



Avanti Helium Corp.
(formerly Avanti Energy Inc.)

Unaudited Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

Avanti Helium Corp. (formerly Avanti Energy Inc.)
Condensed Consolidated Interim Statements of Financial Position
As at September 30, 2022 and December 31, 2021
(Canadian Dollars)
(Unaudited)

		<u>September 30,</u> <u>2022</u>	<u>December 31,</u> <u>2021</u>
Assets	Notes		
Current			
Cash and cash equivalents		\$ 1,835,546	\$ 1,338,611
Investments	3	-	4,041,315
Receivables		66,829	53,044
Prepaid expenses		66,265	194,299
		<u>1,968,640</u>	<u>5,627,269</u>
Non-current assets			
Exploration and evaluation assets	4, 5	21,036,826	11,355,736
Property, plant and equipment		13,955	9,573
Right-of-use asset	6	3,211	5,838
Reclamation bonds		62,547	62,547
		<u>\$ 23,085,179</u>	<u>\$ 17,060,963</u>
Liabilities			
Current			
Accounts payable and accrued liabilities		\$ 1,052,913	\$ 1,493,529
Reclamation obligation	5	343,648	126,780
Current portion of lease liability	6	2,788	4,036
		<u>1,399,349</u>	<u>1,624,345</u>
Non-current Liabilities			
Lease liability	6	-	1,464
		<u>1,399,349</u>	<u>1,625,809</u>
SHAREHOLDERS' EQUITY			
Share capital	7 (b)	43,501,650	34,388,141
Equity reserves	7 (d), 7 (e)	8,980,750	6,203,990
Accumulated other comprehensive income		981,150	540
Deficit		<u>(31,777,720)</u>	<u>(25,157,517)</u>
		<u>21,685,830</u>	<u>15,435,154</u>
		<u>\$ 23,085,179</u>	<u>\$ 17,060,963</u>
Nature of operations and corporate information	1		
Subsequent event	11		

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Avanti Helium Corp. (formerly Avanti Energy Inc.)
Condensed Consolidated Interim Statements of Loss and Comprehensive Loss
Three and nine month periods ended September 30, 2022 and December 31, 2021
(Canadian Dollars)
(Unaudited)

	Three months ended		Nine months ended	
	September 30, 2022	September 30, 2021	September 30, 2022	September 30, 2021
Expenses				
	Notes			
Administration	\$ 165,080	\$ 62,075	\$ 607,037	\$ 144,987
Consulting	422,093	533,357	1,155,402	963,357
Depreciation	2,160	1,048	6,333	1,513
Exploration	318,550	602,648	725,102	1,248,707
Management fees	45,000	45,000	135,000	148,500
Marketing	38,415	561,439	382,093	1,389,388
Professional fees	112,602	112,415	445,760	211,242
Salary and benefits	306,247	177,564	723,454	233,010
Share-based compensation	7 (d) 409,227	1,549,139	2,248,398	2,932,783
Transfer agent and filing fees	60,693	12,658	127,971	58,582
OPERATING LOSS	(1,880,067)	(3,657,343)	(6,556,550)	(7,332,069)
OTHER INCOME (EXPENSES)				
Foreign exchange gain (loss)	27,311	(23,975)	6,263	(26,217)
Interest income	2,942	6,711	8,284	19,887
Gain (loss) on investments	-	2,267	(78,200)	4,137
	30,253	(14,997)	(63,653)	(2,193)
NET LOSS	(1,849,814)	(3,672,340)	(6,620,203)	(7,334,262)
OTHER COMPREHENSIVE INCOME GAIN (LOSS)				
Items that may be reclassified subsequent to net loss				
Translation gain (loss) on foreign operations	798,243	-	980,610	-
COMPREHENSIVE LOSS	\$ (1,051,571)	\$ (3,672,340)	\$ (5,639,593)	\$ (7,334,262)
WEIGHT AVERAGE NUMBER OF SHARES				
Basic and diluted	58,225,991	47,513,316	55,900,304	37,699,372
LOSS PER COMMON SHARE				
Basic and diluted	\$ (0.03)	\$ (0.08)	\$ (0.12)	\$ (0.19)

