

A copy of this preliminary prospectus has been filed with the securities regulatory authorities in British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia but has not yet become final for the purpose of the sale or distribution of securities. Information contained in this preliminary prospectus may not be complete and may have to be amended. The securities may not be sold or distributed until a receipt for the prospectus is obtained from the securities regulatory authorities.

This prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities. No securities regulatory authority has expressed an opinion about these securities and it is an offence to claim otherwise.

The securities offered hereby have not been and will not be registered under the United States Securities Act of 1933, as amended (the “U.S. Securities Act”), or any state securities laws, and except pursuant to an exemption from registration under the U.S. Securities Act and applicable state securities laws, may not be offered or sold, directly or indirectly, within the United States or to, or for the account or benefit of, a U.S. Person (as that term is defined in Regulation S under the U.S. Securities Act). This prospectus does not constitute an offer to sell or a solicitation of an offer to buy any of the securities offered hereby within the United States or to, or for the account or benefit of, any U.S. Persons.

PRELIMINARY PROSPECTUS

New Issue

May 5, 2021



**First Helium Inc.
(the “Issuer”)**

21,371,086 Brokered Underlying Units issuable upon automatic conversion of outstanding Brokered Subscription Receipts

4,857,200 President’s List Underlying Units issuable upon automatic conversion of outstanding President’s List Subscription Receipts

9,616,666 Convertible Debenture Units issuable upon automatic conversion of outstanding Convertible Debentures

1,709,687 Broker Warrants

This Prospectus is being filed by the Issuer to qualify for distribution: (i) 21,371,086 units of the Issuer (the **“Brokered Underlying Units”**) issuable upon the automatic conversion of 21,371,086 issued and outstanding subscription receipts of the Issuer (the **“Brokered Subscription Receipts”**) issued at a price of \$0.35 per Brokered Subscription Receipt (the **“Subscription Price”**), whereby each Brokered Underlying Unit will consist of one Common Share (as defined below) (each, a **“Brokered Underlying Share”**) and one-half of one transferable Common Share purchase warrant of the Issuer (each whole warrant, a **“Warrant”**), and each Warrant will entitle the holder thereof to acquire one Common Share at an exercise price of \$0.50 per Warrant Share (as defined herein) until 4:30 p.m. (Toronto time) on the date that is 24 months from the date that the Listing (as defined herein) occurs (the **“Listing Date”**) (the **“Expiry Date”**); (ii) 4,857,200 units of the Issuer (the **“President’s List Underlying Units”**) issuable upon the automatic conversion of 4,857,200 issued and outstanding subscription receipts of the Issuer (the **“President’s List Subscription Receipts”**) issued at the Subscription Price, whereby each President’s List Underlying Unit will be comprised of one Common Share (each, a **“President’s List Underlying Share”**) and one-half of one Warrant; (iii) 9,616,666 units of the Issuer (the **“Convertible Debenture Units”**) issuable upon the automatic conversion of principal and accrued interest on outstanding unsecured convertible debentures of the Issuer in the aggregate principal amount of \$2,800,000 (the **“Convertible Debentures”**), at a conversion price of \$0.30 per unit (the **“Conversion Price”**), whereby each Convertible Debenture Unit will be comprised of one Common Share (each, a **“Convertible Debenture Share”**) and one Warrant; and (iv) 1,709,687 warrants of the Issuer (the **“Broker Warrants”**) to be issued by the Issuer to the Agents (as defined herein) pursuant to the terms of the Agency Agreement (as defined herein). Each Broker Warrant will entitle the holder thereof to acquire one unit of the Issuer (the **“Broker Warrant Unit”**) at a price of \$0.35 each until the Expiry Date. Each Broker Warrant Unit will be comprised of one Common Share (each, a **“Broker Warrant Share”**) and one-half of one Warrant. See *“Plan of Distribution”*.

This Prospectus is also being filed for the purpose of allowing the Issuer to comply with Policy 2.1 – *Initial Listing Requirements* of the TSX Venture Exchange (the **“Exchange”**) in order for the Issuer to meet one of the eligibility requirements for listing and posting for trading (the **“Listing”**) of its Common Shares on the Exchange.

No securities are being offered or sold pursuant to this Prospectus. The Issuer is filing this Prospectus with the securities commissions of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia for the purpose of becoming a *“reporting issuer”* pursuant to the securities legislation in those Provinces. As no securities are being sold pursuant to this Prospectus, no proceeds will be realized by the Issuer, and all expenses incurred in connection with the preparation and filing of this Prospectus will be paid by the Issuer from its general funds.

There is no market through which these securities may be sold and purchasers may not be able to resell securities purchased under this prospectus. This may affect the pricing of the securities in the secondary market, the transparency and availability of trading prices, the liquidity of the securities and the extent of issuer regulation. See *“Risk Factors”*.

As at the date of this Prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities and does not intend to apply to list or quote any of its securities on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside of Canada and the United States (as defined herein) (other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by PLUS Markets Group plc). The Issuer has applied to list the Common Shares on the Exchange. Listing will be subject to the Issuer fulfilling all of the listing requirements of the Exchange including meeting all minimum listing requirements. The Exchange has not conditionally approved the Issuer’s application for Listing and there is no assurance that it will do so.

An investment in the securities of the Issuer should be considered highly speculative and involves a high degree of risk that should be considered by potential purchasers. There is no guarantee that an investment in the Issuer will earn any positive return in the short or long term. An investment in the Issuer is appropriate only for investors who are willing to risk a loss of some or all of their investment and who can afford to lose some or all of their investment. There are certain risk factors associated with an investment in the securities of the Issuer. The risk factors included in this Prospectus should be reviewed carefully and evaluated by prospective purchasers of the securities of the Issuer. See *“Cautionary Statement Regarding Forward-Looking Information”* and *“Risk Factors”*. This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy any securities.

No Person has been authorized to provide any information or to make any representation not contained in this Prospectus and, if provided or made, such information or representation should not be relied upon. The information contained in this Prospectus is accurate only as of the date of this Prospectus.

Certain legal matters relating to the Convertible Debentures, the Subscription Receipts (as defined herein) and this Prospectus will be passed upon by Maxis Law Corporation on behalf of the Issuer and by Fasken Martineau DuMoulin LLP on behalf of the Agents (as defined herein).

Unless otherwise noted, all currency amounts in this Prospectus are stated in Canadian dollars.

FIRST HELIUM INC.

Suite 550 – 800 West Pender Street,
Vancouver, British Columbia V6C 2V6

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CAUTIONARY STATEMENT REGARDING FORWARD-LOOKING INFORMATION

This Prospectus contains “forward-looking statements” which may include, but are not limited to, statements with respect to the future financial or operating performance of the Issuer and its helium projects (including its current property, the Worsley Property, located in Alberta), the future price of helium, the estimation of helium resources, the realization of helium resource estimates, the timing and amount of estimated future production, costs of production, distribution and transportation, capital, operating and exploration expenditures, costs and timing of future exploration, requirements for additional capital, future agreements and arrangements, retaining specialized professionals and consultants, issuance of stock options, storing capabilities, government regulation of helium operations, environmental risks, reclamation expenses, title disputes or claims, limitations of insurance coverage and the timing and possible outcome of regulatory matters. Often, but not always, forward-looking statements can be identified by the use of words such as “plans”, “expects”, “is expected”, “seek”, “effects” “budget”, “scheduled”, “estimates”, “forecasts”, “intends”, “intent”, “will”, “anticipates”, or “believes” or variations (including negative variations) of such words and phrases, or statements that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. Forward-looking statements involve known and unknown risks, uncertainties, assumptions and other factors that may cause the actual results, performance or achievements expressed or implied by the forward-looking statements to differ materially from those anticipated in such statements. Such factors include, among others: general business, economic, competitive, political and social uncertainties; the actual results of current exploration activities and actual results of reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; changes in labour costs and other costs of equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the helium industry, including but not limited to environmental hazards, cave-ins, pit-wall failures, flooding, rock bursts and other acts of God or unfavourable operating conditions and losses, insurrection or war; delays in obtaining governmental approvals or financing or in the completion of development or construction activities; and the factors discussed in the section entitled “*Risk Factors*” in this Prospectus. Although the Issuer has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in forward-looking statements, there may be other factors that cause actions, events or results to differ from those anticipated, estimated or intended. Forward-looking statements contained herein are made as of the date of this Prospectus and, unless otherwise required by applicable securities laws, the Issuer disclaims any obligation to update any forward-looking statements, whether as a result of new information, future events or results or otherwise. There can be no assurance that forward-looking statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking statements.

METRIC EQUIVALENTS

For ease of reference, the following factors for converting imperial measurements into metric equivalents are provided:

To Convert From Imperial	To Metric	Multiply By
Acres	Hectares	0.404686
Feet	Metres	0.30480
Miles	Kilometres	1.609344
Tons	Tonnes	0.907185
Ounces (troy)/ton	Grams/Tonne	34.2857

PRESENTATION

All references to Common Shares and issue price per Common Share herein give effect to the Share Consolidation, unless otherwise specified.

CURRENCY

All references to currency herein are to Canadian dollars unless otherwise specified.

PROSPECTUS SUMMARY

The following is a summary of the principal features of this Prospectus and certain information relating to the Issuer, and should be read together with the more detailed information and financial data and statements contained elsewhere in this Prospectus. Reference is made to the “Glossary” for certain terms used in this Prospectus and in this summary.

The Issuer: The Issuer’s principal activity is the acquisition, exploration, evaluation and development of helium property interests in Alberta, Canada. Its principal asset is the Worsley Property located in Alberta, Canada consisting of the Worsley Well and associated P&NG Lease. See “*Corporate Structure*”, “*General Development of the Business*” and “*Narrative Description of the Business*”.

The Offering: No new securities are being offered or sold pursuant to this Prospectus. This Prospectus is being filed by the Issuer to qualify for distribution: (i) 21,371,086 Brokered Underlying Units issuable upon the automatic conversion of 21,371,086 issued and outstanding Brokered Subscription Receipts; (ii) 4,857,200 President’s List Underlying Units issuable upon the automatic conversion of 4,857,200 issued and outstanding President’s List Subscription Receipts; (iii) 9,616,666 Convertible Debenture Units issuable upon the automatic conversion of outstanding Convertible Debentures; and (iv) 1,709,687 Broker Warrants to be issued by the Issuer to the Agents pursuant to the terms of the Agency Agreement. See “*Plan of Distribution*”.

Use of Proceeds: As at April 30, 2021, the Issuer had available funds of approximately \$10,113,849. The Issuer intends to use these funds as follows:

Description	Amount
Complete preliminary engineering design for Worsley Well helium processing facility and confirm processing strategy	\$300,000
Acquire additional seismic data on the Worsley Trend	\$796,989
Acquire additional strategic helium properties on the Worsley Trend	\$430,000
Drill/complete or re-complete three helium wells on the Worsley Trend	\$5,520,000
The Commission (as defined herein) and expenses and Prospectus and Listing expenses ⁽¹⁾	\$566,696
Operating expenses for 12 months	\$1,189,000
Unallocated working capital	\$1,311,164
Total	\$10,113,849

⁽¹⁾ Comprised of the Commission of \$366,696 payable on the Brokered Release Date (as defined herein), and other expenses of approximately \$200,000.

See “*Use of Proceeds*”.

Board and Management:

<u>Name</u>	<u>Position Held</u>
Edward Bereznicki	President, Chief Executive Officer and Director
Robert J. Scott	Chief Financial Officer and Director
David L. Safton	Vice President Geosciences
Shaun Wyzykoski	Vice President Engineering
Jeffrey Dare	Corporate Secretary
Todd Holmstrom	Director
Calvin R. Watson	Director

See “*Directors and Executive Officers*”.

**Summary Financial
Information:**

The following tables set forth selected financial information with respect to the financial operations of the Issuer for the two most recently completed financial years ended March 31, 2019 and March 31, 2020 and the nine months ended December 31, 2020, which has been derived from the audited financial statements of the Issuer for the years ended March 31, 2020 and 2019 and the unaudited financial statements of the Issuer for the nine month period ended December 31, 2020, and should be read in conjunction with such financial statements and related notes and MD&As that are included elsewhere in this Prospectus. See “*Selected Financial Information and Management’s Discussion and Analysis*”.

	As at March 31, 2019 (Audited)	As at March 31, 2020 (Audited)	As at December 31, 2020 (Unaudited)
Statement of Financial Position			
Cash	\$ -	\$1,917	\$547,156
Exploration and Evaluation	\$1,632,435	\$2,130,325	\$2,838,174
Assets	\$1,643,799	\$2,155,241	\$3,449,595
Current Liabilities	\$519,610	\$1,491,761	\$158,764
Share Capital	\$1,680,125	\$1,752,807	\$4,639,404
Deficit	\$(563,436)	\$(1,123,732)	\$(1,466,825)
Shareholders’ Equity	\$1,124,189	\$663,480	\$3,182,043
Working Capital	\$(509,005)	\$(1,359,127)	\$452,657

	Financial Period Ended March 31, 2019 (Audited)	Financial Period Ended March 31, 2020 (Audited)	Nine Months Ended December 31, 2020 (Unaudited)
Statement of Comprehensive Loss			
Expenses	\$(272,452)	\$(560,826)	\$(347,021)
Loss and Comprehensive Loss for the Period	\$(271,806)	\$(560,296)	\$(343,093)

Risk Factors:

These securities are considered to be highly speculative due to the nature of the Issuer's business and its formative stage of development. An investment in securities of the Issuer is subject to a number of risks, all of which should be carefully considered by a prospective investor. Such risks include those risks summarized below. The Issuer has limited operating history and no history of earnings. The Issuer's operations require permits and licenses from various governmental authorities. Resource exploration and development is a speculative business, characterized by a number of significant risks. The Issuer may not be able to obtain equipment or other resources required for helium exploration on a timely basis or at a reasonable cost. The Issuer has a negative operating cash flow and has incurred losses since its founding. There is no assurance that the Issuer can obtain further financing when it is required. The Issuer does not currently have any revenue producing operations and may, from time to time, report a working capital deficit. The Issuer may not be able to obtain insurance for all risks. The Issuer's operations are subject to government rules and regulations, including extensive environmental regulations. Helium exploration and operations are subject to hazards normally encountered in exploration, development and production. The Issuer may not have good title to its properties. Many lands in Alberta (where the Issuer's principal property is located) are or could become subject to aboriginal land claims to title. The Issuer is required to obtain consent of aboriginal title holders in the event that such property becomes subject to such a claim, which may adversely affect the Issuer's business activities. The helium business is intensely competitive and not immune to general economic conditions. The success of the Issuer is highly dependent on the performance of its Board and management and requires specialized skill and knowledge. Natural gas prices are volatile and subject to variations in foreign exchange rates and interest rates. There may not be adequate infrastructure to enable the Issuer to conduct operations, and seasonal factors may lead to declines in exploration. Certain directors and officers of the Issuer may have conflicts of interest. The Issuer currently depends on a single property and may not be able to acquire other properties of merit. The Issuer's growth will require new personnel and may be dependent on third parties. Investors will experience dilution of the value of their investment due to the issue of lower priced securities at the private stage, and may experience further dilution upon the exercise of other rights to purchase the Common Shares. The continued operations of the Issuer are dependent on its ability to generate revenues and to procure additional financing, as there are substantial capital requirements. The Issuer may resort to equity or debt financing and may enter into hedging arrangements. Prices of publicly traded securities are volatile and there may be market liquidity problems. There are costs associated with transportation and new technologies in order to further the Issuer's operations. The Issuer has never paid dividends and does not expect to pay any dividends in the near future. The Issuer will face risks related to COVID-19 and may incur losses from any breach of confidentiality occurring during the course of its operations. **An investment in securities of the Issuer is suitable for only those investors who are willing to risk a loss of their entire investment and who can afford to lose their entire investment. Investors should consult their own professional advisors to assess the income tax, legal and other aspects of an investment in securities of the Issuer. See "Risk Factors".**

GLOSSARY

In this Prospectus, unless the context otherwise requires, the following words and phrases shall have the meanings set forth below:

Agency Agreement	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Agents	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Agents’ Expenses	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Associate	means the following: (a) any relative, including the spouse of that individual or a relative of that individual’s spouse, where the relative has the same home as the individual; (b) any partner, other than a limited partner, of that Person; (c) any trust or estate in which such Person has a substantial beneficial interest or as to which such Person serves as trustee or in a similar capacity; and (d) any corporation of which such Person beneficially owns or controls, directly or indirectly, voting securities carrying more than 10% of the voting rights attached to all outstanding voting securities of such corporation;
Audit Committee	means the audit committee of the Issuer that is comprised of Edward Bereznicki, Todd Holmstrom, and Calvin R. Watson;
Automatic Conversion	has the meaning ascribed thereto under “ <i>Plan of Distribution – Convertible Debenture Financing</i> ”;
Automatic Conversion Date	has the meaning ascribed thereto under “ <i>Plan of Distribution – Convertible Debenture Financing</i> ”;
BCBCA	means the <i>Business Corporations Act</i> (British Columbia), S.B.C. 2002, c. 57, as amended, including the regulations promulgated thereunder;
Board	means the board of directors of the Issuer;
Broker Warrant Share	has the meaning ascribed thereto on page (ii) of this Prospectus;
Broker Warrant Unit	has the meaning ascribed thereto on page (ii) of this Prospectus;
Broker Warrants	has the meaning ascribed thereto on page (ii) of this Prospectus;
Brokered Escrow Release Conditions	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Brokered Escrow Release Deadline	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;

Brokered Escrowed Funds	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Brokered Release Date	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Brokered Release Notice	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Brokered Subscription Receipt Agent	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Brokered Subscription Receipt Agreement	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Brokered Subscription Receipt Offering	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Brokered Subscription Receipt Offering Closing Date	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Brokered Subscription Receipts	has the meaning ascribed thereto on page (ii) of this Prospectus;
Brokered Termination Event	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Brokered Underlying Share	has the meaning ascribed thereto on page (ii) of this Prospectus;
Brokered Underlying Units	has the meaning ascribed thereto on page (ii) of this Prospectus;
CCAA	means the <i>Companies’ Creditors Arrangement Act</i> ;
CDS	means CDS Clearing and Depository Services Inc.;
CEO	means chief executive officer;
Cequence	means Cequence Energy Ltd.;
CFO	means chief financial officer;
cm	means centimetre;
Commission	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Common Share or Common Shares	means the common shares in the capital of the Issuer;
Contingent Resources	has the meaning set forth in the Canadian Oil and Gas Evaluation Handbook;
Conversion Deadline	has the meaning ascribed thereto under “ <i>Plan of Distribution – Convertible Debenture Financing</i> ”;
Conversion Price	has the meaning ascribed thereto on page (ii) of this Prospectus;
Convertible Debenture Financing	has the meaning ascribed thereto under “ <i>Plan of Distribution – Convertible Debenture Financing</i> ”;

Convertible Debenture Financing Closing Date	has the meaning ascribed thereto under “ <i>Plan of Distribution – Convertible Debenture Financing</i> ”;
Convertible Debenture Share	has the meaning ascribed thereto on page (ii) of this Prospectus;
Convertible Debenture Units	has the meaning ascribed thereto on page (ii) of this Prospectus;
Convertible Debentures	has the meaning ascribed thereto on page (ii) of this Prospectus;
Corporate Finance Fee	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Escrow Agreement	means the Form 46-201F1 escrow agreement dated [●], 2021 among the Issuer, Computershare Investor Services Inc. and certain shareholders of the Issuer;
Escrow Shares	means 7,139,835 Common Shares that are issued to Principals and other shareholders of the Issuer and are subject to the Escrow Agreement;
Exchange	has the meaning ascribed thereto on page (ii) of this Prospectus;
Expiry Date	has the meaning ascribed thereto on page (ii) of this Prospectus;
Final Receipt	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
FT	means FT Management Inc.;
ha	means hectare;
he	means helium;
Issuer	means First Helium Inc., incorporated under the BCBCA;
km	means kilometre;
Lead Agent	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Listing	has the meaning ascribed thereto on page (ii) of this Prospectus;
Listing Date	has the meaning ascribed thereto on page (ii) of this Prospectus;
LPR	means Lone Pine Resources Inc.;
Maturity Date	has the meaning ascribed thereto under “ <i>Plan of Distribution – Convertible Debenture Financing</i> ”;
mcf	means one thousand cubic feet;
mmcf	means one million cubic feet;
MD&A	means the Management’s Discussion and Analysis of Financial Condition and the Results of Operations;
MRI	means magnetic resonance imaging scanner;
Named Executive Officer	has the meaning ascribed thereto under “ <i>Executive Compensation</i> ”;
NI 52-110	means National Instrument 52-110 – <i>Audit Committees</i> ;
Non-Certificated Positions	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
NP 46-201	means National Policy 46-201 – <i>Escrow for Initial Public Offerings</i> ;

NPV	has the meaning ascribed thereto under “ <i>Worsley Trend and Worsley Property</i> ”;
Option	means a stock option of the Issuer granted pursuant to the Stock Option Plan;
P&NG	means petroleum and natural gas;
P&NG Lease	means an Alberta Crown petroleum and natural gas lease;
Penalty Amount	has the meaning ascribed thereto under “ <i>Plan of Distribution – Convertible Debenture Financing</i> ”;
Person	means a company or an individual;
PRA	means the Peace River Arch area in northwest Alberta;
President’s List Escrow Release Conditions	has the meaning ascribed thereto under “ <i>Plan of Distribution – President’s List Subscription Receipt Offering</i> ”;
President’s List Escrow Release Deadline	has the meaning ascribed thereto under “ <i>Plan of Distribution – President’s List Subscription Receipt Offering</i> ”;
President’s List Escrowed Funds	means \$1,483,256.22 being held in escrow with the President’s List Subscription Receipt Agent pursuant to the terms of the President’s List Subscription Receipt Agreement;
President’s List Release Date	has the meaning ascribed thereto under “ <i>Plan of Distribution – President’s List Subscription Receipt Offering</i> ”;
President’s List Release Notice	has the meaning ascribed thereto under “ <i>Plan of Distribution – President’s List Subscription Receipt Offering</i> ”;
President’s List Subscription Receipt Agent	has the meaning ascribed thereto under “ <i>Plan of Distribution – President’s List Subscription Receipt Offering</i> ”;
President’s List Subscription Receipt Agreement	has the meaning ascribed thereto under “ <i>Plan of Distribution – President’s List Subscription Receipt Offering</i> ”;
President’s List Subscription Receipt Offering	has the meaning ascribed thereto under “ <i>Plan of Distribution – President’s List Subscription Receipt Offering</i> ”;
President’s List Subscription Receipt Offering Closing Date	has the meaning ascribed thereto under “ <i>Plan of Distribution – President’s List Subscription Receipt Offering</i> ”;
President’s List Subscription Receipts	has the meaning ascribed thereto on page (ii) of this Prospectus;
President’s List Termination Event	has the meaning ascribed thereto under “ <i>Plan of Distribution – President’s List Subscription Receipt Offering</i> ”;
President’s List Underlying Share	has the meaning ascribed thereto on page (ii) of this Prospectus;
President’s List Underlying Units	has the meaning ascribed thereto on page (ii) of this Prospectus;

Principal	means the following: (a) a Person who acted as a promoter of the Issuer within two years before the initial public offering prospectus or Exchange bulletin; (b) a director or senior officer of the Issuer or any of its material operating subsidiaries at the time of the initial public offering prospectus or Exchange bulletin; (c) a 20% holder – a Person that holds securities carrying more than 20% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s initial public offering or immediately after the Exchange bulletin for non-initial public offering transactions; (d) a 10% holder – a Person that: (i) holds securities carrying more than 10% of the voting rights attached to the Issuer’s outstanding securities immediately before and immediately after the Issuer’s initial public offering or immediately after the Exchange bulletin for non-initial public offering transactions; and (ii) has elected or appointed, or has the right to elect or appoint, one or more directors or senior officers of the Issuer or any of its material operating subsidiaries;
Prospectus	means this prospectus;
Qualifying Provinces	has the meaning ascribed thereto under “ <i>Plan of Distribution – Brokered Subscription Receipt Offering</i> ”;
Report	has the meaning ascribed thereto under “ <i>Worsley Trend and Worsley Property</i> ”;
risked	means adjusted for the probability of loss or failure in accordance with the Canadian Oil and Gas Evaluation Handbook;
Share Consolidation	means the 1 for 10 consolidation of the Common Shares, effective November 27, 2020;
Sproule	means Sproule Associates Limited;
SSRR	means the Exchange Seed Share Resale Restrictions;
Stock Option Plan	means the stock option plan of the Issuer dated April 15, 2021;
Subscription Price	has the meaning ascribed thereto on page (ii) of this Prospectus;
Subscription Receipts	means the Brokered Subscription Receipts and the President’s List Subscription Receipts;
U.S. Securities Act	means the <i>United States Securities Act of 1933</i> , as amended;
United States or U.S.	means the United States of America, its territories and possessions, any state of the United States and the District of Columbia;
Warrant	has the meaning ascribed thereto on page (ii) of this Prospectus;

Warrant Agent	has the meaning ascribed thereto under “ <i>Plan of Distribution</i> ”;
Warrant Indenture	has the meaning ascribed thereto under “ <i>Plan of Distribution</i> ”;
Warrant Share	has the meaning ascribed thereto under “ <i>Plan of Distribution</i> ”;
Worsley Property	means the Worsley property located in Alberta, Canada, consisting of the Worsley Well and associated P&NG Lease;
Worsley Trend	means the geographical area defined approximately by land description Township 87 Range 1W6M extending to Range 9W6M, situated on the northern side of the PRA, where extensive exploration for, and development of oil and natural gas has occurred; and
Worsley Well	has the meaning ascribed under “ <i>General Development of the Business – History</i> ”.

CORPORATE STRUCTURE

Name and Incorporation

The Issuer was incorporated as First Helium (2016) Inc. on May 10, 2016 pursuant to the provisions of the BCBCA and changed its name to First Helium Inc. on July 18, 2016.

The head office and registered and records office of the Issuer is located at 550 – 800 West Pender Street, Vancouver, British Columbia, V6C 2V6.

The Issuer is not currently a reporting issuer in any jurisdiction and the Common Shares are not listed or posted for trading on any stock exchange.

The Issuer has one wholly-owned subsidiary, 2060547 Alberta Ltd. (“**206**”), incorporated pursuant to the laws of Alberta, which holds title to the Worsley Property and through which the Issuer conducts its helium operations.

GENERAL DEVELOPMENT OF THE BUSINESS

History

The Issuer was incorporated for the principal activity of acquiring, exploring, evaluating and developing helium property interests in Alberta, Canada.

Property and Exploration

On September 11, 2017, 206 entered into a farmout option agreement with Cequence whereby the Issuer could acquire a 100% interest in well 15-25-087-03W6 (the “**Worsley Well**”) and associated P&NG rights, a helium project located north of Grand Prairie, Alberta. In December of 2017 through to March of 2018 the Issuer performed an extended productivity and build-up test on the Worsley Well and subsequently elected to acquire Cequence’s 100% undivided interest in the Worsley Property, subject to overriding royalties of 10% on natural gas, 5-10% on crude oil, and 2.5% on inert gases (including helium).

Subsequent to the testing of the Worsley Well the Issuer successfully acquired 100% interest in 30,519 hectares at Alberta Crown P&NG auctions during 2018 to 2020. Of that, 7,808 hectares were added to the Worsley Property and 22,711 hectares to the Worsley Trend.

The Issuer’s exploration program has focused on the geological and geophysical mapping of the various helium prospective formations along the Worsley Trend to support the overall development of the Worsley Property. The objective has been to prioritize the Issuer’s current land holdings for further evaluation via seismic review and to position the Issuer for possible strategic land acquisitions in the region.

Management

The Issuer was founded in 2016 by Mr. Vance Loeber. From 2016 to 2019 the Issuer’s affairs were managed primarily by Mr. Loeber who served as Chairman, President and CEO, Robert Scott who served as a director and CFO and Jeffrey Dare who served as Corporate Secretary. During that period there were several changes to the Board and management as the Issuer’s business evolved. Where necessary, the Issuer contracted third party professional and technical services as required. In mid-2019, the Issuer commenced a process to appoint a dedicated management team to advance the development of the Worsley Property. During the fall of 2019, Messrs. Edward Bereznicki, Todd Holmstrom, David Safton, Shaun Wzykoski and Calvin R. Watson joined the Issuer as advisors. In August 2020, the Issuer completed the restructuring of its Board and management to its current form. See “*Directors and Executive Officers*”.

Financings

During the period 2017 to 2020, the Issuer completed several debt and equity financings to raise gross proceeds of approximately \$4,639,404.

In November 2020, the Issuer completed a capital restructuring which included the Share Consolidation and an equity financing to raise gross proceeds of \$1,035,077.

In February 2021, the Issuer completed the sale of the Convertible Debentures for gross proceeds of \$2,800,000. See “*Plan of Distribution*” for details.

In March 2021, the Issuer completed the sale of the Brokered Subscription Receipts and the President’s List Subscription Receipts for aggregate gross proceeds of approximately \$9,200,000. The net proceeds from these financings are currently held in escrow pending satisfaction of applicable escrow release conditions. See “*Plan of Distribution*” for details.

During the current financial year, the Issuer intends to complete the Listing, advance development of its Worsley Trend assets and acquire additional assets. See “*Narrative Description of the Business*”.

Trends

As a helium exploration and development company, the Issuer is subject to the cycles of the energy sector and the financial markets as they relate to junior companies. It is also subject to respective government fiscal, environmental, and regulatory regimes.

The Issuer’s financial performance is dependent upon many external factors. Both prices and markets for helium are volatile, difficult to predict and subject to changes in domestic and international, political, social and economic environments. Circumstances and events beyond its control could materially affect the financial performance of the Issuer. Apart from this risk and the risk factors noted under the heading “*Risk Factors*”, the Issuer is not aware of any other trends, commitments, events or uncertainties that are reasonably likely to have a material adverse effect on the Issuer’s business, financial conditions or results of operations.

Other than successfully Listing the Common Shares on the Exchange for public trading, and commencing with helium project development at the Worsley Property, the Issuer is not anticipating any changes to its business during the next financial year.

NARRATIVE DESCRIPTION OF THE BUSINESS

Overview

The Issuer is engaged in the business of the acquisition, exploration and development of helium properties in Alberta, Canada. The Issuer is at the exploration and early stage of development and is not currently producing helium. While it has conducted field testing and other necessary associated procedures on its Worsley Property, it has not yet established ongoing commercial business operations.

The Issuer’s principal asset is the Worsley Property located in Alberta, Canada, which consists of the Worsley Well and associated P&NG Lease including helium rights and an additional 7,808 hectares of Alberta Crown P&NG rights in the vicinity of the Worsley Well. Along with the Worsley Property, the Issuer has also acquired a 100% interest in additional P&NG Lease rights, including helium rights along the Worsley Trend. In order to maintain better control over the Issuer’s asset portfolio, it has established a significant land position comprised entirely of properties that it owns and operates at 100% working interest. The Issuer believes that maintaining ownership and operational control over its land position will allow it to better pursue its strategies of enhancing returns through operational and cost efficiencies and maximizing helium recovery.

