Global Helium Corp.

Condensed Interim Consolidated financial statements

For the three-months ended March 31, 2024 and 2023

(Expressed in Canadian dollars)

Global Helium Corp.

Condensed Interim Consolidated Balance Sheets

(Expressed in Canadian dollars)

	Notes		March 31, 2024		December 31, 2023
ASSETS					
Current assets					
Cash and cash equivalents	15	$	1,834,670	$	2,786,328
Amounts receivable	3,12(a)		195,905		168,122
Prepaids			129,657		151,244
Total current assets			2,160,232		3,105,694
Non-current assets					
Exploration and evaluation assets	4		6,517,725		6,307,630
Property and equipment	5		762		10,678
Total non-current assets			6,518,487		6,318,308
TOTAL ASSETS		$	8,678,719	$	9,424,002
LIABILITIES					
Current liabilities					
Accounts payable and accrued liabilities	6	$	301,865	$	784,893
Lease obligation			-		6,941
Preferred shares	7		4,103,795		3,909,565
Preferred share derivative	7		1,324,798		1,999,492
Total current liabilities			5,730,458		6,700,891
Non-current liabilities					
Decommissioning liabilities	8		96,096		95,315
Total non-current liabilities			96,096		95,315
TOTAL LIABILITIES			5,826,554		6,796,206
SHAREHOLDERS' EQUITY (DEFICIT)					
Share capital	9(b)		11,434,738		11,434,738
Warrants	9(c)		2,029,310		2,029,310
Contributed surplus			2,976,201		2,901,770
Accumulated other comprehensive income			149,169		98,634
Accumulated deficit			(13,737,253)		(13,836,656)
TOTAL SHAREHOLDERS' EQUITY			2,852,165		2,627,796
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		$	8,678,719	$	9,424,002

Nature, continuance of operations and going concern - Note 1

Commitments – Note 4

Approved by the Board of Directors

"Kevin Cameron" , Director

"Jesse Griffith", Director

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

Global Helium Corp.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
Expenses			
Consulting fees and salaries		$ 49,868	$ 103,690
Depreciation	5	9,916	12,866
Foreign exchange		43,307	(150)
General and administrative		69,365	82,506
Finance expense	7,8	83,408	742
Investor relations		10,063	22,500
Management fees, salaries, and benefits	10	149,834	116,909
Professional fees		59,486	34,600
Regulatory		13,148	14,227
Software licensing		17,715	15,539
Stock-based compensation	9(e)	74,431	70,265
Total Expenses		$ 580,541	$ 473,694
Other items			
Rent income		(5,250)	(7,875)
Unrealized (gain) loss on preferred share derivative	7	(674,694)	-
Net loss/(gain)		$ (99,403)	$ 465,819
Other Comprehensive items			
Foreign currency translation adjustment		(50,536)	3,194
Comprehensive loss/(gain)		$ (149,939)	$ 469,013
Loss/(gain) and comprehensive loss/(gain) per share - basic and diluted	9(d)	$ 0.00	$ (0.01)

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

Global Helium Corp.

Condensed Interim Consolidated Statements of Changes in Shareholders' Equity (Deficit)

(Expressed in Canadian dollars)

2024

	Note	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance - December 31, 2023		$ 11,434,738	$ 2,029,310	$ 2,901,770	$ 98,634	$ (13,836,656)	$ 2,627,796
Stock-based compensation	9(e)	-	-	74,431	-	-	74,431
Currency translation		-	-	-	50,535	-	50,535
(Loss)/gain for the period		-	-	-	-	99,403	99,403
Balance - March 31, 2024		$ 11,434,738	$ 2,029,310	$ 2,976,201	$ 149,169	$ (13,737,253)	$ 2,852,165

