

Avanti Energy Inc.

Condensed Interim Financial Statements

For the nine months ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian Dollars)

NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the financial statements have not been reviewed by an auditor.

The accompanying unaudited interim financial statements of the Company have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Avanti Energy Inc.

(Unaudited – Expressed in Canadian Dollars)

Condensed Interim Statements of Financial Position

As at	September 30, 2021	December 31, 2020
ASSETS		
Current		
Cash	\$ 1,429,205	\$ 1,771,599
Investments (Note 4)	7,016,540	-
Sales taxes receivable (Note 5)	235,993	2,836
Prepaid expenses	41,457	10,100
	8,723,195	1,784,535
Non-current assets		
Exploration and evaluation assets (Note 6)	9,526,664	-
Equipment (Note 7)	10,722	-
Right of use asset (Note 8)	6,714	-
	\$ 18,267,295	\$ 1,784,535
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 10)	\$ 1,240,481	\$ 14,860
Current portion of lease liability (Note 8)	4,036	-
	1,244,517	
Non-current Liabilities		
Lease liability (Note 8)	2,116	-
	1,246,633	14,860
Share capital (Note 9)	34,217,516	14,748,556
Equity reserves (Note 9)	4,736,355	1,620,066
Deficit	(21,933,209)	(14,598,947)
	17,020,662	1,769,675
	\$ 18,267,295	\$ 1,784,535

Nature and continuance of operations (Note 1)

Covid-19 Pandemic (Note 13)

Events after the reporting period (Note 14)

Approved by the board as of November 25, 2021:

"Robin Gamley"
Director

"Mike Leo"
Director

Avanti Energy Inc.

(Unaudited – Expressed in Canadian Dollars)

Condensed Interim Statements of Loss and Comprehensive Loss

	For the three months ended September 30,		For the nine months ended September 30,	
	2021	2020	2021	2020
Expenses				
Administrative (Note 3)	\$ 62,075	\$ 10,614	\$ 144,987	\$ 32,134
Consulting	533,357	-	963,357	-
Depreciation (Note 7)	1,048	-	1,513	-
Exploration	602,648	-	1,248,707	-
Management fees (Note 10)	45,000	4,500	148,500	13,500
Marketing	561,439	-	1,389,388	-
Professional fees	112,415	12,646	211,242	33,896
Salary and benefits	177,564	-	233,010	-
Share-based compensation (Note 9)	1,549,139	-	2,932,783	-
Transfer agent and filing fees	12,658	3,261	58,582	14,109
Total Expenses	(3,657,343)	(31,021)	(7,332,069)	(93,639)
Foreign exchange gain (loss)	(23,975)	(118)	(26,217)	113
Interest Income	6,711	632	19,887	3,832
Unrealized gain on investments	2,267	-	4,137	-
Loss and comprehensive loss	\$(3,672,340)	\$ (30,507)	\$(7,334,262)	\$ (89,694)
Basic and diluted loss per share	\$ (0.08)	\$ (0.01)	\$ (0.19)	\$ (0.02)
Weighted average number of shares outstanding- basic and diluted	47,513,316	5,525,096	37,699,372	5,525,096

Avanti Energy Inc.

(Unaudited – Expressed in Canadian Dollars)

Condensed Interim Statements of Cash Flows

For the nine months ended September 30,	2021	2020
OPERATING ACTIVITIES		
Loss for the period	\$ (7,334,262)	\$ (89,694)
Items not affecting cash:		
Accretion	128	-
Depreciation	1,513	-
Share-based compensation	2,932,783	-
Unrealized gain on investments	(4,137)	-
Changes in non-cash working capital items:		
Sales taxes receivable and prepaid expenses	(264,514)	7,184
Accounts payable and accrued liabilities	1,225,621	22,011
Cash used in operating activities	(3,442,868)	(60,499)
INVESTING ACTIVITIES		
Exploration and evaluation assets expenditures	(4,626,664)	-
Equipment expenditures	(11,652)	-
Purchase of investments	(7,012,403)	-
Cash used in investing activities	(11,650,719)	-
FINANCING ACTIVITIES		
Common shares issued pursuant to private placements	10,579,998	-
Warrants exercised	4,526,770	-
Options exercised	75,000	-
Share issue costs	(429,302)	-
Lease payments	(1,273)	-
Cash provided by financing activities	14,751,193	-
Change in cash during the period	(342,394)	(60,499)
Cash, beginning of period	1,771,599	439,756
Cash, end of period	\$ 1,429,205	\$ 379,257

Supplemental disclosure with respect to cash flows (Note 11)

Avanti Energy Inc.

