



Avanti Helium Corp.
(formerly Avanti Energy Inc.)

Management Discussion and Analysis
For the nine months ended September 30, 2022 and 2021



The following discussion and analysis of financial results should be read in conjunction with the unaudited financial statements and the accompanying notes for the quarters ended September 30, 2022 and 2021, and is based on information available to November 29, 2022. Additional information on Avanti Helium Corp. on SEDAR at www.sedar.com

MANAGEMENT'S RESPONSIBILITY

Management has prepared this Management's Discussion and Analysis ("MD&A"). The MD&A is based upon Avanti Helium Corp.'s ("Avanti" or "AVN" or "the Company") financial results prepared in accordance with International Financial Reporting Standard ("IFRS"). The MD&A primarily compares the unaudited condensed consolidated interim financial results for the third quarter ended September 30, 2022, and 2021. Management has established and maintains an accounting and reporting system supported by internal controls designed to safeguard assets from loss or unauthorized use and ensure the accuracy of the Company's IFRS financial records (also see the section titled "Controls and Procedures"). The financial information presented throughout this MD&A should be read in conjunction with the unaudited condensed consolidated interim financial statements and related notes for the quarters ended September 30, 2022 and 2021, as well as the audited consolidated financial statements for the years ended December 31, 2021, and 2020 and the related notes.

Unless otherwise indicated, all amounts shown below are in Canadian dollars. Additional information regarding our Company is available on SEDAR, www.sedar.com. Such additional information is not incorporated herein unless otherwise specified and should not be deemed to be made part of this MD&A.

The Audit Committee of the Board of Directors, the majority of members who are independent as defined in National Instrument 52-110; met to review the unaudited condensed consolidated interim financial statements with Management and has reported to the Board of Directors thereon. On the recommendation of the Audit Committee, the Board of Directors approved the condensed consolidated interim financial statements on November 29, 2022.

All statements in this report that do not directly and exclusively relate to historical facts constitute forward-looking statements. These statements represent the Company's intentions, plans, expectations and beliefs, and are subject to risks, uncertainties, and other factors of which many are beyond the control of the Company. These factors could cause actual results to differ materially from the Company's expectations. The Company assumes no obligation to update or revise any forward-looking statements, as a result of new information, future events or otherwise.

NON-IFRS MEASURES

The Company uses IFRS, additional and non-IFRS (or non-generally accepted accounting principles or non-GAAP) measures to make strategic decisions, to set targets and use in operating activities, and as such, believes that the additional and non-IFRS measures provide useful supplemental information to investors. "Working capital," is a measure used by the Company that may not have a standard meaning prescribed by IFRS and may not be comparable to similar measures used by other companies. Working capital is calculated by subtracting current liabilities from current assets. Working capital is a non-IFRS measure with no comparable IFRS measure.

Additional and non-IFRS measures are also viewed as key information by the chief decision maker, the Chief Executive Officer, who regularly reviews such measures in making strategic, expense, and capital investment decisions.

OVERVIEW OF BUSINESS

Avanti is focused on the exploration, acquisition, development and production of helium across western Canada and the United States.

Avanti operates with one reportable segment that covers all aspects of the Company's business.

Avanti considers the basis on which it is organized, including the current economic characteristics (i.e., the nature of the product, government and non-governmental regulatory bodies, potential types of customers, operating segments served within the industry and similarity of segments with other helium companies, quantitative and qualitative thresholds, etc.) and geographic areas, in identifying its reportable segment. The operating segment of the Company is defined as components of the Company for which separate financial information is available and is evaluated regularly by the chief operating decision-maker in allocating resources and assessing performance. The chief operating decision-maker of the Company is the Chief Executive Officer.

Within this MD&A, however, Avanti provides additional asset level information such as expenditures land area or projects and geography as it believes this additional supplemental information is helpful to stakeholders concerning the development of the business.

Helium

Helium (“He”) is the second lightest element in the universe and the second most abundant, and yet is incredibly rare here on earth. While the process of fusion in our sun produces an estimated 700 million tons of helium per second, our Earth’s atmosphere has only a paltry 0.0005 percent helium, the rest having escaped into space over time.¹ Helium is formed through the alpha decay of uranium and thorium and can be trapped in the earth’s crust given the right geological conditions.

Helium is a noble gas: it is colorless, odorless and inert with unique properties. It is the most stable of all the elements; it will not burn or react with other elements. Helium has the lowest boiling point of all elements – 4.2 degrees Kelvin (-268.8 degrees Celsius) – just four degrees above absolute zero. It is the only element that cannot be solidified by sufficient cooling at normal atmospheric pressure. As a result of these characteristics, helium has become a vital and irreplaceable element in many critical components in industry.

The exploration methodology and the drilling for helium is identical to drilling for natural gas. Exploring for helium is as technically challenging and requires significant knowledge related to helium generation, migration, exsolution, accumulation and trapping. Like a conventional gas play, a conventional helium reservoir must have three main geological criteria: the source rock, the reservoir rock, and the cap rock.

- Source: Helium generation on earth is associated with the radioactive decay of uranium and thorium. High uranium and thorium content are primarily sourced from deep basement granitic rock.
- Reservoir: Presence of conventional reservoir near the helium source rock, with a relatively high porosity and permeability. Resource in this conventional reservoir occur in isolated fields or pools, and not a blanket resource like the unconventional play.
- Cap Rock: An impermeable rock overlies the reservoir, a seal to trap the helium from escaping.

There are two main types of commercial helium deposits, helium produced with hydrocarbon and helium produced primarily with nitrogen. The geographic locations of current helium pools in Southern Alberta, Saskatchewan and Montana are rich with nitrogen with lower concentrations of methane and carbon dioxide.

As a conventional play, a producing helium well may not see a decline for the first 12-24 months (dependent on facility capacity, reservoir size and pressure). As a comparison, an unconventional gas well like the Montney has a higher decline rate of ~ 50-70% within the first year of production.

A review of Avanti competitor helium production data indicates a blowdown or decline number of 25-35% after 1-2 years of flat production.

Like natural gas production and processing, produced helium is gathered in a centralized processing facility where it is purified and sold as gas or liquid. Because the concentration of helium is low relative to overall gas production, processing facilities are best located near the producing wells. The gaseous purification process uses an extremely reliable pressure swing adsorption (“PSA”) and membrane technology. A cryogenic distillation method is often used for liquefaction. Once the helium has been separated from the natural gas or nitrogen, it undergoes further refining to bring it to 99.99+ percent purity for commercial use.

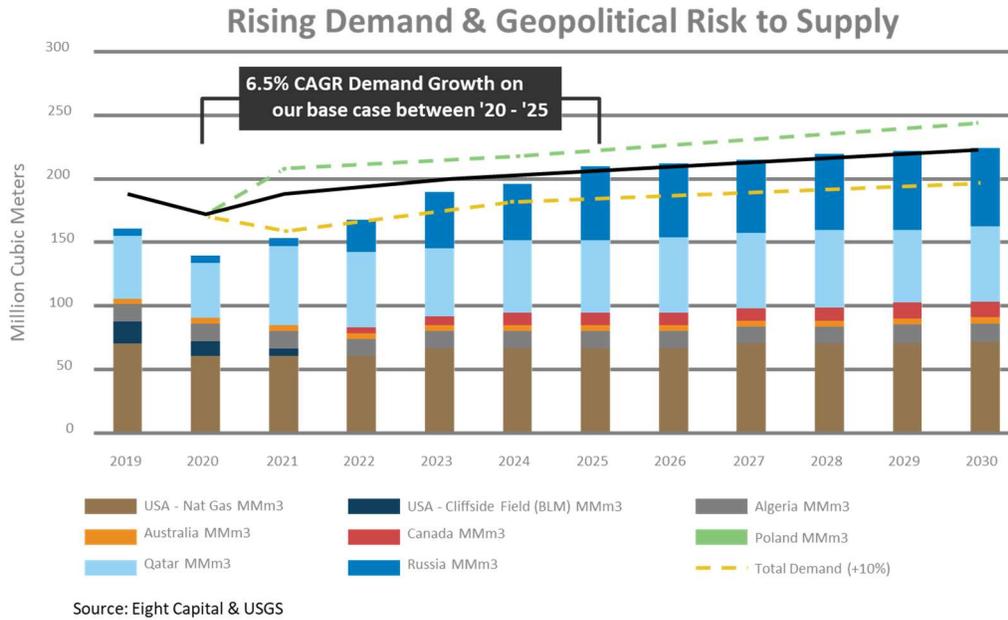
The low boiling point of helium makes it extremely useful for cryogenic applications. Liquid helium is extremely cold, which makes it an excellent cooling medium for state-of-the-art science and technology. Liquid helium is used to cool the Large Hadron Collider, satellite instruments, the superconducting magnets in Magnetic Resonance Imaging (“MRI”) scanners and Nuclear Magnetic Resonance spectrometers, and in space exploration and rocketry (for example, National Aeronautics and Space Administration (“NASA”) uses helium to purge rockets before fueling). In manufacturing, helium is used in high growth industries of fiber-optics and semiconductors.

