

Form 51-102F3
MATERIAL CHANGE REPORT

Item 1. Name and Address of Company

Helium Evolution Incorporated (the "**Company**")

400, 505 3rd Street S.W .
Calgary, Alberta
T2P 3E6

Item 2. Date of Material Change

June 28, 2022.

Item 3. News Release

News Release dated June 28, 2022 was disseminated via GlobeNewsWire and filed on SEDAR on June 28, 2022.

Item 4. Summary of Material Change

The Company announced the spudding of its first helium well, as well as the closing of private placements raising aggregate gross proceeds of \$6,918,200 through the issuance of 17,295,500 units ("**Units**") at \$0.40 per Unit. The Company also announced the entering into of a farmout agreement (the "**Farmout Agreement**"), a pro-rata participation and board nomination agreement and a standstill agreement with North American Helium Inc. ("**NAH**").

Item 5. Full Description of Material Change

5.1 Full Description of Material Change

First Well Spud at McCord Property

The Company's first well, HEI 06-12-006-05W3M ("**HEI-1**"), was spud on June 25, 2022 at the Company's 100% owned and operated McCord property in southern Saskatchewan. The Company expects drilling of HEI-1 to take approximately 15 days from the spud date to reach total depth of approximately 2,670 metres targeting the Deadwood formation. Once drilling concludes, the HEI-1 well will be completed over a 14-day period, during which the Company will conduct flow testing. Preliminary results from the flow test are anticipated by the end of July.

Farmout Agreement with North American Helium Inc.

The Company has entered into the Farmout Agreement with NAH, pursuant to which NAH will drill a total of five wells, incurring 100% of the drill expenditures. For each well drilled, NAH will earn an 80% operated 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 in total pursuant to the Farmout Agreement. The Company will retain a 20% working interest in the earned lands and each successful well drilled by NAH (the "**Company Working Interest**").

NAH must notify the Company of its five drilling targets within six months following the execution date of the Farmout Agreement, with a requirement to drill all five wells within 24 months.

In connection with the entering into of the farmout agreement, the Company and NAH have entered into a standstill agreement pursuant to which NAH will be subject to certain standstill restrictions relating to, among other things, the acquisition of securities of the Company for a 24-month period following completion of the Offerings (as defined herein). In addition, the Company and NAH have entered into a pro rata participation and board nomination agreement pursuant to which NAH will be permitted to maintain its pro rata partially undiluted percentage of the common shares of the Company following completion of the Offerings for a 24-month period. Furthermore, should NAH's pro rata percentage reach over 10% in the next two years, NAH will have a right to appoint a nominee to the Company's board of directors.

Private Placement

Pursuant to the Offering, the Company issued: (i) 8,750,000 Units 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 with Peters & Co. Limited ("**Peters & Co.**" or the "**Agent**") acting as sole bookrunner, for gross proceeds of \$2,148,000 (the "**Brokered Offering**" and combined with the Strategic Investor Private Placement and Non-Brokered Private Placement, the "**Offerings**").

Each Unit is comprised of one common share of the Company ("**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 today (the "**Expiry Date**"). If the 30-day volume weighted average trading price of the Common Shares on the TSX Venture Exchange (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 today.

All Common Shares (including any Common Shares issuable on exercise of the Warrants) and Warrants issued under the Offerings are subject to a hold period expiring four months and one day from closing of the Offerings in accordance with applicable securities laws.

Pursuant to the Offerings, a total of 17,295,500 Common Shares and 5,765,152 Warrants were issued to subscribers. In connection with the Offerings, the Company paid commissions and finders fees totaling \$350,040. In addition, the Company issued 175,000 Warrants to a finder in connection with the Strategic Investor Private Placement.

The net proceeds of the Offerings will be used to fund the Company's obligations with respect to the Company Working Interest including with respect to drilling and facilities, the ongoing drilling and development capital expenditure program of the Company and for general corporate purposes.

Certain directors and officers of the Company (the "**Related Parties**") subscribed for an aggregate of 2,130,000 Units pursuant to the Non-Brokered Private Placement, with such subscriptions constituting, in each case, a "related party transaction" under Multilateral Instrument 61-101 - *Protection of Minority Securityholders in Special Transactions* ("**MI 61-101**"). The Company intends to rely on the exemptions from the valuation and the minority approval requirements of MI 61-101 provided for in subsections 5.5(a) and 5.7(1)(a) of MI 61-101, respectively, as the fair market value of the subject matter of, and the consideration paid in the Offerings, in relation to the Related Parties, does not represent more than 25% of the Company's market capitalization, as determined in accordance with MI 61-101. The participation by each of the Related Parties in the Offerings has been approved by directors of the Company who are independent with respect to such transactions. The Company did not file a material change report more than 21 days before the expected closing of the Offerings, as the details of the Offerings were not finalized until immediately prior to the closing and the Company wished to close the transaction as soon as practicable for sound business reasons.

5.2 Disclosure for Restructuring Transactions

Not applicable.

Item 6. Reliance on subsection 7.1(2) of National Instrument 51-102

Not applicable.

Item 7. Omitted Information

None.

Item 8. Executive Officers

The following senior officer of the Company is knowledgeable about the material change and this Material Change Report and may be contacted at:

Ryan Tomlinson, Chief Financial Officer
Telephone: 1-587-330-2459
rtomlinson@heliumevolution.ca

Item 9. Date of Report

July 6, 2022.

Disclaimer for Forward-Looking Information

Certain information set forth in this material change report may contain forward-looking statements that involve substantial known and unknown risks and uncertainties, certain of which are beyond the control of the Company. Forward-looking statements are frequently characterized by words such as "plan", "continue", "expect", "project", "intend", "believe", "anticipate", "estimate", "may", "will", "potential", "proposed" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements in this material change report include the anticipated use of proceeds from the Offerings, the expected drilling completion date of HEI-1 and the expected date for preliminary flow test results from the well. Forward-looking statements are necessarily based on a number of estimates and assumptions that, while considered reasonable, are subject to known and unknown risks, uncertainties and other factors which may cause actual results and future events to differ materially from those expressed or implied by such forward-looking statements. Such factors include, but are not limited to: general business, economic and social uncertainties; litigation, legislative, environmental and other judicial, regulatory, political and competitive developments; a determination by the Company to use the proceeds in a manner different than disclosed herein; risks inherent in drilling and competing a well; and those additional risks set out in the Company's public documents filed on SEDAR at www.sedar.com. Although the Company believes that the assumptions and factors used in preparing the forward-looking statements are reasonable, undue reliance should not be placed on these statements, which only apply as of the date of this material change report, and no assurance can be given that such events will occur in the disclosed time frames or at all. Except where required by law, the Company disclaims any intention or obligation to update or revise any forward-looking statement, whether as a result of new information, future events, or otherwise.