2023

	Note	Share Capital	Warrants	Contributed Surplus	Accumulated Other Comprehensive Loss	Deficit	Total Shareholders' Equity
Balance - December 31, 2022		$ 11,237,938	$ 3,585,268	$ 1,147,662	$ 146,289.00	$ (9,055,564)	$ 7,061,593
Shares issued on option exercises	9(b)	196,800	-	(16,800)	-	-	180,000
Expiration of warrants	9(b)	-	(1,555,958)	1,555,958	-	-	-
Stock-based compensation	9(c)	-	-	214,950	-	-	214,950
Currency translation	9(b)	-	-	-	(47,655)	-	(47,655)
(Loss)/gain for the year	9(e)	-	-	-	-	(4,781,092)	(4,781,092)
Balance - December 31, 2023		$ 11,434,738	$ 2,029,310	$ 2,901,770	$ 98,634	$ (13,836,656)	$ 2,627,796

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

Global Helium Corp.

Condensed Interim Consolidated Statements of Cash Flows

(Expressed in Canadian dollars)

	Notes	Three months ended March 31, 2024	Three months ended March 31, 2023
Operating activities			
Net loss		$ 99,403	$ (465,819)
Items not affecting cash:			
Stock-based compensation	9(e)	74,431	70,265
Depreciation	5	9,916	12,866
Non-cash financing and accretion	7,8	98,184	-
Unrealized (gain) loss on preferred share derivative	7	(674,694)	-
Foreign exchange		(34,483)	(150)
Change in non-cash working capital items:			
Amounts receivable		(27,783)	51,039
Prepaids		21,587	(17,453)
Accounts payable and accrued liabilities		(47,879)	24,539
Net cash used in operating activities		$ (481,318)	$ (324,713)
Investing activities			
Exploration and evaluation expenditures	4	(159,281)	(121,602)
Change in non-cash working capital items:			
Accounts payable and accrued liabilities		(435,149)	20,284
Net cash used in investing activities		$ (594,430)	$ (101,318)
Financing activities			
Proceeds from option exercises	9(b)	-	180,000
Lease repayments		(6,941)	(9,758)
Net cash from financing activities		$ (6,941)	$ 170,242
Effect of exchange rate changes on cash		131,031	183
Change in cash and cash equivalents		(951,658)	(255,606)
Cash and cash equivalents, beginning of period		2,786,328	3,230,814
Cash and cash equivalents, end of period		$ 1,834,670	$ 2,975,208

Supplemental disclosure with respect to cash flows - Note 15

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

1. Nature, continuance of operations and going concern

Global Helium Corp. (the "Company") is an early-stage company incorporated in Canada on November 13, 2020, focused on the exploration, acquisition and development of helium resources. The address of the Company's head office is 800, 555-4th Ave SW, Calgary, AB, T2P 3E7. The condensed interim consolidated financial statements were authorized for issue on May 23, 2024, by the board of directors of the Company. The Company received approval for a listing on the Canadian Securities Exchange ("CSE") under the symbol "HECO" and commenced trading on May 19, 2021. As of September 22, 2021, the Company was approved to trade in the over-the-counter (OTC) market in the United States under the symbol "HECOF."

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

As at, and for the three-months ended March 31, 2024, the Company recorded a net gain of $99,403 (March 31, 2023 – net loss of $465,819) and has an accumulated deficit of $13,737,253 since inception. The Company has not yet reached production from its exploration activities.

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

2. Significant accounting policies

(a) Basis of presentation and measurement

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").

The condensed interim consolidated financial statements have been prepared on a historical cost basis except as otherwise stated and allowed for in accordance with IFRS.

These condensed interim consolidated financial statements are presented in Canadian dollars.

(b) Basis of consolidation

On November 10, 2021, the Company incorporated a 100% owned US subsidiary to support its activities in the United States.

These condensed interim consolidated financial statements include the accounts of Global Helium USA Corp., a 100% wholly owned US subsidiary controlled by the Company. Control exists when the Company has the power to, directly or indirectly; to govern the financial and operating policies of an entity so as to obtain benefits from its activities. In assessing control, potential voting rights that are currently exercisable or convertible are taken into account in the assessment of whether control exists. Subsidiaries are consolidated from the date on which control is transferred to the Company. They are deconsolidated from the date on which control ceases.