(Unaudited – Expressed in Canadian Dollars)

Condensed Interim Statements of Changes in Shareholders' Equity For the nine months ended September 30, 2021 and 2020

	Number of shares	Share capital	Equity reserves	Deficit	Total
Balance, December 31, 2019	11,050,192	\$ 13,536,348	\$ 953,066	\$ (14,064,191)	\$ 425,223
Loss for the period	-	-	-	(89,694)	(89,694)
Balance, September 30, 2020	11,050,192	\$ 13,536,348	\$ 953,066	\$ (14,153,885)	\$ 335,529
Balance, December 31, 2020	21,050,190	\$ 14,748,556	\$ 1,620,066	\$ (14,598,947)	\$ 1,769,675
Private placements	8,282,352	10,579,998	-	-	10,579,998
Broker warrants issued	-	(640,802)	640,802	-	-
Share issue costs	-	(429,302)	-	-	(429,302)
Shares issued for exploration and evaluation assets	4,900,000	4,900,000	-	-	4,900,000
Warrants exercised	14,331,168	4,922,816	(396,046)	-	4,526,770
Options exercised	250,000	136,250	(61,250)	-	75,000
Share-based compensation	-	-	2,932,783	-	2,932,783
Loss for the period	-	-	-	(7,334,262)	(7,334,262)
Balance, September 30, 2021	48,813,710	\$ 34,217,516	\$ 4,736,355	\$ (21,933,209)	\$ 17,020,662

Avanti Energy Inc.

Notes to the Condensed Interim Financial Statements

For the nine months ended September 30, 2021 and 2020

(Unaudited – Expressed in Canadian dollars)

1. NATURE AND CONTINUANCE OF OPERATIONS

Avanti Energy Inc. (the "Company" or "AVN") is a resource company in the business of acquiring, exploring and evaluating resource properties related to helium projects. The Company was incorporated as a private company by Certificate of Incorporation issued pursuant to the provisions of the British Columbia Business Corporations Act on March 7, 2011. The Company's common shares are traded on the TSX Venture Exchange ("TSX-V") under the symbol "AVN" and are listed for trading on the OTC, a U.S. based securities trading system, under the symbol "ARGYF".

The Company's head office is located at Suite 204, 998 Harbourside Drive, North Vancouver, BC, V7P 3T2 and its registered and records office address is Suite 3200, 650 West Georgia Street, Vancouver, BC, V6B 4P7.

These condensed interim financial statements are presented in Canadian dollars, which is the functional currency of the Company.

These condensed interim financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") with the assumption that the Company will be able to realize its assets and discharge its liabilities in the normal course of business rather than through a process of forced liquidation. These condensed interim financial statements do not include adjustments to amounts and classifications of assets and liabilities that might be necessary should the Company be unable to continue operations.

The Company incurred a loss of \$7,334,262 during the nine months ended September 30, 2021 and, as of that date the Company had a working capital of \$7,478,678. Future operations of the Company will be dependent on its ability to raise additional equity or debt financing, and the attainment of profitable operations. These uncertainties may cast significant doubt about the Company's ability to continue as a going concern.

2. BASIS OF PREPARATION

These condensed interim financial statements have been prepared in accordance with International Accounting Standards ("IAS") 34, Interim Financial Reporting as issued by the International Accounting Standards Board ("IASB"). The condensed interim financial statements follow the same accounting policies and methods of application as our most recent annual financial statements and do not include all of the information required for full annual financial statements. Accordingly, they should be read in conjunction with our annual financial statements for the fiscal year ended December 31, 2020. The accounting policies applied in these condensed interim financial statements are based on IFRS issued and outstanding as of November 25, 2021, the date the Board of Directors approved these condensed interim financial statements and they are consistent with those disclosed in the annual financial statements.

Effective December 11, 2020, the Company's common shares were split on a two-new-for-one-old basis (the "Share Split"). All references to common shares, stock options, warrants and weighted average number of shares outstanding in these financial statements reflect the Share Split unless otherwise noted.

Significant accounting judgments, estimates and assumptions

The preparation of these condensed interim financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported expenses during the period. Actual results could differ from these estimates.

Avanti Energy Inc.

Notes to the Condensed Interim Financial Statements

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Critical judgments in applying accounting policies

The preparation of these financial statements requires management to make judgments regarding the going concern of the Company, as discussed in Note 1. In addition, management has made judgments regarding the functional currency of the Company and has determined that the functional currency of the Company is the Canadian dollar.

