



# Helium Evolution Incorporated

**Condensed Interim Financial Statements**

**As at September 30, 2023 and for the three and nine month periods ended  
September 30, 2023 and September 30, 2022**

# Helium Evolution Incorporated

## Condensed Interim Statements of Financial Position

(unaudited)

(thousands of Canadian Dollars)	As at	As at
	September 30, 2023	December 31, 2022
<b>Assets</b>		
Current Assets		
Cash and cash equivalents	7,072	9,128
Accounts receivable (note 10)	79	263
Tubing and casing	903	992
Deposits and prepaid expenses	88	36
Total Current Assets	8,142	10,419
Non-Current Assets		
Property, plant and equipment (note 3)	46	51
Exploration and evaluation assets (note 4)	4,532	2,552
Total Non-Current Assets	4,578	2,603
Total Assets	12,720	13,022
<b>Liabilities and Shareholders' Equity</b>		
Current Liabilities		
Accounts payable and accrued liabilities (note 10)	355	163
Lease obligations (note 5)	21	20
Total Current Liabilities	376	183
Non-Current Liabilities		
Lease obligations (note 5)	25	9
Decommissioning obligations (note 6)	95	34
Total Non-Current Liabilities	120	43
Total Liabilities	496	226
<b>Shareholders' Equity</b>		
Share capital (note 7)	19,216	19,216
Warrants (note 7)	1,340	1,425
Contributed surplus	1,677	930
Deficit	(10,009)	(8,775)
Total Shareholders' Equity	12,224	12,796
Total Liabilities and Shareholders' Equity	12,720	13,022

See accompanying notes to the condensed interim financial statements.

Commitments (notes 4 and 11)

Subsequent Events (note 14)

# 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 September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
<b>Expenses</b>				
Exploration and evaluation ( <i>note 4</i> )	375	3,553	398	4,391
Share-based compensation ( <i>note 8</i> )	113	129	451	341
Listing expense	-	-	-	1,142
Transaction costs	-	-	-	96
Interest income (net)	(104)	(70)	(302)	(63)
Depletion and depreciation ( <i>note 3</i> )	13	13	39	38
General and administrative	195	222	648	898
<b>Total expenses</b>	<b>592</b>	<b>3,847</b>	<b>1,234</b>	<b>6,843</b>
<b>Net loss and comprehensive loss</b>	<b>(592)</b>	<b>(3,847)</b>	<b>(1,234)</b>	<b>(6,843)</b>
Weighted average number of shares outstanding - basic and diluted	96,033,974	96,033,974	96,033,974	72,453,538
Net loss per common share - basic and diluted	(0.01)	(0.04)	(0.01)	(0.09)

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 September 30, 2023	Three months ended September 30, 2022	Nine months ended September 30, 2023	Nine months ended September 30, 2022
Cash provided by (used in):				
<b>Operating activities:</b>				
Net loss for the period	(592)	(3,847)	(1,234)	(6,843)
Exploration and evaluation ( <i>note 4</i> )	375	3,553	398	4,391
Share-based compensation ( <i>note 8</i> )	113	129	451	341
Listing expense	-	-	-	1,142
Depletion and depreciation ( <i>note 3</i> )	13	13	39	38
Accretion ( <i>note 6</i> )	2	-	2	-
Change in non-cash working capital ( <i>note 9</i> )	310	(257)	140	(434)
Cash provided by (used in) operating activities	221	(409)	(204)	(1,365)
<b>Financing activities:</b>				
Shares issued, net of share issuance costs	-	(58)	-	17,639
Lease obligations ( <i>note 5</i> )	(7)	(7)	(15)	(16)
Proceeds from promissory ( <i>note 13</i> )	-	-	-	1,500
Payment of promissory ( <i>note 13</i> )	-	-	-	(1,500)
Change in non-cash working capital ( <i>note 9</i> )	-	(31)	-	(142)
Cash provided by (used in) financing activities	(7)	(96)	(15)	17,481
<b>Investing activities:</b>				
Property, plant and equipment ( <i>note 3</i> )	-	-	-	(5)
Exploration and evaluation assets ( <i>note 4</i> )	(916)	(3,810)	(2,110)	(5,809)
Tubing and casing, net	-	(1,505)	89	(1,505)
Change in non-cash working capital ( <i>note 9</i> )	46	1,086	184	514
Cash used in investing activities	(870)	(4,229)	(1,837)	(6,805)
Net change in cash and cash equivalents	(656)	(4,734)	(2,056)	9,311
Cash and cash equivalents, beginning of period	7,728	14,216	9,128	171
Cash and cash equivalents, end of period	7,072	9,482	7,072	9,482
Cash and cash equivalents is comprised of:				
Cash	53	18	53	18
Cancellable guaranteed investment certificates	7,019	9,464	7,019	9,464

