



## Management's Discussion and Analysis

### Third Quarter 2025

As at September 30, 2025 and for the three and nine month periods ended September 30, 2025 and September 30, 2024



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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The following Management's Discussion and Analysis ("**MD&A**") as provided by the management of Helium Evolution Incorporated ("**HEVI**" or the "**Company**") is dated November 18, 2025 and should be read in conjunction with HEVI's unaudited interim condensed financial statements and related notes as at September 30, 2025 and for the three and nine month periods ended September 30, 2025 and September 30, 2024 (the "**Financial Statements**") and the Company's audited financial statements and related notes as at and for the years ended December 31, 2024 and December 31, 2023, which are available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) or on HEVI's website at [www.heliumevolution.ca](http://www.heliumevolution.ca). All financial information is reported in Canadian dollars and all per share information is 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 September 30, 2025, HEVI holds a 99.3% net working interest in these permits.



**Selected Financial Information**

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
<b>Financial</b>				
Revenue	-	-	-	-
Net loss	1,764	185	2,635	678
Net loss per share, basic and diluted	0.01	0.00	0.02	0.01
Cash, cash equivalents and restricted cash	8,565	4,432	8,565	4,432
Working capital <sup>1</sup>	(1,014)	4,231	(1,014)	4,231
Total assets	21,949	10,816	21,949	10,816
Total liabilities	10,292	466	10,292	466
Weighted average shares Basic and diluted <sup>2</sup>	122,974,553	96,033,974	111,970,982	96,033,974

<sup>1</sup> Subsequent to September 30, 2025, the \$8.4 million Convertible Note, as defined herein, was converted into common shares of the Company, eliminating the debt and bringing the Company to a positive working capital position (see Subsequent Events).

<sup>2</sup> 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)
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
March 31, 2024	-	239	0.00
December 31, 2023	-	1,719	0.02

**Outlook**

The Company continues to execute its strategy of developing its significant land base in Saskatchewan with the ultimate goal of helium production. The Company's efforts continue to focus on advancing its land portfolio, particularly in the Mankota region, where significant progress has been made in partnership with North American Helium Inc. (“NAH”).

As part of this strategy, the Company entered into a farmout agreement (the “**Original Farmout Agreement**”) with NAH on June 28, 2022, followed by an expansion and acceleration of the Original Farmout Agreement in October 2022 through an amended and restated farm out agreement (the “**Amended Farmout Agreement**”) as well as a seismic option agreement (the “**Seismic Option Agreement**”) and a seismic review option agreement (collectively with the Seismic Option Agreement, the “**Seismic Agreements**”). The Amended Farmout Agreement and the Seismic Agreements have allowed HEVI to explore its land base without incurring up-front capital costs, while retaining 99% of its land base for future development.

Concurrently with the Original Farmout Agreement, HEVI closed a strategic investor private placement whereby NAH subscribed for 8.75 million units comprised of 8.75 million common shares and 2.92 million warrants. In connection with the investment, HEVI and NAH entered into a standstill agreement (the “**Standstill Agreement**”) pursuant to which NAH was subject to certain standstill restrictions relating to, among other things, the acquisition of HEVI securities for a 24-month period. The Standstill



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Agreement expired on June 28, 2024. In addition, HEVI and NAH entered into a pro-rata participation and board nomination agreement (the "**Participation Agreement**") pursuant to which NAH will be permitted to maintain its pro rata undiluted percentage of HEVI common shares until such time as NAH holds less than 5% on an undiluted basis or the closing of a business combination transaction by HEVI. Furthermore, should NAH's ownership reach over 10% on an undiluted basis, NAH will have a right to appoint a nominee to the HEVI board of directors. Finally, at no cost, HEVI received NAH's proprietary seismic used to drill three successful NAH wells in the Mankota area plus all seismic shot on the Seismic Agreements land, estimated to be approximately 200km, giving HEVI greater insight and valuable data that can be used in identifying future drilling targets.

Since announcing the Amended Farmout Agreement and the Seismic Option Agreement, NAH has drilled a total of seven earning wells ("**Farmout Wells**", and each a "**Farmout Well**") on HEVI lands since November 2022, earning an 80% interest in 70 sections of HEVI's land base. Farmout Wells were funded 100% by NAH and HEVI retained a 20% working interest. Additionally, NAH and HEVI have drilled eight joint wells ("**Joint Wells**"), with HEVI participating in the Joint Wells at its 20% working interest.

