HELIUM
EVOLUTION
INCORPORATED

Helium Evolution Incorporated

ANNUAL INFORMATION FORM

For the fiscal year ended December 31, 2022

September 6, 2023

Table of Contents

PRELIMINARY NOTES

Currency

Except where otherwise indicated, all references to currency in this Annual Information Form or "AIF" are to Canadian dollars.

Date of Information

All information in this AIF is as of and for the year ended December 31, 2022, unless otherwise indicated.

Forward-Looking Statements

This AIF contains forward-looking statements within the meaning of applicable securities legislation. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as "may", "should", "expect", "plan", "anticipate", "believe", "estimate", "predict", "potential" or "continue" or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors, including the risks in the section entitled "*Risk Factors*" and the risks set out below, any of which may cause the Company's or our industry's actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- risks related to the fact that the Company is an exploration stage company with no properties with known quantities of helium, no helium properties on production, and may incur losses for the foreseeable future;
- market risks such as general economic conditions, changes in markets, volatility in helium prices and foreign exchange, and share price volatility;
- financial risks including the future requirement for additional financing, going concern statements, future issuances of equity or debt, changes in interest rates, hedging risks, and third-party credit risks;
- operational risks include the fact that the Company has no history of helium production operations, production declines and interruptions, potential increases in operating and transportation costs, adverse weather conditions, reliance on technology, risks to title, license and permit terms and expiries, the reliance on special skills and knowledge, access to equipment and operator performance;
- acquisition and expansion risks including the future requirement of additional capital, risks to acquisitions and divestments, intense competition, and other growth-related risks;
- regulatory and political risks related to governmental and environmental regulations, changes to title or borders, and changes to royalties and taxes;
- environmental risks and hazards related to changes in environmental legislation, abandonment and reclamation, hydraulic fracturing, climate change and the potential for lawsuits; and
- other risks including risk management, reliance on key personnel, limitations on insurance and insurability, conflicts of interest, cyber security, accounting policy compliance, breech of controls, political events and terrorist attacks, and risk of litigation.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on our forward-looking statements.

The Company believes the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. The material factors that were applied in making the forward-looking information in this AIF include: (a) execution of the Company's existing business plans and growth strategy which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such business plans and growth strategy; and (b) the accuracy of current interpretation of research results, since new information or new interpretation of existing information may result in changes in the Company's expectations. Forward looking information is based on a number of assumptions that may prove to be incorrect including but not limited to assumptions about: our ability to effectively find, produce and market helium and/or to partner with entities in this regard; the impact of competition; the ability to obtain and maintain existing financing on acceptable terms; the ability to retain skilled management and staff; the ability to acquire a significant market position in our target markets; currency, exchange and interest rates; inflation; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; the progress and success of the Company's product marketing; and operating in a regulatory environment.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined herein under the heading *"Risk Factors"*. Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, actual results may vary materially from those described herein. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

These statements speak only as of the date of this AIF. The Company does not undertake any obligation to publicly update or revise any forward-looking statements unless required by applicable laws. **Any forward-looking information contained herein is expressly qualified by this cautionary statement.** The forward-looking statements in this AIF are provided for the limited purpose of enabling current and potential investors to evaluate an investment in the Company. Readers are cautioned that such statements may not be appropriate and should not be used for other purposes.

CORPORATE STRUCTURE

Name, Address, Incorporation

The Company's full corporate name is Helium Evolution Incorporated (the "**Company**" or "**HEVI**").

The Company was formed following the amalgamation of a private company of the same name being Helium Evolution Incorporated ("**Helium Evolution Private**") and Duckhorn Ventures Ltd. ("**Duckhorn**") (the "**Amalgamation**"). Helium Evolution Private was incorporated on January 14, 2021 under the Business Corporations Act (Alberta). Duckhorn was incorporated under the Business Corporations Act (British Columbia) on March 25, 2019.

On March 16, 2022, Helium Evolution Private and Duckhorn entered into a business combination agreement resulting in the reverse takeover of Duckhorn by Helium Evolution Private, including a change of control of Duckhorn. Following completion of the Amalgamation, Helium Evolution Private shareholders held approximately 96% of the outstanding shares of the Company and the board of directors and key management of the Company are substantially the same as Helium Evolution Private. As a result, the transaction has been accounted for as a reverse takeover with Helium Evolution Private being the acquirer for accounting purposes. Helium Evolution Private is the continuing entity and accordingly, the presentation of the comparative period information is that of Helium Evolution Private.

The Company's head office and registered office is located at 400, 505-3rd Street SW, Calgary, AB, T2P 3E6.

Intercorporate Relationships

During the year ended December 31, 2022, all subsidiaries were amalgamated with HEVI.

GENERAL DEVELOPMENT OF THE BUSINESS

Overview

Helium Evolution is focused on acquiring, exploring for and developing helium resources in the Province of Saskatchewan, specifically south-central Saskatchewan, which is part of the Western Canadian Sedimentary Basin and the Saskatchewan Helium Fairway. The Company holds helium permits with respect to 5,583,684.29 acres of Crown land in Saskatchewan. Since March 30, 2022, the Company's shares trade on the TSX Venture Exchange (the "**TSXV**") under the symbol "HEVI".

Three-Year History

Pre-Incorporation

In April 2020, Gregory Robb, Patrick Mills and John Kanderka began working together to evaluate potential helium exploration prospects. Respectively, they are the current Chief Executive Officer, Chief Operating Officer and Vice President, Corporate Development of the Company. Each of the three has over thirty-five years of experience in the oil and gas industry in western Canada, which they have used to assess helium gas prospects across the Western Canadian Sedimentary Basin. In June of 2020, after reviewing prospect ideas in Saskatchewan the group added James Baker to the team as an expert in the geology of the Williston Basin of Saskatchewan. James Baker is currently chair of the Board.

The management of Helium Evolution Private evaluated several parameters to choose the most promising area to prospect for helium, evaluating prospects in Montana, Alberta and Saskatchewan based on land tenure, regulatory environment, royalty structure, geology, infrastructure, and play type. They also compiled data on the helium industry including geological maps, provincial and state regulations, engineering data, and industry trade publications. In evaluating the prospect areas, the management of Helium Evolution Private entered into confidentiality agreements with various parties to look at specific plays, examined relevant government files, and purchased Accumap (an industry software database) to map several prospects. After careful analysis using the above-cited parameters, the management of Helium Evolution Private decided to conduct helium exploration activities in Saskatchewan.

Fiscal Year Ended December 31, 2021

On January 14, 2021, Helium Evolution Private was incorporated to pursue helium exploration in Saskatchewan.

Helium Evolution Private raised $2,000,000 through equity financings in January, May, July, and August of 2021.

On July 28, 2021, Brad Wall, former Premier of Saskatchewan, was added to the board of directors of Helium Evolution Private.

On September 19, 2021, Helium Evolution Private entered into a definitive business combination agreement (the "**Definitive Agreement**") among Duckhorn, Helium Evolution Private and 2374154 Alberta Ltd. ("**Subco**"), a wholly-owned subsidiary of

Duckhorn, pursuant to which Duckhorn would acquire all of the issued and outstanding securities of Helium Evolution Private by way of the Amalgamation involving Helium Evolution Private, Duckhorn and Subco.#

On November 15, 2021, Helium Evolution Private closed a non-brokered private placement financing (the "**November 2021 Offering**") of 40,998,636 subscription receipts at a price of $0.30 each, for gross proceeds of $12.3 million.

On November 19, 2021, at its first annual and general special meeting of shareholders, Helium Evolution Private strengthened its leadership team with the additions of Michael Graham and Philip Hughes to its board of directors. Shareholders of Helium Evolution Private also approved the Company's stock option plan (the "**Option Plan**") and granted stock options ("**Options**") under the Option Plan to certain directors, officers and consultants. In aggregate, 3,400,000 Options were granted, with each Option representing the right to receive one common share of the Company (each a "**Common Share**") upon vesting, exercisable at a price of $0.30. The Options will vest as to 20% on each of the 6th, 12th, 18th, 24th and 30th month anniversaries of the date of grant. The Options will expire on November 19, 2026.

<u>Fiscal Year Ended December 31, 2022</u>

On January 12, 2022, Helium Evolution Private entered into a secured promissory note (the "**Promissory Note**") with a current director of the Company in the amount of $1,500,000 with an annualized interest rate of 10%. The Promissory Note was secured by a general security agreement between the parties providing the lending party with security over the assets of Helium Evolution Private. The Promissory Note was repaid in full on March 18, 2022, along with total interest of $38,000, and the security was subsequently discharged.

On March 16, 2022, the Amalgamation pursuant to the Definitive Agreement closed. Concurrent with the closing of the Amalgamation, Jeffrey Barber was appointed to the board of directors (the "**Board**") of HEVI.

On March 30, 2022, the Company's Common Shares commenced trading on the TSXV under the symbol "HEVI".

On April 13, 2022, Heather Isidoro was appointed to the Board.

On June 25, 2022, the Company's first helium well, HEI 06-12-006- 05W3M ("**HEI-1**"), was spud.

On June 28, 2022, the Company entered into a farmout agreement (the "**Original Farmout Agreement**") with North American Helium Inc. ("**NAH**") pursuant to which NAH agreed to drill a total of five wells, incurring 100% of the drill expenditures, on three predetermined blocks of land in Saskatchewan. For each well drilled, NAH would earn an 80% operating interest in the section on which the well was drilled plus nine contiguous sections of land adjoining to the well, up to a maximum of 32,000 acres. The Company will retain a 20% working interest in the earned lands and each successful well drilled by NAH. In connection with entering into the Original Farmout Agreement, HEVI and NAH also entered into a standstill agreement pursuant to which NAH is subject to certain standstill restrictions relating to, among other things, the acquisition of HEVI securities for a 24-month period following completion of the June 2022 Offerings, as defined herein.

On June 28, 2022, HEVI issued: (i) 8,750,000 units (each a "**Unit**") to NAH for total gross proceeds of $3,500,000 (the "**Strategic Investor Private Placement**"); (ii) 3,175,500 Units via a non-brokered private placement for gross proceeds of $1,270,200 (the "**Non-Brokered Private Placement"**); and (iii) 5,370,000 Units via a brokered private placement for gross proceeds of $2,148,000 (the "**Brokered Offering**" and combined with the Strategic Investor Private Placement and Non-Brokered Private Placement, the "**June 2022 Offerings**"). Each Unit was comprised of one Common Share and one third of one Common Share purchase warrant (each whole warrant, a "**Warrant**") with each whole Warrant entitling the holder thereof to purchase one Common Share of the Company at a price of $0.70 at any time on or before the date which is 24 months from June 28, 2022 (the "**Expiry Date**"). If the 30-day volume weighted average trading price of the Common Shares on the TSXV is at or above $1.20 per Common Share, the Company may accelerate the Expiry Date by giving notice thereof to the holders of the Warrants, and in such case the Expiry Date will be the day that is 30 calendar days after the date on which such notice is given by the Company. Notwithstanding any of the foregoing, the Expiry Date will be no less than six months from the date of issuance.