The Issuer believes that the Worsley Trend and the broader PRA in northwest Alberta provides the Issuer with a significant opportunity to develop helium volumes in a timely manner. Along with the Issuer's current ownership of the Worsley Well, the area's advantages include:

- extensive geoscience and engineering data available, well test and production data, gas analyses, pressure data, well logs, core data, seismic data;
- wells that have produced significant volumes of helium;
- stable regulatory environment;
- large number of service companies and workforce with crossover skills from the oil and gas industry; and
- existing roads for access and transport, and infrastructure for production of the hydrocarbons.

The Issuer will also pursue helium property acquisitions and/or other helium development opportunities elsewhere in the Western Canadian Sedimentary Basin. Opportunities will be thoroughly evaluated and prioritized by the Issuer's technical team on a case-by-case basis with emphasis on increasing the Issuer's helium portfolio and adding value. Consideration will be given to current markets, terms of acquisition and participation or pricing conditions, as well as the Issuer's ability to realize the anticipated growth opportunities and synergies from combining the acquired properties and operations with those of the Issuer.

The Issuer has acquired and conducted production testing on the Worsley Well. In addition to bringing the Worsley Well into production, the Issuer intends to evaluate further opportunities at the Worsley Property and on the Worsley Trend.

In order to reach commercial production, the Issuer intends to design a fully-integrated helium and natural gas and liquids production facility to accommodate a range of helium production volumes. Produced natural gas will fuel on-site power generation requirements and a pipeline will be planned to sell any residual natural gas. The Issuer will conduct engineering design studies for a proposed facility to extract and purify the helium and condition the hydrocarbon products for sale. For the construction and operation of the production facility, the Issuer is considering different processing alternatives, ranging from build/own/operate to third party mid-streaming options. Opting to engage a mid-stream or third party processor will reduce capital requirements. The Issuer will continue to evaluate these options.

In addition to developing the Worsley Well, the Issuer intends to evaluate further opportunities by conducting operations for a development program, in which additional wells located on the Worsley Property or the Worsley Trend will be drilled and/or recompleted. The Issuer has recently acquired 3D and 2D seismic data and intends to evaluate the Worsley Property and the Worsley Trend for further development and/or exploration drilling opportunities. The Issuer expects to continue advancing discussions with potential helium off-take and processing partners.

The Issuer will develop its properties using its internal employees and full-time consultants whenever possible and, if necessary, will engage outside subcontractors to perform its technical activities. On an ongoing basis, the Issuer will be evaluating and exploring to expand its assets and properties with the goal of discovering, developing and producing increased commercial volumes of helium. The technical team has extensive expertise in the oil and natural gas industry as technical staff and/or management of Canadian exploration and production companies. The team has an average of more than 30 years of oil and natural gas industry experience, including experience in multiple Western Canadian Sedimentary Basin conventional and resource plays.

The Issuer intends to engage an independent engineering firm to provide further evaluation of the Issuer's helium resources.

Although the Issuer is in a start-up phase and is not currently producing helium, it is planned that the Issuer will be producing helium gas. It is anticipated helium will be produced from underground reservoirs on the Issuer's Worsley

Property and processed through surface facilities. The Issuer is planning to distribute helium by entering into a long term off-take sales agreement with a large, credit worthy helium purchaser. It is contemplated that the helium purchaser will pick up the helium at the plant site in proprietary high pressure tube trailers that will be left on location to fill. Once full, the purchaser will haul the gaseous helium to third party facilities for further blending, processing, possible liquefaction and distribution to end users. Upon pick up of loaded trailer, the purchaser will drop off an empty trailer for re-fill. This cycle will repeat.

In order to commence production of gaseous helium and associated products from its Worsley Property, the Issuer will need to:

1. design, finance and build a processing facility along with support infrastructure in the area of the Worsley Well. Alternatively, the Issuer may enter into a custom, dedicated processing arrangement with a third party entity to provide such services on a fee-for-service, or alternative commercial arrangement basis; and
2. further delineate the Issuer's helium resources on the Worsley Property through further geoscience work and targeted drilling operations for ongoing production growth.

The Issuer will be overseeing the development of the Worsley Property and commencement of helium production operations. As necessitated by the project, the Issuer will hire third party professionals and contractors to provide required services to complete the project. The initial capital cost estimate for the processing facility is approximately \$8,000,000 and will require additional financing, or alternative third party custom processing on a fee-for-service basis. The balance of the Issuer's capital spending budget is presented in under "*Use of Proceeds*". The timing of commencement of operations is expected to occur prior to year-end 2022 but will depend, among other things, on securing a suitable financing arrangement for the Issuer's processing facility.

Worsley Trend and Worsley Property

The Issuer's Worsley Property and Worsley Trend holdings are located in Northern Alberta, Canada. The Worsley Trend is defined by approximately 23,038 hectares which lie along the northern flank of the PRA. The Worsley Property consists of approximately 7,808 hectares containing the Worsley Well within the Worsley Trend. The PRA is an east-west trending arcuate mid-Paleozoic high consisting of Proterozoic granitic and metamorphic rocks and is rich in minerals containing thorium and uranium. As helium is a product of the decay of thorium and uranium, the PRA and the clastic material shed from it flanks provide an excellent source of helium.

There are numerous clastic and carbonate formations with structural, stratigraphic and hydrodynamic traps along the flanks of the PRA. Gas analyses in various wells performed over the decades have established economic helium concentrations in the vicinity of the PRA and most notably along the Worsley Trend. There is evidence that wells along the Worsley Trend have historically produced significant amounts of helium along with the targeted hydrocarbons, however, the helium was not recovered during production.

On September 11, 2017, 206 entered into a farmout option agreement with Cequence whereby the Issuer could acquire a 100% interest in the Worsley Well and associated P&NG rights, a helium project located north of Grand Prairie, Alberta. In December of 2017 through to March of 2018 the Issuer performed an extended productivity and build-up test on the Worsley Well and subsequently elected to acquire Cequence's 100% undivided interest in the Worsley Property, subject to overriding royalties of 10% on natural gas, 5-10% on crude oil, and 2.5% on inert gases (including helium).

Subsequent to the testing of the Worsley Well, the Issuer successfully acquired 100% interest in 30,519 hectares at Alberta Crown P&NG auctions during 2018 to 2020. Of that, 7,808 hectares were added to the Worsley Property and 22,711 hectares to the Worsley Trend.

The Issuer continued detailed evaluation of the various productive formations along the Worsley Trend to target specific holdings for additional technical work and to identify prospective acquisition candidates. An existing 3D seismic program in the area around the Worsley Well and adjoining sections was acquired and reinterpreted. The

Issuer also completed an additional 3D seismic program offsetting the Worsley Well and will be processing, merging, and interpreting the program in the second or third quarter of 2021.

The Issuer also began preliminary engineering work to gather information to advance the helium processing facility design. Options for location and different technologies to extract helium and market hydrocarbons have been evaluated and will provide the Issuer with flexibility as it moves to bring the Worsley Property into production.

In the fourth quarter of 2020, the Issuer engaged Sproule to prepare a Contingent Resources report (the “**Report**”) to evaluate the potential raw gas, helium, natural gas, natural gas liquids volumes and net present values (“**NPV**”) of the Worsley Well. The Report only considered the scenario in which the Issuer would construct a single well processing facility for the production of helium from the Worsley Well at a capital cost of \$8,000,000.

Sproule evaluated the data and estimated that the Worsley Well contained risked Contingent Resources (Best Estimate) of 258 mmcf of helium volumes. Using a constant pricing scenario of \$340/mcf helium (less \$20/mcf transportation cost), Sproule calculated a risked project NPV discounted at 10% of \$14,553,100. Helium prices were based on data provided by the Issuer and Sproule’s knowledge of comparable helium sales in the United States.

Principal Product

Helium

Helium is a lighter-than-air, non-toxic and non-reactive noble gas that is critical to medical imaging, space exploration, electronics manufacturing, welding, commercial diving, the military and other research purposes. Helium has a high thermal conductivity and, although it is abundant, it is rare and difficult to source. Helium is valuable due to its completely inert nature. It is the only element on the periodic table that will not bind or react with any other element. Its properties also allow it to have the lowest boiling point of any element.

The global helium market size was estimated to be 6,688 million cubic feet in 2020 and the market is projected to register a compound annual growth rate of around 4% during the forecast period 2021-2026 (*Mordor Intelligence*). During the period 2004 through 2017, the estimated price of grade - A Helium increased by approximately 300% (*Edison Research/USGS*). Pricing information is generally determined through private contracts for both liquid and gaseous forms. Helium’s properties allow it to act as the most effective super coolant on the market, as well as a superconductor and purification gas that has no rivals. Helium acts as a cooling medium for superconducting magnets in MRI, nuclear magnetic resonance spectrometers and other areas of scientific research. It has also been used to keep satellite instruments cool and is essential for space travel and rocketry. Helium is often used to provide lift for weather balloons and airships because of its low density. Due to its unreactive nature, helium is used to provide an inert protective atmosphere essential for making fiber optics and semiconductors and for arc-welding various metals. Helium has applications in leak detection in multiple media, including heating, ventilation and air conditioning systems, and gas pipelines. Some gaseous helium mixtures are used to treat respiratory ailments in health care applications and helium is also used in various laser applications.

Accumulations of helium are found concentrated in traps similar to hydrocarbons, and exploration for helium can follow many of the same principles. Helium can be associated with nitrogen but can also be found with carbon dioxide and minor amounts of other gases. There have been a few areas where helium has been the primary exploration target, notably the complex of Pinta Dome, Navajo Springs, and East Navajo Springs fields in Arizona (*Razui, 2003*) and Wilhelm Field in Saskatchewan (*Sawatzky et al, 1960*). Most helium sources in Canada and internationally are from the helium fraction that is separated from produced natural gas. Canada is the fifth largest global prospective resource of helium.

Grades of Helium

Helium is graded numerically according to purity. The first number in the grade (before the decimal point) is always equal to the number of 9’s in the purity. For example, 6.0 helium = six 9s, or 99.9999%. The second number (after the decimal point) represents the number after the last 9. So, 4.7 grade helium = four 9s and a 7, or 99.997%. The following table outlines the various grades and corresponding uses of helium.

An Overview of the Different Common Grades of Helium

Note that within each of the different grades of helium, there can be even further variations within each grade, depending on the helium supplier and individual specific need. Each variation will always contain the same grade purity, but it is the impurities; things like argon, carbon dioxide, neon, nitrogen, oxygen, and even water, that will have a different composition.

Grade 6 (6.0 helium = 99.9999% purity)

The closest to 100% pure helium, 6.0 helium is used in the manufacturing of semiconductor chips – the tiny wafers that pack the power behind your smart phones, computers, tablets, televisions, and more. It is also used in laboratories for scientific research, laser cutting, MRIs, and as a carrier gas in gas chromatography.

Grade 5.5 (5.5 helium = 99.9995% purity)

Like 6.0 helium, 5.5 ultra pure helium gas is typically considered “research grade”, also used in chromatography and semiconductor processing, as well as lab research, MRIs, as a shielding gas in welding, a cooling gas for fiber optics, and other industries that require a fine purity helium gas.

Grade 5 (5.0 helium = 99.999% purity)

This high purity grade helium is also widely used for gas chromatography, mass spectrometry, and specific laboratory research when higher purity gases are not necessary, as well as for weather balloons and blimps.

Grade 4.8 (4.8 helium = 99.998% purity)

The highest of the “industrial grade” helium, 4.8 grade helium is often used by the military. The rest is classified.

Grade 4.7 (4.7 helium = 99.997% purity)

A “Grade-A” industrial helium, 99.997% helium is mostly used in cryogenic applications and for pressurizing and purging, but is also used as a control atmosphere in manufacturing, as a cover gas during welding, in breathing mixtures for divers, and leak detection.

Grade 4.6 (4.6 helium = 99.996% purity)

Grade 4.6 industrial helium is used for weather balloons, blimps, in leak detection, as a shielding gas for welding, a coolant in rockets and medical applications, and as a carrier gas in the analysis of residues.

Grade 4.5 (4.5 helium = 99.995% purity)

Often the grade most commonly referred to as “industrial grade”, 99.995% helium is most commonly used in the balloon industry, but is also used as a push gas in MRI applications.

Grade 4 (4.0 helium and lower = 99.99% purity)

Any helium that is 99.99% and down into the high 80 % is within the range of purities referred to collectively as “balloon grade helium.” While grade 4 helium is used mostly for balloons (although mid-high 90% helium could be used in leak detection, air bags, and heat transfer applications as well), that does not mean that higher grades of helium are not used in balloons. In fact, in many cases, it may be grade 5 helium.

Source: Zephyr Solutions, LLC.

Production and Services

The Issuer is at the exploration and early stage of development and is neither producing helium nor has it established commercial business operations. However, it has evaluated the Worsley Well and intends to design a fully-integrated helium and natural gas and liquids production facility to accommodate a range of helium production volumes. The Issuer intends for natural gas to be used to generate power for the facility with residual gas sold to third parties. Capital

cost for a new well is anticipated to be \$2.25 million (drill, case/complete, equip and tie-in). The Issuer will conduct engineering design studies for a proposed facility to extract and purify the helium and condition the hydrocarbon products for sale. For the construction and operation of the production facility, the Issuer is considering different processing options, ranging from build/own/operate (approximately \$8,000,000 in capital costs) to midstream options. Opting to engage a midstream or third party processor will reduce capital requirements. The Issuer will continue to evaluate these options.

In addition to developing the Worsley Well, the Issuer has evaluated the development of a three well program in which three additional wells in the Worsley Property or the Worsley Trend will be drilled and/or developed and the processing facility capacity to be designed in connection with this. Re-completion or re-entry of existing wellbores will be performed when possible to reduce the capital required to achieve increased helium production. Services for construction, drilling, completion and production operations required to execute a development program are generally available due to the area being located in a historically active oil and gas producing area.

The production of the gas stream will require a variety of equipment to condition the various products for sale. Many of the components required will be standard equipment used in the western Canadian oil and gas industry such as inlet separation, dehydration, sweetening and compression. Equipment of this type is readily available in Alberta either through a purchase of existing equipment or fabrication of the equipment. The purpose of the equipment is to remove any water contained in the gas stream, heavier hydrocarbon liquids for sale, hydrogen sulphide (if present), compress and heat gas to desired pressure and temperature and condition the gas to allow for helium extraction.

The equipment required for the extraction and purification of gaseous helium typically involves a series of molecular sieves, membranes and/or pressure swing adsorption techniques to separate and isolate the helium molecules from other particles in the gas stream. Depending on the gas composition, other equipment is sometimes required to either purify the helium to the desired concentration or condition the natural gas further for sale. There are several engineering and fabrication companies in North America that have the technology and facilities required to design and construct the equipment associated with the helium extraction and purification. The helium recovered from the purification process will be compressed and stored temporarily on site in high pressure tube trailers and transported to market via truck.

Specialized Skill and Knowledge

The Issuer requires specialized skill and knowledge in the areas of helium engineering, geology, geophysics and drilling. In addition, specific knowledge and expertise on local laws (including regulations relating to land tenure, exploration, development, production, marketing, transportation, the environment, royalties and taxation) and market conditions are required to compete with other international entities.

The Board and officers of the Issuer have experience in the areas of oil and gas, helium, engineering, project management, capital markets and financing. The Issuer also has an advisory board with similar expertise and employees and consultants with experience in the natural gas industry. The Issuer believes its relationships with its employees and consultants are good. Neither the Issuer's employees nor its consultants are represented by labour unions, and the Issuer is not a party to any collective bargaining agreement.

Competitive Conditions

Due to the dramatic price escalation in the past few years, the exploration for, development of and production of helium has become extremely competitive. Numerous companies have engaged in exploration for helium, and the Issuer believes that large well financed oil and gas producers in the Western Canadian Sedimentary Basin will be evaluating the potential of helium as a potential revenue stream. Large international specialty gas producers/marketers may also engage in the exploration and development in the Western Canadian Sedimentary Basin. There are currently three companies that the Issuer is aware of that have progressed to producing helium in Alberta and Saskatchewan.

Competition will affect all aspects of the Issuer's business, including access to capital and technical expertise, land and producing asset acquisition, access to drilling services, manufacturing capabilities for facilities and pipelines, and access to helium markets. The Issuer expects this intense level of competition to continue in the future. Access to new

prospects is becoming more competitive and complex, and the Issuer's ability to execute its business plan of developing helium reserves will depend not only on its ability to exploit and develop existing properties but also on its ability to identify and acquire additional properties or prospects for exploratory and development drilling.

Companies operating in the energy industry must manage risks which are beyond the direct control of company personnel. Among these risks are those associated with exploration and development, commodity prices, foreign exchange rates, interest rates and environmental damages. See *"Risk Factors – Competition"*.

The Issuer will seek to enhance its competitive position by upgrading the processes used for identifying and acquiring properties and prospects, executing development activities and maintaining financial strength.

Cycles

The exploration and development of helium resource relies on many of the same services and types of equipment utilized in the oil and gas, or energy sector. The energy business is cyclical in nature and heavily dependent on macro-economic cycles. In periods of economic expansion and growth, the demand for energy increases as economies build inventory and productive capacity. Generally speaking, in periods of economic contraction or recession, demand for energy typically declines. These macroeconomic cycles often impact global, North American and local prices for resources. See *"Risk Factors – General Economic Conditions"*.

Although the Issuer's operations are not generally cyclical, the Issuer is impacted by the cyclical nature of the energy industry. From time to time, there may be greater or lesser demands for equipment, supplies and services, including but not limited to drilling rigs and qualified personnel, which could materially and adversely affect the operations and properties of the Issuer.

New Products

The Issuer is involved in the exploration and development of helium resource. Helium is produced in gaseous form, processed to achieve desired levels of purity, and in certain instances, liquefied for transport and specific applications/uses. As such, the Issuer does not currently engage in introducing new products to the market, but it does endeavor to provide the end-user with a reliable, stable supply of helium resource. End-users generally use the helium to advance new and improved product or service development.

Components

The Issuer will rely on specialized professional contract services and equipment to undertake the development of its Worsley Property, all of which are currently readily accessible in the energy sector at competitive rates and acceptable timing. The Issuer will augment these project requirements with pre-sourced, specialized professional helium experience and proven, existing helium/natural gas processing technology and equipment, all of which is available at standard industry pricing and lead time availability.

Intangible Properties

Currently the only intellectual property and/or intangible property that the Issuer possesses is the domain name www.firsthelium.com. This web site will be used for the ongoing business of the Issuer.

Economic Dependence

The Issuer is in a start-up stage of development, it currently has no revenues or contracts on which it depends. As it transitions to being an operational helium producer, it will seek to enter into off-take contracts for sale of helium, associated gases, and hydrocarbon by-products. In respect of helium, it is the Issuer's intent initially to enter into longer term contracts with established, credit-worthy parties to mitigate off-take risks.

With regard to input materials, equipment and services, the Issuer has access to a well-established network developed by the energy sector and specialized helium companies. Subject to potential economic cyclicality described elsewhere herein, the Issuer has numerous alternatives to select in undertaking its helium development program.

Changes to Contracts

The Issuer is in a start-up stage of development, and aside from consulting contracts with key management, it currently has no contracts, the renegotiation or termination thereof, which would materially affect the performance of the Issuer. As it transitions to being an operational helium producer, the Issuer will seek to enter into off-take contracts for sale of helium, associated gases, and hydrocarbon by-products. To the extent such contracts are secured this financial year, the Issuer would expect a favourable resulting impact.

Environmental Protection

The Issuer will be subject to federal and provincial environmental protection laws and policies and will need to obtain necessary environmental approvals for its operations. The timelines and costs associated with the processes and gathering of the information required to apply for the approvals will be budgeted for accordingly. The Issuer will be extremely diligent in its approach and its commitment to meeting or exceeding environmental protection requirements as delays or a failure to obtain such required permits, or the expiry, revocation, or failure to comply with the terms of any such permits that have been obtained, could have financial and operational effects on its business. The effects could include higher capital and operating costs and delays in timelines.

Employees

The Issuer had no employees as at March 31, 2021 and has no employees as of the date of this Prospectus. The Issuer has entered into management consulting contracts with key officers of the Issuer. See “*Executive Compensation*”. Required administrative support and professional services, as required, are engaged by the Issuer on a mandate specific, or hourly consulting basis. As the Issuer establishes operations, it will enter into employment agreements with key management and continue to engage professional support services, as necessary on a consulting basis.

Foreign Operations

The Issuer currently has no foreign operations and does not intend to pursue foreign business opportunities for the foreseeable future. As the Issuer transitions to an operational phase, certain of its service and equipment suppliers, as well as potential helium off-take purchasers may have foreign head offices.

Lending

The Issuer currently has no lending or credit arrangements. As it transitions to a commercial operating phase, the Issuer may establish banking and credit arrangements, typical for a company of this nature and for this stage of growth. As the Issuer executes its field development capital expenditure program, it may seek to explore alternative forms of debt financing to fund its required field facilities, including, but not limited to traditional bank lending, private and/or public debt, equipment leasing, turnkey arrangements, and third party fee-for-service alternatives.

USE OF PROCEEDS

Funds Available

The total funds expected to be available to the Issuer following the conversion of the Convertible Debentures and the Subscription Receipts are as follows:

Description	Amount
Estimated consolidated working capital as at April 30, 2021 ⁽¹⁾	\$1,557,347
Net proceeds from sale of the Brokered Subscription Receipts ⁽²⁾	\$6,985,662

Description	Amount
Net proceeds from the sale of the President's List Subscription Receipts ⁽³⁾	\$1,570,840
Total Funds Available	\$10,113,849

(1) Includes gross proceeds of \$2,800,000 from sale of Convertible Debentures, less finder's fees of \$147,840.

(2) Gross proceeds of \$7,479,880 less the Commission, Corporate Finance Fee and expenses aggregating \$494,218. These funds are held in escrow. See "*Plan of Distribution*".

(3) Gross proceeds of \$1,700,020 less finder's fees of \$129,180. These funds are held in escrow. See "*Plan of Distribution*".

Principal Purposes

The proposed principal uses of the total funds available to the Issuer are as follows:

Description	Amount
Complete preliminary engineering design for Worsley helium processing facility and confirm processing strategy	\$300,000
Acquire additional seismic data on the Worsley Trend	\$796,989
Acquire additional strategic helium properties on the Worsley Trend	\$430,000
Drill/complete or re-complete three helium wells on the Worsley Trend	\$5,520,000
The Commission and expenses and Prospectus and Listing expenses ⁽¹⁾	\$566,696
Operating expenses for 12 months	\$1,189,000
Unallocated working capital	\$1,311,164
Total	\$10,113,849

(1) Comprised of the Commission of \$366,696 payable on the Brokered Release Date and other expenses of approximately \$200,000.

The Issuer intends to spend the funds available to it as stated in this Prospectus. There may be circumstances, however, where for sound business reasons, a reallocation of funds may be necessary in order for the Issuer to achieve its stated business objectives. Accordingly, the Issuer cannot specify with certainty all of the particular uses for the net proceeds to be received upon the conversion of the Convertible Debentures and the Subscription Receipts, and the amounts it actually spends could vary from the amounts set forth above. The amounts actually allocated and spent will depend upon a number of factors, including the Issuer's ability to execute its business strategy, prevailing industry and market conditions and the results of exploration programs. See "*Risk Factors*". As well, from time to time, the Issuer expects to evaluate and execute, as appropriate, potential acquisitions of properties or strategic relationships. Accordingly, management will retain broad discretion to allocate the Issuer's net proceeds of the Convertible Debentures and the Subscription Receipts. Pending their use, the net proceeds of the Convertible Debentures and the Subscription Receipts will be maintained in bank accounts or invested in short-term, interest-bearing investment-grade securities.

Stated Business Objectives and Milestones

The Issuer expects to accomplish the following objectives and milestones using the funds available described above:

Objectives and Milestones	Targeted Completion	Estimated Cost
Complete the Listing	May 2021	\$200,000
Complete preliminary engineering design for Worsley helium processing facility	August 2021	\$250,000

Objectives and Milestones	Targeted Completion	Estimated Cost
Acquire additional seismic data on the Worsley Trend	September 2021	\$796,989
Acquire additional strategic helium properties on the Worsley Trend	October 2021	\$430,000
Finalize helium processing strategy	November 2021	\$50,000
Drill/complete or re-complete three helium wells on the Worsley Trend	March 2022	\$5,520,000

The Board may, in its discretion, approve asset or corporate acquisitions or investments (including acquisitions outside of the helium industry) that do not conform to these guidelines based upon the Board's consideration of the qualitative aspects of the subject properties including risk profile, technical upside, resources, reserves and asset quality. Such acquisitions may require shareholder or regulatory approval.

SELECTED FINANCIAL INFORMATION AND MANAGEMENT'S DISCUSSION AND ANALYSIS

MD&As for the Issuer for the fiscal years ended March 31, 2020 and 2019 and for the nine months ended December 31, 2020 and 2019 are attached hereto as Schedule "C" and Schedule "D", respectively.

DESCRIPTION OF THE SECURITIES OFFERED

Common Shares

The Issuer is authorized to issue an unlimited number of Common Shares. There are 29,573,647 Common Shares issued and outstanding as at the date hereof.

Holders of Common Shares are entitled to receive notice of any shareholders' meetings and to attend and cast one vote per Common Share at all such meetings. Holders of Common Shares do not have cumulative voting rights with respect to the election of directors and accordingly, holders of a majority of the Common Shares entitled to vote in any election of directors may elect all directors standing for election. Holders of Common Shares are entitled to receive on a pro rata basis such dividends on the Common Shares, if any, as and when declared by the Board in its discretion from funds legally available. Upon the liquidation, dissolution or winding up of the Issuer, holders of the Common Shares are entitled to receive on a pro rata basis the net assets of the Issuer after payments of debts and other liabilities. The Common Shares do not carry any pre-emptive, subscription, redemption or conversion rights, nor do they contain any sinking or purchase fund provisions.

Convertible Debentures

See "*Plan of Distribution*" for a description of the terms of the Convertible Debentures.

Brokered Subscription Receipts and President's List Subscription Receipts

See "*Plan of Distribution*" for a description of the terms of the Subscription Receipts.

The Issuer has granted to each holder of a Subscription Receipt a contractual right of rescission in respect of the prospectus-exempt transaction under which the Subscription Receipt was initially acquired. The contractual right of rescission provides that if a holder of a Subscription Receipt who acquires another security of the Issuer on exercise of the Subscription Receipts as provided for in this Prospectus is, or becomes, entitled under the securities legislation of a jurisdiction to the remedy of rescission because of this Prospectus or an amendment to this Prospectus containing a misrepresentation:

- (a) the holder is entitled to rescission of both the holder's exercise of its Subscription Receipt and the private placement transaction under which the Subscription Receipts was initially acquired;
- (b) the holder is entitled in connection with the rescission to a full refund of all consideration paid to the Issuer, as the case may be, on the acquisition of the Subscription Receipts; and
- (c) if the holder is a permitted assignee of the interest of the original subscriber of the Subscription Receipts, the holder is entitled to exercise the rights of rescission and refund as if the holder was the original subscriber.

Warrants and Broker Warrants

See "*Plan of Distribution*" for a description of the terms of the Warrants and the Broker Warrants.

PLAN OF DISTRIBUTION

This Prospectus is being filed by the Issuer to qualify for distribution: (i) the Brokered Underlying Units issuable upon the automatic conversion of the Brokered Subscription Receipts on the Brokered Release Date, whereby each Brokered Underlying Unit will consist of one Brokered Underlying Share and one-half of one Warrant, and each Warrant shall be governed by the terms of a warrant indenture (the "**Warrant Indenture**") dated March 18, 2021 between the Issuer and Computershare Trust Company of Canada, acting as the warrant agent (the "**Warrant Agent**"), and will entitle the holder thereof to acquire one Common Share (a "**Warrant Share**") at an exercise price of \$0.50 per Warrant Share until the Expiry Date; (ii) the President's List Underlying Units issuable upon the automatic conversion of the President's List Subscription Receipts on the President's List Release Date; whereby each President's List Underlying Unit will consist of one President's List Underlying Share and one-half of one Warrant; (iii) the Convertible Debenture Units issuable upon the automatic conversion of principal and accrued interest on the Convertible Debentures at the Conversion Price on the Automatic Conversion Date, whereby each Convertible Debenture Unit will consist of one Convertible Debenture Share and one Warrant; and (iv) the Broker Warrants to be issued by the Issuer to the Agents on the Brokered Release Date pursuant to the terms of the Agency Agreement. Each Broker Warrant will entitle the holder thereof to acquire one Broker Warrant Unit at the Subscription Price until the Expiry Date. Each Broker Warrant Unit will consist of one Broker Warrant Share and one-half of one Warrant.

Brokered Subscription Receipt Offering

The Brokered Subscription Receipts were issued on March 18, 2021 (the "**Brokered Subscription Receipt Offering Closing Date**") on a brokered private placement basis (the "**Brokered Subscription Receipt Offering**") at the Subscription Price pursuant to the terms of a subscription receipt agreement (the "**Brokered Subscription Receipt Agreement**") dated March 18, 2021 among the Issuer, Echelon Wealth Partners Inc. (the "**Lead Agent**") and Computershare Trust Company of Canada, acting as subscription receipt agent (the "**Brokered Subscription Receipt Agent**"), and pursuant to an agency agreement (the "**Agency Agreement**") dated March 18, 2021 among the Issuer, the Lead Agent, Canaccord Genuity Corp. and Cormark Securities Inc. (collectively, with the Lead Agent, the "**Agents**"). The terms of the Brokered Subscription Receipt Offering, including the Subscription Price, were determined by arm's length negotiation between the Issuer and the Lead Agent on behalf of the Agents. In consideration of the services to be rendered by the Agents in connection with the Brokered Subscription Receipt Offering, the Issuer agreed to pay to the Agents a cash commission equal to 8% of the aggregate gross proceeds of the Brokered Subscription Receipt Offering, 3% of the aggregate gross proceeds of the issue and sale of the President's List Subscription Receipt Offering and 3% of the aggregate gross proceeds of the issue and sale of the Convertible Debentures (collectively, the "**Commission**"), a corporate finance fee equal to \$40,000 (the "**Corporate Finance Fee**"), and the Broker Warrants. The Issuer also agreed to pay the reasonable expenses of the Agents in connection with the Brokered Subscription Receipt Offering.

