

## SECTION 85(2) PURCHASE AND SALE (ROLLOVER) AGREEMENT

THIS AGREEMENT DATED EFFECTIVE as of the 30<sup>th</sup> day of November, 2020.

### BETWEEN:

**YELLOW LINE HELIUM LIMITED PARTNERSHIP**, a limited partnership formed under the laws of the Province of Alberta (hereinafter referred to as the "**Vendor**")

- and -

**GLOBAL HELIUM CORP.**, a corporation incorporated under the laws of the Province of Alberta (hereinafter called the "**Purchaser**")

**WHEREAS** the Vendor is a limited partnership, and wishes to transfer its assets and partnership property (the "**Assets**", and as hereinafter defined) to the Purchaser;

**AND WHEREAS** the Vendor is the legal and beneficial owner of the Assets;

**AND WHEREAS** the Vendor and the Purchaser desire that the transfer of the Assets occur on an income tax deferred basis pursuant to section 85(2) of the ITA (as hereinafter defined);

**AND WHEREAS** it is contemplated that the affairs of the Vendor will be wound up as a partnership within 60 days of the date hereof, pursuant to section 85(3) of the ITA;

**NOW, THEREFORE**, in consideration of the mutual covenants and agreements contained herein and of other good and valuable consideration (the receipt and sufficiency of which consideration is hereby acknowledged) the parties hereto do hereby agree as follows:

### **ARTICLE 1** **INTERPRETATION**

#### **1.1 Definitions**

In this Agreement, including the preamble, any schedules hereto, and this section, unless the context otherwise requires:

- (a) "**Agreement**" means this Purchase and Sale Agreement;
- (b) "**Assets**" means the assets of the Vendor set out in Schedule "A" hereto;
- (c) "**Common Shares**" means the Class "A" Common Shares in the share capital of the Purchaser;
- (d) "**Competent Authority**" means, collectively and individually, any or all of:
  - (i) the Canada Revenue Agency;

- (ii) the Provincial Treasurer of Alberta; or
  - (iii) a court or tribunal of competent jurisdiction;
- (e) "**Effective Time**" means 4:00 pm on the 30<sup>th</sup> day of November, 2020;
- (f) "**Election Amount**" means with respect to the Assets, the amount elected between the Vendor and the Purchaser as the proceeds of disposition to the Vendor and the cost of acquisition to the Purchaser all as determined in accordance with section 2.4, provided that such amount is to be greater than or equal to the adjusted cost base of the interest of the Vendor in the Assets, and less than or equal to the fair market value of the interest of the Vendor in the Assets;
- (g) "**Eligible Property**" means those Assets that are included in the definition of eligible property pursuant to subsection 85(1.1) of the ITA, as set out in Schedule "B"
- (h) "**Initial Agreed Amount**" has the meaning ascribed thereto in section 2.7;
- (i) "**ITA**" means the *Income Tax Act* (Canada), R.S.C. 1985, c.1 (5<sup>th</sup> Supplement), as amended;
- (j) "**Purchase Price**" means the fair market value of the Assets as set out in Schedule "C" hereto;
- (k) "**Redetermined Election Amount**" has the meaning ascribed thereto in section 2.7;
- (l) "**Units**" means units of the Purchaser, each unit consisting of one Common Share and one Warrant; and
- (m) "**Warrant**" means a common share purchase warrant of the Purchaser underlying the Units, each Warrant exercisable into one Common Share at an exercise price of \$0.25 per Common Share.

## 1.2 Articles, Sections and Headings

The division of this Agreement into articles, sections, subsections and paragraphs and the insertion of headings is for convenience of reference only and shall not affect the construction or interpretation of this Agreement. Unless otherwise specified herein, any reference in this Agreement to an article, section, subsection, paragraph or schedule refers to the specified article, section, subsection, paragraph or schedule of this Agreement.

## 1.3 Rules of Construction

Unless the context otherwise requires:

- (a) words importing the singular number only shall include the plural and vice versa and words importing the masculine gender shall include the feminine and neuter genders and vice versa;
- (b) the word "or" may be conjunctive or disjunctive, as the context may require;
- (c) the word "including" means "including without limitation";

(d) reference in this Agreement to any agreement, indenture or other instrument in writing means such agreement, indenture or other instrument in writing as amended, modified, replaced or supplemented from time to time; and

(e) reference to any statute shall be deemed to be a reference to such statute as amended, re-enacted or replaced from time to time, unless otherwise indicated.