On June 30, 2022, the Company granted 4,000,000 Options under the Company's Option Plan to certain directors, officers and consultants, with each Option representing the right to receive one Common Share of the Company upon vesting, exercisable at a price of $0.385. The Options will vest as to 20% on each of the 6th, 12th, 18th, 24th and 30th month anniversaries of the date of grant. The Options will expire on June 30th, 2027.

On July 15, 2022, the Company began drilling its second helium well, HEI 06-2-006-06W3M ("**HEI-2**") at the Company's 100% owned and operated McCord property in southern Saskatchewan.

On August 2, 2022, the Company provided an update on the first two exploration wells drilled at the Company's 100% owned and operated McCord property. HEI-1 was cased for further geological studies and evaluation and HEI-2 was abandoned.

Effective August 24, 2022, Ryan Tomlinson, Chief Financial Officer, resigned his position.

Effective September 12, 2022, the Company appointed Kristi Kunec to the role of Chief Financial Officer. In concert with the aforementioned appointment, HEVI granted 400,000 Options under the Company's Option Plan. Each Option represents the right to receive one Common Share of the Company upon vesting, exercisable at a price of $0.30. The Options will vest as to 20% on each of the 6th, 12th, 18th, 24th and 30th month anniversaries of the date of grant. The Options will expire on September 12th, 2027.

On October 21, 2022, the Company announced enhancements and amendments to the Original Farmout Agreement with NAH, through the execution of an Amended and Restated Farmout Agreement dated October 20th, 2022 (the "**Amended Farmout Agreement**"). As part of the Amended Farmout Agreement, HEVI and NAH also entered into a new seismic option agreement (the "**Seismic Option Agreement**") and seismic option review agreement (the "**Seismic Option Review Agreement**"), which could expand the number of wells to be drilled by NAH by 60%, from the original five to up to eight. The Amended Farmout Agreement supersedes the Original Farmout Agreement and maintains all earning terms and after-earning operations from the Original Farmout Agreement.

On November 9, 2022, NAH spud the first well (the "**Test Well #1**") under the Amended Farmout Agreement at 13-30-2-8W3, on farmout lands within Block 1 at Mankota in Saskatchewan.

On November 14, 2022, the Company granted Options under the Company's Option Plan to certain officers, employees and consultants. In aggregate, 810,000 Options were granted. Each Option represents the right to receive one Common Share of the Company upon vesting, exercisable at a price of $0.31. The Options will vest as to 20% on each of the 6th, 12th, 18th, 24th and 30th month anniversaries of the date of grant. The Options will expire on November 14th, 2027.

On November 21, 2022, HEVI announced that after reaching total depth, NAH informed HEVI that the open hole portion of the Test Well #1 will be abandoned, but that NAH is electing to suspend the cased hole portion of the well to afford optionality and the ability to re-enter it at a later date, potentially to drill a sidetrack to another target.

On December 20th, 2022 the Company announced that NAH spud the second well (the "**Test Well #2**") under the Amended Farmout Agreement at 01-01-06-10W3, on farmout lands within Block 1 at Mankota in Saskatchewan.

Recent Developments

Subsequent to December 31, 2022, the Company announced the following significant events:

On January 9, 2023, HEVI announced that after reaching total depth, NAH informed HEVI that Test Well #2 will be abandoned. In addition, the Company acquired over 500km of 2D seismic trade data over its exploration acreage to enhance the Company's technical work and selection of future drilling targets.

On January 24, 2023, the Company announces that it has granted Options under the Option Plan to certain directors and officers. In aggregate, 1,950,000 Options were granted, with each Option representing the right to receive one Common Share of the Company upon vesting, exercisable at a price of $0.16. The Options will vest as to 20% on each of the 6th, 12th, 18th, 24th and 30th month anniversaries of the date of grant. The Options will expire on January 24, 2028.

On July 6, 2023, the Company announced that NAH would spud an additional five new wells under the Amended Farmout Agreement in the next two years, including a third well ("**Test Well #3**") at 12-11-05-10W3, on farmout lands within Block 1 at Mankota in Saskatchewan, in that same month.

On July 17, 2023, the Company announced that NAH had spud Test Well #3. Additionally, the Company announced that NAH had notified HEVI that it would not be exercising its option to drill a well under the Seismic Option Review Agreement.

On July 27, 2023, the Company announced that Test Well #3 will be abandoned and that NAH expedited the drilling of the farmout well at 12-13-10-8W3 ("**Test Well #5**"), which spud on July 25, 2023.

On August 8, 2023, HEVI announced that that the open hole portion of the Test Well #5 will be abandoned, but that NAH is electing to suspend the cased hole portion of the well to afford optionality and the ability to re-enter it at a later date, potentially to drill a sidetrack to another target.

On August 22, 2023, the Company announced that NAH had spud its selected well at location at 6-13-5-7W3 ("**Test Well Area #2**") under the Seismic Option Agreement and NAH would amend one of its previously selected locations from 5-36-3-9W3 to 12-36-3-9W3 ("**Test Well Area #1**"), due to surface issues at the originally selected location. As Test Well Area #1 is now relocated on native prairie with regulatory requirements only allowing drilling access on frozen ground conditions, HEVI granted NAH an extension of the spud date from the original August 31, 2023 to a date that is on or before November 1, 2023.

On August 30, 2023, the Company announced that Test Well Area #2 would be abandoned. Additionally, Warrants to purchase 2,010,840 Common Shares at an exercise price of $0.30 per share expired on August 30, 2023.

Significant Acquisitions

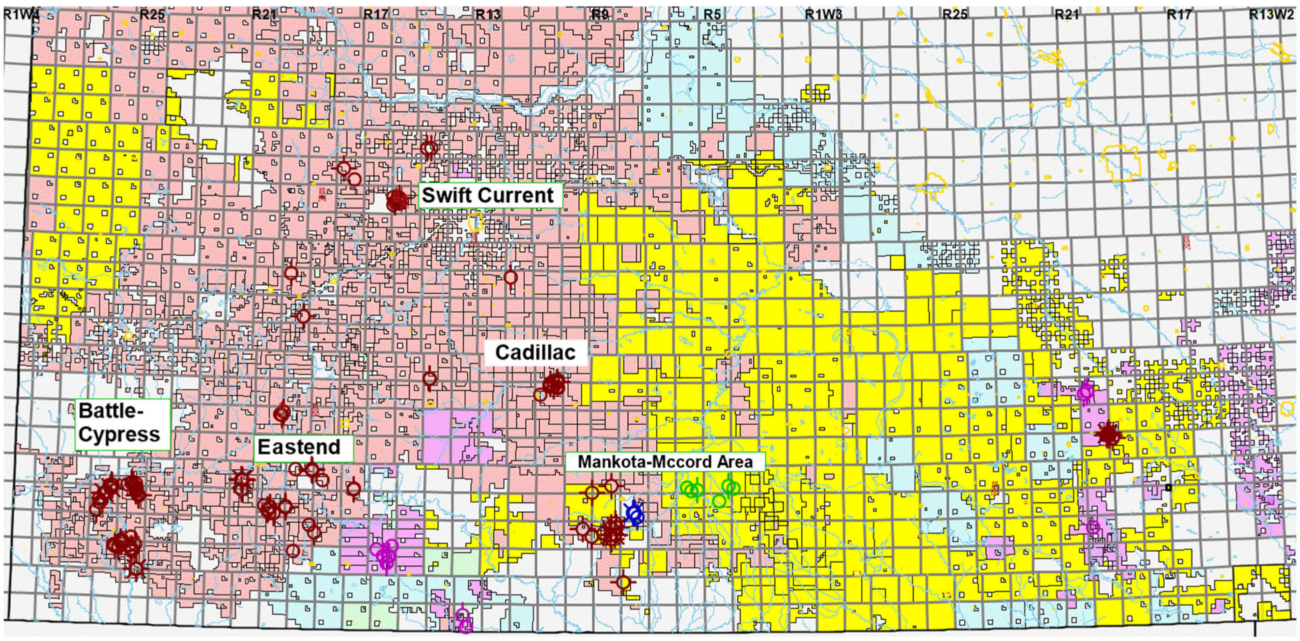
HEVI did not complete any "significant acquisitions" (as such term is defined in National Instrument 51-102 – *Continuous Disclosure Obligations*) during the financial year ended December 31, 2022.

DESCRIPTION OF BUSINESS

General

HEVI is focused on the exploration and future development of helium to meet the needs of a growing helium market in North America and around the world. Helium is an inert gas produced by the decay of uranium and thorium that can be trapped in underground reservoirs proximal to the source. Due to its unique physical properties, helium is required for several high technology applications where there is often no substitute. Helium's low boiling point and non-reactive nature make it vital for the pressurization and purging of liquid fuels in rockets for space exploration and satellite infrastructure. Helium is also required for semiconductor manufacturing, MRI machines and certain welding applications due to its high heat capacity. A well-known, but minor use, is as a lifting gas in balloons and airships.

The Company has acquired a significant land base, totaling 5,583,684 acres (2,259,639 hectares), in a known helium fairway in southern Saskatchewan and is actively evaluating identified prospects while pursuing additional opportunities. The Company's permits are shown in yellow in the map below:



Legend: HEVI lands; NAH lands

Southwestern Saskatchewan is part of the Western Canadian Sedimentary Basin or WCSB, a foreland basin wedge of phanerozoic sediments between the Canadian Shield zero edge to the east, thickening towards the cordillera in the west. To the south, the Saskatchewan basin grades into the cross-border Williston Basin. To date, helium production and helium shows in this area are from lower Paleozoic rocks, mostly Cambrian Deadwood sandstones and some Devonian carbonites of the Souris River and Duperow formations. Helium is currently produced in Saskatchewan at Battle Creek-Cypress, Cadillac, Eastend and Mankota, as noted on the above map.