As of the date of this MD&A, the results of the Company's drilling program have been encouraging, with six helium discovery wells identified in the Mankota region. Of these, three discovery wells commenced production in the fourth quarter of 2025, marking a significant milestone in the Company's transition from exploration to production.

On October 1, 2025, HEVI and NAH commenced operations at the 12 million standard cubic feet per day ("**MMscf/d**") processing facility at 1-2-4-9W3 (the "**Soda Lake Facility**") and HEVI sold its first load of helium in mid-October 2025. The Soda Lake Facility initially ties-in the wells at 9-35-3-9W3 (the "**9-35 Well**"), 10-1-4-9W3 (the "**10-1 Well**") and 10-36-3-9W3 (the "**10-36 Well**").

Furthermore, HEVI and NAH intend to resume exploration and development activities in the Mankota area in the fourth quarter of 2025, given the environmental and surface restrictions that will be in place until that time. To fund these future activities, HEVI plans to utilize existing working capital and restricted cash.

Beyond the Mankota region, HEVI continues to enhance its geological and geophysical understanding of its extensive land base and is proceeding with a seismic shoot in the Glenbain area in the fourth quarter of 2025. To date, the Company has acquired over 2,000 km of seismic. In 2025, the Company has continued to acquire and reprocess additional seismic data in unexplored areas and undertake comprehensive geological modelling and interpretation to inform future drilling and development strategies.

HEVI remains confident in the significant potential of its helium assets, particularly within the Mankota region, and continues to make strategic investments designed to support sustainable long-term growth. The Company is focused on advancing its exploration and development initiatives to further delineate its resource base and expand production capacity. The achievement of initial helium production in the fourth quarter of 2025 represents a key milestone in HEVI's evolution from an exploration-focused entity to a producing company. Management believes this transition will establish a strong foundation for continued value creation and reinforce HEVI's position as an emerging participant in the North American helium market.



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### Results of Operations

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Exploration and evaluation	1,085	10	1,578	34
Share-based compensation	4	33	23	179
Transaction costs and gross overriding royalty	160	-	160	-
Interest income (net)	40	(49)	(2)	(182)
Depletion and depreciation	5	6	16	17
General and administrative	470	185	860	630
Net loss	1,764	185	2,635	678

### Capital Expenditures, Asset Under Construction and Exploration and Evaluation

The following summarizes the Company's capital spending:

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Seismic, geological & geophysical	87	45	334	313
Drilling and completions	17	118	2,231	407
Transfer from tubing and casing	-	-	(318)	-
Facilities and equipping	1,223	-	5,056	-
Helium permits	175	171	481	333
Total capital spending- cash	1,502	334	7,784	1,053

In the nine month period ended September 30, 2025, the Company's capital spending was primarily directed toward the advancement of its helium development in the Mankota region. Key areas of investment include activity on four Joint Wells, specifically the 5-30-3-8W3 well ("**5-30 Well**"), the 10-36 Well, the 3-19-3-8W3 well ("**3-19 Well**") and the 12-29-2-8W3 ("**12-29 Well**"), as well as fabrication and installation of the modular components of the Soda Lake Facility and the acquisition and processing of trade seismic data in the prospective Glenbain and Abbey regions.

- **5-30 Well:** The 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. Further drilling will be necessary to determine the size of the reservoir.
- **10-36 Well:** 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 tied-in to the Soda Lake Facility in the fourth quarter of 2025. A portion of HEVI's share of the net costs associated with the 10-36 Well was offset through the in-kind contribution of HEVI's pre-purchased tubing and casing.
- **12-29 Well:** Drilled in the first quarter of 2025, the 12-29 Well encountered helium during drilling. Completion operations commenced in the quarter, but were suspended until the latter half of 2025 due to environmental restrictions in the area.
- **3-19 Well:** The 3-19 Well was spud in the first quarter of 2025, however, drilling ceased prior to reaching the targeted zone due to operational challenges and the early onset of spring weather in the Mankota area. As a result, NAH and the Company made the decision to abandon the 3-19 Well. The original target is expected to be re-evaluated as part of the 2025 fall drilling program.
- **Soda Lake Facility:** In the second quarter of 2025, the Company confirmed its 20% working interest participation in the Soda Lake Facility and related gathering system infrastructure, located in the Mankota area. The Soda Lake Facility is designed to process 12 Mmscf/d of raw gas and began operations on October 1, 2025. Initial tie ins to the facility include the 10-36 Well, the 10-1 Well and the 9-35 Well. As of September 30, 2025, the Company's share of capital



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expenditures on the Soda Lake Facility and related infrastructure totaled \$5.1 million, of which \$4.7 million has been recognized as an asset under construction (“AUC”).

