**THE SECURITIES ISSUABLE IN CONNECTION WITH THE ARRANGEMENT HAVE NOT BEEN APPROVED OR DISAPPROVED BY THE SEC OR SECURITIES REGULATORY AUTHORITIES IN ANY STATE, NOR HAS THE SEC OR THE SECURITIES REGULATORY AUTHORITIES OF ANY STATE PASSED ON THE ADEQUACY OR ACCURACY OF THIS CIRCULAR AND ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE.**

This Circular has been prepared in accordance with the applicable disclosure requirements in Canada. Residents of the United States should be aware that such requirements are different than those of the United States applicable to proxy statements under the U.S. Exchange Act. Likewise, information concerning the Company and Spinco have been prepared in accordance with Canadian standards and may not be comparable to similar information for United States companies.

USHA Shareholders should be aware that the acquisition of the securities described herein may have tax consequences both in the United States and in Canada. See *Certain Canadian Income Tax Considerations – Holders Not Resident in*

*Canada* for certain information concerning United States tax consequences of the Arrangement for investors who are resident in, or citizens of, the United States.

The enforcement by investors of civil liabilities under the United States federal securities laws may be affected adversely by the fact that the Company and Spinco are incorporated or organized under the laws of a foreign country, that some or all of their officers and directors and any experts named herein may be residents of a foreign country, and that all or a substantial portion of the Assets of the Company and Spinco and said persons may be located outside the United States.

### **Expenses of Arrangement**

Pursuant to the Arrangement Agreement, the costs relating to the Arrangement, including without limitation, financial, advisory, accounting, and legal fees will be borne by the party incurring them. The costs of the Arrangement to the Effective Date will be borne by the Company.

### **CERTAIN CANADIAN FEDERAL INCOME TAX CONSIDERATIONS**

**This summary is of a general nature only and is not intended to be, nor should it be construed to be, legal or tax advice to any particular USHA Shareholder. This summary is not exhaustive of all Canadian federal income tax considerations. No representation with respect to the Canadian federal income tax consequences to any particular USHA Shareholder is made herein. Accordingly, USHA Shareholders should consult their own tax advisors with respect to their particular circumstances including, where relevant, the application and effect of the income and other taxes of any country, province, territory, state or local tax authority.**

The following summarizes the principal Canadian federal income tax considerations relating to the Arrangement applicable to an USHA Shareholder (in this summary, a “**Holder**”) who, at all material times for purposes of the Tax Act:

- holds all USHA Shares, and will hold all Spinco Shares;
- solely as capital property;
- deals at arm’s length with USHA and Spinco;
- is not “affiliated” with the Company or Spinco;
- is not a “financial institution” for the purposes of the mark-to-market rules in the Tax Act; and
- has not acquired USHA Shares on the exercise of an employee stock option.

USHA Shares and Spinco Shares generally will be considered to be capital property of the Holder unless the Holder holds the shares in the course of carrying on a business or acquired them in a transaction considered to be an adventure in the nature of trade.

This summary is based on the current provisions of the Tax Act, the regulations thereunder (the “**Regulations**”) and management’s understanding of the current administrative practices and policies of the Canada Revenue Agency (the “**CRA**”). It also takes into account specific proposals to amend the Tax Act and Regulations (the “**Proposed Amendments**”) announced by the Minister of Finance (Canada) prior to the date hereof. It is assumed that all Proposed Amendments will be enacted in their present form, and that there will be no other relevant change to any relevant law or administrative practice, although no assurances can be given in these respects. This summary does not take into account any provincial, territorial, or foreign income tax considerations which may differ from the Canadian federal income tax considerations discussed below. An advance income tax ruling will not be sought from the CRA in respect of the Arrangement.

This summary also assumes that at the Effective Date under the Arrangement and all other material times thereafter, the paid-up capital of the USHA Shares as computed for the purposes of the Tax Act will not be less than the fair market value of the Assets to be transferred to Spinco pursuant to the Arrangement, and is qualified accordingly.

This summary is of a general nature only, and is not exhaustive of all possible Canadian federal income tax considerations. This summary is not intended to be, and should not be construed to be, legal or tax advice to any USHA Shareholder. **Accordingly, Holders should each consult their own tax and legal advisers for advice as to the income tax consequences of the Arrangement applicable to them in their particular circumstances.**

### **Holders Resident in Canada**

This portion of the summary is generally applicable to a Holder who, at all relevant times, for purposes of the application of the Tax Act is, or is deemed to be, resident in Canada (a “**Resident Holder**”). Certain Resident Holders whose USHA Shares or Spinco Shares might not otherwise qualify as capital property may be entitled to have such shares, and every other “Canadian security” (as defined in the Tax Act) owned by them in the taxation year and any subsequent taxation year, deemed to be capital property by making an irrevocable election in accordance with subsection 39(4) of the Tax Act. Resident Holders considering making such an election should consult their own tax advisors for advice as to whether the election is available or advisable in their own particular circumstances.

#### *Exchange of USHA Shares for New USHA Shares and USHA Class A Preferred Shares*

A Resident Holder whose USHA Class A Common Shares (the re-designated USHA Shares) are exchanged for New USHA Shares and USHA Class A Preferred Shares pursuant to the Arrangement will not realize any capital gain or loss because of the exchange. The Resident Holder will be required to allocate the adjusted cost base (“**ACB**”) of the Resident Holder’s USHA Shares, determined immediately before the Arrangement, *pro rata* to the New USHA Shares and USHA Class A Preferred Shares received on the exchange based on the relative fair market value of those New USHA Shares and USHA A Preferred Shares immediately after the exchange. The fair market value of the USHA Class A Common Shares and the New USHA Shares is a question of fact to be determined having regard to all of the relevant circumstances.

#### *Redemption of USHA Class A Preferred Shares*

Pursuant to the Arrangement, the paid-up capital of the USHA Class A Common Shares immediately before their exchange for New USHA Shares and USHA Class A Preferred Shares will be allocated to the USHA Class A Preferred Shares to be issued on the exchange to the extent of an amount equal to the fair market value of the Spinco Shares to be issued to USHA pursuant to the Arrangement in consideration for the Assets and the balance of such paid-up capital will be allocated to the New USHA Shares to be issued on the exchange.

The Company expects that the fair market value of the Spinco Shares to be so issued will be materially less than the paid-up capital of the USHA Class A Common Shares immediately before the exchange. Accordingly, the Company is not expected to be deemed to have paid, and no Resident Holder is expected to be deemed to have received, a dividend as a result of the distribution of Spinco Shares on the redemption of the USHA Class A Preferred Shares pursuant to the Arrangement.

Each Resident Holder whose USHA Class A Preferred Shares are redeemed for Spinco Shares pursuant to the Arrangement will realize a capital gain (capital loss) equal to the amount, if any, by which the fair market value of the Spinco Shares less reasonable costs of disposition, exceed (are exceeded by) their ACB immediately before the redemption. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below. See *Taxation of Capital Gains and Losses* below.

The cost to a Resident Holder of USHA Class A Preferred Shares acquired on the exchange will be equal to the fair market value of the Spinco Shares at the time of their distribution.

#### *Disposition of New USHA Shares and Spinco Shares*

A Resident Holder who disposes of a New USHA Share and Spinco Share will realize a capital gain (capital loss) equal to the amount by which the proceeds of disposition of the share, less reasonable costs of disposition, exceed (are exceeded by) the ACB of the share to the Resident Holder determined immediately before the disposition. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below.

### *Disposition of Spinco Shares*

A Resident Holder who disposes of a Spinco Share will realize a capital gain (capital loss) equal to the amount by which the proceeds of disposition of the share, less reasonable costs of disposition, exceed (are exceeded by) the ACB of the share to the Resident Holder determined immediately before the disposition. Any capital gain or loss so arising will be subject to the usual rules applicable to the taxation of capital gains and losses described below.

### *Taxation of Capital Gains and Losses*

A Resident Holder who realizes a capital gain (capital loss) in a taxation year must include one half of the capital gain (“**taxable capital gain**”) in income for the year, and may deduct one half of the capital loss (“**allowable capital loss**”) against taxable capital gains realized in the year, and to the extent not so deductible, against taxable capital gains arising in any of the three preceding taxation years or any subsequent taxation year.

The amount of any capital loss arising from a disposition or deemed disposition of an USHA Class A Preferred Share, New USHA Share and Spinco Share by a Resident Holder that is a corporation may, to the extent and under circumstances specified in the Tax Act, be reduced by the amount of certain dividends received or deemed to be received by the corporation on the share. Similar rules may apply if the corporation is a member of a partnership or beneficiary of a trust that owns shares, or where a partnership or trust of which the corporation is a member or beneficiary is a member of a partnership or a beneficiary of a trust that owns shares.

A Resident Holder that is a “Canadian-controlled private corporation” for the purposes of the Tax Act may be required to pay an additional 6 $\frac{2}{3}$ % refundable tax in respect of any net taxable capital gain that it realizes on disposition of an USHA Class A Preferred Share, New USHA Share and Spinco Share.

### *Taxation of Dividends on Spinco Shares*

A Resident Holder who is an individual will be required to include in income any dividends received or deemed to be received on the Resident Holder’s Spinco Shares and will be subject to the gross-up and dividend tax credit rules applicable to taxable dividends received from taxable Canadian corporations, including the enhanced gross-up and dividend tax credit rules applicable to any dividends designated by Spinco as “eligible dividends”, as defined in the Tax Act. There may be limitations on the ability of Spinco to designate dividends as eligible dividends.

A Resident Holder that is a corporation will be required to include in income any dividend that it receives or is deemed to be received on the Resident Holder’s Spinco Shares and generally will be entitled to deduct an equivalent amount in computing its taxable income. Resident Holders that are corporations should consult their own tax advisors having regard to their own circumstances.

A “private corporation” or a “subject corporation” (as defined in the Tax Act) may be liable under Part IV of the Tax Act to pay a refundable tax on any dividend that it receives or is deemed to receive on Spinco Shares to the extent that the dividend is deductible in computing the corporation’s taxable income.

Taxable dividends received by an individual or trust, other than certain specified trust, may give rise to minimum tax under the Tax Act.

### *Alternative Minimum Tax on Individuals*

A capital gain realized, or deemed to be realized, by a Resident Holder who is an individual (including certain trusts and estates) may give rise to liability to alternative minimum tax under the Tax Act.

### *Dissenting Resident Holders*

A Resident Holder who exercises Dissent Rights in respect of the Arrangement (a “**Dissenting Resident Holder**”) and who disposes of USHA Shares in consideration for a cash payment from USHA will be deemed to have received a dividend from USHA equal to the amount by which the cash payment (other than any portion of the payment that is interest awarded by a court) exceeds the paid-up capital (computed for the purpose of the Tax Act) of the Dissenting Resident Holder’s USHA Shares. The balance of the payment (equal to the paid-up capital of the Dissenting Resident Holder’s USHA Shares) will be treated as proceeds of disposition. The Dissenting Resident Holder will also realize a

capital gain (or capital loss) to the extent that the proceeds of disposition, net of any reasonable costs of disposition, exceed (or are less than) the adjusted cost base of the Dissenting Resident Holder's USHA Shares. In certain circumstances, the full payment received by a Dissenting Resident Holder that is a corporation resident in Canada may be treated under the Tax Act as proceeds of disposition.

Any deemed dividend received by a Dissenting Resident Holder and any capital gain or capital loss realized by the Dissenting Resident Holder, will be treated in the same manner as described under "*Dividends on Spinco Shares*" and "*Taxation of Capital Gains and Capital Losses*" below.

A Dissenting Resident Holder will be required to include in computing its income any interest awarded by a court in connection with the Arrangement. In addition, a Dissenting Resident Holder that, throughout the relevant taxation year, is a "Canadian controlled private corporation" (as defined in the Tax Act) may be liable to pay a refundable tax on its "aggregate investment income" (as defined in the Tax Act), including any taxable capital gains and interest income. Dissenting Resident Holders should consult their own tax advisors with respect to the Canadian federal income tax consequences of exercising their Dissent Rights.

### **Registered Investment Accounts**

If the Spinco Shares are not listing on a qualified exchange, they will not qualify to be held in registered investment accounts such as Registered Retirement Savings Plan (RRSP) or Tax Free Savings (TFS) accounts. Therefore, the shareholders need to make arrangements that the Spinco Shares are not deposited in the registered investment accounts unless the Spinco Shares are listing on a qualified exchange.

### **Other Tax Considerations**

**This Circular does not address any tax considerations of the Arrangement other than certain Canadian income tax considerations. Holders of securities who are resident in jurisdictions other than Canada should consult their own tax advisors with respect to the tax implications of the Arrangement, including any associated filing requirements in such jurisdictions and with respect to the tax implications in such jurisdictions of owning shares after the Arrangement. Holders of securities should also consult their own tax advisors regarding provincial, territorial or state tax considerations of the Arrangement or of holding Spinco Shares.**

### **Holders Not Resident in Canada**

**No legal opinion from U.S. legal counsel or ruling from the United States Internal Revenue Service or any other foreign tax authority has been requested, or will be obtained, regarding the U.S. federal income tax or any other foreign tax consequences of the Arrangement. Shareholders who are subject to U.S. taxation should consult with their own professional advisers with regard to the Arrangement's U.S. tax implications. Shareholders who are non-residents of Canada should consult with their own professional advisers with regard to the Arrangement's tax implications in their countries of residence.**

## **RIGHTS OF DISSENT**

### **Dissenters' Rights**

Pursuant to the BCBCA, terms of the Interim Order and the Plan of Arrangement, the USHA Shareholders who object to the Arrangement Resolution have the right to dissent (the "**Dissent Right**") in respect of the Arrangement. A Dissenting Shareholder will be entitled to be paid in cash the fair value of the Dissenting Shareholder's USHA Shares so long as the dissent procedures are strictly adhered to. The Dissent Right is granted in Article 5 of the Plan of Arrangement. **A registered Dissenting Shareholder who intends to exercise the Dissent Right is referred to the full text of Sections 237 to 247 of the BCBCA which is attached as Appendix D to this Circular.**

An USHA Shareholder who wishes to exercise his or her Dissent Right must give written notice of his or her dissent (a "**Notice of Dissent**") to the Company at its head office at 1575 Kamloops Street, Vancouver, British Columbia, V5K 3W1, marked to the attention of the CEO, by either delivering the Notice of Dissent to the Company.

The giving of a Notice of Dissent does not deprive a Dissenting Shareholder of his or her right to vote at the Meeting on the Arrangement Resolution. However, the procedures for exercising Dissent Rights given in **Appendix D** must be

strictly followed as a vote against the Arrangement Resolution or the execution or exercise of a Proxy voting against the Arrangement Resolution does not constitute a Notice of Dissent.

USHA Shareholders should be aware that they will not be entitled to exercise a Dissent Right with respect to any USHA Shares if they vote (or instruct or are deemed, by submission of any incomplete Proxy, to have instructed his or her Proxy holder to vote) in favour of the Arrangement Resolution. A Dissenting Shareholder may, however, vote as a proxyholder for an USHA Shareholder whose Proxy requires an affirmative vote on the Arrangement Resolution, without affecting his or her right to exercise the Dissent Right.

In the event that an USHA Shareholder fails to perfect or effectively withdraws its claim under the Dissent Right or forfeits its right to make a claim under the Dissent Right, each USHA Share held by that USHA Shareholder will thereupon be deemed to have been exchanged in accordance with the terms of the Arrangement as of the Effective Date.

**USHA Shareholders who wish to exercise Dissent Rights should review the dissent procedures described in Appendix D and seek legal advice, as failure to adhere strictly to the Dissent Right requirements will result in the loss or unavailability of any right to dissent.**

## INFORMATION CONCERNING THE COMPANY

### Name, Address and Incorporation

The Company was incorporated on February 26, 2018, under the laws of the Province of British Columbia under incorporation number BC1154315. The Company's head office is located at 1575 Kamloops Street, Vancouver, British Columbia V5K 3W1 and its registered and records office is located at Suite 1008-550 Burrard Street, Vancouver, British Columbia V6C 2B5.

### Available Information

The Company files reports, financial statements, management discussion and analysis and other information with Canadian provincial securities commissions. These reports and information are available to the public free of charge on USHA's SEDAR profile at [www.sedar.com](http://www.sedar.com).

### Comparative Market Prices of USHA

The USHA Shares are listed and posted for trading on the TSXV under the symbol "USHA". The following tables set forth information relating to the trading of the USHA Shares on the TSXV for the twelve-month period preceding the date of this Circular.

Month	High (\$)	Low (\$)	Volume
September 2021	0.365	0.26	1,251,760
October 2021	0.38	0.32	332,822
November 2021	0.395	0.32	553,730
December 2021	0.37	0.27	780,410
January 2022	0.315	0.245	326,500
February 2022	0.39	0.285	447,270
March 2022	0.385	0.315	990,390
April 2022	0.365	0.27	1,719,472
May 2022	0.34	0.285	2,398,287
June 2022	0.38	0.30	2,851,233
July 2022	0.31	0.27	642,991
August 2022	0.32	0.27	624,257
September 2022	0.23	0.225	870,711
October 2022	0.325	0.23	464,405
November 1-14, 2022	0.265	0.21	877,650

## Prior Sales

The following table contains details of the prior sales of the securities of the Company within the 12 months prior to the date of this Circular.

Date Issued	Number of Securities <sup>(1)</sup>	Issue Price Per Common Share	Aggregate Issue Price	Reason for Issuance
August 26, 2021	50,000 Common Shares	\$0.10	\$5,000.00	Option Exercise
November 12, 2021	2,967,668 Common Shares	\$0.30	\$890,300.40	Private Placement
November 12, 2021	1,483,834 Warrants	\$0.45 <sup>(1)</sup>	-	Private Placement
November 12, 2021	134,237 Finder's Warrants	\$0.45 <sup>(1)</sup>	-	Private Placement
November 23, 2021	375,000 Common Shares	\$0.19	\$71,250.00	Warrant Exercises
November 24, 2021	70,000 Common Shares	\$0.20	\$14,000.00	Option Exercises
December 17, 2021	466,667 Common Shares	\$0.30	\$134,000.00	Private Placement
December 17, 2021	223,333 Warrants	\$0.45 <sup>(2)</sup>	-	Private Placement
December 17, 2021	10,555 Finder's Warrants	\$0.45 <sup>(2)</sup>	-	Private Placement
December 6, 2021	2,312,000 Common Shares	\$0.19	\$439,280.00	Warrant Exercises
December 6, 2021	1,200,000 Common Shares	\$0.26	\$31,200.00	Warrant Exercises
December 8, 2021	290,000 Common Shares	\$0.19	\$19,950.00	Warrant Exercise
April 1, 2022	769,333 Common Shares	\$0.30	\$230,799.90	Private Placement
April 1, 2022	384,667 Warrants	\$0.45 <sup>(3)</sup>	-	Private Placement
April 1, 2022	49,200 Finder's Warrants	\$0.45 <sup>(3)</sup>	-	Private Placement
May 2, 2022	1,678,062 Common Shares	\$0.30	-	Property
May 13, 2022	2,934,998 Common Shares	\$0.30	\$880,499.40	Private Placement
May 13, 2022	1,467,499 Warrants	\$0.45 <sup>(4)</sup>	-	Private Placement
May 13, 2022	75,800 Finder's Warrants	\$0.45 <sup>(4)</sup>	-	Private Placement
May 17, 2022	1,435,000 Common Shares	\$0.30	\$430,500.00	Private Placement
May 17, 2022	717,500 Warrants	\$0.45 <sup>(5)</sup>	-	Private Placement
May 17, 2022	114,800 Finder's Warrants	\$0.45 <sup>(5)</sup>	-	Private Placement
June 14, 2022	4,512,007 Common Shares	\$0.30	\$1,353,602.10	Private Placement
June 14, 2022	2,256,004 Warrants	\$0.45 <sup>(6)</sup>	-	Private Placement
June 14, 2022	46,427 Finder's Warrants	\$0.45 <sup>(6)</sup>	-	Private Placement
September 14, 2022	745,033 Common Shares	\$0.302	-	Property
November 9, 2022	432,700 Common Shares	\$0.20	\$86,540	Option Exercises
<b>Total:</b>			<b>\$1,440,142.10</b>	

- (1) These warrants are exercisable at \$0.45 per USHA Share until November 12, 2023, provided that in the event that the closing price of the USHA Shares on the TSXV is \$0.75 per USHA Share for a period of no less than 10 consecutive trading days, subsequent to four months and one day after the closing date, the warrants will expire at 4:00 p.m. (Pacific time) on the 30<sup>th</sup> day after the date on which the Company provides notice of such accelerated expiry to the warrant holders, and the warrant holders will have no further rights to acquire any USHA Shares under the warrant.
- (2) These warrants are exercisable at \$0.45 per USHA Share until December 17, 2023, provided that in the event that the closing price of the USHA Shares on the TSXV is \$0.75 per USHA Share for a period of no less than 10 consecutive trading days, subsequent to four months and one day after the closing date, the warrants will expire at 4:00 p.m. (Pacific time) on the 30<sup>th</sup> day after the date on which the Company provides notice of such accelerated expiry to the warrant holders, and the warrant holders will have no further rights to acquire any USHA Shares under the warrant.
- (3) These warrants and finder's warrants are exercisable at \$0.45 per USHA Share until April 1, 2024.
- (4) These warrants and finder's warrants are exercisable at \$0.45 per USHA Share until May 13, 2024.
- (5) These warrants and finder's warrants are exercisable at \$0.45 per USHA Share until May 17, 2024.
- (6) These warrants and finder's warrants are exercisable at \$0.45 per USHA Share until June 14, 2024.

## Dividends or Capital Distributions

USHA has not declared or paid any cash dividends or capital distributions on the USHA Shares during the two preceding years. For the immediate future, USHA does not envisage any earnings arising from which dividends could

be paid. Any decision to pay dividends on USHA Shares in the future will be made by the Board based on the earning, financial requirements and other conditions existing at such time.

### Ownership of USHA Securities

As at the date of this Circular, the following table outlines the number of USHA securities owned or controlled, directly or indirectly, by each of the directors and officers of USHA, and each associate or affiliate of an insider of USHA, and each person acting jointly or in concert with USHA.

Name	Positions	USHA Shares	USHA Warrants	USHA Options
Deepak Varshney	CEO, Secretary and Director	1,796,500	50,000	147,500
Navin Varshney	Director	2,529,100	50,000	147,500
Khalid Naeem	CFO	Nil	Nil	Nil
David Ellett	Director	200,000	Nil	265,227
Leif Smither	Director	50,000	50,000	120,000
Adrian Smith	Director	Nil	Nil	75,000
<b>Total:</b>		<b>4,575,600</b>	<b>150,000</b>	<b>755,227</b>

### Business of the Company

The Company was incorporated on February 26, 2018, under the laws of the Province of British Columbia under incorporation number BC1154315. The Company was classified as a Capital Pool Company as defined in TSXV Policy 2.4 *Capital Pool Companies* and its Qualifying Transaction was approved by the TSXV on December 6, 2019. The Company is listed for trading on the TSXV under the symbol, USHA, on the OTCQB under the symbol, USHAF, and the Frankfurt Stock Exchange under the symbol, JO0.

The Company's business is to acquire and explore interests in mineral properties located in North America.

The Nicobat Property, the Company's first project acquired as part of the Company's Qualifying Transaction, was originally acquired on July, 2015 by Emerald Lake for the potential in hosting copper, nickel and cobalt metals within the Dobie Mafic Intrusion. Max Power Mining Corp currently holds a 15% interest subject to a 2% NSR interest. A 51% interest has been negotiated in an amended agreement on behalf of the Company. The patents are registered with 85% interest in the Company's name and 15% interest in the name of Emerald Lake, beneficially owned on behalf of Max Power Mining Corp. On May 10, 2022, the Company announced its intention to spin out the Nicobat Property to its wholly-owned Subsidiary, Formation Metals Inc. (defined herein as Spinco), by way of a Plan of Arrangement.

The Company also owns two U.S. properties: (i) the Lost Basin Property, and (ii) the Jackpot Properties. The full details of these properties are disclosed on pages 82-83 under *The Arrangement – Properties to Remain in USHA*.

Please see: 1) *The Arrangement – Property to be Transferred to Spinco* starting on page 39; 2) *The Arrangement - Properties to Remain in USHA*, 3) The Company's audited financial statements for the year ended March 31, 2022 attached as **Appendix G**; 4) The Company's interim financial statements for the period ended June 30, 2022 attached as **Appendix H**; and 4) The Company's pro-forma financial statements as of June 30, 2022 attached as **Appendix J**. Please also see the Company's audited financial statements and MD&A for the year ended March 31, 2022, which are available on [www.sedar.com](http://www.sedar.com) under the profile of the Company.

### Business of the Company Following the Arrangement

Following completion of the Arrangement, (i) Spinco will hold the Assets transferred to it by USHA, (ii) Spinco will become a reporting issuer in the Provinces of British Columbia and Alberta, (iii) all USHA Shareholders will have become Spinco Shareholders, and (iv) the Company will retain its working capital for its Assets, and remain listed on the TSXV and continue to trade under the trading symbol, USHA, as a junior exploration company. The Company will continue its business as a mineral exploration company.

