HELIUM
EVOLUTION
INCORPORATED

Management's Discussion and Analysis

First Quarter 2026

As at March 31, 2026 and for the three month periods ended March 31, 2026 and March 31, 2025

The following Management's Discussion and Analysis ("**MD&A**") as provided by the management of Helium Evolution Incorporated ("**HEVI**" or the "**Company**") is dated May 19, 2026 and should be read in conjunction with HEVI's unaudited interim condensed financial statements and related notes as at March 31, 2026 and for the three month periods ended March 31, 2026 and March 31, 2025 (the "**Financial Statements**") and the Company's audited financial statements and related notes as at December 31, 2025 and for the years ended December 31, 2025 and December 31, 2024, which are available on SEDAR+ at www.sedarplus.ca or on HEVI's website at www.heliumevolution.ca. All financial information is reported in Canadian dollars and all per share information in based on diluted weighted average common shares, unless otherwise noted. Tabular amounts in this MD&A are in thousands of Canadian dollars, except share and per share amounts.

The Financial Statements have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board.

The Company makes estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the Financial Statements and the expenses during the reporting period. Management reviews these estimates, including those related to accruals and income taxes at each financial reporting period. Changes in facts and circumstances may result in revised estimates and actual results may differ from these estimates. Readers should be aware that historical results are not necessarily indicative of future performance.

Readers are cautioned that the MD&A should be read in conjunction with HEVI's disclosure elsewhere in this MD&A, including in the sections entitled "Use of Judgements and Key Sources of Estimation Uncertainty", "Business Risks and Uncertainties" and "Forward-looking Statements" included at the end of this MD&A.

About Helium Evolution Incorporated

HEVI is a public company trading on the TSX Venture Exchange ("**TSXV**") under the symbol HEVI.

The Company has significant land holdings in Saskatchewan's "helium fairway", having been granted helium permits by the Government of Saskatchewan covering over 5 million acres of land. Helium permits in Saskatchewan have an initial three-year term, which can be extended annually for an additional three years and can be converted to 21-year leases at any time. At March 31, 2026, HEVI holds a 99.3% net working interest in these permits.

Selected Financial Information

	Three months ended	
	March 31, 2026	March 31, 2025
Financial		
Revenue	-	-
Net loss	434	675
Net loss per share, basic and diluted	0.00	0.01
Cash, cash equivalents and restricted cash	3,124	3,004
Working capital	2,934	1,966
Total assets	20,293	11,683
Total liabilities	1,592	1,500
Weighted average shares Basic and diluted[1]	163,013,796	97,129,085

[1] The weighted average number of common shares outstanding is not increased for outstanding stock options and warrants when the effect is anti-dilutive.

Selected Quarterly Financial Information

Three months ended	Total revenue	Net loss	Net loss per share (basic and diluted)
March 31, 2026	-	434	0.00
December 31, 2025	172	1,094	0.01
September 30, 2025	-	1,764	0.01
June 30, 2025	-	196	0.01
March 31, 2025	-	675	0.01
December 31, 2024	-	713	0.01
September 30, 2024	-	185	0.00
June 30, 2024	-	254	0.00

Outlook

The Company will continue to advance its strategy of developing its significant helium land base in Saskatchewan, with a near-term focus on the Mankota/Grasslands region in partnership with North American Helium Inc. ("**NAH**"). Encouraging drilling results to date, including six helium discovery wells, support the Company's view that the region remains highly prospective and capable of supporting future development.

In the first quarter of 2026, the Company executed a pooling arrangement with NAH which is expected to enhance development efficiency across approximately 40,000 acres (the "**Pooled Lands**") in the Mankota/Grasslands area. Under the agreement, the Pooled Lands will be shared 51% by NAH and 49% by HEVI, with NAH being the operator. The consolidation of interests is intended to support coordinated development planning, optimize capital allocation, and accelerate the progression of identified helium leads into drill-ready prospects.

The completion of an approximately 170-square kilometer 3D seismic program across the Pooled Lands in March 2026 represents a key step in de-risking future drilling activities. The Company and NAH anticipate that processing and interpretation of the seismic data in the second quarter of 2026 will refine subsurface targeting, expand the inventory of prospective locations, and support a planned drilling program anticipated to commence in the fourth quarter of 2026, subject to results, requisite approvals and prevailing market conditions.

Subject to drilling success, the Company anticipates that its current helium discovery wells, together with future successful wells, will be tied into the 12 million standard cubic feet per day ("**MMscf/d**") processing facility at 1-2-4-9W3 (the "**Soda Lake Facility**") (HEVI 20% WI) during the first half of 2027. Management believes the strategic location of the Soda Lake Facility provides a significant advantage by enabling rapid tie-in of future successful wells and potentially avoiding the typical 18-month timeline associated with new facility construction.

Beyond Mankota/Grasslands, the Company will continue to evaluate and advance its broader land portfolio, including the Glenbain area, where a 60 kilometer 2D seismic shoot took place in the fourth quarter of 2025. Ongoing geological and geophysical work is expected to further delineate helium potential across the Company's acreage and identify additional exploration opportunities.

Recent geopolitical developments, including the reported disruption and shut-in of helium production capacity in Qatar, have contributed to tightening global helium supply and strengthening pricing fundamentals. While the duration and full impact of these disruptions remain uncertain, reduced supply from a key global producer is expected to support helium prices in the near to medium term. The Company believes this environment may enhance the economic attractiveness of its Saskatchewan-based helium assets as they progress toward stable production.

Looking ahead, the Company remains focused on transitioning to stable production, improving operational reliability, and scaling its helium business in a disciplined manner. While near-term uncertainties remain regarding production optimization and timing of the Soda Lake Facility reactivation, management believes the combination of a strengthened land position, enhanced subsurface understanding, and a strategic partnership with NAH positions the Company to achieve sustainable long-term growth and create shareholder value as an emerging participant in the North American helium market.

Results of Operations

	Three months ended	
	March 31, 2026	March 31, 2025
Expenses		
Operating	37	-
Exploration and evaluation	-	474
Share-based compensation	82	12
Interest income (net)	(17)	(19)
Depletion and depreciation	41	5
Loss on foreign exchange	2	-
General and administrative	289	203
Net loss	434	675

Capital Expenditures and Exploration and Evaluation

The following summarizes the Company’s capital spending:

	Three months ended	
	March 31, 2026	March 31, 2025
Seismic, geological & geophysical	3,256	44
Drilling and completions	4	2,199
Transfer from tubing and casing	-	(318)
Facilities and equipping	17	-
Helium permits	59	240
Total capital spending- cash	3,336	2,165

During the three months ended March 31, 2026, the Company’s capital spending was primarily directed toward the execution of a 170-square kilometre 3D seismic program in the Mankota/Grasslands region in partnership with NAH. The program was completed in mid-March 2026, with data processing and interpretation scheduled for the second quarter of 2026.