#### **1.4 Governing Law**

This Agreement shall be construed, interpreted and enforced in accordance with, and the respective rights and obligations of the parties shall be governed by, the laws of the Province of Alberta and the federal laws of Canada applicable therein. Each of the parties hereto irrevocably submits to the exclusive jurisdiction of the courts of the Province of Alberta and all courts competent to hear appeals therefrom.

#### **1.5 Schedules**

Schedules "A", "B", and "C" are attached to, form part of, and are incorporated in this Agreement.

### **ARTICLE 2** **PURCHASE AND SALE**

#### **2.1 Purchase and Sale of Assets**

Subject to section 4.2 hereof, as at the Effective Time and subject to the terms and conditions hereof, the Vendor in consideration of the payment by the Purchaser of the Purchase Price, hereby sells, assigns, transfers, conveys and delivers to the Purchaser its entire beneficial right, title, estate and interest in and to the Assets, to have and to hold the same, together with all benefits and advantages to be derived therefrom, for the sole use and benefit of the Purchaser absolutely, without any warranty or representation except as set forth in this Agreement, but with full right of substitution and subrogation of the Purchaser in and to all covenants, representations and warranties of others given to the Vendor or to its predecessors in title in respect of the Assets or any part thereof, and the Purchaser hereby purchases the Assets from the Vendor for the Purchase Price.

#### **2.2 Purchase Price**

The Purchase Price is an amount which is equal to the fair market value of the Assets as set out in Schedules "A", "B", and "C" hereto.

#### **2.3 Payment of Purchase Price**

Forthwith on or after the time of closing, the Purchaser will provide 20,000 Units, which include 20,000 shares and 20,000 share purchase Warrants, in the capital of the Purchaser to the Vendor as consideration for the Assets. The Purchaser agrees to assume debt totaling \$[redacted] as outlined in schedule "B". The Purchaser will allot and issue to the Vendor the 20,000 shares as required pursuant to this section 2.3 as fully paid and non-assessable shares in the Purchaser and will cause share certificates representing such shares to be issued in the name of the Vendor as soon as practicable on or after the time of closing. The Purchaser will also allot and issue to the Vendor the 20,000 warrants as required pursuant

to this section 2.3 in the Purchaser and will cause warrant certificates representing such to be issued in the name of the Vendor as soon as practicable on or after the time of closing.

## 2.4 Election Amount

It is the intention of the Vendor to transfer the Assets to the Purchaser on an income tax deferred basis pursuant to subsection 85(2) of the ITA. The parties agree that the Election Amount for the Assets for the purposes of the subsection 85(2) elections (Form T-2058) shall be equal to: (i) the cost amount (as that term is used in the ITA) of the Assets as at the Effective Time as determined by the Vendor's accountants; (ii) the amounts specified at Schedule "B" hereof; or (iii) as otherwise determined by the parties, and that such amounts shall be subject to the limitations imposed by subsection 85(2) of the ITA and the adjustments provided for in sections 2.6 and 2.7.

## 2.5 Elections

The parties agree that the sale of the Assets by the Vendor to the Purchaser hereunder shall be made on a tax-deferred basis pursuant to the provisions of section 85 of the ITA. The parties shall jointly make elections, in prescribed form, on Form T-2058, and within the time prescribed by subsection 85(6) of the ITA, such that the rules set forth in subsection 85(2) of the ITA shall apply to the purchase and sale of the Assets. All of the partners of the Vendor shall so elect in the prescribed form and within the time prescribed, and Vendor shall so procure same as required. Each party further agrees to execute, deliver and file such deeds, election forms, and documents as may be necessary to effect the same. The parties agree that such election forms as may be necessary shall be filed by the parties' accountants.

## 2.6 Value

- (a) The Vendor and the Purchaser have made a *bona fide* effort with the assistance of their accountants to determine the fair market value of the Assets, and their determination of such fair market value of the Assets as determined by them is set out in Schedule "C" of this Agreement.
- (b) The Vendor and the Purchaser have also determined with the assistance of their accountants that the fair market value of the consideration to be given by the Purchaser to the Vendor for the Assets is the equivalent of the fair market value of the Assets as determined by them and set out in Schedule "C" of this Agreement.