All inter-company balances and transactions, including unrealized income and expenses arising from inter-company transactions, are eliminated on consolidation.

(c) Use of estimates, significant judgments, and assumptions

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

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

3. Amounts receivable

The amounts receivable represents GST input tax credits recoverable from the Canadian government as at March 31, 2024 and December 31, 2023.

(Expressed in Canadian dollars)

4. Exploration and evaluation assets

	Alberta	Sask	Montana	Total
Balance, December 31, 2022	$ -	$ 1,448,036	$ 2,342,508	$ 3,790,544
Land acquisition and maintenance	249,119	176,668	16,135	441,922
Geological & geophysical	12,732	189,052	47,539	249,323
Drilling & completing	2,789,984	-	-	2,789,984
Non-cash decommissioning provision	70,710	-	-	70,710
Exploration expense & expiries	-	(702,946)	(284,344)	(987,290)
Foreign currency translation	-	-	(47,563)	(47,563)
Balance, December 31, 2023	**$ 3,122,545**	**$ 1,110,810**	**$ 2,074,275**	**$ 6,307,630**
Land acquisition and maintenance	20,777	4,668	-	25,445
Geological & geophysical	5,400	-	-	5,400
Drilling & completing	128,436	-	-	128,436
Foreign currency translation	-	-	50,814	50,814
Balance, March 31, 2024	**$ 3,277,158**	**$ 1,115,478**	**$ 2,125,089**	**$ 6,517,725**

In the first quarter of 2024, the Company remediated and stimulated their second helium well that was drilled at 10-08-012-04W4/00 in the Manyberries helium trend near Medicine Hat in Southeast Alberta. Following positive indications from the remediation, the Company proceeded to flow-test the well in the second quarter of 2024.

In 2023, the Company entered into two agreements to establish land positions in Southeast Alberta along the Manyberries Helium trend;

(a) The Company entered into an option to lease up to 32 sections (20,480 acres) of contiguous land in Southeast Alberta. As part of an area of mutual interest, this agreement allowed the Company to earn a 75% working interest in the lands, subject to a 7% royalty, by drilling earning wells within specified time frames.
(b) The Company entered into a farmin agreement to add to its land position in Southern Alberta by 17 contiguous sections (10,880 acres) to a total of 49 sections (31,360 acres), all in the Manyberries helium trend. The farmin agreement allowed the Company to earn a 75% working interest in the lands by drilling test wells within specified time frames.

By December 31, 2023, Global had drilled, logged, cased and tested its first two helium wells in Alberta. By drilling these two wells, the Company has satisfied the terms of the farm-in and option agreements. The Company has exercised its option on 22 sections and has a 75% lease interest on these helium prospective lands in the Manyberries area.

In Saskatchewan, the Company has undertaken a review of its acreage portfolio to ensure resources are allocated to the highest potential return projects. After extensive review of the seismic and geological data, the Company has prioritized its Saskatchewan landholdings from approximately 1.8 million acres to approximately 825,000 acres.

Accordingly, the Company surrendered the associated helium permits in Saskatchewan and has derecognized $702,946 in respect of lease and exploration expenditures previously incurred on these lands.

(Expressed in Canadian dollars)

This reduced the Company's obligation to make future annual lease maintenance expenditures and exploration expenditures and are currently as follows:

	2024	2025	Total
Annual lease maintenance expenditures	$ 17,884	$ -	$ 17,884
Annual permit exploration expenditures	458,862	128,573	587,435
Total	**$ 476,746**	**$ 128,573**	**$ 605,319**

The initial term of the Saskatchewan permits is 3 years, extendable to 5 years if the above noted expenditure requirements are met. Furthermore, the Company has the right to apply for a lease and drill a well on these lands if the permits are in good standing. Should the Company not meet the above spending requirements, the Company can allow the permit to lapse or elect to make a cash payment in lieu of the spending requirements to keep the permit in good standing for one additional year. If the Company were to allow permits to lapse, the Company would lose the right to explore on the applicable lands.