In the comparative three-month period ended March 31, 2025, HEVI’s capital expenditures were focused on advancing its helium development activities in the Mankota/Grasslands region, including participation in four joint wells:

- **5-30 Well (20% WI):** The 5-30-3-8W3 (“**5-30 Well**”) was drilled, completed, perforated and tested in the first quarter of 2025. Helium was confirmed and the pressure transient analysis indicated that the 5-30 Well is a new pool discovery. Additional delineation drilling will be required to determine reservoir size and commercial potential.
- **10-36 Well (20% WI):** The 10-36 Well was drilled, completed, perforated and tested during the first quarter of 2025. With a confirmed helium content of 0.81%, the 10-36 Well was subsequently tied-in to the Soda Lake Facility in the fourth quarter of 2025. A portion of the Company’s share of drilling costs was offset through the in-kind contribution of pre-purchased tubing and casing.

- **12-29 Well (20% WI):** The 12-29-2-8W3 well was drilled in the first quarter of 2025 and encountered helium during drilling. Completion operations commenced but were suspended due to environmental restrictions in the area.
- **3-19 Well (20% WI):** The 3-19-3-8W3 well (the "**3-19 Well**") was spud in the first quarter of 2025; however, drilling operations were halted prior to reaching the target zone due to operational challenges and seasonal conditions. The well was subsequently abandoned, with the target expected to be re-evaluated in future drilling programs.

Overall, capital allocation in the first quarter of 2026 reflects a continued focus on advancing the Company's Mankota/Grasslands development strategy, while adapting to operational and environmental constraints and prioritizing data acquisition to support future drilling and development decisions.

Operating Expenses

	Three months ended	
	March 31, 2026	March 31, 2025
Operating expenses	37	-

During the fourth quarter of 2025, the Company recorded its first revenues following the commencement of operations at the Soda Lake Facility. Initial production from wells tied into the facility was below the levels required to support sustained operations. In response, the Company undertook a workover program on the affected wells; however, further optimization efforts will be required to achieve consistent and reliable production volumes.

As a result, the Soda Lake Facility was subsequently placed on standby. The Company, in conjunction with NAH, is currently evaluating a range of optimization initiatives, advancing its 3D seismic program, and refining its broader development plans. This includes assessing future drilling opportunities aimed at supporting sufficient production capacity for the eventual reactivation of the facility.

Operating expenses for the three months ended March 31, 2026 reflect ongoing standby costs associated with maintaining the Soda Lake Facility during this optimization phase.

Share-Based Compensation Expense

The Company has an incentive Stock Option Plan (the "**Option Plan**") for directors, officers, employees, and consultants, under which the Company may issue stock options to purchase common shares of the Company provided that the amount of incentive stock options which may be granted and outstanding under the Option Plan at any time shall not exceed 10% of the then issued and outstanding common shares of the Company.

	Three months ended	
	March 31, 2026	March 31, 2025
Total share-based compensation	96	15
Capitalized portion of share-based compensation	(14)	(3)
Share-based compensation	82	12

Share-based compensation expense for the three months ended March 31, 2026 totaled $82,000, compared to $12,000 for the three months ended March 31, 2025. In addition, $14,000 of share-based compensation was capitalized to exploration and evaluation ("**E&E**") assets during the three months ended March 31, 2026, compared to $3,000 in the prior year comparative period.

The increase in share-based compensation expense period over period is primarily attributable to stock options granted in the fourth quarter of 2025 and the first quarter of 2026, and the corresponding recognition of expense associated with those grants.

The number of share options issued and outstanding, weighted average exercise price and weighted average remaining life is as follows:

	Number of Options	Weighted Average Exercise Price ($/share)	Weighted Average Remaining Life (years)
December 31, 2024	9,575,718	0.30	2.5
Issued	2,520,000	0.20	4.6
Forfeited	(1,152,168)	0.31	1.4
December 31, 2025	10,943,550	0.28	2.0
Issued	1,400,000	0.13	4.8
March 31, 2026	**12,343,550**	**0.25**	**2.3**

The number of share options exercisable and the weighted average exercise price is as follows:

	Exercisable Options	Weighted Average Exercise Price ($/share)
December 31, 2025	8,623,550	0.28
March 31, 2026	8,623,550	0.28

The fair value of stock options granted is measured using the Black-Scholes pricing model. Measurement inputs include the share price on the measurement date, exercise price of the instrument, expected volatility based on publicly available information for similar companies, weighted average expected life, estimated forfeiture rate, expected dividends, and the risk-free interest rate. The fair value is amortized to share-based compensation expense or capitalized to E&E assets over the option vesting period with a corresponding offset to contributed surplus.

The following weighted average assumptions were used for the fair value of the stock options granted in the year ended March 31, 2026:

Share price	0.125
Risk-free interest rate	2.94%
Expected life (years)	5
Expected volatility	83%
Forfeiture rate	9%
Expected dividends	Nil
Fair value	0.08

Interest Income (net)

	Three months ended	
	March 31, 2026	March 31, 2025
Interest income (net)	17	19

For the three months ended March 31, 2026, the Company recorded net interest income of $17,000 compared to $19,000 for the three months ended March 31, 2025. Interest income is primarily generated from the investment of cash balances in redeemable short-term guaranteed investment certificates.

Depletion and Depreciation Expense

	Three months ended	
	March 31, 2026	March 31, 2025
Depletion and depreciation	41	5

Depletion and depreciation expense in the amount of $41,000 was recorded in the three months ended March 31, 2026, and is related to the Soda Lake Facility, the Company's office equipment, and right-of-use assets (three months ended March 31, 2025, $5,000). Office equipment is depreciated on a straight-line basis over a period of two years while the Soda Lake Facility is depreciated on a straight-line basis over 25 years. The Company's right-of-use assets are depreciated over the term of the Company's office and office equipment leases.

General and Administrative Expense

	Three months ended	
	March 31, 2026	March 31, 2025
General and administrative expense	289	203

General and administrative expenses ("**G&A**") for the three months ended March 31, 2026 totaled $289,000 as compared to $203,000 in the three months ended March 31, 2025. The $86,000 increase year over year is primarily attributable to employee salary increases implemented in the fourth quarter of 2025.

G&A expenses include costs associated with operating as a public company including management salaries, consulting fees, software fees, office expenses, legal and regulatory fees, as well as marketing and investor relations activities. The Company continues to monitor and evaluate its G&A expenditures to align with strategic priorities and available financial resources.