## 2.7 Election Amount Adjustment

If, at any time, it is finally determined by, or in agreement with, a Competent Authority (and all rights or objections and appeals have been exhausted or expired), or otherwise by agreement between the Vendor and the Purchaser, that the Election Amount (as at, or immediately before, the Effective Time, as the case may be) as determined by the Vendor in accordance with section 2.4 (hereinafter called the "**Initial Agreed Amount**") is less than or greater than the amount necessary to effect this transaction on a tax-deferred basis in respect of the Vendor (hereinafter called the "**Redetermined Election Amount**") the provisions of this Agreement shall be deemed always to have been amended as necessary, *nunc pro tunc*, with respect to the Vendor:

- (a) to substitute the Redetermined Election Amount for the Initial Agreed Amount in respect of the Assets; and

- (b) to make any other related or corresponding adjustment to any provision of this Agreement which may be necessary to carry out the intention of the parties, and the said amendments shall be deemed always to have been included in this Agreement from the date that this Agreement takes effect, and the Vendor and the Purchaser agree that they will:
- (c) jointly make an amended election under subsection 85(7.1) of the ITA, in prescribed form, so as to elect that the amount agreed upon for the purposes of paragraph 85(1)(a) of the ITA shall be equal to the Redetermined Election Amount in respect of the Assets; and
- (d) execute and file all documents required to give effect to the amended election referred to in subsection (c) above, and
- (e) the Vendor shall pay any penalty payable as stipulated in subsection 85(8) of the ITA.

## **2.8 Stated Capital**

Pursuant to subsection 28(3) of the *Business Corporations Act* (Alberta), the Purchaser shall add to the stated capital account in respect of the Common Shares an amount equal to the Election Amount as determined under section 2.4 hereof, minus the non-share consideration attributable to the Eligible Property.

## **2.9 Reassessment**

The parties hereto mutually covenant and agree that in the event a Competent Authority, pursuant to the ITA or otherwise, reassesses either of the parties hereto, as a result of the transactions contemplated herein, then the party so reassessed shall immediately give notification to the other party of such reassessment and in such notice shall indicate whether or not the party giving such notice will pursue a bona fide objection to any such reassessment. In the event that the reassessed party does not propose to pursue such an objection, the other party shall have thirty (30) days after the written notification herein provided to advise the reassessed party of its desire to have such reassessment opposed, whereupon such objecting party shall have full power and authority to prosecute an objection or appeal on behalf of the reassessed party and the reassessed party agrees to cooperate fully in respect thereof, section the filing of documents, making available all returns, books and records, the attendance at meetings and doing al such other acts and things as may reasonably be required by the objecting party.

## **ARTICLE 3** **REPRESENTATIONS AND WARRANTIES**

### **3.1 Representations and Warranties of the Vendor**

The Vendor represents and warrants to the Purchaser as follows, and acknowledges that the Purchaser is relying on such representations and warranties in connection with the transactions contemplated by this Agreement.

#### **(a) Formation and Organization of the Vendor**

The Vendor is a limited partnership duly organized and validly existing under the laws of the Province of Alberta and is fully qualified to transact its business and is in good standing and up-to-date in all corporate filings in such jurisdiction.

**(b) Validity of Agreement**

The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not result in the violation or breach of or be in conflict with or constitute a default under any of the terms or provisions of any agreement or instrument to which the Vendor is a party or by which he is bound or to the best of the Vendor's knowledge, information and belief under any judgement, decree, order, statute, regulation, rule or license.

**(c) Ownership of Assets**

The Vendor is the legal and beneficial owner of the Assets and has the right, full power and absolute authority to sell, transfer, assign and deliver their entire beneficial title to the Assets to the Purchaser for the purposes and in the manner herein provided.

**(d) Litigation**

There are no actions, suits, investigations, arbitration proceedings or other proceedings pending or to the knowledge of the Vendor threatened against or affecting title of the Vendor to the Assets, at law or in equity, or before any federal, provincial, state, municipal or other governmental department, commission, board, bureau, agency or instrumentality, domestic or foreign, or by or before any arbitrator which actions, suits, investigations, arbitration proceedings or court proceedings involve the possibility of any judgment or liability. The Vendor is not aware of any existing grounds on which any such action or proceeding might be commenced with any reasonable likelihood of success.

**(e) Resident in Canada**

The Vendor is resident in Canada within the meaning of the ITA.

Except as expressly stated in this section 3.1, the Vendor makes no other representation or warranty, express or implied.

**3.2 Representations and Warranties of the Purchaser**

The Purchaser hereby represents and warrants to the Vendor as follows, and acknowledges that the Vendor is relying on such representations and warranties in connection with the transactions contemplated by this Agreement.