The Global Helium Market

The world’s helium supply is currently located in just a handful of countries across the globe. For several decades, the United States dominated the market for helium production, accounting for approximately forty percent of the supply. Prior to 2021, the U.S. National Helium Reserve in Texas, was the world’s single largest source of helium. The Helium Stewardship Act expired in September 2021, and the U.S. Bureau of Land Management (“BLM”) auctioned off all remaining helium reserves, thus depleting its national helium reserves, which were a by-product of a decades old natural gas field in decline (there remains some amount of privately owned helium in the facility, but it is currently offline with no estimated date to extract).

¹ <https://www.britannica.com> : information on helium properties

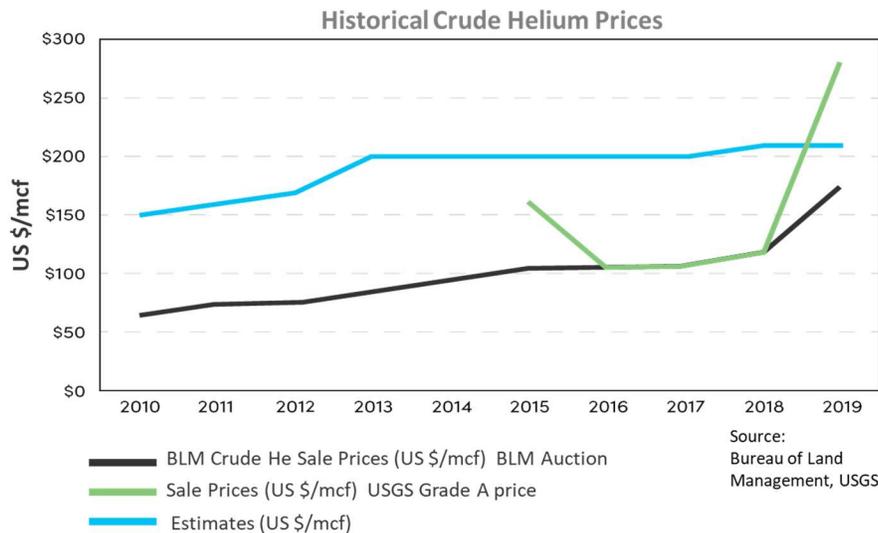
Due to helium’s unique properties, the rapidly expanding and growth of uses, the demand for helium is expected to continue to grow. The United States Geological Survey (“USGS”) estimates that the global market for this non-renewable resource is set to increase, even by a conservative estimate, at a compound annual growth rate (“CAGR”) of over 6.5 percent by 2025 (see graph below).



In the last decade, Algeria, Qatar, Russia, Poland and Australia have joined the helium supply market. Helium production from these regions is typically from extremely low concentrations and is associated with conventional natural gas production which is only made economic through large scale cryogenic liquified natural gas (“LNG”) plants.

Helium Pricing

There is no commodity market for helium in that there is no standard pricing like the Western Texas Intermediate (“WTI”) for oil or Henry Hub (“HH”) for gas. The market for helium is primarily governed by privately negotiated longer-term contracts where prices are typically kept confidential. As illustrated in the following graph, the USGS estimates Grade A helium (99 percent helium) has traded for ~ US \$200-250 per thousand cubic feet (Mcf) since 2019.



However, more recent estimates provide helium pricing between \$300/Mcf to \$800/Mcf in 2022. A recently announced contract issued by National Aeronautics and Space Administration (“NASA”)² to three selected companies to supply (two year plus an option year) 1.4 million liters of liquid helium and 87.7 million standard cubic feet of gaseous helium for use at facilities for a total reported total value of approximately US \$149 million, or an average blended rate of ~US \$1,200/Mcf, provides for anecdotal evidence for significantly higher pricing. A number of factors may affect anecdotal pricing information including logistics and delivery/receipt point, purity, gaseous vs liquified, term, quantity and market power, and more.

With increasing demand, it is believed that helium will continue to be supply constrained given the lack of substitutes for helium in several critical industrial applications, it being a non-renewable resource, relatively scarce; and thus, an irreplaceable element. This state would define helium pricing as inelastic (i.e., demand will not change as the price goes up). It also is believed that geopolitical risk is adding to price inelasticity as helium end users are attempting to mitigate geopolitical risk.

The Company has had preliminary discussions with helium end-users and is led to believe that helium customers are also focusing on supply assurance. The Company, however, believes that helium’s future price may also be impacted by any significant decreases or increases in production and may vary based on term of contract. At present, Avanti does not have any contracts with customers on which to base any pricing forecast.

Avanti’s Strategy

Avanti has recognized that potential commercial geology is largely a series of discrete conventional geological structures. To understand helium migration and accumulation at a fundamental level, Avanti has assembled a highly qualified, veteran subsurface team and built proprietary geological modeling. The Avanti team consists of experienced geologists, geophysicists, and petroleum engineers, some of which worked on the Montney gas field, and are using a similar approach to identify and assess the Montney asset.

Avanti’s strategy is to leverage its subsurface teams’ expertise and employ a targeted approach and selection methodology to evaluating and prioritizing helium assets across Western Canada and the United States. Avanti’s portfolio approach to land acquisition is focused on targeting opportunities with multiple potential pay zones in the Cambrian and Devonian formations, and diversifying its helium assets, where each asset carries a different risk profile for helium exploration.

In focusing on inert gases, Avanti’s focus is on commercial helium deposits, produced primarily with nitrogen. Nitrogen rich helium is considered as a ‘green’ helium. The development of green helium has a smaller environment footprint with a lower or net zero emissions.

Given the concentration of helium as a percentage of total gas production, the Company’s is focusing its prospect land acquisitions in areas where helium with higher expected net cubic feet of per day and total estimated recoverable resource. Additionally, helium well development is focused on locations where it may processed in a processing facility located near a cluster of its helium wells. This strategy includes focusing on potential resources with reservoir characteristics (i.e., helium concentration levels, reservoir porosity, permeability, gas pressure, etc.) that may lead to higher net cubic feet production with longer reservoir life and potentially lower decline rates. This implies that the Company may incur more exploration and evaluation and general and administrative expenses in the near term as it focuses on a more rigorous process (i.e., exploration and consulting expenses) in its geological evaluation and land acquisition processes. By not accumulate large land areas, Avanti may avoid subsequent licensing expense and exploration expenditures to maintain land rights. In addition, by having a sharp subsurface and land strategy, it is believed that the Company may be able to focus its resources on nearer term production and commercialisation of its helium resources.

Avanti is currently transitioning from helium reservoir assessment and exploration to development, and is in the process of completing preliminary engineering and pre-construction activities relating to building, acquiring or leasing a production facility in the Greater Knappen area.

OUTLOOK

Avanti foresees a continued increase in helium demand underpinned by the lack of substitutes in the main, high growth, user markets of medical, high-end science / engineering, space exploration (i.e., with SpaceX, Blue Origin, Virgin Galactic, etc.), pressure / purge applications, smart devices, computers and networks and semi-conductors.

² NASA Awards Contract for Acquisition of Gaseous, Liquid Helium, September 29, 2022

In Russia, helium is produced extensively by the Amur Plant, part of Gazprom dobycha Orenburg. In late 2021 major explosion erupted at the Orenburg Gas Processing Plant in Russia causing a fire and leading to the plant's closure and a decline in helium supply. After the Covid pandemic, and although, geopolitical risk is a constant, Russia's invasion of Ukraine, geopolitics, economics and business seems to have tightened.

In response and amidst a global shortage of semiconductors, with bipartisan support, the United States government passed the CHIPS and Science Act in late July 2022. The US, once a leader in semiconductor chip manufacturing, has lost ground to other countries as they ramped up production, forcing many American technology companies and manufacturers to import chips, which are essential to the production of cars, smartphones and medical equipment. The recent US passed bill, provides that the U.S. will invest more than \$200 billion over the next five years to help the U.S. regain a leading position in semiconductor chip manufacturing. The US federal government went further, in noting that U.S. citizens may be faced with losing US citizenship if they continue working in certain foreign countries³.

Industry examples of the recent activities in the US-based semiconductor and technology industries, include: Intel announced the spending of more than \$40 billion on new semiconductor fabrication facilities in the U.S.⁴; and Micron announced building a \$100 billion semiconductor manufacturing campus in Onondaga County⁵.

As helium is binary input for many of its users, i.e., a manufacturer must have sufficient helium North American supply or its facilities may not be able to operate. The lack of helium substitutes for manufacturing facilities and increased demand for domestic helium supply, bodes well for the helium market and Avanti as it moves forward towards being a helium producer.

EXPLORATION AND EVALUATION ASSET OVERVIEW

Greater Knappen (Southern Alberta / Northwestern Montana)

The Company's principal project, Greater Knappen, consists of 70,053 acres under lease, or term assignments in North-Central Montana and 11,520 acres under lease or license in Southern Alberta. To date, the Company has finished drilling two exploration wells in Greater Knappen, the Rankin 01-17, and the WNG 11-22. The WNG 10-21 appraisal well has also recently commenced drilling operations. The two exploration wells have met certain contractual requirements under the various commercial agreements that cover those lands and have extended or validated the Companies interest therein. Upon meeting its targeted contracted depth, the WNG 10-21 will also qualify as an earning or validation operation.