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, 2023	96,033,974	19,216	1,425	930	(8,775)	12,796
Expiry of warrants (note 7)	-	-	(85)	85	-	-
Share-based compensation (note 8)	-	-	-	662	-	662
Net loss for the period	-	-	-	-	(1,234)	(1,234)
<b>Balance, September 30, 2023</b>	<b>96,033,974</b>	<b>19,216</b>	<b>1,340</b>	<b>1,677</b>	<b>(10,009)</b>	<b>12,224</b>

(thousands of Canadian Dollars, except number of shares)	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, January 1, 2022	34,184,280	1,915	552	81	(1,412)	1,136
Shares issued, net of share issue costs	61,849,694	17,301	873	-	-	18,174
Share-based compensation (note 8)	-	-	-	552	-	552
Net loss for the period	-	-	-	-	(6,843)	(6,843)
<b>Balance, September 30, 2022</b>	<b>96,033,974</b>	<b>19,216</b>	<b>1,425</b>	<b>633</b>	<b>(8,255)</b>	<b>13,019</b>

See accompanying notes to the condensed interim financial statements.

# Helium Evolution Incorporated

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## Notes to the Condensed Interim Financial Statements (unaudited)

As at September 30, 2023 and for the three and nine month periods ended September 30, 2023 and September 30, 2022

### 1. Organization and Nature of the Business

Helium Evolution Incorporated (“**HEVI**” or the “**Company**”), formerly Duckhorn Ventures Ltd. (“**Duckhorn**”), is a public company trading on the TSX Venture Exchange (“**TSXV**”) under the symbol HEVI. Duckhorn was incorporated under the *Business Corporations Act* (British Columbia) on March 25, 2019. The Company is in the early stages of exploration for helium as a resource and has not yet determined whether its helium properties contain deposits that are economically recoverable.

The Company was formed following the amalgamation of a private company of the same name being Helium Evolution Incorporated (“**Helium Evolution Private**”) and Duckhorn (the “**Amalgamation**”). Helium Evolution Private was incorporated on January 14, 2021 under the Business Corporations Act (Alberta). 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 (the “**Board**”) 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 acquisition 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.

Helium Evolution Incorporated commenced trading on the TSXV on March 30, 2022 under the symbol HEVI.

The Company’s principal and office address and address of its 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 International Financial Reporting Standards (“**IFRS**”) as issued by the International Accounting Standards Board. 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 for the year ended December 31, 2022.

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 on November 21, 2023.

## Helium Evolution Incorporated

### 3. Property, Plant and Equipment Assets

Cost	Total
Balance, December 31, 2021	90
Additions	5
Right-of-use asset additions	17
Balance, December 31, 2022	112
Right-of-use asset additions	34
<b>Balance, September 30, 2023</b>	<b>146</b>
Accumulated depletion and depreciation	Total
Balance, December 31, 2021	10
Depletion and depreciation	51
Balance, December 31, 2022	61
Depletion and depreciation	39
<b>Balance, September 30, 2023</b>	<b>100</b>
Net book value	Total
Balance, December 31, 2022	51
<b>Balance, September 30, 2023</b>	<b>46</b>

As at September 30, 2023, property, plant and equipment is comprised of office equipment with a net book value of \$1,000 (December 31, 2022 – \$24,000) and right-of-use assets with a net book value of \$45,000 (December 31, 2022 – \$27,000).

### 4. Exploration and Evaluation Assets

Cost	Total
Balance, December 31, 2021	562
Additions	6,468
E&E expense	(4,478)
Balance, December 31, 2022	2,552
Additions	2,378
E&E expense	(398)
<b>Balance, September 30, 2023</b>	<b>4,532</b>

The Company holds helium exploration permits in Saskatchewan with an initial three-year term. The September 30, 2023 additions include \$211,000 of non-cash share-based compensation (December 31, 2022 – \$323,000) and \$59,000 of non-cash decommissioning obligations (December 31, 2022 – \$34,000). During the nine months ended September 30, 2023, \$398,000 of exploration and evaluation (“E&E”) assets was recognized in E&E expense, whereas \$4,478,000 of E&E expense was recognized in the year ended December 31, 2022 due to the overall negative results of the drilling program. On May 26, 2023, the Company re-purchased 0.5% of the gross overriding royalty (“GORR”) from a former officer of the Company (see note 13).

The Company has annual lease expenditure commitments as follows: remainder of 2023 – \$59,000, 2024 – \$452,000, 2025 - \$564,000 and annual permit expenditure commitments as follows: remainder of 2023 – \$30,000, 2024 – \$403,000 and 2025 - \$2,439,000. 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.

At September 30, 2023, the Company has E&E assets of \$4,532,000. There were no impairment indicators for the exploration and evaluation assets as of September 30, 2023.