**(a) Incorporation and Organization of the Purchaser**

The Purchaser is a corporation duly incorporated, valid and subsisting under the laws of the Province of Alberta and is fully qualified to transact its business and is in good standing and up-to-date in all corporate filings in such jurisdiction.

**(b) Corporate Authority and Due Execution**

The Purchaser has all necessary corporate power and authority to execute, deliver and perform its obligations under this Agreement, and all necessary actions, corporate or otherwise, have been taken by and on behalf of the Purchaser to approve this Agreement and the transactions contemplated hereunder. This Agreement has been duly executed and delivered by the Purchaser and constitutes a valid and binding obligation of the Purchaser enforceable in accordance with its terms, except as such enforcement may be limited by bankruptcy, insolvency or other similar laws affecting the enforcement of creditors' rights generally or general principles of equity.

**(c) Validity of Agreement**

The execution and delivery of this Agreement and the consummation of the transactions contemplated herein will not result in the violation or breach of or be in conflict with or constitute a default under any of the terms or provisions of any agreement or instrument to which the Purchaser is a party or by which it is bound or to the best of the Purchaser's knowledge, information and belief under any judgement, decree, order, statute, regulation, rule or license.

**(d) Issuance of Common Shares**

The authorized capital of the Purchaser includes an unlimited number of Common Shares. Upon issuance of the Common Shares to the Purchaser, the Common Shares shall be fully paid up and non-assessable, the Vendor shall be the legal and registered owner of the Common Shares and the Common Shares shall be free and clear of all mortgages, hypothecations, charges, liens, security interests, encumbrances and adverse claims or interest of any kind whatsoever.

**(e) Taxable Canadian Corporation**

The Purchaser is a taxable Canadian corporation within the meaning of the ITA.

**3.3 Survival**

The representations and warranties of the Vendor and Purchaser contained in this Article 3 shall be true and correct as of the Effective Time and shall survive the completion of the transactions contemplated by this Agreement.

**3.4 Indemnity**

The Vendor shall continue to remain liable and indemnify the Purchaser from and against any liability, loss, costs, claims or damages arising out of any matter or thing relating to the Assets occurring or arising prior to the Effective Time, and the Purchaser shall indemnify the Vendor from and against similar liability, loss, costs, claims or damages arising subsequent to the Effective Time.

**3.5 Access to Records**

The Vendor agrees that the Purchaser, its successors and assigns, shall after the date of this Agreement have access to the records and books of the Vendor, at all reasonable times, so far as such records

and books relate to the Assets, in connection with any tax assessment or other governmental or regulatory filing requirements, investigations, audit or inspection that the Purchaser, its successors or assigns may be subject to with respect to the Assets.

## **ARTICLE 4** **CLOSING**

### **4.1 Closing**

Subject to section 4.2 hereof, at or within a reasonable time following closing, the Vendor will deliver or cause to be delivered to the Purchaser all deeds, bills of sale, transfers and assignments as are necessary to effectively vest good and marketable beneficial title to the Assets in the Purchaser, and possession of the Units. The Units remain at the risk of the Vendor until the Effective Time and thereafter will be at the risk of the Purchaser.

### **4.2 Entitlement to Income and Proceeds**

The Purchaser will be entitled to all income derived from the Units and all proceeds and other amounts in respect of the Units, including all income, proceeds and other amounts received by the Vendor or credited to the account of the Vendor, at or after Effective Time (other than proceeds of the disposition of the Units and other amounts received or receivable by the Vendor pursuant to this Agreement) and the Vendor will immediately pay and set over to the Purchaser all such income, proceeds or other amounts, whether received by the Vendor or credited to the account of the Vendor.

## **ARTICLE 5** **NOTICES**

### **5.1 Notices**

Any notices or other communications required or given under this Agreement shall be in writing, shall be delivered or facsimiled and shall be deemed to have been given and received when delivered in person addressed as follows, or, when communicated by facsimile, on the business day of the facsimile communication if such facsimile communication is given during normal business hours (and otherwise on the next business day):

- (a) if to the Vendor, addressed to the Vendor at:

c/o 1250, 639 – 5 Avenue SW  
Calgary, AB T2P 0M9

- (b) if to the Purchaser, addressed to the Purchaser at:

c/o 1250, 639 – 5 Avenue SW  
Calgary, AB T2P 0M9

or at such other place or places or to such other person or persons as shall be designated in writing by a party to this Agreement in the manner provided above.