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Avanti Helium Corp. (formerly Avanti Energy Inc.)
Condensed Consolidated Interim Statements of Changes in Shareholders' Equity
Periods ended September 30, 2022 and December 31, 2021
(Canadian Dollars)
(Unaudited)

	Share capital	Equity reserves	Accumulated Other Comprehensive Income	Deficit	Total
Balance, December 31, 2020	\$ 14,748,556	1,620,066	\$ -	\$ (14,598,947)	\$ 1,769,675
Private placement	10,579,998	-	-	-	10,579,998
Shares issued for exploration and evaluation assets	4,900,000	-	-	-	4,900,000
Warrants exercised	5,093,441	(416,671)	-	-	4,676,770
Options exercised	136,250	(61,250)	-	-	75,000
Broker warrants issued	(640,802)	640,802	-	-	-
Share issuance costs	(429,302)	-	-	-	(429,302)
Share subscriptions received	-	-	-	-	-
Share-based compensation	-	4,421,043	-	-	4,421,043
Net loss	-	-	540	(10,558,570)	(10,558,030)
Balance, December 30, 2021	\$ 34,388,141	\$ 6,203,990	\$ 540	\$ (25,157,517)	\$ 15,435,154
Private placement	9,845,024	504,873	-	-	10,349,897
Warrants exercised	667,469	(434,338)	-	-	233,131
Broker warrants issued	(457,827)	457,827	-	-	-
Share issuance costs	(941,157)	-	-	-	(941,157)
Share-based compensation	-	2,248,398	-	-	2,248,398
Net loss	-	-	980,610	(6,620,203)	(5,639,593)
Balance, September 30, 2022	\$ 43,501,650	\$ 8,980,750	\$ 981,150	\$ (31,777,720)	\$ 21,685,830

Avanti Helium Corp. (formerly Avanti Energy Inc.)
Condensed Consolidated Interim Statements of Cashflows
Nine month periods ended September 30, 2022 and 2021
(Canadian Dollars)
(Unaudited)

	Nine months ended	
	September 30, 2022	September 30, 2021
OPERATING ACTIVITIES		
Net loss for period	Notes \$ (6,620,203)	\$ (7,334,262)
Items not affecting cash:		
Depreciation and accretion	6,333	1,513
Share-based compensation	2,248,398	2,932,783
Interest and accretion	819	(4,009)
Changes in non-cash working capital items:		
Receivables and prepaid expenses	116,458	(264,514)
Accounts payable and accrued liabilities	525,462	1,225,621
Cash used in operating activities	(3,722,733)	(3,442,868)
FINANCING ACTIVITIES		
Net proceeds from private placements	9,408,740	10,150,696
Warrants exercised	233,131	4,526,770
Options exercised	-	75,000
Lease payments	6 (3,531)	(1,273)
Cash provided by financing activities	9,638,340	14,751,193
INVESTING ACTIVITIES		
Exploration and evaluation asset expenditures	(9,466,971)	(4,626,664)
Property, plant and equipment purchases	(8,088)	(11,652)
Redemption (investments)	4,041,315	(7,012,403)
Cash used in investing activities	(5,433,744)	(11,650,719)
Effect of foreign exchange on cashflows	15,072	-
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	481,863	(342,394)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	1,338,611	1,771,599
CASH AND CASH EQUIVALENTS, END OF PERIOD	1,835,546	1,429,205
CASH AND CASH EQUIVALENTS		
Cash denominated in CDN	1,190,668	1,418,740
Cash denominated in USD	467,494	8,315
Foreign currency translation amount	177,384	2,150
CASH AND CASH EQUIVALENTS, END OF PERIOD	1,835,546	1,429,205

The accompanying notes form an integral part of these condensed consolidated interim financial statements

Avanti Helium Corp.

(formerly Avanti Energy Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Canadian dollars)

1. NATURE OF OPERATIONS AND CORPORATE INFORMATION

Avanti Helium Corp. (formerly Avanti Energy Inc.) (the "Company" or "AVN") is a focused exploration and development company of helium resources across Western Canada and the United States.