In Montana, the Company completed a FEED study (Front-End-Engineering and Design) in 2023 for a helium processing facility for its property in Rudyard, Montana. As the Company prioritizes its potential drilling locations and land holdings in the area, the Company did allow a farmin agreement to expire on December 31, 2023 and derecognized $284,344 in respect of this farmin agreement that no longer has value to the Company.

5. Property and equipment

	Computer Equipment	Right of use assets	Total
Cost			
Balance, December 31, 2022	$ 28,547	$ 82,512	$ 111,059
Additions	-	-	-
Balance, December 31, 2023	28,547	82,512	111,059
Additions (Disposals)	-	(82,512)	(82,512)
Balance, March 31, 2024	**$ 28,547**	**$ -**	**$ 28,547**
Accumulated depreciation			
Balance, December 31, 2022	$ 7,655	$ 41,258	$ 48,913
Depreciation	16,104	35,364	51,468
Balance, December 31, 2023	23,759	76,622	100,381
Depreciation	4,026	5,890	9,916
Disposals	-	(82,512)	(82,512)
Balance, March 31, 2024	**$ 27,785**	**$ -**	**$ 27,785**
Net carrying value			
December 31, 2023	**$ 4,788**	**$ 5,890**	**$ 10,678**
March 31, 2024	**$ 762**	**$ -**	**$ 762**

(Expressed in Canadian dollars)

6. Accounts payable and accrued liabilities

	March 31, 2024	December 31, 2023
Accounts payable	$ 176,965	$ 384,993
Accrued liabilities	124,900	399,900
Total	$ 301,865	$ 784,893

7. Preferred Shares

On November 9, 2023, the Company issued 13,162,155 Series A preferred shares at a price of US$0.185 per share to US residents and issued 970,000 Series A preferred shares at a price of CAD$0.25 per share to Canadian residents for cash proceeds of CAD$3,598,174. In a second tranche on December 14, 2023, the Company issued 1,621,621 Series B preferred shares at a price of US$0.185 per share to US residents for proceeds of CAD$402,570. Series A and Series B preferred shares were issued on the same terms as described below.

Holders of the preferred shares shall be entitled to receive a cumulative dividend at the rate of 10% per annum starting from the date of issuance until the earlier of the date of conversion or the fifth anniversary of the date of issuance ("Maturity Date"). Each preferred share is convertible into units of the Company or common shares of the Company subject to the date of conversion. The preferred shares are convertible:

(a) by the Company at its option on the second, third or fourth anniversary of the date of issuance;
(b) by the holder of the preferred share at its option at any time from the date of issuance up to the Maturity Date; or
(c) automatically on the Maturity Date.

Upon the conversion of a preferred share within 18 months of issue, the holder will be entitled to receive one unit for each preferred share so converted, along with any accrued but unpaid dividends thereon, at a deemed conversion price of US$0.185 per unit. Each unit consists of one common share and one-half of one common share purchase warrant. Each whole warrant entitles the holder to purchase one additional common share for a period of five (5) years from the date of conversion of the preferred share at an exercise price equal to the market price of the common shares on the conversion date.

If the preferred share is converted following the date that is 18 months from the date of issue, each preferred share and any accrued but unpaid dividends will be convertible into common shares at a deemed conversion price of US$0.185 per common share.

These preferred shares are a hybrid contract that contain a host instrument (the redemption amount plus accrued and unpaid dividends) and an embedded derivative related to the conversion feature. The conversion feature allows holders to convert into a variable number of equity instruments of the Company depending on the timing of the conversion. This conversion feature is a derivative and due to its variability must be recorded as a liability of the Company at fair value less cost of disposal. As the derivative is not closely related to the host debt instrument, it must be valued separately.

