This Management's Discussion and Analysis ("MD&A") is intended to help the reader understand the Global Helium Corp. ("Global" or the "Company") condensed interim consolidated financial statements. The information provided herein should be read in conjunction with the Company's unaudited condensed interim consolidated financial statements for the three and nine months ended September 30, 2022, and the audited financial statements for the year-ended December 31, 2021 and related notes attached thereto, which have been prepared in accordance with International Financial Reporting Standards ("IFRS"). Except as otherwise disclosed, all dollar figures in this report are stated in Canadian dollars ("CAD"). The effective date of this report is November 29, 2022.

Management is responsible for the preparation and integrity of the financial statements, including the maintenance of appropriate information systems, procedures and internal controls and to ensure that information used internally or disclosed externally, including the financial statements and MD&A, is complete and reliable. The Company's board of directors follows recommended corporate governance guidelines for public companies to ensure transparency and accountability to shareholders. The board's audit committee reviews with management, the financial statements including the MD&A as well as other financial, operating and internal control matters.

Statements in this report that are not historical facts are forward-looking statements involving known and unknown risks and uncertainties, which could cause actual results to vary considerably from these statements. Readers are cautioned not to put undue reliance on forward-looking statements. See "Forward-Looking Statements" that are subject to risk factors set out in a cautionary note contained herein.

The reader is encouraged to review Company statutory filings on www.sedar.com.

## DESCRIPTION OF BUSINESS AND OVERVIEW

Global is an early-stage company incorporated in Canada on November 13, 2020, focused on the exploration, acquisition, and development of helium resources.

The Company received approval for a listing on the Canadian Securities Exchange ("CSE") under the symbol "HECO" and commenced trading on May 19, 2021.

### Outlook

The management team of the Company continues to evaluate helium prospects throughout Canada and the United States to build a top tier inventory of helium opportunities within North America. Global has a portfolio of assets that balance near, medium and long-term prospectivity with short-term production ability.

The Company's US assets represent near-term production with known and well-understood helium variables as follows:

- Commercially tested quantities of helium production, with helium percentages ranging from 1% to 3.9%
- Commercial flow rates with implied permeabilities and porosities
- Low impurities in the gas stream (high Nitrogen, low $CO_2$)
- Geological parameters are known from previous drilling on, or near, the assets
- Geophysical parameters are well-understood, from previously acquired seismic across the lands

The Company intends to utilize their knowledge and US assets to produce an independent estimate of reserves, which is expected to provide the necessary information for ordering production equipment. Depending on supply chain delays (or lack thereof), the Company expects to be producing helium in 2023.

Global now holds over 1.8 million acres in Canada's "Helium Fairway" in southern Saskatchewan. A major component of understanding and refining the Canadian geological model includes drilling, which the Company expects to undertake in 2023.

The Company will continue to pursue additional opportunities in North America.

## OPERATING AND FINANCIAL SUMMARY

**For the three-months ended September 30, 2022:**

- Incurred a loss of $846,803 compared to $870,062 in the previous comparable period.
- Cash used in operations increased to $822,635 from $349,783 in the previous comparable period.
- Net cash used in investing activities increased to $376,443 from $82,900 in the previous comparable period.
- The Company continued to acquire mineral rights in Saskatchewan and conduct geological activities in both Montana and Saskatchewan.

## SUMMARY OF SELECTED RESULTS

| | Three-months ended September 30, | | Nine-months ended September 30, | |
|---|---|---|---|---|
| $ | 2022 | 2021 | 2022 | 2021 |
| Loss | 846,803 | 870,062 | 3,909,484 | 1,792,702 |
| Per share – basic and diluted | 0.02 | 0.03 | 0.09 | 0.06 |
| Cash used in operating activities | 822,635 | 349,783 | 3,800,020 | 1,482,797 |
| Per share – basic and diluted[1] | 0.02 | 0.01 | 0.08 | 0.05 |
| Cash used in investing activities | 376,443 | 82,900 | 2,519,445 | 256,129 |
| Working capital | | | 3,963,900 | 4,383,381 |
| Shareholders' equity | | | 7,712,607 | 4,770,337 |
| Total assets | | | 7,857,085 | 6,081,256 |

(1) Based on the same weighted average number of common shares outstanding used to calculate loss per share.