The aggregate gross proceeds of the Brokered Subscription Receipt Offering of \$7,479,880.10 less: (i) all of the Agents' reasonable costs and out-of-pocket expenses and the reasonable legal fees and disbursements of the Agents' legal counsel (the "**Agents' Expenses**") incurred to the Brokered Subscription Receipt Offering Closing Date; (ii) 50% of the Commission; and (iii) the Corporate Finance Fee (collectively, the "**Brokered Escrowed Funds**"), were

deposited on the Brokered Subscription Receipt Offering Closing Date in escrow with the Brokered Subscription Receipt Agent. The Brokered Escrowed Funds are being held in an interest bearing account pending satisfaction or waiver of the following conditions:

- (a) the Issuer having obtained a receipt (the “**Final Receipt**”) from the British Columbia Securities Commission evidencing that a receipt has been, or has been deemed to be issued, for the final long form prospectus of the Issuer prepared and filed by the Issuer with securities commissions in the Qualifying Provinces qualifying the distribution of the Brokered Underlying Units, the Brokered Underlying Shares, the Warrants issuable upon the automatic conversion of the Brokered Subscription Receipts and the Broker Warrants;
- (b) the receipt of all required shareholder and regulatory approvals in connection with the Listing of the Common Shares on the Exchange, including, without limitation, the conditional approval of the Exchange for the Listing and the relevant documents having been accepted for filing with the Exchange;
- (c) the Issuer not being in breach of any of its material representations, warranties, or covenants under the Agency Agreement; and
- (d) the Issuer and the Lead Agent having delivered a joint notice to the Brokered Subscription Receipt Agent confirming that the conditions set forth in (a) to (c) above have been satisfied or waived (the “**Brokered Release Notice**”);

(collectively, the “**Brokered Escrow Release Conditions**”).

Provided that the Brokered Escrow Release Conditions are satisfied or waived (to the extent such waiver is permitted) prior to 5:00 p.m. (Toronto time) on July 16, 2021 (being the date that is 120 days following the Brokered Subscription Receipt Offering Closing Date) or such later date as the Issuer and the Lead Agent may mutually agree in writing (the “**Brokered Escrow Release Deadline**”), the Brokered Subscription Receipt Agent will, upon receipt of the Brokered Release Notice, release on such date (the “**Brokered Release Date**”) the Brokered Escrowed Funds to the Issuer (less 50% of the Commission and the *pro rata* portion of interest earned thereon and the Agents’ Expenses accrued from the Brokered Subscription Receipt Offering Closing Date to the date the Brokered Release Date, which amounts shall be released to the Agents) and all Brokered Subscription Receipts will be deemed to be automatically converted by the Brokered Subscription Receipt Agent on the Brokered Release Date for and on behalf of the holders thereof and the holders thereof shall, without any action on the part of the holders thereof, be deemed to have subscribed for one Brokered Underlying Unit comprised of one Brokered Underlying Share and one-half of one Warrant for each Brokered Subscription Receipt held.

If: (i) the Brokered Escrow Release Conditions are not satisfied prior to the Brokered Escrow Release Deadline; or (ii) prior to the Brokered Escrow Release Deadline the Issuer advises the Lead Agent or announces to the public that it does not intend to satisfy any of the Brokered Escrow Release Conditions (each such event being a “**Brokered Termination Event**”), the Brokered Subscription Receipt Agent will return to each holder of Brokered Subscription Receipts, as soon as practicable following the Brokered Termination Event, an amount equal to: (A) the aggregate Subscription Price of the Brokered Subscription Receipts held by such holder; and (B) their *pro rata* portion of interest earned on the Brokered Escrowed Funds (less applicable withholding tax, if any) and the Brokered Subscription Receipts will be cancelled without any further action on the part of the holders. The Issuer shall be responsible and liable to the holders of Brokered Subscription Receipts for any shortfall between the aggregate Subscription Price paid by the original holders of the Brokered Subscription Receipts and the Brokered Escrowed Funds.

Pursuant to the Agency Agreement, the Issuer has agreed to use commercially reasonable efforts to list the Common Shares on the Exchange and to prepare and file with the securities commissions in each of the Qualifying Provinces this Prospectus qualifying the distribution of the Brokered Underlying Units, the Brokered Underlying Shares, the Warrants issuable on the automatic conversion of the Brokered Subscription Receipts and the Broker Warrants in the Qualifying Provinces, all as soon as reasonably practicable following the Brokered Subscription Receipt Offering Closing Date and, in any event, prior to the Brokered Escrow Release Deadline.

Pursuant to the Agency Agreement, the Issuer has granted the Lead Agent a right of first refusal to serve as co-manager and co-lead placement agent for any public or private offering of debt, equity or equity-based securities by the Issuer within a period of 12 months from the earlier of the termination of the Agency Agreement and the Brokered Subscription Receipt Offering Closing Date. Pursuant to the Agency Agreement, the directors and officers of the Issuer were also required to enter into lock-up agreements pursuant to which each such person agreed not to, directly or indirectly, sell, transfer or pledge, or otherwise dispose of or transfer the economic consequences of (or publicly announce any intention to do any of the foregoing), any securities of the Issuer until the date which is four months after the Brokered Subscription Receipt Offering Closing Date, without the prior written consent of the Lead Agent (on behalf of the Agents).

The Brokered Subscription Receipts issued under and governed by the Brokered Subscription Receipt Agreement were sold in the provinces of British Columbia, Alberta, Ontario, Manitoba, Saskatchewan and Nova Scotia (collectively, the “**Qualifying Provinces**”) through the Agents pursuant to exemptions from applicable prospectus requirements. Brokered Subscription Receipts were sold in the United States pursuant to an exemption from the registration requirements of the U.S. Securities Act and applicable state securities laws. Brokered Subscription Receipts were also sold in jurisdictions outside of Canada and the United States pursuant to applicable securities laws exemptions therein.

On the Brokered Subscription Receipt Offering Closing Date, a total of 21,146,086 Brokered Subscription Receipts were registered in the name of “CDS & Co.” and were deposited with CDS as electronic non-certificated inventory positions (the “**Non-Certificated Positions**”). Upon the automatic conversion of the Brokered Subscription Receipts in Non-Certificated Positions, the Brokered Underlying Shares and the Warrants will be issued as electronic non-certificated inventory positions registered and deposited with CDS or its nominee, and purchasers will receive only a customer confirmation from an Agent or other registered dealer who is a CDS participant and from or through whom a beneficial interest in the Brokered Subscription Receipts was originally acquired, subject to certain limited exceptions. In addition, on the Brokered Subscription Receipt Offering Closing Date, a total of 225,000 Brokered Subscription Receipts were issued in physical form and their holders will, upon the automatic conversion of such Brokered Subscription Receipts, receive physical certificates representing the Brokered Underlying Shares and the Warrant, which will be registered and issued in the same manner as the overlying Brokered Subscription Receipts.

President’s List Subscription Receipt Offering

The President’s List Subscription Receipts were issued on March 15, 2021 (the “**President’s List Subscription Receipt Offering Closing Date**”) on a non-brokered private placement basis (the “**President’s List Subscription Receipt Offering**”) at the Subscription Price per President’s List Subscription Receipt pursuant to the terms of a subscription receipt agreement (the “**President’s List Subscription Receipt Agreement**”) dated March 15, 2021 between the Issuer and Endeavor Trust Corporation, acting as subscription receipt agent (the “**President’s List Subscription Receipt Agent**”). The terms of the President’s List Subscription Receipts, including the Subscription Price, were determined by management of the Issuer. In connection with the President’s List Subscription Receipt Offering, the Issuer paid cash finder’s fees aggregating \$129,180.78 and issued 427,155 finder warrants entitling the holders to purchase up to 427,155 Common Shares at a price of \$0.50 per share until March 15, 2023.

The aggregate gross proceeds of the President’s List Subscription Receipt Offering of \$1,700,020 less the cash finders’ fees of \$129,180.78 paid by the Issuer to certain finders in connection with the President’s List Subscription Receipt Offering, were deposited on the President’s List Subscription Receipt Offering Closing Date in escrow with the President’s List Subscription Receipt Agent and are being held in one or more non-interest-bearing trust accounts pending satisfaction of the following conditions:

- (a) the Issuer having obtained the Final Receipt;
- (b) the conditional approval from the Exchange for the Listing; and
- (c) the Issuer having delivered a notice to the President’s List Subscription Receipt Agent confirming that the conditions set forth in (a) and (b) above have been satisfied (the “**President’s List Release Notice**”);

(collectively, the “**President’s List Escrow Release Conditions**”).

Provided that the President’s List Escrow Release Conditions are satisfied prior to 5:00 p.m. (Vancouver time) on July 13, 2021 (being the date that is 120 days following the President’s List Subscription Receipt Offering Closing Date) or such later date as may be approved by the holders of President’s List Subscription Receipts pursuant to the terms of the President’s List Subscription Receipt Agreement (the “**President’s List Escrow Release Deadline**”), the President’s List Subscription Receipt Agent will, upon receipt of the President’s List Release Notice, release on such date (the “**President’s List Release Date**”), the President’s List Escrowed Funds to the Issuer and all President’s List Subscription Receipts will be deemed to be automatically converted by the President’s List Subscription Receipt Agent on the President’s List Release Date for and on behalf of the holders thereof and the holders thereof shall, without any action on the part of the holders thereof, be deemed to have subscribed for one President’s List Subscription Receipt Unit comprised of one President’s List Underlying Share and one-half of one Warrant for each President’s List Subscription Receipt held.

If: (i) the President’s List Escrow Release Conditions are not satisfied prior to the President’s List Escrow Release Deadline; or (ii) prior to the President’s List Escrow Release Deadline the Issuer provides the President’s List Subscription Receipt Agent with a written notice indicating that the President’s List Escrow Release Conditions will not be satisfied (each such event being a “**President’s List Termination Event**”), the President’s List Subscription Receipt Agent will return to each holder of President’s List Subscription Receipts, as soon as practicable following the President’s List Termination Event, an amount equal to the aggregate Subscription Price of the President’s List Subscription Receipts held by such holder and the President’s List Subscription Receipts will be cancelled without any further action on the part of the holders. The Issuer shall be responsible and liable to the holders of President’s List Subscription Receipts for any shortfall between the aggregate Subscription Price paid by the original holders of the President’s List Subscription Receipts and the President’s List Escrowed Funds.

The President’s List Subscription Receipts issued under and governed by the President’s List Subscription Receipt Agreement were sold in the provinces of British Columbia, Alberta and Ontario by the Issuer pursuant to exemptions from applicable prospectus requirements. President’s List Subscription Receipts were also sold in jurisdictions outside of Canada and the United States pursuant to applicable securities laws exemptions therein.

On the President’s List Subscription Receipt Offering Closing Date, all of the 4,857,200 President’s List Subscription Receipts were issued in physical form and their holders will, upon the automatic conversion of such President’s List Subscription Receipts, receive physical certificates representing the President’s List Underlying Shares and the Warrants, which will be registered and issued in the same manner as the overlying President’s List Subscription Receipts.

Convertible Debenture Financing

The Convertible Debentures were issued on March 2, 2021 (the “**Convertible Debenture Financing Closing Date**”) on a non-brokered private placement basis (the “**Convertible Debenture Financing**”). The aggregate principal amount of \$2,800,000 outstanding under the Convertible Debentures (together with accrued interest) is automatically convertible into Convertible Debenture Units on the Automatic Conversion Date at the Conversion Price. The terms of the Convertible Debenture Financing, including the Conversion Price, were determined by management of the Issuer. In connection with the Convertible Debenture Financing, the Issuer paid cash finders’ fees aggregating \$241,784 and issued 492,801 finder warrants entitling the holders to purchase up to 492,801 Common Shares at a price of \$0.50 per share until March 2, 2023.

Each Convertible Debenture bears simple interest at a rate equal to 8% per annum, both before and after default, demand, and judgment, commencing from the Convertible Debenture Financing Closing Date. The Convertible Debentures mature on March 2, 2022 (the “**Maturity Date**”), subject to the Automatic Conversion. Interest on the Convertible Debentures will accrue and will be paid on the earlier of the Automatic Conversion Date and the Maturity Date. The principal amount of the Convertible Debentures, including any Penalty Amount, and all accrued interest will be automatically converted (the “**Automatic Conversion**”), without any further act of the holder, into Convertible Debenture Units at the Conversion Price immediately prior to the Listing Date (the “**Automatic Conversion Date**”). Each Convertible Debenture Unit will be comprised of one Convertible Debenture Share and one whole Warrant.

If the Automatic Conversion Date does not occur on or before September 2, 2021, being the date that is six months from the Convertible Debenture Financing Closing Date (the “**Conversion Deadline**”), the principal amount of the Convertible Debentures will be increased by 10% (the “**Penalty Amount**”). Commencing on the day following the Conversion Deadline, interest will accrue on the principal amount of the Convertible Debentures as adjusted by the Penalty Amount.

The Convertible Debentures were sold in the provinces of British Columbia, Alberta and Ontario by the Issuer pursuant to exemptions from applicable prospectus and registration requirements. Convertible Debentures were also sold in jurisdictions outside of Canada and the United States pursuant to applicable securities laws exemptions therein.

On the Convertible Debenture Financing Closing Date, Convertible Debentures in the aggregate principal amount of \$2,800,000 were issued in physical form and their holders will, upon the conversion of such Convertible Debentures, receive physical certificates representing the Convertible Debenture Shares and the Warrants, respectively, which will be registered and issued in the same manner as the overlying Convertible Debentures.

The Issuer is not a reporting issuer in any province or territory of Canada.

There is currently no market through which any of the securities of the Issuer may be sold and holders of the Issuer’s securities may not be able to resell any such securities.

As at the date of this Prospectus, the Issuer does not have any of its securities listed or quoted, has not applied to list or quote any of its securities and does not intend to apply to list or quote any of its securities, on the Toronto Stock Exchange, Aequitas NEO Exchange Inc., a U.S. marketplace, or a marketplace outside Canada and the United States other than the Alternative Investment Market of the London Stock Exchange or the PLUS markets operated by the PLUS Markets Group plc. The Issuer has applied to list the Common Shares on the Exchange. Listing will be subject to the Issuer fulfilling all of the listing requirements of the Exchange including meeting all minimum listing requirements. The Exchange has not conditionally approved the Issuer’s application for Listing and there is no assurance that it will do so.

PRIOR SALES

Common Shares

During the 12 months preceding the date of this Prospectus, the Issuer issued the following Common Shares:

Date	Number of Common Shares	Issue Price per Common Share	Aggregate Issue Price
September 17, 2020	1,589,192	\$0.40	\$635,677
November 16, 2020	14,786,823	\$0.07	\$1,035,077
December 2020	2,995,007	\$0.40	\$1,198,002.80
Total	19,371,022		\$2,868,756.80

Convertible Debentures

During the 12 months preceding the date of this Prospectus, the Issuer issued the following Convertible Debentures:

Date	Principal Amount of Convertible Debentures	Conversion Price	Aggregate Proceeds
March 2, 2021	\$2,800,000	\$0.30	\$2,800,000
Total	\$2,800,000		\$2,800,000

See “*Plan of Distribution*” for further details.

Subscription Receipts

During the 12 months preceding the date of this Prospectus, the Issuer issued the following Subscription Receipts:

Date	Number of Subscription Receipts	Issue Price per Subscription Receipt	Aggregate Proceeds
March 15, 2021	4,857,200 President’s List Subscription Receipts	\$0.35	\$1,700,020
March 18, 2021	21,371,086 Brokered Subscription Receipts	\$0.35	\$7,479,880.10
Total	26,228,286		\$9,179,900.10

See “*Plan of Distribution*” for further details.

Warrants

See “*Plan of Distribution*” and “*Options and Other Rights to Purchase Securities of the Issuer*”.

Options

See “*Options and Other Rights to Purchase Securities of the Issuer*”.

CONSOLIDATED CAPITALIZATION

Since December 31, 2020, the date of the Issuer’s most recent financial statements, there have been no material changes to the Issuer’s share and loan capital other than the issuance of the Subscription Receipts and the Convertible Debentures. See “*General Development of the Business*” and “*Plan of Distribution*”.

The following table should be read in conjunction with the financial statements and the accompanying MD&A:

Description	Amount Authorized	Outstanding as at December 31, 2020	Outstanding as at March 31, 2021	Outstanding as at March 31, 2021 After Giving Effect to the Conversion of the Convertible Debentures and the Subscription Receipts ⁽¹⁾⁽²⁾
Common Shares	Unlimited	\$4,639,404 (29,573,647 shares)	\$4,639,404 (29,573,647 shares)	\$15,478,786 (65,418,599 shares)
Convertible Debentures		--	\$2,800,000 principal amount	nil
President’s List Subscription Receipts		--	\$1,700,020 (4,857,200 subscription receipts)	nil
Brokered Subscription Receipts		--	\$7,479,880 (21,371,086 subscription receipts)	nil

- (1) Figures assume that no Options or warrants have been exercised. See “*Options and Other Rights to Purchase Securities of the Issuer*” for details of Options and warrants.
- (2) Assumes accrued interest on the Convertible Debentures of \$85,000 which is convertible into 283,333 Convertible Debenture Units.

OPTIONS AND OTHER RIGHTS TO PURCHASE SECURITIES OF THE ISSUER

Stock Option Plan

The Issuer has adopted a 10% rolling incentive Stock Option Plan in accordance with the policies of the Exchange, which provides that the Board of the Issuer may from time to time, in its discretion, grant to directors, officers, employees and consultants of the Issuer non-transferable options (“**Options**”), which are exercisable for a period of up to ten years, to purchase up to 10% of the issued and outstanding Common Shares, except that prior to the Common Shares being listed for trading on the Exchange (or such other trading facility as the Common Shares may be listed on) the number of Common Shares which will be available for purchase pursuant to Options granted pursuant to the Stock Option Plan may exceed 10% of the number of Common Shares which are issued and outstanding on the particular date of grant of Options. In addition, the number of Common Shares reserved for issuance to any one Person in a 12 month period shall not exceed 5% of the issued and outstanding Common Shares, the maximum number of Options which may be granted to any one consultant in a 12 month period will not exceed 2% of the issued and outstanding Common Shares and the maximum number of Options which may be granted to employees or consultants engaged in investor relations activities in a 12 month period will not exceed 2% of the issued and outstanding Common Shares and such Options granted to employees or consultants engaged in investor relations activities must vest in stages over 12 months with no more than 25% of the Options vesting in any three month period. The Board will determine the price per Common Share and the number of Common Shares which may be allotted to each director, officer, employee and consultant and all other terms and conditions of the Options, subject to the rules of the Exchange, when such Options are granted. Options must be exercised within 30 days of termination of employment or cessation of the Option holder’s position with the Issuer, subject to the expiry date of such Option and certain other provisions of the Stock Option Plan. The price per Common Share set by the Board, provided that the Common Shares are traded on an organized trading facility, shall not be less than the closing trading price of the Common Shares on the last day prior to the date on which such Option is granted, less the applicable discount permitted (if any) by such applicable exchange or market.

Stock Options

No Options are outstanding as at the date of this Prospectus. The Issuer expects to grant Options prior to the Listing Date.

Warrants

The following table sets forth certain information concerning the warrants of the Issuer:

Description	Date of Grant	Exercise Price	Expiry Date	Outstanding as at December 31, 2020	Outstanding as at March 31, 2021	Outstanding as at March 31, 2021 After Giving Effect to the Conversion of the Convertible Debentures and the Subscription Receipts
Finder warrants ⁽¹⁾	Nov. 3, 2020	\$0.35	Nov. 3, 2021	2,218,023	2,218,023	2,218,023
Convertible Debenture warrants ⁽²⁾		\$0.50	2 years from Listing Date	--	--	9,616,666

Description	Date of Grant	Exercise Price	Expiry Date	Outstanding as at December 31, 2020	Outstanding as at March 31, 2021	Outstanding as at March 31, 2021 After Giving Effect to the Conversion of the Convertible Debentures and the Subscription Receipts
Convertible Debenture finder warrants ⁽³⁾	Mar. 2, 2021	\$0.50	March 2, 2023	--	492,801	492,801
President's List Subscription Receipt Warrants ⁽⁴⁾		\$0.50	2 years from Listing Date	--	--	2,428,600
President's list finder warrants ⁽⁵⁾	Mar. 15, 2021	\$0.50	March 2, 2023	--	427,155	427,155
Brokered Subscription Receipt Warrants ⁽⁶⁾		\$0.50	2 years from Listing Date	--	--	10,685,543
Broker Warrants ⁽⁷⁾		\$0.35	2 years from Listing Date	--	--	1,709,687

- (1) Issued to finders/standby guarantors in connection with financing in November 2020. Each warrant is exercisable for one Common Share.
- (2) Issuable upon conversion on of the Convertible Debentures. Assumes accrued interest on the Convertible Debentures of \$85,000.
- (3) Issued to finders in connection with the Convertible Debenture Financing.
- (4) Issuable upon conversion of the President's List Subscription Receipts.
- (5) Issued to finders in connection with the President's List Subscription Receipt Offering.
- (6) Issuable upon conversion of the Brokered Subscription Receipts.
- (7) Issuable upon the Brokered Release Date.

See "Plan of Distribution" for description of terms.

ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

As at the date of this Prospectus, the Issuer has issued the Escrow Shares to "Principals" of the Issuer, as that term is defined in NP 46-201, and to other shareholders of the Issuer as set out below:

Designation of Class	Number of Securities in Escrow ⁽¹⁾	Percentage of Class as at the Date of this Prospectus	Percentage of Class After Conversion of the Convertible Debentures and the Subscription Receipts ⁽²⁾
Common Shares	7,139,835 ⁽³⁾	24.1%	11.2%

- (1) Assumes no Options or warrants are exercised. Computershare Investor Services Inc. will be appointed as the escrow agent.
- (2) Includes an additional 170,000 Common Shares issued upon conversion of the Convertible Debentures held by Principals. Principals and other shareholders of the Issuer also hold warrants entitling them to purchase in aggregate an additional 795,166 Common Shares which would also be placed in escrow.
- (3) Includes 1,592,720 Common Shares held by Vance Loeber and 994,881 Common Shares held by Camargue Equities Inc., a company controlled by Vance Loeber.

The Escrow Shares will be released in accordance with the following schedule:

Date of Automatic Timed Release	Amount of Escrow Shares
On the Listing Date	10% of the Escrow Shares
6 months after the Listing Date	15% of the remaining Escrow Shares
12 months after the Listing Date	15% of the remaining Escrow Shares
18 months after the Listing Date	15% of the remaining Escrow Shares
24 months after the Listing Date	15% of the remaining Escrow Shares
30 months after the Listing Date	15% of the remaining Escrow Shares
36 months after the Listing Date	15% of the remaining Escrow Shares

Exchange Seed Share Resale Restrictions

A total of 6,740,000 Common Shares (10.3% of the Common Shares after the conversion of the Convertible Debentures and the Subscription Receipts) issued at a price of \$0.01 per share will be subject to SSRR which provide for release based on the same schedule as for the Escrow Shares.

A total of 14,786,823 Common Shares (22.6% of the Common Shares after the conversion of the Convertible Debentures and the Subscription Receipts) previously issued at a price of \$0.07 per shares will be subject to SSRR which provide for release as to 20% on the Listing Date and 20% every three months thereafter.

Lock-Up Agreements

The directors and senior officers of the Issuer have entered into lock-up agreements dated March 18, 2021 with the Agents pursuant to which such directors and senior offices have agreed not to sell any securities of the Issuer until July 18, 2021. See “*Plan of Distribution*”.

PRINCIPAL SHAREHOLDERS

To the knowledge of the directors and officers of the Issuer, no Persons as at the date hereof beneficially own, directly or indirectly, or exercise control or direction over, more than 10% of the Common Shares.

DIRECTORS AND EXECUTIVE OFFICERS

The following table lists the names and the provinces and countries of residence of the directors and executive officers of the Issuer, their positions and offices with the Issuer and their principal occupations during the past five years. The following table is based on information received by the Issuer from said Persons.

Name, Province and Country of Residence	Position(s) With the Issuer and Date of Appointment	Principal Occupation and Occupation During the Past Five Years
Edward Bereznicki ⁽¹⁾ Alberta, Canada	President and CEO since August 10, 2020 Director since April 15, 2021	Mr. Bereznicki was an advisor and CEO of Freedom Cannabis Inc., a private seed to sale cannabis company, from April 2018 to October 2019; independent businessman, advisor and investor to start-up oil and gas companies from August 2015 to March 2018.

Name, Province and Country of Residence	Position(s) With the Issuer and Date of Appointment	Principal Occupation and Occupation During the Past Five Years
Robert J. Scott British Columbia, Canada	CFO and Director since January 23, 2017	Mr. Scott is a CPA, CA, and CFA Charterholder with more than 20 years of professional experience. He is the Founder and President of Corex Management Inc., a private company which, for the past 12 years, has provided accounting, administration, and corporate compliance services to privately held and publicly traded companies.
David L. Safton Alberta, Canada	Vice-President Geosciences since August 10, 2020	Mr. Safton is a geologist with Sage Oil & Gas Inc., an oil and gas company, from May 1989 to present.
Shaun Wyzykoski Alberta, Canada	Vice-President Engineering since August 10, 2020	Mr. Wyzykoski is a self-employed consulting engineer from July 2016 to present; and Chief Operating Officer at ORLEN Upstream Canada Ltd., an oil and natural gas company, from November 2013 to June 2016.
Jeffrey Dare British Columbia, Canada	Corporate Secretary since January 23, 2017	Mr. Dare, through Corex Management Inc., serves as the Corporate Secretary for a number of listed companies for the past 12 years.
Todd Holmstrom ⁽¹⁾ Alberta, Canada	Director since August 10, 2020	Mr. Holmstrom has been a consultant with WaterStrider Treatment Inc., a water treatment company, from January 2021 to present; consultant for the Issuer from January 2020 to February 2020; and Vice President Construction at Stuart Olson Inc., a construction services company, from February 2016 to September 2019.
Calvin R. Watson ⁽¹⁾ Alberta, Canada	Director since August 10, 2020	Mr. Watson has been the President and CEO at Nobilis Energy Consulting Ltd., a management consulting company, from January 2016 to present.

⁽¹⁾ Member of the Audit Committee.

Each of the directors of the Issuer will hold office until the next annual general meeting of the shareholders of the Issuer pursuant to the BCBCA, or unless his office is earlier vacated in accordance with the Issuer's articles or with the provisions of the BCBCA.

As at the date of this Prospectus, the directors and executive officers of the Issuer as a group currently own, directly or indirectly, or exercise control or direction over, 4,552,234 Common Shares, or 15.4% of the issued and outstanding Common Shares. After the conversion of the Convertible Debentures and the Subscription Receipts and prior to the exercise of any other outstanding rights to acquire Common Shares (including the Options), the directors and officers of the Issuer will own approximately 7.2% of the issued and outstanding Common Shares.

Management and Key Personnel

Edward Bereznicki, P.Eng., MBA – (Age 56) – President, CEO and Director

Mr. Bereznicki is the President and CEO and a director of the Issuer. He has served as President and CEO of the Issuer since August 10, 2020. Mr. Bereznicki is a consultant to the Issuer and provides his services on a part-time basis.

Mr. Bereznicki has 15 years of corporate finance, capital markets and financial advisory expertise as a senior energy investment banker with Raymond James Ltd. and Griffiths McBurney & Partners. He has helped raise over \$20 billion of equity and convertible debt for the energy sector, including successful start-ups and initial public offerings, with over 30 successful merger and acquisition transactions totaling more than \$ 4.5 billion in value. Mr. Bereznicki is also a seasoned energy executive with over 14 years of exploration and production, project, operations, risk management, and pipeline transmission experience, both domestically and internationally. Mr. Bereznicki graduated from the University of Alberta with a B.Sc. Engineering (Civil) degree in 1987 and the University of Western Ontario with a Masters of Business Administration (MBA) degree in 1991. Mr. Bereznicki served as a director of Athabasca Minerals Inc. from October 2013 to August 2015 and was a member of the audit committee during 2014 and 2015. Mr. Bereznicki is a member of the Association of Professional Engineers and Geoscientists of Alberta. See the above table under “*Directors and Executive Officers*” for further details of Mr. Bereznicki’s principal occupation for the last five years.

Mr. Bereznicki has not entered into a non-competition agreement with the Issuer. His consulting agreement with the Issuer contains a non-disclosure provision.

Mr. Bereznicki devotes approximately 80% of his time to the affairs of the Issuer. Upon completion of the Listing, it is expected that Mr. Bereznicki will provide his services to the Issuer on a full-time basis.

Robert J. Scott, CPA, CA, CFA – (Age 51) – CFO and Director

Mr. Scott is the CFO and a director of the Issuer. He has served in these capacities since appointed on January 23, 2017. Mr. Scott is a consultant to the Issuer and provides his services on a part-time basis.

Mr. Scott has over 20 years of professional experience in the areas of corporate finance, accounting and merchant and commercial banking. He is a CPA, CA and a CFA Charterholder and has spent the last 15 years as a senior officer and director of a number of issuers listed on the Exchange. In that time he has helped raise in excess of \$200 million in equity and has gained extensive experience in initial public offerings, reverse takeovers, corporate restructuring and mergers and acquisitions, as well as cost effective management of operations. See the above table under “*Directors and Executive Officers*” for further details of Mr. Scott’s principal occupation for the last five years.

Mr. Scott has not entered into a non-competition or non-disclosure agreement with the Issuer.

Mr. Scott devotes approximately 30% of his time to the affairs of the Issuer.

David Safton – (Age 61) – Vice-President Geosciences

Mr. Safton is the Vice-President Geosciences of the Issuer. He has served as Vice-President Geosciences of the Issuer since August 10, 2020. Mr. Safton is a consultant to the Issuer and provides his services to the Issuer on a part-time basis.

Mr. Safton has more than 30 years of exploration and development experience in the Western Canadian Sedimentary Basin. During his career he has worked for both large and small companies in both the public and private space. For the past 20 years Mr. Safton has run a small private oil and gas explorer/producer of which he was one of the founders. Mr. Safton graduated from the University of Saskatchewan with a Bachelor of Science Advanced degree in 1984 and from the University of Aberdeen with a Master of Science degree in 2000. See the table under “*Directors and Executive Officers*” for further details of Mr. Safton’s principal occupation for the last five years.

Mr. Safton devotes approximately 80% of his time to the affairs of the Issuer. Upon completion of the Listing, it is expected that Mr. Safton will provide his services to the Issuer on a full-time basis.

Mr. Safton has not entered into a non-competition agreement with the Issuer. His consulting agreement with the Issuer contains a non-disclosure provision.

Shaun Wyzykoski – (Age 48) – Vice-President Engineering

Mr. Wyzykoski is the Vice-President Engineering of the Issuer. He has served as Vice-President Engineering of the Issuer since August 10, 2020. Mr. Wyzykoski is a consultant to the Issuer and provides his services to the Issuer on a part-time basis.