The preferred shares host liability along with accrued and unpaid dividends are classified as a current liability of the Company due to the redeemable nature of the preferred shares at USD$0.185 per share and is recorded at amortized cost.

The Company will recognize the host portion of the preferred shares as a liability measured at amortized cost (redemption amount plus accrued but unpaid dividends) and the conversion feature as an embedded derivative at fair value through profit of loss (FVTPL) until the preferred shares are redeemed or converted into common shares.

As at March 31, 2024, $98,006 (March 31, 2023 - $0) has been recognized in finance expense in the consolidated statement of loss and included in the preferred share liability on the consolidated balance sheet in respect of the accrued and unpaid dividends on the preferred shares. An unrealized gain of $674,694 (March 31, 2023 - $0) has been recognized in the consolidated statement of loss/(gain) in respect of the change in value of the preferred share derivative due to the depreciation of the Company's share price in the period.

(Expressed in Canadian dollars)

	Preferred share host liability	Preferred share derivative	Total
Balance, December 31, 2022	$ -	$ -	$ -
Upon issuance	4,000,744	-	4,000,744
Accrued dividends	56,329	-	56,329
Foreign exchange	(147,508)	-	(147,508)
Loss on fair value of derivative [1]	-	1,999,492	1,999,492
Balance, December 31, 2023	**3,909,565**	**1,999,492**	**5,909,057**
Accrued dividends	98,006	-	98,006
Foreign exchange	96,224	-	96,224
Loss/(Gain) on fair value of derivative [1]	-	(674,694)	(674,694)
Balance, March 31, 2024	**$ 4,103,795**	**$ 1,324,798**	**$ 5,428,593**

[1] The fair value of the conversion option was determined using the Black Scholes option pricing model and was recorded at the higher of the values of two conversion scenarios (one share and one half warrant at 18 months vs. one share after 5 years). The following assumptions were used in the calculation:

	March 31, 2024		
	One share & one half warrant (accelerated conversion < 18 mos)		One share (converted at 5 years)
	Share	Warrant	Share
Risk-free interest rate	3.6%	3.6%	3.6%
Expected life of option	1.1 years	5.0 years	4.9 years
Expected dividend yield	0%	0%	0%
Expected volatility [a]	121%	121%	121%
Forfeiture rate	0%	0%	0%
Exercise price	$USD 0.185	$CAD 0.150	$USD 0.185
Share price at period end	$CAD 0.110	$CAD 0.110	$CAD 0.110
Fair value per instrument	$CAD 0.031	$CAD 0.092	$CAD 0.081

	December 31, 2023		
	One share & one half warrant (accelerated conversion < 18 mos)		One share (converted at 5 years)
	Share	Warrant	Share
Risk-free interest rate	3.9%	3.9%	3.9%
Expected life of option	1.4 years	5.0 years	4.9 years
Expected dividend yield	0%	0%	0%
Expected volatility [a]	121%	121%	121%
Forfeiture rate	0%	0%	0%
Exercise price	$USD 0.185	$CAD 0.150	$USD 0.185
Share price at period end	$CAD 0.150	$CAD 0.150	$CAD 0.150
Fair value per instrument	$CAD 0.062	$CAD 0.126	$CAD 0.118

[a] The expected volatility was calculated using the Company's historic volatility and a weighted average volatility of similar public companies in the junior resource industry when applicable.

(Expressed in Canadian dollars)

8. Decommissioning liabilities

	March 31, 2024	December 31, 2024
Balance beginning of year	$ 95,315	$ 25,197
Additions from drilling activity	-	70,710
Accretion	178	
Foreign exchange	603	(592)
Balance, end of period	$ 96,096	$ 95,315

As at March 31, 2024, the Company has drilled 2 wells in Alberta for which it has recognized a decommissioning liability along with a single well bore in Montana. The total undiscounted amount of future cash flows required to settle the Company's decommissioning liabilities is $174,110 at March 31, 2024 (December 31, 2023 - $174,110). The decommissioning liability has been estimated using existing technology at current prices and discounted at the risk-free rate.

