



Financial Statements

Third Quarter 2025

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

Helium Evolution Incorporated

Condensed Interim Statements of Financial Position

(unaudited)

(thousands of Canadian Dollars)	As at September 30, 2025	As at December 31, 2024
Assets		
Current Assets		
Cash, cash equivalents and restricted cash <i>(note 15)</i>	8,565	3,829
Accounts receivable <i>(note 12)</i>	69	57
Deposits and prepaid expenses	95	34
Total Current Assets	8,729	3,920
Non-Current Assets		
Property, plant and equipment <i>(note 3)</i>	39	19
Asset under construction <i>(note 4)</i>	5,016	-
Tubing and casing	104	422
Exploration and evaluation assets <i>(note 5)</i>	8,061	6,240
Total Non-Current Assets	13,220	6,681
Total Assets	21,949	10,601
Liabilities and Shareholders' Equity		
Current Liabilities		
Accounts payable and accrued liabilities <i>(note 12)</i>	1,358	734
Convertible note <i>(note 8)</i>	8,362	-
Lease obligations <i>(note 6)</i>	23	20
Total Current Liabilities	9,743	754
Non-Current Liabilities		
Lease obligations <i>(note 6)</i>	16	2
Decommissioning obligations <i>(note 7)</i>	533	150
Total Non-Current Liabilities	549	152
Total Liabilities	10,292	906
Shareholders' Equity		
Share capital <i>(note 9)</i>	23,169	19,216
Warrants <i>(note 9)</i>	614	-
Contributed surplus	3,628	3,598
Deficit	(15,754)	(13,119)
Total Shareholders' Equity	11,657	9,695
Total Liabilities and Shareholders' Equity	21,949	10,601

See accompanying notes to the condensed interim financial statements.

Commitments *(notes 5 and 13)*

Subsequent Events *(note 16)*

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, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Expenses				
Exploration and evaluation (<i>note 5</i>)	1,085	10	1,578	34
Share-based compensation (<i>note 10</i>)	4	33	23	179
Transaction costs and gross overriding royalty (<i>note 8</i>)	160	-	160	-
Interest expense (income) (net)	40	(49)	(2)	(182)
Depletion and depreciation (<i>note 3</i>)	5	6	16	17
General and administrative	470	185	860	630
Total expenses	1,764	185	2,635	678
Net loss and comprehensive loss	(1,764)	(185)	(2,635)	(678)
Weighted average number of shares outstanding - basic and diluted	122,974,553	96,033,974	111,970,982	96,033,974
Net loss per common share - basic and diluted	(0.01)	(0.00)	(0.02)	(0.01)

See accompanying notes to the condensed interim financial statements.

Helium Evolution Incorporated

Condensed Interim Statements of Cash Flows

(unaudited)

(thousands of Canadian Dollars)	Three months ended September 30, 2025	Three months ended September 30, 2024	Nine months ended September 30, 2025	Nine months ended September 30, 2024
Cash provided by (used in):				
Operating activities:				
Net loss for the period	(1,764)	(185)	(2,635)	(678)
Exploration and evaluation (note 5)	1,085	10	1,578	34
Non-cash interest expense (note 8)	62	-	62	-
Share-based compensation (note 10)	4	33	23	179
Gross overriding royalty (note 8)	69	-	69	-
Depletion and depreciation (note 3)	5	6	16	17
Accretion (note 7)	2	2	5	4
Change in non-cash working capital (note 11)	333	41	78	(189)
Cash used in operating activities	(204)	(93)	(804)	(633)
Financing activities:				
Shares issued, net of share issuance costs (note 9)	(10)	-	4,567	-
Lease obligations (note 6)	(8)	(9)	(16)	(16)
Convertible note issued (note 8)	8,300	-	8,300	-
Change in non-cash working capital (note 11)	45	-	62	-
Cash provided by (used in) financing activities	8,327	(9)	12,913	(16)
Investing activities:				
Property, plant and equipment (note 3)	-	-	(2)	-
Exploration and evaluation assets (note 5)	(582)	(334)	(3,066)	(1,053)
Asset under construction (note 4)	(920)	-	(4,716)	-
Change in non-cash working capital (note 11)	621	102	411	(196)
Cash used in investing activities	(881)	(232)	(7,373)	(1,249)
Net change in cash and cash equivalents	7,242	(334)	4,736	(1,898)
Cash, cash equivalents and restricted cash, beginning of period	1,323	4,766	3,829	6,330
Cash, cash equivalents and restricted cash, end of period	8,565	4,432	8,565	4,432
Cash and cash equivalents is comprised of:				
Cash	91	22	91	22
Restricted cash	3,850	-	3,850	-
Cancellable guaranteed investment certificates	4,624	4,410	4,624	4,410