**There can be no guarantee that the Spinco Shares will be listed on any stock exchange.**

### **Dividend Policy**

USHA has paid no dividends on the USHA Shares since incorporation. USHA currently intends to retain all available funds, if any, for use in its business and does not plan to pay any dividends.

### **Directors and Officers**

The directors and officers of the Company are as follows:

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

The current directors and officers of the Company will continue to be the directors and officers of the Company upon completion of the Arrangement.

### **Material Contracts**

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Company in the last two years and which can be reasonably regarded as material to the Company are as follows:

1. Amendment Agreement to the Mineral Property Purchase Agreement dated May 11, 2020 between the Company and Emerald Lake Development Corporation.
2. Binding Letter of Intent dated June 3, 2020 between the Company, AJA Mining LLC and Gold Basin Mining EXP LLC.
3. Campaign and Marketing Agreement dated December 15, 2021 between the Company and Dig Media Inc. dba Investor News Network.
4. Property Option Agreement dated March 17, 2022, as amended April 22, 2022, between the Company and Ares Strategic Mining regarding Jackpot Property.
5. Investor Relations Agreement dated March 29, 2022 between the Company and Volt Strategic Partners Ltd.
6. Market Making Agreement dated April 15, 2022 between the Company and Red Cloud Securities Inc.
7. Consulting Agreement dated April 18, 2022 between the Company and Tyler Muir of TMM Capital Advisory Services Inc.
8. Arrangement Agreement dated May 10, 2022 between the Company and Formation Metals Inc., including all schedules annexed thereto, a copy of which is attached as **Appendix B** to this Circular, and any amendment(s) or variation(s) thereto.

These material contracts are available at [www.sedar.com](http://www.sedar.com) under the profile of the Company.

## **INFORMATION CONCERNING SPINCO**

### **Name, Address and Incorporation**

Spinco, being Formation Metals Inc., was incorporated pursuant to the BCBCA on March 1, 2022 for the purposes of the Arrangement. Spinco is currently a private company and a wholly-owned Subsidiary of USHA, with its registered and records office located at Suite 400-1681 Chestnut Street, Vancouver, British Columbia, V6J 4M6.

## **Description of Business of Spinco**

Spinco was incorporated by the Company for the purposes of the Arrangement. Spinco has not commenced any business operations and does not have any business history.

Upon completion of the Arrangement, Spinco is expected to become an exploration company and will be exploring the Nicobat Property. It is expected to become a reporting issuer in the provinces of British Columbia and Alberta. After the Effective Date, Spinco will hold the Assets transferred to it by USHA and will be in the business of mineral exploration.

Spinco's immediate business objectives following the completion of the Arrangement will be as follows:

- 1) upon becoming a reporting issuer, to appoint additional directors and officers;
- 2) to complete the financing of \$250,000 by June 30, 2023;
- 3) to obtain exploration permits (if required) with respect to the Nicobat Property by June 30, 2023; and
- 4) to complete Phase 1 exploration program on the Nicobat Property by September 30, 2023.

Spinco may apply to list its common shares on a stock exchange. However, **there can be no guarantee that the Spinco Shares will be listed on any stock exchange.**

## **Directors and Officers**

Deepak Varshney is currently the sole director and President of Spinco.

## **Share Capital**

The authorized capital of Spinco consists of an unlimited number of common shares without par value. All Spinco Shares, both issued and unissued, rank equally as to dividends, voting powers and participation in assets. No shares have been issued subject to call or assessment. There are no preemptive or conversion rights, and no provision for redemption, purchase for cancellation, surrender or sinking funds. Provision as to modifications, amendments or variations of such rights or such provisions are contained in Spinco's articles and the BCBCA.

As of the date of this Circular, Spinco has one common share issued and outstanding, which is owned by the Company.

Spinco will be issuing its common shares to the USHA Shareholders pursuant to the Arrangement.

In addition, following the completion of the Arrangement, Spinco plans to raise working capital in the amount of approximately \$250,000 by issuing common shares or units consisting of common shares and warrants at a price of \$0.05 per share or unit. The actual pricing and the completion of such financing are subject to the conditions in the financial markets at the time of such financing.

## **Options to Purchase Shares**

Spinco has not implemented an incentive stock option plan and does not have any incentive stock options outstanding at this time.

## **Dividends**

Spinco has paid no dividends since its incorporation. At the present time, Spinco intends to retain any earnings for corporate purposes. The payment of dividends in the future will depend on the earnings and financial condition of Spinco and on such other factors as the board of directors of Spinco may consider appropriate. However, since Spinco is currently in a development stage, it is unlikely that earnings, if any, will be available for the payment of dividends in the foreseeable future.

## **Prior Sales**

Spinco issued one Spinco Share to USHA upon incorporation. This Spinco Share will be cancelled subsequent to the completion of the Arrangement.

## **Legal Proceedings**

Spinco is not a party to any outstanding legal proceedings, nor are any such proceedings contemplated.

## **Material Contracts**

Except for contracts entered into in the ordinary course of business, the only material contract entered into by Spinco since its incorporation and which can be reasonably regarded as material to Spinco is the Arrangement Agreement, a copy of which is attached as **Appendix B** to this Circular.

## **Risk Factors**

An investment in a company such as Spinco involves a significant degree of risk including, without limitation, the factors set out below.

*No Assurance that the Proposed Arrangement will be Completed as Contemplated or at all*

Completion of the proposed Arrangement is subject to a number of conditions, including the approvals of the TSXV, Court and USHA Shareholders. Should the Arrangement fail to receive approval of the USHA Shareholders at the Meeting, Spinco will remain a wholly-owned Subsidiary of USHA. There is no assurance that any or all of these conditions will be satisfied or waived. In the event that the Arrangement is completed, Spinco will remain a reporting issuer in the provinces of British Columbia and Alberta and there can be no assurance that the Spinco Shares will be listed on any stock exchange.

*Requirements for Further Financing*

Spinco presently does not have sufficient financial resources to undertake all of its currently planned activities beyond completion of the Arrangement, which is financed by the Company. In the event that the Arrangement is completed, Spinco will need to obtain further financing, whether through debt financing, equity financing or other means. There can be no assurance that Spinco will be able to raise the required financing or that such financing can be obtained without substantial dilution to shareholders. Failure to obtain additional financing on a timely basis could cause Spinco to reduce or terminate its operations.

*The Spinco Shares may not be Qualified Investments under the Tax Act for a Registered Plan*

There is no assurance when, or if, the Spinco Shares will be listed on any stock exchange. If the Spinco Shares are not listed on a designated stock exchange in Canada before the due date for Spinco's first income tax return or if Spinco does not otherwise satisfy the conditions in the Tax Act to be a "public corporation", the Spinco Shares will not be considered to be a qualified investment for a Registered Plan from their date of issue. Where a Registered Plan acquires a Spinco Share in circumstances where the Spinco Shares are not a qualified investment under the Tax Act for the Registered Plan, adverse tax consequences may arise for the Registered Plan and the annuitant, beneficiary or holder under the Registered Plan, including that the Registered Plan may become subject to penalty taxes, the annuitant of such Registered Plan may be deemed to have received income therefrom or be subject to a penalty tax or, in the case of a registered education savings plan, such plan may have its tax exempt status revoked.

*Limited Operating History*

As a wholly-owned Subsidiary of USHA, incorporated for the purpose of the Arrangement, Spinco has no business history and must be considered a start-up. As such, Spinco is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that Spinco will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Spinco has limited financial resources, has not earned any revenue since commencing operations, has no source of operating cash flow and there is no assurance that additional funding will be available to it for further advancement of Spinco's business. There can be no assurance that Spinco will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of development of Spinco's business.

#### *Negative Cash Flow*

Spinco has no history of earnings or cash flow from operations. Spinco does not expect to generate material revenue or to achieve self-sustaining operations for several years, if at all. This may have a negative impact on the financial position of Spinco.

#### *No Market for Securities*

There is currently no market through which any of the Spinco Shares may be sold and there is no assurance that the Spinco Shares will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Spinco Shares are listed on a stock exchange, holders of the Spinco Shares may not be able to sell their Spinco Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Spinco Shares will develop or be sustained after completion of the Arrangement. The holding of Spinco Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The Spinco Shares should not be acquired by persons who cannot afford the possibility of the loss of their entire investment.

#### *Dividend Policy*

Spinco does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from Spinco will remain subject to the discretion of its board of directors and will depend on results of operations, cash requirements and future prospects of Spinco and other factors.

#### *Conflicts of Interest*

The directors of Spinco may be directors, officers or shareholders of other companies that are engaged in similar businesses to Spinco. Such associations may give rise to conflicts of interest from time to time. The directors of Spinco are required by law to act honestly and in good faith with a view to the best interests of Spinco and to disclose any interest which they may have in any project or opportunity of Spinco. If a conflict of interest arises at a meeting of the board of directors or when carrying out their duties as directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether Spinco will participate in any project or opportunity, the directors will primarily consider the degree of risk to which Spinco may be exposed and its financial position at the time.

#### *Dilution*

After completion of the Arrangement, Spinco will be issuing additional shares to finance its operations. These share issuances will dilute the position of the USHA shareholders who will receive Spinco shares pursuant to the Arrangement.

#### **Interest of Experts**

No person whose profession or business gives authority to a statement made by such person and who is named in this Circular (being the auditors of the Company) has received or will receive a direct or indirect interest in the property of the Company or any related person of the Company.

## INFORMATION CONCERNING SPINCO AFTER THE ARRANGEMENT

### General

On completion of the Arrangement, Spinco will continue to be a corporation incorporated under and governed by the BCBCA and will be its own entity apart from USHA.

On completion of the Arrangement, Spinco's primary material property will be the Nicobat Property. See *The Arrangement*.

### Directors and Officers

Upon completion of the Arrangement, the directors and officers of Spinco are expected to consist of the following persons:

Deepak Varshney	-	CEO, Secretary and Director
Khalid Naeem	-	CFO
Navin Varshney	-	Director
David Ellett	-	Director
Brian Moore	-	Director

Deepak Varshney is a professional geologist and has over 10 years of experience in the capital markets and mineral exploration and development sector. As CEO, Mr. Varshney is involved in the Company's marketing, financing and corporate development. He has developed long-standing relationships with an extensive network of high net worth retail investors, brokers, and private equity groups. Mr. Varshney is also the CEO of Castello Q, a boutique real estate firm that focuses on luxury single-family housing and multi-family developments and is a director of Xander Resources Inc. and CEO, Secretary and a director of Western Metallica Resources Corp. (formerly Orcus Resources Ltd.), both publicly traded issuers.

Khalid Naeem is a Canadian Chartered Professional Accountant (CPA) with over 15 years of financial and executive experience. Mr. Naeem has extensive experience in tax and compliance, public and private enterprises' financial policy, management and internal financial reporting, including senior roles at junior mining and oil and gas public companies and the Canada Revenue Agency.

Navin Varshney is a co-founder and director of the Company who has had a four-decade career in analyzing and speculating in the metals, mining and technology sectors. Since 2008, he has been instrumental in the creation of several Initial Public Offerings / Capital Pool Companies, successfully closing deals for all of them. He has served on many public company boards, holding various positions from President and Chief Executive Officer, Chief Financial officer, and director. In his capacity as a professional engineer, Mr. Varshney has founded N.K.V. Engineering & Consulting Ltd., a successful boutique structural and engineering consulting firm that has provided services throughout British Columbia for the past 29 years.

David "Dave" Ellett is a former defenseman in the National Hockey League who enjoyed a successful 16-year career primarily playing for the Winnipeg Jets and Toronto Maple Leafs. During his NHL career, he co-founded ProIce Management, a wealth management company geared towards professional athletes. After his retirement from the NHL, he continued with ProIce and other business ventures which included owning and managing an automotive dealership, a CHL franchise and working in the mining industry as a director of a number of junior mining companies with a focus on logistics, fundraising, and project acquisition.

Brian Moore is a Chartered Professional Accountant with over 40 years' experience in public practice. In 1986 Mr. Moore received his CGA designation from the Certified General Accountants Association of Ontario and in 1994 he became a founding member of Tuner Moore LLP, CPA's, a firm that provides taxation, accounting and business advisory services. Mr. Moore is an active volunteer in his community and over the past forty years has served on various not-for-profit boards and in political organizations. He is a past Governor of CGA Ontario, past member of committees both CGA Ontario and CGA Canada, and served ten years as a Practice Inspector for CGA Ontario. In 2009, CGA Canada awarded Mr. Moore the Fellowship designation (FCGA) in recognition of his contributions to CGA and the accounting profession.

None of the proposed directors and officers of Spinco are subject to any sanctions, cease trade orders or penalties.

## Capital Structure

As a result of the completion of the Arrangement, the Spinco share capital will increase from the issuance of Spinco Shares contemplated by the Arrangement.

The authorized capital of Spinco following the completion of the Arrangement will continue to consist of an unlimited number of Spinco Shares without par value. The rights attributed to the Spinco Shares will not be changed following the completion of the Arrangement. See *Information Concerning Spinco – Share Capital*.

## Stock Exchange Listings

On completion of the Arrangement, Spinco will become a reporting issuer in British Columbia and Alberta and may or may not apply for a public listing in the near future. **There can be no guarantee that the Spinco Shares will be listed on any stock exchange.**

## Dividends

Spinco has not to date paid any dividends on the Spinco Shares nor does it intend to pay any dividends on the Spinco Shares in the immediate future as management anticipates that all available funds will be invested to finance further acquisition, exploration and development of its mineral properties.

## Post-Arrangement Shareholdings

Immediately after completion of the Arrangement, assuming that no USHA Shareholder exercises Dissent Rights and that no USHA options and warrants are exercised on or before the Effective Time, the current USHA Shareholders will own 100% of the then issued and outstanding Spinco Shares, subject to financings completed by Spinco. Spinco will issue approximately 7,130,548 Spinco Shares to the USHA Shareholders pursuant to the Arrangement.

## Auditors

Davidson & Company LLP, Chartered Professional Accountants, were appointed as the auditors of Spinco on June 13, 2022 and are expected to be the auditors of Spinco after completion of the Arrangement.

## Transfer Agent and Registrar

Upon completion of the Arrangement, Spinco's registrar and transfer agent is expected to be Endeavor Trust of Suite 702, 777 Hornby Street, Vancouver, British Columbia V6Z 1S4.

## RISK FACTORS

In evaluating the Arrangement, USHA Shareholders should carefully consider, in addition to the other information contained in this Circular, the risk factors associated with USHA and Spinco. These risk factors are not a definitive list of all risk factors associated with USHA and the business to be carried out by Spinco.

### Risk Factors Relating to the Arrangement

There are risks associated with the completion of the Arrangement. Some of these risks include:

- *Termination of the Arrangement Agreement.* The Arrangement Agreement may be terminated by USHA in certain circumstances, in which case the market price for USHA Shares may be adversely affected.
- *Spinco Shares may have a lower market value.* As USHA Shareholders will receive Spinco Shares based on a fixed ratio, Spinco Shares received by USHA Shareholders under the Arrangement may have a lower market value than expected.
- *Consents and approvals are not received or impose conditions.* The closing of the Arrangement is conditional on, among other things, the receipt of consents and approvals from the court and governmental bodies that could delay

or impede completion of the Arrangement or impose conditions on the companies that could adversely affect the business or financial condition of Spinco.

- *Unanticipated challenges with integrating USHA and Spinco operations.* USHA and Spinco may not realize the benefits currently anticipated due to challenges associated with integrating the operations, technologies and personnel of USHA and Spinco.
- *Interest of directors and officers may not be the same as USHA Shareholders generally.* Directors and officers of USHA have interests in the Arrangement that may be different from those of USHA Shareholders generally.

### **Risk Factors Relating to Spinco**

The following risk factors are associated with Spinco, following completion of the Arrangement.

#### *Resource exploration and development is highly speculative*

Resource exploration and development is a speculative business, characterized by a number of significant risks including, among other things, unprofitable efforts resulting not only from the failure to discover mineral deposits but also from finding mineral deposits that, though present, are insufficient in quantity and quality to return a profit from production. The marketability of minerals acquired or discovered by Spinco may be affected by numerous factors that are beyond the control of Spinco and that cannot be accurately predicted, such as market fluctuations, the proximity and capacity of milling facilities, mineral markets and processing equipment, and such other factors as government regulations, including regulations relating to royalties, allowable production, importing and exporting minerals and environmental protection, the combination of which factors may result in Spinco not receiving an adequate return of investment capital.

The business of exploration for minerals and mining involves a high degree of risk. Few properties that are explored are ultimately developed into producing mines. There is no assurance that Spinco's mineral exploration and development activities will result in any discoveries of commercial bodies of ore. The long-term profitability of Spinco's operations will in part be directly related to the costs and success of its exploration programs, which may be affected by a number of factors.

Substantial expenditures are required to establish reserves through drilling and to develop the mining and processing facilities and infrastructure at any site chosen for mining. Although substantial benefits may be derived from the discovery of a major mineralized deposit, no assurance can be given that minerals will be discovered in sufficient quantities to justify commercial operations or that funds required for development can be obtained on a timely basis.

#### *Some aspects of Spinco's operations entail risk that cannot be insured against or may not be covered by insurance*

Spinco's business is subject to a number of risks and hazards generally, including adverse conditions, industrial accidents, labour disputes, unusual or unexpected geological conditions, ground or slope failures, cave-ins, changes in the regulatory environment and natural phenomena such as inclement weather conditions, floods and earthquakes. Such occurrences could result in damage to mineral properties or production facilities, personal injury or death, environmental damage to Spinco's properties or the properties of others, delays in mining, monetary losses and possible legal liability.

Although Spinco intends to maintain insurance to protect against certain risks in such amounts as it considers to be reasonable, its insurance may not cover all the potential risks associated with a mining company's operations. Spinco may also be unable to maintain insurance to cover these risks at economically feasible premiums. Insurance coverage may not continue to be available or may not be adequate to cover any resulting liability. Moreover, insurance against risks such as environmental pollution or other hazards as a result of exploration and production is not generally available to Spinco or to other companies in the mining industry on acceptable terms. Spinco might also become subject to liability for pollution or other hazards which may not be insured against or which Spinco may elect not to insure against because of premium costs or other reasons. Losses from these events may cause Spinco to incur significant costs that could have a material adverse effect upon its financial performance and results of operations.

*Significant resources are required to conduct mining exploration activities*

Mining exploration requires ready access to mining equipment such as drills, and crews to operate that equipment. There can be no assurance that such resources will be available to Spinco on a timely basis or at a reasonable cost. Failure to obtain these resources when needed may result in delays in Spinco's exploration programs.

*Spinco will operate in a highly competitive environment*

The mineral exploration and mining business is competitive in all of its phases. Spinco will compete with numerous other companies and individuals, including competitors with greater financial, technical and other resources than Spinco, in the search for and the acquisition of attractive mineral properties. The ability of Spinco to acquire properties in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties or prospects for mineral exploration. There is no assurance that Spinco will continue to be able to compete successfully with its competition in acquiring such properties or prospects.

*Spinco will operate in a highly regulated environment that is subject to changes, some unforeseen, to government policy*

The current or future operations of Spinco, including exploration and development activities and commencement of production on its properties, require permits from various levels of government. Such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters. Spinco believes it will be in substantial compliance with all material laws and regulations that currently apply to its activities. There can be no assurance however, that all permits which Spinco may require for construction of mining facilities and conduct of mining operations, particularly environmental permits, will be obtainable on reasonable terms or that compliance with such laws and regulations would not have an adverse effect on the profitability of any mining project that Spinco might undertake.

Failure to comply with applicable laws, regulations and permit 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 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 and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Spinco and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

*Spinco may be subject to significant environmental risks*

Spinco's operations may be subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions on spills, releases or emissions of various substances produced in association with certain mining industry operations, such as seepage from tailings disposal areas, which would result in environmental pollution. A breach of such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require the submission and approval of environmental impact assessments. Environmental legislation is evolving in a manner that means standards are stricter, and enforcement, fines and penalties for non-compliance are more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers and employees. The cost of compliance with changes in governmental regulations has a potential to reduce the profitability of operations. Spinco intends to comply fully with all environmental regulations. The current or future operations of Spinco, including development activities and commencement of production on its properties, require permits from various federal, provincial and local governmental authorities, and such operations are and will be governed by laws and regulations governing prospecting, development, mining, production, exports, taxes, labour standards, occupational health, waste disposal, toxic substances, land use, environmental protection, mine safety and other matters.

Such operations and exploration activities are also subject to substantial regulation under applicable laws by governmental agencies that may require Spinco to obtain permits from various governmental agencies. There can be no assurance, however, that all permits that Spinco may require for its operations and exploration activities will be

obtainable on reasonable terms or on a timely basis or that such laws and regulations will not have an adverse effect on any mining project which Spinco might undertake.

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 may be required to compensate those suffering loss or damage by reason of mining activities and may have civil or criminal fines or penalties imposed for violations of applicable laws or regulations and, in particular, environmental laws.

Amendments to current laws, regulations and permits governing operations and activities of mining companies, or more stringent implementation thereof, could have a material adverse impact on Spinco and cause increases in capital expenditures or production costs or reduction in levels of production at producing properties or require abandonment or delays in development of new mining properties.

#### *Limited Operating History*

As a wholly-owned Subsidiary of USHA, incorporated for the purpose of the Arrangement, Spinco has a very limited history of operations and must be considered a start-up. As such, Spinco is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources and the lack of revenues. There is no assurance that Spinco will be successful in achieving a return on shareholders' investment and the likelihood of success must be considered in light of its early stage of operations.

Spinco has no financial resources, has not earned any revenue since incorporation, has no source of operating cash flow and there is no assurance that any funding will be available to it for further advancement of Spinco's business. There can be no assurance that Spinco will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of development of Spinco's business.

#### *Spinco will be largely dependent on the performance of the Board and senior management*

The success of Spinco will largely be dependent on the performance of the Board and senior management. The loss of the services of these persons will have a materially adverse effect on Spinco's business and prospects. There is no assurance that Spinco can maintain the services of the Board and management or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on Spinco and its prospects.

#### *Spinco's prospects are subject to the inherent volatility of metal prices*

The mining industry is intensely competitive and there is no assurance that, even if commercial quantities of a mineral resource are discovered, a profitable market will exist for the sale of the same. There can be no assurance that metal prices will be such that Spinco's properties can be mined at a profit. Factors beyond the control of Spinco may affect the marketability of any minerals discovered. Metal prices are subject to volatile price changes from a variety of factors including international economic and political trends, expectations of inflation, global and regional demand, currency exchange fluctuations, interest rates and global or regional consumption patterns, speculative activities and increased production due to improved mining and production methods. The supply of, and demand for, Spinco's principal products and exploration targets is affected by various factors, including political events, economic conditions and production costs.

#### *Spinco's proposed operations will require access to adequate 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 determinants which affect capital and operating costs. Unusual or infrequent weather phenomena, terrorism, sabotage, government or other interference in the maintenance or provision of such infrastructure could adversely affect Spinco's operations, financial condition and results of operations.

### *Spinco's growth will require new personnel*

Recruiting and retaining qualified personnel is critical to Spinco's success. The number of persons skilled in the acquisition, exploration and development of mining properties is limited and competition for such persons is intense. As Spinco's business activity grows, it will require additional key financial, administrative, mining, marketing and public relations personnel as well as additional staff on the operations side. Although Spinco believes that it will be successful in attracting and retaining qualified personnel, there can be no assurance of such success.

### *Some of Spinco's directors have significant involvement in other companies in the same sector*

Certain of the directors of Spinco serve as directors of other companies or have significant shareholdings in other companies and, to the extent that such other companies may participate in ventures in which Spinco may participate, the directors of Spinco may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In the event that such a conflict of interest arises at a meeting of the Board a director who has such a conflict will abstain from voting for or against the approval of such a participation or such terms. From time to time several companies may participate in the acquisition, exploration and development of natural resource properties thereby allowing for their participation in larger programs, permitting involvement in a greater number of programs and reducing financial exposure in respect of any one program. It may also occur that a particular company will assign all or a portion of its interest in a particular program to another of these companies due to the financial position of Spinco making the assignment. In accordance with the laws of the Province of British Columbia, the directors of Spinco are required to act honestly, in good faith and in the best interests of Spinco. In determining whether or not Spinco will participate in a particular program and the interest therein to be acquired by it, the directors will primarily consider the degree of risk to which Spinco may be exposed and its financial position at that time.

### *No Market for Securities*

There is currently no market through which any of the Spinco Shares may be sold and there is no assurance that the Spinco Shares will be listed for trading on a stock exchange, or if listed, will provide a liquid market for such securities. Until the Spinco Shares are listed on a stock exchange, holders of the Spinco Shares may not be able to sell their Spinco Shares. Even if a listing is obtained, there can be no assurance that an active public market for the Spinco Shares will develop or be sustained after completion of the Arrangement. The holding of Spinco Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. The Spinco Shares should not be acquired by persons who cannot afford the possibility of the loss of their entire investment.

