

USHA RESOURCES LTD.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2019

The effective date of this report is February 26, 2020

Management Discussion & Analysis:

Management's discussion and analysis ("MD&A") provides a detailed analysis of the results and financial condition of Usha Resources Ltd. (the "Company" or "Usha") for the nine months ended December 31, 2019. The following management discussion and analysis, prepared as of February 26, 2020, should be read together with the unaudited condensed interim financial statements for the nine months ended December 31, 2019 with the related notes attached thereto and the audited financial statements for the year ended March 31, 2019 with the related notes attached thereto, prepared in accordance with International Financial Reporting Standards ("IFRS"). The MD&A supplements, but does not form part of the financial statements. Management is responsible for the preparation of the financial statements and the MD&A for the nine months ended December 31, 2019. News releases and previous filings may be found on SEDAR at www.sedar.com.

Description of Business:

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

The Company was listed as a Capital Pool Company ("CPC") as defined in TSX-V Policy 2.4. The principal business of the Company was the identification and evaluation of assets or a business with a view to completing a Qualifying Transaction as defined under TSX-V Policy 2.4. The Qualifying Transaction was approved by the TSX-V on December 6, 2019.

Forward Looking Statements:

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

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Overall Performance

- The Company's loss for the nine months ended December 31, 2019 was \$163,149 (2018: \$60,668).
- Working capital at December 31, 2019 was \$401,444.

Qualifying Transaction – Completed

The Company entered into an agreement dated March 7, 2019 with Emerald Lake Development Corporation (the "Vendor") for the right to purchase an undivided 51% interest in a copper-nickel-cobalt-polymetallic sulphide deposit referred to as the Nicobat Project (the "Property"), located in the Dobie Township in the Kenora Mining Division, Ontario. The Property consists of two combined surface and mining right patents which comprise 48 hectares. The purchase price of the Property was the issuance of 1,500,000 common shares of the Company to the Vendor at a deemed value of \$150,000; these shares were issued on December 6, 2019 and the Company acquired a 51% interest in the Property. In addition, the Company and a third-party company that holds a 15% interest in the Property shall pay the Vendor a 2.0% net smelter returns royalty upon the commencement of commercial production from the Property. The Company and the third-party company shall have the right at any time to acquire up to 1.5% of the royalty from the Vendor for the price of \$2,000,000. This agreement constituted the Company's Qualifying Transaction under the Capital Pool Companies policy of the TSX-V and the Qualifying Transaction has been approved by the TSX-V.

Concurrent with the closing of the Qualifying Transaction, the Company completed a private placement of flow-through and non flow-through units for gross proceeds of \$472,065. The non flow-through portion consists of 3,327,000 units at a price of \$0.095 per unit. Each unit consists of one common share and one share purchase warrant. Each warrant is exercisable to purchase one warrant share of the Company at \$0.19 per warrant share for a period of two years from the date of issuance of the units.

The flow-through unit private placement was for the issuance of 1,200,000 flow-through units at a price of \$0.13 per unit. Each unit consists of one flow-through common share and one non-flow-through common share purchase warrant. Each whole warrant is exercisable to purchase one warrant share of the Company at \$0.26 per warrant share for a period of two years from the date of issuance of the units.

The Company continues to actively pursue opportunities to acquire other properties of interest in British Columbia and Arizona. The Company recorded property investigation expenses of \$28,900 on such properties during the nine months ended December 31, 2019.

Critical accounting policies and estimates

The preparation of the annual financial statements in accordance with International Financial Reporting Standards requires management to make certain estimates, judgments and assumptions

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that affect the reported amounts of assets and liabilities at the date of the financial statements. Actual results could differ from these estimates. A detailed description of these matters, as well as the significant accounting policies adopted by the Company are disclosed in the notes to the audited financial statements for the year ended March 31, 2019.

