

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.**