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, 2025	96,033,974	19,216	-	3,598	(13,119)	9,695
Units issued, net of share issue costs (note 9)	26,940,579	3,953	614	-	-	4,567
Share-based compensation (note 10)	-	-	-	30	-	30
Net loss for the period	-	-	-	-	(2,635)	(2,635)
Balance, September 30, 2025	122,974,553	23,169	614	3,628	(15,754)	11,657

(thousands of Canadian Dollars, except number of shares)	Number of Shares	Share Capital	Warrants	Contributed Surplus	Deficit	Total Shareholders' Equity
Balance, January 1, 2024	96,033,974	19,216	873	2,406	(11,728)	10,767
Expiry of warrants (note 9)	-	-	(873)	873	-	-
Share-based compensation (note 10)	-	-	-	261	-	261
Net loss for the period	-	-	-	-	(678)	(678)
Balance, September 30, 2024	96,033,974	19,216	-	3,540	(12,406)	10,350

See accompanying notes to the condensed interim financial statements.

Helium Evolution Incorporated

Notes to the Condensed Interim Financial Statements (unaudited)

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

1. Organization and Nature of the Business

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

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

2. Basis of Preparation

The unaudited condensed interim financial statements (the “**financial statements**”) have been prepared in accordance with International Accounting Standard 34 *Interim Financial Reporting* using accounting policies consistent with IFRS Accounting Standards (“**IFRS**”) as issued by the International Accounting Standards Board, and were prepared following the same material accounting policies and methods of computation as the annual financial statements for the year ended December 31, 2024 (the “**Annual Financial Statements**”), except for the policy surrounding convertible debt instruments, as noted below. These financial statements are condensed as they do not include all the information required by IFRS for annual financial statements and therefore should be read in conjunction with the Company’s Annual Financial Statements.

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

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

The financial statements were authorized for issue by the board of directors of the Company on November 18, 2025.

Accounting Policy - Convertible Note

Convertible debt instruments that may be converted into equity at the option of the holder are assessed on initial recognition to determine whether they contain both a liability and an equity component, or whether they should be classified entirely as a financial liability or as a derivative liability.

When a convertible instrument contains both liability and equity components, the liability component is initially recognized at the fair value of a similar liability that does not have an associated conversion feature. The equity component is recognized as the residual amount after deducting the fair value of the liability component from the total proceeds of the instrument. No gain or loss is recognized on the initial recognition of the equity component.

Subsequent to initial recognition, the liability component is measured at amortized cost using the effective interest rate method. The equity component is not remeasured.

If the conversion feature is determined to be a derivative liability (for example, when the conversion price is variable) the derivative component is measured at fair value through profit or loss (“**FVTPL**”), with changes in fair value recognized in the statement of loss. Upon election, the entire instrument can be classified as a financial liability and measured at FVTPL.

Transaction costs directly attributable to the issuance of the convertible debt have been expensed through the statement of loss.

3. Property, Plant and Equipment Assets

Cost	Total
Balance, December 31, 2023	147
Balance, December 31, 2024	147
Additions	2
Right-of-use asset additions	34
Balance, September 30, 2025	183
Accumulated depletion and depreciation	Total
Balance, December 31, 2023	106
Depletion and depreciation	22
Balance, December 31, 2024	128
Depletion and depreciation	16
Balance, September 30, 2025	144
Net book value	Total
Balance, December 31, 2024	19
Balance, September 30, 2025	39

As at September 30, 2025, property, plant and equipment is comprised of office equipment with a net book value of \$2,000 (December 31, 2024 – \$1,000) and right-of-use assets with a net book value of \$37,000 (December 31, 2024 – \$18,000).