Share Capital

On March 10, 2025, the Company announced a private placement of 15,940,000 units ("**Units**") at a price of $0.17 per Unit for total gross proceeds of $2.7 million ($2.6 million, net of estimated share issuance costs) (the "**First Private Placement**"). Each Unit was comprised of one common share of the Company (each, a "**Unit Share**") and one half of one common share purchase warrant (each whole warrant, a "**Warrant**"). Each Warrant will entitle the holder thereof to acquire one common share of the Company (each, a "**Warrant Share**") at a price of $0.27 for a period of one year from the applicable closing dates with an acceleration feature if the closing price over a 30-day period remains at or above $0.51 per common share at any time following the six-month anniversary of closing. The first closing of the First Private Placement was on March 17, 2025 for 7,040,000 Units, with the second closing taking place on April 4, 2025 for 8,900,000 Units.

On April 4, 2025, the Company closed a private placement (the "**April 4 Private Placement**") of 317,000 Units for gross and net proceeds of $0.05 million with the same terms and conditions as the First Private Placement.

Of the gross proceeds for the First Private Placement and the April 4 Private Placement, $2.4 million ($2.3 million, net of share issuance costs) was allocated to share capital and $0.4 million ($0.38 million, net of warrant issuance costs) was allocated to warrant capital.

On May 30, 2025, the Company closed an additional private placement of 9,422,000 Units at a price of $0.19 per Unit for total gross proceeds of $1.8 million ($1.7 million, net of estimated share issuance costs) (the "**Second Private Placement**") to the same investor as the First Private Placement. Consistent with the First Private Placement, each Unit was comprised of one Unit Share and one half of one Warrant. Each Warrant will entitle the holder thereof to acquire one Warrant Share at a price of $0.305 for a period of one year from the closing date of the Second Private Placement, with an acceleration feature if the closing price over a 30-day period remains at or above $0.57 per common share at any time following the six-month anniversary of closing.

On May 30, 2025, the Company closed a private placement of 1,261,579 Units for gross and net proceeds of $0.2 million (the "**Insider Private Placement**") with the same terms and conditions as the Second Private Placement.

Of the gross proceeds for the Second Private Placement and the Insider Private Placement, $1.8 million ($1.7 million, net of share issuance costs) was allocated to share capital and $0.25 million ($0.23 million, net of warrant issuance costs) was allocated to warrant capital.

On August 25, 2025, the Company entered into a definitive agreement to raise gross proceeds of $8.3 million by way of an unsecured convertible note (the "**Convertible Note**") to the same investor (the "**Holder**") as the First Private Placement and the Second Private Placement. On August 29, 2025, the Convertible Note was issued and gross proceeds of $8.3 million ($8.2 million, net of cash issuance costs). The Convertible Note was automatically converted into common shares of the Company upon achievement of first helium sales (the "**Milestone**"). The Milestone was achieved on October 16, 2025 and the Convertible Note, plus accrued interest of $0.1 million, was converted into 40,039,243 common shares on October 24, 2025.

The following table details the number of common shares issued and outstanding:

Common Shares	Number of Shares	Share Equity
Balance, December 31, 2024	96,033,974	19,216
Shares issued as part of March 17, 2025 private placement	7,040,000	1,024
Shares issued as part of April 4, 2025 private placement	9,217,000	1,343
Shares issued as part of May 30, 2025 private placement	10,683,579	1,783
Shares issued upon conversion of Convertible Note	40,039,243	8,408
Share issuance costs	-	(196)
Balance, December 31, 2025 and March 31, 2026	163,013,796	31,578

The following table details the number of warrants issued and outstanding:

	Number of Warrants	Warrant Equity
December 31, 2024	-	-
Issued	13,470,290	644
Warrant issuance costs	-	(30)
December 31, 2025	13,470,290	614
Expired	(3,520,000)	(166)
March 31, 2026	9,950,290	448

At the date of this MD&A, there are 163,013,796 common shares 5,341,790 warrants and 12,343,550 stock options issued and outstanding.

Liquidity, Financing and Capital Resources

	March 31, 2026
Opening cash position	6,887
Outflow of funds	
Capital expenditures	(3,336)
Lease payments	(4)
Cash flow used in operations, before changes in non-cash working capital	(307)
Changes in working capital	(116)
Total outflow of funds	(3,763)
Closing cash position	3,124

Capital Funding and Resources
As at March 31, 2026, the Company had a working capital balance of $2,934,000 (December 31, 2025 - $6,233,000), including cash and cash equivalents of $3,124,000. In the third quarter of 2025, the Company completed a financing for gross proceeds of $8,300,000. The proceeds from the financing were restricted for use toward the Soda Lake Facility and development expenditures in the Mankota area of Saskatchewan. As at March 31, 2026, all of the restricted cash had been fully expended in accordance with the intended use of proceeds.

The working capital balance is expected to be sufficient to fund the Company's capital program for 2026. The Company has considerable flexibility in managing capital given the current terms of helium permits granted by the Government of Saskatchewan. Any commitments related to the lease and permit terms are incorporated into the capital budget. Furthermore, in order to ensure that the Company has sufficient liquidity, the Company may selectively elect not to participate in joint operations or access debt or capital markets during the coming year.

Financial Risk Management
HEVI is exposed to a variety of financial and non-financial risks inherent in the helium business, including, but not limited to: equity price risk, commodity price risk, foreign exchange, credit availability and liquidity risk. Certain non-financial risks can be mitigated through the use of insurance and/or other risk transfer mechanisms, good business practices and process controls, while others must simply be borne. All risks can have an impact upon the financial performance of the Company.

(a) Credit risk
Credit risk is the risk that a third party will not complete its contractual obligations under a financial instrument and cause the Company to incur a financial loss.

The Company's maximum exposure to credit risk is the sum of the carrying values of its cash and cash equivalents, accounts receivable and other assets. As at March 31, 2026, the Company's accounts receivables and other assets consisted of sales tax credits receivable, critical minerals processing investment incentive credits to be received and an amount expected to be returned by the Government of Saskatchewan due to the overpayment of unfulfilled work commitments. To mitigate the credit risk on its cash and cash equivalents, the Company maintains its cash and cash equivalents balance with a major Canadian chartered bank.

(b) Market risk
Market risk is the risk that the fair value or future cash flow from operating activities of the Company's financial instruments will fluctuate because of changes in market prices. This could include changes in market conditions, such as commodity prices, foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Company's return.

(c) Liquidity risk
Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities as they come due. The Company’s financial liabilities consist of accounts payable and accrued liabilities and lease obligations.

Accounts payable consists of invoices payable to trade suppliers and/or joint venture partners for G&A activities, E&E expenditures and Soda Lake Facility expenditures. The Company processes invoices within a normal payment period. Accounts payable have contractual maturities of less than one year. The Company maintains and monitors a certain level of cash which is used to finance all operating and capital expenditures.