In the comparative nine month period ended September 30, 2024, HEVI's capital spending was focused on stimulating the Joint Well at 2-31-2-8W3 (the “**2-31 Well**”), completing the Joint Well at 9-18-3-8W3 (the “**9-18 Well**”) with NAH and completion and testing of the seventh and final Farmout Well, the 9-35 Well, which was drilled by NAH in the first quarter of 2024. Additionally, the Company purchased several 2D trade seismic lines considered key for determining future drilling targets in the Mankota and Gravelbourg core areas.

Overall, capital allocation in 2025 to date reflects a continued focus on advancing the Company's Mankota development strategy, while adapting to operational and environmental constraints. The Company achieved its near-term objective of helium production, which commenced in the fourth quarter of 2025.

### 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		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Total share-based compensation	6	46	30	261
Capitalized portion of share-based compensation	(2)	(13)	(7)	(82)
Share-based compensation	4	33	23	179

The amount recorded as share-based compensation expense for the three and nine months ended September 30, 2025 totaled \$4,000 and \$23,000, respectively (three and nine months ended September 30, 2024, \$33,000 and \$179,000, respectively). Additionally, \$2,000 and \$7,000 of share-based compensation was capitalized to exploration and evaluation (“**E&E**”) assets during the three and nine months ended September 30, 2025, respectively (three and nine months ended September 30, 2024, \$13,000 and \$82,000, respectively). The decrease in overall share-based compensation period over period is due to a significant number of options vesting over the past year, at which point the associated share-based compensation is fully recognized.

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, 2023	9,575,718	0.30	3.5
December 31, 2024	9,575,718	0.29	2.5
<b>September 30, 2025</b>	<b>9,575,718</b>	<b>0.29</b>	<b>1.8</b>



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

	Exercisable Options	Weighted Average Exercise Price (\$/share)
December 31, 2024	8,553,718	0.30
September 30, 2025	9,575,718	0.29

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 or capitalized to E&E assets over the option vesting period with a corresponding offset to contributed surplus.

No share options were issued in the nine-month period ended September 30, 2025.

### Interest Expense (Income) (net)

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Interest expense (income) (net)	40	(49)	(2)	(182)

In the three months ended September 30, 2025, the Company recorded net interest expense of \$40,000 as compared to net interest income of \$2,000 in the nine months ended September 30, 2025 (three and nine months ended September 30, 2024, net interest income of \$49,000 and \$182,000, respectively). Interest expense in the three month period ended September 30, 2025 is a result of interest expense on the Convertible Note, as defined herein, issued on August 29, 2025 which was offset in the nine month period principally as a result of investing excess cash balances into redeemable short-term guaranteed investment certificates with an interest rate between 1.84% and 3.25%. Interest income in the three and nine month periods ended September 30, 2024 was principally a result of interest income on higher excess cash balances and higher average interest rates.

### Depletion and Depreciation Expense

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Depletion and depreciation	5	6	16	17

Depletion and depreciation expense in the amount of \$5,000 and \$16,000 was recorded in the three and nine months ended September 30, 2025, respectively, and is related to the Company's office equipment and right-of-use assets (three and nine months ended September 30, 2024, \$6,000 and \$17,000, respectively). Office equipment is depreciated on a straight-line basis over a period of two years and 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		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
General and administrative	470	185	860	630

General and administrative expenses ("**G&A**") for the three and nine months ended September 30, 2025 totaled \$470,000 and \$860,000, respectively, as compared to \$185,000 and \$630,000 in the three and nine months ended September 30, 2024, respectively. The \$230,000 increase year over year is primarily



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attributable to discretionary employee bonuses and a retiring allowance for the Company's former President and Chief Executive Officer, partially offset by lower investor relations costs in 2025. The reduction in investor relations spending reflects the Company's continued focus on managing expenditures and preserving cash resources.