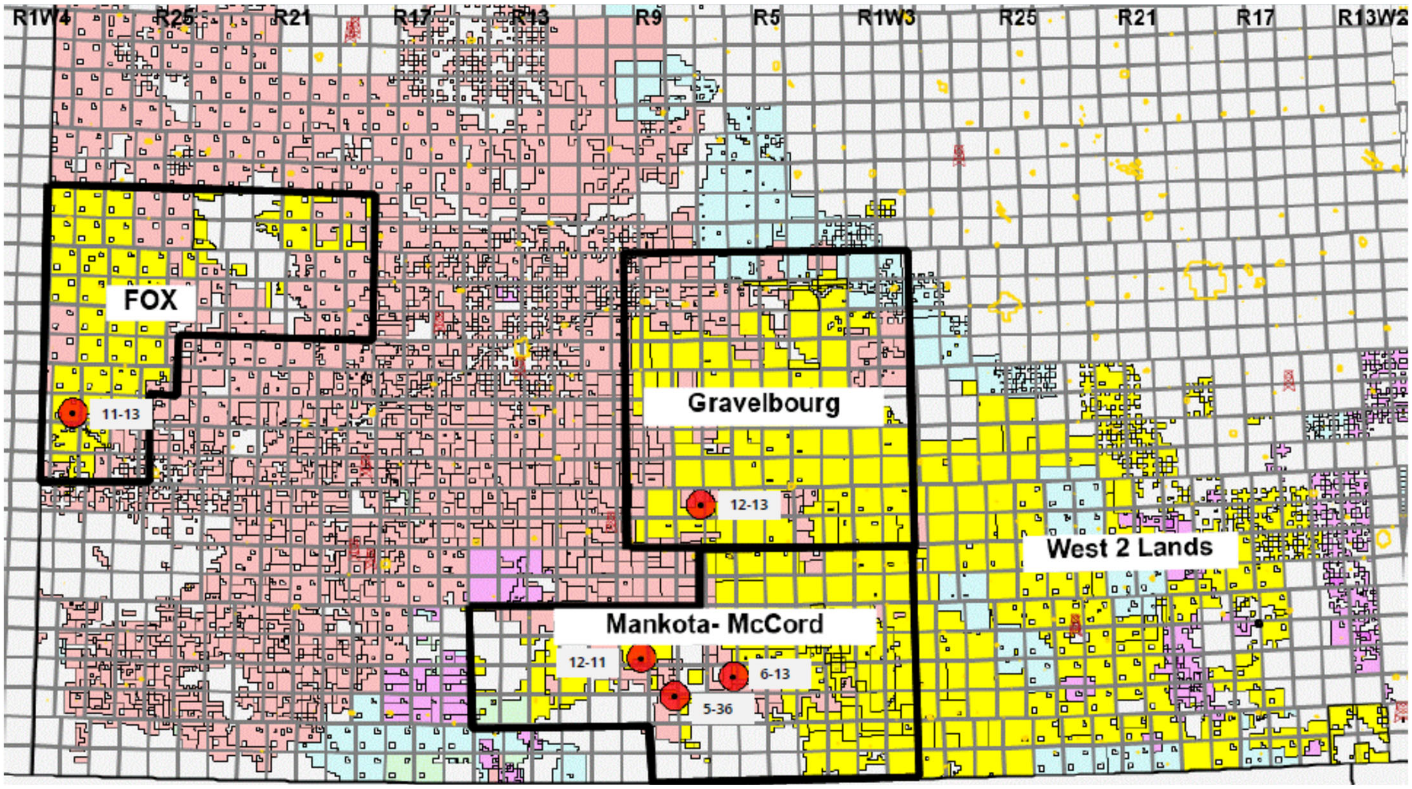
There are a number of advantages inherent in exploring for helium in southern Saskatchewan, namely:

- There is proven helium production and quantities in the southern Saskatchewan helium fairway;
- Gas analyses show concentrations of helium of 0.8% to 2.2%;
- Helium in this area is primarily associated with nitrogen and may not be associated with hydrocarbons (which has a higher carbon footprint and political implications);
- Extensive data is available such as gas analysis, pressure data, well logs, and core data;
- Significant historical seismic data is available;
- A highly motivated workforce with crossover skills from the oil and gas industry including well services and engineering, procurement, and construction firms (EPC) is available;
- Existing infrastructure including roads, power, and rail;
- Stable business and regulatory environment;
- Saskatchewan has favorable royalties for helium (4.25% net royalty rate); and

- Reasonable annual work expenditure requirements associated with each helium permit granted allows HEVI to exploit its acquired helium right over a period of 5 years.

Operations

The following map outlines the Company's four core areas of Mankota-McCord, Gravelbourg, Fox and West 2 Lands, as described herein.



Legend: HEVI lands; NAH lands; 2023/2024 drilling locations, as discussed below

Core Area One – Mankota- McCord

The Mankota-McCord core area encompasses almost 1.6 million acres and is in south-central Saskatchewan, approximately 150 km south of the City of Swift Current. This attractive acreage is adjacent to the historical Weil Group Resources, LLC ("**Weil**") discovery and NAH's subsequent discoveries at Mankota, Saskatchewan. Based on available data, it is HEVI management's view that the structural complexity of the basement has likely produced structural traps in the overlying Cambrian Deadwood sediments on HEVI's land, similar to known discoveries in the area. The tight carbonates and evaporites of the Devonian interval above the Deadwood Formation are also potential seals for helium traps in the Souris River and the Duperow Formations. This area is considered highly prospective for helium exploration because it has basement helium source rock, migration pathways, evidence of high helium concentrations, potential structural and stratigraphic traps with known reservoir rocks and possible sealing formations above the reservoir.

To date, much of the Company's focus has been on the Mankota-McCord core area. Over the course of 2022 and into 2023, the Company has acquired approximately 800 km of seismic in the Mankota-McCord core area, including a seismic shoot in the first quarter of 2022. While some of the information continues to be evaluated, the Company identified multiple drilling locations, two of which were drilled in June and July of 2022. HEI-2 was abandoned, while HEI-1 was cased for further evaluation. Additionally, NAH drilled four wells in the Mankota-McCord core area, Test Well #1, Test Well #2, Test Well #3 and Test Well Area #2, under the Amended Farmout Agreement. Test Well #2, Test Well #3 and Test Well Area #2 were abandoned, while NAH elected to suspend the cased hole portion of Test Well #1 to afford optionality and the ability to re-enter the hole at a later date. See additional discussion under "*General Development of the Business*".

Going forward, on or before November 1, 2023, Test Well Area #1 is scheduled to be spud by NAH under the Seismic Option Agreement.

Core Area Two – Gravelbourg

The Gravelbourg core area encompasses over 1.0 million acres and is in south-central Saskatchewan, approximately 100 km east of Swift Current where there are multiple stratigraphic formations and helium targets. Abundant, high-quality trade seismic data is available in the Gravelbourg core area, some of which has been purchased by the Company. This attractive acreage is adjacent to

NAH's recent discovery at Cadillac, Saskatchewan. HEVI is actively undertaking advanced geoscience work to further understand the potential helium reservoirs in the Gravelbourg core area.

On July 25, 2023, Test Well #5 was spud by NAH under the Amended Farmout Agreement. After reaching total depth, NAH abandoned the open hole portion of the Test Well #5 but elected to suspend the cased hole portion of the well to afford optionality and the ability to re-enter it at a later date, potentially to drill a sidetrack to another target. See additional discussion under "*General Development of the Business*".

<u>Core Area Three – Fox</u>

The Fox core area encompasses almost 0.7 million acres in south-west Saskatchewan, near the Alberta-Saskatchewan border, approximately 100 km east of the City of Medicine Hat, Alberta. The Fox core area sits within the Saskatchewan helium fairway with numerous basement anomalies identified. Abundant, high-quality trade seismic data is available in the Fox core area, some of which has been purchased by the Company. Further, the land nearby has known helium discoveries and ongoing exploration activities by other operators.

Going forward, on or before March 31, 2024, the location selected at 11-13-13-29W3 ("**Test Well #4**") is scheduled to be spud by NAH under the Amended Farmout Agreement.

<u>Core Area Four – West 2 Lands</u>

The Company holds helium permits in an additional 2.2 million acres of land ("**West 2 Lands**") in Saskatchewan, mainly west of the second meridian and south of the City of Moose Jaw, Saskatchewan. While not the current focus of the Company, the West 2 Lands are considered prospective for helium exploration as they are in the known Saskatchewan helium fairway with numerous basement anomalies identified.

In addition to drilling activities, the Company is continuing to undertake extensive geological and geophysical modelling, including the acquisition of additional seismic, shooting of proprietary 2D seismic, seismic reprocessing and interpretation and well log integration. To date, the Company has acquired or shot a total of approximately 2,000 km (1,200 miles) of 2D seismic on its land. The purpose of the seismic, in addition to other geophysical and geochemical data acquisition, is to identify and refine superior drilling locations across the Company's landholdings.

Competitive Conditions

There is strong competition in the helium industry and the Company must actively compete for capital, skilled personnel, undeveloped land, reserve acquisitions, access to drilling rigs, service rigs and other equipment with a substantial number of other corporations some of which have greater technical and financial resources than the Company. Given HEVI's current land base in Saskatchewan, NAH, Royal Helium Ltd., Global Helium Ltd. and Weil are considered direct competitors to the Company. Some direct competitors not only explore for, develop and produce helium, but may also carry-on refining operations and market helium and therefore have greater and more diverse resources to draw upon. The Company's ability to increase reserves and eventual production 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 for exploratory drilling. The competitive conditions for land, labour, equipment, and capital may change in the future. See "*Risk Factors*" below.

Employees

Throughout the year ended December 31, 2022 and as of the date of this AIF, HEVI had four (4) full-time employees and three (3) part-time consultants.

Specialized Skills and Knowledge

The Company will hire, retain, and utilize specialized skills and knowledge in its initial stages as required. In the exploration stage, geoscientists are employed to analyze seismic, pre-existing well data and other information to identify potential areas to explore for helium. Once targets are identified and captured, third party drilling and completion firms are hired to provide the rigs, equipment, and expertise to safely drill and complete wells and to test for helium gas. If and when helium is discovered, third party Engineering, Procurement and Construction (EPC) firms will be engaged to design and construct the gathering system and helium processing facility. Field operators will be hired to operate the facility. Marketing expertise will be required to secure customers both short and long term and to ensure we maximize the price received for our product. All of the necessary skills and knowledge mentioned are readily available within the oil and natural gas sector. In addition, health safety and environment, governance, strategy, finance, marketing, and risk management expertise is required throughout all of these stages. The management team and Board have extensive experience in all areas as well as established relationships to engage third parties where needed. See "*Directors and Executive Officers*".

Government Regulation

In Canada, helium exploration and production is subject to similar controls and regulations as those in the natural gas industry imposed by various levels of government at the federal, provincial, and municipal levels. It is not expected that any of these controls or regulations will affect the operations of the Company materially differently than they would affect other companies of similar size that are exploring for or producing helium. All current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted.

In Canada, the price of helium sold in interprovincial and international trade is determined by negotiation between buyers and sellers. On July 1, 2020, *Canada-United States-Mexico Agreement* ("**CUSMA**") became effective among the governments of the United States, Mexico, and Canada. CUSMA replaces the 1994 North American Free Trade Agreement supporting mutually beneficial trade leading to freer, fairer markets, and to robust economic growth in the region. Both the United States and Mexico have categorized helium on their respective tariff schedule as staging category "0" or "duty-free" on the date of entry into force of CUSMA.

The helium industry is subject to environmental regulation pursuant to federal and provincial legislation. Federally, environmental regulations are contained in the *Canadian Environmental Protection Act*, S.C. 1999, c. 33. In Saskatchewan, environmental compliance for exploration and production activities are governed by the *Environmental Assessment Act*, S.S. 1979-80, c. E-10.1, as amended. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain helium industry operations. In addition, legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. A breach of such legislation may result in the imposition of fines and penalties.

Helium in Canada is owned by the respective provincial governments. The provincial governments grant rights to explore for and to produce helium and provide regulations that define land tenure, royalties, environmental protection, and other matters. In Saskatchewan, the exploration and development of helium is governed under *The Crown Minerals Act*, S.S. 1984-85-86, c. C-50.2, as amended. Leasing permits, land tenure, annual lease rentals, expenditure requirements, and applicable royalties fall under *The Oil and Gas Tenure Registry Regulations*, RRS c. C-50.2 Reg 31, defined specifically to "helium and associated gases".

Specific to our land permits, the Company is anticipating the following exploratory work commitments over the next five years:

Year	**Total:**
2023	$245,000
2024	$403,000
2025	$2,440,000
2026	$3,698,000
2027	$1,455,000

Helium permits in Saskatchewan have an initial three-year term, which can be extended for an additional two-year term and can be converted to 21-year leases at any time. All of the Company's permits are in good standing.