Valuation of Exploration and Evaluation Expenditures

The application of the Company's accounting policy for exploration and evaluation expenditures requires judgment in determining whether it is likely that future economic benefits will flow to the Company, which may be based on assumptions about future events or circumstances. Significant judgment is required when determining whether facts and circumstances suggest that the carrying amount of exploration and evaluation assets may exceed its recoverable amount.

Key sources of estimation uncertainty

Significant estimates made by management affecting our financial statements include, but are not limited to, the following:

Deferred Tax Assets and Liabilities

The estimation of income taxes includes evaluating the recoverability of deferred tax assets and liabilities based on an assessment of the Company's ability to utilize the underlying future tax deductions against future taxable income prior to expiry of those deductions. Management assesses whether it is probable that some or all of the deferred income tax assets and liabilities will not be realized. The ultimate realization of deferred tax assets and liabilities is dependent upon the generation of future taxable income, which in turn is dependent upon the successful discovery, extraction, development and commercialization of the exploration and evaluation assets. To the extent that management's assessment of the Company's ability to utilize future tax deductions changes, the Company would be required to recognize more or fewer deferred tax assets or liabilities, and deferred income tax provisions or recoveries could be affected.

Deferred compensation

The amount of deferred compensation to be received on the disposal of CMI is based on the occurrence of future events. Accordingly, the estimate of fair value contains uncertainties as it involves judgment about the likelihood and timing of receiving such deferred compensation. Changes in fair value of the deferred compensation result from changes to the assumptions used to estimate the probability of receipt and the anticipated timing of receipt. A change in either of these assumptions could produce a different fair value, which could have a material impact on the financial statements. As at September 30, 2021, the Company has determined that the deferred compensation cannot be reasonably expected to be received in the foreseeable future.

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Notes to the Condensed Interim Financial Statements

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3. ADMINISTRATIVE

	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Advertising, promotion & website	\$ 1,800	\$ 37	\$ 45,630	\$ 750
Office and other	60,275	10,577	99,357	31,384
	\$ 62,075	\$ 10,614	\$ 144,987	\$ 32,134

4. INVESTMENTS

	September 30, 2021	December 31, 2020
Fixed income investments	\$ 7,016,540	\$ -
Interest rates	0.3% - 0.75%	-
Maturity dates	October 12, 2021 – April 17, 2023	-

5. SALES TAXES RECEIVABLE

	September 30, 2021	December 31, 2020
Sales taxes	\$ 235,993	\$ 2,836

6. EXPLORATION AND EVALUATION ASSETS

	Terrelium Montana Project	Knappen Project	Aden Project	Kicking Horse Project	Kevin Dome Project	Sweetgrass Project	Total
Balance December 31, 2020	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Acquired during the period:							
Shares issued to Terrelium	4,900,000	-	-	-	-	-	4,900,000
Paid in Cash	111,340	202,391	326,381	440,443	666,447	2,698,992	4,445,994
Expenditures	145,180	21,674	1,676	-	-	12,140	180,670
Balance, September 30, 2021	\$5,156,520	\$224,065	\$328,057	\$440,443	\$666,447	\$2,711,132	\$9,526,664

The Terrelium Joint-Venture – the Montana Project

The Company entered into a joint venture agreement dated December 17, 2020 (the “Joint Venture Agreement”) with Terrelium Resources Corp. (“Terrelium”) whereby the Company and Terrelium have agreed to cooperate in the exploration and development of a helium project, located in Montana (the “Montana Project”). The lease is for an original period of three years and, upon the discovery of helium, oil or gas, may be extended by an additional 30 years. The lease is also subject to a royalty on 4.25% of the gross proceeds of the sale of helium and 12.5% on the sale of natural gas products and 16% on the sale of oil products produced from the lease.

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The Joint Venture Agreement was approved by the TSX-V on March 11, 2021. Under the terms of the Joint Venture Agreement, the Company acquired a 90% interest in the Montana Project and Terrelium will provide technical services for the exploration, development and, if applicable, production of the Montana Project. In consideration of the 90% interest and the technical services provided by Terrelium, the Company issued to Terrelium a total of 4,900,000 common shares of the Company with a fair value of \$4,900,000. The Company is also responsible for providing initial funding for the joint venture of \$50,000 per month over a six-month period for a total of \$300,000. Provided that Terrelium provides its technical services and the Company agrees to any further expenditures, the Company will also fund any subsequent operations of the joint venture. As the Company holds a 90% interest in the Montana Project, the Company retains the sole right to terminate the Joint Venture Agreement and thus controls the joint venture.