## EXPENSES

Cash Expenses

Cash expenses for the applicable comparative periods are as follows:

| | Three-months ended September 30, | | Nine-months ended September 30, | |
|---|---|---|---|---|
| $ | 2022 | 2021 | 2022 | 2021 |
| Total expenses | 854,678 | 870,062 | 3,929,859 | 1,792,702 |
| Less non-cash expenses (depreciation and stock-based compensation) | (357,291) | (342,366) | (495,828) | (371,465) |
| Total cash expenses | 497,387 | 527,696 | 3,434,031 | 1,421,237 |

For the three-months ended September 30, 2022, as compared to the three-months ended September 30, 2021, total cash expenses have changed primarily due to the following significant items:

| | Three-months ended September 30 | |
|---|---|---|
| | 2022 | 2021 |
| Consulting fees and salaries [1] | $ 235,406 | $ 74,780 |
| General and administrative [2] | 61,678 | 24,372 |
| Investor relations [3] | 22,500 | - |
| Management fees, salaries, and benefits [4] | 144,044 | 183,360 |
| Marketing [5] | - | 321,775 |

(1) The increase in the current period is due to fees incurred for European corporate development services
(2) The current quarter reflects normal cost levels subsequent to the Company's major financings in 2021
(3) The Company engaged an investor relations company in Q4 2021 in conjunction with its public listings
(4) The Company reduced its management compensation expenses in order to conserve cash

(5) In the third quarter of 2021, the Company commenced a significant corporate awareness campaign in conjunction with its US public listing established in September 2021. The Company cancelled the campaign in the second quarter of 2022.

For the nine-months ended September 30, 2022, as compared to the nine-months ended September 30, 2021, total cash expenses have increased primarily due to the following significant items:

| | Nine-months ended September 30 | |
|---|---|---|
| | 2022 | 2021 |
| Consulting fees and salaries (1) | $ 736,274 | $ 175,240 |
| General and administrative (2) | 198,438 | 69,814 |
| Investor relations (3) | 117,500 | - |
| Management fees, salaries, and benefits (4) | 799,743 | 558,152 |
| Marketing (5) | 1,392,960 | 384,255 |

(1) The increase is due to land consulting services used in Montana while the Company established its mineral rights in the state and fees incurred for European corporate development services
(2) The current period reflects normal cost levels subsequent to the Company's major financings in 2021
(3) The Company engaged an investor relations company in Q4 2021 in conjunction with its public listings
(4) The Company paid a $300,000 signing bonus to its new President in the second quarter of 2022
(5) In the third quarter of 2021, the Company commenced a significant corporate awareness campaign in conjunction with its US public listing established in September 2021. The Company cancelled the campaign in the second quarter of 2022.

Non-cash expenses

Non-cash stock-based compensation expense of $347,718 and $467,109 for the three and nine months-ended September 30, 2022, respectively (three and nine months-ended September 30, 2021 - $342,000 and $370,000) has been recorded in the statement of loss. The expense for the nine month period ended September 30, 2022 is higher than the respective period in the prior year due to more stock options vesting at higher fair values.

**LOSS**

Loss for the applicable comparative periods are as follows:

| | Three-months ended September 30, | | Nine-months ended September 30, | |
|---|---|---|---|---|
| $ | 2022 | 2021 | 2022 | 2021 |
| Loss | 846,803 | 870,062 | 3,909,484 | 1,792,702 |
| Loss per share - basic and diluted | 0.02 | 0.03 | 0.09 | 0.06 |

For the three and nine-months ended September 30, 2022, the Company incurred a loss of $846,803 and $3,909,484 respectively ($0.02 and $0.09 per share) compared to a loss of $870,062 and $1,792,702 for the same periods in 2021 ($0.03 and $0.06 per share). The main reasons for the increased losses in the current periods are described above under the "Expenses" section.

The Company expects to incur losses in the near term as it is still in the exploration phase.

## CASH USED IN OPERATING ACTIVITIES

Cash used in operating activities for the applicable comparative periods are as follows:

| | Three-months ended September 30, | | Nine-months ended September 30, | |
|---|---|---|---|---|
| $ | 2022 | 2021 | 2022 | 2021 |
| Cash used in operating activities | 822,635 | 349,783 | 3,800,020 | 1,482,797 |
| Cash used in operating activities - basic and diluted[1] | 0.02 | 0.01 | 0.08 | 0.05 |

[1] Based on the same weighted average number of common shares outstanding used to calculate comprehensive loss per share.

For the three and nine-months ended September 30, 2022, cash used in operating activities was $822,635 and $3,800,020 respectively as compared to $349,783 and $1,482,797 in the comparable prior periods. The main reasons for the increased use of cash in the current periods are described above under the "Expenses" section.