## 5. Lease Obligations

	Total
Balance, December 31, 2021	33
Additions	17
Lease payments	(21)
Balance, December 31, 2022	29
Additions	34
Lease payments	(17)
<b>Balance, September 30, 2023</b>	<b>46</b>
<b>Current portion of lease obligations</b>	<b>21</b>
<b>Non-current portion of lease obligations</b>	<b>25</b>

	September 30, 2023	December 31, 2022
Lease payments	17	21
Interest payments	(2)	(2)
<b>Total cash outflow</b>	<b>15</b>	<b>19</b>

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 September 30, 2023 was 10.0% (December 31, 2022 – 10.0%).

## 6. Decommissioning Obligations

	September 30, 2023	December 31, 2022
Decommissioning obligations, beginning of period	<b>34</b>	-
Additions	<b>4</b>	33
Change in estimates	<b>55</b>	1
Accretion	<b>2</b>	-
<b>Decommissioning obligations, end of period</b>	<b>95</b>	<b>34</b>

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:

	September 30, 2023	December 31, 2022
Undiscounted, uninflated cash flows	<b>123</b>	36
Risk free rate	<b>4.44%</b>	3.94%
Inflation rate	<b>3.46%</b>	3.25%
Timing of cash flows	<b>6.7 years</b>	1.8 years

## Helium Evolution Incorporated

### 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 September 30, 2023:

	Number of Class A Common Shares	Share Equity
Balance, December 31, 2021	34,000,000	1,915
Exchanged on reverse takeover <sup>1</sup>	(34,000,000)	(1,915)
Issued on reverse takeover <sup>1</sup>	34,184,280	1,915
Shares issued in exchange for subscription receipts <sup>2</sup>	41,220,861	12,300
Shares issued as part of Duckhorn reverse takeover	3,333,333	1,000
Shares issued as part of June 28, 2022 private placement <sup>3</sup>	17,295,500	6,074
Share issuance costs	-	(2,073)
<b>Balance, December 31, 2022 and September 30, 2023</b>	<b>96,033,974</b>	<b>19,216</b>

<sup>1</sup>In conjunction with the closing of the Amalgamation, each common share, option and warrant in Helium Evolution Private were subsequently exchanged for 1.00542 common shares in the capital of the Company.

<sup>2</sup>On November 10, 2021, Helium Evolution Private closed a non-brokered private placement (the "**November 2021 Offering**") of subscription receipts (the "**Subscription Receipts**") for total gross proceeds of \$12.3 million. In connection with the November 2021 Offering, Helium Evolution Private issued 40,998,636 Subscription Receipts at a price of \$0.30 per Subscription Receipt, with each Subscription Receipt automatically converting into one common share for no additional consideration or action on the part of the holder. Each common share was subsequently exchanged for 1.00542 common shares in the capital of Duckhorn in accordance with the terms of the Amalgamation. As at December 31, 2021, the Subscription Receipts were included in restricted cash and subscription receipts payable.

<sup>3</sup>On June 28, 2022, HEVI closed a strategic investor private placement and brokered and non-brokered private placements (the "**June 2022 Offerings**") for total gross proceeds of \$6.9 million (\$6.4 million, net of share issuance costs). Of the gross proceeds, \$6.1 million (\$5.5 million, net of share issuance costs) was allocated to share capital and \$0.9 million was allocated to warrant capital. In connection with the June 2022 Offerings, HEVI issued 17,295,500 units comprised of one common share and one-third of a warrant.

The following table details the number of warrants issued and outstanding at September 30, 2023:

	Number of Warrants	Warrant Equity
Balance, December 31, 2021 <sup>1</sup>	4,846,124	552
Warrants issued as part of June 28, 2022 private placement <sup>2</sup>	5,765,152	845
Warrants issued as part of June 28, 2022 private placement <sup>2,3</sup>	175,000	28
Balance, December 31, 2022	10,786,276	1,425
Expired	(2,010,840)	(85)
<b>Balance, September 30, 2023</b>	<b>8,775,436</b>	<b>1,340</b>

<sup>1</sup>Each warrant reflects the 1.00542 exchange ratio in accordance with the terms of the Amalgamation.

<sup>2</sup>In connection with the June 2022 Offerings, the warrants were valued using the Black-Scholes pricing model and the following inputs: exercise price of \$0.70 per share, expected term of 24 months, annualized volatility based on publicly traded peer companies of 103%, a risk-free rate of 3.1%, and zero expected dividends. The weighted average Black-Scholes fair value is \$0.16 per warrant with a relative fair value ascribed to the warrants.

<sup>3</sup>On June 28, 2022, HEVI issued 175,000 warrants to a finder in connection with the strategic investor private placement.