The royalty regime is a significant factor in the profitability of helium production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties in Saskatchewan are outlined in *The Oil and Gas Tenure Registry Regulations,* section 9-26, such that the royalties for helium and associated gases are 5% less a royalty credit of 0.75% for a net provincial royalty of 4.25%.

Additionally, in connection with the founding of HEVI and the contribution of certain assets to the Company, HEVI has granted a 3% gross overriding royalty interest agreement with respect to the production of helium from Helium Evolution's properties to the benefit of certain of the directors and officers or companies controlled by them, and a consultant of the Company.

Economic Dependence

The Company's business is not substantially dependent on any contract, such as a contract to sell the major part of its future production to one or more specific purchasers. It is not expected that the Company's business will be affected in the current financial year by the renegotiation or termination of any contracts or sub-contracts.

Social or Environmental Policies

The Company is committed to carrying out all of its activities in an ethical manner that prioritizes health and safety, recognizes the concerns of indigenous peoples, communities, local stakeholders and preserves the natural environment.

The Company ensures that all employees are trained and instructed in their assigned tasks and that safety procedures are followed at times. The importance of ethical behavior and preservation of the natural environment is stressed to all employees and contractors, and all are charged with monitoring operations to ensure they are being carried out in an environmentally friendly manner.

Intangible Properties

Our intellectual property is primarily in the form of trademarks, domain names and the Company's website that is actively used in its day-to-day business such as www.heliumevolution.ca.

Changes to Contracts

The Company does not expect any changes to any of the material contracts it has for the current fiscal year.

RISK FACTORS

This section describes the material risks affecting the Company's business, financial condition, operating results and prospects. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on the Company's business, financial condition, operating results or prospects. In addition to the other information set forth elsewhere in this AIF, prospective investors should carefully review the following risk factors:

The Company is an exploration stage company.

The Company is an exploration stage company. The exploration and development of helium properties is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. The Company has no history of operations and to date has generated no revenue from operations. All the Company's assets are in an early stage of exploration and it does not have a known deposit of helium. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. The Company has not defined or delineated any known quantities of helium on any of its assets. Helium exploration involves significant risk since few properties that are explored contain sufficient volumes of helium to order to justify the cost of production. There can be no assurance that the Company's existing or future exploration programs will result in the discovery of helium in sufficient quantity, or, even if helium is located, that it can be economically produced.

The Company has no known quantities of helium or estimates of helium quantities on any of its assets.

The Company's assets do not contain any known quantities of helium. The Company has no known quantities of helium on any of its properties. There is no certainty that the Company's ongoing exploration efforts will result in the discovery of helium in sufficient quantity or concentration to justify the cost of production.

The Company has no helium properties in production.

The Company has no operating history, apart from exploration operations, and limited historical financial performance. The Company does not currently have any helium properties in production. The future development of any properties assessed to be economically feasible will require the construction and operation of a processing facility and related infrastructure. There is no guarantee that any of the Company's properties will be found to be financially viable. As a result, the Company is and will continue to be subject to all of the risks associated with establishing new helium production operations, including:

- the ability to find sufficient helium to support production operations;
- the need to obtain necessary environmental and other governmental approvals and permits and the timing of the receipt of those approvals and permits;
- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities;
- the availability and cost of skilled labor and equipment;
- the availability and cost of appropriate processing arrangements;
- the timing and cost, which are considerable, of the construction of helium processing facilities;
- the availability of funds to finance construction and development activities; and
- potential increases in construction and operating costs due to changes in the cost of fuel, power, materials and supplies.

The costs, timing and complexities of developing the Company's assets may be greater than anticipated due to the location of some of its property interests, and as a result, some of its properties may not be served by appropriate road access, water and power supply and other support infrastructure. Cost estimates may increase as more detailed engineering work is completed on a project. It is common in new projects to experience unexpected costs, problems and delays during construction, development, and start-up. In addition, delays in the early stages of helium production often occur.

Accordingly, the Company cannot provide assurance that its activities will result in profitable helium operations or that it will successfully establish helium operations.

The Company may incur losses for the foreseeable future.

The Company expects to incur losses unless and until such time as its properties generate sufficient revenues to fund continuing operations. The exploration and, if warranted, development of its properties will require the commitment of substantial financial resources that may not be available.

The amount and timing of expenditures will depend on several factors, including the progress of ongoing exploration and development, the results of third-party analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and the acquisition of additional property interests, some of which are beyond the Company’s control. The Company cannot provide assurance that it will ever achieve profitability.

The properties may be subject to uncertain title.

The Company cannot provide assurance that title to the properties will not be challenged. The Company may not have, or may not be able to obtain, all necessary surface rights to develop a property. While the Company has performed due diligence with respect to title of its permits and license interests, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements, transfer or land claims by other parties, and title may be affected by undetected defects.

The Company’s rights to its assets are dependent on the Company’s ability to meet the obligations under its leases, licenses and permits.

The Company’s rights to its assets are subject to various payments and commitments pursuant to the leases, licenses and permits. Any failure by the Company to meet any such payment obligations or otherwise fulfill its commitments could result in the loss of the related property interest. There can be no assurance that funds will be available in the future so that the Company can satisfy these obligations.

Market Risks

General economic conditions may adversely affect the Company’s growth and profitability.

Significant events in the global financial markets can have had a profound impact on the global economy. Many industries, including the helium industry, are impacted by these market conditions. Some of the key impacts of financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity pricing, foreign exchange, helium demand and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company’s growth and profitability. Specifically:

- degradation of global credit/liquidity could impact the cost and availability of financing and the Company’s overall liquidity;
- volatility of helium prices could impact the Company’s revenues, profits, losses and cash flow;
- recessionary pressures could adversely impact demand for the Company’s production;
- volatile energy, commodity and consumables prices and currency exchange rates could impact the Company’s production costs; and
- the devaluation and volatility of global stock markets would impact the valuation of the Company’s equity and other securities.

These factors could have a material adverse effect on the Company’s financial condition and results of operations.

Changes in markets and marketing may adversely affect the Company.

The marketability and price of helium that may be acquired, discovered or sold by the Company will be affected by numerous factors beyond its control. The Company's ability to market its helium may depend on a number of factors in order to deliver helium to existing markets. The Company may also be affected by deliverability uncertainties related to the proximity of its helium to markets as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of helium and many other aspects of the helium business.

Helium price volatility may adversely affect the Company’s growth and profitability.

The Company's revenues, profitability, future growth and the carrying value of any helium properties that it may hold, provided such properties yield production, are substantially dependent on prevailing prices of helium. Helium prices may be subject to large fluctuations in response to relatively minor changes in the supply of and demand for helium, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include economic conditions in the United States, Canada and abroad, governmental regulation, the foreign supply of helium, and the price of foreign imports. Any substantial and extended decline in the price of helium would have an adverse effect on the Company's carrying value of its known quantities of helium, borrowing capacity, revenues, profitability, and cash flows from operations. The Company's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon helium prices. Volatile helium prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for helium producing properties, as buyers and sellers have difficulty agreeing on such value.

Price volatility also makes it difficult to budget for and to project the return on acquisitions and development and exploitation projects. Currently, the Company has no debt facilities in place. However, any bank borrowings available to the Company in the future will in part be determined by the Company's borrowing base. A sustained material decline in helium prices from historical average prices could reduce the Company's borrowing base, therefore reducing the bank credit available to the Company and require that a portion, or all, of the Company's bank debt, if any, be repaid.

The Company may be negatively impacted by a variation in foreign exchange rates.

The exchange rate between the Canadian dollar and United States dollar ("**USD**") also affects the profitability of the Company. North American helium prices are quoted in USD and the price received by Canadian producers is therefore affected by the Canadian/USD exchange rate, which will fluctuate over time. Material increases in the value of the USD may negatively impact the Company's costs of materials, drilling and construction, as well as helium prices. Future Canadian/United States exchange rates could impact the future value of the Company's known quantities of helium as determined by independent evaluators and the value of US denominated debt, if any. To the extent that the Company engages in risk management activities related to foreign exchange rates, there is credit risk associated with counterparties with which the Company may contract. The Company assesses its exposure to all relevant foreign currencies.

The Company's Common Shares may be subject to significant volatility.

The market price of the Company's Common Shares may be volatile, and this volatility may affect the ability of shareholders to sell Common Shares at an advantageous price. Market price fluctuations in the Common Shares may be due to: the Company's operating results or financial performance failing to meet the expectations of securities analysts or investors in any quarter; downward revision in securities analysts' estimates; governmental regulatory action; an adverse change in general market conditions or economic trends; acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. In addition, the market price for securities in stock markets including Common Shares may experience significant price and trading fluctuations. These fluctuations may result in volatility in the market prices of securities that may be unrelated or disproportionate to changes in the Company's operating and financial performance.

Future sales by the shareholders of the Company's Common Shares could cause the Company's Common Share price to fall.

Future sales of the Company's Common Shares by large shareholders or other shareholders could decrease the value of the Common Shares. The Company cannot predict the size of future sales by its shareholders, or the effect, if any, that such sales will have on the market price of the Company. Sales of a substantial number of the Company's Common Shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Company's Common Shares.

The Company does not intend to pay any cash dividends in the foreseeable future.

The Company has not declared or paid any dividends on its Common Shares. The Company intends to retain future earnings, if any, to finance the growth and development of its business and does not intend to pay cash dividends on the Common Shares in the foreseeable future. Any return on an investment in the Common Shares will come from the appreciation, if any, in the value of the Common Shares. The payment of future cash dividends, if any, will be reviewed periodically by the Company's Board and will depend upon several factors such as earnings, financial condition and capital requirements, restrictions in financing agreements, new business opportunities and other factors.

The Company may fail to maintain the listing of the Common Shares.

The Common Shares are currently listed for trading on the TSXV. The failure of the Corporation to meet the applicable listing or other requirements of the TSXV in the future may result in the Common Shares ceasing to be listed for trading on the TSXV, which whould have a material adverse effect on the value of the Common Shares. There can be no assurance that the Common Shares will continue to be listed for trading on the TSXV.

Financial Risks

The Company will require additional funding requirements.

From time to time, the Company may require additional financing in order to carry out helium acquisition, exploration, and development activities. The Company's cash flow from its helium production, once developed, may not be sufficient to fund its ongoing activities at all times. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations.

If the Company's revenues from its helium operations, once developed, decrease as a result of lower helium prices or otherwise, it will affect the Company's ability to expend the necessary capital to replace its known quantities of helium or to maintain its production. If cash flow from operations is not sufficient for the Company to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to the Company.

The Company may receive a going concern opinion from its auditors.

The Company may receive a "going concern" opinion from its auditors. The ability of the Company to continue as a going concern is dependent on the Company's ability to raise additional capital and implement its business plan.

Future sales or issuances of equity securities could decrease the value of any existing Company securities, dilute investors' voting power and reduce the Company's earnings per share.

The Company may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into shares of the Company) and may issue additional equity securities to finance its operations, exploration, development, acquisitions, or other projects. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the market price of the Common Shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Company. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per share.

The Company may issue debt to meet its growth objectives.

Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. In the early stages of growth, the Company may have difficulty accessing debt needed to acquire and develop helium properties. This may result in the inability of the Company to complete certain acquisitions or drilling activities. Future acquisitions may be financed partially or wholly with debt, which may increase debt levels above industry standards. Neither the Company's articles nor its by-laws limit the amount of indebtedness that it may incur. The level of the Company's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

An increase in interest rates may impact the ability of the Company to service its debt.

The Company may finance a portion of its operations through debt. Amounts paid in respect of interest and principal on debt may impair the Company's ability to satisfy its other obligations. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service before payment by the Company of its debt obligations. Lenders may be provided with security over substantially all of the assets of the Company. If the Company becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, a lender may be able to foreclose on or sell the assets of the Company.

Hedging may adversely impact the Company's performance.

From time to time the Company may enter into agreements to receive fixed prices of its helium production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Company will not benefit from such increases and may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time the Company may enter into agreements to fix the exchange rate of Canadian to USD in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the USD; however, if the Canadian dollar declines in value compared to the USD, the Company will not benefit from the fluctuating exchange rate.

The Company may be exposed to third party credit risk.

The Company may be exposed to third party credit risk through its contractual arrangements with current or future joint venture partners, marketers of its helium production and other parties. In the event such entities fail to meet their contractual obligations, such failures could have a material adverse effect on the Company and its cash flow from operations.

Operational Risks

The Company has significant operational risks.

Helium operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company will depend on its ability to find, acquire, develop, and produce helium. Without the continual addition of new helium discoveries, any known quantities of helium the Company may have at any time and the production therefrom will decline over time as such quantities are exploited and depleted. A future increase in the Company's known quantities of helium will depend not only on its ability to explore and develop any properties it may have, but also on its ability to select and acquire suitable producing properties or prospects. Future helium exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after all investments are made. Completion of a well does not assure a profit on the investment or recovery of drilling, completion, and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-in of wells as a result of extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. No assurance can be given that the Company will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further quantities of helium will be discovered or acquired by the Company.

While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, natural declines as known quantities of helium are depleted and production or sales delays cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees. Helium exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, sour gas releases and spills, each of which could result in substantial damage to helium wells, production facilities, other property, the environment or in personal injury. In accordance with industry practice, the Company will not be fully insured against all these risks, nor are all such risks insurable. Although the Company will maintain liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

The Company has no history of helium operations.

The Company does not have a history of helium operations and there is no assurance that it will produce revenue, operate profitably, or provide a return on investment in the future.

The Company's performance may be adversely affected by production declines or interruption.

The Company's financial performance, financial position, and cash flows are affected by the Company's helium production levels. Helium production is also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. There is uncertainty regarding the sustainability of initial production rates and decline rates thereafter.

Production levels may decline at rates greater than anticipated due to unforeseen circumstances, many of which are beyond the Company's control. Production levels may decline due to an inability for the Company to market our helium production. This could result from the availability, proximity, and capacity of gathering systems, pipelines and processing facilities that the Company depends on in the jurisdictions in which it operates. Business interruption insurance may be purchased for selected operations, to the extent that such insurance is financially viable.

Increases in operating costs could negatively impact the Company's financial performance.

The Company's financial performance, financial position, and cash flows are affected by the Company's operating costs. Operating costs may increase due to unforeseen circumstances, many of which are beyond the Company's control. Operating costs could increase as a result of environmental damage, unforeseen circumstances related to climate-change, and other unexpected conditions which could result from a number of operating and natural hazards associated with the Company's operations. There are also risks and uncertainty regarding the Company's ability to address technical drilling challenges and manage water production. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity, and financial condition. In addition to higher costs, the Company may have a potential liability to regulators and third parties as a result. The Company maintains liability insurance, where available, in amounts consistent with industry standards. The Company may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons.

Transportation disruptions or increases in transportation costs could adversely affect profitability.

Disruption in or increased costs of transportation services could make the Company's helium less competitive than other sources. The industry depends on rail, trucking, ocean-going vessels, pipelines, facilities, and barge transportation to deliver shipments, and transportation costs are a significant component of the total cost of supplying helium. Disruptions of these transportation services because of weather related problems, strikes, lockouts, terrorist activities, delays or other events could temporarily impair the ability to supply helium to customers and may result in lost sales. In addition, increases in transportation costs, or changes in transportation costs for helium produced by competitors, could adversely affect profitability. To the extent such increases are sustained, the Company could experience losses and may decide to discontinue certain operations forcing the Company to incur closure and/or care and maintenance costs. Additionally, lack of access to transportation may hinder the expansion of production at some of the Company's properties and the Company may be required to use more expensive transportation alternatives.

The Company's operations may be impacted by adverse weather conditions.

The Company's operations may be impacted by changing or extreme weather conditions, which may include extreme hot or cold temperatures, changes in precipitation patterns (including drought and flooding), extreme snowfall and freezing rain, lightning, and extreme weather events such as hurricanes and tornadoes. These events can impact the Company's operations and customers, causing shutdowns and increased costs.

The Company relies on existing and new technology to be successful.

The Company mitigates its risk related to production through the utilization of current technology and information systems. The helium industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. There can be no certainty that existing or new technologies will fully achieve the design capacity or specifications once employed. Other helium companies may have greater financial, technical and personnel resources that provide them with technological advantages and may in the future allow them to implement new technologies before the Company does. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete.

Asset title cannot be guaranteed.

It is often not possible to conclusively determine title to helium interests without incurring substantial expense. While it is the practice of the Company, in acquiring significant helium leases or interest in helium leases to fully examine the title to the interest under the lease, this should not be construed as a guarantee of title. There may be title defects that affect lands comprising a portion of the Company's properties. To the extent title defects do exist, it is possible that the Company may lose all or a portion of its right, title, estate, and interest in and to the properties to which the title relates.

Permits, licenses and leases may expire or terminate.

The Company's properties will be held in the form of permits, licenses and leases and working interests in permits, licenses, and leases. If the Company or the holder of the permit, license or lease fails to meet the specific requirement of a permit, license or lease, the permit, license, or lease may terminate or expire (excluding those which may be voluntarily relinquished by the Company). While the Company monitors the status and expiry of all its current licenses and leases, there can be no assurance that any of the obligations required to maintain such licenses or leases will be met. The termination or expiration of any of its licenses or leases or the working interests relating to a license or lease may have a material adverse effect on the Company's results of operations and business. To the extent such permits, licenses and leases are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with planned exploration, development, or operation of its projects. Failure to comply with permitting and legal requirements may result in enforcement actions, 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 which could have an adverse effect on the Company's business, financial condition, or operations.

The Company requires specialized skill and knowledge.

Exploration, development, production, and operational activities such as those the Company is engaged in require specialized skills and knowledge in the areas of geology, geophysics, drilling, completions, operations, and engineering. In addition, specific knowledge and expertise relating to local laws (including regulations relating to land tenure, exploration, development, production, marketing, transportation, the environment, royalties, and taxation) and market conditions is required and must compete with other domestic and international entities.

Access and availability of drilling and other equipment is critical to the Company's success.

Helium exploration and development activities are dependent on the availability of drilling and other related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. To the extent it is not the operator of its helium properties, the Company will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

The Company may be subject to operator performance issues and payment delays.

The Company strives to operate its prospects, thereby maintaining operational control. When the Company does not operate, it relies on its partners in jointly owned properties to maintain operational control. Continuing production from a property is dependent upon the ability of the operator of the property, and the operator may fail to perform these functions properly. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent. In addition to the usual delays in payment by purchasers of helium to the operators of the properties, and by the operator to the Company, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of the properties or the establishment by the operator for such expenses.

Acquisitions and Expansion

The Company requires substantial capital to achieve its growth plans.

The Company anticipates making substantial capital expenditures for the acquisition, exploration, development, and production of helium in the future. If its revenues or known quantities of helium decline, it may have limited ability to acquire or expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. The potential inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

The Company may fail to realize anticipated benefits of acquisitions and dispositions.

The Company intends to make acquisitions and dispositions of businesses and assets in the ordinary course of business. When making acquisitions the Company is required to estimate the future performance of the assets to be acquired. These estimates are subject to inherent risks associated with predicting the future performance of those assets. As such, assets acquired may not possess the value attributed to them at the time of acquisition.

Achieving the benefits of acquisitions may depend on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company.

The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. In the case where the acquired businesses are non-operated, the Company will need to rely on the operator to achieve the foregoing benefits and the Company's ability to influence the operator's activities in this regard. Management will need to continually assess the value and contribution of services provided and assets required to provide such services. Accordingly, non-core assets may need to be periodically disposed of, so that the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Company resulting in a loss.

Intense competition may adversely affect the Company.

Helium exploration is intensely competitive in all its phases and involves a high degree of uncertainty with respect to the impact of such competition. The Company will compete with numerous other participants in the search for, and the acquisition of, helium properties and in the marketing of helium. Competitors include companies that have substantially greater financial resources, staff, and facilities than those of the Company. The Company's ability to increase its known quantities of helium in the future will depend not only on its ability to explore and develop any properties it has at any time, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of helium include price and methods and reliability of delivery. The Company may also be subject to competition from the natural gas industry.

Growth-related risks could have a material adverse impact.

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The potential inability of the Company to deal with this growth could have a material adverse impact on its business, operations, and prospects.

Regulatory and Political Risks

There are numerous risks related to government rules and regulations.

The Company’s operations are governed by many levels of governments in which jurisdiction the Company operates. The Company is subject to laws and regulations regarding environment, health and safety, lease interests, taxes, and royalties, among others. Failure to comply with the applicable laws can result in significant increases in costs, penalties and even losses of operating licenses. The regulatory process involved in each province, state, and country in which the Company operates is not uniform and regulatory regimes vary as to complexity, timeliness of access to, and response from, regulatory bodies and other matters specific to each jurisdiction. If regulatory approvals or permits are delayed, not obtained, or revoked, there can also be delays or abandonment of projects, decreases in production and increases in costs, and the Company may not be able to fully execute its strategy. Governments may also amend or create new legislation and regulatory bodies may also amend regulations or impose additional requirements which could result in reduced production and increased capital, operating and compliance costs.

In addition, there is a risk of direct government intervention in respect of laws and regulations that can affect the property rights and title to the Company's assets. Such intervention can extend, in certain jurisdictions, to nationalization, expropriation or other actions that effectively deprive companies of their assets.

Current legislation is generally a matter of public record and the Company cannot predict what additional legislation or amendments may be proposed that will affect the Company's operations or when any such proposals, if enacted, might become effective. There is no certainty in obtaining government approvals. Changes in government policy or laws and regulations could adversely affect the Company's results of operations and financial condition. Failure to comply with applicable laws, regulations and legal 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 which could have an adverse effect on the Company's business, financial condition, or operations.

There is no guarantee to title or borders.

The acquisition of the right to exploit helium properties is a very detailed and a time-consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that such rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface or helium properties may be challenged or impugned by any number of groups or persons, including without limitation First Nations groups and local groups, and title insurance is generally not available. The Company's surface, rights or leases may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third-party claims could have a material adverse impact on the Company's operations.

Changes in tax and royalty rates could materially change the Company's financial position and statements.