The Company was incorporated pursuant to the provisions of the British Columbia Business Corporations Act on March 7, 2011 and changed its name from Avanti Energy Inc. on August 17, 2022. 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 office is located at 400, 750 – 11 Street SW, Calgary, AB, V7P 3N4. The Company's registered office address is 704, 595 Howe Street, Vancouver, BC, T2P 2T5.

2. STATEMENT OF COMPLIANCE

a) Basis of Preparation

These unaudited condensed consolidated interim financial statements ("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"). These Financial Statements do not include all the information and disclosures required in annual consolidated financial statements and should be read in conjunction with the Company's December 31, 2021 annual consolidated financial statements.

The accounting policies applied when preparing the Company's Financial Statements are consistent with those followed when preparing the annual consolidated financial statements for the year ended December 31, 2021, except as noted in Note 2 (d).

The preparation of these Financial Statements requires management to make judgments, estimates, and assumptions that affect the application of accounting policies and the reported amounts of assets, liabilities, revenue, and expenses. The significant judgments made by management when applying the Company's accounting policies and the key sources of estimation uncertainty were the same as those that applied to the Company's December 31, 2021 annual consolidated financial statements.

Unless otherwise stated, all dollar amounts are in Canadian dollars. The notation "US \$" or "USD" represents United States dollars.

These Financial Statements were authorized for issuance by the Company's Board of Directors' on November 29, 2022.

b) Principles of consolidation

These Financial Statements incorporate the financial statements of the Company and the entity controlled by the Company, its wholly owned subsidiary, Avanti Helium USA, Inc. (formerly Avanti Energy Montana Inc.). Control is achieved when the Company has the power to, directly or indirectly, govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are presently exercisable or convertible are taken into account.

The financial statements of the subsidiary are included in the Financial Statements from the date that control commences until the date that control ceases.

Avanti Helium Corp.

(formerly Avanti Energy Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Canadian dollars)

All subsidiary companies are wholly owned and inter-company transactions, balances, revenues and expenses, and unrealized gains and losses have been eliminated on consolidation.

c) Going concern

The Company incurred a net loss of \$6,620,203 during the nine months ended September 30, 2022 (September 30, 2021 – net loss of \$7,334,262). 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 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.

d) New standards issued but not yet adopted

The following are the standards, amendments, and interpretations that the Company reasonably expects to be applicable at a future date and intends to adopt when they become effective. The Company is currently considering the impact of adopting these standards, amendments, and interpretations on its Financial Statements and cannot reasonably estimate the effect at this time, unless specifically mentioned below.

- (i) In February 2021, the IASB issued *Definition of Accounting Estimates* (Amendments to IAS 8, *Accounting Policies, Changes in Accounting Estimates and Errors*). The amendments define accounting estimates and clarify the distinction between changes in accounting estimates and changes in accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier application permitted.
- (ii) In February 2021, the IASB issued *Disclosure of Accounting Policies* (Amendments to IAS 1, *Presentation of Financial Statements*, and IFRS Practice Statement 2). The amendments provide guidance to help entities disclose the material (previously “significant”) accounting policies. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier adoption permitted.
- (iii) In May 2021, the IASB issued *Deferred Tax related to Assets and Liabilities arising from a Single Transaction* (Amendments to IAS 12, *Income Taxes*). The amendments narrow the scope of the recognition exemption so that companies would be required to recognize deferred tax for transactions that give rise to equal amounts of taxable and deductible temporary differences, such as leases. The amendments are effective for annual reporting periods beginning on or after January 1, 2023, with earlier adoption permitted, applied retroactively.

Avanti Helium Corp.