The Greater Knappen area consists of five prospect areas based on the geographic locations in the following map. In Southern Alberta, the acreages are crown and corporate leasehold acquisitions in Knappen and Aden. In North-Central Montana, the acreages are primarily local, private company acquisitions in Sweetgrass, Keith, Kicking Horse and Police Coulee. There are also several Montana State lease parcels that have been acquired with a primary exploration term of 10 years.

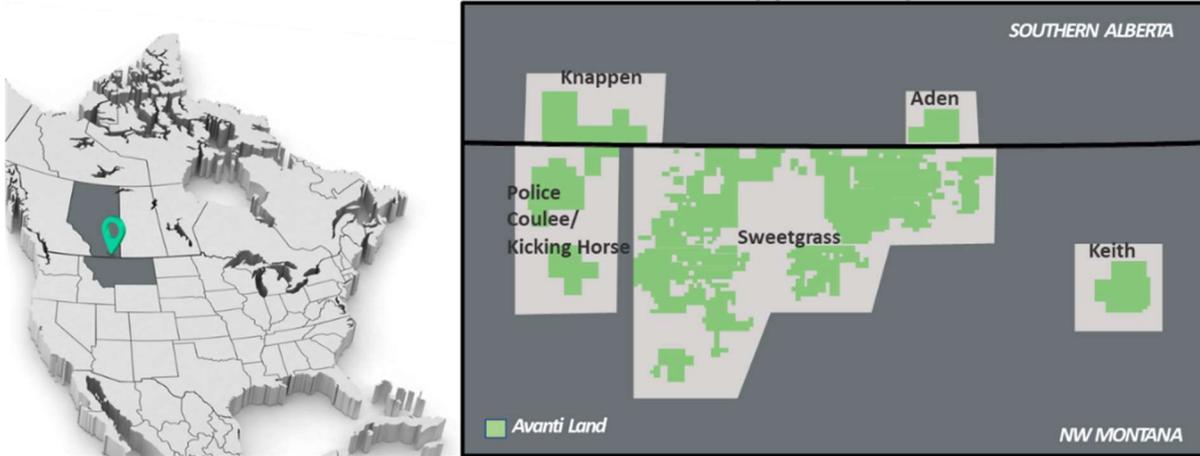
Avanti acquired the acreages based on the Company's detailed geological mapping and technical assessment. The acquired asset is also adjacent to known helium production, two wells with an approximate two years of production history.

³ Americans working in China's semiconductor firms to choose between their citizenship or their jobs, www.fortune.com, by Nicholas Gordon, October 13, 2022

⁴ U.S. Semiconductor Renaissance: All the Upcoming Fabs, By [Anton Shilov](#), published August 29, 2022

⁵ Semiconductor Facility Will Bring 50,000 Jobs To Central New York, Finger Lakes Daily News, by [Ed Vivenzio](#), Oct 4, 2022

Greater Knappen Prospect Areas

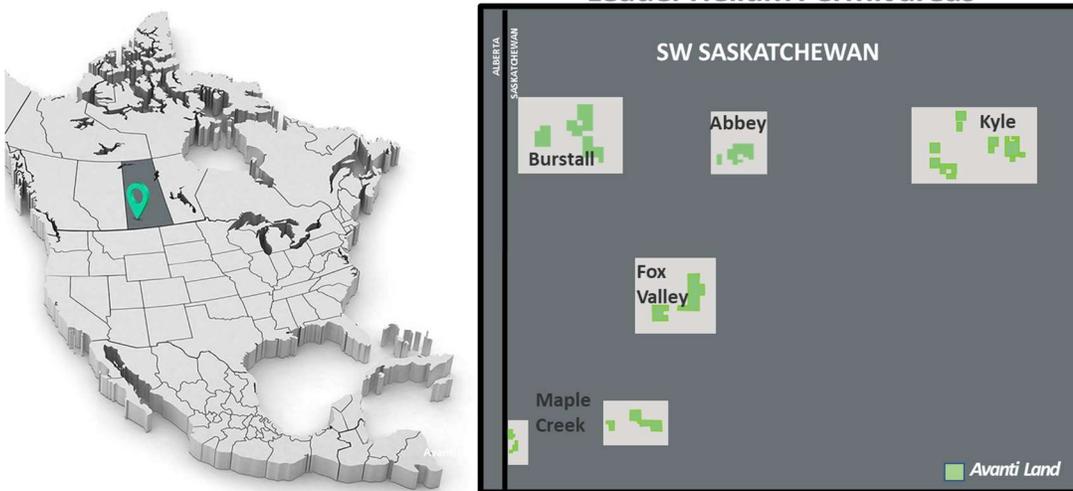


Leader (Southwestern Saskatchewan)

Southern Saskatchewan is the hub for western Canadian helium activity. The government of Saskatchewan blanketed the southern region of the province for helium exploration by granting helium permits. There are several companies actively exploring and developing the helium play in the region. There are currently ~15 helium wells on production in 2022. There are also two wells that have a production history of over 10 years. The Company's selection of the permit areas is based on the Company's detailed geological mapping and technical assessment.

The Company also has a 100% interest in approximately 91,023.70 net acres (36,409.48 hectares) in the Leader region of southwestern Saskatchewan, and consist of 7 helium permits, as illustrated in the following map (permit area names are Kyle, Burstall, Abby, Fox Valley and Maple Creek).

Leader Helium Permit areas



Helium Exploration in Greater Knappen and Leader

The Company's acreages in Greater Knappen and Leader are strategic acquisitions by Avanti as the regions have all the key geological criteria and considerations for conventional helium exploration, which includes high helium concentrations, the presence of reservoir close to the helium source, structural features, and associated traps for helium accumulations in economic quantities. As such, all of Avanti's acquired land are in highly prospective areas for potential helium extraction.

High helium concentrations

The granitic basement in both regions is a source for high concentration of helium confirmed with available gas analysis and drill stem test (DST) data from existing shallow and deep wells. The area is also rich with nitrogen with lower concentrations of methane and carbon dioxide. Analogue well data indicates:

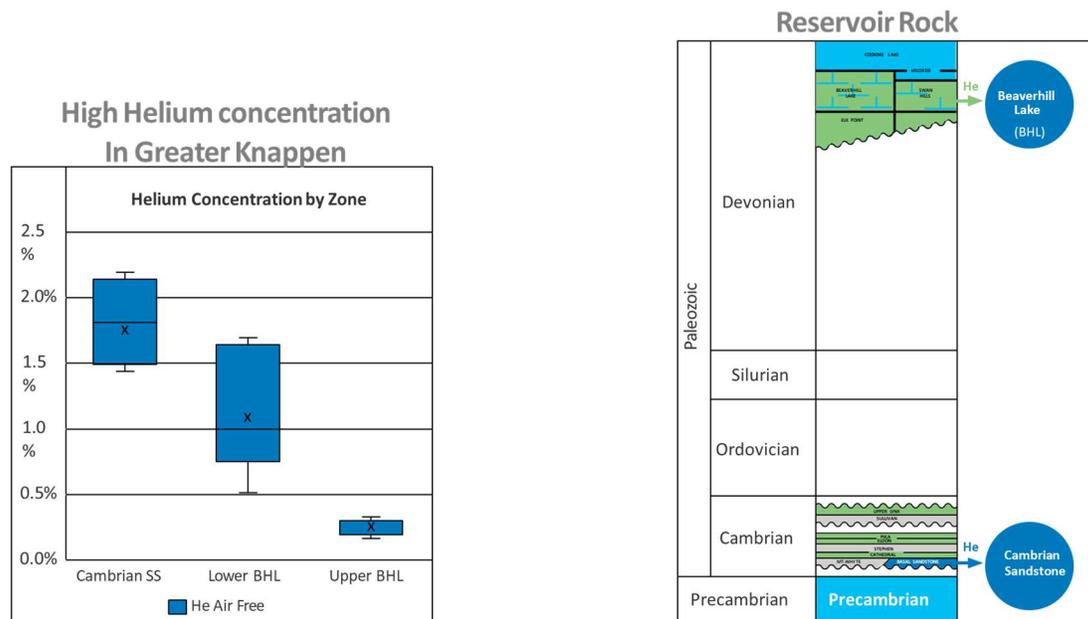
- Helium percentage are up to 2.18% (*see helium concentration in Greater Knappen figure below*)
- Nitrogen percentage are up to 98%
- Trace methane and carbon dioxide

Reservoir Rock

Several wells have been drilled into the granitic basement (Precambrian) rock in the region and available well data confirmed the presence of reservoir quality rock in the Cambrian and in the Devonian aged formations (*see reservoir rock figure below*). As these are conventional reservoirs, they have higher porosity and permeability.

In the Cambrian, the reservoir is sandstone and overlies the Precambrian granitic source rock. The reservoir is called the Cambrian Sandstone in Alberta/Saskatchewan or the Flathead Sandstone in Montana. With the proximity of the reservoir to the source rock, the helium concentration in this zone can also be high, up to 2.18% He in the Greater Knappen area (*see helium concentration in Greater Knappen figure below*).

In the Devonian, the reservoir is a dolomitized limestone reservoir, and the formation is called the Beaverhill Lake in Alberta or the Souris River in Montana/Saskatchewan. There are two zones within the Beaverhill Lake formation that are perspective for helium, a Lower Beaverhill Lake and an Upper Beaverhill Lake zones. Gas data suggest the Lower Beaverhill Lake has a higher helium concentration compared to the overlying zone. (*see reservoir rock figure below*).



