



***Global Helium Corp.***  
**ANNUAL INFORMATION FORM**

**For the fiscal year ended December 31, 2021**

**May 31, 2022**

## TABLE OF CONTENTS

PRELIMINARY NOTES .....	2
GLOSSARY OF TERMS.....	4
CORPORATE STRUCTURE .....	4
Name, Address, Incorporation.....	4
Intercorporate Relationships.....	4
GENERAL DEVELOPMENT OF THE BUSINESS.....	5
History .....	5
Recent Developments.....	6
Significant Acquisitions .....	6
DESCRIPTION OF BUSINESS .....	6
General .....	6
Description of Products .....	7
Principal Markets - Market Size and Growth.....	8
Company's Helium Interests .....	12
Operations .....	15
Competitive Conditions.....	15
Employees .....	15
Key Partners .....	15
Specialized Skills and Knowledge .....	15
Government Regulation .....	16
Intangible Properties .....	17
Changes to Contracts.....	17
RISK FACTORS .....	17
DIVIDENDS AND DISTRIBUTIONS.....	29
DESCRIPTION OF CAPITAL STRUCTURE .....	29
Authorized Capital .....	29
Capital Issued and Outstanding .....	29
Class A Common Voting Shares.....	29
Class B Non-Voting Common Shares .....	29
Preferred Shares .....	30
Warrants to Purchase Class A Common Shares .....	30
Stock Options .....	30
MARKET FOR SECURITIES .....	31
Trading Price and Volume .....	31
Prior Sales .....	31
ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER ..	32
DIRECTORS AND OFFICERS.....	33
Name, Occupation and Security Holding .....	33
Cease Trade Orders, Bankruptcies, Penalties or Sanctions .....	35
Conflict of Interest .....	37
Penalties or Sanctions.....	37
Personal Bankruptcies .....	37
PROMOTERS .....	37
AUDIT COMMITTEE .....	38
LEGAL PROCEEDINGS AND REGULATORY ACTIONS.....	39
INTERESTS OF MANAGEMENT AND OTHERS MATERIAL TRANSACTIONS.....	39
TRANSFER AGENT AND REGISTRAR.....	40
MATERIAL CONTRACTS.....	40
INTERESTS OF EXPERTS.....	40
ADDITIONAL INFORMATION .....	40
APPENDIX A .....	41

## PRELIMINARY NOTES

### Currency

Except where otherwise indicated, all references to currency in this Annual Information Form or “AIF” are to Canadian dollars.

### Date of Information

All information in this Annual Information Form is as of and for the year ended December 31, 2021, unless otherwise indicated.

### Forward-Looking Statements

This Annual Information Form contains forward-looking statements within the meaning of applicable securities legislation. These statements relate to future events or our future financial performance. In some cases, you can identify forward-looking statements by terminology such as “may”, “should”, “expect”, “plan”, “anticipate”, “believe”, “estimate”, “predict”, “potential” or “continue” or the negative of these terms or other comparable terminology. These statements are only predictions and involve known and unknown risks, uncertainties, and other factors, including the risks in the section entitled “*Risk Factors*” and the risks set out below, any of which may cause the Company’s or our industry’s actual results, levels of activity, performance, or achievements to be materially different from any future results, levels of activity, performance or achievements expressed or implied by these forward-looking statements. These risks include, by way of example and not in limitation:

- risks related to the fact that the Company is an exploration stage company with no properties with known quantities of helium, no helium properties on production, and may incur losses for the foreseeable future;
- market risks such as general economic conditions, the Global Covid-19 pandemic, changes in markets, volatility in helium prices and foreign exchange, and share price volatility;
- financial risks including the future requirement for additional financing, going concern statements, future issuances of equity or debt, changes in interest rates, hedging risks, and third-party credit risks;
- operational risks include the fact that the Company has no history of helium operations, production declines and interruptions, potential increases in operating and transportation costs, adverse weather conditions, reliance on technology, risks to title, license and permit terms and expiries, the reliance on special skills and knowledge, access to equipment and operator performance;
- acquisition and expansion risks including the future requirement of additional capital, risks to acquisitions and divestments, intense competition, and other growth-related risks;
- regulatory and political risks related to governmental and environmental regulations, changes to title or borders, and changes to royalties and taxes;
- environmental risks and hazards related to changes in environmental legislation, abandonment and reclamation, hydraulic fracturing, climate change and the potential for lawsuits; and
- other risks including risk management, reliance on key personnel, limitations on insurance and insurability, conflicts of interest, cyber security, accounting policy compliance, breach of controls, political events and terrorist attacks, and risk of litigation.

This list is not an exhaustive list of the factors that may affect any of our forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on our forward-looking statements.

The Company believes the expectations reflected in the forward-looking statements are reasonable, but no assurance can be given that these expectations will prove to be correct. The material factors and assumptions that were applied in making the forward-looking information in this AIF include: (a) execution of the Company's existing business plans and growth strategy which may change due to changes in the views of the Company, or if new information arises which makes it prudent to change such business plans and growth strategy; and (b) the accuracy of current interpretation of research results, since new information or new interpretation of existing information may result in changes in the Company's expectations. Forward looking information is based on a number of assumptions that may prove to be incorrect including but not limited to assumptions about: our ability to effectively find, produce and market helium; the impact of competition; the ability to obtain and maintain existing financing on acceptable terms; the ability to retain skilled management and staff; the ability to acquire a significant market position in our target markets; currency, exchange and interest rates; the availability of financing opportunities, risks associated with economic conditions, dependence on management and conflicts of interest; the progress and success of the Company's product marketing; and operating in a regulatory environment.

In evaluating forward-looking statements, current and prospective shareholders should specifically consider various factors, including the risks outlined herein under the heading "*Risk Factors*". Should one or more of these risks or uncertainties, or a risk that is not currently known to us materialize, actual results may vary materially from those described herein. Investors are cautioned that forward-looking statements are not guarantees of future performance and are inherently uncertain. Accordingly, investors are cautioned not to put undue reliance on forward-looking statements.

These statements speak only as of the date of this Annual Information Form. The Company does not undertake any obligation to publicly update or revise any forward-looking statements unless required by applicable laws. **Any forward-looking information contained herein is expressly qualified by this cautionary statement.** The forward-looking statements in this AIF are provided for the limited purpose of enabling current and potential investors to evaluate an investment in the Company. Readers are cautioned that such statements may not be appropriate and should not be used for other purposes.

## GLOSSARY OF TERMS

In this Annual Information Form, the following words and phrases have the meanings set forth below, unless otherwise indicated.

“**AIF**” or “**Annual Information Form**” means this annual information form;

“**Audit Committee**” means the audit committee of the Board;

“**Board of Directors**” or “**Board**” means the board of directors of the Company;

“**Common Shares**” means the Class A Common Shares of the Company;

“**Company**” means Global Helium Corp;

“**CSE**” means the Canadian Securities Exchange;

“**YLH LP**” means Yellow Line Helium Limited Partnership.

All financial information in this Annual Information Form is prepared in accordance with international financial reporting standards, unless otherwise noted.

### *Abbreviations*

Bcf	billion cubic feet	Mmcf	million cubic feet
Bcf/y	billion cubic feet per year	Mmcf/d	million cubic feet per day
Cdn\$	Canadian Dollars	MM m <sup>3</sup> /yr	million cubic metres per year
€	Euro	Tcf	trillion cubic feet
FY[Year]	Fiscal Year [Applicable Year]	US\$	United States Dollars
Mcf	thousand cubic feet		
Mcf/y	thousand cubic feet per year		

## CORPORATE STRUCTURE

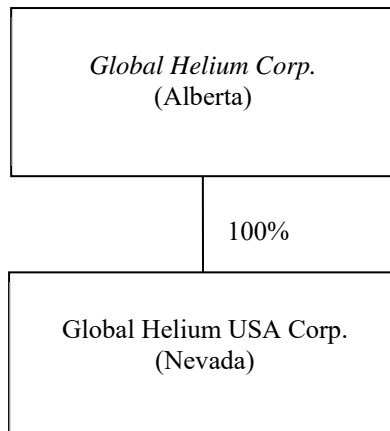
### **Name, Address, Incorporation**

The Company was incorporated under the laws of the province of Alberta on November 13, 2020, and changed its name to Global Helium Corp. on December 2, 2020. On November 30, 2020, the Company acquired all the assets and liabilities of the Yellow Line Helium Limited Partnership, an Alberta limited partnership that was formed on January 1, 2019. The Company’s Common Shares are listed on the CSE under the symbol “HECO” and began trading on May 19, 2021. The Company’s Common Shares are also quoted on the pink sheets of the OTC Markets under the symbol “HECOF” and began trading on September 7, 2021.

The Company’s head office is located at 800, 555-4th Ave SW, Calgary, AB, T2P 3E7 and its registered office is located at 1250, 639 – 5 Avenue SW, Calgary, AB T2P 0M9.

### **Intercorporate Relationships**

The Company operates its business through the parent corporation and through its principal wholly-owned subsidiary, Global Helium USA Corp. Global Helium USA Corp. was incorporated under the laws of Nevada on November 10, 2021.



## GENERAL DEVELOPMENT OF THE BUSINESS

### History

#### 2020

The Company was incorporated on November 13, 2020, for the purpose of acquiring all the assets and liabilities of the Yellow Line Helium Limited Partnership ("YLH LP"), an Alberta limited partnership that was formed on January 1, 2019.

On November 30, 2020, the Company acquired 100% of the assets of YLH LP in exchange for 20,000 common shares and 20,000 common share purchase warrants at a price of \$0.005 per unit, and the assumption of YLH LP's debt. Each warrant entitles the holder thereof to acquire one additional Common Share at a price of \$0.25 per share for a period of 24 months from the Listing Date. YLH LP held two helium exploration permits in the province of Saskatchewan that are prospective for helium, which it acquired in September and October of 2019. Subsequent to this transaction, the net assets of YLH LP, being 100% of the shares and warrants in the Company, were distributed to the partners and YLH LP was immediately dissolved.

#### 2021

On January 1, 2021, the Company issued 7,980,000 units at \$0.005 per unit for gross proceeds of \$39,900. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.25 per share until May 19, 2023. On January 15, 2021, the Company issued 5,500,000 units at \$0.02 per unit for gross proceeds of \$110,000. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.25 per share until May 19, 2023.

On February 1, 2021, the Company issued 5,300,000 units at \$0.05 per unit for gross proceeds of \$265,000. Each unit consisted of one common share and one common share purchase warrant exercisable at \$0.25 per share until May 19, 2023.

On March 1, 2021, the Company issued 8,756,403 units at USD\$0.39 per unit for gross proceeds of USD\$3,414,997 (CDN \$4,323,728). Each unit consisted of one common share and one common share purchase warrant exercisable at CDN\$1.00 per share until May 19, 2023. On March 1, 2021, the Company issued 2,097,597 units at \$0.50 per unit for gross proceeds of \$1,048,799. Each unit consisted of one common share and one common share purchase warrant exercisable at \$1.00 per share until May 19, 2023.

In October 2021, the Company issued 7,774,820 units at \$0.65 per unit for gross proceeds of \$5,053,633. Each unit consisted of one common share and one common share purchase warrant exercisable at \$1.00 per share until October 2023. In addition, 255,070 purchase warrants, exercisable until October 2023 at a price of \$0.65 per share, were issued as additional compensation to the agent with respect to this financing.

During 2021, 3,391,720 warrants were exercised for cash proceeds of 1,978,420 and 300,000 options were exercised for cash proceeds of \$45,000.

During 2021, the Company obtained 23 additional helium exploration permits in the province of Saskatchewan that are prospective for helium. The Company currently holds 25 helium exploration permits covering a total area of 564,747 hectares (1,395,490 acres). The Company also completed an option and farm-in agreement in North Central Montana.

### **Recent Developments**

During the current financial year ended December 31, 2022, the Company has obtained three additional helium exploration permits in Saskatchewan covering 54,510 additional hectares (134,695 acres). In addition, the Company is in the process of leasing acreage in North Central Montana. The Company acquired a large position in a known, helium-proven geological structure in Montana, known as “Pale Rider.” The acquisition includes seventeen highly prospective, contiguous square miles on a known helium prospect, which has previously produced and tested 1.2% helium. The pre-existing well, drilled by Texaco in 1948 and located on Global’s lands, tested over 1.3 mmcf/d of non-combustible gas with 1.2% helium and a very high percentage of nitrogen. Only trace amounts of methane and CO<sub>2</sub> were present. An offset well drilled in 1958 also confirmed potential reservoir in deeper formations that are expected to be prospective for helium. Using extensive seismic coverage, the Company has mapped an 18 square mile (11,500 acre) helium pool, with greater than 90% of the pool covered by the land recently acquired by the Company. The Company sees strong potential for significant helium volumes, as the structure is a very large anticline related to a simple basement-involved thrust along the northern edge, which is well defined by seismic.

### **Significant Acquisitions**

Global Helium did not complete any “significant acquisitions” (as such term is defined in NI 51-102) during the financial year ended December 31, 2021.

## **DESCRIPTION OF BUSINESS**

### **General**

Global Helium is focused on the exploration and development of helium to meet the needs of a growing helium market in North America and around the world. The company has acquired a significant land base in a known helium fairway in southern Saskatchewan and is actively evaluating identified prospects while pursuing additional opportunities.

#### *What is helium?*

Helium is a rare and vital element in many critical applications in the medical, science, aerospace, and high-tech manufacturing sectors around the world. The dynamics of the helium market in North America and around the world are changing quickly as North American supplies are falling, demand is expected to increase, and the world is looking for new sources of helium.

Helium has unique properties, including:

- Lowest boiling point (cryogenic cooling)
- High specific heat capacity and thermal conductivity (heat transfer cooling)
- Chemically inert (non-reactive, critical in protective atmospheres)
- Lowest density (2<sup>nd</sup> lightest element on earth and used in lift applications)
- Smallest molecular atom (leak detection)
- Extremely low solubility (deep sea diving)

#### *What is helium used for?*

Because of its unique properties, helium is required in specific applications. As a cryogenic coolant, liquid helium is critical in physics research and the medical field where the helium maintains superconducting magnets at critically low temperatures including Magnetic Resonance Imaging (MRI) and Nuclear Magnetic Resonance (NMR) spectroscopy machines and instruments. Liquid helium is increasingly being used as a primary coolant in internet data

centers, advanced hard drives, and in quantum computing. This property is also essential in the space industry where liquid helium is required to pre-cool hydrogen and oxygen in liquid rocket fuels.

Because of its high specific heat capacity, helium is used as a heat transfer medium in military aircraft, gas-cooled nuclear reactors and in the manufacturing of fiber optics from silica. Its specific heat capacity and inert properties also make helium essential in manufacturing advanced electronics including semiconductors and microchips that we find in everyday products like smart phones, Liquified Crystal Displays (LCD), TV's, computers, and gaming systems. This circuitry miniaturization would be impossible without helium. These properties also make helium ideal as a shield gas in welding applications.

Helium's low density makes it an ideal non-flammable replacement for hydrogen in lift requirements such as scientific and weather balloons, blimps, and hybrid air vehicles. Helium's special properties also make it critical in other areas such as lasers and barcode scanners, deep sea diving, purging and leak detection, gas chromatography, supersonic wind tunnels, advanced microscopes and telescopes, etc.

In summary, helium is vital in many applications. Helium cannot be commercially synthesized and there are currently no substitutes in most applications.

#### *Where is it found?*

Helium is abundant in the universe however is extremely rare on earth. Helium is just four parts per trillion in seawater, eight parts per billion in the earth's crust and five parts per million in the atmosphere.

Helium is generated deep in the earth's crust over billions of years by the radioactive decay of heavy elements like uranium and thorium. Over time, the helium migrates upward through the subsurface and eventually reaches the earth's surface where it enters the atmosphere. Given its extremely low density, helium rises to the upper layers of the exosphere and escapes the earth's gravity as it is swept into space by solar winds. This makes helium an exhaustive and non-renewable resource.

Fortunately, as the helium migrates upwards some of the helium becomes trapped below impermeable layers of rock, similar to how hydrocarbons such as natural gas are trapped. Most natural gas reservoirs do not contain any helium. When they do, most conventional natural gas reservoirs contain small concentrations of <0.5% by volume<sup>1</sup>. For this reason, the production of helium around the world is primarily a byproduct in the production and processing of natural gas. Most recently, new helium supplies are from large scale Liquified Natural Gas (LNG) projects where it is produced at very low concentrations (0.04% to 0.17%).