## INVESTING EXPENDITURES

The following table summarizes capital expenditures for the applicable comparative periods as follows:

| | Three-months ended September 30, | | Nine-months ended September 30, | |
|---|---|---|---|---|
| $ | 2022 | 2021 | 2022 | 2021 |
| Exploration and evaluation assets | 396,531 | 29,238 | 2,592,154 | 258,656 |
| Property and equipment | 10,023 | - | 10,023 | 8,790 |
| Total investing expenditures | 406,554 | 29,238 | 2,602,177 | 267,446 |

During the nine-months ended September 30, 2022, the Company incurred significantly higher exploration and evaluation expenditures related to the following items:

- Mineral rights acquisition costs in both Saskatchewan and Montana
- Siesmic and other geological related costs on both its Montana and Saskatchewan properties
- Acquisition costs for one non-producing well in Montana, that tested potentially commercial percentages of helium in the past

## SUMMARY OF SELECTED QUARTERLY RESULTS

The following table sets forth certain quarterly financial information of the Company's previous quarters:

| *$000 (except per share information)* | Q3 2022 | Q2 2022 | Q1 2022 | Q4 2021 | Q3 2021 | Q2 2021 | Q1 2021 | Q4 2020 |
|---|---|---|---|---|---|---|---|---|
| Loss | 847 | 1,472 | 1,590 | 1,615 | 870 | 552 | 370 | 274 |
| Per share | 0.02 | 0.03 | 0.04 | 0.11 | 0.03 | 0.02 | 0.02 | 13.70 |
| Cash used in operating activities | 823 | 1,465 | 1,513 | 1,614 | 350 | 893 | 240 | 283 |
| Per share | 0.02 | 0.03 | 0.03 | 0.04 | 0.01 | 0.03 | 0.01 | 14.15 |
| Cash used in investing activities | 376 | 833 | 1,310 | 435 | 83 | 86 | 86 | 28 |
| Working capital (deficit) | 3,964 | 4,887 | 6,250 | 8,930 | 4,383 | 4,894 | 5,530 | (1,064) |
| Total assets | 7,857 | 8,212 | 9,191 | 10,333 | 6,081 | 5,366 | 5,999 | 442 |
| Weighted average shares | 46,136 | 44,071 | 41,469 | 32,328 | 32,300 | 20,822 | 20,822 | 20 |

In 2020, the Company incurred some initial start up costs, and incurred some expenses related to analyzing its potential helium plays in Saskatchewan. The Company also raised additional funds via promissory notes in 2020 and began conducting more targeted geological and geophysical work and commenced paying management fees.

During the first quarter of 2021, the Company raised significant equity and subsequently completed the process of listing the Company on the CSE exchange in May 2021. The Company completed another equity raise in the fourth quarter of 2021, raising a total of $10,841,059 in 2021. The Company acquired significant helium permits in Saskatchewan in 2021.

During the first nine months of 2022, the Company expanded its helium land position into Montana and continued to increase its position in Saskatchewan. The Company also purchased one non-producing well in Montana and conducted certain geological activities in both Montana and Saskatchewan.

## LIQUIDITY AND CAPITAL RESOURCES

The financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Management uses judgment to assess the Company's ability to continue as a going concern and the conditions that cast doubt upon the use of the going concern assumption. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

As at, and for the nine months ended September 30, 2022, the Company had a loss of $3,909,484 (September 30, 2021 – $1,792,702) and has an accumulated deficit of $8,260,048 since inception. The Company has not yet reached production from its exploration activities.

Due to the factors mentioned above, there is material uncertainty that may cast significant doubt on the Company's ability to continue as a going concern. These financial statements do not include the necessary adjustments to reflect the recoverability and classification of recorded assets and liabilities and related expenses that may be necessary should the Company be unable to continue as a going concern and therefore be required to realize its assets and discharge its liabilities in other than the normal course of business and such adjustments could be material.

The Company does not have self-sustaining revenues at this time and must rely on equity or debt financing to fund working capital and to carry out its business goals.

The primary capital management objective of the Company is to ensure adequate working capital is available to fund both its helium exploration and development projects and its working capital requirements, while also seeking to minimize the risk-adjusted cost of capital.

Capital is raised and retained for the purposes and to the extent necessary to fund exploration and corporate overhead costs, subject to the availability of financing on acceptable terms. Given its objectives, the Company determines the amount of capital to be raised and retained based on the scope of its planned exploration activities and management's assessment of the expected availability of acceptably priced capital in future periods.