Mr. Wyzykoski has 25 years of engineering and management expertise in various positions at junior and intermediate oil and gas producing companies including Crescent Point Energy Corp., TriOil Resources Ltd. and ORLEN Upstream Canada Ltd. He has worked successfully in growing several junior companies from small producers to larger entities. Mr. Wyzykoski is a seasoned engineer and has been an energy executive for private and public companies with experience in production, operations, exploitation, business development, capital markets and management. Mr. Wyzykoski graduated from the University of Alberta with a B.Sc. in Mechanical Engineering in 1994. Mr. Wyzykoski is a member of the Association of Professional Engineers and Geoscientists of Alberta. See the above table under “*Directors and Executive Officers*” for further details of Mr. Wyzykoski’s principal occupation for the last five years.

Mr. Wyzykoski devotes approximately 80% of his time to the affairs of the Issuer. Upon completion of the Listing, it is expected that Mr. Wyzykoski will provide his services to the Issuer on a full-time basis.

Mr. Wyzykoski has not entered into a non-competition agreement with the Issuer. His consulting agreement with the Issuer contains a non-disclosure provision.

Jeffrey Dare – (Age 41) – Corporate Secretary

Mr. Dare is the Corporate Secretary of the Issuer and provides his services to the Issuer on a part-time basis. He has served as Corporate Secretary of the Issuer since January 23, 2017.

Mr. Dare has over 12 years of professional experience acting as an executive officer and director for the Exchange, Canadian Securities Exchange, listed issuers and private companies. His focus is managing external reporting and corporate compliance and transactional matters. He works closely with external partners and service providers in the areas of legal, compliance, transfer agency, audit, banking and insurance. Mr. Dare currently serves as the Corporate Secretary for a number of companies, some of which include Great Bear Resources Ltd., ValOre Metals Corp., Fireweed Zinc Ltd., K2 Gold Corporation, Riverside Resources Inc., Kodiak Copper Corp., Palladium One Mining Inc. and Capitan Mining Inc. Mr. Dare graduated from the Simon Fraser University in 2006 with a Bachelor of Arts degree. See the above table under “*Directors and Executive Officers*” for details of Mr. Dare’s principal occupation for the last five years.

Mr. Dare will not work full time for the Issuer but will devote such time as is required in connection with his duties.

Mr. Dare has not entered into a non-competition or non-disclosure agreement with the Issuer.

Directors

Todd Holmstrom, B.Sc. – (Age 59) – Director

Mr. Holmstrom has served as a director of the Issuer since August 10, 2020.

Mr. Holmstrom has over 33 years in leadership roles in the oil and gas, mining, wireless communications and medical devices industry. Mr. Holmstrom was the President of a \$ 200 million company (Lockerbie & Hole Inc., a division of

AECON) from February 2011 to October 2013 and Vice President in two \$1 billion operating companies, Flint Energy Services Ltd. from October 2004 to January 2010) and Stuart Olson Inc. from February 2016 to September 2019. He has extensive experience developing business strategies and leading the successful execution of \$1 billion engineering, procurement and construction projects worldwide. Mr. Holmstrom holds a B.Sc. in mechanical engineering and has attended executive leadership programs at Ivey School of Business and the University of North Carolina – Flagler School of Business. Mr. Holmstrom has experience in senior executive positions and is financially literate.

Mr. Holmstrom has not entered into a non-competition or non-disclosure agreement with the Issuer.

Mr. Holmstrom will devote the time necessary to perform the work required in connection with acting as a director of the Issuer.

Calvin R. Watson, P. Eng. – (Age 60) – Director

Mr. Watson has served as a director of the Issuer since August 10, 2020.

Mr. Watson has over 35 years of experience in the oil and gas industry and has held multiple roles in operations, production, reservoir engineering, gas marketing and business development. Mr. Watson was the Central and Southern Plains Exploitation Manager for Anderson Exploration/Devon Canada Corp., an affiliate of Devon Canada Corporation (“**Devon Canada**”), from May 2000 to May 2004. Mr. Watson was the Foothills Region Exploitation Manager for Devon Canada from May 2004 to May 2008 in charge of reservoir engineering and business development for foothills region. Mr. Watson was Operations Manager, Thermal Operations of Devon Canada from May 2008 to September 2009 responsible for stabilizing thermal performance at Jackfish 1 and was General Manager of Thermal of Devon Canada from September 2009 to June 2010 responsible for operations, business development, production and reservoir engineering for Devon Canada’s Jackfish 1 and 2 steam-assisted gravity drainage facility and responsible for Devon’s corporate reserves. He has acted as Vice-President of Devon Canada from June 2010 to January 2015, with an annual operating expenses budget of \$1.2 billion. Mr. Watson graduated from the University of Saskatchewan with a Bachelor of Science in Engineering degree. Mr. Watson has experience in senior executive positions and is financially literate.

Mr. Watson has not entered into a non-competition or non-disclosure agreement with the Issuer.

Mr. Watson will devote the time necessary to perform the work required in connection with acting as a director of the Issuer.

Corporate Cease Trade Orders or Bankruptcies

No director or executive officer of the Issuer is, as at the date of this Prospectus, or was within ten years before the date of this Prospectus, a director, CEO or CFO of any company (including the Issuer) that:

- (a) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued while the director or executive officer was acting in the capacity as director, CEO or CFO; or
- (b) was subject to a cease trade order, an order similar to a cease trade order or an order that denied the relevant company access to any exemption under securities legislation, for a period of more than 30 consecutive days, that was issued after the director or executive officer ceased to be a director, CEO or CFO and which resulted from an event that occurred while that Person was acting in the capacity as director, CEO or CFO.

Except as set out below, no director or executive officer of the Issuer, and no shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer:

- (a) is, as at the date of this Prospectus, or has been within the ten years before the date of this Prospectus, a director or executive officer of any company (including the Issuer) that, while that Person was acting in that capacity, or within a year of that Person 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 ten years before the date of this Prospectus, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became 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, except as follows:

In July 2011, Mr. Bereznicki was appointed Executive VP and CFO of LPR whose shares were listed on the New York Stock Exchange and Toronto Stock Exchange. In 2012, commodity prices fell and LPR began considering asset sale and restructuring options to deal with significant long term debt obligations. In February 2013, Mr. Bereznicki and the then CEO were relieved of their officer duties by LPR. In September 2013, LPR filed for protection under the CCAA. In January 2014, LPR reached an agreement with its creditors and was discharged from CCAA protection.

Penalties or Sanctions

No director or executive officer of the Issuer, and no shareholder holding a sufficient number of securities of the Issuer to affect materially the control of the Issuer, has been subject to:

- (a) 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
- (b) 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.

Conflicts of Interest

There are potential conflicts of interest to which the directors and officers of the Issuer will be subject in connection with the operations of the Issuer. In particular, certain of the directors and officers of the Issuer are involved in managerial and/or director positions with other companies whose operations may, from time to time, be in direct competition with those of the Issuer. Conflicts, if any, will be subject to the procedures and remedies available under the BCBCA. The BCBCA provides that in the event that a director has an interest in a contract or proposed contract or agreement, the director shall disclose his interest in such contract or agreement and shall refrain from voting on any matter in respect of such contract or agreement unless otherwise provided by the BCBCA. See “*Risk Factors – Conflicts of Interest with Directors and Officers*” for further details.

EXECUTIVE COMPENSATION

In this section, “Named Executive Officer” means: (a) the Issuer’s CEO, including an individual performing functions similar to a CEO; (b) the Issuer’s CFO, including an individual performing functions similar to a CFO; (c) the most highly compensated executive officer of the Issuer, and its subsidiaries, other than the CEO and CFO, at the end of the most recently completed financial year whose total compensation was, individually, more than \$150,000, as determined in accordance with subsection 1.3(5) of Form 51-102F6V – *Statement of Executive Compensation – Venture Issuers*, for that financial year; and (d) each individual who would be a Named Executive Officer under (c) but for the fact that the individual was not an executive officer of the Issuer and was not acting in a similar capacity, at the end of that financial year.

During the Issuer's fiscal year ended March 31, 2020, the following individuals were the Named Executive Officers of the Issuer:

- Vance Loeber, Executive Chairman and Former President and CEO; and
- Robert J. Scott, CFO.

Director and Named Executive Officer Compensation, Excluding Compensation Securities

Table of Compensation Excluding Compensation Securities

The following table provides a summary of compensation paid, payable, awarded, granted, given, or otherwise provided, directly or indirectly, by the Issuer to each Named Executive Officer and director of the Issuer during the fiscal years ended March 31, 2020 and 2019:

Name and Position	Year	Salary, Consulting Fee, Retainer or Commission (\$)	Bonus (\$)	Committee or Meeting Fees (\$)	Value of Perquisites (\$)	Value of all Other Compensation (\$)	Total Compensation (\$)
Vance Loeber ⁽¹⁾ Executive Chairman and Director and, Former President and CEO	2020	\$120,000 ⁽²⁾	\$98,000	--	--	--	\$218,000
	2019	\$120,000 ⁽³⁾	--	--	--	--	\$120,000
Robert J. Scott CFO and Director	2020	-- ⁽⁴⁾	--	--	--	--	--
	2019	-- ⁽⁵⁾	--	--	--	--	--
Thomas O'Neil ⁽⁶⁾ Former Director	2020	\$51,200	--	--	--	--	\$51,200
	2019	N/A	N/A	N/A	N/A	N/A	N/A

- ⁽¹⁾ Mr. Loeber resigned as President and CEO and was appointed Executive Chairman of the Issuer on August 10, 2020. Mr. Loeber resigned as Executive Chairman and Director on April 15, 2021.
- ⁽²⁾ Of this amount, Mr. Loeber received \$36,000 in his capacity as President and CEO of the Issuer and \$84,000 in his capacity as a director. See "*Executive Compensation – Employment, Consulting and Management Agreements*". The Issuer paid the amount to a company controlled by Mr. Loeber for the months of April – August 2019, while for the remaining months the Issuer paid the amount directly to Mr. Loeber.
- ⁽³⁾ Of this amount, Mr. Loeber received \$36,000 in his capacity as President and CEO and \$84,000 in his capacity as a director. See "*Executive Compensation – Employment, Consulting and Management Agreements*". The Issuer paid the total amount to a company controlled by Mr. Loeber.
- ⁽⁴⁾ Of this amount, Mr. Scott received \$Nil in his capacity as CFO and \$Nil in his capacity as a director. See "*Executive Compensation – Employment, Consulting and Management Agreements*". The Issuer paid \$9,500 per month for the monthly accounting and compliance services to FT, which is a company controlled by the spouse of Mr. Scott.
- ⁽⁵⁾ Of this amount, Mr. Scott received \$Nil in his capacity as CFO and \$Nil in his capacity as a director. See "*Executive Compensation – Employment, Consulting and Management Agreements*". The Issuer paid \$9,500 per month for the monthly accounting and compliance services to FT, which is a company controlled by the spouse of Mr. Scott.
- ⁽⁶⁾ Mr. O'Neil was appointed a director of the Issuer on July 31, 2019 and resigned on August 10, 2020.

Stock Options and Other Compensation Securities

Table of Compensation Securities

No compensation securities were granted or issued to any director or Named Executive Officer by the Issuer or its subsidiary during the fiscal year ended March 31, 2020 for services provided or to be provided, directly or indirectly, to the Issuer or any of its subsidiary. No compensation securities were outstanding as at the fiscal year ended March 31, 2020.

Exercise of Compensation Securities by Named Executive Officers and Directors

No compensation securities were exercised by the directors or Named Executive Officers of the Issuer during the fiscal year ended March 31, 2020.

Stock Option Plans and Other Incentive Plans

See “*Options and Other Rights to Purchase Securities of the Issuer – Stock Option Plan*” for a summary of the material terms of the Stock Option Plan. The Stock Option Plan has not been previously approved by the shareholders of the Issuer.

Employment, Consulting and Management Agreements

Except as disclosed herein, the Issuer is not party to any employment, consulting or management agreement with a Named Executive Officer or a Person performing services of a similar capacity.

There are no arrangements for compensation with respect to the termination of Named Executive Officers, including, but not limited to, in the event of a change of control of the Issuer.

The Issuer is party to a consulting agreement dated September 1, 2020, as amended, with Mr. Bereznicki, with such agreement expected to terminate on September 1, 2021. In consideration for Mr. Bereznicki’s services as CEO, the Issuer has agreed to pay Mr. Bereznicki a maximum monthly fee of \$15,000, based on a rate of \$750 per day. Mr. Bereznicki will also be reimbursed for any direct out-of-pocket expenses reasonably incurred in connection with the provision of his services.

The Issuer is a party to an unwritten accounting and compliance services agreement effective August 1, 2017 with FT. FT provides the services of Mr. Scott as CFO to the Issuer and Mr. Dare as Corporate Secretary to the Issuer and accounting and corporate compliance services for a monthly fee of \$9,500. FT is controlled by the spouse of Mr. Scott.

The Issuer is party to a consulting agreement dated September 1, 2020, as amended, with Mr. Safton, with such agreement expected to terminate on September 1, 2021. In consideration for Mr. Safton’s services as the Issuer’s Vice President Geosciences, the Issuer has agreed to pay Mr. Safton a maximum monthly fee of \$15,000, based on a rate of \$750 per day. Mr. Safton will also be reimbursed for any direct out-of-pocket expenses reasonably incurred in connection with the provision of his services.

The Issuer is party to a consulting agreement dated September 1, 2020, as amended, with Mr. Wyzykoski, with such agreement expected to terminate on September 1, 2021. In consideration for Mr. Wyzykoski’s services as the Issuer’s Vice President Engineering, the Issuer has agreed to pay Mr. Wyzykoski a maximum monthly fee of \$15,000, based on a rate of \$750 per day. Mr. Wyzykoski will also be reimbursed for any direct out-of-pocket expenses reasonably incurred in connection with the provision of his services.

The Issuer is a party to an unwritten consulting agreement with Mr. Loeber. In consideration for Mr. Loeber’s services, the Issuer has agreed to pay Mr. Loeber a monthly fee of \$10,000.

Oversight and Description of Director and Named Executive Officer Compensation

The Issuer was not a reporting issuer at any time during the most recently completed financial period. It is expected that in the future the directors and officers of the Issuer, including the Named Executive Officers, will be granted, from time to time, Options in accordance with the Stock Option Plan. See “*Options and Other Rights to Purchase Securities of the Issuer – Stock Option Plan*” for a summary of the terms of the Stock Option Plan. Given the Issuer’s size and its stage of development, the Issuer has not appointed a compensation committee or formalized any guidelines with respect to compensation at this time. It is anticipated that once the Issuer becomes a reporting issuer, the Board will consider appointing such a committee and adopting such guidelines. The Issuer currently relies solely on Board discussion without any formal objectives, criteria and analysis to determine the amount of compensation payable to directors and all officers of the Issuer. For the Issuer’s fiscal year ended March 31, 2020, the significant elements of

compensation paid and awarded to each Named Executive Officer were salary and a bonus paid to Mr. Loeber and salary paid to Mr. O’Neil. See “*Executive Compensation - Director and Named Executive Officer Compensation, Excluding Compensation Securities – Table of Compensation Excluding Compensation Securities*” and *Executive Compensation – Employment, Consulting and Management Agreements*”. Such committee will determine any additional compensation to be paid to the directors and officers of the Issuer once the Issuer becomes a reporting issuer.

Named Executive Officer Compensation

Compensation paid to the Named Executive Officers is based on the size and stage of development of the Issuer and reflects the need to provide incentive and compensation for the time and effort expended by the Named Executive Officers, while taking into account the financial and other resources of the Issuer, as well as increasing shareholder value.

The Issuer’s executive compensation currently consists of long-term incentives in the form of participation in the Stock Option Plan. Once the Issuer becomes a reporting issuer, it is expected that the Board will review the compensation of Named Executive Officers and make adjustments, if appropriate, to ensure that the compensation of the Named Executive Officers is commensurate with the services they provide.

Base Salary

It is expected that once the Issuer becomes a reporting issuer, base salary will be the principal component of executive compensation and the base salary for each Named Executive Officer will be based on the position held, the related responsibilities and functions performed by the Named Executive Officer and salary ranges for similar positions in comparable companies. Individual and corporate performance will also be taken into account in determining base salary levels for executives.

Option-Based Awards

The Issuer believes that encouraging its officers and employees to become shareholders is the best way of aligning their interests with those of its shareholders. Equity participation is accomplished through the Stock Option Plan. Options will be granted to management and employees taking into account a number of factors, including, base salary and bonuses and competitive factors.

The Option component of compensation provided by the Issuer is intended to advance the interests of the Issuer by encouraging the directors, officers, employees and consultants of the Issuer to acquire Common Shares, thereby increasing their proprietary interest in the Issuer, encouraging them to remain associated with the Issuer and furnishing them with additional incentive in their efforts on behalf of the Issuer in the conduct of its affairs. Grants under the Stock Option Plan are intended to provide long term awards linked directly to the market value performance of the Common Shares. The Board will review management’s recommendations for the granting of Options to management, directors, officers and other employees and consultants of the Issuer and its subsidiaries. Options are granted according to the specific level of responsibility of the particular executive. The number of outstanding Options is also considered by the Board when determining the number of Options to be granted in any particular year due to the limited number of Options which are available for grant under the Stock Option Plan.

Director Compensation

Except as otherwise disclosed herein, there were no standard arrangements, or other arrangements in addition to or in lieu of standard arrangements, under which the directors were compensated by the Issuer for services in their capacity as a director (including any additional amounts payable for committee participation or special assignments), during the most recently completed financial year ended March 31, 2020. No directors’ fees are expected to be paid by the Issuer. All directors are entitled to be reimbursed for reasonable expenses incurred on behalf of the Issuer.

There are no arrangements for compensation with respect to the termination of directors in the event of a change or control of the Issuer.

Pension Plan Benefits

The Issuer does not provide retirement benefits for directors or Named Executive Officers.

INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

No director, executive officer, employee, former director, former executive officer or former employee of the Issuer is or has within 30 days before the date of this Prospectus been indebted to the Issuer or another entity whose indebtedness is the subject of a guarantee, support agreement, letter of credit or similar agreement provided by the Issuer, except for routine indebtedness.

AUDIT COMMITTEE AND CORPORATE GOVERNANCE

Corporate Governance

The Board believes that good corporate governance improves corporate performance and benefits all shareholders of the Issuer. National Policy 58-201 – *Corporate Governance Guidelines* provides non-prescriptive guidelines on corporate governance practices for reporting issuers such as the Issuer. In addition, National Instrument 58-101 – *Disclosure of Corporate Governance Practices* prescribes certain disclosure by the Issuer of its corporate governance practices. This disclosure, as it applies to the Issuer, is presented below.

Board of Directors

The Board is currently composed of four directors, Edward Bereznicki, Robert J. Scott, Todd Holmstrom and Calvin R. Watson. Directors are considered to be independent if they have no direct or indirect material relationship with the Issuer. A material relationship is a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of a director's independent judgment.

The independent members of the Board at present are Todd Holmstrom and Calvin R. Watson.

The non-independent members of the Board at present are Edward Bereznicki, the President and CEO, and Robert J. Scott, the CFO. Messrs. Bereznicki and Scott are non-independent as they are executive officers of the Issuer.

The Board facilitates its independent supervision over management by having regular Board meetings and by establishing and implementing prudent corporate governance policies and procedures.

Directorships

The following directors or proposed directors of the Issuer are currently directors of other reporting issuers (or equivalent in a foreign jurisdiction):

Name	Name of Reporting Issuer
Edward Bereznicki	None
Robert J. Scott	Genesis Metals Corp. Mongolia Growth Group Ltd. Sherpa II Holdings Corp.
Todd Holmstrom	None
Calvin R. Watson	None

Orientation and Continuing Education

The Board does not have a formal policy on the orientation of new directors and continuing education for directors. The appointment of a new director is a relatively infrequent event in the Issuer's affairs, and each situation is addressed on its merits on a case-by-case basis. The Issuer has a relatively restricted scope of operations, and most candidates for Board positions will likely have past experience in the oil and gas industry and will likely be familiar with the operations of a resource exploration company of similar size and complexity of the Issuer. The Board, with the assistance of counsel, keeps itself apprised of changes in the duties and responsibilities of directors and deals with material changes of those duties and responsibilities as and when the circumstances warrant. The Board will implement an informal orientation program for new directors that suits their individual experiences. The Board will evaluate these positions and if changes appear to be justified, formal policies will be developed and followed.

Board meetings are generally held at the Issuer's head office and from time to time, are combined with presentations by the Issuer's management to give the Board additional insight into the Issuer's business. In addition, the Issuer's management makes itself available for discussion with the Board.

Assessments

The Board monitors the adequacy of information given to its directors, communication between the Board and management and the strategic direction and processes of the Board and its committees.

Ethical Business Conduct

The Board finds that the fiduciary duties placed on its directors by the Issuer's governing corporate legislation and common law and the restrictions placed by applicable corporate legislation on a director's participation in decisions of the Board in which such director has a disclosable interest have been sufficient to ensure that the Board operates independently of management and in the best interests of the Issuer.

Nomination of Directors

The Board will consider its size each year when it considers the number of directors to recommend to the shareholders for election at the annual general meeting of the shareholders, taking into account the number required to carry out the Board duties effectively and to maintain diversity. Once a decision has been made to add or replace a director, the task of identifying new candidates falls on the Board and management. Proposals are put forth by the Board and management and considered and discussed. If a candidate looks promising, the Board and management will conduct due diligence on the candidate and, if the results are satisfactory, the candidate is invited to join the Board.

The Board does not have a nominating committee and as such, these functions are currently performed by the Board as a whole. However, if there is a change in the number of directors required from the Issuer, this policy will be reviewed.

Compensation

The Issuer's management will conduct an annual review of the compensation of the Issuer's directors and executive officers and make recommendations to the Board. The Board determines compensation for the directors and executive officers.

Other Board Committees

The Board has no other committees other than the Audit Committee.

Audit Committee

The Audit Committee's Charter

A. Purpose

The overall purpose of the Audit Committee is to ensure that the Issuer's management has designed and implemented an effective system of internal financial controls, to review and report on the integrity of the consolidated financial statements and related financial disclosure of the Issuer and to review the Issuer's compliance with regulatory and statutory requirements as they relate to financial statements, taxation matters and disclosure of financial information. In performing its duties, the Audit Committee will maintain effective working relationships with the Board, management and the external auditors and will monitor the independence of such auditors. To perform his or her role effectively, each member of the Audit Committee will obtain an understanding of the responsibilities of the Audit Committee and the Issuer's business, its operations and related risks.

B. Composition, Procedure, and Organization

1. The Audit Committee shall consist of at least three members of the Board, and shall be in compliance with applicable securities laws and stock exchange requirements.
2. All members of the Audit Committee shall be financially literate as defined in NI 52-110 or any successor policy.
3. The Board, at its organizational meeting held in conjunction with each annual general meeting of the shareholders, shall appoint the members of the Audit Committee for the ensuing year. The Board may at any time remove or replace any member of the Audit Committee and may fill any vacancy in the Audit Committee.
4. Unless the Board has appointed a chair of the Audit Committee, the members of the Audit Committee shall elect a chair and a secretary from among their number.
5. The quorum for meetings shall be a majority of the members of the Audit Committee, present in person or by telephone or other telecommunication device that permits all persons participating in the meeting to speak and to hear each other.
6. The Audit Committee shall have access to the Issuer's external auditors, officers and employees and to such information respecting the Issuer as it considers to be necessary or advisable for the Audit Committee to perform its duties and responsibilities.
7. Meetings of the Audit Committee shall be conducted as follows:
 - (a) the Audit Committee shall meet at least four times annually at such times and at such locations as may be requested by the chair of the Audit Committee;
 - (b) the external auditors or any member of the Audit Committee may request a meeting of the Audit Committee;
 - (c) the external auditors shall receive notice of and have the right to attend all meetings of the Audit Committee; and
 - (d) management representatives may be invited to attend all meetings except for private sessions with the external auditors.
8. The external auditors shall have a direct line of communication to the Audit Committee through the chair of the Audit Committee and may bypass management if deemed necessary. The Audit Committee, through its

chair, may contact directly any employee of the Issuer as it deems necessary, and any employee may bring before the Audit Committee any matter involving questionable, illegal or improper financial practices or transactions.

C. Roles and Responsibilities

1. The overall duties and responsibilities of the Audit Committee shall be as follows:
 - (a) to assist the Board in the discharge of its responsibilities relating to the Issuer's accounting principles, reporting practices and internal controls and its approval of the Issuer's annual and interim consolidated financial statements and related financial disclosure;
 - (b) to establish and maintain a direct line of communication with the Issuer's external auditors and assess their performance;
 - (c) to ensure that the management of the Issuer has designed, implemented and is maintaining an effective system of internal financial controls; and
 - (d) to report regularly to the Board on the fulfilment of its duties and responsibilities.
2. The duties and responsibilities of the Audit Committee as they relate to the external auditors shall be as follows:
 - (a) recommend to the Board a firm of external auditors to be engaged by the Issuer and to verify the independence of such external auditors;
 - (b) review and approve the fee, scope and timing of audits of the Issuer and other related services rendered by the external auditors;
 - (c) review the audit plan of the external auditors prior to commencement of an audit of the Issuer;
 - (d) review with the external auditors, upon completion of their audit of the Issuer:
 - (i) contents of their report;
 - (ii) scope and quality of the audit work performed;
 - (iii) adequacy of the Issuer's financial and auditing personnel;
 - (iv) co-operation received from the Issuer's personnel during the audit;
 - (v) internal resources used;
 - (vi) significant transactions outside of the normal business of the Issuer;
 - (vii) significant proposed adjustments and recommendations for improving internal accounting controls, accounting principles or management systems; and
 - (viii) any non-audit services provided by the external auditors;
 - (e) discuss with the external auditors the quality and acceptability of the Issuer's accounting principles; and
 - (f) implement structures and procedures to ensure that the Audit Committee meets the external auditors on a regular basis in the absence of management.

3. The duties and responsibilities of the Audit Committee as they relate to the internal control procedures of the Issuer are to:
 - (a) review the appropriateness and effectiveness of the Issuer's policies and business practices which impact the financial integrity of the Issuer, including those relating to insurance, accounting, information services and systems and financial controls, management reporting and risk management;
 - (b) review compliance under the Issuer's business conduct and ethics policies and to periodically review these policies and recommend to the Board any changes which the Audit Committee may deem appropriate;
 - (c) review any unresolved issues between management and the external auditors that could affect the financial reporting or internal controls of the Issuer; and
 - (d) periodically review the Issuer's financial and auditing procedures and the extent to which recommendations made by the external auditors have been implemented.

4. The Audit Committee is also charged with the responsibility to:
 - (a) review and approve the Issuer's annual and interim financial statements and related MD&A, including the impact of unusual items and changes in accounting principles and estimates;
 - (b) review and approve and report to the Board the financial sections of any of the following disclosed documents prepared by the Issuer:
 - (i) the annual report to shareholders;
 - (ii) the annual information form;
 - (iii) annual MD&A;
 - (iv) prospectuses;
 - (v) news releases discussing financial results of the Issuer; and
 - (vi) other public reports of a financial nature requiring approval by the Board;
 - (c) review regulatory filings and decisions as they relate to the Issuer's consolidated financial statements;
 - (d) review the appropriateness of the policies and procedures used in the preparation of the Issuer's consolidated financial statements and other required disclosure documents, and consider recommendations for any material change to such policies;
 - (e) review and report on the integrity of the Issuer's consolidated financial statements;
 - (f) review the minutes of any audit committee meeting of any of the Issuer's subsidiaries;
 - (g) review with the Issuer's management, external auditors and, if necessary, legal counsel, any litigation, claim or other contingency, including tax assessments that could have a material effect on the financial position or operating results of the Issuer and the manner in which such matters have been disclosed in the consolidated financial statements;

- (h) review the Issuer's compliance with regulatory and statutory requirements as they relate to financial statements, tax matters and disclosure of financial information; and
- (i) develop a calendar of activities to be undertaken by the Audit Committee for each ensuing year and submit such calendar in the appropriate format to the Board following each annual general meeting of the shareholders.

Composition of the Audit Committee

The Issuer's Audit Committee is composed of the following:

Edward Bereznicki	Non-Independent ⁽¹⁾	Financially literate ⁽²⁾
Calvin R. Watson	Independent ⁽¹⁾	Financially literate ⁽²⁾
Todd Holmstrom	Independent ⁽¹⁾	Financially literate ⁽²⁾

- ⁽¹⁾ A member of the Audit Committee is independent if, in addition to meeting other regulatory requirements, the member has no direct or indirect material relationship with the Issuer, which could, in the view of the Board, reasonably interfere with the exercise of such member's independent judgment pursuant to NI 52-110.
- ⁽²⁾ An individual is financially literate if they have the ability to read and understand a set of financial statements that present a breadth of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Issuer's financial statements.

As required by the BCBCA, the Audit Committee is comprised of at least three directors, the majority of whom are independent members.

Relevant Education and Experience

Each member of the Audit Committee has adequate education and experience that is relevant to his performance as an Audit Committee member and, in particular:

- (a) an understanding of the accounting principles used by the Issuer to prepare its financial statements;
- (b) the ability to assess the general application of such principles in connection with the accounting for estimates, accruals and provisions;
- (c) experience preparing, auditing, analyzing or evaluating financial statements that present a breadth 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 Issuer's financial statements, or experience actively supervising individuals engaged in such activities; and
- (d) an understanding of internal controls and procedures for financial reporting.

See "*Directors and Executive Officers – Management and Key Personnel*" for biographies of members of the Audit Committee.

Audit Committee Oversight

At no time since the commencement of the Issuer's most recently completed financial period has a recommendation of the Audit Committee to nominate or compensate an external auditor not been adopted by the Board.

Reliance on Certain Exemptions

At no time since the commencement of the Issuer's financial year ended March 31, 2020 has the Issuer relied on the exemption in Section 2.4 of NI 52-110 (*De Minimis Non-Audit Services*), the exemptions in Subsection 6.1.1(4)

(*Circumstance Affecting the Business or Operations of the Venture Issuer*), Subsection 6.1.1(5) (*Events Outside Control of Member*), Subsection 6.1.1(6) (*Death, Incapacity or Resignation*) or an exemption from NI 52-110, in whole or in part, granted under Part 8 of NI 52-110 (*Exemptions*).

Pre-Approval Policies and Procedures

The Audit Committee has not adopted specific policies or procedures for the engagement of non-audit services.