#### **Description of Products**

Once discovered, helium is produced as a small percentage of other gases and liquids which may include methane, carbon dioxide, nitrogen, hydrogen, neon, and water. A helium facility is required to separate out these gases to render high purity helium. Commercially available technologies and processes are available including gas pretreating, fractional distillation, pressure swing adsorption, and cryogenic processes that may create helium purities of up to 99.9999%. The facility requirements, final product and purity depend on several factors such as the initial helium concentration and gas constituents, capital and operating costs, and most importantly the customer's required application and specifications. The helium purity will directly affect the final price received. The final product may be shipped as a gas in pressurized containers or as cryogenic liquid in specially designed insulated vessels. The remaining gases that are recovered in the process may be sold as a byproduct if the economics are favorable for that product or disposed of. Significant capital is required to design and construct a helium facility and additional financing will be required by the Company to do so, see "*Risk Factors*" below.

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<sup>1</sup>S. Bahl, *Helium – Macro View Update*, Edison Investment Research, February 25, 2019, p.2. Retrieved from <https://www.edisongroup.com/search-results/?search=helium>.



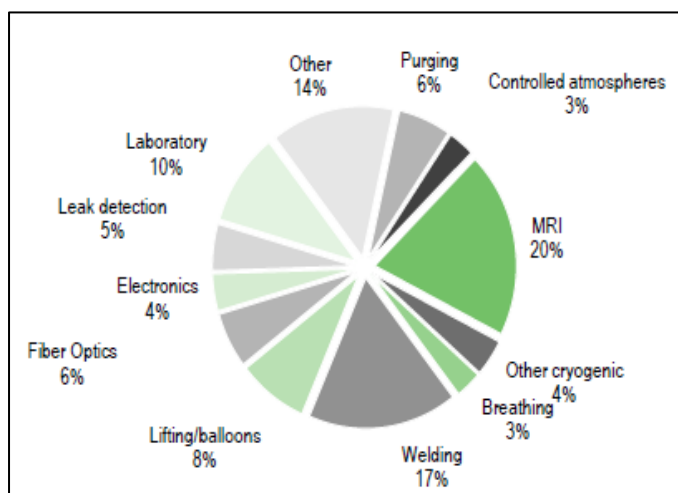
## Principal Markets - Market Size and Growth

*This AIF includes market and industry data that has been obtained from third party sources, including industry publications. The Company believes that its industry data is accurate and that its estimates and assumptions are reasonable, but there is no assurance as to the accuracy or completeness of this data. Third party sources generally state that the information contained therein has been obtained from sources believed to be reliable, but there is no assurance as to the accuracy or completeness of included information. Although the data is believed to be reliable, the Company has not independently verified any of the data from third party sources referred to in this AIF or ascertained the underlying economic assumptions relied upon by such sources.*

### World Demand

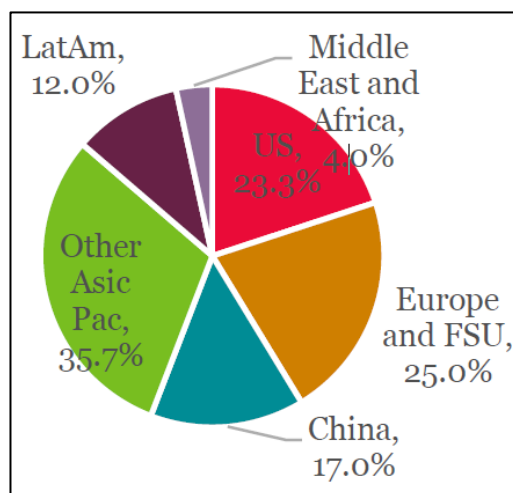
In 2019, the global demand for helium was estimated at 6.2 Bcf/yr. Global demand decreased approximately 10% in 2020 due to the impact of the Covid-19 Pandemic and the lockdown's diminishing effect on demand for balloons from the public. It is believed that demand will rebound to recoup half of the reduction observed in 2020.<sup>2</sup> As shown in the diagram below, the primary markets for helium are diverse given the unique characteristics of helium and its broad application. While MRI use is currently the largest market, increasing helium demand is shifting to Asia for use in the manufacturing of electronics.

**Global Demand Constituents for Helium**



Source: Edison Investment Research<sup>3</sup>

**Forecast 2021 Helium Consumption by Area**



Source: Hannam & Partners<sup>4</sup>

### World Supply

Based on the most recently available data, the 2019 global supply of helium was estimated at 5.8 Bcf/yr or ~163 MM m<sup>3</sup>/yr.

<sup>2</sup> J. Magness, *Global Helium Market Update: Market Shifting to Oversupply by Mid-2020s*, May 5, 2021, p.1. Retrieved from <https://www.edisongroup.com/search-results/?search=helium>

<sup>3</sup> *Ibid.*, Magnees, p. 2.

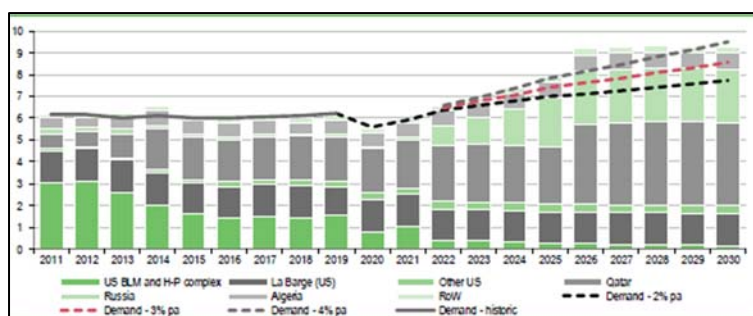
<sup>4</sup> A. Kapadia and J. Ashfield, *Helium A super cool commodity*, Hannam & Partners, December 14, 2020, p. 64. Retrieved from <http://www.hannam.partners/search/?q=helium>.

### World Helium Production (MM m<sup>3</sup>/yr)

Country	Production (MM m <sup>3</sup> )			
	2016	2017	2018	2019
United States (extracted from natural gas)	66	63	64	68
United States (from Cliffside Field)	23	28	26	21
Algeria	10	14	14	14
Australia	4	4	4	4
Canada	<1	<1	<1	<1
China	N/A	N/A	N/A	N/A
Poland	2	2	2	2
Qatar	50	45	45	51
Russia	3	3	3	2
World Total (rounded)	160	160	158	160

Source: Cormark Securities Inc.<sup>5</sup>

### Estimated Global Supply/Demand Forecast (bcf)



Source: Edison Investment Research<sup>6</sup>

As shown, in 2019, approximately 95% of the world's helium supply came from just three countries: The United States (55%), Qatar (31%), and Algeria (9%). The balance of supply from Australia, Poland, Russia, Canada, and other countries was just 5%.<sup>7</sup> In 2027, it is estimated that 75% of global helium supply will come from Qatar, Russia, and Algeria (up from 50% in 2020).<sup>8</sup> This presents risks and uncertainty in the supply of helium, and thus, the Company believes that some industrial gas companies might be prepared to pay a premium to secure supply of helium outside of these three countries.

Global helium supply has been declining since 2015, primarily from decline in production from the United States. Production in the United States has fallen from 4.7 Bcf/yr in 2011 (75% of world demand) to just 2.8 Bcf/yr in 2020 (50% of world demand)<sup>9</sup>. Helium production from the US will continue to decline without additional discoveries and development. The three largest sources of helium production in the US are the Labarge Field in Wyoming, the Hugoton Gas Field that spans Texas, Oklahoma and Kansas and production from the Bureau of Land Management (BLM) Federal Helium Reserve (FHR) stored in Bush Dome in the Cliffside Field near Amarillo Texas. The Hugoton natural gas field is one of the largest conventional gas fields in the United States and contains ~0.7% helium. The field has been producing since 1928 and has produced 27 Tcf of natural gas to date<sup>10</sup>. Production from the field is currently 156

<sup>5</sup> M. Mueller, P. Geo, CFA, *Helium – It's a Gas – A Unique Investment Opportunity in an Emerging Industry*, Cormark Securities Inc., July 29, 2020, p. 6. Retrieved from [https://www.petrelrob.com/files/CormarkHelium\\_29072020.pdf](https://www.petrelrob.com/files/CormarkHelium_29072020.pdf).

<sup>6</sup> *Op. cit.*, Magness, p. 5.

<sup>7</sup> *Op. cit.*, Mueller, p. 5.

<sup>8</sup> *Op. cit.*, Magness, p. 3.

<sup>9</sup> *Ibid.*, Magness, p. 4.

<sup>10</sup> *Ibid.*, Magness p. 8.

Mmc/d of natural gas (400 Mcf/yr of helium)<sup>11</sup> and is declining at ~6% per year<sup>12</sup> and has just 3 – 4 Tcf of natural gas remaining<sup>13</sup>.

The US FHR has been storing helium as a critical resource since 1925. In 2013, the US Congress passed the *Helium Stewardship Act* which mandated the BLM auction off its helium and sell the Cliffside facilities and pipeline assets by October 2021. The reserve volumes were auctioned off starting in 2014 with the final sale occurring in 2018 for FY2019 deliveries. A few private companies have storage there and the government has a reserve of 3 Bcf that is available for federal users, but private sales are no longer available<sup>14</sup>. Consequently, almost 15% of the world's supply of helium will no longer be available for sale as the FHR production comes to an end.

In the near term, this helium shortfall will be offset by two large scale LNG projects: Qatar Gas' Helium 3 expansion at Ras Laffan, Qatar (0.04% helium) and Gazprom's Amur 1 LNG project (0.15% helium) in eastern Russia. Gazprom's Amur is estimated to start production in 2024. By 2028, these countries alone should add 3.8 Bcf/yr to global supply (of which 3.5 Bcf/yr is from the two large scale projects).<sup>15</sup>

The US has not been able to increase its helium production as part of their LNG developments as the primary gas source for US LNG is shale gas. Shale gas contains little to no helium whatsoever given the shale is both the source and reservoir for the natural gas and often does not contain a sufficiently impermeable caprock. In addition, the successful shale gas boom in the US has reduced natural gas prices and has limited the exploration for conventional gas reservoirs that might contain helium<sup>16</sup>.

In addition, due to global net zero carbon targets (by 2050) and in order to limit global warming to 1.5 degrees, the market dynamics are anticipated to shift dramatically.<sup>17</sup> Very little or no new natural gas production will be required (with existing production left to decline), and as currently >95% of helium is produced as a by-product of gas or LNG production, substantial new helium production forms will be required outside of traditional methods. There is a need for helium-focused producers, where the primary economic driver is not natural gas or methane extraction, to emerge in the coming years to replace existing supply.

### Helium Pricing

Pricing within the helium industry is opaque as buyers such as governments and large industrial gas companies and sellers like national oil companies (NOC's) typically enter into long term confidential contracts.<sup>18</sup> Helium is not a traded commodity so there is no functional spot market or a futures market that exists for helium. Recently, the auction process from the FHR provided a benchmark for understanding historical worldwide helium prices.

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<sup>11</sup> *Op. cit.*, Kapadia, Ashfield p. 48.

<sup>12</sup> *Op. cit.*, Bahl p. 5.

<sup>13</sup> *Ibid.*, Bahl p. 4.

<sup>14</sup> *Ibid.*, Bahl p. 4.

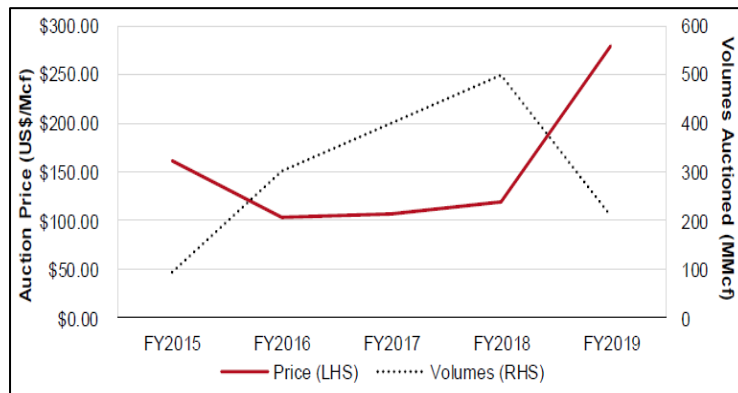
<sup>15</sup> *Op. cit.*, Magness, p. 5.

<sup>16</sup> *Op. cit.*, Bahl p. 10.

<sup>17</sup> *Op. cit.*, Magness, p. 4.

<sup>18</sup> *Op. cit.*, Bahl pp. 19, 33.

### US BLM Federal Helium Reserve Auction Results



Source: Cormark Securities Inc.<sup>19</sup>

As shown in the figure above, the price of the FHR crude helium increased from US\$161/Mcf in FY2015 to US\$280/Mcf in FY2019. This sets a low benchmark price for producers given the low purity of the FHR crude helium (70% to 80%) and the need for the purchasers to first refine it to Grade A purity (99%) or higher for sale. Consumer prices have continued to increase into 2020, and a balanced supply-demand suggests that prices should be supported into 2022.<sup>20</sup>

More recent pricing data is available for Grade A helium imports into China and the European Union (EU). Recent sales into China have varied between US\$300/Mcf to over US\$500/Mcf and in the EU helium prices have varied between €250/Mcf and €400/Mcf (US\$300/Mcf to US\$480/Mcf). These prices correspond to wholesale prices with retail prices well above that level. There are many examples of end consumers paying retail prices of US\$500/Mcf to over US\$1,000/Mcf<sup>21</sup>.

#### Market Size and Growth

Based on the above, in 2019, the helium market was estimated at US\$1.5 billion per year to the producers (based on receiving US\$250/Mcf), however the market size to the end consumers is considered to be much larger based on the higher prices paid per Mcf by end consumers. The global market for helium is estimated at US\$2.3 billion in the year 2022<sup>22</sup>. The Company's current strategy is to sell directly to a limited number of major distributors and end-users in order to capture higher margins on its products. Growth projections for the helium market beyond 2020 vary with one source estimating a range of 1.4% to 6.4% CAGR with a base case 4% CAGR, which would equate to a market size of 7.5 Bcf/yr by 2025 and 8.5 Bcf/yr by 2030<sup>23</sup>. Based on the current market size and expected growth of the helium market, the Company expects to be able to sell all of the helium it is able to produce, however there is no assurance that the Company will discover and produce helium and, assuming it is successful, there is no assurance as to the price the Company will receive for its products. Should the Company be successful in its efforts, it expects initial sales will be focused on the North American market.

#### Customers

The top three helium distributors are major industrial specialty gas companies – Linde PLC, Air Products Inc., and L'Air Liquide S.A. who dominate the global market in wholesale distribution. Smaller sized, mid-stream distributors include Messer Group GmbH/CVC Capital Partners, Matheson Tri-Gas, Inc./Taiyo Nippon Sanso Corporation, Iwatani Corporation of America and Uniper SE. These mid-stream helium suppliers do not tend to get involved in the

<sup>19</sup> *Op. cit.*, Mueller, p. 7.

<sup>20</sup> *Op. cit.*, Magness, p. 2.

<sup>21</sup> *Op. cit.*, Kapadia, Ashfield p. 1.

<sup>22</sup> Global Industry Analysis, Inc., March 23, 2022. <<https://www.prnewswire.com/news-releases/global-helium-market-to-reach-2-8-billion-by-2026--301507347.html>>

<sup>23</sup> *Op. cit.*, Kapadia, Ashfield pp. 1, 4, 63.

upstream exploration and development of helium and are keen to diversify their supply options. Equally, direct wholesale purchasers of helium are also keen to diversify their supply<sup>24</sup>. While the Company may choose to partner with or sell to the major industrial gas companies, as stated above, the Company's strategy is to become a fully integrated helium developer and processor and we plan to sell directly to a limited number of major distributors and end-users in order to capture higher margins on our products. A number of our competitors are currently using this strategy and provide bulk helium distribution in pressurized gas containers (180 Mcf) or ISO liquid containers (42,000 litres or 1 Mmcf equivalent). The pressurized containers are transported by semitruck and readily available in North America. The liquid ISO containers are also transported by semitrucks and may either be sold in North America or shipped overseas to markets in Asia or elsewhere. Should the Company be successful in its efforts, it expects initial sales will be focused on the North American market.

### **Company's Helium Interests**

#### *Canada*

The Company has helium permits across three core areas in Saskatchewan totaling 621,261 ha (1,534,168 acres).