HEVI anticipates having adequate cash on hand to meet its contractual obligations and commitments and discharge its liabilities as they come due. In order to ensure it has sufficient liquidity, the Company may selectively elect not to participate in joint operations or access debt or capital markets. Management anticipates that these efforts will provide enough financial flexibility to meet the Company’s contractual obligations and commitments and discharge its liabilities, until it generates cash flows from operations.

Capital Management
The Company’s capital structure includes shareholders’ equity, the Convertible Note, when outstanding, and working capital. HEVI’s general policy is to maintain a strong financial position to allow for exploration of its existing land base. The Company’s objective is to maintain a capital structure that allows it to finance its business strategy using primarily internally generated cash flow and equity markets, and to optimize the use of its capital to provide an appropriate investment return to its shareholders.

HEVI monitors its capital structure and makes adjustments on an ongoing basis in order to maintain the flexibility needed to achieve the Company’s long-term objectives. To manage its capital structure, the Company may adjust capital spending, issue new equity, issue new debt or obtain alternative financing. To date, the Company’s main source of funding has been the issuance of the Convertible Note that has been converted and equity and warrant securities for cash.

The Company continues to explore its helium properties. The Company’s continuing operations and underlying value and recoverability of the amounts shown for E&E assets are entirely dependent upon the existence of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the exploration and development of its helium property interests and on future profitable production or proceeds from the disposition of the helium property interests. These and other factors may adversely affect the Company’s liquidity and ability to generate income and future cash flows.

Commitments
The Company holds helium exploration permits in Saskatchewan with an initial three-year term, which can be extended annually for an additional three years and can be converted to 21-year leases at any time. In the third quarter of 2025, the Company undertook a review of its helium permit portfolio. As a result of this review, the Company intends to relinquish certain permits that are not considered prospective for helium back to the Government of Saskatchewan as they come due for renewal. This action will significantly reduce the Company’s lease commitments in future periods and has not been reflected in the following commitment schedule. To maintain the Company’s current leases in good standing, including the leases the Company intends to relinquish, the Company has annual lease expenditure commitments as follows: remainder of 2026 – $321,000, 2027 - $4,362,000 and 2028 - $6,792,000. Permit expenditures can be grouped and carried forward to future years if the expenditure amount is greater than the minimum expenditure required. If the above commitments are not satisfied, the Company will relinquish the associated helium permits.

The Company's office lease agreement was renewed in June 2025 for two years, beginning November 1, 2025 and ending October 31, 2027. Additionally, the Company has entered into office equipment leases. The lease commitments as at March 31, 2026 are as follows:

	1 year	2 years	3 years	> 3 years	Total
Lease obligations	18	13	-	-	31

Related Party Transactions

Related parties include key management personnel, directors, officers and entities controlled by such individuals, as well as significant shareholders with the ability to exercise significant influence over the Company.

The Company's largest shareholder owns 40% of the Company's common shares as of the date of these financial statements and is considered a related party. During the three months ended March 31, 2026, the Company did not enter into any transactions with this related party.

All related party transactions were conducted in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

Subsequent Events

On April 4, 2026, 4,608,500 warrants expired. The warrants entitled the holder thereof to acquire one common share of the Company at a price of $0.27.

Off Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements outstanding as at March 31, 2026.

Financial Instruments

Financial instruments of the Company include cash and cash equivalents, accounts receivable, other current assets and accounts payable and accrued liabilities. The Company's cash and cash equivalents are classified as level 1 measurements. The Company has no level 2 or level 3 financial instruments. Assessment of the significance of a particular input to the fair value measurement requires judgement and may affect the placement within the fair value hierarchy level.

The carrying values of the financial instruments approximate their fair values due to their relatively short periods to maturity.

Use of Judgements and Key Sources of Estimation Uncertainty

The timely preparation of the financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies and the reported amounts of assets and liabilities, disclosure of any contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses for the year. These estimates are subject to measurement uncertainty and the effect on the financial statements of changes in these estimates could be material. Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the period in which the estimates are revised and in any future periods affected.

(i) Identification of cash generating units

The Company's assets are aggregated into cash generating units ("**CGUs**") for the purpose of calculating impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of these CGUs was based on management's judgment regarding shared infrastructure, geographical proximity, and similar exposure to market risk and materiality.

(ii) Exploration and evaluation

The application of the Company's accounting policy for E&E requires management to make certain judgments as to future events and circumstances as to whether economic quantities of reserves have been found in assessing commercial viability and technical feasibility.

The Company assesses its E&E assets to determine whether any indication of impairment exists at the end of each reporting period. Significant judgment is required in determining whether indicators of impairment exist, including factors and considerations such as the remaining period for which the Company has the right to explore, whether expenditures on further exploration and evaluation of helium properties are planned, whether commercially viable quantities of helium mineral resources have been discovered or whether data exists to suggest the carrying amount is unlikely to be recovered.

(iii) Deferred income taxes

Tax provisions are based on enacted or substantively enacted laws. Changes in those laws could affect amounts recognized in profit or loss both in the period of change, which would include any impact on cumulative provisions, and in future periods. Deferred tax assets, if any, are recognized only to the extent it is considered probable that those assets will be recoverable. This involves an assessment of when those deferred tax assets are likely to reverse.

Judgments are made by management to determine the likelihood of whether deferred income tax assets at the end of the reporting period will be realized from future taxable income. To the extent that assumptions regarding future profitability change, there can be an increase or decrease in the amounts recognized in respect of deferred tax assets as well as the amounts recognized in earnings or loss in the period in which the change occurs.

(iv) Geopolitical events

Estimates are more difficult to determine, and the range of potential outcomes can be wider, in periods of higher volatility and uncertainty. The impacts of geopolitical events, including trade tensions and tariffs between Canada and the United States, the war in the Middle East and other regional conflicts, especially in helium producing areas, can materially impact helium markets, interest and inflation rates, and global supply chains. Management has, to the extent reasonable, incorporated known facts and circumstances into the estimates made, however, actual results could differ from those estimates and those differences could be material.

(v) Climate reporting regulations

Climate change and the transition to a lower-carbon economy from carbon-based sources to alternative energy were considered in preparing this MD&A. These may have significant impacts on the currently reported amounts of the Company's assets and liabilities and on similar assets and liabilities that may be recognized in the future.

Business Risks and Uncertainties

The Company's business of exploring for resources involves a variety of operational, financial, and regulatory risks that are typical in the natural resource industry. The Company commenced helium production operations in the fourth quarter of 2025, however, has no proven history of performance, earnings, or success. There is no guarantee that the Company will ever be able to achieve profitable results or successfully execute its business plan, and the Company's common shares must be considered speculative, primarily due to the nature of the Company's business and early stage of development.