Changes in tax and royalty rates in the jurisdictions that the Company operates in would impact the amount of current taxes and royalties that the Company pays. In addition, changes to substantively enacted tax rates would impact the carrying balance of deferred tax assets and liabilities, potentially resulting in a deferred tax recovery or incremental deferred tax expense.

Environmental Risks

The Company is subject to several environmental risks and hazards.

All phases of the helium business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial, state, and local laws and regulations in Canada, the United States and any foreign jurisdictions where the Company may operate. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with helium operations. Compliance with environmental legislation regarding the production of helium can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

Changes in environmental legislation may adversely affect the Company.

The helium industry is subject to environmental regulation pursuant to local, provincial and federal legislation. A breach of such legislation may result in the imposition of fines, the issuance of clean up orders in respect of the Company or its assets, or the loss or suspension of regulatory approvals. Such legislation may include carbon taxes, enhanced emissions reporting obligations, mandates on equipment specifications, and emissions regulations. Such legislation may be changed to impose higher standards and potentially more costly obligations on the Company. In addition, such legislation may inhibit the Company's ability to operate the Company's assets and may make it more difficult for the Company to compete in the acquisition of new property rights. However, the Company actively monitors and assesses its exposure to this legislation.

Abandonment and land reclamation requirements of the Company's properties may be burdensome.

The Company expects to incur abandonment and reclamation costs in the ordinary course of business as existing helium properties are abandoned and reclaimed. These costs may materially differ from the Company's estimates due to changes in environmental regulations or other factors. Land reclamation requirements are generally imposed on companies to minimize long term effects of land disturbance. Reclamation may include requirements to:

- control dispersion of potentially deleterious effluents; and
- reasonably re-establish pre-disturbance landforms and vegetation.

To carry out reclamation obligations imposed on the Company in connection with exploration and potential development and production activities, the Company must allocate financial resources, including funds required to post reclamation bonds, that might otherwise be spent on further exploration and development programs. If the Company is required to carry out unanticipated reclamation work, its financial position could be adversely affected.

Hydraulic fracturing regulations and perceptions may affect the Company's business.

Hydraulic fracturing involves the injection of water, sand, and additives under pressure into rock formations to potentially increase helium production. Hydraulic fracturing may be used to produce helium from reservoirs that were previously unproductive.

Hydraulic fracturing has featured prominently in recent political, media and activist commentary on the subject of water usage and environmental damage. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, third party or governmental claims, and could increase the Company's costs of compliance and doing business as well as delay the production of helium, which is not financially viable without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of helium that the Company is ultimately able to produce from its known quantities of helium, as well as increase costs.

With activist groups expressing concern about the impact of hydraulic fracturing on the environment and water supplies, the Company's corporate reputation may be negatively affected by the negative public perception and public protests against hydraulic fracturing. In addition, concerns regarding hydraulic fracturing may result in changes in regulations that delay the production of helium and adversely affect the Company's costs of compliance and reputation. Changes in government may result in new or enhanced regulatory burdens in respect of hydraulic fracturing which could affect the Company's business.

Climate change and policy may negatively affect our business.

Our helium exploration and production facilities and other operations and activities may emit some greenhouse gasses ("**GHG**") which may require us to comply with federal and/or provincial or state GHG emissions legislation. Climate change policy is evolving at the regional, national, and international level, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate our effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on our business, financial condition, results of operations and prospects. Some of our significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. This may result in a requirement to reduce emissions or emissions intensity and it is possible that future regulations may require further reductions of emissions or emissions intensity. In addition, climate change has been linked to long-term shifts in climate patterns and extreme weather conditions both of which pose the risk of causing operational difficulties.

Policy changes could include implementing carbon-pricing mechanisms to reduce GHG emissions, shifting energy efficient solutions, and promoting more sustainable land-use practices. The risks and financial impact of policy changes depend on the nature and timing of the policy change. The Company may be exposed to increased litigation risk relating to climate change. Some of these claims include the failure of organizations to mitigate the impacts of climate change, failure to adapt to climate change, and the insufficiency of disclosure around material financial risks. As the value of loss and damage arising from climate change increases, litigation risk will also grow.

The Company could be subject to environmental lawsuits.

Neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by the release of hazardous substances or other waste material into the environment on the Company's surface leases. There can be no assurance that the Company's defense of such claims will be successful. A successful claim against the Company could have a material adverse effect on its business prospects, financial condition, results of operation and the price of the Company's securities.

Other Risks

Risk management may not reduce or eliminate all potential risks.

Helium exploration and development companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company will strive to manage such risks to the extent possible and practical. The Company's geological focus is on areas in which the prospects are well understood by management of the Company. Technological tools are regularly used to reduce risk and increase the probability of success. Maintaining a highly motivated and talented staff of helium professionals further minimizes the business risk.

The Company is reliant on key personnel.

The success of the Company will depend in large measure on certain key personnel including employees, consultants, management, directors, and officers. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not have key person insurance in effect for members of management. The competition for qualified personnel in the helium industry in Canada, the United States and internationally is intense and there can be no assurance that the Company will be able to attract and retain all personnel necessary for the development and operation of its business. The Company's shareholders must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of the management of the Company.

There is no guarantee that Company insurance will cover the full extent of risks and liabilities.

The Company's involvement in the exploration for and development of helium properties may result in it becoming subject to liability for pollution, blow-outs, property damage, personal injury, or other hazards. Although prior to drilling the Company will obtain insurance in accordance with industry standards to address these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

Some risks are uninsurable or may not be insured.

Exploration, development, and production operations on helium properties involve numerous risks, including unexpected or unusual risks including fires, floods, earthquakes, and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's securities.

Certain directors and officers of the Company may have conflicts of interest because of their involvement with other companies.

Certain of the proposed directors and officers of the Company also serve as directors or officers or may have significant shareholdings in other companies involved in helium or natural resource exploration and development or similar activities. To the extent that such other companies may participate in ventures in which the Company may participate in, or in ventures which the Company may seek to participate in, its directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In all cases where the Company's directors and officers have an interest in other companies, such other companies may also compete with the Company for the acquisition of helium property investments. Such conflicts of the directors and officers may result in a material and adverse effect on the Company's profitability, results of operation and financial condition. As a result of these conflicts of interest, the Company may miss the opportunity to participate in certain transactions, which may have a material adverse effect on its financial position. Directors and officers with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules, and policies.

The Company could be affected by cyber security breaches or electronic system failure.

The Company manages cyber security risk by ensuring appropriate technologies, processes and practices are effectively designed and implemented to help prevent, detect, and respond to threats as they emerge and evolve. The primary risks to the Company include loss of data, destruction or corruption of data, compromising of confidential information, leaked information, disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and damage to the Company's reputation. The Company relies upon a variety of controls as protection from such attacks including firewall infrastructure, secure network architecture and anti-malware defense systems to protect against network intrusion, malware infection and data loss.

As it is difficult to quantify the significance of such events, cyber-attacks such as security breaches of company, employee, and vendor information, as well as hardware or software corruption, failure or error, telecommunications system failure, service provider error, intentional or unintentional personnel actions, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data, may in certain circumstances be material and could have an adverse effect on the Company's business, financial condition and results of operations. As a result of the unpredictability of the timing, nature and scope of disruptions from such attacks, the Company could potentially be subject to production downtimes, operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of its systems and networks or financial losses, any of which could have a material adverse effect on the Company's competitive position, financial condition or results of operations.

Compliance with accounting standards may require the Company to make accounting adjustments.

The presentation of financial information in accordance with IFRS requires that management apply certain accounting policies and make certain estimates and assumptions which affect reported amounts in the Company's financial statements. The accounting policies may result in non-cash charges to net income and write-downs of net assets in the financial statements and such adjustments may be viewed unfavorably by the market and may result in an inability to borrow funds or a decline in price of Common Shares.

The Company could be negatively impacted by a breach of internal procedures and controls.

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company has undertaken and will undertake several procedures to help ensure the reliability of its financial reports, including those that may be imposed on the Company under Canadian securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations, or cause the Company to fail to meet its reporting obligations. Additionally, implementing and monitoring effective internal controls can be costly. If the Company or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and may result in a decline in the price of Common Shares.

The Company could be materially impacted by political events or terrorist attacks.

Political events throughout the world that cause disruptions may affect the marketability and price of helium acquired, discovered, or produced by the Company. The Company's helium properties, wells and facilities could be subject to a terrorist attack. If any of the Company's properties, wells or facilities or any infrastructure on which the Company relies are the subject of a terrorist attack, such attack may have a material adverse effect on the Company's financial performance, financial position, and cash flows.

The Company could be subjected to litigation.

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. Given the speculative and unpredictable nature of litigation, the outcome of such disputes could have a material adverse effect on the Company.

The Company could be subject to indigenous claims.

Indigenous peoples have claimed title and rights to resources and various properties in Western Canada. Such claims, in relation to any of the Company's lands, if successful, could have an adverse effect on its operations.

DIVIDENDS AND DISTRIBUTIONS

HEVI has not declared or paid any dividends on the Common Shares since incorporation. The payment of dividends in the future will be at the discretion of the Board and will be dependent on the future earnings and financial condition of the Company and such other factors as the Board considers appropriate.

DESCRIPTION OF CAPITAL STRUCTURE

Authorized Capital

The Company has authorized an unlimited number of Common Shares and an unlimited number of preferred shares, issuable in series with no par value. As at the date of this AIF, 96,033,974 Common Shares are issued and outstanding.

Capital Issued and Outstanding

As of the date hereof, HEVI has issued and outstanding securities on a fully diluted basis, consisting of:

Security	**Number outstanding**
Common Shares	96,033,974
Warrants	8,775,436
Options	9,575,718
Diluted Common Shares Outstanding	114,385,128

Warrants

In connection with private placement offerings made by the Company between August 2021 to June 2022, the Company issued Warrants to both subscribers and finders. As of the date of this AIF, the Company had issued outstanding Warrants to purchase 2,665,167 Common Shares at an exercise price of $0.30 per share expiring on October 29, 2023, Warrants to purchase 170,117 Common Shares at an exercise price of $0.30 per share expiring on November 10, 2023, and Warrants to purchase 5,940,152 Common Shares at an exercise price of $0.70 per share expiring on June 28, 2024. See further description in "*General Development of the Business*".

Stock Options

The Company has adopted an incentive Option Plan. The number of Common Shares reserved for issuance under the Option Plan in aggregate shall not exceed 10% of the aggregate issued and outstanding Common Shares of the Company at the time of grant, but this maximum number may be revised from time to time by the Board in accordance with the policies of the TSXV. If any Option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of the Plan.

As of the date of this AIF, the Company was authorized to issue options covering up to ten percent of its then outstanding Common Shares, or 9,603,397 Common Shares, and the Company had issued Options to acquire a total of 9,575,718 Common Shares leaving a maximum number of 27,679 Common Shares available for future Option issuances.

MARKET FOR SECURITIES

Trading Price and Volume

Common Shares

The Shares have been listed and have traded on the TSXV under the symbol "HEVI" since March 30, 2022. The following table sets forth the price ranges and volume traded of Common Shares for the periods indicated.