#### Core Area One – Central Saskatchewan

Core Area One encompasses over 835,000 acres and is northeast of the city of Swift Current, home to Saskatchewan's original helium production facility. Large geological structures have been long known to exist in the area and were proposed for helium exploration in 1960. One such formation covered by the Company's permits is known as the Lawson Structure which shows four-way closure over 17,000 acres and is a potential structural trap for helium. This feature was drilled in 1944 by Imperial Oil and review of the available data shows the test well recovered "non-combustible gas," a typical regional indicator for helium potential. Two additional features known as the Elbow and Gilroy structures were discovered earlier this year after analysis and interpretation of seismic studies.

#### Core Area Two – Southeast Saskatchewan

Core Area Two encompasses 425,000 acres and is in south-central and southeast Saskatchewan, approximately 150 km south of Regina, the provincial capital city where there are multiple stratigraphic formations and helium targets. The Company's permits flank that of other helium explorers who have recently announced their intent to test several drilling targets in close proximity to the Company's permits.

#### Core Area Three – Southwest Saskatchewan

Core Area Three encompasses 275,000 acres and is in southwest Saskatchewan on the Canadian side of the Montana/Saskatchewan border. This attractive acreage sits in the middle of two recent helium discoveries at Eastbrook and Climax. High percentage helium tests have also been recorded in Montana where significant industry activity is underway very close to the Canadian border.

#### Helium Fairway

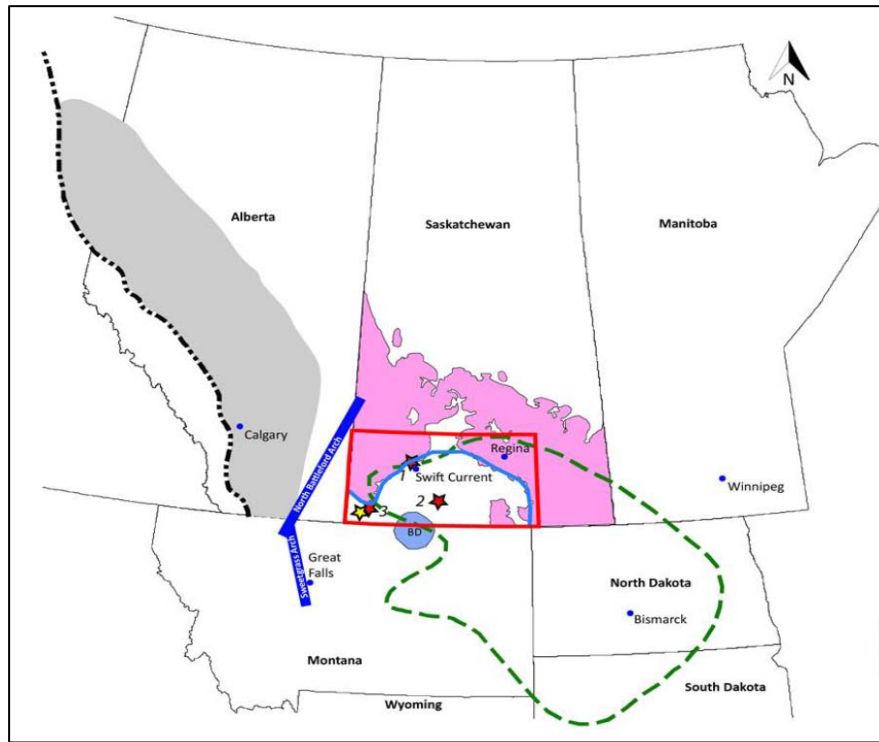
Southwestern Saskatchewan is part of the Western Canadian Sedimentary Basin (WCSB), a foreland basin wedge of Phanerozoic sediments between the Canadian Shield zero edge to the east, thickening towards the cordillera in the west. To the south, the Saskatchewan basin grades into the cross-border Williston Basin. To date, helium production and helium shows and production in this area are from lower Paleozoic rocks, mostly Cambrian and some Devonian.

Currently, Saskatchewan helium production is almost all located along the northern rim of the Williston Basin and the edge of the Swift Current platform, close to the edge of the Devonian Prairie Evaporite. The properties over which the Company's holds its permits are in this same area. The figure below indicates the location of the Saskatchewan helium fairway.

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<sup>24</sup> *Op. cit.*, Kapadia, Ashfield p. 22.

### Saskatchewan Helium Fairway

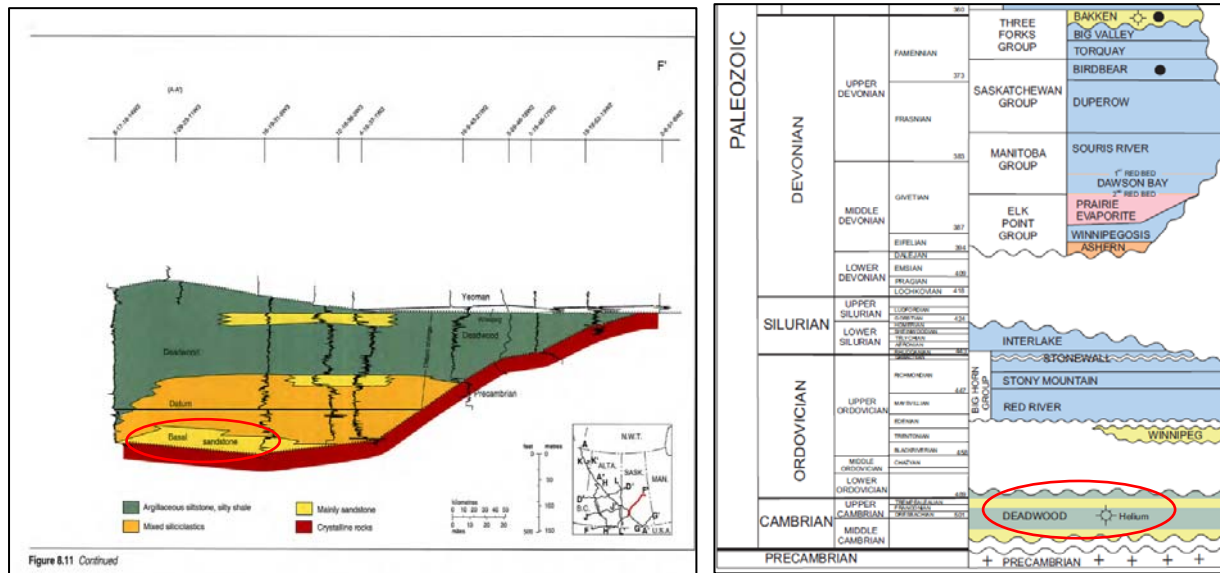


Source: Helium in Southwestern Saskatchewan, Melinda Yurkowski 2016

Published data from 1960 onwards has identified this area for prospective helium. To date, helium has been tested and produced in concentrations ranging from 0.8 to 2.2 percent and associated with high concentrations of nitrogen throughout the fairway. These helium discoveries were made pre-1960 as early explorers for oil and natural gas in Saskatchewan found “inert, non-flammable or non-combustible gas” associated with the high percentages of nitrogen. The primary source of helium in Saskatchewan is purported to be from Precambrian rocks with high content of uranium and thorium. As shown by the red stars in the figure above, helium has been produced in Saskatchewan at 1) Wilhelm, 2) Mankota and 3) Battle Creek<sup>25</sup>. The Wilhelm area produced helium from 1963 until 1977, the Weil Group Resources, LLC has been producing helium at Mankota for five years, and since 2021, North American Helium Inc. has operated a helium purification facility at Battle Creek. Most recent helium exploration has concentrated on sandstones at the base of the Deadwood Formation. The prospective area extends into southern Alberta and northern Montana which are also known helium areas and the center of active helium exploration today.

<sup>25</sup> M. Yurkowski, *Helium in Southwestern Saskatchewan: Accumulation and Geological Setting*, Government of Saskatchewan December 14, 2016, p. 2. Retrieved from <https://publications.saskatchewan.ca/#/products/82133>.

## Deadwood Basal Sandstone Target Reservoir, Formations of Saskatchewan



Source: Atlas of the Western Canadian Basin, Chapter 8 and Government of Saskatchewan

Based on available data and seismic investigation conducted by the Company, it is management of the Company's view that the structural complexity of the basement has likely produced structural traps in the overlying sediments. The tight carbonates and evaporites of the Devonian interval above the Deadwood Formation are good potential seals for trapped helium. Hence this area is considered prospective for helium exploration because it has a potential helium source, migration pathways, the potential for high helium concentrations, potential structural traps with known reservoir rocks and possible sealing formations above the reservoir.

Importantly, a number of large scale Precambrian structures are present on the Company's exploration permits. In addition to the acquisition and processing of legacy 2D seismic data, the Company has conducted further seismic operations that clearly indicate a number of structural highs at the basement level and potential structural traps in the sediments above. Seismic attributes indicate possible reservoir rock in the lower part of the Deadwood Formation. One such feature has been known for many decades and was referred to as the Lawson structure<sup>26</sup>. The structure was drilled in 1944 by Imperial Oil (Lawson No. 1 16-13-021-06W3) exploring for hydrocarbons and reached a shale at the top of the Deadwood Formation but the well did not penetrate the basal sands or reach the basement. Due to the age of the well limited information is available however review of the available well data showed the well was drill stem tested and recovered "non-combustible gas".

Historical drilling on permits the Company holds, also includes drilling by Imperial Oil in the Elbow structure in the exploration for hydrocarbons in 1944 at 12-25-23-06W3. The well did not penetrate the Cambrian but based on the well data and review of available seismic data, management of the Company is of the view that there is a significant structure at depth.

### The Saskatchewan Advantage

There are a number of advantages inherent in exploring for helium in southern Saskatchewan, namely:

- There is proven helium production and quantities in the fairway;
- Gas analyses show concentrations of helium of 0.8% to 2.2%;

<sup>26</sup> R.G. Agarwal, H.B. Sawatsky, W. Wilson, *Geological Report 49: Helium Prospects in Southwest Saskatchewan*, Province of Saskatchewan, Department of Mineral Resources, Geological Sciences Branch, Geophysics Division, 1960, p. 23. Retrieved from <https://publications.saskatchewan.ca/#/products/7433>.

- The helium is primarily associated with nitrogen and may not be associated with hydrocarbons (which has a higher carbon footprint and political implications);
- Extensive data is available such as gas analysis, pressure data, well logs and core data;
- Significant historical seismic data is available;
- A highly motivated workforce with crossover skills from the oil and gas industry including well services and engineering, procurement, and construction firms (EPC) is available;
- Existing infrastructure – roads, power, and rail;
- Stable business and regulatory environment; and
- Saskatchewan has favorable royalties for helium (4.25% net royalty rate).

### *United States*

#### Montana

The Company is in the process of acquiring lands in north-central Montana on legacy structures that have demonstrated the presence of helium. See also “*General Development of the Business – Recent Developments*”.

### **Operations**

The Company’s operations currently consist of acquiring, shooting, and processing seismic, evaluating our land base with engineering and geoscience, and evaluating additional lands and opportunities to increase our holdings. To date, the Company has purchased or shot a total of 188 km (117 miles) of 2D seismic on its core areas. The purpose of the seismic study, in addition to other geophysical and geochemical data acquisition, is to identify and refine superior drilling locations across the Company’s landholdings. The Company also employed Amplitude Versus Offset (AVO) processing technologies to the seismic data, which provides more detail on specific reservoir characteristics, versus simply identifying stratigraphic layers, as seismic does at its most basic level. The AVO processing has identified highly encouraging sandstone reservoir qualities at Lawson and several other prospective structures underlying the Company’s permits.

### **Competitive Conditions**

There is strong competition in the helium industry. The Company will actively compete for capital, skilled personnel, undeveloped land, reserve acquisitions, access to drilling rigs, service rigs and other equipment, with a substantial number of other organizations that have greater technical and financial resources than the Company. Some of those organizations not only explore for, develop and produce helium, but may also carry-on refining operations and market helium and therefore have greater and more diverse resources to draw upon. The Company’s ability to increase reserves and eventual production in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable properties for exploratory drilling.

### **Employees**

As of the date of this Annual Information Form, Global Helium has four (4) full and part time employees and seven (7) part time consultants.

### **Key Partners**

The Company has no key partners.

### **Specialized Skills and Knowledge**

The Company will hire, retain, and utilize specialized skills and knowledge in its initial stages as required. In the exploration stage, geoscientists are employed to analyze seismic, pre-existing well data and other information to identify potential areas to explore for helium. Once targets are identified and captured, third party drilling and completion firms are hired to provide the rigs, equipment, and expertise to safely drill and complete wells and to test for helium gas. If and when helium is discovered, third party Engineering, Procurement and Construction (EPC) firms will be engaged to design and construct the gathering system and helium processing facility. Field operators will be hired to operate the facility. Marketing expertise will be required to secure customers both short and long term and to ensure we maximize the price received for our product. All of the necessary skills and knowledge mentioned are



readily available within the oil and natural gas sector. In addition, health safety and environment, governance, strategy, finance, marketing, and risk management expertise is required throughout all of these stages. The management team and Board members have extensive experience in all areas as well as established relationships to engage third parties where needed. See “*Directors and Executive Officers*”.

### Government Regulation

In Canada, helium exploration and production is subject to similar controls and regulations as those in the natural gas industry imposed by various levels of government at the federal, provincial, and municipal levels. It is not expected that any of these controls or regulations will affect the operations of the Company materially different than they would affect other companies of similar size that are exploring for or producing helium. All current legislation is a matter of public record and the Company is unable to predict what additional legislation or amendments may be enacted.

In Canada, the price of helium sold in interprovincial and international trade is determined by negotiation between buyers and sellers. On July 1, 2020, *Canada-United States-Mexico Agreement* (CUSMA) became effective among the governments of the United States, Mexico, and Canada. Under CUSMA the parties resolved to replace the 1994 North American Free Trade Agreement with a 21st Century, high standard new agreement to support mutually beneficial trade leading to freer, fairer markets, and to robust economic growth in the region<sup>27</sup>. Both the United States and Mexico have categorized helium on their respective tariff schedule as staging category “0” or “duty-free” on the date of entry into force of CUSMA.

The helium industry is subject to environmental regulation pursuant to federal and provincial legislation. Federally, environmental regulations are contained in the *Canadian Environmental Protection Act*, S.C. 1999, c. 33. In Saskatchewan, environmental compliance for exploration and production activities are governed by the *Environmental Assessment Act*, S.S. 1979-80, c. E-10.1, as amended. Environmental legislation provides for restrictions and prohibitions on releases or emissions of various substances produced or utilized in association with certain helium industry operations. In addition, legislation requires that well and facility sites be abandoned and reclaimed to the satisfaction of provincial authorities. A breach of such legislation may result in the imposition of fines and penalties.

Helium in Canada is owned by the respective provincial governments. The provincial governments grant rights to explore for and to produce helium and provide regulations that define land tenure, royalties, environmental protection, and other matters. In Saskatchewan, the exploration and development of helium is governed under *The Crown Minerals Act*, S.S. 1984-85, c. C-50.2, as amended. Leasing permits, land tenure, annual lease rentals, expenditure requirements, and applicable royalties fall under *The Oil and Gas Tenure Registry Regulations*, S.R. 87/2020, c. C-50.2 Reg 31, defined specifically to “helium and associated gases”.

<b>Exploratory work commitments over a five year period (Saskatchewan only)</b>	<b>2022 (\$)</b>	<b>2023 (\$)</b>	<b>2024 (\$)</b>	<b>2025 (\$)</b>	<b>2026 (\$)</b>	<b>Total</b>
Annual lease maintenance expenditures	42,600	77,100	123,100	123,100	-	365,900
Annual permit exploration expenditures	215,000	255,000	532,000	761,000	759,000	2,522,000
Annual permit drilling expenditures	-	29,000	54,000	197,000	369,000	649,000
<b>Total</b>	<b>\$ 257,600</b>	<b>\$ 361,100</b>	<b>\$ 709,100</b>	<b>\$ 1,081,100</b>	<b>\$ 1,128,000</b>	<b>\$ 3,536,900</b>

The expenditures in Years 4 and 5 are only required if drilling has not occurred by year 3. The permits may be converted to production leases once a well is drilled, and the formation is proven productive. The Company is currently

<sup>27</sup> *Canada-United States-Mexico Agreement (CUSMA) – Preamble*, retrieved from <https://www.international.gc.ca/trade-commerce/trade-agreements-accords-commerciaux/agr-acc/cusma-aceum/text-texte/00.aspx?lang=eng>.

conducting surface geochemical studies and shooting a seismic program which will meet or exceed the spending requirements for the majority of the permits set out to the end of year 2022. Payments can also be made in the form of lease rental payments and all the Company's permits are in good standing.