### *Dividend Policy*

Spinco does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from Spinco will remain subject to the discretion of its board of directors and will depend on results of operations, cash requirements and future prospects of Spinco and other factors.

### *Conflicts of Interest*

The directors of Spinco may be directors, officers or shareholders of other companies that are engaged in similar businesses to Spinco. Such associations may give rise to conflicts of interest from time to time. The directors of Spinco are required by law to act honestly and in good faith with a view to the best interests of Spinco and to disclose any interest which they may have in any project or opportunity of Spinco. If a conflict of interest arises at a meeting of the board of directors, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not Spinco will participate in any project or opportunity, the directors will primarily consider the degree of risk to which Spinco may be exposed and its financial position at the time.

## **Risks Related to Covid-19**

### *Public Health Crises*

Public health crises could adversely affect Spinco's business. Spinco's financial and/or operating performance could be materially adversely affected by the outbreak of public health crises, epidemics, pandemics or outbreaks of new infectious diseases or viruses, such as the recent global outbreak of a novel coronavirus disease, COVID-19. Such

public health crises, including the ongoing COVID-19 pandemic, can result in volatility and disruption to global supply chains, consumer, trade and market sentiment, mobility of people, and global financial markets, which could affect share prices, interest rates, credit ratings, credit risk, inflation, business, financial conditions and results of operations, and other factors relevant to us. The risks to the Company of such public health crises, including the ongoing COVID-19 outbreak, also include risks to employee health and safety, a slowdown or temporary suspension of operations in geographic locations impacted by an outbreak or could result in the cancellation of orders, as well as supply chain disruptions and could negatively impact our business, financial condition and results of operations.

In particular, the current restrictions, and future prevention and mitigation measures implemented as result of the current COVID-19 pandemic, are likely to have an adverse impact on global economic conditions and consumer confidence and spending, which could materially adversely affect the demand and supply for our products. Uncertainties regarding the economic impact of COVID-19 is likely to result in sustained market turmoil, which could also negatively impact our business, financial condition and cash flows.

There are also a number of factors that could negatively affect Spinco's business and the value of the Spinco Shares. For information pertaining to the outlook and conditions currently known to Spinco that could have a material impact on the financial condition, operations and business of Spinco, shareholders should refer to the *Risk Factors of Spinco*.

USHA Shareholders should also carefully consider all of the information disclosed in this Circular and the documents incorporated by reference.

The risk factors that are identified in this Circular and the documents incorporated by reference are not exhaustive and other factors may arise in the future that are currently not foreseen by management of Spinco that may present additional risks in the future.

## MANAGEMENT CONTRACTS

Certain management functions of the Company are performed by the directors or executive officers of the Company through private companies that are controlled by such directors or executive officers.

On October 22, 2020, the Company entered into a general services agreement (the "**Castello Q Agreement**") with Castello Q Development Corporation ("**Castello Q**"), a company owned and operated by Deepak Varshney, the CEO, Corporate Secretary and a director of the Company. Pursuant to the Castello Q Agreement, the Company agreed to remunerate Mr. Varshney \$7,000 per month, plus applicable taxes, and a signing bonus of \$50,000, for acting as CEO of the Company. In the fourth quarter of 2021, the Company agreed to increase the monthly fee to \$10,000 per month, plus applicable taxes.

On April 1, 2022, the Company entered into an agreement (the "**Khalid Agreement**") with KN Consulting Inc. ("**KN Consulting**"), a company owned and operated by Khalid Naem, the CFO of the Company. Pursuant to the Khalid Agreement the Company agreed to remunerate Mr. Naem \$2,500, plus applicable taxes, for acting as CFO of the Company.

A copy of this Circular is posted for public access on USHA's SEDAR profile at [www.sedar.com](http://www.sedar.com), or, alternatively, can be obtained upon written request to the Company at 1575 Kamloops Street, Vancouver, British Columbia V5K 3W1.

## TRANSFER AGENT AND REGISTRAR

USHA's registrar and transfer agent is Computershare Investor Services Inc. of 3<sup>rd</sup> Floor, 510 Burrard Street, Vancouver, British Columbia, V6C 3B9.

Prior to the Effective Date, Spinco intends to appoint Endeavor Trust as its registrar and transfer agent.

## LEGAL PROCEEDINGS

There are no pending legal proceedings to which the Company or Spinco is or is likely to be a party or of which any of its properties are, or to the best of knowledge of management of the Company or Spinco are likely to be subject.

## **ADDITIONAL INFORMATION**

Additional information relating to the Company is available on SEDAR at [www.sedar.com](http://www.sedar.com).

## **OTHER MATTERS**

Management of the Company is not aware of any other matter to come before the Meeting other than as set forth in the Notice of Meeting. If any other matter properly comes before the Meeting, it is the intention of the persons named in the enclosed form of Proxy to vote the Shares represented thereby in accordance with their best judgment on such matter.

## **BOARD APPROVAL**

The undersigned hereby certifies that the contents and the sending of this Circular to the USHA Shareholders have been approved by the Board.

Dated at Vancouver, British Columbia this 15<sup>th</sup> day of November, 2022.

**USHA RESOURCES LTD.**

*“Deepak Varshney”*

Deepak Varshney,  
CEO, Secretary and Director

**APPENDIX A -  
ARRANGEMENT RESOLUTION**

Capitalized words used in this Appendix A and not otherwise defined shall have the meaning ascribed to such terms in the Circular.

At the Meeting, USHA Shareholders will be asked to consider and vote on the special resolutions to approve the Arrangement, with or without variation as follows:

**“UPON MOTION DULY MADE, IT IS HEREBY RESOLVED AS A SPECIAL RESOLUTION THAT:**

1. The arrangement (the “**Arrangement**”) under Section 288 of the British Columbia *Business Corporations Act* involving Usha Resources Ltd. (“**USHA**”), all as more particularly described and set forth in the management information circular (the “**Circular**”) of USHA dated November 15, 2022, accompanying the notice of this meeting (as the Arrangement may be, or may have been, modified or amended), is hereby authorized, approved and adopted.
2. The plan of arrangement, as it may be or has been amended (the “**Plan of Arrangement**”), involving USHA and implementing the Arrangement, the full text of which is set out in Appendix B to the Circular, is hereby authorized, approved and adopted.
3. The arrangement agreement (the “**Arrangement Agreement**”) between USHA and Formation Metals Inc. dated May 10, 2022, and all the transactions contemplated therein, the actions of the directors of USHA in approving the Arrangement and any amendments thereto and the actions of the directors and officers of USHA in executing and delivering the Arrangement Agreement and any amendments thereto are hereby confirmed, ratified, authorized and approved.
4. Notwithstanding that these resolutions have been passed (and the Arrangement adopted) or that the Arrangement has been approved by the Supreme Court of British Columbia, the directors of USHA are hereby authorized and empowered, without further notice to, or approval of, any securityholders of USHA:
  - (a) to amend the Arrangement Agreement or the Plan of Arrangement to the extent permitted by the Arrangement Agreement or the Plan of Arrangement; or
  - (b) subject to the terms of the Arrangement Agreement, not to proceed with the Arrangement.
5. Any one or more directors or officers of USHA is hereby authorized, for and on behalf and in the name of USHA, to execute and deliver, whether under corporate seal of USHA or not, all such agreements, applications, forms, waivers, notices, certificates, confirmations and other documents and instruments and to do or cause to be done all such other acts and things as in the opinion of such director or officer may be necessary, desirable or useful for the purpose of giving effect to these resolutions, the Arrangement Agreement and the completion of the Plan of Arrangement in accordance with the terms of the Arrangement Agreement, including:
  - (a) all actions required to be taken by or on behalf of USHA, and all necessary filings and obtaining the necessary approvals, consents and acceptances of appropriate regulatory authorities; and
  - (b) the signing of the certificates, consents and other documents or declarations required under the Arrangement Agreement or otherwise to be entered into by USHA;

such determination to be conclusively evidenced by the execution and delivery of such document, agreement or instrument or the doing of any such act or thing.”

**The Board recommends that USHA Shareholders vote in favour of the Arrangement. Unless such authority is withheld, the persons named in the enclosed Proxy intend to vote FOR the approval of the foregoing special resolution.**

## APPENDIX B

### ARRANGEMENT AGREEMENT

**THIS ARRANGEMENT AGREEMENT** (the “**Agreement**”) is dated for reference May 10, 2022.

**BETWEEN:**

**USHA RESOURCES LTD.**, a company having its head office at 1575 Kamloops Street, Vancouver, British Columbia V5K 3W1;

(“**Usha**”)

**AND:**

**FORMATION METALS INC.**, a company having its registered office at Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia V6J 4M6;

(“**Spinco**”)

(collectively, “the **Parties**”)

**RECITALS:**

- A. The Parties have entered into the Agreement wherein it is contemplated that Usha will transfer its Assets (as such term is defined in this Agreement) to its wholly-owned subsidiary, Spinco;
- B. The Parties hereto intend to carry out the transactions contemplated herein by way of an arrangement under the provisions of the *Business Corporations Act* (British Columbia); and
- C. The Parties hereto have entered into this Agreement to provide for the matters referred to in the foregoing recital and for other matters relating to such arrangement.

**NOW THEREFORE**, in consideration of the covenants and agreements herein contained and other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the Parties hereto do hereby covenant and agree as follows:

#### ARTICLE 1 INTERPRETATION

##### 1.1 Definitions

In this Agreement, unless there is something in the context or subject matter inconsistent therewith, the following defined terms have the meanings hereinafter set forth:

- (a) “**Agreement**” means the arrangement agreement (including the schedules thereto) dated May 10, 2022, between Usha and Spinco as supplemented, modified or amended, and not to any particular article, section, schedule or other portion thereof;
- (b) “**Applicable Laws**” means all applicable corporate laws, rules of applicable stock exchanges and applicable securities laws, including the rules, regulations, notices, instruments, blanket orders and policies of the securities regulatory authorities in Canada;
- (c) “**Arrangement**” means the arrangement pursuant to Section 288 of the BCBCA set forth in the Plan of Arrangement;
- (d) “**Arrangement Provisions**” means Part 9, Division 5 of the BCBCA;
- (e) “**Arrangement Resolution**” means the special resolution with respect to the Arrangement and other related matters to be considered at the Usha Meeting;
- (f) “**Assets**” means all mineral assets and rights commonly referred to as the “Nicobat Property” located in the District of Rainy River, Ontario, Canada, acquired by Usha from Emerald Lake Development Corporation pursuant to the mineral property purchase agreement dated March 7, 2019, as amended, as further described in Schedule B to the Arrangement Agreement;

- (g) “**BCBCA**” means the Business Corporations Act (British Columbia), S.B.C. 2002, c.57, as amended, including the regulations promulgated thereunder;
- (h) “**Business Day**” means a day other than a Saturday, Sunday or other than a day when banks in the City of Vancouver, British Columbia are not generally open for business;
- (i) “**Computershare**” or “**Transfer Agent**” means Computershare Investor Services Inc., the registrar and transfer agent of Usha;
- (j) “**Conversion Factor**” means 0.2.
- (k) “**Court**” means the Supreme Court of British Columbia;
- (l) “**Dissenting Shareholder**” means an Usha Shareholder who validly exercises rights of dissent under the Arrangement and who will be entitled to be paid fair value for his, her or its Usha Shares in accordance with the Interim Order and the Plan of Arrangement;
- (m) “**Dissenting Shares**” means the Usha Shares in respect of which Dissenting Shareholders have exercised a right of dissent;
- (n) “**Effective Date**” means the date upon which the Arrangement becomes effective in accordance with the Arrangement Agreement and the Final Order;
- (o) “**Final Order**” means the final order of the Court approving the Arrangement;
- (p) “**IFRS**” means International Financial Reporting Standards as issued by the International Accounting Standards Board and interpretations of the International Financial Reporting Interpretations Committee;
- (q) “**Information Circular**” means the management information circular of Usha to be sent by Usha to the Usha Shareholders in connection with the Usha Meeting;
- (r) “**Interim Order**” means an interim order of the Court concerning the Arrangement in respect of Usha, containing declarations and directions with respect to the Arrangement and the holding of the Usha Meeting, as such order may be affirmed, amended or modified by any court of competent jurisdiction;
- (s) “**New Usha Shares**” means the new class of common shares without par value which the Company will create, pursuant to Section 3.1(b)(ii) of the Plan of Arrangement and which, immediately after the Effective Date, will be identical in every relevant respect to the Usha Shares;
- (t) “**Notice of Meeting**” means the notice of annual general and special meeting of the Usha Shareholders in respect of the Usha Meeting;
- (u) “**Parties**” means Usha and Spinco and “**Party**” means any one of them;
- (v) “**Person**” means an individual, partnership, unincorporated association, unincorporated syndicate, unincorporated organization, trust, trustee, executor, administrator or other legal representative;
- (w) “**Plan of Arrangement**” means the plan of substantially in the form set out in Schedule A to this Agreement, as amended or supplemented from time to time in accordance with Article 6 thereof and Article 6 hereof;
- (x) “**Registrar**” means the Registrar of Companies for the Province of British Columbia duly appointed under the BCBCA;
- (y) “**Record Date**” means the record date with respect to voting at the Usha Meeting;
- (z) “**Share Distribution Record Date**” means the date approved by the board of directors of Usha, which date establishes the Usha Shareholders who will be entitled to receive Spinco Shares, pursuant to the Plan of Arrangement;
- (aa) “**Spinco**” means Formation Metals Inc., a private company and a wholly-owned subsidiary of Usha;
- (bb) “**Spinco Shareholder**” means a holder of Spinco Shares;

- (cc) “**Spinco Shares**” means the common shares without par value in the authorized share structure of Spinco;
- (dd) “**Tax Act**” means the Income Tax Act (Canada), as may be amended, or replaced, from time to time;
- (ee) “**Usha Meeting**” means the annual general and special meeting of the Usha Shareholders to be held on a date to be determined by the board of directors of Usha, and any adjournment(s) or postponement(s) thereof;
- (ff) “**Usha Shareholder**” means a holder of Usha Shares;
- (gg) “**Usha Shares**” means the common shares without par value in the authorized share structure of the Company; and
- (hh) “**Company**” or “**Usha**” means Usha Resources Ltd.;

## **1.2 Interpretation Not Affected by Headings, etc.**

The division of this Agreement into articles, sections and subsections is for convenience of reference only and does not affect the construction or interpretation of this Agreement. The terms “this Agreement”, “hereof”, “herein” and “hereunder” and similar expressions refer to this Agreement (including Schedules A to B hereto) and not to any particular article, section or other portion hereof and include any agreement or instrument supplementary or ancillary hereto.

## **1.3 Number, etc.**

Words importing the singular number include the plural and vice versa, words importing the use of any gender include all genders, and words importing persons include firms and corporations and vice versa.

## **1.4 Date for Any Action**

If any date on which any action is required to be taken hereunder by any of the Parties is not a Business Day and a business day in the place where an action is required to be taken, such action is required to be taken on the next succeeding day which is a Business Day and a business day, as applicable, in such place.

## **1.5 Entire Agreement**

This Agreement, together with the agreements and documents herein and therein referred to, constitute the entire agreement among the Parties pertaining to the subject matter hereof and supersede all prior agreements, understandings, negotiations and discussions, whether oral or written, among the Parties with respect to the subject matter hereof.

## **1.6 Currency**

All sums of money which are referred to in this Agreement are expressed in lawful money of Canada.

## **1.7 Accounting Matters**

Unless otherwise stated, all accounting terms used in this Agreement shall have the meanings attributable thereto under IFRS, as applicable and all determinations of an accounting nature are required to be made shall be made in a manner consistent with IFRS.

## **1.8 References to Legislation**

References in this Agreement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

## **1.9 Enforceability**

All representations, warranties, covenants and opinions in or contemplated by this Agreement as to the enforceability of any covenant, agreement or document are subject to enforceability being limited by applicable bankruptcy,

insolvency, fraudulent transfer, reorganization, moratorium and other laws relating to or affecting creditors' rights generally, and the discretionary nature of certain remedies (including specific performance and injunctive relief and general principles of equity).

### **1.10 Schedules**

The following schedules attached hereto are incorporated into and form an integral part of this Agreement:

Schedule A – Plan of Arrangement  
Schedule B – Assets

## **ARTICLE 2 THE ARRANGEMENT**

### **2.1 Plan of Arrangement**

The Parties will forthwith jointly file, proceed with and diligently prosecute an application for an Interim Order providing for, among other things, the calling and holding of the Usha Meeting for the purpose of considering and, if deemed advisable, approving the Arrangement Resolution and upon receipt thereof, the Parties will forthwith carry out the terms of the Interim Order to the extent applicable to it. Provided all necessary approvals for the Arrangement Resolution are obtained from the Usha Shareholders, the Parties shall jointly submit the Arrangement to the Court and apply for the Final Order. Upon issuance of the Final Order and subject to the conditions precedent in Article 5, Usha shall forthwith proceed to file the Articles of Arrangement, the Final Order and such other documents as may be required to give effect to the Arrangement with the Registrar pursuant to the Arrangement Provisions, whereupon the transactions comprising the Arrangement shall occur and shall be deemed to have occurred in the order set out therein without any act or formality.

### **2.2 Interim Order**

Subject to the approval by the Court, the Interim Order shall provide that:

- (a) the securities of Usha for which holders shall be entitled to vote on the Arrangement Resolution shall be the Usha Shares;
- (b) the Usha Shareholders shall be entitled to vote on the Arrangement Resolution, with each Usha Shareholder being entitled to one vote for each Usha Share held by such holder; and
- (c) the requisite majority for the approval of the Arrangement Resolution shall be two-thirds of the votes cast by the Usha Shareholders present in person or by proxy at the Usha Meeting.

### **2.3 Information Circular and Meetings**

As promptly as practical following the execution of this Agreement and in compliance with the Interim Order and Applicable Laws, Usha shall:

- (a) prepare the Information Circular and cause such circular to be mailed to the Usha Shareholders and filed with applicable regulatory authorities and other governmental authorities in all jurisdictions where the same are required to be mailed and filed; and
- (b) convene the Usha Meeting.

### **2.4 Effective Date**

The Arrangement shall become effective in accordance with the terms of the Plan of Arrangement on the Effective Date.

## 2.5 United States Securities Law Matters

The Parties agree that the Arrangement will be carried out with the intention that all securities to be issued pursuant to the Arrangement will be issued in reliance on the exemption under Section 3(a)(10) of the Securities Act of 1933, as amended (the “**Section 3(a)(10) Exemption**”). To ensure the availability of the Section 3(a)(10) Exemption, Spinco agrees that the Arrangement will be carried out on the following basis:

- (a) the Arrangement will be subject to the approval of the Court;
- (b) the Court will be advised as to the intention of the parties to rely on the Section 3(a)(10) Exemption prior to the hearing required to approve the Arrangement;
- (c) the Court will be required to satisfy itself as to the fairness of the Arrangement to the Usha Shareholders subject to the Arrangement;
- (d) the Court will have determined, prior to approving the Arrangement, that the terms and conditions of the exchanges of securities under the Arrangement are fair to the Usha Shareholders pursuant to the Arrangement;
- (e) the order approving the Arrangement that is obtained from the Court will expressly state that the Arrangement is approved by the Court as being fair to the Usha Shareholders pursuant to the Arrangement;
- (f) Usha will ensure that each person entitled to receive securities pursuant to the Arrangement will be given adequate notice advising them of their right to attend the hearing of the Court to give approval of the Arrangement and providing them with the sufficient information necessary for them to exercise that right; and
- (g) the Interim Order will specify that each person entitled to receive securities pursuant to the Arrangement will have the right to appear before the Court so long as they enter an appearance within a reasonable time.

## ARTICLE 3 COVENANTS

### 3.1 Covenants Regarding the Arrangement

From the date hereof until the Effective Date, the Parties will use all reasonable efforts to satisfy (or cause the satisfaction of) the conditions precedent to its obligations hereunder and to take, or cause to be taken, all other action and to do, or cause to be done, all other things necessary, proper or advisable under Applicable Laws to complete the Arrangement, including using reasonable efforts:

- (a) to obtain all necessary waivers, consents and approvals required to be obtained by it from other parties to agreements, leases and other contracts;
- (b) to obtain all necessary consents, assignments, waivers and amendments to or terminations of any instruments and take such measures as may be appropriate to fulfill its obligations hereunder and to carry out the transactions contemplated hereby; and
- (c) to effect all necessary registrations and filings and submissions of information requested by governmental authorities required to be effected by it in connection with the Arrangement.

Spinco agrees to comply with the terms and conditions and assume all obligations pursuant to the underlying agreements related to the Assets.

### **3.2 Covenants Regarding Execution of Documents**

- (a) The Parties will perform all such acts and things, and execute and deliver all such agreements, notices and other documents and instruments as may reasonably be required to facilitate the carrying out of the intent and purpose of this Agreement.

### **3.3 Giving Effect to the Arrangement**

The Arrangement shall be effected in the following manner:

- (a) The Parties shall proceed forthwith to apply for the Interim Order providing for, among other things, the calling and holding of the Usha Meeting for the purpose of, among other things, considering and, if deemed advisable, approving and adopting the Arrangement;
- (b) The Spinco Shareholder shall approve the Arrangement by consent resolutions;
- (c) Upon obtaining the Interim Order, Usha shall call the Usha Meeting and mail the Information Circular and related Notice of Meeting and form of Proxy to the Usha Shareholders;
- (d) If the Usha Shareholders approve the Arrangement, Usha shall thereafter (subject to the exercise of any discretionary authority granted to Usha's Board by the Usha Shareholders) take the necessary actions to submit the Arrangement to the Court for approval and grant of the Final Order; and
- (e) Upon receipt of the Final Order, Usha shall, subject to compliance with any of the other conditions provided for in Article 5 hereof and to the rights of termination contained in Article 7 hereof, file the required material with the Registrar in accordance with the terms of the Plan of Arrangement.

## **ARTICLE 4 REPRESENTATIONS AND WARRANTIES**

### **4.1 Representations and Warranties**

Each of the Parties hereby represents and warrants to the other that:

- (a) It is a corporation duly incorporated and validly subsisting under the laws of its jurisdiction of existence, and has full capacity and authority to enter into this Agreement and to perform its covenants and obligations hereunder;
- (b) It has taken all corporate actions necessary to authorize the execution and delivery of this Agreement and this Agreement has been duly executed and delivered by it;
- (c) Neither the execution and delivery of this Agreement nor the performance of any of its covenants and obligations hereunder will constitute a material default under, or be in any material contravention or breach of: (i) any provision of its constating or governing corporate documents, (ii) any judgment, decree, order, law, statute, rule or regulation applicable to it, or (iii) any agreement or instrument to which it is a party or by which it is bound; and
- (d) No dissolution, winding up, bankruptcy, liquidation or similar proceedings have been commenced or are pending or proposed in respect of it.

## **ARTICLE 5 CONDITIONS PRECEDENT**

### **5.1 Mutual Conditions Precedent**

The respective obligations of the Parties to consummate the transactions contemplated hereby, and in particular the Arrangement, are subject to the satisfaction, on or before the Effective Date or such other time specified, of the following conditions, any of which may be waived by the mutual written consent of such Parties without prejudice to their right to rely on any other of such conditions:

- (a) the Interim Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably, and such order shall not have been set aside or modified in a manner unacceptable to the Parties, acting reasonably, on appeal or otherwise;
- (b) the Arrangement Resolution shall have been passed by the Usha Shareholders at the Usha Meeting in accordance with the Arrangement Provisions, the constating documents of Usha, the Interim Order and the requirements of any applicable regulatory authorities;
- (c) the Arrangement and this Agreement, with or without amendment, shall have been approved by the Spinco Shareholder to the extent required by, and in accordance with, the Arrangement Provisions and the constating documents of Spinco;
- (d) the Final Order shall have been granted in form and substance satisfactory to the Parties, acting reasonably;
- (e) all other consents, orders, regulations and approvals, including regulatory and judicial approvals and orders required or necessary or desirable for the completion of the transactions provided for in this Agreement and the Plan of Arrangement shall have been obtained or received from the persons, authorities or bodies having jurisdiction in the circumstances, each in form acceptable to the Parties;
- (f) there shall not be in force any order or decree restraining or enjoining the consummation of the transactions contemplated by this Agreement and the Arrangement; and
- (g) this Agreement shall not have been terminated under Article 7.

Except for the conditions set forth in this §5.1 which, by their nature, may not be waived, any of the other conditions in this §5.1 may be waived, either in whole or in part, by any of the Parties, as the case may be, at its discretion.