The Company's property interests are located in Canada. Any changes in governmental laws, regulations, economic conditions or shifts in political attitudes or stability are beyond the control of the

Company and may adversely affect its business. In addition, shortages of skilled labour and deficiencies in infrastructure may negatively influence costs of exploration and development.

Without limiting the generality of the foregoing, on November 10, 2023 the Ministry of Energy and Resources of the Government of Saskatchewan released a discussion paper entitled *Establish a Modernized Helium and Brine Mineral Tenure System* (the "**Discussion Paper**"). The Discussion Paper proposes several changes to the current regulatory framework in Saskatchewan which may have a negative effect on the Company and its business, if adopted. At this time no changes proposed in the Discussion Paper have been enacted.

The success of the Company is dependent, among other things, on obtaining sufficient funding to enable the Company to explore and develop its property interests or to fulfil its obligations under applicable agreements. There can be no assurance that the Company will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further exploration and development of new projects with the possible loss of such properties. The Company will require new capital to continue to operate its business and to continue with exploration on its properties, and there is no assurance that capital will be available when needed, if at all. It is likely such additional capital will be raised through the issuance of additional equity which will result in dilution to the Company's shareholders.

The operations of the Company may require licenses and permits from various governmental authorities. There can be no assurance that the Company will be able to obtain all necessary licenses and permits that may be required to conduct exploration and development work at its projects. Failure to obtain such licenses and permits may adversely affect the Company's business as the Company would be unable to legally conduct its intended exploration work, which may result in it losing its interest in the subject property.

Even if the Company's exploration programs are successful, factors beyond the control of the Company may affect the marketability of any resources discovered. The marketability and price of helium which may be produced or acquired by the Company will be affected by numerous factors beyond the control of the Company. These other factors include but are not limited to: delivery uncertainties related to the proximity of its resources to processing facilities; and extensive government regulation relating to price, taxes, royalties, allowable production, land tenure, the import and export of minerals and many other aspects of the mineral extraction business. Declines in resource prices may have a negative effect on the Company.

The resource industry is intensely competitive, and the Company must compete in all aspects of its operations with a substantial number of other corporations which may have greater technical or financial resources. The Company may be unable to acquire drilling rigs, service rigs, materials, additional attractive resource properties, employees and contractors, service providers and other items on terms it considers to be acceptable.

The Company's operations are subject to environmental regulations promulgated by government agencies from time to time. Environmental legislation provides for restrictions and prohibitions of spills, release or emission of various substances produced in association with certain mineral extraction industry operations, which could result in environmental pollution. Failure to comply with such legislation may result in the imposition of fines and penalties. In addition, certain types of operations require submissions to and approval of environmental impact assessments. Environmental legislation is evolving in a manner which means stricter standards and enforcement, and fines and penalties for non-compliance are becoming more stringent. Environmental assessments of proposed projects carry a heightened degree of responsibility for companies and directors, officers, and employees. The cost of compliance with changes in governmental regulations has the potential to reduce the profitability of operations. The Company intends to fully comply with all environmental regulations.

An inability to manage costs could have a material adverse effect on the Company. The Company's operating costs could escalate and become uncompetitive due to supply chain disruptions, inflationary cost pressures, equipment limitations, escalating supply costs, commodity prices and additional government intervention through stimulus spending or additional regulations. The Company's inability to manage costs may impact project returns and future development decisions, which could have a material adverse effect on its financial performance and cash flow.

Certain directors and officers of the Company are also directors, officers and shareholders of other natural resource or public companies, as a result of which they may find themselves in a position where their duty to another company conflicts with their duty to the Company. There is no assurance that any such conflicts will be resolved in favour of the Company. If any of such conflicts are not resolved in favour of the Company, the Company may be adversely affected.

The Company's business, financial condition and results of operations may be affected by a number of factors, including, but not limited to, the factors described within the Forward-looking Statements section of this MD&A, the Company's annual information form dated September 6, 2023 and the Company's other disclosure documents filed with Canadian securities regulatory authorities.

Changes to Accounting Pronouncements

IFRS 18 *Presentation and Disclosure in Financial Statements*

In April 2024, the IASB issued IFRS 18 *Presentation and Disclosure in Financial Statements* ("**IFRS 18**"), which will replace IAS 1 *Presentation of Financial Statements* and includes requirements for all entities applying IFRS for the presentation and disclosure of information in the financial statements. IFRS 18 will introduce new totals, subtotals and categories for income and expense in the statement of loss, as well as requiring disclosure about management-defined performance measures and additional requirements regarding the aggregation and disaggregation of certain information. IFRS 18 will be effective on January 1, 2027, with earlier adoption permitted, and it must be adopted on a retrospective basis. The Company is currently evaluating the impact on its financial statements.

New accounting policy

On January 1, 2026, the Company adopted the amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* as issued by the International Accounting Standards Board relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. There was not a material impact to the Company's financial statements.

Forward-looking Statements

Certain information included in this MD&A constitutes forward-looking information under applicable securities legislation. Such forward looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results, performance or achievements, or developments in the industry to differ materially from the anticipated results, performance or achievements expressed or implied by such forward-looking statements. Forward looking statements are statements that are not historical facts and are generally, but not always, identified by the words "expects," "plans," "anticipates," "believes," "intends," "estimates," "projects," "potential" and similar expressions, or that events or conditions "will," "would," "may," "could" or "should" occur.

Forward-looking statements in this document include statements regarding the Company's ability to identify future exploration and drilling targets, planning of the next phase of exploration and development in Mankota/Grasslands, timeline of drilling, seismic and other development plans including restarting the Soda Lake Facility, increasing shareholder value, the Company's ability to preserve capital, the Company's intention to relinquish helium permits, the Company's expectations regarding scalable helium production from its land generally, productivity of the wells mentioned in this MD&A and the Company's interpretation of the results, the Company's expectations regarding recoverability of helium, re-evaluation of the 3-19 Well target including the timing thereof, the Company and/or NAH's ability to identify future exploration and drilling targets, the Company and/or NAH's plans regarding future exploration and development, funding of future activities including securing additional financings, the Company's ability to achieve commercial production, and other statements that are not historical facts. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors and risks include, among others: HEVI may require additional financing from time to time in order to continue its operations; the Company and/or NAH may be unsuccessful in drilling commercially productive wells; the Company and/or NAH may not re-evaluate the 3-19 Well; the Company may choose to not relinquish helium permits; NAH may defer the drilling and completion of wells; the Company and/or NAH may determine not to bring the wells mentioned in this MD&A onto production; the wells may not perform as expected; NAH may abandon any plans to build and/or license a facility; the Company and/or NAH may determine not to restart the Soda Lake Facility; the Company may choose to defer, accelerate or abandon its drilling and other development plans; financing may not be available when needed or on terms and conditions acceptable to the Company; new laws or regulations could adversely affect the Company's business and results of operations; stock markets have experienced volatility that has often been unrelated to the performance of companies which may adversely affect the price of the Company's securities regardless of its operating performance; and the granting of additional permits is subject to a competitive process over which the Company has no control.