The royalty regime is a significant factor in the profitability of helium production. Royalties payable on production from lands other than Crown lands are determined by negotiations between the mineral owner and the lessee. Crown royalties in Saskatchewan are outlined in *The Oil and Gas Tenure Registry Regulations*, section 9-26, such that the royalties for helium and associated gases are 5% less a royalty credit of 0.75% for a net royalty of 4.25%.

### **Intangible Properties**

Our intellectual property is primarily in the form of trademarks and domain names. We also hold rights to several website addresses related to our business including websites that are actively used in our day-to-day business such as [www.globalhelium.com](http://www.globalhelium.com).

### **Changes to Contracts**

The Company does not expect any changes to any of the material contracts it has for the current fiscal year.

## **RISK FACTORS**

This section describes the material risks affecting the Company's business, financial condition, operating results and prospects. There may be other risks and uncertainties that are not known to the Company or that the Company currently believes are not material, but which also may have a material adverse effect on the Company's business, financial condition, operating results or prospects. In addition to the other information set forth elsewhere in this Annual Information Form, prospective investors should carefully review the following risk factors:

### **RISKS RELATED TO THE BUSINESS OF THE COMPANY**

#### ***The Company is an exploration stage company.***

The Company is an exploration stage company. The exploration and development of helium properties is highly speculative in nature and involves a high degree of financial and other risks over a significant period of time, which even a combination of careful evaluation, experience and knowledge may not eliminate. The Company has no history of operations and to date has generated no revenue from operations. All the Company's assets are in an early stage of exploration and it does not have a known deposit of helium. As such, the Company is subject to many risks common to such enterprises, including under-capitalization, cash shortages, limitations with respect to personnel, financial and other resources, and lack of revenues. The Company has not defined or delineated any known quantities of helium on any of its assets. Helium exploration involves significant risk since few properties that are explored contain sufficient volumes of helium to order to justify the cost of production. There can be no assurance that the Company's existing or future exploration programs will result in the discovery of helium in sufficient quantity, or, even if helium is located, that it can be economically produced.

#### ***The Company has no known quantities of helium or estimates of helium quantities on any of its assets.***

The Company's assets do not contain any known quantities of helium. The Company has no known quantities of helium on any of its properties. There is no certainty that the Company's ongoing exploration efforts will result in the discovery of helium in sufficient quantity or concentration to justify the cost of production.

#### ***The Company has no helium properties in production.***

The Company has no operating history and limited historical financial performance. The Company does not currently have any helium properties in production. The future development of any properties assessed to be economically feasible will require the construction and operation of a processing facility and related infrastructure. There is no guarantee that any of the Company's properties will be found to be financially viable. As a result, the Company is and will continue to be subject to all of the risks associated with establishing new helium production operations, including:

- the ability to find sufficient helium to support production operations;
- the need to obtain necessary environmental and other governmental approvals and permits and the timing of the receipt of those approvals and permits;

- potential opposition from non-governmental organizations, environmental groups or local groups which may delay or prevent development activities;
- the availability and cost of skilled labor and equipment;
- the availability and cost of appropriate processing arrangements;
- the timing and cost, which are considerable, of the construction of helium processing facilities;
- the availability of funds to finance construction and development activities; and
- potential increases in construction and operating costs due to changes in the cost of fuel, power, materials and supplies.

The costs, timing and complexities of developing the Company's assets may be greater than anticipated due to the location of some of its property interests, and as a result, some of its properties may not be served by appropriate road access, water and power supply and other support infrastructure. Cost estimates may increase as more detailed engineering work is completed on a project. It is common in new projects to experience unexpected costs, problems and delays during construction, development, and start-up. In addition, delays in the early stages of helium production often occur. Accordingly, the Company cannot provide assurance that its activities will result in profitable helium operations or that it will successfully establish helium operations.

***The Company may incur losses for the foreseeable future.***

The Company expects to incur losses unless and until such time as the properties generate sufficient revenues to fund continuing operations. The exploration and, if warranted, development of the properties will require the commitment of substantial financial resources that may not be available.

The amount and timing of expenditures will depend on several factors, including the progress of ongoing exploration and development, the results of consultants' analyses and recommendations, the rate at which operating losses are incurred, the execution of any joint venture agreements with strategic partners and the acquisition of additional property interests, some of which are beyond the Company's control. The Company cannot provide assurance that it will ever achieve profitability.

***The properties may be subject to uncertain title.***

The Company cannot provide assurance that title to the properties will not be challenged. The Company may not have, or may not be able to obtain, all necessary surface rights to develop a property. While the Company has performed due diligence with respect to title of its permits and license interests, this should not be construed as a guarantee of title. The properties may be subject to prior unregistered agreements, transfer or land claims by other parties, and title may be affected by undetected defects.

***The Company's rights to its assets are dependent on the Company's ability to meet the obligations under its leases, licenses and permits.***

The Company's rights to its assets are subject to various payments and commitments pursuant to the leases, licenses and permits. Any failure by the Company to meet any such payment obligations or otherwise fulfill its commitments could result in the loss of the related property interest. There can be no assurance that funds will be available in the future so that the Company can satisfy these obligations.

## **RISK RELATED TO THE COMPANY**

### **Market Risks**

***General economic conditions may adversely affect the Company's growth and profitability.***

Significant events in the global financial markets can have had a profound impact on the global economy. Many industries, including the helium industry, are impacted by these market conditions. Some of the key impacts of financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity pricing, foreign exchange, helium demand and a lack of market liquidity. A slowdown in the financial markets or other economic conditions, including but not limited to, consumer spending, employment rates, business conditions, inflation, fuel and energy costs, consumer debt levels, lack of available credit, the state of the financial markets, interest rates and tax rates, may adversely affect the Company's growth and profitability. Specifically:

- degradation of global credit/liquidity could impact the cost and availability of financing and the Company's overall liquidity;
- volatility of helium prices could impact the Company's revenues, profits, losses and cash flow;
- recessionary pressures could adversely impact demand for the Company's production;
- volatile energy, commodity and consumables prices and currency exchange rates could impact the Company's production costs; and
- the devaluation and volatility of global stock markets would impact the valuation of the Company's equity and other securities.

These factors could have a material adverse effect on the Company's financial condition and results of operations.

***The global pandemic may adversely affect the Company.***

In March 2020, the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and related adverse public health developments, have adversely affected workforces, economies, and financial markets globally, leading to an economic downturn. It is not possible for the Company to fully predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or results of operations.

The global impact of COVID-19 has resulted in significant declines in global stock markets and has created a great deal of uncertainty as to the health of the global economy in the near future. As a result, resource companies are subject to heightened risks associated with ongoing and future development expenditures and operating costs. These factors may have a negative impact on the Company's ability to raise equity, if required, in the near future or on terms favorable to the Company. Impairment indicators for the Company's helium assets could be increased in future periods due to the global pandemic. The potential financial impact that COVID-19 cannot be reasonably estimated at this time.

***Changes in markets and marketing may adversely affect the Company.***

The marketability and price of helium that may be acquired, discovered or sold by the Company will be affected by numerous factors beyond its control. The Company's ability to market its helium may depend on a number of factors in order to deliver helium to existing markets. The Company may also be affected by deliverability uncertainties related to the proximity of its helium to markets as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of helium and many other aspects of the helium business.

***Helium price volatility may adversely affect the Company's growth and profitability.***

The Company's revenues, profitability, future growth and the carrying value of any helium properties that it may hold, provided such properties yield production, are substantially dependent on prevailing prices of helium. Helium prices may be subject to large fluctuations in response to relatively minor changes in the supply of and demand for helium, market uncertainty and a variety of additional factors beyond the control of the Company. These factors include economic conditions in the United States, Canada and abroad, governmental regulation, the foreign supply of helium, and the price of foreign imports. Any substantial and extended decline in the price of helium would have an adverse effect on the Company's carrying value of its known quantities of helium, borrowing capacity, revenues, profitability, and cash flows from operations. The Company's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon helium prices. Volatile helium prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for helium producing properties, as buyers and sellers have difficulty agreeing on such value.

Price volatility also makes it difficult to budget for and to project the return on acquisitions and development and exploitation projects. Currently, the Company has no debt facilities in place. However, any bank borrowings available to the Company in the future will in part be determined by the Company's borrowing base. A sustained material decline in helium prices from historical average prices could reduce the Company's borrowing base, therefore reducing the bank credit available to the Company and require that a portion, or all, of the Company's bank debt, if any, be repaid.

***The Company may be negatively impacted by a variation in foreign exchange rates.***

The exchange rate between the Canadian dollar and US dollar also affects the profitability of the Company. North American helium prices are quoted in US dollars and the price received by Canadian producers is therefore affected by the Canadian/United States dollar exchange rate, which will fluctuate over time. Material increases in the value of

the US dollar may negatively impact the Company's costs of materials, drilling and construction, as well as helium prices. Future Canadian/United States exchange rates could impact the future value of the Company's known quantities of helium as determined by independent evaluators and the value of US denominated debt, if any. To the extent that the Company engages in risk management activities related to foreign exchange rates, there is credit risk associated with counterparties with which the Company may contract. The Company assesses its exposure to all relevant foreign currencies.

***The Company's common shares may be subject to significant volatility.***

The market price of the Company's Common Shares may be volatile and this volatility may affect the ability of Shareholders to sell Common Shares at an advantageous price. Market price fluctuations in the common shares may be due to: the Company's operating results or financial performance failing to meet the expectations of securities analysts or investors in any quarter; downward revision in securities analysts' estimates; governmental regulatory action; an adverse change in general market conditions or economic trends; acquisitions, dispositions or other material public announcements by the Company or its competitors, along with a variety of additional factors. In addition, the market price for securities in stock markets including Common Shares may experience significant price and trading fluctuations. These fluctuations may result in volatility in the market prices of securities that may be unrelated or disproportionate to changes in the Company's operating and financial performance.

***Future sales by the shareholders of the Company's shares could cause the Company's share price to fall.***

Future sales of the Company's shares by large shareholders or other shareholders could decrease the value of the Company's shares. The Company cannot predict the size of future sales by its shareholders, or the effect, if any, that such sales will have on the market price of the Company. Sales of a substantial number of the Company's shares, or the perception that such sales could occur, may adversely affect prevailing market prices for the Company's shares.

***The Company does not intend to pay any cash dividends in the foreseeable future.***

The Company has not declared or paid any dividends on its shares. The Company intends to retain future earnings, if any, to finance the growth and development of its business and does not intend to pay cash dividends on its shares in the foreseeable future. Any return on an investment in the Company's shares will come from the appreciation, if any, in the value of the shares. The payment of future cash dividends, if any, will be reviewed periodically by the Company's Board and will depend upon several factors such as earnings, financial condition and capital requirements, restrictions in financing agreements, new business opportunities and other factors.

**Financial Risks**

***The Company will require additional funding requirements.***

From time to time, the Company may require additional financing in order to carry out helium acquisition, exploration, and development activities. The Company's cash flow from its helium production, once developed, may not be sufficient to fund its ongoing activities at all times. Failure to obtain such financing on a timely basis could cause the Company to forfeit its interest in certain properties, miss certain acquisition opportunities and reduce or terminate its operations.

If the Company's revenues from its helium operations, once developed, decrease as a result of lower helium prices or otherwise, it will affect the Company's ability to expend the necessary capital to replace its known quantities of helium or to maintain its production. If cash flow from operations is not sufficient for the Company to satisfy its capital expenditure requirements, there can be no assurance that additional debt or equity financing will be available to meet these requirements or available on terms acceptable to the Company.

***The Company may receive a going concern opinion from our auditors.***

The company may receive a "Going Concern" opinion from our auditors. The ability of the Company to continue as a Going Concern is dependent on the Company's ability to raise additional capital and implement its business plan.

***Future sales or issuances of equity securities could decrease the value of any existing Company securities, dilute investors' voting power and reduce the Company's earnings per share.***

The Company may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into shares of the Company) and may issue additional equity securities to finance its operations, exploration, development, acquisitions, or other projects. The Company cannot predict the size of future sales and issuances of equity securities or the effect, if any, that future sales and issuances of equity securities will have on the

market price of the Company's shares. Sales or issuances of a substantial number of equity securities, or the perception that such sales could occur, may adversely affect prevailing market prices for the Company. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Company's earnings per share.

***The Company may issue debt to meet its growth objectives.***

Depending on future exploration and development plans, the Company may require additional equity and/or debt financing that may not be available or, if available, may not be available on favorable terms. In the early stages of growth, the Company may have difficulty accessing debt needed to acquire and develop helium properties. This may result in the inability of the Company to complete certain acquisitions or drilling activities. Future acquisitions may be financed partially or wholly with debt, which may increase debt levels above industry standards. Neither the Company's articles nor its by-laws limit the amount of indebtedness that it may incur. The level of the Company's indebtedness from time to time could impair its ability to obtain additional financing in the future on a timely basis to take advantage of business opportunities that may arise.

***An increase in interest rates may impact the ability of the Company to service its debt.***

The Company may finance a portion of its operations through debt. Amounts paid in respect of interest and principal on debt may impair the Company's ability to satisfy its other obligations. Variations in interest rates and scheduled principal repayments could result in significant changes in the amount required to be applied to debt service before payment by the Company of its debt obligations. Lenders may be provided with security over substantially all of the assets of the Company and its Subsidiaries. If the Company becomes unable to pay its debt service charges or otherwise commits an event of default such as bankruptcy, a lender may be able to foreclose on or sell the assets of the Company and/or its Subsidiaries.

***Hedging may adversely impact the Company's performance.***

From time to time the Company may enter into agreements to receive fixed prices of its helium production to offset the risk of revenue losses if commodity prices decline; however, if commodity prices increase beyond the levels set in such agreements, the Company will not benefit from such increases and may nevertheless be obligated to pay royalties on such higher prices, even though not received by it, after giving effect to such agreements. Similarly, from time to time the Company may enter into agreements to fix the exchange rate of Canadian to United States dollars in order to offset the risk of revenue losses if the Canadian dollar increases in value compared to the United States dollar; however, if the Canadian dollar declines in value compared to the United States dollar, the Company will not benefit from the fluctuating exchange rate.

***The Company may be exposed to third party credit risk.***

The Company may be exposed to third party credit risk through its contractual arrangements with current or future joint venture partners, marketers of its helium production and other parties. In the event such entities fail to meet their contractual obligations, such failures could have a material adverse effect on the Company and its cash flow from operations.

**Operational Risks**

***The Company has significant operational risks.***

Helium operations involve many risks that even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long-term commercial success of the Company will depend on its ability to find, acquire, develop, and produce helium. Without the continual addition of new helium discoveries, any known quantities of helium the Company may have at any time and the production therefrom will decline over time as such quantities are exploited and depleted. A future increase in the Company's known quantities of helium will depend not only on its ability to explore and develop any properties it may have, but also on its ability to select and acquire suitable producing properties or prospects. Future helium exploration may involve unprofitable efforts, not only from dry wells, but from wells that are productive but do not produce sufficient net revenues to return a profit after all investments are made. Completion of a well does not assure a profit on the investment or recovery of drilling, completion, and operating costs. In addition, drilling hazards or environmental damage could greatly increase the cost of operations, and various field operating conditions may adversely affect the production from successful wells. These conditions include delays in obtaining governmental approvals or consents, shut-in of wells as a result of extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. No assurance can be

given that the Company will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic. There is no assurance that further quantities of helium will be discovered or acquired by the Company.

While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, natural declines as known quantities of helium are depleted and production or sales delays cannot be eliminated and can be expected to adversely affect revenue and cash flow levels to varying degrees. Helium exploration, development and production operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, sour gas releases and spills, each of which could result in substantial damage to helium wells, production facilities, other property, the environment or in personal injury. In accordance with industry practice, the Company will not be fully insured against all these risks, nor are all such risks insurable. Although the Company will maintain liability insurance in an amount that it considers consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

***The Company has no history of helium operations.***

The Company does not have a history of helium operations and there is no assurance that it will produce revenue, operate profitably, or provide a return on investment in the future.

***The Company's performance may be adversely affected by production declines or interruption.***

The Company's financial performance, financial position, and cash flows are affected by the Company's helium production levels. Helium production is also subject to all the risks typically associated with such operations, including encountering unexpected formations or pressures, premature decline of reservoirs and the invasion of water into producing formations. There is uncertainty regarding the sustainability of initial production rates and decline rates thereafter.

Production levels may decline at rates greater than anticipated due to unforeseen circumstances, many of which are beyond the Company's control. Production levels may decline due to an inability for the Company to market our helium production. This could result from the availability, proximity, and capacity of gathering systems, pipelines and processing facilities that the Company depends on in the jurisdictions in which it operates. Business interruption insurance may be purchased for selected operations, to the extent that such insurance is financially viable.