## **5.2 Closing**

Unless this Agreement is terminated earlier pursuant to the provisions hereof, the Parties shall meet at the offices of Usha c/o Suite 400 – 1681 Chestnut Street, Vancouver, British Columbia V6J 4M6, or such other location as agreed to by the Parties, at 11:00 a.m. (Vancouver time) on such date as they may mutually agree (the “**Closing Date**”), and each of them shall deliver to the other of them:

- (a) the documents required to be delivered by it hereunder to complete the transactions contemplated hereby, provided that each such document required to be dated the Effective Date shall be dated as of, or become effective on, the Effective Date and shall be held in escrow to be released upon the occurrence of the Effective Date; and
- (b) written confirmation as to the satisfaction or waiver by it of the conditions in its favour contained in this Agreement.

## **5.3 Merger of Conditions**

The conditions set out in §5.1 hereof shall be conclusively deemed to have been satisfied, waived or released upon the occurrence of the Effective Date.

## **5.4 Merger of Representations and Warranties**

The representations and warranties in §4.1 shall be conclusively deemed to be correct as of the Effective Date and each shall accordingly merge in and not survive the effectiveness of the Arrangement.

**ARTICLE 6  
AMENDMENT**

**6.1 Amendment**

This Agreement may at any time and from time to time before or after the holding of the Usha Meeting be amended by written agreement of the Parties hereto without, subject to Applicable Laws, further notice to or authorization on the part of their respective securityholders and any such amendment may, without limitation:

- (a) change the time for performance of any of the obligations or acts of the Parties;
- (b) waive any inaccuracies or modify any representation or warranty contained herein or in any document delivered pursuant hereto;
- (c) waive compliance with or modify any of the covenants herein contained and waive or modify performance of any of the obligations of the Parties; or
- (d) waive compliance with or modify any other conditions precedent contained herein;

provided that no such amendment reduces or materially adversely affects the consideration to be received by a Usha Shareholder without approval by the Usha Shareholders, given in the same manner as required for the approval of the Arrangement or as may be ordered by the Court.

**ARTICLE 7  
TERMINATION**

**7.1 Termination**

Subject to §7.2, this Agreement may at any time before or after the holding of the Usha Meeting, and before or after the granting of the Final Order, but in each case prior to the Effective Date, be terminated by direction of the Usha Board without further action on the part of the Usha Shareholders, or by the board of directors of Spinco without further action on the part of the respective Spinco Shareholder and nothing expressed or implied herein or in the Plan of Arrangement shall be construed as fettering the absolute discretion by the boards of directors of Usha and Spinco, respectively, to elect to terminate this Agreement and discontinue efforts to effect the Arrangement for whatever reasons it may consider appropriate.

**7.2 Cessation of Right**

The right of any of the Parties or any other party to amend or terminate the Plan of Arrangement pursuant to §6.1 and §7.1 shall be extinguished upon the occurrence of the Effective Date.

**ARTICLE 8  
NOTICES**

**8.1 Notices**

All notices which may or are required to be given pursuant to any provision of this Agreement shall be given or made in writing and shall be deemed to be validly given if served personally or by electronic transmission, in each case to the attention of the senior officer at the following addresses or at such other address as shall be specified by a Party by like notice:

In the case of Usha Resources Ltd.:

c/o Suite 400 – 1681 Chestnut Street  
Vancouver, British Columbia V6J 4M6  
Attention: Deepak Varshney, CEO

In the case of Formation Metals Inc.:

Suite 400 – 1681 Chestnut Street  
 Vancouver, British Columbia V6J 4M6  
 Attention: Deepak Varshney, President

the address as the Parties may, from time to time, advise to the other Parties hereto by notice in writing. Any notice that is delivered to such address shall be deemed to be delivered on the date of delivery if delivered on a Business Day prior to 4:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 4:00 p.m. or on a non-Business Day. Any notice delivered by facsimile transmission shall be deemed to be delivered on the date of transmission if delivered on a Business Day prior to 4:00 p.m. (local time at the place of receipt) or on the next Business Day if delivered after 4:00 p.m. or on a non-Business Day.

## **ARTICLE 9 GENERAL**

### **9.1 Assignment and Enurement**

This Agreement shall enure to the benefit of and be binding upon the Parties hereto and their respective successors and assigns. This Agreement may not be assigned by any party hereto without the prior consent of the other Parties hereto.

### **9.2 Disclosure**

Each Party shall receive the prior consent, not to be unreasonably withheld, of the other Parties prior to issuing or permitting any director, officer, employee or agent to issue, any press release or other written statement with respect to this Agreement or the transactions contemplated hereby. Notwithstanding the foregoing, if any Party is required by law or administrative regulation to make any disclosure relating to the transactions contemplated herein, such disclosure may be made, but that Party will consult with the other Parties as to the wording of such disclosure prior to its being made.

### **9.3 Costs**

Except as contemplated in the Arrangement and herein, each Party hereto covenants and agrees to bear its own costs and expenses in connection with the transactions contemplated hereby.

### **9.4 Severability**

If any one or more of the provisions or parts thereof contained in this Agreement should be or become invalid, illegal or unenforceable in any respect in any jurisdiction, the remaining provisions or parts thereof contained herein shall be and shall be conclusively deemed to be, as to such jurisdiction, severable therefrom and:

- (a) the validity, legality or enforceability of such remaining provisions or parts thereof shall not in any way be affected or impaired by the severance of the provisions or parts thereof severed; and
- (b) the invalidity, illegality or unenforceability of any provision or part thereof contained in this Agreement in any jurisdiction shall not affect or impair such provision or part thereof or any other provisions of this Agreement in any other jurisdiction.

### **9.5 Further Assurances**

Each Party hereto shall, from time to time and at all times hereafter, at the request of any other Party hereto, but without further consideration, do all such further acts, and execute and deliver all such further documents and instruments as may be reasonably required in order to fully perform and carry out the terms and intent hereof.

### **9.6 Time of Essence**

Time shall be of the essence of this Agreement.

### 9.7 Governing Law

This Agreement shall be governed by and construed in accordance with the laws of the Province of British Columbia and the laws of Canada applicable therein and the Parties hereto irrevocably attorn to the jurisdiction of the courts of the Province of British Columbia. Each of the Parties hereto hereby irrevocably and unconditionally consents to and submits to the jurisdiction of the courts of the Province of British Columbia in respect of all actions, suits or proceedings arising out of or relating to this Agreement or the matters contemplated hereby (and agrees not to commence any action, suit or proceeding relating thereto except in such courts) and further agrees that service of any process, summons, notice or document by single registered mail to the addresses of the parties set forth in this Agreement shall be effective service of process for any action, suit or proceeding brought against any Party in such court. The Parties hereby irrevocably and unconditionally waive any objection to the laying of venue of any action, suit or proceeding arising out of this Agreement or the matters contemplated hereby in the courts of the Province of British Columbia and hereby further irrevocably and unconditionally waive and agree not to plead or claim in any such court that any such action, suit or proceeding so brought has been brought in an inconvenient forum.

### 9.8 Waiver

No waiver by any Party shall be effective unless in writing and any waiver shall affect only the matter, and the occurrence thereof, specifically identified and shall not extend to any other matter or occurrence.

### 9.9 Counterparts

This Agreement may be executed in counterparts, each of which shall be deemed an original, and all of which together constitute one and the same instrument. Execution of this Agreement electronically or manually, and the electronic delivery of this Agreement in counterparts shall constitute valid delivery of the same.

**IN WITNESS WHEREOF** the Parties have executed this Agreement as of the date first above written.

#### **USHA RESOURCES LTD.**

Per: "Deepak Varshney"  
Authorized Signatory

#### **FORMATION METALS INC.**

Per: "Deepak Varshney"  
Authorized Signatory

**SCHEDULE A  
TO THE ARRANGEMENT AGREEMENT**

**PLAN OF ARRANGEMENT  
UNDER DIVISION 5 OF PART 9 OF THE  
*BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)*  
S.B.C. 2002, c. 57**

**ARTICLE 1.  
INTERPRETATION**

- 1.1 Terms used in this Plan of Arrangement have the same meaning as the terms used in the Arrangement Agreement.
- 1.2 The division of this Plan of Arrangement into articles and sections and the insertion of headings are for convenience of reference only and shall not affect the construction or interpretation of this Plan of Arrangement.
- 1.3 Unless reference is specifically made to some other document or instrument, all references herein to articles and sections are to articles and sections of this Plan of Arrangement.
- 1.4 Unless the context otherwise requires, words importing the singular number shall include the plural and vice versa; words importing any gender shall include all genders; and words importing persons shall include individuals, partnerships, associations, corporations, funds, unincorporated organizations, governments, regulatory authorities, and other entities.
- 1.5 In the event that the date on which any action is required to be taken hereunder by any of the Parties is not a Business Day in the place where the action is required to be taken, such action shall be required to be taken on the next succeeding day which is a Business Day in such place.
- 1.6 References in this Plan of Arrangement to any statute or sections thereof shall include such statute as amended or substituted and any regulations promulgated thereunder from time to time in effect.

**ARTICLE 2.  
ARRANGEMENT AGREEMENT**

- 2.1 This Plan of Arrangement is made pursuant and subject to the provisions of, and forms part of, the Arrangement Agreement.
- 2.2 This Plan of Arrangement will become effective in accordance with its terms and be binding on the Effective Date on the Usha Shareholders.

**ARTICLE 3.  
ARRANGEMENT**

- 3.1 On the Effective Date, the following shall occur and be deemed to occur in the following chronological order without further act or formality, notwithstanding anything contained in the provisions attaching to any of the Parties, but subject to the provisions of Article 6:
- (a) subject to the obtaining the required approvals, Usha will transfer the Assets to Spinco in consideration for the number equal to the number of Usha Shares as of the Share Distribution Record Date of the Spinco Shares multiplied by the Conversion Factor (collectively the “**Distributed Spinco Shares**”). The central securities register of Spinco shall be amended accordingly.

- (b) The authorized share capital of Usha will be altered by:
- (i) changing the identifying name of the Usha Shares to Class A common shares without par value, being the “**Usha Class A Common Shares**”;
  - (ii) creating a class consisting of an unlimited number of common shares without par value (the “**New Usha Shares**); and
  - (iii) creating a class consisting of an unlimited number of Class A preferred shares without par value, having the rights and restrictions described in Schedule A to the Plan of Arrangement, being the “**Usha Class A Preferred Shares**”.
- (c) Each issued Usha Class A Common Share will be exchanged for one New Usha Share and one Usha Class A Preferred Share and, subject to the exercise of a right of dissent, the holders of the Usha Class A Common Shares will be removed from the central securities register of Usha and will be added to the central securities register as the holders of the number of New Usha Shares and Usha Class A Preferred Shares that they have received on the exchange.
- (d) All of the issued Usha Class A Common Shares will be cancelled with the appropriate entries being made in the central securities register of Usha and the aggregate paid up capital (as that term is used for purposes of the Tax Act) of the Usha Class A Common Shares immediately prior to the Effective Date will be allocated between the New Usha Shares and the Usha Class A Preferred Shares so that the aggregate paid up capital of the Usha Class A Preferred Shares is equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, and each Usha Class A Preferred Share so issued will be issued by Usha at an issue price equal to the aggregate fair market value of the Distributed Spinco Shares as of the Effective Date, divided by the number of issued Usha Class A Preferred Shares, such aggregate fair market value of the Distributed Spinco Shares to be determined as at the Effective Date by resolution of the board of directors of Usha. Usha will redeem the issued Usha Class A Preferred Shares for consideration consisting solely of the Distributed Spinco Shares such that each holder of Usha Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Spinco Shares that is equal to the number of Usha Class A Preferred Shares held by such holder multiplied by the Conversion Factor.
- (e) Usha will redeem the issued Usha Class A Preferred Shares for consideration consisting solely of the Distributed Spinco Shares such that each holder of Usha Class A Preferred Shares will, subject to the rounding of fractions and the exercise of rights of dissent, receive that number of Spinco Shares that is equal to the number of Usha Class A Preferred Shares held by such holder multiplied by the Conversion Factor;
- (f) The name of each holder of Usha Class A Preferred Shares will be removed as such from the central securities register of Usha, and all of the issued Usha Class A Preferred Shares will be cancelled with the appropriate entries being made in the central securities register of Usha.
- (g) The Distributed Spinco Shares transferred to the holders of the Usha Class A Preferred Shares pursuant to § 3.1 (e) above will be registered in the names of the former holders of Usha Class A Preferred Shares and appropriate entries will be made in the central securities registers of Spinco.
- (h) The Usha Class A Common Shares and the Usha Class A Preferred Shares, none of which will be allotted or issued once the steps referred to in §3.1 (e) and §3.1 (g) and above are completed, will be cancelled and the authorized share structure of Usha will be changed by eliminating the Usha Class A Common Shares and the Usha Class A Preferred Shares therefrom.
- (i) The Notice of Articles of Usha will be amended to reflect the changes to its authorized share structure made pursuant to the Plan of Arrangement.

3.2 Notwithstanding §3.1(e) and §3.1(i) no fractional Spinco Shares shall be distributed to the Usha Shareholders, as a result all fractional share amounts arising under such sections shall be rounded down to the nearest whole number. Any Distributed Spinco Shares not distributed as a result of this rounding down shall be dealt with as determined by the board of directors of Usha in its absolute discretion.

- 3.3 The holders of the Usha Class A Common Shares and the holders of New Usha Shares and Usha Class A Preferred Shares referred to in §3.1(c), and the holders of the Usha Class A Preferred Shares referred to in §3.1 (e), §3.1(f) and §3.1(g), shall mean in all cases those persons who are Usha Shareholders at the close of business on the Share Distribution Record Date, subject to Article 5.
- 3.4 In addition to the chronological order in which the transactions and events set out in §3.1 shall occur and shall be deemed to occur, the time on the Effective Date for the redemption of the Usha Class A Preferred Shares set out in §3.1(e) shall occur and shall be deemed to occur on the Effective Date.
- 3.5 All New Usha Shares, Usha Class A Preferred Shares and Spinco Shares issued pursuant to this Plan of Arrangement shall be deemed to be validly issued and outstanding as fully paid and non-assessable shares for all purposes of the BCBCA.
- 3.6 The Arrangement shall become final and conclusively binding on the Usha Shareholders and Spinco Shareholders and the Parties on the Effective Date.
- 3.7 Notwithstanding that the transactions and events set out in §3.1 shall occur and shall be deemed to occur in the chronological order therein set out without any act or formality, each of the Parties shall be required to make, do and execute or cause and procure to be made, done and executed all such further acts, deeds, agreements, transfers, assurances, instruments or documents as may be required to give effect to, or further document or evidence, any of the transactions or events set out in §3.1 including, without limitation, any resolutions of directors authorizing the issue, transfer or redemption of shares, any share transfer powers evidencing the transfer of shares and any receipt therefore, and any necessary additions to or deletions from share registers.
- 3.8 The Arrangement shall result in the shareholders of Usha receiving approximately 5,000,000 Spinco Shares on a pro-rata basis subject to rounding down of fractional shares and subject to the exercise of the right of dissent.

#### **ARTICLE 4. CERTIFICATES**

- 4.1 Recognizing that the Usha Shares shall be re-designated as Usha Class A Common Shares pursuant to §3.1(b)(i) and that the Usha Class A Common Shares shall be exchanged partially for New Usha Shares and Usha Class A Preferred Shares pursuant to §3.1(c), Usha shall not issue replacement share certificates representing the Usha Class A Common Shares.
- 4.2 Recognizing that the Distributed Spinco Shares shall be transferred to the Usha Shareholders as consideration for the redemption of the Usha Class A Preferred Shares pursuant to §3.1(e), Spinco shall issue one share certificate representing all of the respective Distributed Spinco Shares, registered in the name of Usha, which share certificate shall be held by the Depositary until the Distributed Spinco Shares are transferred to the Usha Shareholders and such certificate shall then be cancelled by the Depositary. To facilitate the transfer of the Distributed Spinco Shares to the Usha Shareholders as of the Share Distribution Record Date, Usha shall execute and deliver to the Depositary and the Transfer Agent an irrevocable power of attorney, authorizing them to distribute and transfer the Distributed Spinco Shares to such Usha Shareholders in accordance with the terms of this Plan of Arrangement and Spinco shall deliver a treasury order or such other direction to effect such issuance to the Transfer Agent as requested by it.
- 4.3 Recognizing that all of the Usha Class A Preferred Shares issued to the Usha Shareholders pursuant to §3.1(c) will be redeemed by Usha as consideration for the distribution and transfer of the Distributed Spinco Shares under §3.1(e), Usha shall issue one share certificate representing all of the Usha Class A Preferred Shares issued pursuant to §3.1(c) and §3.1(e) in the name of the Depositary, for the benefit of the Usha Shareholders until such Usha Class A Preferred Shares are redeemed, and such certificate shall then be cancelled.
- 4.4 As soon as practicable after the Effective Date, Spinco shall cause (through the Transfer Agent) to be issued to the registered holders of Usha Shares as of the Share Distribution Record Date, share certificates or direct registration statements representing the respective Spinco Shares to which they are entitled pursuant to this

Plan of Arrangement and shall cause such share certificates or direct registration statements (“**DRS**”) to be mailed to such registered holders.

- 4.5 From and after the Effective Date, share certificates representing Usha Shares immediately before the Effective Date, except for those deemed to have been cancelled pursuant to Article 5, shall for all purposes be deemed to be share certificates representing New Usha Shares, and no new share certificates shall be issued with respect to the New Usha Shares issued in connection with the Arrangement.
- 4.6 Usha Shares traded, if any, after the Share Distribution Record Date and prior to the Effective Date shall represent New Usha Shares, and shall not carry any right to receive a portion of the Distributed Spinco Shares.
- 4.7 To save time and resources, the Spinco may implement the share exchanges described in §3.1 by a single treasury order and all share issuances and cancelations described in §3.1 shall be deemed to have occurred.

#### **ARTICLE 5. DISSENTING SHAREHOLDERS**

- 5.1 Notwithstanding §3.1 hereof, holders of Usha Shares may exercise rights of dissent (the “**Dissent Right**”) in connection with the Arrangement pursuant to the Interim Order and in the manner set forth in sections 237 – 247 of the BCBCA (collectively, the “**Dissent Procedures**”).
- 5.2 Usha Shareholders who duly exercise Dissent Rights with respect to their Usha Shares (“**Dissenting Shares**”) and who:
- (a) are ultimately entitled to be paid fair value for their Dissenting Shares, shall be deemed to have transferred their Dissenting Shares to Usha for cancellation immediately before the Effective Date; or
  - (b) for any reason are ultimately not entitled to be paid fair value for their Dissenting Shares, shall be deemed to have participated in the Arrangement on the same basis as a non-dissenting Usha Shareholder and shall receive New Usha Shares and Spinco Shares on the same basis as every other non-dissenting Usha Shareholder, and in no case shall Usha be required to recognize such person as holding Usha Shares on or after the Effective Date.
- 5.3 If an Usha Shareholder exercises the Dissent Right, Usha shall, on the Effective Date, set aside and not distribute that portion of the Distributed Spinco Shares that is attributable to the Usha Shares for which the Dissent Right has been exercised. If the dissenting Usha Shareholder is ultimately not entitled to be paid for their Dissenting Shares, Usha shall distribute to such Usha Shareholder his, her or its pro-rata portion of the respective Distributed Spinco Shares. If an Usha Shareholder duly complies with the Dissent Procedures and is ultimately entitled to be paid fair value for their Dissenting Shares, then Usha shall retain the portion of Distributed Spinco Shares attributable to such Usha Shareholder (collectively, the “**Non-Distributed Shares**”), and the Non-Distributed Shares shall be dealt with as determined by the board of directors of Usha in its absolute discretion.

#### **ARTICLE 6. AMENDMENTS**

- 6.1 The Parties may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time prior to the Effective Date, provided that each such amendment, modification and/or supplement must be:
- (a) set out in writing;
  - (b) filed with the Court and, if made following the Usha Meeting, approved by the Court; and
  - (c) communicated to holders of Usha Shares and Spinco Shares, as the case may be, if and as required by the Court.

- 6.2 Any amendment, modification or supplement to this Plan of Arrangement may be proposed by Usha at any time prior to the Usha Meeting with or without any other prior notice or communication, and if so proposed and accepted by the persons voting at the Usha Meeting (other than as may be required under the Interim Order), shall become part of this Plan of Arrangement for all purposes.
- 6.3 Usha, with the consent of the other parties, may amend, modify and/or supplement this Plan of Arrangement at any time and from time to time after the Usha Meeting and prior to the Effective Date with the approval of the Court.
- 6.4 Any amendment, modification or supplement to this Plan of Arrangement may be made following the Effective Date but shall only be effective if it is consented to by the Parties, provided that such amendment, modification or supplement concerns a matter which, in the reasonable opinion of the Parties, is of an administrative nature required to better give effect to the implementation of this Plan of Arrangement and is not adverse to the financial or economic interests of any of the Parties or any former holder of Usha Shares and Spinco Shares as the case may be.

**ARTICLE 7.**  
**REFERENCE DATE**

- 7.1 This Plan of Arrangement is dated for reference May 10, 2022.

**SCHEDULE A  
TO THE PLAN OF ARRANGEMENT**

**SPECIAL RIGHTS AND RESTRICTIONS FOR CLASS A PREFERRED SHARES**

The Class A Preferred Shares as a class has or shall have attached to them the following special rights and restrictions:

**Definitions**

- (1) In these Special Rights and Restrictions,
  - (a) “**Arrangement**” means the arrangement pursuant to Division 5 of Part 9 of the Business Corporations Act (British Columbia) S.B.C 2002, c.57 as contemplated by the Arrangement Agreement,
  - (b) “**Arrangement Agreement**” means the Arrangement Agreement dated as of May 10, 2022 between Usha Resources Ltd. (the “**Company**”) and Formation Metals Inc.,
  - (c) “**Old Common Shares**” means the common shares in the authorized share structure of the Company that have been re-designated as the Usha Class A Common Shares without par value pursuant to the Plan of Arrangement,
  - (d) “**Effective Date**” means the date upon which the Arrangement becomes effective,
  - (e) “**New Usha Shares**” means the common shares without par value created in the authorized share structure of the Company pursuant to the Plan of Arrangement, and
  - (f) “**Plan of Arrangement**” means the Plan of Arrangement attached as Schedule “A” to the Arrangement Agreement.
- (2) The holders of the Class A Preferred Shares are not as such entitled to receive notice of, nor to attend or vote at, any general meeting of the shareholders of the Company.
- (3) Class A Preferred Shares shall only be issued on the exchange of Old Common Shares for New Usha Shares and Class A Preferred Shares pursuant to and in accordance with the Plan of Arrangement.
- (4) The capital to be allocated to the Class A Preferred Shares shall be the amount determined in accordance with §3.1(d) of the Plan of Arrangement.
- (5) The Class A Preferred Shares shall be redeemable by the Company pursuant to and in accordance with the Plan of Arrangement.
- (6) Any Class A Preferred Share that is or is deemed to be redeemed pursuant to and in accordance with the Plan of Arrangement shall be cancelled and may not be reissued.

**SCHEDULE B  
TO THE ARRANGEMENT AGREEMENT**

**ASSETS**

**1) 85% interest in Mineral Property No. 1**

PIN 56037 - 0104 LT Interest/Estate Fee Simple

Description PCL 3810 SEC RAINY RIVER; W 1/2 LT 9 CON 1 DOBIE EXCEPT SLT5913; S/T

A14512; CHAPPLE

Address DISTRICT OF RAINY RIVER

**2) 85% interest in Mineral Property No. 2**

PIN 56037 - 0214 LT Interest/Estate Fee Simple

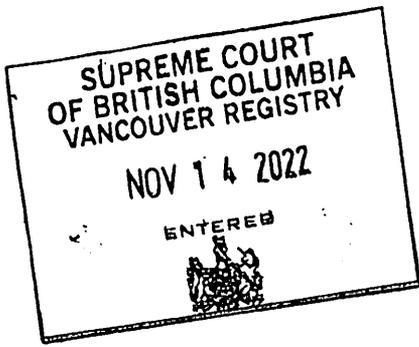
Description EAST 1/2 LOT 9 CONCESSION 1 DOBIE EXCEPT SURFACE RIGHTS ONLY PART 1

48R4511; SUBJECT TO AN EASEMENT OVER PART 12 48R996 AS IN A14511;

TOWNSHIP OF CHAPPLE

Address DISTRICT OF RAINY RIVER

**3) PROPERTY OPTION AGREEMENT BETWEEN EMERALD LAKE DEVELOPMENT CORPORATION  
AND USHA RESOURCES LTD. DATED MARCH 7, 2019 AS AMENDED.**



APPENDIX C

NO. S-228945  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING USHA RESOURCES LTD.,  
FORMATION METALS INC. AND THE SHAREHOLDERS OF USHA RESOURCES LTD.