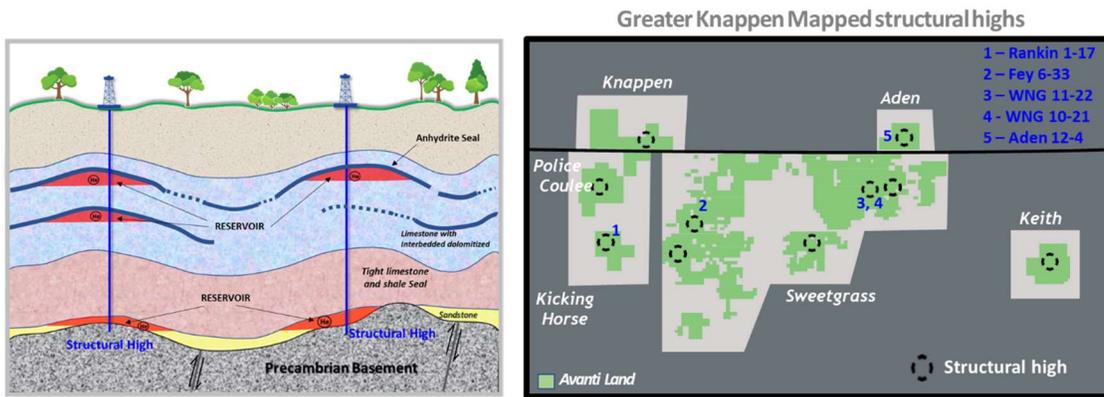
Structure

The presence of deep-seated structure is an important geological attribute for helium accumulation in the reservoir. Avanti has a proprietary geological mapping technique to identify the basement structures in the area. The presence of those structures is further refined with seismic data. The Company purchased several 2D seismic lines in Greater Knappen and Leader. It also purchased a 27.15 square mile 3D seismic survey in the eastern half of the Sweetgrass project area. With the geological and seismic mapping, the technical team derived a geological model for helium exploration and mapped several isolated deep structures with closures ideal for trapping helium in the reservoir rock. The relief on these structures are ~40m to >200m (*see depositional model and Greater Knappen map below*).

A key point the Company's land acquisition in both Greater Knappen and Leader are targeted on these isolated fields or pools.

Trap

An overlying caprock that is tight enough to trap the helium is required in the reservoir for commercial development. The overlying caprock are tight limestone and shale overlying the Cambrian Sandstone and tight anhydrite layers trapping the gas in the Beaverhill Lake zones (*see depositional model on left below*).



EXPLORATION AND EVALUATION ASSET ACTIVITIES

Phase 1 of Exploration in Greater Knappen

Following a technical and risk assessment exercise, the Company high graded several areas for exploration and selected well locations to test for helium potential in the area. The Company applied for and was issued permits to drill wells on each of Rankin 01-17, WNG 11-22 and Fey 06-33 (*see above map denoting Knappen mapped structural highlights*).

Exploration well in Rankin 01-17 (Kicking Horse Prospect area)

In January 2022, the Company drilled its first exploration well to a depth of 5,860 feet and encountered all the targeted zones for helium potential. Open-hole logging indicated 3 zones with reservoir characteristics suggesting further testing is warranted. Drill stem tests (“DST”) were performed on the well to high-grade zones for completions. The Cambrian sandstone in the well had excellent reservoir, however it was wet. The Souris River zones had good porosity and low water saturation including an average helium percentage of up to 0.4%. The completions in the Souris River zones will be conducted later.

Exploration well in WNG 11-22 (Sweetgrass Prospect area)

In February 2022, the Company drilled its second helium exploration well, WNG 11-22, to a total depth of 5,390 feet. Open hole logging of WNG 11-22 confirmed excellent reservoir quality in all three target zones. The Cambrian sandstone exhibits 35 feet of net pay with porosity up to 16%. The Souris River has two intervals totalling 42 feet net pay with porosity up to 18%. DST results on the WNG 11-22 well indicated all three zones showed potentially commercially viable helium concentrations, including an average helium percentage of up to 1.1%.

In April 2022, the Company finished completions on the Flathead Cambrian zone on WNG 11-22. The Company completed an acidization and clean-up process of the Flathead Cambrian zone, after which the well peaked at over 4 MMscf/d for six days on a choke at a flowing pressure of 350 Psig (pound-force per square inch gauge). Preliminary lab results show the gas composition of the Cambrian zone to be, 97.5 % Nitrogen, 1.1 % Helium, 1.1% Methane, 0.3% Co2, and trace amounts of other hydrocarbons.

Based on the preliminary results, during the reporting quarter, the Company received a total unrisksed contingent resource estimate of 187MMcf of net recoverable helium gas (based on a raw gas estimate of 17 billion cubic feet (“Bcf”) recoverable and net helium concentration of 1.1%) prepared by McDaniel & Associates Consultants Ltd., a qualified reserves evaluator, for the Flathead Cambrian Sandstone zone of the WNG 11-22 well (the “WNG 11-22

Flathead Zone”) in the Greater Knappen Property, in the category of “Development Pending”. This volume represents the best estimate of the unrisksed contingent resource. The low and high estimates of unrisksed contingent resources for the WNG 11-22 Flathead Zone, in the category of “Development Pending”, are 66MMcf and 374MMcf of recoverable helium gas, based on 6 Bcf and 34 Bcf recoverable raw gas, respectively.

Based on the test data of the WNG 11-22 well, a best estimate contingent resource (2C) unrisksed volume of 77MMcf of net helium (based on 7 Bcf raw gas) is assigned to the WNG 11-22 well in the category “Development Pending”.

Two follow-up wells (the “Follow-up Wells”) are forecasted to be drilled on the Greater Knappen Property in the Flathead Cambrian Sandstone zone and recover an unrisksed contingent resource of 55MMcf of net helium (based on 5 Bcf of raw gas) in the category “Development Pending”.

The contingent resources have been risksed to account for the chance of commerciality. The contingent resources have been estimated at a 90% chance of commerciality. As such, the WNG 11-22 Flathead Zone has been assigned “Development Pending” risksed contingent resources of 6.3 Bcf raw gas in the 2C case, and the Follow-up Wells, also targeting the Flathead Cambrian Sandstone zone, have been assigned “Development Pending” risksed contingent resources of 4.5 Bcf raw gas in the 2C case for a total risksed contingent resources of 168MMcf (based on 15.3 Bcf of raw gas).

See “*Additional Information regarding the Contingent Resource Estimate*”.

Exploration well in Fey 6-33 (Sweetgrass Prospect area)

Based on the drilling results from the Rankin 1-17, the Company made the decision to delay the drilling the Fey location in favour of the phase 2 exploration in the Greater Knappen (i.e., an appraisal well in the Sweetgrass prospect area). The Company will undertake additional technical work to better evaluate the Fey well structure and to minimize the risk of encountering a wet Cambrian sandstone in this well.

Phase 2 Exploration in Greater Knappen

During the reporting quarter the Company was issued permits to drill wells on each of WNG 10-21 and Aden 12-4.

Appraisal well in WNG 10-21 (Sweetgrass Prospect area)

Subsequent to the reporting quarter, the Company commenced drilling an appraisal well to determine the size of the reservoir on the WNG 10-21 well. Should WNG 10-21 be favourable it would help support a production facility in the area and potentially increase the resource estimate.

Exploration well in Aden (Aden Prospect area)

Consistent with the overall Greater Knappen strategy, the Company, during the reporting period, continued acquisition of targeted acreage, and expended resources acquiring necessary drilling permits and authorizations. Drilling timelines have yet to be set.

Phase 3 – Development of Facilities

With the goal of bringing the WNG 11-22 well, and potentially WNG 10-21 well, into production, the Company completed a preliminary front end engineering and design (“pre-FEED”) process to determine the technology to use based on Avanti’s well gas composition. Concurrently, the Company has screened potential processing plant locations in Montana and completed a utility power study to determine maximum loads (inclusive of possible utility gas tie-ins to allow for supplemental power generation) available for the processing plant.

The Company assessed trunk line pipeline hydraulics to the plant location, developed class 4 estimates for facility and pipeline total installed costs and level 3 schedule for facility and pipeline execution, leading to the development of a bid package for a liquefaction process unit, and long-lead membrane/pressure swing absorption equipment. The bid responses are currently being evaluated, and the Company is in the process of finalizing a process for lining up equipment required for facilities.

At present, the Company has not selected a facility and / or midstream partner, and is determining potential delivery times of long-lead equipment. Although the Company cannot yet finalize when a facility will be operational, the results related to WNG 10-

21 well may impact certain decisions and commitments.

The Company had also engaged financial consultants to assist in the financial modelling, capital structure, and in the accessing of potential financing of facilities.

Reconciliation of Prospectus' Anticipated Expenditures

The following table sets out the reconciliation of the disclosed use of proceeds as disclosed in the Short Form Prospectus of March 2022.