The Company defines capital as Shareholders' equity (deficit). The Company's targeted capital structure at September 30, 2022 is 100% shareholders' equity. Management believes that such a capital structure is the most suitable for a pre-production exploration company.

The chief source of working capital is equity financing obtained through the sale of common shares and any related warrants. The Company from time to time may receive loans from related parties and trade credit, but such financial instruments are typically only supplementary to equity financings. In any case, the Company does not consider debt to be a sustainable source of capital, as in the absence of positive cash flows from operations; any debt obtained must be retired with funds raised through equity financing.

A significant measure used in assessing capital adequacy is the expected number of days of operations that can be funded from current working capital. Capital levels are deemed sufficient if they can fund the balance of the annual exploration and development goals and fund corporate overhead expenses in the near term. Considering the equity raised during 2021, management believes that there is sufficient capital to carry out its planned activities over the next twelve months, however the Company may raise additional capital in the future if terms are acceptable.

Equity financings will generally be limited to the extent that capital is available on acceptable terms. The acceptability of financing terms is generally determined by reference to the prevailing market price of the Company's shares. The terms on which the Company obtains financings are furthermore subject to the guidelines of the CSE.

There were no changes in the Company's approach to capital management during the three and nine-months ended September 30, 2022.

## RELATED PARTY TRANSACTIONS AND KEY MANAGEMENT COMPENSATION

(a) Related party transactions

i. For the three and nine months ended September 30, 2022, the Company incurred $15,000 and $85,000 respectively of chief executive officer consulting fees (September 30, 2021 - $45,000 and $135,000) from a private company in which a director and officer is the private company's principal shareholder. These fees are included in management fees in the statement of loss.

ii. For the three and nine months ended September 30, 2022, the Company incurred $Nil and $Nil respectively of chief financial officer consulting fees (September 30, 2021 - $Nil and $45,000) from an officer of the Company. These fees are included in management fees in the statement of loss.

iii. For the three and nine months-ended September 30, 2022, the Company incurred $Nil and $Nil respectively of vice-president of exploration consulting fees (September 30, 2021 - $nil and $45,000) from a private company in which the officer is the private company's principal shareholder. These fees are included in management fees in the consolidated statement of loss.

iv. As at September 30, 2022, the Company owed $2,210 (September 30, 2021 - $1,613) to companies that share senior management of the Company. The amounts owing results from office space expenses that the entities share and the amount as at September 30, 2022 is included in accounts payable.

(b) Key management compensation

The remuneration of directors and management of the Company is set out below:

| | Three months ended September 30 | | Nine months ended September 30 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Consulting fees, salaries, and benefits | $ 144,044 | $ 183,360 | $ 799,743 | $ 558,152 |
| Stock-based compensation | 57,983 | 266,000 | 160,623 | 289,800 |
| Total | $ 202,027 | $ 449,360 | $ 960,366 | $ 847,952 |

## SHARE CAPITAL

(a) Authorized

Unlimited number of Class A voting common shares
Unlimited number of Class B non-voting common shares
Unlimited number of Preferred Shares, issuable in series, with rights and privileges to be set by the board of directors

(b) Issued and outstanding

| Class A common shares | Number of Shares | $ |
|---|---|---|
| Balance, December 31, 2020 | 20,000 | $ 100 |
| Issue of common shares pursuant to private placements (1) | 37,408,820 | 7,449,625 |
| Issue of common shares pursuant to promissory note settlements (2) | 2,646,000 | 910,224 |
| Issue of common shares on warrant exercises | 3,391,720 | 2,222,180 |
| Issue of common shares on option exercises | 300,000 | 49,200 |
| Share issuance costs | - | (306,652) |
| Balance, December 31, 2021 | 43,766,540 | $ 10,324,677 |
| Issue of common shares pursuant to a private placement (3) | 1,562,500 | 296,875 |
| Issue of common shares on royalty reduction exercise (4) | 397,520 | 172,921 |
| Issue of common shares on warrant exercises | 309,500 | 361,465 |
| Issue of common shares on option exercises | 100,000 | 16,400 |
| Balance, September 30, 2022 | 46,136,060 | $ 11,172,338 |

(1) During the year ended December 31, 2021, the Company completed the following private placements:

(a) 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.

(b) 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.

(c) 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.

(d) 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.

(e) 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.

(f) 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. Share issuance costs of $209,157 were recorded with a corresponding increase in contributed surplus. The fair value of the warrants was estimated on the date of issuance at $0.82 per warrant, using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate – 0.52%, expected life – 2 years, expected dividend yield – 0%, expected volatility – 130%, and forfeiture rate – 0%.