**ARTICLE 6**  
**MISCELLANEOUS**

**6.1 Entire Agreement**

This Agreement constitutes the entire agreement between the parties hereto and there are no other written or verbal agreements or representations, warranties or covenants between the parties with respect to the subject matter hereof.

**6.2 Enurement**

This Agreement shall be binding upon and enure to the benefit of the parties hereto and their respective successors and permitted assigns. This Agreement may not be assigned by either party, by operation of law or otherwise, without the prior written consent of the other party.

**6.3 Severability**

In case any provision in this Agreement shall be prohibited, invalid, illegal or unenforceable in any jurisdiction, such provision shall be ineffective only to the extent of such prohibition, invalidity, illegality or unenforceability in such jurisdictions without affecting or impairing the validity, legality or enforceability of the remaining provisions hereof, and any such prohibition, invalidity, illegality or unenforceability shall not affect or impair such provision in any other jurisdiction.

**6.4 Further Assurances**

At the Effective Time or as requested thereafter by the Purchaser, the Vendor shall execute and deliver to the Purchaser such transfers, assignments and other documents of title covering the Units as may be reasonably required by the Purchaser. Each of the parties hereto shall, from time to time and at all times hereafter, at the request and expense of any other party so requesting do such further acts and execute and deliver such further documents as shall be reasonably required in order to fully perform or carry out the true intent and meaning of this Agreement.

**6.5 Time of Essence**

Time shall be of the essence of this Agreement.

**6.6 No Waiver**

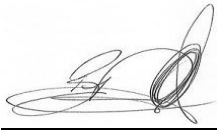
Failure of any party hereto to insist upon strict performance of a covenant hereunder or of any obligation hereunder, irrespective of the length of time for which such failure continues, shall not be a waiver of such parties right to demand strict compliance in the future. No consent or waiver, express or implied, to or of any breach, or default in the performance of any obligation hereunder shall constitute a consent or waiver to or of such other breach or default in the performance of the same or of any other obligation hereunder.

**6.7 Amendment**

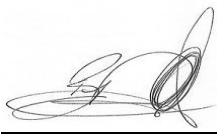
This Agreement may not be amended, modified or terminated except by written agreement executed and delivered by both parties hereto.

**IN WITNESS WHEREOF** the parties hereto have executed and delivered this Agreement to be effective as of the day and year first above written.

**YELLOW LINE HELIUM LIMITED  
PARTNERSHIP by its General Partner**

Per:  \_\_\_\_\_

**GLOBAL HELIUM CORP.**

Per:  \_\_\_\_\_

**SCHEDULE "A"**

**THE ASSETS**

All of the assets of the Vendor at November 30, 2020, which for greater clarity would include, but not limited to:

	<u>FMV</u>
Cash, estimated to be:	[\$[redacted]]
Accounts receivable, estimated to be:	[\$[redacted]]
Prepaid expenses, estimated to be:	[\$[redacted]]
Saskatchewan helium permits (H00341 and H00352), estimated to be:	[\$[redacted]]
Other Property, estimated to be:	[\$[redacted]]

**SCHEDULE "B"**

**RELEVANT AMOUNTS**

Property Transferred			Elected Amount	Consideration Received		
"Assets", as defined in paragraph 1.1(b) hereof	Fair Market Value	Cost amount		Non-Share Consideration	Units	Fair Market Value of Consideration
Cash	[\$redacted]	[\$redacted]	N/A	[\$redacted]		[\$redacted]
Accounts receivable	[\$redacted]	[\$redacted]	N/A	[\$redacted]		[\$redacted]
Prepaid expenses	[\$redacted]	[\$redacted]	N/A	[\$redacted]		[\$redacted]
Helium permits	[\$redacted]	[\$redacted]	[\$redacted]	[\$redacted]	19,800 Units of the Purchaser	[\$redacted]
Other property	[\$redacted]	[\$redacted]	[\$redacted]		200 Units of the Purchaser	[\$redacted]

**SCHEDULE "C"**

**VALUATION**

<u>Assets per 1.1 (b)</u>	<u>FMV</u>
Cash , estimated to be:	[\$[redacted]]
Accounts receivable, estimated to be:	[\$[redacted]]
Prepaid expenses, estimated to be:	[\$[redacted]]
Saskatchewan helium permits (H00341 and H00352), estimated to be:	[\$[redacted]]
Other Property, estimated to be:	[\$[redacted]]