**USHA RESOURCES LTD.**

PETITIONER

**ORDER MADE AFTER APPLICATION**

**INTERIM ORDER**

BEFORE MASTER *MJR*

THE 14<sup>th</sup> DAY OF NOVEMBER, 2022

ON THE APPLICATION WITHOUT NOTICE of the Petitioner, Usha Resources Ltd. (“USHA”) for an interim order (the “**Interim Order**”) pursuant to its Petition dated November 4, 2022, coming on for hearing at Vancouver, British Columbia, on the 14<sup>th</sup> day of November, 2022, and on hearing Linas Antanavicius, counsel for the Petitioner, and upon reading the Petition herein and the Affidavit #1 of Navin Varshney made on November 4, 2022 and the pleadings filed herein:

THIS COURT ORDERS that:

**Definitions**

1. As used in this Order, unless otherwise defined, terms beginning with capital letters have the respective meanings set out in the notice of meeting and management information circular (the “**Circular**”) for the annual general and special meeting (the “**Meeting**”) of shareholders of USHA (the “**USHA Shareholders**”) attached as **Exhibit “B”** to the Affidavit of Navin Varshney sworn on November 4, 2022 (the “**Varshney Affidavit**”).

## **The Meeting**

2. Pursuant to Sections 289 and 291 of the *Business Corporations Act*, S.B.C., 2002, c. 57, as amended (the “BCBCA”), USHA is authorized and directed to call, hold and conduct the Meeting of the USHA Shareholders to be held at 11:00 a.m. (Vancouver time) on December 16, 2022 at Suite 1150-789 West Pender Street, Vancouver, British Columbia, V6C 1H2 or any other location in British Columbia to:

- (a) consider, and if thought advisable, to pass, with or without amendment, a special resolution (the “**Arrangement Resolution**”) to approve an arrangement (the “**Arrangement**”) under section 288 of the BCBCA, the full text of which resolution is set forth in Appendix A to, and all as more particularly described in the Circular; and
- (b) consider other matters, including without limitation such amendments or variations to the foregoing matters, as may properly come before the Meeting or any adjournment thereof.

3. The Meeting shall be called, held and conducted in accordance with the BCBCA, the Circular and the articles of USHA, subject to the terms of this Interim Order, and any further Order of this Court, and the rulings and directions of the Chair of the Meeting, such rulings and directions not to be inconsistent with this Interim Order.

## **Adjournment of the Meeting**

4. USHA, if it deems advisable, is specifically authorized to adjourn or postpone the Meeting on one or more occasions, without the necessity of first convening the Meeting or first obtaining any vote of the USHA Shareholders respecting the adjournment or postponement and without the need for approval of the Court. Notice of any such adjournments or postponements shall be given by news release, newspaper advertisement, or by notice sent to USHA Shareholders by one of the methods specified in paragraph 9 of this Interim Order.

5. The Record Date (as defined in paragraph 7 below) shall not change in respect of adjournments or postponements of the Meeting.

## **Amendments**

6. Prior to the Meeting, USHA is authorized to make such amendments, revisions or supplements to the Arrangement in accordance with the Arrangement Agreement without any additional notice to the USHA Shareholders, and the Arrangement as so amended, revised and supplemented shall be the Arrangement submitted to the Meeting, and the subject of the Arrangement Resolution.

## **Record Date**

7. The record date for determining the USHA Shareholders entitled to receive notice of, attend and vote at the Meeting shall be October 25, 2022 (the “**Record Date**”), as previously approved by the board of directors of USHA (the “**Board**”) or such other date as the Board may determine as disclosed to the USHA Shareholders in the manner they see fit.

## **The Meeting Materials**

8. The Circular is hereby deemed to represent sufficient and adequate disclosure, including for the purpose of Section 290(1)(a) of the BCBCA, and USHA shall not be required to send to the USHA Shareholders any other or additional statement pursuant to Section 290(1)(a) of the BCBCA.

9. The Circular, form of proxy and voting instructions in substantially the same form as contained in **Exhibits “B”, “C” and “D”** to the Affidavit #1 of Navin Varshney (collectively, the “**Meeting Materials**”), with such deletions, amendments, corrections or additions thereto as counsel for the Petitioner may advise are necessary or desirable, provided that such amendments are not inconsistent with the terms of this Interim Order, shall be sent to:

- (a) the USHA Shareholders as they appear on the securities registers of USHA as at the Record Date, such Meeting Materials to be sent at least twenty-one (21) days prior to the date of the Meeting by one or more of the following methods:
  - (i) by prepaid ordinary or air mail addressed to the USHA Shareholder at his, her or its address as it appears on the applicable register of holders of USHA as at the Record Date;
  - (ii) by delivery in person or by delivery to the addresses specified in paragraph 9 (a)(i) above; or

- (iii) by email or facsimile transmission to any USHA Shareholder who identifies himself, herself or itself to the satisfaction of USHA, acting through its representatives, who requests such email or facsimile transmission; and
- (b) in the case of non-registered USHA Shareholders, by providing copies of the Meeting Materials to intermediaries and registered nominees for sending to beneficial owners;

and substantial compliance with this paragraph shall constitute good and sufficient notice of the Meeting.

10. Accidental failure of or omission by USHA to give notice to any one or more USHA Shareholders, or the non-receipt of such notice by one or more USHA Shareholders, or any failure or omission to give such notice as a result of events beyond the reasonable control of USHA (including, without limitation, any inability to use postal services), shall not constitute a breach of this Interim Order or, in relation to notice to USHA Shareholders, a defect in the calling of the Meeting, and shall not invalidate any resolution passed or proceeding taken at the Meeting, but if any such failure or omission is brought to the attention of USHA then it shall use reasonable best efforts to rectify it by the method and in the time most reasonably practicable in the circumstances.

#### **Deemed Receipt of Meeting Materials**

11. The Meeting Materials shall be deemed, for the purposes of this Order, to have been received:

- (a) in the case of mailing, the day, Saturdays and holidays excepted, following the date of mailing;
- (b) in the case of delivery in person, the day following personal delivery or the day following delivery to the person's address in paragraph 9 above; and
- (c) in the case of any means of transmitted, recorded or electronic communication, when dispatched or delivered for dispatch.

### **Updating Meeting Materials**

12. Notice of any amendments, updates or supplement to any of the information provided in the Meeting Materials may be communicated to the USHA Shareholders by news release, newspaper advertisement or by notice sent to the USHA Shareholders by any of the means set forth in paragraph 9 herein, as determined to be the most appropriate method of communication by the Board.

### **Quorum and Voting**

13. The quorum for the Meeting shall be the quorum for the approval of a special resolution pursuant to the articles of USHA.

14. The votes taken at the Meeting shall be taken on the basis of one vote per common share and the vote required to pass the Arrangement Resolution shall be the affirmative vote of at least 66 <sup>2</sup>/<sub>3</sub>% of the aggregate votes cast by the USHA Shareholders, voting as a single class, present in person or represented by proxy at the Meeting.

15. In all other respects, the terms, restrictions and conditions of the articles of USHA will apply in respect of the Meeting.

### **Permitted Attendees**

16. The only persons entitled to attend the Meeting shall be the registered USHA Shareholders or their respective proxyholders as of the Record Date, USHA's Board, officers, auditors, the directors, officers, auditors and advisors of Formation Metals Inc., and any other person admitted on the invitation of the Chair or with the consent of the Meeting, and the only persons entitled to be represented and to vote at the Meeting shall be the registered USHA Shareholders as at the close of business on the Record Date, or their respective proxyholders.

### **Scrutineers**

17. A representative of USHA's registrar and transfer agent (or any agent thereof) is authorized to act as scrutineer for the Meeting.

### **Solicitation of Proxies**

18. USHA is authorized to use the form of proxy in connection with the Meeting, in substantially the same form as attached as **Exhibit “C”** to the Affidavit #1 of Navin Varshney and USHA may in its discretion waive generally the time limits for deposit of proxies by USHA Shareholders if USHA deems it reasonable to do so. USHA is authorized, at its expense, to solicit proxies, directly and through its officers, directors and employees, and through such agents or representatives as it may retain for the purpose, and by mail or such other forms of personal or electronic communication as it may determine.

19. The procedure for the use of proxies at the Meeting shall be as set out in the Meeting Materials.

### **Dissent Rights**

20. Each of the USHA Shareholders may exercise rights of dissent (“**Dissent Rights**”) under Division 2 of Part 8 of the BCBCA, as modified by the Plan of Arrangement with respect to common shares of USHA in connection with the Arrangement, provided that the notice of dissent contemplated by Section 242 of the BCBCA must be received by USHA at its head office at 1575 Kamloops Street, Vancouver, British Columbia, V5K 3W1, Attention: CEO, by 11:00 a.m. (Vancouver time) on December 14, 2022, or two business days prior to the date of the Meeting or any date to which the Meeting may be postponed or adjourned.

### **Application for Final Order**

21. Upon the approval, with or without variation by the USHA Shareholders of the Arrangement, in the manner set forth in this Interim Order, USHA may apply to this Court for, *inter alia*, an Order:

- (a) pursuant to BCBCA Section 291(4)(a) approving the Arrangement; and
- (b) pursuant to BCBCA Section 291(4)(c) declaring that the terms and conditions of the Arrangement are fair and reasonable (both procedurally and substantively).

(collectively, the “**Final Order**”)

and that the hearing of the Final Order will be held on January 6, 2023 at 9:45 a.m. (Vancouver time) at the Courthouse at 800 Smithe Street, Vancouver, British Columbia or as soon thereafter as the hearing of the Final Order can be heard or at such other date and time as this Court may direct.

22. The form of Notice of Hearing of Petition, attached as **Appendix “E”** to the Circular, is hereby approved as the form of notice of proceedings for such approval.

23. Any USHA Shareholder has the right to appear (either in person or by counsel) and make submissions at the hearing of the application for the Final Order.

24. Any USHA Shareholder, director or auditor of the Petitioner, or any other interested party with leave of the Court, may appear at the hearing of the Final Order provided that such person shall file a Response to the Petition herein in the form prescribed by the Rules of Court of the Supreme Court of British Columbia, and deliver a copy of the filed Response, together with a copy of all material on which such person intends to rely at the hearing, to counsel for the Petitioner at its address for delivery as set out in the Petition, on or before 4:00 p.m. (Vancouver Time) on December 15, 2022, or as the Court may otherwise direct.

25. Sending the Notice of Hearing of Petition and this Interim Order as attached to the Circular in accordance with paragraph 9 of this Order shall constitute good and sufficient service of the within proceedings and no other form of service need be made and no other material need be served on such persons in respect of these proceedings and that service of the affidavits in support is dispensed with.

26. In the event the hearing for the Final Order is adjourned, only those persons who have filed and delivered a Response to Petition in accordance with this Interim Order need be served with materials filed in this proceeding and provided with notice of the adjourned hearing date.

#### **Variance and Further Court Orders**

27. The Petitioner shall be entitled, at any time, to apply to vary this Interim Order or to apply for further Orders as may be appropriate.

28. British Columbia Supreme Court Civil Rules 8-1 and 16-1(3) will not apply to any further applications in respect of this proceeding, including the application for the Final Order and any application to vary this Interim Order.

THE FOLLOWING PARTIES APPROVE THE FORM OF THIS ORDER AND CONSENT TO EACH OF THE ORDERS, IF ANY, THAT ARE INDICATED ABOVE AS BEING BY CONSENT:

  
\_\_\_\_\_  
Linas Antanavicius  
COUNSEL FOR THE PETITIONER BY THE

COURT  
  
\_\_\_\_\_  
REGISTRAR



## **APPENDIX D - DISSENT PROCEDURES**

Pursuant to the Interim Order, USHA Shareholders have the right to dissent to the Arrangement. Such right of dissent is described in the Circular. See *Rights of Dissent* for details of the right to dissent and the procedure for compliance with the right of dissent. The full text of Sections 237 to 247 of the BCBCA is set forth below. Note that certain provisions of Sections 237 to 247 have been modified by the Interim Order.

### **SECTIONS 237 TO 247 OF THE BUSINESS CORPORATIONS ACT (BRITISH COLUMBIA)**

#### **Definitions and application**

237 (1) In this Division:

“**dissenter**” means a shareholder who, being entitled to do so, sends written notice of dissent when and as required by section 242;

“**notice shares**” means, in relation to a notice of dissent, the shares in respect of which dissent is being exercised under the notice of dissent;

“**payout value**” means,

- (a) in the case of a dissent in respect of a resolution, the fair value that the notice shares had immediately before the passing of the resolution,
- (b) in the case of a dissent in respect of an arrangement approved by a court order made under section 291(2)(c) that permits dissent, the fair value that the notice shares had immediately before the passing of the resolution adopting the arrangement, or
- (c) in the case of a dissent in respect of a matter approved or authorized by any other court order that permits dissent, the fair value that the notice shares had at the time specified by the court order,  
  
excluding any appreciation or depreciation in anticipation of the corporate action approved or authorized by the resolution or court order unless exclusion would be inequitable.

(2) This Division applies to any right of dissent exercisable by a shareholder except to the extent that

- (a) the court orders otherwise, or
- (b) in the case of a right of dissent authorized by a resolution referred to in section

238 (1)(g), the court orders otherwise or the resolution provides otherwise.

#### **Right to dissent**

238 (1) A shareholder of a company, whether or not the shareholder’s shares carry the right to vote, is entitled to dissent as follows:

- (a) under section 260, in respect of a resolution to alter the articles (i) to alter restrictions on the powers of the company or on the business it is permitted to carry on;
- (b) under section 272, in respect of a resolution to adopt an amalgamation agreement;
- (c) under section 287, in respect of a resolution to approve an amalgamation under Division 4 of Part 9;
- (d) in respect of a resolution to approve an arrangement, the terms of which arrangement permit dissent;

- (e) under section 301(5), in respect of a resolution to authorize or ratify the sale, lease or other disposition of all or substantially all of the company's undertaking;
  - (f) under section 309, in respect of a resolution to authorize the continuation of the company into a jurisdiction other than British Columbia;
  - (g) in respect of any other resolution, if dissent is authorized by the resolution;
  - (h) in respect of any court order that permits dissent.
- (2) A shareholder wishing to dissent must
- (a) prepare a separate notice of dissent under section 242 for
    - (i) the shareholder, if the shareholder is dissenting on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is dissenting,
  - (b) identify in each notice of dissent, in accordance with section 242(4), the person on whose behalf dissent is being exercised in that notice of dissent, and
  - (c) dissent with respect to all of the shares, registered in the shareholder's name, of which the person identified under paragraph (b) of this subsection is the beneficial owner.
- (3) Without limiting subsection (2), a person who wishes to have dissent exercised with respect to shares of which the person is the beneficial owner must
- (a) dissent with respect to all of the shares, if any, of which the person is both the registered owner and the beneficial owner, and
  - (b) cause each shareholder who is a registered owner of any other shares of which the person is the beneficial owner to dissent with respect to all of those shares.

### **Waiver of right to dissent**

- 239 (1) A shareholder may not waive generally a right to dissent but may, in writing, waive the right to dissent with respect to a particular corporate action.
- (2) A shareholder wishing to waive a right of dissent with respect to a particular corporate action must
- (a) provide to the company a separate waiver for
    - (i) the shareholder, if the shareholder is providing a waiver on the shareholder's own behalf, and
    - (ii) each other person who beneficially owns shares registered in the shareholder's name and on whose behalf the shareholder is providing a waiver, and
  - (b) identify in each waiver the person on whose behalf the waiver is made.
- (3) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on the shareholder's own behalf, the shareholder's right to dissent with respect to the particular corporate action terminates in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and this Division ceases to apply to
- (a) the shareholder in respect of the shares of which the shareholder is both the registered owner and the beneficial owner, and

- (b) any other shareholders, who are registered owners of shares beneficially owned by the first mentioned shareholder, in respect of the shares that are beneficially owned by the first mentioned shareholder.

(4) If a shareholder waives a right of dissent with respect to a particular corporate action and indicates in the waiver that the right to dissent is being waived on behalf of a specified person who beneficially owns shares registered in the name of the shareholder, the right of shareholders who are registered owners of shares beneficially owned by that specified person to dissent on behalf of that specified person with respect to the particular corporate action terminates and this Division ceases to apply to those shareholders in respect of the shares that are beneficially owned by that specified person.

### **Notice of resolution**

240 (1) If a resolution in respect of which a shareholder is entitled to dissent is to be considered at a meeting of shareholders, the company must, at least the prescribed number of days before the date of the proposed meeting, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a notice of the meeting that specifies the date of the meeting, and contains a statement advising of the right to send a notice of dissent.

(2) If a resolution in respect of which a shareholder is entitled to dissent is to be passed as a consent resolution of shareholders or as a resolution of directors and the earliest date on which that resolution can be passed is specified in the resolution or in the statement referred to in paragraph (b), the company may, at least 21 days before that specified date, send to each of its shareholders, whether or not their shares carry the right to vote,

- (a) a copy of the proposed resolution, and
- (b) a statement advising of the right to send a notice of dissent.

(3) If a resolution in respect of which a shareholder is entitled to dissent was or is to be passed as a resolution of shareholders without the company complying with subsection (1) or (2), or was or is to be passed as a directors' resolution without the company complying with subsection (2), the company must, before or within 14 days after the passing of the resolution, send to each of its shareholders who has not, on behalf of every person who beneficially owns shares registered in the name of the shareholder, consented to the resolution or voted in favour of the resolution, whether or not their shares carry the right to vote,

- (a) a copy of the resolution,
- (b) a statement advising of the right to send a notice of dissent, and
- (c) if the resolution has passed, notification of that fact and the date on which it was passed.

(4) Nothing in subsection (1), (2) or (3) gives a shareholder a right to vote in a meeting at which, or on a resolution on which, the shareholder would not otherwise be entitled to vote.

### **Notice of court orders**

241 If a court order provides for a right of dissent, the company must, not later than 14 days after the date on which the company receives a copy of the entered order, send to each shareholder who is entitled to exercise that right of dissent

- (a) a copy of the entered order, and
- (b) a statement advising of the right to send a notice of dissent.

## Notice of dissent

- 242 (1) A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(a), (b), (c), (d), (e) or (f) must,
- (a) if the company has complied with section 240(1) or (2), send written notice of dissent to the company at least 2 days before the date on which the resolution is to be passed or can be passed, as the case may be,
  - (b) if the company has complied with section 240(3), send written notice of dissent to the company not more than 14 days after receiving the records referred to in that section, or
  - (c) if the company has not complied with section 240(1), (2) or (3), send written notice of dissent to the company not more than 14 days after the later of
    - (i) the date on which the shareholder learns that the resolution was passed, and
    - (ii) the date on which the shareholder learns that the shareholder is entitled to dissent.
1. A shareholder intending to dissent in respect of a resolution referred to in section 238(1)(g) must send written notice of dissent to the company
- (a) on or before the date specified by the resolution or in the statement referred to in section 240(2)(b) or (3)(b) as the last date by which notice of dissent must be sent, or
  - (b) if the resolution or statement does not specify a date, in accordance with subsection (1) of this section.
- (3) A shareholder intending to dissent under section 238(1)(h) in respect of a court order that permits dissent must send written notice of dissent to the company
- (a) within the number of days, specified by the court order, after the shareholder receives the records referred to in section 241, or
  - (b) if the court order does not specify the number of days referred to in paragraph (a) of this subsection, within 14 days after the shareholder receives the records referred to in section 241.
- (4) A notice of dissent sent under this section must set out the number, and the class and series, if applicable, of the notice shares, and must set out whichever of the following is applicable:
- (a) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner and the shareholder owns no other shares of the company as beneficial owner, a statement to that effect;
  - (b) if the notice shares constitute all of the shares of which the shareholder is both the registered owner and beneficial owner but the shareholder owns other shares of the company as beneficial owner, a statement to that effect and
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) a statement that notices of dissent are being, or have been, sent in respect of all of those other shares;
  - (c) if dissent is being exercised by the shareholder on behalf of a beneficial owner who is not the dissenting shareholder, a statement to that effect and

- (i) the name and address of the beneficial owner, and
- (ii) a statement that the shareholder is dissenting in relation to all of the shares beneficially owned by the beneficial owner that are registered in the shareholder's name.

(5) The right of a shareholder to dissent on behalf of a beneficial owner of shares, including the shareholder, terminates and this Division ceases to apply to the shareholder in respect of that beneficial owner if subsections (1) to (4) of this section, as those subsections pertain to that beneficial owner, are not complied with.

### **Notice of intention to proceed**

- 243 (1) A company that receives a notice of dissent under section 242 from a dissenter must,
- (a) if the company intends to act on the authority of the resolution or court order in respect of which the notice of dissent was sent, send a notice to the dissenter promptly after the later of
    - (i) the date on which the company forms the intention to proceed, and
    - (ii) the date on which the notice of dissent was received, or
  - (b) if the company has acted on the authority of that resolution or court order, promptly send a notice to the dissenter.
- (2) A notice sent under subsection (1) (a) or (b) of this section must
- (a) be dated not earlier than the date on which the notice is sent,
  - (b) state that the company intends to act, or has acted, as the case may be, on the authority of the resolution or court order, and
  - (c) advise the dissenter of the manner in which dissent is to be completed under section 244.

### **Completion of dissent**

- 244 (1) A dissenter who receives a notice under section 243 must, if the dissenter wishes to proceed with the dissent, send to the company or its transfer agent for the notice shares, within one month after the date of the notice,
- (a) a written statement that the dissenter requires the company to purchase all of the notice shares,
  - (b) the certificates, if any, representing the notice shares, and if section 242(4)(c) applies, a written statement that complies with subsection of this section.
- (2) The written statement referred to in subsection (1)(c) must
- (a) be signed by the beneficial owner on whose behalf dissent is being exercised, and
  - (b) set out whether or not the beneficial owner is the beneficial owner of other shares of the company and, if so, set out
    - (i) the names of the registered owners of those other shares,
    - (ii) the number, and the class and series, if applicable, of those other shares that are held by each of those registered owners, and
    - (iii) that dissent is being exercised in respect of all of those other shares.
- (3) After the dissenter has complied with subsection (1),

- (a) the dissenter is deemed to have sold to the company the notice shares, and
  - (b) the company is deemed to have purchased those shares, and must comply with section 245, whether or not it is authorized to do so by, and despite any restriction in, its memorandum or articles.
- (4) Unless the court orders otherwise, if the dissenter fails to comply with subsection (1) of this section in relation to notice shares, the right of the dissenter to dissent with respect to those notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares.
- (5) Unless the court orders otherwise, if a person on whose behalf dissent is being exercised in relation to a particular corporate action fails to ensure that every shareholder who is a registered owner of any of the shares beneficially owned by that person complies with subsection (1) of this section, the right of shareholders who are registered owners of shares beneficially owned by that person to dissent on behalf of that person with respect to that corporate action terminates and this Division, other than section 247, ceases to apply to those shareholders in respect of the shares that are beneficially owned by that person.
- (6) A dissenter who has complied with subsection (1) of this section may not vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, other than under this Division.

### **Payment for notice shares**

245 (1) A company and a dissenter who has complied with section 244(1) may agree on the amount of the payout value of the notice shares and, in that event, the company must

- (a) promptly pay that amount to the dissenter, or
- (b) if subsection (5) of this section applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.

(2) A dissenter who has not entered into an agreement with the company under subsection (1) or the company may apply to the court and the court may

- (a) determine the payout value of the notice shares of those dissenters who have not entered into an agreement with the company under subsection (1), or order that the payout value of those notice shares be established by arbitration or by reference to the registrar, or a referee, of the court,
- (b) join in the application each dissenter, other than a dissenter who has entered into an agreement with the company under subsection (1), who has complied with section 244(1), and
- (c) make consequential orders and give directions it considers appropriate.

(3) Promptly after a determination of the payout value for notice shares has been made under subsection (2) (a) of this section, the company must

- (a) pay to each dissenter who has complied with section 244(1) in relation to those notice shares, other than a dissenter who has entered into an agreement with the company under subsection (1) of this section, the payout value applicable to that dissenter's notice shares, or
  - (b) if subsection (5) applies, promptly send a notice to the dissenter that the company is unable lawfully to pay dissenters for their shares.
- (4) If a dissenter receives a notice under subsection (1) (b) or (3) (b),
- (a) the dissenter may, within 30 days after receipt, withdraw the dissenter's notice of dissent, in which case the company is deemed to consent to the withdrawal and this Division, other than section 247, ceases to apply to the dissenter with respect to the notice shares, or
  - (b) if the dissenter does not withdraw the notice of dissent in accordance with paragraph (a) of this subsection, the dissenter retains a status as a claimant against the company, to be paid as soon as the

company is lawfully able to do so or, in a liquidation, to be ranked subordinate to the rights of creditors of the company but in priority to its shareholders.

(5) A company must not make a payment to a dissenter under this section if there are reasonable grounds for believing that

- (a) the company is insolvent, or
- (b) the payment would render the company insolvent.