<u>Business Objective</u>	<u>Anticipated Expenditure</u>	<u>Approximate Expenditures to Date</u>
Greater Knappen Property Drilling – three wells	\$ 5,200,000	\$ -
Completion of existing WNG 11-22 well in Greater Knappen	1,000,000	2,800,000
Helium land acquisitions	500,000	1,500,000
Geophysical studies in Greater Knappen	600,000	500,000
	<u>\$ 7,300,000</u>	<u>\$ 4,800,000</u>

The Company had initially targeted drilling three wells in the Greater Knappen area, and obtained drilling permits for all three wells. The targeted wells had two different geological structures, which would have provided for greater insights into the formations in the Greater Knappen prospect area. After drilling and undertaking a technical review of the subsurface data related Fey 6-33, the Company decided to next drill an appraisal well, WNG 10-21. The proximity of the WNG 10-21 to WNG 11-22, if successfully, may help support the economic decision to acquire a facility or engage a mid-stream partner, which would advance the Company towards selling helium and generating cash inflows.

Instead of drilling the three wells in the Greater Knappen area, the Company incurred an estimated of up to \$500,000 in costs related to the drilling and completions of previous wells. Additionally, due to supply chain issues, foreign exchange rates, etc., which impacted certain materials pricing, the Company diverted funds from the planned drilling in the Greater Knappen to acquire oilfield tubulars (i.e., potentially sufficient for up to three wells), etc. As at September 30, 2022, the Company had approximately \$1,545,768 of long-lead materials.

Rankin 01-17 well drilling and completions recorded costs, totalled \$2,402,509. Where as, drilling and completions for the nine-months ended September 30, 2022, had recorded costs totalled \$3,765,055 for WNG 11-22 well. The unexpected increased costs related to increased third party unit costs, consumption of more items (i.e., fuel, drilling mud, etc.), higher than anticipated foreign exchange rates, and the cost overruns due to nature and complexity of the wells. In completing the WNG 11-22 well, the Company encountered greater skin formations, which although rectified, will provide for enhanced completion procedure for future wells, increased costs.

Due to subsurface complexity, and efforts required to obtain and analyse data, geophysical expenses were higher than anticipated. Geophysical expenses are included within exploration and consulting expenses on the Statement of Loss and Comprehensive Loss.

The balance of funds were allocated to general working capital, and consumed within general and administrative (originally budgeted for \$400,000) and exploration expenses, and related to decisions to moving towards drilling WNG 10-21 and acquiring a production facility.

CONSOLIDATED OPERATING RESULTS – NINE-MONTHS ENDED SEPTEMBER 30, 2022

During the nine months ended September 30, 2022, the Company's operations reflect the continued strategy of utilizing its subsurface team to evaluating land projects for acquisition and locations for exploration efforts. Total expenses were \$6,556,550 for the reporting period, a decrease from that recorded for the comparative period of \$7,332,069. Of the recorded expenses the Company notes:

The recorded stock-based compensation expense was \$2,248,398 (2021 - \$2,932,783). The stock option expense is related to seven separate issuances for an aggregate of 4,540,000 incentive stock options. The stock option expense is a function of the incentive options issued, the low forfeiture estimate, high volatility rate and a 12-month vesting term.

Although the Company has been fortunate to attract a highly skilled team of employees and consultants, it recognizes it cannot compete on a cash compensation basis with large exploration and production companies, and thus, uses incentive options to attract and retain the high quality of staff and consultants. The unamortized stock option expense as at September 30, 2022 is \$235,526. Future stock option expense will include the current unamortized stock option expense plus the fair valuation of future issuances.

Exploration expense totaled \$725,102 (2021 - \$1,248,707). The exploration expenses in the current period relate to the technical work related to the planning and assessment of WNG 10-21, technical and risk assessment and geological follow-up technical work related to geological mapping and geophysical data, the analysis of other helium well data and the analysis of geophysical data related to the Greater Knappen prospect area. It is believed that Avanti's exploration and consulting expenses increases the probability of successful exploration activities and may lead to quicker helium production and potential cash inflows.

Consulting expenses for the reporting period totaled \$1,155,402 (2021 - \$963,357). The Company has elected to employ independent contractors, as opposed to hiring employees, in order to access a skilled subsurface and engineering teams necessary to execute its selective exploration strategy and the potential development of helium facilities in the Sweetgrass area. It is believed that the decision to engage independent contractors will also provide the Company with flexibility as it moves into its next stage of evolution. In addition to subsurface and engineering consultants, the Company has limited appointments of corporate finance experts, which will expire over fiscal 2023.

Consulting expense may vary period to period depending on amounts allocated to exploration and evaluation assets or exploration expense.

Salary and benefits increased by \$490,444 for the nine months ended September 30, 2022 to \$723,454 (2021 - \$233,010). As the Company evolves, its workforce has grown from four employees in the prior reporting period to seven in the current period. Salary and benefits in the current reporting period were also impacted by vacation, workers compensation and other payroll tax accruals.

Administrative expenses increased by \$462,050 to \$607,037 (2021 - \$144,987). The largest variance to administrative expenses was a result of rent expense, which approximated \$14,000 per month for rent related to offices in Calgary and Vancouver, and a Montana field and local office, the vast majority of which only pertains to the current period. Included in administrative expenses are information technology application support and on-site (month-to-month) subscriptions totaling \$107,775, communication expense and insurance expenses.

Professional expenses of \$445,760 (2021 - \$211,224) includes accrual audit and quarterly review fees, annual tax preparation accruals, legal and listing fees. Professional fees were impacted by public company operations, various land acquisitions, etc. Professional fees are expected to increase in the near term due to the filing of the Shelf Prospectus (see Financing below) and undertaking a transfer pricing study.

Marketing Expenses totaled \$382,093, compared to \$1,389,388 in the comparative period. In the comparative period, the Company was of the belief that helium is an emerging sector, and that prospective investors have limited or no knowledge of helium as a high priority commodity and critical element. The Company's Management and Board of Directors believe that investor education is necessary to increase shareholder value and attract the requisite capital to advance the Company's exploration projects. In order to reach and educate the broadest audience possible, the Company engaged various consultants and media marketing companies to provide marketing, presentation materials, industry educational tools, media assets, graphic and website design, helium market assessment and analysis and other deliverables. The Company chose to engage independent contractors, as opposed to hiring employees, to provide flexibility and reduce costs. Current period cost also includes expenses related to sourcing out, and preliminary contact with helium end users and potential clients.

At present the Company does not see its marketing expenses approaching the levels reported in its fiscal 2021 financial statements.

The recorded net loss for the period was \$6,620,203 (2021 - \$7,334,262). The comprehensive loss of \$5,639,593 for the nine-month reporting period ended September 30, 2022, was positively impacted by a foreign translation gain of \$980,610 on its foreign, wholly owned subsidiary, Avanti Helium USA, Inc.

The following is a comparison of cash flows for the reporting period ended September 30, 2022 and 2021.

	Nine months ended	
	September 30, 2022	September 30, 2021
Cash used in operating activities	\$ (3,722,733)	\$ (3,442,868)
Cash provided by financing activities	9,638,340	14,751,193
Cash used in investing activities	(5,433,744)	(11,650,719)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	\$ 481,863	\$ (342,394)

CONSOLIDATED OPERATING RESULTS – THREE-MONTHS ENDED SEPTEMBER 30, 2022

During the three months ended September 30, 2022, expenses totaled \$1,880,067 a decrease from that recorded for the comparative quarter of \$1,777,276. Of the recorded expenses the Company notes:

The recorded stock option expense for the three months ended September 30, 2022 was \$409,227, a favourable variance of \$1,139,912 to the recorded expense of \$1,549,139 for the third quarter 2021. The current quarter's stock option expense is related to six separate issuances for an aggregate of 2,695,000 incentive stock options.

Exploration expense for the quarter totaled \$318,550, decreased by of \$284,098 over the comparative quarter. The exploration expense for the reporting quarter relate to technical work with respect to the planning and assessment of WNG 10-21, technical and risk assessment and geological follow-up technical work related to geological mapping and the analysis of other helium well data, and the analysis of geophysical data related to the Greater Knappen prospect area.

Consulting expense totaled \$422,093, a decrease of \$111,264 from that reported in the comparative quarter. Expenses in the current quarter relate more to the engineering and economic assessment of production facilities, and due to the allocation of cost to exploration expenses.

Salary and benefits for the three months ended September 30, 2022 totaled \$306,247 an increase of \$128,683 over that recorded for the comparative quarter in 2021. The increase in salary and benefits is related to the increase in number and level of individuals employed. It is believed that increase in staff is need as the Company moves into production and nears decisions regarding production facilities.

Administrative expenses totaled \$165,080, an increase of \$103,005 over the comparative period due to increased rent, information technology and communication expenses needed to support a grow company.

Professional expenses remained relatively flat at \$112,602 and include external auditor fees, and accruals related to yearend audit, quarterly reviews, tax preparation and legal fees.

The recorded net loss for the quarter ended September 30, 2022 was \$1,849,814 (2021 - \$3,672,340). The comprehensive loss of \$1,057,571 for the three-month reporting period ended September 30, 2022 was positively impacted by a foreign translation gain of \$798,243 on its foreign, wholly owned subsidiary, Avanti Helium USA, Inc.