(formerly Avanti Energy Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Canadian dollars)

3. INVESTMENTS

	September 30, 2022	December 31, 2022
Fixed income investments	\$ -	\$ 4,041,315
Interest rates	n/a	0.55% - 0.75%
Maturity dates	n/a	April 18, 2022 - April 17, 2023

4. EXPLORATION AND EVALUATION ASSETS

	Terrelium Montana Project	Knappen Project	Aden Project	Leader Project	Kicking Horse Project	East Keith Project	Sweetgrass Project	Total
Balance, December 31, 2021	\$ 5,425,425	\$ 224,065	\$ 342,763	\$ -	\$ 1,283,582	\$ 666,447	\$ 3,413,454	\$11,355,736
Additions								
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	-	-	304,779	-	-	-	1,294,894	1,599,673
Reclamation obligation asset	-	-	-	-	44,437	-	162,139	206,576
Reclassification	-	-	(304,779)	-	-	-	(490,371)	(795,150)
Impact of foreign translation	287,670	-	-	-	58,135	-	53,935	399,740
Balance, September 30, 2022	\$ 5,969,748	\$ 225,209	\$ 576,955	\$ 4,006	\$ 3,788,663	\$ 708,686	\$ 8,217,791	\$19,491,058

Recorded costs of \$304,779 that were allocated to the Aden prospect area in the prior quarter have been reclassified to other land prospect areas in the current period.

Long-lead drilling and completion materials with a cost of \$490,371 that was recorded to the Sweetgrass prospect area in the prior quarter have been re-classified as inventory within the exploration and evaluation assets. As at September 30, 2022, long-lead drilling and completion materials have a recorded value of \$1,545,768 within the exploration and evaluation assets within the statement of financial position. These long-lead materials will be consumed in the current and near future helium well drilling and completion programs.

5. RECLAMATION OBLIGATION

The reclamation obligation represents the discounted values of the estimated costs for site reclamation for the Company's Kicking Horse Project and Sweetgrass Project. The reclamation obligation as at September 30, 2022 and December 31, 2021 is as follows:

Avanti Helium Corp.

(formerly Avanti Energy Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Canadian dollars)

	Kicking Horse Project	Sweetgrass Project	Total
Balance, December 31, 2020	\$ -	\$ -	\$ -
Additions	63,390	63,390	126,780
Balance, December 31, 2021	63,390	63,390	126,780
Additional	162,139	44,437	206,576
Foreign exchange	5,145	5,147	10,292
Balance, September 30, 2022	\$ 230,674	\$ 112,974	\$ 343,648

Management's estimate is that the reclamation work for the Kicking Horse Project is expected to be completed in June 2023, and December 2042 for the Sweetgrass Project.

6. RIGHT-OF-USE ASSET AND LEASE LIABILITY

The Company's lease consists of a lease for its office printer that was entered into in August 2021. The 24-month lease expires in August 2023, and has an interest rate of 24%.

The Company reassesses leases when a significant event or a significant change in circumstances within the Company's control has occurred.

	Right-of-use Asset	Lease liability
As at December 31, 2021	\$ 5,838	\$ (5,500)
Additions	-	-
Depreciation	(2,627)	-
Payment	-	2,712
As at September 30, 2022	\$ 3,211	\$ (2,788)

<i>Amounts recognized in the condensed consolidated interim statements of loss and comprehensive loss</i>	Three-months ended September 30, 2022	Nine-months ended September 30, 2022
Depreciation expense on right-of-use asset	\$ 876	\$ 2,627
Interest expense on lease liabilities	229	819
Expense related to leases of low value assets	-	-
Expense related to leases of short-term leases	42,593	126,168
Total	\$ 43,698	\$ 129,614

During the three and nine months ended September 30, 2022, the Company expensed \$42,593 and \$129,168, respectively (September 30, 2021 - \$7,500 and \$31,550, respectively) to administrative expenses with respect to leased office space with a contract term of less than one year. These leases are short-term, and the Company has elected not to recognize the right-of-use assets and lease liabilities for these leases.

Avanti Helium Corp.

(formerly Avanti Energy Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Canadian dollars)

<i>Amounts recognized in consolidated statement of cash flows</i>	Nine-months ended September 30, 2022
Cash payments for interest portion of lease liabilities	\$ 819
Cash payments for leases not included in measurement of lease liability	-
Cash outflows in operating activities	819
Cash payments for the principal portion of lease liability	2,208
Cash outflows in financing activities	2,208
Total cash outflows for leases	\$ 3,027

The Company's future minimum lease payments total \$3,700 with imputed interest to be \$408.