The Company has incurred costs associated with being a public company including management salaries, consulting fees, software fees, office related expenses, legal and regulatory fees, marketing and investor relations. The Company continues to monitor and evaluate its general and administrative spending to align with strategic priorities and available 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 will be 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.



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

Common Shares	Number of Shares	Share Equity
December 31, 2023 and 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	1,782
Share issuance costs	-	(196)
September 30, 2025	122,974,553	23,169

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

	Number of Warrants	Warrant Equity
December 31, 2023	5,940,152	873
Expired	(5,940,152)	(873)
December 31, 2024	-	-
Issued	13,470,290	644
Warrant issuance costs	-	(30)
September 30, 2025	13,470,290	614

At the date of this MD&A, there are 163,013,796 common shares 13,470,290 warrants and 10,943,550 options issued and outstanding.

### Convertible Note

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 (see share capital). 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 will mature on August 29, 2027 (the "**Maturity Date**") and will accrue interest at a rate of 8.5% per annum, payable in arrears on the Maturity Date. Unless the Convertible Note has been previously converted or prepaid, the outstanding balance of the Convertible Note shall be due and payable on the Maturity Date.

The Convertible Note is automatically convertible into common shares of the Company upon achievement of first helium sales (the "**Milestone**"). The Convertible Note is convertible at the higher of \$0.205 per common share and the 11-day volume weighted average trading price of the Company's common shares before and after the Milestone is achieved. If the Milestone is not achieved by August 29, 2026, the Holder will have the right, at any time thereafter, to convert the Convertible Note into common shares at a minimum price of \$0.205 per common share.

The Company has also granted a gross overriding royalty ("**GORR**") to the Holder at the time of the Convertible Note issuance on three existing wells. The sliding scale GORR is variable in nature and will be calculated based on 5% of HEVI's working interest gross sales ("**gross sales**") in the first year of production, 4% of the gross sales in the second year of production, 3% of the gross sales in the third year of production and 2% of the gross sales thereafter. Additionally, the Holder will be issued a 3% GORR on gross sales on one of the next three wells drilled by the Company, over the life of the well, to be selected by the Holder within 90 days of receiving drilling and testing results, subject to certain conditions. The funds raised through the Convertible Note are restricted to the Soda Lake Facility and development expenditures in the Mankota area of Saskatchewan, unless approved by the Holder.

As a result, of the Convertible Note being convertible into a variable number of the Company's common shares, based on a formula linked to the market price of the shares at the time of conversion, the



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conversion feature does not meet the "fixed-for-fixed" criterion under IAS 32 and is therefore classified as a derivative liability.

In accordance with IFRS 9, the entire instrument has been designated at fair value through profit or loss on initial recognition. The fair value of the Convertible Note at issuance was \$8.3 million, which was determined using a valuation model incorporating observable market inputs.

As a result of the Convertible Note being designated at fair value through profit or loss on initial recognition the cash transaction costs and the value ascribed to the GORR granted to the Holder have been expensed.

As at September 30, 2025, the fair value of the Convertible Note was \$8.3 million, with the change in carrying value recognized as interest expense on the statement of loss during the period, with no change in fair value.

The Milestone was achieved on October 16, 2025 and the Convertible Note was converted into common shares on October 24, 2025 (see subsequent events) which resulted in the holder holding approximately 42% of the issued and outstanding common share of the Company and has been assessed as a related party. As at September 30, 2025 there have been no further transactions with the related party other than as described in the Share Capital section of this MD&A.

### Liquidity, Financing and Capital Resources

	September 30, 2025
<b>Opening cash position</b>	3,829
<b>Inflow of funds</b>	
Changes in non-cash working capital	551
Shares issued, net of share issuance costs	4,567
Convertible note issued, net of issuance costs	8,300
<b>Total inflow of funds</b>	<b>13,418</b>
<b>Outflow of funds</b>	
Capital expenditures	(7,784)
Lease payments	(16)
Cash flow used in operations, before changes in non-cash working capital	(882)
<b>Total outflow of funds</b>	<b>(8,682)</b>
<b>Closing cash position</b>	<b>8,565</b>

### Capital Funding and Resources

As at September 30, 2025, the Company had a negative working capital balance of \$1,014,000 (December 31, 2024 - \$3,166,000), including cash and cash equivalents of \$4,715,000 and restricted cash of \$3,850,000. In October 2025, the \$8.4 million Convertible Note was converted into common shares of the Company, bringing the Company back to a positive working capital position.