CAPITAL EXPENDITURES

The Company exploration and evaluation assets increased in recorded costs by \$9,681,090 (see above discussion on Exploration and Evaluation Asset Activity) and purchases of property and equipment of \$4,382 (September 30, 2021 – \$11,652) for the period ended September 30, 2022. During the nine months ended September 30, 2022, the Company incurred the following exploration and evaluation expenditures:

	Terrelum Montana Project		Knappen Project	Aden Project	Leader Project	Kicking Horse Project		East Keith Project	Sweetgrass Project	Total
Exploration & evaluation	\$ 256,653	\$ 1,144	\$ 192,402	\$ 4,006	\$ 213,874	\$ 32,144	\$ 831,013	\$ 1,531,236		
Drilling	-	-	41,790	-	2,188,635	10,095	2,952,727	5,193,247		
Completions	-	-	-	-	-	-	1,294,894	1,294,894		
Reclamation obligation asset	-	-	-	-	44,437	-	162,139	206,576		
Impact of foreign translation	287,670	-	-	-	58,135	-	53,935	399,740		
	\$ 544,323	\$ 1,144	\$ 234,192	\$ 4,006	\$ 2,505,081	\$ 42,239	\$ 5,294,708	\$ 8,625,693		

Note 1: in addition the Company acquired long-lead production equipment with a record value of \$1,545,768 that is recorded as an exploration and evaluation asset, and will be used in the drilling and completions of the appraisal well in the Sweetgrass prospect areas and other future wells.

Liquidity and Capital Resources

Assets

Total assets increased by \$6,024,216 from the prior year end to \$23,085,179, the changes of which principally relate to the increase of \$9,681,090 in exploration and evaluation assets and primarily relate to the drilling and completions of the helium wells in Kicking Horse and Sweetgrass (both in Montana). The translated value of the Company's exploration and evaluation assets benefited by the increase in the change in the foreign exchange rate.

During the reporting period, given the assets' current characteristics, the Company reclassified its "investments" as cash and cash equivalents. The aggregate of cash and cash equivalents and investments declined by \$3,544,380 to fund exploration and evaluation assets and for general working capital.

Current assets were also impacted by decreases in prepaid expenses as rent, insurance, information technology, consulting and exploration expenses were recognized during the reporting period.

Liabilities

Total liabilities decreased by \$226,460 from the prior year-end to \$1,399,349. Of the changes in liabilities, the largest decrease in accrued liabilities relates to the drilling and completions activities in the Kicking Horse and Sweetgrass prospect areas that were accrued as at December 31, 2021. Current period accruals principally related to year-end audit, tax preparation and sustaining and listing fees. Offsetting the decreases in accrued liabilities was an increase in accounts payable, which includes approximately \$249,000 in long lead materials that are required for the appraisal well in the Sweetgrass prospect area. In addition, during the reporting period the Company recognized Canadian payroll related accrued liabilities that amounted to \$34,700

There was an increase in the Company's reclamation obligation due to a recognition of an additional asset retirement obligation in the amount of US \$127,500 in the first quarter 2022. With the commencement of the appraisal well in the Sweetgrass Prospect area, the Company will be re-evaluating its reclamation obligations and recognize any required additions in the fourth quarter 2022.

Liquidity

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due.

All of the Company's financial liabilities are classified as current and are anticipated to mature within the next fiscal year. The Company's approach to managing liquidity risk is to ensure that it will have sufficient financial resources to meet liabilities when due. As at September 30, 2022, the Company had a working capital of \$569,291 (December 31, 2021 – \$4,002,924). As at September 30, 2022, the Company has sufficient working capital to discharge its existing financial obligations.

As of November 29, 2022, Avanti had \$5,220,896 in cash and cash equivalents on hand. Of the cash on hand, Avanti has \$515,732 in high interest savings accounts with annualized interest rates between 0.55% to 0.75%.

Working Capital

The following table presents working capital information as at September 30, 2022 and December 31, 2021:

	As at September 31, 2022	As at December 31, 2021	Change
Current assets	\$ 1,968,640	\$ 5,627,269	\$ (3,658,629)
Current liabilities	(1,399,349)	(1,624,345)	224,996
Working capital ¹	\$ 569,291	\$ 4,002,924	\$ (3,433,633)

Note 1: Working capital is calculated by subtracting current liabilities from current assets, and is further discussed in Non-IFRS Measures

Changes in working capital relate to the net decreases in current assets of \$3,658,629 (i.e., decrease in investments of \$4,041,315 as all amounts are now recognized as cash a cash equivalents resulting in an increase in cash and cash equivalents of \$496,935, increase in receivables of \$13,786 related to goods and sales taxes, and a decrease in prepaid expenses of \$128,034). Working capital was also impacted by increases in reclamation obligations of \$216,868, which was offset by a decrease in accounts payable and accrued liabilities as described above.

The Company believes that its working capital position will continue to fluctuate.

FINANCIAL CONDITION, LIQUIDITY AND CAPITAL RESOURCES

The Company's activities have been funded to date through the issuance of common shares. Please refer to the financial risk section in this MD&A.

Financings

Effective March 15, 2022, the Company completed a private placement by issuing 8,414,550 units at \$1.23 per unit. Gross proceeds of \$10,349,897 were received by the Company. The Company incurred share issuance costs of \$941,155 and issued 589,018 broker warrants. Each warrant entitles the holder to purchase one common share at \$1.60 per share until the warrant expiry date of March 15, 2024.

In addition, the Company issued 245,130 common shares upon the exercise of existing warrants for proceeds of \$233,130. A value of \$434,339 was transferred from equity reserves to share capital as a result.

Subsequent to the nine months ended September 30, 2022, the Company closed a public offering ("Offering") of 9,757,575 units of the Company ("Units") at a price of \$0.66 for aggregate gross proceeds of \$6,440,000. Each Unit consisted of one common share and one transferable share purchase warrant ("Warrant"). Each Warrants entitles the holder to purchase one common share at a price of \$0.80 until October 24, 2024. Insiders subscribed for a total of 545,000 units of the Offering or aggregate gross proceeds of \$359,700. In connection with the Offering, the Company issued to the Agents, 683,000 compensation options.

Additionally, and subsequent the nine months ended September 30, 2022, the Company has filed a preliminary Short Form Based Shelf Prospectus ("Shelf Prospectus"). The Shelf Prospectus was filed to have the ability to react quickly to future market opportunities for raising additional capital by offering of the Company's securities on an accelerated basis, and reduced costs, pursuant to the filing of prospectus supplements. However, there is no certainty that the Company will offer or sell any securities under the Shelf Prospectus within the 25-month period.

Once a receipt for the final Shelf Prospectus has been obtained from the applicable Canadian securities' regulatory authorities, Avanti will be able to offer for sale and issue common shares, debt securities, subscription receipts, warrants and units of the Company, or any combination thereof, up to an aggregate total of \$20 million from time to time during the 25-month period that the Shelf Prospectus remains effective.

The Company did not default nor was it in arrears on any contractual commitments or leases and is not subject to any penalties related to delayed payments.

Capital Management

Currently, and in addition to the Contractual Commitments (noted below), and in accordance with Avanti's strategic plan, cash resources will be judiciously managed, however, will be used for the following:

- Ensuring the Company's solvency;
- Drilling and completion of the announced appraisal well in the Greater Knappen prospect area;
- Continued evaluation and acquisition of land assets; and,
- Continued evaluation of a helium mid-stream production facility in the greater Knappen prospect area and associated helium marketing activities.

There are currently no known trends or restrictions in Avanti's capital resources.

Given the Company's stage of development, Avanti has tried to limit its contractual commitments (see below). As a result, the Company has fairly wide discretion on what expenses are incurred and when such expenses may be incurred. Thus, expenditures and budgets are based on exploration opportunities and plans, and available resources at the time. Should the Company have liquidity concerns, it may postpone and / or terminate expenditures or activities. Based on financings and the aforementioned capital management objectives, the Company expects working capital to continue to fluctuate.

Credit risk of any deposits is linked to the insurance coverage limits as prescribed by the Canadian Deposit Insurance Corporation and that of Scotia Bank.

As at September 30, 2022, Avanti incurred a loss of \$6,620,203 during the nine months ended September 30, 2022. As at September 30, 2022, the Company had a working capital of \$569,291 (December 31, 2021 – \$4,002,924). Management has determined that the Company has adequate resources to continue as a going concern for the foreseeable future, which management has defined as being at least the next 12 months. In arriving at this judgment, management has considered cash flow projections through the next 12 months from the date of these condensed interim consolidated financial statements. Future operations of the Company will be dependent on its ability to raise additional equity or debt financing, and the attainment of profitable operations.

Contractual Commitments

The Company has entered into long-term contractual arrangements from time-to-time for facilities, lines of credit, and the provision of goods and services. The following table presents contractual obligations arising from these arrangements currently in force:

	Payments Due by Period				
	Total	Less than 1 Year	1 - 3 Years	3 - 5 Years	More than 5 Years
Contractual commitments	\$ 571,996	\$ 571,996	\$ -	\$ -	\$ -
Lease liabilities	3,700	3,700	-	-	-
	\$ 575,696	\$ 575,696	\$ -	\$ -	\$ -

Note 1: The Company's office in Calgary, Alberta is on a month-to-month basis at a rental rate of \$8,750 per month. Additionally, the Company has a shared office in Montana at a rate of US \$500 per month.

Off-Balance Sheet Arrangements

The Company has no off-balance sheet arrangements.

Transactions with Related Parties

Related parties and related party transactions impacting the accompanying financial statements are summarized below and include transactions with the following individuals or entities.