### **Loss of right to dissent**

246 The right of a dissenter to dissent with respect to notice shares terminates and this Division, other than section 247, ceases to apply to the dissenter with respect to those notice shares, if, before payment is made to the dissenter of the full amount of money to which the dissenter is entitled under section 245 in relation to those notice shares, any of the following events occur:

- (a) the corporate action approved or authorized, or to be approved or authorized, by the resolution or court order in respect of which the notice of dissent was sent is abandoned;
- (b) the resolution in respect of which the notice of dissent was sent does not pass;
- (c) the resolution in respect of which the notice of dissent was sent is revoked before the corporate action approved or authorized by that resolution is taken;
- (d) the notice of dissent was sent in respect of a resolution adopting an amalgamation agreement and the amalgamation is abandoned or, by the terms of the agreement, will not proceed;
- (e) the arrangement in respect of which the notice of dissent was sent is abandoned or by its terms will not proceed;
- (f) a court permanently enjoins or sets aside the corporate action approved or authorized by the resolution or court order in respect of which the notice of dissent was sent;
- (g) with respect to the notice shares, the dissenter consents to, or votes in favour of, the resolution in respect of which the notice of dissent was sent;
- (h) the notice of dissent is withdrawn with the written consent of the company;
- (i) the court determines that the dissenter is not entitled to dissent under this Division or that the dissenter is not entitled to dissent with respect to the notice shares under this Division.

### **Shareholders entitled to return of shares and rights**

247 If, under section 244(4) or (5), 245(4) (a) or 246, this Division, other than this section, ceases to apply to a dissenter with respect to notice shares,

- (a) the company must return to the dissenter each of the applicable share certificates, if any, sent under section 244(1)(b) or, if those share certificates are unavailable, replacements for those share certificates,
- (b) the dissenter regains any ability lost under section 244(6) to vote, or exercise or assert any rights of a shareholder, in respect of the notice shares, and
- (c) the dissenter must return any money that the company paid to the dissenter in respect of the notice shares under, or in purported compliance with, this Division.

APPENDIX E

NO. S-228945  
VANCOUVER REGISTRY

**IN THE SUPREME COURT OF BRITISH COLUMBIA**

IN THE MATTER OF A PROPOSED ARRANGEMENT INVOLVING USHA RESOURCES LTD.,  
FORMATION METALS INC. AND THE SHAREHOLDERS OF USHA RESOURCES LTD.

**USHA RESOURCES LTD.**

PETITIONER

**NOTICE OF HEARING**

To: The Shareholders of Usha Resources Ltd.

TAKE NOTICE that a Petition has been filed by Usha Resources Ltd. (the “**Petitioner**”) in the Supreme Court of British Columbia for approval of the plan of arrangement (the “**Arrangement**”), pursuant to the Business Corporations Act, S.B.C 2002, Chapter 57, as amended.

AND TAKE FURTHER NOTICE that by an Interim Order of the Supreme Court of British Columbia, pronounced on November 14, 2022, the Court has given directions as to the calling of a special meeting of the holders of commons shares (the “**Usha Shareholders**”) in the capital of the Petitioner for the purpose, inter alia, of considering and voting upon the Arrangement and approving the Arrangement.

AND TAKE FURTHER NOTICE that the Petition of the Petitioner dated November 4, 2022 for a Final Order approving the Arrangement and for a determination that the terms and conditions of the Arrangement are fair to the Usha Shareholders shall be heard before the presiding judge in Chambers at the courthouse at 800 Smithe Street, Vancouver, British Columbia on January 6, 2023 at 9:45 a.m. or soon thereafter as counsel may be heard.

A copy of the said Petition and other documents in the proceedings will be furnished to any Usha Shareholder upon request in writing to the Petitioner’s counsel at 1150 – 789 West Pender Street, Vancouver, BC V6C 1H2.

**1. Date of Hearing**

The Petition is unopposed, by consent or without notice.

*The date of the hearing has been determined pursuant to the Interim Order. The Petitioner expects that the Petition will be unopposed.*

**2. Duration of Hearing**

The time estimate of the Petitioner is 15 minutes.

**3. Jurisdiction**

This matter is not within the jurisdiction of a master

Dated at the City of Vancouver, in the Province of British Columbia on November 14, 2022.



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Linus Antanavicius  
COUNSEL FOR THE PETITIONER

This Notice of Hearing is filed by Linas Antanavicius, Barrister & Solicitor whose place of business and address for delivery is 1150 – 789 West Pender Street, Vancouver, British Columbia V6C 1H2.

## SCHEDULE A

### USHA RESOURCES LTD. AUDIT COMMITTEE CHARTER

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#### MANDATE

The Audit Committee (the "Committee") of the Board of Directors (the "Board") of Usha Resources Ltd. (the "Company") shall assist the Board in fulfilling its financial oversight responsibilities. The Committee's primary duties and responsibilities under this mandate are to serve as an independent and objective party to monitor:

1. The quality and integrity of the Company's financial statements and other financial information;
2. The compliance of such statements and information with legal and regulatory requirement;
3. The qualifications and independence of the Company's independent external auditor (the "Auditor"); and
4. The performance of the Company's internal accounting procedures and Auditor.

#### I. STRUCTURE AND OPERATIONS

##### A. Composition

The Committee shall be comprised of three or more members.

##### B. Qualifications

Each member of the Committee must be a member of the Board.

Each member of the Committee must be able to read and understand fundamental financial statements, including the Company's balance sheet, income statement and cash flow statement.

##### C. Appointment and Removal

In accordance with the Articles of the Company, the members of the Committee shall be appointed by the Board and shall serve until such member's successor is duly elected and qualified or until such member's earlier resignation or removal. Any member of the Committee may be removed, with or without cause, by a majority vote of the Board.

##### D. Chair

Unless the Board shall select a Chair, the members of the Committee shall designate a Chair by the majority vote of all of the members of the Committee. The Chair shall call, set the agendas for and chair all meetings of the Committee.

**E. Meetings**

***The Committee shall meet as frequently as circumstances dictate. The Auditor shall be given reasonable notice of, and be entitled to attend and speak at, each meeting of the Committee concerning the Company's annual financial statements and, if the Committee feels it is necessary or appropriate, at every other meeting. On request by the Auditor, the Chair shall call a meeting of the Committee to consider any matter that the Auditor believes should be brought to the attention of the Committee, the Board or the shareholders of the Company.***

***At each meeting, a quorum shall consist of a majority of members that are not officers or employees of the Company or of an affiliate of the Company.***

As part of its goal to foster open communication, the Committee may periodically meet separately with each of management and the Auditor to discuss any matters that the Committee or any of these groups believes would be appropriate to discuss privately. In addition, the Committee should meet with the Auditor and management annually to review the Company's financial statements in a manner consistent with Section III of this Charter.

The Committee may invite to its meetings any director, any manager of the Company, and any other person whom it deems appropriate to consult in order to carry out its responsibilities. The Committee may also exclude from its meetings any person it deems appropriate to exclude in order to carry out its responsibilities.

**II. DUTIES**

**A. Introduction**

The following functions shall be the common recurring duties of the Committee in carrying out its purposes outlined in Section I of this Charter. These duties should serve as a guide with the understanding that the Committee may fulfill additional duties and adopt additional policies and procedures as may be appropriate in light of changing business, legislative, regulatory or other conditions. The Committee shall also carry out any other responsibilities and duties delegated to it by the Board from time to time related to the purposes of the Committee outlined in Section I of this Charter.

The Committee, in discharging its oversight role, is empowered to study or investigate any matter of interest or concern which the Committee in its sole discretion deems appropriate for study or investigation by the Committee.

The Committee shall be given full access to the Company's internal accounting staff, managers, other staff and Auditor as necessary to carry out these duties. While acting within the scope of its stated purpose, the Committee shall have all the authority of, but shall remain subject to, the Board.

**B. Powers and Responsibilities**

The Committee will have the following responsibilities and, in order to perform and discharge these responsibilities, will be vested with the powers and authorities set forth below, namely, the Committee shall:

*Independence of Auditor*

- 1) Review and discuss with the Auditor any disclosed relationships or services that may impact the objectivity and independence of the Auditor and, if necessary, obtain a formal written statement from the Auditor setting forth all relationships between the Auditor and the Company.
- 2) Take, or recommend that the Board take, appropriate action to oversee the independence of the Auditor.
- 3) Require the Auditor to report directly to the Committee.
- 4) Review and approve the Company's hiring policies regarding partners, employees and former partners and employees of the Auditor and former independent external auditor of the Company.

*Performance & Completion by Auditor of its Work*

1. Be directly responsible for the oversight of the work by the Auditor (including resolution of disagreements between management and the Auditor regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review or attest services for the Company, including resolution of disagreements between management and the Auditor regarding financial reporting.
2. Review annually the performance of the Auditor and recommend the appointment by the Board of a new, or re-election by the Company's shareholders of the existing, Auditor for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company.
3. Recommend to the Board the compensation of the Auditor.
4. Pre-approve all non-audit services, including the fees and terms thereof, to be performed for the Company by the Auditor.

*Internal Financial Controls & Operations of the Company*

1. Establish procedures for:
  - (a) the receipt, retention and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters; and
  - (b) the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.

*Preparation of Financial Statements*

1. Discuss with management and the Auditor significant financial reporting issues and judgments made in connection with the preparation of the Company's financial statements, including any significant changes in the Company's selection or application of accounting principles, any major issues as to the adequacy of the Company's internal controls and any special steps adopted in light of material control deficiencies.
2. Discuss with management and the Auditor any correspondence with regulators or governmental agencies and any employee complaints or published reports which raise material issues regarding the Company's financial statements or accounting policies.
3. Discuss with management and the Auditor the effect of regulatory and accounting initiatives as well as off-balance sheet structures on the Company's financial statements.
4. Discuss with management the Company's major financial risk exposures and the steps management has taken to monitor and control such exposures, including the Company's risk assessment and risk management policies.
5. Discuss with the Auditor the matters required to be discussed relating to the conduct of any audit, in particular:
  - 1) The adoption of, or changes to, the Company's significant auditing and accounting principles and practices as suggested by the Auditor, internal auditor or management.
  - 2) The management inquiry letter provided by the Auditor and the Company's response to that letter.
  - 3) Any difficulties encountered in the course of the audit work, including any restrictions on the scope of activities or access to requested information, and any significant disagreements with management.

*Public Disclosure by the Company*

1. Review the Company's annual and interim financial statements, management discussion and analysis (MD&A) and earnings press releases before the Board approves and the Company publicly discloses this information.
2. Review the Company's financial reporting procedures and internal controls to be satisfied that adequate procedures are in place for the review of the Company's public disclosure of financial information extracted or derived from its financial statements, other than disclosure described in the previous paragraph, and periodically assessing the adequacy of those procedures.
3. Review disclosures made to the Committee by the Company's Chief Executive Officer and Chief Financial Officer during their certification process of the Company's financial statements about any significant deficiencies in the design or operation of internal controls or material weaknesses therein and any fraud involving management or other employees who have a significant role in the Company's internal controls.

*Manner of Carrying Out its Mandate*

1. Consult, to the extent it deems necessary or appropriate, with the Auditor, but without the presence of management, about the quality of the Company's accounting principles, internal controls and the completeness and accuracy of the Company's financial statements.
2. Request any officer or employee of the Company or the Company's outside counsel or Auditor to attend a meeting of the Committee or to meet with any members of, or consultants to, the Committee.
3. Meet, to the extent it deems necessary or appropriate, with management, any internal auditor and the Auditor in separate executive sessions.
4. Have the authority, to the extent it deems necessary or appropriate, to retain special independent legal, accounting or other consultants to advise the Committee advisors.
5. Make regular reports to the Board.
6. Review and reassess the adequacy of this Charter annually and recommend any proposed changes to the Board for approval.
7. Annually review the Committee's own performance.
8. Provide an open avenue of communication among the Auditor, the Company's financial and senior management and the Board.
9. Not delegate these responsibilities.

**C. Limitation of Audit Committee's Role**

While the Committee has the responsibilities and powers set forth in this Charter, it is not the duty of the Committee to plan or conduct audits or to determine that the Company's financial statements and disclosures are complete and accurate and are in accordance with generally accepted accounting principles and applicable rules and regulations. These are the responsibilities of management and the Auditor.

APPENDIX G

**USHA RESOURCES LTD.**

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

**MARCH 31, 2022**

## INDEPENDENT AUDITOR'S REPORT

To the Shareholders of  
Usha Resources Ltd.

### *Opinion*

We have audited the accompanying consolidated financial statements of Usha Resources Ltd. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2022 and 2021, and the consolidated statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2022 and 2021, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audit 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 Consolidated 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 consolidated 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 audit 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 favourable 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 consolidated 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 consolidated financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the consolidated 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 Consolidated Financial Statements***

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

In preparing the consolidated 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 Consolidated Financial Statements***

Our objectives are to obtain reasonable assurance about whether the consolidated 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 consolidated 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 consolidated 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 consolidated 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 consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

A handwritten signature in black ink that reads "Davidson & Caspary LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

July 27, 2022

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

	March 31, 2022	March 31, 2021
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 1,170,795	\$ 221,758
Receivables	20,763	20,223
Prepaid expenses	206,837	19,885
	<u>1,398,395</u>	<u>261,866</u>
<b>Exploration and evaluation assets</b> (Note 4)	<u>988,645</u>	<u>939,622</u>
	<u>\$ 2,387,040</u>	<u>\$ 1,201,488</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 90,510	\$ 34,941
Flow-through premium liability (Note 5b)	-	66,350
	<u>90,510</u>	<u>101,291</u>
<b>Shareholders' equity</b>		
Share capital (Note 5)	3,658,645	1,727,455
Share subscriptions (Note 5b)	34,000	-
Reserves (Note 5c)	294,382	120,799
Deficit	(1,690,497)	(748,057)
	<u>2,296,530</u>	<u>1,100,197</u>
	<u>\$ 2,387,040</u>	<u>\$ 1,201,488</u>

**Nature and continuance of operations** (Note 1)  
**Subsequent events** (Note 10)

**Approved and authorized for issue by the Board of Directors on July 27, 2022:**

<u>“Navin Varshney”</u> Navin Varshney	Director	<u>“Deepak Varshney”</u> Deepak Varshney	Director
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The accompanying notes are an integral part of these consolidated financial statements.

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

	Year ended March 31, 2022	Year ended March 31, 2021
<b>EXPENSES</b>		
Consulting fees (Note 6)	\$ 646,849	\$ 176,154
Insurance	11,905	95
Office and miscellaneous	21,615	11,007
Professional fees (Note 6)	71,569	67,713
Property investigation	625	51,866
Regulatory and filing fees	31,686	40,948
Rent and administration charges (Note 6)	45,000	19,000
Share-based payments (Note 5c)	161,854	87,945
Transfer agent fees	5,864	6,682
Travel and entertainment	11,495	6,389
	<u>1,008,462</u>	<u>467,799</u>
Foreign exchange loss	1,031	256
Interest income	(703)	(433)
Recovery of flow through share premium liability	<u>(66,350)</u>	<u>-</u>
<b>Loss and comprehensive loss for the year</b>	<b>\$ 942,440</b>	<b>\$ 467,622</b>
<b>Basic and diluted loss per common share</b>	<b>\$ 0.05</b>	<b>\$ 0.04</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>17,266,905</b>	<b>11,263,868</b>

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

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

(Expressed in Canadian Dollars)

	Share Capital (Note 5)		Reserves	Share Subscriptions	Deficit	Total Shareholders' Equity
	Shares	Amount				
Balance, March 31, 2020	10,227,000	\$ 775,436	\$ 42,201	\$ -	\$ (280,435)	\$ 537,202
Shares issued for mineral claims (Note 5b)	1,500,000	295,000	-	-	-	295,000
Private placement (Note 5b)	3,152,270	654,804	-	-	-	654,804
Flow-through premium liability (Note 5b)	-	(24,350)	-	-	-	(24,350)
Share-based payments (Note 5c)	-	-	87,945	-	-	87,945
Share issue costs (Note 5b)	-	(4,061)	1,279	-	-	(2,782)
Warrants exercised (Note 5d)	200,000	20,000	-	-	-	20,000
Fair value of agent's options	-	10,626	(10,626)	-	-	-
Loss and comprehensive loss for the year	-	-	-	-	(467,622)	(467,622)
Balance, March 31, 2021	15,079,270	\$ 1,727,455	\$ 120,799	\$ -	\$ (748,057)	\$ 1,100,197
Shares issued for stock options exercised (Note 5c)	120,000	\$ 19,000	-	-	-	\$ 19,000
Reserve transferred for exercised of shares options (Note 5c)	-	14,069	(14,069)	-	-	-
Private placement (Note 5b)	3,414,335	1,024,300	-	-	-	1,024,300
Share-based payments (Note 5c)	-	-	161,854	-	-	161,854
Share issue costs (Note 5b)	-	(71,809)	25,798	-	-	(46,011)
Share subscriptions (Note 5b)	-	-	-	34,000	-	34,000
Warrants exercised (Note 5d)	4,532,000	945,630	-	-	-	945,630
Loss and comprehensive loss for the year	-	-	-	-	(942,440)	(942,440)
Balance, March 31, 2022	23,145,605	\$ 3,658,645	\$ 294,382	\$ 34,000	\$ (1,690,497)	\$ 2,296,530

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

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

	Year ended March 31, 2022	Year ended March 31, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss and comprehensive loss for the year	\$ (942,440)	\$ (467,622)
Adjustment for item not involving cash:		
Share-based payments	161,854	87,945
Recovery of flow through share premium liability	(66,350)	-
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivable	(540)	(17,803)
(Increase) decrease in prepaid expenses	(186,952)	(19,885)
Increase in accounts payable and accruals	55,569	22,627
Net cash used in operating activities	<u>(978,859)</u>	<u>(394,738)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	<u>(49,023)</u>	<u>(483,055)</u>
Net cash used in investing activities	<u>(49,023)</u>	<u>(483,055)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share issue costs	(46,011)	(2,782)
Share subscriptions	34,000	-
Proceeds from the issuance of share capital	<u>1,988,930</u>	<u>674,804</u>
Net cash provided (used) in financing activities	<u>1,976,919</u>	<u>672,022</u>
<b>Increase (decrease) in cash for the year</b>	<b>949,037</b>	<b>(205,771)</b>
<b>Cash, beginning of year</b>	<u>221,758</u>	<u>427,529</u>
<b>Cash, end of year</b>	<u>\$ 1,170,795</u>	<u>\$ 221,758</u>
<b>Cash paid during the period for interest</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash paid during the period for income taxes</b>	<u>\$ -</u>	<u>\$ -</u>

**Supplemental information:**

During the year ended March 31, 2022, the Company issued warrants valued at \$25,798 as finders' fees on a private placement (Note 5).

During the year ended March 31, 2021, the Company issued 1,500,000 common shares valued at \$295,000 as consideration for an interest in exploration and evaluation assets (Note 4).

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

## USHA RESOURCES LTD.

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022  
(Expressed in Canadian Dollars)

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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 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 400 – 725 Granville Street, Vancouver BC, V7Y 1G5, 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 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.

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 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"). 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.

### **Critical accounting estimates and judgments**

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.
- 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**

#### **Basis of consolidation**

These consolidated financial statements include the financial statements of the Company and its wholly owned subsidiaries, Usha Resources (USA) Corp which was incorporated on June 1, 2020 and Formation Metals Corporation which was incorporated on March 1, 2022. Control exists when the Company has the power, directly or indirectly, to govern the financial and operating policies of an entity so as to obtain benefits from its activities. The financial statements of subsidiaries are included in the consolidated financial statements from the date that control commences until the date that control ceases. All significant intercompany transactions and balances have been eliminated.

#### **Foreign exchange**

The functional currency is the currency of the primary economic environment in which the entity operates and has been determined for the Company and its subsidiaries to be the Canadian dollar. The functional currency determinations were conducted through an analysis of the consideration factors identified in IAS 21, *The Effects of changes in Foreign Exchange Rates*.

**USHA RESOURCES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

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Transactions in currencies other than the Canadian dollar are recorded at exchange rates prevailing on the dates of the transactions. At the end of each reporting period, the monetary assets and liabilities of the Company that are denominated in foreign currencies are translated at the exchange rate at the reporting date, while non-monetary assets and liabilities are translated at historical rates. Revenues and expenses are translated at the exchange rates approximating those in effect on the date of the transactions. Exchange gains and losses arising on translation are included in the statement of operations in the period in which they arise.

**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.

**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, 2022.

### **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.

### **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**

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.

#### *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. A financial liability is classified and measured at amortized cost or FVTPL.

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.

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The Company classifies its financial instruments as follows:

<b>Asset or Liability</b>	<b>IFRS 9 Classification</b>
Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued 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.

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

*Impairment of financial assets at amortized cost:* The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

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**Leases**

The Company assesses whether a contract is or contains a lease, at inception of a contract. The Company recognizes a right-of-use asset and a corresponding lease liability with respect to all lease arrangements in which it is the lessee, except for short-term leases (defined as leases with a lease term of 12 months or less) and leases of low value assets. For new leases, a right-of-use asset is initially measured at the amount of the liability plus any initial direct costs. After lease commencement, the lessee shall measure the right-of-use asset at cost less accumulated depreciation and accumulated impairment.

**4. EXPLORATION AND EVALUATION ASSETS**

The Company incurred expenditures on the properties as follows:

<b>Acquisition Costs</b>	<b>Nicobat, Ontario</b>	<b>Lost Basin, Arizona</b>	<b>Total</b>
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
<b>Exploration Expenditures:</b>			
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
<b>Total costs</b>	<b>\$ 522,430</b>	<b>\$ 466,215</b>	<b>\$ 988,645</b>

## USHA RESOURCES LTD.

### NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

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#### 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.

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.

#### 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.

#### Jackpot Lake, Nevada, USA

Subsequent to March 31, 2022, 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.

## 5. SHARE CAPITAL

### a) Authorized:

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

### b) Issued:

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.

## USHA RESOURCES LTD.

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On November 12, 2021, the Company closed the first tranche of the non-brokered private placement, issuing an aggregate of 2,967,668 non-flow through units at \$0.30 per unit raising gross proceeds of \$890,300. On December 21, 2021, the Company closed the final tranche of the non-brokered private placement, issuing an aggregate of 446,667 non-flow through units at \$0.30 per unit raising gross proceeds of \$134,000.

Each Unit 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, 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 March 31, 2022, there were 660,000 (2021: 1,320,000) shares in escrow.

During the year ended March 31, 2022, the Company received share subscriptions of \$34,000 for a non-brokered private placement announced in April 2022, subject to the approval of the Exchange completed subsequent to March 31, 2022 (Note 10).

#### 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.

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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 year ended March 31, 2022, the Company granted 435,227 incentive stock options with a fair value of \$67,641 using the Black-Scholes option pricing model assuming a life expectancy of five years, a risk free interest rate of 0.99%, a forfeiture rate of nil, and volatility of 107.70%, the Company granted 25,000 incentive stock options with a fair value of \$6,598 using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk free interest rate of 1.13%, a forfeiture rate of nil, and volatility of 110.13%, the Company granted 50,000 incentive stock options with a fair value of \$13,808 using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk free interest rate of 1.45%, a forfeiture rate of nil, and volatility of 110.37%, the Company granted 200,000 incentive stock options with a fair value of \$53,087 using the Black-Scholes option pricing model assuming a life expectancy of two years, a risk free interest rate of 1.45%, a forfeiture rate of nil, and volatility of 110.42%, the Company granted 75,000 incentive stock options with a fair value of \$7,750 using the Black-Scholes pricing model assuming a life expectancy of two years, a risk free interest rate of 1.50%, a forfeiture rate of nil, and volatility of 61.15%, the Company granted 100,000 incentive stock options with a fair value of \$12,970 using the Black-Scholes pricing model assuming a life expectancy of two years, a risk free interest rate of 1.68%, a forfeiture rate of nil, and volatility of 75.89% The Company expensed \$161,854 as share-based compensation for stock options.

During the year ended March 31, 2022, the Company issued 50,000 common shares valued at \$0.10 per share and 70,000 common shares valued at \$0.20 per share pursuant to the exercise of the share options by its directors. The fair value of the options exercised was \$14,069.

	Number	Weighted Average Exercise Price
Outstanding, March 31, 2020	420,000	\$ 0.10
Granted	652,700	0.21
Outstanding, March 31, 2021	1,072,700	0.17
Granted	855,227	0.26
Exercised	(120,000)	0.16
Outstanding, March 31, 2022	1,837,927	0.21

The following stock options were outstanding and exercisable as at March 31, 2022:

	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	1.53
Options	502,700	502,700	\$ 0.20	September 17, 2025	3.47
Options	100,000	100,000	\$ 0.25	December 3, 2022	0.68
Options	415,227	402,727	\$ 0.20	July 5, 2026	4.27
Options	25,000	25,000	\$ 0.335	October 7, 2026	4.52
Options	50,000	50,000	\$ 0.355	November 11, 2026	4.62
Options	200,000	200,000	\$ 0.330	November 19, 2026	4.64
Options	75,000	75,000	\$0.29	January 7, 2024	1.77
Options	100,000	-	\$0.31	February 9, 2024	1.86

d) Warrants

**USHA RESOURCES LTD.**

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During the year ended March 31, 2022, 3,327,000 warrants were exercised at a price of \$0.19 per share for aggregate proceeds of \$632,130, 1,200,000 warrants were exercised at a price of \$0.26 per share for aggregate proceeds of \$312,000 and 5,000 warrants were exercised at a price of \$0.30 per share for aggregate proceeds of \$1,500.