***Increases in operating costs could negatively impact the Company's financial performance.***

The Company's financial performance, financial position, and cash flows are affected by the Company's operating costs. Operating costs may increase due to unforeseen circumstances, many of which are beyond the Company's control. Operating costs could increase as a result of environmental damage, unforeseen circumstances related to climate-change, and other unexpected conditions which could result from a number of operating and natural hazards associated with the Company's operations. There are also risks and uncertainty regarding the Company's ability to address technical drilling challenges and manage water production. Losses resulting from the occurrence of any of these risks could have a material adverse effect on future results of operations, liquidity, and financial condition. In addition to higher costs, the Company may have a potential liability to regulators and third parties as a result. The Company maintains liability insurance, where available, in amounts consistent with industry standards. The Company may become liable for damages arising from such events against which it cannot insure or against which it may elect not to insure because of high premium costs or other reasons.

***Transportation disruptions or increases in transportation costs could adversely affect profitability.***

Disruption in or increased costs of transportation services could make the Company's helium less competitive than other sources. The industry depends on rail, trucking, ocean-going vessels, pipelines, facilities, and barge transportation to deliver shipments, and transportation costs are a significant component of the total cost of supplying helium. Disruptions of these transportation services because of weather related problems, strikes, lockouts, terrorist activities, delays or other events could temporarily impair the ability to supply helium to customers and may result in lost sales. In addition, increases in transportation costs, or changes in transportation costs for helium produced by competitors, could adversely affect profitability. To the extent such increases are sustained, the Company could experience losses and may decide to discontinue certain operations forcing the Company to incur closure and/or care and maintenance costs. Additionally, lack of access to transportation may hinder the expansion of production at some of the Company's properties and the Company may be required to use more expensive transportation alternatives.

***The Company's operations may be impacted by adverse weather conditions.***

The Company's operations may be impacted by changing or extreme weather conditions, which may include extreme hot or cold temperatures, changes in precipitation patterns (including drought and flooding), extreme snowfall and freezing rain, lightning, and extreme weather events such as hurricanes and tornadoes. These events can impact the Company's operations and customers, causing shutdowns and increased costs.

***The Company relies on existing and new technology to be successful.***

The Company mitigates its risk related to production through the utilization of current technology and information systems. The helium industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. There can be no certainty that existing or new technologies will fully achieve the design capacity or specifications once employed. Other helium companies may have greater financial, technical and personnel resources that provide them with technological advantages and may in the future allow them to implement new technologies before the Company does. There can be no assurance that the Company will be able to respond to such competitive pressures and implement such technologies on a timely basis or at an acceptable cost. One or more of the technologies currently utilized by the Company or implemented in the future may become obsolete.

***Asset title cannot be guaranteed.***

It is often not possible to conclusively determine title to helium interests without incurring substantial expense. While it is the practice of the Company, in acquiring significant helium leases or interest in helium leases to fully examine the title to the interest under the lease, this should not be construed as a guarantee of title. There may be title defects that affect lands comprising a portion of the Company's properties. To the extent title defects do exist, it is possible that the Company may lose all or a portion of its right, title, estate, and interest in and to the properties to which the title relates.

***Permits, licenses and leases may expire or terminate.***

The Company's properties will be held in the form of permits, licenses and leases and working interests in permits, licenses, and leases. If the Company or the holder of the permit, license or lease fails to meet the specific requirement of a permit, license or lease, the permit, license, or lease may terminate or expire (excluding those which may be voluntarily relinquished by the Company). While the Company monitors the status and expiry of all its current licenses and leases, there can be no assurance that any of the obligations required to maintain such licenses or leases will be met. The termination or expiration of any of its licenses or leases or the working interests relating to a license or lease may have a material adverse effect on the Company's results of operations and business. To the extent such permits, licenses and leases are subsequently suspended or revoked, the Company may be curtailed or prohibited from proceeding with planned exploration, development, or operation of its projects. Failure to comply with permitting and legal requirements may result in enforcement actions, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions which could have an adverse effect on the Company's business, financial condition, or operations.

***The Company requires specialized skill and knowledge.***

Exploration, development, production, and operational activities such as those the Company is engaged in require specialized skills and knowledge in the areas of geology, geophysics, drilling, completions, operations, and engineering. In addition, specific knowledge and expertise relating to local laws (including regulations relating to land tenure, exploration, development, production, marketing, transportation, the environment, royalties, and taxation) and market conditions is required and must compete with other domestic and international entities.

***Access and availability of drilling and other equipment is critical to the Company's success.***

Helium exploration and development activities are dependent on the availability of drilling and other related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. To the extent it is not the operator of its helium properties, the Company will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.



***The Company may be subject to operator performance issues and payment delays.***

The Company strives to operate its prospects, thereby maintaining operational control. When the Company does not operate, it relies on its partners in jointly owned properties to maintain operational control. Continuing production from a property is dependent upon the ability of the operator of the property, and the operator may fail to perform these functions properly. Payments from production generally flow through the operator and there is a risk of delay and additional expense in receiving such revenues if the operator becomes insolvent. In addition to the usual delays in payment by purchasers of helium to the operators of the properties, and by the operator to the Company, payments between any of such parties may also be delayed by restrictions imposed by lenders, delays in the sale or delivery of products, delays in the connection of wells to a gathering system, blowouts or other accidents, recovery by the operator of expenses incurred in the operation of the properties or the establishment by the operator for such expenses.

**Acquisitions and Expansion**

***The Company requires substantial capital to achieve its growth plans.***

The Company anticipates making substantial capital expenditures for the acquisition, exploration, development, and production of helium in the future. If its revenues or known quantities of helium decline, it may have limited ability to acquire or expend the capital necessary to undertake or complete future drilling programs. There can be no assurance that debt or equity financing or cash generated by operations will be available or sufficient to meet these requirements or for other corporate purposes or, if debt or equity financing is available, that it will be on terms acceptable to the Company. The potential inability of the Company to access sufficient capital for its operations could have a material adverse effect on the Company's financial condition, results of operations or prospects.

***The Company may fail to realize anticipated benefits of acquisitions and dispositions.***

The Company intends to make acquisitions and dispositions of businesses and assets in the ordinary course of business. When making acquisitions the Company is required to estimate the future performance of the assets to be acquired. These estimates are subject to inherent risks associated with predicting the future performance of those assets. As such, assets acquired may not possess the value attributed to them at the time of acquisition.

Achieving the benefits of acquisitions may depend on successfully consolidating functions and integrating operations and procedures in a timely and efficient manner as well as the Company's ability to realize the anticipated growth opportunities and synergies from combining the acquired businesses and operations with those of the Company.

The integration of acquired businesses may require substantial management effort, time and resources and may divert management's focus from other strategic opportunities and operational matters. In the case where the acquired businesses are non-operated, the Company will need to rely on the operator to achieve the foregoing benefits and the Company's ability to influence the operator's activities in this regard. Management will need to continually assesses the value and contribution of services provided and assets required to provide such services. Accordingly, non-core assets may need to be periodically disposed of, so that the Company can focus its efforts and resources more efficiently. Depending on the state of the market for such non-core assets, certain non-core assets, if disposed of, could be expected to realize less than their carrying value on the financial statements of the Company resulting in a loss.

***Intense competition may adversely affect the Company.***

Helium exploration is intensely competitive in all its phases and involves a high degree of uncertainty with respect to the impact of such competition. The Company will compete with numerous other participants in the search for, and the acquisition of, helium properties and in the marketing of helium. Competitors include companies that have substantially greater financial resources, staff, and facilities than those of the Company. The Company's ability to increase its known quantities of helium in the future will depend not only on its ability to explore and develop any properties it has at any time, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of helium include price and methods and reliability of delivery. The Company may also be subject to competition from the natural gas industry.

***Growth-related risks could have a material adverse impact.***

The Company may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The potential inability of the Company to deal with this growth could have a material adverse impact on its business, operations, and prospects.

## **Regulatory and Political Risks**

### ***There are numerous risks related to government rules and regulations.***

The Company's operations are governed by many levels of governments in which jurisdiction the Company operates. The Company is subject to laws and regulations regarding environment, health and safety, lease interests, taxes, and royalties, among others. Failure to comply with the applicable laws can result in significant increases in costs, penalties and even losses of operating licenses. The regulatory process involved in each province, state, and country in which the Company operates is not uniform and regulatory regimes vary as to complexity, timeliness of access to, and response from, regulatory bodies and other matters specific to each jurisdiction. If regulatory approvals or permits are delayed, not obtained, or revoked, there can also be delays or abandonment of projects, decreases in production and increases in costs, and the Company may not be able to fully execute its strategy. Governments may also amend or create new legislation and regulatory bodies may also amend regulations or impose additional requirements which could result in reduced production and increased capital, operating and compliance costs.

In addition, there is a risk of direct government intervention in respect of laws and regulations that can affect the property rights and title to the Company's assets. Such intervention can extend, in certain jurisdictions, to nationalization, expropriation or other actions that effectively deprive companies of their assets.

Current legislation is generally a matter of public record and the Company cannot predict what additional legislation or amendments may be proposed that will affect the Company's operations or when any such proposals, if enacted, might become effective. There is no certainty in obtaining government approvals. Changes in government policy or laws and regulations could adversely affect the Company's results of operations and financial condition. Failure to comply with applicable laws, regulations and legal requirements may result in enforcement actions thereunder, including orders issued by regulatory or judicial authorities causing operations to cease or be curtailed and may include corrective measures requiring capital expenditures, installation of additional equipment or remedial actions which could have an adverse effect on the Company's business, financial condition, or operations.

### ***There is no guarantee to title or borders.***

The acquisition of the right to exploit helium properties is a very detailed and a time-consuming process. There can be no guarantee that the Company has acquired title to any such surface or mineral rights or that such rights will be obtained in the future. To the extent they are obtained, titles to the Company's surface or helium properties may be challenged or impugned by any number of groups or persons, including without limitation First Nations groups and local groups, and title insurance is generally not available. The Company's surface, rights or leases may be subject to prior unregistered agreements, transfers or claims and title may be affected by, among other things, undetected defects. Such third-party claims could have a material adverse impact on the Company's operations.

### ***Changes in tax and royalty rates could materially change the Company's financial position and statements.***

Changes in tax and royalty rates in the jurisdictions that we operate would impact the amount of current taxes and royalties that we pay. In addition, changes to substantively enacted tax rates would impact the carrying balance of deferred tax assets and liabilities, potentially resulting in a deferred tax recovery or incremental deferred tax expense.

## **Environmental Risks**

### ***The Company is subject to several environmental risks and hazards.***

All phases of the helium business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial, state, and local laws and regulations in Canada, the United States and any foreign jurisdictions where the Company may operate. Environmental legislation provides for, among other things, restrictions and prohibitions on spills, releases or emissions of various substances produced in association with helium operations. Compliance with environmental legislation regarding the production of helium can require significant expenditures and a breach may result in the imposition of fines and penalties, some of which may be material. Environmental legislation is evolving in a manner expected to result in stricter standards and enforcement, larger fines and liability and potentially increased capital expenditures and operating costs. The discharge of pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Company to incur costs to remedy such discharge. Although the Company believes it is in material compliance with current applicable environmental regulations, no assurance can be given that environmental laws will not result in a curtailment of production or a material increase in the costs of production, development or exploration activities or otherwise adversely affect the Company's financial condition, results of operations or prospects.

***Changes in environmental legislation may adversely affect the Company.***

The helium industry is subject to environmental regulation pursuant to local, provincial, state and federal legislation. A breach of such legislation may result in the imposition of fines, the issuance of clean up orders in respect of the Company or its assets, or the loss or suspension of regulatory approvals. Such legislation may include carbon taxes, enhanced emissions reporting obligations, mandates on equipment specifications, and emissions regulations. Such legislation may be changed to impose higher standards and potentially more costly obligations on the Company. In addition, such legislation may inhibit the Company's ability to operate the Company's assets and may make it more difficult for the Company to compete in the acquisition of new property rights. Presently, the Company does not believe the financial impact of these regulations on capital expenditures and earnings will be material. However, the Company actively monitors and assesses its exposure to this legislation.

***Abandonment and land reclamation requirements of the Company's properties may be burdensome.***

The Company expects to incur abandonment and reclamation costs in the ordinary course of business as existing helium properties are abandoned and reclaimed. These costs may materially differ from the Company's estimates due to changes in environmental regulations. Land reclamation requirements are generally imposed on companies to minimize long term effects of land disturbance. Reclamation may include requirements to:

- control dispersion of potentially deleterious effluents; and
- reasonably re-establish pre-disturbance landforms and vegetation.

To carry out reclamation obligations imposed on the Company in connection with exploration and potential development and production activities, the Company must allocate financial resources, including funds required to post reclamation bonds, that might otherwise be spent on further exploration and development programs. If the Company is required to carry out unanticipated reclamation work, its financial position could be adversely affected.

***Hydraulic fracturing regulations and perceptions may affect the Company's business.***

Hydraulic fracturing involves the injection of water, sand, and additives under pressure into rock formations to potentially increase helium production. Hydraulic fracturing may be used to produce helium from reservoirs that were previously unproductive.

Hydraulic fracturing has featured prominently in recent political, media and activist commentary on the subject of water usage and environmental damage. Any new laws, regulations or permitting requirements regarding hydraulic fracturing could lead to operational delays, increased operating costs, third party or governmental claims, and could increase the Company's costs of compliance and doing business as well as delay the production of helium, which is not financially viable without the use of hydraulic fracturing. Restrictions on hydraulic fracturing could also reduce the amount of helium that the Company is ultimately able to produce from its known quantities of helium, as well as increase costs.

With activist groups expressing concern about the impact of hydraulic fracturing on the environment and water supplies, the Company's corporate reputation may be negatively affected by the negative public perception and public protests against hydraulic fracturing. In addition, concerns regarding hydraulic fracturing may result in changes in regulations that delay the production of helium and adversely affect the Company's costs of compliance and reputation. Changes in government may result in new or enhanced regulatory burdens in respect of hydraulic fracturing which could affect the Company's business.

***Climate change and policy may negatively affect our business.***

Our helium exploration and production facilities and other operations and activities may emit some greenhouse gasses ("GHG") which may require us to comply with federal and/or provincial or state GHG emissions legislation. Climate change policy is evolving at the regional, national, and international level, and political and economic events may significantly affect the scope and timing of climate change measures that are ultimately put in place to prevent climate change or mitigate our effects. The direct or indirect costs of compliance with GHG-related regulations may have a material adverse effect on our business, financial condition, results of operations and prospects. Some of our significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage GHG emissions. This may result in a requirement to reduce emissions or emissions intensity and it is possible that future regulations may require further reductions of emissions or emissions intensity. In addition, climate change has been linked to long-term shifts in climate patterns and extreme weather conditions both of which pose the risk of causing operational difficulties.

Policy changes could include implementing carbon-pricing mechanisms to reduce GHG emissions, shifting energy efficient solutions, and promoting more sustainable land-use practices. The risks and financial impact of policy changes depend on the nature and timing of the policy change. The Company may be exposed to increased litigation risk relating to climate change. Some of these claims include the failure of organizations to mitigate the impacts of climate change, failure to adapt to climate change, and the insufficiency of disclosure around material financial risks. As the value of loss and damage arising from climate change increases, litigation risk will also grow.

***The Company could be subject to environmental lawsuits.***

Neighboring landowners and other third parties could file claims based on environmental statutes and common law for personal injury and property damage allegedly caused by the release of hazardous substances or other waste material into the environment on the Company's surface leases. There can be no assurance that the Company's defense of such claims will be successful. A successful claim against the Company could have a material adverse effect on its business prospects, financial condition, results of operation and the price of the Company's securities.

**Other Risks**

***Risk management may not reduce or eliminate all potential risks.***

Helium exploration and development companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, the Company will strive to manage such risks to the extent possible and practical. The Company's geological focus is on areas in which the prospects are well understood by management of the Company. Technological tools are regularly used to reduce risk and increase the probability of success. Maintaining a highly motivated and talented staff of helium professionals further minimizes the business risk.

***The Company is reliant on key personnel.***

The success of the Company will depend in large measure on certain key personnel including employees, consultants, management, directors, and officers. The loss of the services of such key personnel could have a material adverse effect on the Company. The Company does not have key person insurance in effect for members of management. The competition for qualified personnel in the helium industry in Canada, the United States and internationally is intense and there can be no assurance that the Company will be able to attract and retain all personnel necessary for the development and operation of its business. The Company's shareholders must rely upon the ability, expertise, judgment, discretion, integrity, and good faith of the management of the Company.