Related Party	Nature of Transaction
Elbert Wong	Consulting services for the service of the former Chief Financial Officer and Corporate Secretary of the Company. The agreement commenced September 1, 2019, on a month-to-month basis and was terminated April 1, 2021.
Hatchette Holdings Ltd. ("Hatchette")	Consulting fees for the services of Rob Gamley, President, Director and Audit Committee Chair of the Company. The agreement was effective September 1, 2019, and was amended effective April 1, 2021, on a month-to-month basis.
Malaspina Consultants Inc.	Consulting services for the service of Natasha Tsai, being the former Chief Financial Officer and Corporate Secretary of the Company. The agreement commenced April 1, 2021, on a month-to-month basis and was terminated September 15, 2022.
Pacific Equity Management Corp. ("PEMC")	Rental agreement with PEMC, a company controlled by two former officers, who in the prior year were no longer considered related parties. The agreement commenced July 1, 2017, and expired December 31, 2020.

Related Party	Three months ended		Six months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Elbert Wong	\$ -	\$ -	\$ -	\$ 4,500
Hatchette Holdings Ltd.	85,631	91,764	417,944	541,870
Malaspina Consultants Inc.	15,291	19,696	72,076	37,963
Pacific Equity Management Corp.	-	7,500	-	22,500
	\$ 100,922	\$ 118,960	\$ 490,020	\$ 606,833

Included in Hatchette's related party compensation is stock-based compensation expense for the three and nine months ended September 30, 2022 of \$40,631 and \$282,944 respectively (September 30, 2021 - (\$46,764 and 297,870, respectively).

Proposed Transactions

At the time of this report the Company has no undisclosed proposed transactions.

Critical Accounting Policies and Estimates

The Company's critical accounting policies and estimates are the same as disclosed in its Audited Consolidated Financial Statements and Notes, and its annual MD&A issued for the year ended December 31, 2021.

Changes in Accounting Policies

The changes in accounting policies are disclosed in Note 2, "Statement of Compliance", of the Unaudited Condensed Consolidated Interim Financial Statements for the third quarter ended September 31, 2022.

FINANCIAL INSTRUMENTS AND RISK

Financial risk factors

The Company's risk exposures and the impact on the Company's financial statements are summarized below.

Credit risk

Credit risk is the risk of an unexpected loss if a customer or third party to a financial instrument fails to meet its contractual obligations.

The Company's cash and investments are held at a large Canadian financial institution. As a result, the Company does not believe it is exposed to significant credit risk, however, the Company's maximum exposure is equal to the carrying value of these balances.

Market risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices.

Foreign currency risk

Avanti is exposed to currency risks as currently some exploration, drilling and completion expenses are in the United States of America. Therefore, the Company is exposed to fluctuations in exchange rates to the extent that a strengthening Canadian dollar environment will result in a negative impact and a weakening Canadian dollar environment will result in positive impact on our income from operations.

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities that are denominated in a foreign currency. As at September 30, 2022, a 10% fluctuation in the foreign exchange rate of the United States dollar against the Canadian dollar would affect the Company's loss and comprehensive loss for the period by approximately \$77,094.

Avanti does not use derivative instruments to reduce its exposure to foreign currency risk.

Fair value of financial instruments

The Company's financial instruments consist of cash, receivables, investments, reclamation bonds, and accounts payable and accrued liabilities. The carrying value of receivables, accounts payable and accrued liabilities, approximate fair value due to their short terms to maturity. The carrying value of the reclamation bond approximates its fair value. Cash and investments are measured at fair value using level 1 inputs.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates.

The Company is exposed to interest rate risk to the extent that the cash and investments maintained at the financial institutions are subject to a floating rate of interest. The interest rate risk on cash and investments are not considered significant, as the investments have fixed interest rates.

Risk and Uncertainties

The Company's business risks and uncertainties are the same as disclosed in its annual MD&A issued for the year ended December 31, 2021.

Environmental Risk

The Company's environmental risks are the same as disclosed in its annual MD&A issued for the year ended December 31, 2021.

Climate Governance and Risk Management

Aspects of Avanti's business strategy may be impacted by future regulatory changes and associated compliance costs, commodity prices, access to markets and capital, social preferences, general capital investment declines in the energy sector, and reputational and Environmental, Social and Governance ("ESG") risk (related to climate change, human rights and ethical and sustainable business practices), and technology development.

The Company currently has a Safety, Health and Environmental policy as part of its Corporate policy manual. The Safety, Health and Environmental policy assists the Board in fulfilling its obligations relating to safety, health and environmental matters concerning Avanti. Safety and protection of the environment have always been top priorities in Avanti's business operations. Avanti believes dedication to safety and environmental protection go beyond implementing the right policies and having the right equipment or department; but ensuring that everyone at Avanti is aware of both their responsibility for safety matters and protection of the environment and how integral those matters are to the Company's business.

Avanti is in the process of augmenting its Safety, Health and Environmental policy to include a multi-disciplinary risk management process, which considers ESG and climate change risks and opportunities as part of Avanti's business evaluation. Processes for identifying, assessing, and managing climate-related issues will be integrated into the Company's enterprise risk management ("ERM") framework.

Supplementary Information

Summary of Quarterly Results

The following tables sets forth selected data derived from our unaudited condensed consolidated interim financial statements for each of the eight most recently completed quarters. The Company did not realize any revenue during the eight most recently completed quarters. This information should be read in conjunction with the applicable interim unaudited and annual audited financial statements and related notes thereto.

	3rd Qtr 2022	2nd Qtr 2022	1st Qtr 2022	4th Qtr 2021
	Sept 31 '22	Jun 30'22	Mar 31'22	Dec 31'21
Net Loss	\$ (1,849,814)	\$ (2,020,257)	\$ (2,822,957)	\$ 3,223,768
Basic & diluted loss per share	\$ (0.0348)	\$ (0.0347)	\$ (0.0552)	\$ 0.0655
Common shares outstanding				
Weighted average shares outstanding	53,189,176	58,201,852	51,120,280	49,246,319
Exploration and evaluation assets	\$ 21,036,826	\$ 19,048,099	\$ 16,852,597	\$ 11,355,736
Total Assets	\$ 23,085,179	\$ 23,054,946	\$ 24,625,547	\$ 17,060,963
Net Assets	\$ 21,685,830	\$ 22,316,176	\$ 23,098,725	\$ 15,435,154

	3rd Qtr 2021	2nd Qtr 2021	1st Qtr 2021	4th Qtr 2020
	Sept 30 '21	Jun 30'21	Mar 31'21	Dec 31 '20
Net Loss	\$ (3,657,343)	\$ (3,032,235)	\$ (629,687)	\$ (445,062)
Basic & diluted loss per share	\$ (0.0770)	\$ (0.0735)	\$ (0.0261)	\$ (0.0369)
Common shares outstanding				
Weighted average shares outstanding	47,513,316	41,246,244	24,081,057	12,061,121
Exploration and evaluation assets	\$ 9,526,664	\$ 5,589,653	\$ 5,171,746	\$ -
Total Assets	\$ 18,267,295	\$ 13,859,292	\$ 13,391,246	\$ 1,784,535
Net Assets	\$ 17,020,662	\$ 13,533,947	\$ 13,227,553	\$ 1,769,675

The Company's quarterly results have and will vary in relation to the underlying activities related towards the execution of the Company's strategy. The increased losses commencing in the fiscal 2021 are mainly the result of the increased corporate activities as the Company continued to become more active in the exploration helium, which necessitated the hiring of employees, engaging specialized consultants, and began a marketing campaign to raise the Avanti's corporate profile. Prior to the current reporting quarter, the significant portion of the expenses incurred are as follows:

- The recorded loss of \$2,020,257 for the three months ended June 30, 2022, was impacted by \$976,514 in share-based compensation expense, \$99,741 in exploration expense, and \$3621,867 in consulting expense.
- The recorded loss of \$2,822,957 for the three months ended March 31, 2022, was impacted by \$862,656 in share-based compensation expense, \$306,811 in exploration expense, \$307,442 in consulting expense, and \$325,467 in marketing expenses.

The exploration and consulting expenses for the first quarter 2022 and prior quarters relate to the pre-selection of prospect properties, geological and geophysical assessment of properties leading towards drilling, and hiring of consultants over employees to gain access to certain levels of expertise and to maintain flexibility. Whereas the marketing expenses were in an effort to improve necessary investor education to increase shareholder value and attract the requisite capital to advance the Company's exploration projects.

- The recorded loss of \$3,223,768 for the three months ended December 31, 2021, was impacted by \$1,488,260 in share-based compensation expense, \$555,151 in exploration expense, \$209,833 in consulting expense, and \$568,524 in marketing expenses.
- The recorded loss of \$3,657,343 for the three months ended September 30, 2021, was impacted by \$1,549,139 in share-based compensation expense, \$602,648 in exploration expense, \$533,357 in consulting expense, and \$561,439 in marketing expenses.
- The recorded loss of \$3,032,235 for the three months ended June 30, 2021, was impacted by \$1,147,932 in share-based compensation expense, \$372,500 in exploration expense, \$430,000 in consulting expense, and \$827,949 in marketing expenses.
- The recorded loss of \$629,687 for the three months ended March 31, 2021, was impacted by \$235,712 in share-based compensation expense and \$273,559 in exploration expense as the Company increased its exploration activities.
- The recorded loss of \$445,062 for the three months ended December 30, 2020, was impacted by \$392,000 in share-based compensation expense.