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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, 2021	4,846,124	0.30	0.1
Issued	5,940,152	0.70	0.7
Balance, December 31, 2022	10,786,276	0.52	0.5
Expired	(2,010,840)	0.30	-
<b>Balance, September 30, 2023</b>	<b>8,775,436</b>	<b>0.57</b>	<b>0.6</b>

At September 30, 2023, all warrants outstanding are exercisable.

### 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)
December 31, 2021 <sup>1</sup>	3,418,428	0.30	3.1
Issued	5,210,000	0.37	3.9
Forfeited	(1,002,710)	0.34	3.5
December 31, 2022	7,625,718	0.34	3.6
Issued	1,950,000	0.16	4.3
<b>September 30, 2023</b>	<b>9,575,718</b>	<b>0.30</b>	<b>3.7</b>

<sup>1</sup> Each option issued prior to the Amalgamation reflects the 1.00542 exchange ratio in accordance with the terms of the Amalgamation.

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

	Exercisable Options	Weighted Average Exercise Price (\$/share)
December 31, 2022	1,866,287	0.33
<b>September 30, 2023</b>	<b>3,861,431</b>	<b>0.32</b>

The fair value of 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 and/or capitalized over the option vesting period with a corresponding offset to contributed surplus. The options vest equally every six months for a period of thirty months from the grant date.

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The fair value of the options on the date of issuance was determined using the following weighted average Black-Scholes pricing model inputs:

	September 30, 2023	December 31, 2022
Share price	0.16	0.37
Risk-free interest rate	2.93%	3.15%
Expected life (years)	5	5
Expected volatility	97%	101%
Forfeiture rate	9.0%	9.0%
Expected dividends	Nil	Nil
Fair value	0.12	0.28

### 9. Supplemental Cash Flow Information

	September 30, 2023	September 30, 2022
Accounts receivable	184	(212)
Deposits and prepaid expenses	(52)	(63)
Accounts payable and accrued liabilities	192	213
Change in non-cash working capital	<b>324</b>	<b>(62)</b>
Allocated to:		
Operating	140	(434)
Financing	-	(142)
Investing	184	514
Change in non-cash working capital	<b>324</b>	<b>(62)</b>

### 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 and accounts receivable. As at September 30, 2023, the Company's accounts receivables consisted of sales taxes paid on general and administrative and capital expenditures 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.

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### 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.

Accounts payable consists of invoices payable to trade suppliers for general and administrative activities and E&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 September 30, 2023 are outlined in the table below:

	1 year	2 years	3 years	> 3 years	Total
Accounts payable and accrued liabilities	355	-	-	-	355
Lease obligations	21	20	4	1	46
Total	376	20	4	1	401

HEVI anticipates having adequate cash on hand and funds flow 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 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 equity and warrant securities for cash, through private placements.

The Company is in the process of exploring its helium properties and has not yet determined whether these properties contain deposits that are economically recoverable. 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 reserves, 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 September 30, 2023, the Company had a positive working capital balance of \$7.8 million (December 31, 2022 - \$10.2 million), inclusive of tubing and casing of \$0.9 million which was pre-purchased and not utilized.

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## 11. Commitments

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

The Company entered into a two-year office lease agreement, commencing November 1, 2021, and ending October 31, 2023. The office lease was renewed in June 2023 for an additional two years, beginning November 1, 2023 and ending October 31, 2025. Additionally, the Company has entered into certain office equipment leases. The lease commitments as at September 30, 2023 are as follows:

	1 year	2 years	3 years	> 3 years	Total
Lease obligations	21	20	4	1	46

## 12. Financial Instruments

At September 30, 2023, the Company's financial instruments include cash and cash equivalents, accounts receivable, 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 value of the Company's accounts receivable and accounts payable and accrued liabilities at September 30, 2023 approximate their approximate their respective fair values due to the short-term nature of these instruments.

## 13. Related Party Transactions

Pursuant to a royalty agreement, a 3.0% GORR on the Company's Saskatchewan helium permits applied for prior to March 30, 2022 was granted to certain directors, officers and a consultant of the Company or companies controlled by such individuals. As a result, the Company assigned a value of \$nil to E&E expense in the nine month period ended September 30, 2023 (year ended December 31, 2022 - \$5,000). On May 26, 2023, the Company re-purchased 0.5% of the GORR from a former officer of the Company for \$119,000 inclusive of transaction costs.

On January 12, 2022, the Company entered into a secured promissory note (the "**Promissory Note**") with a current director of the Company in the amount of \$1.5 million 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 the Company. The Promissory Note was repaid in full on March 18, 2022, along with total interest of \$38,000, and the security was subsequently discharged.

## 14. Subsequent Events

Subsequent to September 30, 2023, warrants totaling 2,835,284 expired. Currently, there are 5,940,152 warrants outstanding.