(g) Share capital and warrant proceeds allocation: The total gross proceeds for these private placements in 2021 of $10,841,059 has been split to share capital and warrants as to $7,449,625 and $3,391,434, respectively, based on the relative fair values of each instrument on the date of issuance. The fair value of the warrants issued was estimated on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 0.34%, expected life – 2.3 years, expected dividend yield – 0%, expected volatility – 124%, and forfeiture rate – 0%. The expected volatility was calculated using a weighted average volatility of similar public companies in the junior resource industry and the Company's own volatility after it began trading.

(2) On February 15, 2021, the Company converted promissory notes payable of $1,323,000 to 2,646,000 units of the Company. Each unit consisted of one common share and one common share purchase warrant exercisable at $1.00 per share until May 19, 2023.

The total amount of the promissory note settlements of $1,323,000 has been split to share capital and warrants as to $910,224 and $412,776, respectively, based on the relative fair values of each instrument on the date of issuance. The fair value of the warrants was estimated on the date of issuance using the Black-Scholes option pricing model with the following assumptions: risk-free interest rate – 0.29%, expected life – 2.3 years, expected dividend yield – 0%, expected volatility – 123%, and forfeiture rate – 0%. The expected volatility was calculated using a weighted average volatility of similar public companies in the junior resource industry.

(3) On May 31, 2022, the Company issued 1,562,500 units at $0.32 per unit for gross proceeds of $500,000. Each unit consisted of one common share and one common share purchase warrant exercisable at $0.42 per share until May 31, 2025.

The total gross proceeds for this private placement have been split to share capital and warrants as to $296,875 and $203,125, respectively, based on the relative fair values of each instrument on the date of issuance. The fair value of the warrants issued was estimated on the date of issuance using the Black-Scholes option pricing model with the following weighted average assumptions: risk-free interest rate – 2.58%, expected life – 3 years, expected dividend yield – 0%, expected volatility – 136%, and forfeiture rate – 0%. The expected volatility was calculated using a weighted average volatility of similar public companies in the junior resource industry and the Company's own volatility after it began trading.

(4) On May 20, 2022, a royalty holder exercised their option to reduce their gross overriding royalty percentage on certain undeveloped lands, in exchange for 397,520 common shares of the Company. The issuance was recorded at $0.435 per share, being the price of the common shares on the date of the exercise, with a corresponding increase to exploration and evaluation assets.

(c) Warrants

The following table outlines the Company's warrants outstanding at September 30, 2022:

| | **Number** | | **$** | | **Weighted average exercise price** |
|---|---|---|---|---|---|
| Balance, December 31, 2020 | 20,000 | $ | - | $ | 0.25 |
| Issued pursuant to private placements | 37,663,890 | | 3,391,434 | | 0.63 |
| Issued pursuant to debt settlements | 2,646,000 | | 412,776 | | 1.00 |
| Warrant issue costs | | | (126,342) | | - |
| Exercised [(1)] | (3,391,720) | | (243,760) | | 0.58 |
| Balance, December 31, 2021 | 36,938,170 | $ | 3,434,108 | $ | 0.66 |
| Issued pursuant to a private placement | 1,562,500 | | 203,125 | | 0.42 |
| Exercised [(2)] | (309,500) | | (51,965) | | 1.00 |
| Balance, September 30, 2022 | 38,191,170 | $ | 3,585,268 | $ | 0.64 |

1. During the year ended December 31, 2021, 3,391,720 warrants were exercised for cash proceeds of $1,978,420. The original value of $243,760 ascribed to these warrants when issued was adjusted to share capital on exercise.
2. During the nine-months ended September 30, 2022, 309,500 warrants were exercised for cash proceeds of $309,500. The original value of $51,965 ascribed to these warrants when issued was adjusted to share capital on exercise.