Adoption of New Standards and Interpretations, and Recent Accounting Pronouncements

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

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

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

Summary of Quarterly Results & Results of Operations

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

	Loss per quarter	Loss per share	Property costs
Feb. 26, 2018 – March 31, 2018	\$10,004	\$ -	\$ -
April 1, 2018 – June 30, 2018	5,108	-	-
July 1, 2018 - Sept. 30, 2018	7,790	-	-
Oct. 1, 2018 - Dec. 31, 2018	47,770	0.03	-
Jan. 1, 2019 - March 31, 2019	30,804	0.02	678
April 1, 2019 – June 30, 2019	47,534	0.02	-
July 1, 2019 - Sept. 30, 2019	66,498	0.03	10,950
Oct. 1, 2019 - Dec. 31, 2019	49,117	0.01	(60)

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Discussion of Operations for the nine months ended December 31, 2019

Loss and comprehensive loss for the nine-month period ended December 31, 2019 was \$163,149 (2018: \$60,668) of which \$82,947 (2018: \$17,973) was spent on audit, accounting and legal fees, with a significant portion related to the Company's investigation, application and closing of its Qualifying Transaction. Property investigation costs of \$28,900 related to potential mineral property projects in B.C. and Arizona. Regulatory and filing fees of \$19,062 included a Qualifying Transaction filing fee of \$10,500. Rent and administration charges of \$14,100 (2018: \$4,725) were paid to a private company that has a Director in common with the Company (see related party transactions).

Discussion of Operations for the three months ended December 31, 2019

Loss and comprehensive loss for the three-month period ended December 31, 2019 was \$49,117 (2018: \$47,770) of which \$22,215 (2018: \$7,010) was spent on audit, accounting and legal fees related primarily to the Company's investigation, application and closing of its Qualifying Transaction. Rent and administration charges of \$4,650 (2018: \$4,725) were paid to a private company that has a Director in common with the Company (see related party transactions). The share-based payments charge of \$31,575 in 2018 related to the granting of stock options to directors for 420,000 shares at \$0.10.

Liquidity, Capital Resources and Capital Expenditures

At September 30, 2019, the Company's working capital, defined as current assets less current liabilities, was \$401,444 (March 31, 2019: \$146,293). This working capital included \$471,190 in private placement net proceeds received as part of the closing of the Qualifying Transaction (described earlier). The existing working capital should be sufficient for the Company to meet its ongoing obligations, including the planned work program on the Nicobat project. Further financing may be required to provide funding for future operations. The successful completion of such financing is not guaranteed, and depends on a number of factors, including the general sentiment in the capital markets, the strength of commodities prices and the strength of the local and global economies.

Other sources of funds potentially available to the Company are (1) through the exercise of 420,000 stock options granted to directors and officers at a price of \$0.10 per share expiring five years from the grant date (until October 12, 2023); (2) through the exercise of the Agent's warrants to purchase up to 200,000 common shares at a price of \$0.10 per share expiring two years from the listing date of the common shares on the TSX-V (until October 12, 2020) and (3) from the exercise of private placement warrants for the purchase of 4,527,000 shares that will expire on December 6, 2021.

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Contractual obligations

The Company has no long-term debt outstanding or contractual obligations.

Off-balance sheet arrangements

The Company has no off-balance sheet arrangements.

Financial risk factors

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

Credit risk

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

Liquidity risk

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

Market risk

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

a) Interest rate risk

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

b) Foreign currency risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign

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currency. As at December 31, 2019, the Company did not have any accounts in foreign currencies and considers foreign currency risk insignificant.

c) Price risk

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

Related Party Transactions

The Company paid rent and office administration charges of \$14,100 for the nine months ended December 31, 2019 to a private company (N.K.V. Engineering and Consulting Ltd.) which has an executive officer (Navin Varshney, President) in common with the Company. These transactions were in the normal course of operations and were measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Outstanding Share Data

Authorized Capital

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

Issued and Outstanding Capital

10,227,000 common shares were issued and outstanding at December 31, 2019 and at February 26, 2020.

Stock Options & Warrants Outstanding (at December 31, 2019 and at February 26, 2020).

	Number	Exercise Price	Expiry Date
Directors' stock options	420,000	\$0.10	Oct. 12, 2023
Agent's warrants	200,000	\$0.10	Oct. 12, 2020
Flow-through warrants	1,200,000	\$0.26	Dec. 6, 2021
Non-flow-through warrants	3,327,000	\$0.19	Dec. 6, 2021