When relying on forward-looking statements and information to make decisions, investors and others should carefully consider the foregoing factors and risks and other uncertainties and potential events. The Company has assumed that the material factors referred to in the previous paragraphs will not cause such forward-looking statements and information to differ materially from actual results or events. However, the list of these factors is not exhaustive and is subject to change and there can be no assurance that such assumptions will reflect the actual outcome of such items or factors.

The forward-looking statements contained in this MD&A are made as of the date of this MD&A. The Company does not intend, and expressly disclaims any intention or obligation to, update or revise any forward-looking statements whether as a result of new information, future events or otherwise, except as required by law.

Financial Statements

First Quarter 2026

As at March 31, 2026 and for the three month periods ended March 31, 2026 and March 31, 2025

Helium Evolution Incorporated

Condensed Interim Statements of Financial Position
(unaudited)

(thousands of Canadian Dollars)	As at March 31, 2026	As at December 31, 2025
Assets		
Current Assets		
Cash, cash equivalents and restricted cash *(note 12)*	3,124	6,887
Accounts receivable *(note 10)*	70	136
Deposits and prepaid expenses	187	120
Other current assets *(note 10)*	680	337
Total Current Assets	4,061	7,480
Non-Current Assets		
Property, plant and equipment *(note 3)*	4,774	4,826
Other long-term assets *(note 10)*	-	343
Tubing and casing	104	104
Exploration and evaluation assets *(note 4)*	11,354	8,024
Total Non-Current Assets	16,232	13,297
Total Assets	20,293	20,777
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities *(note 10)*	1,109	1,224
Lease obligations *(note 5)*	18	23
Total Current Liabilities	1,127	1,247
Non-Current Liabilities		
Lease obligations *(note 5)*	13	13
Decommissioning obligations *(note 6)*	452	478
Total Non-Current Liabilities	465	491
Total Liabilities	1,592	1,738
Shareholders' Equity		
Share capital *(note 7)*	31,578	31,578
Warrants *(note 7)*	448	614
Contributed surplus	3,957	3,695
Deficit	(17,282)	(16,848)
Total Shareholders' Equity	18,701	19,039
Total Liabilities and Shareholders' Equity	20,293	20,777

See accompanying notes to the condensed interim financial statements.

Commitments *(notes 4 and 11)*
Subsequent Events *(note 13)*

Helium Evolution Incorporated

Condensed Interim Statements of Loss and Comprehensive Loss
(unaudited)

(thousands of Canadian Dollars, except number of shares and per share amounts)	Three months ended March 31, 2026	Three months ended March 31, 2025
Expenses		
Operating	37	-
Exploration and evaluation *(note 4)*	-	474
Share-based compensation *(note 8)*	82	12
Interest income (net)	(17)	(19)
Depletion and depreciation *(note 3)*	41	5
Loss on foreign exchange	2	-
General and administrative	289	203
Total expenses	434	675
Net loss and comprehensive loss	(434)	(675)
Weighted average number of shares outstanding - basic and diluted	163,013,796	97,129,085
Net loss per common share - basic and diluted	(0.00)	(0.01)

See accompanying notes to the condensed interim financial statements.

Helium Evolution Incorporated

Condensed Interim Statements of Cash Flows
(unaudited)

(thousands of Canadian Dollars)	Three months ended March 31, 2026	Three months ended March 31, 2025
Cash provided by (used in):		
Operating activities:		
Net loss	(434)	(675)
Exploration and evaluation *(note 4)*	-	474
Share-based compensation *(note 8)*	82	12
Depletion and depreciation *(note 3)*	41	5
Accretion *(note 6)*	4	1
Change in non-cash working capital *(note 9)*	13	(43)
Cash used in operating activities	(294)	(226)
Financing activities:		
Units issued, net of share issuance costs *(note 7)*	-	1,148
Lease obligations *(note 5)*	(4)	-
Change in non-cash working capital *(note 9)*	-	(22)
Cash provided by (used in) financing	(4)	1,126
Investing activities:		
Property, plant and equipment *(note 3)*	(11)	(2)
Exploration and evaluation assets *(note 4)*	(3,325)	(2,163)
Change in non-cash working capital *(note 9)*	(129)	440
Cash used in investing activities	(3,465)	(1,725)
Net change in cash and cash equivalents	(3,763)	(825)
Cash and cash equivalents, beginning of period	6,887	3,829
Cash and cash equivalents, end of period	3,124	3,004
Cash and cash equivalents is comprised of:		
Cash	57	27
Cancellable guaranteed investment certificates	3,067	2,977

See accompanying notes to the condensed interim financial statements.

Helium Evolution Incorporated

Condensed Interim Statements of Changes in Shareholders' Equity
(unaudited)

(thousands of Canadian Dollars, except number of shares)	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, January 1, 2026	163,013,796	31,578	614	3,695	(16,848)	19,039
Expiry of warrants *(note 7)*	-	-	(166)	166	-	-
Share-based compensation *(note 8)*	-	-	-	96	-	96
Net loss for the period	-	-	-	-	(434)	(434)
Balance, March 31, 2026	163,013,796	31,578	448	3,957	(17,282)	18,701

(thousands of Canadian Dollars, except number of shares)	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, January 1, 2025	96,033,974	19,216	-	3,598	(13,119)	9,695
Units issued, net of share issue costs *(note 7)*	7,040,000	982	166	-	-	1,148
Share-based compensation *(note 8)*	-	-	-	15	-	15
Net loss for the period	-	-	-	-	(675)	(675)
Balance, March 31, 2025	103,073,974	20,198	166	3,613	(13,794)	10,183

See accompanying notes to the condensed interim financial statements.

1. Organization and Nature of the Business

Helium Evolution Incorporated ("**HEVI**" or the "**Company**") is a public company trading on the TSX Venture Exchange ("**TSXV**") under the symbol HEVI. The Company was initially incorporated under the *Business Corporations Act* (British Columbia) on March 25, 2019. The Company is in the early stages of exploration for and production of helium as a resource.

The Company's principal office address and address of records is 400, 505 – 3 Street SW, Calgary, Alberta, Canada, T2P 3B6.

2. Basis of Preparation

The unaudited condensed interim financial statements (the "**financial statements**") have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with IFRS Accounting Standards ("**IFRS**") as issued by the International Accounting Standards Board, and were prepared following the same material accounting policies and methods of computation as the annual financial statements for the year ended December 31, 2025 (the "**Annual Financial Statements**") except as for noted below. These financial statements are condensed as they do not include all the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company's Annual Financial Statements.