9. Share capital

(a) Authorized

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

(b) Issued and outstanding

Class A common shares	Number of Shares	$
Balance, December 31, 2022	46,536,060	$ 11,237,938
Issue of common shares on option exercises (note 11e)	1,200,000	196,800
Balance, December 31, 2023 & March 31, 2024	47,736,060	$ 11,434,738

(Expressed in Canadian dollars)

(c) Warrants

The following table outlines the Company's warrants outstanding at March 31, 2024:

	Number		$		Weighted average exercise price
Balance, December 31, 2022	38,191,170	$	3,585,268	$	0.64
Expired [(1),(2)]	(24,830,490)		(1,555,958)		0.49
Balance, December 31, 2023 & March 31, 2024	13,360,680	$	2,029,310	$	0.93

(1) On May 19, 2023, 16,915,600 warrants expired with an exercise price of $0.25. A further 11,798,180 warrants with an exercise price of $1.00 were also set to expire on May 19, 2023 but were extended to May 19, 2025.

(2) On October 4th and 5th 2023, a total of 7,914,890 warrants expired with an exercise price of $1.00.

Information about the warrants at March 31, 2024 is as follows:

Number of warrants – outstanding and exercisable	Exercise price	Expiry date
1,562,500	$ 0.42	May 31, 2025
11,798,180	$1.00	May 19, 2025
13,360,680		

(d) Per share amounts

		Three-months ended March 31, 2024		Three-months ended March 31, 2023
Net gain/(loss) for the period	$	99,403	$	(465,819)
Weighted average number of common shares outstanding – basic and diluted[(1)]		47,736,060		47,336,060
Net gain/(loss) per share – basic and diluted	$	0.00	$	(0.01)

(1) All stock options, warrants and convertible preferred shares have been excluded from the calculation of diluted loss per share as they would be anti-dilutive due to the Company being in a loss position for the period ended March 31, 2024.

(e) Stock-based compensation

i. Stock option plan

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

The exercise price of options granted under the Plan will be fixed by the Board at the time of grant, provided that such exercise price may not be less than the market price of the common shares as outlined in the Policies of the

(Expressed in Canadian dollars)

CSE. The options granted under the Plan will vest and be exercisable on a basis determined by the Board at the time of the grant and will be exercisable for a period not exceeding ten years.

Stock option transactions are summarized as follows:

	Number	Weighted average exercise price
Balance, December 31, 2022	4,210,000	$ 0.37
Granted [1]	1,425,000	0.27
Exercised [2]	(1,200,000)	0.15
Expired	(850,000)	0.61
Forfeited	(550,000)	0.41
Balance, December 31, 2023 & March 31, 2024	3,035,000	$ 0.33

[1] 375,000 options were granted February 28, 2023 and vest as to; one quarter every 6 months from August 28, 2024. 1,050,000 options were granted September 22, 2023 and vest as to; one quarter every 6 months from March 22, 2024.

[2] During the year ended December 31, 2023, 1,200,000 options were exercised for cash proceeds of $180,000. $16,800 of related stock-based compensation recognized on vested options before the exercises has been added to share capital and removed from contributed surplus.

Information about the stock options outstanding and exercisable on March 31, 2024, are as follows:

Number of options – outstanding	Number of options - exercisable	Weighted average exercise price of outstanding options	Expiry date
750,000	750,000	$0.41	May 16, 2027
40,000	40,000	$0.62	June 1, 2025
250,000	187,500	$0.33	August 10, 2027
500,000	500,000	$0.34	August 15, 2027
70,000	-	$0.41	December 5, 2027
375,000	-	$0.33	February 28, 2028
1,050,000	262,500	$0.25	September 22, 2028
3,035,000	1,740,000	$0.36	

(Expressed in Canadian dollars)

ii. Stock-based compensation expense

Compensation expense of $74,431 for the three-months ended March 31, 2024 (March 31, 2023 - $70,265) has been recorded in the consolidated statement of loss with a corresponding increase in contributed surplus.