Description of share capital

As at September 31, 2022, Avanti's share capital consisted of the following:

Common shares	
Authorized:	unlimited
Issued and outstanding:	58,223,382
Convertible into common shares	
Share purchase warrants	5,196,293
Incentive stock options	<u>5,765,000</u>
	<u>10,961,293</u>
Fully diluted share capital:	<u>69,184,675</u>

Subsequent to the nine months ended September 30, 2022, the Company closed a public offering (the "Offering") of 9,757,575 units of the Company ("Units") at a price of \$0.66 for aggregate gross proceeds of \$6,440,000. Each Unit consisted of one common share and one transferable share purchase warrant ("Warrant"). Insiders subscribed for a total of 545,000 the Offering.

Additionally, nine months ended September 30, 2022, 70,000 warrants were exercised at \$0.60 for gross proceeds of \$42,000.

As at November 29, 2022, Avanti's number of issued and outstanding shares is 68,050,957.

Market for Securities

Avanti Helium Corp.'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".

Warrants granted during the period

The following warrants were issued during the reporting period.

Date of Grant	Number of Shares	Warrant Holder	Exercise Price	Expiry Date
15-Mar-22	4,207,275	Placees	\$1.60	15-Mar-24
15-Mar-22	<u>589,018</u>	Underwriters	\$1.23	15-Mar-24
	4,796,293			

Subsequent to the nine months ended September 30, 2022, and in connection with the Offering, the Company issued 9,757,575 Warrants. Each Warrant entitles the holder to purchase one common share at a price of \$0.80 until October 24, 2024.

In connection with the subsequent Offering, the Company issued to the Agents, 683,000 compensation options.

Subsequent to the nine months ended September 30, 2022, 70,000 warrants were exercised at \$0.60 for gross proceeds of \$42,000, and 300,000 warrants expired unexercised

Warrants outstanding

As at September 31, 2022

Date Granted	Expiry Date	Number of Warrants	Exercise Price per Share \$
November 23, 2017	November 23, 2022	370,000 ¹	0.60
December 7, 2017	December 7, 2022	30,000	0.60
March 15, 2022	March 15, 2024	4,207,250	1.60
March 15, 2022	March 15, 2024	<u>589,018</u>	1.23
		5,196,268	

Note 1 Subsequent to the nine months ended September 30, 2022, 70,000 warrants that were set to expire November 23, 2022, were exercised at \$0.60 for gross proceeds of \$42,000, with the balance of 300,000 warrants expiring unexercised

Subsequent to the nine months ended September 30, 2022, 9,757,575 warrants were issued, and 683,000 compensation options were issued to Agents related to the subsequent Offering.

Options granted during the period

The Company maintains a Stock Option Plan under which the Company is authorized to grant executive officers and directors, employees and consultants incentive stock options for up to 10% of the issued and outstanding common stock of the Company. Under the Stock Option Plan, the exercise price of each option may equal the market price of the Company's common stock, less than the "Discounted Market Price" (as defined in the policies of the TSX Venture Exchange) at the date of grant, provided that the exercise price shall not be less than \$0.05 per share. All stock options awarded are exercisable for a period of up to ten years, and vest at the discretion of the Board of Directors.

The following incentive stock options were issued during the reporting period.

Date of Grant	Number of Shares	Optionee	Exercise Price	Expiry Date
29-Mar-22	771,000	Employee & consultant	\$1.36	29-Mar-27
29-Mar-22	164,000	Director & officer	\$1.36	29-Mar-27
	935,000			

Options outstanding

As at September 31, 2022

Date Granted	Expiry Date	Number of Warrants	Exercise Price per Share \$
November 30, 2020	November 30, 2020	1,350,000	0.30
March 11, 2021	March 11, 2026	1,345,000 ⁽ⁱ⁾	1.45
May 31, 2021	May 31, 2026	450,000	2.70
July 12, 2021	July 12, 2026	150,000	2.45
August 23, 2021	August 23, 2026	1,250,000 ⁽ⁱ⁾	1.64
November 5, 2021	November 5, 2026	75,000	1.64
December 29, 2021	December 29, 2026	210,000	1.53
March 29, 2022	March 29, 2027	935,000 ⁽ⁱ⁾	1.36
		5,765,000	

Note 1 Subsequent to the nine months ended September 30, 2022, an aggregate of 400,000 (i.e., 300,000 exercisable at \$1.45; 50,000 exercisable at \$1.64; and 50,000 exercisable at \$1.36) incentive stock options issued to a consultant were forfeited.

Controls and Procedures

Under National Instrument 52-109 *Certification of Disclosure in Issuers' Annual and Interim Filings* ("NI 52-109"), the Company, as a "Venture Issuer" files on an annual basis Form 52-109FV1, the "*Certificate of Annual Filings – Venture Issuer Basic Certificate*" (the "**Annual Form**") which does not include representations relating to the establishment and maintenance of disclosure controls and procedures ("**DC&P**") and internal controls over financial reporting ("**ICFR**"), as defined in NI 52-109. In particular, the certifying officers filing the Annual Form are not making any representations relating to the establishment and maintenance of:

- i) controls and other procedures designed to provide reasonable assurance that information required to be disclosed by the issuer in its annual filings, interim filings or other reports filed or submitted under securities legislation is recorded, processed, summarized and reported within the time periods specified in securities legislation; and,
- ii) a process to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with the issuer's GAAP.

However, the Company's Management, and its certifying officers on the Certificates are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in those Certificates. The Certificates do contain representations which confirms that Management has established processes, which are in place to provide the certifying officers with sufficient knowledge to support their written representations that they have exercised reasonable diligence that (i) the financial statements do not contain any untrue statement of material fact or omit to state a material fact required to be stated or that is necessary to make a statement not misleading in light of the circumstances under which it is made, as of the date of and for the periods presented by the financial statements and that (ii) the financial statements

fairly present in all material respects the financial condition, results of operations and cash flows of the Company, as of the date of and for the periods presented by the financial statements.

The Company's certifying officers of the Certificates are responsible for ensuring that processes are in place to provide them with sufficient knowledge to support the representations they are making in those Certificates. However, the reader should be aware that inherent limitations on the ability of the certifying officers to design and implement, on a cost-effective basis, DC&P and ICFR for the Company as defined in NI 52-109, may result in additional risks to the quality, reliability, transparency and timeliness of interim and annual filings and other reports provided under securities legislation, including this Management Discussion & Analysis.

FORWARD LOOKING STATEMENTS

Certain statements contained herein regarding Avanti and its operations constitute "forward-looking statements" within the meaning of Canadian securities laws and the United States Private Securities Litigation Reform Act of 1995. The information herein contains forward-looking statements and assumptions. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by the use of words such as "seek", "anticipate", "plan", "continue", "estimate", "expect", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and other similar expressions. Such statements and assumptions also include those relating to guidance, results of operations and financial condition, capital spending and financing sources. By their nature, forward-looking statements are subject to numerous known and unknown risks and uncertainties that could significantly affect anticipated results in the future and, accordingly, actual results may differ materially from those predicted. The Company is exposed to numerous operational, technical, financial and regulatory risks and uncertainties, many of which are beyond its control and may significantly affect anticipated future results.

The financial risks the Company is exposed to include, but are not limited to, access to debt or equity markets and fluctuations in interest rates. The Company is subject to regulatory legislation; compliance with which may require significant expenditures and non-compliance with which may result in fines, penalties or production restrictions.

*We provide this forward-looking information for Avanti's business in order to describe the Management expectations and targets by which Avanti measures its success and to assist Avanti shareholders in understanding Avanti's financial position as at and for the periods ended on the dates presented in this report. Readers are cautioned that this information may not be appropriate for other purposes. **We caution that such "forward-looking statements" involve known and unknown risks and uncertainties that could cause actual results and future events to differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information.** For a more detailed description of these risks, and of other risks to which Avanti is subject, please see the "Risks and Uncertainties", "Environmental Risk" and "Financial and Other Instruments" sections in this Management Discussion and Analysis. In determining Avanti's forward-looking statements, Avanti considers material factors including assumptions and expectations regarding customer demand and adoption rates for helium; helium prices and interest and foreign exchange rates; and the availability and cost of inputs, labour and services, patent, technology and competitive risk. Many of these factors are beyond Avanti's control and have effects which are difficult to predict. These material risk factors and material assumptions are not intended to represent a complete list of the factors that could affect Avanti; please see other factors that are described in further detail in Avanti's continuous disclosure filings, from time to time, and available on SEDAR at www.sedar.com. Investors and the public should carefully consider these factors, other uncertainties and potential events, and the inherent uncertainty of forward-looking statements when relying on these statements to make decisions with respect to Avanti.*

The forward-looking statements contained herein represent Avanti's expectations at November 29, 2022, and, accordingly are subject to change after such date. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements. The Company does not undertake any obligation to update publicly or to revise any of the included forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

Additional Information

Additional information regarding Avanti Helium Corp. can be found on System for the Electronic Document Analysis and Retrieval ("SEDAR" at www.sedar.com).