FORMATION METALS INC.
MANAGEMENT DISCUSSION AND ANALYSIS
FOR THE NINE MONTHS ENDED DECEMBER 31, 2022

The effective date of this report is May 1, 2023

Management Discussion & Analysis:

Management's discussion and analysis ("MD&A") provides a detailed analysis of the results and financial condition of Formation Metals Inc. (the "Company" or "Formation") for the nine months ended December 31, 2022. The following management discussion and analysis, prepared as of May 1, 2023, should be read together with the unaudited condensed interim financial statements for the nine months ended December 31, 2022 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, 2022. News releases and previous filings may be found on SEDAR at www.sedar.com.

Description of Business:

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 400 – 1681 Chestnut Street, Vancouver BC, V5K 3W1, Canada. The registered and records office address is 400 – 1681 Chestnut 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 (the "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 was determined by USHA's Board of Directors to be April 12, 2023. Pursuant to the arrangement agreement and on the payable date of April 20, 2023, USHA completed the transfer of the Property and distributed 9,480,476 common shares of the Company to the USHA shareholders on a pro rata basis.

Forward Looking Statements:

This Management Discussion and Analysis contains certain forward-looking statements and information relating to Formation 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 and the recent outbreak of an epidemic or a pandemic, the novel coronavirus (COVID-19). 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. Formation cautions that forward-looking statements involve risk and uncertainty.

Overall Performance

The Company does not generate revenues from operations. The Company's net loss for the nine months ended December 31, 2022 was $nil.

Working capital as at December 31, 2022 was $1 (March 31, 2022: $1), and comprised cash of $ $2,005 (March 31, 2022: $1), accounts payable and accrued liabilities of $nil (March 31, 2022: $nil), current portion due to related parties of $2,004 (March 31, 2022: $nil).

Summary of Corporate Activities

During the nine-months period ended December 31, 2022, the Company issued:

i) 1 common share for nominal consideration upon incorporation.

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.

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.

The Company classifies its financial instruments as follows:

Asset or Liability	IFRS 9 Classification
Cash	FVTPL
Receivables	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

RECENT ACCOUNTING PRONOUNCEMENTS

Certain new standards, interpretations, amendments and improvements to existing standards were issued by the IASB or International Financial Reporting Interpretations Committee.

During the period ended December 31, 2022, the Company was not required to, and has not adopted any new standards, interpretations, amendments and improvements to existing standards which had a material impact on the Company's condensed interim financial statements. The Company also does not expect the adoption of any currently announced new standards, interpretations, amendments and improvements to existing standards to have a material impact on the Company's condensed interim financial statements.

Summary of Quarterly Results & Results of Operations

During the period ended December 31, 2022, the Company did not perform any significant operations. The Company's condensed interim financial statements are prepared in accordance with IFRS applicable to interim financial statements and are expressed in Canadian dollars.

Discussion of Operations for the nine months ended December 31, 2022

Loss and comprehensive loss for the nine-months ended December 31, 2022, was $nil. 1 common share to a director of the Company at nominal price.

Discussion of Operations for the three months ended December 31, 2022

Loss and comprehensive loss for the three-month period ended December 31, 2022, was $nil.

Liquidity, Capital Resources and Capital Expenditures

As at December 31, 2022, the Company's working capital, defined as current assets less current liabilities, was $1 (March 31, 2022: $1). The Company intends on completing a private placement of a minimum of $250,000 at a minimum price of $0.05 per share.

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, 2022, the Company's cash and receivables exceeded its current liabilities. In order to meet future obligations as they become due, the Company may need to access funding from the issuance of equity securities, the exercise of stock options or through other sources. The Company's access to financing is uncertain and there is no assurance of continued access to equity funding.

Market risk

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

a) *Interest rate risk*

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

b) *Foreign currency* risk

The Company is exposed to foreign currency risk on fluctuations related to cash, receivables and accounts payable and accrued liabilities that are denominated in a foreign currency. As at December 31, 2022, 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.

The Company's business and operations could be adversely affected by the outbreak of an epidemic or a pandemic or other health crises, including the recent outbreak of COVID-19. On January 30, 2020, the World Health Organization declared the outbreak a global health emergency. Global government actions, along with market uncertainty could cause an economic slowdown resulting in a decrease in the demand for metals and have a negative impact on metal prices, as well as possible disruptions to global supply chains. While these effects are expected to be temporary, the duration of the business disruptions internationally and related financial impact cannot be reasonably estimated at this time.

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	Three months ended December 31, 2022	Three months ended December 31, 2021
Deepak Varshney, CEO	Deepak Varshney	$ 4	$ nil
Navin Varshney, Director	Navin Varshney	2,000	nil

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

1 common share was issued and outstanding as at December 31, 2022 and 1 as at March 31, 2022.

Subsequent Events

Subsequent to December 31, 2022, the Company:

Completed the statutory arrangement under a plan of arrangement (the “Arrangement”) with USHA. Pursuant to the Arrangement Agreement and on the payable date of April 20, 2023, USHA completed the transfer of the Property and distributed 9,480,476 common shares of the Company to the USHA shareholders on a pro rata basis.