Knappen Project

On March 29, 2021, the Company acquired over 6,000 acres under licenses from the government of Alberta. The property is highly prospective for helium and contains wells that were originally drilled for oil and natural gas.

Aden Project

On May 4, 2021, the Company acquired approximately 2,500 acres under lease from the government of Alberta. The property is highly prospective for potential helium extraction and contains previously abandoned wells.

Kicking Horse Project

On August 1, 2021, the Company acquired approximately 3,180 acres of land located in Montana from Western Natural Grass Co. The property is highly prospective for potential helium extraction.

Kevin Dome Project

On September 1, 2021, the Company acquired approximately 5,241 acres of land located in Montana from Three Forks Resources LLC. The property is highly prospective for potential helium extraction.

Sweetgrass Project

On September 1, 2021, the Company acquired approximately 50,776 acres of land located in Montana from MCR LLC. The property is highly prospective for potential helium extraction.

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7. EQUIPMENT

Cost:	
Balance, December 31, 2020	\$ -
Additions	11,652
Balance, September 30, 2021	11,652
Accumulated Depreciation:	
Balance, December 31, 2020	\$ -
Depreciation	930
Balance, September 30, 2021	\$ 930
Net book value:	
December 31, 2020	\$ -
September 30, 2021	\$ 10,722

8. LEASE LIABILITY

The Company has one lease liability which is a printer lease, entered into in August 2021. The lease expires in August 2023, has 24 monthly payments of \$336.36 due at the beginning of each month with an interest rate of 24%. As at September 30, 2021 the net carrying amount of the right-of-use asset from the printer lease is \$6,714.

The following is a schedule of the Company's future minimum lease payments related to the premise lease obligation:

1 year	\$ 4,036
2 year	3,700
Total minimum lease payments	7,736
Less: imputed interest	(1,584)
Total present value of minimum lease payments	6,152
Less: Current portion	(4,036)
Non-current portion	\$ 2,116

9. SHARE CAPITAL AND RESERVES

Authorized

Unlimited common shares with no par value.

During the nine months ended September 30, 2021, the Company issued shares as follows:

- Effective March 11, 2021, the Company issued 4,900,000 common shares to Terrelium under the terms of the Joint Venture Agreement in exchange for a 90% interest in the Montana Project and technical services related to the exploration, development and, if applicable, production of the Montana Project. The fair value of the 4,900,000 common shares was determined to be \$4,900,000.
- Effective March 26, 2021, the Company completed a private placement by issuing 5,000,000 units at \$1 per unit. Gross proceeds of \$5,000,000 were received by the Company. The Company incurred share issuance costs of \$330,850 and issued 285,300

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broker warrants. Each warrant entitles the holder to purchase one common share at \$1 per share until the warrant expiry date of March 26, 2022.

The fair value of the broker warrants was determined to be \$576,010 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of \$nil, risk free interest rate of 0.23%, expected life of 1 year and expected volatility of 178%.

- Effective July 9, 2021, the Company completed a private placement by issuing 2,400,000 units at \$1.70 per unit. Gross proceeds of \$4,080,000 were received by the Company. The Company incurred share issuance costs of \$90,202 and issued 40,878 broker warrants. Each warrant entitles the holder to purchase one common share at \$2 per share until the warrant expiry date of July 9, 2022.

The fair value of the broker warrants was determined to be \$64,792 and estimated on the date of issue using the Black-Scholes option valuation model with the following weighted average assumptions: dividend yield of \$nil, risk free interest rate of 0.47%, expected life of 1 year and expected volatility of 171%.

- Effective September 13, 2021, the Company completed a private placement by issuing 882,352 units at \$1.70 per unit. Gross proceeds of \$1,499,998 were received by the Company. The Company incurred share issuance costs of \$8,250.
- The Company issued 14,331,168 common shares upon the exercise of existing warrants for proceeds of \$4,526,770. A value of \$396,046 was transferred from equity reserves to share capital as a result. The weighted average share price at the dates of the warrants were exercised was \$2.11.
- The Company issued 250,000 common shares upon the exercise of stock for proceeds of \$75,000. A value of \$61,250 was transferred from contributed surplus to equity reserves as a result. The weighted average share price at the dates the stock options were exercised was \$2.37.