External Auditor Service Fees (By Category)

Set forth below are details of certain service fees paid to the Issuer's external auditor in each of the last two fiscal years for audit services:

Financial Year Ending	Audit Fees⁽¹⁾	Audit-Related Fees⁽²⁾	Tax Fees⁽³⁾	All Other Fees⁽⁴⁾
March 31, 2020	\$27,500	\$Nil	\$Nil	\$Nil
March 31, 2019	\$17,713.50	\$Nil	\$Nil	\$Nil

- (1) "Audit Fees" include fees necessary to perform the annual audit and quarterly reviews of the Issuer's financial statements. Audit fees include fees for review of tax provisions and for accounting consultations on matters reflected in the financial statements. Audit fees also include audit or other attest services required by legislation or regulation, such as comfort letters, consents, reviews of securities filings and statutory audits.
- (2) "Audit-Related Fees" include services that are traditionally performed by the auditor. These audit related services include employee benefit audits, due diligence assistance, accounting consultations on proposed transactions, internal control reviews and audit or attest services not required by legislation or regulation.
- (3) "Tax Fees" include fees for all tax services other than those included in "Audit Fees" and "Audit-Related Fees". This category includes fees for tax compliance, tax planning and tax advice. Tax planning and tax advice includes assistance with tax audits and appeals, tax advice related to mergers and acquisitions, and requests for rulings or technical advice from tax authorities.
- (4) "All Other Fees" include all other non-audit services.

Exemption in Section 6.1

It is expected that once the Issuer is a "venture issuer" as defined in NI 52-110, it may rely on the exemption in Section 6.1 of NI 52-110 relating to Part 3 (*Composition of Audit Committee*) and Part 5 (*Reporting Obligations*).

DIVIDEND RECORD AND POLICY

The Issuer has not paid any dividends on the Common Shares for each of the three most recently completed financial years and the current financial year, and it is not contemplated that the Issuer will pay any dividends on the Common Shares in the immediate or foreseeable future. Any future determination to declare cash dividends on the Issuer's securities will be made at the discretion of the Board, subject to applicable Canadian laws, and will depend on a number of factors, including our financial condition, results of operations, capital requirements, contractual restrictions, general business conditions and other factors that the Board may deem relevant.

RISK FACTORS

The Issuer is engaged in the acquisition, exploration and development of helium properties in Alberta, Canada, particularly in the Worsley region. Companies in this industry are subject to many and varied kinds of risks and 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 Issuer will strive to manage such risks to the extent possible and practicable. The risks and uncertainties described in this section are considered by management to be the most important in the context of the Issuer's business. The risks and uncertainties below are not inclusive of all the risks and uncertainties the Issuer may be subject to as other risks may apply.

Exploration Stage Company

The Issuer is an exploration stage company and all of its assets are in the early exploration stage. The Issuer has no history of operations and to date has generated no revenue from operations. All of the Issuer's properties are in an early stage of exploration, and it does not have any proven or probable reserves. As such, the Issuer 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 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. Helium exploration involves significant risk since few properties that are explored contain reserves that would be commercially economic to develop into producing wells. As such, there can be no assurance that the Issuer's existing or future exploration programs will result in the discovery of commercially viable reserves. Further, there can be no assurance that even if resources are located, that they can be commercially produced.

No Operating History

The Issuer has no operating history and limited historical financial performance. The Issuer does not currently have any properties in production. The future development of any properties found to be economically feasible will require the construction and operation of wells and related infrastructure.

The Issuer has never had natural gas or helium producing properties. There is no assurance that commercial quantities of helium will be discovered at the Worsley Property, the Worsley Trend or other future properties nor is there any assurance that the Issuer's exploration program thereon will yield positive results.

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

The costs, timing and complexities of developing the Issuer's properties may be greater than anticipated. Cost estimates may increase as more detailed engineering work is completed on a project. It is common in helium operations to experience unexpected costs, problems and delays during construction and development. In addition, delays in the early stages of helium production often occur. Accordingly, the Issuer cannot provide assurance that its activities will result in profitable helium operations at its properties or that the Issuer will successfully establish operations.

Reserve Estimates

No reserves have been assigned in connection with the Issuer's property interests to date, given their early stage of development. The future value of the Issuer is therefore dependent on the success or otherwise of its activities, which are principally directed toward the further exploration, appraisal and development of its assets in the Worsley Property and the Worsley Trend, and potential acquisition of additional property interests in the future. Exploration, appraisal and development of helium reserves are speculative and involve a significant degree of risk. There is no guarantee that exploration or appraisal of the property interests of the Issuer will lead to a commercial discovery or, if there is a commercial discovery, that the Issuer will be able to realize the value of such reserves as intended. Few properties that are explored are ultimately developed into new reserves. If at any stage the Issuer is precluded from pursuing its exploration or development programs, or such programs are otherwise not continued, the Issuer's business, financial condition and/or results of operations and, accordingly, the trading price of the Common Shares, is likely to be materially adversely affected. Helium exploration involves a high degree of risk, and there is no assurance that expenditures made for future exploration or development activities by the Issuer will result in discoveries of reserves that are commercially or economically viable. There is no certainty that the Issuer's future exploration and development efforts will result in the discovery and development of helium.

Reliance on Estimates

The information used by the Issuer to evaluate the Worsley Property and the Worsley Trend is based on estimates that involve a great deal of uncertainty. The process of estimating helium resources is complex and requires significant

decisions and assumptions to be made in evaluating the reliability of available geological, geophysical, engineering and economic data for each property. Different engineers may make different estimates of resources, cash flows or other variables based on the same available data.

Estimates also include numerous assumptions relating to operating conditions and economic factors, including the price at which recovered helium can be sold; the costs of recovery; future operating costs; development costs; workover and remedial costs, which are costs associated with operations on a producing well to restore or increase production; prevailing environmental conditions associated with drilling and production sites; the availability of enhanced recovery techniques; the ability to transport helium to markets; and governmental and other regulatory factors such as taxes and environmental laws.

Economic factors beyond the control of the Issuer, such as interest rates and exchange rates, will also impact the value of such estimates. Some of these assumptions are inherently subjective, and the accuracy of estimates relies in part on the ability of the management team, engineers and other advisors of the Issuer to make accurate assumptions. As a result, there is no guarantee that any investment made by the Issuer in the Worsley Property or the Worsley Trend will be successful since the associated estimates will be inherently imprecise.

Dependence on the Worsley Property

The only material property the Issuer has an interest in is the Worsley Property. In the absence of additional material properties, the Issuer will be solely dependent upon the Worsley Property and, in particular, the Worsley Well for its revenue and profits, if any.

The Issuer's current and anticipated future operations, including further exploration and, if warranted, development and commencement of production on the Worsley Property and the Worsley Trend, require permits from various governmental authorities. Obtaining or renewing governmental permits is a complex and time-consuming process. The duration and success of efforts to obtain and renew permits are contingent upon many variables not within the Issuer's control.

The Issuer cannot provide assurance that all permits required for its operations will be obtainable or renewable on reasonable terms, or at all. In particular, the Issuer will require environmental assessments under federal and provincial legislation and specific permits and authorizations. Delays or a failure to obtain such required permits, or the expiry, revocation or failure to comply with the terms of any such permits that have been obtained, would adversely affect its business.

Should the exploration and development of the Worsley Property or the Worsley Trend, as applicable, turn out to be not possible or practicable, for political, engineering, technical, economic or any other reasons, the Issuer's business and financial position will be significantly and adversely affected.

Uncertainty as to Title

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

Although title reviews may be conducted prior to the purchase of helium producing properties or the commencement of drilling wells, such reviews do not guarantee or certify that an unforeseen defect in the chain of title will not arise to defeat the Issuer's claim. The Issuer's actual interest in properties may, therefore, vary from its records. If a title defect does exist, it is possible that the Issuer may lose all or a portion of the properties to which the title defect relates, which may have a material adverse effect on its business, financial condition, results of operations and prospects. There may be valid challenges to title, or proposed legislative changes which affect title, to the helium properties the

Issuer controls that, if successful or made into law, could impair the Issuer's activities on them and result in a reduction of the revenue received by the Issuer.

While the Issuer may register its helium interests with the appropriate authorities and file all pertinent information according to industry standards, this cannot be construed as a guarantee of title. In addition, the Worsley Property and the Worsley Trend may consist of recorded helium leases or licenses which have not been legally surveyed, and therefore, the precise boundaries and locations of such claims or leases may be doubtful or challengeable.

Specialized Skill and Knowledge

Exploration and development activities such as those the Issuer is engaged in require specialized skill and knowledge in the areas of helium engineering, geology, geophysics and drilling. 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 to compete with other international gas entities.

Oil and Gas Activities

The Issuer is not currently engaged in "oil and gas activities" as that term is defined in National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities* ("NI 51-101"). Should these circumstances change (due for example, to an increase in the materiality of methane in revenue), the Issuer may incur significant legal and other professional fees that are not presently being incurred in order to comply with the requirements of NI 51-101.

NI 51-101 covers all public disclosure on oil and gas activities, including news releases and corporate presentations, with requirements: (a) to use the technical standards for evaluations provided by the Canadian Oil and Gas Evaluation Handbook; and (b) for annual filings based on evaluations or audits by independent qualified reserves evaluators or auditors with mandatory disclosure of proved and probable reserves evaluated using forecast prices and costs. Compliance with NI 51-101 would significantly increase legal, financial and securities regulatory compliance costs.

Government Rules and Regulations

The Issuer's operations are subject to various levels of government controls and regulations including matters relating to land tenure, drilling, production practices including hydraulic fracturing of wells, environmental protection, marketing and pricing policies, royalties, various taxes and levies including income tax, foreign trade and investment and government approval of lease and licence transfers and other regulatory approvals that are subject to change from time to time. Helium exploration and production is a sensitive political issue and as a result, there is a relatively higher risk of direct intervention in respect of laws and regulations that can affect the property rights and title to the Issuer's assets. Such intervention can extend, in certain jurisdictions, to nationalization, expropriation or other actions that effectively deprive companies of their assets.

Existing laws and regulations include matters relating to land tenure, drilling, production practices including hydraulic fracturing of wells, environmental protection, marketing and pricing policies, royalties, various taxes and levies including income tax, foreign trade and investment and government approval of lease and licence transfers and other regulatory approvals that are subject to change from time to time. Current legislation is generally a matter of public record, and the Issuer cannot predict what additional legislation or amendments may be proposed that will affect the Issuer's operations or when any such proposals, if enacted, might become effective. There is no certainty regarding obtaining government approvals. Changes in government policy or laws and regulations could adversely affect the Issuer'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 Issuer's business, financial condition or operations.

Failure to Viablely Develop Helium Properties

On a long-term basis, the Issuer must acquire interests in producing helium properties in order to become profitable. The Issuer's success depends on its ability to locate, identify and acquire productive property interests, find markets for any helium developed on such properties and effectively distribute the helium into those markets. Any helium development activities of the Issuer may not be economically viable because of both unproductive helium properties and helium properties that are productive but do not generate sufficient revenues to return a profit. Investing in a property does not ensure that the investment will be profitable or that the Issuer will recover its investment because the costs of drilling and operating any wells on the property may exceed the amount of helium extracted from such wells. In addition, drilling hazards or environmental damage could greatly increase the cost of operating on any property, and various field conditions could adversely affect the production from successful wells. If developmental costs exceed the Issuer's estimates or if the development efforts of the Issuer do not produce results which meet its expectations, such efforts may not be commercially successful.

Exploration, Development and Production 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 Issuer will depend on its ability to find, acquire, develop and commercially produce helium reserves. Without the continual addition of new reserves, any existing reserves the Issuer may have at any particular time and the production therefrom will decline over time as such existing reserves are exploited. A future increase in the Issuer's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its ability to select and acquire suitable producing properties or prospects. No assurance can be given that the Issuer will be able to continue to locate or acquire satisfactory properties for acquisition or participation or further commercial quantities of helium. Moreover, if such acquisitions or participations are identified, the Issuer may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

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 drilling, operating and other costs. 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-ins of connected wells resulting from extreme weather conditions, insufficient storage or transportation capacity or other geological and mechanical conditions. While diligent well supervision and effective maintenance operations can contribute to maximizing production rates over time, natural declines as reserves are depleted and production or sales delay 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, cratering, sour gas releases and spills, each of which could result in substantial damage to wells, production facilities, other property and the environment or in personal injury. In accordance with industry practice, the Issuer will not be fully insured against all of these risks, nor are all such risks insurable. Although the Issuer 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 Issuer could incur significant costs that could have a material adverse effect upon its financial condition.

Helium production operations are 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, and management believes that new shallow gas wells and new fracked tight gas wells will exhibit relatively high decline rates at 50% and 75%, or more, respectively, in their first year of production. There are also risks and uncertainty regarding the Issuer'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.

Premiums for Interests in Helium

Interests in helium properties may be sold to the Issuer at prices that exceed the market prices of similar interests. Competition for interests in helium properties may increase the premium at which such interests are available for purchase by the Issuer.

Limited Availability of Interests in Helium Properties

There can be no assurance that the Issuer will be able to identify a sufficient number of owners or operators of helium properties willing to sell interests to the Issuer to invest any other funds available to the Issuer from time to time.

Illiquidity of Helium Property Investments

Many of the helium properties acquired by the Issuer may be relatively illiquid and may decline in value, depending on general market trends.

Competition

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 Issuer will compete with numerous other participants in the search for, and the acquisition of, helium properties and in the marketing of helium. Competitors include helium companies that have substantially greater financial resources, staff and facilities than those of the Issuer. The Issuer's ability to increase reserves 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.

Seasonality

The level of activity in the Canadian energy industry is influenced by seasonal weather patterns. Wet weather and spring thaw may make the ground unstable. Consequently, municipalities and provincial transportation departments enforce road bans that restrict the movement of rigs and other heavy equipment, thereby reducing activity levels. Seasonal factors and unexpected weather patterns may lead to declines in exploration.

Environmental

All phases of the helium business present environmental risks and hazards and are subject to environmental regulation pursuant to a variety of federal, provincial and local laws and regulations in North American and any foreign jurisdictions where the Issuer 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 natural gas or other pollutants into the air, soil or water may give rise to liabilities to governments and third parties and may require the Issuer to incur costs to remedy such discharge. Although the Issuer 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 Issuer's financial condition, results of operations or prospects.

Climate Change

The Issuer's exploration and production facilities and other operations and activities emit greenhouse gases, which will require the Issuer to comply with greenhouse gas emissions regulations. Climate change policy is evolving at regional, national and international levels, and political and economic events may significantly affect the scope and

timing of climate change measures that are ultimately put in place. Some of the Issuer's significant facilities may ultimately be subject to future regional, provincial and/or federal climate change regulations to manage greenhouse gas emissions. The direct or indirect costs of compliance with these regulations may have a material adverse effect on the Issuer's business, financial condition, results of operations and prospects. Given the evolving nature of the debate related to climate change and the control of greenhouse gases and resulting requirements, it is not possible to predict the impact on the Issuer and its operations and financial condition.

Price Volatility, Markets and Marketing

The marketability and price of helium that may be acquired or discovered by the Issuer will be affected by numerous factors beyond its control. The Issuer's ability to market its helium may depend upon its ability to acquire space on pipelines that deliver helium to commercial markets. The Issuer may also be affected by deliverability uncertainties related to the proximity of its reserves to pipelines and processing facilities, and related to operational problems with such pipelines and facilities as well as extensive government regulation relating to price, taxes, royalties, land tenure, allowable production, the export of natural gas and helium and many other aspects of the natural gas and helium business.

The Issuer's revenues, profitability, future growth and the carrying value of any gas and helium properties that it may hold, provided such properties yield production, are substantially dependent on prevailing prices of natural gas liquids, natural gas and helium. The Issuer's ability to borrow and to obtain additional capital on attractive terms is also substantially dependent upon natural gas and helium prices. Gas prices are subject to large fluctuations in response to relatively minor changes in the supply of and demand for gas and helium, market uncertainty and a variety of additional factors beyond the control of the Issuer. These factors include economic conditions in the United States and Canada, governmental regulation, the foreign supply of natural gas and helium, the price of foreign imports and the availability of alternative fuel sources.

Any substantial and extended decline in the price of natural gas and helium would have an adverse effect on the Issuer's carrying value of its proved reserves, borrowing capacity, revenues, profitability and cash flows from operations. The exchange rate between the Canadian dollar and United States dollar also affects the profitability of the Issuer. Volatile natural gas and helium prices make it difficult to estimate the value of producing properties for acquisition and often cause disruption in the market for gas producing properties, as buyers and sellers have difficulty agreeing on such value.

Price volatility also makes it difficult to budget for and project the return on acquisitions and development and exploitation projects. Any bank borrowings available to the Issuer in the future will in part be determined by the Issuer's borrowing base. A sustained material decline in prices from historical average prices could reduce the Issuer's borrowing base, therefore reducing the bank credit available to the Issuer and require that a portion, or all, of the Issuer's bank debt, if any, be repaid.

Substantial Capital Requirements

The Issuer anticipates making substantial capital expenditures for the acquisition, exploration, development and production of helium reserves in the future. As future capital expenditures will be financed out of cash generated from operations, borrowings and possible future equity sales, the Issuer's ability to do so is dependent on factors such as the overall state of the capital markets, the Issuer's credit rating (if applicable), interest rates, royalty rates, tax liabilities and investor appetite for investments in the helium industry and the Issuer's securities in particular.

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 Issuer. If its revenues or reserves decline, it may have limited ability to acquire or expend the capital necessary to undertake or complete future drilling programs. The potential inability of the Issuer to access sufficient capital for its operations could have a material adverse effect on the Issuer's financial condition, results of operations or prospects.

Additional Funding Requirements

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

If the Issuer's revenues from its reserves, once developed, decrease as a result of lower natural gas and helium prices or otherwise, it will affect the Issuer's ability to expend the necessary capital to replace its reserves or to maintain its production. If cash flow from operations is not sufficient for the Issuer 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 Issuer.

Issuance of Debt

From time to time, the Issuer may enter into transactions to acquire assets or the common shares of other entities. In the early stages of growth, the Issuer may have difficulty accessing debt needed to acquire and develop helium properties and to build the processing facility. This may result in the inability of the Issuer 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. Depending on future exploration and development plans, the Issuer may require additional equity and/or debt financing that may not be available or, if available, may not be available on favourable terms. The Issuer's articles do not limit the amount of indebtedness that it may incur. The level of the Issuer'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.

Going-Concern Risk

The Issuer's financial statements have been prepared on a going-concern basis under which an entity is considered to be able to realize its assets and satisfy its liabilities in the ordinary course of business. The Issuer's future operations are dependent upon the identification and successful completion of equity or debt financing and the achievement of profitable operations at an indeterminate time in the future. There can be no assurances that the Issuer will be successful in completing equity or debt financing or in achieving profitability. The Issuer's financial statements do not give effect to any adjustments relating to the carrying values and classification of assets and liabilities that would be necessary should the Issuer be unable to continue as a going concern.

Hedging

From time to time, the Issuer may enter into agreements to receive fixed prices on its natural gas and 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 Issuer 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. In addition, the Issuer's hedging arrangements may expose it to the risk of financial loss in certain circumstances, including instances in which production falls short of the hedged volumes, there is a widening of price-basis differentials between delivery points for production and the delivery point assumed in the hedge arrangement, the counterparties to the hedging arrangements or other price risk management contracts fail to perform under those arrangements or a sudden unexpected event materially impacts natural gas and helium prices.

Similarly, from time to time, the Issuer 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 Issuer will not benefit from the fluctuating exchange rate.

Availability of Drilling, Hydraulic Fracturing and Other Equipment and Access

Helium exploration and development activities are dependent on the availability of drilling, hydraulic fracturing 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 Issuer and may delay exploration and development activities. To the extent it is not the operator of its properties, the Issuer 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.

Title to Assets

It is often not possible to conclusively determine title to helium interests without incurring substantial expense. While it is the practice of the Issuer, in acquiring significant leases or interest in 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 Issuer's properties. To the extent title defects do exist, it is possible that the Issuer may lose all or a portion of its right, title, estate and interest in and to the properties to which the title relates.

The acquisition of the right to exploit helium properties is a very detailed and time consuming process. There can be no guarantee that the Issuer has acquired title to any such surface or mineral rights or that such rights will be obtained in the future. Moreover, many lands in Alberta are or could become subject to land claims to title by First Nations groups. To the extent they are obtained, titles to the Issuer's surface or mineral 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 Issuer'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 Issuer's operations.

COVID-19

The Issuer will face risks related to COVID-19, which could significantly disrupt its operations and may materially and adversely affect its business and financial conditions. In December 2019, a novel strain of the coronavirus emerged in China, and the virus has now spread globally, including Canada and Mexico, resulting in a global pandemic. The extent to which COVID-19 will impact the Issuer's business, including its business and the market for its securities, will depend on future developments, which are highly uncertain and cannot be predicted at this time, and include the duration, severity and scope of the outbreak and the actions taken to contain or treat the coronavirus outbreak. In particular, the continued spread of COVID-19 globally could materially and adversely impact the Issuer's business, including, without limitation, employee health, workforce productivity, increased insurance premiums, limitations on travel, the availability of industry experts and personnel and other factors that will depend on future developments beyond the Issuer's control, which may have a material and adverse effect on the its business, financial condition and results of its business. There can be no assurance that the Issuer's personnel will not be impacted by these pandemic diseases and ultimately see its workforce productivity reduced or incur increased medical costs/insurance premiums as a result of these health risks. In addition, a significant outbreak of COVID-19 could result in a widespread global health crisis that could adversely affect global economies and financial markets resulting in an economic downturn that could have an adverse effect on the energy industry and the Issuer's future prospects.

Insurance

The Issuer'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 Issuer will obtain insurance in accordance with industry standards to address certain of 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 Issuer 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 Issuer. The occurrence of a significant event that the Issuer is not fully insured against, or the insolvency of the insurer of such event, could have a material adverse effect on the Issuer's financial position, results of operations or prospects.

Exploration, development and production operations on mineral properties involve numerous risks, including unexpected or unusual geological operating conditions, bursts, cave-ins, fires, floods, earthquakes and other environmental occurrences. It is not always possible to obtain insurance against all such risks and the Issuer may decide not to insure against certain risks as a result of high premiums or other reasons. Should such liabilities arise, they could have an adverse impact on the Issuer's results of operations and financial condition and could cause a decline in the value of the Issuer's securities. The Issuer does not intend to maintain insurance against environmental risks.

Management of Growth

The Issuer may be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Issuer 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 Issuer to deal with this growth could have a material adverse impact on its business, operations and prospects.

Operational Dependence

Other companies may operate some of the assets in which the Issuer has an interest. The Issuer has limited ability to exercise influence over the operation of those assets or their associated costs, which could adversely affect the Issuer's financial performance. The Issuer's return on assets operated by others depends upon a number of factors that may be outside of the Issuer's control, including, but not limited to, the timing and amount of capital expenditures, the operator's expertise and financial resources, the approval of other participants, the selection of technology and risk management practices.

Requirements for Permits and Licenses

The Issuer's current and anticipated future operations, including further exploration and, if warranted, development and commencement of production on its property, require permits and licenses from various governmental authorities. Obtaining or renewing governmental permits and licenses is a complex and time-consuming process. If the Issuer or the holder of the permit fails to meet the specific requirement of a permit, such permit may terminate or expire (excluding those which may be voluntarily relinquished by the Issuer). The duration and success of efforts to obtain and renew permits and licenses are contingent upon many variables not within the Issuer's control. The Issuer cannot provide assurance that all permits and licenses that it requires for its operations will be obtainable or renewable on reasonable terms, or at all. Delays or a failure to obtain such required permits and licenses, or the expiry, revocation or failure to comply with the terms of any such permits and licenses that have been obtained, may have a material adverse effect on the Issuer's results of operations and business. To the extent such permits and licenses are subsequently suspended or revoked, the Issuer 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 Issuer's business, financial condition or operations.

Third Party Credit Risk

The Issuer 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 Issuer and its cash flow from operations.

Reliance on Key Personnel

The success of the Issuer will depend in large measure on certain key personnel and management. The loss of the services of such key personnel could have a material adverse effect on the Issuer. The Issuer does not have key person

insurance in effect for members of management. The competition for qualified personnel in the helium industry is intense and there can be no assurance that the Issuer will be able to attract and retain all personnel necessary for the development and operation of its business. The Issuer's shareholders must rely upon the ability, expertise, judgment, discretion, integrity and good faith of the management of the Issuer.

Transportation Costs

Disruption in or increased costs of transportation services could make helium a less competitive product or could make the Issuer's helium less competitive than other sources. The industry depends on rail, trucking, ocean-going vessels, pipeline 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 Issuer could experience losses and may decide to discontinue certain operations, forcing the Issuer to incur closure and/or care and maintenance costs, as the case may be. Additionally, lack of access to transportation may hinder the expansion of production at some of the Issuer's properties, and the Issuer may be required to use more expensive transportation alternatives.

Risk Management

Exploration and development companies face many and varied kinds of risks. While risk management cannot eliminate the impact of all potential risks, it is anticipated that the Issuer will strive to manage such risks to the extent possible and practical. The Issuer's geological focus is on areas in which the prospects are well understood by management. 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.

Cost of New Technologies

The helium industry is characterized by rapid and significant technological advancements and introductions of new products and services utilizing new technologies. Other companies may have greater financial, technical and personnel resources that allow them to enjoy technological advantages and may in the future allow them to implement new technologies before the Issuer. There can be no assurance that the Issuer 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 Issuer or implemented in the future may become obsolete. In such case, the Issuer's business, financial condition and results of operations could be materially adversely affected. If the Issuer is unable to utilize the most advanced commercially available technology, its business, financial condition and results of operations could be materially adversely affected.

Dilution

The Issuer may make future acquisitions or enter into financings or other transactions involving the issuance of securities of the Issuer which may be dilutive.

Variations in Foreign Exchange Rates and Interest Rates

Helium and hydrocarbon product prices are quoted in United States dollars and the price received by Canadian producers is therefore affected by the Canadian/United States dollar exchange rate, which will fluctuate over time. In recent years, the Canadian dollar had increased materially in value against the United States dollar although the Canadian dollar has recently decreased from such levels. Material increases in the value of the United States dollar will negatively impact The Issuer's costs of drilling and completions activity. Future Canadian and United States exchange rates could impact the future value of the Issuer's reserves as determined by independent evaluators. To the extent that the Issuer engages in risk management activities related to foreign exchange rates, there is a credit risk associated with counterparties with which the Issuer may contract. The Issuer continues to assess its exposure to all foreign currencies.

Loan Facilities

The interest expense and banking fees incurred in respect of any loan facility that may be secured by the Issuer may exceed the incremental capital gains and tax benefits generated by the incremental investment of the Issuer in any of its properties. There can be no assurance that the borrowing strategy employed by the Issuer will enhance returns.

Losses Incurred for the Foreseeable Future

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

The amount and timing of expenditures will depend on a number of 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 Issuer's control. The Issuer cannot provide assurance that it will ever achieve profitability.

Royalty Regimes

There can be no assurance that the federal and provincial governments will not adopt new royalty regimes or modify the existing royalty regimes, which may have an impact on the economics of the Issuer's projects. An increase in royalties would reduce the Issuer's earnings and could make future capital investments, or the Issuer's operations, less economic.

General Economic Conditions

The unprecedented events in global financial markets in the past five years have had a profound impact on the global economy. Many industries are impacted by these market conditions. Some of the key impacts of the current financial market turmoil include contraction in credit markets resulting in a widening of credit risk, devaluations, high volatility in global equity, commodity, foreign exchange, uranium market and precious metal markets and a lack of market liquidity. A continued or worsened 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 Issuer's growth and profitability. Specifically:

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

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

Environmental Lawsuits

Neighbouring 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 or around the Worsley Property and the Worsley Trend. There can be no assurance that the Issuer's defence of such claims will be successful. A successful claim against the Issuer could have a material adverse effect on its business prospects, financial condition, results of operation and the price of the Common Shares.

Future Sales or Issuances of Equity Securities

The Issuer may sell additional equity securities in subsequent offerings (including through the sale of securities convertible into Common Shares) and may issue additional equity securities to finance its operations, exploration, development, acquisitions or other projects. The Issuer 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 Common 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 Common Shares. With any additional sale or issuance of equity securities, investors will suffer dilution of their voting power and may experience dilution in the Issuer's earnings per Common Share.

Fluctuating Price of the Common Shares

The market price of the Common Shares is likely to be highly volatile and could be subject to wide fluctuations in response to a number of factors that are beyond the Issuer's control, including:

- dilution caused by the issuance of additional Common Shares and other forms of equity securities in connection with future capital financings to fund the Issuer's operations and growth, to attract and retain valuable personnel and in connection with future strategic partnerships with other companies;
- quarterly variations in the Issuer's revenues and operating expenses;
- changes in the valuation of similarly situated companies, both in the Issuer's industry and in other industries;
- changes in analysts' estimates affecting the Issuer, its competitors and/or its industry;
- changes in the accounting methods used in or otherwise affecting the Issuer's industry;
- additions and departures of key personnel;
- announcements of technological innovations or new reserves available;
- fluctuations in interest rates and the availability of capital in the capital markets; and
- significant sales of the Common Shares.

These and other factors are largely beyond the Issuer's control, and the impact of these risks, singularly or in the aggregate, may result in material adverse changes to the market price of the Common Shares and/or the Issuer's results of operations and financial condition.

Conflicts of Interest with Directors and Officers

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

Issuer's directors and officers have an interest in other companies, such other companies may also compete with the Issuer for the acquisition of helium property investments. Such conflicts of the Issuer's directors and officers may result in a material and adverse effect on the Issuer's profitability, results of operation and financial condition. As a result of these conflicts of interest, the Issuer 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. See "*Directors and Executive Officers – Conflicts of Interest*".

No Intention of Cash Dividend Payments

The Issuer has not declared or paid any dividends on the Common Shares. The Issuer 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 the Common Shares in the foreseeable future. Any return on an investment in the Common Shares will come from the appreciation, if any, in the value of the Common Shares. The payment of future cash dividends, if any, will be reviewed periodically by the Board and will depend upon, among other things, conditions then existing, including earnings, financial condition and capital requirements, restrictions in financing agreements, business opportunities and conditions and other factors.

Reliance on Management and Dependence on Key Personnel

The success of the Issuer is currently largely dependent upon on the performance of its directors and officers and the ability to attract and retain its key personnel. The loss of the services of these persons may have a material adverse effect on the Issuer's business and prospects. The Issuer will compete with numerous other companies for the recruitment and retention of qualified employees and contractors. There is no assurance that the Issuer can maintain the service of its directors and officers or other qualified personnel required to operate its business. Failure to do so could have a material adverse effect on the Issuer.

Litigation

The Issuer 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 Issuer.

Breach of Confidentiality

While discussing potential business relationships or other transactions with third parties, the Issuer may disclose confidential information relating to the business, operations or affairs of the Issuer. Although confidentiality agreements are signed by third parties prior to the disclosure of any confidential information, a breach could put the Issuer at competitive risk and may cause significant damage to its business. The harm to the Issuer's business from a breach of confidentiality cannot presently be quantified, but may be material and may not be compensable in damages. There is no assurance that, in the event of a breach of confidentiality, the Issuer will be able to obtain equitable remedies, such as injunctive relief, from a court of competent jurisdiction in a timely manner, if at all, in order to prevent or mitigate any damage to its business that such a breach of confidentiality may cause.