4. Asset under Construction

Cost	Total
Balance, December 31, 2023 and December 31, 2024	-
Additions	5,016
Balance, September 30, 2025	5,016

As of September 30, 2025, asset under construction (“AUC”) included the fabrication and installation of the modular components of the Soda Lake helium processing facility (“Soda Lake Facility”). The September 30, 2025 additions include \$300,000 of non-cash decommissioning obligations (December 31, 2024 – nil). The AUC is measured at cost and will be recognized in property, plant and equipment and depreciated when it is available for use.

5. Exploration and Evaluation Assets

Cost	Total
Balance, December 31, 2023	4,343
Additions	2,056
Transfer from tubing and casing	326
E&E expense	(485)
Balance, December 31, 2024	6,240
Additions	3,150
Non-cash gross overriding royalty (note 8)	(69)
Transfer from tubing and casing	318
E&E expense	(1,578)
Balance, September 30, 2025	8,061

Helium Evolution Incorporated

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

As at September 30, 2025, exploration and evaluation (“E&E”) assets included costs related seismic and drilling and completion of wells. The September 30, 2025 additions include \$7,000 of non-cash share-based compensation (December 31, 2024 – \$100,000), \$78,000 of non-cash decommissioning obligations (December 31, 2024 – \$24,000). During the three and nine months ended September 30, 2025, \$1,085,000 and \$1,578,000 of E&E assets were recognized in E&E expense, respectively, based on historic costs incurred (three and nine months ended September 30, 2024 - \$10,000 and \$34,000, respectively), due to unfavourable well results in the Mankota core area and the Company’s intention to relinquish a portion of its land base in the coming months.

To keep the Company’s leases in good standing, including the leases the Company plans to relinquish, the Company has annual lease expenditure commitments as follows: remainder of 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.

There were no impairment indicators for the exploration and evaluation assets as of September 30, 2025 or December 31, 2024.

6. Lease Obligations

	Total	
Balance, December 31, 2023	43	
Lease payments	(21)	
Balance, December 31, 2024	22	
Additions	34	
Lease payments	(17)	
Balance, September 30, 2025	39	
Current portion of lease obligations	23	
Non-current portion of lease obligations	16	
	September 30, 2025	December 31, 2024
Lease payments	17	21
Interest payments	(1)	(2)
Total cash outflow	16	19

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, 2025 was 10.0% (December 31, 2024 – 10.0%).

7. Decommissioning Obligations

	September 30, 2025	December 31, 2024
Decommissioning obligations, beginning of period	150	121
Additions	380	19
Change in estimates	(2)	5
Accretion	5	5
Decommissioning obligations, end of period	533	150

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

Helium Evolution Incorporated

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, 2025	December 31, 2024
Undiscounted, uninflated cash flows	574	148
Risk free rate	3.31%	3.21%
Inflation rate	2.64%	2.62%
Timing of cash flows	10.6 years	9.7 years

8. 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 note 9). 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 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 (see note 15).

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 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 been 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.

Helium Evolution Incorporated

The Milestone was achieved on October 16, 2025 and the Convertible Note was converted into common shares on October 24, 2025 (see note 16) which resulted in the holder holding approximately 42% of the issues 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 previously described in note 9 and the Convertible Note above.

	Liability Component	
	Face Value	Carrying Value
Balance, December 31, 2023 and December 31, 2024	-	-
Issuance of Convertible Note	8,300	8,300
Interest expense		62
Balance, September 30, 2025	8,300	8,362

9. 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.

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.