During the year ended December 31, 2020, the Company issued shares as follows:

- Effective November 24, 2020, the Company completed a private placement by issuing 9,999,998 units at \$0.15 per unit. Gross proceeds of \$1,500,000 were received by the Company; no finders' fees were incurred in connection with the placement. Each unit was comprised of one common share and one transferable warrant. Each warrant entitles the holder to purchase one common share at \$0.20 per share until the warrant expiry date of November 24, 2021. Using the residual value method, the Company recognized additions to share capital of \$1,225,000 and to reserves of \$275,000.
- The Company, in connection with the November 2020 placement, incurred share issuance costs of \$12,792.

Stock options

The Company has a stock option plan under which it is authorized to grant options to executive officers and directors, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option equals the market price of the Company's stock, less an applicable discount, as calculated on the date of grant. The options can be granted for a maximum term of 10 years and vest at the discretion of the Board of Directors.

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As at September 30, 2021, the following options were outstanding:

Number of options outstanding	Number of options exercisable	Exercise price	Remaining life (years)	Expiry date
1,350,000	1,350,000	\$ 0.30	4.17	November 30, 2025
1,395,000	697,500	\$ 1.45	4.45	March 11, 2026
450,000	112,500	\$ 2.70	4.67	May 31, 2026
150,000	-	\$ 2.45	4.78	July 12, 2026
1,250,000	-	\$ 1.64	4.90	August 23, 2026
4,595,000	2,160,000			

A summary of stock option activity is as follows:

	Options	Weighted average exercise price
Balance outstanding and exercisable, December 31, 2019	5,000	\$ 6.00
Granted	1,600,000	0.30
Balance outstanding and exercisable, December 31, 2020	1,605,000	\$ 0.32
Expired	(5,000)	6.00
Exercised	(250,000)	0.30
Granted	3,245,000	1.74
Balance outstanding, September 30, 2021	4,595,000	\$ 1.34
Options exercisable, September 30, 2021	2,160,000	\$ 0.80

These options entitle the holder thereof the right to acquire one common share for each option held. The weighted average remaining life of outstanding options is 4.52 (2020 – 4.90) years.

During the nine months ended September 30, 2021, the Company granted:

- Stock options to acquire 1,395,000 common shares with a fair value of \$2,078,550 on March 11, 2021. The options granted vest in four equal amounts every three months following the grant date. Share-based compensation expense related to these stock options of \$510,980 and \$1,711,867 (2020 – \$nil) was recorded during the three and nine months ended September 30, 2021.
- Stock options to acquire 450,000 common shares with a fair value of \$1,071,732 on May 31, 2021. The options granted vest in four equal amounts every three months following the grant date. Share-based compensation expense related to these stock options of \$473,090 and \$655,847 (2020 – \$nil) was recorded during the three and nine months ended September 30, 2021.
- Stock options to acquire 150,000 common shares with a fair value of \$375,160 on July 12, 2021. The options granted vest in four equal amounts every three months following the grant date. Share-based compensation expense related to these stock options of \$170,276 and \$170,276 (2020 – \$nil) was recorded during the three and nine months ended September 30, 2021.

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- Stock options to acquire 1,250,000 common shares with a fair value of \$1,830,140 on August 23, 2021. The options granted vest in four equal amounts every three months following the grant date. Share-based compensation expense related to these stock options of \$394,793 and \$394,793 (2020 – \$nil) was recorded during the three and nine months ended September 30, 2021.

The fair value of the options granted was estimated on the grant date using the Black-Scholes option pricing model with the following weighted average assumptions:

	2021	2020
Risk-free interest rate	0.88%	-
Expected life	5 years	-
Expected volatility	131%	-
Expected dividend yield	Nil	-
Weighted average fair value	\$1.65	-

Warrants

As at September 30, 2021, the following warrants were issued and outstanding:

Number of warrants	Exercise price	Remaining life (years)	Expiry date
750,000	\$ 0.20	0.15	November 24, 2021 ⁽¹⁾
370,000	\$ 0.60	1.15	November 23, 2022 ⁽²⁾
60,000	\$ 0.60	1.19	December 7, 2022 ⁽²⁾
215,130	\$ 1.00	0.48	March 26, 2022
40,878	\$ 2.00	0.77	July 9, 2022
1,436,008			

⁽¹⁾ All of these warrants have been exercised subsequent to September 30, 2021.

⁽²⁾ In certain circumstances, the expiry of these warrants may be accelerated.