As at March 31, 2022, the Company had 3,435,639 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

The following warrants were outstanding at March 31, 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
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

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**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	Year ended March 31, 2022	Year ended March 31, 2021
Deepak Varshney, CEO	Castello Q Development Corporation	Consulting fees	\$ 99,000	\$ 92,000
Navin Varshney, Director	N.K.V. Engineering & Consulting Ltd	Rent and administration charges	45,000	19,000
Khalid Naeem, CFO	KN Consulting Inc./Aterna Advisors Inc.	Accounting fees	18,500	20,000

- a) Accounts payable included \$19,563 (2021: \$17,253) owed to directors and officers of the Company for operating expenses paid on behalf of the Company during the year ended March 31, 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.

*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*

**USHA RESOURCES LTD.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2022

(Expressed in Canadian Dollars)

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, 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. INCOME TAXES**

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

	2022	2021
Loss before income taxes	\$ (942,440)	\$ (467,622)
Combined Canadian federal and provincial statutory rate	27%	27%
Expected income tax recovery	\$ (254,000)	\$ (126,000)
Change in statutory, foreign tax, foreign exchange rates and other	(169,000)	(198,000)
Permanent difference	1,000	1,000
Share issue cost	(1,000)	(1,000)
Change in unrecognized deductible temporary differences	<u>423,000</u>	<u>324,000</u>
Net income tax recovery	\$ -	\$ -

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

	March 31, 2022	March 31, 2021
Deferred tax assets (liabilities):		
Exploration and evaluation assets	\$ 118,000	\$ 113,000
Share issue costs	22,000	12,000
Non-capital losses available for future period	<u>456,000</u>	<u>177,000</u>
Total unrecognized deferred tax assets	\$ 596,000	\$ 302,000

**USHA RESOURCES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2022  
(Expressed in Canadian Dollars)**

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

	2022	Expiry Date Range	2021	Expiry Date Range
Temporary differences				
Exploration and evaluation assets	\$ 435,000	No expiry date	\$ 417,000	No expiry date
Investment tax credit	-	2021 to 2041	22,000	2021 to 2041
Share issue costs	50,000	2043 to 2046	46,000	2042 to 2045
Non-capital losses available for future period	1,465,000	2027 to 2042	566,000	2026 to 2041

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

**9. CAPITAL MANAGEMENT**

Capital is comprised of all the components of the Company's shareholders' equity as at March 31, 2022, the Company's shareholders' equity was \$2,296,530 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. 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, 2022.

**10. SUBSEQUENT EVENTS**

Subsequent to March 31, 2022, the Company:

- a) Issued 9,651,338 units at \$0.30 per unit for total consideration of \$2,895,401. Each unit consisted of one common share and one half of one common share purchase warrant. Each whole warrant entitles the holder to acquire one additional common share for \$0.45 for a period of two years. The Company paid cash of \$85,874 and granted warrants to acquire 286,247 common shares with the same terms as the private placement warrants. The Company received private placement proceeds of \$34,000 prior to March 31, 2022 (Note 5);
- b) Granted stock options to acquire 250,000 common shares exercisable at \$0.375 expiring April 4, 2024 and 50,000 common shares exercisable at \$0.30 expiring April 19, 2024 with 25% vesting every three months pursuant to investor relations agreements.
- c) Granted stock options to consultants to acquire 100,000 common shares exercisable at \$0.30 expiring April 5, 2024.
- d) On May 10, 2022, the Company entered into an arrangement agreement (the "Arrangement") with its wholly-owned subsidiary, Formation Metals Corporation ("Formation Metals" or "FMC"), to transfer the Nicobat property to FMC. Under the terms of the Arrangement, USHA shareholders will be issued one (1) share of FMC 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 FMC with respect to every five (5) shares of USHA.
- e) Granted stock options to consultants to acquire 471,000 common shares exercisable at \$0.285 expiring May 10, 2024.
- f) Granted stock options to consultants to acquire 437,000 common shares exercisable at \$0.29 expiring May 27, 2024.

APPENDIX H

**USHA RESOURCES LTD.**

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

**JUNE 30, 2022**

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

	June 30, 2022	March 31, 2022
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 2,056,408	\$ 1,170,795
Receivables	81,814	20,763
Prepaid expenses	915,613	206,837
	<u>3,053,835</u>	<u>1,398,395</u>
<b>Exploration and evaluation assets (Note 4)</b>	<u>1,580,582</u>	<u>988,645</u>
	<u>\$ 4,634,417</u>	<u>\$ 2,387,040</u>

**LIABILITIES AND SHAREHOLDERS' EQUITY**

<b>Current</b>		
Accounts payable and accrued liabilities	\$ 96,025	\$ 90,510
<b>Shareholders' equity</b>		
Share capital (Note 5)	6,941,448	3,658,645
Share subscriptions (Note 5b)	-	34,000
Reserves (Note 5c)	440,372	294,382
Deficit	<u>(2,843,428)</u>	<u>(1,690,497)</u>
	<u>4,538,392</u>	<u>2,296,530</u>
	<u>\$ 4,634,417</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 August 29, 2022:**

\_\_\_\_\_  
*“Navin Varshney”* Director  
Navin Varshney

\_\_\_\_\_  
*“Deepak Varshney”* Director  
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 June 30, 2022	Three months ended June 30, 2021
<b>EXPENSES</b>		
Consulting fees (Note 6)	\$ 927,308	\$ 33,958
Insurance	2,950	2,859
Office and miscellaneous	26,304	108
Professional fees (Note 6)	41,384	12,500
Regulatory and filing fees	19,270	3,204
Rent and administration charges (Note 6)	16,000	6,000
Share-based payments (Note 5c)	131,960	-
Transfer agent fees	-	1,731
Travel and entertainment	1,696	1,388
	<u>1,166,872</u>	<u>61,748</u>
Foreign exchange loss	2,171	(23)
<b>Loss and comprehensive loss for the period</b>	<b>\$ 1,169,043</b>	<b>\$ 61,725</b>
<b>Basic and diluted loss per common share</b>	<b>\$ 0.04</b>	<b>\$ 0.00</b>
<b>Weighted average number of common shares outstanding - basic and diluted</b>	<b>27,824,254</b>	<b>14,098,611</b>

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	\$ 120,799	\$ -	\$ (748,057)	\$ 1,100,197
Warrants exercised	10,000	1,900	-	-	-	1,900
Loss and comprehensive loss for the year	-	-	-	-	(61,725)	(61,725)
Balance, June 30, 2021	15,089,270	\$ 1,729,355	\$ 120,799	\$ -	\$ (809,782)	\$ 1,040,372
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)	1,678,062	503,419	-	-	-	503,419
Share-based payments (Note 5c)	-	-	131,960	-	-	131,960
Share issue costs (Note 5b)	-	(116,016)	30,141	-	-	(85,875)
Stock options cancelled (Note 5c)	-	-	(16,111)	-	16,111	-
Loss and comprehensive loss for the year	-	-	-	-	(1,169,043)	(1,169,043)
Balance, June 30, 2022	34,475,005	\$ 6,941,449	\$ 440,372	\$ -	\$ (2,843,429)	\$ 4,538,392

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)

	Three months ended June 30, 2022	Three months ended June 30, 2021
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Loss and comprehensive loss for the period	\$ (1,169,043)	\$ (61,725)
Adjustment for item not involving cash:		
Share-based payments	131,960	-
Changes in non-cash working capital items:		
(Increase) decrease in accounts receivable	(61,051)	13,330
(Increase) decrease in prepaid expenses	(708,776)	4,509
Increase in accounts payable and accruals	5,514	8,591
Net cash used in operating activities	<u>(1,801,396)</u>	<u>(35,295)</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Exploration and evaluation assets	<u>(88,517)</u>	<u>(2,618)</u>
Net cash used in investing activities	<u>(88,517)</u>	<u>(2,618)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Share issue costs	(85,875)	-
Share subscriptions	(34,000)	-
Proceeds from the issuance of share capital	<u>2,895,401</u>	<u>1,900</u>
Net cash provided (used) in financing activities	<u>2,775,526</u>	<u>1,900</u>
<b>Increase (decrease) in cash for the period</b>	885,613	(36,013)
<b>Cash, beginning of period</b>	<u>1,170,795</u>	<u>221,758</u>
<b>Cash, end of period</b>	<u>\$ 2,056,408</u>	<u>\$ 185,745</u>
<b>Cash paid during the period for interest</b>	<u>\$ -</u>	<u>\$ -</u>
<b>Cash paid during the period for income taxes</b>	<u>\$ -</u>	<u>\$ -</u>

**Supplemental information:**

During the three months ended June 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 1,678,062 common shares valued at \$503,419 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 JUNE 30, 2022**

(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 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 400 – 725 Granville Street, Vancouver BC, V7Y 1G5, 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

**USHA RESOURCES LTD.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2022  
(Expressed in Canadian Dollars)  
(Unaudited)

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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:

**USHA RESOURCES LTD.**

## NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

<b>Acquisition Costs</b>	<b>Nicobat, Ontario</b>	<b>Lost Basin, Arizona</b>	<b>Jackpot Lake, Nevada</b>	<b>Total</b>
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	-	-	503,419	503,419
Cash consideration	-	-	75,000	75,000
Balance, June 30, 2022	245,000	266,580	578,419	1,089,999
<b>Exploration Expenditures:</b>				
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
Geological consulting and reports	1,800	-	-	1,800
Assay Sampling	-	2,869	-	2,869
Drilling Expenses	-	-	5,105	5,105
Balance, June 30, 2022	282,974	202,504	5,105	490,583
<b>Total costs</b>	<b>\$ 527,974</b>	<b>\$ 469,084</b>	<b>\$ 583,524</b>	<b>\$ 1,580,582</b>

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.

**USHA RESOURCES LTD.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2022  
(Expressed in Canadian Dollars)  
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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 Corporation ("Formation Metals" or "FMC"), to transfer the Nicobat property to FMC. Under the terms of the Arrangement, USHA shareholders will be issued one (1) share of FMC 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 FMC 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.

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.

## 5. SHARE CAPITAL

a) Authorized:

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

b) Issued:

During the three months ended June 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 1,678,062 common shares valued at \$503,419 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 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

**USHA RESOURCES LTD.**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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

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

**USHA RESOURCES LTD.**

NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

FOR THE THREE MONTHS ENDED JUNE 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

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 three months ended June 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 expensed \$131,960 as share-based compensation for stock options.

During the three months ended June 30, 2022, 150,000 of the outstanding stock options were cancelled. The corresponding amount of \$16,111 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	855,227	0.26
Exercised	<u>(120,000)</u>	<u>0.16</u>
Outstanding, March 31, 2022	1,837,927	0.21
Granted	1,308,000	0.31
Expired	<u>(150,000)</u>	<u>0.23</u>
Outstanding, June 30, 2022	<u>2,995,927</u>	<u>0.25</u>

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

	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	1.53
Options	502,700	502,700	\$ 0.20	September 17, 2025	3.47
Options	365,227	365,227	\$ 0.20	July 5, 2026	4.27
Options	25,000	25,000	\$ 0.335	October 7, 2026	4.52
Options	50,000	50,000	\$ 0.355	November 11, 2026	4.62
Options	200,000	200,000	\$ 0.330	November 19, 2026	4.64
Options	75,000	75,000	\$0.29	January 7, 2024	1.77
Options	100,000	100,000	\$0.31	February 9, 2024	1.86
Options	250,000	-	\$0.375	April 4, 2024	1.76
Options	100,000	100,000	\$0.300	April 5, 2024	1.77
Options	50,000	50,000	\$0.300	April 19, 2024	1.81
Options	471,000	471,000	\$0.285	May 10, 2024	1.86
Options	437,000	437,000	\$0.290	May 27, 2024	1.91

**USHA RESOURCES LTD.**  
**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**  
**FOR THE THREE MONTHS ENDED JUNE 30, 2022**  
(Expressed in Canadian Dollars)  
(Unaudited)

d) Warrants

As at June 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 June 30, 2022	8,547,556	\$ 0.42

The following warrants were outstanding at June 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
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:

**USHA RESOURCES LTD.****NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

FOR THE THREE MONTHS ENDED JUNE 30, 2022

(Expressed in Canadian Dollars)

(Unaudited)

Name of the Key management personnel	Company's Name	Nature of Transaction	Three months ended June 30, 2022	Three months ended June 30, 2021
Deepak Varshney, CEO	Castello Q Development Corporation	Consulting fees	\$ 45,000	\$ 21,000
Navin Varshney, Director	N.K.V. Engineering & Consulting Ltd	Rent and administration charges	16,000	6,000
Khalid Naem, CFO	KN Consulting Inc./Aterna Advisors Inc.	Accounting fees	7,500	2,000

- a) Accounts payable included \$25,138 (2021: \$13,998) owed to directors and officers of the Company for operating expenses paid on behalf of the Company during the three months ended June 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.

*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.

**USHA RESOURCES LTD.**  
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS  
FOR THE THREE MONTHS ENDED JUNE 30, 2022  
(Expressed in Canadian Dollars)  
(Unaudited)

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*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, 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 June 30, 2022, the Company's shareholders' equity was \$4,538,392 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. 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 three months ended June 30, 2022.

**9. SUBSEQUENT EVENTS**

There are no subsequent events at the date of issuance of these financial statements.

APPENDIX I

**FORMATION METALS INC.**

Financial Statements  
(Expressed in Canadian Dollars)

For the period from incorporation on  
March 1, 2022 to September 30, 2022

## INDEPENDENT AUDITOR'S REPORT

To the Directors of  
Formation Metals Inc.

### *Opinion*

We have audited the accompanying financial statements of Formation Metals Inc. (the "Company"), which comprise the statement of financial position as at September 30, 2022, and the statements of loss and comprehensive loss, changes in shareholders' equity, and cash flows for the period from incorporation on March 1, 2022 to September 30, 2022, 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 September 30, 2022, and its financial performance and its cash flows for the period from incorporation on March 1, 2022 to September 30, 2022 in accordance with International Financial Reporting Standards ("IFRS").

### *Basis for Opinion*

We conducted our audit 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 audit is sufficient and appropriate to provide a basis for our opinion.

### *Material Uncertainty Related to Going Concern*

We draw attention to Note 2 of the consolidated financial statements, which indicates that the Company will need to obtain additional financial resources in order to meet its planned business objectives. As stated in Note 2, 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.

### *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.

A handwritten signature in black ink that reads "Davidson & Company LLP". The signature is written in a cursive, flowing style.

Vancouver, Canada

Chartered Professional Accountants

November 3, 2022

**FORMATION METALS INC.**  
Statement of Financial Position  
As at September 30, 2022  
(Expressed in Canadian dollars)

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	<b>September 30, 2022</b>	
<hr/>		
<b>Assets</b>		
Current Assets		
Cash	\$	2,005
<b>Total Assets</b>	<b>\$</b>	<b>2,005</b>
<hr/>		
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Due to related parties (Note 5)	\$	2,004
<hr/>		
Shareholders' Equity		
Share capital (Note 6)		1
Deficit		-
		<hr/>
		1
<b>Total Liabilities and Shareholders' Equity</b>	<b>\$</b>	<b>2,005</b>
<hr/>		

Nature of business and continuing operations (Note 1)  
Proposed transaction (Note 10)

Approved on Behalf of the Board on DATE:                      November 3, 2022

"Deepak Varshney"  
Deepak Varshney, Director

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

**FORMATION METALS INC.**

Statement of Loss and Comprehensive Loss

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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	<b>Period from incorporation on March 1, 2022 to September 30, 2022</b>
<b>Expenses</b>	\$ -
<b>Loss and comprehensive loss for the period</b>	\$ -
<b>Weighted average number of common shares outstanding – basic and diluted (Note 6)</b>	-
<b>Basic and diluted loss per share</b>	\$ -

---

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

**FORMATION METALS INC.**

## Statement of Changes in Shareholders' Equity

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

	Share Capital			Total
	Number	Amount	Deficit	Shareholders'
	(Note 6(b))			Equity
<b>Balance, (incorporation) – March 1, 2022</b>	1	\$	-	\$ 1
Common shares issued (Note 6)	-		-	-
Loss for the period	-		-	-
<b>Balance, September 30, 2022</b>	1	\$	-	\$ 1

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

**FORMATION METALS INC.**

## Statement of Cash Flows

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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	<b>For the period from incorporation on March 1, 2022 to September 30, 2022</b>
<hr/>	
<b>Cash provided by (used for):</b>	
<b>Operating Activities:</b>	
Loss for the period	\$ -
Net change in non-cash working capital items:	
Accounts payable and accrued liabilities	-
	-
<b>Financing Activity:</b>	
Proceeds from share issuance (Note 6)	1
Proceeds from related party (Note 5)	2,004
	2,005
<b>Change in cash for the period</b>	<b>2,005</b>
Cash, beginning of the period	-
	-
<hr/>	
<b>Cash, end of the period</b>	<b>\$ 2,005</b>

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

## **FORMATION METALS INC.**

### Notes to the Financial Statements

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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#### **1. NATURE OF BUSINESS AND CONTINUING OPERATIONS**

Formation Metals Inc. (the “Company”) was incorporated on March 1, 2022 under the laws of British Columbia. The Company is a wholly-owned subsidiary of Usha Resources Ltd. (“USHA”). 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.

The Company’s principal business activities include the acquisition and exploration of mineral property assets. On March 10, 2022, the Company entered into an Arrangement Agreement (the “Arrangement”) with USHA to transfer the Nicobat Nickel-Copper-Cobalt property to the Company whereby USHA shareholders will be issued one (1) share of the Company 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 and announced by a news release -in advance. 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 the Company with respect to every five (5) shares of USHA.

#### **2. STATEMENT OF COMPLIANCE**

These financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and Interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The Company’s financial statements have been prepared on the basis of accounting principles applicable to a going concern, which presumes that the Company will realize its assets and discharge its liabilities in the normal course of business for at least the next twelve months. Management recognizes that the Company will need to obtain additional financial resources in order to meet its planned business objectives. There are no assurances that the Company will be able to obtain additional financial resources and/or achieve positive cash flows or profitability. These factors indicate the existence of a material uncertainty that may cast significant doubt about the Company’s ability to continue as a going concern. The Company’s ability to continue as a going concern and to realize the carrying value of its assets and discharge its liabilities when due is dependent upon obtaining additional financing and generating revenues sufficient to cover its operating costs.

These financial statements do not give effect to any adjustments which would be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and at amounts different from those reflected in these financial statements.

The outbreak of the Coronavirus Disease 2019, or COVID-19, has spread across the globe and is impacting worldwide economic activity. This global pandemic poses the risk that the Company or its clients, employees, contractors, suppliers, and other partners may be unable to conduct regular business activities for an indefinite period of time. At this point, the impact on the Company has been minimal. The Company continues to monitor the situation and is taking all necessary precautions in order to follow rules and best practices as set out by the federal and provincial governments.

## **FORMATION METALS INC.**

### Notes to the Financial Statements

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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### **3. BASIS OF PRESENTATION**

The financial statements have been prepared on a historical cost basis, except for financial instruments classified as financial instruments at fair value through profit or loss, which are stated at their fair value. The financial statements are presented in Canadian dollars, which is also the Company's functional currency. In addition, the financial statements have been prepared using the accrual basis of accounting except for cash flow information. The preparation of financial statements in compliance with IFRS requires management to make certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgement of complexity, or areas where assumptions and estimates are significant to the financial statements are disclosed in Note 4.

### **4. SIGNIFICANT ACCOUNTING POLICIES**

#### **(a) Income taxes**

Income tax is recognized in profit or loss except to the extent that it relates to items recognized in other comprehensive income or loss or directly in equity, in which case it is recognized in other comprehensive income or loss or equity.

Current tax expense is the expected tax payable on the taxable income for the year, using tax rates enacted or substantively enacted at year end, adjusted for amendments to tax payable with regards to previous years.

Deferred tax is recognized in respect of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for taxation purposes. 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 end of the reporting period applicable to the period of expected realization or settlement.

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.

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 tax authority and the group intends to settle its current tax assets and liabilities on a net basis.

#### **(b) Share capital**

Common shares are classified as share capital. Transaction costs directly attributable to the issue of common shares and share purchase options are recognized as a deduction from equity, net of any tax effects.

## FORMATION METALS INC.

### Notes to the Financial Statements

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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#### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

##### (b) Share capital (continued)

The proceeds from the issue of units are allocated between common shares and common share purchase warrants based on the residual value method. Under this method, the proceeds are allocated to share capital based on the fair value of the common shares and any residual value is allocated to common share purchase warrants.

##### (c) Basic and diluted loss per share

The Company presents basic and diluted loss per share data 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 year. 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.

##### (d) Financial instrument measurement and valuation

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 assets or liability either directly or indirectly; and
Level 3	Inputs that are not based on observable market data.

The measurement of the Company's financial instruments is disclosed in Note 10 to these financial statements. Any financial instrument that is valued using level 2 or 3 inputs will involve estimation uncertainty.

##### Financial assets

The Company classifies its financial assets in the following categories: at fair value through profit or loss ("FVTPL"), at fair value through other comprehensive income ("FVTOCI") or at amortized cost. The determination of the classification of financial assets is made at initial recognition. Equity instruments that are held for trading (including all equity derivative instruments) are classified as FVTPL; for other equity instruments, on the day of acquisition the Company can make an irrevocable election (on an instrument-by-instrument basis) to designate them as at FVTOCI.

The Company's accounting policy for each of the categories is as follows:

**Financial assets at FVTPL:** Financial assets carried at FVTPL are initially recorded at fair value and transaction costs are expensed in the statement of profit or loss. Realized and unrealized gains

## FORMATION METALS INC.

Notes to the Financial Statements

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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### 4. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### (d) Financial instrument measurement and valuation (continued)

and losses arising from changes in the fair value of the financial assets held at FVTPL are included in the statement of profit or loss in the period.

**Financial assets at FVTOCI:** Investments in equity instruments at FVTOCI are initially recognized at fair value plus transaction costs. Subsequently they are measured at fair value, with gains and losses arising from changes in fair value recognized in other comprehensive income (loss) in which they arise.

**Financial assets at amortized cost:** A financial asset is measured at amortized cost if the objective of the business model is to hold the financial asset for the collection of contractual cash flows, and the asset's contractual cash flows are comprised solely of payments of principal and interest. They are classified as current assets or non-current assets based on their maturity date and are initially recognized at fair value and subsequently carried at amortized cost less any impairment.

**Impairment of financial assets at amortized cost:** The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

**Financial liabilities and equity:** Debt and equity instruments are classified as either financial liabilities or as equity in accordance with the substance of the contractual arrangement. An equity instrument is any contract that evidences a residual interest in the assets of an entity after deducting all of its liabilities. Equity instruments issued are recorded at the proceeds received, net of direct issue costs.

The Company classifies its financial liabilities into one of two categories as follows:

Fair value through profit or loss (FVTPL) – This category comprises derivatives and financial liabilities incurred principally for the purpose of selling or repurchasing in the near term. They are carried at fair value with changes in fair value recognized in profit or loss.

Amortized cost – This category consists of liabilities carried at amortized cost using the effective interest method. Accounts payable and accrued liabilities are included in this category. The Company derecognizes a financial liability when its contractual obligations are discharged, cancelled or expire.

**FORMATION METALS INC.**

Notes to the Financial Statements

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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**4. SIGNIFICANT ACCOUNTING POLICIES (continued)****(e) Mineral Properties**

Once the legal right to explore a property has been acquired, costs directly related to exploration and evaluation expenditures are recognized and capitalized, in addition to the acquisition costs. These direct expenditures include such costs as mineral concession taxes, option payments, wages and salaries, surveying, geological consulting and laboratory, field supplies, travel and administration. Costs not directly attributable to exploration and evaluation activities, including general administrative overhead costs, are expensed in the period in which they are incurred. Exploration and evaluation properties are not amortized during the exploration and evaluation stage. Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be a mine under development and is classified as 'mines under construction'.

**(f) Impairment of non-financial assets**

Non-financial assets, including mineral properties are subject to impairment tests whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Where the carrying value of an asset exceeds its recoverable amount, which is the higher of value in use and fair value less costs to sell, the asset is written down to its recoverable amount. An impairment loss is charged to statements of comprehensive loss.

Where an impairment loss subsequently reverses, the carrying amount of the asset is increased to the revised estimate of its recoverable amount, but only so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset in prior years. A reversal of an impairment loss is recognized immediately in income or loss. The recoverable amount is the higher of the fair value less costs of disposal and the value in use. For the purposes of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash flows. These are typically the individual properties or projects.