***There is no guarantee that Company insurance will cover the full extent of risks and liabilities.***

The Company's involvement in the exploration for and development of helium properties may result in it becoming subject to liability for pollution, blow-outs, property damage, personal injury, or other hazards. Although prior to drilling the Company will obtain insurance in accordance with industry standards to address these risks, such insurance has limitations on liability that may not be sufficient to cover the full extent of such liabilities. In addition, such risks may not in all circumstances be insurable or, in certain circumstances, the Company may elect not to obtain insurance to deal with specific risks due to the high premiums associated with such insurance or other reasons. The payment of such uninsured liabilities would reduce the funds available to the Company. The occurrence of a significant event that the Company is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Company's financial position, results of operations or prospects.

***Some risks are uninsurable or may not be insured.***

Exploration, development, and production operations on helium properties involve numerous risks, including unexpected or unusual risks including fires, floods, earthquakes, and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Company may decide not to insure against certain risks because of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Company's results of operations and financial condition and could cause a decline in the value of the Company's securities.

***Certain of the directors and officers of the Company may have conflicts of interest because of their involvement with other companies.***

Certain of the proposed directors and officers of the Company also serve as directors or officers or may have significant shareholdings in other companies involved in helium or natural resource exploration and development or similar activities. To the extent that such other companies may participate in ventures in which the Company may participate

in, or in ventures which the Company may seek to participate in, its directors and officers may have a conflict of interest in negotiating and concluding terms respecting the extent of such participation. In all cases where the Company's directors and officers have an interest in other companies, such other companies may also compete with the Company for the acquisition of helium property investments. Such conflicts of the directors and officers may result in a material and adverse effect on the Company's profitability, results of operation and financial condition. As a result of these conflicts of interest, the Company may miss the opportunity to participate in certain transactions, which may have a material adverse effect on its financial position. Directors and officers with conflicts of interest will be subject to and will follow the procedures set out in applicable corporate and securities legislation, regulation, rules, and policies.

***The Company could be affected by cyber security breaches or electronic system failure.***

The company manages cyber security risk by ensuring appropriate technologies, processes and practices are effectively designed and implemented to help prevent, detect, and respond to threats as they emerge and evolve. The primary risks to the Company include loss of data, destruction or corruption of data, compromising of confidential customer or employee information, leaked information, disruption of business, theft or extortion of funds, regulatory infractions, loss of competitive advantage and damage to the Company's reputation. The Company relies upon a variety of advanced controls as protection from such attacks including firewall infrastructure, secure network architecture and anti-malware defense systems to protect against network intrusion, malware infection and data loss.

As it is difficult to quantify the significance of such events, cyber-attacks such as security breaches of company, customer, employee, and vendor information, as well as hardware or software corruption, failure or error, telecommunications system failure, service provider error, intentional or unintentional personnel actions, malicious software, attempts to gain unauthorized access to data and other electronic security breaches that could lead to disruptions in systems, unauthorized release of confidential or otherwise protected information and the corruption of data, may in certain circumstances be material and could have an adverse effect on the Company's business, financial condition and results of operations. As a result of the unpredictability of the timing, nature and scope of disruptions from such attacks, the Company could potentially be subject to production downtimes, operational delays, the compromising of confidential or otherwise protected information, destruction or corruption of data, security breaches, other manipulation or improper use of its systems and networks or financial losses, any of which could have a material adverse effect on the Company's competitive position, financial condition or results of operations.

***Compliance with accounting standards may require the Company to make accounting adjustments.***

The presentation of financial information in accordance with IFRS requires that management apply certain accounting policies and make certain estimates and assumptions which affect reported amounts in the Company's financial statements. The accounting policies may result in non-cash charges to net income and write-downs of net assets in the financial statements and such adjustments may be viewed unfavorably by the market and may result in an inability to borrow funds or a decline in price of Common Shares.

***The Company could be negatively impacted by a breach of internal procedures and controls.***

Effective internal controls are necessary for the Company to provide reliable financial reports and to help prevent fraud. Although the Company has undertaken and will undertake several procedures to help ensure the reliability of its financial reports, including those that may be imposed on the Company under Canadian Securities Laws and applicable U.S. federal and state securities laws, the Company cannot be certain that such measures will ensure that the Company will maintain adequate control over financial processes and reporting. Failure to implement required new or improved controls, or difficulties encountered in their implementation, could harm the Company's results of operations, or cause the Company to fail to meet its reporting obligations. Additionally, implementing and monitoring effective internal controls can be costly. If the Company or its independent auditors discover a material weakness, the disclosure of that fact, even if quickly remedied, could reduce the market's confidence in the Company's financial statements and may result in a decline in the price of Common Shares.

***The Company could be materially impacted by political events or terrorist attacks.***

Political events throughout the world that cause disruptions may affect the marketability and price of helium acquired, discovered, or produced by the Company. The Company's helium properties, wells and facilities could be subject to a terrorist attack. If any of the Company's properties, wells or facilities or any infrastructure on which the Company relies are the subject of a terrorist attack, such attack may have a material adverse effect on the Company's financial performance, financial position, and cash flows.

***The Company could be subjected to litigation.***

The Company and/or its directors may be subject to a variety of civil or other legal proceedings, with or without merit. Given the speculative and unpredictable nature of litigation, the outcome of such disputes could have a material adverse effect on the Company.

## **DIVIDENDS AND DISTRIBUTIONS**

Global Helium has not declared or paid any dividends on the Shares since incorporation. The payment of dividends in the future will be at the discretion of the Board and will be dependent on the future earnings and financial condition of the Company and such other factors as the Board considers appropriate.

## **DESCRIPTION OF CAPITAL STRUCTURE**

### **Authorized Capital**

The Company has authorized an unlimited number of Class A voting common shares, an unlimited number of Class B non-voting common shares, and an unlimited number of Preferred Shares, issuable in series, with rights and privileges to be set by the board of directors.

### **Capital Issued and Outstanding**

As of the date hereof, Global Helium has issued and outstanding securities on a fully diluted basis, consisting of:

- 46,136,060 Common Shares;
- Stock option issued and outstanding for the purchase of 1,600,000 Common Shares at an exercise price of \$0.15, 850,000 at an exercise price of \$0.61 and 1,300,000 at an exercise price of \$0.41;
- Warrants to purchase 16,915,600 Common Shares at an exercise price of \$0.25 per share expiring on May 19, 2023; warrants to purchase 11,798,180 Common Shares at an exercise price of \$1.00 per share expiring on May 19, 2023; warrants to purchase 2,382,800 Common Shares at an exercise price of \$1.00 per share expiring October 4, 2023, warrants to purchase 5,532,090 at an exercise price of \$1.00 per share expiring on October 5, 2023 and warrants to purchase 1,562,500 at an exercise price of \$0.42 per share expiring on May 31, 2025.

### **Class A Common Voting Shares**

The Company is authorized to issue an unlimited number of Class A common shares without nominal or par value.

As at the date of this Annual Information Form, the Company has 46,136,060 Common Shares issued and outstanding. Holders of Class A common shares are entitled to one vote per share upon all matters on which shareholders have the right to vote. The Class A common shares do not have pre-emptive rights and are not subject to redemption or retraction provisions. The Company may, if authorized by its Board, purchase or otherwise acquire any of its common shares at a price and upon the terms determined by the directors. Holders of the Class A common shares are entitled to receive such dividends as may be declared by its Board of Directors out of funds legally available therefor. In the event of dissolution or winding up of the affairs of the Company, holders of the Class A common shares are entitled to share ratably in all assets of the Company remaining after payment of all amounts due to creditors.

### **Class B Non-Voting Common Shares**

The Company is authorized to issue an unlimited number of Class B non-voting common shares without nominal or par value of which, as at the date hereof, there are currently none issued and outstanding. Holders of Class B common shares are not entitled to vote except in circumstances as prescribed by the Business Corporations Act (Alberta). The Class B common shares do not have pre-emptive rights and are not subject to redemption or retraction provisions. The Company may, if authorized by its Board, purchase or otherwise acquire any of its common shares at a price and upon the terms determined by the directors. Holders of Class B common shares are entitled to receive such dividends as may be declared by its Board of Directors out of funds legally available therefor. In the event of dissolution or winding up of the affairs of the Company, holders of the Class B common shares are entitled to share ratably in all assets of the Company remaining after payment of all amounts due to creditors.

### Preferred Shares

The Company is authorized to issue an unlimited number of preferred shares without nominal or par value of which, as at the date hereof, there are currently none issued and outstanding.

The preferred shares may be issued from time to time in one or more series, each series consisting of the number of shares and having the designation, rights, privileges, restrictions, and conditions which the Board of Directors of the Company determines prior to the issue thereof. The preferred shares rank prior to the common shares with respect to the payment of dividends and distribution in the event of liquidation, dissolution or winding-up of the Company.

### Warrants to Purchase Class A Common Shares

As of the date hereof, the Company has warrants to purchase 16,915,600 Common Shares at an exercise price of \$0.25 per share expiring on May 19, 2023; warrants to purchase 11,798,180 Common Shares at an exercise price of \$1.00 per share expiring on May 19, 2023; warrants to purchase 2,382,800 Common Shares at an exercise price of \$1.00 per share expiring October 4, 2023, warrants to purchase 5,532,090 at an exercise price of \$1.00 per share expiring on October 5, 2023, and warrants to purchase 1,562,500 at an exercise price of \$0.42 per share expiring on May 31, 2025.

### Stock Options

The Company has adopted an incentive stock option plan (the “Plan”). The Plan provides that the board of directors of the Company may from time to time, in its discretion, and in accordance with CSE requirements, grant to directors, officers, employees and consultants to the Company, non-transferable options to purchase Common Shares exercisable for a period of up to five years from the date of grant. The exercise price for each option shall be determined by the Board of Directors, subject to the Policies of the CSE, at the time the option is granted, but such price shall not be less than the higher of the closing prices of the Common Shares on either the date of grant or the trading day prior to the date of grant. The exercise price may not be reduced without applicable regulatory approval. The Board may determine in its discretion which options shall vest and the method of vesting, subject only to compliance with the Policies of the CSE. Options may be exercised no later than 90 days following cessation of the optionee’s position with the Company provided that if the cessation of office, directorship, employment, or consulting arrangement was by reason of death, the option may be exercised with a maximum period of one year after such death, subject to the expiry date of such option.

The number of Common Shares reserved for issuance under the Plan in aggregate shall not exceed 10% of the aggregate issued and outstanding Shares of the Company at the time of grant, but this maximum number may be revised from time to time by the Board in accordance with the policies of the CSE. If any option granted hereunder shall expire or terminate for any reason without having been exercised in full, the unpurchased Common Shares subject thereto shall again be available for the purpose of the Plan.

The number of Stock Options which may be granted under the Plan (calculated at the Grant Date), within a 12 month period:

- a) to any one Optionee, shall not exceed 5% of the total number of issued and outstanding Common Shares on a non-diluted basis at the time of the grant unless Disinterested Approval is obtained; and
- b) to any one consultant shall not exceed 2% of the total number of issued and outstanding Common Shares on a non-diluted basis at the time of the grant; and
- c) all Eligible Persons who undertake Investor Relations Activities shall not exceed 1% in the aggregate of the total number of issued and outstanding Common Shares in any 12 month period, on a non-diluted basis; and
- d) unless shareholder approval is obtained as provided for in Section 2.25 of National Instrument 45-106 – Prospectus Exemptions (which includes Disinterested Approval, as defined therein) following the distribution of the Stock Options:
  - i) the number of Common Shares, calculated on a fully diluted basis, reserved for issuance upon exercise of options to directors, executive officers or related entities of the Company, or an associate or permitted assign of directors, executive officers or related entities of the issuer (collectively, a “related persons”) may not exceed 10% of the issued and outstanding Common Shares in a 12 month period (5% to an individual related person); and

- (ii) the number of Common Shares, calculated on a fully diluted basis, issued in twelve (12) months upon exercise of options to a related person may not exceed 10% of the issued and outstanding Common Shares in a 12 month period (5% to an individual related person).

As of the date of this Annual Information Form, the Company was authorized to issue options covering up to ten percent of its then outstanding Common Shares, or 4,613,606 shares, and the Company had issued options to acquire a total of 3,750,000 Common Shares leaving a maximum number of 863,606 Common Shares available for future option issuances.

## MARKET FOR SECURITIES

### Trading Price and Volume

#### *Common Shares*

The Shares have been listed and have traded on the CSE under the symbol "HECO" since May 19, 2021. The following table sets forth the price ranges and volume traded of Shares for the periods indicated.

2021	High	Low	Volume
	(\$)	(\$)	
May <sup>(1)</sup>	1.15	1.00	65,222
June	1.20	1.00	55,230
July	1.00	0.80	5,400
August	0.99	0.50	27,129
September	1.22	0.70	843,198
October	2.00	1.05	2,499,483
November	3.01	1.36	4,415,219
December	2.07	1.60	958,269

**Note:**

- (1) Represents the trading price ranges and volume traded of Shares from the listing date on the CSE of May 19, 2021, to May 31, 2021.

### Prior Sales

The following table summarizes the issuance of securities by the Company over the twelve (12) month period ending December 31, 2021:



Date	Price per Security (\$)	Number and Type of Security	Reason for Issuance
January 1, 2021	\$0.005	7,980,000 Units <sup>2</sup>	Equity raise
January 15, 2021	\$0.02	5,500,000 Units <sup>2</sup>	Equity raise
February 1, 2021	\$0.05	5,300,000 Units <sup>2</sup>	Equity raise
February 15, 2021	\$0.50	538,000 Units <sup>3</sup>	Debt Settlement
February 15, 2021	\$0.50	2,108,000 Units <sup>3</sup>	Debt Settlement
March 1, 2021	USD\$0.39	8,756,403 Units <sup>3</sup>	Equity raise
March 1, 2021	\$0.50	2,097,597 Units <sup>3</sup>	Equity raise
August 11, 2021	\$0.61	900,000 Stock Options	Stock Option Plan
October 4, 2021	\$0.65	2,382,800 Units <sup>(4)</sup>	Equity raise
October 5, 2021	\$0.65	5,392,020 Units <sup>(5)</sup>	Equity raise
October 5, 2021	\$0.65	Agent's warrants <sup>(6)</sup>	Compensation

**Notes:**

- (1) Each Unit consists of one Class A common share and one warrant. Each warrant entitles the holder thereof to acquire one additional Common Share at a price of CDN\$0.25 per share for a period of 24 months expiring May 19, 2023. See also "*General Development of the Business*".
- (2) Each Unit consists of one Class A common share and one warrant. Each warrant entitles the holder thereof to acquire one additional Common Share at a price of CDN\$0.25 per share for a period of 24 months expiring May 19, 2023. See also "*General Development of the Business*".
- (3) Each Unit consists of one Class A common share and one warrant. Each warrant entitles the holder thereof to acquire one additional Common Share at a price of CDN\$1.00 per share for a period of 24 months expiring May 19, 2023. See also "*General Development of the Business*".
- (4) Each Unit consists of one Class A common share and one warrant. Each warrant entitles the holder thereof to acquire one additional Common Share at a price of CDN\$1.00 per share for a period of 24 months expiring October 4, 2023. See also "*General Development of the Business*".
- (5) Each Unit consists of one Class A common share and one warrant. Each warrant entitles the holder thereof to acquire one additional Common Share at a price of CDN\$1.00 per share for a period of 24 months expiring October 5, 2023. See also "*General Development of the Business*".
- (6) In connection with the October 2021 private placement the Company issued to the agent, share purchase warrants to acquire 255,070 Common Shares at a price of \$0.65 per share until October 5, 2023.

### ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTION ON TRANSFER

The following securities were held in escrow as at December 31, 2021:

Designation of class	Number of Securities Held in Escrow	Percentage of class as at December 31, 2021
Common Shares	5,508,976	12.6%

## DIRECTORS AND OFFICERS

### Name, Occupation and Security Holding

The following table sets forth certain information about our current directors and executive officers:

Name and Municipality of Residence	Position Held with the Company	Principal Occupation During the Past Five Years	Common Shares Beneficially Owned	Date First Elected or Appointed
Wesley Siemens <i>Calgary, Alberta</i>	President and Director	President & CEO of Kaden Energy Ltd., a private oil and gas company since July 2015.	160,000 (0.36%)	November 13, 2020
Nathan Steinke <i>Calgary, Alberta</i>	Chief Financial Officer	CFO of the Company since November 2020; CFO of Alpha Lithium Corp., a resource company since March 2020; CFO of Liberty One Lithium Corp., a resource company since August 2018; prior thereto CFO of Yellow Line Helium LP, a resource company, from May 2019 to November 2020; CFO of Acadia Iron Inc., a technology company, from February 2017 to April 2018; An accountant for Quattro Exploration and Production Ltd., a resource company, from May 2016 to January 2017; and CFO of Edge Resources Inc., a resource company, from April 2011 to April 2016.	1,252,100 (2.83%)	November 13, 2020
Duncan Mackenzie <i>Saint-Lambert, Quebec</i>	VP Exploration	Geologist and Vice President of Exploration of the Company since November 2020; prior thereto Geologist with YLH LP from March 2020; prior thereto Senior Advisor Intersac Inc., a chemical manufacturing and distribution company from April 2018 to June 2019; prior thereto principal of Eliacam Enterprises Ltd., a consulting company from July 2011 to February 2020.	1,779,300 (4.03%)	November 13, 2020
Brad Nichol <sup>(1)</sup> <i>Calgary, Alberta</i>	Interim CEO, Executive Chairman, Member of Audit Committee	President and CEO of Alpha Lithium Corp., a resource company since March 2020; President and CEO of Liberty One Lithium, a resource company since July 2017; prior thereto President of Acadia Iron Inc., a technology company from October 2014 to February 2018.	1,189,400 (2.69%)	November 13, 2020
Christopher Cooper <sup>*(1)</sup>	Director, Member of Audit Committee	President of Canadian Towers & Fibre Optics Inc. a private international	Nil (0.00%)	November 13, 2020

Name and Municipality of Residence	Position Held with the Company	Principal Occupation During the Past Five Years	Common Shares Beneficially Owned	Date First Elected or Appointed
<i>Vancouver, British Columbia</i>		telecommunications company since September 2017; prior thereto President and CEO of Aroway Energy Inc., an oil and gas company, from January 2012 to November 2017.		
Roderick Nichol <sup>(1)</sup> <i>Vancouver, British Columbia</i>	Director, Member of Audit Committee	Entrepreneur and senior advisor	335,000 (0.76%)	November 13, 2020
Scott Reeves <i>Calgary, Alberta</i>	Corporate Secretary	Lawyer, Partner, TingleMerrett LLP	19,900 (0.05%)	November 13, 2020

\* Independent director

**Note:**

(1) Member of the Company's audit committee.

All directors hold office until the next annual general meeting of shareholders or until their successors are duly appointed or until their earlier resignation or removal. As at the date herein, as a group, the directors and executive officers of the Company held an aggregate of 4,735,700 Common Shares approximately 10.7% of the issued and outstanding Common Shares of the Company.

**Wesley Siemens** – Mr. Siemens was appointed President of the Company on February 15, 2021. Mr. Siemens was previously the founder, President and CEO of a private equity funded, oil and gas exploration company, focused in Western Canada. He began his career in 1993 at Canadian Occidental Petroleum Ltd. and progressed from a number of technical roles to senior management positions over a 21-year period throughout the company's evolution to Nexen Inc. Mr. Siemens held a number of senior management positions including Production/Operations, Project Development, Oil Sands, Corporate Planning and Business Development, International Business Development, Technical Excellence and Alternative Energy. Mr. Siemens has extensive experience in M&A, including billions of dollars of transactions on both the acquisition and divestment side. He received his Bachelor of Science Degree in Mechanical Engineering from the University of Alberta in 1992 and completed an Executive Leadership Program at Oxford. Mr. Siemens will devote approximately 75% of his time to perform the work required in connection with his duties as President of the Company.

**Brad Nichol** – Mr. Brad Nichol was appointed Chief Executive Officer and Director of the Company as a consultant on November 13, 2020 until February 15, 2021, when he became Interim CEO and Executive Chairman. Mr. Nichol is currently the President and CEO of Alpha Lithium Corp. Throughout his +25-year career he has served as both senior executive and director of a number of public and private enterprises across the finance and resource sectors. He has led successive organizations through multiple rounds of private and public project and corporate financings, initiated and executed dual listings, established key international and domestic financial relations, oversaw M&A, technical, operational, HR, investor relations, legal and regulatory functions as well as closing several accretive asset acquisitions and financings in multiple jurisdictions. Previously, Mr. Nichol worked at Schlumberger in various technical, managerial, marketing and sales roles in North America, South America, and Europe. Mr. Nichol earned his MBA at the London Business School (Honors 2003) and also holds a BSc. in Mechanical Engineering from the University of Alberta and has been a registered Professional Engineer since 1994. Mr. Nichol will devote approximately 10% of his time to perform the work required in connection with his duties as a Director of the Company.

**Nathan Steinke** – Mr. Steinke was appointed Chief Financial Officer of the Company on November 13, 2020. Mr. Steinke is a chartered professional accountant with over 18 years of experience leading the finance functions for both public and private companies in the international resource sector. Since 2003, Mr. Steinke's responsibilities have comprised of all financial aspects of the companies including: debt and equity financings, corporate structure design and management, cash flow management and forecasting, legal and regulatory compliance, stakeholder engagement

and reporting, dual listing execution and management, and risk management. Mr. Steinke will devote approximately 50% of his time to perform the work required in connection with his duties as Chief Financial Officer of the Company.

**Duncan Mackenzie** – Mr. Mackenzie was appointed VP Exploration of the Company on November 13, 2020. Mr. Mackenzie is a geoscientist with 20 years' experience with all aspects of finding and selling industrial gases primarily in western Canada. Mr. Mackenzie has also worked as a geoscientist on U.S., South American, and West African projects. He is well versed in gas reserve evaluations and is privileged to be part of a network of skilled and experienced geoscientists in Calgary and Montreal. He has been working on rare gas exploration since 2015. Mr. Mackenzie will devote approximately 90% of his time to perform the work required in connection with his duties as VP Exploration of the Company.

**Roderick Nichol** – Mr. Rod Nichol was appointed Director of the Company on November 13, 2020. Mr. Nichol is an entrepreneur, senior adviser and private investor primarily based out of Vancouver. He is the Managing Director of Lionsgate Capital Limited, which he founded in Hong Kong in 2010 and also Lionsgate West Capital Limited which he founded in Vancouver in 2021. Prior to starting Lionsgate, he was a senior investment banker for thirteen years, based in London, with Merrill Lynch, Dresdner Kleinwort, and The Europa Partnership LLP. He has originated and executed numerous notable transactions globally, having been directly involved in over USD60bn (equiv.) in transaction value. These deals span both public and private situations, including principal investments, M&A/corporate finance advisory mandates, leveraged/acquisition financings, corporate & project financings, debt & equity capital raisings, and derivatives. Mr. Nichol has particular expertise in the natural resources, energy, infrastructure, TMT, and healthcare sectors. He has an MBA from London Business School and a Bachelor of Commerce degree from the Sauder School of Business at the University of British Columbia. Mr. Nichol will devote approximately 10% of his time to perform the work required in connection with his duties as a Director of the Company.

**Christopher Cooper** – Mr. Cooper was appointed Director of the Company on November 13, 2020. Mr. Cooper has over 20 years of experience in management and finance in the oil and gas, mining, and technology industries. Mr. Cooper received his B.A. from Hofstra University and his MBA from Dowling College, both in New York State. He has been involved in the creation and funding of several oil and gas issuers including Choice Resources Corp., an intermediate oil and gas producer before it was taken over in August 2007 by Buffalo Resources Corp. Mr. Cooper also sits on the board of several other junior public companies. He has sat on the audit committee of many public companies in several different industry sectors and has a broad comprehensive knowledge of financial reporting. Mr. Cooper will devote approximately 10% of his time to perform the work required in connection with his duties as a Director of the Company.

**Scott Reeves** – Mr. Reeves was appointed Corporate Secretary of the Company on November 13, 2020. Mr. Reeves is a partner at the law firm TingleMerrett LLP in Calgary, Alberta where he concentrates on securities, corporate finance and commercial transactions for emerging and growth companies, joint ventures, and partnerships. He has advised numerous private and public corporations (including registered dealers) in a wide range of business matters including access to capital markets, corporate governance, and operational issues both nationally and internationally. Mr. Reeves currently acts as secretary and a director of a number of public companies. Mr. Reeves will devote approximately 5% of his time to perform the work required in connection with his duties as secretary of the Company.

### **Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Other than as disclosed below, none of our directors or executive officers is or, within 10 years before to the date of this Annual Information Form has been, a director or chief executive officer or chief financial officer of any company that while the director or officer was acting in that capacity, was the subject of:

- (a) a cease trade or similar order (including a management cease trade order that applied to the directors or executive officers of the company) for a period of more than 30 consecutive days; or
- (b) an order that denied the company access to any exemption under securities legislation for a period of more than 30 consecutive days;
- (c) was subject to an order of the type referred to in subparagraphs (i) or (ii) above that was issued after the proposed director ceased to be a director, chief executive officer or chief financial officer of the

company that resulted from an event that occurred while the proposed director was acting in the capacity as a director, chief executive officer or chief financial officer of that company.

None of our directors or executive officers, nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor in the case of (b) below any personal holding company of any of the foregoing:

- (a) is or, within 10 years before to the date of this Annual Information Form has been, a director or executive officer of any company that, while the director, officer or shareholder was acting in that capacity or within a year of the director, officer or shareholder ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or
- (b) has, within 10 years before to the date of this Annual Information Form, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or become subject to or instituted any proceedings, arrangement, or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the director, executive officer, or shareholder.

On April 29, 2016, Edge Resources Inc., (“Edge”), of which Brad Nichol was a director and Chief Executive Officer, Mr. Steinke was the Chief Financial Officer, Mr. Cooper was a director and Mr. Reeves was a director and corporate secretary, received an order of the Court of Queen’s Bench of Saskatchewan appointing Grant Thornton as receiver over the company’s Saskatchewan-based assets and, on September 2, 2016, received an order of the Court of Queen’s Bench of Alberta appointing Grant Thornton as receiver over the company’s Alberta-based assets. The receiver was discharged on the Alberta-based assets on December 19, 2016 and on the Saskatchewan-based assets on February 1, 2017. On August 5, 2016 Edge received a cease trade order from the Alberta Securities Commission for failure to file financial statements. Since a Receiver had been appointed for Edge on April 29, 2016, the officers and directors of Edge were no longer in control of the assets or undertaking of Edge, being replaced by Grant Thornton (the Receiver). This made it impossible, following such date, for the directors of Edge to affect the continuance of Edge’s public filings. A copy of the order may be provided by request.

Mr. Cooper was an officer and a director of Reparo Energy Partners Corp. (formerly, Northern Sun Exploration Company Inc.) (“Reparo”), a company which made and satisfied a proposal with its creditors on August 17, 2009, pursuant to the Bankruptcy and Insolvency Act (Canada). Mr. Cooper was an officer and a director of Reparo when on March 6, 2015, the British Columbia Securities Commission issued a cease trade order for failure to file its annual audited financial statements. Reparo was subsequently delisted from the TSX Venture Exchange. On October 29, 2015, Mr. Cooper and Mr. Brad Nichol were subject to a management cease trade order issued by the British Columbia Securities Commission in respect of Aroway Energy Inc., for failure to file annual audited financial statements, and subsequently Aroway Energy Inc. was cease traded by the British Columbia Securities Commission on January 4, 2016, and delisted from the TSX Venture Exchange. Mr. Cooper is also a director of StartMonday Technology Corp. and was subject to an MCTO dated May 1, 2019, issued by the British Columbia Securities Commission for failure to file its annual audited financial statements. The British Columbia Securities Commission on July 10, 2019, issued a cease trade order and StartMonday Technology Corp. was subsequently delisted from the CSE.

Mr. Reeves was a director and Corporate Secretary of Quattro Exploration and Production Ltd. (“Quattro”) when, on May 3, 2016, due to the failure of Quattro to file its annual audited financial statements and management discussion and analysis for the year ended December 31, 2015, the Alberta Securities Commission issued a management cease trade order (the “Quattro MCTO”) ordering the cessation of trading in the securities of Quattro by its senior management and directors, including Mr. Reeves. On June 20, 2016, the ASC, pursuant to the filing of the outstanding annual audited financial statements and management discussion and analysis of Quattro, revoked the Quattro MCTO. On September 8, 2016, Quattro received an order from the Court of Queen’s Bench of Alberta granting creditor protection pursuant to the Companies’ Creditors Arrangement Act (Alberta). The order was extended by the court until November 30, 2016 on October 7, 2016. On February 2, 2017, Quattro received an order of the Court of Queen’s Bench of Alberta appointing Hardy & Kelly Inc. as receiver over the company’s assets. On May 8, 2017, Quattro received a cease trade order from the Alberta Securities Commission for failure to file financial statements. Since a Receiver had been appointed for Quattro on February 2, 2017, the officers and directors of Quattro were no longer in control of the assets or undertaking of Quattro, being replaced by Hardy & Kelly Inc. (the Receiver). This made it impossible, following such date, for the directors of Quattro to affect the continuance of Quattro’s public filings. A copy of the order may be provided by request.

Mr. Reeves was the Corporate Secretary of Perisson Petroleum Corporation (“Perisson”) on May 1, 2018, when the ASC issued an MCTO ordering the cessation of trading in the securities of Perisson by certain of its insiders, including Mr. Reeves, for its failure to file annual audited financial statements, annual management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2017. The MCTO was lifted on June 18, 2018 upon filing of the annual audited financial statements.

Mr. Reeves is a director and Corporate Secretary of Tree of Knowledge International Corp. (“TOKI”) and on May 1, 2019, when the Ontario Securities Commission issued an MCTO ordering the cessation of trading in the securities of TOKI by certain of its insiders, for its failure to file annual audited financial statements, management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2017. The MCTO was lifted on June 4, 2019 upon completion of the filing. In addition, on June 25, 2020, the Ontario Securities Commission issued an MCTO ordering the cessation of trading in the securities of TOKI by certain of its insiders, for its failure to file annual audited financial statements, management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2019. The Ontario Securities Commission on July 15, 2020 converted the MCTO to a failure to file cease trade order (“FFCTO”) and on September 23, 2020, The FFCTO was lifted on upon completion of the filing.

Mr. Reeves is a director of CBD Global Sciences Inc. (“CBD”) and on June 18, 2020, the Alberta Securities Commission issued an MCTO ordering the cessation of trading in the securities of CBD by certain of its insiders, for its failure to file annual audited financial statements, management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2019. The MCTO was lifted on August 6, 2020 upon completion of the filing.

Mr. Reeves is a director of Radiko Holdings Corp. (“Radiko”) and on June 17, 2020, the Alberta Securities Commission issued an MCTO ordering the cessation of trading in the securities of Radiko by certain of its insiders, for its failure to file annual audited financial statements, management’s discussion and analysis, and certification of annual filings for the year ended December 31, 2019 and the Alberta Securities Commission also issued a MCTO on July 17, 2020, for Radiko’s failure to file its interim financial statements, management discussion and analysis and certification of interim filing for the period ended March 31, 2020. The MCTO for the annual filings was lifted on August 10, 2020, upon completion of the annual filing and the MCTO for the interim filings was lifted on August 25, 2020, upon completion of the interim filings.

### **Conflict of Interest**

The directors and officers of the Company may, from time to time, be involved with the business and operations of other issuers, in which case a conflict of interest may arise between their duties as officers and directors of the Company and as officer and directors of such other companies. Such conflicts must be disclosed in accordance with, and are subject to such procedures and remedies, as applicable, under the *Business Corporations Act* (Alberta).

### **Penalties or Sanctions**

None of our directors or executive officers, nor any shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, nor any personal holding company of any of the foregoing, has been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority or has been subject to any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **Personal Bankruptcies**

None of our directors, officers or principal shareholders, or personal holding company of such persons, have, within the last 10 years, become bankrupt or made a proposal under any legislation relating to bankruptcy or insolvency or been subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets.

## **PROMOTERS**

Brad Nichol, the Company’s interim Chief Executive Officer and Executive Chairman, may be considered to be a “promoter” of the Company in that he took the initiative in founding and organizing the business of the Company in 2020. Mr. Nichol is the registered and beneficial owner, or has control and direction of 1,189,400 Common Shares of the Company, which is equal to 2.69% of the Common Shares issued and outstanding (on a non-diluted basis).

## AUDIT COMMITTEE

### *Audit Committee Charter*

The Charter of the Company's Audit Committee is attached to this Annual Information Form as Appendix "A".

### *Composition of the Audit Committee*

The following are the members of the Committee:

Rod Nichol, Chair	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Chris Cooper	Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>
Brad Nichol	Not Independent <sup>(1)</sup>	Financially literate <sup>(1)</sup>

#### **Note:**

(1) As defined by National Instrument – *Audit Committees* ("NI 52-110").