2022	High	Low	Volume
	($)	($)	
March(1)	0.60	0.43	846,217
April	0.49	0.29	2,684,392
May	0.395	0.31	2,141,888
June	0.50	0.35	2,442,720
July	0.49	0.365	720,320
August	0.35	0.185	2,782,424
September	0.28	0.15	953,976
October	0.20	0.13	1,504,914
November	0.36	0.165	1,253,782
December	0.25	0.18	602,333

Note:

(1) Represents the trading price ranges and volume traded of Common Shares from the listing date on the TSXV of March 30, 2022, to March 31, 2022.

Prior Sales

The following table summarizes the issuance of securities by the Company over the 12 month period ending December 31, 2022:

Date	Price per Security ($)	Number and Type of Security	Reason for Issuance
June 28, 2022	0.40	17,295,500 Units[1]	Equity raise
June 30, 2022	0.38	4,000,000 Options	Incentive Options
September 12, 2022	0.30	400,000 Options	Incentive Options
November 14, 2022	0.31	810,000 Options	Incentive Options

Notes:

(1) Each Unit consists of one Common Share and one third Warrant. Each Warrant entitles the holder thereof to acquire one additional Common Share at a price of CDN$0.70 per share for a period of 24 months, expiring June 28, 2024. See also "*General Development of the Business* ".

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

As at December 31, 2022, the Company had the following securities subject to escrow pursuant to an escrow agreement between certain directors and officers of the Company, the Company and Odyssey Trust Company dated March 16, 2022 (the "**Escrow Agreement**"), pursuant to the requirements of National Policy 46-201 – *Escrow for Initial Public Offerings* and pursuant to the policies of the TSXV:

Designation of class	Number of securities held in escrow or that are subject to a contractual restriction on transfer	Percentage of class
Common Shares	14,693,319(1)	15.3%

(1) 1/10 of all Common Shares subject to the Escrow Agreement released on March 16, 2022 and then 1/6 of the remaining

escrowed Common Shares to be released every 6 months.

DIRECTORS AND OFFICERS

Name, Occupation and Security Holding

The following table sets forth certain information about our current directors and executive officers:

Name and Municipality of Residence	Position Held with the Company	Principal Occupation During the Past Five Years	Common Shares Beneficially Owned	Date First Elected or Appointed
Greg Robb *Alberta, Canada*	President, Chief Executive Officer and Director	President, CEO, director and founder of the Company since January 14, 2021; prior thereto an independent consultant.	3,123,050 (3.25%)	January 14, 2021
James Baker* *British Columbia, Canada*	Director, Member of Audit Committee, Compensation Committee and Reserves and ESG Committee	Independent businessman.	3,084,718 (3.21%)	January 14, 2021
Brad Wall* *Saskatchewan, Canada*	Director, Member of Compensation Committee	Principal at Flying W Consulting Inc. Prior thereto he was the Premier of Saskatchewan.	587,710 (0.61%)	July 28, 2021
Michael Graham* *Alberta, Canada*	Director, Member of Compensation Committee and Reserves and ESG Committee	Independent businessman.	3,221,630 (3.35%)	November 19, 2021
Philip Hughes* *Alberta, Canada*	Director, Member of Audit Committee and Compensation Committee	Corporate director.	602,710 (0.63%)	November 19, 2021
Jeffrey Barber *British Columbia, Canada*	Director, Member of Audit Committee	Independent businessman.	1,522,317 (1.59%)	March 16, 2022
Heather Isidoro* *Alberta, Canada*	Director, Member of Audit Committee and Reserves and ESG Committee	Independent businesswoman. Currently, Senior Consultant, Voluntary Initiatives at Highwood Emissions Management. Prior thereto, Vice President of Business Development at Pine Cliff Energy Ltd.	125,000 (0.13%)	April 21, 2022
Kristi Kunec *Alberta, Canada*	Chief Financial Officer	Chief Financial Officer of the Company since September 2022. Prior thereto, independent businesswoman. Prior thereto, Chief Financial Officer of Pine Cliff Energy Ltd.	279,650 (0.29%)	September 12, 2022

Name and Municipality of Residence	Position Held with the Company	Principal Occupation During the Past Five Years	Common Shares Beneficially Owned	Date First Elected or Appointed
Patrick Mills *Alberta, Canada*	Chief Operating Officer	Chief Operating Officer and founder of the Company since January 14, 2021; prior thereto an independent consultant.	2,538,550 (2.64%)	January 14, 2021
John Kanderka *Alberta, Canada*	Vice President, Corporate Development	Vice President, Corporate Development and founder of the Company since January 14, 2021; prior thereto an independent consultant.	2,513,500 (2.62%)	January 14, 2021

* Independent director

All directors hold office until the next annual general meeting of shareholders or until their successors are duly appointed or until their earlier resignation or removal. As at the date herein, as a group, the directors and executive officers of the Company held an aggregate of 17,598,835 Common Shares approximately 18.33% of the issued and outstanding Common Shares of the Company.

Cease Trade Orders, Bankruptcies, Penalties or Sanctions

Other than as disclosed below, none of our directors or executive officers is or, within 10 years before to the date of this AIF has been, a director or chief executive officer or chief financial officer of any company that while the director or officer was acting in that capacity, was the subject of:

- a cease trade or similar order (including a management cease trade order that applied to the directors or executive officers of the company) for a period of more than 30 consecutive days;
- an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days; or
- was subject to an order of the type referred to in subparagraphs (i) or (ii) above that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of the company that resulted from an event that occurred while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer of that company.

None of our directors or executive officers, nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor in the case of (b) below any personal holding company of any of the foregoing:

- is or, within 10 years before to the date of this AIF has been, a director or executive officer of any company that, while the director, officer or shareholder was acting in that capacity or within a year of the director, officer or shareholder 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
- has, within 10 years before to the date of this AIF, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become 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 the director, executive officer, or shareholder.

Mr. Hughes was a director of CellCube Energy Storage Systems Inc. ("**CellCube**"), a company listed on the Canadian Securities Exchange that was subject to a cease trade order ("**CTO**") issued on November 2, 2018 by the British Columbia Securities commission ("**BCSC**") and the Ontario Securities Commission ("**OSC**") for failure to file its audited annual financial statements, management's discussion and analysis ("**MD&A**") and related officer certifications for the year ended June 30, 2018 (the "**Filing Documents**"), which were required to be filed on October 29, 2018. The Filing documents were filed on December 7, 2018. Given the delay in filing the Filing Documents, CellCube was unable to file its unaudited interim financial statements, MD&A and officer certifications for the three months ended September 30, 2018 until December 10, 2019, when they were required to be filed on November 29, 2018. On December 11, 2018, the BCSC and the OSC issued a revocation order to revoke the CTO. Mr. Hughes resigned as a director of CellCube in February 2019, having become a director in November 2018.

Mr. Mills was the Vice President of Engineering and Operations of Conserve Oil & Gas International Inc. (“**Conserve**”) which filed for protection from its creditors pursuant to the Companies’ Creditors Arrangement Act (“**CCAA**”) in August 2015. In December 2015, Conserve was assigned into bankruptcy pursuant to the Bankruptcy and Insolvency Act (Canada) (“**BIA**”).

Mr. Graham was a director of Strategic Oil & Gas Ltd. which sought protection from its creditors pursuant to the CCAA in April 2019 and was ultimately assigned into bankruptcy pursuant to the BIA.

Conflict of Interest

The directors and officers of the Company may, from time to time, be involved with the business and operations of other issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Company and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under the ABCA.

Penalties or Sanctions

None of the directors or executive officers of the Company, nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor any personal holding company of any of the foregoing, has been subject to 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 has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

Personal Bankruptcies

None of the directors, officers or principal shareholders of the Company, or personal holding company of such persons, have, within the last 10 years, become bankrupt or 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 its assets.

PROMOTERS

James Baker, Greg Robb, Patrick Mills and John Kanderka, the Chairman of the Board, President and Chief Executive Officer, Chief Operating Officer and Vice President, Corporate Development, respectively, may be considered as "promoters" of the Company in that they took the initiative in founding and organizing the business of the Company, starting with Helium Evolution Private in 2021. Together, the promoters are the registered and beneficial owners, or have control and direction, of 10,953,818 Common Shares, which is equal to 11.41% of the Common Shares issued and outstanding (on a non-diluted basis). Each of the promoter's shareholdings can be found above under the heading "*Directors and Officers*". Each of the promoters also receive 1/6 of a 3% gross overriding royalty for helium production from the Company on certain lands held under permit by the Company. As the Company has not yet achieved helium production, the value of the royalty is undeterminable.

AUDIT COMMITTEE

Audit Committee Charter

The Charter of the Company's Audit Committee is attached to this AIF as Appendix "A".

Composition of the Audit Committee

The following are the members of the Committee:

Philip Hughes, Chair	Independent [(1)]	Financially literate [(1)]
James Baker	Independent [(1)]	Financially literate [(1)]
Heather Isidoro	Independent [(1)]	Financially literate [(1)]
Jeffrey Barber	Not Independent [(1)]	Financially literate [(1)]

(1) As defined by National Instrument 52-110 – *Audit Committees* ("**NI 52-110**").

Relevant Education and Experience

The following describes the relevant education and experience of the members of the Audit Committee:

Philip Hughes – As a leader in Canada's energy sector for the past 35 years, Mr. Hughes has served as President and Chief Executive Officer of five energy companies across Canada. He has extensive North American and international experience in electrical generation, transmission and distribution, oil and gas and natural gas transmission, distribution and processing. Currently, Mr. Hughes serves as Chairman of Oceanic Wind Energy Group and of Kineticor Resource Corp. Mr. Hughes was a senior executive with the Fortis Inc. group of companies where he was responsible for various acquisitions (including the successful acquisition and integration of Aquila Networks Canada) and led the operations as president and CEO of several of the Fortis Inc. subsidiaries. He was President and CEO of Fortis Alberta, Newfoundland Power Inc., Maritime Electric Company, FortisBC. Mr. Hughes was also President and CEO of TransGas Limited, Saskatchewan. Mr. Hughes is a past officer of the World Energy Council ("**WEC**"), former Chair of the Canadian Electrical Association ("**CEA**") and former chair of the Energy Council of Canada ("**ECC**"). Through his involvement with WEC, CEA and ECC Mr. Hughes was a significant contributor to the development of North American energy policy and research. Mr. Hughes holds a Bachelor of Arts (Hons. Economics) from Lancaster University, England and is a member of the Chartered Professional Accountants of Alberta and a Fellow of the Chartered Accountants of England and Wales.

James Baker – Mr. Baker has over 40 years of resource development experience in Saskatchewan and Alberta in field operations, consulting and executive level positions. He has extensive experience consulting to industry and government in oil and gas, power and paper recycling. Mr. Baker is currently a board member of Kineticor Resource Corp. and is a former director of SaskEnergy, Hanson Engineering and Heritage Gas.

Heather Isidoro – Ms. Isidoro has over 20 years of experience in the energy industry, the last 17 of which were focused on business development. She is currently Senior Consultant, Voluntary Initiatives at Highwood Emissions Management and prior thereto, Vice President of Business Development with Pine Cliff Energy Ltd. She brings a broad range of energy industry experience with specialization in acquisitions and divestitures, reserves valuations, and financial modeling. Ms. Isidoro is President and a Director of the Petroleum Acquisitions and Divestitures Association, and a Trustee on the University of Saskatchewan Engineering Advancement Trust. She has a B.Sc. in Geological Engineering from the University of Saskatchewan, and an MBA from Athabasca University. In addition, Ms. Isidoro has completed the Not-For-Profit Board Governance Essentials program from The Institute of Corporate Directors and the Rotman School of Management.