Information about the warrants at September 30, 2022 is as follows:

| **Number of warrants – outstanding and exercisable** | **Exercise price** | **Expiry date** |
|---|---|---|
| 16,915,600 | $ 0.25 | May 19, 2023 |
| 11,798,180 | $ 1.00 | May 19, 2023 |
| 2,382,800 | $ 1.00 | October 4, 2023 |
| 5,532,090 | $ 1.00 | October 5, 2023 |
| 1,562,500 | $ 0.42 | May 31, 2025 |
| 38,191,170 | | |

(d) Per share amounts

| | Three months- ended September 30 | | Nine months- ended September 30 | |
|---|---|---|---|---|
| | **2022** | **2021** | **2022** | **2021** |
| Loss for the period | $ (846,803) | $ (870,062) | $ (3,909,484) | $ (1,792,702) |
| Weighted average number of common shares outstanding – basic and diluted[1] | 46,136,060 | 32,327,609 | 45,026,991 | 28,525,289 |
| Loss per share – basic and diluted | $ (0.02) | $ (0.03) | $ (0.09) | $ (0.06) |

(1) All stock options and warrants have been excluded from the calculation of diluted loss per share as they would be anti-dilutive due to the Company being in a loss position for the three and nine months ended September 30, 2022 and 2021.

(e) Stock-based compensation

i. Stock option plan

The Company has a rolling stock option plan (the "Plan") consistent with the guidelines of the Canadian Securities Exchange ("CSE"), to provide incentive for the directors, officers, employees, and consultants of the Company. The maximum number of shares which may be set aside for issuance under the Plan is 10% of the issued and outstanding common shares of the Company at the time of grant.

The exercise price of options granted under the Plan will be fixed by the Board at the time of grant, provided that such exercise price may not be less than the market price of the common shares as outlined in the Policies of the CSE. The options granted under the Plan will vest and be exercisable on a basis determined by the Board at the time of the grant and will be exercisable for a period not exceeding ten years.

Stock option transactions are summarized as follows:

| | **Number** | **Weighted average exercise price** |
|---|---|---|
| Balance, December 31, 2020 | - | - |
| Granted [1] | 2,900,000 | 0.29 |
| Exercised [2] | (300,000) | 0.15 |
| Balance, December 31, 2021 | 2,600,000 | $ 0.31 |
| Granted [3] | 2,090,000 | 0.39 |
| Exercised [4] | (100,000) | 0.15 |
| Forfeited | (50,000) | 0.61 |
| Balance, September 30, 2022 | 4,540,000 | $ 0.35 |

(1) All the options vested immediately.

(2) During 2021, 300,000 options were exercised for cash proceeds of $45,000. $4,200 of related stock-based compensation recognized on vested options before the exercises has been added to share capital and removed from contributed surplus.

(3) Options vest as to; one quarter of 1,300,000 every 3 months from May 16, 2022, one quarter of 40,000 every 3 months from June 1, 2022, one quarter of 250,000 every 6 months from August 10, 2022 and 500,000 vested immediately on August 15, 2022.

(4) During the nine-months ended September 30, 2022, 100,000 options were exercised for cash proceeds of $15,000. $1,400 of related stock-based compensation recognized on vested options before the exercises has been added to share capital and removed from contributed surplus.

Information about the stock options outstanding and exercisable on September 30, 2022, are as follows:

| Number of options - outstanding | Number of options - exercisable | Weighted average exercise price | Expiry date |
|---|---|---|---|
| 1,600,000 | 1,600,000 | $0.15 | February 1, 2023 |
| 850,000 | 850,000 | $0.61 | August 11, 2023 |
| 1,300,000 | 325,000 | $0.41 | May 16, 2027 |
| 40,000 | 10,000 | $0.62 | June 1, 2025 |
| 250,000 | - | $0.33 | August 10, 2027 |
| 500,000 | 500,000 | $0.34 | August 15, 2027 |
| 4,540,000 | 3,285,000 | | |

ii. Stock-based compensation expense

Compensation expense of $347,718 and $467,109 for the three and nine months-ended September 30, 2022, respectively (three and nine months-ended September 30, 2021 - $342,000 and $370,000 has been recorded in the statement of loss with a corresponding increase in contributed surplus.

The weighted average fair value of each option granted during the three and nine month period-ended September 30, 2022, was estimated on the date of grant to be $0.28 and $0.33 respectively (nine months ended September 30, 2021 - $0.13) using the Black-Scholes option pricing model with the following weighted average assumptions for grants as follows:

| | Three months-ended September 30 | | Nine months-ended September 30 | |
|---|---|---|---|---|
| | 2022 | 2021 | 2022 | 2021 |
| Risk-free interest rate | 2.9% | - | 2.8% | 0.25% |
| Expected life of option | 4.9 years | - | 4.9 years | 2 years |
| Expected dividend yield | 0% | - | 0% | 0% |
| Expected volatility [(a)] | 127% | - | 128% | 127% |
| Forfeiture rate | 0% | - | 0% | 0% |
| Exercise price | $0.33 | - | $0.39 | $0.29 |
| Share price at grant date | $0.33 | - | $0.39 | $0.22 |

[(a)] The expected volatility was calculated using a weighted average volatility of similar public companies in the junior resource industry and the Company's own volatility after it began trading.