**(g) Share-based payments**

Share-based payments to employees are measured at fair value of the instruments issued and amortized over the vesting periods. Share-based payments to non-employees are measured at the fair value of goods or services received or the fair value of the equity instruments issued, if it is determined the fair value of the goods or services cannot be reliably measured, and are recorded at the date the goods or services are received. The corresponding amount is recorded to contributed surplus. The fair value of options is determined using the Black-Scholes Option Pricing Model. The number of shares and options expected to vest is reviewed and adjusted at the end of each reporting period such that the amount recognized for services received as consideration for the equity instruments granted shall be based on the number of equity instruments that eventually vest.

## **FORMATION METALS INC.**

Notes to the Financial Statements

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **(h) Foreign Currency**

Transactions and balances in currencies other than the Canadian dollar, the currency of the primary economic environment in which the Company operates (“the functional currency”), are translated into the functional currency using the exchange rates prevailing at the dates of the transactions. Foreign exchange gains and losses resulting from the settlement of such transactions and from the translation of monetary assets and liabilities denominated in foreign currencies at exchange prevailing on the statement of financial position date are recognized in the statement of comprehensive loss.

#### **(i) Critical accounting estimates and judgements**

The preparation of financial statements requires management to make judgments, estimates and assumptions that affect the application of policies and reported amounts of assets, liabilities, and expenses. Estimates and associated assumptions applied in determining asset or liability values are based on historical experience and various other factors including other sources that are believed to be reasonable under the circumstances but are not necessarily readily apparent or recognizable at the time such estimate or assumption is made. Actual results may differ from these estimates.

Estimates and underlying assumptions used in determining asset and liability values are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimate is revised if the revision affects only that period or in the period of the revision and future periods if the revision affects both current and future periods.

Information about critical accounting estimates and judgments in applying accounting policies that have the most significant risk of causing material adjustment to the carrying amounts of assets and liabilities recognized in the financial statements are discussed below:

##### ***Judgements***

##### **Going Concern**

The Company’s management has made an assessment of the Company’s ability to continue as a going concern and is satisfied that the Company has the resources to continue in business for the foreseeable future. The factors considered by management are disclosed in Note 2.

##### ***Estimates***

##### **Deferred tax assets and liabilities**

The estimation of income taxes includes evaluating the recoverability of deferred tax assets based on an assessment of the Company’s ability to utilize the underlying future tax deductions against

## **FORMATION METALS INC.**

Notes to the Financial Statements

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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### **4. SIGNIFICANT ACCOUNTING POLICIES (continued)**

#### **Deferred tax assets and liabilities (continued)**

future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all the deferred income tax assets will not be realized. The ultimate realization of deferred tax assets is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development, and commercialization of mineral reserves. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets, and future income tax provisions or recoveries could be affected.

### **5. RELATED PARTY TRANSACTIONS**

Parties are considered to be related if one party has the ability, directly or indirectly, to control the other party or exercise significant influence over the other party in making financial and operating decisions. Related parties may be individuals or corporate entities. A transaction is considered to be a related party transaction when there is a transfer of resources or obligations between related parties.

As of September 30, 2022, \$2,004 was due to related parties. The amounts are unsecured, non interest bearing and due on demand.

Key management personnel include persons having the authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. The Company has identified its directors and officers as its key management personnel and the compensation costs for key management personnel and companies related to them are recorded at their exchange amounts as agreed upon by transacting parties.

During the period from incorporation on March 1, 2022 to September 30, 2022, \$Nil was recorded as compensation costs for key management personnel and companies related to them.

### **6. SHARE CAPITAL**

#### **(a) Authorized**

Unlimited number of common and preferred shares without par value.

#### **(b) Issued and outstanding**

As at September 30, 2022, the issued share capital was comprised of 1 common share.

The Company issued 1 common share for nominal consideration upon incorporation.

## FORMATION METALS INC.

Notes to the Financial Statements

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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### 6. SHARE CAPITAL (Continued)

The calculation of basic and diluted loss per share for the period ended September 30, 2022 was based on the loss attributable to common shareholders of \$nil and the weighted average number of common shares outstanding of 1.

### 7. INCOME TAXES

The following table reconciles the amount of income tax recoverable on application of the combined statutory Canadian federal and provincial income tax rates:

	<b>2022</b>
<b>Loss before income taxes</b>	\$ -
<b>Expected income tax recovery at statutory rates</b>	-
<b>Change in unrecognized deferred tax assets</b>	-
<b>Income tax expense (recovery)</b>	\$ -

Significant components of the Company's deferred income tax assets (liabilities) not recognized are shown below:

	<b>2022</b>
<b>Non-capital losses carried forward</b>	\$ -

### 8. MANAGEMENT OF CAPITAL

Capital is comprised of the Company's shareholders' equity and any debt that it may issue. The Company's objectives when managing capital are to maintain financial strength and to protect its ability to meet its ongoing liabilities, to continue as a going concern, to maintain creditworthiness and to maximize returns for shareholders over the long term. Protecting the ability to pay current and future liabilities includes maintaining capital above minimum regulatory levels, current financial strength rating requirements and internally determined capital guidelines and calculated risk management levels.

## **FORMATION METALS INC.**

Notes to the Financial Statements

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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### **9. FINANCIAL INSTRUMENTS**

The Company is exposed in varying degrees to a variety of financial instrument related risks. The Board of Directors approves and monitors the risk management processes. The type of risk exposure and the way in which such exposure is managed is provided as follows:

#### **Market Risk**

Market risk is the risk that the fair value or future cash flows from a financial instrument will fluctuate because of changes in market prices or prevailing conditions. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk and are disclosed as follows:

##### **(i) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company holds no financial instruments that are denominated in a currency other than Canadian dollars. As at September 30, 2022, the Company is not exposed to currency risk.

##### **(ii) Interest rate risk**

Interest rate risk is the risk that the fair value or future cash flows will fluctuate as a result of changes in market risk. The Company's sensitivity to interest rates relative to its cash balances is currently immaterial. The Company also has no long-term debt with variable interest rates, so it has no negative exposure to changes in the market interest rate.

##### **(iii) Price rate risk**

The Company has no exposure to price risk with respect to equity prices as the Company is not listed. 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.

#### **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's credit risk is primarily attributable to its liquid financial assets including cash. The Company limits the exposure to credit risk by only investing its cash with high-credit quality financial institutions. Management believes that the credit risk related to its cash is negligible.

## **FORMATION METALS INC.**

Notes to the Financial Statements

For the period from incorporation on March 1, 2022 to September 30, 2022

(Expressed in Canadian dollars)

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### **9. FINANCIAL INSTRUMENTS (continued)**

#### **Liquidity Risk**

The Company manages liquidity risk through the management of its capital structure, as outlined in Note 8. The Company monitors its ability to meet its short-term exploration and administrative expenditure requirements by raising additional funds through share issuances when required.

#### **Fair Value Measurements**

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.

As at September 30, 2022 the Company's financial instruments consist of cash and due to related parties. Cash is classified as fair value using Level 1 measurement. Due to related parties is classified as amortized cost. The fair value of the amounts due to related parties approximates its carrying value because of the short-term nature of the instruments.

### **10. PROPOSED TRANSACTION**

On May 10, 2022, the Company entered into an Arrangement Agreement (the "Arrangement") with USHA to transfer the Nicobat Nickel-Copper-Cobalt property to the Company whereby USHA shareholders will be issued one (1) share of the Company 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 and announced by a news release -in advance. 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 the Company with respect to every five (5) shares of USHA.

APPENDIX J

**USHA RESOURCES LTD.**

**Pro-forma Consolidated Financial Statements**

**June 30, 2022**

**(Unaudited)**

**(Expressed in Canadian Dollars, unless otherwise stated)**

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements

**USHA RESOURCES LTD.**  
**PRO-FORMA CONSOLIDATED STATEMENT OF FINANCIAL POSITION**  
**As at June 30, 2022**  
(Unaudited) - (Expressed in Canadian Dollars)

	June 30, 2022	Pro-forma Adjustments	Notes	Consolidated Pro-Forma
<b>Assets</b>				
<b>Current Assets</b>				
Cash	\$ 2,056,408	\$ -	-	\$ 2,056,408
Receivables	81,814	-	-	81,814
Prepaid expenses	915,613	-	-	915,613
	3,053,835	-	-	3,053,835
Exploration and evaluation assets	1,580,582	(527,973)	3a	1,052,609
	\$ 4,634,417	\$ (527,973)	3a	\$ 4,106,444

**LIABILITIES AND SHAREHOLDERS' EQUITY**

**Current**

Accounts payable and accrued liabilities \$ 96,025 \$ - - \$ 96,025

**Shareholders' equity**

Share capital (Note 5) 6,941,448 - - 6,941,448

Share subscriptions (Note 5b) - - - -

Reserves (Note 5c) 440,372 - - 440,372

Deficit (2,843,428) (527,973) 3c (3,371,401)

4,538,392 (527,973) 3c 4,010,419

\$ 4,634,417 \$ (527,973) 3c \$ 4,106,444

**Basis of presentation** (Note 2)

**Pro-forma assumptions and adjustments** (Note 3)

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements

**USHA RESOURCES LTD.****PRO-FORMA CONSOLIDATED STATEMENT OF LOSS AND COMPREHENSIVE LOSS**

(Unaudited) - (Expressed in Canadian Dollars)

	Three months ended				
	June 30,	Pro-forma	Notes	Consolidated	
	2022	Adjustments		Pro-Forma	
<b>EXPENSES</b>					
Consulting fees	\$ 927,308	\$ -	-	\$ 927,308	
Office and miscellaneous	26,304	-	-	26,304	
Professional fees	41,384	-	-	41,384	
Regulatory and filing fees	19,270	-	-	19,270	
Rent and administration charges	16,000	-	-	16,000	
Travel and entertainment	1,696	-	-	1,696	
	<u>1,166,872</u>	-	-	<u>1,166,872</u>	
Foreign exchange loss	2,171	-	-	2,171	
<b>Loss and comprehensive loss for the period</b>	<b>\$ 1,169,043</b>	<b>\$ -</b>	<b>3c</b>	<b>\$ 1,169,043</b>	

The accompanying notes are an integral part of these unaudited pro-forma consolidated financial statements

**USHA RESOURCES LTD.**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**Three Months period ended June 30, 2022**  
(Unaudited) - (Expressed in Canadian Dollars)

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**1. NATURE OF BUSINESS AND CONTINUING 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.

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 400 – 725 Granville Street, Vancouver BC, V7Y 1G5, Canada.

**2. BASIS OF PRESENTATION**

On May 10, 2022, Usha Resources Ltd. ("USHA") entered into an Arrangement Agreement with its wholly owned subsidiary, Formation Metals Corporation ("Formation Metals" or "FMC"). The Arrangement Agreement sets out the terms of the arrangement (the "Arrangement") which will have the result of transferring certain exploration and evaluation assets to Formation Metals.

Following completion of the Arrangement:

- Formation Metals will hold:
  - a. 85% interest in Mineral Property No. 1 PIN 56037 - 0104 LT Interest/Estate Fee Simple Description PCL 3810 SEC RAINY RIVER; W 1/2 LT 9 CON 1 DOBIE EXCEPT SLT5913; S/T A14512; CHAPPLE Address DISTRICT OF RAINY RIVER ("Property 1").
  - b. 85% interest in Mineral Property No. 2 PIN 56037 - 0214 LT Interest/Estate Fee Simple Description EAST 1/2 LOT 9 CONCESSION 1 DOBIE EXCEPT SURFACE RIGHTS ONLY PART 1 48R4511; SUBJECT TO AN EASEMENT OVER PART 12 48R996 AS IN A14511; TOWNSHIP OF CHAPPLE Address DISTRICT OF RAINY RIVER ("Property 2").

USHA will transfer assets, as described above, to Formation Metals in consideration that USHA shareholders will be issued one (1) share of Formation Metals with respect to each one (1) common share of USHA held multiplied by the conversion factor of 0.20 as of the Share Distribution Record Date, which will be predetermined by USHA's Board of Directors and announced by a news release -in advance. 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 Formation Metals with respect to each one (1) common share of USHA held multiplied by the conversion factor of 0.20.

Upon closing of the Arrangement, Formation Metals will be owned exclusively by the USHA shareholders on record as of date to be determined by the Board of Directors of USHA.

The Arrangement is subject to, among other things, shareholder approval, approval of the TSX Venture Exchange and the Supreme Court of British Columbia.

The unaudited pro-forma financial statements have been compiled for the purposes of inclusion in the information circular of USHA dated November 15, 2022 (the "Information Circular").

The unaudited pro-forma statement of financial position as at June 30, 2022 and the unaudited pro-forma unaudited statement of loss and comprehensive loss have been derived from the unaudited financial statements of the Company as at June 30, 2022 and the adjustments and assumptions contained in Note 2. The unaudited pro-forma statement of financial position and unaudited statement of loss and comprehensive loss for the period ended June 30, 2022 have been prepared as if the reorganization of Formation Metals had occurred on June 30, 2022.

**USHA RESOURCES LTD.**  
**NOTES TO THE PRO-FORMA CONSOLIDATED FINANCIAL STATEMENTS**  
**Three Months period ended June 30, 2022**  
(Unaudited) - (Expressed in Canadian Dollars)

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This unaudited pro-forma financial statements should also be read in conjunction with the audited consolidated financial statements of Company for the year ended March 31, 2022.

It is management's opinion that this pro-forma financial statements include all adjustments necessary for the fair presentation of the transactions described herein and are in accordance with International Financial Reporting Standards ("IFRS"). The pro-forma financial statements are not intended to reflect the results of operations or the financial position of the Company which would have actually resulted had the transactions been effected on the dates indicated. Furthermore, the unaudited pro-forma financial information is not necessarily indicative of the results of operations that may be obtained in the future. Actual amounts recorded upon consummation of the transactions will differ from those recorded in the unaudited pro-forma financial statements and the differences may be material.

**3. PRO-FORMA ASSUMPTIONS AND ADJUSTMENTS**

The unaudited pro-forma financial statements give effect to the following:

- a) The Nicobat property, as described in Note 2, have a carrying value of \$527,973 as on June 30, 2022. These pro forma financial statements include adjustments of the consideration to be paid by Formation Metals, which is based on Arrangement Agreement as described in Note 2. USHA is in the process of finalizing the value of the net assets transferred, therefore these figures are subject to change. As a result, the final transfer price allocation may be materially different from the allocations presented in these pro forma financial statements.
- b) USHA will transfer certain exploration and evaluation assets to Formation Metals, as indicated in Note 2.
- c) The fair value of the Nicobat property is considered to be equal to the book value of the Nicobat property.

# FAIRNESS OPINION

**Proposed Transaction between**

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**USHA Resources Ltd.**

**and**

**Formation Metals Inc. (“SpinCo”)**

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**(regarding the Mineral Rights / Claims related to the Nicobat Property, Ontario, Canada)**

**Prepared for:  
Members of the Board of USHA Resources Inc.**

1575 Kamloops Street  
Vancouver, British Columbia  
Canada V5K 3W1

**October 13, 2022**



**RwE GROWTH PARTNERS, INC.**

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## APPENDICES AND SCHEDULES

Appendix 1.0 – Arrangement Agreement – USHA and FMI

Appendix 2.0 – Assignment Agreement – Nicobat Property

Appendix 3.0 – 2022 NI 43-101 Technical Report – Nicobat Property

Appendix 4.0 – DRAFT Pro-forma 09/30/2022 FMI Financial Statements and 06/30/2022  
USHA Financial Statements

Schedule 1.1 – Cost Method – Appraised Value – Nicobat Property Mineral Rights et al

Schedule 2.1 – Fairness Calculations



## 1.0 ASSIGNMENT AND PROPOSED TRANSACTION

RwE Growth Partners, Inc. (“RwE” or the “authors of the Report”) was engaged by the Members of the Board of Directors (the “Board”) of USHA Resources Ltd. (hereinafter referred to as “USHA Resources” or “USHA” or the “Company”) of Vancouver, British Columbia, Canada, to prepare this Fairness Opinion (the “Report”) regarding a transaction being considered by the Board of USHA.

The Report opines as to the fairness of a planned transaction whereby USHA intends to transfer its 85% interest in the mineral rights / claims of the Nicobat Property (the “Property” or the “Asset”) and the related option agreement regarding the Net Smelter Royalty on the Property (the “Option”) to Formation Metals Inc. (“FMI” or “Spinco”) via a Plan of Arrangement (“POA”).

This planned POA transaction between USHA and Spinco is referred to as the “Proposed Transaction”.

USHA 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. 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 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; the Nicobat, its nickel-copper-cobalt project in Ontario; and Lost Basin, a gold-copper project in Arizona.

### Resulting Issuer – Formation Metals Inc.

After the Asset acquisition, FMI (also referred to herein after as the “Resulting Issuer”) will be listed on the CSE. Upon completion of the Proposed Transaction, the Resulting Issuer will maintain and likely expand exploration of the Property.

RwE has been advised by the USHA Board that it believes that the Asset sale will allow USHA to focus on its US-based assets, including the Jackpot Lake lithium brine project, whereas FMI will be focused on nickel at the Nicobat Project. Management advised RwE that the Proposed Transaction allows the Resulting Issuer to maximize the value of the Nicobat Project by creating a highly-focused exploration entity, with an interesting resource property.

Given this, and the related nature between USHA and FMI and the planned POA, the Board of the Company is interested in obtaining an independent opinion as to the fairness of the



Proposed Transaction, from a financial point of view of the shareholders of record of USHA near to the completion of the Proposed Transaction.

The Report, or a summary, will be submitted to the Supreme Court of British Columbia as part of completing the POA.

USHA paid RWE a fixed professional fee, plus costs, plus taxes to prepare this Report.

In preparing the Report, RWE has used the updated CIMVAL Code for the Valuation of Mineral Properties, as prepared by the Special Committee of the Canadian Institute of Mining, Metallurgy and Petroleum on the Valuation of Mineral Properties (CIMVAL), adopted by the CIM Council on November 29, 2019.

The CIMVAL Code was adopted by the Canadian Institute of Mining, Metallurgy & Petroleum (the "CIM") Council on November 29, 2019.

As part of these standards, RWE has relied on the technical and geological information, materials, findings and technical analysis / conclusions that were contained in the National Instrument 43-101 Technical Report on the Nicobat Project, Dobie Township, Northwest Ontario (NTS 52C/12NW) as prepared for Usha Resources Ltd., 1575 Kamloops Street, Vancouver, B.C. V5K 3W1, April 19, 2022 and revised October 6, 2022 by Andrew Tims, P.Geo. Ontario (the "Technical Report").

Readers are asked to carefully review and read the Technical Report. The Technical Report is attached in the Appendix 1.0 and is available directly from the Company. The Technical Reports notes that:

*“The NICOBAT Project (patents 104/214) properties were original acquired on July, 2015 by **Emerald Lake Development Corporation** for the property’s potential in hosting copper, nickel and cobalt metals within the Dobie Mafic Intrusion. **Usha Resources Ltd.** (“Usha”) currently holds an 85% property interest subject to a 2% NSR interest. The NICOBAT Cu–Ni–Co polymetallic sulphide mineralized zone is located in Dobie Township, Concession 1, parts of Lot 9, approximately six kilometers west of the village of Emo, and 42 kilometers west of the town of Fort Francis, Ontario along Highway #11. The property is immediately adjacent to Manitou Rapids Indian Reserve #11. Historically, the Dobie Mafic Intrusion was explored from 1952 to 1972 with prospecting, trenching, soil sampling, ground geophysical surveys (magnetic, electromagnetic, induced polarization and resistivity); diamond drilling including over 220 drill holes, large diameter rotary percussion holes; and metallurgical studies on numerous bulk samples from a pit dug on the property. Not all of this work is publicly available or filed in Government mining files. Historical drilling outlined a mafic norite mineralized body measuring 335m in N-S strike, 275m in width, and 305m explored depth with a predicted plunge of 30 to 45 degrees north. Stratmat Limited (1956) reported a potential resource of 6.4 million tonnes of polymetallic sulphides. Chibtown Copper*



*Corporation (1966) reported “indicated reserves” of 4.8 million tonnes grading 0.28% Cu, 0.24% Ni, 0.05% Co. These tonnages are mentioned here as historical results, a qualified person has not done sufficient work to classify the historical estimates mentioned above as current mineral resources or mineral reserves. The Company is not treating these historical estimates as current mineral resources or mineral reserves. The original data is no longer available and the ground would have to be re- drilled should Usha. wish to provide its’ investors with a resource calculation. The mineralized body was described in the historical Government assessment data records as being comprised of at least seven high – grade “ribs or shoots”, 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 sulphides as described in the previous paragraph.”*

RwE, its principals and partners, staff and associates, do not assume any type of responsibility and/or business/financial liability for losses incurred by USHA / Spinco and/or any of USHA / Resulting Issuer’s shareholders or securityholders, USHA / Spinco directors and/or its management, and/or any regulatory bodies and/or stock exchanges and/or other parties as a result of the circulation, publication, reproduction, or use of the Report, as well as any use contrary to the provisions of the Report and our engagement letter. The Report is based on the scope of work that has been undertaken, the data and information provided by USHA, the scope of work undertaken and the assumptions made.

RwE has not audited the information and data provided by IMA, nor has it performed any forensic review, nor can it be expected to catch or identify any fraud and/or misleading data or information from the Company.

RwE also reserves the right to review all calculations included or referred to in the Report and, if RwE considers it necessary, to revise the Report in light of any information existing at the Valuation Date (i.e., as at or near October 13, 2022 - after the date of the latest financial information) which becomes known to RwE after the date of the Report.

RwE has relied on the fact that USHA / Spinco has provided accurate and reliable data.

Unless otherwise indicated, all monetary amounts are stated in Canadian dollars (C\$).



## 10.0 FAIRNESS CONSIDERATIONS

The fairness of a Proposed Transaction for USHA's shareholders is tested by:

- i. assessing the historical development of the Nicobat Property and relying on the work of the writer of the Technical Report. He has worked on the Nicobat Property for a period of time and is familiar with the Nicobat Property;
- ii. calculating the fair value of the Nicobat Property's mineral rights and claims and NSR option;
- iii. the term of the Nicobat Property's mineral rights / claims acquisition by FMI (i.e., the Spinco) whereby USHA's Board advises RWE that the Proposed Transaction will be set out exactly as laid out in Schedule 2.1 of the Report;
- iv. considering the future promised financing terms and conditions and technical/business plans of FMI as set out by the USHA Board post close of the Proposed Transaction;
  - ✓ upon becoming a report issuer appoint additional directors and officers;
  - ✓ complete the financing of C\$250,000 by June 30, 2023;
  - ✓ obtain exploration permits (if required) by June 30, 2023: and
  - ✓ complete Phase 1 exploration program by September 30, 2023.
- v. considering qualitative factors, such as synergies, that may result from the Proposed Transaction.

There are many events that are assumed will occur between the Valuation Date and the closing of the Proposed Transaction. These events are either conditions of the Proposed Transaction or are necessary (e.g. due diligence, legal costs and other cost incurred in connection with the Proposed Transaction) aspects of the closing process. Readers should refer to Schedule 2.1.

## 11.0 CONCLUSION AS TO FAIRNESS

Based upon RWE's valuation work and subject to all of the foregoing, RWE is of the opinion, as at the Valuation Date, that the terms of the **Proposed Transaction is fair, from a financial point of view, to the shareholders of USHA as shown in Schedule 2.1.**

In assessing the fairness of the Proposed Transaction to the shareholders of USHA, RWE has considered, *inter alia*, the following:



1. Comparison of the Nicobat Property mineral rights / claims prior to completion of the Proposed Transaction and the total shares to be issued and/or held by USHA shareholders within the Resulting Issuer; whereby the total shares held being: (a) shares being distributed by USHA to its shareholders in the amount of 6,895,001; and (b) zero shares being retained by USHA, both on a POST-Proposed Transaction basis. One must compare the fair value of the Nicobat Property mineral rights / claims on a PRE-Proposed Transaction basis to the fair market value of the total shares issued to the USHA shareholders, on a pro-forma basis, in their respective holdings in the Resulting Issuer on a POST-Proposed Transaction basis.
2. Other potential benefits that may be realized subsequent to the completion of the Proposed Transaction include focus by both entities and synergies. RWE has considered such synergies and perhaps other changes/reductions that are likely through the splitting of the Nicobat Property's mineral rights 'claims into the Resulting Issuer. RWE has not attributed any separate value related to this.

RWE has not attempted to quantify other additional qualitative potential benefits. Certain additional potential benefits are as follows:

- i. The splitting off of USHA's Nicobat Property's mineral rights /claims better rationalizes both USHA and the Resulting Issuer's business models more clearly for capital markets.
- ii. Private placements remain difficult for small mining and mineral exploration firms that have not developed "scale" exploration and development over an extended period. Terms and conditions, although improving, still do not appear as favorable to such companies as at the Valuation Date as they once did.
- iii. Global economic and market conditions are volatile and uncertain.

**When one considers all of the above together, it is reasonable to conclude that the Proposed Transaction is fair, from a financial viewpoint to the shareholders of USHA.**