The working capital balance is expected to be sufficient to fund the Company's capital program for 2025. 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



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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 and accounts receivable. As at September 30, 2025, the Company's accounts receivables consisted of sales tax 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.

### **(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 the Convertible Note.

Accounts payable consists of invoices payable to trade suppliers and/or joint venture partners for G&A activities, E&E expenditures and AUC 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 Company issued a \$8.3 million Convertible Note with a two-year term (see Convertible Note for further details). Interest on the Convertible Note is payable at maturity. The Convertible Note was converted into common shares in October 2025 (see Subsequent Events).

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 in the fourth quarter of 2025.

### **Capital Management**

The Company's capital structure includes shareholders' equity, the Convertible Note 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



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financing. To date, the Company's main source of funding has been the issuance of the Convertible Note 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 2025 – \$124,000, 2026 – \$555,000 and 2027 – \$4,362,000 and annual permit expenditure commitments as follows: remainder of 2025 – \$60,000, 2026 – \$60,000 and 2027 – \$60,000. 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.

HEVI has committed to a total payment schedule of \$5.2 million to the Soda Lake Facility operator (NAH) in alignment with actual expenditures. At September 30, 2025, HEVI had made progress payments of \$4.5 million to NAH with the remaining \$0.7 million commitment satisfied in October 2025.

The Company entered into a two-year office lease agreement, commencing November 1, 2023 and ending October 31, 2025. The office lease was renewed in June 2025 for an additional 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 September 30, 2025 are as follows:

	1 year	2 years	3 years	> 3 years	Total
Lease obligations	23	13	3	-	39

### Subsequent Events

On October 16, 2025, the Milestone was achieved and on October, 24, 2025 the Convertible Note with a face value of \$8,300,000, plus accrued interest of \$108,000, was converted into 40,039,243 common shares at \$0.21 per share. As of the date of these financial statements, the Holder of the Convertible Note owns 42% of the Company's common shares on a fully diluted basis and is considered a related party.

On October 29, 2025, an aggregate of 2,520,000 share options were granted, with 2,000,000 share options being granted to directors and officers. Each share option represents the right to receive one common share of the Company upon vesting, exercisable at a price of \$0.20 per share. The share options vest between the 2<sup>nd</sup> and 30<sup>th</sup> month anniversaries of the date of grant and expire between October 29, 2026 and October 29, 2030.

In October 2025, 1,152,168 share options that had been issued to a former director and officer of the Company were forfeited.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Off Balance Sheet Arrangements

The Company had no material off-balance sheet arrangements outstanding as at September 30, 2025.

### Financial Instruments

Financial instruments of the Company include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and the Convertible Note. The Company's cash and cash equivalents are classified as level 1 measurements. The Company's Convertible Note is classified as level 2 measurement. The Company has no 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 economic 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

## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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) Convertible Note

The liability component of the Convertible Note is initially recorded at the fair value of a similar liability that does not have a conversion option. If the conversion feature is determined to be a derivative liability (for example, when the conversion price is variable, the entire instrument is classified as a financial liability. The derivative component is measured at fair value through profit or loss, with changes in fair value recognized in the statement of loss. Management makes a variety of assumptions in calculating the fair value based on the interest rates similar liability that do not have a conversion option would be and the value of the variable conversion option.

### (v) Tariffs

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 such as the tariffs between Canada and the United States, regional conflicts, especially in helium producing areas, can materially impact helium markets, interest and inflation rates and supply chains resulting in higher levels of volatility and uncertainty. 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.

## 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 further 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.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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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.



## MANAGEMENT'S DISCUSSION AND ANALYSIS

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### Future Accounting Pronouncements

#### **Amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures***

In May 2024, the IASB issued amendments to IFRS 9 *Financial Instruments* and IFRS 7 *Financial Instruments: Disclosures* relating to settling financial liabilities using an electronic payments system and assessing contractual cash flow characteristics of financial assets. The amendments will be effective on January 1, 2026. The Company is currently evaluating the impact on its financial statements.

#### **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.

### 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, timeline of drilling, seismic and other development plans, 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, resumption of completion activities on the 12-29 Well, 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 including the Convertible Debenture, 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; the Company and/or NAH may determine to not re-enter or abandon the 12-29 Well; 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 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



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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.