Helium Evolution Incorporated

The following table details the number of common shares issued and outstanding as at September 30, 2025:

	Number of Class A Common Shares	Share Equity
Balance, December 31, 2023 and December 31, 2024	96,033,974	19,216
Shares issued	26,940,579	4,149
Share issuance costs	-	(196)
Balance, September 30, 2025	122,974,553	23,169

The following table details the number of warrants issued and outstanding as at September 30, 2025:

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

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, 2023	5,940,152	0.70	-
Expired	(5,940,152)	0.70	-
Balance, December 31, 2024	-	-	-
Issued	13,470,290	0.28	0.56
Balance, September 30, 2025	13,470,290	0.28	0.56

The fair value of the warrants issued in the nine months ended September 30, 2025 was determined using the following weighted average Black-Scholes pricing model inputs:

	September 30, 2025
Share price	0.18
Risk-free interest rate	2.50%
Expected life (years)	1
Expected volatility	114%
Forfeiture rate	0.0%
Expected dividends	Nil
Fair value	0.06

10. 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.

Helium Evolution Incorporated

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

	Number of Options	Weighted Average Exercise Price (\$/share)	Weighted Average Remaining Life (years)
Balance, December 31, 2023	9,575,718	0.30	3.5
Balance, December 31, 2024	9,575,718	0.29	2.5
Balance, September 30, 2025	9,575,718	0.29	1.8

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

11. Supplemental Cash Flow Information

	Three months ended		Nine months ended	
	September 30, 2025	September 30, 2024	September 30, 2025	September 30, 2024
Accounts receivable	7	(1)	(12)	10
Deposits and prepaid expenses	12	45	(61)	16
Accounts payable and accrued liabilities	980	99	624	(411)
Change in non-cash working capital	999	143	551	(385)
Allocated to:				
Operating	333	41	78	(189)
Financing	45	-	62	-
Investing	621	102	411	(196)
Change in non-cash working capital	999	143	551	(385)

12. 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, 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.

Market risk

Market risk is the risk that the fair value or future cash flow from operating activities of the Company's

Helium Evolution Incorporated

financial instruments will fluctuate because of changes in market prices. This could include changes in market conditions, such as commodity prices, foreign exchange rates and interest rates. The objective of market risk management is to manage and control market risk exposures within acceptable parameters, while maximizing the Company's return.

Liquidity risk

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

Accounts payable consists of invoices payable to trade suppliers for general and administrative activities and E&E 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 note 8 for further details). Interest on the Convertible Note is payable at maturity. The Convertible Note was converted into common shares in October 2025 (see note 16).

The timing of undiscounted cash outflows relating to the financial liabilities outstanding at September 30, 2025 are outlined in the table below:

	1 year	2 years	3 years	> 3 years	Total
Accounts payable and accrued liabilities	1,358	-	-	-	1,358
Lease obligations	23	13	3	-	39
Total	1,381	13	3	-	1,397

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 (see note 16).

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 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.

As at September 30, 2025, the Company had a negative working capital balance of \$1.0 million (December 31, 2024 - \$3.2 million), including \$8.6 million of cash, cash equivalents and restricted cash (note 15).

Helium Evolution Incorporated

Subsequent to September 30, 2025, the Convertible Note was converted into common shares, eliminating the negative working capital balance (see note 16).

13. Commitments

The Company holds helium permits that require minimum expenditures on an annual basis (see note 5).

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 certain 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

14. Financial Instruments

At September 30, 2025, the Company's financial instruments 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 value of the Company's accounts receivable and accounts payable and accrued liabilities at September 30, 2025 approximate their respective fair values due to the short-term nature of these instruments.

15. Restricted Cash

The funds raised through the Convertible Note (see note 8) are restricted to the Soda Lake Facility and development expenditures in the Mankota area of Saskatchewan, unless approved by the Holder of the Convertible Note.

As of September, 30, 2025, the Company had the following balance of restricted cash:

	Restricted Cash
Balance, December 31, 2023 and December 31, 2024	-
Additions - Convertible Note	8,300
Soda Lake Facility and Mankota development projects	(4,450)
Balance, September 30, 2025	3,850

16. Subsequent Events

On October 16, 2025, the Milestone was achieved and on October, 24, 2025 the Convertible Note, 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 2nd and 30th 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.