7. SHARE CAPITAL AND EQUITY RESERVES

The Company's authorized and issued share capital is as follows:

a) Authorized share capital

Unlimited common shares without par value.

b) Issued common shares

The Company's issued share capital is as follows:

The changes in the Company's outstanding common shares were as follows:

	September 30, 2022	
	Number	Share capital
Balance, beginning of period	49,563,702	\$ 34,388,141
Private placement ⁽ⁱ⁾	8,414,550	8,446,040
Exercise of warrants(ii)	245,130	667,469
Balance, end of period	58,223,382	\$ 43,501,650

Avanti Helium Corp.

(formerly Avanti Energy Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Canadian dollars)

- (i) During the nine-month period ended September 30, 2022, the Company completed a private placement by issuing 8,414,550 units (“Units”) at a price of \$1.23 per unit. Gross proceeds of \$10,349,897 were received by the Company. The Company allocated \$9,845,024 to share capital and \$504,873 to warrants. The Company incurred share issuance costs of \$941,155 and issued 589,018 broker warrants. Each share whole purchase warrant entitles the holder to purchase one common share at a price of \$1.60 per share until the warrant expiry date of March 15, 2024. Within the Unit, a value of \$1.17 was attributed to common share and \$0.06 to the warrants using the residual value method.
- (ii) During the nine-month period ended September 30, 2022, the Company issued 245,130 common shares upon the exercise of existing share purchase warrants for proceeds of \$233,131. As a result, a value of \$434,338 was transferred from equity reserve to share capital.
- c) *Share purchase warrants*

	Number		Weighted average exercise price
Balance, December 31, 2021 ⁽ⁱ⁾	686,008	\$	0.81
Issuances - Private Placement ⁽ⁱⁱ⁾	4,207,275		1.60
Issuance - Broker Warrant ⁽ⁱⁱ⁾	589,018		1.23
Exercises ⁽ⁱⁱⁱ⁾	(245,130)		(0.95)
Expiry	(40,878)		(2.00)
Balance, September 31, 2022	5,196,293	\$	1.48

- (i) In certain circumstances, the expiry of some of these warrants may be accelerated.
- (ii) During the nine-month period ended September 30, 2022, the Company completed the above noted Placement by issuing 8,414,550 Units at a price of \$1.23 per unit. Each Unit consisted of one common share and one-half warrant (“Warrant”). Each whole share purchase warrant entitles the holder to purchase one common share at a price of \$1.60 per share until the warrant expiry date of March 15, 2024.

The connection with the Placement, the Company issued 589,018 broker warrants. Each broker warrant entitles the holder to purchase one common share at a price of \$1.60 per share until the warrant expiry date of March 15, 2024.

Within the Unit, a value of \$1.17 was attributed to common share and \$0.06 to the warrants using the residual value method. The fair value of the broker warrants was determined to be \$457,827 and estimated on the date of issue using the Black-Scholes option valuation model with the following assumptions: dividend yield of \$nil, risk free rate of 1.80%, expected life of two years, and a volatility of 137%.

- (iii) Subsequent to September 30, 2022, 70,000 warrants, exercisable at \$0.60, expired unexercised on November 23, 2022.

Avanti Helium Corp.

(formerly Avanti Energy Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Canadian dollars)

As at September 30, 2022, the following warrants were issued and outstanding:

Warrants Outstanding	Exercise Price	Remaining Life (years)	Expiry Date
370,000	\$ 0.60	0.15	November 23, 2022 ⁽ⁱ⁾
30,000	\$ 0.60	0.19	December 7, 2022 ⁽ⁱⁱ⁾
4,207,275	\$ 1.60	1.46	March 15, 2024
589,018	\$ 1.23	1.46	March 15, 2024
5,196,293			

(i) Subsequent to September 30, 2022, 70,000 warrants were exercised at \$0.60 for gross proceeds of \$42,000, with the balance of 300,000 warrants expiring unexercised.

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

d) *Stock-based compensation plan*

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, with vesting at the discretion of the Board of Directors.