Increased Costs of Being a Publicly Traded Company

As the Issuer will have publicly-traded securities following the Listing, significant legal, accounting and filing fees will be incurred that are not presently being incurred. Securities legislation and the rules and policies of the Exchange require listed companies to, among other things, adopt corporate governance policies and related practices and to continuously prepare and disclose material information, all of which will significantly increase legal, financial and securities regulatory compliance costs.

Use of Proceeds

The Issuer intends to use the proceeds from the conversion of the Convertible Debentures and the Subscription Receipts as set out under “*Use of Proceeds*”, which is based on the current expectations of the Issuer’s management. There may be circumstances where, for business reasons, a reallocation of funds may be necessary as may be determined at the Issuer’s discretion and there can be no assurance as of the date of this prospectus as to how those funds may be reallocated.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Except as disclosed elsewhere in this Prospectus, none of the directors or executive officers of the Issuer, any shareholder directly or indirectly beneficially owning or exercising control or direction over, more than 10% of the outstanding Common Shares, nor any associate or affiliate of any of the foregoing persons, has had any material interest, direct or indirect, in any transaction within the three years before the date of this Prospectus that has materially affected or is reasonably expected to materially affect the Issuer or a subsidiary of the Issuer.

LEGAL PROCEEDINGS AND REGULATORY ACTIONS CONCERNING THE ISSUER

Since April 1, 2019, there have been no legal proceedings to which the Issuer is or was a party, or that any of its property is or was the subject of nor, to the knowledge of the Issuer, are any such proceedings known to be contemplated.

There have been no penalties or sanctions imposed against the Issuer by a court relating to provincial and territorial securities legislation or by a securities regulatory authority within the three years immediately preceding the date of this Prospectus and there have been no other penalties or sanctions imposed against the Issuer that would be necessary to be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts relating to the Issuer. The Issuer has not entered into any settlement agreements with a court relating to provincial and territorial securities legislation or with a securities regulatory authority within the three years immediately preceding the date of this Prospectus.

AUDITOR, TRANSFER AGENT AND REGISTRAR

The auditor of the Issuer is Davidson & Company LLP, Chartered Professional Accountants, of 1200 – 609 Granville Street, Vancouver, BC, V6H 4C1.

The transfer agent and registrar for the Common Shares of the Issuer is Computershare Investor Services Inc. of 800, 324 – 8th Ave. SW, Calgary, Alberta, T2P 2Z2.

EXPERTS AND INTEREST OF EXPERTS

Davidson & Company LLP has prepared an auditor’s report in connection with the financial statements included in this Prospectus. Davidson & Company LLP has informed the Issuer that it is independent of the Issuer within the meaning of the Code of Professional Conduct of the Chartered Professional Accountants of British Columbia.

MATERIAL CONTRACTS

Except for contracts entered into in the ordinary course of business, the only contracts entered into by the Issuer since incorporation which can reasonably be regarded as material, are the following:

1. Agency Agreement. See “*Plan of Distribution*”.
2. Brokered Subscription Receipt Agreement. See “*Plan of Distribution*”.
3. President’s List Subscription Receipt Agreement. See “*Plan of Distribution*”.

4. Warrant Indenture. See “*Plan of Distribution*”.
5. Stock Option Plan. See “*Options and Other Rights to Purchase Securities of the Issuer*”.

OTHER MATERIAL FACTS

To the knowledge of the Issuer’s management, there are no further material facts or particulars in respect of the securities being distributed pursuant to this Prospectus that have not already been disclosed herein that are necessary to be disclosed for this Prospectus to contain full, true and plain disclosure of all material facts relating to such securities.

PURCHASERS’ STATUTORY RIGHTS

Securities legislation in certain of the provinces of Canada provides purchasers with the right to withdraw from an agreement to purchase securities. This right may be exercised within two business days after receipt or deemed receipt of this Prospectus and any amendment. In several of the provinces, the securities legislation further provides a purchaser of the Convertible Debentures and the Subscription Receipts with remedies for rescission or, in some jurisdictions, damages, if this Prospectus and any amendment contains a misrepresentation or is not delivered to such purchaser, provided that remedies for rescission or damages are exercised by such purchaser within the time limit prescribed by the securities legislation of such purchaser’s province or territory. The purchaser of the Convertible Debentures and the Subscription Receipts should refer to any applicable provisions of the securities legislation of such purchaser’s province for the particulars of these rights or consult with a legal adviser.

SCHEDULE "A"
AUDITED FINANCIAL STATEMENTS FOR THE
YEARS ENDED MARCH 31, 2020 AND 2019

FIRST HELIUM INC.

(Expressed in Canadian Dollars)

Consolidated Financial Statements

For the Years Ended March 31, 2020 and 2019

FIRST HELIUM INC.
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March 31, 2020 and 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
First Helium Inc.

Opinion

We have audited the accompanying consolidated financial statements of First Helium Inc. (the "Company"), which comprise the consolidated statements of financial position as at March 31, 2020 and 2019, and the consolidated statements of loss and comprehensive loss, cash flows and changes in shareholders' equity for the years then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies.

In our opinion, these consolidated financial statements present fairly, in all material respects, the financial position of the Company as at March 31, 2020 and 2019, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards ("IFRS").

Basis for Opinion

We conducted our audits in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Consolidated Financial Statements section of our report. We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 1 of the consolidated financial statements, which indicates that the Company incurred a net loss of \$560,296 during the year ended March 31, 2020 and, as of that date, the Company had a working capital deficit of \$1,359,127 and an accumulated deficit of \$1,123,732. As stated in Note 1, these events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.



Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Company to express an opinion on the consolidated financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

The engagement partner on the audit resulting in this independent auditor's report is Erez Bahar.

“DAVIDSON & COMPANY LLP”

Vancouver, Canada

Chartered Professional Accountants

December 11, 2020

FIRST HELIUM INC.

Consolidated Statements of Financial Position

As at March 31,

(Expressed in Canadian Dollars)

	Note	2020	2019
Assets			
Current assets:			
Cash		\$ 1,917	\$ -
Sales tax receivable		3,176	2,851
Prepaid expense		19,823	7,754
		24,916	10,605
Equipment	4	-	759
Exploration and evaluation assets	5	2,130,325	1,632,435
		\$ 2,155,241	\$ 1,643,799
Liabilities and Shareholders' Equity			
Current liabilities:			
Bank indebtedness		\$ -	\$ 3
Accounts payable and accrued liabilities		332,917	383,200
Convertible debentures	7	1,051,126	-
Loans payable	6, 10	-	136,407
		1,384,043	519,610
Asset retirement obligations	8	107,718	-
		\$ 1,491,761	\$ 519,610
Shareholders' equity:			
Share capital	9	1,752,807	1,680,125
Share subscriptions received in advance	9	7,500	7,500
Reserves	9	26,905	-
Deficit		(1,123,732)	(563,436)
		663,480	1,124,189
		\$ 2,155,241	\$ 1,643,799

Nature and continuance of operations (Note 1)

Subsequent events (Note 14)

On behalf of the Board:

"Vance Loeber" Director "Rob Scott" Director

The accompanying notes are an integral part of these consolidated financial statements.

FIRST HELIUM INC.

Consolidated Statements of Loss and Comprehensive Loss
For the Years Ended March 31,
(Expressed in Canadian Dollars)

	Note	2020	2019
Expenses			
Accounting and compliance	10	\$ 114,000	\$ 114,000
Management fees	10	158,000	36,000
Professional fees		109,059	25,383
Investor relations	10	30,786	36,181
Interest expense	6,10	61,541	4,807
Accretion expense	7,8	10,428	-
General and administration		29,155	22,083
Depreciation	4	759	1,518
Rent expense	10	24,000	4,000
Travel and promotion		23,098	28,480
		(560,826)	(272,452)
Other item			
Interest income		530	646
		530	646
Loss and comprehensive loss for the year		\$ (560,296)	\$ (271,806)
Loss per share – basic and diluted		\$ (0.06)	\$ (0.03)
Weighted average number of common shares outstanding			
– basic and diluted		10,136,867	9,191,482

The accompanying notes are an integral part of these consolidated financial statements.

FIRST HELIUM INC.

Consolidated Statements of Cash Flows
For the Years Ended March 31,
(Expressed in Canadian Dollars)

	Note	2020	2019
OPERATING ACTIVITIES			
Loss for the year		\$ (560,296)	\$ (271,806)
Item not involving cash			
Depreciation	4	759	1,518
Interest expense	6,10	61,541	4,807
Accretion expense	7,8	10,428	-
Change in non-cash working capital items:			
Prepaid expense		(12,069)	(35)
Sales tax receivable		(325)	37,292
Accounts payable and accrued liabilities		122,825	87,577
		(377,137)	(140,647)
INVESTING ACTIVITIES			
Purchase of equipment	4	-	(2,277)
Exploration and evaluation assets	5	(492,008)	(760,157)
		(492,008)	(762,434)
FINANCING ACTIVITIES			
Bank indebtedness		(3)	3
Convertible debentures	7	1,011,684	-
Proceeds from share issuance, net of issuance costs	9	-	759,724
Share subscription received in advance	9	-	7,500
Short-term loans	6,10	8,000	131,600
Loan repayment	6,10	(148,619)	-
		871,062	898,827
Increase (decrease) in cash		1,917	(4,254)
Cash, beginning of the year		-	4,254
Cash, end of the year		\$ 1,917	\$ -
Supplemental information:			
		March 31, 2020	March 31, 2019
Non-cash investing and financing activities:			
Exploration and evaluation assets included in accounts payable		\$ 184,936	\$ 285,362
Cash paid for income taxes		\$ -	\$ -
Cash paid for interest		\$ 9,019	\$ -
Shares issued for debt		\$ 72,682	\$ -
Equity component of convertible debentures		\$ 26,905	\$ -
Recognition of asset retirement obligations		\$ 106,308	\$ -

The accompanying notes are an integral part of these consolidated financial statements.

FIRST HELIUM INC.

Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Share Capital		Share subscriptions received in advance	Reserves	Deficit	Total shareholders' equity
	Note	Shares	Amount				
Balance at March 31, 2018		7,540,000	\$ 387,401	\$ 533,000	\$ -	\$ (291,630)	\$ 628,771
Private placement	9	2,558,792	1,301,404	(533,000)	-	-	768,404
Share issuance costs	9	-	(8,680)	-	-	-	(8,680)
Share subscriptions received	9	-	-	7,500	-	-	7,500
Loss for the year		-	-	-	-	(271,806)	(271,806)
Balance at March 31, 2019		10,098,792	\$ 1,680,125	\$ 7,500	\$ -	\$ (563,436)	\$ 1,124,189
Shares for debt	9	103,832	72,682	-	-	-	72,682
Equity component of convertible debenture	7,9	-	-	-	26,905	-	26,905
Loss for the year		-	-	-	-	(560,296)	(560,296)
Balance at March 31, 2020		10,202,624	\$ 1,752,807	\$ 7,500	\$ 26,905	\$ (1,123,732)	\$ 663,480

On November 27, 2020, the Company consolidated its share capital on a ratio of one (1) new post-consolidated common share for every ten (10) old pre-consolidated common shares. All shares and per share references in these consolidated financial statements have been retroactively restated accordingly unless noted otherwise.

The accompanying notes are an integral part of these consolidated financial statements.

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

1. Nature and continuance of operations

First Helium Inc. (“First Helium” or the “Company”) is a helium energy exploration and evaluation company and was incorporated under the laws of the Province of British Columbia on May 10, 2016. The address of the Company's corporate head office and principal place of business is 550 - 800 West Pender Street, Vancouver, BC, V6C 2V6.

The Company's principal activity is the acquisition, exploration and evaluation of helium property interests in Alberta, Canada. As at March 31, 2020, the Company had not yet determined whether these properties contained economically recoverable reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves and the ability of the Company to obtain the necessary financing to complete exploration and evaluation and upon future profitable production.

On November 27, 2020, the Company consolidated its share capital on a ratio of one (1) new post-consolidated common share for every ten (10) old pre-consolidated common shares. All shares and per share references in these consolidated financial statements have been retroactively restated accordingly unless noted otherwise.

The business of exploring for helium involves a high degree of risk and there can be no assurance that planned exploration and evaluation programs will result in profitable helium operations. The continuance of the Company is dependent upon completion of the acquisition of the exploration and evaluation properties, the discovery of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write downs of the carrying values of the Company's assets.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

These consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned any revenues and is considered to be in the exploration stage. During fiscal 2020, the Company incurred a net loss of \$560,296 and, as at March 31, 2020, the Company had a working capital deficit of \$1,359,127 and an accumulated deficit of \$1,123,732. Management anticipates that the Company will require additional financings to maintain essential levels of corporate and exploration expenditures. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to fund its exploration and evaluation programs. These consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of business operations. Such adjustments could be material.

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

1. Nature and continuance of operations (continued)

In March 2020, the World Health Organization declared the novel coronavirus (“COVID-19”) a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds. The Company continues to closely monitor developments in the COVID-19 pandemic, including the potential impact on the Company's operations. The impact of COVID-19 is uncertain and the pandemic could have a significant impact on the Company if it or its suppliers are not able to maintain operations.

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”) and interpretations issued by the International Financial Reporting Interpretations Committee (“IFRIC”).

The consolidated financial statements were approved by the Board of Directors on December 11, 2020.

2. Basis of presentation

The consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Summary of Significant Accounting Policies

Principles of consolidation

These consolidated financial statements include the accounts of the Company and its wholly-owned subsidiary, 2060547 Alberta Ltd (“AB”). All inter-company transactions and balances have been eliminated upon consolidation.

Critical Judgments and Sources of Estimation Uncertainty

The preparation of these consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the consolidated financial statements and reported amounts of expense during the reporting period. Actual outcomes could differ from these estimates. These consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the consolidated financial statements:

- (i) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax assets is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances. See Note 11 for details.
- (ii) The Company's long-lived assets are aggregated into cash-generating units ("CGUs") for the purposes of assessing and calculating impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of the Company's CGUs is subject to management's judgment.
- (iii) The determination that the Company will continue as a going concern for the next year (Note 1).

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) The assessment of any impairment of exploration and evaluation assets, is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. In fiscal 2020 and 2019, management concluded that there were no impairment indicators present with respect to exploration and evaluation assets and no impairment charge was required.
- (ii) Upon retirement of the Company's exploration and evaluation assets, the Company will incur dismantling, decommissioning, and site restoration costs. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of such future activities. The liability, the related asset, and the expense, are impacted by estimates with respect to these uncertainties. See Note 8 for further details.

Cash and Cash Equivalents

Cash includes cash on hand and demand deposits. Cash equivalents include short-term, highly liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of change in value. As at March 31, 2020 and 2019 the Company did not have any cash equivalents.

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Equipment

Equipment is carried at cost less accumulated depreciation and impairment losses. Depreciation is recognized using the declining balance method at the following annual rate:

Computer equipment 30%

Exploration and Evaluation Assets

Pre-exploration costs

Pre-exploration costs are expensed in the period in which they are incurred.

Exploration and evaluation expenditures

Once the legal right to explore a property has been acquired, all costs related to the acquisition, exploration and evaluation of the properties are capitalized by property. These direct expenditures include such costs as materials used, surveying costs, drilling costs, payments made to contractors and depreciation on plant and equipment during the exploration phase. Costs not directly attributable to exploration and evaluation activities, including general and administrative overhead costs, are expensed in the year in which they occur.

When a project is deemed to no longer have commercially viable prospects to the Company, exploration and evaluation expenditures in respect of that project are deemed to be impaired. As a result, those exploration and evaluation expenditure costs, in excess of estimated recoveries, are written off to profit or loss.

The Company assesses exploration and evaluation assets for impairment when facts and circumstances suggest that the carrying amount of an asset may exceed its recoverable amount.

Once the technical feasibility and commercial viability of extracting the mineral resource has been determined, the property is considered to be under development and is classified as helium development assets. Exploration and evaluation assets are also tested for impairment before assets are transferred to development properties.

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Impairment of Long-lived Assets

At each financial position reporting date, the carrying amounts of the Company's assets are reviewed to determine whether there is any indication that those assets are impaired. If any such indication exists, the recoverable amount of the asset is estimated in order to determine the extent of the impairment, if any. Where the asset does not generate cash flows that are independent from other assets, the Company estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

An asset's recoverable amount is the higher of fair value less costs of disposal and value in use. Fair value is determined as the price that would be received to sell an asset in an orderly transaction between market participants. In assessing value in use, the estimated future cash flows are discounted to their present value using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset. If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount of the asset is reduced to its recoverable amount and the impairment loss is recognized in the profit or loss for the period.

Where an impairment loss subsequently reverses, the carrying amount of the asset (or CGU) is increased to the revised estimate of its recoverable amount, so that the increased carrying amount does not exceed the carrying amount that would have been determined had no impairment loss been recognized for the asset (or CGU) in prior years. A reversal of an impairment loss is recognized immediately in profit or loss.

Asset Retirement Obligations

The Company recognizes liabilities for statutory, contractual, constructive or legal obligations associated with the retirement or reclamation of helium gas interests (exploration and evaluation assets). The net present value of future reclamation cost estimates is capitalized to the related assets along with a corresponding increase in the reclamation provision in the year incurred. Discount rates using a pre-tax rate that reflect the time value of money are used to calculate the net present value. The Company's estimates of reclamation costs underlying its asset retirement obligations could change as a result of changes in regulatory requirements, discount rates and assumptions regarding the amount and timing of the future expenditures. These changes are recorded directly to the related assets (exploration and evaluation assets), with a corresponding entry to the reclamation provision (asset retirement obligations). The Company's estimates are reviewed annually for changes in regulatory requirements, discount rates, effects of inflation and changes in estimates.

Changes in the net present value, excluding changes in the Company's estimates of reclamation costs, are charged to profit or loss in the year the estimates change. The Company has an asset retirement obligation as at March 31, 2020 (Note 8).

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Financial Instruments

Financial assets

Financial assets are classified as either financial assets at fair value through profit or loss, amortized cost, or fair value through other comprehensive income. The Company determines the classification of its financial assets at initial recognition.

- a) Fair value through profit or loss (“FVTPL”) – financial assets are classified as fair value through profit or loss if they do not meet the criteria of amortized cost or fair value through other comprehensive income. Changes in fair value are recognized in profit or loss.
- b) Amortized cost – financial assets are classified as measured at amortized cost if both of the following criteria are met and the financial assets are not designated as FVTPL: 1) The objective of the Company’s business model for these financial assets is to collect their contractual cash flows; and 2) the assets contractual cash flow represents solely payments of principal and interest.
- c) Fair value through other comprehensive income (“FVTOCI”) – financial assets are measured at fair value. Changes in fair value are recognized initially in other comprehensive income (“OCI”). When the asset is derecognized or reclassified, changes in fair value previously recognized in OCI and accumulated in equity remain in OCI.

Financial liabilities

All financial liabilities are initially recorded at fair value and designated upon inception as FVTPL or other financial liabilities. Financial liabilities classified as FVTPL include financial liabilities held for trading and financial liabilities designated upon initial recognition as FVTPL. Fair value changes on financial liabilities classified as FVTPL are recognized in earnings.

Financial liabilities classified as other financial liabilities are initially recognized at fair value less directly attributable transaction costs. After initial recognition, other financial liabilities are subsequently measured at amortized cost using the effective interest rate method. The effective interest rate method is a method of calculating the amortized cost of a financial liability and of allocating interest expense over the relevant period. The effective interest rate is the rate that discounts estimated future cash payments through the expected life of the financial liability, or, where appropriate, a shorter period.

Impairment of financial assets

The Company assesses all information available, including on a forward-looking basis, the expected credit losses associated with its assets carried at amortized cost. The impairment methodology applied depends on whether there has been a significant increase in credit risk. To assess whether there is a significant increase in credit risk, the Company compares the risk of a default occurring on the asset as at the reporting date, with the risk of default as at the date of initial recognition, based on all information available, and reasonable and supportive forward-looking information.

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Share Capital

Common shares issued by the Company are classified as equity. Costs directly attributable to the issue of common shares, share purchase warrants and share options are recognized as a deduction from equity, net of any related income tax effects.

Equity Financing

The Company engages in equity financing transactions to obtain the funds necessary to continue operations and explore and evaluate mineral properties. These equity financing transactions may involve issuance of common shares or units. Units typically comprise a certain number of common shares and share purchase warrants. Depending on the terms and conditions of each equity financing transaction, the warrants are exercisable into additional common shares at a price prior to expiry as stipulated by the terms of the transaction. The Company has adopted the residual value method with respect to the allocation of proceeds received on sale of units to the underlying common shares and share purchase warrants issued as private placement units. The fair value of the common shares issued in private placements is determined by the closing quoted bid price on the announcement date. The balance, if any, is allocated to the attached share purchase warrants.

Current and Deferred Income Taxes

Income tax comprises current and deferred tax. Income tax is recognized in the statement of loss and comprehensive loss, except to the extent that it relates to items recognized directly in equity, in which case the income tax is also recognized directly in equity.

Current Income Tax

The current income tax charge is calculated on the basis of the tax laws enacted or substantially enacted at the statement of financial position date in the countries where the Company's subsidiary operates and generates taxable income. Management periodically evaluates positions taken in tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions where appropriate on the basis of amounts expected to be paid to the tax authorities.

Deferred Income Tax

Deferred income tax is recognized, using the liability method, on temporary differences arising between the tax bases of assets and liabilities and their carrying amounts in the financial statements. However, the deferred income tax is not accounted for if it arises from initial recognition of an asset or liability in a transaction other than a business combination that at the time of the transaction affects neither accounting nor taxable profit or loss. Deferred income tax is determined using tax rates (and laws) that have been enacted or substantially enacted by the statement of financial position date and are expected to apply when the related deferred income tax asset is realized or the deferred income tax liability is settled.

Deferred income tax assets are recognized only to the extent that it is probable that future taxable profit will be available against which the temporary differences can be utilized.

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)

Loss Per Share

Basic loss per share is computed by dividing loss attributable to common shareholders by the weighted average number of common shares outstanding during the year. The computation of diluted loss per share assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on loss per share. The dilutive effect of outstanding options and warrants and their equivalents is reflected in diluted loss per share by the treasury stock method.

New standards and interpretations adopted

IFRS 16 – Leases:

On April 1, 2019, the Company adopted IFRS 16, which supersedes IAS 17 - Leases (“IAS 17”). The standard provides a single lessee accounting model, requiring lessees to recognize assets and liabilities for all leases unless the lease term is 12 months or less or the underlying asset has a low value. Lessors continue to classify leases as operating or finance, with IFRS 16’s approach to lessor accounting substantially unchanged from its predecessor, IAS 17.

IFRS 16 requires lessees to recognize a right of use asset and a lease obligation at the lease commencement date. The Company has assessed its monthly office rent payments and concluded that it does not meet the definition of a lease in the context of IFRS 16. As such, the adoption of the standard did not have an impact on the Company’s consolidated financial statements.

IFRIC 23 – Uncertainty over Income Tax Treatments:

On April 1, 2019, the Company adopted IFRIC 23, which is a new standard to clarify the accounting for uncertainties in income taxes. The interpretation provides guidance and clarifies the application of the recognition and measurement criteria in IAS 12 “Income Taxes” when there is uncertainty over income tax treatments. The adoption of this standard did not have a significant impact on the Company’s consolidated financial statements.

4. Equipment

		Computer Equipment
Cost		
March 31, 2018	\$	-
Additions		2,277
March 31, 2019 and 2020	\$	2,277
Accumulated Amortization		
March 31, 2018	\$	-
Amortization		1,518
March 31, 2019	\$	1,518
Amortization		759
March 31, 2020	\$	2,277
Carrying Value		
March 31, 2019	\$	759
March 31, 2020	\$	-

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets

Worsley Property

On September 11, 2017, the Company executed a farmout option agreement (the “Farmout Agreement”) with Cequence Energy Ltd. (“Cequence”) whereby the Company could acquire a 100% interest in the Worsley Property, a helium project located in Alberta, Canada consisting of a well license and a Alberta Crown Petroleum and Natural Gas (“P&NG”) lease. During the year ended March 31, 2019, the Company elected to acquire Cequence’s 100% undivided interest in the farmout lands and farmout well, subject to overriding royalties of 10% on natural gas, 5-10% on crude oil, and 2.5% on inert gases (including helium).

During the year ended March 31, 2019, the Company also acquired an additional 7,808 hectares of P&NG rights for the Worsley Property from Alberta Crown land auctions.

Worsley Property:	Acquisition Costs	Exploration Costs	Asset Retirement Obligations	Total
Balance, March 31, 2018	\$86,888	\$784,404	\$-	\$871,292
Land acquisition	219,273	-	-	219,273
Engineering support	-	29,000	-	29,000
Geological and geophysical	-	75,132	-	75,132
Production testing and drilling	-	10,705	-	10,705
Project management	-	114,570	-	114,570
Travel and support	-	65,075	-	65,075
Balance, March 31, 2019	\$306,161	\$1,078,886	\$-	\$1,385,047
Land acquisition	11,491	-	-	11,491
Engineering support	-	2,500	-	2,500
General and administration	-	5,380	-	5,380
Geological and geophysical	-	136,330	-	136,330
Project management	-	85,724	-	85,724
Travel and support	-	22,372	-	22,372
Additions and change in asset retirement obligations (Note 8)	-	-	106,308	106,308
Balance, March 31, 2020	\$317,652	\$1,331,192	\$106,308	\$1,755,152

Worsley Trend

During the year ended March 31, 2019, the Company participated in Alberta Crown land auctions and successfully acquired a 100% interest in P&NG rights covering approximately 22,967 hectares along the Worsley geological trend, located in Alberta, Canada.

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)

Worsley Trend (continued)

		Acquisition Costs	Exploration Costs	Total
Balance, March 31, 2018	\$	-	\$ -	\$ -
Land acquisition		215,652	-	215,652
Engineering support		-	5,400	5,400
General and administration		-	6,215	6,215
Geological and geophysical		-	12,172	12,172
Project management		-	7,739	7,739
Travel and support		-	210	210
Balance, March 31, 2019	\$	215,652	\$ 31,736	\$ 247,388
Land acquisition		106,856	-	106,856
General and administration		-	487	487
Geological and geophysical		-	6,878	6,878
Travel and support		-	13,564	13,564
Balance, March 31, 2020	\$	322,508	\$ 52,665	\$ 375,173

6. Loans Payable

During the year ended March 31, 2020, the Company entered into loan agreements with two related companies.

During the year ended March 31, 2019, the Company entered into loan agreements with third parties and two related companies. The loan agreements with the third parties bore an interest rate at 10% per annum.

All loans were fully repaid during the year ended March 31, 2020.

Refer to Note 8 for details of loans due to related companies.

		March 31, 2020	March 31, 2019
Opening balance	\$	136,407	\$ -
Principal		8,000	131,600
Interest expense		4,212	4,807
Repayment		(148,619)	-
Ending balance	\$	-	\$ 136,407

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

7. Convertible Debentures

On November 30, 2019, the Company closed a secured convertible debentures (“Convertible Debentures”) financing in the amount of \$1,011,684. The Convertible Debentures are secured by a general security interest, mature on November 30, 2020, bear an interest rate of 15% per annum, commitment fee of 2%, and is payable in cash upon maturity or, at the option of the subscriber, in common shares of the Company subject to certain conditions. The Convertible Debentures are convertible into common shares at \$0.70 per share.

For accounting purposes, the Convertible Debentures are separated into their liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue of \$984,779, was calculated as the discounted cash flows for the Convertible Debentures assuming a 20% discount rate, which was the estimated rate for a similar debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the Convertible Debentures and the fair value of the liability component, being \$26,905. The liability component will be accreted over the life of the Convertible Debentures. Accretion expense for the year ended March 31, 2020 was \$9,018 (2019 - \$nil).

Subsequent to the year ended March 31, 2020, Convertible Debentures with a principal balance of \$1,011,684 and interest and commitment fee payable of \$186,319 were converted into 2,995,007 common shares of the Company at a price of \$0.40 per share (Note 14). The \$0.40 per share conversion price was based on debenture settlement agreements entered into subsequent to the year ended March 31, 2020.

8. Asset Retirement Obligations

The Company’s asset retirement obligations are based on the Company’s net ownership in wells and facilities and management’s estimate of costs to abandon and reclaim those wells and facilities as well as an estimate of the future timing of these costs.

	March 31, 2020	March 31, 2019
Opening balance	\$ -	\$ -
Additions	106,308	-
Accretion expense	1,410	-
Ending balance	\$ 107,718	\$ -

The Company has estimated the net present value of its total asset retirement obligations to be \$107,718 at March 31, 2020 (March 31, 2019 - \$nil). The estimated undiscounted, uninflated obligations at March 31, 2020, are \$96,270 (March 31, 2019 - \$nil). Payments to settle the asset retirement obligations occur over the operating lives of the underlying assets, are estimated to be 16 years (2035). A pre-tax risk-free rate of 1.32% (March 31, 2019 – nil) and an inflation rate of 1.95% (March 31, 2019 – nil) were used to calculate the net present value of the asset retirement obligations. Significant estimates and assumptions are made in determining the site restoration provision as there are numerous factors that will affect the ultimate liability payable. Those uncertainties may result in future actual expenditures differing from the amount currently recorded.

9. Share Capital

The authorized capital stock of First Helium consists of an unlimited number of common shares with no par value.

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

9. Share Capital (continued)

Transactions for the year ended March 31, 2020 were as follows:

Shares for debt

In November 2019, the Company issued 103,832 common shares at a value of \$0.70 per share to settle \$72,682 in accounts payable. \$21,000 of this settlement related to amounts owed to Riverside Resources Inc., a company with a common officer with the Company (Note 10).

Transactions for the year ended March 31, 2019 were as follows:

Private placements

In April 2018, the Company completed the second tranche of a non-brokered private placement and issued 1,632,500 common shares at a price of \$0.40 per share for gross proceeds of \$653,000. A total of \$533,000 was received during the year ended March 31, 2018 and was included in share subscriptions received in advance.

In August 2018, the Company completed a non-brokered private placement and issued 926,292 common shares at a price of \$0.70 per share for gross proceeds of \$648,404. The Company incurred a total of \$8,680 in share issuance costs related to the private placement.

Share subscriptions received in advance

During the year ended March 31, 2019, a total of \$7,500 was received and included in share subscriptions received in advance in connection with a non-brokered private placement which is ongoing subsequent to March 31, 2020.

Warrants

No warrants were issued and outstanding during the years ended March 31, 2020 and 2019.

Stock Options

No stock options were granted and outstanding during the years ended March 31, 2020 and 2019.