## FINANCIAL RISK MANAGEMENT

The Company's activities expose it to certain financial risks, including credit risk, liquidity risk, and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for managing risk. There were no changes to the Company's risk management policies or procedures during the three and nine months ended September 30, 2022.

a. Credit risk

Credit risk is the risk that a counterparty will fail to discharge an obligation and cause the Company to incur a financial loss. The Company's primary exposure to credit risk relates to its cash held with a major financial institution and its amounts receivable which primarily consist of amounts to be received from the Government of Canada.

Cash consists of cash bank balances. In order to manage credit risk, the Company holds cash balances with a financial institution with a high credit rating.

The Company has determined the credit risk associated with amounts receivable is minimal as the amounts are due from the Government of Canada.

The Company's receivables are aged as follows:

| Aging | | September 30, 2022 | | December 31, 2021 |
|---|---|---|---|---|
| Current (less than 90 days) | $ | 55,464 | $ | 68,560 |
| Past due (more than 90 days) | | - | | - |
| | $ | 55,464 | $ | 68,560 |

Since the Company's receivables consist of amounts due from the government, the Company does not have an allowance for doubtful accounts as at September 30, 2022 and December 31, 2021, and believes all amounts will be collected in due course. The Company's historical expected credit loss is $Nil. At September 30, 2022, the amount subject to credit risk relating to amounts receivable equates to their carrying value.

b. Liquidity risk

Liquidity risk is the risk that the Company will not be able to meet its financial obligations as they fall due. The Company ensures that there are sufficient funds to meet its short-term business requirements, taking into account its anticipated cash flows and its holdings of cash.

The following is an analysis of the contractual maturities of the Company's financial liabilities as at September 30, 2022:

| | | Within one year | Between one and five years | | Total |
|---|---|---|---|---|---|
| Accounts payable and accrued liabilities | $ | 62,400 | - | $ | 62,400 |
| Lease obligation | | 39,371 | 17,207 | | 56,578 |
| Asset retirement obligation | | - | 25,500 | | 25,500 |
| Total | $ | 101,771 | 42,707 | $ | 144,478 |

c. Market risk

i. Foreign currency risk and sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations related to cash and accounts payable and accrued liabilities and asset retirement obligations that are denominated in USD. As at September 30, 2022, net financial assets(liabilities) totaling ($9,000) (December 31, 2021 - $2,526,000) were held in USD. The Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Based on the above net exposure as at September 30, 2022 and assuming all other variables remain constant, a 2% depreciation or appreciation of the USD against the Canadian dollar would result in an increase or decrease of approximately $180 (December 31, 2021 - $50,000) in the Company's net loss and comprehensive loss for the nine months ended September 30, 2022.

ii. Commodity price risk

The nature of the Company's operations may expose the Company to commodity price risks when the Company begins production.

As at September 30, 2022, the Company has no derivative financial instruments. It may in the future enter into derivative financial instruments and in order to manage price risk, it will only enter into derivative financial instruments with highly rated investment grade counterparties.

iii. Interest rate risk

Interest rate risk is the risk the future cash flows will fluctuate as a result of changes in market interest rate. The Company is not exposed to interest rate risk as the Company had no interest-bearing debt as of September 30, 2022.

## CRITICAL ACCOUNTING ESTIMATES, JUDGEMENTS, AND ASSUMPTIONS

The preparation of the consolidated financial statements in accordance with IFRS requires the Company to make judgments, apart from those involving estimates, in applying accounting policies. The most significant judgments in preparing the Company's financial statements include:

i. Going-concern - the assessment of the Company's ability to continue as a going concern and whether there are events or conditions that may give rise to significant uncertainty;
ii. Cash-generating units ("CGUs") - The Company's exploration and evaluation assets are aggregated into cash-generating units for calculating impairment, based on their ability to generate largely independent cash flows. The classification of assets into CGU's requires significant judgment and interpretations with respect to the integration between assets, the existence of active markets, external users, shared infrastructures and the way in which management monitors the Company's operations;
iii. Exploration and evaluation assets – The application of the Company's accounting policy for exploration and evaluation assets requires management to make certain judgments as to future events and circumstances as to whether economic quantities of resources have been found in assessing economic viability and technical feasibility;
iv. Leases - Judgments are required to determine if a contract is, or contains, a lease. These judgments require an assessment of whether the contract conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Judgment is also required to determine the interest rate used to discount the lease payments;
v. Decommissioning liabilities - the Company estimates the decommissioning obligations for its wells. Amounts recorded for the decommissioning obligations require assumptions regarding removal date, the extent of reclamation activities required, the engineering methodology for estimating cost, inflation estimates, and where discounting is required, the estimate of the specific discount rates for these liabilities in order to determine the present value of these obligation settlements.
vi. Stock-based compensation – The amounts recorded for stock-based compensation expense relating to the fair value of stock options issued are estimated using the Black-Scholes option pricing model including management's estimates of the future volatility of the Company's share value, estimated market value of the Company's shares at grant date, expected forfeiture rates, expected lives of the options (based on general holder behavior) and the risk-free interest rate (based on government bonds).

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

Helium permits

As at September 30, 2022, the Company holds 35 helium exploration permits over certain lands in Saskatchewan. The Company is required to make future annual lease maintenance expenditures, annual permit exploration expenditures and annual permit drilling expenditures as follows:

| | 2022 | 2023 | 2024 | 2025 | 2026 | 2027 | Total |
|---|---|---|---|---|---|---|---|
| Annual lease maintenance expenditures | $ 42,600 | $ 85,100 | $ 142,400 | $ 163,200 | $ 40,000 | $ Nil | $ 473,300 |
| Annual permit exploration expenditures | 80,000 | 339,000 | 594,000 | 870,000 | 1,033,000 | 274,000 | 3,190,000 |
| Annual permit drilling expenditures | - | 29,000 | 54,000 | 197,000 | 434,000 | 120,000 | 834,000 |
| **Total** | **$ 122,600** | **$ 453,100** | **$ 790,400** | **$1,230,200** | **$1,507,000** | **$ 394,000** | **$4,497,300** |

Should the Company not meet the above requirements, the permits would lapse and the Company would lose the right to explore on the applicable lands.

Office lease

The Company has entered into an office lease agreement that started in November 2021 and ends in February 2024, requiring future monthly gross lease payments of $3,500 per month.

## OFF-BALANCE SHEET ARRANGEMENTS

As of the date of this filing, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of the Company, including, and without limitation, such considerations as liquidity and capital resources.

## RISKS AND UNCERTAINTIES

The Company's principal activity is exploration, acquisition and development of resource deposits. Companies in this industry are subject to many and varied kinds of risks, including but not limited to; environmental, fluctuating helium prices, social, political, financial and economics. Additionally, few exploration projects successfully achieve development due to factors that cannot be predicted or foreseen. While risk management cannot eliminate the impact of all potential risks, the Company strives to manage such risks to the extent possible and practicable.

The risks and uncertainties are considered by management to be the most important in the context of the Company's business. The risks and uncertainties are not limited to but include risks associated with the Company's dependence on the exploration and evaluation assets are: geological exploration and development; changes in law; continued negative operating cash flow and the availability of additional funding as and when required; infrastructure; inflation; governmental regulation; environmental; hazards, insurance; uninsured risks; competition; currency fluctuations; labour and employment; joint ventures; contract repudiation; dependence on key management personnel and executives; and litigation risks.

## FORWARD-LOOKING STATEMENTS

Statements herein that are not historical facts are forward-looking statements that are subject to risks and uncertainties. Words such as "expects", "intends", "may", "could", "should", "anticipates", "likely", "believes" and words of similar import also identify forward-looking statements. Forward-looking statements are based on current facts and analyses and other information that are based on forecasts of future results, estimates of amounts not yet determined and assumptions of management, including, but not limited to, the Company's ability to raise additional debt and/or equity financing to fund operations and working capital requirements. Actual results may differ materially from those currently anticipated due to a number of factors including, but not limited to, general economic conditions, the geology of helium properties, helium industry conditions, the Company's ability to generate sufficient cash flows from operations and financing to support general operating activities and capital expansion plans, and laws and regulations and changes thereto that may affect operations, and other factors beyond the reasonable control of the Company.

Management periodically reviews information reflected in forward-looking statements. The Company has and continues to disclose in its Management Discussion and Analysis and other publicly filed documents, changes to material factors or assumptions underlying the forward-looking statements and to the validity of the statements themselves, in the period the changes occur.

Historical results of operations and trends that may be inferred from the above discussions and analysis may not necessarily indicate future results from operations.

**OTHER INFORMATION**

Additional information on factors that may affect the business and financial results of the Company can be found on www.sedar.com.