The Company's financial statements are expressed in thousands of Canadian dollars, unless otherwise stated. The presentation currency is Canadian dollars.

These financial statements have been prepared using the historical cost convention on an accrual basis except for, when outstanding, certain financial instruments which have been measured at fair value. In the opinion of management, all adjustments, including accruals, considered necessary for a fair presentation have been included.

The financial statements were authorized for issue by the board of directors of the Company on May 19, 2026.

New accounting policy

On January 1, 2026, the Company adopted the amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* as issued by the International Accounting Standards Board relating to settling financial liabilities using an electronic payment system and assessing contractual cash flow characteristics of financial assets. There was not a material impact to the Company's financial statements.

3. Property, Plant and Equipment

Cost	Total
Balance, December 31, 2024	147
Additions	2
Soda Lake Facility additions	4,825
Right-of-use asset additions	34
Balance, December 31, 2025	5,008
Soda Lake Facility additions	(11)
Balance, March 31, 2026	**4,997**

Accumulated depletion and depreciation	Total
Balance, December 31, 2024	128
Depletion and depreciation	54
Balance, December 31, 2025	182
Depletion and depreciation	41
Balance, March 31, 2026	**223**

Net book value	Total
Balance, December 31, 2025	4,826
Balance, March 31, 2026	**4,774**

As at March 31, 2026, property, plant and equipment (“**PP&E**”) is comprised of the Soda Lake helium processing facility (the “**Soda Lake Facility**”) with a net book value of $4,742,000 (December 31, 2025 - $4,789,000), office equipment with a net book value of $1,000 (December 31, 2025 – $1,000) and right-of-use assets with a net book value of $31,000 (December 31, 2025 – $36,000).

The March 31, 2026 additions include a reversal of $22,000 of non-cash decommissioning obligations (December 31, 2025 – addition of $250,000). There were no impairment indicators for the PP&E as of March 31, 2026 or December 31, 2025.

4. Exploration and Evaluation Assets

Cost	Total
Balance, December 31, 2024	6,240
Additions	3,815
Non-cash gross overriding royalty	(69)
Transfer from tubing and casing	318
E&E expense	(2,280)
Balance, December 31, 2025	8,024
Additions	3,330
Balance, March 31, 2026	**11,354**

The Company holds helium exploration permits in Saskatchewan with an initial three-year term, which can be extended annual for an additional three years and can be converted to 21-year leases at any time.

As at March 31, 2026, exploration and evaluation (“**E&E**”) assets included costs related seismic and drilling and completion of wells. The March 31, 2026 additions include $14,000 of non-cash share-based compensation (December 31, 2025 – $16,000) and a reversal of $8,000 of non-cash decommissioning obligations (December 31, 2025 – addition of $68,000). During the three months ended March 31, 2026, no E&E assets were recognized in E&E expense (three months ended March 31, 2025 - $474,000).

To keep the Company’s leases in good standing, including the leases the Company plans to relinquish, the Company has annual lease expenditure commitments as follows: remainder of 2026 – $321,000, 2027 – $4,362,000 and 2028 - $6,792,000. Permit expenditures can be grouped and carried forward to future years if the expenditure amount is greater than the minimum expenditure required. If the above commitments are not satisfied, the Company will relinquish the associated helium permits.

There were no impairment indicators for the exploration and evaluation assets as of March 31, 2026 or December 31, 2025.

5. Lease Obligations

Balance, December 31, 2024	22
Additions	34
Lease payments	(20)
Balance, December 31, 2025	36
Lease payments	(5)
Balance, March 31, 2026	**31**
Current portion of lease obligations	**18**
Non-current portion of lease obligations	**13**

	March 31, 2026	March 31, 2025
Lease payments	5	1
Interest payments	(1)	(1)
Total cash outflow	**4**	**-**

The Company has lease liabilities for contracts related to office space and office equipment. Lease terms are negotiated on an individual basis and contain a wide range of different terms and conditions. The discount rate applied during the period ended March 31, 2026 was 10.0% (December 31, 2025 – 10.0%).

6. Decommissioning Obligations

	March 31, 2026	December 31, 2025
Decommissioning obligations, beginning of period	**478**	150
Additions	**-**	338
Change in estimates	**(30)**	(19)
Accretion	**4**	9
Decommissioning obligations, end of period	**452**	**478**

The Company's decommissioning obligations result from its ownership interest in helium assets currently comprised of well sites. The total decommissioning obligation is estimated based on the Company's net ownership interest in all wells, estimated costs to reclaim and abandon these wells and the estimated timing of the costs to be incurred in future years.

The following significant assumptions were used to estimate the decommissioning obligations:

	March 31, 2026	December 31, 2025
Undiscounted, uninflated cash flows	**574**	574
Undiscounted, inflated cash flows	**1,015**	1,087
Risk free rate	**3.57%**	3.50%
Inflation rate	**2.41%**	2.69%
Timing of cash flows	**13.2 years**	13.4 years

7. Share Capital

The authorized capital of HEVI consists of an unlimited number of common and an unlimited number of preferred shares, issuable in series with no par value.

The following table details the number of common shares issued and outstanding as at March 31, 2026:

	Number of Class A Common Shares	Share Equity
Balance, December 31, 2024	96,033,974	19,216
Shares issued as part of March 17, 2025 private placement	7,040,000	1,024
Shares issued as part of April 4, 2025 private placement	9,217,000	1,343
Shares issued as part of May 30, 2025 private placement	10,683,579	1,783
Shares issued upon conversion of convertible note	40,039,243	8,408
Share issuance costs	-	(196)
Balance, December 31, 2025 and March 31, 2026	**163,013,796**	**31,578**

The following table details the number of warrants issued and outstanding as at March 31, 2026:

	Number of Warrants	Warrant Equity
Balance, December 31, 2024	-	-
Issued	13,470,290	644
Warrant issuance costs	-	(30)
Balance, December 31, 2025	13,470,290	614
Expired	(3,520,000)	(166)
Balance, March 31, 2026	9,950,290	448

The number of warrants issued and outstanding, weighted average exercise price and weighted average remaining life are as follows:

	Number of Warrants	Weighted Average Exercise Price ($/share)	Weighted Average Remaining Life (years)
Balance, December 31, 2024	-	-	-
Issued	13,470,290	0.28	0.31
Balance, December 31, 2025	13,470,290	0.28	0.31
Expired	(3,520,000)	0.27	-
Balance, March 31, 2026	9,950,290	0.27	0.09

8. Share Option Plan

The Company has an incentive Share Option Plan (the "**Option Plan**") for directors, officers, employees, and consultants, under which the Company may issue share options to purchase common shares of the Company provided that the amount of incentive share options which may be granted and outstanding under the Option Plan at any time shall not exceed 10% of the then issued and outstanding common shares of the Company.