Movements in stock options during the period

A summary of the status of the Company's Stock Option Plan is presented below:

	Number	Weighted average exercise price
Outstanding, December 31, 2021	4,955,000	\$ 1.34
Granted ⁽ⁱ⁾	935,000	1.36
Forfeited	(125,000)	(1.56)
Outstanding, September 31, 2022	5,765,000	\$ 1.41

(i) Of the stock options issued, 164,000 stock options were issued to Directors and Officers of the Company.

(ii) Subsequent to September 30, 2022, 400,000 employee stock options were forfeited with a weighted average exercise price of \$1.46.

Avanti Helium Corp.

(formerly Avanti Energy Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Canadian dollars)

As at September 30, 2022, the following options were outstanding:

Number of Options	Number of Options Exercisable	Exercise Price	Remaining Life (years)	Expiry Date
1,350,000	1,350,000	\$ 0.30	3.17	November 30, 2025
1,345,000	1,345,000	\$ 1.45	3.45	March 11, 2026 ⁽ⁱ⁾
450,000	450,000	\$ 1.30	3.67	May 31, 2026 ⁽ⁱⁱ⁾
150,000	150,000	\$ 2.45	3.78	July 12, 2026
1,250,000	1,250,000	\$ 1.64	3.90	August 23, 2026 ⁽ⁱ⁾
75,000	56,250	\$ 1.64	4.10	November 5, 2026
210,000	207,500	\$ 1.53	4.25	December 29, 2026
935,000	467,500	\$ 1.36	4.50	March 29, 2027 ⁽ⁱ⁾
5,765,000	5,276,250			

(i) Subsequent to September 30, 2022, 400,000 stock options, with exercise prices ranging from \$1.36 to \$1.64, issued an employee were forfeited.

(ii) During the period ended June 30, 2022, the exercise price was modified from \$2.70 to \$1.30.

Fair value of stock options granted during the period

The fair value for the compensation costs of stock options issued to both employees and non-employees were calculated using the Black-Scholes option pricing model resulting in an additional charge to general stock-based compensation expense with a corresponding increase in equity reserve.

During the three and nine months ended September 30, 2022, the Company incurred \$409,227 and, \$2,248,398 respectively (September 30, 2021 - \$1,549,139 and \$2,932,783, respectively) in compensation expense relating to options granted, vested and modified.

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 during the nine months ended September 30, 2022 and 2021:

	September 30, 2022	September 30, 2021
Risk-free	2.45%	0.88%
Expected volatility	139%	131%
Dividend rate	Nil	Nil
Expected life	5 years	5 years
Weighted average value of options granted during period	\$ 1.21	\$ 1.65

Avanti Helium Corp.

(formerly Avanti Energy Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Canadian dollars)

e) *Equity Reserve*

Balance, December 31, 2021	\$ 6,203,990
Share-based payments	2,248,398
Warrant issuance	962,700
Warrant exercise	(434,338)
Balance, September 30, 2022	\$ 8,980,750

8. RELATED PARTY TRANSACTIONS

The Company has the following related party transactions.

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.

During the three and nine months ended September 30, 2022, the Company had the following related party transactions:

Related Party	Three months ended		Nine 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

Avanti Helium Corp.

(formerly Avanti Energy Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

For the three and nine months ended September 30, 2022 and 2021

(Unaudited – Canadian dollars)

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).

9. SEGMENTED INFORMATION

The Company operates in the acquisition, exploration and evaluation of exploration and evaluation properties. The Company’s non-current assets other than financial instruments are allocated to geographical segments as at September 30, 2022 and December 31, 2021 are as follows:

Non-current Assets	September 30, 2022	December 31, 2021
Canada	\$ 885,884	\$ 582,238
United States	20,230,655	10,851,456
	<u>\$ 21,116,539</u>	<u>\$ 11,433,694</u>

10. SUBSEQUENT EVENT

Subsequent to the reporting period, the Company closed a public offering of 9,757,575 units of the Company (“Offering Unit”) at a price of \$0.66 for aggregate gross proceeds of \$6,440,000. Each Offering Unit consisted of one common share and one transferable share purchase warrant (“Warrant”). Each Warrant entitles the holder to purchase one common share at a price of \$0.80 until October 24, 2024.

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

Directors and officers subscribed for a total of 545,000 Offering Units of the public offering for aggregate gross proceeds of \$359,700.