10. Related Party Transactions

Key management personnel compensation

Key management consists of the Company's directors and officers. Remuneration of key management includes the following:

	Year ended March 31, 2020	Year ended March 31, 2019
Accounting and compliance fees (i)	\$ 114,000	\$ 114,000
Exploration and evaluation expenditures (project management) (ii)	84,000	84,000
Management fees (ii)	158,000	36,000
Rent expense (iii)	24,000	4,000
Investor relations (iv)	27,200	-
Total remuneration	\$ 407,200	\$ 238,000

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

10. Related Party Transactions (continued)

(i) Pursuant to an accounting and compliance services agreement effective August 1, 2017 with FT Management Inc. ("FT"), a company with one common director with the Company, the Company agreed to pay management, accounting and compliance fees of \$9,500 per month.

(ii) During the year ended March 31, 2020, the Company paid or accrued project management fees of \$120,000 (2019 - \$120,000) to a company owned by an officer of the Company, of which \$84,000 (2019 - \$84,000) was capitalized as exploration and evaluation assets and \$36,000 (2019 - \$36,000) was expensed as management fees. During the year ended March 31, 2020, the Company paid the officer a one-time bonus of \$98,000 (2019 - \$nil) which was expensed as management fees.

During the year ended March 31, 2020, the Company paid or accrued \$24,000 (2019 - \$nil) to a director of the Company for management fees.

(iii) During the year ended March 31, 2020, the Company incurred rent expense of \$24,000 (2019 - \$4,000) as a result of a shared office space with Riverside Resources Inc., a company with a common officer with the Company. In November 2019, the Company issued 30,000 common shares at a value of \$0.70 per share to settle \$21,000 in accounts payable owed to Riverside Resources Inc (Note 9).

(iv) During the year ended March 31, 2020, the Company paid or accrued \$27,200 (2019 - \$nil) to a director of the Company for investor relations.

Related party balances are as follows:

- The balance payable to related parties as at March 31, 2020 was \$121,716 (2019 - \$98,845) and is included in accounts payable and accrued liabilities. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.
- Loans payable as at March 31, 2019 consisted of a \$17,000 loan with \$140 accrued interest from a company owned by an officer, bearing interest at 10% per annum, and two non-interest bearing loans totalling \$5,600 from a company with a common director with the Company.
- During the year ended March 31, 2020, the Company entered into non-interest bearing loan agreements totalling \$8,000 with two related companies, and all related party loans payable were repaid.

11. Income Taxes

A reconciliation of income taxes at statutory rates with the reported taxes is as follows:

	2020	2019
Net loss for the year	\$ (560,296)	\$ (271,806)
Expected income tax (recovery)	\$ (151,000)	\$ (73,000)
Change in statutory, foreign tax, foreign exchange rates and other	(1,000)	-
Permanent differences	1,000	1,000
Share issue costs	-	(2,000)
Adjustment to prior years provision versus statutory tax returns and expiry of non-capital losses	3,000	-
Change in unrecognized deductible temporary differences	148,000	74,000
Total income tax expense (recovery)	\$ -	\$ -

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements
For the Years Ended March 31, 2020 and 2019
(Expressed in Canadian Dollars)

11. Income Taxes (continued)

The significant components of the Company's temporary differences, unused tax credits and unused tax losses that have not been included on the consolidated statement of financial position are as follows:

	2020	Expiry date range	2019	Expiry date range
Temporary differences				
Property and equipment	3,000	No expiry date	-	No expiry date
Share issue costs	5,000	2040 to 2043	7,000	2040 to 2043
Convertible debt	9,000	No expiry date	-	No expiry date
Non-capital losses available for future periods	1,095,000	2026 to 2040	555,000	2026 to 2039

Tax attributes are subject to review, and potential adjustment, by tax authorities.

12. Nature and extent of risks arising from financial instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

- Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;
- Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and
- Level 3: Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, sales tax receivable, bank indebtedness, accounts payable and accrued liabilities, convertible debentures and loans payable. The fair values of the Company's financial instruments approximate their carrying value, which is the amount recorded on the consolidated statement of financial position due to their short-term nature. The fair value of the Company's convertible debentures approximate their carrying value due to the instruments measured at a market rate of interest.

The Company is exposed in varying degrees to a variety of financial instrument related risks:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and sales tax receivable. The Company's cash is held through a large Canadian financial institution. The Company's sales tax receivable consists of amounts due from the Government of Canada of \$3,176 (2019 - \$2,851).

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 13 of these financial statements. As at March 31, 2020, the Company had a cash balance of \$1,917 (2019 - \$nil) to settle current liabilities of \$1,384,043 (2019 - \$519,610). The Company will need to raise sufficient funds to meet its obligations.

FIRST HELIUM INC.

Notes to the Consolidated Financial Statements

For the Years Ended March 31, 2020 and 2019

(Expressed in Canadian Dollars)

12. Nature and extent of risks arising from financial instruments (continued)

Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for helium are impacted not only by the relationship between the Canadian Dollars and United States Dollars, but also by helium market conditions that dictate the levels of supply and demand. The Company does not have any financial risk management contracts in place as at March 31, 2020, to manage this risk.

Interest and Foreign exchange risk

The Company is not subject to interest rate or foreign exchange risk.

13. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and evaluation of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of equity. In order to carry out the planned exploration and evaluation activities on its mineral properties and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There were no changes in the Company's approach to capital management during the year ended March 31, 2020. The Company is not subject to externally imposed capital requirements.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements.

14. Subsequent events

Subsequent to the year ended March 31, 2020, the following events took place:

- On September 17, 2020, the Company completed a non-brokered private placement and issued 1,589,192 common shares at a price of \$0.40 per share for gross proceeds of \$635,677.
- On November 16, 2020, the Company completed a non-brokered private placement and issued 14,786,823 common shares at a price of \$0.07 per share for gross proceeds of \$1,035,077.
- Convertible Debentures with a principal balance of \$1,011,684 and interest and commitment fee payable of \$186,319 were converted into 2,995,007 common shares of the Company at a price of \$0.40 per share (Note 7). The \$0.40 per share conversion price was based on debenture settlement agreements entered into subsequent to the year ended March 31, 2020.

SCHEDULE "B"
UNAUDITED FINANCIAL STATEMENTS FOR THE FOR THE
NINE MONTHS ENDED DECEMBER 31, 2020 AND 2019

FIRST HELIUM INC.

Condensed Interim Consolidated Financial Statements

For the Nine Months Ended December 31, 2020 and 2019

(Expressed in Canadian Dollars)

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CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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Notes to the Condensed Interim Consolidated Financial Statements

FIRST HELIUM INC.

Condensed Interim Consolidated Statements of Financial Position as at
(Expressed in Canadian Dollars)

	Note	December 31, 2020	March 31, 2020
Assets			
Current assets:			
Cash		\$ 547,156	\$ 1,917
Sales tax receivable		38,571	3,176
Prepaid expense		25,694	19,823
		611,421	24,916
Exploration and evaluation assets	5	2,838,174	2,130,325
		\$ 3,449,595	\$ 2,155,241
Liabilities and Shareholders' Equity			
Current liabilities:			
Accounts payable and accrued liabilities		\$ 158,764	\$ 332,917
Convertible debentures	6,8	-	1,051,126
		158,764	1,384,043
Asset retirement obligations	7	108,788	107,718
		\$ 267,552	\$ 1,491,761
Shareholders' equity:			
Share capital	8	4,639,404	1,752,807
Share subscriptions received in advance	8	-	7,500
Reserves	8	9,464	26,905
Deficit		(1,466,825)	(1,123,732)
		3,182,043	663,480
		\$ 3,449,595	\$ 2,155,241

Nature and continuance of operations (Note 1)
Subsequent events (Note 12)

On behalf of the Board:

"Vance Loeber" Director "Rob Scott" Director

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

FIRST HELIUM INC.Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Expressed in Canadian Dollars)

	Note	Three Months Ended December 31, 2020	Three Months Ended December 31, 2019	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2019
Expenses					
Accounting and compliance	9	\$ 28,650	\$ 28,500	\$ 85,650	\$ 85,500
Management fees	9	9,450	9,000	27,450	125,000
Professional fees		53,122	2,164	39,789	74,226
Investor relations	9	-	27,415	44	27,786
Interest expense	6	42,997	14,332	128,990	18,544
Accretion expense	6,7	5,673	2,247	19,355	2,247
General and administration		10,152	7,044	22,187	17,914
Depreciation	4	-	-	-	759
Rent expense	9	6,000	6,000	18,000	18,000
Travel and promotion		1,705	12,464	5,556	17,982
		(157,749)	(109,166)	(347,021)	(387,958)
Other items					
Interest income		853	374	928	481
Other income		3,000	-	3,000	-
		3,853	374	3,928	481
Loss and comprehensive loss					
for the period		\$ (153,896)	\$ (108,792)	\$ (343,093)	\$ (387,477)
Loss per share – basic and					
diluted		\$ (0.01)	\$ (0.01)	\$ (0.02)	\$ (0.04)
Weighted average number of					
common shares					
outstanding – basic and					
diluted		10,991,816	10,147,561	14,850,850	10,115,107

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

FIRST HELIUM INC.Condensed Interim Consolidated Statements of Cash Flows
(Expressed in Canadian Dollars)

	Notes	Nine Months Ended December 31, 2020	Nine Months Ended December 31, 2019
OPERATING ACTIVITIES			
Loss for the period		\$ (343,093)	\$ (387,477)
Item not involving cash			
Depreciation	4	-	759
Interest expense	6	128,990	18,544
Accretion expense	6,7	19,355	2,247
Change in non-cash working capital items:			
Prepaid expense		(5,871)	(16,667)
Sales tax receivable		(35,395)	486
Accounts payable and accrued liabilities		(249,033)	(266,791)
		(485,047)	(648,899)
INVESTING ACTIVITIES			
Exploration and evaluation assets	5	(640,469)	(203,473)
		(640,469)	(203,473)
FINANCING ACTIVITIES			
Bank indebtedness		-	(3)
Proceeds from share issuance	8	1,670,755	-
Convertible debentures	6	-	1,011,684
Short-term loans		-	8,000
Loan repayment		-	(148,619)
		1,670,755	871,062
Increase in cash		545,239	18,690
Cash, beginning of the period		1,917	-
Cash, end of the period		\$ 547,156	\$ 18,690

Supplemental information:

Non-cash investing and financing activities:

Exploration and evaluation assets included in accounts payable	\$	81,357	\$	13,978
Cash paid for income taxes	\$	-	\$	-
Cash paid for interest	\$	-	\$	9,019
Shares issued for debt	\$	-	\$	72,682
Equity component of convertible debentures	\$	-	\$	26,905
Reallocation from reserves to share capital from conversion of convertible debentures	\$	26,905	\$	-
Shares issued for conversion of convertible debentures	\$	1,198,401	\$	-
Reclassification of subscriptions received in advance	\$	7,500	\$	-
Fair value of bonus warrants	\$	9,464	\$	-

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

FIRST HELIUM INC.Condensed Interim Consolidated Statements of Changes in Shareholders' Equity
(Expressed in Canadian Dollars)

		Share Capital		Share subscriptions received in advance	Reserves	Deficit	Total shareholders' equity
	Note	Shares	Amount				
Balance at March 31, 2019		10,098,792	\$ 1,680,125	\$ 7,500	\$ -	\$ (563,436)	\$ 1,124,189
Shares for debt	8	103,832	72,682	-	-	-	72,682
Equity component of convertible debentures	6,8	-	-	-	26,905	-	26,905
Loss for the period		-	-	-	-	(387,477)	(387,477)
Balance at December 31, 2019		10,202,624	1,752,807	7,500	26,905	\$ (950,913)	\$ 836,299
Balance at March 31, 2020		10,202,624	\$ 1,752,807	\$ 7,500	\$ 26,905	\$ (1,123,732)	\$ 663,480
Private placements	8	16,376,015	1,670,755	(7,500)	-	-	1,663,255
Shares issued for conversion of convertible debentures	6,8	2,995,008	1,225,306	-	(26,905)	-	1,198,401
Share issuance cost - bonus warrants	8	-	(9,464)	-	9,464	-	-
Loss for the period		-	-	-	-	(343,093)	(343,093)
Balance at December 31, 2020		29,573,647	\$ 4,639,404	\$ -	\$ 9,464	\$ (1,466,427)	\$ 3,182,043

On November 27, 2020, the Company consolidated its share capital on a ratio of one (1) new post-consolidated common share for every ten (10) old pre-consolidated common shares. All shares and per share references in these condensed interim consolidated financial statements have been retroactively restated accordingly unless noted otherwise.

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

FIRST HELIUM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

1. Nature and continuance of operations

First Helium Inc. ("First Helium" or the "Company") is a helium energy exploration and evaluation company and was incorporated under the laws of the Province of British Columbia on May 10, 2016. The address of the Company's corporate head office and principal place of business is 550 - 800 West Pender Street, Vancouver, BC, V6C 2V6.

The Company's principal activity is the acquisition, exploration and evaluation of helium property interests in Alberta, Canada. As at December 31, 2020, the Company had not yet determined whether these properties contained economically recoverable reserves. The underlying value of the mineral resource interests is entirely dependent on the existence of economically recoverable reserves and the ability of the Company to obtain the necessary financing to complete exploration and evaluation and upon future profitable production.

On November 27, 2020, the Company consolidated its share capital on a ratio of one (1) new post-consolidated common share for every ten (10) old pre-consolidated common shares. All shares and per share references in these condensed interim consolidated financial statements have been retroactively restated accordingly unless noted otherwise.

The business of exploring for helium involves a high degree of risk and there can be no assurance that planned exploration and evaluation programs will result in profitable helium operations. The continuance of the Company is dependent upon completion of the acquisition of the exploration and evaluation properties, the discovery of economically recoverable reserves, and the ability of the Company to obtain necessary financing to complete the development and future profitable production or, alternatively, upon disposition of such property at a profit. Changes in future conditions could require material write downs of the carrying values of the Company's assets.

Although the Company has taken steps to verify title to the properties on which it is conducting exploration and in which it has an interest, in accordance with industry standards for the current stage of operations of such properties, these procedures do not guarantee the Company's title. Property title may be subject to government licensing requirements or regulations, unregistered prior agreements, unregistered claims, aboriginal claims, and non-compliance with regulatory and environmental requirements. The Company's assets may also be subject to increases in taxes and royalties, renegotiation of contracts, and political uncertainty.

These condensed interim consolidated financial statements have been prepared on a going concern basis which assumes that the Company will be able to realize its assets and discharge its liabilities in the normal course of business operations for the foreseeable future. To date the Company has not earned any revenues and is considered to be in the exploration stage. During the nine months ended December 31, 2020, the Company incurred a net loss of \$343,093 and, as at December 31, 2020, the Company had a working capital of \$452,657 and an accumulated deficit of \$1,466,825. Management anticipates that the Company will require additional financings to maintain essential levels of corporate and exploration expenditures. While the Company has been successful in securing financings in the past, there can be no assurance that it will be able to do so in the future. These material uncertainties may cast significant doubt as to the Company's ability to continue as a going concern.

The Company's ability to continue as a going concern is dependent upon its ability to fund its exploration and evaluation programs. These condensed interim consolidated financial statements do not reflect the adjustments to the carrying value of assets and liabilities and the reported expenses and statement of financial position classification that would be necessary if the Company were unable to realize its assets and settle its liabilities as a going concern in the normal course of business operations. Such adjustments could be material.

FIRST HELIUM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

1. Nature and continuance of operations (continued)

In March 2020, the World Health Organization declared the novel coronavirus ("COVID-19") a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company's business or ability to raise funds. The Company continues to closely monitor developments in the COVID-19 pandemic, including the potential impact on the Company's operations. The impact of COVID-19 is uncertain and the pandemic could have a significant impact on the Company if it or its suppliers are not able to maintain operations.

These condensed interim consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB") for interim information, specifically International Accounting Standards ("IAS") 34 - Interim Financial Reporting. In addition, these condensed interim consolidated financial statements have been prepared using interpretations issued by the International Financial Reporting Interpretation Committee ("IFRIC") in effect at December 31, 2020 and the same accounting policies and methods of their application as the most recent annual financial statements of the Company. These condensed interim consolidated financial statements do not include all disclosures normally provided in the annual financial statements and should be read in conjunction with the Company's financial statements for the year ended March 31, 2020.

In management's opinion, all adjustments necessary for fair presentation have been included in these condensed interim consolidated financial statements. Interim results are not necessarily indicative of the results expected for the year ending March 31, 2021.

The condensed interim consolidated financial statements were approved by the Board of Directors on May 4, 2021.

2. Basis of presentation

The condensed interim consolidated financial statements have been prepared on a historical cost basis, except for financial instruments measured at fair value. All dollar amounts presented are in Canadian dollars unless otherwise specified. In addition, these condensed interim consolidated financial statements have been prepared using the accrual basis of accounting except for cash flow information.

3. Summary of Significant Accounting Policies

The accounting policies in preparation of these condensed interim consolidated financial statements are consistent with those applied and disclosed in the Company's audited financial statements for the year ended March 31, 2020.

Principles of consolidation

These condensed interim consolidated financial statements include the accounts of the Company and its wholly owned subsidiary, 2060547 Alberta Ltd ("AB"). All inter-company transactions and balances have been eliminated upon consolidation.

FIRST HELIUM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

3. Summary of Significant Accounting Policies (continued)***Critical Judgments and Sources of Estimation Uncertainty***

The preparation of these condensed interim consolidated financial statements requires management to make certain estimates, judgments and assumptions that affect the reported amounts of assets and liabilities at the date of the condensed interim consolidated financial statements and reported amounts of expense during the reporting period. Actual outcomes could differ from these estimates. These condensed interim consolidated financial statements include estimates which, by their nature, are uncertain. The impacts of such estimates are pervasive throughout the condensed interim consolidated financial statements and may require accounting adjustments based on future occurrences. Revisions to accounting estimates are recognized in the period in which the estimates are revised and future periods if the revision affects both current and future periods. These estimates are based on historical experience, current and future economic conditions and other factors, including expectation of future events that are believed to be reasonable under the circumstances.

Critical Judgments

The following are critical judgments that management has made in the process of applying accounting policies that have the most significant effect on the amounts recognized in the condensed interim consolidated financial statements:

- (i) The assessment of the probability of future taxable income in which deferred tax assets can be utilized is based on the Company's estimate of future profits or losses adjusted for significant non-taxable income and expenses and specific limits to the use of any unused tax loss or credit. If a positive forecast of taxable income indicates the probable use of a deferred tax asset, especially when it can be utilized without a time limit, that deferred tax assets is usually recognized in full. The recognition of deferred tax assets that are subject to certain legal or economic limits or uncertainties is assessed individually by management based on the specific facts and circumstances.
- (ii) The Company's long-lived assets are aggregated into cash-generating units ("CGUs") for the purposes of assessing and calculating impairment. CGUs are based on an assessment of the unit's ability to generate independent cash inflows. The determination of the Company's CGUs is subject to management's judgment.
- (iii) The determination that the Company will continue as a going concern for the next year (Note 1).

Estimation Uncertainty

The following are key assumptions concerning the future and other key sources of estimation uncertainty that have a significant risk of resulting in a material adjustment to the carrying amount of assets and liabilities within the next financial year:

- (i) The assessment of any impairment of exploration and evaluation assets is dependent upon estimates of the recoverable amount that take into account factors such as reserves, economic and market conditions and the useful lives of assets. During the nine months ended December 31, 2020 and 2019, management concluded that there were no impairment indicators present with respect to exploration and evaluation assets and no impairment charge was required.
- (ii) Upon retirement of the Company's exploration and evaluation assets, the Company will incur dismantling, decommissioning, and site restoration costs. Estimates of these costs are subject to uncertainty associated with the method, timing and extent of such future activities. The liability, the related asset, and the expense are impacted by estimates with respect to these uncertainties. See Note 7 for further details.

FIRST HELIUM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

4. Equipment

		Computer Equipment
Cost		
March 31, 2019 and 2020, and December 31, 2020	\$	2,277
Accumulated Amortization		
March 31, 2019	\$	1,518
Amortization		759
March 31, 2020, and December 31, 2020	\$	2,277
Carrying Value		
March 31, 2020, and December 31, 2020	\$	-

5. Exploration and Evaluation AssetsWorsley Property

On September 11, 2017, the Company executed a farmout option agreement (the "Farmout Agreement") with Cequence Energy Ltd. ("Cequence") whereby the Company could acquire a 100% interest in the Worsley Property, a helium project located in Alberta, Canada consisting of a well license and a Alberta Crown Petroleum and Natural Gas ("P&NG") lease. During the year ended March 31, 2019, the Company elected to acquire Cequence's 100% undivided interest in the farmout lands and farmout well, subject to overriding royalties of 10% on natural gas, 5-10% on crude oil, and 2.5% on inert gases (including helium).

During the year ended March 31, 2019, the Company also acquired an additional 7,808 hectares of P&NG rights for the Worsley Property from Alberta Crown land auctions.

Worsley Property:	Acquisition Costs	Exploration Costs	Asset Retirement Obligations	Total
Balance, March 31, 2019	\$ 306,161	\$ 1,078,886	\$ -	\$ 1,385,047
Land acquisition	11,491	-	-	11,491
Engineering support	-	2,500	-	2,500
General and administration	-	5,380	-	5,380
Geological and geophysical	-	136,330	-	136,330
Project management	-	85,724	-	85,724
Travel and support	-	22,372	-	22,372
Additions and change in asset retirement obligations (Note 8)	-	-	106,308	106,308
Balance, March 31, 2020	\$ 317,652	\$ 1,331,192	\$ 106,308	\$ 1,755,152
Balance, March 31, 2020	\$ 317,652	\$ 1,331,192	\$ 106,308	\$ 1,755,152
Land acquisition	2,159	-	-	2,159
General and administration	-	503	-	503
Geological and geophysical	-	164,170	-	164,170
Project management	-	63,000	-	63,000
Travel and support	-	11,659	-	11,659
Balance, December 31, 2020	\$ 319,811	\$ 1,570,524	\$ 106,308	\$ 1,996,643

FIRST HELIUM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

5. Exploration and Evaluation Assets (continued)Worsley Trend

During the year ended March 31, 2019, the Company participated in Alberta Crown land auctions and successfully acquired a 100% interest in P&NG rights covering approximately 22,967 hectares along the Worsley geological trend, located in Alberta, Canada.

Worsley Trend:	Acquisition Costs		Exploration Costs		Total
Balance, March 31, 2019	\$	215,652	\$	31,736	\$ 247,388
Land acquisition		106,856		-	106,856
General and administration		-		487	487
Geological and geophysical		-		6,878	6,878
Travel and support		-		13,564	13,564
Balance, March 31, 2020	\$	322,508	\$	52,665	\$ 375,173
Balance, March 31, 2020	\$	322,508	\$	52,665	\$ 375,173
Land acquisition		103,339		-	103,339
General and administration		-		120,104	120,104
Geological and geophysical		-		239,489	239,489
Travel and support		-		3,426	3,426
Balance, December 31, 2020	\$	425,847	\$	415,684	\$ 841,531

6. Convertible Debentures

On November 30, 2019, the Company closed a secured convertible debentures ("Convertible Debentures") financing in the amount of \$1,011,684. The Convertible Debentures are secured by a general security interest, mature on November 30, 2020, bear an interest rate of 15% per annum, commitment fee of 2%, and is payable in cash upon maturity or, at the option of the subscriber, in common shares of the Company subject to certain conditions. The Convertible Debentures are convertible into common shares at \$0.70 per share.

For accounting purposes, the Convertible Debentures are separated into their liability and equity components by first valuing the liability component. The fair value of the liability component at the time of issue of \$984,779, was calculated as the discounted cash flows for the Convertible Debentures assuming a 20% discount rate, which was the estimated rate for a similar debenture without a conversion feature. The fair value of the equity component (conversion feature) was determined at the time of issue as the difference between the face value of the Convertible Debentures and the fair value of the liability component, being \$26,905. The liability component will be accreted over the life of the Convertible Debentures. Interest expense for the nine-month period ended December 31, 2020 was \$128,990 (2019 - \$18,544), while Accretion expense for the nine month period ended December 31, 2020 was \$18,285 (2019 - \$2,247).

During the nine-month period ended December 31, 2020, Convertible Debentures with a principal balance of \$1,011,684 and interest and commitment fee payable of \$186,319 were converted into 2,995,008 common shares of the Company at a price of \$0.40 per share (Note 8). The \$0.40 per share conversion price was based on debenture settlement agreements entered into during the nine-month period ended December 31, 2020. In addition, the total reserves of \$26,905 was also reallocated to share capital upon conversion of the convertible debentures.

FIRST HELIUM INC.

Notes to the Condensed Interim Consolidated Financial Statements
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7. Asset Retirement Obligations

The Company's asset retirement obligations are based on the Company's net ownership in wells and facilities and management's estimate of costs to abandon and reclaim those wells and facilities as well as an estimate of the future timing of these costs.

	December 31, 2020	March 31, 2020
Opening balance	\$ 107,718	\$ -
Additions	-	106,308
Accretion expense	1,070	1,410
Ending balance	\$ 108,788	\$ 107,718

The Company has estimated the net present value of its total asset retirement obligations to be \$108,788 at December 31, 2020 (March 31, 2020 - \$107,718). The estimated undiscounted, uninflated obligations at December 31, 2020 and March 31, 2020, are \$96,270, respectively. Payments to settle the asset retirement obligations occur over the operating lives of the underlying assets, are estimated to be 16 years (2035). As at March 31, 2020, a pre-tax risk-free rate of 1.32% and an inflation rate of 1.95% were used to calculate the net present value of the asset retirement obligations. Significant estimates and assumptions are made in determining the site restoration provision as there are numerous factors that will affect the ultimate liability payable. Those uncertainties may result in future actual expenditures differing from the amount currently recorded.

8. Share Capital

The authorized capital stock of First Helium consists of an unlimited number of common shares with no par value.

Transactions for the nine-month period ended December 31, 2020 were as follows:

Private placements

On September 17, 2020, the Company completed a non-brokered private placement and issued 1,589,192 common shares at a price of \$0.40 per share for gross proceeds of \$635,677.

On November 16, 2020, the Company completed a non-brokered private placement and issued 14,786,823 common shares at a price of \$0.07 per share for gross proceeds of \$1,035,078.

Shares issued for convertible debentures

During the period ended December 31, 2020, Convertible Debentures with a principal balance of \$1,011,684 and interest and commitment fee payable of \$186,319 were converted into 2,995,008 common shares of the Company at a price of \$0.40 per share (Note 6). The \$0.40 per share conversion price was based on debenture settlement agreements entered into during the period ended December 31, 2020.

Reclassification of subscriptions received in advance

During the period ended December 31, 2020, the Company reclassified a total of \$7,500 subscriptions received in advance in connection with a non-brokered private placement. The \$7,500 was reclassified to accounts payable and accrued liabilities during the period ended December 31, 2020.

FIRST HELIUM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended December 31, 2020 and 2019
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8. Share Capital (continued)

Transactions for the year ended March 31, 2020 were as follows:

Shares for debt

In November 2019, the Company issued 103,832 common shares at a value of \$0.70 per share to settle \$72,682 in accounts payable. \$21,000 of this settlement related to amounts owed to Riverside Resources Inc., a company with a common officer with the Company (Note 9).

Warrants

The Company uses the residual approach when allocating the fair value of the share purchase warrants issued in conjunction with the offering of units through a private placement. The Company determines the fair value of the common share and the residual value is allocated to the share purchase warrant for unit offerings that contain a common share and a share purchase warrant.

On November 3, 2020, the Company issued 2,218,023 bonus warrants to shareholders as standby guarantors during the November 16, 2020 non-brokered private placement. Each bonus warrant entitles the holder to purchase one common share at an exercise price of \$0.35 for a period of 24 months after the closing date.

During the period ended December 31, 2020, bonus warrants were issued in connection with the November 2020 private placement, wherein a fair value of \$9,464 was calculated using the Black Scholes pricing model, based on the following assumptions:

	2020
Forfeiture rate	0.00%
Estimated risk-free rate	0.30%
Expected volatility	75%
Estimated annual dividend yield	0.00%
Expected life of warrants	2 years

Stock Options

No stock options were granted and outstanding during the period ended December 31, 2020 and year ended March 31, 2020.

FIRST HELIUM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended December 31, 2020 and 2019
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9. Related Party Transactions**Key management personnel compensation**

Key management consists of the Company's directors and officers. Remuneration of key management includes the following:

	Nine months ended December 31, 2020	Nine months ended December 31, 2019
Accounting and compliance fees (i)	\$ 85,500	\$ 85,500
Exploration and evaluation expenditures (project management) (ii)	378,750	63,000
Management fees (ii)	27,000	125,000
Rent expense (iii)	18,000	18,000
Investor relations (iv)	-	27,200
Total remuneration	\$ 509,250	\$ 318,700

(i) Management, accounting and compliance fees paid to a company related to an officer of the Company.

(ii) During the nine-month period ended December 31, 2020, the Company paid or accrued project management fees of \$90,000 (2019 - \$90,000) to a company owned by an officer of the Company, of which \$63,000 (2019 - \$63,000) was capitalized as exploration and evaluation assets and \$27,000 (2019 - \$27,000) was expensed as management fees. As at December 31, 2020, a total of \$315,750 was paid or accrued to various officers and directors of the Company which was capitalized as exploration and evaluation assets. During the nine-month period ended December 31, 2019, the Company paid the officer a one-time bonus of \$98,000 which was expensed as management fees.

(iii) During the nine-month period ended December 31, 2020, the Company incurred rent expense of \$18,000 (2019 - \$18,000) as a result of a shared office space with Riverside Resources Inc., a company with a common officer with the Company. In November 2019, the Company issued 30,000 common shares at a value of \$0.70 per share to settle \$21,000 in accounts payable owed to Riverside Resources Inc (Note 8).

(iv) During the nine-month period ended December 31, 2019, the Company paid or accrued \$27,200 to a director of the Company for investor relations.

Related party balances are as follows:

- The balance payable to related parties as at December 31, 2020 was \$77,706 (March 31, 2020 - \$121,716) and is included in accounts payable and accrued liabilities. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.
- During the period ended December 31, 2019, the Company entered into non-interest bearing loan agreements totalling \$8,000 with two related companies, and all related party loans payable were repaid.

FIRST HELIUM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended December 31, 2020 and 2019
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10. Nature and Extent of Risks Arising from Financial Instruments

Financial instruments measured at fair value are classified into one of three levels in the fair value hierarchy according to the relative reliability of the inputs used to estimate the fair values. The three levels of the fair value hierarchy are:

Level 1: Unadjusted quoted prices in active markets for identical assets or liabilities;

Level 2: Inputs other than quoted prices that are observable for the asset or liability either directly or indirectly; and

Level 3: Inputs that are not based on observable market data.