**Mr. Rod Nichol:** Mr. Nichol was appointed Director of the Company on November 13, 2020. Mr. Nichol is an entrepreneur, senior adviser and private investor primarily based out of Vancouver. He is the Managing Director of Lionsgate Capital Limited, which he founded in Hong Kong in 2010 and also Lionsgate West Capital Limited which he founded in Vancouver in 2021. Prior to starting Lionsgate, he was a senior investment banker for thirteen years, based in London, with Merrill Lynch, Dresdner Kleinwort, and The Europa Partnership LLP. He has originated and executed numerous notable transactions globally, having been directly involved in over US\$60bn (equiv.) in transaction value. These deals span both public and private situations, including principal investments, M&A/corporate finance advisory mandates, leveraged/acquisition financings, corporate & project financings, debt & equity capital raisings, and derivatives. He has particular expertise in the natural resources, energy, infrastructure, TMT, and healthcare sectors. Rod has an MBA from London Business School and a Bachelor of Commerce degree from the Sauder School of Business at the University of British Columbia.

**Mr. Chris Cooper:** Mr. Cooper was appointed Director of the Company on November 13, 2020. Mr. Cooper has over 20 years of experience in management and finance in the oil and gas, mining, and technology industries. Mr. Cooper received his B.A. from Hofstra University and his MBA from Dowling College, both in New York State. He has been involved in the creation and funding of several oil and gas issuers including Choice Resources Corp., an intermediate oil and gas producer before it was taken over in August 2007 by Buffalo Resources Corp. Mr. Cooper also sits on the board of several other junior public companies. He has sat on the audit committee of many public companies in several different industry sectors and has a broad comprehensive knowledge of financial reporting.

**Mr. Brad Nichol:** Mr. Nichol was appointed Chief Executive Officer of the Company on November 13, 2020, until February 15, 2021, when he became Interim CEO and Executive Chairman. Mr. Nichol is currently the President and CEO of Alpha Lithium Corp. Throughout his +25-year career he has served as both senior executive and director of a number of public and private enterprises across the finance and resource sectors. He has led successive organizations through multiple rounds of private and public project and corporate financings, initiated and executed dual listings, established key international and domestic financial relations, oversaw M&A, technical, operational, HR, investor relations, legal and regulatory functions as well as closing several accretive asset acquisitions and financings in multiple jurisdictions. Previously, he worked at Schlumberger in various technical, managerial, marketing and sales roles in North America, South America and Europe. He earned his MBA at the London Business School (Honors 2003) and also holds a BSc. in Mechanical Engineering from the University of Alberta and has been a registered Professional Engineer since 1994.

Through such business experience, the members of the Audit Committee review financial statements and gain an understanding of financial reporting controls and procedures.

### *Audit Committee Oversight*

At no time since the commencement of the Company's most recently completed financial year was a recommendation of the Committee to nominate or compensate an external auditor not adopted by the Board of Directors.

### ***Reliance on Certain Exemptions***

At no time since the commencement of the Company's most recently completed financial year has the Company relied on the exemption in Section 2.4 of NI 52-110 (De Minimis Non-audit Services), or an exemption from NI 52-110, in whole or in part, granted under Part 8 of National Instrument 52-110.

### ***Pre-Approval Policies and Procedures***

The Audit Committee must pre-approve all non-audit services to be provided to the Company by its external auditors.

The aggregate fees billed by the Company's external auditors in each of the last two fiscal years for audit fees are as follows:

<b>Financial Year Ending</b>	<b>Audit Fees</b>	<b>Audit Related Fees</b>	<b>Tax Fees</b>	<b>All Other Fees</b>
2021	\$24,854	\$18,415	\$12,070	Nil
2020	\$19,500	\$5,000	\$7,350	\$Nil

### ***Exemption***

The Company is relying on the exemption provided in Section 6.1 of NI 52-110 and, as such, the Company is exempt from Parts 3 (Composition of the Audit Committee) and 5 (Reporting Obligations) of NI 52-110.

## **LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

From time to time, we may become subject to various legal proceedings that are incidental to the ordinary conduct of its business. Although we cannot accurately predict the amount of any liability that may ultimately arise with respect to any of these matters, it makes provision for potential liabilities when it deems them probable and reasonably estimable. These provisions are based on current information and may be adjusted from time to time according to developments.

We know of no material, existing or pending legal proceedings against our Company, nor are we involved as a plaintiff in any material proceeding or pending litigation. There are no proceedings in which any director, officer, or any affiliates, or any registered or beneficial shareholder, is an adverse party or has a material interest adverse to our interest.

## **INTERESTS OF MANAGEMENT AND OTHERS MATERIAL TRANSACTIONS**

Other than disclosed herein, no director, executive officer or principal shareholder of the Company, or an associate or affiliate of a director, executive officer, or principal shareholder of the Company, has any material interest, direct or indirect, in any transaction which has occurred within the three years before the date of this Annual Information Form, or in any proposed transaction that has materially affected or will materially affect the Company.

### ***Review and Approval of Related Person Transactions***

We have operated under a Code of Conduct since inception. Our Code of Conduct requires all employees, key consultants, officers, and directors, without exception, to avoid the engagement in activities or relationships that conflict, or would be perceived to conflict, with the Company's interests or adversely affect its reputation. It is understood, however, that certain relationships or transactions may arise that would be deemed acceptable and appropriate upon full disclosure of the transaction, following review and approval to ensure there is a legitimate business reason for the transaction and that the terms of the transaction are no less favorable to the Company than could be obtained from an unrelated person.

The Audit Committee is responsible for reviewing and approving all transactions with related persons. The Company has not adopted a written policy for reviewing related person transactions. The Company reviews all relationships and transactions in which the Company and our directors and executive officers or their immediate family members are participants to determine whether such persons have a direct or indirect material interest. As required under applicable rules, transactions that are determined to be directly or indirectly material to the Company or a related person are disclosed.



### *Director Independence*

The Board has affirmatively determined that Rod Nichol and Chris Cooper are independent as of December 31, 2021. For purposes of making that determination, the Board used the definition set out in National Instrument 52-110 – *Audit Committees*.

### **TRANSFER AGENT AND REGISTRAR**

The transfer agent and registrar for the Company's Common Shares is Odyssey Trust Company located at 1230, 300 - 5th Avenue SW, Calgary AB, T2P 3C4.

### **MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company and/or its subsidiaries within two years prior to the date hereof which are currently in effect and considered to be currently material:

1. Purchase and Sale Agreement dated November 30, 2020, between Yellow Line Helium Limited Partnership and Global Helium Corp. See "*General Development of the Business – History*".
2. Transfer Agent and Registrar Agreement with Odyssey Trust Company dated May 10, 2021;
3. Escrow Agreement dated May 10, 2021, among the directors and officers of the Company and Odyssey Trust Company.

### **INTERESTS OF EXPERTS**

RSM Alberta LLP, Chartered Accountants are the auditors of the Company and have confirmed that they are independent within the meaning of the relevant rules and related interpretations prescribed by the relevant professional bodies in Canada and any applicable legislation or regulations.

### **ADDITIONAL INFORMATION**

Additional information relating to the Company may be obtained from SEDAR at [www.sedar.com](http://www.sedar.com) under the Company's profile.

Additional information, including information as to directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Management Information Circular and Proxy Statement of the Company dated April 14, 2022, relating to its most recent annual meeting of Shareholders that involved the election of directors.

Additional financial information is provided in the Company's financial statements and management discussion and analysis for the year ended December 31, 2021.

**APPENDIX A**  
**Global Helium Corp. (The "Corporation")**

**AUDIT COMMITTEE CHARTER**

1. **Establishment of Audit Committee:** The directors of the Corporation (the "**Directors**") hereby establish an audit committee (the "**Audit Committee**").
2. **Membership:** The membership of the Audit Committee shall be as follows:
  - (a) The Audit Committee shall be composed of three members or such greater number as the Directors may from time to time determine.
  - (b) The majority of the members of the Audit Committee shall be independent Directors.
  - (c) Each member of the Audit Committee shall be financially literate. For purposes hereof "financially literate" has the meaning set forth under NI 52-110 (as amended from time to time) and currently means the ability to read and understand a set of financial statements that present the breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of issues that can reasonably be expected to be raised by the Corporation's financial statements.
  - (d) Members shall be appointed annually from among members of the Directors. A member of the Audit Committee shall *ipso facto* cease to be a member of the Audit Committee upon ceasing to be a Director of the Corporation.
3. **Oversight Responsibility:** The external auditor is ultimately accountable to the Directors and the Audit Committee, as representatives of the shareholders and such shareholders representatives have the ultimate authority and responsibility to select, evaluate, and where appropriate, replace the external auditors (or to nominate the external auditors to be proposed for shareholder approval in any management information circular and proxy statement). The external auditor shall report directly to the Audit Committee and shall have the responsibilities as set forth herein.
4. **Mandate:** The Audit Committee shall have responsibility for overseeing:
  - (a) the accounting and financial reporting processes of the Corporation; and
  - (b) audits of the financial statements of the Corporation.

In addition to any other duties assigned to the Audit Committee by the Directors, from time to time, the role of the Audit Committee shall include meeting with the external auditor and the senior financial management of the Corporation to review all financial statements of the Corporation which require approval by the Directors, including year-end audited financial statements. Specifically, the Audit Committee shall have authority and responsibility for:

- (a) reviewing the Corporation's financial statements, MD&A and earnings press releases before the information is publicly disclosed;
- (b) overseeing the work of the external auditors engaged for purpose of preparing or issuing, an audit report or performing other audit, review or attest services for the Corporation, including the resolution of disagreements between management and the external auditors regarding financial reporting;
- (c) reviewing annually and recommending to the Directors:
  - (i) the external auditors to be nominated for purposes of preparing or issuing an audit report or performing other audit, review or attest services for the Corporation; and
  - (ii) the compensation of the external auditors.
- (d) discussing with the external auditor:

- (i) the scope of the audit, in particular their view of the quality of the Corporation's accounting principles as applied in the financials in terms of disclosure quality and evaluation methods, inclusive of the clarity of the Corporation's financial disclosure and reporting, degree of conservatism or aggressiveness of the Corporation's accounting principles and underlying estimates and other significant decisions made by management in preparing the financial disclosure and reviewed by the auditors;
  - (ii) significant changes in the Corporation's accounting principles, practices or policies; and
  - (iii) new developments in accounting principles, reporting matters or industry practices which may materially affect the Corporation.
- (e) reviewing with the external auditor and the Corporation's senior financial management the results of the annual audit regarding:
- (i) the financial statements;
  - (ii) MD&A and related financial disclosure contained in continuous disclosure documents;
  - (iii) significant changes, if any, to the initial audit plan;
  - (iv) accounting and reporting decisions relating to significant current year events and transactions;
  - (v) the management letter, if any, outlining the auditor's findings and recommendations, together with management's response, with respect to internal controls and accounting procedures; and
  - (vi) any other matters relating to the conduct of the audit, including such other matters which should be communicated to the Audit Committee under Canadian generally accepted auditing standards.
- (f) reviewing and discussing with the Corporation's senior financial management and, if requested by the Audit Committee, the external auditor:
- (i) the interim financial statements;
  - (ii) the interim MD&A; and
  - (iii) any other material matters relating to the interim financial statements, including, inter alia, any significant adjustments, management judgments or estimates, new or amended accounting policies.
- (g) receipt from external auditor of a formal written statement delineating all relationships between the auditor and the Corporation and considering whether the advisory services performed by the external auditor during the course of the year have impacted their independence, and also ensuring that no relationship or services between ) the external auditor and the Corporation is in existence which may affect the objectivity and independence of the auditor or recommending appropriate action to ensure the independence of the external auditor.
- (h) pre-approval of all non-audit services to be provided to the Corporation or its subsidiary entities by the external auditors or the external auditors of the Corporation's subsidiary entities, unless such pre-approval is otherwise appropriately delegated or if appropriate specific policies and procedures for the engagement of non-audit services have been adopted by the Audit committee.
- (i) reviewing and discussing with the external auditors and senior financial management: the adequacy of procedures for review of disclosure of financial information extracted or derived from financial statements, other than the disclosure referred to in subparagraph (a) above.
- (j) establishing and reviewing of procedures for:
- (i) receipt, retention, and treatment of complaints received by the Corporation and its subsidiary entities regarding internal accounting controls, or auditing matters;

- (ii) anonymous submission by employees of the Corporation and its subsidiary entities of concerns regarding questionable accounting or auditing matters; and
- (iii) hiring policies regarding employees and former employees of present and former external auditors of the Corporation and its subsidiary entities.
- (k) reviewing with the external auditor, the adequacy of management's internal control over financial reporting relating to financial information and management information systems and inquiring of management and the external auditor about significant risks and exposures to the Corporation that may have a material adverse impact on the Corporation's financial statements, and inquiring of the external auditor as to the efforts of management to mitigate such risks and exposures.
- (1) reviewing and/or considering that, with regard to the previous fiscal year,
  - management has reviewed the Corporation's audited financial statements with the Audit Committee, including a discussion of the quality of the accounting principles as applied and significant judgments affecting the financial statements;
  - the external auditors and the Audit Committee have discussed the external auditors' judgments of the quality of the accounting principles applied and the type of judgments made with respect to the Corporation's financial statements;
  - the Audit Committee, on its own (without management or the external auditors present), has considered and discussed all the information disclosed to the Audit Committee from the Corporation's management and the external auditor; and
  - in reliance on review and discussions conducted with senior financial management and the external auditors, the Audit Committee believes that the Corporation's financial statements are fairly presented in conformity with the with International Financial Reporting Standards (IFRS) in all material respects and that the financial statements fairly reflect the financial condition of the Corporation.

5. **Administrative Matters:** The following general provisions shall have application to the Audit Committee:

- (a) A quorum of the Audit Committee shall be the attendance of a majority of the members thereof. No business may be transacted by the Audit Committee except at a meeting of its members at which a quorum of the Audit Committee is present or by a resolution in writing signed by all the members of the Audit Committee.
- (b) Any member of the Audit Committee may be removed or replaced at any time by resolution of the Directors of the Corporation. If and whenever a vacancy shall exist on the Audit Committee, the remaining members may exercise all its powers so long as a quorum remains. Subject to the foregoing, each member of the Audit Committee shall hold such office until the close of the annual meeting of shareholders next following the date of appointment as a member of the Audit Committee or until a successor is duly appointed.
- (c) The Audit Committee may invite such Directors, officers and employees of the Corporation or affiliates thereof as it may see fit from time to time to attend at meetings of the Audit Committee and to assist thereat in the discussion of matters being considered by the Audit Committee. The external auditors are to appear before the Audit Committee when requested to do so by the Audit Committee.
- (d) The time and place for the Audit Committee meetings, the calling and the procedure at such meetings shall be determined by the Audit Committee having regard to the Articles and By-Laws of the Corporation.
- (e) The Chair shall preside at all meetings of the Audit Committee and shall have a second and deciding vote in the event of a tie. In the absence of the Chair, the other members of the Audit Committee shall appoint a representative amongst them to act as Chair for that particular meeting.

- (f) Notice of meetings of the Audit Committee may be given to the external auditors and shall be given in respect of meetings relating to the annual audited financial statements. The external auditors have the right to appear before and to be heard at any meeting of the Audit Committee. Upon the request of the external auditors, the Chair of the Audit Committee shall convene a meeting of the Audit Committee to consider any matters which the external auditors believes should be brought to the attention of the Directors or shareholders of the Corporation.
- (g) The Audit Committee shall report to the Directors of the Corporation on such matters and questions relating to the financial position of the Corporation or any affiliates of the Corporation as the Directors of the Corporation may from time to time refer to the Audit Committee.
- (h) The members of the Audit Committee shall, for the purpose of performing their duties, have the right to inspect all the books and records of the Corporation and its affiliates, and to discuss such books and records that are in any way related to the financial position of the Corporation with the Directors, officers, employees and external auditors of the Corporation and its affiliates.
- (i) Minutes of the Audit Committee meetings shall be recorded and maintained. The Chair of the Audit Committee will report to the Directors on the activities of the Audit Committee and/or the minutes of the Audit Committee meetings will be promptly circulated to the Directors or otherwise made available at the next meeting of Directors.
- (j) The Audit Committee shall have the authority to:
  - (i) engage independent counsel and other advisors or consultants as it determines necessary to carry out its duties;
  - (ii) set and pay the compensation for any advisors employed by the Audit Committee; and
  - (iii) communicate directly with the internal (if any) and external auditors and qualified reserves evaluators or auditors.