No options were granted in the current period. The weighted average fair value of options granted during the three-months ended March 31, 2023 was estimated on the dates of grant to be $0.28 using the Black-Scholes option pricing model with the following weighted average assumptions for grants as follows:

	March 31, 2023
Risk-free interest rate	3.52%
Expected life of option	5.0 years
Expected dividend yield	0%
Expected volatility [a]	125%
Forfeiture rate	0%
Exercise price	$0.33
Share price at grant date	$0.33

[a] The expected volatility was calculated using the Company's historic volatility and a weighted average volatility of similar public companies in the junior resource industry when applicable.

10. Related party transactions

(a) Related party transactions

i. For the three-months ended March 31, 2023, the Company incurred $15,000 of chief executive officer consulting fees from a private company in which a former director and former officer was the private company's principal shareholder. These fees are included in management fees in the condensed interim consolidated statement of (gain)/loss. This relationship is no longer active as of September 2023.

ii. For the three-months ended March 31, 2023, the Company incurred $18,377 of salaries for non-management personnel that had employment contracts with companies that previously shared senior management of the Company under a former organizational structure. This relationship is no longer active as of September 2023.

iii. For the three-months ended March 31, 2023, the Company received $7,875 of rent income from companies that previously shared senior management of the Company. The rent income results from office space expenses that the entities shared, and the amount is included in rent income in the consolidated statement of loss. The Company also owed $2,877 to companies that shared senior management of the Company related to the shared office space expense and is included in accounts payable on the consolidated statement of financial position as at March 31, 2023. These relationships are no longer active as of September 2023.

(b) Key management compensation

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

		Three-months ended March 31, 2024		**Three-months ended March 31, 2023**
Officer consulting fees, salaries, and benefits	$	149,834	$	116,909
Stock-based compensation		47,788		41,947
Total	$	197,622	$	158,856

(Expressed in Canadian dollars)

11. Segmented information

The Company operated in two geographic segments: Canada and United States. Set out below is segmented information on a geographic basis.

The net losses/(gains) are as follows:

	Three-months ended March 31, 2024	Three-months ended March 31, 2023
Canada	$ (99,403)	$ 464,201
United States	-	1,618
Total	$ (99,403)	$ 465,819

The segmented non-current assets are as follows:

	March 31, 2024		
	Canada	United States	Total
Non-current assets	$ 4,393,398	$ 2,125,089	$ 6,518,487

	December 31, 2023		
	Canada	United States	Total
Non-current assets	$ 4,244,033	$ 2,074,275	$ 6,318,308

12. Financial risk management

The Company's activities expose it to certain financial risks, including credit risk, liquidity risk, and market risk. This note presents information about the Company's exposure to each of the above risks, the Company's objectives, policies and processes for managing risk. There were no changes to the Company's risk management policies or procedures during the three-months ended March 31, 2024.

a. Credit risk

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

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

The Company has determined the credit risk associated with amounts receivable is minimal as the amounts are due from the Government of Canada.
The Company's receivables are aged as follows:

Aging	March 31, 2024	December 31, 2023
Current (less than 90 days)	$ 195,905	$ 168,122
Past due (more than 90 days)	-	-
	$ 195,905	$ 168,122

Since the Company's receivables consist primarily of amounts due from the Government of Canada, the Company does not have an allowance for doubtful accounts as at March 31, 2024 and December 31, 2023, and believes all amounts will be collected in due course. The Company's historical expected credit loss is $Nil. At March 31, 2024, the amount subject to credit risk relating to amounts receivable equates to their carrying value.

b. Liquidity risk

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

The following is an analysis of the contractual maturities of the Company's financial liabilities as at March 31, 2024:

	Within one year	Between one and five years	More than five years	Total
Accounts payable and accrued liabilities	$ 301,865	$ -	$ -	$ 301,865
Preferred shares (1)	4,103,795	-	-	4,103,795
Total	$ 4,405,660	$ -	$ -	$ 4,405,660

(1) The preferred shares are classified as a current liability due to the optional redemption feature as described in Note 7.

c. Market risk

i. Foreign currency risk and sensitivity analysis

The Company is exposed to foreign currency risk on fluctuations related to cash and cash equivalents, accounts payable and preferred share liabilities that are denominated in USD. As at March 31, 2024, net financial liabilities totaling $2,646,000 (December 31, 2023 – financial liabilities of $1,301,000) were held in USD. The Company has not entered into any derivatives or contracts to hedge or otherwise mitigate this exposure.

Based on the above net exposure as at March 31, 2024 and assuming all other variables remain constant, a 2% depreciation or appreciation of the USD against the Canadian dollar would result in an increase or decrease of approximately $52,920 (December 31, 2023 - $26,020) in the Company's interim condensed consolidated statement of (gain)/loss for the three-months ended March 31, 2024.

ii. Commodity price risk

The nature of the Company's operations may expose the Company to commodity price risks when the Company begins production.
As at March 31, 2024, the Company has no derivative financial instruments. It may in the future enter into derivative financial instruments and in order to manage price risk, it will only enter into derivative financial instruments with highly rated investment grade counterparties.

iii. Interest rate risk

Interest rate risk is the risk the future cash flows will fluctuate as a result of changes in market interest rates. The Company is not exposed to interest rate cash flow risk as the Company had no variable rate interest-bearing debt as of March 31, 2024.

The Company is exposed to interest rate price risk as the preferred share liability has a fixed cumulative dividend rate.

13. Fair value determination of financial instruments

Due to their short term until maturity, at March 31, 2024, the carrying value of cash and cash equivalents, amounts receivable, and accounts payable and accrued liabilities approximate their fair value. The fair value of the preferred shares approximates its carrying amount due to their redeemable nature. The carrying value of the preferred share derivative approximates fair value as it is measured at fair value (note 7).

14. Capital management

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

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

The Company defines capital as Shareholders' equity and the preferred shares that are currently classified as a liability until such time they are converted into common shares or redeemed. The Company's targeted capital structure at March 31, 2024 is 100% shareholders' equity.

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

A significant measure used in assessing capital adequacy is the expected number of days of operations that can be funded from current working capital. Capital levels are deemed sufficient if they can fund the balance of the annual exploration and development goals and fund corporate overhead expenses in the near term. Considering the capital raised (note 9,11), management believes that there is sufficient capital to carry out its planned activities over the next twelve months, however the Company may raise additional capital in the future if terms are acceptable.

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

There were no changes in the Company's approach to capital management during the three-months ended March 31, 2024, or 2023 other than the addition of the preferred shares in 2023.

15. Supplemental information with respect to cash flows

There were no taxes paid for the three-months ended March 31, 2024, and 2023.

As at March 31, 2024, cash and cash equivalents represents cash on deposit and term deposits of $459,726 and $1,374,944 respectively (December 31, 2023 - $1,456,878 and $1,329,450 respectively)

During the three-months ended March 31, 2024, the Company had the following significant non-cash transactions:

- Unrealized gain on preferred share derivative of $674,694 relating to the conversion feature of the preferred shares.

16. Subsequent event

a. On May 3, 2024, the Company granted incentive stock options to acquire up to 1,075,000 common shares of the Company to certain directors, officers, employees and consultants of the Company. The options have an exercise price of $0.11 and will expire on May 3, 2029.
b. On May 21, 2024, the Company cancelled an aggregate of 1,295,000 incentive stock options issued pursuant to its stock option plan to certain directors, officers, employees, and consultants of the Company. The options had an exercise price between $0.33 – $0.41 and expired between May 16, 2027 and February 28, 2028.