The Company's financial instruments consist of cash, sales tax receivable, accounts payable and accrued liabilities, and convertible debentures. The fair values of the Company's financial instruments approximate their carrying value, which is the amount recorded on the condensed interim consolidated statement of financial position due to their short-term nature. The fair value of the Company's convertible debentures approximate their carrying value due to the instruments measured at a market rate of interest.

The Company is exposed in varying degrees to a variety of financial instrument related risks:

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Company to credit risk consist of cash and sales tax receivable. The Company's cash is held through a large Canadian financial institution. The Company's sales tax receivable consists of amounts due from the Government of Canada of \$38,571 (March 31, 2020 - \$3,176).

Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages liquidity risk through the management of its capital structure, as outlined in Note 11 of these financial statements. As at December 31, 2020, the Company had a cash balance of \$547,156 (March 31, 2020 - \$1,917) to settle current liabilities of \$158,764 (March 31, 2020 - \$1,384,043). The Company will need to raise sufficient funds to meet its obligations.

Price Risk

Commodity price risk is the risk that the fair value of future cash flows will fluctuate as a result of changes in commodity prices. Commodity prices for helium are impacted not only by the relationship between the Canadian Dollars and United States Dollars, but also by helium market conditions that dictate the levels of supply and demand. The Company does not have any financial risk management contracts in place as at December 31, 2020, to manage this risk.

Interest and Foreign exchange risk

The Company is not subject to interest rate or foreign exchange risk.

FIRST HELIUM INC.

Notes to the Condensed Interim Consolidated Financial Statements
For the Nine Months Ended December 31, 2020 and 2019
(Expressed in Canadian Dollars)

11. Capital management

The Company manages its capital structure and makes adjustments to it, based on the funds available to the Company, in order to support the exploration and evaluation of mineral properties. The board of directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business. The Company defines capital to include all components of equity. In order to carry out the planned exploration and evaluation activities on its mineral properties and pay for administrative costs, the Company will spend its existing working capital and raise additional amounts as needed. There were no changes in the Company's approach to capital management during the nine-month period ended December 31, 2020. The Company is not subject to externally imposed capital requirements.

The Company sets the amount of capital in proportion to risk. The Company manages the capital structure and makes adjustments to it in the light of changes in economic conditions and the risk characteristics of the underlying assets. In order to maintain or adjust the capital structure, the Company may issue common shares through private placements.

12. Subsequent events

Subsequent to the nine months ended December 31, 2020, the following events took place:

On March 2, 2021, the Company closed an unsecured convertible debentures ("CD2") financing in the amount of \$2,800,000. The CD2 are unsecured, mature on March 2, 2022, bear an interest rate of 8% per annum, and are payable in cash upon maturity. The CD2 are automatically convertible into units at a \$0.30 per unit immediately prior to the listing of common shares on the TSX Venture Exchange (the "Exchange"). Each unit will consist of one common share and one non-transferable whole common share purchase warrant ("CD2 Warrant"). Each CD2 Warrant will entitle the subscriber to purchase one additional common share of the Company at a price of \$0.50 per share for a period of 24 months from listing of the Company's common shares on the Exchange.

On March 15, 2021, the Company completed a non-brokered private placement and issued 4,857,200 subscription receipts ("NBSR") at a price of \$0.35 per subscription receipt for gross proceeds of \$1,700,020. Each NBSR issued will be automatically exchanged for one common share and one-half of one common share purchase warrant (each whole warrant, a "NBPP Warrant"). Each NBPP Warrant will entitle the holder thereof to purchase one common share at a price of \$0.50 per share for a period of 24 months from the date of listing of the Company's shares on the Exchange.

On March 18, 2021, the Company completed a brokered private placement and issued 21,371,086 subscription receipts ("BSR") at a price of \$0.35 per subscription receipt for gross proceeds of \$7,479,880. The brokered private placement was led by Echelon Wealth Partners Inc., as lead agent, and included Cormark Securities Inc. and Canaccord Genuity Corp. (collectively, the "Agents"). Each BSR issued will be automatically exchanged for one common share and one-half of one common share purchase warrant (each whole warrant, a "BPP Warrant"). Each BPP Warrant will entitle the holder thereof to purchase one common share at a price of \$0.50 per share for a period of 24 months from the date of listing of the Company's shares on the Exchange. As compensation, the Agents will receive a cash commissions equal to 8.0% of the gross proceeds of the BPP Subscription Receipts and will receive broker warrants ("BPP Broker Warrants") equal to 8.0% of the total number of BSR issued.

SCHEDULE “C”
MANAGEMENT’S AND DISCUSSION ANALYSIS FOR THE
YEARS ENDED MARCH 31, 2020 AND 2019

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the years ended March 31, 2020 and 2019

INTRODUCTION

This management discussion and analysis ("**MD&A**") of financial condition and results of operations focuses upon the activities, results of operations, liquidity and capital resources of First Helium Inc. (the "**Company**" or "**First Helium**") for the years ended March 31, 2020 and 2019. In order to better understand this MD&A, it should be read in conjunction with the audited financial statements of the Company and related notes for the years ended March 31, 2020 and 2019.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and filed with appropriate regulatory authorities in Canada. Except as otherwise disclosed, all dollar figures included therein and in this MD&A is quoted in Canadian dollars, unless otherwise stated.

The Company is not a reporting issuer and was not required to prepare interim financial statements, therefore quarterly results are not available.

This MD&A is current to May 4, 2021.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of the Common Shares (as defined herein) price and volume and other reports and filings with the applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time to time via the Company's website along with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

This MD&A has been prepared in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*.

All Common Share amounts have been adjusted for a 10:1 Common Share consolidation which became effective on November 27, 2020.

OVERVIEW

First Helium is a helium energy exploration company and was incorporated under the laws of the Province of British Columbia on May 10, 2016. The Company's principal office is located at Suite 550, 800 West Pender Street, Vancouver, BC, V6C 2V6.

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the years ended March 31, 2020 and 2019

The Company's principal activity is the acquisition, exploration and development of helium property interests in Alberta, Canada.

HIGHLIGHTS & RECENT DEVELOPMENTS

In November 2019, the Company issued 10,383 common shares in the capital of the Company ("**Common Shares**") to settle \$72,682 in accounts payable. \$21,000 of this settlement related to amounts owed to Riverside Resources Inc., a company with a common officer with the Company (Note 9).

During the fiscal year ended March 31, 2020, the Company added a management team to advance the development of the Worsley Property and execute on the Company's expansion strategy. The team brings extensive technical and management experience that is required to develop the existing property portfolio *and* achieve the Company's growth objectives moving forward.

On September 17, 2020, the Company completed a non-brokered private placement and issued 1,589,192 Common Shares at a price of \$0.40 per Common Share for gross proceeds of \$635,677.

On November 16, 2020, the Company completed a non-brokered private placement and issued 14,786,823 Common Shares at a price of \$0.07 per Common Share for gross proceeds of \$1,035,078.

During the period ended December 31, 2020, convertible debentures with a principal balance of \$1,011,684 and interest and commitment fee payable of \$186,319 were converted into 2,995,008 Common Shares of the Company at a price of \$0.40 per Common Share (Note 6). The \$0.40 per Common Share conversion price was based on debenture settlement agreements entered into subsequent to the year ended March 31, 2020.

During the period ended December 31, 2020, the Company reversed a total of \$7,500 subscriptions received in advance in connection with a non-brokered private placement. The \$7,500 reversal was included in the accounts payable and accrued liabilities for the period ended December 31, 2020.

On March 2, 2021, the Company closed an unsecured convertible debentures ("**CD2**") financing in the amount of \$2,800,000. The CD2 are unsecured, mature on March 2, 2022, bear an interest rate of 8% per annum, and are payable in cash upon maturity. The CD2 are automatically convertible into units at \$0.30 per unit immediately prior to the listing of Common Shares on the TSX Venture Exchange (the "**Exchange**"). Each unit will consist of one Common Share and one non-transferable whole common share purchase warrant ("**CD2 Warrant**"). Each CD2 Warrant will entitle the subscriber to purchase one additional Common Share at a price of \$0.50 per Common Share for a period of 24 months from listing of the Common Shares on the Exchange.

On March 15, 2021, the Company completed a non-brokered private placement and issued 4,857,200 subscription receipts ("**NBSR**") at a price of \$0.35 per NBSR for gross proceeds of \$1,700,020. Each NBSR issued will be automatically exchanged for one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a "**NBPP Warrant**"). Each NBPP Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.50 per Common Share for a period of 24 months from the date of listing of the Common Shares on the Exchange.

On March 18, 2021, the Company completed a brokered private placement and issued 21,371,086 subscription receipts ("**BSR**") at a price of \$0.35 per BSR for gross proceeds of \$7,479,880. The brokered private placement was led by Echelon Wealth Partners Inc., as lead agent, and included Cormark Securities Inc. and Canaccord Genuity Corp. (collectively, the "**Agents**"). Each BSR issued will be automatically exchanged for one Common Share and one-half of one common share purchase warrant (each whole warrant, a "**BPP Warrant**"). Each BPP Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.50 per Common Share for a period of 24 months from the date of listing of the Common Shares on the Exchange. As compensation, the Agents will receive a cash commissions equal to 8.0% of the gross proceeds of the BSR and will receive broker warrants equal to 8.0% of the total number of BSRs issued.

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the years ended March 31, 2020 and 2019

PROPERTIES, CLAIMS AND EXPLORATION PROGRAMS

The Company's principal asset is the Worsley Property located in Alberta, Canada consisting of a well license and a P&NG Lease and the Worsley Well. See "*Corporate Structure*", "*General Development of the Business*", "*Narrative Description of the Business*" and "*Use of Proceeds*" in the prospectus.

SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected financial data reported by the Company for the years ended March 31, 2020 and 2019. The information set forth should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS, and the related notes thereon.

	F2020	F2019	F2018
Revenues	\$ Nil	\$ Nil	\$ Nil
Net income (loss)	\$ (560,296)	\$ (271,806)	\$ (223,590)
Earnings (loss) per Common Share	\$ (0.06)	\$ (0.03)	\$ (0.03)
Total assets	\$ 2,155,241	\$ 1,643,799	\$ 923,408
Total liabilities	\$ 1,491,761	\$ 519,610	\$ 294,637

During the fiscal year ended March 31, 2020, the Company added to its management team and further advanced the development of its Worsley Property.

During the fiscal year ended March 31, 2019, the Company participated in Alberta Crown land auctions and successfully acquired a 100% interest in additional P&NG rights covering approximately 28,215 Ha along the Worsley geological trend.

During the fiscal year ended March 31, 2018, the Company executed a farmout option agreement (the "Farmout Agreement") with Cequence Energy Ltd. ("Cequence"). In addition, the Company also performed an extended productivity and build-up test on the Worsley Well and acquired Cequence's 100% undivided interest in the farmout lands and the Worsley Well. Lastly, the Company acquired an additional 2,304 hectares ("Ha") of mineral rights contiguous with the 25-87-3W6 section.

DISCUSSION OF FINANCIAL AND OPERATING RESULTS

For the year ended March 31, 2020

The Company continued its exploration activities on the Worsley Property and the recently acquired Worsley Trend properties.

During this period, the Company reported a net loss of \$560,296. The primary contributors to the loss were:

- accounting and compliance expenses of \$114,000;
- management fees of \$158,000; and
- professional fees of \$109,059 as a result of audit and legal fees incurred.

For the year ended March 31, 2019

The Company continued work on the Worsley Property, including the acquisition of additional P&NG rights over an additional 7,808 Ha, and the acquisition of P&NG rights over 22,455 Ha on the Worsley Trend. In addition, the Company elected to complete its acquisition of the Worsley Property from Cequence.

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the years ended March 31, 2020 and 2019

During this period, the Company reported a net loss of \$271,806. The primary contributors to the loss were:

- accounting and compliance expenses of \$114,000; and
- management fees of \$36,000.

Exploration and evaluation expenditures

	Worsley Property		Worsley Trend		Total
Balance, March 31, 2018	\$	871,292	\$	-	\$ 871,292
Acquisition		219,273		215,652	434,925
Exploration		294,482		31,736	326,218
Balance, March 31, 2019	\$	1,385,047	\$	247,388	\$ 1,632,435
Acquisition		11,491		106,856	118,347
Exploration		252,306		20,929	302,932
Asset retirement obligation		106,308		-	106,308
Balance, March 31, 2020	\$	1,755,152	\$	375,173	\$ 2,130,325

SUMMARY OF QUARTERLY RESULTS

The Company is not a reporting issuer and was not required to prepare interim financial statements. Therefore, quarterly results are not available.

LIQUIDITY AND CAPITAL RESOURCES

During the year ended March 31, 2020, the Company did not generate positive cash flow from its operations. Therefore, in order to remedy its working capital obligations and continue its operational and general corporate activities, the Company must raise additional funds through the issuance of its common shares or debt.

During March 2021, the Company was able to raise additional funds through the issuance of convertible debentures and private placements. Therefore, upon completion of its listing on the Exchange, the Company will have sufficient working capital to meet its operational growth plans and its general corporate activities for the next twelve months.

For the year ended March 31, 2020

As at March 31, 2020, the Company had a working capital deficit of \$1,359,127.

During the fiscal year ended March 31, 2020, the Company generated:

- Cash flow deficit from operating activities totaling \$377,137.
- Cash flow deficit from investing activities totaling \$492,008.
- Cash flow surplus from financing activities totaling \$871,062.

For the year ended March 31, 2019

As at March 31, 2019, the Company had a working capital deficit of \$509,005.

During the fiscal year ended March 31, 2019, the Company generated:

- Cash flow deficit from operating activities totaling \$140,647.
- Cash flow deficit from investing activities totaling \$762,434.
- Cash flow surplus from financing activities totaling \$898,827.

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the years ended March 31, 2020 and 2019

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Company's directors and officers. Remuneration of key management includes the following:

	Year ended March 31, 2020	Year ended March 31, 2019
Accounting and compliance fees ⁽ⁱ⁾	\$ 114,000	\$ 114,000
Exploration and evaluation expenditures ⁽ⁱⁱ⁾	\$ 84,000	\$ 84,000
Management fees ⁽ⁱⁱⁱ⁾	\$ 158,000	\$ 36,000
Rent expense ^(iv)	\$ 24,000	\$ 4,000
Investor relations ^(v)	\$ 27,200	\$ -
	\$ 407,200	\$ 238,000

- (i) Represents accounting and compliance expenses paid to a company owned by an officer of the Company.
- (ii) Represents project management expenses paid to an officer of the Company.
- (iii) Represents management fees paid to a director and an officer of the Company.
- (iv) Represents rent paid to a company that has a common officer with the Company.
- (v) Represents investor relations services expense paid to a director of the Company.

Related party transactions and balances not disclosed elsewhere in these financial statements:

- As at March 31, 2020, \$121,716 in accounts payable and accrued liabilities were owed to officers of the Company. These amounts were the unpaid portion of the related party transactions noted above and are unsecured, non-interest bearing and were expected to be repaid under normal trade terms.
- As at March 31, 2019, \$98,845 in accounts payable and accrued liabilities were owed to officers of the Company. These amounts were the unpaid portion of the related party transactions noted above and are unsecured, non-interest bearing and were expected to be repaid under normal trade terms.
- In addition, as at March 31, 2019, \$22,740 in loan principal and interests payable were owed to an officer of the Company.

FOURTH QUARTER

During the three months period ended March 31, 2020, the Company further advanced its interests in the Worsley Property and Worsley Trend by performing additional geological and geophysical activities.

During the three months period ended March 31, 2020, the Company recorded an accrued liability of \$107,718, which represents the estimated present value of its total future asset retirement obligation (Note 8).

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

CRITICAL ACCOUNTING ESTIMATES

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the years ended March 31, 2020 and 2019

Please refer to the March 31, 2020 and 2019 audited financial statements included in the prospectus.

CHANGES IN ACCOUNTING POLICIES

Please refer to the March 31, 2020 and 2019 audited financial statements included in the prospectus.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

Please refer to the March 31, 2020 and 2019 audited financial statements included in the prospectus.

FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Please refer to the March 31, 2020 and 2019 audited financial statements included in the prospectus.

COMMITMENTS

Please refer to the March 31, 2020 and 2019 audited financial statements included in the prospectus.

OTHER MD&A REQUIREMENTS

Additional information relating to the Company is available in the prospectus.

OUTSTANDING SHARE DATA

The Company is authorized to issue an unlimited number of Common Shares without par value. As at the date of this MD&A, the following Common Shares, options, and share purchase warrants were outstanding:

	Number of shares	Exercise Price	Expiry Date
Issued and outstanding Common Shares	29,573,647		
Warrants	2,218,023	\$0.35	November 3, 2022
Fully diluted	31,791,670		

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Operations and Comprehensive Loss contained in its audited financial statements for the years ended March 31, 2020

SCHEDULE “D”
MANAGEMENT’S AND DISCUSSION ANALYSIS FOR THE
NINE MONTHS ENDED DECEMBER 31, 2020 AND 2019

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the nine months period ended December 31, 2020

INTRODUCTION

This management discussion and analysis ("**MD&A**") of financial condition and results of operations focuses upon the activities, results of operations, liquidity and capital resources of First Helium Inc. (the "**Company**" or "**First Helium**") for the nine month period ended December 31, 2020. In order to better understand this MD&A, it should be read in conjunction with the unaudited financial statements and related notes for the nine month period ended December 31, 2020 and the audited financial statements of the Company and related notes for the year ended March 31, 2020.

The Company's financial statements are prepared in accordance with International Financial Reporting Standards ("**IFRS**") and filed with appropriate regulatory authorities in Canada. Except as otherwise disclosed, all dollar figures included therein and in this MD&A is quoted in Canadian dollars, unless otherwise stated.

The Company is not a reporting issuer and was not required to prepare interim financial statements, therefore, other than for the nine month period ended December 31, 2020, quarterly results are not available.

This MD&A is current to May 4, 2021.

FORWARD LOOKING STATEMENTS

Information set forth in this MD&A may involve forward-looking statements under applicable securities laws. Forward-looking statements are statements that relate to future, not past, events. In this context, forward-looking statements often address expected future business and financial performance, and often contain words such as "anticipate", "believe", "plan", "estimate", "expect", and "intend", statements that an action or event "may", "might", "could", "should", or "will" be taken or occur, or other similar expressions. All statements, other than statements of historical fact, included herein including, without limitation, statements about the size and timing of future exploration on and the development of the Company's properties are forward-looking statements. By their nature, forward-looking statements involve known and unknown risks, uncertainties and other factors which may cause the Company's actual results, performance or achievements, or other future events, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such factors include, among others, the following risks: the need for additional financing; operational risks associated with mineral exploration; fluctuations in commodity prices; title matters; environmental liability claims and insurance; reliance on key personnel; the volatility of the Common Shares (as defined herein) price and volume and other reports and filings with the applicable Canadian securities regulations. Forward-looking statements are made based on management's beliefs, estimates and opinions on the date that statements are made and the Company undertakes no obligation to update forward-looking statements if these beliefs, estimates and opinions or other circumstances should change, except as required by applicable securities laws. There can be no assurance that such statements will prove to be accurate, and future events and actual results could differ materially from those anticipated in such statements. Important factors that could cause actual results to differ materially from the Company's expectations are disclosed in the Company's documents filed from time to time via the Company's website along with the Canadian regulatory agencies to whose policies the Company is bound. Investors are cautioned against attributing undue certainty to forward-looking statements.

This MD&A has been prepared in accordance with the requirements of National Instrument 51-102 – *Continuous Disclosure Obligations*.

All Common Share amounts have been adjusted for a 10:1 Common Share consolidation which became effective on November 27, 2020.

OVERVIEW

First Helium is a helium energy exploration company and incorporated under the laws of the Province of British Columbia on May 10, 2016. The Company's principal office is located at Suite 550, 800 West Pender Street,

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the nine months period ended December 31, 2020

Vancouver, BC, V6C 2V6.

The Company's principal activity is the acquisition, exploration and development of helium property interests in Alberta, Canada.

HIGHLIGHTS & RECENT DEVELOPMENTS

On September 17, 2020, the Company completed a non-brokered private placement and issued 1,589,192 common shares ("**Common Shares**") at a price of \$0.40 per Common Share for gross proceeds of \$635,677.

On November 16, 2020, the Company completed a non-brokered private placement and issued 14,786,823 Common Shares at a price of \$0.07 per Common Share for gross proceeds of \$1,035,078.

During the period ended December 31, 2020, convertible debentures with a principal balance of \$1,011,684 and interest and commitment fee payable of \$186,319 were converted into 2,995,008 Common Shares at a price of \$0.40 per Common Share (Note 6). The \$0.40 per Common Share conversion price was based on debenture settlement agreements entered into subsequent to the year ended March 31, 2020.

During the period ended December 31, 2020, the Company reversed a total of \$7,500 subscriptions received in advance in connection with a non-brokered private placement. The \$7,500 reversal was included in the accounts payable and accrued liabilities for the period ended December 31, 2020.

On March 2, 2021, the Company closed an unsecured convertible debentures ("**CD2**") financing in the amount of \$2,800,000. The CD2 are unsecured, mature on March 2, 2022, bear an interest rate of 8% per annum, and are payable in cash upon maturity. The CD2 are automatically convertible into units at \$0.30 per unit immediately prior to the listing of Common Shares on the TSX Venture Exchange (the "**Exchange**"). Each unit will consist of one Common Share and one non-transferable whole common share purchase warrant ("**CD2 Warrant**"). Each CD2 Warrant will entitle the subscriber to purchase one additional Common Share at a price of \$0.50 per Common Share for a period of 24 months from listing of the Company's Common Shares on the Exchange.

On March 15, 2021, the Company completed a non-brokered private placement and issued 4,857,200 subscription receipts ("**NBSR**") at a price of \$0.35 per NBSR for gross proceeds of \$1,700,020. Each NBSR issued will be automatically exchanged for one Common Share and one-half of one Common Share purchase warrant (each whole warrant, a "**NBPP Warrant**"). Each NBPP Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.50 per Common Share for a period of 24 months from the date of listing of the Common Shares on the Exchange.

On March 18, 2021, the Company completed a brokered private placement and issued 21,371,086 subscription receipts ("**BSR**") at a price of \$0.35 per BSR for gross proceeds of \$7,479,880. The brokered private placement was led by Echelon Wealth Partners Inc., as lead agent, and included Cormark Securities Inc. and Canaccord Genuity Corp. (collectively, the "**Agents**"). Each BSR issued will be automatically exchanged for one Common Share and one-half of one common share purchase warrant (each whole warrant, a "**BPP Warrant**"). Each BPP Warrant will entitle the holder thereof to purchase one Common Share at a price of \$0.50 per Common Share for a period of 24 months from the date of listing of the Common Shares on the Exchange. As compensation, the Agents will receive a cash commissions equal to 8.0% of the gross proceeds of the BSR and will receive broker warrants equal to 8.0% of the total number of BSRs issued.

PROPERTIES, CLAIMS AND EXPLORATION PROGRAMS

The Company's principal asset is the Worsley Property located in Alberta, Canada consisting of a well license and a P&NG Lease and the Worsley Well. See "*Corporate Structure*", "*General Development of the Business*", "*Narrative Description of the Business*" and "*Use of Proceeds*" in the prospectus.

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the nine months period ended December 31, 2020

SELECTED ANNUAL FINANCIAL INFORMATION

The following table summarizes selected financial data reported by the Company for the years ended March 31, 2020 and 2019. The information set forth should be read in conjunction with the consolidated audited financial statements, prepared in accordance with IFRS and the related notes thereon.

	F2020	F2019	F2018
Revenues	\$ Nil	\$ Nil	\$ Nil
Net income (loss)	\$ (560,296)	\$ (271,806)	\$ (223,590)
Earnings (loss) per Common Share	\$ (0.06)	\$ (0.03)	\$ (0.03)
Total assets	\$ 2,155,241	\$ 1,643,799	\$ 923,408
Total liabilities	\$ 1,491,761	\$ 519,610	\$ 294,637

During the fiscal year ended March 31, 2020, the Company added to its management team and further advanced the development of its Worsley Property.

During the fiscal year ended March 31, 2019, the Company participated in Alberta Crown land auctions and successfully acquired a 100% interest in additional P&NG rights covering approximately 28,215 Ha along the Worsley geological trend.

During the fiscal year ended March 31, 2018, the Company executed a farmout option agreement (the "Farmout Agreement") with Cequence Energy Ltd. ("Cequence"). In addition, the Company also performed an extended productivity and build-up test on the Worsley Well and acquired Cequence's 100% undivided interest in the farmout lands and the Worsley Well. Lastly, the Company acquired an additional 2,304 hectares ("Ha") of mineral rights contiguous with the 25-87-3W6 section.

DISCUSSION OF FINANCIAL AND OPERATING RESULTS

For the nine months period ended December 31, 2020

The Company brought on a new management team which included a new President & CEO, a new Vice-President of Engineering and a new Vice-President of Geosciences. The Company also made changes to its Board of Directors.

During this period, the Company reported a net loss of \$343,093. The primary contributors to the loss were:

- accounting and compliance expenses of \$85,650; and
- interest expenses of \$128,990.

For the nine months period ended December 31, 2019

The Company continued its exploration activities on the Worsley Property and the recently acquired Worsley Trend properties.

During this period, the Company reported a net loss of \$387,477. The primary contributors to the loss were:

- accounting and compliance expenses of \$85,500;
- management fees of \$125,000; and
- professional fees of \$74,226 as a result of audit and legal fees incurred.

Exploration and evaluation expenditures

	Worsley Property	Worsley Trend	Total
Balance, March 31, 2019	1,385,047	\$ 247,388	1,632,435

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the nine months period ended December 31, 2020

Acquisition	11,491		106,856	118,347
Exploration	252,306		20,929	302,932
Asset retirement obligation	106,308			106,308
Balance, March 31, 2020	1,755,152	\$	375,173	2,130,325
Acquisition	2,159		103,339	105,498
Exploration	239,332		363,019	602,351
Balance, December 31, 2020	1,996,643	\$	841,531	2,838,174

SUMMARY OF QUARTERLY RESULTS

The Company is not a reporting issuer and was not required to prepare interim financial statements. Therefore, quarterly results are not available except for the nine months period ended December 31, 2020 and 2019.

LIQUIDITY AND CAPITAL RESOURCES

During the nine months ended December 31, 2020, the Company did not generate positive cash flow from its operations. Therefore, in order to remedy its working capital obligations and continue its operational and general corporate activities, the Company must raise additional funds through the issuance of its common shares or debt.

During March 2021, the Company was able to raise additional funds through the issuance of convertible debentures and private placements. Therefore, upon completion of its listing on the Exchange, the Company will have sufficient working capital to meet its operational growth plans and its general corporate activities for the next twelve months.

For the nine months period ended December 31, 2020 (F2020 \$1,359,127)

As at December 31, 2020, the Company had a working capital balance of \$452,655.

During the nine month period ended December 31, 2020, the Company generated:

- Cash flow deficit from operating activities totaling \$485,047.
- Cash flow deficit from investing activities totaling \$640,469.
- Cash flow surplus from financing activities totaling \$1,670,755.

For the nine months period ended December 31 2019

During the nine months period ended December 31, 2019, the Company generated:

- Cash flow deficit from operating activities totaling \$648,899.
- Cash flow deficit from investing activities totaling \$203,473.
- Cash flow surplus from financing activities totaling \$871,062.

OFF BALANCE SHEET ARRANGEMENTS

The Company does not have off balance sheet arrangements.

RELATED PARTY TRANSACTIONS

Key management compensation

Key management consists of the Company's directors and officers. Remuneration of key management includes the following:

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the nine months period ended December 31, 2020

	Nine-month ended December 31, 2020	Nine-month ended December 31, 2019
Accounting and compliance fees ⁽ⁱ⁾	\$ 85,500	\$ 85,500
Exploration and evaluation expenditures ⁽ⁱⁱ⁾	378,750	63,000
Management fees ⁽ⁱⁱⁱ⁾	27,000	125,000
Rent expense ^(iv)	18,000	18,000
Investor relations ^(v)	-	27,200
	\$ 509,250	\$ 318,700

(i) Represents management, accounting and compliance fees paid to a company related to an officer of the Company

(ii) Represents project management expenses paid to an officer of the Company.

(iii) Represents management fees paid to a director and an officer of the Company.

(iv) Represents rent paid to a company that has a common officer with the Company.

(v) Represents investor relations services expense paid to a director of the Company.

Related party balances

- The balance payable to related parties as at December 31, 2020 was \$77,706 (March 31, 2020 – \$121,716) and is included in accounts payable and accrued liabilities. These payables are unsecured, non-interest bearing and are expected to be repaid under normal trade terms.
- During the period ended December 31, 2019, the Company entered into non-interest bearing loan agreements totaling \$8,000 with two related companies, and all related party loans payable were repaid.

PROPOSED TRANSACTIONS

There are no proposed transactions that have not been disclosed herein.

CRITICAL ACCOUNTING ESTIMATES

Please refer to the December 31, 2020 condensed interim financial statements and the March 31, 2020 audited financial statements included in the prospectus,

CHANGES IN ACCOUNTING POLICIES

Please refer to the December 31, 2020 condensed interim financial statements and the March 31, 2020 audited financial statements included in the prospectus.

NEW STANDARDS AND INTERPRETATIONS NOT YET ADOPTED

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COMMITMENTS

FIRST HELIUM INC.
MANAGEMENT DISCUSSION AND ANALYSIS
For the nine months period ended December 31, 2020

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OTHER MD&A REQUIREMENTS

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Fully diluted	31,791,670		

ADDITIONAL DISCLOSURE FOR VENTURE ISSUERS WITHOUT SIGNIFICANT REVENUE

Additional disclosure concerning the Company's general and administrative expenses is provided in the Company's Statement of Operations and Comprehensive Loss contained in its unaudited financial statements for the nine month period ended December 31, 2020 and in its audited financial statements for the years ended March 31, 2020 and 2019.

CERTIFICATE OF ISSUER

Dated: May 5, 2021

This Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia.

“Edward Bereznicki” (signed)
Chief Executive Officer

“Robert J. Scott” (signed)
Chief Financial Officer

ON BEHALF OF THE BOARD OF DIRECTORS

“Todd Holmstrom” (signed)
Director

“Calvin R. Watson” (signed)
Director

CERTIFICATE OF AGENTS

Dated: May 5, 2021

To the best of our knowledge, information and belief, this Prospectus constitutes full, true and plain disclosure of all material facts relating to the securities previously issued by the Issuer as required by the securities legislation of British Columbia, Alberta, Saskatchewan, Manitoba, Ontario and Nova Scotia.

ECHELON WEALTH PARTNERS INC.

“Ryan Mooney” (signed)

Ryan Mooney
Managing Director, Energy & Diversified

CORMARK SECURITIES INC.

“Erik Pederson” (signed)

Erik Pederson
Managing Director, Investment Banking

CANACCORD GENUITY CORP.

“Andrew D. Birkby” (signed)

Andrew D. Birkby
Managing Director, Investment Banking