A summary of warrant activity is as follows:

	Warrants	Weighted average exercise price
Balance, December 31, 2019	5,441,000	\$ 0.53
Issued with private placement	9,999,998	0.20
Balance, December 31, 2020	15,440,998	\$ 0.32
Issued with private placement	326,178	1.13
Exercised	(14,331,168)	0.32
Balance September 30, 2021	1,436,008	\$ 0.49

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10. RELATED PARTY TRANSACTIONS

Key management personnel

Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. The Company has determined that key management personnel consist of executive and non-executive members of the Company's Board of Directors and corporate officers.

Key Management Personnel	Three months ended September 30,		Nine months ended September 30,	
	2021	2020	2021	2020
Salaries and short term benefits(i)	\$ 332,937	\$ 4,500	\$ 536,485	\$ 13,500

⁽ⁱ⁾Salaries and short term benefits include \$64,696 and \$186,463 (2020 - \$4,500 and \$13,500) in Management fees, and \$268,241 and \$350,022 (2020 - \$nil and \$nil) in share-based compensation as recorded on the Statements of Loss and Comprehensive Loss for the three and nine months ended September 30, 2021 and 2020.

During the three and nine months ended September 30, 2021, the Company entered into the following transactions with key management personnel and/or related entities:

<u>Related party</u>	<u>Nature of transaction</u>
Pacific Equity Management Corp. ("PEMC")	Rental agreement with PEMC, a company controlled by two former officers of the Company for rent and shared office expenses commencing July 1, 2017.
Elbert Wong ("Wong")	Consulting fees for the services of Former Interim CFO and Secretary. Agreement effective September 1, 2019 on a month to month basis. This agreement was terminated effective April 1, 2021.
Hatchette Holdings Ltd. ("Hatchette")	Consulting fees for the services of Rob Gamley, President and a director of the Company. Agreement effective September 1, 2019 and amended agreement effective April 1, 2021 on a month to month basis.
Malaspina Consultants Inc. ("Malaspina")	Consulting fees for the services of Natasha Tsai, CFO. Agreement effective April 1, 2021.

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- a) Paid \$7,500 and \$22,500 (2020 – \$7,500 and \$22,500) and prepaid \$7,500 (2020 – \$nil) for rent and shared office expenses to PEMC. Under an Offices Services Agreement dated as of July 1, 2017, the Company is required to pay \$30,000 per annum, for three years for rent and office services. The agreement expired during the year ended December 31, 2020 and the Company is negotiating for an extension of the agreement.
- b) Paid \$nil and \$4,500 (2020 – \$1,500 and \$4,500) to Wong for management services provided.

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- c) Paid \$45,000 and \$144,000 (2020 – \$3,000 and \$9,000) to Hatchette for management services provided and granted 445,000 options (2020 – nil) with a fair value of \$808,550 (2020 – \$nil) to Rob Gamley, of which \$268,241 and \$350,022 is disclosed in key management personnel compensation within salaries and short-term benefits for the three and nine months ended September 30, 2021. The remaining \$458,528 of fair value relates to options that have not yet vested.
- d) Paid \$19,696 and \$37,963 (2020 – \$nil and \$nil) to Malaspina for management services provided.

11. SUPPLEMENTAL DISCLOSURE WITH RESPECT TO CASH FLOWS

Effective March 11, 2021 the Company issued 4,900,000 common shares valued at \$4,900,000 to Terrelium under the terms of the Joint Venture Agreement in exchange for a 90% interest in the Montana Project and technical services related to the exploration, development and, if applicable, production of the Montana Project.

Effective March 26, 2021, the Company issued 285,300 broker warrants valued at \$576,010 pursuant to a private placement.

Effective July 9, 2021, the Company issued 40,8878 broker warrants valued at \$64,792 pursuant to a private placement

The Company had no significant non-cash transactions during the nine months ended September 30, 2020.

12. SEGMENT INFORMATION

The Company operates in a single reportable segment – the acquisition, exploration and evaluation of helium, oil and gas properties.

13. COVID-19 PANDEMIC

Since March 2020, the outbreak of the novel strain of coronavirus, specifically identified as “COVID-19”, has resulted in governments worldwide enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally resulting in an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of the government and central bank interventions. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

14. EVENTS AFTER THE REPORTING PERIOD

- a) Warrants to acquire 750,000 common shares at \$0.20 per share were exercised.
- b) On November 6, 2021, the Company granted 150,000 stock options to consultants of the Company. The options are exercisable at a price of \$1.64, have a term of five years and vest in four equal installments every three months following the grant date.