Jeffrey Barber – Mr. Barber has worked closely with various public company boards and executive teams to assist in capital markets initiatives and advise on go-public transactions, valuations and mergers and acquisition ("**M&A**") mandates. Mr. Barber was a co-founder and CFO of Hiku Brands until the company's sale to Canopy Growth in 2018. Prior to that Mr. Barber was a managing partner of a boutique energy focused M&A advisory firm in Calgary. Prior thereto, Mr. Barber spent many years covering the energy sector on investment banking and research teams at Canaccord and Raymond James. Mr. Barber began his career as an economist with Deloitte LLP. Jeff Barber has served on the board of Standard Lithium since 2017 and recently joined the board of Atha Energy. Mr. Barber is a CFA charterholder and holds a master's degree in finance and economics from the University of Alberta.

Through such business experience, the members of the Audit Committee review financial statements and gain an understanding of financial reporting controls and procedures.

Audit Committee Oversight

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board.

Reliance on Certain Exemptions

At no time since January 1, 2022 has the Company relied on the exemption in section 2.4 of NI 52-110 (*De Minimis Non-audit Services*), subsection 6.1.1(4) of NI 52-110 (*Circumstances Affecting the Business or Operations of the Venture Issuer*), subsection 6.1.1(5) of NI 52-110 (*Events Outside Control of Member*), subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 (*Exemption*) of NI 52-110 by a securities regulatory authority or regulator.

Pre-Approval Policies and Procedures

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

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

Financial Year Ending	Audit Fees	Audit Related Fees(1)	Tax Fees(2)	All Other Fees(3)
December 31, 2022	$58,850	$53,500	$8,250	$79,022
December 31, 2021	$28,399	$8,604	$5,243	$5,350

(1) Pertains to assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and that are not reported under "Audit Fees".

(2) Pertains to professional services for tax compliance, tax advice, and tax planning.

(3) Pertains to products and services other than services reported under the other categories.

Exemption

The Company is relying on the exemption provided in Section 6.1 of NI 52-110 and, as such, the Company is exempt from Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS

From time to time, we may become subject to various legal proceedings and regulatory actions that are incidental to the ordinary conduct of its business. Although we cannot accurately predict the amount of any liability that may ultimately arise with respect to any of these matters, it makes provision for potential liabilities when it deems them probable and reasonably estimable. These provisions are based on current information and may be adjusted from time to time according to developments.

We know of no material, existing or pending legal proceedings or regulatory actions against the Company, nor is the Company involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any director, officer, or any affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

INTERESTS OF MANAGEMENT AND OTHERS MATERIAL TRANSACTIONS

Other than disclosed herein, no director, executive officer or principal shareholder of the Company, or an associate or affiliate of a director, executive officer, or principal shareholder of the Company, has any material interest, direct or indirect, in any transaction which has occurred within the three years before the date of this AIF, or in any proposed transaction that has materially affected or will materially affect the Company.

TRANSFER AGENT AND REGISTRAR

The transfer agent and registrar for the Company's Common Shares is Odyssey Trust Company located at 1230, 300 - 5th Avenue SW, Calgary AB, T2P 3C4.

MATERIAL CONTRACTS

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company and/or its subsidiaries within two years prior to the date hereof which are currently in effect and considered to be currently material:

1. Definitive Agreement between Duckhorn, Subco and Helium Evolution Private made as of September 19, 2021. See "*General Development of the Business – History*"; and

2. Escrow Agreement dated March 16, 2022 between the Company, certain directors and officers of the Company and Odyssey Trust Company.

INTERESTS OF EXPERTS

KPMG LLP are the auditors of the Company and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

ADDITIONAL INFORMATION

Additional information relating to the Company may be obtained from SEDAR at www.sedar.com under the Company's profile.

Additional information, including information as to directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Management Information Circular of the Company dated April 25, 2023, relating to its most recent annual meeting of shareholders that involved the election of directors.

Additional financial information is provided in the Company's financial statements and management discussion and analysis for the year ended December 31, 2022.

APPENDIX A – AUDIT COMMITTEE CHARTER

Helium Evolution Incorporated (The "Corporation")

This charter governs the operations of the audit committee (the "**Committee**") of the Corporation. The Committee shall report to the board of directors (the "**Board**") of the Corporation.

I. PURPOSE

(a) The primary function of the Committee is to assist the Board in fulfilling its responsibilities regarding the integrity of the Corporation's financial statements including the financial reporting process and systems of internal controls, the compliance by the Corporation with legal and regulatory requirements and the qualifications, performance and independence of the Corporation's external auditor by reviewing:

(i) the financial information that will be provided to the shareholders, regulatory authorities and others;

(ii) the systems of internal controls management has established;

(iii) all audit processes; and

(iv) all reporting from the external auditors.

(b) Primary responsibility for the financial reporting, information systems, risk management and internal controls of the Corporation is vested in management and is overseen by the Board. 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 Corporation's financial statements are complete and accurate and are in accordance with generally accepted accounting principles. These are the responsibilities of management and the external auditor. Nor is it the duty of the Committee to conduct investigations, to resolve disagreements, if any, between management and the external auditor or to assure compliance with laws and regulations.

II. COMPOSITION AND OPERATIONS

(a) The Committee shall be composed of not fewer than three directors, a majority of which must not be officers, employees or control persons of the Corporation or any of its related legal entities.

(b) The Committee shall review and reassess this Charter annually.

(c) All Committee members shall be financially literate (as defined in securities laws and regulations) or shall become financially literate within a reasonable period of time after appointment to the Committee, and at least one member shall have appropriate financial management experience or expertise.

(d) The Corporation's auditors shall be advised of the names of the Committee members and when appropriate will receive notice of and be invited to attend meetings of the Committee and to be heard at those meetings on matters relating to the auditor's duties.

(e) The Committee shall meet with the external auditors as it deems appropriate to consider any matter that the Committee or auditors determine should be brought to the attention of the Board or shareholders.

(f) The Committee shall meet at least four times each year.

(g) The Committee shall have access to the Corporation's senior management and documents as required to fulfill its responsibilities and is provided with the resources necessary to carry out its responsibilities.

(h) The Committee shall provide open avenues of communication among management, employees, external auditors and the Board.

(i) The secretary to the Committee shall be the Corporate Secretary or an appointee of the Corporate Secretary.

(j) Notice of the time and place of every meeting shall be given to each Committee member at least 24 hours prior to the meeting.

(k) A majority of the voting membership of the Committee present in person or by telephone or other electronic telecommunication device shall constitute a quorum.

(l) The Chief Executive Officer, Chief Financial Officer and external auditor would be expected to be available to attend meetings or portions thereof. The external auditors would meet at least twice annually with the Committee. Others may or may not attend the meetings at the sole discretion of the Committee.

(m) Minutes of Committee meetings shall be approved by the Committee and sent to all directors of the Board.

III. DUTIES AND RESPONSIBILITIES

(a) Financial Statements and Other Financial Information

The Committee will review and recommend for approval to the Board financial information that will be made publicly available. This includes:

(i) the Corporation's annual and quarterly financial statements;

(ii) the Corporation's press releases and reports as they relate to the finances of the Corporation;

(iii) the Management Discussion and Analysis;

(iv) the financial content of the Annual Report;

(v) any Prospectus or Private Placement Memorandums; and

(vi) any reports required by regulatory or government authorities as they relate to the finances of the Corporation.

The Committee will review and discuss:

(i) the appropriateness of accounting policies and financial reporting practices to be adopted by the Corporation;

(ii) any significant proposed changes in financial reporting and accounting policies and practices to be adopted by the Corporation;

(iii) any new or pending developments in accounting and reporting standards that may affect the Corporation;

(iv) ascertain compliance with the covenants under applicable loan agreements;

(v) management's key estimates and judgments that may be material to financial reporting; and

(vi) any other matters required to be reviewed under applicable legal, regulatory or stock exchange requirements.

(b) Risk Management, Internal Control and Information Systems

The Committee will review and obtain reasonable assurance that the risk management, internal control and information systems are operating effectively to produce accurate, appropriate and timely management and financial information. This includes:

(i) reviewing the Corporation's risk management controls and policies;

(ii) obtaining reasonable assurance that the information systems are reliable and the systems of internal controls are properly designed and effectively implemented through discussions with and reports from management and the external auditor;

(iii) reviewing management steps to implement and maintain appropriate internal control procedures including a review of policies;

(iv) reviewing adequacy of security of information, information systems and recovery plans;

(v) monitoring compliance with statutory and regulatory obligations;

(vi) reviewing the appointment of the Chief Financial Officer; and

(vii) reviewing the adequacy of accounting and finance resources.

(c) External Audit

The Committee will review the planning and results of external audit activities and the ongoing relationship with the external auditor. This includes:

(i) reviewing and recommending to the Board, for shareholder approval, engagement of the external auditor including, as part of such review and recommendation, an evaluation of the external auditor's qualifications, independence and performance;

(ii) reviewing and recommending to the Board the annual external audit plan, including but not limited to the following:

1. engagement letter;
2. objectives and scope of the external audit work;
3. procedures for quarterly review of financial statements;
4. materiality limit;
5. areas of audit risk;
6. staffing;
7. timetable; and
8. proposed fees.

(iii) meeting with the external auditor to discuss the Corporation's quarterly and annual financial statements and the auditor's report including the appropriateness of accounting policies and underlying estimates;

(iv) reviewing and advising the Board with respect to the planning, conduct and reporting of the annual audit, including but not limited to:

1. any difficulties encountered, or restrictions imposed by management during the annual audit;

2. any significant accounting or financial reporting issue including the resolution of any disagreement between management and the external auditors;

3. the auditor's evaluation of the Corporation's system of internal controls, procedures and documentation;

4. the post audit or management letter containing any findings or recommendation of the external auditor, including management's response thereto and the subsequent follow-up to any identified internal control weakness; and

5. assess the performance and consider the annual appointment of external auditors for recommendation to the Board;

(v) reviewing and receiving assurances on the independence of the external auditor;

(vi) review the non-audit services to be provided by the external auditor's firm and consider the impact on the independence of the external audit; and

(vii) meet periodically with the external auditor without management present.

(d) Other

The Committee will also:

(i) review material litigation and its impact on financial reporting; and

(ii) establish procedures for the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal controls or auditing matters and the confidential, anonymous submission by employees of concerns regarding questionable accounting or auditing matters.

IV. ACCOUNTABILITY

The Committee shall report its discussions to the Board by distributing the minutes of its meetings and where appropriate, by oral report at the next Board meeting.

V. STANDARDS OF LIABILITY

Nothing contained in this Charter is intended to expand applicable standards of liability under statutory, regulatory or other legal requirements for the Board or members of the Committee. The purposes and responsibilities outlined in these terms of reference are meant to serve as guidelines rather than inflexible rules and the Committee may adopt such additional procedures and standards as it deems necessary from time to time to fulfill its responsibilities.