The number of share options issued and outstanding, weighted average exercise price and weighted average remaining life is as follows:

	Number of Options	Weighted Average Exercise Price ($/share)	Weighted Average Remaining Life (years)
Balance, December 31, 2024	9,575,718	0.30	2.5
Issued	2,520,000	0.20	4.6
Forfeited	(1,152,168)	0.31	1.4
Balance, December 31, 2025	10,943,550	0.28	2.0
Issued	1,400,000	0.125	4.8
Balance, March 31, 2026	**12,343,550**	**0.25**	**2.3**

The range of exercise prices and remaining life outstanding of the share options are as follows:

	Stock options outstanding			Stock options exercisable		
Exercise Price	Number outstanding	Weighted average exercise price ($/share)	Weighted average life remaining (years)	Number exercisable	Weighted average exercise price ($/share)	Weighted average life remaining (years)
$0.125 - $0.16	3,800,000	0.15	2.8	2,400,000	0.16	1.7
$0.20	2,520,000	0.20	4.3	200,000	0.20	0.6
$0.30 -$ 0.385	6,023,550	0.33	1.1	6,023,550	0.33	1.1
	12,343,550	0.25	2.3	8,623,550	0.28	1.2

For the three months ended March 31, 2026, the fair value of the options on the date of issuance was determined using the following weighted average Black-Scholes pricing model with the following inputs:

	March 31, 2026
Share price	0.125
Risk-free interest rate	2.94%
Expected life (years)	5
Expected volatility	83%
Forfeiture rate	9.0%
Expected dividends	Nil
Fair value	0.08

9. Supplemental Cash Flow Information

	Three months ended	
	March 31, 2026	March 31, 2025
Accounts receivable	66	-
Deposits and prepaid expenses	(67)	(162)
Accounts payable and accrued liabilities	(115)	537
Change in non-cash working capital	**(116)**	**375**
Allocated to:		
Operating	13	(43)
Financing	-	(22)
Investing	(129)	440
Change in non-cash working capital	**(116)**	**375**

10. Risk and Capital Management

The Company's activities expose it to a variety of financial and non-financial risks inherent in the business. Financial risks include: equity price, commodity price, foreign exchange, credit availability and liquidity. Financial risks can be managed, at least to a degree, through the utilization of financial instruments. Certain non-financial risks can be mitigated through the use of insurance and/or other risk transfer mechanisms, good business practices and process controls, while others must simply be borne. All risks can have an impact upon the financial performance of the Company.

Credit risk

Credit risk is the risk that a third party will not complete its contractual obligations under a financial instrument and cause the Company to incur a financial loss.

The Company's maximum exposure to credit risk is the sum of the carrying values of its cash and cash equivalents, accounts receivable and other assets. As at March 31, 2026, the Company's accounts receivable and other assets consisted of sales tax credits receivable, critical minerals processing investment incentive credits receivable and an amount expected to be returned by the Government of Saskatchewan due to the overpayment of unfulfilled work commitments. To mitigate the credit risk on its cash and cash equivalents, the Company maintains its cash and cash equivalents balance with a major Canadian chartered bank.

Market risk

Market risk is the risk that the fair value or future cash flow from operating activities of the Company's financial instruments will fluctuate because of changes in market prices. This could include changes in market conditions, such as commodity prices, foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Company's return.

Liquidity risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with its financial liabilities as they come due. The Company's financial liabilities consist of accounts payable and accrued liabilities and lease obligations.

Accounts payable consists of invoices payable to trade suppliers for general and administrative activities and E&E and PP&E expenditures. The Company processes invoices within a normal payment period. Accounts payable have contractual maturities of less than one year. The Company maintains and monitors a certain level of cash which is used to finance all operating and capital expenditures.

The timing of undiscounted cash outflows relating to the financial liabilities outstanding at March 31, 2026 are outlined in the table below:

	1 year	2 years	3 years	> 3 years	Total
Accounts payable and accrued liabilities	1,109	-	-	-	1,109
Lease obligations	18	13	-	-	31
Total	1,127	13	-	-	1,140

HEVI anticipates having adequate cash on hand to meet its contractual obligations and commitments and discharge its liabilities as they come due. In order to ensure it has sufficient liquidity, the Company may selectively elect not to participate in joint operations or access debt or capital markets. Management anticipates that these efforts will provide enough financial flexibility to meet the Company's contractual obligations and commitments and discharge its liabilities, until it generates cash flows from operations.

Capital management

The Company's capital structure includes shareholders' equity and working capital. HEVI's general policy is to maintain a strong financial position to allow for exploration of its existing land base. The Company's objective is to maintain a capital structure that allows it to finance its business strategy using primarily internally generated cash flow and equity markets, and to optimize the use of its capital to provide an appropriate investment return to its shareholders.

HEVI monitors its capital structure and makes adjustments on an ongoing basis in order to maintain the flexibility needed to achieve the Company's long-term objectives. To manage its capital structure, the Company may adjust capital spending, issue new equity, issue new debt or obtain alternative financing. To date, the Company's main source of funding has been the issuance of the convertible note that has been converted and equity and warrant securities for cash.

The Company continues to explore its helium properties. The Company's continuing operations and underlying value and recoverability of the amounts shown for E&E assets are entirely dependent upon the existence of economically recoverable resources, the ability of the Company to obtain the necessary financing to complete the exploration and development of its helium property interests and on future profitable production or proceeds from the disposition of the helium property interests. These and other factors may adversely affect the Company's liquidity and ability to generate income and future cash flows.

As at March 31, 2026, the Company had working capital balance of $2.9 million (December 31, 2025 - $6.2 million), including $3.1 million of cash, cash equivalents.

11. Commitments

The Company holds helium permits that require minimum expenditures on an annual basis (see note 4).

The Company's office lease agreement was renewed in June 2025 for two years, beginning November 1, 2025 and ending October 31, 2027. Additionally, the Company has entered into certain office equipment leases. The lease commitments as at March 31, 2026 are as follows:

	1 year	2 years	3 years	> 3 years	Total
Lease obligations	18	13	-	-	31

12. Restricted Cash

The funds raised through the convertible note (see note 7) were restricted to the Soda Lake Facility and development expenditures in the Mankota area of Saskatchewan, unless approved by the holder of the convertible note.

As of March 31, 2026, the Company had the following balance of restricted cash:

	Restricted Cash
Balance, December 31, 2024	-
Additions - Convertible Note	8,300
Soda Lake Facility and Mankota development projects	(5,639)
Balance, December 31, 2025	2,661
Soda Lake Facility and Mankota development projects	(2,661)
Balance, March 31, 2026	**-**

13. Subsequent Events

On April 4, 2026, 4,608,500 warrants expired. The warrants entitled the holder thereof to acquire one common share of the Company at a price of $0.27.